



UNITED REPUBLIC OF TANZANIA

PRIME MINISTER'S OFFICE

# **NATIONAL MULTISECTORAL STRATEGIC FRAMEWORK FOR ECONOMIC EMPOWERMENT**

THE NATIONAL ECONOMIC EMPOWERMENT COUNCIL (NEEC)

JULY 2013



## TABLE OF CONTENTS

Table of Contents.....	i
List of Figure.....	ii
List of Boxes .....	ii
<b>ABBREVIATIONS</b> .....	iii
Statement from the Prime Minister .....	v
Acknowledgement.....	vii
<b>EXECUTIVE SUMMARY</b> .....	viii
<b>CHAPTER ONE</b> .....	1
1.0 INTRODUCTION .....	1
Vision .....	1
Mission .....	1
1.1 Background .....	1
1.2 The Objectives of Developing a National Multisectoral Strategic Framework for Economic Empowerment.....	3
<b>CHAPTER TWO</b> .....	5
2.0 THE NINE PILLARS OF NATIONAL MULTISECTORAL STRATEGIC FRAMEWORK FOR ECONOMIC EMPOWERMENT (NMSFE) .....	5
2.1 Accelerating Economic Growth and Creating an Enabling Investment Environment.....	8
2.2 Creating a Supportive Legal and Regulatory Framework and Public Service Delivery .....	11
2.3 Investment Capital.....	16
2.4 Raising Skills and Knowledge Levels.....	23
2.5 Improving the Economic Infrastructure.....	27
2.6 Ensuring that Privatization Benefits are realized .....	34
2.7 Strengthening Markets, Networks and Partnerships .....	38
2.8 NMSFE for Developing and Strengthening Cooperatives .....	58
2.8 Developing and Strengthening Cooperatives.....	43
2.9 Ensuring Optimal Usage of Land .....	46
<b>CHAPTER THREE</b> .....	50
3.0 STRATEGIES FOR EFFECTIVE IMPLEMENTATION OF THE NMSFE AND RESOURCE MOBILIZATION .....	50
3.1 Linkages with other National Development Programmes .....	50
3.2 Coordination of the NMSFE and Implementation Arrangement.....	50
3.3 Planning and Financial Resources .....	53
3.4. Monitoring and Evaluation Strategy.....	54
<b>CHAPTER FOUR</b> .....	56
4.0 CHALLENGES AND IMPLICATIONS OF THE NMSFE.....	56
4.1. Effective Coordination, Monitoring and Evaluation.....	56
4.2 Contending with Informal Business undertakings.....	56
4.3 Economic Empowerment Approach .....	56

4.4	Evolving Flexible Business Structures .....	56
4.5	Change of Mind Set, Effective Training, Advocacy and Publicity .....	56
4.6	Necessity of Good Governance and Leadership .....	57
4.7	NEEC Capacity.....	57
	List of References .....	58
	List of Institutions and Organisations Consulted.....	59

## List of Tables

Table 1:Accelerating economic growth and creating an enabling investment environment ( pillar no. 1) .....	9
Table 2: Legal and regulatory framework and public service delivery ( pillar no. 2) .....	14
Table 3: NMSFE for making available investment capital (pillar no 3).....	20
Table 4: Raising skills and knowledge (pillar no. 4) .....	25
Table 5: Improving Economic Infrastructure ( pillar no. 5).....	30
Table 6: Ensuring that privatization benefits are realized (pillar no. 6) .....	36
Table 7: Strengthening markets, networks and partnerships (pillar no.7).....	41
Table 8: Developing and strengthening cooperatives (pillar no. 8).....	45
Table 9: Ensuring optimal usage of land ( pillar no. 9) .....	49

## List of Figure

Figure 1 Cordination Structure .....	52
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## List of Boxes

Box No. 1:	The Functions of NEEC .....	3
Box No. 2:	The Ten Pillars of Kilimo Kwanza.....	5
Box No. 3:	National Outcome Indicators for measuring Economic Growth and Creating Enabling Investment Environment.....	8
Box No. 4:	National Outcome Indicators for Creating a Supportive .....	13
Box No. 5:	National Outcome Indicators for Investment Capital .....	19
Box No. 6:	National Outcome Indicators for Raising Skills and .....	24
Box No. 7:	National outcome Indicators for Measuring Improving .....	29
Box No. 8:	Indicators for ensuring that Privatization Benefits are.....	35
Box No. 9:	National Outcome Indicators for Strengthening Markets, .....	40
Box No. 10:	National Outcome Indicators for Developing and Strengthening Cooperatives .....	44
Box No. 11	National Outcome Indicators for ensuring Optimal Usage of Land .....	48

## ABBREVIATIONS

AG	Chambers - Attorney General's Chambers
ATE	Association of Tanzania Employers
ASDP	Agricultural Sector Development Programme
BEST	Business Environment Strengthening for Tanzania Programme
BOT	Bank of Tanzania
BRELA	Business Registration and Licensing Agency
CGS	Credit Guarantee Scheme
CMSA	Capital Markets and Securities Authority
COASCO	Cooperative Audit and Supervision Corporation
CTI	Confederation of Tanzania Industries
CRB	Contractors' Registration Board
ECGS	Export Credit Guarantee Scheme
EWURA	Energy and Water Utility Regulatory Authority
EPZA	Export Processing Zones Authority
EZ	Economic Zone
FCC	Fair Competition Commission
LGA	Local Government Authority
MEF	Mwananchi Empowerment Fund
MDA	Ministries Departments and Agencies
MKUKUTA	Mpango wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MUCCoBS	Moshi University College of Cooperative and Business Studies
MoCLA	Ministry of Constitution and Legal Affairs
MoLE	Ministry of Labour and Employment
MOW	Ministry of Works
MoCST	Ministry of Communications Science and Technology
MoCGC	Ministry of Community Development Gender and Children
MoLHHSD	Ministry of Lands, Housing and Human Settlements Development
MAFC	Ministry of Agriculture Food Security and Cooperatives
MoEM	Ministry of Energy and Minerals
MNRT	Ministry of Natural Resources and Tourism
MoVET	Ministry of Education and Vocational Training
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MoW	Ministry of Water
MIT	Ministry of Industry and Trade
NACTE	National Council for Technical Education
NEDF	National Entrepreneurship Development Fund
NEEC	National Economic Empowerment Council
NMSFE	National Multisectoral Strategic Framework for Economic Empowerment
NDC	National Development Corporation
NEEP	National Economic Empowerment Policy
NCC	National Construction Council
NIDA	National Identification Authority

NSGRP	National Strategy for Growth and Reduction of Poverty
NMCE	National Multisectoral Committee for Economic Empowerment
REA	Rural Energy Agency
REF	Rural Electrification Fund
SACCOS	Savings and Credit Cooperative Societies
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SEDA	Small Entrepreneurs Development Agency
SELF	Small Entrepreneurs Loan Facility
SIDO	Small Industry Development Organisation
SSRA	Social Security Regulatory Authority
SCCULT	Savings and Credit Cooperatives Union League of Tanzania
TADB	Tanzania Agricultural Development Bank
TBS	Tanzania Bureau of Standards
TWCC	Tanzania Women Chamber of Commerce
TANTRADE	Tanzania Trade Development Authority
TCCIA	Tanzania Chamber of Commerce, Industries and Agriculture
TFC	Tanzania Federation of Cooperatives
TCRA	Tanzania Communications Regulatory Authority
TANESCO	Tanzania Electricity Supply Company
TCGA	Tanzania Credit Guarantee Agency
TIB	Tanzania Investment Bank
TFDA	Tanzania Food and Drug Authority
TIC	Tanzania Investment Centre
TOSC	Tanzania Official Seeds Certification
TPRI	Tanzania Pesticides Research Institute
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
TUCTA	Trade Union Congress of Tanzania
TIRDO	Tanzania Industries Research and Development Organisation
TTB	Tanzania Tourist Board
TWMA	Tanzania Weights and Measures Agency
PBFP	Property and Business Formalization Programme
PMO-RALG	Prime Minister's Office Regional Administration and Local Governments
PO-PSM	President's Office Public Service Management
PPRA	Public Procurement Regulatory Authority
PT	Privatization Trust
URT	United Republic of Tanzania
UTT	Unit Trust of Tanzania
VETA	Vocational Education and Training Authority
VPO	Vice President's Office

## STATEMENT FROM THE PRIME MINISTER



Tanzania has recorded significant economic achievements during the past two decades. This performance notwithstanding, many Tanzanians are still unable to fully utilize the available and emerging opportunities in business undertakings.

Economic empowerment is synonymous with the initiatives and efforts of fighting the three maladies identified by the First Phase Government (1963-1985). The maladies identified as major impediments to our development were poverty, diseases and illiteracy, which are still with us, and the Nation continues to fight them through various Policies and Programmes such as MKUKUTA I&II; and the Millennium Development Goals (MDGs); among others. All these initiatives are the roadmap to Tanzania's Development Vision (Vision 2025) which aspires to achieve high and shared growth, high quality livelihood, peace, stability and unity, good governance, high quality education and international competitiveness. Since that time, (1963-1985), many economic empowerment initiatives have been undertaken by both the Public and the Private sector, for the purpose of achieving higher rates of economic growth.

Despite all these initiatives, the participation of Tanzanian citizens in economic activities has remained very minimal. The National Economic Empowerment Policy was adopted by the Government in February, 2004 to address this challenge. The Policy's main purpose was to address all economic empowerment needs of the individual citizens of Tanzania and local companies in which Tanzania citizens hold more than fifty percent of shares. The Policy targets various economic groups such as farmers, livestock keepers, fishermen, employees, traders as well as other groups involved in various economic activities.

The National Economic Empowerment Council (NEEC) was established with the responsibility of planning, designing, coordinating, facilitating, supervising and monitoring implementation of the Policy. This noble mandate can be effectively accomplished through a Strategic Framework for engaging all key players from both the public and the private sector in the implementation process in accordance with the nine pillars of the Policy. It is against this background that the NEEC was required to design and develop the National Multisectoral Strategic Framework for Economic Empowerment (NMSFE), which is essentially a reference tool for engaging key actors in the implementation of the Policy. The NMSFE spells out the roles and responsibilities of all key players, and requires each sector to come up with concrete implementation strategies.

I strongly urge all actors mentioned in the NMSFE to play their part and revise their Strategic Plans in order to incorporate in their Plans the activities stipulated in this document, and allocate sufficient resources for their implementation. This will pave way for simultaneous and planned implementation of economic empowerment activities without duplication of efforts. All implementers of the policy should prepare and submit progress reports to the NEEC, which will assist the Council to monitor implementation and measure the impact of economic empowerment initiatives. This measure will provide a comprehensive National picture by bridging the information gap arising from the numerous and scattered economic empowerment initiatives.

I take this opportunity to express my sincere gratitude to the National Economic Empowerment Council (NEEC) for unveiling the National Multisectoral Strategic Framework for Economic Empowerment (NMSFE). The unveiling of this document marks a new era with a detailed roadmap

which clearly outlines how each sector in the economic empowerment process will contribute to the achievement of the intended objective of empowering the majority of Tanzanians.

My sincere appreciation goes to the Minister of State in the Prime Minister's Office, (Investment and Empowerment), Honourable, Dr. Mary Nagu (MP) for her persistent efforts of guiding and supervising the National Economic Empowerment Council. The unveiling of this document could not be possible without her invaluable and positive contribution.

**Hon. Mizengo Peter Pinda (MP)**

**PRIME MINISTER OF THE UNITED REPUBLIC OF TANZANIA**



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**Dr. Anacleti K. Kashuliza**  
**EXECUTIVE SECRETARY**  
**NATIONAL ECONOMIC EMPOWERMENT COUNCIL**



## EXECUTIVE SUMMARY

### 1. Introduction

The Tanzania's Development Vision envisages that by the year 2025, a large segment of the economy will be owned by Tanzanian citizens. Realization of this goal involves a two-sided simultaneous process of empowering Tanzanians economically; creation of favourable business environment which is effectively competitive domestically and internationally, on one side; and availing equal opportunities to all social groups of citizens to develop economically, on the other side. It is against this background that the National Economic Empowerment Act was enacted in 2004; and subsequently, establishment of the National Economic Empowerment Council (NEEC) to oversee deliberate and affirmative action and measures undertaken by the Public and the Private sector, for the purpose of promoting and enhancing knowledge, skills, economic prowess and financial prudence of Tanzanians. The ultimate goal of these measures is to enable Tanzanians to participate meaningfully in economic activities. As such, the envisaged economic empowerment process is a multisectoral task which calls for a strategic framework for team work and joint effort. This document is thus the National Multisectoral Strategic Framework for Economic Empowerment.

### 2. Objectives of the NMSFE

The NMSFE is needed to synchronize the roles of all the stakeholders of economic empowerment in Tanzania including specific activities to be undertaken, expected outcomes, modality and mechanism of collaboration, and outcome indicators for monitoring and evaluation. The framework will harmonize planning and coordination of sectoral economic empowerment activities.

### 3. The National Multisectoral Strategic Framework for Economic Empowerment (NMSFE)

The National Economic Empowerment Policy has nine pillars constituting the critical ingredients of the empowerment process. The NMSFE has been prepared by identifying the key stakeholders for each pillar and the strategies enlisted therein, the role of each player, timeframe, expected sectoral results and national outcomes, and indicators for monitoring and evaluation. The key stakeholders for each pillar of economic empowerment are listed hereunder.

**Pillar 1: Accelerating economic growth and creating an enabling environment**

Sustainable economic growth cannot take place where the investment environment is not conducive. Since 1995, when the Government liberalized the economy, it has embarked on instituting measures for enabling investments in the country. More measures for creating an enabling investment climate will have to be made by the Ministry of Finance and other institutions.

**Key players:** Ministry of Finance; BOT; Planning Commission; Ministry of Home Affairs; Ministry of Constitution and Legal Affairs; Ministry of Works; Ministry of Communication; Science and Technology; Ministry of Lands; Housing and Human Settlements Development; Ministry of Water; Local Government Authorities; Religious Organizations and NEEC.

**Pillar 2: Creating Supportive Legal and Regulatory Framework and Public Service Delivery**

A supportive legal and regulatory framework and efficient public service delivery are essential for boosting the economy of the country as they create an enabling investment environment for both local

and foreign investments. Also having an improved tax regime will not only make the Government to obtain revenue from different traditional sources but will widen the tax base, finance the Government spending in social services and lead to better infrastructure development.

**Key players:** Ministry of Finance; TRA; Attorney General's Chambers; Tanzania Investment Center (TIC); NEEC; Ministry of Labor and Employment; Ministry of Constitution and Legal Affairs; PMO; MDAs; and LGAs.

### ***Pillar 3: Investment Capital***

Many Tanzanians fail to get capital for investment due to limited sources of savings caused by low incomes as well as lack of a savings culture; Constraints that discourage banks from issuing credit such as high credit management costs and proper utilization of a Credit Reference Bureau; weaknesses that make most borrowers not creditworthy including lack of knowledge and experience in preparing bankable projects as well as lack of collateral and equity funds to start business.

In this regard, a multi institutional arrangement for implementation is necessary to ensure that a mechanism to improve credit worthiness of Tanzanians is instituted and barriers that hinder access to bank loans are reduced.

**Key players:** BOT; Unit Trust of Tanzania; Pension Funds; Tanzania Credit Guarantee Agency (TCGA); Tanzania Investment Bank; Empowerment Funds; Commercial Banks; NEEC; Tanzania Association of Micro-finance Institutions; Prime Minister's Office (to roll out Rural Financial Services Development Programmes); and SCCULT.

### ***Pillar 4: Raising Skills and Knowledge Levels***

The National Economic Empowerment Policy recognizes that low level of skills, education and lack of resources limit effective participation of many Tanzanians in economic activities. Therefore, the education and training system will be revisited with the objective of enhancing a scientific outlook to overcome inhibitive cultures and traditions and to mould Tanzanians who are self confident, innovative, and who strongly desire to conduct business efficiently and effectively.

**Key players:** Ministry of Education and Vocational Training; NACTE; TIE; TCU; TEA; NEEC; SIDO; Ministry of Labor and Employment; Ministry of Community Development Gender and Children; Universities; Tertiary and Higher Learning Institutions; Folk Development Colleges (FDC); and VETA.

### ***Pillar 5: Improving the Economic Infrastructure***

Investment in infrastructure is crucial for the sustainable development of Tanzania. Improving infrastructure of the transportation, energy, water supply and communications sectors would be the most effective means of reducing poverty as it will generate employment, enhance the country's ability to trade, reduce the costs of goods and services, increase access to health and education services and encourage local and foreign investments. To achieve this goal the following institutions have major roles to play.

**Key players:** Ministry of Energy and Minerals; TANROADS; National Housing Corporation (NHC); National Development Corporation (NDC); Tanzania Railways Corporation Ltd (TRL); Tanzania Ports Authority; Tanzania Airports Authority; LGAs; LGAs Loans Board; Ministry of Industry and Trade; TCRA; TANESCO, NEEC; Ministry of Works; Ministry of Communication; Science and Technology; Inter-ministerial/PPRA; REA; Ministry of Agriculture; Food Security and Co-operatives; Ministry of Water; Pension Funds; Ministry of Lands, Housing and Human Settlements Development.

**Pillar 6: Ensuring that Privatization Benefits are realized**

Owning shares in Public and Private enterprises is a means of ensuring that a majority of Tanzanians own the economy of their country. However, to achieve this goal various mechanisms have to be put in place by the Government to encourage broad public participation in the ownership of productive enterprises. The following institutions have to develop the mechanisms to support the achievement of this pillar.

**Key players:** LGAs, Private sector associations; BOT; Ministry of Finance; Tanzania Investment Bank TIB; Pension Funds; Privatization Trust (PT); TIC; Dar es Salaam Stock Exchange (DSE); NEEC; Capital Markets and Securities Authority.

**Pillar 7: Strengthening Markets, Networks and Partnerships**

Goods produced in Tanzania are often unable to gain access to foreign markets because they are either produced in quantities that are inadequate to meet demand or they don't meet international quality standards. The Government through the Ministry of Industry and Trade and Ministry of Agriculture, Food Security and Cooperatives shall work to ensure that Tanzanian products access both domestic and international markets. These involve a number of strategic measures which shall be implemented by the respective ministry in collaboration with other institutions and sectors.

**Key players:** Ministry of Industry and Trade. Ministry of Foreign Affairs; Ministry of East Africa Cooperation; Tanzania Warehouse Licensing Board (TWLB); TANTRADE; Ministerial Tender Boards; TIC; SIDO; NEEC; and Export Processing Zones Authority (EPZA).

**Pillar 8: Developing and Strengthening Cooperatives**

Cooperatives are especially important instruments for economic empowerment of Tanzanian farmers; livestock keepers; beekeepers; traders; manufacturers; miners; and other categories of individuals who would otherwise be unable to compete individually in the market. Despite the efforts geared towards strengthening and developing cooperatives, there still exist a number of weaknesses in the cooperative system which includes: inadequate organizational structures; low level of education of cooperatives members; lack of capital; lack of members' sense of ownership of their cooperatives; limited outreach; inability to compete in liberalized markets etc. In order to strengthen and facilitate development of cooperatives, a number of measures will be undertaken by various responsible institutions led by the Ministry of Agriculture, Food Security and Cooperatives.

