



THE UNITED REPUBLIC OF TANZANIA
Ministry of Finance And Planning



TANZANIA INVESTMENT CENTRE

TANZANIA DEVELOPMENT PLAN, VISION AND INVESTMENT PRIORITIES TO ACHIEVE MIDDLE INCOME STATUS BY 2025



OUTLINE

1. Tanzania's Development Vision 2025 (TDV 2025) *Pg.4*
2. Tanzania's Long Term Perspective Plan 2011/12 - 2025/26 *Pg.8*
3. Tanzania Five Year Development Plan 2011/12- 2015/16 (FYDP I) *Pg.13*
4. Tanzania Five Year Development Plan 2016/17-2020/21 (FYDP II) *Pg.18*
5. Government Focus to Nurture an industrial economy *Pg.22*
6. Concluding Remarks *Pg.26*



“ NURTURING AN INDUSTRIAL ECONOMY



1.

TANZANIA'S DEVELOPMENT VISION 2025 (TdV 2025)

Tanzania's development aspirations are outlined in the Tanzania Development Vision 2025 (TDV 2025) which was developed in the late 1990s to guide economic and social development efforts up to the year 2025

Targets

1. Transforming Tanzania into a middle-income country, imbued with five main national attributes:
 - a) High quality livelihood;
 - b) Peace, stability and unity;
 - c) Good governance;
 - d) A well educated and learning society; and
 - e) A competitive economy capable of producing sustainable growth and shared benefits.
2. Transforming the economy from a predominantly agricultural one to a diversified and semi-industrialized economy with a substantial industrial sector comparable to typical middle-income countries.

The original plan to implement Vision 2025 through five year development plans (FYDPs) was sidelined by heavily indebted poor countries (HIPC) process. Qualifying for debt relief under HIPC required the preparation of poverty reduction strategy papers (PRSPs), which focused on delivery of social sectors

Subsequent acceptance of the importance of “growth” as a basis for stimulating the capacity to finance social services and reducing aid dependence led to the emergence, in 2005, of the National Strategy for Growth and Poverty Reduction commonly known as MKUKUTA I, followed by MKUKUTA II in 2010.

In 2009 and 2010, The Government, through the Planning Commission, initiated reviews to assess the implementation of the Vision. These studies revealed the following:

1. Vision was still valid
2. The need to address prioritisation and monitoring and evaluation (M&E) in implementation.

GoT Response: Reversion to long and medium term planning led to formulation of Long Term Perspective Plan (LTPP) 2011/12-2025/26. Implementation of LTPP was divided into three five-year development plans (FYDPs), each with a theme to underpin the thrust and priority interventions:

1. The First Five Year Development Plan 2011/12-2015/16 (FYDP I)
Theme: *“Unleashing Tanzania’s Latent Growth Potentials”*
2. The Second Five Year Development Plan 2016/17-2020/21 (FYDP II)
Theme: *“Nurturing and Industrial Economy”*
3. The Third Five Year Development Plan 2021/22-2025/26 (FYDP III)
Theme: *“Realising Competitiveness-led Export Growth”*
4. Annual Development Plans (ADPs) to implement the FYDPs

TDV 2025

> Launched in 2000

> Overarching Development Goals

To be a middle income country with the following 5 characteristics

1. High quality livelihood
2. Peace stability and unity
3. Good Governance
4. A well educated and learning society
5. A semi industrialised competitive economy capable of producing sustainable growth and shared benefits

Long Term Perspective Plan (LTPP) 2011/12-2015/26



ADPs

2.

TANZANIA'S LONG TERM PERSPECTIVE PLAN 2011/12 - 2025/26

TANZANIA'S LONG TERM PERSPECTIVE PLAN 2011/12 - 2025/26

It provides an interpretation as well as a sharper and more focused guidance of the country's development direction intended in TDV 2025, through outlining some quantitative targets with which we can measure our performance.

It sets the strategic direction by delineating long term objectives, targets, challenges and pillars related to:

1. The envisaged evolution of the economic structure;
2. Envisaged national policies, guiding principles and developmental objectives in economic, social, and political aspects and issues that cut across various sectors with a view to providing for more focused guidance, coordination and harmonization of Tanzania's growth process up to the year 2025.

It also provides a platform for a development dialogue beyond short - and medium-term perspectives, by being the link between the country's long-term Vision and the medium term plans (FYDPs) and short term plans (ADPs), whose formulation will be guided by the Long Terms Perspective Plan (LTPP)

The plan outlines the envisaged sources of financing for the Plan including general resource mobilization propositions and some institutional arrangement to facilitate and ensure an effective resource mobilisation strategy.

Broadly the plan outlines the implementation and the attendant monitoring and evaluation (M&E) frameworks.

Summary: The LTPP is some kind of a road map for ensuring that the country moves in the direction of realising TDV 2025 in the decade and half of implementation that remained in all aspects.

