

# ***Better Regulation for Growth***

## **Recent Experiences with Regulatory Reform in Tanzania and Kenya**

*Study Visit by the Tanzanian Better Regulation Unit to Nairobi*

**August 29, 2007  
Nairobi, Kenya**

*ORGANIZED BY*

**FIAS OF THE WORLD BANK GROUP  
IN COOPERATION WITH  
THE BUSINESS REGULATORY REFORM UNIT OF KENYA  
THE BETTER REGULATION UNIT OF TANZANIA**

*WITH SUPPORT FROM*

**THE UNITED KINGDOM'S DEPARTMENT FOR INTERNATIONAL DEVELOPMENT  
(DFID)  
THE DANISH INTERNATIONAL DEVELOPMENT AGENCY (DANIDA)  
THE DUTCH MINISTRY OF FOREIGN AFFAIRS**

**Background Note and Agenda**

## **Background**

Excessive regulatory risks and costs are key obstacles to doing business. They discourage domestic and foreign investment as flawed regulation translates into major constraints on growth, productivity and the formal economy. On the other hand, an efficient, transparent and accountable regulatory business environment can be a significant factor in stimulating innovation and attracting new investment.

An increasing number of countries recognize this and position regulatory reform at the core of investment climate and private sector development reforms. In most developing countries, however, systemic approaches to regulatory reform involving government-wide policies, dedicated institutions and clear targets are still not firmly on the development agenda, or are being tested in a very gradual and often fragmented manner.

Kenya and Tanzania are two noteworthy exceptions. Within the last 2-5 years both countries have embarked on ambitious and bold approaches to improve the regulatory business environment. One of the interesting aspects of the Tanzanian and Kenyan experiences is that they have used significantly different approaches although broadly focussed on the same target – better, less costly and less risky regulation. Both countries are pursuing a continuously broader and deeper reform agenda. Partially due to the novelty of many of the initiatives, insights and lessons from the two countries are not widely shared with reformers in other countries. The scope of mutual learning and inspiration between Kenyan and Tanzanian reformers is obvious.

## **Purpose of Workshop**

The purpose of the workshop is to bring together Tanzanian and Kenyan regulatory policy makers and reformers to share experiences and best practices on regulatory management and reform. The workshop will also be a precursor and testing ground for a possible East African Conference on Regulatory Reform in 2008.

## **Participants**

Participants will include members of the Kenyan Government's Licensing Reform Committee, staff from the Business Regulatory Reform Unit (located in the Ministry of Finance), and other participants designated by the GoK, including private sector representatives. The Tanzania delegation will include staff from the Tanzanian Better Regulation Unit (located in the Ministry of Planning, Economy and Empowerment), other selected government officials as well as representatives from the private sector and Member(s) of Parliament.

The workshop will also include participation from the World Bank Group and interested donors supporting regulatory reform programs in Tanzania and Kenya (including DFID, Danida, Dutch Ministry of Foreign Affairs). A total of 30-40 participants are expected.

## **Organization**

The workshop is organized by FIAS of the World Bank Group in close cooperation with the Kenyan and Tanzanian regulatory reform units.

Bilateral meetings between the Tanzanian delegation and Kenyan government agencies on August 30 and 31 will be organized by Kenya's Business Regulatory Reform Unit (see contact information below).

Transport and accommodation of the Tanzanian delegation is organized by the Tanzanian BRU.

## **Venue**

The workshop will take place at the World Bank Group offices in Nairobi (Upper Hill). Bilateral meetings on August 30 and 31 will be at various GoK offices in Nairobi.

## **Format of workshop**

Each session will be chaired by a FIAS/World Bank Group representative. Presentations under each session will be followed by questions and answers, and open discussion. Prior to the Q&A, a discussant will summarize the main points of the presentations and raise key issues. The chairs will strongly encourage open and informal discussions.

## **Workshop materials**

Powerpoint presentations and other conference materials will be circulated to participants after the workshop.

## **Further information**

Tanzania's Better Regulation Unit: Chief Executive Officer, Mr. Bede Lyimo, E-mail: [bedelyimo@fastmail.fm](mailto:bedelyimo@fastmail.fm).

Kenya's Business Regulatory Reform Unit: Principal Economist, Mrs. Josephine Kanyi, E-mail: [jkanyi@treasury.go.ke](mailto:jkanyi@treasury.go.ke).

World Bank Group (FIAS): Peter Ladegaard, E-mail: [pladegaard@ifc.org](mailto:pladegaard@ifc.org) or Lars Grava, E-mail: [lgrava@ifc.org](mailto:lgrava@ifc.org).

