

SELECTED CASE STUDIES FROM KIGOMA

Kigoma, 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.

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Case Study from Kigoma

Presenting

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



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Creating new opportunities for the Fishery Cluster in Kigoma

The Kibirizi landing site is one of the two largest landing sites in the municipality of Kigoma, where locals engage in a variety of commercial activities related to fisheries – from employment as fishermen to activities further along the value chain. These include, for example, processing, export and domestic trade outside Kigoma, and other commercial activities such as boat construction and repair, and trading in perishable goods and vegetables.

In 2016, the LIC project embarked on an initiative to improve the business facilities and boost the capacity of the Kibirizi landing site. At the request of Kigoma Ujiji Municipal Council (KUMC), LIC invested a total of TSh 680 million through SIFF in infrastructure upgrading, which included new pavement, drainage, vending stalls, water and sanitation systems, electrical installations, drying area for Dagaa sardines, storage facilities and the first ice block and flakes production in the region. Furthermore, LIC supported KUMC in the supply of 26 point-of-sales machines for more reliable and transparent local revenue collection on the landing site.

To ensure that the landing site is able to generate sufficient revenue to sustain its operations and maintain high quality services, KUMC and LIC established to ensure that the landing site is able to generate sufficient revenue to sustain its operations and maintain high quality services, KUMC and LIC established the Kibirizi Landing Site Company Limited, which is Special Purpose Vehicle* (SPV). The SPV consists of board members drawn from both the public sector (KUMC and Tanzania Fisheries Research Institute) as well as private-sector representatives, namely LIC and Kigoma Fisheries Cluster. The SPV has a commercially oriented daily operations management team who develop the site and reinvest any proceeds generated into further expansion and improvement of the business facilities. The SPV has been registered with BRELA and a certificate of incorporation has been issued.

The landing site services 400 fishing boats and is expected to generate a profit of TSh 80 million in its first year of operation. With access to ice blocks and flakes, cooled storage and improved trading facilities, the fishermen are expected to increase their earnings by 30%, and post-harvest loss is expected to be reduced from 35% to 10%. Reduced post-harvest losses will be achieved by using ice on the boats and offering proper training under improved hygiene and cooling facilities. The increased trading of quality fish and Dagaa sardines will create a minimum of 130 new jobs and the wider impact on transport, trading, input, value addition, longer shelf-life is calculated to be TSh 280 million in the first year. The intake is expected to double in year two when fishermen from two other smaller landing sites will move to Kibirizi, increasing the related profit to TSh 140 million.

ACTIVITY

SIFF Investment

COUNTRY

Tanzania

DISTRICT

Kigoma-Ujiji Municipal

COMMENCEMENT

December 2016



Reigniting Kigoma's palm oil production

ACTIVITY

SIFF and Cluster Development

COUNTRY

Tanzania

DISTRICT

Uvinza and Kasulu Districts,
Kigoma

COMMENCEMENT

November 2014



With the majority of traditional palm trees aged and having a low level of oil content, Kigoma's palm oil production has been dwindling with time to insignificant levels. Today, the average production is 200–300 litres per hectare, which is insufficient to sustain a commercial operation. Despite these circumstances, palm oil production continues to be the main source of income for more than 30,000 oil palm farmers in Kigoma.

In an attempt to revamp the sector and improve production, LIC embarked on a SIFF investment in partnership with Seed Change Tanzania (SCT) and raised a total of 53,000 improved palm oil seedlings of the Tenera variety. Of these, 47,000 seedlings were sold to farmers who expressed an interest in the new improved and high-oil-yielding variety in 13 villages in Kigoma and Uvinza districts.

The average selling price per one healthy seedling was about TSh 6,500 (as the price per one tree ranged from TSh 5,000 to TSh 8,000) which means that SCT's return on investment can be estimated at TSh 195,000,000. The remaining 6000 seedlings were distributed free-of-charge to various community organisations such as schools, churches and other public institutions to support the process of transforming farmers' mindset from the old and low-oil-yielding variety, to the improved and high-yielding Tenera variety.



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SCT established a one-acre best practise demonstration plot with 57 oil palm seedlings for the purpose of showcasing nursery management and transferring practical knowledge to farmers who express interest in the palm oil business.

■ Since the initial LIC investment of USD 416,000 from 2014 to 2017, SCT has attracted additional investments of USD 200,000.

The LIC–SCT partnership has reached more than 1000 beneficiaries, most of whom are from the Kigoma region. With accumulated returns from nursery investment, SCT has managed to mobilise funds from private individuals and other fundraising organisation like Roundtable Sustainable Palm Oil (RSPO) for financing a new lot of 30,000 seedlings from Costa Rica.

The success of this endeavour attracted additional investors to the project. SCT has further injected USD 375,000, Australian Aid has contributed USD 20,000 and Roundtable Sustainable Palm Oil invested USD 89,000.