**Key players:** Ministry of Agriculture; Food Security and Cooperatives; Ministry of Industry and Trade; Tanzania Federation of Cooperatives; Tanzania Cooperatives Alliance; Registrar of Cooperatives; NEEC; BOT; LGAs; COASCO; SCCULT; TANTRADE; and MUCCOBS.

**Pillar 9: Ensuring Optimal Usage of Land**

The Government is determined to use land and other natural resources as an important tool in empowering Tanzanian citizens to participate fully in economic activities. This will include the use of land as collateral once it is formalized. Implementation of the measures requires joint actions by both Public and Private Institutions.

**Key players:** Ministry of Lands, Housing and Human Settlements Developments; Ministry of Agriculture Food Security and Co-operatives; LGAs; Village Governments; Ministry of Water; Ministry of Natural Resources and Tourism; Ministry of Livestock Development and Fisheries; National Land Use Commission; Ministry of Communication Science and Technology; Public Utility Companies; NEEC; NEMC; Tanzania Chamber of Minerals and Energy; the Property and Business Formalization Programme (PBFP/MKURABITA).

#### 4. Linkages of the NMSFE with the On-going National Development Programmes

The overall Government planning and spending is guided by Vision 2025 as operationalised by the (FYDPs) National Strategy for Growth and Poverty Reduction (NSGPR/MKUKUTA). The National Economic Empowerment Policy, by its design and objectives, is a tool for accelerating economic growth and poverty reduction by targeting majority of the Tanzanians to participate and benefit from the on-going economic reforms both globally and locally.

#### 5. Coordination of the NMSFE and Implementation Arrangement

Implementation of the National Economic Empowerment Policy will involve all MDAs, NGOs, the Private sector and Development Partners, each of these institutions operating under its own mandate, policy and strategic plan that has directly or indirectly the components of economic empowerment.

The Council is mandated to oversee implementation of the National Economic Empowerment Policy. This entails coordination, monitoring and evaluation of multi-sectoral economic empowerment activities. In the course of implementation, NEEC will interact with every public and private institution. The fact that NEEC is under the PMO makes the NMSFE workable and subsequently achieve the objectives of economic empowerment.

#### 6. Planning and Financial Resources

The plans and activities relating to implementation of the NMSFE fall under three categories:

- Those which will be carried out directly by NEEC,
- Those that will be implemented by MDAs, LGAs, Private Sector and Development Partners in their capacities, and
- Those which will require joint actions.

Accordingly, economic empowerment plans and activities falling completely under a line Ministry should be planned, financed and implemented by the respective sector Ministry within the MKUKUTA II, Five Years Development Plan, Annual Plans and Budget Guidelines and the National Resource Envelop. However, line Ministries and other institutions will be required to review their strategic plans in line with their roles and activities outlined in the NMSFE.

The plans and activities that involve several institutions will be coordinated by a National Multisectoral Coordinating Committee (NMCC). The respective MDAs and LGAs will determine the mode of executing responsibilities within the NMSFE and deliveries as will be agreeable by the NMCC.

The sectoral plans and activities will constitute part of the NEEC activities in addition to those which will be initiated and undertaken by NEEC itself as outlined in the NMSFE.

Resources mobilization through budgetary allocations will be done by each respective MDA/institution. However, NEEC may finance some of the sectoral activities deemed necessary to achieve a particular objective.

#### 7. Monitoring and Evaluation Strategy

Monitoring and evaluation framework shall be developed to measure progress made in empowering Tanzanians economically at community, (the Village, Ward) District, Regional and finally at the National level. In this regard, each sector will have to incorporate issues of economic empowerment in its strategic plans.

## 8. Challenges

Implementation of the NMSFE is bound to face a number of challenges which are related to:

- i. A need for Effective Coordination, Monitoring and Evaluation;
- ii. Contending with Informal Business undertakings where majority of economic activities operate informally, which become daunting exercise to work with formal and informal sector without some form of identification, location and recognition;
- iii. Economic Empowerment Approach which needs multiple approach;
- iv. Evolving Flexible Business Structure where rigidities are likely to frustrate implementation of the policy.

# CHAPTER ONE

## 1.0 INTRODUCTION

The National Economic Empowerment Council (NEEC) was established in 2005 and charged with the mandate to facilitate, coordinate, supervise, monitor and evaluate all economic empowerment initiatives for Tanzanian citizens as stipulated in the National Economic Empowerment Policy and the National Economic Empowerment Act No. 16 of 2004. The vision and mission of the NEEC are as stated hereunder;

### Vision

To become a strategic leader in facilitating, coordinating and monitoring the implementation of the National Economic Empowerment Policy.

### Mission

To guide Tanzanians to a strong national economy through conducive business environment and fair economic participation.

Empowerment initiatives and associated activities are many; and they range from unplanned to those which are systematically planned, implemented and monitored by Government Ministries, Departments and Agencies, Private Sector and Development Partners. By implication then, implementation of economic empowerment initiatives is largely multisectoral as it requires every sector and institution to play its strategic role accordingly in order to achieve the objectives of the National Economic Empowerment Policy. To underscore this, NEEC intends to work strategically with the stakeholder institutions in every aspect of economic empowerment, and will initiate, implement, coordinate and monitor the relevant activities.

The National Economic Empowerment Act which established the Council defines Economic Empowerment as a deliberate and affirmative action and measures undertaken by the Government for the purpose of promoting and enhancing knowledge, skill; economic prowess and financial prudence of Tanzanians to enable them to meaningfully participate in economic activities. This includes all plans, strategies, policies and measures taken to achieve that goal, be it by public or private sector.

Accordingly, this document provides a strategic framework of engaging key actors/players in the implementation of the envisaged national economic empowerment strategies. The Document indicates the required actions/activities for achieving each of the stated national economic empowerment objectives, institutional arrangement and responsibilities for each stakeholder, time frame for implementation, expected results, expected outcomes and indicators for monitoring and evaluating the envisaged economic empowerment process.

## 1.1 Background

The National Economic Empowerment Council is a Government Institution under the Prime Minister's Office. Its objectives, among others, are to facilitate the economic empowerment process for the majority of Tanzanian citizens by creating an environment conducive to expansion of economic activities. In so doing, the NEEC is expected to provide Tanzanians with opportunities to participate effectively in economic activities; encourage and promote savings; provide avenues for investment and meaningful economic participation across all economic sectors; promote and support business ventures pioneered



and run by Tanzanians; and manage, administer and identify sources of grants and donations for the Mwananchi Empowerment Fund (MEF). Specific functions of NEEC are elaborated in box number one.

Economic empowerment of the citizens of Tanzania is among the goals set in Tanzania's Development Vision 2025. It is envisaged that by the year 2025, a large segment of the economy should be owned by Tanzanians. This will be achieved through a two-sided simultaneous process of empowering Tanzanians economically. Creation of a more favourable business environment that is effectively competitive domestically and internationally on one side; and availing equal opportunities to all groups of citizens to develop economically on the other side. Towards this goal, the National Economic Empowerment Policy takes into account the private sector development objectives, the need to create more opportunities for the private sector as well as setting out rules and regulations for competition and fair economic participation in a market-oriented economy.

NEEC has already prepared a Rolling Strategic Plan that provides a framework of objectives, strategies, activities to be done in order to implement the envisaged empowerment and specifies the expected results therein. To this effect, there are three guiding documents in place: The National Economic Empowerment Policy, The National Economic Empowerment Act and the NEEC Rolling Strategic Plan. The two documents (the Rolling Strategic Plan (RSP) and the NEEP 2004, among other things, identify key pillars of the economic empowerment process under which a list of objectives and the required activities for implementation are also indicated. The key pillars or themes of the envisaged Economic Empowerment include:

- i. Accelerate economic growth and create an **enabling investment** environment;
- ii. Improve legal and regulatory framework and public service delivery,
- iii. Facilitate availability of **investment capital**;
- iv. Facilitate and **raise skills and knowledge levels of citizens**;
- v. Improve **economic infrastructure** such as roads, power and telecommunication networks;
- vi. Design strategies to enable Tanzanians to effectively participate in **privatization**;
- vii. Enable Tanzanian goods to compete in local as well as foreign **markets**;
- viii. Strengthen and facilitate the development of **cooperatives**; and
- ix. Ensure that **land** is used in enhancing effective participation of citizens in economic activities.

As such then, the NMSFE is inclusive of all the strategies and activities outlined in the National Economic Empowerment Policy regardless of whether they are on-going/or are being planned for implementation. So far there are many scattered initiatives of economic empowerment which have taken place or are taking place but there is no information which provides a national picture. Hence the idea of having this document in place is to have a comprehensive framework for multisectoral collaboration for implementing the National Economic Empowerment Policy upon which a stock-taking/baseline study will be carried out to determine the status quo. Therefore, MDAs, LGAs and other stakeholders of the envisaged economic empowerment initiatives will observe that some of the activities/actions that have already been implemented or are on-going are included in the proposed NMSFE. As such, the NMSFE will set out institutional arrangement for implementation, sectoral result areas and indicators. The approach ensures that all the strategies and planned activities, as already prepared by NEEC in the Rolling Strategic Plan, constitute core component activities of the NMSFE.

Just like the NEEC Rolling Strategic Plan, the line institutions for each sector in Tanzania have short and long term strategic plans and objectives in place already. Since these plans and objectives were set prior



to those of the NMSFE, they either incorporate elements of economic empowerment by default or lack completely such elements. As such, the NMSFE addresses the need for defining clearly the actions cum activities required to be undertaken by each stakeholder in order to realize the objectives of economic empowerment. This is not only indispensable, but will enable formulation of smart indicators that will be used to assess levels of implementation and outcome.

### Box No. 1: The Functions of NEEC

The major roles and responsibilities of NEEC as stipulated in the National Economic Empowerment Act are;

- i. To develop and facilitate implementation of sectoral strategies for mobilization and utilization of resources for economic empowerment activities;
- ii. To encourage and promote savings, investments and meaningful participation of citizens in economic activities;
- iii. To operationalize, manage, administer and identify sources of funds for a citizen's loan/guarantor fund;
- iv. To facilitate and coordinate empowerment and entrepreneurship training programmes for various groups of citizens depending on their needs and challenges;
- v. To collaborate with various institutions and organizations for the purpose of promoting empowerment and access to services relating to economic opportunities;
- vi. To promote research on economic activities and foster linkages with research institutions;
- vii. To develop an effective mechanism for monitoring the progress of economic empowerment activities and establish an empowerment information management system;
- viii. To develop and facilitate sector strategies for advocacy of all matters and activities relating to economic empowerment ;
- ix. Study and review existing laws for the purpose of facilitating or realization of such laws which conflict the empowerment initiatives and make recommendations to the Government for amendments as may be necessary.

## 1.2 The Objectives of Developing a National Multisectoral Strategic Framework for Economic Empowerment

The objectives of developing a National Multisectoral Strategic Framework for Economic Empowerment are:

- i. To spell out clearly the roles of all the stakeholders of economic empowerment of Tanzanians including the specific activities to be undertaken, expected outcomes, modality and mechanism for collaboration, and indicators of the economic empowerment process;
- ii. To coordinate and harmonize planning of sectoral economic empowerment activities, and thus integrate stakeholders' plans into NEEC long-term corporate strategic plan;
- iii. To provide a tool for monitoring and evaluation of the numerous economic empowerment initiatives and provide strategies for resource mobilization;
- iv. To provide a framework that will guide all stakeholders to report implementation of the National Economic Empowerment Policy to the Council.

In coordinating implementation of the NMSFE, NEEC is surrounded by internal and external environment of which if well observed a positive result in the effort to empower the people of Tanzania will be attained. Nevertheless, the weakness and the challenges surrounding implementation should not be overlooked. Hence SWOC analysis is summarised to alert the stakeholders as to areas that need close follow-up;

Internal		External	
Strengths	Weakness	Opportunities	Challenges
<ul style="list-style-type: none"> <li>• Provision for multi institutional action for common end and effective monitoring and evaluation.</li> <li>• Presence of policy which identifies pillars for empowerment.</li> <li>• Favourable legal framework which allows economic empowerment activities to be carried out by different actors.</li> <li>• Multisectoral approach creates room for complementarities and minimizes duplication of efforts.</li> <li>• The PMO as the overall coordinator of Government Business.</li> </ul>	<ul style="list-style-type: none"> <li>• The roles and responsibilities of every actor are not well known to all actors and will need a lot of awareness rising.</li> <li>• Paucity of financial resources for different empowerment funds including Mwananchi Empowerment Fund (MEF)</li> <li>• Lack of effective Coordination,</li> </ul>	<ul style="list-style-type: none"> <li>• Favourable socio-political environment for implementation of strategies,</li> <li>• Stakeholders acceptability and support to economic empowerment activities.</li> <li>• Availability of alternative sources of funds from different sectors.</li> <li>• Capitalizing on awareness created on economic empowerment</li> <li>• Through collaborating with financial institutions, the same may lessen its stringent conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Change mind set of people towards empowerment,</li> <li>• Assurance of good governance in all associated actors of economic empowerment</li> <li>• Inadequate long-term financing instruments,</li> <li>• How to address the Low level of skills and knowledge among Tanzanians,</li> <li>• Adherence to the terms and conditions stipulated in the NMSFE by the stakeholders</li> <li>• Sectors are yet to mainstream empowerment in their plans and budgets.</li> </ul>

## CHAPTER TWO

### 2.0 THE NINE PILLARS OF NATIONAL MULTISECTORAL STRATEGIC FRAMEWORK FOR ECONOMIC EMPOWERMENT (NMSFE)

#### 2.0.1 Introduction

The National Multisectoral Strategic Framework for implementing the National Economic Empowerment Policy indicates required activities for achieving the objectives of each pillar, institutional arrangement and responsibilities for each stakeholder, expected results, expected outcomes and indicators for monitoring and evaluation of the process of the envisaged empowerment. There are nine key pillars of economic empowerment as already identified in the policy; and for each of those pillars, the objectives to be achieved and strategies for achieving them have also been clearly indicated in the National Economic Empowerment Policy document and the NEEC Rolling Strategic Plan. The NMSFE therefore provides a framework that will engage various stakeholders to implement the strategies and actions outlined in the National Economic Empowerment Policy.

In order to empower Tanzanians economically, a number of strategies cum actions will have to be implemented as outlined in the National Economic Empowerment Policy. This will involve several key institutions by their mandate and functional role in the Government, the economy and the social sector. Since the implementing institutions already have their strategic plans in place, a guide and support will have to be provided by the Government through NEEC to enable these institutions to review their plans in line with the onset of the strategies to empower Tanzanians economically. The review will be guided by the NMSFE.

The NMSFE recognizes *Kilimo Kwanza Initiative* as an important strategy for empowering majority of Tanzanians who live in rural areas and largely depend on agriculture as their means of livelihoods. *The Kilimo Kwanza Initiative* was launched in 2009 as a Public Private Partnership to promote the transformation of Tanzanian agriculture in order to raise the contribution of the sector to economic growth and poverty reduction. It attempts to address the issues of extremely low utilisation of quality seeds, fertilizers, and agricultural machinery as well as very limited value-addition/agro-processing. *Kilimo Kwanza* is a national resolve to accelerate agricultural transformation, applying a holistic approach involving all sectors and all producers, small, medium and large. It is not a new strategy but a catalyst for the implementation of Agricultural Sector Development Programme (ASDP), with additional features.

Accordingly, the ten pillars of *Kilimo Kwanza* initiative have been included in the preparation of the NMSFE, particularly in pillar nine of the Policy. The 10 pillars *Kilimo Kwanza* are shown in box number 2;

#### Box No. 2: The Ten Pillars of *Kilimo Kwanza*

- i. Political Will;
- ii. Financing;
- iii. Institutional reorganisation for Management;
- iv. Paradigm shift to strategic framework;
- iv. Land Resource;
- v. Incentives;
- vi. Industrialization;
- vii. Science, Technology and Human Resources
- ix. Infrastructure Development;
- x. Mobilization of People's Support.

## 2.1 Accelerating Economic Growth and Creating an Enabling Investment Environment

### Objective

The National Economic Empowerment Policy has observed that the rate of economic growth in Tanzania of 7.2-6.9% in 2002-2003 was low, and the investment environment which is a catalyst to a higher growth rate is weak. Accordingly, a set of strategies have been identified to accelerate Local and Foreign Direct Investments (FDI) and economic growth for the purpose of empowering Tanzanian citizens. The objective in this regard is to achieve economic empowerment initiatives that will allow majority of Tanzanians to participate more effectively in economic activities for improved livelihoods. The following are the strategies to accomplish this objective;

#### Strategy 2.1.1 Ensuring stable macroeconomic balance

One of the key strategies of creating an enabling environment for investment and economic growth is sustained stable macroeconomic balance. The Bank of Tanzania, the Ministry of Finance and the Planning Commission are the key institutions that work together to advise, and implement policies that ensure macroeconomic stability.

*Accordingly, the following indicators should be used to measure and monitor stable macroeconomic balance: inflation rate, favourable balance of payments, rate of economic growth, sustained national fiscal balance and monetary policies, and an enabling investment environment. The Bank of Tanzania should be the leading institution to coordinate efforts that ensure stable macroeconomic balance.*

#### Strategy 2.1.2 Ensuring peace and social stability

Peace and social stability ensure that people and their properties are safe. This is an important component of an enabling investment environment. The Government will continue to ensure peace and social stability through the state instruments as provided in the Constitution of the United Republic of Tanzania.

This is possible through fair and transparent judiciary processes in Tanzania. In this regard, the Ministry of Home Affairs will continue to ensure peace and stability through proper and lawful deployment of the police force and their services to reach all Tanzanians according to their needs. The Judiciary and Ministry of Constitutional and Legal Affairs will work to ensure that the Tanzanian citizens are availed with timely, unbiased, fair and transparent judicial services.

*Achievement of this strategy will be measured by crime rate in Tanzania; level of observance of laws and regulations that ensure peace and stability and ratio of Police and Judicial officers to citizens.*

#### Strategy 2.1.3 Improving Economic Infrastructure Facilities

Improvement of infrastructure facilities in Tanzania should be a continuous process as a strategic means of economic empowerment. The Central Government and Local Government Authorities will have to channel more resources to the development of infrastructure year-by-year. Accordingly, the Ministry of Works, Ministry of Transport and the Ministry of Communication, Science and Technology in collaboration with LGAs shall be making proposals, implement and supervise infrastructural development programmes and projects. Infrastructural facilities include water services, energy services, housing and development of urban and rural settlements and commercial services. In this regard, the Ministry of Water; the Ministry of Energy and Minerals and the Ministry of Lands; Housing and Human Settlements Development will have to play a key role.

