

SELECTED CASE STUDIES FROM DODOMA

Dodoma, 2014 – 2020





The Local Investment Climate Project

The Local Investment Climate (LIC) project works to address the critical constraints to business growth and economic development at the sub-national level in Tanzania. It encourages a practical response to the challenges faced by government and business when improving the conditions for private sector development and poverty reduction at the local level – this is where private business-women and men come face to face with barriers that inhibit their business from growth.

LIC aims to improve conditions for inclusive growth and investment by transforming strategic clusters and value chains and providing support to public-private dialogues at the local level.

The LIC project is born with the vision to improve the business and overall investment climate in the regions of Dodoma and Kigoma, and support the districts in their efforts to catalyse growth and strengthen the competitiveness of the private sector.

Our objective is to improve conditions for inclusive growth and investments in the selected local government authorities (LGAs) by transforming strategic clusters and value chains and provide support to public-private dialogues (PPD) that foster a strong partnership between the two sectors.

The aim of these initiatives is to achieve practical reforms that alter the dynamics of the local economy, reduce the costs and risks of doing business, and strengthen private sector competitiveness and the base of LGA source of revenue.



LIC's ambition is that by 2020:

- The LGAs have embraced the PPDs as an important forum to decide on local reforms that foster a conducive business environment and investment climate.
- The business community is well-organized and enjoys access to information that can strengthen their voice in the PPDs and enables them to create new or scale already existing business opportunities.
- The public and private sectors are able to conduct a structured and evidence-based dialogue, and jointly address and remove key business constraints.
- The LIC model will be embraced by other regions in Tanzania, in LGAs beyond Kigoma and Dodoma.

Our Partners

The LIC project is funded by Danida and part of the Danida Business Sector Programme Support IV. It is implemented in collaboration with the following national implementing partner agencies, which are documenting and sharing LIC's experience and lessons learned with other regions across the country.

- The President's Office - Regional Administration and Local Governments (PO-RALG)
- Regional Secretariats in Kigoma and Dodoma
- Tanzania National Business Council (TNBC)
- Association of Local Authorities in Tanzania (ALAT)
- Tanzania Private Sector Foundation (TPSF)
- Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)



Our Engagement

Cluster and value chain development

LIC works through targeted initiatives that identify and engage with private enterprises operating in strategic clusters and value chains. We facilitate cooperation among cluster actors with the aim of innovating and catalysing solutions that stimulate sustainable local economic development and trigger growth and productivity. Our objective is to identify the critical constraints, challenges and opportunities of local businesses and strengthen their horizontal and vertical linkages. The LIC cluster engagement is closely linked with the Small Industrial Facilitation Fund (SIFF), which provides financial support to specific initiatives that enhance the performance of selected value chains.

LIC works with a variety of clusters and value chains. These include horticulture, beef and hide, grapes, sunflower, poultry, onion and mushrooms in Dodoma, and cassava, palm oil, fisheries, sunflower and paddy in Kigoma.

Public Private Dialogues

Since 2014, LIC has facilitated the establishment of district-level PPDs through which business and districts (through Local Government Authorities (LGAs) can agree on actions to be taken to create a more conducive business environment for growth and poverty reduction. The PPDs takes place at the District Business Councils (DBC) at least two times each year in all districts of Kigoma and Dodoma and through the biannual Regional Business Councils (RBCs). The platforms support the districts and the business community in identifying and prioritizing the challenges facing the local business environment. They also enable a common understanding of how both the public and private sector can nurture the growth of the local economy in order to increase incomes and make private enterprises more competitive and sustainable.



Small Industrial Facilities Fund Investments

LIC designed the SIFF to catalyze investment in local clusters and business facilities that boost productivity and unlock investment flows into the local economy. SIFF operates in accordance with the outcomes of local reforms, with targeted investments that can overturn critical constraints in local markets and value chains. Private and public entities, such as LGAs, can apply to the SIFF for facilities owned or operated through public-private partnerships (PPPs). For larger projects that need external financial or technical assistance, the LIC and SIFF can team up with other development partners and organizations to assist an applicant in developing a bankable business plan.

LIC and the Sustainable Development Goals

The LIC project was launched prior to the announcement of the 17 Sustainable Development Goals (SDGs), but its activities directly or indirectly contribute to the progress made toward several goals and targets. These are predominantly SDG 2, 5, 8, 9 and 17 as presented below. However, SIFF investments technically address several other goals such as SDG 6 through improved irrigation schemes.

