



**UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE, PLANNING COMMISSION**

**THE TANZANIA FIVE YEAR DEVELOPMENT PLAN  
2011/12-2015/2016: WHAT ROLE FOR THE DIASPORA?**

**PPT Presentation at the Diaspora Convention to Mark 50  
Years of Independence of Mainland Tanzania  
Washington D.C. 22-25 Sept. 2011**

## 1. BACKGROUND

- Rationale for Reverting to the FYDP Framework
- What Kind of Planning?

## 2. THE FYDP 2011/12 – 2015/16

- Theme & Salient Features of FYDP I
- Five Key Priorities of FYDP I
- Core Investments Envisaged Under FYDP I
- Underlying Prerequisites
- Financing of FYDP I
- Implementation

## 3. WHAT ROLE FOR THE DIASPORA?

## 4. CONCLUDING REMARKS

# RATIONALE FOR REVERTING TO THE FYDP

- The history of planning in TZ dates back to the colonial period & has gone through turbulent times.
- Three Year Devt Plan (1961-63) to fight poverty, ignorance & disease; LTP (1964-80); FFYDP (1964-69); SFYDP (1969-74); TFYDP (1975-80) etc These were roadmaps to realize national aspirations.
- Economic shocks (1<sup>st</sup> oil price crisis 1973; severe drought and food shortage 1974/75; break-up of the EAC in 1977; War with Uganda 1978/79; 2<sup>nd</sup> oil price crisis 1979) crippled implementation of SFYDP & TFYDP.
- GoT crafted short-term programs to rescue the economy: NESP (1981-82); SAP (1982-85); ERP I (1986-89); ERP II (1989-92); IMF supported programs (ESAF, PRGF, PSI) + WB structural reform support instruments (PFP, SAC I & II, PSAC, PRSP, PRSC). These guided economic recovery but compromised systematic pursuit of long term goals.

# REFORM DIVIDENDS

- **Implementation of reforms has paid-off. Recent Independent evaluations of the performance of the Tanzania economy all point to impressive GDP growth rates (7% p.a. 2001-2010) making TZ one of the 15 fastest growing economies in 2011. Inflation was contained to single digit prior to the global financial crisis of 2008/09; Domestic revenue increased from Tshs.85bn p.m. in 2001 to Tshs.430bn; Foreign reserves now at US\$3,948 or 6 months of imports; [IMF, March 2010, Tanzania: The Story of an African Transition; McKinsey, June 2010, Lions on the Move; Steven Radelet 2011; IMF April 2011; Sebastian Edwards 2011, WB 2011].**
- **The assessments also show respectable progress in Improving quality of life (education, health, water, Good governance & rule of law).**

# CHALLENGES & BINDING CONSTRAINTS

- Unacceptably high level of poverty (head count at 34%), more so in rural areas;**
  - High (youth) unemployment**
  - Climate change;**
  - Rapid population growth & urbanization without industrialization;**
  - Clogged administrative machinery; and**
  - Global shocks**
  - Lack of a developmental mindset**
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- Large infrastructure gap (energy, transport);**
- Low productivity in agriculture;**
- Low level of industrialization & competitiveness;**
- Huge skills gaps across board.**
- Ltd Access to financial services**

# OPPORTUNITIES

- ❑ **Fortunately TZ is blessed with “everything to make it happy”:**
- ❑ **43 m people; 956,000sq.km (31<sup>st</sup> largest country); 44m ha suitable for agriculture; 35.5m ha of forests; 62,000sq.km. covered by water; Wide range of energy sources – hydro, Abundant minerals – gold, diamonds, tanzanite, phosphates, natural gas, ruby, nickel, tin, iron ore, soda ash, phosphates; Livestock- 19.2m cattle, 13.7m goats, 13.7m sheep; Unique geographical advantage with a long coastline & 6 landlocked neighbors; Political stability, peace & harmony since independence; Tourist potentials- game reserves/parks, Mt. Kilimanjaro, Zanzibar, etc. [Growth potentials]**

# OPPORTUNITIES

- ❑ **A key conclusion from the review of TDV 2025 was that ground has been lost in pursuit of TDV 2025 goals mainly on account of lack of a strong framework to think strategically beyond the horizon & plan development systematically, coupled with lax implementation & follow-up. As a result we have not been able to take advantage of the country's niches & emerging opportunities.**
- ❑ **The FYDP is therefore a deliberate effort by the Govt to organize and use the country's resources strategically, to scale up growth in a manner that benefits the majority and thereby cover lost ground toward attainment of TDV goals, while taking advantage of TZ's robust macroeconomic performance record since 1996.**