*Increased infrastructural facilities should be measured by type of road networks per square area and access to settlements and production sites, services and business locations; ICT services as measured by number of people and businesses with access and using the ICT services; quantity and quality of residential and office housing services, coverage of telecommunication services, coverage of water services; energy services as measured by regional and rural electrification.*

#### Strategy 2.1.4 Encouraging business partnership

One of the strategies that will empower Tanzanians economically is strategic business partnership between well established investors and Tanzanians. A number of institutions will be involved in the facilitation of business partnerships. NEEC will facilitate and make proposals on the necessary steps for encouraging business partnerships; Tanzania Investment Centre will continue to receive applications for investments and encourage business partnership; the LGAs will work in collaboration with the implementing institutions to encourage business partnerships. However, in the case of partnerships with foreigners, residence and working permits are mandatory; and thus NEEC in collaboration with the Ministry of Home Affairs; Tanzania Investment Centre; National Development Corporation (NDC); EPZA; Tanzania Employment Services Agency (TAESA); Private Sector; Trade Unions; Ministry of Foreign Affairs; Ministry of Labour and Employment; and Ministry of Industry and Trade are expected to monitor the enforcement of the existing laws.

Achievements in this regard should be measured by *number of business partnerships emerging among Tanzanians themselves and between Tanzanians and foreign firms*, Number of Tanzanians trained by expatriates, and Number of FDIs and expatriates

#### Strategy 2.1.5 Enhancing quality and markets of local products

Enhancement of markets for Tanzanian products is necessary in order to induce expansion of output and ensure profitable businesses to those engaged in them. An effective strategy for enhancing Quality of local products at competitive prices is an important vehicle to expand and assure local and export markets of the products.

The economic empowerment of Tanzanians aims at instituting and implementing strategies for facilitating high quality products at competitive prices. The key institutions for designing and implementing such strategies include the following: Tanzania Bureau of Standards (TBS); Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA), Confederation of Tanzania Industries (CTI); Tanzania Food and Drug Authority (TFDA); Fair Competition Commission (FCC); Ministry of Industries and Trade (MIT); Tanzania Weights and Measures Agency (TWMA); Tanzania Industrial Research and Development Organisation (TIRDO); Tanzania Official Seeds Certification (TOSC);, Tanzania Seeds Agency (TSA); GS1 Tanzania; Tanzania Pesticide Research Institute (TPRI) and other quality-control institutions.

NEEC shall coordinate and monitor the aforementioned institutions to ensure that proper quality control measures are undertaken for each product.

The impact should be measured by *quality of local products as demonstrated by their competitiveness through product quality surveys and regular assessments by TBS*.

#### Strategy 2.1.6 Work in collaboration with grassroots institutions

Many of the beneficiaries of the envisaged economic empowerment are found at the grassroots level where the respective authorities are Village Governments, Ward Development Committees, and the LGAs. In order to ensure effective participation and achievement of empowerment goals, NEEC and other implementing institutions will have to work in close collaboration with grassroots institutions. In this respect NEEC will work with the existing Regional and District consultative committees and Ward Development committees. In this regard, the PMO-RALG and the MoF will have to play an important role in ensuring that such grassroots structures are in place and are effectively working. The needs at every level may be different; thus local participation and coordination cannot be avoided. Achievements in this regard will be measured by *the number of MoUs entered*

### *Expected national outcome from Economic Growth and Creation of an Enabling Investment Environment*

The expected outcome at national level once the strategies for enhancing the investment environment and economic growth have been implemented is an increasing number of small, medium and large scale economic investments operating efficiently and owned by Tanzanian citizens or in joint venture or partnerships with reputable foreign firms and individual investors. The indicators to measure achievement of this strategy are summarised in Box no. 3

#### **Box No. 3: National Outcome Indicators for measuring Economic Growth and Creating Enabling Investment Environment**

- The proportion of Tanzanian citizens owning small, medium and large scale economic investments;
- Proportion of Tanzanians who are in partnership or in joint ventures with foreign investors;
- Ownership by geographical location, gender and age;
- Growth in the existing business entities owned by Tanzanians as measured by the size of their capital, market access and share;
- Number of Tanzanians trained by foreign investors; and  
Value of FDI.

**Table 1: Accelerating Economic Growth and Creating an Enabling Investment Environment (Pillar no. 1)**

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Prepare a National Multi-sectoral Strategic Framework for Economic Empowerment as proposals to the Government MDAs, and Private institutions	<p><b>-NEEC</b> to prepare Multisectoral Framework for Economic Empowerment as proposals to the Government MDAs and other institutions</p> <p><b>-MDAs</b> and Other Stakeholder Institutions to discuss and recommend</p> <p><b>Government</b> to receive, study, approve and direct <b>MDAs and LGAs</b> to include the proposals in their sectoral plans for implementation.</p>	2013/14	NMSFE document in place and operationalised.	Mushrooming small, medium and large scale economic investments owned by Tanzanian citizens or in joint venture with foreign firms, and operating profitably.
Maintain macroeconomic stability	<p><b>-Bank of Tanzania (BOT) the Ministry of Finance (MOF) and the Planning Commission</b> to implement</p> <p><b>-Government</b> to continue ensuring peace and social stability through state instruments</p> <p><b>-Ministry of Home Affairs</b> to ensure and implement</p> <p><b>-Ministry of Constitution and Legal Affairs</b> to ensure and implement accordingly</p> <p><b>-Religious</b> and peace-promoting institutions and pressure groups to promote and support</p> <p><b>Judiciary</b> to implement</p>	Continuous	<p>Stable macroeconomic environment with one digit inflation rate, conducive balance of payments, high rate of economic growth, rational fiscal and monetary policy.</p> <p>Crime rate in Tanzania, level observance of laws and regulations ensuring peace and stability as measured by effective monitoring and adequate police services; and active, effective and fair judiciary processes in Tanzania</p>	
Improve infrastructural facilities	<p><b>-Government</b> to increase investment in infrastructure facilities.</p> <p><b>-Ministry of Works</b> to implement.</p> <p>Ministry of Transport</p> <p><b>-Ministry of Communication Science and Technology</b> to implement.</p> <p><b>-LGAs</b> to act.</p> <p><b>-Ministry of Lands, Housing and Human Settlements Developments</b> to act. And the <b>-Ministry of Water</b> to implement.</p>	MDAs to ensure implementation of their strategic plans within the stated time frame and expected outcomes	<p>-Infrastructural facilities measured by type of road networks per square area and access to settlements, services and business locations; -ICT services as measured by number of people and business with access and using the services; - quantity and quality of residential and office housing services; coverage of telecommunication services; type and coverage of water services; energy services as measured by regional electrification; etc.</p>	



Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Facilitate business partnership between well-established investors and Tanzanian citizens	<ul style="list-style-type: none"> <li>-<b>NEEC</b> to facilitate</li> <li>-<b>Ministry of Foreign Affairs and International Co-operation</b> to advertise to foreigners</li> <li>-Tanzania Investment Centre to implement</li> <li>-<b>LGAs</b> to act accordingly</li> <li>-<b>Ministry of Home Affairs, Ministry of Labour and Employment and Ministry of East African Cooperation</b> to implement</li> </ul>	From 2014 onwards	Number of business partnerships among Tanzanians themselves and between Tanzanians and foreign firms	
Enhance markets for Tanzanian products	-Tanzania Trade Development Authority (TANTRADE)	Continuous	Expected results as indicated under improvement of investment capital (Pillar 3) and creation of marketing networks - Pillar 7	
Establish Export Processing Zones and Special Economic Zones	TBS, TCCIA, Tanzania National Business Council (TNBC) Confederation of Tanzanian Industries, (CTI) TFDFFA, Fair Competition Commission, Ministry of Industries and Trade, EPZA, Tanzania Weights and Measures Agency, Tanzania Food and Drugs Authority and the National Nutrition Institute, TIRDO, TPRI, TOSC, GS1-Tanzania to implement.	Currently under construction	Improvement of investment capital) & 3. 7 (creation of marketing networks)	
Facilitate investment capacity of Tanzanians		Continuous		
Facilitate production of high quality products at competitive prices	<b>Research Institutions</b> to act	Continuous		
Encourage the use of modern technology in economic activities	<p><b>Tanzania Bureau of Standards(TBS)</b>and other quality control institutions to make assessment, grade and compare products</p> <p><b>Line Ministries</b> for each product to carry technology and product quality survey and disseminate information to stakeholders by product type. <b>NEEC</b> to monitor and follow-up implementation by the respective actors</p>	Continuous	quality of local products as measured by their competitiveness through product quality surveys and assessment by TBS both in the local and foreign markets	
Work in collaboration with grassroots institutions	<p><b>NEEC</b> to implement by involving authorities and stakeholders at all levels</p> <p><b>LGAs and Regions</b> to play an active role as facilitators</p> <p><b>POM-RALG</b> to coordinate and</p> <p>MOF to implement</p>	From 2014/15	Presence of an active and effective network of institutions coordinating and monitoring economic empowerment throughout the entire country	



## 2.2 Creating a Supportive Legal and Regulatory Framework and Public Service Delivery

### Introduction

It is observed that despite the efforts to improve the tax system, the tax regime in Tanzania has not been able to create adequate opportunities for effective participation of the majority of the citizens in the economy. It is also observed that some of the laws, rules and regulations are not in line with the spirit of the envisaged economic empowerment. For example, tax incentives are not enjoyed by small investors and in addition, public service delivery is yet to reach the entire population of Tanzanian citizens effectively. The need for sensitizing public servants to have positive attitude and proper mindset in order to ensure an effective management of the economy in a globalized environment is also clearly pointed out in the policy.

### Objective

To ensure that supportive legal and regulatory framework and public service delivery are in place. Such a supportive environment will reduce tax barriers, improve service delivery and thus improve the investment environment in both rural and urban areas. To achieve this objective, a number of measures and changes have already been identified by the National Economic Empowerment Policy document and the Strategic Plan document. However, these will have to be effected by involving the line institutions in every aspect. Each of these line institutions will have a specific role to play and to achieve the expected results.

#### **Strategy 2.2.1 Extend the tax incentives available to large investors to medium and small investors**

The existing tax incentives available to large investors should also be extended to small and medium investors to enable them to participate effectively in the economic process. In this regard, NEEC will work in collaboration with the Tanzania Investment Centre; and the Private sector associations to prepare and submit proposals on the necessary amendments of the current investment tax incentives to take on board all types of investors. The proposal would then be submitted to the Ministry of Finance for consideration and follow the necessary procedures for adoption and implementation. In general, there should be regular consultations and surveys on the tax system vis-a-vis performance of the business sector with the view to identifying conflicting elements and to use the opportunity to advise the relevant authorities accordingly. Again, NEEC in collaboration with the Tanzania Investment Centre, LGAs and the Private sector associations should be the responsible institutions in this regard.

Indicators to measure achievements of this strategy include favourable and business-friendly tax system as measured by *voluntary tax compliance; and the extent to which small, medium and large scale investors enjoy tax incentives.*

#### **Strategy 2.2.2 Provide tax education, revise and streamline taxes and levies**

Measures that can potentially improve the investment and business environment include provision of tax education, revising and streamlining taxes and levies, conducting opinion and assessment surveys on the tax system, etc. With regard to tax education, the Tanzania Revenue Authority (TRA) has a specialized department to carry out this function. On the other hand, NEEC will coordinate private sector institutions to come up with proposals for improving the tax system on a regular basis and as need arises. The proposals will be submitted to the Government for consideration and necessary action.

Provision of tax education is expected to reduce tax complaints as more people will gain knowledge on tax issues and progressively become tax compliant.

**Strategy 2.2.3 Revising cum rationalizing some of the existing laws and regulations**

With the onset of the economic empowerment initiatives, it will be necessary to revise/rationalize some of the existing laws and regulations to ensure that they support the initiatives. In this regard, NEEC shall initiate and coordinate proposals from all sector Ministries, LGAs and other institutions for submission to the Attorney General's Chambers and subsequently to the Government for the necessary actions.

Indicators to measure rationalization of Laws include favourable investment climate and business environment. *This will be measured by decline in unnecessary and cumbersome procedures in business operations and tax laws and procedures.*

**Strategy 2.2.5 Providing coherent understanding of the business licensing regulations and procedures**

The Business Environment Strengthening for Tanzania (BEST) programme made significant achievements in improving the system of business licensing in Tanzania. However, more efforts are needed particularly in the following areas: continuous review of by-laws made by LGAs which are in conflict with business licensing registration, and the consideration to establish one stop centres for business licensing. NEEC is expected to coordinate the efforts in collaboration with Ministry of Industry and Trade (MIT) and LGAs.

Once implemented, trade barriers arising from licensing and other cumbersome procedures will be reduced if not eliminated. Also, there will be a rationalized clear and easy access to business licensing by all needy Tanzanians.

**Strategy 2.2.6 Providing efficient and accessible public services**

Provision of good public services is a precondition to an effective economic empowerment of Tanzanians. As such, the Government will scale up and continue with the current efforts to expand and improve provision of public services that include health services, education, water, extension services, rural electrification, etc. These efforts will be undertaken in conjunction with those of the private sector as is currently happening in some sectors. By the nature of public service provision, all sector ministries will be involved in ensuring that their services are improved and expanded to reach all Tanzanians.

**Strategy 2.2.7 Providing high-quality training and incentives to public servants**

The strategy to improve service delivery will involve provision of high-quality training to public servants including potential recruits and better working tools and facilities. This should also include improvement of the remuneration and incentive packages for public servants. For example, public employees could be advised on the best ways to invest their savings including their pension before retirement. In this regard, several institutions will have to work together to achieve this objective. These are the Ministry, Departments and Agencies (MDA), LGAs, and the President's Office Public Service Management. Tanzania Public Service College in collaboration with SSRA should design and conduct training for prospective retirees. The employees should also be involved in determining the best ways to invest their pensions before retirement. NEEC has to play a key role to facilitate and coordinate the process including tracking of improvements made and gaps in service delivery and advice the stakeholders accordingly. Also, NEEC should commission and coordinate a study and proposals on the best way to invest employees' pensions.

**Expected national outcome from creation of a Supportive Legal and Regulatory Framework and Public Service Delivery**

The outcome of the strategy include improved skills at work places, increased motivation of public sector servants, and more efficient investment of pension funds by retirees.

Strategies to improve the supportive legal and regulatory framework and public service delivery should be a continuous process so that there are constantly improving investment-supportive services, and a transparent and clearly understood legal and regulatory framework supportive of economic activities in Tanzania.

The indicators for measuring the achievements are shown in box. No. 4

**Box No. 4: National Outcome Indicators for Creating a Supportive Legal and Regulatory Framework and Public Service Delivery**

- The proportion of eligible small, medium and large scale investments enjoying tax incentives;
- Number of eligible employees getting relevant-in-service training from their employers;
- Extent to which investors and people are satisfied with service delivery in the public sector;
- Remuneration and incentives of public servants; The number of retirees investing their pensions efficiently; and
- Procedures of business operation and tax Laws.

Table 2: Creating a Supportive Legal and Regulatory Framework and Public Service Delivery (Pillar no. 2)

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results(Sectoral Strategic Goals)	National Outcomes
Extend tax incentives availed to large investors to other investors to enable the majority of Tanzanian citizens to benefit from such incentives	<p><b>-PMO</b> in collaboration with the <b>Tanzania Investment Centre and Private Sector Associations</b> i.e. (CTI,TPSF,TCBW) to make proposals</p> <p><b>-Ministry of Finance and Tanzania Revenue Authority</b> to review and consider implementing the proposals</p>	From 2014	<ul style="list-style-type: none"> <li>Tax incentives extended to medium and small investors</li> <li>Tanzanian citizens to benefit from tax incentives</li> <li>More small, medium and large scale investors enjoy tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>Constantly improving service delivery regime supportive to of economic empowerment</li> <li>Transparent and clearly understood legal and regulatory framework for economic activities in Tanzania</li> </ul>
Carry out regular consultations and surveys on the tax system vis- a- vis business performance and advice accordingly	<p><b>NEEC</b> to work with the <b>private sector institutions, trade unions, TNBC and Ministry of Finance</b> and make recommendations.</p>	Continuous	<ul style="list-style-type: none"> <li>Regular consultations and surveys on the tax system in Tanzania leading to improvement</li> <li>Favourable and business friendly tax system in Tanzania</li> <li>Increasing voluntary tax compliance</li> </ul>	
Extend tax relief to employers incurring training costs for their employees	<p><b>Ministry of Labour and Employment and PO-PSM</b> to assess employers providing in-service training, and make recommendations.</p> <p><b>TRA</b> to implement</p>	From 2014	<ul style="list-style-type: none"> <li>More employees trained while at work</li> <li>More skilled workers at workplace</li> </ul>	
Provide tax education	<p><b>PMO, TCCIA, CTI and TPSF</b> to monitor and report,</p> <p><b>Tanzania Revenue Authority</b> to carry out tax education programs regularly.</p>	Continuous	<p>Increase of firms and people's knowledge of tax issues leading to compliance and reduced tax complaints</p>	
Revise and streamline taxes and levies to make the tax regime more investment friendly	<p><b>-Private Sector institutions and TRA</b> to make proposals</p> <p><b>-MoF and AG Chambers</b> to consider the proposals, approve and implement as may be deemed appropriate.</p>	From 2014/15	<ul style="list-style-type: none"> <li>Favourable and business friendly tax system in Tanzania</li> <li>Increasing voluntary tax compliance</li> </ul>	
Rationalize laws to ensure that they support economic empowerment initiatives	<p><b>-NEEC</b> to facilitate and coordinate proposals from sectors and LGAs</p> <p><b>-Ministry of Constitution and Legal Affairs and AG Chambers</b> to implement</p> <p><b>PMO</b> to compile proposals and make recommendations</p>	2014/15	<ul style="list-style-type: none"> <li>Non existence of nuisance legal barriers in doing business in Tanzania</li> <li>Existence of supportive legal regime for empowerment</li> </ul>	

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)
<p>Provide coherent understanding of the business licensing and procedures</p> <p>Review by-laws made by LGAs which are in conflict with business licensing regulation</p>	<p><b>MIT</b> to initiate and facilitate <b>LGAs</b> to implement</p> <ul style="list-style-type: none"> <li>▪ <b>PMO-RALG</b> to implement</li> <li>▪ <b>PMO</b> to monitor</li> </ul>	<p>2014/15</p> <p>2014/15</p>	<ul style="list-style-type: none"> <li>□ Rationalized , clear and easy access to business licensing procedures</li> </ul>
<p>Consider establishing one stop centres for licensing</p>	<p><b>MDAs</b> and <b>LGAs</b> to make regular assessments, act accordingly and provide annual reports on working conditions</p> <p>The <b>private sector</b> to be sensitized on the importance of in-service high quality training and better working conditions .<b>NEEC</b> to track improvements, and raise awareness.</p>	<p>2014/15</p> <p>Continuous</p>	<ul style="list-style-type: none"> <li>▪ Improved skills at work place</li> <li>▪ Increasing motivation at work place</li> </ul>
<p>Provide high-quality training and better working tools and facilities</p>	<p><b>President's Office Public Service Management</b> to take the leading role and facilitate public servants to invest <b>LGAs</b> to act accordingly, <b>NEEC</b> to coordinate and follow-up <b>TUCTA, ATE, CWT, and Ministry of Labour and Employment</b> to be involved</p> <p><b>MoF</b> to be involved</p>	<p>Continuous</p>	<ul style="list-style-type: none"> <li>▪ Continuously reviewed pay schemes for the public sector</li> <li>▪ Trainings on entrepreneurship skills for public servants are carried out</li> <li>▪ Increased access to quality public services at all levels</li> <li>▪ Increasing investment from Pension Funds</li> </ul>
<p>Improve the remuneration and incentive packages for public servants and facilitate their ability to invest</p>	<p><b>NEEC</b> to collaborate with <b>Social Security Regulatory Authority (SSRA), the Pension Funds , Association of Tanzania Employers (ATE), Trade Unions, Institute of Public Service Management and</b> commission a study</p>	<p>2014-2016</p>	<ul style="list-style-type: none"> <li>• A guide book or other publication in place to provide guidance to public servants with regard to investing their pension funds profitably</li> </ul>
<p>Conduct a study to determine the best way of enabling employees to invest their pensions before retirement</p>	<p><b>All sector line ministries</b> to be involved. <b>LGA</b> to implement</p>	<p>Continuous</p>	<p>Improvement in service delivery indicators by sector</p>

## 2.3 Investment Capital

Many Tanzanians fail to get capital for investment due to the following reasons:

- Limited sources of savings due to low incomes as well as lack of savings culture;
- Constraints that discourage banks from issuing credit such as high credit management costs;
- Also there are weaknesses that have negative impact on most borrowers' creditworthiness including lack of knowledge and experience in preparing bankable projects as well as lack of collateral and equity funds to start business.