- 2.3 Double the agricultural productivity and the incomes of small-scale food producers.
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership.
- 8.3 Promote development-oriented policies that support productive activities and decent job creation.
- 9.3 Increase access of small-scale industrial and other enterprises to financial services.
- 17.1 Strengthen domestic resource mobilization to improve domestic capacity for revenue collection.

5

Case Studies from Dodoma

Presenting

- 2 SIFF projects
- 2 Public–Private Dialogue
- 1 Cluster Initiative



es





Kibaigwa horticulture market

With a SIFF investment of TSh 166.8 million, LIC supported the rehabilitation of the Kibaigwa Horticulture Market and setup of a new management structure of the facility, which is managed by a project implementation committee, comprising of both private and public members. The committee was democratically formed on merits, with working guidelines jointly formulated by the committee members to enhance transparency during the decisions making and implementation process. The committee works with the objective to address common challenges and improve the service and physical surroundings of the market. Beyond facilitating the establishment of the management structure, SIFF also supported the market through renovation of facilities, improving and increasing number of stalls, construction of solid wastes collection chambers and new buildings and drainage canal. Others initiatives include improving revenue collection following the construction of new structures and building, and increase efforts to attract more business people to the market, hence stimulate employment creation in the Kibaigwa area.

Operated by a Project Implementation Committee with both public and private sector representatives, the Kibaigwa Horticulture Market has managed to attract significant commitment from other stakeholders such as TANESCO and KUWASA who now supply electricity and water to the market.

The beneficiaries are now satisfied with the entire process, from construction to slot allocation, and a sense of ownership is easily identifiable. The former decided to extend its services to the market by its own cost. Previously none of them was ready to supply the same services at the market. In addition, due to this SIFF support there are several business premises under construction.

ACTIVITY

SIFF Investment

COUNTRY

Tanzania

DISTRICT

Kibaigwa, Dodoma

COMMENCEMENT

September 2015



Supporting farmer's access to the organic products market

ACTIVITY

SIFF Investment

COUNTRY

Tanzania

DISTRICT

Dodoma

COMMENCEMENT

September 2016



Local Investment Climate (LIC) has a mandate to invest in business infrastructure and business facilities and directly target the obstacles and bottlenecks in business growth at the local level in Kigoma and Dodoma Regions. By working with both Local Government Authorities (LGAs) and the local business community the overall goal is to create economic variable and financial sustainable investments. Further to engage both sides in the business dialogue and work in a concrete manner for creating the conditions for actual improvement of the business environment, investments and economic growth. Moreover support and invest in specific locally promising profit making cluster/value chains.

The project document demands engagement partners to collaborate where there are synergies for a common objective of the entire Business Sector Programme Support (BSPS IV). In October 2016 LIC was approached by the Agricultural Development Denmark Asia (ADDA) which is supporting farmers' access to the organic products market, Vantage Organic Foods (VOA) in India, with a request to facilitate an AMDT investment into the project.

For LIC, the interesting aspect was that ADDA's support extension to Dodoma was pending an AMDT investment application as the original ADDA/VOA funding was running out. Due to the already high commitment from both ADDA and VOA, LIC decided for a bridging support to ADDA/VOA to continue with project while the process of acquiring support from Agricultural Markets Development Trust (AMDT).



© Klaus-Hoßing

The collaboration amongst development partners is of vital importance since each partner has its role to play in the market and therefore jointly making a difference. In other words, the LIC investment of USD 25.600 paved the way for an AMDT investment of USD 1.7000.000

The support was to facilitate training through farmer groups at Farmer Field schools focusing on organic/GAP and marketing. With this facilitation role of this project, ADDA was expected and actually did provide a secure market for the small-scale farmers' certified organic sunflower and other oil seeds in the Dodoma Region.

The support partly served as a bridging project to secure the continuity for the already registered and organically certified farmers until AMDT could release funding for an expected expansion from 4,348 farmers (of which 3,589 are registered in Dodoma) to at least 10,000 by end of 2017. The project to date has registered 10,135 organic farmers. The farmers have received training, their organic status documented and internal audit undertaken for them to receive organic certification from certifying international organs through VOA.

AMDT funding is expected to take care of the certification process and we expect this will increase market access to sunflower producers, whom most of them are almost organic farmers.