Public private dialogue in Kasulu leads to improvement of the business environment

ACTIVITY

Public Private Dialogue

COUNTRY

Tanzania

DISTRICT

Kasulu district, Kigoma

COMMENCEMENT

February 2015





Kasulu district is one of the first districts to undertake PPD meetings in Kigoma. LIC launched the PPD process in the district in 2015 after undertaking several awareness-raising events in 2014, which brought both the public and the private sector together to learn about the LIC project, its intended objectives, activities, targeted beneficiaries and expected outcomes. Since its commencement in 2015, the PPD platform has hosted eight dialogues resulting in over 40 resolutions passed to improve the business environment.

To implement the resolutions, the District Council (DC) has undertaken a number of steps to ensure that the challenges are fully addressed. In Titye, where LIC has supported the upgrading of irrigation infrastructure, TSh 16 million was spent to support villagers there and in four other villages to establish butcheries (2016–2017). In the next financial year, the DC has earmarked TSh 70 million to procure a modern rice mill for Titye rice farmers and an additional TSh 50 million for the farmers to build a warehouse for rice.

Over TSh 100 million was spent in 2016–2017 to improve the Sofya market infrastructure in Kasulu town, which made it possible for vendors to have access to upgraded stalls. In response to the District Business Council (DBC) resolutions to improve roads, drainage and bus stops for a better business environment in Kasulu, an additional TSh 331 million has been set aside to enhance infrastructure in 2017–2018.

Additionally, in response to a DBC resolution to improve access to investment capital for the poor and marginalized groups, the district spent TSh 31.5 million in 2016–2017 on loans to finance investments for youth and women's groups. In 2017–2018, the district has set aside more than TSh 128 million of its own resources in loans for investments by similar groups. Based on the positive developments and achievements made through the PPD, the Kasulu district has earmarked TSh 6 million to sustain the PPD process, thereby committing to continue the PPDs beyond the lifespan of the LIC project.

Using dialogue to empower female entrepreneurs in Kigoma

ACTIVITY

Public Private Dialogue

COUNTRY

Tanzania

DISTRICT

Kigoma-Ujiji
Municipal Council

COMMENCEMENT

December 2014



The Kigoma-Ujiji Municipal Council (KUMC) launched a PPD that has been operating since 2014. As the Chairperson of the Tanzania Women's Chamber of Commerce (TWCC) in Kigoma, Ms. Dorothy Takwe is an appointed member of both the District Business Council (DBC) and the Regional Business Council (RBC) representing women and, in particular, female entrepreneurs. Sharing her experience on the main achievements of the PPD platform, she highlights that before the involvement of LIC and the idea of a PPD platform, the private and public sectors worked separately with very limited level of information and knowledge exchange. Today, the situation has changed so dramatically that it is now expected and at times routine for the two sectors to cooperate when addressing business challenges.

Ms. Takwe explains that the RBC and DBC have enabled key decision-makers from the two sectors to address issues of common interest jointly and develop an understanding of opinions from both sides. Most importantly, issues tabled at the PPD have been extensively discussed in a professional manner, paving the way for a more conducive business environment for her and other female entrepreneurs. She adds that prior to the PPD platforms, she and other women who were involved in cross-border trade knew very little about regulations involved and operated with fear and doubt. Today, thanks to capacity building and the information shared through the PPD process, they possess the necessary knowledge to trade



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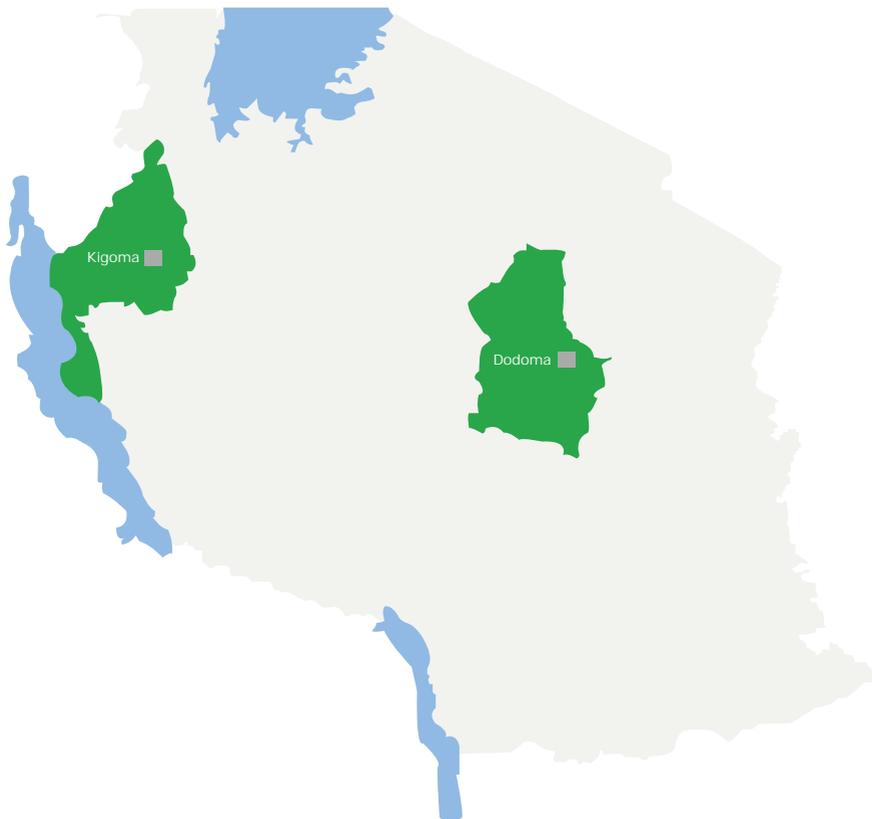
with confidence and compliance. Discussions on taxes, bar codes, Tanzania Food and Drugs Authority (TFDA) and Tanzania Bureau of Standards (TBS) requirements, cross-border trade regulations and permits, levies and road blocks all shed light on what is required from both sectors to be supportive and compliant.