NEEC will collaborate with relevant institutions to facilitate availability of credit by improving sources of savings, removing barriers that discourage banks from lending at affordable interest rates, and by improving the credit worthiness of Tanzanians. In this regard, a framework for multi institutional arrangement for implementation is necessary to ensure that a mechanism to improve credit worthiness of Tanzanians is instituted and barriers that hinder access to bank loans are reduced.

### *Strategy 2.3.1 Encourage Tanzanians to establish joint venture investments/businesses*

Efforts to mobilize investment can start with an initiative to encourage Tanzanians to establish joint venture schemes between themselves to pool their resources together for joint economic undertakings. This resource pooling strategy has the potential to enable many Tanzanians to invest in big projects compared to the current situation where a majority of Tanzanians work individually in isolation with small business capital.

Implementation of this strategy requires NEEC to sensitize, promote, and support joint venture business between Tanzanians themselves, and between Tanzanians and reputable foreign firms, especially through the Mwananchi Empowerment Fund that will be restructured to have a special window for supporting joint venture investments. Equally, the following institutions should facilitate, promote and support joint ventures: the Tanzania Investment Bank, Commercial Banks, TPSF, BRELA, TCCIA, CTI, Tanzania Business Women Chamber of Commerce (TBWCC), Ministry of Industry and Trade, Tanzania Credit Guarantee Agency (TCGA), and TIC. NEEC will have to work jointly with these institutions to come up with a mechanism that will give preferential treatment to joint venture businesses of Tanzanian citizens. The Bank of Tanzania (BOT) should be involved to give advice and guidance.

Indicators to measure achievements of this strategy will include *number of joint venture businesses established by Tanzanians in terms of composition of ownership, size, and type of business.*

### *Strategy 2.3.2 Encourage Tanzanians to establish savings and credit cooperatives*

Savings constitute an important source of capital accumulation in any economy. The current level of savings in Tanzania is low; more efforts are required to encourage Tanzanians to establish Savings and Credit Cooperative Societies (SACCOS). The current network of SACCOS in Tanzania is encouraging, only that many of them are yet to operate commercially and link up with commercial banks or develop SACCOS syndication framework of operation that will allow cross flow of funds and services.

The Bank of Tanzania has already prepared a regulatory framework and policy for microfinance institutions, which needs to be enforced. Therefore, NEEC shall support efforts that promote savings by Tanzanians and adherence to the microfinance best practices. As it may be deemed viable, commercial banks should be supported to link up with savings and credit cooperatives. Accordingly, the Tanzania Association of Microfinance Institutions should mobilize their member institutions and people to join



SACCOS. It is equally expected that the Savings and Credit Cooperatives Union League of Tanzania (SCCULT) will restructure and position itself to provide the necessary services to its members (SACCOS).

The efforts to increase savings and networks of microfinance institutions are expected to result into developed network of microfinance institutions linked to commercial banks; and increasing savings from Tanzanians and appropriate channelling of the savings into investments as measured by the loan portfolio and other products of microfinance institutions.

### **Strategy 2.3.3 Expanding and ensuring credit availability to Tanzanians**

Expanding and ensuring credit availability to Tanzanians is one of the strategic objectives of the National Economic Empowerment Policy. NEEC in collaboration with Pension Funds will facilitate a study to determine how pension schemes can improve credit worthiness of Tanzanian citizens. The efforts should be augmented by strengthening the Credit Reference Bureau in Tanzania and establishment of Credit Reference Databank by the Bank of Tanzania. Additionally, BOT will have to device and develop a mechanism for establishing a special fund to be managed by the Credit Guarantee Agency to guarantee Tanzanians to obtain loans from commercial banks. The Ministry of Finance is expected to study the mechanism and advise the Government on the best options for implementation.

Once the strategy is implemented, majority of Tanzanians should be able to access credit as needs arise.

### **Strategy 2.3.4 Reviewing the empowerment funds that offer credits on concessionary terms to involve commercial banks**

The need to review and strengthen various empowerment funds that offer credits on concessionary terms with a view to involve commercial banks is another strategy that has been deemed necessary to improve credit availability to Tanzanians. This includes the strengthening of the Mwananchi Empowerment Fund to increase access to capital credit by Tanzanians. Towards this objective, NEEC in collaboration with various empowerment funds and the Ministry of Finance will have to come up with proposals for consideration and necessary actions. Commercial banks are expected to respond accordingly once the necessary incentives are in place.

If effectively implemented, the various empowerment funds and commercial banks will be fully involved in the management of those funds.

### **Strategy 2.3.5 Issuance of long term loans for long term investments**

Issuance of long term loans for investment by Tanzanians is a necessary strategy to empower Tanzanians economically. Therefore, NEEC will work in collaboration with the Capital Markets and Securities Authority (CMSA), TIB, TADB, BOT and the Ministry of Finance to pursue, propose and implement measures that will enable more Tanzanians to access long term loans for long term investments.

The impact of the strategy will be demonstrated by the extent to which commercial banks issue long term loans, the number of Tanzanians accessing such loans and the size of the loans.

### **Strategy 2.3.6 Establishment of Tanzania Agricultural Development Bank**

Agriculture is the main source of livelihood to the majority of Tanzanians particularly those in the rural areas. As such, making financial credit available to the agricultural sector will boost performance of the sector and empower those engaged in it. The Tanzania Agricultural Development Bank will be devoted to develop the agriculture sector in Tanzania. With this bank in place, access to formal credit

by ordinary Tanzanians will increase. It is also imperative to make land fully acceptable as collateral against commercial credit. This will be achieved if we ensure adherence to the Land Act no.4 and Village Land Act No. 5 of 1999 so that title deeds are used as collateral against commercial credit. To this effect Village Governments are encouraged to establish Village Land Registries, and train land use management assistants. This should go hand-in-hand with speeded up land surveying in urban and rural areas coupled with further improvement of the procedures for issuing title deeds. The line institutions for follow up implementation of this matter are: Ministry of Land and Human Settlements Development, the MKURABITA Programme, LGAs Real Estate Developers (e.g. Mutual Development Agency -MDA), TPSF, and TCCIA. The Town Planners Associations and Land Surveyors Association are expected to play a crucial role in assessing boundaries and ownership of land and to participate in the planning and surveying exercise; commercial banks to give advice for improvement; and NEEC to assess implementation and advise accordingly.

The Tanzania Agricultural Development Bank is expected to issue loans to Tanzanians for small, medium and large investment projects in the agricultural sector.

### **Strategy 2.3.7** *Issuance of National identity cards*

Putting in place favourable credit facilities is necessary but not sufficient to benefit the majority of Tanzanian citizens. The need for a mechanism of identifying Tanzanians is important to facilitate access to credit facilities. Therefore, the Ministry of Home Affairs and NIDA in collaboration with LGAs and Village governments should work to implement the proposed system of National Registration and Identification of citizens in Tanzania.

### **Strategy 2.3.8** *Build capacity of Tanzanians to prepare business plans*

Availability of credit facilities for capital investment is just one side of the economic empowerment process. Effective access to such facilities will depend on the ability of Tanzanians to prepare and design economically viable business plans that will secure funds from credit institutions, particularly the commercial banks. As such, the need to improve the capacity of Tanzanians in that regard by improving the services offered by consulting firms including subsidizing the cost of access to their services is clearly argued for in the empowerment process. This may involve establishment of units in district and urban councils that will deal with project design and appraisal for Tanzanian citizens, particularly the emerging entrepreneurs; and training modules for the same in selected training institutions.

Therefore, NEEC is expected to facilitate training programmes on preparations of business plans, coordinate, follow-up, and support the envisaged process of improving consulting services and how to access them. The National Council for Technical Education will have to be involved in making proposals for the training programme and curriculum, and advise the Ministry of Education on implementation. The efforts are expected to result in having in place consultancy institutions for small and medium enterprises and which are accessible to Tanzanians in need of such services.

### **Expected national outcome from Making Available Investment Capital**

Implementation of the measures for making investment capital available will lead to improved access to, and availability of financing sources for capital investment for short and long term projects; and for small, medium and large scale projects owned by Tanzanians or jointly with foreign firms. The outcome indicators for this strategy are reflected in box no. 5



**Box No. 5: National Outcome Indicators for Investment Capital**

- The number of credit finance institutions by type, size of capital;
- Rate of access to loans by Tanzanian citizens by location gender and age;
- The number of Tanzanian citizens with membership and access to Savings and Credit Cooperative Societies ;
- Size of loan portfolios by citizenship in commercial and non-commercial banks;
- Extent of mix between equity and loan financing in different investment undertakings owned by Tanzanians – small, medium and large scale;
- Extent to which land is used as collateral for commercial credit;
- Number of investments owned by Tanzanian citizens;
- Number of Tanzanians in joint venture businesses;
- Number of Village with land Registries and Village land Use Management Assistants.

Table 3: Investment Capital (Pillar No. 3)

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Encourage Tanzanian citizens to establish joint venture schemes to pull their resources together for joint projects	<ul style="list-style-type: none"> <li>▪ <b>NEEC</b> to sensitize and promote.</li> <li>▪ <b>Unit trust of Tanzania</b> (through venture capital establishment), <b>Pension Funds, TIC and LGAs</b> to implement</li> <li>▪ <b>Tanzania Credit Guarantee Agency (TCGA)</b> to promote</li> <li>▪ <b>BOT</b> to advise</li> <li>▪ <b>Tanzania Investment Bank</b> to promote</li> <li>▪ <b>Empowerment Funds</b> to insist and prioritize</li> <li>▪ <b>Commercial Banks</b> to encourage</li> </ul>	Continuous	Increasing number of business entities with pooled resources from Tanzanians in the form of joint venture	Conducive access to, and availability of financing sources for capital investment for short and long term projects; small, medium and large scale projects for Tanzanian citizens.
Encourage Tanzanian citizens to establish savings and credit associations	<ul style="list-style-type: none"> <li>▪ <b>Tanzania Association of Micro-finance Institutions and MFIs</b> to mobilize people and communities</li> <li>▪ <b>NEEC</b> to coordinate study and advise</li> <li>▪ <b>Bank of Tanzania (BOT)</b> to ensure that the regulatory framework and policy for MFIs is in place and effective</li> <li>▪ <b>Prime Minister's Office</b> to roll out the Rural Financial Services Programme</li> <li>▪ <b>Tanzania Federation of Cooperatives (TFC) and SCCULT</b> to promote</li> <li>▪ <b>LGAs</b> to implement accordingly</li> </ul>	2014 - 2020	<ul style="list-style-type: none"> <li>-Increasing savings from Tanzanians and appropriate channelling of the savings to economic investments as measured by loan portfolio and other products of micro-finance institutions</li> <li>Development of networks of Microfinance Institutions with links to Commercial Banks</li> </ul>	
Ensure that the legal framework for micro-finance institutions passed in February 2003 is implemented effectively	<ul style="list-style-type: none"> <li>▪ <b>The Association of Micro-finance Institutions</b> to follow up</li> <li>▪ <b>BOT</b> to work out an inspection and supervisory mechanism for the microfinance industry</li> </ul>	2014-2016	All Microfinance Institutions observe and operate according to the 2003 Legal Framework	
Consider rolling out the rural Financial Services Program (RFSP) country-wide and institutionalize the program	<ul style="list-style-type: none"> <li>▪ <b>Prime Minister's Office</b> to advise and act accordingly</li> <li>▪ <b>Ministry of Finance</b> to advise</li> <li>▪ <b>RFSP</b> to act accordingly</li> <li>▪ <b>NEEC</b> to follow up</li> </ul>	2014 - 2020	A network of formalized rural financial services able to reach all Tanzanians in their respective locations	
Conduct a study to determine how pension funds can improve credit worthiness of Tanzanian citizens	<ul style="list-style-type: none"> <li>▪ <b>SSRA, Pension Funds</b> to implement</li> <li>▪ <b>Bank of Tanzania and Commercial Banks</b> to give support and advice</li> <li>▪ <b>ATE and Trade Unions</b> to collaborate</li> </ul>	2014-2016	<ul style="list-style-type: none"> <li>▪ Report on the potential of pension funds to improve credit worthiness of Tanzanian citizens in place</li> <li>▪ Pension schemes become prime</li> </ul>	

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)
	<ul style="list-style-type: none"> <li>NEEC to coordinate and follow-up</li> </ul>		collateral for business finance
Devise ways of issuing long-term bonds through the stock exchange to raise money for the empowerment funds	<ul style="list-style-type: none"> <li>NEEC to coordinate and monitor</li> <li>Capital Markets and Securities Authority and Dar Es Salaam Stock Exchange (DSE) to study and implement</li> <li>BOT and Ministry of Finance to study and recommend</li> </ul>	2014-2016	<ul style="list-style-type: none"> <li>Mechanism of raising money for the empowerment funds through issuance of loans established and working</li> <li>Long term bonds used as means of raising money for the empowerment funds</li> </ul>
Strengthen the credit reference bureau	<ul style="list-style-type: none"> <li>BOT Commercial Banks and MFIs to implement</li> </ul>	2014/15	Credit Reference Bureau strengthened and becomes operational country wide
Establish a special fund to be managed by Credit Guarantee Agency for assisting Tanzanians to obtain loans from commercial banks	<ul style="list-style-type: none"> <li>BOT to devise and develop a mechanism for establishing the fund</li> <li>Ministry of Finance to implement and advise the Agency</li> <li>MFI to be involved</li> </ul>	2014-2016	<ul style="list-style-type: none"> <li>A Special Fund under the Credit Agency established and operationalised</li> </ul>
Undertake a study to determine incentives for encouraging banks to establish long-term loan facilities	<ul style="list-style-type: none"> <li>NEEC in collaboration with TSPF, TCCIA Tanzania Banker's Association (TBA) and TFC to initiate the study</li> <li>BOT in collaboration with Commercial Banks to follow-up</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>Incentives for banks to establish long term loan facilities' report published</li> <li>The incentives adopted</li> <li>Commercial banks start issuing long term loans</li> <li>Number of Tanzanians accessing such loans and the size of the loans</li> </ul>
Review and strengthen various funds that offer credit on concessionary terms to Tanzanians and involve commercial banks in their management	<ul style="list-style-type: none"> <li>NEEC in collaboration with the Empowerment Funds to come up with proposals</li> <li>BOT to review and advise</li> <li>Commercial banks to respond and act</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>Various credit funds reviewed with a view of involving commercial banks in their management</li> <li>Report discussed and recommendations implemented</li> <li>Commercial banks linked to credit funds on concessionary terms</li> </ul>
Strengthen Mwananchi Empowerment Fund	<ul style="list-style-type: none"> <li>NEEC to ensure that the fund is fully operational</li> <li>The PMO and MoF to continue supporting the fund</li> </ul>	Continuous	Mwananchi Empowerment Fund Strengthened
Establish Tanzania Agricultural Development Bank	<ul style="list-style-type: none"> <li>NEEC to monitor the process</li> <li>BOT and Ministry of Finance to implement</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>Tanzania Agricultural Development Bank established</li> <li>The Bank starts issuing loans to Tanzanians</li> </ul>
Issue identity cards for easy identification and access to business support services	<ul style="list-style-type: none"> <li>Ministry of Home Affairs and National Identification Authority (NIDA) to implement</li> <li>LGAs to be key players</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>Tanzanians issued with identity cards</li> <li>Tanzanians able to use National Identification Cards to access business support Services.</li> </ul>

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)
<p>Ensure adherence to Village Land Act No. 5 of 1999 so that certificates of Customary Right of Occupancy (CCRO) are used as collateral for bank loans</p>	<ul style="list-style-type: none"> <li>▪ <b>Ministry of Lands, Housing and Human Settlements Developments and Ministry of Finance</b> to ensure it is implemented</li> <li>▪ <b>LGAs and Village Government</b> to play an active role</li> <li>▪ <b>Commercial Banks</b> to implement</li> <li>▪ <b>NEEC</b> to carry out implementation status assessment and inform the public</li> </ul>	<p>Continuous</p>	<ul style="list-style-type: none"> <li>▪ Certificates of Customary Right of Occupancy (CCRO) used as collateral for bank loans</li> </ul>
<p>Speed up land surveying in urban and rural areas and improve procedures for issuing title deeds</p>	<ul style="list-style-type: none"> <li>▪ <b>Ministry of Lands, Housing and Human Settlements Development, MKURABITA and LGAs</b> to implement</li> <li>▪ <b>Real Estate Developers e.g. Mutual Development Agency (MDA), TPSF, TCCIA. Town Planners Association and Land Surveyors Association</b> to be involved</li> </ul>	<p>2014- 2025</p>	
<p>Facilitate improvement of project preparation and design services offered by institutions and provide consulting firms including subsidizing the costs for which Tanzanian citizens require to pay for well prepared bankable project proposals</p>	<p><b>NEEC</b> to initiate the process</p> <p><b>Planning Commission, SIDO, MOF</b> and Training Institutions to facilitate</p>	<p>2014-2016</p>	<p>Consulting institutions for small and medium enterprises in place.</p>
<p>Establish units in the District and Town Councils that will deal with project design and appraisal for Tanzanian citizens</p>	<ul style="list-style-type: none"> <li>▪ <b>NEEC</b> to initiate and coordinate</li> <li>▪ <b>LGAs</b> to support implementation</li> <li>▪ <b>Private sector</b> to cooperate and support</li> </ul>	<p>2014/15</p>	<p>Consulting institutions for small and medium enterprises in place at district and town council levels</p>
<p>Establish training module for project design and management. Designate special institutions to offer the training</p>	<ul style="list-style-type: none"> <li>▪ <b>Tanzania Commission for Universities (TCU), and NACTE to initiate</b></li> <li>▪ <b>Ministry of Education and Vocational Training</b> to review and monitor</li> <li>▪ <b>Training and Research institutions</b> to implement</li> </ul>	<p>2014/15</p>	<ul style="list-style-type: none"> <li>▪ Specialized institutions offering training in project design and management in place and accessible to Tanzanians in need</li> </ul>

## 2.4 Raising Skills and Knowledge Levels

### Objective

The National Economic Empowerment Policy recognizes that low level of skills, education and lack of resources limit effective participation of many Tanzanians in economic activities. Therefore, the education and training system will be revisited with the objective of enhancing a scientific outlook to overcome inhibitive culture and traditions and to mould Tanzanians to become self-confident, innovative, and who strongly desire to conduct their business efficiently and effectively. This will involve tailoring of the education curricula to ensure skills development is in line with the demands of competitive markets.

