OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.

DISCLAIMER

FAIR USE POLICY

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

32101
12

Distr.
RESTRICTED

UNIDO/IPPD.137
18 October 1973

ENGLISH

UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANIZATION

05499

TANZANIA

INDUSTRIAL STRATEGY PROJECT

Report of Review Mission

September 1973

Project URT/71/005

id.73-7180

TABLE OF CONTENTS

SUMMARY

After consultations with Government officials, the team of the Industrial Strategy project and other UNIDO experts, and after having reviewed the various studies and papers prepared by the team, the Mission made the following observations:-

(1) The Industrial Strategy project is an essential project in the sense that it will permit the Government to determine its long-term industrial development objectives, priorities and direction which will form the basis for the Third Five Year Plan.

(2) The Government has fully integrated the Harvard team into its planning process ensuring that all necessary support is given to the Project and that the findings of the team are properly channelised into the planning process. The Government did not wish the team to complete a strategy document in isolation. The Mission fully agrees to this approach.

(3) The Ministry of Economic Affairs and Development Planning (DEVPLAN) which is the Government co-operating agency, expresses full satisfaction with the Project, with the team and with the progress and findings.

(4) In spite of all other support, the team could not obtain clear directives of the Government as to objectives of industrial development which should constitute the basis for the work on the strategy.

(5) The work of the team is of high professional standard but the lack of Government directives (see 4) and delays in the planning process forced the team to choose a "Planning from below' approach.

(6) The team will not be able to fulfil the objectives of the Project and the stipulations in the contract within the time period agreed upon. The team can, however, hardly be blamed for this delay of the work.

(7) An additional six month period would be required for the team to accomplish its tasks.

(8) The Government requests a continuation of the Project.

(9) The Government insists upon a continuation of Harvard DAS to carry on the Project.

(10) The Mission concluded that the form of a sub-contract for this particular project proved not to be the most appropriate form since it did not cater for the required flexibility.

Based on these observations, the Mission makes the following recommendations:-

(1) The Project should be continued by an extension of phase I of six months, i.e., up to 15 May 1974.

(2) The extension should be carried out by the same Harvard DAS team which is now assigned to the Project.

(3) Upon the termination of phase I, the UNDP/UNIDO assistance should be continued in a phase II covering the period 15 May 1974 to 15 May 1975, in which the industry chapter of the Third Five Year Plan should be prepared.

(4) From a purely substantive point of view it would be appropriate but not absolutely necessary to have the same Harvard team carry out phase II.

(5) It should be taken into consideration that the form of individually recruited experts may have an advantage over a subcontracting arrangement for phase II.

INTRODUCTION

1. In the Project Document of the Industrial Strategy project, a joint review by UNDP and UNIDO was foreseen for mid 1973. Draft terms of reference for this review mission were prepared by UNDP and reviewed by the Government and UNIDO. The revised terms of reference are attached to this report as an annex (Annex 2).

2. Due to already occurred delays of fielding the mission, and to the fact that no UNDP representative was available for the particular period of time, UNDP/UNIDO decided to let a UNIDO staff member undertake the Mission alone. The Terms of Reference were not explicitly altered to reflect this change of the Mission's concept. The Mission was, however, instructed by UNDP only to cover technical i.e. substantive aspects of the Project.

3. The Mission was undertaken by Mr. Norman HUGGCH, Industrial Development Officer, Industrial Programming Section, IPP Division, UNIDO.

4. The Mission took place from 3 through 12 September 1973. The UNDP Resident Representative decided to have Mr. J. Otila, Programme Assistant of the same office, and Mr. W. Millager, Senior Industrial Development Field Adviser, participating in the Review Mission as observers.

5. The Mission held consultations with officials in Ministries and parastatals. Very close contact was kept throughout the time of the Mission with the office of the Resident Representative. The List of Persons consulted is attached in Annex 3.

6. The Mission wishes to express its sincere gratitude to the Government officials for their valuable co-operation. The Mission is also much obliged to Mr. Binnendijk, Acting Resident Representative of UNDP, and his staff for the excellent support that was given to the Mission. The fruitful co-operation with the two observers, Mr. Millager and Mr. Otila, as well as with the members of the Project team, Mr. Roemer, Mr. Tidrick and Mr. Williams was much appreciated.

7. The Mission was also asked to review the ongoing and planned UNDP/UNIDO assistance to the Industrial Studies and Development Centre, the National Development Corporation and the State Mining Corporation. This review is treated in an attached, separate report (see Annex 1).

I. BACKGROUND

1. Objectives and Activities of the Project

8. The Project Document of the Industrial Strategy project was submitted in May 1972 (signed 14 December 1972) and foresaw a sub-contract, amounting to $ 239,467 and covering 48 man/months of expert services. UNIDO as the recruiting agency signed a contract with the 'President and Fellows of Harvard College' for the same amount. The contract took effect as of 15 May 1972.

9. The contract specifies as aim of the Project 'to assist the Government of Tanzania in formulating a long-range industrial strategy. This industrial strategy will serve the Government as a basis for preparing medium-term industrial plans, annual industrial investment programmes and policies to improve the structure and operations of industry

10. While the strategy itself will be developed within the framework of a National Industrial Commission, the Project will work through and seek to improve the staff capabilities of the Ministry of Economic Affairs and Development Planning (DEVPLAN). DEVPLAN will provide staff support for the Commission.

11. The Project shall result in the submission of a document comprising a clearly defined and consistent strategy for the long-term (i.e., ten years or more) industrial development of the country. This document must be a suitable basis for the implementation of the strategy in the form of medium and short-term industrial plans, establishing of priorities and evaluation of industrial projects The document therefore must contain criteria for selection of priority industries, for social benefit-cost analysis of individual industrial projects, for industrial location, for forms of ownership, for scale of operation and for market orientation, etc.

12. The contract lays down the following responsibilities of the contractor:-

Statement of work (para 2.01 of contract)

A. In co-ordination with the staff of the Ministry of Economic Affairs and Development Planning and other relevant Government bodies, the Contractor shall:

(a) Analyse the present industrial structure and the trends and potentials of long-term industrial development in the context of the overall economic development.

(b) Analyse the structure and recent trends in the domestic and foreign trade and make forecasts of future developments.

(c) Clarify the general long-term objectives of overall economic development and of industrial development.

(d) Formulate possible alternative strategic goals for industrial development.

(e) On the basis of consultations with the Government and UNIDO formulate a long-term industrial strategy.

(f) Advise on the assuming of priorities to specific industrial branches and on criteria for evaluation of industrial projects, particularly, in regard to ownership, size, management, control, locations, etc.

(g) Review present legal, economic, financial, and foreign trade policies and instruments and their effect on the promotion and direction of new industrial investment, on trade and on the operation and efficiency of existing industries, review the institutional and organizational set-up.

(h) Engage local counterpart personnel in the above mentioned tasks with a view to explaining and clarifying the basic elements of an industrial strategy and its impacts.

B. The Contractor shall help to develop the staff in the Industry and the Trade and Commerce Sections of DEVPLAN so that this staff will be able to handle its responsibilities in a competent and independent fashion. To accomplish this, UNIDO and the Contractor understand the following measures will be undertaken:

(1) The staff of each section will be maintained by the Government at the level of at least three members each, plus the chief, through additional recruitment, if necessary.

(2) Staff of the Sectoral Programming Division will be released for a total of five man years of advanced training in industrial planning. Such

training will be financed from sources otherwise available to the Government. The Contractor will assist the Government in the selection and placement of trainees.

(3) The Contractor shall collaborate with staff of the two DEVPLAN sections on all matters to the fullest extent possible.

(4) The Contractor shall offer short courses in DEVPLAN and to officers in other agencies engaged in industrial matters on analytical methods that they require in their daily work. The topics will be selected in agreement with DEVPLAN and on the basis of the deficiencies which are discovered. They may include such topics as financial and social cost/benefit analysis, implementation systems, basic economic statistics or accounting.

13. The Project has a duration of 18 months with a total of 48 m/m of expert services. The Harvard team is composed of the following experts:

(1) Mr. Michael Roemer
Principal Adviser and team leader
Duration of assignment: 18 months
Starting date: 21 June 1972

(2) Mr. Gene M. Tidrick
Trade Specialist
Duration of assignment: 12 months
Starting date: 30 January 1973

(3) Mr. David Williams
Project Specialist
Duration of assignment: 18 months
Starting date: 18 May 1972

14. The official starting date of the Project operations was 15 May 1972. Since the Project duration is 18 months, the termination date would be 15 November 1973.

15. However, due to the fact that the recruitment of one of the experts (the Trade Specialist) took longer time than foreseen the total man/months spent in the Project would by mid-November 1973 amount to only about 45. Therefore, it would be justified to consider 15 December 1973 as the termination date of the Project at which date the total man/months spent would amount to about 48.

2. The concept and scope of an industrial strategy

16. The term development strategy is generally used to describe the basic framework and principles for a planned long-term development process. The formulation of an industrial strategy would have to be based on the general objectives of the society as to the long-term social and economic development. Clarification of these objectives would thus constitute a pre-condition for the formulation of a strategy.

17. The industrial strategist would analyse the existing industrial structure and long-term prospects and bearing in mind the assessment of potentials and obstacles of development as well as on the overall objectives for economic and industrial development, he would outline the path and pace of the process required to attain the objectives.

18. Without going into quantitative details, the strategy would serve as a framework for the preparation of medium-term programmes. Although the precise scope of an industrial strategy depends on the ambitions of the government and the conditions of the particular country, one can outline the specific analyses, studies and decisions which generally would be required for the formulation of an industrial strategy and the aspects of development which should be covered in a strategy document.

19. Thus, it is necessary that the strategist clarifies the broad objectives of economic development. The first step would be to examine and have determined the desired role of industrialization in the country's long-term economic and social development. The policy maker should provide the strategic planner with information on which sectors the emphasis is to be laid and how the other economic sectors are to be related with the industrial sector. In practice, however, the policy maker may need data on the scope of development of each sector before he can determine the role of industry and general priorities of industrial development. Generally, a process of formulating and adjusting the sectoral goals takes place in the form of consultations between the policy maker and the strategic planner until an overall strategy and the role of industry can be determined.

20. Prior to or during this process, the strategist will analyse the present industrial structure and its resources. The analysis is expected to mainly cover the following issues:-

- existing structure of industrial production and employment as to branches and other categories of industries (such as capital goods versus consumer good industries, agro-based industries, resource-bound industries);
- growth rates of industrial branches;
- prevailing conditions in various industries;
- effects of existing policies and measures on industrial performance and direction of investments;
- foreign trade pattern of industry.

21. The preparatory work for the industrial strategy formulation will require projections to be made of the autonomous development process. Production trends, analysis of long-term effects of large - previously implemented or planned - investment projects, demand projections, estimates of foreign trade development etc. will have to be undertaken. In addition, consequences of other long-term commitments (long-term trade agreements, etc.) as well as of predictable basic changes of economic conditions (new transport conditions, the access to mineral resources, etc.) are to be examined. Resource constraints would have to be assessed.

22. After these basic analyses, the actual formulation of strategic goals would take place. Obviously, it is difficult to determine the precise features of an industrial strategy. In many cases the strategy does not have the form of a finalized document but consists of a more or less outspoken set of general priorities regarding industrial ownership, location, etc. Generally, however, one would expect that an industrial strategy defines the desired role of the various industrial sectors, branches or complexes such as the role of the capital goods sector, the agro-based industries sector, resource determined versus demand-determined industries, etc. The desired market orientation of production, i.e., whether domestic (rural or urban), foreign (including specific trade patterns and regional groupings) constitute another important aspect of a strategy. The future, desired structure of industrial production should thus be determined. The strategy should also determine the desired forms or means by which these strategic goals should be attained, i.e., the degree and form of public influence versus private industrial investment and operation, the institutional set-up within the public sector, the location of industries, the basic priorities for the choice of technology, etc.

23. The formulation of an industrial strategy requires a very close working relationship between the technicians and the policy maker. It may often be necessary for the technicians to prepare a few alternative strategies and to demonstrate what would be the economic and social consequences of each of these alternatives. The government is then in a better position to determine the final strategy.

