

*4<sup>th</sup> Workshop with Private Sector in the framework of  
the Policy Forum on Development (PFD)*

*Brussels*

*European Union Business Group  
(EUBG) in Tanzania*



*+ Investing in  
Business Enabling  
Environment -iBEE*

*"The EU should develop new ways of engaging with the private sector, notably with a view to leveraging private sector activity and resources for delivering public goods"*  
*EU's Agenda for Change*

*"We shall support national EBOs aimed at enhancing the business image of Europe, protect and promote European businesses interests and assist present and exploring European companies"*  
*Note from EU Delegation in EAC to the attention of Mr. Christian Leffler, Deputy Secretary General Economic and Global Issues, EEAS, European Economic Diplomacy (EED) towards Eastern Africa*

*"Last but certainly not least, [EPAs] are also designed to be drivers of change that will help kick-start reform and contribute to good economic governance. This will help ACP partners attract investment and boost their economic growth"*  
*Economic Partnership Agreements in a nutshell, DG Trade*

## ►► Why.

Why is engaging the private sector the right thing to do in terms of attaining our developmental objectives? Is improving the business climate and promoting trade and investment helping reducing poverty?

- Engaging the private sector to leverage the impact of EU's aid, and advancing on economic diplomacy

## ►► How.

What concrete steps need to be taken in engaging the private sector? What tools do we use? How do we track the attainment of goals?

- *European Union Business Group – EUBG*
- *But also Investing in Business Enabling Environment - iBEE*

## First, the background set-up...

- ❑ Tanzania's strategic vision (FYDPs) focuses on economic development rather than the usual "poverty reduction" approach. The magic word is industrialisation!
- ❑ Partnership (dialogue) between Tanzania and donor community is changing (less donor-recipient) + Non-Traditional partners (south-south cooperation) are increasing presence and influence
- ❑ In the meantime, Doing Business Indicators remains low and the private sector, European business community in particular, remains outside the picture

And

- ❑ In more practical terms, an existing dialogue platform coordinated by the EUD with Government authorities on areas of concern: Taxation, Immigration (demand driven by private sector). The dialogue, based on a complaint approach, contributed little to improve the ease of doing business for European Companies

## The context is evolving, so do we...

- Need to develop a new approach, think and act outside the box!
- A project that involves other stakeholders and sets different parameters for dialogue

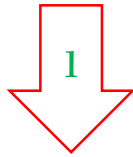
The *European Union Business Group – EUBG* is born

### But...challenges!

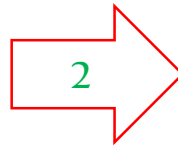
- ❖ *What about EU Members States' buy-in?*
- ❖ *Business community's commitment? (do we actually know the business community?)*
- ❖ *No mandate!*
- ❖ *Absence of guidance and guidelines nor technical and financial tools!*

# *The process..*

*Conceptualise the idea and have it ready to be sold: bring the European private sector together, support them to become a strong and coordinated interlocutor*

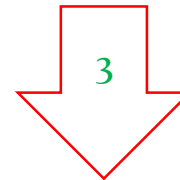
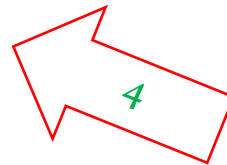


*Online Survey: understand the willingness of the private sector and major concerns.*

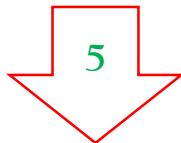


*EU Champions Group (individuals): a set of business people committed to develop the concept and ready to invest time on it. Ultimately, the driving incentive is that it is a private sector initiative for the private sector!*

*Management of EU Business Group: a full time driver. To build, expand, inform, represent!!*



*Legal procedures: registration, Tax identification Number, Memorandum and Article of Association, Internal Rules, Fees Structure, Application Form, Logo*



*Medium Term Strategy and Networking: exposure, priority sectors and working groups, communication, expansion*

### Online survey reveals that

- 'Interactions with Local Authorities and Government Institutions, Red Tape and Government Effectiveness' and 'High logistics costs, including port and customs duties' **are highly problematic!**
- 'Working permits for expatriates and managers' and 'Inefficient juridical system (courts)' **are very problematic**

### EU supports:

- *Three EUD staff + one intern*
- *"Door to door" approach*
- *EDF funds: €20,000 direct contract for consultancy*
- *EDF funds: €123,000 FWC for studies*

*The EUBG is a non-profit organisation recognised under the Tanzania law*

THE COMPANIES ACT, 2002 (NO 12 OF 2002)  
COMPANY  
BY GUARANTEE AND NOT HAVING SHARE CAPITAL  
  
MEMORANDUM  
AND  
ARTICLE OF ASSOCIATION OF  
  
EU BUSINESS GROUP LIMITED



Internal Rules  
December 2014



# Where do we stand today?

- ✓ *Since April 2015, a network of European private sector companies: 118 members from 15 countries representing 20 different sectors of industry;*
- ✓ *EUBG has put in place 3 working groups (taxation, immigration, standards);*
- ✓ *EUBG has set up regular workshops with the Tanzania Revenue Authority (TRA);*
- ✓ *EUBG is member of the Tanzania Private Sector Foundation and member of the European Business organisations Worldwide Network;*

