

**REPORT OF THE TPSF ANNUAL RETREAT HELD IN ARUSHA AT THE  
SNOWCREST HOTEL FROM 16<sup>TH</sup> – 17<sup>TH</sup> JANUARY, 2010.**

**A. BACKGROUND:**

1. Since its inception the Tanzania Private Sector Foundation has progressively increased quality service delivery to its institutional members and continues to enhance close collaboration with the Government. Having recently acquired its own permanent office premises, the TPSF now envisages greater stability and renewed efforts to institute organizational and administrative adjustments, such that its institutional members would enjoy closer affinity as TPSF delivers to them a higher quality of services and discernible value.
  
2. To achieve these objectives, development ideals and optimal performance which encapsulate value enhancement to its peers in the national social-economic interests and development, it became imperative for TPSF leadership to assemble in an exclusive RETREAT for the sole purpose of self examination and charting the future direction of TPSF with a long term vision.
  
3. Whilst recognizing the milestone reached in the twelve years of its existence, in particular the achievements in resource mobilization and direct assistance from the donor community and the Government, exemplified by the Management Report attached hereto as Annex I, the retreat found it opportune to identify specific areas which needed improvement in terms of policy, institutional support and the application of human and financial resources. Certain highlights of achievements are also contained in the Statement of the Chairperson in Annex II hereto.

**B. OBJECTIVES OF THE RETREAT:**

1. Against the above background, the following were the cardinal objectives of the Retreat:
  - a) Critical evaluation of the TPSF performances, whether the organization is on track; identifying short-comings.

- b) Self-evaluation aimed at creating an environment of greater cohesion through structural adjustment and providing a seamless relationship with institutional members.
- c) Review of specific policy guidelines to increase efficiency and attain practical results, in particular;
- The status of TPSF in relation to its institutional members, having in mind the rigidity of functioning as an APEX organization.
  - Whether the Advocacy Role requires a new strategy to improve efficacy and practical results.
  - A deeper examination of the weaknesses of the current institutional structure and management to promote efficiency, productivity and long term stability.
  - For purposes of attaining the above objectives, consideration of innovative areas to reduce over-dependence on membership contributions and direct subvention from donors.
  - Enhancement of self-sufficiency in resources, budgetary support, and in-house expertise geared towards greater productivity, value addition to membership services and loyalty to the organization.

**c. DAY ONE: PLENARY SESSION**

- i. The conference deliberated on the proposed agenda and decided to re-cast it in order to dwell principally on the strategic re-direction of the organization, consistent with its constitutional mandate.
- ii. In her presentation of the Policy Framework, the Chairperson underscored the role of TPSF in implementing the *Kilimo Kwanza* declaration and the need to enhance Tanzania's local, regional and global competitiveness.
- iii. The Executive Director reported to the Conference the background of the organization's activities, the history, structure and performance of TPSF to date.
- iv. Having affirmed the structure of TPSF in its role as Focal Point for Private Sector Organizations (PSOs), the Conference re-directed that the organization should provide intra-institutional linkages, liaise and co-

ordinate their activities in collaboration with the Government through the National Business Council.

- v. The Conference emphasized the significance of advocacy as a principal function of TPSF.
- vi. Furthermore, the Retreat closely examined the structure of TPSF and its resource base. The Retreat discussed the importance of addressing the fundamental weaknesses of the organization, relating to its long term sustainability. In this regard, the Conference resolved that firm action be instituted to redress such weaknesses in the areas of manpower and in-house financial resources.