### Strategy 2.4.1 *Revising school and college training curricula in order to impart entrepreneurial and business skills*

The strategies for raising skills and knowledge levels will begin with revision of schools and colleges entrepreneurship training curricula in order to impart entrepreneurial and business skills. This will require NEEC to make proposals and initiate changes for the Ministry of Education and Vocational Training to consider taking on board; new initiatives and the Tanzania Institute of Education and the National Council for Technical Education (NACTE) to advise and monitor the same. The strategies may include establishment of complete certificate, diploma and degree courses on entrepreneurial and business skills as is currently the case with the School of Business Studies at the University of Dar es Salaam and College of Business Education. NEEC may make proposals and advocate accordingly. Training institutions such as Folk Development Colleges other Tertiary training institutions, and Universities will be invited to study and respond accordingly. In addition, NEEC in collaboration with NACTE will have to conduct regular skills demand surveys in the labour markets in order to have up to date training curricula capable of addressing skills needs at various levels. In this regard, NACTE should include training on entrepreneurial and business skills development as one of the disciplines they deal with. TIE on the other hand shall ensure entrepreneurship training is covered from the Pre-Primary, Primary, Secondary level to Teacher's Colleges.

The indicator to measure the achievement of this strategy is *the number of Tanzanian college graduates that have received training on entrepreneurial skills and its applicability.*

### Strategy 2.4.2 *Encourage and expand customer-driven training programs*

The on-going customer-driven and supply-driven training programs on entrepreneurial and business skills carried out by the Ministry of Labour and Employment in collaboration with LGAs should be expanded. This should also involve NEEC for advice and support, NACTE for advice and involvement, VETA for advice and involvement, and Folk Development Colleges to participate in order to reach more people in the rural areas. Also, study tours by various economic groups/business associations or selected investors will facilitate learning by sharing experience from other areas inside and outside the country.

### Strategy 2.2.4 *Encouraging and subsidizing in-service training*

In-service training and college training while employed have costs to the respective employers, although the benefits are shared between the employer on one hand and the respective employees and the society at large on the other hand. By implication, the cost of imparting skills to Tanzanians to enhance their opportunity for employment is somehow subsidized by employers. In order to encourage more employers to follow suit with the system, appropriate tax incentives could be designed and implemented in this regard. This is a proposal that needs detailed and clear scrutiny by the responsible institutions i.e.

the Ministry of Labour and Employment; the Ministry of Finance; Trade Unions; the respective trainers and trainees and private sector associations. NEEC will coordinate and make a follow-up.

*Indicators to measure achievements of this strategy include number of employees offered in-service training and type of skills acquired.*

### **Strategy 2.4.3 Sensitizing and creating awareness on economic empowerment issues**

Implementation of the National Economic Empowerment Policy will involve institutions and individuals in their capacities. These include government officials, members of the Parliament, training institutions, Councillors and other LGAs officials, private sector institutions, Development Partners and Tanzanian citizens. As such, sensitization and creation of awareness on empowerment issues to all institutions, authorities and individuals is deemed crucial for understanding the goals of the National Economic Empowerment Policy, the expected outcomes, methods of planning and monitoring. Thus, NEEC should organize regular workshops for sensitization and awareness creation.

### **Expected national outcome for Raising Skills and Knowledge Levels**

It is expected that the training on entrepreneurial and business skills will result into self-confident Tanzanian citizens who are innovative and who strongly aspire to start and develop viable businesses. This is further reflected in box no. 6

#### **Box No. 6: National Outcome Indicators for Raising Skills and Knowledge**

- The number of Tanzanian citizens trained on entrepreneurial and business skills annually;
- Number of business entities owned by Tanzanians;
- Growth rate of the businesses owned by Tanzanians;
- Number of formalized businesses owned by Tanzanians;
- Number of business entities and individuals applying for/ accessing business capital from commercial banks and other institutions;
- Number of business entities entering the export market; and growth in the sale of exports by category of business.

**Table 4: Raising Skills and Knowledge (Pillar no. 4)**

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Revise school curricula in order to impart entrepreneurial and business skills	<ul style="list-style-type: none"> <li>▪ <b>NEEC</b> to initiate and coordinate</li> <li>▪ <b>Ministry of Education and Vocational Training (MoEVT)</b> to provide policy guide</li> <li>▪ <b>Tanzania Institute of Education (TIE)</b> to take the leading role</li> <li>▪ <b>VETA and NACTE</b> to implement</li> <li>▪ Development Partners (<b>ILO, UNIDO</b>) to facilitate</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>▪ Continuous system of school curriculum review in place</li> <li>▪ School curriculum reviewed to accommodate training on entrepreneurial skills</li> <li>▪ College graduates trained on entrepreneurial skills every year</li> </ul>	Self confident Tanzanian citizens who are innovative and strongly aspiring to conduct business efficiently and affectively
Revise college training to impart entrepreneurial and business skills	<ul style="list-style-type: none"> <li>▪ <b>TCU, NACTE , VETA and TIE</b> to initiate and implement</li> </ul>	2014-2016	<ul style="list-style-type: none"> <li>▪ Continuous system of college training curriculum review in place</li> <li>▪ College training curriculum reviewed to accommodate training on entrepreneurial skills</li> </ul>	
Establish complete certificate, diploma and degree courses on entrepreneurial and business skills	<ul style="list-style-type: none"> <li>▪ <b>NEEC</b> to advocate for implementation</li> <li>▪ <b>Universities</b> to implement accordingly</li> <li>▪ <b>Tertiary Institutions</b> to respond</li> <li>▪ <b>Folk Development Colleges ( FDC)</b> to be assisted to respond</li> <li>▪ <b>VETA</b> to accommodate</li> <li>▪ <b>MoEVT and TCU</b> to coordinate and monitor</li> </ul>	2014-2016	<ul style="list-style-type: none"> <li>▪ Colleges, Universities and other institutions establish courses in entrepreneurial skills</li> <li>▪ Aspiring students enrolled and attend training accordingly</li> <li>▪ Increase in number of graduates annually</li> </ul>	
Conduct customer demand-driven training and supply driven entrepreneurial and business skills	<ul style="list-style-type: none"> <li>▪ <b>NACTE</b>, Promote and monitor</li> <li>▪ <b>NEEC</b> to Coordinate</li> <li>▪ <b>VETA</b> to implement</li> <li>▪ <b>FDC</b> and other colleges also to implement</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>▪ Training needs established on the basis of demand and supply</li> <li>▪ Training institutions to respond accordingly</li> <li>▪ Increase in number of people trained</li> </ul>	



Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)
Organize and carry out study tours to share experience inside and outside the country	<ul style="list-style-type: none"> <li>▪ MoEVT and MIT to facilitate</li> <li>▪ <b>TANTRADE and MoLE</b> to organise and Facilitate,</li> <li>▪ <b>TCCIA, TPSF, CTI</b> to support</li> <li>▪ <b>NEEC</b> to initiate , coordinate and monitor</li> <li>▪ <b>NACTE</b> to implement</li> <li>▪ <b>VETA</b> to implement</li> <li>▪ <b>Ministry of Education and Vocational Training</b> to supervise</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>▪ Study tours conducted on a regular basis</li> <li>▪ Increased knowledge in entrepreneurship</li> </ul>
Conduct regular assessment on skills demand at various levels and act accordingly	<ul style="list-style-type: none"> <li>▪ <b>NEEC</b> to initiate , coordinate and monitor</li> <li>▪ <b>NACTE</b> to implement</li> <li>▪ <b>VETA</b> to implement</li> <li>▪ <b>Ministry of Education and Vocational Training</b> to supervise</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>▪ Skills imbalance in the labour market identified.</li> <li>▪ Various programs to address the required skills developed</li> </ul>
Establish an institution that will oversee training needs for entrepreneurial and business skills development	<ul style="list-style-type: none"> <li>□ <b>COSTEC, TPSF and NEEC</b> to facilitate</li> </ul>	2014-2016	<ul style="list-style-type: none"> <li>▪ Entrepreneurship and business skills Development institution established</li> </ul>
Conduct regular training sensitization and awareness with empowerment issues for senior government officials, members of parliament, training institutions, Councillors and Tanzanian citizens	<ul style="list-style-type: none"> <li>▪ <b>Selected Training Institutions</b> to implement <b>NEEC</b> to coordinate and monitor</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>▪ Regular training awareness in empowerment and advocacy conducted</li> </ul>



## 2.5 Improving the Economic Infrastructure

The National Economic Empowerment Policy has observed that the existing economic infrastructure such as roads, power supply and telecommunication networks are still inadequate to meet the demand at affordable competitive costs compared to those obtained in other countries. It is further observed that Tanzanian citizens have not been participating effectively in the development, maintenance and servicing of infrastructure. Therefore, the Government is determined to improve infrastructure as one of the strategic means of empowering Tanzanians and enhancing economic growth. This requires the institutions in the line Ministries to work strategically in order to accomplish the National Economic Empowerment Policy objective.

There are three key issues that the National Economic Empowerment Policy addresses with regard to economic infrastructure and economic empowerment of Tanzanians. These are enhancement of technical and managerial skills of local contractors, giving priority to local contractors in tender awards for those areas in which local expertise is available, encouraging the private sector and their associations to contribute to the improvement of economic infrastructure, and encouraging local participation in infrastructural development at different levels.

### **Strategy 2.5.1 Enhancing technical and managerial skills of local contractors**

With regard to enhancement of the technical and managerial skills of local contractors, the strategy is to encourage practical training in the fields of administration and management of infrastructural projects including training of the local contractors and their workforce. Implementation arrangement will require the Ministry of Works; the Ministry of Communication Science and Technology; NACTE and the Contractors Registration Board to identify training needs. NEEC will monitor and report on the status of implementation. The Contractors Registration Board will continue to collaborate with other stakeholders in facilitating training to contractors.

The indicator to measure achievements of this strategy will be *the number of infrastructural projects managed by Tanzanians*.

### **Strategy 2.5.2 Giving priority to local contractors in the tendering out of infrastructural projects**

In giving priority to local contractors with expertise available locally, a framework of implementation should be prepared by involving the Government procuring entities, and the Public Procurement Regulatory Authority in collaboration with the Private Sector. The line ministries will make proposals with regard to a mechanism of prioritizing local contractors. The expected impact is the same as that of Strategy 2.5.1.

### **Strategy 2.5.3 Establishing a fund and mechanism for giving loans to local contractors to purchase machinery and equipment**

Many local contractors do not have the necessary machinery and equipment or capacity to lease. This weakness disqualifies them from the tendering and bidding process. Subject to MEF having sufficient funds, NEEC would then be able to guarantee local contractors to purchase machinery and equipment with the view to making them competitive.

The Construction Industry Development Fund will be established in order to provide guarantee funds for bid and performance guarantee; as well as provision of loans and tools to local contractors.

It is expected that the strategy will increase the number of Tanzanians qualifying to undertake big infrastructural projects and to get tenders in such projects accordingly.

**Strategy 2.5.4 Encourage the private sector and communities to contribute to the improvement of infrastructure**

The funds allocated from the fiscal process are not adequate for implementing the desired improvement of the economic infrastructure at a pace commensurate with the planned empowerment. Therefore, the Ministry of Works, the Ministry of Transport, the Ministry of Communication, Science and Technology and LGAs will have to come up with proposals on the areas that require improvement and a mechanism of encouraging the private sector and their associations and communities to contribute to the improvement of economic infrastructure. NEEC shall follow-up its implementation. Further to such efforts, Social Security Regulatory Authority and the Pension Funds to develop a mechanism for engaging pension funds in infrastructural development.

The indicator to measure achievement of this strategy will be the extent of participation and contribution of the private sector in infrastructural development including facilities owned and managed by the private sector.

**Strategy 2.5.5 Ensuring that basic services for business support are in place**

The key players in ensuring that basic services for business support are in place and properly maintained are the sector ministries. The Ministry of Energy and Minerals will have to ensure that energy as supporting service to the business is available and affordable and expanded to reach all Tanzanians. These include; electricity, natural gas, fossils fuel, coal, wind energy, solar energy and biogas. Increasing the pace of rural electrification, including strengthening of Rural Electrification Fund, are deemed crucial as far as the envisaged empowerment is concerned. The Ministry of Works will continue to increase the current pace of construction of all-weather roads to reach all settlements and production areas in Tanzania. The Ministry of Communication Science and Technology is also expected to network people and their economic activities through the internet and telecommunications at affordable costs. This is particularly important because information by its nature is market power; and since most semi urban and rural areas are not yet linked to these services, special effort must be called forth in this regard. This may include the use of wireless technology and establishment of information centres in districts and villages. The Ministry of Land, Housing and Human Settlements Development, MKURABITA and LGAs to speed up the pace of formalizing land and properties. This is in addition to improving human settlements and housing services both for residential and business premises. The Ministry of Agriculture, Food Security and Cooperatives to modernize and expand its extension services.

The indicator for measuring achievement of this strategy will be *number of businesses with access to the various types of business support services.*

**Strategy 2.5.6 Improve performance of LGAs and the services they provide**

Local Government Authorities constitute outlets for almost all public social services at the grassroots. Therefore, continued improvement of the performance of LGAs and the service they provide will have a profound impact on the livelihoods of people, particularly in rural areas where private services are rarely available. All ministries will be involved in their different capacities to ensure that services are improving and are made readily available to those in need. Therefore, the following ministries are key players in this regard: Ministry of Health and Social Welfare; PMO-RALG, Ministry of Education and Vocational Training; and, Ministry of Community Development, Gender and Children.

### *Expected national outcome*

It is expected that the proposed measures on infrastructural development will result into improved economic infrastructure supportive of all investment and business opportunities in Tanzania. In addition, the empowerment process should ensure that, in the long term, at least 75% of all infrastructural projects, both by number and value, involve local contractors in the form of full contract, joint venture, partnerships and subcontracting. And, at least 50% of such projects, by number and value, are contracted to local companies. The outcome will be measured and monitored using indicators shown in box. No.7

#### **Box No. 7: National outcome Indicators for Measuring Improving Economic Infrastructure.**

- Number of infrastructure projects administered and managed by local companies and institutions;
- Percentage of infrastructure projects (by value) contracted to local companies;
- Percentage of infrastructure projects (by value) contracted to joint venture partnerships between local and foreign firms/individuals;
- Percentage of local companies/communities connected to infrastructural facilities;
- Growth in the number of local companies in Tanzania;
- Growth in the number of local companies bidding for small, medium and large infrastructure projects.

Table 5: Improving Economic Infrastructure (Pillar no.5)

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Encourage training in the field of administration and management of infrastructural projects	<ul style="list-style-type: none"> <li>Ministry of Works and Ministry of Communication, Science and Technology and higher learning Institutions to identify training needs</li> <li>VETA, NACTE and TCU to regulate</li> <li>NEEC to coordinate , facilitate and ensure that training institutions provide training</li> <li>Contractors Registration Board (CRB)</li> <li>Dar Es Salaam Institute of Technology (DIT), Arusha Technical College (ATC) VETA ,National Construction Council (NCC) Mbeya Institute of Science and Technology (MIST), College of Engineering and Technology (CoET) Ardhi University to provide training</li> <li>Private sector contractors to collaborate accordingly</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>Trained officers in field of administration and management of infrastructural projects in place</li> <li>Infrastructural projects efficiently managed</li> <li>Increase in number and size of infrastructural projects managed by Tanzanians</li> </ul>	<ul style="list-style-type: none"> <li>At least 75% of infrastructure projects should involve local companies/contractors in the form of full contract, joint venture partnership, subcontracting</li> <li>At least 50% of infrastructure projects both by value and number to be contracted to local companies</li> <li>Improved economic infrastructure supportive of all investment opportunities in</li> </ul>
Train local contractors and their workforce	<ul style="list-style-type: none"> <li>Inter-ministerial/PPRA to lead the process</li> <li>Ministry of Works and Ministry of Communication, Science and Technology to make proposals</li> <li>National Construction Council (NCC)</li> <li>Private Sector Associations and Professional associations to be involved</li> <li>All other ministries to make proposals</li> <li>NEEC to initiate the review process to take place</li> </ul>	2014 onwards	<ul style="list-style-type: none"> <li>Trained and skilled local contractors and their workforce in place</li> </ul>	
Establish a framework of giving priority to local contractors and companies to build their capacity		2014/15	<ul style="list-style-type: none"> <li>A mechanism for giving priority to local contractors established</li> <li>Local contractors given priority in tendering</li> <li>Local contractors get more contracts</li> <li>Proportion of contracts going to local companies .on annual basis.</li> </ul>	
Review the procurement Act to ensure local contractors are given priority for expertise available within the country; and encourage joint venture/partnership or subcontracting between foreign		2014/15		

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
<p>and local contractors for expertise not available within the country</p> <p>Establish a mechanism and empowerment fund for giving local contractors loans to purchase building machinery and equipment for own and leasing</p>	<ul style="list-style-type: none"> <li>▪ <b>NEEC</b> to provide guarantee and monitor</li> <li>▪ <b>MoF</b> to facilitate enforcement of lease financing Act</li> </ul>	<p>2015 onwards</p>		
<p>Work out a mechanism for encouraging private sector and their associations to contribute to the improvement and management of economic infrastructure</p>	<p><b>Ministry of Works</b> to implement</p> <ul style="list-style-type: none"> <li>▪ <b>Ministry of Communication, Science and Technology</b> to act accordingly</li> <li>▪ <b>Private sector (TPSF, CTI, TCCIA)</b> to implement</li> <li>▪ <b>TIC and TNBC through PPP</b> to implement</li> <li>▪ <b>NEEC</b> to monitor</li> </ul>	<p>2014/15</p>		
<p>Identify needy areas for infrastructural development and advise the government accordingly</p>	<ul style="list-style-type: none"> <li>▪ <b>Ministry of Works</b> should take the lead and implement</li> <li>▪ <b>NEEC</b> to follow-up.</li> <li>▪ <b>CTI, TPSF, TCCIA TFC, TTB, TANAPA, MIT, Ministry of Agriculture, Food Security and Cooperatives</b> to participate</li> </ul>	<p>Continuous</p>	<p>Infrastructural facilities expanded and improved regularly</p>	
<p>Consider a possible mechanism for engaging Pension Funds in Rural Based infrastructural development</p>	<ul style="list-style-type: none"> <li>▪ <b>Pension Funds</b> to come up with proposals</li> <li>▪ <b>SSRA and Pension Funds</b> to participate in the implementation</li> <li>▪ <b>MoF, MoLE, PMO-RALG</b> to receive recommendations, assess and act accordingly</li> <li>▪ <b>NEEC</b> to monitor</li> </ul>	<p>2014/15</p>	<p>Pension Funds become a prime source for mobilizing funds for development of rural based infrastructural facilities more effectively</p> <p>Increase in number of investment</p>	

