



Supporting the preparation and implementation of Tanzania's Five-Year Development Plan (FYDP II) 2016/17-2021/22

Impact case study

SUMMARY

The Supporting Economic Transformation (SET) programme helped to inform and design Tanzania's Second Five-Year Development Plan (FYDP II) 2016/17-2020/21 and continues to guide prioritisation and strategic thinking around the country's economic transformation. The programme also directly supported the preparation of an Implementation Strategy (IS) for the FYDP II, ensuring it was underpinned by relevant principles and factors to achieve successful implementation. SET was also influential in motivating the formation of a monitoring and evaluation (M&E) framework to track progress and demonstrate results.

SET helped Tanzania's Planning Commission to prioritise the sectors most relevant for economic transformation, identify policy options and ways of working to address binding constraints to transformation, and devise ways to mobilise finance and engage development partners and enlist their support for interventions, as witnessed in the FYDP II. SET also supported the Government of Tanzania (GoT) to adopt a more inclusive and consultative approach to the preparation of the FYDP II and its implementation. To help speed up implementation of the FYDP II, the SET programme supported Tanzania's Ministry of Finance and Planning to prioritise key projects and identify financing mechanisms and appropriate ways to involve the private sector and other financing actors in implementation.

SET helped to build networks spanning government, businesses and donors in Tanzania. This included direct support for better engagement between the government and the private sector and the facilitation of dialogue between the GoT and Tanzania's development partners.

THE POLICY CHALLENGE

Tanzania has ambitious targets to become a semi-industrialised nation by 2025. Tanzania's past attempts at industrialisation have not always been successful. Implementation in Tanzania is a very complex issue; a major challenge has been to develop a comprehensive national strategy, and effective national development plans, to guide the economic transformation process, and to generate broad consensus across different stakeholders around an industrialisation agenda. The GoT has also struggled to prioritise interventions to support industrialisation and economic transformation and to implement (and monitor) much-needed interventions effectively. The challenge the SET programme faced was to support the design and implementation of a [FYDP II 2016/17-2020/21](#) that emphasises the importance of industrialisation to generate both sustained economic transformation and human development.

WHAT SET DID

SET supported Tanzania's Planning Commission (located within the Ministry of Finance and Planning) with in-depth analytical work to inform the preparation of the FYDP II and policy advice to guide prioritisation and strategic thinking around the country's economic transformation. The SET programme also provided direct support to the Planning Commission in the preparation of an IS for the FYDP II.

Following this, SET continued to engage with the GoT and local partners to support the industrialisation agenda in Tanzania, including through: high-level engagement with Tanzania's Vice-President, Minister of Finance and Planning and key government officials to discuss speeding up the implementation of the FYDP II and financing industrialisation in Tanzania; support to relevant agencies around financing and operationalising special economic zones (SEZs); and support to local partners and private sector organisations to monitor the country's industrialisation progress.

IMPACT

We consider the impact of the SET programme's work in Tanzania across four broad types [as outlined by DFID-ESRC Growth Research Programme \(DEGRP\)](#): **conceptual impacts** (changing perceptions or approaches), **instrumental impacts** (tangible changes in either policy or practice), **capacity-building impacts**, and **improvements to connectivity** across different actors.

Conceptual impacts

SET was influential in shaping the content, thrust and direction of the FYDP II. This included support to key actors in the Planning Commission to identify and prioritise the sectors most relevant for economic transformation in Tanzania. SET also helped the Planning Commission to identify policy options – both horizontal and sector-specific interventions – to address binding constraints to economic transformation. Moreover, SET influenced the GoT's thinking on ways to engage development partners and mobilise their support for interventions that aid the achievement of the FYDP II objectives in a more coordinated and efficient manner.

SET was also instrumental in helping the GoT to adopt a more inclusive and consultative approach to the preparation of the FYDP II and its implementation. In collaboration with REPOA, SET organised the first ever [consultation on the FYDP II in Dar es Salaam](#) in October 2015. The Honourable Dr. Philip Mpango, the then Executive Secretary of the Planning Commission and now Tanzania's Minister of

"The Government of Tanzania will look to move forward with the same passion that ODI-SET has for the transformation of Tanzania."

Paul Maduka Kessy, former Executive Secretary, Planning Commission, Ministry of Finance and Planning

Finance and Planning, attended the consultation, extending a long-running working relationship with SET that began with discussions in February 2015. The consultation provided an opportunity for Tanzania's Planning Commission to engage with around 100 stakeholders from both the public and private sectors in Tanzania and facilitated discussion on emerging priority areas and potential implementation mechanisms. This represented a marked improvement over the first five-year development plan, for which little public consultation took place.