# BUT, WHAT KIND OF PLANNING?

- ❑ **Certainly NOT the outmoded command economy**
- ❑ **POPC Credo: "A Govt that is always forward looking and planning ahead...is a very important resource from which most of the country's economic development springs"**
- ❑ **Thus, it is Planning that is in love with business (PPP), that champions a business environment most conducive to the private sector to invest, grow & flourish**
- ❑ **SMART interventions by the state (in areas prone to market failure)**
- ❑ **Focused on achieving long-term national aspirations**

# SALIENT FEATURES OF FYDP I (2011/12-2015/16)

- ❑ The FYDP is a roadmap outlining what it will take to surmount the above challenges & the expected outcomes.
- ❑ **THEME** of FYDP I is to **unleash TZ's latent growth potentials** by tackling head-on the most binding constraints to growth.
- ❑ A **shift to opportunity-based planning** from needs-based planning which is contingent on available resources.
- ❑ Strong emphasis on **moving TZ to a higher growth trajectory and targeted HRD**, while **grandfathering recent gains in social service delivery**.
- ❑ Scaling-up the **lead role of the private sector** in driving the economy
- ❑ Strong emphasis on **implementation discipline**, with specific actions, activities, timelines & milestones.

# FIVE MAIN PRIORITY AREAS OF FYDP I

## ❑ 1. INFRASTRUCTURE:

### ❑ ENERGY:

- ❑ Devt of alternative sources of cleaner & renewable energy esp. natural gas, solar, wind, bio mass, and geothermal
- ❑ Increase current electricity generation capacity (900MW) to 2,780MW by 2015/16 to enhance power availability & reliability.



### ❑ TRANSPORT:

#### ❑ Ports & Railways:

- ❑ Expand cargo volume handling capacity DSM & other ports to position TZ as a regional transport hub and international gateway.
- ❑ Private investment in marine transport services.
- ❑ Rehabilitate & reconstruct the railway network and improve the rolling stock
- ❑ Start construction of a new railway of standard gauge.



# PRIORITY AREAS OF FYDP I

## Roads, Air & Marine Transport

- Develop roads to link areas of great economic potential and markets
- Address traffic congestion in urban areas
- Expand air/marine cargo and passenger freight handling capacity aiming to strategically make TZ a regional & international trade gateway.



## Water & Sanitation

- Expanding land area under irrigation
- Reliable water supply to agriculture & industry
- Stabilise hydro-power generation
- Rural & urban water supply services
- Improve sanitation facilities

## **□ ICT & INNOVATION:**

- Develop reliable state of the art ICT infrastructure of adequate capacity, high speed and country-wide coverage**
  
- Enhance ICT backbone infrastructure for efficient services & regional connectivity to provide 40% of communication services to land locked countries**
  
- Establish the national address system & postal codes**

## 2. AGRICULTURE



- Food self sufficiency & for export (targeting rice, maize, sugar, legumes)**
- High value crops (fruits, flowers, spices, vegetables, medicinal plants etc.)**
- Irrigation infrastructure**
- Agricultural mechanization.**
- Improve market access & agriculture financing**
- Agro-processing and value addition**
- Devt of modern livestock sub-sector (feed lots, AI, ranching & outgrowers), fishing & aquaculture**
- Devt of forest resource data base**
- Producer cooperatives & contract farming**

# 3. INDUSTRIAL DEVT

## □ MANUFACTURING:

- Devt of agro-industries based on our raw materials. Emphasis on adding value e.g food industry; fruits & fruit canning; packaging; edible oils; textiles; processing of meat, fisheries, hides & skins; furniture & timber; cement; fertilizers
- Setting-up SEZs in urban and rural areas (Bagamoyo, Mtwara, Tanga, Kigoma) & attract investors; develop industrial parks
- Fast-track investment and technology development.

## □ MINING

- Strengthen Geological Survey Department and STAMICO to perform their main functions
- Increase local participation in the entire mining cycle
- Mineral processing & promotion of ancillary services (production of iron & steel, nickel smelting, electricity from coal,



## 4. HUMAN RESOURCES DEVELOPMENT



- **Increased investment in higher & vocational education facilities**
- **Targeted skills development (vocational training) & scholarships & targeted training in specialized fields (oil & gas, nuclear energy, iron & steel)**
- **Utilization of the country's existing skills base**
- **Increased accessibility to quality health services**

## 5. SERVICES SECTOR

- **Access to financial services esp. for agriculture & SMES; guarantee schemes**
- **Tourism: Increase no. of tourists to 3m p.a; improve tourist infrastructure (middle class hotels) & services (tour operators & skilled tour guides); conference tourism infrastructure**
- **Trade (domestic & international) – Getting reliable markets & good prices, Access to markets & information, quality & standards, packaging, buy Tanzanian;**
- **Entertainment industry (sports, music, comedy, cultural)**