3. The institutional set up

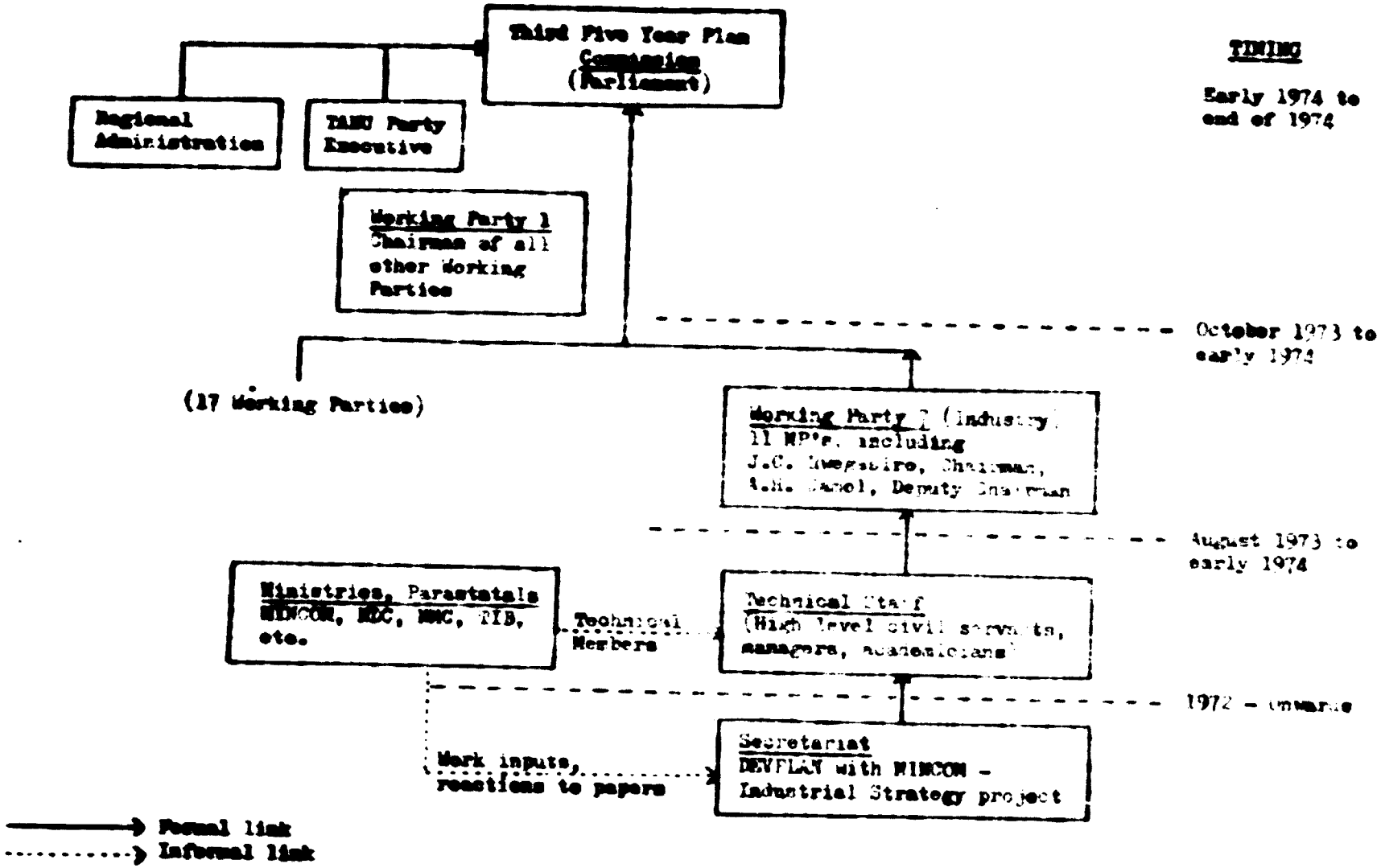
The Project is attached to the Ministry of Economic Affairs and Development Planning (DEVPLAN). However, the Government has established a planning machinery for the preparation of the Third Five Year Plan and the Project has been fully integrated in this process. A brief description of the planning machinery will elucidate the role of the Project in the planning process (see also the chart). The entire Parliament has been constituted as the Third Five Year Plan Commission, with the Prime Minister as Chairman and the Minister for Economic Affairs and Development Planning (DEVPLAN) as Deputy Chairman. The Plan Commission was first convened in April 1973. At that meeting, it delegated responsibility for the early phases of planning to 17 Working Parties and approved terms of reference for each of them. Each Working Party consists of about ten members of Parliament and seven technical members with experience in the area to be covered by the Working Party. Technical members include high government and parastatal officials, university staff and informed members of the public. Devplan and the responsible ministries will provide technical experts to serve as a secretariat for each of the Working Parties.

It is envisaged that, subject to the desires of the Working Party members, each secretariat will be responsible for preparing technical papers for the Working Party, explaining the technical problems and suggesting alternative solutions in each relevant area of development. The Working Party would then deliberate over these papers and make choices consistent with the national goals, as articulated by the Plan Commission. If necessary, the Working Party will direct the technicians to do further work to elucidate the issues. After it has completed its work, each Working Party will report its findings to the Plan Commission which will discuss the findings, possibly ask the Working Parties to consider some issues further, and then make the final decisions. Thus, the essential interaction between technical and political judgements will take place in the deliberations of the Working Parties over the work of their assigned experts.

The work schedule of the Plan Commission is designed to permit publication of the Plan during the first half of 1975. The timetable is:-

(1) July to October 1973: Definition of broad national goals by Working Party No. 1, to be confirmed by Plan Commission and Party.

PLANNING PROCESS



TIMING

Early 1974 to end of 1974

October 1973 to early 1974

August 1973 to early 1974

1972 - onwards

(2) October 1973 to January 1974:	Working Parties formulate broad strategies, to be submitted to Plan Commission by the end of the year.
(3) February to June 1974:	Plan Commission discusses strategies; regions, ministries, parastatals, etc. submit views; Working Parties asked to adjust strategies to accommodate these views; final agreement on Plan strategy for each sector.
(4) July to December 1974:	Devplan and responsible ministries prepare action plans, make final project selection and draft Plan Document, all in light of Plan Commission's decisions, final documents submitted to Commission for approval.
(5) January to June 1975:	Publish draft Plan; discussion by the people and the Party; Government revises and approves final Plan for submission to Parliament.

This schedule is designed to permit considerable interplay among all elements of society in formulating the Plan. It is expected that technical work will extend to every phase of planning, as technical decisions undergo political, official and public scrutiny.

The industrial strategy has a central role in the planning process. Due to delays, the preparation of the long-term strategy has become part of the Third Plan exercise itself. Thus, it is necessary almost simultaneously to design a long-term strategy and to plan the first, detailed steps of implementation over the five years from 1975 to 1980. Working Party 7 of the Plan Commission has been charged with this dual task.

The work programme will, of course, be determined by the Chairman and members of the Working Party. However, it is anticipated that the period from October 1973 to early 1974 will be devoted primarily to long-term strategy, upon which the Working Party must report to the Plan Commission by early next year. During the first half of next year, the Working Party must meet to adjust the strategy as necessary and perhaps to guide more detailed work on issues for the first five years of the strategy: supporting Government policies, project selection and techniques for implementation. It is also expected that the Chairman will meet frequently with the technical staff of the Working Party and the secretariat to discuss technical issues and prepare papers for the Working Party.

The role of the Industrial Strategy project is to provide the secretariat for Working Party 7. That is, Project members and Tanzanian counterparts will prepare technical material required by the Working Party. The Project has been designed wholly to serve the Working Party on Industrial Strategy and it must work according to the needs and in step with the schedule of that body. The result of this Project is to be an industrial strategy which will become an integral part of the Third Plan, from long-range perspectives down to detailed plans for the coming Five Year Plan period. However, that strategy will not reflect the work of the Project members alone. Instead it will be the result of an interaction between them and the members of the Working Party and need not necessarily reflect the views of the Project members.

It was intended that the Working Party 7 would convene a series of meetings during the Project period. So far, however, no meeting has been convened.

II. EVALUATION OF THE PROJECT

1. Approach

24. Through discussions with the team the Mission got the following picture of how the team had proceeded with its work

25. The team was aware of the fact that it had to base its work on the objectives and priorities of the Government as to the overall economic and the industrial development. The team was, however, not able to obtain any clear directives in this regard. It was apparently not possible for the team to directly consult the political leadership, the President, the Prime Minister or officials of TANU (the country's official political party). On the other hand, the team met a large number of officials and expatriate advisers in ministries, parastatals and industry and an attempt was made to obtain the views of these persons on possible industrial strategies. In September 1972 these views were summarized and grouped into three basic models (industrial socialism, rural socialism and new classical socialism) which were presented in a simplified paper ('Models of Socialist Industrial Development') and distributed to all relevant officials. The purpose of the paper was to start a discussion on the various possible strategic approaches and to get a concensus as to one basic approach. A few meetings were also held with various officials to ascertain their view on this paper. No constructive response was, however, attained. The paper even aroused certain irritation and was considered over-simplified. Government officials apparently did not wish to be confronted at this stage with the political problem of choosing between such rigid alternatives.

26 At a later stage (February 1973) a paper was prepared entitled "An Approach to Designing an Industrial Strategy for Tanzania". The paper pinpoints some of the major issues that require the policy maker's decision in the process of strategy formulation

27 The team expected to receive the necessary guidance on policy issues through the established Industrial Sector Working Party (No.7) which was to begin its meetings in December 1972. This first meeting was, however, postponed several times and has so far not taken place. It is now expected that the Working Party No. 7 will meet end 1973 or beginning 1974.

28. Due to this postponement of the activities of the Working Party, organizational changes in the planning machinery and the lack of [illegible], the team felt unable to proceed on the preparation of an overall strategy in the previously outlined way. During [illegible] 1972, the team therefore concentrated the work on other related issues which would be [illegible] anyway during the course of [illegible]. Thus, a guideline on project evaluation was prepared which could be used during the implementation phase of the strategy as a tool for [illegible] industrial projects to their social profitability. A paper was also prepared on the [illegible] institutional set-up in the field of industrial project implementation and operation of industries. The paper which is [illegible] to contain a number of recommendations is considered strictly confidential and the Mission was therefore not able to review it.

29. In December 1972 the team decided to take another approach to the strategy formulation than was originally conceived. Instead of starting "from above" for which approach information on the basic objectives were required, the team began to study each individual branch in order to formulate "branch strategies". It was planned to aggregate these studies into various strategies at a later stage. The papers have been presented to the members of the Working Party No. 7 and will be discussed when the Working Party meets.

30. A list of all papers so far prepared by the team is contained in Annex 4.

2. Substantive achievements

31. When reviewing the actual achievements of the team up to the time of the Mission, and measuring them against the activities laid down in the Project Document and/or the contract the following observations can be made.

(i) Clarification of overall objectives

32. The team failed to have the overall objectives and basic priorities of the Government determined. It was explained above that the Government could not specify its objectives for long-term industrial development at the early stages of the planning process. The Government preferred to discuss and adjust possible objectives and strategic goals through the analyses and findings of the team and within the organisational framework of the Government planning machinery. Moreover, data was missing on long-term strategies and potentials

for the most significant economic sector, i.e. the agricultural sector. Without such basic data both the Government and the team were quite unable to determine from the outset the precise role of industry in the long-run economic development process. Similarly, too little data was available and no basic concepts, prospects and objectives were determined for the transportation, mining and power sectors. The possible exploitation of the iron-ore and coal deposits (in Liganga, Mchuchuma and Songwe) for instance may have a great impact on future industrial development. The latest results as to their composition and economic potentials are however, not yet available.

33. In conclusion it can be said that the team has undertaken substantial efforts to have objectives and overall priorities for the long-term industrial development clarified. Attempts were also made to obtain information on basic development prospects of other economic sectors. The Mission appreciates the team's attempts to ascertain the views of the Government on strategic approaches by preparing two specific papers ("Models of Socialist Industrial Development" and "An Approach to Designing an Industrial Strategy for Tanzania"). The lack of specific data and directives to the team has clearly hampered its work. The Mission has, on the other hand, full comprehension for the Government's hesitation to firmly determine industrial development objectives prior to having more information on prospects and options at hand.