Left: Dr Philip Mpango, Minister of Finance and Planning and SET Director Dr Dirk Willem te Velde, October 2018. Right: Dr Mpango, Her Excellency the Vice President of Tanzania, other senior government representatives and the SET team, July 2018.

The SET programme helped devise key principles for Tanzania to follow for successful implementation of the FYDP II and highlighted relevant lessons from successful experiences in implementing economic transformation policies in other countries. These insights helped the Planning Commission to prioritise issues and activities for successful implementation to nurture an industrial economy.

SET also supported Tanzania's Ministry of Finance and Planning to speed up the implementation of the FYDP II and think through the respective roles of the public and private sectors, and public-private partnerships (PPPs), in financing industrialisation in Tanzania. This included analytical support to categorise and evaluate priority projects for financing through PPPs and other financing modalities, and to identify appropriate ways to involve the private sector and other financing actors in the implementation of the FYDP II.

Instrumental impacts

SET's work [and its core findings](#) were instrumental in supporting the drafting of the [FYDP II](#) and a number of insights fed directly into the Plan published in 2016. For instance, SET's analytical work on manufacturing exports, labour productivity change, FYDP I progress against targets, and financial flows in Tanzania was cited directly in the FYDP II. SET was also responsible for the Plan's emphasis on political economy factors and effective ways of working – including the importance of experimentation and problem-driven and flexible approaches to implementation – to make industrialisation and economic transformation a reality.

SET also helped the Planning Commission to devise an implementation strategy and financing plans to guide the implementation of the FYDP II, via direct input in shaping the content of the FYDP II IS. Together with the Economic and Social Research Foundation (ESRF), SET provided backstopping support to assist the Planning Commission to devise action plans for three sectors (cotton-to-textiles, leather and leather products, and pharmaceuticals) and two cross-cutting themes (special economic zones and urbanisation) which will be prioritised in the initial phase of implementation. With this support, the Planning Commission prepared and published a detailed IS comprising four components: (i) an [action plan](#); (ii) a [financing strategy](#); (iii) a [communication strategy](#); and (iv) a [M&E framework](#). SET advocated for the inclusion of the M&E framework to track progress and demonstrate results. This represents an important step towards ensuring effective implementation.

“On the 12th July, 2018 H.E. Samia Suluhu Hassan, the Vice President of the United Republic of Tanzania (URT) met with a delegation from the Overseas Development Institute (ODI) led by Dr. Dirk Willem te Velde, the Programme Director for Supporting Economic Transformation (SET)... The Government, in acknowledgement of ODI’s proposal agreed to take the necessary initiatives to ensure that the high-level meeting takes place... the Ministry of Finance and Planning formed a technical committee which constituted officials from different government Ministries, Departments and Agencies. The Committee was tasked to identify development projects [with] potential for implementation under the Public-Private Partnership (PPP) and other financing arrangements.”

United Republic of Tanzania (URT) (2018) ‘Proposed Projects for High Level Workshop on Development Financing’.

SET also contributed to the establishment of an institutional mechanism to support implementation of the FYDP II. A technical committee comprising officials from different ministries, departments and agencies was established by the Ministry of Finance and Planning as a result of a meeting between the SET team and Tanzania’s Vice President, Minister of Finance and Planning and other high-ranking GoT officials on speeding up FYDP II implementation and making the next steps towards industrialisation. This technical committee subsequently identified and prepared briefs for priority projects boasting potential to attract private sector financing, either directly or via PPPs. The committee now meets regularly to discuss financing and implementation of priority projects and identify ways forward.

“We thank the ODI-SET for its tireless efforts to assist the Government of Tanzania and the citizens of Tanzania.”

Paul Maduka Kessy, former Executive Secretary, Planning Commission, Ministry of Finance and Planning

SET’s influence in shaping key policy documents in Tanzania goes beyond the FYDP II and its accompanying IS. Suggestions stemming from SET’s research – including those emphasising the need to combat tax evasion and minimise tax exemptions, introduce more effective taxation of the informal sector, strengthen the collection of property taxes and effectively facilitate electronic payment of taxes – were also reflected in the GoT’s [budget priorities and policies](#) for the 2016/17 financial year. In particular, the work helped to [influence policies](#) around domestic resource mobilisation

and budget structuring, and in relation to supporting priority industries and improving the enabling environment for private sector participation. SET also provided peer review and guidance to the authors (Ali Mufuruki, a renowned Tanzanian business leader, along with Rahim Mawji, Gilman Kasiga and Moremi Marwa) of a recently published book on [Tanzania’s Industrialisation Journey, 2016-2056: From and Agrarian to a Modern Industrialised State in Forty Years](#). The book contains several excellent proposals to drive future industrialisation in Tanzania and makes an important contribution to [fostering a debate on the efficacy of different industrialisation models in the country](#).