# CORE INVESTMENTS ENVISAGED IN FYDP I

- **Electricity generation**
- **Expansion of capacity of the Dar Port**
- **Rehabilitation of the central railway & increasing the rolling stock**
- **Construction of regional & district roads in the SAGCOT**
- **Irrigation infrastructure in the SAGCOT**
- **Specialised Training (science, engineering, education, contracts, petro-chemicals etc)**
- **Development of SEZs (electronic goods, farm machinery, agro & mineral processing**
- **Large scale fertilizer production**
- **Devt of coal & steel industry**
- **Large scale cement production**

# FYDP I UNDERLYING PREREQUISITES

- **Sustaining macro stability & gains in social service delivery (e.g. training teachers, teacher-houses, textbooks, lab equipments, training doctors & health workers, health equipment; maintenance; etc.)**
- **Improved business environment**
- **Governance & rule of law**
- **Land-use planning (for agriculture, industry, residential purposes); surveying; titling; operationalization of the land bank**
- **Implementation discipline & administrative efficiency**

- ❑ **Total cost of Tsh. 42.9 trillion (Tsh. 8.6 trillion p.a.) of which Govt share is estimated at Tsh. 2.6 trillion p.a. This will require increased domestic resource mobilisation (tax & non-tax), concessional loans, credit & loan guarantees etc.**
- ❑ **Alternative sources of financing include: PPPs, FDI, Sovereign Bonds, Diaspora bonds, Taxes on the super profits of mining companies; Sovereign Wealth Funds; Pension funds; Regional economic arrangements like Sino-Africa, India-Africa, TICAD controlling illicit financial flows, South-South cooperation; Carbon trading etc.**

- ❑ **GDP growth of 8-10% p.a**
- ❑ **Inflation < 5%**
- ❑ **Exports = 23% of GDP**
- ❑ **Revenue-to-GDP ratio of 19%**
- ❑ **Foreign reserves equivalent to 6 months of imports of goods & services**
- ❑ **Dependency on grants down to 10%**

- ❑ **Private sector, MDAs, Regions, LGAs, and all citizens take primary responsibility for resource mobilisation and implementation**

**Every Tanzanian is obliged to participate implementing FYDP by:**

- Investing in the priority areas (incl. via PPP)
- Contribute resources (human, financial)
- Adopting a developmental mindset

- ❑ **Treasury: Mobilising & disbursing public resources + M&E**

- ❑ **POPC: Coordinate Public Investment Management; M&E and reporting to Finance & Economic Committee of Cabinet.**

# WHAT ROLE FOR THE DIASPORA?

- ❑ **The primary responsibility of developing any country rests with its citizens. Thus, it is a solemn duty of every Tanzanian, residing in or outside TZ, to contribute to the devt of their country, Tanzania.**
- ❑ **The Govt sees the Diaspora as an important & strategic resource to be harnessed: The Diaspora has the knowledge, skills & exposure needed back home; access to technology & finance; information; networks/contacts; (ii) has a stake at home - “East or West, Home is best”**
- ❑ **Thus, the TZ Diaspora can contribute to the successful implementation of the FYDP I in many ways:**
  - ❑ **Branding & Marketing Tanzania to investors & tourists**

# WHAT ROLE FOR THE DIASPORA?

- Investing & doing business in Tanzania directly or in partnership with their brothers/sisters and other investors (remittances, real estate, SMEs, agro-processing, capital market, social service provision, trade, etc)**
- Providing information: Available business opportunities, market intelligence & technology, business, academic & philanthropy contacts including scholarship opportunities.**
- Seek & make use of opportunities like sabbatical leave, volunteer programmes or Transfer of Knowledge Through Expatriate Nationals (TOKTEN) to come home and offer your expertise, skills & experience**
- Mobilise donations for TZ e.g. educational, medical, finances, and humanitarian support in case of national catastrophes**
- Provide inputs into strategic thinking to move TZ to a higher growth trajectory in leaps & bounds**

# CONCLUDING REMARKS

- ❑ **For the Diaspora to deliver, it has to be organised. There is need to do our homework on composition, size of the Diaspora, and specific, monitorable targets to be pursued (Diaspora, Embassy, NBS, MFAIC)**
- ❑ **Successful implementation of the FYDP requires visionary leadership; organized concerted effort; and having the will, determination, confidence and discipline to shape the destiny of our beautiful country, Tanzania. And I demand no less from the TZ Diaspora. Together, we can transform TZ into a middle income country by 2025.**

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**THANK YOU.**