“Since the PPDs were launched in KUMC, my handicraft business has increased more than tenfold and is still growing. Due to the lessons learned from the PPDs and the network made I am now able to employ staff and expand my operations.”

Ms. Dorothy Takwe - Chairperson of TWCC, Kigoma

An example of this is the step taken by the Regional Commissioner in collaboration with the Municipal Director and the Kigoma District Executive Director to boost the capacity of the patrol boats that monitor and ensure safety in Lake Tanganyika, and how the implementation of this resolution has improved security and enabled the fishermen to improve their business.

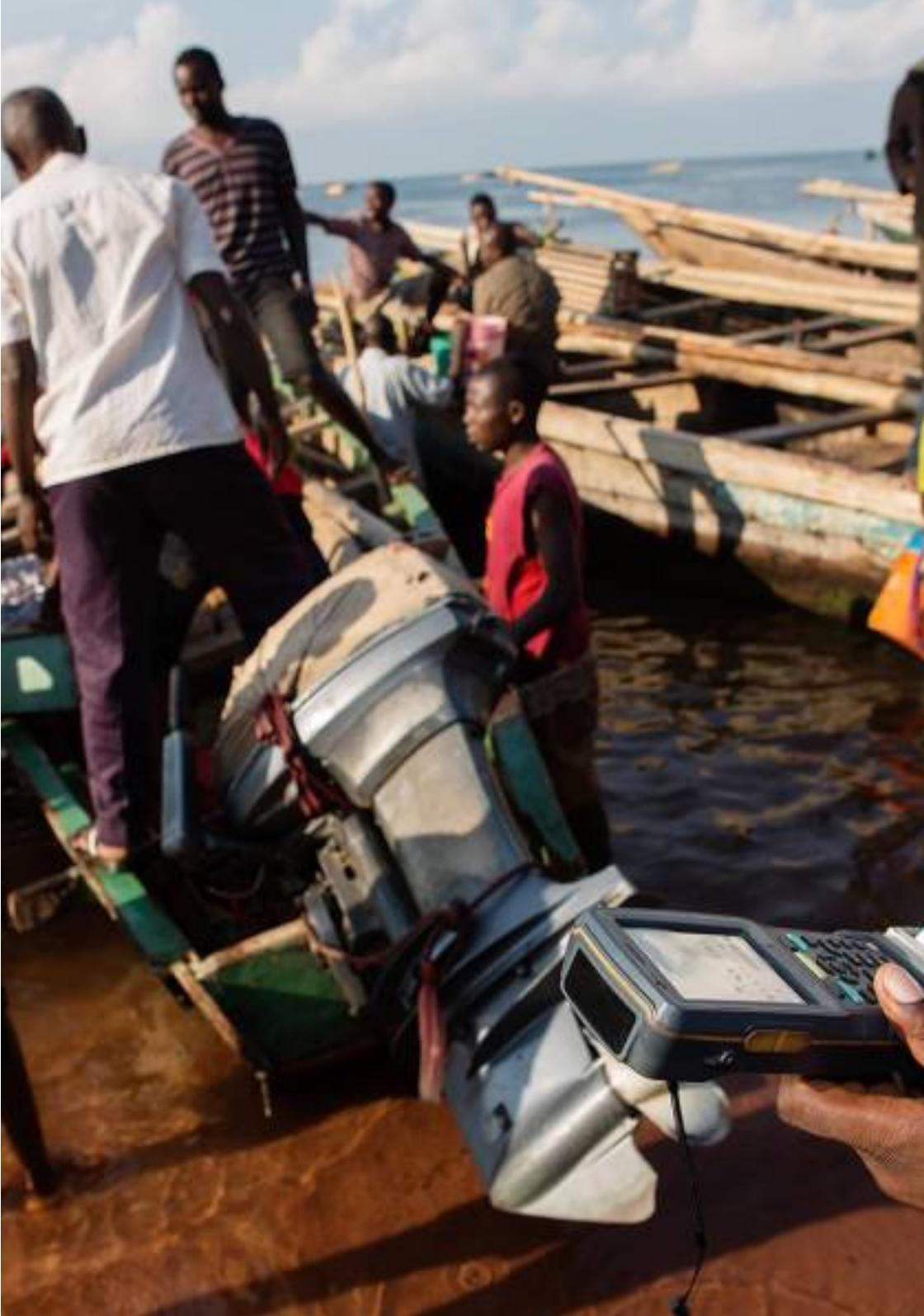




LIC Presence

■ 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.



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