(ii) Analysis of the industrial structure

34. The team has so far not made any comprehensive analysis of the present industrial sector. The reason is - according to the team - that the experts started their analysis by studying each industrial branch separately and that a comprehensive analysis will be undertaken when all the separate studies are completed. The team has by now prepared 13 branch studies which to some extent are based on various consultant reports and studies made available to the team. The studies generally are prepared in the following way:

35. An examination is made of present consumption and production of the various products that constitute the particular branch whereby the existing industrial establishments are briefly described. A short but rather comprehensive picture of growth potentials in regard to both domestic and export markets is finally given. Various possible alternative strategies within the branch are drawn up and their long-term national economic effects are described.

36. These studies can generally be said to give a good picture of the development prospects of each branch. They are meant to supply the Working Party on Industry with basic facts on existing industries and possible lines of development and this purpose is certainly met. However, there are hardly any links between the individual branch studies. The alternative lines of possible development of each branch cannot be easily aggregated and constitute therefore no "strategies" but project alternatives. Furthermore, no analysis has been made into the underlying demand functions. The effect of various policy measures on the total structure and volume of demand and/or production is not examined, nor is the effect of the domestic distribution system of various groups of manufactured goods duly considered.

37. The analysis of growth potentials of various mineral based industries could not be completed since the technical consultant studies are not yet available.

(iii) Projections

38. The industry papers outline future development prospects. But what is missing, is the differentiation between likely autonomous developments within the present framework of institutions and policy regulations and the desired or target developments which may require adjustments of the framework. Also predictable basic changes of economic conditions and their effects as growth potentials or constraints on long-term industrial development have not be examined.

(iv) Analysis of the institutional set-up

39. The institutional aspect of long-term industrial development has been covered. An analysis has been made and recommendations to appropriate improvements have been formulated and passed on to the Government.

(v) Formulation of the strategy

40. As described above, the team has so far only revised the possible strategies of individual industrial branches. There is at present no aggregate study on an industrial strategy.

3. Training of counterparts

41. Three counterparts have been attached to the team on a full-time basis from the start of the Project:-

(1) Mr. Asmani, head of Trade Section DEVPLAN. He has an M.A. in economics from the Dar University and is mainly engaged in matters concerning foreign trade. He was accordingly attached as counterpart to the trade specialist (Mr. Tidrick).

(2) Mr. Bendera, Chief Industry Section. He has a B.A. in economics from the Dar University. He has been attached as counterpart to the team leader (Mr. Roemer).

(3) Mr. Ngumbullu. He has a B.A. in economics from the Dar University and came shortly before the commencement of the Project to DEVPLAN. He is the counterpart to the Project Specialist (Mr. Williams).

42. The professional quality of the counterparts must be considered relatively good although obviously none of them had any significant experience in fields related to industrial strategies formulation or programming.

43. The Mission feels that the team of experts have undertaken considerable efforts to train the counterparts on the job. Each counterpart is placed in the same office as the respective expert and has actually been involved in the day-to-day work. The working relations among the entire team appear to be good.

44. The team of experts seems to have succeeded well in engaging the counterparts in the work on the strategy. The counterparts have been involved in data collection, preparation of demand projections and to some extent in the preparation of the industry papers. Some of the more important papers (e.g., one project appraisal and on approaches of an industrial strategy) were discussed in sessions with the team as a whole. At least, two of the counterparts have certainly gained experience in the basic principles of economic projections, analyses of branches, long-term growth concepts and project evaluation.

45. At this stage it is hard to say to what extent the counterparts will be able to carry on the work after the elapse of the Project (including a proposed extension of 1 1/2 years). Although the Mission doubts that the counterparts alone really could undertake the difficult tasks to revise the industrial

strategy and formal to industrial programmes after the [illegible] reports have [illegible] ft, they will at least [illegible] of the [illegible] for analysing industry and estimating the industrial growth potentials. On the whole, the [illegible] report training in the Project can be quite satisfactory and the [illegible] reports have certainly met the requirements of the Project in this respect.

4. Co-operation with related Projects

46. The Mission found that the Project [illegible] excellent [illegible] relations with the Industrial Studies and Development Centre. The Centre participated for instance in the preparation of the industrial branch studies and carried out an investigation on small-scale industries for the Project. It is envisaged that (if the present assistance continues) Industry will participate in the preparation of [illegible] and the carrying out of training programmes in this field.

47. Project members had [illegible] with the [illegible] Project in the State Mining Corporation.

48. The Project also maintained close liaison with related FAO-sponsored activities.

49. Finally, it should be mentioned that the team has initiated good working relations with relevant ministries and parastatals within the framework of the established planning machinery.

5. The Government's view on the Project

50. A number of Government officials were consulted in order to ascertain the views on the general role and significance of the Project, on the achievements of the team and on the need to continue the assistance beyond the end of 1973.

51. On the whole, officials of the Government and the parastatals were not very much aware of the work so far undertaken by the team. This can be easily explained by the fact that the team is expected to channel all their findings through the Working Party on Industry which so far has not met. The officials had therefore not been able to acquaint themselves with the various papers and suggestions of the team. All officials, however, emphasized the importance of having an industrial strategy worked out.

52. The Ministry of Economic Affairs and Development Planning to which the team is attached is obviously directly involved in the team's work. The Principal Secretary stated that he was in full agreement with the approach and achievements of the team. He also emphasized the need for the team to work within the Government planning machinery. Therefore the team was fully integrated with the Government's set-up. In fact, the team (with officials of DEVPLAN) constitutes the Secretariat of the Working Party on Industry. According to the Principal Secretary, it would have been of no use for the Government if the team had worked in isolation and had produced a blue book on an individual strategy which probably would not have met the Government's views.

53. The Mission agrees that the team neither should nor could work in isolation of the Government's planning process. However, this has meant that the timing of the Government's Working Parties has determined the timing of the work of the team. Furthermore, the Government's wishes to give priority to the preparation of the next Five Year Plan have probably influenced the scope of work of the team. The Mission feels that the facts and conditions of the contractual agreements for the Project were not sufficiently regarded by the Government and the team. Apparently there was no awareness of the fact that the signed contract obliges Harvard DAS to produce a final document to UNIDO. The Government also considered most of the papers that the team prepared as confidential and did not release them to UNIDO until the time of the Mission. So far, UNIDO thus had no real opportunity to assess the substantive achievements of the team nor to take any position in regard to the tendencies of the Project to divert from the stipulations in the contract. It would indeed have been valuable and important for UNIDO to have been informed at an early stage of the views of the Government in this regard. In fact, the Mission considers that the sub-contracting form of the Project proved not so suitable in the given context and that a team of individually recruited experts would have been a more appropriate form, since this would have ensured a greater flexibility of the Project in accordance with Government wishes.

54. The Principal Secretary emphasized the importance of letting the present team continue its work for another 18 months after the termination of the present contract. The Principal Secretary and other officials involved stated very clearly that it would be detrimental to the Government's ongoing planning

process if the team could not continue beyond December 1973. The Principal Secretary strongly insisted that no other team than Harvard IAS team could be considered for the necessary continuation. The Government would try by all possible means to keep the Harvard team.

6. Government support

55. The Government support to the team is considered good. The team has - as stated above - established very good working relations with the Government machinery. DEVPLAN makes it possible for the team to get in contact with relevant institutions and to get the findings and recommendations across to these. The counterpart staff attached to the team is considered of relatively good professional quality. Typing staff is available to the extent and quality that is normal in ministries.

7. Summary

56. The work so far undertaken by the team has high professional standard and is fully accepted by the Government. The progress of the team's substantive work as measured against stipulations in the contract has, however, been hampered by the lack of precise directives and data and by the Government's inclusion of the team's work into the timetable of the working parties constituting the country's planning machinery. Therefore the objectives of the Project have not been met and are not likely to be met within the remaining time period of the Project. The contractor will not be able to produce the stipulated final report containing a final long-term industrial strategy. In the view of the Government no final strategy was wanted at this stage.

57. Certain significant issues of the work have not been covered because the team and/or the Government did not consider them as urgent or important at that particular stage of the Project. On the other hand, some papers were prepared which the Mission would consider less urgent. These papers were prepared mainly because of the forced deviation from the appropriate procedure for a strategy formulation. Moreover, it was necessary for the team to study also such development aspects which are only indirectly relevant to the industrial strategy. Data and strategic goals for other economic sector's development were missing and could only be obtained through the team's own

investigations. Thus, the task of the team was to some extent widened, deepened and complicated.

58. The work on the industrial strategy was delayed through no fault of the team. In particular, the Mission would like to stress that the team has not delayed the progress by lack of initiative, lack of knowledge or unwillingness to work. The counterpart training and the co-ordination with other assistance projects and institutions are considered as very satisfactory.

59. The Mission feels that it should have been appropriate for the team to convey to UNIDO at an early stage the information of likely delays and of changes in the approach of the work. It is true that the Project team submitted its reports in accordance with the contract. UNIDO did in fact react to the approach taken and stated on one occasion that the preparation of certain studies seemed to be premature. But since the reports consisted only of a general summary of the papers and UNIDO did not receive any of the actual papers, it was quite impossible to judge the exact significance of the findings and to clarify the entire scope and approach of the work, prior to the time of the Mission.

60. In this context it should be mentioned that the various papers that the team prepared were classified as confidential by the Ministry. The team could therefore not forward any of them to UNIDO, in spite of UNIDO's special request. However, the Ministry now agreed with the Mission that future papers will be released to UNIDO with the understanding that they be treated as confidential by UNIDO.

61. Finally, the Mission would like to point out that the Harvard team has successfully avoided what has been a frequent mistake of foreign planners in East Africa: instead of confining themselves to the technical aspects of planning and to an advisory function, the foreign advisers - finding themselves in political isolation - tend to influence actual policy decisions in a way that may be in contradiction with the Government's development objectives. The Harvard team did not attempt to make own policy judgements. By fully integrating the Project into the Government planning and decision making process, the Government and the team have in fact created an ideal framework for a technical assistance project of this kind, ensuring a dialogue between the foreign advisers and the country's policy maker. The Mission believes that

high recognition should be given to this fact. It should also be noted that subcontracting is a very unsuitable form of such technical assistance, since on one hand it does not measure such qualitative achievements and on the other hand it does not possess the flexibility required.

III. THE NEED FOR FURTHER ASSISTANCE

1. Further work required in phase I of the Project

62. The Mission identified a number of issues that need to be covered in order to fulfil the obligation as laid down in the contract. At the same time these issues constitute a necessary supplement to the work so far undertaken in the sense that the present achievements are so loosely connected and incomplete that they cannot be used by the Government in their present form. Through discussions that the Mission held with the team the remaining tasks were outlined and a realistic timeschedule was prepared. This schedule is based on estimates of time requirements for the various tasks as well as on the Government's timetable for the work connected with the Working Party on Industry.

(i) Period up to 15 November 1973

63. The contract period is officially terminating on 15 November 1973.[1/] This would leave the team with a few weeks only to finalise the rather substantial amount of work. Obviously only part of the remaining work can be completed till then.

64. Until mid November 1973, the remaining industry papers will be finalized covering the forest-based industries, cement, ceramics, pyrethrum, beer and cigarettes industries. It is also hoped that the rather important study on the iron and steel sector will be completed by then but this presupposes that the mineral tests of the Liganga deposits have been finalized (by a consultant firm). The electric power generation sector and its future development will be analysed as well, if possible with due regard to estimated developments in Zambia. Special emphasis will be laid on the economic consequences of a possible implementation of the Stiegler's Gorge Project.

1/ Please refer, however, to Chapter I, section 1 of this report, where it is shown that the stipulated 48 man/months of expert services will first be spent by mid-December 1973.

(ii) Period 15 November - 31 December 1973

65. During this period the preparation of the individual industry papers will be undertaken. The Mission considers this task [illegible] of vital importance for the formulation of the final strategy, but feels at the same time that it is a very difficult task to start [illegible] build up sensible sector strategies from there. The approach to be adopted for the preparation was not yet clearly defined by the team at the time leader envisages to group the various level most alternatives of the individual industry branches into 'packages' which would represent alternative scenarios within the estimated framework of government objectives and of various constraints. This approach may not sound fully convincing but it could probably still lead to tangible results in the given with time and with the sound national knowledge that the team seems to possess. It is also realized that in the given situation there is hardly any other choice for the team for arriving at a realistic strategy.

