

Making solid progress

By RT HON MIZENGO KAYANZA PETER PINDA MP

PRIME MINISTER OF TANZANIA



MIZENGO PINDA has been Prime Minister of Tanzania since 2008. A graduate in law from the University of Dar es Salaam, he began his career as a State Attorney in the Ministry of Justice before serving as Assistant Private Secretary to the President and as Clerk to the Cabinet. He was elected to Parliament in 2000 and before being appointed Prime Minister he was Deputy Minister for Regional Administration and Local Government at the Prime Minister's Office.

Tanzania's progress toward the goal of middle-income country status by the end of the next decade is guided by the Development Vision 2025 (DV2025) policy document. Promulgated in 2000, DV 2025 outlines the steps needed to take Tanzania onto the next stage of its development.

Our country has enjoyed political stability and peace since independence more than half a century ago. Unlike many of their counterparts in the region, Tanzanian presidents have adhered to the country's constitutional two five-year term limits, a policy that has produced three presidential successions through peaceful democratic elections. As a result, we have created an environment conducive for businesses and individuals, both foreign and local, to set up and undertake profitable, economically productive, and socially beneficial activities.

Tanzania enjoys a strategic geographical location that augments its natural resources, wealth, and its world-renowned touristic attractions; factors that can help make it the logistic hub of eastern and central Africa. Peace and stability, coupled with the right policies, good governance, strong leadership, and a dynamic workforce are the ingredients Tanzania is applying to realize the country's potential.

A long-term vision

The DV 2025 outlines Tanzania's long-term development vision, based on the five main attributes that will characterize Tanzania by the year 2025: improved living standards; peace, stability and national unity; good governance; a well educated workforce and a learning society; and a competitive economy capable of producing sustainable growth and shared benefits. It envisages Tanzania's transition from least-developed status into a middle-income country, eliminating abject poverty and maintaining sustained economic growth rate of at least 8 per cent a year. To do this, DV 2025 identifies a number of basic pillars, including the need for a competitive development mindset and a culture of self-reliance in Tanzanian society.

The path to realizing the goals of DV 2025 will be carried out through a strategic and participatory planning framework to be implemented through three five-year development plans. These plans will build upon each other and chart out a development path, making use of

Tanzania's opportunities and addressing the challenges.

The current five-year development plan is aimed at addressing Tanzania's growth constraints. Significant investments are required in energy and transport infrastructure, as well as in agriculture and manufacturing to increase productivity, and create value addition for local and export markets, while at the same time enhancing skills development, improving the business environment, and implementing institutional reforms for effective implementation, monitoring and evaluation of the plan. The second five-year development plan is scheduled for 2016/17-2020/21 and will focus on generating growth in the industrial sector. The focus will be on natural gas based on industries, agro-processing industries and medium term technology industries. The target will be to transform Tanzania into a manufacturing hub of East Africa.

The third plan will focus on improving the competitiveness of all sectors of the economy, particularly manufacturing and services.

In line with DV 2025, the Revolutionary Government of Zanzibar has formulated Zanzibar Vision 2020, the island's long-term plan for attaining overall sustainable human development. Zanzibar Vision 2020 envisages that by the year 2020 Zanzibar will have eradicated abject poverty, and developed a strong, diversified and competitive economy; it will also have maintained peace, political stability, good governance, and national unity.

Role of private sector

Nonetheless Tanzania's current national strategies for economic reform strongly emphasise the importance of encouraging private participation in the economy. Adopted in late 2010, the Second National Strategy for Growth and Reduction in Poverty (NSGRP) or MKUKUTA II (for the mainland), provides an operational framework for achieving the MDGs and Tanzania's Development vision 2025 which aims to transform Tanzania into a middle-income country. It calls for enhancing the role of the private sector in generating economic growth and identifies agriculture as one of the central growth drivers (moF, 2010). Since 2011 MKUKUTA has been complemented by the National Five Year Development Plan I (FYDP 2011/12 – 2015/16), the first of a series of three five-year plans which will attempt to address MKUKUTA implementation challenges. A salient feature of FYDP

It is scaling up the role of the private sector in economic growth, by improving the business climate as well as investing in people and in infrastructure development.