## In 2016

- ✓ *Worked with over 16 Trade Missions visiting Tanzania with potential investors from Europe.*
- ✓ *Involved in the drafting of several papers and analytical work (Local Content in the Oil and Gas sector; VAT application between the Mainland and Zanzibar; VAT on Transit Cargo Report on Counterfeit Goods; Immigration and Labour legislation, Environmental policy)*
- ✓ *Working on a MoU with Business France (based in Nairobi) to support potential and new French investors.*



# European Investment Study in Tanzania

*The study demonstrates, with facts and figures, that the role of European investment to Tanzania's growth over the past years is substantial.*

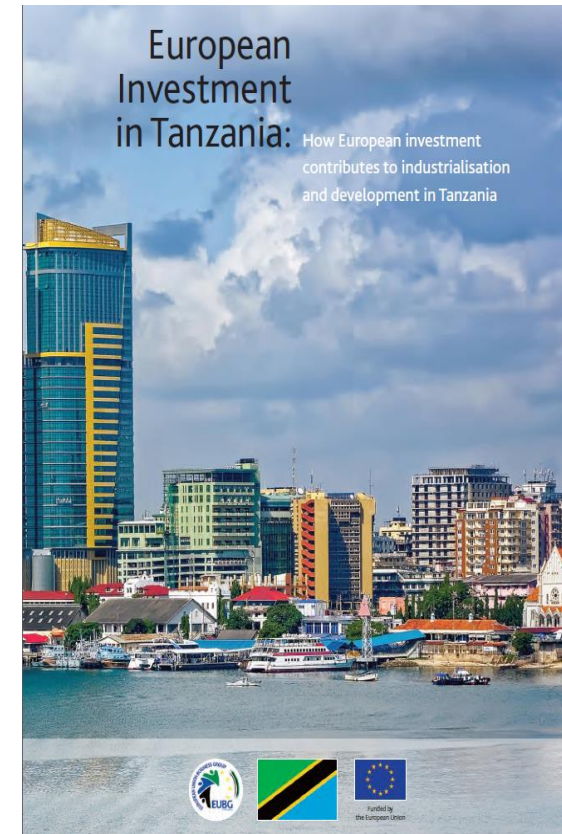
🔊 Total trade between Tanzania and the EU today stands at more than USD 2 billion in 2015.

🔊 Approximately 1000 EU companies from 26 different European countries have invested in Tanzania.

🔊 Total amount of FDI inflow by the top ten by European countries to Tanzania was estimated up to USD 4.5 billion.

🔊 Approximately 95,000 jobs are attributed to European companies operating in Tanzania.

🔊 In 2014, European companies classified by the Tanzania Revenue Authority (TRA) as Large Taxpayers contributed USD 813 million in taxes, which represent approximately ¼ of all the taxes paid by all the Large Taxpayers.



<http://www.eubgtz.com/publications.html> <sup>9</sup>

# And from now on? Food for thought...

1. Market Access Group (TZ) (*ongoing*)
  - ? EDF's means available to support MAG
2. Contextualise the initiative
  - ? Trade and private sector development (TPSD) regional seminar (Africa)
3. Technical and financial tools for start-ups and expansion (grant facility leveraging trade and investment in Africa)
  - ? ELAN Programme for Africa/new BIZCLIM
4. EU's Economic pillar with host country (EEIP, EED in the field)
  - ? Strategic partnership with business organisations based in Europe (Private Investors for Africa, European Business Council for Africa and Mediterranean, the Eastern Africa Association)

And from the cooperation side...

## *Investing in Business Enabling Environment (iBEE) Programme*

- ❑ The 11<sup>th</sup> EDF NIP for Tanzania provides for € 3M;
- ❑ To support CSOs, in particular *business associations* or other organisations promoting business and employment;
- ❑ This action is an *Aid for Trade initiative*;
- ❑ In line with Tanzania's *national development strategy* (Five Year Development Programme II);
- ❑ Addresses the business climate as a catalyst for *job creation*.

# Investing in Business Enabling Environment (iBEE)

*OO: to promote effective public-private dialogue on business environment conducive to sustainable private sector growth.*

- **SO1:** Empower private sector organisations and their capacity to engage in advocacy on business environment issues through effective public-private dialogue
  - ❖ Partnership and coalitions;
  - ❖ Evidence based research
- **SO2:** Enhance the capacity of the private sector to become a more effective player of trade and investment between the EU and Tanzania.
  - ❖ Services and knowledge management capacity

## Summary

EU and other DPs, IFIs  
Programmes

TZ private sector

- FDIIs
- EBOs
- US/Japan/India

- *Tanzania Development  
Vision 2025*

- *Tanzania's FYDP II*

- \* *Industrialisation*
- \* *Value Chains*
- \* *Job Creation*
- \* *Business Environment*

- Doing business index
- Global Competitiveness index
- Transparency International Corruption Perceptions Index
- Index of Economic Freedom

iBEE

*European Economic  
Diplomacy*

EU  
Business  
Group

*European External  
Investment Plan*

*Economic  
Partnership  
Agreement (?)*



<http://www.eubgtz.com>

Investing in Business Enabling  
Environment – iBEE  
CRIS Contract no. 2017/039056