***Breakout Sessions:***

Participants were organized into groups to discuss the themes

To ensure that all the major components of the *Retreat Theme* are fully examined and recommendations are presented to facilitate *Specific Resolutions*, the Retreat agreed to establish three Working Groups to deliberate on the following subjects:

1. Advocacy Framework
2. Competitiveness of the Business Sector and the Tanzanian Economy
3. Financial Sustainability and Organizational Budget

***Group 1***

- (a) In looking at the TPSF constitutional objectives, the Working Group 1 concluded that the lobbying function would be highly effective if the TPSF were to engage both levels of Government, namely the Local Government and Central Government. It was also *recalled* that concern was raised on effectiveness of lobbying, which would now be improved by utilizing individuals of high stature to reach the highest hierarchies of Government, while at the same time cultivating closer contacts at all lower echelons of bureaucracy, on a regular basis.
- (b) As regards co-ordination and dialogue, the Group emphasized the need for TPSF to cultivate harmony and promoting common interests amongst member organizations by confining itself to areas involving cross-cutting issues only.

## ***Group 2***

- (a) The group examined and agreed that there was deficiency in policy coordination at Government level, which appeared to inhibit proper planning of national economic development. In that regard, the group recommended that the Government should be advised to set-up a Special National Planning Commission or Department, as an independent entity.
- (b) Having deliberated in detail on other areas of interaction with the Government, the Group concluded that:
- Measures be taken to protect employment for Tanzania citizens.
  - The Government should address the need for foreign-induced redundancy and low level traders in activities which are disadvantageous to local enterprises.
  - Regulatory bodies should be funded by the Government to reduce the cost of doing business and to ensure that such bodies stick to their core activities.
  - Enhance productivity by engaging in partnership with the Government and monitoring the development of the East African Market.
  - Deliberate measures be taken to empower the Tanzanian citizens economically.
  - Action be taken to sensitize export competitiveness.
  - Government to be requested to revisit Investments Contracts.
  - To enhance revenue for TPSF and strengthen the business community, all private sector enterprises be obliged by law to become members of the relevant private sector organizations/associations.
  - An incentive scheme be devised to encourage competitiveness, such as periodical awards.

## ***Group 3***

- (a) In addressing the concerns of the Retreat on achieving the sustainability of TPSF in terms of financial resources, this Group looked at ways of supporting the core functions under the *recurrent budget* on one hand, and the *development budget* on the other. While underscoring the importance of

preparing a comprehensive business plan of TPSF core functions, the Group lamented the way funds under BEST- AC have been left idle, while they were intended to be used for TPSF core functions. On the other hand, it was considered utterly imprudent to rely solely on the World Bank or donor funding as a means of sustaining staff salaries and emoluments. Other than encouraging split loyalty among staff, the organization would constantly face the threat of instability due to uncertainty over long term availability of such funding. The Group was convinced that the issue of *loyalty* was a major concern in ensuring dedication, commitment and productivity.

- (b) For that matter it was considered necessary to have a budget plan which foresees self-sufficiency in staff salaries within three years from now, commencing with requisition of funds for the salary of the **Executive Director** as soon as possible. The TPSF should be in a position to have full control over its entire staff within three years.
- (c) Regarding the Development Budget, the Group recalled that the TPSF presently relies almost entirely on donor funding, in particular the World Bank. In view of financial constraints, it would take a while for TPSF to assume responsibility in financial development projects. Therefore the support of donors is likely to continue in the foreseeable future.

#### **D. DAY TWO: PLENARY SESSION**

The plenary continued its general discussions on issues raised in the previous session and thereafter two papers were presented, one covering the subject of Competitiveness and the second on Agriculture, presented by Eng. Peter Chisawillo and Mr. Salum Shamte respectively.

The theme on Competitiveness mainly focused on the importance of increasing efficiency and productivity in Tanzania's economy to enhance its competitive edge in marketing quality goods and services within Tanzania, the region and globally.

Being the most important economic activity for the majority of Tanzanians, the paper on Agriculture emphasized the importance of promoting agricultural activities and ancillary industries, in particular, agro processing and marketing (Buy Tanzania Theme). Agriculture should be viewed as part of the broader aspects of enhancing competitiveness, considering that Tanzania is endowed with rich agricultural resources.