66. It is expected that the Working Party on Industry will meet during this period and that the alternative strategies can be presented to and reviewed by this forum. It is important that the sectoral analyses and strategy studies contain a clear distinction between autonomous and desired developments, so that the Working Party can take an appropriate stand.

67. The Mission also expects that during this period a more detailed analysis is made of the various constraints and potentials of trade, finance, infrastructure, etc. which are significant for the long-term industrial development process. The actual construction, financing, trade agreements and transport cost effects of the completion of the Tanzam railway obviously are of substantial importance in this context. It would be necessary to examine to what degree and in what way financial and trade commitments constitute long-term constraints for industry and to what extent new trade and manufacturing possibilities arise from the rail link to Zambia. The rerouting of transports after the Rhodesia border closure and the increasing reliance on Tanzania as transit country for Zambia would have a significant effect on Tanzania's future trade and industrial development. Finally, it would be necessary to investigate the effects on trade and industry of the repayment starting in 1983 of the foreign loan for the railway construction.

68. As was stated above, no detailed analysis has so far been made of the effects of policy measures, prevailing income distribution, consumer goods distribution system, etc. on actual demand for manufactured goods. This analysis is considered as an important task which should be fulfilled during this period. It is important to show to what extent urban cash income has dominated the total demand for manufactured goods. The Government's stated emphasis on raising the standard of living of the rural population which constitutes about 80 % of total population would make a close investigation into the structure of demand an essential part of the strategy preparation.

69. It is difficult to judge how long time would be required for the team to carry out the above mentioned investigations since the progress will depend much on the availability of data. The Mission believes that there will be a certain carry-over of work into the following period, i.e., from January up to 15 May 1974.

(iii) Period 1 January - 15 May 1974

70. In this period, it is hoped that the necessary guidance for the preparation of a final strategy will be received by the Working Party on Industry as well as by the Plan Commission, the various regional authorities, the Party, etc. The revision, adjustments and finalization of the strategy requires constant consultations with all these bodies as well as incorporation of most recent data. From a substantive point of view and based on the estimate of the Government's support in this regard, the Mission expects that the strategy can be finalized in this period.

71. In addition to the finalization of the strategy, the preparation of a manual for industrial project evaluation is to be undertaken in this period The previously prepared guidelines on project appraisal will form the basis for this manual which will translate strategic goals and priorities into social benefit-cost criteria to be applied by the various Government institutions in the evaluation of individual projects.

72. A series of training courses will also be carried out by the team in the field of industrial strategy formulation and programming, short-term industrial planning and in the application of the project evaluation manual. The training courses are meant for Ministry staff and - in regard to project evaluation - for staff of the parastatal organizations. The Mission considers these training

programmes to be an important supplement to the consultative work of the [illegible] since they will no doubt contribute to ensuring a proper understanding of the strategy and of the implementation problems.

2. Need for a phase II

73. The initial request of the Government foresaw a three year period for the assistance in the formulation of an industrial strategy. It was later agreed that this period be split up into two 18 months phases whereby the first phase would cover the work on the industrial strategy itself and the second the follow-up work, in particular, the preparation of the Third Five Year Plan. As is stated above the Mission estimated the first phase to require additional time leading up to 15 May 1974. In addition to what was earlier envisaged, the Mission strongly believes that a continuation of the UNDP/UNIDO assistance to DEVPLAN is necessary to ensure that the industrial strategy is properly transformed into the Five Year Plan and into appropriate policies and measures. The Mission therefore proposes that a second phase of the Project be undertaken, covering one year i.e., from 15 May 1974 to 15 May 1975. The activities to be carried out through phase II could be described as follows:-

(1) Based on the industrial development objectives as laid down in the long-term industrial strategy, assist in the preparation of an industrial development programme for the period mid 1975 to mid 1980 to form part of the Third Five Year Plan.

(2) Considering previous studies on the effects of existing policy measures, formulate policy measures which are needed for the implementation of the industrial strategy and the industrial plan for 1975-1980. These policy measures would cover the fields of income distribution, trade policies including protection and import support, foreign investment inflow, company taxation, etc.

(3) Design administrative and organizational measures and procedures required for the implementation of the Five Year Plan and of the policy measures and regulations.

(4) Establish a mechanism for controlling the implementation of the plan and for periodically reviewing the plan.

74. The work to be undertaken during the one year period could in the opinion of the Mission be carried out by a qualified three man team, consisting of one Senior Industrial Adviser (programming policies), one Industrial Programmer and one Industrial Policy Adviser. The team would be attached to the Ministry of Economic Affairs and Development Planning and would have to work in close cooperation with the Ministry of Commerce and Industry and with the Treasury. The total man/months required would thus be 36.

75. The Government representatives strongly emphasized that Harvard DIAS by all means should continue to carry out the Project throughout phase II. The Mission agrees that it is certainly easier for a qualified team of experts having worked on the formulation of the strategy to continue the work on the implementation of this strategy than to bring in new experts who would need certain time to acquaint themselves with the Government machinery, with the strategy itself and with all the information collected earlier. It should also be noted that it is in the original plan of time when the second phase is scheduled to begin, since it falls in a period when the Government planning machinery is intensively involved in the preparation of the Third Five Year Plan. Any delay in the completion of the industry chapter of the Plan would have serious effects on the Government's time schedule for the Plan preparation as a whole. It would therefore be important to have phase II start without greater interruption of the ongoing work. It is clear that a continuation of the same team would ensure this. However, the Mission considers the present team to be qualified to carry out the second phase. However, the following facts should be taken into the consideration.

76. **Firstly**, it may be difficult for UNIDO to waive binding for the new contract and to grant the contract directly to Harvard DIAS. **Secondly**, the present team leader Dr Michael Cromar, who is by far the most competent of the present team, is due to leave the Project in any case in June 1974. **Thirdly**, the Mission has certain doubts if the form of the sub-contract to a consulting firm - as compared to individually recruited experts - is the most appropriate way for carrying out the work. The present phase has shown that it is difficult to ensure the required flexibility in a contract. As was shown above, the inclusion of the team in the Government planning machinery has created certain problems for the fulfilment of the contract of phase I. The same problem would probably also arise in the second phase if it is sub-contracted.

Fourthly, the first phase is meant to result in such documents and not [illegible], based on which any other competent team of experts should be able to continue the work. Fifthly, the Mission feels that the backstopping activities so far rendered by the Harvard DAS Headquarters to the team were not very significant for the actual work. Therefore there does not seem to be any substantial advantage having Harvard DAS as such as the consulting firm, especially since most of the field staff is recruited externally anyway (two of the three experts in the present team).

77. The Mission mentioned these points to the Principal Secretary of DEVPLAN who, however, maintained that only Harvard DAS could be considered for the next phase since Harvard is considered the most competent consultant for such a task. The question arose whether Harvard might release their present experts (except for Mr. Roemer) and that they could be hired directly by UNIDO on an individual basis. The Principal Secretary had no objections to this proposal. Mr. Gordon of Harvard DAS therefore wrote to UNIDO (dated 24 September 1974) as follows:-

> "Mr. Roemer mentioned the possibility that UNIDO might wish to employ our advisers on a direct hire basis in lieu of a contract with Harvard. Our advisers are free, of course to accept whatever employment they elect. However, much as we would like to be of forthcoming, we have reluctantly concluded that the Development Advisory Service should as a matter of principle accept no responsibility for which it receives no compensation and contractual authority. Consequently, if any of our advisers were to choose to stay on in Dar es Salaam as UNIDO employees we could assume no responsibility for the project."

78. The Mission considers this statement to be rather positive in this context and sees no problem in the question of responsibility. Obviously, UNIDO would have to take full responsibility for the Project if individual experts were hired.

79. In summary, the Mission believes that from a substantive point of view the second phase of the Project does not necessarily have to be carried out by Harvard DAS. The Mission even considers that it may be advantageous to let individually recruited experts undertake the work. The Mission feels, however, that it cannot make any final recommendations as to these two points since they involve not only substantive aspects as contained in the Mission's terms of reference.

3. Summary and cost estimates

(a) Phase I extension

80. The Mission noted that the Project will not be able to meet its objectives within the stipulated time. A considerable amount of work still remains to be undertaken in order to arrive at an industrial strategy based on comprehensive analyses and projections as well as on the general objectives of the Government. It would be detrimental for the Project if the UNDP/UNIDO assistance was abruptly terminated on 15 November 1973 since the Government most probably would not be able to proceed with the important task of the strategy formulation based on the various papers so far prepared by the Harvard team. It would also be extremely difficult to carry on the work if at this stage the present team would have to leave the Project since it would be very complicated for other experts to proceed from here especially in view of the tight time schedule of the Government's planning process.

81. The Mission therefore strongly recommends that ways and means be found to extend the assignment of the present team for the period up to 15 May 1974. The activities to be carried out during this period can be summarised as follows:-

(1) Consolidation of the studies on the various industrial branches; special emphasis to be laid on presenting a comprehensive analysis of the industrial structure, showing estimated autonomous development on the one hand and possible target developments on the other.

(2) Detailed analyses of the constraints and potentials of trade, finance, infrastructure, etc.; special emphasis to be laid on investigations of relevant consequences of the completion of the Tanzam rail.

(3) Detailed analyses of the effects of present policy measures, price system, income distribution, etc. on demand and/or production of manufactured goods.

(4) Preparation of an industrial strategy based on all previous work and in close consultation with the Government planning machinery.

(5) Preparation of a manual for industrial project evaluation based on the final strategy.

(6) Carrying out of training programmes in industrial strategy formulation programming, annual planning and project evaluation.

82. It should be noted that all these additional activities were included under the original Project contract.

83. The extension would amount to 18 man/months if taken to 15 November 1973 is taken as the termination of the original contract and as the start of the extension. However, as explained earlier, the stipulated 48 man/months of the contract would bring the termination date of the Project to about 15 December 1973.

84. The Harvard team indicated to the Mission that a six month extension of the three experts, considering the carrying forward of the termination costs of the existing contract, would require an additional allocation to Harvard of about $71,000 in total. Since this amount is based on the 15 November 1973 as starting date, it would in the view of the Mission be appropriate to reduce the amount by three man/months if 15 December is taken as starting date, and 15 May 1974 as termination date. The remaining five month period would thus require an allocation of about $ 60,000.

(b) Phase II

85. The Mission strongly recommends an extension of the UNDP UNIDO assistance rendered to the Government in the field of industrial strategy formulation beyond May 1974. A phase II of the project would thus be required to cover the period of 15 May 1974 to May 1975. A draft Project Document for phase II is contained in Annex 5. It should be noted, however, that the Project Budget is not included in this draft, since the Mission cannot make the final decision regarding the form of assistance (sub-contract or individual experts) or the amount of a possible sub-contract.

86. If phase II is to be carried out by individually recruited UNIDO experts the UNDP contribution would amount to three man-years of export services, i.e., $ 90,000. The total contribution would include a project car and a miscellaneous component for project review, bringing it up to say $ 100,000.

87. For the case that phase II is to be sub-contracted, the Mission cannot make own estimates at this stage. The Harvard team, however, provided the

Mission with a cost estimate. According to this estimate total costs (for Harvard) would be $ 170,000. The Project would thus with review costs and a project cir amount to say $ 180,000. If provision is made for eight man/months of short-term consultants services an additional $ 43,000 would have to be included, bringing the Project up to $ 216,000 (including project review provision).

88. As to the provision for short-term consultants, the Mission believes that it would be better to let Indcentre cover this part and if necessary to increase Indcentre's sub-contracting component.

Annex 1

REPORT ON UNDP/UNIDO ASSISTANCE
TO
THE NATIONAL DEVELOPMENT CORPORATION
AND
THE INDUSTRIAL STUDIES AND DEVELOPMENT CENTRE

List of Contents

Report on UNDP/UNIDO Assistance to the National Development Corporation and the Industrial Studies and Development Centre

SUMMARY

The Mission found that the requested assistance to the National Development Corporation (NDC) to a certain degree constitutes an overlapping with the functions of the Industrial Studies and Development Centre (INDECENTRE), but that the assistance still is fully justified. The Mission therefore recommends the NDC assistance be approved and implemented in accordance with the draft Project Document.