Conducive business environment fostered by public private dialogue

ACTIVITY

Public Private Dialogue

COUNTRY

Tanzania

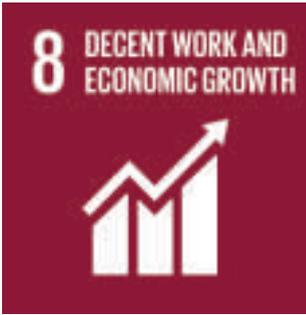
DISTRICT

Kongwa district, Dodoma

COMMENCEMENT

November 2014





By the commencement of the Local Investment Climate (LIC) Project in 2014, Kongwa District in Dodoma had no formal dialogue between public and private sectors to address critical constraints for business growth. Dialogues were happening on ad-hoc bases when circumstances reached critical levels and the private sector demanded action from Local Government Authority (LGA) on e.g. increase of crop cess. In fact, Kongwa District was the worst District in terms of relationship between public (LGA & District Management) and private sector of which poor relationship was brought by frequent changes of crops and livestock cess and very limited engagement of private sector in District development planning and budgeting. The poor relationship between the two sides resulted in ad-hoc meetings breaking down with no positive outcomes, and on one occasion a civil case pressing a complaint of higher crop cess charged by the LGA.

With the efforts and facilitation by LIC, Kongwa District launched its first PPD platform through a formal structure of District Business Council (DBC) in November, 2014. The platform was formed of 40 members (20 public, 20 private) after a well-planned selection of members. The first meeting was a tense affair with both parties blaming each for undermining their respective activities - mistrust and poor relations between the sectors was evident.

The PPD has significantly improved the relation and trust between the two sectors in Kongwa, and paved the way for quality discussions on resolving some of the crucial business growth constraints. E.g. based on conclusions reached in through dialog, Kongwa LGA decided to reduce crop cess of maize, groundnuts and sunflower seed by up to 50% (from TSh. 2,000 to 1,500 per bag, TSh. 3,000 to 2,000 per bag and TSh. 1,000 to 500 respectively). Within a relatively short period of time, the dialog has improved engagement of private sector in development planning and budgeting. For the very first time, Kongwa LGA invited the private sector for discussion and recommendations to the budget for two consecutive budget sessions (2015/16 and 2016/17). Also engagement of Councilors in the dialogue has resulted in signing of working agreement between DBC and the Full Council (supreme body for decision making at LGA level), which has resulted in quick decisions making process, for especially issues requiring changes of by-laws e.g. changes of crop cess.

Private sector engagement in by-laws review, improvement and ammendment

ACTIVITY

Public Private Dialogue

COUNTRY

Tanzania

DISTRICT

Mpwapwa District,

COMMENCEMENT

April 2015



In 2015, Mpwapwa became the third District from Dodoma Region to join the LIC project. Extension of LIC activities to Mpwapwa was a result of formal application from Mpwapwa District and Local Government Authority (LGA) Management after learning about the progress in the nearby District of Kongwa. Similar to the latter, Mpwapwa had no formal Public Private Dialogue (PPD) platforms to deal with major issues affecting growth of investment and business in the District. Communication between the two sectors happened on ad-hoc basis, mainly due to pressure from the private sector.

Relationship and trust between the two sides was very poor and fragile. Communication was limited, hence very limited engagement of private sector in development planning of the District. Furthermore, critical changes of by-laws done by District caught the private sector by surprise and led to resistance on its implementation, which pushed the LGA to apply force to implement e.g. collection of new imposed levies and taxes. The LGA has increased openness, transparency and engagement of the private sector on topics such as revenue collection and budgeting, development planning etc.

Through support and facilitation from LIC, a PPD platform was formally launched in April 2015, through reviving of District Business Council (DBC). The platform has



brought a positive momentum of relationship building between private and public sector and thus reducing frictions between the two sides. A major achievement brought by the dialogue is the extensive and participatory review and formulation of by-laws, which found place for the first time in the history of Mpwapwa District, and fully involved the private sector through DBC and collection of public opinion

“To our surprise, in 2017 we did not experience the use of police as usually done by our Council when collecting levies. The Dialogue has improved our relationship which has paved the way for our engagement in by-law review. TCCIA chairman, Mpwapwa”

The new and improved by-laws drafted by the task force of six members (three from private sector and three from the Government) went through regular approval process and were formally approved by the responsible ministry (PO-RALG) and in use since July, 2017. Due to the participatory nature of the formulation process, the implementation of the by-law has been smooth with very minimal use of force. The dialogue platform has also resulted into signing of a working agreement between DBC and Full council (supreme body at LGA), of which most of resolutions requiring approval of the councilors are easily endorsed now.