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
<p>Ensure that basic services for business support are in place and properly maintained</p>	<p><b>Ministry of Energy and Minerals</b> to ensure that energy is regularly available and affordable</p> <p><b>EA</b> to play a key role <b>Ministry of Works</b> to ensure that basic infrastructure for business is in place</p> <p><b>Ministry of Communication, Science and Technology</b> to ensure that communication services and technology for business growth are in place <b>Ministry of Water</b> to act and improve irrigation services and water availability accordingly</p> <p><b>Ministry of Agriculture, Food Security and Cooperatives</b> to ensure that cooperatives growth is encouraged and supported</p> <p><b>Ministry of Lands, Housing and Human Settlements Development</b> to ensure that proper housing services for business including specific areas for the purpose are in place <b>LGAs</b> to play a leading role in implementing the line ministries</p> <ul style="list-style-type: none"> <li>▪ <b>Ministry of Works; ; Ministry of Communication, Science and Technology and LGAs</b> to come up with a proposal and implement</li> <li>▪ <b>NEEC</b> to initiate for the design of the mechanism and follow-up implementation</li> </ul>	<p>Continuous</p>	<p>in infrastructure from pension funds</p> <p>Increase in number of people with access to the services by location</p> <p>Increase in number of business establishments with access to the services by type and location</p>	
<p>Encourage local participation in infrastructure development at different levels</p>		<p>Continuous</p>	<p>Communities and local authorities become active in infrastructural facilities' development through their contributions in cash and in-kind</p> <p>Increase in value of community investment in infrastructure</p>	

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Work out mechanism for mobile phones service providers to lower telephone tariffs	<ul style="list-style-type: none"> <li>-<b>Ministry of Communication, Science and Technology</b> to provide policy guidance</li> <li>-<b>TCRA</b> to regulate and monitor                             <ul style="list-style-type: none"> <li>▪ <b>Private companies</b> to participate in the studies and implementation</li> </ul> </li> <li>▪ <b>Ministry of Communication, Science and Technology</b> to provide policy guidance</li> <li>▪ <b>Private and public communication companies</b> to comply</li> </ul>	2014/15	Telephone tariffs lowered to levels comparable with neighbouring countries	
Improve telephone and internet network in rural areas including use of wireless technology and establishment of information centres in districts and villages	<ul style="list-style-type: none"> <li>▪ <b>Ministry of Communication, Science and Technology</b> to provide policy guidance</li> <li>▪ <b>Private and public communication companies</b> to comply</li> </ul>	2014/15	Increase in number of people and households with access to telephone and internet services Increase in number of information centres established in districts and villages	
Utilize alternative energy sources to lower electricity tariffs and reduce production costs	<ul style="list-style-type: none"> <li><b>Ministry of Energy and Minerals</b> to implement</li> <li><b>TANESCO</b> , REA, NDC , to implement</li> <li><b>EWURA</b> to regulate</li> <li><b>TANESCO</b> to sensitize energy users on the best practices</li> </ul>	2014/15	Low energy tariff rates	
Encourage development of technologies for production that use alternative energy sources, particularly renewable ones	<ul style="list-style-type: none"> <li><b>Ministry of Energy and Minerals , TANESCO and REA , MIST, CAMATEC</b> to implement</li> <li><b>Private sector</b> to invest and support implementation of low cost technologies</li> </ul>	Continuous	Increase energy consumption by source and location	
Increase the pace of rural electrification including strengthening of Rural Electrification Fund.	<ul style="list-style-type: none"> <li><b>Ministry of Energy and Minerals</b> to provide policy guide for implementation</li> <li><b>REA</b> to play the leading role</li> </ul>	Continuous	Increasing in number of rural villages and households with access to electricity	



## 2.6 Ensuring that Privatization Benefits are realized

It is indicated in the National Economic Empowerment Policy that Tanzanian citizens have not been effectively involved in the privatization process. The government is therefore determined to design strategies that will see Tanzanians being able to own property or purchase shares in state enterprises.

### *Strategy 2.6.1 Establishing a mechanism for Tanzanians to borrow and invest in shares*

Capital constitutes the major barrier to Tanzanians wishing to buy shares in the privatized public enterprises. Therefore, there is an urgent need of putting a mechanism in place for Tanzanian citizens to borrow and invest in shares and capital markets. A number of institutions will either work individually in their capacity or work jointly to attain this objective. In this regard, the main activity is mobilization of resources to constitute the fund. The Government of Tanzania is expected to be the main contributor of the fund annually; Pension Funds, LGAs Private Companies and Development Partners would contribute to the fund once a mechanism for doing so has been jointly prepared and agreed between the funds and NEEC. Amongst the mechanism to be used by the private companies to contribute to the funds is through Corporate Social Responsibility (CSR).

It is also proposed that issuance of long term bonds can constitute an important source of contribution to the fund. In this regard, the Ministry of Finance and BOT should prepare proposals for discussion, approval and action.

In addition to the MEF, a number of other measures will have to be undertaken to complement the empowerment funds. These include continuous recapitalization of the Tanzania Investment Bank; the Ministry of Finance to work in collaboration with the BOT to spearhead establishment of a Credit Guarantee Agency; the PMO to establish the Privatization Trust, BOT, Commercial Banks and Micro Finance Institutions to continue encouraging and mobilizing savings of Tanzanian citizens.

The indicators to measure achievements of the empowerment funds will be the growth of the funds and the number of Tanzanians accessing the funds by composition and the size of the loans advanced.

### *Strategy 2.6.2 Specify minimum percentage shares for Tanzanians in the privatized public companies*

Putting in place the empowerment funds does not constitute a panacea to the problem at hand. Further actions will have to be undertaken to enable Tanzanians to buy shares in the privatized public enterprises and the stock exchange market in general. A specification of a given minimum percentage of shares for Tanzanians for each privatized company and specified Foreign Direct Investments (FDIs) is required. This will include selling part of the Government Shares to individual Tanzanians. This will require purposeful actions by the President's Office, the Capital Markets and Securities Authority and the Tanzania Investment Centre (TIC) to encourage Tanzanians and microfinance institutions to buy shares not only in the privatized companies but also in the stock exchange market.

The indicators to measure the achievement are *the number of Tanzanians with shares in the privatized companies and the size of such shares over time.*

### *Expected national outcome from privatization benefits*

Once the measures to ensure that Tanzanians benefit from privatization have been undertaken, it is expected that many Tanzanians will be able to access loans from various institutions, including the MEF and other empowerment funds, for buying shares from the privatized companies and the stock market.

This requires that the MEF and other empowerment funds are strengthened, and made accessible to all categories of social groups of Tanzanian citizens. Consequently, it is aimed that the percentage shares of Tanzanian citizens in the privatized companies to be at least 40% in the long run, with their shares traded in stock exchange markets.

The indicators to measure achievements in this regard range from those which measure availability of empowerment funds and access to them and number of Tanzanian citizens purchasing shares and value. The indicators are summarised in box no.8

**Box No. 8: Indicators for ensuring that Privatization Benefits are Realized**

- Nominal value of the MEF annually;
- Number of Tanzanians accessing empowerment funds;
- Percentage growth of beneficiaries of the empowerment funds by social groups and location;
- Number of contributors of the funds by percentage;
- Percentage of shares in the privatized companies owned by Tanzanian Citizens and local institutions;
- Percent of shares traded in the Dar Es Salaam Stock Exchange Market owned by Tanzanian citizens and local institutions;
- Number and value of shares purchased by Tanzanians;

Table 6: Ensuring that Privatization Benefits are Realized (Pillar no. 6)

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes		
Mobilize funds to constitute capital investment for empowering Tanzanians economically	<p><b>NEEC</b> to manage MEF and to coordinate and monitor the empowerment funds</p> <p><b>LGAs</b> to contribute to the empowerment funds</p> <p><b>Development partners</b> to support the funds</p> <p><b>The Government of Tanzania</b> to be the main contributor annually</p> <p><b>Pension funds</b> to advance concessional loans to the empowerment funds</p> <p><b>Private Companies</b> to contribute to the empowerment funds by at least 1% of their revenue</p> <p><b>BOT</b> and the <b>Ministry of Finance</b> to design a mechanism of issuing long term bonds.</p> <p><b>The Government (Ministry of Finance)</b> to strengthen the empowerment funds.</p>	Continuous	<ul style="list-style-type: none"> <li>▪ Mwananchi Empowerment Fund is operational</li> <li>▪ Ensured system of access to the funds in place</li> <li>▪ Other sources of investment finance in place</li> <li>▪ Increase in number of Tanzanians accessing the funds by composition and size of credits</li> </ul>	<ul style="list-style-type: none"> <li>↳ Consolidated operational economic empowerment fund (EEF) for Tanzanian citizens in place and accessible by majority of Tanzanians</li> </ul>		
	<p><b>The Government of Tanzania</b> to continue recapitalization of the <b>Tanzania Investment Bank (TIB)</b></p>				2014/15	Tanzania Investment Bank Recapitalized
	<p><b>BOT and Ministry of Finance</b> to facilitate establishment of the Tanzania Credit Guarantee Agency</p>				2014/15	Tanzania Credit Agency in place and operational
	<p>The <b>PMO</b> to establish Privatization Trust (PT)</p> <p><b>NEEC</b> to follow -up</p> <p><b>BOT , Micro-finance institutions</b> and banks to encourage savings by Tanzanians <b>NEEC</b> to follow-up</p>				2014-2016	Privatization Trust in Place
					Continuous	Increase in number of Tanzanian citizens who are keen to make Savings in banks and financial institutions

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Specify a given minimum percentage of shares for Tanzanians for each privatized company	<b>The Government, President's Office ,MOF, Tanzania Investment Centre (TIC) to implement</b>	2014/15	Increase in proportion of Tanzanians who own shares in privatized companies	<ul style="list-style-type: none"> <li>The percentage of shares of Tanzanian citizens in the privatized companies to be at least 30%</li> <li>At least 30% of the value of shares traded in the stock exchange market to be owned by Tanzanian citizens</li> </ul>
Government to sell part of its shares in the privatized companies to Tanzanians	<b>Ministry of Finance and PMO</b> to implement	Continuous		
Encourage and facilitate Tanzanians to buy shares in the stock exchange market	Capital Markets and Security Authority to initiate and oversee, DSE to promote UTT to facilitate <b>NEEC</b> to advocate, coordinate and sensitize	Continuous	Increase in the number of Tanzanians with shares in the stock exchange market to increase over time, and the size of the shares .	
Encourage and facilitate micro-finance institutions to buy shares in the Stock Exchange Market.	<b>Stock exchange market</b> to carry special outreach programmes to educate and encourage Tanzanians to buy shares <b>-NEEC</b> to collaborate with DSE	Continuous		

## 2.7 Strengthening Markets, Networks and Partnerships

The National Economic Empowerment Policy observes that goods produced in Tanzania are often unable to gain access to foreign markets because they are either produced in quantities that are inadequate to meet demand or they don't meet international quality standards. The inability is associated with high production costs, poor packaging, low purchasing power, lack of a middle class, lack of marketing skills and poor infrastructure. The domestic market is also not adequately developed; and market information is hardly available. Due to these hurdles local products have failed to find new markets.

The Government through the Ministry of Industry and Trade and Ministry of Agriculture, Food Security and Cooperatives shall work to ensure that Tanzanian products access both domestic and international markets. These involve a number of strategic measures as already indicated in the National Economic Empowerment Policy. Such measures however cannot be implemented by those ministries alone, other institutions and sectors will have to collaborate to achieve the objectives of the policy with regard to the development of markets, networking and partnerships in Tanzania.

### *Strategy 2.7.1 Establishing a Market Development Centre*

The Ministry of Industry and Trade to develop a proposal for the establishment of a Market Development Centre, with branches in all LGAs. The process will involve other Ministries, LGAs and the Private Sector

### *Strategy 2.7.2 Give preferential treatment to qualifying local companies when awarding tenders*

PPRA, the Government and LGAs procure goods and services from their budget allocation every financial year. This is a big market for local suppliers of goods and services. Thus, as part of the efforts to develop the domestic producers and markets, the public procurement system should continue to give preferential treatment to qualifying local companies when awarding tenders without compromising efficiency and quality as provided by Public Procurement Act No 21 of 2004. The procuring entities and tender boards, should abide with Government directives to purchase from local suppliers accordingly. It is expected that if this strategy is implemented, there will be more local companies winning tenders.

### *Strategy 2.7.3 Encouraging business partnerships with reputable foreign firms*

One strategic way of accessing foreign markets is to encourage business partnerships between local companies and reputable foreign firms. This strategy will also lead to importation of new technologies that are likely to improve domestic production. Therefore, a mechanism for encouraging such partnerships should be developed. The Ministry of Industry and Trade; TANTRADE; NDC; and TIC will prepare the proposal for discussion with private sector institutions and other MDAs and LGAs.

The indicators to measure achievements of this strategy will be the number of business partnerships between Tanzanians and reputable foreign firms.

### *Strategy 2.7.4 Establishing Export Processing Zones and Special Economic Zones*

The Government embarked on the development of Export Processing Zones with a view to boost exports among other reasons. This includes establishment of Special Economic Zones and Industrial Parks. These efforts should be strengthened and expanded as far as the intended benefits continue to prevail. Thus, deliberate efforts are necessary to support such zones. In this regard, the Ministry of Industry and Trade is expected to be on the lead. TANTRADE; NDC in collaboration with the LGAs should work to strengthen the current efforts and make new proposals.

### **Strategy 2.7.5 Curbing the dumping problem**

Of recent, dumping has been observed to be a growing problem in the domestic market in Tanzania. The Government has taken various measures to curb the problem, and is further determined to ensure that the domestic market and its consumers are protected from the hazards of dumping. To this effect, the Ministry of Industry and Trade in collaboration with the Fair Competition Commission will scale up anti-dumping efforts in Tanzania. Private sector institutions are expected to cooperate. One of the most important players in this regard is the Ministry of Home Affairs which is charged with the mandate to ensure that the laws of the land and business regulations are enforced all the time.

### **Strategy 2.7.6 Identify exclusive economic activities and markets for Tanzanian citizens only**

The domestic market in Tanzania is small and unevenly distributed geographically for some of the local products and services. These markets and some other economic opportunities are yet to benefit Tanzanian citizens. Therefore, the empowerment initiative include exclusive efforts to ensure that Tanzania identifies and protects exclusive areas by sector where economic activities including markets will be undertaken by Tanzanian citizens only. Implementation of this strategy will require NEEC to work with each sector ministry and LGAs to come up with proposals for consideration and decision making by the Government accordingly. All stakeholders are then expected to implement the recommendations.

### **Strategy 2.7.7 Promote domestic markets for local products**

The need for devising a mechanism for promoting local markets for local products is clearly emphasized in the National Economic Empowerment Policy. Its implementation requires that NEEC work jointly with the Ministry of Industry and Trade and the private sector to come up with strategies for promotion of local markets for local products. In fact these efforts are not new; a lot of work has already been done in this regard, though not yet sufficient to keep pace with the envisaged economic empowerment. Prime Minister's Office to ensure that the on-going Program on Marketing Information, Value Addition and Rural Financing (MVARF) is rolled out country-wide.

The indicators to measure achievements of this strategy will be the *proportion of local products substituting imports*

### **Expected national outcomes by strengthening markets, networks and partnerships**

Once successfully implemented, the measures to develop markets, networks and partnerships are expected to culminate into developed and efficient internal and external markets for local products in Tanzania. The indicators for this outcome are summarised in box no. 9.

**Box No. 9: National Outcome Indicators for Strengthening Markets, Networks and Partnerships**

- Value of exports from export processing zones and other sub sectors;
- Defined economic areas and activities for which local companies/individuals have exclusive market rights;
- Value of local products consumed locally;
- Proportion of local products substituting imports;
- The number of cooperatives for marketing local products established and membership by location, type and size.