In connexion with this review, the Mission also examined the present form of assistance to INDECENTRE and recommends a few amendments as to the number and composition of experts

INTRODUCTION

The Mission reviewing the Industrial Strategy Project was also asked to review "The Government's recent request for assistance to the National Development Corporation". The purpose was to ascertain the need for this assistance in view of the fact that similar assistance is already being rendered to the Government through the Industrial Studies and Development Centre. The Mission, thus, had to examine the NDC assistance project as to possible overlapping functions with UNIDCENTUE.

The Mission had consultations with a number of Tanzanian officials and UNIDO experts. Annex 3 contains a list of the persons consulted.

I. BACKGROUND

1. Requested assistance to NDC

The draft Project Document of the assistance to NDC covers a two year period (end 1973 to end 1975) with a total UNDP contribution of $126,000. The features of the Project are as follows:-

(i) Immediate objectives

- The determination of NDC's role in the long-run for fostering industrial development;
- The formulation of a development programme for NDC and for the NDC Group companies;
- The strengthening of NDC's operational activities and of the management of the NDC Group companies.

(ii) Activities

- Carrying out analyses of selected industrial branches for the identification of new suitable investment opportunities for NDC;
- Investigating existing NDC industries to identify possibilities for expansion and/or diversification;
- Preparing and evaluating industrial projects and expansion programmes;
- Promoting selected investment projects;
- Carrying out market research;
- Review and alleviate marketing problems of NDC companies;
- Preparing long-run development programmes for NDC as a whole and for individual NDC Group companies.

(iii) Experts (OPAS)

- Director of Development (Research), 24 months.
  This expert will carry out investigations to identify new investment opportunities (including expansions) within the NDC Group companies;
- Planning Manager, 24 months.
  This expert will consolidate the various investment opportunities of NDC industries into an NDC programme;
- Marketing Manager, 12 months.
  This expert will carry out market studies and marketing programmes for NDC industries.

2. Assistance to INDOCENTRU (phase II)

The Project Document of this Project covers a two year period (end 1972 to end 1974) with a total UNDP contribution of $513,600. The features of the Project are as follows:-

(i) Immediate objectives

- To have examined in a systematic way industrial sectors for the identification of investment opportunities;
- To render services to various relevant parastatals and other bodies in the preparation, evaluation and implementation of industrial projects and thus enable them to carry out their specific tasks;
- To build up a staff in the Centre with sufficient knowledge and experience to carry out for various public bodies industrial project studies and to advise on investment negotiations and implementation.

(ii) Activities

- Carrying out studies on industrial branches;
- Identifying industrial investment opportunities;
- Formulating and preparing industrial projects and extensions of existing industries;
- Preparing and scrutinizing feasibility studies and evaluating industrial projects.
- Planning and following up the implementation of industrial projects;
- Rendering extension service to small-scale industries and foster the development of small industries;
- Training of national counterpart personnel on the job;
- Training of five counterparts abroad in industrial project preparation, evaluation and implementation.

(iii) Experts (all 24 months)

- Project Manager
- Industrial Engineer
- Food Technologist
- Small-scale Industry Adviser
- Financial Analyst.

(iv) Subcontracting component

A subcontracting component of $ 100,000 is to enable the Project to hire short-term experts or consultants to carry out specific project studies.

3. Institutional framework

The assistance to NDC is aimed at strengthening the Corporation itself and the NDC Group companies. The experts have OPAS status and have thus executive functions. NDC is a parastatal organization and although the Ministry of Commerce and Industry administratively is the parent ministry it has an independent status outside of the actual Government machinery.

INDCENTRE on the other hand is part of the same Ministry and the counterparts of the UNDP/UNIDO project are regarded as staff of the Ministry. The Project is meant to constitute a central unit of the Government, serving all parastatals, banks, etc. in the field of industrial project preparation and evaluation, such as MINCOM, DEVPLAN and other ministries, the National Development Corporation, National Agriculture and Food Corporation, Tanzania Woodworking Industries Corporation, State Mining Corporation, National Milling Corporation, Tanzania Investment Bank, and National Small-scale Industry Corporation.

NDC is considered as the country's leading industrial development corporation, combining the function of an organization for carrying out investments and/or those of holding company. NDC therefore constitutes the most important potent client of INDCENTRE.

4. Related activities of the two Projects

Since INDCENTRE's activities are basically confined to the field of industrial project preparation and evaluation, only two of the three posts of the NDC project are related with INDCENTRE: the Director of Development and the Industrial Market Expert. The third post (Planning Manager) is more concerned with the development of the corporation as a whole. As can be seen from the excerpt of the Job Description of the Director of Development, this post includes the duty: "Prepare and evaluate industrial projects" while the Industrial Market Expert is expected among other duties to carry out market research (see excerpt of Job Description). It is in fact only these two duties which relate to INDCENTRE's activities.

(i) Excerpt of Job Description:

Director of Development (Research), OPAS

Duties: - Head and supervise the work of the Development Department;

- Prepare and evaluate industrial projects;
- Formulate terms of reference for specific project studies to be undertaken by outside expertise, mainly through the Industrial Studies and Development Centre;
- Prepare a development programme for NDC consisting of selected investment projects;
- Implement the selected projects by initiating specific promotional activities and participating in the negotiations for supply of capital and know-how;
- Prepare the work plan and budget for the Development Department;
- Formulate and carry out programmes for staff training;
- Collect relevant data and carry out analyses for identifying new investment opportunities including expansion programmes of the NDC Group companies.

(ii) Excerpt of Job Description:

Industrial Market Expert, OPAS

Duties: - Supervise and carry out studies on the domestic market, including the distribution system, and on potential export markets,

- Review prevailing market problems of the NDC Group companies,
- Formulate suggestions for product adaptation, distribution, pricing, etc. for domestic and foreign markets,
- Establish and organise a unit within NDC for market research and marketing;
- Formulate terms of reference for specific market studies to be undertaken by outside expertise, mainly through the Industrial Studies and Development Centre;
- Negotiate market agreements with foreign investors as well as with foreign governments, distributors, etc.;
- Select suitable trade fairs for displaying the products of NDC Group companies.

5. Other related projects

Similarly to the assistance to NDC, the UNDP/UNIDO project "Assistance to the State Mining Corporation" (SMC) is related with the functions of INDCENTRE. The Principal Development Adviser in that project has - among other duties - the task to prepare industrial projects and to evaluate them. The following discussion on the extent of duplication of the activities of the NDC project and INDCENTRE largely applies also to the assistance to SMC.

II. EVALUATION OF THE DEGREE OF AND NEED FOR DUPLICATION OF ACTIVITIES

As stated above, NDC does rely on the services of INDCENTRE while simultaneously two UNIDO experts in NDC will partly carry out work in the same field within the corporation. The question therefore arises whether this apparent duplication could or should be avoided and all assistance in this particular field be channelized through INDCENTRE.

Presently the extent to which parastatals rely on the services of INDCENTRE is limited by the following factors:

(a) INDCENTRE's activities are confined to the preparation of industrial project studies.

(b) INDCENTRE's actual capacity is limited in terms of man/months expert services, range of industrial experience and specialness. INDCENTRE is also understaffed as to counterpart personnel (11 vacant out of 15 established posts).[1/]

(c) Parastatals have some reservations as to the short-term nature of INDCENTRE's services in the sense that these services are rendered without obligation for follow-up. Since the parastatals will in any event have to deal with the project and follow it up through the negotiations and the implementation they often prefer to have their own experts assigned to the project.

(d) Although INDCENTRE is officially a semi-autonomous body under MINCOM, the parastatals occasionally hesitate to let INDCENTRE handle projects which are not yet sufficiently well conceived. The parastatals generally wish to carry out the preliminary work on project ideas inside their organization and in consultation with their group companies till the project concept, its justification and the possibility of implementation have been clarified.

INDCENTRE's capacity could be increased but only to a limited extent. The amount and composition of long-term experts posts could be somewhat changed to better reflect current needs of assistance. In co-operation with the present

---

1/ The heavy workload of the Centre is illustrated by the fact that at the time of the Mission about 40 jobs for INDCENTRE were in the pipeline (list attached in Annex 1A).

Project Manager of INDCENTRE, a proposal for such a revision of the Project was elaborated and is included in this report (chapter III).

The sub-contracting and short-term experts component is an important element of the project since it permits a broad coverage of expertise to be available. However, it is for that component that the above mentioned limitations as to speediness apply. Due to lengthy recruitment and contracting procedures it may prove difficult for INDCENTRE to meet the clients' requests. The Mission therefore only recommends that INDCENTRE continues the efforts of the present Project Manager to plan its work well in advance and to obtain as early as possible from the parastatals and other clients indications of the kind of expertise they would require in the near future.

The small number of counterpart personnel presently posted in INDCENTRE (four) constitutes indeed not only a limiting factor for the Centre's present activities but more so for its long-term capacity. The problem of counterparts is valid for most UN projects in the country and is simply a result of the scarce manpower resources as compared with requirements. It can therefore hardly be expected that INDCENTRE can fill the vacant posts. Moreover, there is always the possibility that counterparts are transferred to other Government services, after having been trained in INDCENTRE.

It was noted by the Mission that the Government contemplates to create a separate parastatal corporation in which INDCENTRE could form a part (another part may be a management consulting unit). If such a decision is taken by the Government it may mean a certain improvement of the counterpart situation of INDCENTRE since wages in parastatals apparently are somewhat more attractive and it may be easier to retain staff on a more permanent basis.

The short-term nature of INDCENTRE's services is obviously part of the Centre's basic features and cannot be changed. The main limitation of INDCENTRE is in fact that it can only serve as an outside studies unit according to well defined terms of reference and resulting in a more or less self-contained report. INDCENTRE cannot to a substantial extent give day-to-day advice directly to the staff of parastatals. The status of INDCENTRE is with other words similar to that of a consulting company which is hired for very specific tasks. INDCENTRE could therefore only replace such parts of the assistance to NDC (and SMC) which are of this nature, i.e., the preparation of pre-investment studies, partial project studies (such as market studies) as well as reviews of studies and evaluation of projects.

There will therefore be a need for UNDP/UNIDO to render assistance directly to the parastatals if these back experiences for the day-to-day work even if this work concerns project preparation and evaluation. The way in which the assistance to INDCENTRE and the parastatals would supplement each other can be illustrated by an example: A UNIDO expert in industrial investments assigned to a parastatal development corporation will identify an investment opportunity, outline the study that will be required, assist INDCENTRE to undertake the project study, follow-up the complete study and eventually carry out the various activities connected with the implementation of the project.

Based on these general observations the Mission believes that the post Director of Development in the NDC project is well justified. He will assume an executive function as head of NDC's development department and handle preparation, evaluation and implementation of investment projects for NDC. Specific project studies are to be performed by INDCENTRE. As to the Industrial Market Expert post, the Mission finds that a [illegible] this post is needed and should not be replaced but supplemented by a direct expert post attached to INDCENTRE. The NDC post has the double function of carrying out market research and of co-ordinating the marketing activities of the NDC group companies. He is expected to identify the problems and needs for specific studies and formulate requests for INDCENTRE's assistance whenever applicable.

In both Job Descriptions it is clearly stated that specific studies are to be undertaken by INDCENTRE.

Similarly, the Principal Development Adviser post in the State Mining Corporation is fully justified, since this expert is expected to render the day-to-day advice to the Corporation.

Summary

In summary, it is noted that the parastatals and the Ministries in Tanzania have an acute shortage of experienced staff and that to a large extent outside assistance needs to be given to each institution dealing with industry to ensure that industrial investment projects are properly conceived and analyzed before being implemented. INDCENTRE should serve as a central body in the preparation of specific project studies. In order to permit both the Government and UNDP/UNIDO to economise resources and to properly co-ordinate and rationalise the functions

of the various institutions dealing with industrial project planning, the Mission believes that as a general principle UNDP/UNIDO assistance to Tanzania in the field of project preparation and evaluation should as far as possible be channelized through INDCENTRE rather than that large project planning units be built up in each parastatal. INDCENTRE can, however, not take over all functions of the parastatals in this field. There is a need to strengthen some of the parastatals by attaching experts directly to these. The requested assistance to NDC is considered as well justified by the Mission. The Mission noted that the co-operation between the various present UNDP/UNIDO projects is good and believes that this will also be the case between the NDC project and INDCENTRE. This co-operation would no doubt ensure that direct duplications of work are avoided.

