

SHAPING TANZANIA'S SECOND FIVE YEAR DEVELOPMENT PLAN

WORKSHOP

*Hyatt Regency, Kilimanjaro Hotel,
DAR ES SALAAM*

6th October, 2015

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.

Introduction Cont...

- ❖ 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.

Introduction Cont...

FYDP-I	2011/12-2015/16	<p><i>Unleashing Country's Growth Potential</i></p> <p><i>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).</i></p>
FYDP-II	2016/17-2020/21	<p><i>Nurturing an Industrial Economy</i></p> <p><i>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).</i></p>

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 shades light of 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 break-through 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.

FYDP I Implementation Overview (Contd.)

❖ ***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**