## *Better Regulation for Growth*

# Recent Experiences with Regulatory Reform in Tanzania and Kenya

Nairobi, August 29, 2007

8:30-9:00	Registration
9:00-9:30	<b>Opening and welcome remarks (press participation)</b> <ul style="list-style-type: none"><li>• FIAS/World Bank Group: Mr Peter Ladegaard, Senior Investment Policy Officer, FIAS</li><li>• Government of Kenya: Mr Wanyambura Mwambia, Deputy Secretary, Ministry of Finance, Kenya</li><li>• Government of Tanzania: Mr Bede Lyimo, Chief Executive Officer, Better Regulation Unit, Ministry of Planning, Economy and Empowerment, Tanzania</li></ul>
9:30-9:45	Short break (while press leaves)
9:45-10:00	Workshop overview by FIAS/World Bank Group
10:00-10:45	<b>How to get started? Fast-track reforms to review existing regulation: The case of business licensing</b> <p><i>The comprehensive licensing reform launched in Kenya 2005 is increasingly recognized as a significant success with positive spin-offs to other and broader reform areas. The Tanzanian government – through the BRU – is preparing a Regulatory Policy Paper which may take into account some of the important lessons from the Kenyan licensing reform. The first presentation of this session will introduce the main components of licensing reform's administrative, legal, political, and media strategies. The second presentation will highlight Tanzania's experiences with licensing reforms in the past, and raise particular issues of relevance to the Policy Paper which the Kenyan experiences may inform.</i></p> <ul style="list-style-type: none"><li>• Kenya: Mr Benjamin Musau, Chair of the Licensing Reform Working Committee</li><li>• Tanzania: Mr Bede Lyimo, Chief Executive Officer, Better Regulation Unit, Ministry of Planning, Economy and Empowerment, Tanzania</li><li>• Discussant: Ms Josephine Kanyi, Head of the Business Regulatory Reform Unit (acting) and Principal Economist, Ministry of Finance, Kenya</li><li>• Discussion</li></ul>
10:45-11:00	Coffee break
11:00-12:30	<b>How to get started? Fast-track reforms to review existing regulation: The case of business licensing (continued)</b>

12:30-14:00	<b>Lunch</b>
14:00-15:30	<p><b>Curbing the Flow - Improving new policy proposals through Regulatory Impact Assessment (RIA)</b></p> <p><i>Tanzania has been working on developing and testing a formal RIA system for several years. Important lessons are now emerging. Considerations in Kenya are still in very early days. This session will present existing and emerging initiatives to establish RIA systems in the two countries. The Tanzanian presentation will focus on specific design of RIA in Tanzania – what does it cover, what are the processes and thresholds for RIA, what kind of tests are exercised – as well as the experiences and challenges so far. The Kenyan presentation will cover current considerations about the future coverage and institutionalization of a RIA system in Kenya, and it will raise some of the open questions which the Tanzanian experiences can be helpful in answering.</i></p> <ul style="list-style-type: none"> <li>• <b>Tanzania: Ms Fiona MacCulloch, Consultant</b></li> <li>• <b>Kenya: Mr Robert Nyaga, Business Regulatory Reform Unit, Kenya</b></li> <li>• <b>Discussant: Mr Johnson Kaijage, Better Regulation Unit, Tanzania</b></li> <li>• <b>Discussion</b></li> </ul>
15:30-15:45	<b>Coffee break</b>
15:45-17:00	<p><b>Institutionalizing drivers of reform – how to ensure sustainability of reform without imposing rigidity and more bureaucracy?</b></p> <p><i>One-off initiatives to reduce regulatory costs and risks are likely to be eroded by creeping re-regulation if not supported by formal institutions and processes, some of which should have a legal underpinning. On the other hand, over-prescriptive process rules and “dedicated units” may distort scarce reform capacities and create bureaucratic bottlenecks. How to strike the right balance? This session will present and discuss experiences with formalizing regulatory reform through institutions, laws and government strategies. An introductory presentation by the WBG will provide an overview of international trends and practices. The Tanzanian presentation will highlight benefits (and problems) of the legislative underpinning of its regulatory reform institutions. The Kenyan presentation will focus on the rationale and main objectives of the forthcoming Business Regulation Bill.</i></p> <ul style="list-style-type: none"> <li>• <b>International trends and practices: Mr Peter Ladegaard and Mr Lars Grava</b></li> <li>• <b>Tanzania: Mr Bede Lyimo, Chief Executive Officer, Better Regulation Unit, Ministry of Planning, Economy and Empowerment, Tanzania</b></li> <li>• <b>Kenya: Ms Christine Agimba, Deputy Solicitor General, State Law Office, Kenya</b></li> <li>• <b>Discussant: Mr Jared Nyaundi, PSDS, BRRU, Assistant Director of Trade, Ministry of Trade &amp; Industry, Kenya</b></li> <li>• <b>Discussion</b></li> </ul>
17:00-17:30	<b>Summing up</b>
17:45-20:30	<p><b>Cocktails and dinner hosted by FIAS/World Bank Group</b>  <i>(Bus departs from World Bank office at 17:45 to Panafric Hotel. After dinner, bus departs for Hotel 680.)</i></p>