III. PROPOSED REVISION OF INDCENTRE

As is stated above, it is important for attaining a co-ordinated and effective UNDP/UNIDO assistance programme to Tanzania in the field of industrial project preparation and evaluation that INDCENTRE's capacity to provide services is increased. The present phase II of UNDP/UNIDO assistance to INDCENTRE has now completed the first one year period and it seems opportune to consider a few amendments for the second period. These amendments can be listed as follows -

(1) Extension Project Manager post (11-01)

(2) Revised Job Description of Small-scale Industry Adviser post (11-03)

(3) Extension post Market Expert (11-04)

(4) Establishment of new post for 12 months: Expert in Industrial Project Evaluation.

1. Extension of the Project Manager post

The extension of the Project Manager post (11-01) would be required to ensure that there is a Project Manager as long as the Project goes on. Due to delays in the fielding of some of the experts (11-02, 11-04), their assignment ends in October and August 1975 respectively. The Project Manager post would thus need to be extended for seven months i.e., till October 1975. The additional cost would be $ 17,500.

2. Revision of Job Description of Small-scale Industry Adviser (11-03)

The Tanzanian National Small Industries Corporation (NSIC) is to be re-organised. The present UNDP/UNIDO assistance to the Corporation consists of one expert post, but a larger assistance project is apparently now being considered. The Mission would fully agree to an enlargement of the assistance in the field of promotion, extension services and other advisory services to the very important small-scale industry sector to which the Government attaches high priority. If the assistance to NSIC is indeed increased, the Mission would propose to transfer from INDCENTRE to the small-scale industry project the activities referring to the promotion of small-scale industries.

Pre-investment studies for small-scale industries should, however, continue to be carried out by INDCENTRE, since obviously there is no difference in the expertise required for the preparation of project studies in the small-scale sector as compared with medium- and large-scale projects. The Mission thus feels it important to note that industrial project preparation and evaluation should not be included in the possible UNIDO assistance project.

The post Small-scale Industry Adviser (11-03) should accordingly be converted into an industrial engineer post. The qualifications would be "mechanical engineer with considerable experience in industrial project preparation with particular reference to metalworking industries". The last mentioned specialization is considered important as the Centre is lacking this particular expertise.

3. Extension of Market Expert post (11-09)

This post, presently under recruitment, has a duration of six months and is financed out of the short-term expert component. It was, however, observed by the Mission that this particular expertise is very much needed to supplement the present team of experts in the preparation of industrial projects. The Mission believes that it would contribute significantly to INDCENTRE's capacity to have this post extended to cover the remaining period of the project, i.e., an additional six months. The costs involved for this extension would be $ 15,000.

4. Establishment of a new post for 12 months: Industrial Project Evaluator

The Project Manager of INDCENTRE emphasised the need for this additional expert post. This expert would make an analysis of the commercial and social benefits and costs of each project commissioned to INDCENTRE. The Mission supports this proposal since this important activity of INDCENTRE is really not well represented in the present composition of expert posts. In fact, the Mission feels that the evaluation of industrial projects is a weak point in many of the parastatals and that INDCENTRE should attempt to improve the current practices.

Moreover, in the recommended phase II of the Industrial Strategy project

An appropriate methodology for industrial project evaluation is to be established in form of a manual with the aim of ensuring that the overall strategic goals and priorities be properly translated into project evaluation criteria. IDDCENTRE is expected to (a) be closely associated with the preparation of the Manual (b) participate in the training programme for relevant Tanzanian staff and (c) apply the methodology in the project evaluation activities. It would therefore be of great importance to have a long-term international expert in this field attached to the Centre.

The cost for a one year assignment would be $ 30,000. Being aware of the limitations of the UNDP Country Programme for Tanzania, the Mission proposes that as an alternative to a possible UNDP financing of this post, bilateral financing should be considered.

Annex 1A

List of Jobs in the Pipeline for INTERNTU

(1) Cardamom processing in Tanzania

(2) Woodworking unit for six workers - model scheme no. 8

(3) Prefeasibility study for the production of explosives

(4) Production of glue

(5) Manufacture of surgical cotton from local raw materials

(6) Market survey of metal components, hardware and production tools

(7) Rate of refund of fiscal charges on furniture exported by Palray Ltd.

(8) Manufacture of toothpaste

(9) Tyre retreading factory

(10) Manufacture of brake fluids for vehicles

(11) Market research on ceramic products and files and bricks

(12) Estimation of future domestic demand for industrial fats and oils

(13) Evaluation of proposals for the manufacture of knitted garments

(14) Analysis of profit and loss accounts of Tanganyika Tegry Plastics

(15) Giraffe Extract Co. Ltd. - feasibility report

(16) Prefeasibility study for the manufacture of mirrors

(17) Prefeasibility study of a towel manufacturing unit

(18) Woodworking unit for 12 workers - model scheme no. 16

(19) Clay bricks - model scheme no. 17

(20) Prefeasibility study - model scheme for the manufacture of lime

(21) Prefeasibility study of shaving cream manufacturing

(22) Prefeasibility study for producing synthetic detergents

(23) Prefeasibility study - model scheme for manufacturing pickles

(24) Iron smelting industry on a small scale - prefeasibility study

(25) Market survey of plant protection equipment

(26) Market study of cement

(27) Market study of the plastics industry in Tanzania and in the light the prospects of an eventual merger between Tanganyika Tegry Plastics and Simba Plastics Company (NDC)

(28) Mango collection study

(29) Investment opportunity for producing ceiling boards from bagasse

(30) Market survey of coffee cups

(31) Market survey of welding machines

(32) Market study on iron and steel products in Tanzania (NDC)

(33) Prefeasibility study of a bitumen plant

(34) Organizational and financial study of Cashewnut Authority of Tanzania

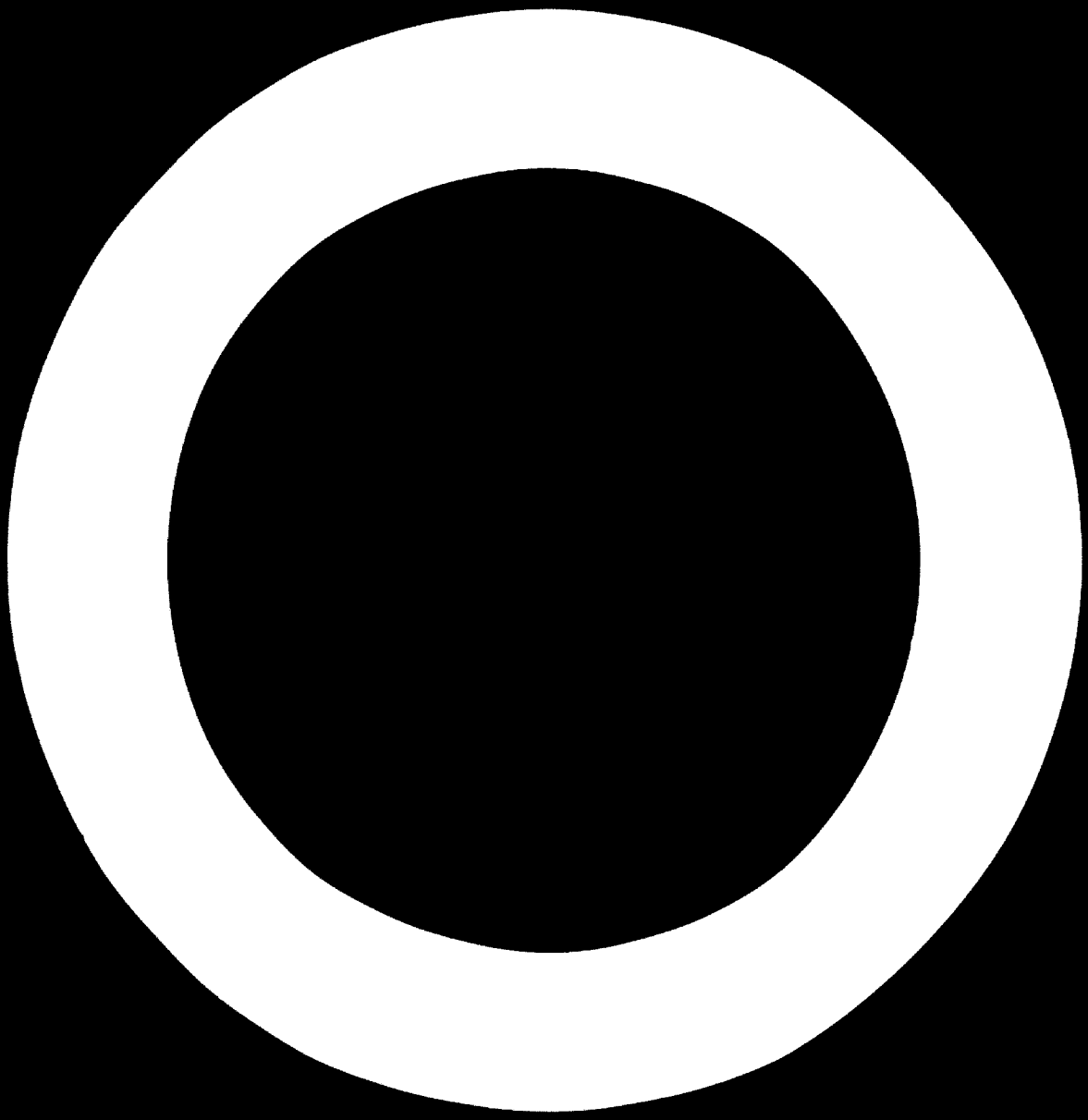
(35) Pharmaceutical industry - evaluation of a proposal

(36) Feasibility study for a salt refinery

(37) Implementation of consultancy report of the old salt plant at Mwanza

(38) Study on Tanganyika Meerschaum Corporation to identify the causes of constant loss-making

(39) Survey and evaluation of several saw mills.



[illegible]

Joint UNDP/UNIDO Review Mission [illegible]

[illegible]

Background

The need for [illegible] industrial strategy [illegible] recognized during the preparation [illegible] Plan. The plan document [illegible] industrial [illegible] during the first half of the [illegible] a framework for detailed preparation [illegible] Third Plan.

The Government therefore recognized [illegible] long-term industrial development [illegible] within the framework of the country's general [illegible] development objectives. They considered it particularly important to identify long-range [illegible] opportunities in view of the diminishing possibilities of import substitution of consumer goods. It was realized that priorities [illegible] and the selection of industrial projects and [illegible] industrial projects and [illegible] industrial sector [illegible] other economic sectors [illegible] to be developed and strengthened. The Government also realized the need of establishing long-term objectives regarding [illegible], management, control, financing and location of industries.

As a first step in meeting this need for a long-term [illegible] analysis, the Government asked the UNDP to establish an industrial strategy project, to be located in the Ministry of Economic Affairs and Development Planning. The project was to consist of an internationally recruited team of three experts including a Senior Economist (team leader), an Adviser on Industrial Project Planning and an expert on Market Research and Trade, with one counterpart being assigned to each expert. UNIDO was designated as the Executing Agency but the Government asked specifically that project operations be subcontracted to the Development Advisory Service (DAS) of Harvard University.

The project was approved by UNDP on 19 May 1972, and field operations began that same month with the arrival of the Industrial Project Planning Adviser. By January 1973, the project was operating at full strength with three experts and three counterparts. The project document for the project was fully signed on 14 December 1972

Provision for the undertaking of a project review was made in the Work Plan of the project document. By consultation among the interested parties it has been suggested that the review be held in September 1973, following the first meeting of the Industrial Sector Working Party of the Commission for the preparation of the Third Five Year Plan.

Scope and Purposes of the Review

The primary purposes of the review are:-

- to evaluate the project in order to determine how adequately its immediate purposes are being attained and how effective it has been or is likely to be in helping the Government to achieve the relevant sectoral and/or national development objectives;
- to identify the factors which may have facilitated or deterred the achievement of the project's immediate purpose and ultimate objectives; and
- to make recommendations for future action.

The Review Mission should feel free to review all steps in the formulation and implementation of the project and make recommendations as to its future.

In carrying out these purposes, the Review Mission will in particular:-

(a) Examine the need for an extension of the project through 1974 as provided for in the Tanzania Country Programme approved in January 1972.

(b) In the event of an extension being found necessary, the Mission will examine:-

(i) the need for continuity in the assignment of one or more of the present incumbents of the three export posts. On the basis of this study the Review Mission will recommend on the most appropriate manner in which to execute the extension and specifically on whether the extension should be executed by subcontract and entrusted to the present subcontractor.