It was observed that significant structural transformation was required in order to reach the desired middle income status with US\$ 3,000 per capita income in the remaining 15 years. Specifically, the following were seen as important interventions:

1. Reduction of share of the agricultural sector in GDP from 27.8% to 20.7%.
2. Increase in manufacturing sector's contribution from 9.3% to 18%.
3. Increase of share of services sector from 47.9% to 48.6%
4. Significant changes in sectoral growth trajectories were needed:
 - ▶ Agriculture sector to grow at an annual average of 6.0 % instead of 4.4%
 - ▶ Industrial sector to grow by 8.2% instead of 7.0%.
 - ▶ The services sector to grow by 7.5 % instead of 7.0%.



3.

TANZANIA FIVE YEAR DEVELOPMENT PLAN 2011/12- 2015/16 (FYDP I)

TANZANIA FIVE YEAR DEVELOPMENT PLAN 2011/12- 2015/16 (FYDP I)

This ends in June 2016.

Objectives:

Outlines a number of interventions aiming at addressing Tanzania's growth constraints in order to fast-track the provision of the basic conditions for high, broad-based and pro-poor growth, in line with its theme of "Unleashing Tanzania's Latent Growth Potentials"

Priority Areas

The five priority areas are infrastructure, agriculture, industry, human capital development and economic services [Trade, Tourism and Financial Services].

Strategy:

The following are the interventions to ensure elements needed to generate the required growth momentum:

1. Large investments in energy [power generation], transport [ports, road, railway, air transport] and ICT infrastructure –to address infrastructure bottlenecks;
2. Strategic investments in agriculture, manufacturing and mining to increase productivity and foster value addition
3. Improving basic social services and enhancing skills profile of the people
4. Improving the business environment.
5. Institutional reforms for effective implementation, monitoring and evaluation of the Plan.

Focuses on using public funds to leverage private sector participation as two thirds of estimated costs of implementing the plan was envisaged to be met by the private sector. This shows the importance of improving business environment.

FYDP I Expected Outcomes

An average annual real GDP growth of 8% (GDP per capita growth of 5%) over the five year period and fostering the following sectoral transitions:

1. Agriculture to increase its average annual growth rate from 4.4% to 6%
2. Manufacturing average annual growth rate increase from 8% to 11%
3. Industry average annual growth rate from 7% to 8.2%; and services average annual growth rate from 7.2% to 7.5%

Outcomes to date:

Respectable economic performance recorded in terms of sustaining macroeconomic stability (single digit inflation) and growth with Real GDP growth remaining strong at an average of 6.7 percent per annum since 2011.

Significant mileage covered in addressing the most binding infrastructure constraints (power, roads, ports, railway, airports, ICT) which put Tanzania on a good footing to embark on industrialisation.

Encouraging outcome in poverty reduction efforts in which poverty decreased by 6.2% between 2007 and 2012

Overall results are mixed (some targets surpassed & others not reached), with expectation to achieve 60 percent of targets outlined in FYDP I and MKUKUTA II.



The Challenges:

1. The need to attain the targeted 8% growth and ultimately target of US\$ 3000 GDP per capita by 2025 from the current value of US\$ 1,043 as envisaged in the Vision. This reveals a need to grow faster in the remaining decade.
2. The need to address poverty and distribution issues taking into account a recent World Bank estimate indicating that around 90 percent of Tanzanians are living with an income of less than 3 US\$ a day.
3. The need to speed up pace of economic transformation, while there are signs of economic transformation manifested in:
 - >>Employment shares, with share from agriculture in total employment decreasing from 76.5% to 67.0% and that of manufacturing increasing from 2.6% to 3.1% between 2006 and 2014.
 - >>Increasing labour productivity, in which annual growth of 3.0% was recorded annually from 2007 – 2013 (based on 2007 GDP series)

Sectoral GDP shares (based on 2007 GDP series) indicated that more work needs to be done:

- ▶ The share of agricultural activities is unchanged at 28.9% in comparison with 28.6% in 2005.
- ▶ The share of the manufacturing sector declined from 7.3 % in 2005 to 5.6 % in 2014, due to the increase in the contribution of other sectors (e.g. construction), as well as the inclusion of new economic activities in the National Accounts (e.g. Arts and Entertainment).
- ▶ The need to address shortcomings in the business environment which undermined effort to solicit the participation of the Private Sector, compounding the financing problem; and
- ▶ The need to put more effort in resource mobilisation to address financing constraints, some of which were due to inability to meet resource mobilisation targets (domestic revenue collection, loans and official development assistance)



4.

TANZANIA FIVE YEAR DEVELOPMENT PLAN 2016/17-2020/21 (FYDP II)

TANZANIA FIVE YEAR DEVELOPMENT PLAN 2016/17-2020/21 (FYDP II)

This becomes operational from July 2016.

Theme: *“Economic Transformation and industrialisation for Human Development”*

The proposed theme takes into account the original theme stipulated under LTPP path, and the need to give due consideration to the issue of human development and poverty reduction following the Government’s decision to integrate FYDP and National Growth and Poverty Reduction Strategy (NGPRS) in May 2015.

