SHAPING TANZANIA’S SECOND FIVE YEAR DEVELOPMENT PLAN

WORKSHOP

Hyatt Regency, Kilimanjaro Hotel,
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Outline of the presentation

- Introduction
- FYDP I implementation overview
- Progress in harmonization of FYDP and MKUKUTA
- Methodology and criteria for Priority Setting
- Implementation challenges and measures
- Targets for 2016/7 – 2018/19
Introduction

- In 2010, the Government Reviewed implementation of Vision 2025. This was due to:
  - High Economic growth that was not reflective of poverty reduction and economic transformation
  - The realized growth rate remained below trajectory target of 8% p.a.

- The review revealed that:
  - the Vision objectives targets were within reach given obtainable country’s resources and business opportunities;
  - Generally, Tanzania could surpass the 8% target, if uses of obtaining resources are efficiently guided.
Hence the government decision to prepare a roadmap, the (Long Term Perspective Plan (LTPP), 2011/12 – 2025/26;

- The same has to be implemented in three phases of Five Year Development Plans (FYDPs);
- Emphasizing on fostering change on the country’s supply structure (industrial share to GDP increasing from 24.4% (2010) to 31% (2025) with manufacturing doubling from 9.3% to 18% over the period.
<table>
<thead>
<tr>
<th>FYDP-I</th>
<th>2011/12-2015/16</th>
<th>Unleashing Country’s Growth Potential</th>
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<tbody>
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<td></td>
<td>FYDP-1 addresses the main constraints to Tanzania’s growth - infrastructure, mainly energy, ports, railways, rural/feeder, regional and trunk roads, agriculture (higher productivity), manufacturing industry (and better business environment), and human capital and skills development, science, technology and innovation (STI), information and communication technology (ICT).</td>
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<table>
<thead>
<tr>
<th>FYDP-II</th>
<th>2016/17-2020/21</th>
<th>Nurturing an Industrial Economy</th>
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<td>Having tackled growth constraints, develop the industrial sector, strengthening value-addition to the increased primary products following the implementation of FYDP I. FYDP-II to focus on advancing the transformation of the country’s resources through the industrial sector, focusing on natural gas-based/fuelled industries, agro-processing industries and medium-technology industries (now with increased human capital).</td>
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FYDP I implementation overview, experience and lessons learnt

- Implementation of FYDP I ends on June 2016. Review of its implementation shades light of the following:
  - Strictly, implementation of the plan has been only for four years; the first year was a transitional;
  - Improved projects’ implementation speed and satisfactory outcomes have been recorded in many areas, notably infrastructure - roads and bridges; education infrastructure, availability pedagogical and enrollments; access to electricity and portable drinking water and sanitation both in rural and urban areas;
  - Economic growth remained robust though shy of set target; and
  - Pace of transformation increased, with manufacturing, trade, and financial services leading the trend.
FYDP I Implementation Overview (Contd.)

- Review of its implementation sheds light on the following:
  - There is faster transformation than previously thought:
    - Tanzania’s trade mix has, over time, moved from concentration of periphery products (very few products in the vicinity towards products with broader links (machinery and garments) which indicates a specializing pattern;
    - Thus, the country is on track to economic transformation, for which emphasis on industrialization will propel further change on productivity and production structure.
FYDP I Implementation Overview (Contd.)

- Implementation Challenges:
  - Incoherent policies, procedures, and sequencing priorities among implementing agencies;
  - Sluggish improvement on financial resources mobilization targets and in some cases disbursements favouring off-budget and non-priority expenditures;
  - Unpreparedness (readiness) by implementing institutions;
  - Unattractive business environment.
FYDP I Implementation Overview (Contd.)

- Lessons from Implementation of FYDP I:
  - Some targets were too optimistic;
  - Some targets were too pessimistic;
  - While both domestic and export markets are equally important, domestic is the anchor for firms to breakthrough competitively;
  - Governments remain key in deducing selective interventions necessary to give space for infant industries to grow competitively;
FYDP I Implementation Overview (Contd.)

- Lessons from Implementation of FYDP I:
  - There is need for a developmental state to foster creation of conducive business environment and private sector development and in some cases leading investment in riskier areas but necessary for deepening domestic productive capacities;
  - A robust and proactive institutional coordination is crucial for effective implementation of plans;
  - Robustness and sophistication of a domestic financial sector is crucial to fuel investment and inclusive growth.
Drivers of growth and transformation

- Macroeconomic Stability (energy/fuel, food security, foreign exchange reserve, water)
- Investment and trade
- Productivity
- Infrastructure
- Specialization
- Business environment (leadership, policy coherence, implementation capacity and institutional alignment)
- Appropriate skills and rightful social capital
- Developmental State.
Factors for Socioeconomic Transformation

❖ Selection Criteria

✓ Country’s **comparative advantages** (land, agricultural resources, natural resources, geographical location, abundant/youthful labour force, regional and preferential markets, ICT infrastructure)

✓ **Continuity**: ongoing but relevant interventions from FYDP I and MKUKUTA II;

✓ **Proven evidence** (from practitioners, opinion setters, learning from peer countries with similar characteristics);
Factors for Transformation cont....

❖ **Selection Criteria**

✓ **Impact** on the TDV targets, FYDP II objectives and targets;

✓ **Quick-wins**: able to start bearing fruits within life span of FYDP II;

✓ **Relevancy**: to functional mandates and capability of the promoting agency (MDAs, LGAs and micro-levels) and plan objectives such as job creation and import substitution;

✓ **Sustainability** of the transformation process;

✓ Relatedness and **complementarities** of interventions;
FYDP II Framework

Structure and Contents

✔ Organisation
  ➢ 4 Parts and 11 Chapters;

✔ Part 1: The Setting
  ➢ Chapter 1: Introduction and background;
  ➢ Chapter 2: Tanzania’s socioeconomic context and FYDP II formulation process;

✔ Part 2: Framework for Strategic Intervention Choices
  ➢ Chapter 3: The quest for socioeconomic transformation;
  ➢ Chapter 4: Framework for selecting interventions;
FYDP II Framework

Structure and Contents

✓ Part III: Strategic Intervention Choices for FYDP II
  ➢ Chapter 5: Strategic choices for growth and economic transformation;
  ➢ Chapter 6: Strategic choices for human development and social transformation; and
  ➢ Chapter 7: Strategic choices for governance and implementation effectiveness.

✓ Part IV: Strategic Choices for FYDP II
  ➢ Chapter 8: Financial resource mobilisation;
  ➢ Chapter 9: Policy and institutional reforms;
  ➢ Chapter 10: Coordination and implementation arrangement; and
  ➢ Chapter 11: Monitoring and implementation framework.

✓ Annex: Cost envelop