(ii) the exact length of time for which the services of each expert will be required, giving due attention to the need for an orderly phaseout of project activities, should their continuing presence be recommended under (b)(i).

Note: It should be noted that the Government feels the second phase of the project is essential, and would endeavour to seek alternative means of financing if UNDP assistance is not forthcoming.

(c) Examine the co-operation established between the project and other organizations involved in industrial development, particularly the UNDP assisted Industrial Studies and Development Centre, URT/71/522. The Review Mission will study the means by which some of the team's output, such as supporting subsectoral (or other) studies, might be made available promptly to Indcentre and the industrial parastatals (NDC, NMPCO, SMC, NMICO) as inputs in their planning and project development work. The mission must also review the Government's recent request for assistance to the NDC.

(d) Assess the extent to which the project has trained Tanzanian counterpart staff who will be able to continue industrial planning work within the Government following the termination of UNDP assistance. The Review Mission will also consider the extent to which the counterparts will be able to tackle such further subsectoral studies as from time to time become necessary.

(e) In the event of an extension of the project being recommended, the Review Mission will draw up a revised project document, including a detailed work plan for project activities during the remainder of the present phase and throughout the second phase.

Composition of the Review Mission

The Review Mission will be composed of the following:-

. . . . . (UNDP)

Mr. Herman MUEGGE (UNIDO).

The Government of Tanzania is invited to associate itself with the Review Mission's work.

Consultations in the Field

The Review Mission will maintain close liaison with the UNDP Resident Representative in Tanzania, the concerned agencies of the Government, the Team Leader and other members of the international team of experts, the counterpart staff assigned to the project, and the UNDP/UNIDO Regional Industrial Development Field Adviser. Although the Review Mission should feel free to discuss with the authorities concerned anything relevant to its assignment, it is not authorized to make any commitments on behalf of UNDP or UNIDO.

Timetable and Report of the Mission

The UNDP and UNIDO participants will receive briefing at their respective headquarters prior to commencement of the Review Mission. They will assemble in Dar es Salaam on 4 September 1973 and stay in Tanzania for approximately two weeks.

The Review Mission will at its discretion and in consultation with the UNDP Resident Representative in Tanzania, debrief as a team in both Vienna and New York.

The Review Mission will prepare its report along the lines indicated in the attached outline. The report should be completed as far as possible in the field, so that there is an opportunity for additional consultations, as may be necessary. It should be submitted in its final form (not in draft) simultaneously to UNDP and UNIDO. The UNDP and UNIDO, by agreement, will submit the report to the Government.

LIST OF PERSONS CONSULTED

Mr. W.H. Binnendijk, Acting UNDP Resident Representative

Mr. A.L.T. Amani, Trade Officer, Ministry of Economic Affairs and Development Planning

Mr. D. Bitegeko, Commissioner for Industries, Ministry of Commerce and Industries

Dr. R.H. Green, Economic Adviser, Ministry of Finance

Mr. R.M. Kimambo, General Manager, State Mining Corporation

Mr. N.J. Mamuya, Principal Secretary, Ministry of Economic Affairs and Development Planning

Mr. Mbowe, General Manager, Tanzania Investment Bank

Mr. Mutalemwa, Economist, Ministry of Economic Affairs and Development Planning

Mr. P. Ngumbullu, Industry Officer, Ministry of Economic Affairs and Development Planning

Mr. L. Pearce, Director of Planning, National Development Corporation

Mr. J.L. Rwegasira, Regional Commissioner, Coast Region; Chairman for the Industry Working Party of the Third Five Year Plan

Mr. M. Roemer, Harvard DAS

Mr. G. Tidrick, Harvard DAS

Mr. D. Williams, Harvard DAS

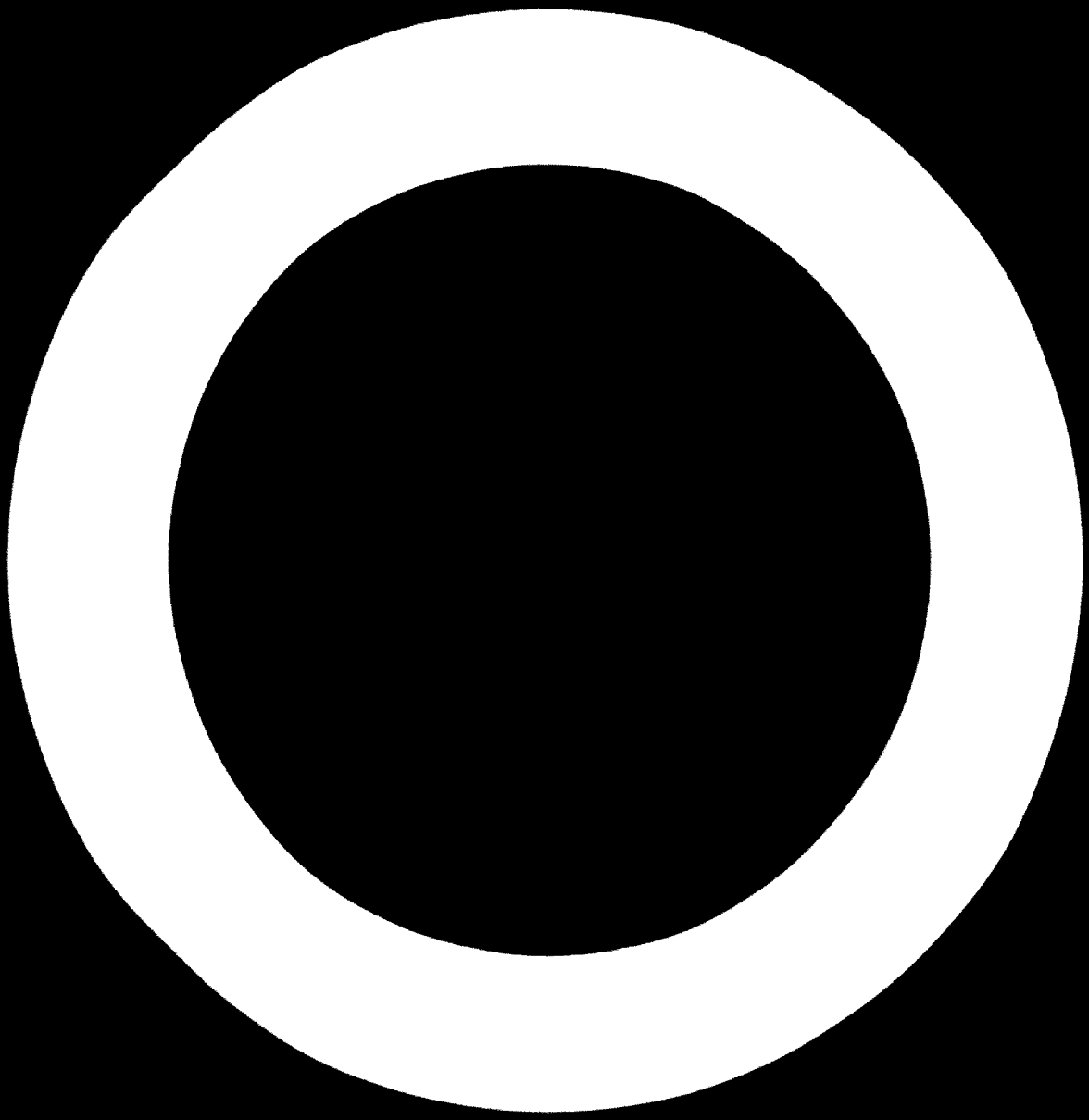
Mr. R. Eder, Principal Development Adviser

Mr. B. Edman, Financial Analyst, Indcentre

Mr. J.S. Garrer, Industrial Engineer, Indcentre

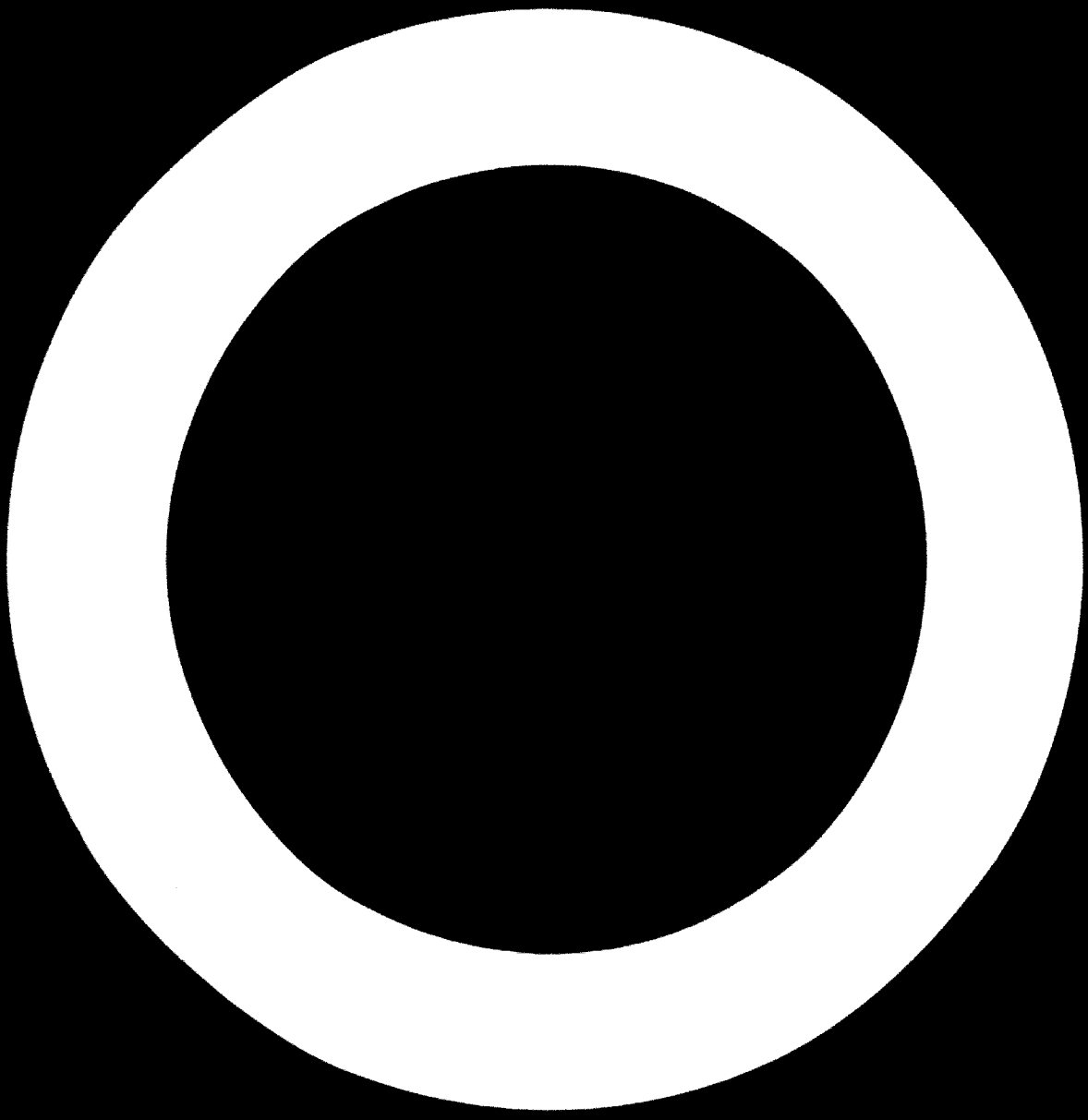
Mr. M. Milliken, FAO Chief Planning Adviser, Ministry of Agriculture

Mr. M. Pejovic, Project Manager, Indcentre



LIST OF PAPERS PREPARED BY THE NRM

1. Models of Socialist Industrial Development
2. Development of the Textile Industry in Tanzania 1975-1995
3. Prospects for Developing the Glass Industry in Tanzania, 1975-1995
4. An Approach to Designing an Industrial Strategy for Tanzania (April 1973)
5. Project Appraisal for the Long-term Industrial Strategy (January 1973)
6. Engineering and Metal Processing Industry (January 1973)
7. Prospects for Development of the Basic Chemical Industry in Tanzania (March 1973)
8. Chemical Allied Industries in Tanzania; Prospects for Development, 1976 to 1996 (April 1973)
9. Development of the Tanzania Automotive Industry (April 1973)
10. Prospects for Developing the Footwear Industry in Tanzania, 1975-1995 (May 1973)
11. Prospects for the Sisal Spinning through 1995 (May 1973)
12. Development of the Leather Industry in Tanzania, 1973-1995 (June 1973)
13. Development of the Garment Industry, 1975-1995 (June 1973)
14. Expansion of Petroleum Refining in Tanzania, 1975-1995 (June 1973)
15. Prospects for Cashew Processing, 1975-1995 (June 1973).