Table 7: Strengthening Markets, Networks and Partnerships (Pillar no. 7)

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Establish Marketing Development Centre and other initiatives	<ul style="list-style-type: none"> <li>■ <b>Ministry of Industry and Trade</b> to develop proposal, advise and guide</li> <li>■ <b>TANTRADE, TCCIA, and TPSF , TFDA, TWMA</b> to study it and advise accordingly</li> <li>■ <b>Other ministries</b> to cooperate accordingly</li> <li>■ <b>Tanzania Warehouse Licensing Board</b> to act</li> <li>■ <b>LGAs</b> to establish branches throughout the country</li> <li>■ <b>NEEC</b> to follow-up</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>■ A Marketing Development Centre in place and operational</li> </ul>	Developed and efficient internal and external markets for local companies/products
Give preferential treatment to local companies when awarding government and other institutional procurement tenders	<ul style="list-style-type: none"> <li>■ <b>Government (Ministry of Finance )</b> to give guidance and <b>Central Tender Board</b> to act and implement</li> <li>■ <b>PPRA</b> to regulate and monitor</li> <li>■ <b>Ministerial Tender Boards</b> to implement</li> <li>■ <b>LGAs</b> tender boards</li> </ul>	2014/15	Increase in number of Local companies awarded contracts	
Device a mechanism for encouraging partnerships between local companies and reputable foreign firms	<ul style="list-style-type: none"> <li>■ <b>Ministry of Industry and Trade in collaboration with NDC, TPSF and TNBC</b> to make proposals</li> <li>■ <b>TANTRADE</b> to implement</li> <li>■ <b>Tanzania Investment Centre</b> to implement</li> <li>■ <b>LGAs</b> to encourage</li> <li>■ <b>NEEC</b> to monitor the implementation</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>■ More business partnerships between Tanzanians and reputable foreign firms</li> <li>■ Proportion of local products substituting those imported ones.</li> </ul>	
Support development of Export Processing Zones , Economic Zones and industrial parks	<ul style="list-style-type: none"> <li>■ <b>Ministry of Industry and Trade</b> to issue guidelines and implement</li> <li>■ <b>EPZA-Export Processing Zones Authority</b> to strengthen the current efforts and make new proposals</li> <li>■ <b>NDC in collaboration with LGAs to implement</b></li> <li>■ <b>TANTRADE</b> to strengthen the current efforts and make new proposals</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>□ Export Processing Zones in place country wide</li> <li>□ Economic Zones and industrial parks in place country wide</li> <li>□ Increase in number of Tanzanians participating fully in the export processing zones.</li> <li>□ Increase local business enjoying the EPZA facilities</li> <li>□ Change mind set/attitude</li> </ul>	

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Design and adopt anti-dumping measures	<ul style="list-style-type: none"> <li>Ministry of Industry and Trade in collaboration with TBS to scale up anti-dumping efforts</li> <li>Private Sector Associations to cooperate</li> <li>Ministry of Home Affairs to enforce laws and regulations.</li> <li>FCC , NEMC, TFDA and FCT to implement</li> <li>NEEC to work jointly with MDAs and LGAs to develop proposals</li> <li>MDAs and LGAs to act and implement</li> <li>Government to review and consider endorsing</li> <li>All stakeholders are expected to implement</li> </ul>	-2014-2016	<ul style="list-style-type: none"> <li>Antidumping measure in place</li> <li>Complete control of dumping business in Tanzania</li> </ul>	
Designate exclusive areas by sector where economic activities including marketing will be undertaken by Tanzanian citizens	<ul style="list-style-type: none"> <li>MDAs and LGAs to act and implement</li> <li>Government to review and consider endorsing</li> <li>All stakeholders are expected to implement</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>Exclusive business types and areas for operation by Tanzanian citizens only identified and effected by Law.</li> </ul>	
Devise a mechanism of promoting marketing for local products including strong advocacy for domestic consumption of local products	<ul style="list-style-type: none"> <li>Ministry of Industry and Trade to develop proposal advise and implement accordingly</li> <li>TBS,TFDA,SIDO , TANTRADE and Consumers Association to implement</li> <li>Private sector to participate</li> <li>LGAs to implement</li> <li>NEEC to coordinate and monitor implementation</li> </ul>	2014-2016	<ul style="list-style-type: none"> <li>More consumption of domestic products</li> <li>More export of Tanzanian products</li> </ul>	
Design and carry out promotion programmes for local products	<ul style="list-style-type: none"> <li>Ministry of Industry and Trade to play the leading role to implement</li> <li>TANTRADE to implement</li> <li>NEEC to promote, coordinate and monitor</li> <li>LGAs to act and implement</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>Promotion programs for local products in place</li> </ul>	
Encourage formation of cooperatives for marketing local products	<ul style="list-style-type: none"> <li>Ministry of Agriculture, Food Security and Cooperatives to work jointly with the Ministry of Industry and Trade to implement</li> <li>NEEC to advocate and monitor</li> </ul>	2014/15	<ul style="list-style-type: none"> <li>Increase in number of cooperatives formed</li> <li>Increase of Markets for local products</li> </ul>	

## 2.8 NMSFE for Developing and Strengthening Cooperatives

The National Economic Empowerment Policy recognizes that Cooperatives are a base for establishing a strong alliance and attaining common voice for ensuring success in economic ventures. Cooperatives are especially important instruments for economic empowerment of Tanzanian farmers, livestock keepers, beekeepers, traders, manufacturers, miners, and other categories of individuals who would otherwise be unable to compete individually in the market.

It is further recognized that despite the efforts geared towards strengthening and developing cooperatives, there still exists a number of weaknesses in the cooperative system which include: inadequate organizational structures that do not meet the needs of members; low level of education of cooperatives members; lack of capital; lack of members' sense of ownership of their cooperatives; limited outreach; inability to compete in liberalized markets; poor leadership; thefts; embezzlement and sabotage of Cooperatives' properties. Therefore, the Government is determined to strengthen and facilitate development of cooperatives. Towards this goal, a number of measures will be undertaken by various responsible institutions including the office of the Registrar of Cooperatives, to develop and strengthen cooperatives in Tanzania.

## 2.8 Developing and Strengthening Cooperatives

### *Strategy 2.8.1 Strengthen Cooperatives*

Strengthening of cooperatives including formation of new ones and establishment of strong Cooperative networks will improve marketing of local products in both the domestic and foreign markets. Therefore, the Ministry of Agriculture, Food Security and Cooperatives is expected to work jointly with the Ministry of Industry and Trade to promote and supervise development of cooperatives and institute reforms. LGAs are precisely the grassroot institutions that deal directly with cooperatives in terms of technical advice, registration, supervision, monitoring and evaluation.

The indicators to measure achievements of this strategy will be existence of strong and efficient primary and secondary level cooperative societies at district and sub district level; they should be member-based by ownership and able to reach all citizens in their areas.

### *Strategy 2.8.2 Strengthening Primary Cooperative Societies*

Measures for improving cooperatives movement in Tanzania include strengthening of Primary Cooperative Societies, expanding their capital base and the Cooperatives to operate as business entities. A number of institutions are expected to act and cooperate in their capacities. These include the Ministry of Agriculture, Food Security and Cooperatives; Registrar of Cooperatives; the Tanzania Federation of Cooperatives; MUCCoBS; PMO; Financial Institutions; COASCO; SCCULT; DUNDULIZA; NEEC and LGAs.

With regard to Savings and Credit Cooperative Societies (SACCOS), NEEC will continue to identify intervention areas while a mechanism for strengthening the Village Cooperative Banks (VICOBA) should be developed by respective actors.

The Bank of Tanzania, the Associations of Microfinance Institutions, SCCULT and other stakeholders will develop and suggest implementation measures for improvement.

The indicators to measure achievements of this strategy will be existence of strong and efficient Primary

Cooperative Societies including SACCOS as measured by adherence to the best practices of cooperative societies, and number of young people joining Cooperative Societies.

### *Strategy 2.8.3 Training management teams and members of cooperatives*

Training of members, staff and Board members of cooperatives on issues of cooperative management is deemed crucial for the development of these institutions. This should include knowledge and measures to strengthen the capacity of cooperatives to compete in the liberalized markets. Therefore, NEEC in collaboration with the Ministry of Agriculture, Food Security and Cooperatives, and the Tanzania Federation of Cooperatives (TFC) will make assessments and prepare programmes for the necessary trainings. MUCCoBS is expected to provide training according to the needs, while cooperative institutions are expected to participate effectively in the process. MIT and TANTRADE will ensure that cooperatives have adequate access to market information.

The impact of training will be monitored by presence of competent management teams and members of cooperative societies able to manage those institutions effectively.

### *Strategy 2.8.4 Ensuring good governance and management of cooperatives*

To ensure good governance and management of cooperatives, periodic reviews of the cooperative laws, rules and regulations is necessary. Therefore, the cooperative societies and their umbrella associations will make proposals to initiate such reviews. The Ministry of Agriculture; Food Security and Cooperatives; TFC; SCCULT; NEEC and other Co-operators shall take the lead in reviewing the Cooperative Laws for implementation.

### *Expected national outcome from developing and strengthening Cooperatives*

Implementation of the measures to develop and strengthen cooperatives is expected to result into a network of cooperatives that are efficiently managed and governed, owned by members, and fully linked to market information and financial services in all the relevant sectors of the economy. The indicators for outcome are outlined in box no.10.

#### **Box No. 10: National Outcome Indicators for Developing and Strengthening Cooperatives**

- Number of Primary Societies working efficiently under good governance;
- Proportion of communities with Primary Cooperatives;
- Growth in the number of Cooperative members operating capital;
- Proportion of Primary Cooperatives able to compete in the liberalized market;
- Proportion of Cooperative Societies with full access to market information and able to make use of it;
- Number of young people joining Cooperative Societies by gender;
- Number and types of training offered to the management and members.
- The number of VICOBA formalised.

Table 8: Developing and Strengthening Cooperatives (Pillar no. 8)

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Strengthen Primary Cooperative Societies.	<ul style="list-style-type: none"> <li>Ministry of Agriculture, Food Security and Cooperatives and PMO to implement</li> <li>LGAs and Tanzania Federation of Cooperatives, SCCULT, DUNDULIZA, COASCO to be involved</li> <li>BOT to provide policy guidance on improvement of micro-finance Institutions</li> <li>Micro-finance Institutions AMCOs, and other Primary Cooperatives Societies to respond</li> <li>MUCCoBS to implement</li> <li>Financial Institutions ( CRDB, NMB, TIB, PRIDE, PPF,NSSF) to facilitate</li> <li>NEEC to advocate and monitor</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>Strong and efficient Primary Cooperative Societies in place at District and sub district levels</li> <li>Strong member-based ownership of Cooperative Societies in Tanzania</li> <li>A net work of Cooperative services in Tanzania to reach the entire population</li> <li>Reviewed Cooperative Laws in place</li> <li>Competent management teams and members of cooperative societies able to manage those institutions effectively</li> </ul>	<ul style="list-style-type: none"> <li>Network of cooperatives fully linked to market information and financial services in all the relevant sectors in the economy</li> <li>Network of cooperatives efficiently managed and owned by members</li> </ul>
Devise measures and advise on how to strengthen the capital base of cooperative societies	<ul style="list-style-type: none"> <li>Ministry of Agriculture, Food Security and Co-operatives to lead</li> <li>LGAs to implement</li> <li>Tanzania Federation of Cooperatives and Private Sector and MIT to be involved</li> <li>NEEC to monitor implementation</li> </ul>	2013-2020	<ul style="list-style-type: none"> <li>Competent management teams and members of cooperative societies able to manage those institutions effectively</li> </ul>	
Carry out training on cooperatives' development	<ul style="list-style-type: none"> <li>Ministry of Agriculture, Food Security and Co-operatives, and the Tanzania Federation of Cooperatives to implement</li> <li>MUCCOBS to provide technical advice</li> </ul>	2013 - 2020		
Strengthen capacity of cooperatives to compete in the liberalized markets	<ul style="list-style-type: none"> <li>Ministry of Community Development Gender and Children, Financial Institutions and NGOs to be involved</li> <li>Cooperatives to participate effectively</li> <li>NEEC to coordinate, facilitate and monitor</li> </ul>	2013 - 2020		
Expand cooperative societies outreach	<ul style="list-style-type: none"> <li>Ministry of Industry and Trade, and Ministry of Agriculture, Food Security and Co-operatives and TANTRADE to search and disseminate marketing information</li> </ul>	Continuous		
Ensure access of cooperatives to up to date markets' information	<ul style="list-style-type: none"> <li>Tanzania Federation of Cooperatives to be involved</li> </ul>	Continuous		
Undertake periodic review of the Cooperatives' Laws	<ul style="list-style-type: none"> <li>Ministry of Agriculture, Food Security and Co-operatives to implement</li> <li>Tanzania Federation of Cooperatives SCCULT and Registrar of Cooperatives to be involved</li> </ul>	Continuous		

## 2.9 Ensuring Optimal Usage of Land

Land as well as other renewable and non-renewable natural resources has not been utilized effectively in enhancing participation of Tanzanian citizens in economic undertakings. Therefore, the Government is determined to use land as an important tool in empowering Tanzanian citizens to participate fully in economic activities. This will include the use of land as collateral once it has title. The National Economic Empowerment Policy contains a set of measures intended to ensure that land is used as means for enhancing effective participation of the citizens of Tanzania in economic activities. Implementation of the measures requires joint actions by both Public and Private Institutions.

### *Strategy 2.9.1 Identify suitable land for investment and provide the necessary infrastructure*

The basic constraints in land usage in Tanzania are lack of infrastructural facilities, capital, technology and entrepreneurship skills and knowledge, which are necessary to make land easily accessible and ready for investment. As such, there is a need to identify suitable land for investment and provide necessary infrastructure for development of agriculture, fishery, livestock keeping, mining, trade and other economic activities. This will require the Tanzania Investment Centre (TIC) to make proposals and the Ministry of Agriculture; Food Security and Cooperatives; Ministry of Lands, Housing and Human Settlements Development and LGAs to implement them. The Ministry of Lands, Housing and Human Settlements Developments in collaboration with LGAs will plan, survey and issue certificates of ownership. The Ministry of Energy and Minerals and Ministry of Water to provide Prospecting Rights (PR) and water rights respectively in collaboration with LGAs for prior defined use. The Ministry of Works in collaboration with the Ministry of Communication, Science and Technology to put in place basic infrastructural facilities; Public Utility Companies to provide the necessary services; Tanzania Investment Centre to advertise and invite investors; and the private sector to respond by providing requisite investment.

The indicators to measure achievement of this strategy will be acreage of developed land with basic infrastructure for agribusiness, number of Prospecting Rights issued, number of mining licence issued to small miners and number of Villages with approved land use plans.

### *Strategy 2.9.2 Develop a mechanism of making land available to small medium and large scale investors*

Development of a mechanism that will make land available to small, medium and large scale investors through mutual agreements with LGAs and Village Governments to pave the way to modern farming that is needed to revamp the agricultural sector in Tanzania in line with the spirit of KILIMO KWANZA initiative. Tanzania Investment Centre, the Southern Agricultural Growth Corridor of Tanzania (SAGCOT); the Ministry of Agriculture; Food Security and Cooperatives; and the respective LGAs should come up with proposals for discussion with all stakeholders for further action and implementation by the Ministry of Lands, Housing and Human Settlements Developments.

The indicators to measure achievement of this strategy will be number of small medium and large scale investors accessing land and the number of LGAs with land use plans earmarked for small, medium and large investors.

### *Strategy 2.9.3 Ensuring that land is used to access credit for investment*

Efforts to ensure that land is used to access credit for investment by Tanzanians by formalizing ownership of land are already underway. The Property and Business Formalization Program (PBFP/MKURABITA) has taken deliberate measures to study and encourage implementation of the Land Laws and reforms. However, accelerated efforts are necessary in keeping up with the pace of empowerment. Thus, the



Formalization Program will need more support and close collaboration with the Ministry of Lands Housing and Human Settlements Development; LGAs; and Village Governments to enable land reform services to reach the majority of Tanzanians, particularly in rural areas. PBFP/MKURABITA, NEEC and LGAs shall work together to convince Financial Institutions to accept Customary Certificates of Rights of Occupancy to be used as collateral.

The indicators to measure the achievements of this strategy will be the number of Tanzanians using land as collateral to access business credits.

#### ***Strategy 2.9.4 Promoting Beekeeping for generating income and environmental conservation***

Beekeeping sector plays a major role in socio-economic development and environmental/land conservation. In Tanzania, beekeeping is carried out by using traditional methods that account for 99% of the total production of honey and beeswax in the country. Approximately 95% of all hives are traditional including log and bark hives.

Tanzania is endowed with favourable environment for production of honey, beeswax and other bee products. The country has about 33.5 million hectares of forests and woodlands that are scattered throughout the country and are ideal for developing beekeeping industry.

The major constraints that hinder beekeeping development in Tanzania as stipulated in the policy include the following; inadequate skills/knowledge to apply improved technologies; use of inappropriate technology in harvesting, processing, storage and packaging; inadequate and ineffective extension services; inaccessibility to markets; inadequate entrepreneurship skills among beekeepers among others.

Measures that can improve the beekeeping sector and make it contribute to poverty eradication among Tanzanians include providing education to the beekeepers on application of modern technologies in production, storage and packaging; improving extension services and accessibility to markets; establishment and strengthening of beekeepers cooperative societies.

The main stakeholders in improving this sector include the following:

Ministry of Natural Resources and Tourism (MNRT); Vice President's Office (VPO) Sokoine University of Agriculture (SUA); Tanzania Forestry Research Institute (TAFORI); National environmental Management Council (NEMC); Ministry of Agriculture, Food Security and Cooperatives (MAFC); GS1 Tanzania; TANTRADE; LGAs; TPSF; TCCIA; Financial institutions; NGO's Religious institutions; Development partners; CBO's; Cooperative Societies; MoF; NBS, TBS; TFDA; MoLDF; TIC; THC; TRA and NEEC.

#### ***Expected outcome from ensuring optimal usage of land***

It is expected that successful implementation of the measures to improve usage of land will result into wide spread medium and large scale modern farming carried out by Tanzanian citizens alongside more improved peasant agriculture. This will include modernized land uses and land becoming prime collateral for accessing credit from commercial institutions, banks in particular. The indicators to measure achievements in this case are shown in box no. 11



**Box No. 11 National Outcome Indicators for ensuring Optimal Usage of Land**

- Size of usable land developed with basic infrastructure for use in economic empowerment;
- Number of local small, medium and large Investors owning land by value, crop type and location;
- Number of Plots used as collateral for bank loans by Tanzanian citizens;
- Number of Prospective Rights issued;
- Number of Mining licence issued to small miners ; and
- Number of Villages with approved land use plan,
- Number of new Beekeepers' groups formed
- Number of new beekeeper groups formed.

Table 9: Ensuring Optimal Usage of Land (Pillar no. 9)

Required activities/actions	Institutional Arrangement and Responsibilities	Proposed Time Frame	Expected Results (Sectoral Strategic Goals)	Expected National Outcomes
Design and Develop basic infrastructure in areas suitable for agriculture and other uses.	<ul style="list-style-type: none"> <li>Ministry of Lands, Housing and Human Settlements Developments, Ministry of Agriculture, Food Security and Co-operatives, LGAs to initiate, make proposals While respective MIDAs to implement</li> <li>Ministry of Lands, Housing and Human Settlements Development to plan and survey land for issuance of land ownership certificates</li> <li>Ministry of Water to study and act</li> <li>Ministry of works, MKURABITA in collaboration with the Ministry of Communication, Science and Technology to consider putting in place basic infrastructure</li> <li>Local Authorities to be involved at all stages</li> <li>Public Utility Companies to act accordingly</li> <li>Tanzania Investment Centre to advise, advertise and support</li> <li>Private Sector to respond and invest</li> <li>NEEC to facilitate and monitor</li> <li>Ministry of Energy and Minerals, STAMICO, TPDC, NDC to implement</li> </ul>	2013- 2020	<p>Increase in selected farm and plantation areas developed with basic infrastructure for investment in agriculture by Tanzanians</p> <p>Trend in the acreages of land developed with basic infrastructure and identified for agriculture</p>	<p>-Wide scale modern large scale farming carried out by Tanzanian citizens alongside peasant agriculture</p> <p>-Modern faming practices and livestock keeping</p> <p>-Modernized land use</p> <p>-Land becomes a prime collateral for accessing loans from commercial banks/institutions</p>
Design areas and provide necessary infrastructure for development of agriculture, mining, fishery, livestock keeping, trade and other economic activities	<ul style="list-style-type: none"> <li>TIC in collaboration with the EPZA to make proposals</li> <li>Ministry of Lands, Housing and Human Settlement Developments and LGAs to implement</li> <li>The Tanzania Investment Centre to advertise and invite investors</li> <li>LGAs and Village Government to implement</li> <li>Private Sector to be involved</li> </ul>	2013 - onwards	<p>Presence and growth of small, medium and large Tanzanian farmers</p>	
Make land available to small medium and large size investors through mutual agreements with villagers and others	<ul style="list-style-type: none"> <li>Ministry of Lands, Housing and Human Settlements Developments to implement</li> <li>The Business and Property Formalization Programme to continue with the current programme of implementation</li> <li>Commercial Banks to cooperate in the implementation</li> <li>NEEC to advocate and promote.</li> </ul>	2013- 2020	<p>Land becomes a prime collateral for accessing business credit</p>	
Ensure that land is used to access loan finance by formalizing ownership	<ul style="list-style-type: none"> <li>The Ministry of Natural Resource and Department of Beekeeping, the LGAS to implement the programme</li> <li>The Prime Ministers Office and NEEC to follow-up implementation of the programme. i</li> </ul>	2013onwards	<p>Beekeeping becomes one of the potential source of income to large segments of Tanzanians</p>	
Promoting Beekeeping for generating income and land conservation				

## CHAPTER THREE

### 3.0 STRATEGIES FOR EFFECTIVE IMPLEMENTATION OF THE NMSFE AND RESOURCE MOBILIZATION

Implementation of the National Economic Empowerment Policy will involve all MDAs; LGA; Village Governments; NGOs; the Private Sector and Development Partners. Each of these institutions operates under its own mandate, policy and strategic plan that has directly or indirectly components of economic empowerment. Therefore, synchronization of the sectoral Laws in implementing the respective policies is deemed crucial for an effective NMSFE.