#### **E. RESOLUTIONS OF THE RETREAT:**

## 1. Resolution Relating to Policy and Core Functions

- (a) To ensure a seamless relationship and avoid overlap or conflict of activities with **PSOs**, it was resolved that TPSF should stop acting as an **APEX** organization and henceforth continue to act as a **FOCAL ORGANIZATION** that being its core functions.
- (b) Having regard to its role as a **FOCAL ORGANIZATION**, TPSF should establish a new relationship with **PSO's** which focuses on **CROSS-CUTTING ISSUES**, thereby ensuring synergy and collaboration through dialogue, regular exchange of information and liaison with **TNBC** and Government.
- (c) Recognizing Advocacy as a cardinal function of TPSF, it is resolved that the organization should enhance its capacity for lobbying with the Government at all levels, including Local Authorities, the Central Government and Parliament as well as Development Partners and **NGO's**. To that extent, TPSF should engage talented staff to develop an advocacy strategy and where the need arises the organization may outsource such service from individuals of high caliber and stature to establish high level consultations with the Government or other non-Government and International Agencies, albeit on an ad- hoc basis. Such efforts should also aim at revamping moves to change the civil service mind-set.
- (d) As regards dialogue as a function of advocacy, it was resolved that TPSF should promote greater affinity with and amongst **PSO's**, by establishing an inventory and regular contacts with them.

Such networking should be enhanced nationwide by using the **TCCIA** representation on a formal basis.

## 2. Resolution on Specific Measures relating to Advocacy and Dialogue.

- (a) In order to reduce the cost of doing business, the Retreat resolved that measures be taken to convince the Government to assume responsibility in financing Regulatory Bodies.
- (b) Having recognized the critical role of agriculture in economic development, bearing in mind the need to support **KILIMO KWANZA** as a national priority, it was resolved that TPSF should

work closely with TNBC to establish a private sector implementation strategy and lobby with Government to accelerate the establishment of the **Agriculture Development Bank**.

- (c) The Retreat further acknowledged the social-economic benefits of promoting agriculture by using Tanzania's products and comparative advantages through deliberate and concerted measures as well as publicity, adopting the campaign **“BUY TANZANIA PRODUCTS”** and resolved that TPSF should advocate for the rules and regulations which protect Tanzanian Products. See Attachment III; Paper on Agriculture.
- (d) A decision was made to establish a Working Group to lobby to the Government for the formation of the Ministry of Planning and legislation on the mandatory membership. The Working Group will also work on competitiveness, productivity and establishment of Global Standard One. The following were appointed to serve as members of the Working Group:
  - i. Mr. Arnold Kilewo
  - ii. Mr. Elvis Musiba
  - iii. Eng. Peter Chisawillo
  - iv. Mr. Salum Shamte
  - v. Prof. Lucian Msambichaka
  - vi. Mr. Felix Mosh

### 3. **Resolution on TPSF Financial Sustainability**

- (a) The Retreat considered it necessary to establish clear guidelines on the source and application of funds for TPSF, to ensure that the organization becomes self sufficient in long run, both in its requirements for the RECURRENT AND DEVELOPMENT BUDGETS. Consequently, it was resolved that:
  - i. Measures should be taken to prepare a business plan for the recurrent budget to support the administrative expenditure.
  - ii. Amongst the steps envisaged should be the additional revenues derived from expanded membership as well as internal activities

relating to consultancy and TPSF representation of donors as executing agency.

- iii. To ensure that the TPSF staff are dedicated and loyal to TPSF, it is imperative that the staff emoluments are paid fully by the organization itself. Consequently, to start with, the Executive Director's salary should, as soon as possible, be paid from the TPSF funds. All other staff should be paid fully by TPSF within the period of three years.

**NOTE:** During the closing Session representatives of the local Business Community participated as invited guests to observe the proceedings and were able to make useful contributions on ways and means of enhancing competitiveness, such as the outsourcing of product branding, which has been applied effectively by a number of South East Asian countries in marketing their products.