The merger was motivated by:

1. Need to mainstream the poverty reduction agenda into the core of the nation’s development planning framework;
2. Need to improve prioritisation, resource mobilisation & utilisation; and M& E.



Objectives:

To mobilize and organize the national resources strategically in order to:

1. Nurture an industrial economy in a bid to transform Tanzania into a semi-industrialised nation by 2025;
2. Accelerate economic growth while making sure that the quality of that growth will benefit the majority of the people in terms of significant poverty reduction and job creation especially for the youth and women; and
3. Foster and strengthen implementation effectiveness.

Priority Areas

In line with the dual focus of FYDP II and the need to strengthen implementation, it will have:

1. Growth Focused interventions: geared at transforming Tanzania into a middle-income country through industrialisation
2. Human development focused interventions: championing the fight against poverty through enhancing income security, access to social services, responsive governance and social protection.
3. Interventions to strengthen implementation effectiveness









Priority interventions geared at human development and social transformation

1. Improving quality, availability and access to basic social services (education, health and water and sanitation and decent housing and settlements).
2. Enhancing income security.
3. Responsive governance.
4. Promoting social protection,
5. Decentralization and subsidiarity principle to the District and/or Local Government Authorities (LGAs)

Priority interventions geared at strengthening implementation effectiveness

1. Ensuring policy, legal and regulatory coherence
2. Appropriate and rigorous prioritisation and sequencing of initiatives
3. Ensuring adequate engagement of stakeholders in the planning and implementation stages
4. Designing effective resource mobilisation strategies
5. Instituting requisite supervision, monitoring and evaluation systems

Other key considerations:-interventions to facilitate adherence to regional and global interventions Tanzania is party to:

1. Agreements under the East African Community (EAC) Industrial Policy (2012 - 2032), and The East African Community Industrialization Strategy (2012 – 2032)
2. Agreements under Southern African Development Community (SADC) such as SADC Industrial Development Policy Framework (2013 – 2018), Regional Indicative Strategic Development Plan (RISDP) and The SADC Industrialization Strategy and Roadmap (2015 – 2063)
3. Agreements under African Union (AU) such as Africa Vision 2063, The Action Plan for Accelerated Industrial Development of Africa (AIDA) 2008 and Africa Mining Vision.

Another intervention is to domesticate the recently endorsed SDGs 2030 but with careful and strategic sequencing and prioritisation

5.

GOVERNMENT FOCUS TO NURTURE AN INDUSTRIAL ECONOMY

Priority interventions geared at nurturing an industrial economy

1. *Core unfinished business from FYDP I & MKUKUTA II:*

Heavy investment in energy and strategic transport infrastructure
[Expansion of cargo handling capacity at Dar, Mtwara & Tanga ports, improvement of the central railway line, etc.]



2. *Reviving non performing Factories:*
Assessing the status of existing industrial plants under public and/or private ownership with a view to ensuring that the economic and commercially viable plants are put back into operation



3. *Natural resource-based industry:*
Effectively utilising and add value to its rich natural resource endowments [agricultural commodities, livestock products, forestry and marine products as well as mineral resources].

4. *Geographical advantage-based industry:*

Tanzania is an ideal location for investments in market-seeking industries that target the emerging African markets in EAC, SADC and COMESA.



5. Labour endowment-based industry:

High potential for attracting sunset industries from Asia to take advantage of abundant and relatively low-cost youthful labour.



6. MSMEs, Light manufacturing:

Agro-processing, manufacturing of consumer durables & assembly industries [processing of meat, leather, fruits and nuts and the production of wood and paper products, with machinery and chemicals as strategic bets



7. ICT Based Industry and Technological Adaptation: computer assembly, production of computing and communications equipment, cables, printers and scanners, electronics and allied services (logistics and data services) as well as establishment of cyber cities and software parks as well as industrial incubators).

8. Urban Industry to take advantage of the potential of growing urban centres (Arusha, Moshi, Tanga, Mbeya, Dodoma, Kigoma, Iringa, Bagamoyo, Zanzibar and Kibaha towns) to increase the size of the middle income class and demand for goods associated with it (e.g., entertainment, fashion, building and construction materials, household assets and readymade foods).



9. Basic industry:
based on iron ore
deposits, coal,
soda-ash, chemical,
natural gas.



6.

CONCLUDING OBSERVATIONS

The ability to attract private sector investments is a key determinant of the future growth and productivity of our economy. The government is determined to alleviate constraints to private sector participation in the desired industrialization and socio-economic transformation by inter alia:

1. Providing appropriate guidance to private sector and all other stakeholders
2. Investing in ways that leverage the participation of the private sector
3. Making limited smart interventions, as necessary in areas that are important for our development quest but remain unattractive to the private sector; and
4. Nurturing collaborative action and effective state-business relations

Tanzania Investment Centre

(TIC) P.O. Box 938, Dar es Salaam

Tel: 255 22 211 6328-32

Fax: 255 22 211 8253

E-mail: information@tic.co.tz

www.tic.co.tz