#### 3.1 Linkages with other National Development Programmes

The overall Government planning and spending is guided by Vision 2025 as operationalised by the National Strategy for Growth and Poverty Reduction (NSGPR/MKUKUTA). The Medium Term Expenditure Framework (MTEF) provides a five year projection of resource mobilization and expenditure for each sector as a tool of rolling plan. The National Economic Empowerment Policy, by its design and objectives, is a tool of accelerating economic growth and poverty reduction by targeting majority of the Tanzanians to participate and benefit from the on-going economic reforms both globally and locally. As such, the Policy streamlines and underpins particular strategies that will ensure effective implementation of MKUKUTA whereas NMSFE defines the roles of each sector/player and how they complement each other. In other words, the NMSFE is a tool of coordinating and pooling together sectors' plans and activities that have a common objective or result for joint action to implement the MKUKUTA, National Economic Empowerment Policy and vision 2025.

Other initiatives include KILIMO KWANZA which encompasses such programs like ASDP; Southern Agricultural Growth Corridor of Tanzania (SAGCOT); Property and Business Formalization Programme (PBFP/MKURABITA).

Either, through NMSFE, all Funds under different institutions and sectors shall be coordinated in order to make them more productive. Such Funds includes; Women Development Fund (WDF); Youth Development Fund (YDF); Presidential Trust Fund (PTF); Export Credit Guarantee Scheme (ECGS); Credit Guarantee Scheme (CGS); Tanzania Social Action Fund (TASAF); Rural Electrification Fund (REF); Small Entrepreneurs Loans Facility (SELF) SMEs Credit Guarantee Scheme (CGS); and Mwananchi Empowerment Fund (MEF).

#### 3.2 Coordination of the NMSFE and Implementation Arrangement

NEEC was established in 2005 following the enactment of the National Economic Empowerment Act No. 16 of 2004 and is constituted under the Prime Minister's Office (PMO). The Council is mandated to oversee the implementation of National Economic Empowerment Policy. In so doing it is mandated to develop strategic institutional framework and national guidelines to support planning and coordination of the sector and multisectoral response to the Policy at all levels. In particular the Council is mandated to coordinate training on entrepreneurship and research geared towards facilitation of economic empowerment. The Council is also charged with the responsibility of supervising, coordinating, monitoring and evaluating all economic empowerment activities.

In the course of implementation, NEEC will interact with both public and private institutions. The fact that NEEC is under the PMO makes the NMSFE workable and subsequently able to achieve the objectives of

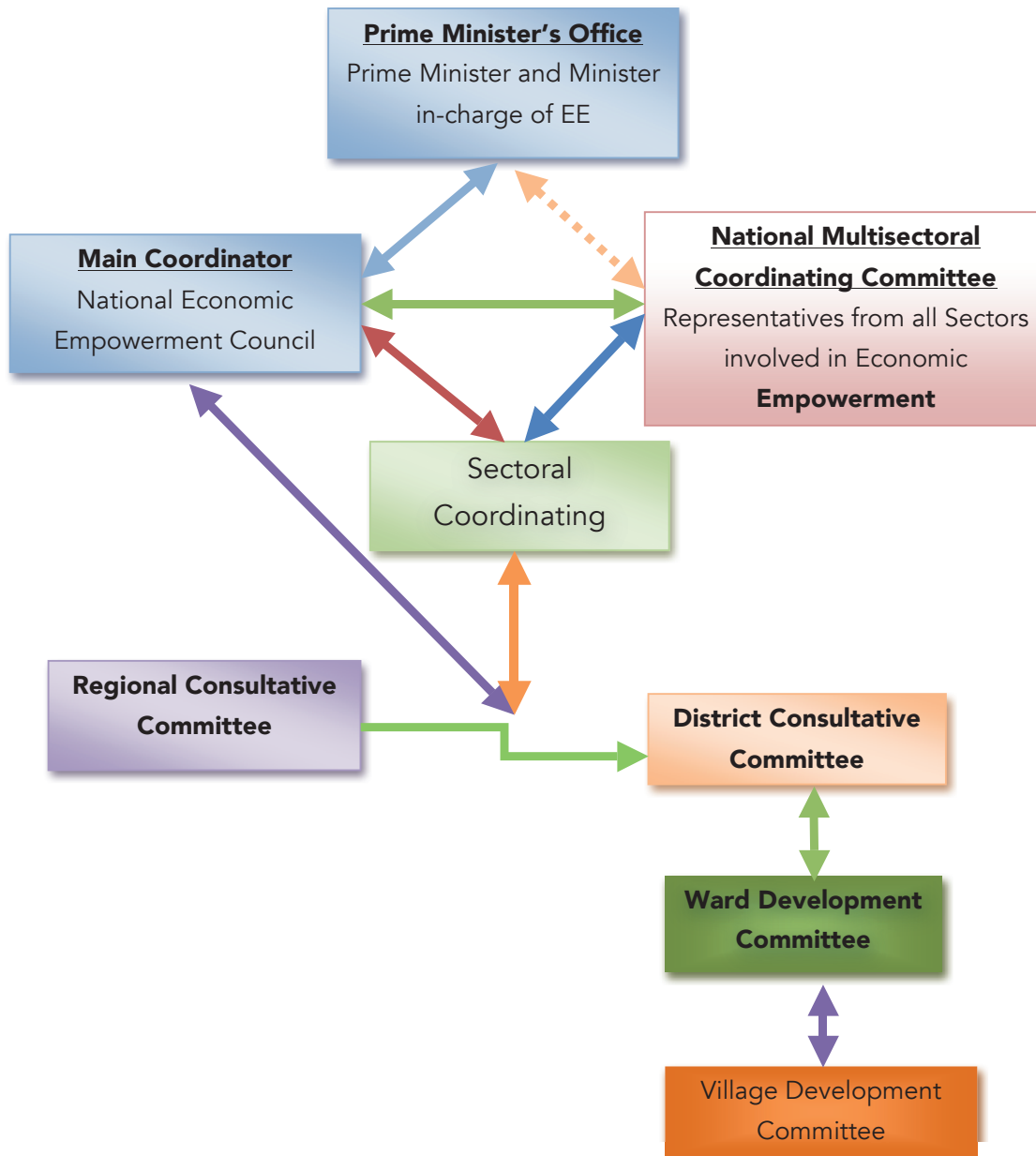
the economic empowerment policy. The NMSFE will involve institutions at various levels and capacities based on their mandates and responsibilities. This implies that NEEC will have to form a network for engaging the various stakeholders to implement the activities of empowerment at every level. To this effect, NEEC shall;

- i. Establish a National Multisectoral Committee for Economic Empowerment focal institutions and offices at each level of implementation and in each implementing MDA for an effective coordination, interaction and monitoring,
- ii. Utilize the existing Regional and District consultative committees; and, Ward and Village Development Committees for coordinating and monitoring the empowerment initiatives,
- iii. Link with these committees and the respective authorities at all levels,
- iv. Ensure that in each of the implementing Government Ministry, Department and Agency, a focal person appointed to monitor implementation of the National Economic Empowerment Policy and to ease collaboration with NEEC,
- v. Ensure that the focal person prepares periodic progress reports. The reports will be vital inputs to NEEC's monitoring and evaluation reports.

The proposed coordination framework will be as indicated in figure figure 1.

Figure 1. Cordination Structure

### COORDINATION STRUCTURE OF NMSFE



#### 3.2.1 Roles and Functions

- **At National level:** The NMSFE has to be translated into a series of specific plans, programmes, projects and interventions. This process should be well organised and managed, hence, NEEC has the responsibility to initiate, pursue and support the process. The members of the National Coordination Committee shall be representative of the key sectors dealing with economic empowerment.
- **At Sectorial level:** All pillars should be identified and enlightenment on what is expected from each sector is made. Every sector should work solely on its own pillar and set its milestone that will be the source of national information/reports. Intermediate.
- **At the Regional level:** The office of the Regional Administrative Secretary (RAS) should coordinate the Regional Consultative Committee (RCC) on economic empowerment issues and

play an intermediate role of coordinating activities undertaken by the districts. They will appoint a focal person, provide technical support to the districts, and form the forum for discussing the progress and other issues related to multisectoral economic empowerment activities. The RCCs are responsible for compiling all reports from the districts and to send them to NEEC.

- **At the District Level:** The office of the District Administrative Secretary (DAS) in collaboration with District Executive Director (DED) should coordinate the District Consultative Committee (DCC) on economic empowerment issues and play an intermediate role of coordinating activities undertaken by the Wards and Villages. They will appoint a focal person responsible for planning, implementation and monitoring economic empowerment activities. The committees should also be responsible for compiling reports from the Wards and Villages and develop a district report. The districts can send these reports to the regions and copies of the same to NEEC.
- **At ward and Village Level:** Most economic empowerment activities in the rural areas are undertaken in the villages. Reports from the villages can be sent to the Ward and then to the district. However, some villages can as well send their reports direct to the district. At the village and ward level the economic empowerment activities and issues shall be coordinated by Ward and Village Development committees.

### 3.2.2 Research

In line with the National Economic Empowerment Act. No 16 of 2004, the coordination of research activities related to Economic Empowerment will be part of the NMSFE. NEEC shall forge linkages between research institutions countrywide and between research institutions and other stakeholders including farmers, manufacturers etc.

Efforts will be made to research, document and disseminate the findings as well as ensuring that research findings are put into implementation.

## 3.3 Planning and Financial Resources

### 3.3.1 Planning

The plans and activities relating to the implementation of the NMSFE fall under three categories:

- Those which will be carried out directly by NEEC,
- Those that will be implemented by MDAs, LGAs, the Private Sector and Development Partners in their capacities, and
- Those which will require joint actions.

Accordingly, economic empowerment plans and activities falling completely under a line ministry should be planned, financed and implemented by the respective sector within the MKUKUTA II, Five Years Development Plans as outlined in the annual Plan and Budget Guidelines. However, they will be required to review their Strategic Plans which will integrate activities mentioned in the NMSFE.

The plans and activities that involve several institutions will be coordinated by the National Multisectoral Committee for Economic Empowerment (NMCEE). The respective MDAs will determine the mode of executing responsibilities within the NMSFE and deliveries as will be agreeable by the NMCEE.

The sectoral plans and activities will constitute part of the NEEC activities in addition to those which will be initiated and undertaken by NEEC itself as enlisted in the NMSFE.

### 3.3.2 Financial Resources

Thus, it is recommended here that NEEC should be given adequate autonomy, influence and resources in order to execute its functions effectively.

In order to make economic empowerment effective and to ensure that every Tanzanian heads for a better life, there must be provision/allocation of sufficient funds from the Government to be used as guarantee for loans. All institutions implementing economic empowerment should budget, raise funds and mobilize materials for financing their respective economic empowerment activities. Resources for the activities of economic empowerment should be secured at three levels namely;

- The first is financing of the core activities of NEEC mainly facilitation and coordination of the implementation of the NMSFE. Ideally, there should be a separate and independent vote for NEEC. This will allow NEEC to get financial resources directly from Development Partners,;
- The second is financing of activities that fall completely under each economic empowerment stakeholder through Medium Term Expenditure Framework (MTEF). However, NEEC may finance some of the sectoral activities deemed necessary to achieve a particular objective; and
- The third is financing of the activities that have to be implemented by more than one institution. However, for such activities splitting of roles will be determined jointly by the respective institutions; and thus, this will ensure that for each economic empowerment activity or role there is a responsible or accountable actor or institution.

To this effect, every institution implementing economic empowerment activities will have to mobilize resources through the normal channels used by the respective sector such as budgetary allocations, basket funding, programmes and fund raising.

Thus, resource mobilization through budgetary allocations will be done by each respective institution.

### 3.4. Monitoring and Evaluation Strategy

Monitoring and Evaluation (M&E) is an important tool for tracking achievements of economic empowerment activities. The NMSFE indicates expected sectoral results and indicators, for the expected national outcomes; and timeframe for implementing each of the planned activity of economic empowerment.

The monitoring and evaluation framework will be developed to measure progress made in empowering Tanzanians economically at Community; District; Regional; and finally at the National level. In this regard, each sector will have to incorporate issues of economic empowerment in its implementation plan that ensures compliance to the NMSFE.

The M&E Framework is important in order to;

- Determine the progress in implementing National Economic Empowerment Policy, the Act and the NMSFE,
- Continuously identify and resolve all economic issues arising in the course of implementing the National Economic Empowerment Policy,
- Track the outcome and establish the impact of all economic empowerment interventions.



### 3.4.1 Guideline for establishing M&E Framework

The Monitoring and Evaluation strategy will be preceded by a baseline study of which its results will show what has been done and what remains to be done within the context of National Economic Empowerment Policy and the NMSFE. This implies that baseline data will be determined for all indicators as outlined in the NMSFE. The baseline data will be used as reference points to set the goals and to measure achievements of the Policy.

- The Framework of M&E system must be able to identify the task at the National level; and
- It should provide guidance to all subsequent M&E systems at Regional, District, Ward and Village levels.

#### 3.4.1.1 Monitoring and Evaluation at the National Level

The M&E system should be directly linked to the goals, and target for the NMSFE including the expected outcomes of all strategic objectives under every pillar. The national response will be monitored, assessed and evaluated by the progress made in all nine economic pillars.

However, every lead stakeholder under each pillar should translate the strategic objective into their operational plans and decide on their indicators and target including the means to measure them.

The entire NMSFE, and also the M&E system is a dynamic tool, bound to be reviewed, amended and changed as the situation of economic empowerment parameters change.

Wherever targets have been formulated, they cover the entire period of NMSFE. In the process of developing operational plans for the sectors, it will be possible and necessary to establish yearly or bi-annual targets.

#### 3.4.1.2 Monitoring at the Regional, District , Ward Village levels

Since most of the empowerment activities will be undertaken at the village/ community levels, these levels must develop their own M&E Programmes. Therefore, the M&E framework should guide the development of lower level systems. Responsibilities and the format of the M&E systems from the community to regional level will be clearly outlined in the national M&E Framework.

### 3.4.2 Evaluation.

Apart from the routine monitoring and reviews, there should be outcome evaluation undertaken annually, and impact evaluation to be undertaken every three years of intervention. In those evaluations, internal and external experts may participate.

## CHAPTER FOUR

### 4.0 CHALLENGES AND IMPLICATIONS OF THE NMSFE

#### 4.1. Effective Coordination, Monitoring and Evaluation

Implementation of the National Economic Empowerment Policy will involve all sectors, implying that this NMSFE provides a framework of strategic multi institutional actions for a common end. This will provide a forum for coordinated quick actions and effective monitoring and evaluation.

#### 4.2 Contending with Informal Business undertakings

Majority of Tanzanians operate their economic activities informally i.e. without registration, a system of accounts without separation of one's business from one's family affairs, use of family or in-kind paid labour, etc. It is estimated that more than 90% of economic activities in Tanzania are in the informal sector. NEEC activities will cut across both the informal and the formal sectors. However, it may be a daunting exercise to work with the informal sector without some form of identification, location and recognition. Therefore, the observed informality might imply that the Property and Business Formalization Programme is an indispensable ingredient in the process of empowerment.

#### 4.3 Economic Empowerment Approach

NEEC will have to structure economic activities in categories of those which just require market access and some minimum facilitation for growth –typical of big economic undertakings; those which are medium scale - typical of SMEs; and micro ones which include street vendors. Each of these groups requires a different approach and support. Thus NEEC will have to identify economic empowerment needs by category of business undertakings and location before the actual process of empowerment begins.

#### 4.4 Evolving Flexible Business Structures

Structural rigidities are likely to frustrate the implementation of the National Economic Empowerment Policy. The institutions involved in the NMSFE are expected to be flexible and serious with the implementation of the Policy and to avoid "business as usual attitude". They are expected to be open and cooperative with their partner institutions in all the aspects of empowerment at all levels.

#### 4.5 Change of Mind Set, Effective Training, Advocacy and Publicity

Cultural and customary practices constitute a challenge in many development initiatives. It is also likely that the implementation of the National Economic Empowerment Policy will be constrained by such practices. Therefore, training, advocacy and publicity initiatives at all levels are deemed crucial for a successful implementation of the NMSFE.

## 4.6 Necessity of Good Governance and Leadership

Good Governance needs to be ensured on the part of NEEC and associated institutions, if the objectives of the National Economic Empowerment Policy are to be achieved. The systems of operations, procedures, management, and equitable allocations of resources have to be very transparent to ensure that opportunistic behaviour and selfishness do not undermine the good efforts of empowering Tanzanians economically.

## 4.7 NEEC Capacity

As pointed out earlier, the NMSFE indicates that NEEC will have the core roles of initiating projects and programmes, monitoring and evaluating implementation of the empowerment process, etc. This entails that the current capacity of NEEC in terms of human resource in this regard needs to be strengthened. NEEC will have to expand and recruit more experts responsible for designing projects and programmes including monitoring and evaluation. Ideally, each pillar of the economic empowerment should have its own manager. Strengthening NEEC capacity may include capacity building for the current staff and recruitment of new staff for executing NEEC functions.

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## List of Institutions and Organisations Consulted

1. Arusha City Council
2. Bank of Tanzania
3. Property and Business Formalization Programme (MKURABITA)
4. Chamwino District Council
5. Kigoma- Ujiji Municipality
6. Mbeya City Council
7. Ministry of Home Affairs
8. Ministry of Education and Vocational Training
9. Ministry of Energy and Minerals
10. Ministry of Finance
11. Ministry of Works
12. Ministry of Information, Culture and Sports
13. Ministry of Lands, Housing and Human Settlements Development
14. Mtwara Municipal Council
15. National Economic Empowerment Council
16. Ministry of Agriculture, Food Security and Cooperatives
17. Ministry of Livestock and Fisheries Development
18. Ministry of Labour, Employment and Youth Development
19. Ministry of Industry and Trade
20. Mwanza City Council
21. Songea District Council
22. Tanzania Commission for Universities
23. Prime Minister's Office













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