Enhancing Productive Capacities in the United Republic of Tanzania

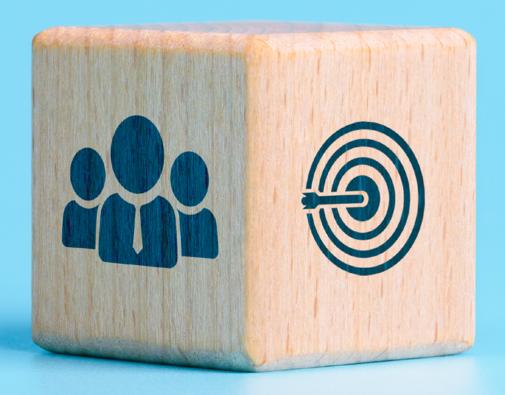
A Coherent and Operational Strategy





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EXECUTIVE SUMMARY

Tanzania is confronted with the daunting task of developing productive capacities and transforming the structure of its economy in a rapidly changing global environment characterized by, among others, rapid technological progress, the phenomenon of global value chains, climate change, the shift in global economic power, and constraints on the use of trade policy instruments to foster industrialization and other national development goals. These challenges have now been compounded by the coronavirus (COVID-19) pandemic which became evident in the first quarter of 2020 and has led to massive infections and deaths, disrupted trade and investment flows, and triggered a global recession in 2020. It is evident that to effectively cushion the effect of the pandemic in Tanzania and ensure that it does not jeopardize the achievement of national development goals, there is the need to build resilience to shocks through the development of productive capacities. To this end, there is the need for the government to place the development of productive capacities at the center of current and future development policies with a view to laying a solid and robust foundation for sustained and inclusive growth.

Against this background, this report presents a coherent and operational strategy for the development of productive capacities in Tanzania. The phrase "operational strategy" for the development of productive capacities is used in this report to refer to a set of country-specific policies and an action-plan designed to support and achieve the goal of productive transformation in an economy. The operational strategy presented here revolves around six pillars: setting clear and realistic goals and targets; lifting core binding constraints to the development of productive capacities in the country; addressing issues of policy incoherence; harnessing gender potential for productive transformation; developing, promoting and diversifying exports; and making regionalism work for productive transformation. Under the core pillars identified, the report highlights as well as discusses strategic policy measures and an action plan to enhance the development of productive capacities in Tanzania. The report also provides insights into two issues that are vital to the effective implementation of the strategic measures and action plan proposed. The first is the importance of having an effective resource mobilization and allocation strategy and the second is the need to have a credible system for monitoring and evaluation of implementation of proposed policy actions.

ABBREVIATIONS

AfCFTA African Continental Free Trade Area

BIS Basic Industry Strategy

BOT Bank of Tanzania

BRELA Business Registration and Licensing Authority

COMESA Common Market for Eastern and Southern Africa

CET Common External Tariff

CTI Confederation of Tanzania Industries

DRC Democratic Republic of Congo

EAC East African Community
EPZ Export Processing Zones

EWURA Energy and Water Utilities Regulatory Authority

FYDP Five Year Development Plan

GCLA Government Chemist Laboratory Authority

ICT Information and Communications Technology

LTPP Least Developed Country

Long-Term Perspective Plan

MEST Ministry of Education, Science and Technology

MFP Ministry of Finance and Planning

MHCGEC Ministry of Health, Community Development, Gender, Elderly and Children

MIT Ministry of Industry and Trade

MVA Manufacturing Value Added

MWTC Ministry of Works, Transport and Communication

NACTE National Council for Technical Education

NBS National Bureau of Statistics

NEMC National Environment Management Council

OSHA Occupational Safety and Health Agency

PAPSS Pan African Payments and Settlements System

PCI Productive Capacities Index

ABBREVIATIONS

SADC Southern African Development Community

SAP Structural Adjustment Programme

SEZ Special Economic Zone

SIDP Sustainable Industrial Development Policy

SMEs Small and Medium Enterprises

Stem Science, Technology, Engineering and Mathematics

TAEC Tanzania Atomic Energy Commission

TANESCO Tanzania Electric Supply Company Limited

TBS Tanzania Bureau of Standards
TDV Tanzania Development Vision

TMDA Tanzania Medicines and Medical Devices Authority

TRA Tanzania Revenue Authority

TVET Technical and Vocational Education and Training

URT United Republic of Tanzania

VETA Vocational Education and Training Authority

VAT Value Added Tax

WEF World Economic Forum

WMA Weights and Measures Agency



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