Improved sunflower production at zajilwa village, Chamwino district

ACTIVITY

Cluster initiative

COUNTRY

Tanzania

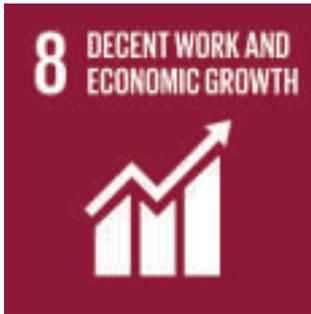
DISTRICT

Chamwino district, Dodoma

COMMENCEMENT

December 2015



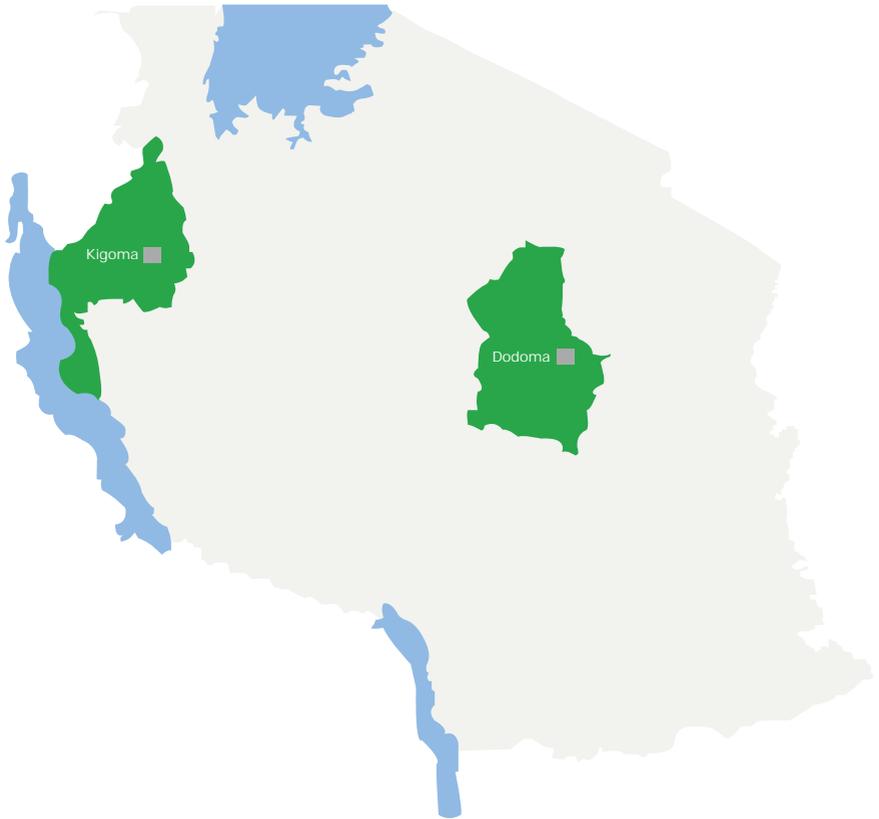


LIC invested into supporting the sunflower value chain in Dodoma already in 2015 through cluster enhancement initiative. The support was targeted to improve business enterprises along the value chain and strengthen their weak links. Major weak links identified in the value chain analysis were use of recycled seeds, weak extension services, fragile grain market and large post-harvest losses. This situation invited for investments into strengthening the cooperation among cluster members through which a stocking unit emerged to support acquisition of improved seeds to farmers, access to quality extension service and improve post harvest handling.

“So far, 750 farmers benefited from this arrangement. More than 2000 additional farmers have expressed an interest to start using the improved seeds. This is potential increase in production and productivity per acre and therefore improving access to both seeds and grains for crushers”

This initiative increased production of sunflower grains from three to eight bags per acre. The stocking unit was a ready market to farmers whereby a bag of 70kg sunflower grains was sold at 35,000 TSh during the harvest season. About 750 farmers benefited from this arrangement.

A new record cropped up recently whereby farmers have purchased improved seeds, increased land for production and utilized the acquired extension knowhow. This means that there is an additional income of 525,000 per HH and about TSh 380 million more income into the village if the support benefits only 60% of the entire 750 farmers who had access to seeds. Since there is already a relationship between farmers and oil producers, market is less of a challenge to these producers while post harvest handling is also taken care of.



LIC Presence

■ LIC Offices

In 2014, the LIC project commenced with activities in two local government authorities (LGAs) in each region, namely Dodoma Municipal Council and Kongwa District Council, in Dodoma, and Kigoma Ujiji Municipal Council and Kasulu District Council, in Kigoma. Today, LIC has expanded its engagement to all 14 districts and 16 LGAs of both regions.





Dodoma region



Kigoma region



Contact Information

DODOMA

Old Chamwino
building office
Barabara ya kwanza
P.O. Box 3668
Dodoma, Tanzania

info@lic.or.tz

KIGOMA

Lumumba Road
Plot No 148 & 149
Apt 101
P.O. Box 335
Kigoma, Tanzania

info@lic.or.tz





Local Investment Climate Project