

Snapshot of Business Environment - Tanzania

The tables below provide a snapshot of the business climate in Tanzania by identifying specific regulations and policies that encourage or discourage investment, productivity, and growth. Key indicators are used to help measure the ease or difficulty of operating a business: starting a business, hiring and firing workers, registering property, getting credit, protecting investors, enforcing contracts, and closing a business. To compare the business climate of Tanzania with that of other economies, click on the topic name. Regional and high-income OECD averages are provided in each topic for comparison.

Economy Characteristics (2004)

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Variable	Tanzania	Regional Average	OECD Average
Region	Sub-Saharan Africa		
Income category	Low income		
GNI per capita (US\$)	290	562	25,773
Informal economy (% GNI, 2003)	58.3	42.3	16.8
Population (millions)	34.88	19.5	41.5

Starting a Business (2004)

The challenges of launching a business in Tanzania are shown below through four measures: procedures required to establish a business, the associated time and cost, and the minimum capital requirement. Entrepreneurs can expect to go through **13** steps to launch a business over **35** days on average, at a cost equal to **186.9%** of gross national income (GNI) per capita. They must deposit at least **6.8%** of GNI per capita in a bank to obtain a business registration number, compared with the regional average of **254.1%** of GNI and OECD average of **44.1%** of GNI.

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Indicator	Tanzania	Regional Average	OECD Average
Number of Procedures	13	11	6
Time (days)	35	60	25
Cost (% of income per capita)	186.9	225.2	8.0
Min. capital (% of income per capita)	6.8	254.1	44.1

Hiring & Firing Workers (2004)

The difficulties that employers in Tanzania face in hiring and firing workers are shown below. Three

indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Conditions covered by the indices include: availability of part-time and fixed-term contracts, working time requirements, minimum wage laws, and minimum conditions of employment. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices. For Tanzania, the overall index is **65**, compared with the regional average of **56.0** and OECD average of **34.4**. Firing costs are calculated on the basis of the number of weeks worth of salary in severance, notification and penalties that must be paid to dismiss a worker. [Compare All Economies](#) | [Detailed data on Tanzania](#) | [Methodology](#)

Indicator	Tanzania	Regional Average	OECD Average
Difficulty of Hiring Index	56	53.2	26.2
Rigidity of Hours Index	80	64.2	50.0
Difficulty of Firing Index	60	50.6	26.8
Rigidity of Employment Index	65	56.0	34.4
Firing costs (weeks of wages)	38	59.5	40.4

Registering Property (2004)

The ease with which businesses can secure rights to property is measured below using the following indicators: the number of procedures necessary to transfer a property title from the seller to the buyer, and the time and the costs as a percentage of the property value. In Tanzania, it takes **61** days to register property, compared with the regional average of **114.0** and OECD average of **34**. [Compare All Economies](#) | [Detailed data on Tanzania](#) | [Methodology](#)

Indicator	Tanzania	Regional Average	OECD Average
Number of Procedures	12	7	4
Time (days)	61	114	34
Cost (% of property value)	12.6	13.2	4.9

Getting Credit (2004)

Measures on credit information sharing and the legal rights of borrowers and lenders in Tanzania are shown below. One set of indicators measures the coverage, scope, quality and accessibility of credit information available through public and private registries. A second set measures how well collateral and bankruptcy laws facilitate lending. It ranges from 0-10, with higher scores indicating that those laws are better designed to expand access to credit. Tanzania has a score of **5**, compared with the regional average of **4.6** and OECD average of **6.3**. The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. The index ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau. Tanzania has a score of **0**, compared with the regional

average of **2.1** and OECD average of **5.0**.

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Indicator	Tanzania	Regional Average	OECD Average
Cost to create collateral (% of income per capita)	21.3	41.8	5.2
Legal Rights Index	5	4.6	6.3
Credit Information Index	0	2.1	5.0
Public credit registry coverage (borrowers per 1000 adults)	0	1.1	76.2
Private bureau coverage (borrowers per 1000 adults)	0	39.4	577.2

Protecting Investors (2004)

The degree to which investors are protected through disclosure of ownership and financial information is measured below. The Disclosure Index captures seven ways of enhancing disclosure: information on family; indirect ownership; beneficial ownership; voting agreements between shareholders; audit committees reporting to the reporting to the board of directors; use of external auditors; and public availability of ownership and financial information to current and potential investors. The index varies between 0 and 7, with higher values indicating more disclosure. Tanzania has a score of **1**, compared with the regional average of **2.1** and OECD score of **5.6**.

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Indicator	Tanzania	Regional Average	OECD Average
Disclosure Index	1	2.1	5.6

Enforcing Contracts (2004)

The ease or difficulty of enforcing commercial contracts in Tanzania is measured below, using three indicators: the number of procedures counted from the moment the plaintiff files a lawsuit until actual payment, the associated time, and the cost (in court and attorney fees), expressed as a percentage of debt value. In Tanzania, the cost of enforcing contracts is **35.3**, compared with the regional average of **43.0** and OECD average of **10.8**.

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Indicator	Tanzania	Regional Average	OECD Average
Number of Procedures	21	35	19
Time (days)	242	434	229
Cost (% of debt)	35.3	43.0	10.8

Closing a Business (2004)

The time and cost required to resolve bankruptcies is shown below. Costs include court costs as well as fees of insolvency practitioners, lawyers, accountants, etc. The Recovery Rate measures the efficiency of foreclosure or bankruptcy procedures, expressed in terms of how many cents on the dollar claimants recover from the insolvent firm. The recovery rate in Tanzania is **21.3**, compared with the regional average of **17.1** and OECD average of **72.1**.

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Indicator	Tanzania	Regional Average	OECD Average
Time (years)	3.0	3.6	1.7
Cost (% of estate)	23	20.5	6.8
Recovery rate (cents on the dollar)	21.3	17.1	72.1

Source: <http://www.doingbusiness.org/ExploreEconomies/BusinessClimateSnapshot.aspx?economyid=185>