ANNEX

DRAFT

UNITED NATIONS DEVELOPMENT PROGRAMME

Project of the Government of the

UNITED REPUBLIC OF TANZANIA

Title: Industrial Strategy Project, phase II

Number: TRI

Duration: One year

Sector: Industry

Subsector: Industry Planning and Programming

Government Co-operating Agency:
Ministry of Economic Affairs
and Development Planning

Executing Agency:
United Nations Industrial
Development Organization

Date of submission:

Starting date: May 1974

Government contribution:
(local currency)

UNDP contribution:
(US Dollars)

Approved: _____
on behalf of the Government
(Signature)

Date: _____

_____
on behalf of Executing Agency
(Signature)

Date: _____

_____
on behalf of UNDP
(Signature)

Date: _____

I [illegible]

A Justification for the Project

The need for the preparation of a long-term industrial strategy was recognized during the preparation of the Second Five-Year Plan. Special mention of the formulation of an industrial strategy as one of the primary concerns of the Plan is therefore made in the plan document. It is stated that a "long-term industrial plan is to be prepared during the first half of the Second Five-Year Plan period which will provide a framework for detailed preparation of the Third Plan."

The industrial strategy is presently being prepared by a team of experts financed under subcontract by UNDP/UNIDO. The industrial strategy will outline long-term objectives, priorities and direction of the country's industrial development.

The preparation of the industrial strategy will be completed in May 1974. Based on this strategy the Government is to formulate an industrial development programme to form an integrated part of the Third Five-Year Plan covering the period mid 1975 to mid 1980.

The Project thus constitutes a necessary follow-up of the assistance in the formulation of the long-term strategy and is meant to strengthen the Ministry of Economic Affairs and Development Planning (DEVPLAN) carrying out this important task.

The Project will also provide the necessary expertise for the formulation of policies and measures for the implementation of the industrial strategy and the industrial development plan.

B. Institutional framework

The Government co-operating agency for the project is the Ministry of Economic Affairs and Development Planning. The Ministry is in charge of overall economic and industrial planning in Tanzania.

The Government has established a planning machinery for the preparation of the Third Five-Year Plan. The Project is to be fully integrated in this planning process.

The planning machinery consists of the following bodies. The entire Parliament constitutes the Plan Commission with the Prime Minister as

Chairman and the Minister for Economic Affairs and Development Planning as Deputy Chairman. Seventeen Working Parties cover the preparatory work for the various sector programmes. Working Party No. 1, consisting of the chairmen of the other working parties, is to consolidate the sectoral programmes. The industry sector is covered by Working Party 7. The Project is to provide the secretariat for this Working Party.

C. Provisions for Government follow-up

The Project is meant to assist in the preparation of the chapter of the country's Third Five-Year Plan to cover the period 1976-1980. The final version of the Plan is to be issued by the Parliament and constitutes thus an official action plan for one country.

D. Other Related Activities

Complementary UNDP assistance is being rendered to the Ministry of Commerce and Industries through the Industrial Studies and Development Centre. This Centre is charged with preparing feasibility studies for a wide variety of industrial projects, the development of which is the responsibility of government parastatal organizations such as NDC, and in some cases private enterprises.

Techno-economic advice is being supplied to the National Development Corporation by a Director of Development, a Planning Manager and Market Adviser (UNDP/UNIDO project). The State Mining Corporation receives assistance in the fields of industrial project preparation, implementation and in technological fields.

Close co-operation with these projects is to be maintained by the Project.

E. Future UNDP assistance

No further assistance is foreseen at this stage.

II. OBJECTIVES OF THE PROJECT

A. Long-range objectives

The Project will enable the Government to formulate an industrial development programme based on the long-range industrial strategy. The aim is to transform the strategic goals into a five-year plan through which investments will be carried out in accordance with Government long-term priorities.

B. Immediate objectives

The Project has no immediate investment potential. The Project will, however, play a significant role in creating the framework for appropriate industrial investment.

The immediate objectives are as follows:-

(i) to prepare a five-year industrial development programme;

(ii) formulate policies and organizational measures which are needed for the implementation of the country's long-term industrial development strategy and the industrial development programme 1975-1980;

(iii) establish a machinery for control of plan implementation.

(iv) training of Tanzanian counterpart personnel.

III. WORK PLAN

A. Description of project activities

In co-operation with the staff of the Ministry of Economic Affairs and Development Planning as well as of other relevant bodies of the Government planning machinery, the following activities will be carried out:-

1. Based on the industrial development objectives as laid down in the long-term industrial strategy, assist in the preparation of an industrial development programme for the period mid 1975 to mid 1980 to form part of the Third Five-Year Plan.

2. Considering previous studies on the effects of existing policy measures, formulate policy measures which are needed for the implementation of the industrial strategy and the industrial plan for 1975-80. These policy measures would cover the fields of income distribution, trade policies including protection and export support, foreign investment inflow, company taxation, etc.

3. Design administration and organizational measures and procedures required for the implementation of the Five-Year Plan and of the policy measures and regulations.

4. Establish a mechanism for controlling the implementation of the plan and for periodically reviewing the plan.

5. Train counterpart personnel.

The location of these activities will be Dar es Salaam.

B. Timing of Project Activities

Due to their interrelated nature, the project activities will be carried out simultaneously throughout the entire period of the project, i.e. mid May 1974 to mid May 1975.

C. Description of UNDP Inputs

1. Assignment of international staff

(a) Senior Industrial Adviser (teamleader)

The expert is expected to lead, co-ordinate and participate in

the preparation of the industrial development programme for 1975-1980 as well as in the formulation of appropriate policy measures. He will in particular assist in the design and establishment of a machinery for reviewing plan implementation and for preparing annual development programmes. The post requires a high-level economist with considerable experience in industrial programming and policies. The total duration of this post is 12 months beginning 15 May 1974.

(b) Industrial Programming Adviser

This expert is expected to assist in the preparation of the Industry Chapter of the Third Five-Year Plan 1975-1980 based on the established long-term industrial strategy. The post requires an economist with considerable experience in industrial programming. The duration of the assignment is 12 months, beginning 15 May 1974.

(c) Industrial Policies Adviser

This expert is expected to advise on the formulation of appropriate policy measures for the implementation of the long-term industrial strategy and of the industrial development programme 1975-1980. The work will be based on the analyses previously carried out on the effect of existing policies on industrial investments and on the performance of existing industries.

The post requires an economist with considerable experience in the field of industrial policies. The duration of the assignment is 12 months, beginning 15 May, 1974.

2. Equipment

A Project passenger car will be required for official transport in and around Dar es Salaam. Total cost is about $4000.-

3. Project Review Mission

A review of the progress of the Project will be made in late 1974 for a period of about 2 weeks. A provision of about $3000 is made to cover the cost of the Mission.

D. Description of Government Inputs

1. Pre-requisites

The Project constitutes a direct continuation of the first phase of the Industrial Strategy Project. The basis for the Project's activities will thus be available in the form of a determined industrial strategy, forming the framework for the Five-Year Plan preparation as well as in the form of data and studies on various industrial branches, etc.

2. Assignment of National staff

(a) Counterpart to the Senior Industrial Adviser

(b) Counterpart to the Industrial Programming Adviser

(c) Counterpart to the Industrial Policies Adviser

(d) The Government will make available the services of supporting staff as required. These services will be made available from the time of arrival of the experts.

3. Government provided buildings, supplies and equipment

(a) Office accommodation

Furnished offices to accommodate three long-term experts and the counterparts and supporting staff will be made available within the Ministry of Economic Affairs and Development Planning. The facilities will be available at the time of arrival of the experts.

(b) Supplies and equipment

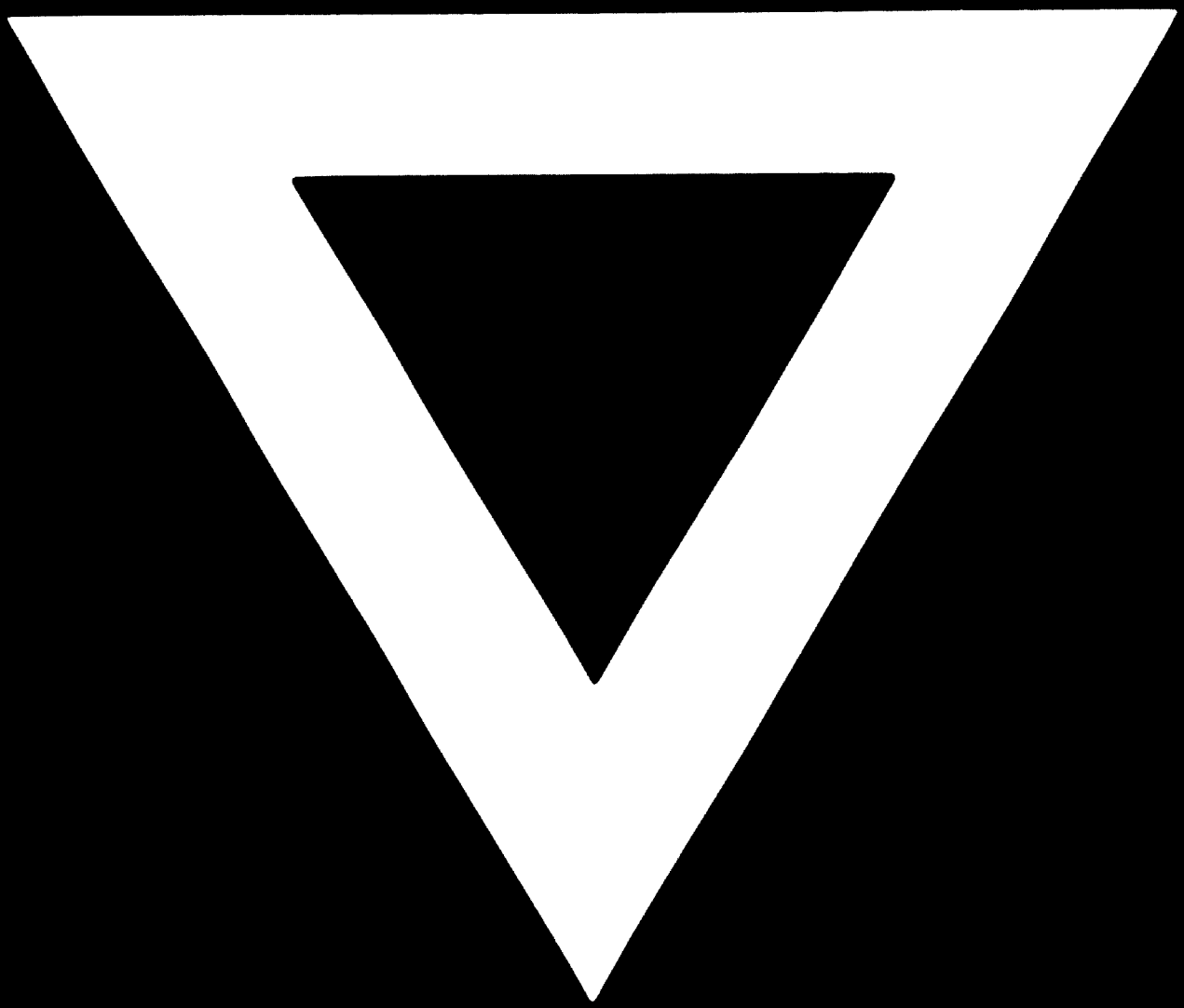
Basic office furnishings, stationery supplies and standard office equipment needed by the experts, their counterparts and supporting staff will be provided by the Government.

(c) Travelling expenses

The Government will provide for official travel within the country for the experts and their counterparts.

4. Miscellaneous

The Government will provide for the operation and maintenance of the project equipment.



76. OG. 29