Capacity building impacts

SET supported a number of Tanzanian institutions and organisations. In addition to the direct support provided to the Planning Commission, SET supported the FYDP II drafting team and worked together with two local [research partners](#), REPOA and the ESRF, to aid the preparation of the FYDP II and accompanying FYDP II IS, respectively. SET also provided a platform for the CEO Roundtable in Tanzania to discuss issues related to the FYDP II in a public setting.

SET also worked with the ESRF and other local research partners to introduce more sustainable monitoring of industrialisation in Tanzania, including through the publication of a SET-ESRF [briefing on recent progress towards industrialisation in Tanzania](#) and additional briefings on policies to support industrialisation in Tanzania and progress in the development of SEZs in the country.



Workshop on FYDP II Implementation Strategy, October 2016.

The SET programme held direct discussions on capacity needs with Tanzania's Export Progressing Zones Authority, which led to SET facilitating a two-day workshop with SEZ-related agencies, potential financiers (including national development banks) and other relevant stakeholders on [Financing the development of SEZs in Tanzania](#). A subsequent SET publication on [different models of financing and public policy support for SEZs](#) provides guidance to Tanzanian policy makers looking to finance and operationalise these zones.

Connectivity impacts

SET helped to build networks across the government, businesses and donors in Tanzania. SET supported better engagement between the government and the private sector in the strategic implementation of the FYDP II by organising a [private sector consultative workshop](#) in collaboration with the ESRF in October 2016. This played a crucial role in facilitating private sector engagement with the FYDP II for the first time, and raised awareness of the role that the private sector can play in its implementation. The workshop, which was attended by a range of different private sector actors as well as government officials, development partners, civil society organisations, research institutions, think tanks and non-governmental organisations, helped to build consensus around how to approach implementation of the FYDP II and on the core elements that should constitute a strategy and framework to guide the effective implementation of the Plan. In addition, the workshop contributed to developing a shared understanding of the practical roles that different stakeholders – both in the public and private sectors – should play in implementing the FYDP II.

"The private sector appreciates the fact that the FYDP II is being conceived through consultation. This is a clear positive in comparison to the previous FYDP."

Tanzania Private Sector Foundation

In addition, SET directly facilitated dialogue between the GoT and Tanzania's development partners (DFID and the European Union) on ways in which donors can support the implementation of the Plan.

SET also helped Tanzania's Planning Commission to communicate the goals, objectives and priorities of the FYDP II and its plans for implementation to different stakeholders by preparing and publishing a set of three briefings: (i) [summarising the FYDP II and its key action points](#); (ii) summarising [proposed actions and financing plans for implementation](#); and (iii) and outlining [options to link government plans with donors and businesses](#). In relation to the latter, SET also linked donors (including DFID and the European Union) with the GoT after a period in which

donors had suspended budget support for Tanzania. These donors are now looking for new ways to support Tanzania. Members of the SET team also published commentary in the Tanzanian media on the GoT's 2017/18 budget, the country's remaining economic transformation challenges and the need for Tanzania to form a consensus on how to achieve industrialisation. This has helped to raise awareness of Tanzania's industrialisation and economic transformation challenges and priorities.

Finally, SET worked with the Ministry of Finance and Planning to hold a [high-level workshop in Dodoma](#), bringing together government officials and other relevant actors to discuss financing implementation of the FYDP II and, specifically, of key FYDP II projects. The workshop, which was facilitated as a technical working session, helped delineate possible next steps to promote effective participation of the private sector in priority projects and ways in which PPPs and other financing modalities can support the realisation of Tanzania's industrialisation vision.

WHAT SET LEARNED

SET's work in Tanzania has highlighted the power of coordinating support from the public and private sector and local research institutions around an agreed set of principles, priority areas and interventions to drive industrialisation, economic transformation and human development.

USEFUL LINKS

- Event report | [Consultative workshop: Shaping Tanzania's FYDP II, October 2015](#)
- Report and summary paper | [Supporting the preparation of Tanzania's FYDP II](#)
- Event report | [Consultative workshop: Effective implementation of Tanzania's FYDP II and the role of the private sector, October 2016](#)
- Briefing paper | [Tanzania's FYDP II: summary and action points](#)
- Briefing paper | [Tanzania's FYDP II: summary of proposed actions and financing plans for implementation](#)
- Briefing paper | [Tanzania's FYDP II: linking government plans with donors and business](#)
- Blog | [Fostering a debate around practical industrialisation models in Tanzania](#)
- Event report | [Financing the development of special economic zones \(SEZs\) in Tanzania, June 2018](#)
- Report | [Financing SEZs: different models of financing and public policy support](#)
- Meeting report | [Financing Tanzania's FYDP II](#)
- Report | [Monitoring policies to support industrialisation in Tanzania](#)
- Report | [Harnessing SEZs to support implementation of Tanzania's FYDP II](#)