In view of this, in 2009, the Government has adopted a national PPP policy that has seen the creation of a Public Private Partnership Coordinating Unit and Public Private Partnership Financial Unit.

The coordination mechanisms for PPP projects have been put under the control of Prime Minister's Office. Further, the Government is finalizing the preparation of a PPP implementation strategy that specifies the role of all stakeholders in undertaking the process of preparation, procurement, and execution of PPP Projects.

In tandem, the Government has created various mechanisms for strengthening PPPs through dialogue with the private sector via initiatives such as the Investors' Round Table, Smart Partnership and CEO meetings.

The Government believes that through PPPs it can make more efficient use of limited public resources to meet people's needs.

For example, to achieve the goal of poverty reduction by 2025, Tanzania has adopted KILIMO KWANZA, the development vehicle for modernizing agriculture. Again, the Government recognizes that greater private sector participation is fundamental for broad-based growth and sustainable poverty reduction.

In recent years, the Tanzanian Government has made commendable achievements in various areas, especially in maintaining macro-economic stability and implementing key programs in Infrastructure, Agriculture and Social Services Sectors (Education, Health and Water), as I will elaborate below.

Long-term finance for infrastructure projects is difficult to access domestically given the short-term nature of government bonds and the shallowness and illiquidity of the domestic capital market. Additionally, Tanzania makes insufficient use of valuable financing sources developed locally, such as pension funds, and needs to further investigate modalities of innovative infrastructure financing and risk mitigation. Funding needs to be better aligned with responsibilities of IGAs to ensure they actively support infrastructure PPPs at the local level. In the medium term, IGAs should also expand their tax base instead of collecting heavy taxes from agricultural businesses and SMEs, and strengthen tax administration at village and district councils. Familiarising IGAs with the provisions of key regulations for public-private provision, such as the Public Procurement and PPP Acts, will also be necessary.

Tanzania has the potential to function as an economic hub in Eastern and Southern Africa, in part thanks to its port access and strategic geographic location. Cross-border infrastructure projects should rely on a harmonised Framework of investment laws, such as a common PPP framework, the forthcoming SADC

Regional Investment Policy Framework, and the EAC Common market Protocol. moreover, regional projects should develop clear benchmarks for the quality of infrastructure provision to exert competitive pressure on underperforming national infrastructure providers. More active Tanzanian participation in SADC-led activities and EAC efforts could further enhance the country's regional positioning. In areas where the nature of the different regional protocols may come into contradiction, policymakers will need to carefully consider how to best cater to the needs of Tanzanian citizens while benefiting the regional blocs at large.

The way forward

Towards revamping the Discipline of Implementation of the Vision 2025, in February 2013, the Government launched the Big Results Now (BRN) programme – an initiative aimed at establishing a strong and effective system to oversee, monitor and evaluate the implementation of the development plan. This will go a long way in improving the effectiveness of the investments made by the public sector, the private sector, including the Foreign direct Investments (FDI)- based investments.

The Big Results Now! Initiative introduces significant innovations to achieve results much more quickly and efficiently. The Initiative is based on Malaysia's Big Fast Results approach and its wide-ranging experience and well-recognised development Successes. The initiative hinges on: prioritization; detailed implementation and monitoring tools; and accountability for performance. In implementing Big Results Now - six National Key Results Areas have been identified: i.e. Agriculture; Transport; Energy; Water; Education and Resource Mobilisation.

In addition, as part of the BRN, in February 2014, the Government in collaboration with the private sector organized and conducted a business environment laboratory where business/investment challenges were identified and key performance indicators identified. The various measures aim at improving Tanzania's business environment and in so doing, increase local and foreign private investments in Tanzania.

In the process, the identified national key result areas were subjected to intense problem solving using lab methodology and outcome subjected to public scrutiny through the open day. Further, the identified key performance Indicators were made public on relevant national websites.

The impact of the Big Results Now initiative will be felt as resulting initiatives are implemented through the annual development plans which are also the channels through which first five year development plans are being implemented. The government believes that with this initiative Vision 2025 will be attained. **E**

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