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Solidarity Meeting of the Ministers of
Industry for Co-operation in the
Industrial Development of the
United Republic of Tanzania

Arusha, United Republic of Tanzania, 23-26 July 1979

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REPORT

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Explanatory notes

References to dollars (\$) are to United States dollars, unless otherwise stated.

A slash between dates (e.g., 1973/74) indicates a crop year, financial year or academic year.

Use of a hyphen between dates (e.g., 1960-1965) indicates the full period involved, including the beginning and end years.

The following abbreviations have been used in this document:

EIDDC	Engineering and Industrial Design Development Centre
GDP	gross domestic product
IPF	indicative planning figure
NDC	National Development Corporation
SIDO	Small Industries Development Corporation
TAMTU	Tanzania Agricultural Machinery Testing Unit
TCDC	technical co-operation among developing countries
TEXCO	National Textile Corporation
TIB	Tanzania Investment Bank
TIRDO	Tanzania Industrial Research and Development Organization
TISCO	Tanzania Industrial Studies and Consulting Organization

PREFACE

The Second General Conference of the United Nations Industrial Development Organization (UNIDO), held at Lima, Peru, in March 1975, emphasized the need for strengthening co-operation between developing and developed countries and among the developing countries themselves. Through the Lima Declaration and Plan of Action on Industrial Development and Co-operation adopted by the General Conference, the international community declared its conviction that industry was an instrument of growth essential to the rapid economic and social progress of developing countries, and that self-reliance within the developing world was essential to the achievement of a new international economic order.

The Lima Conference and subsequent international forums on economic and industrial development recognized the interdependence of all members of the world community and the need for closer economic and technical co-operation among them, regardless of their differing economic and social systems. Subsequent to the Lima Declaration and Plan of Action, a group of ministers from developing countries, meeting at New Delhi, India, in January 1977, made specific recommendations for carrying out a series of programmes, whereby the more advanced members of their group could assist the economic and industrial growth of the least developed.

At a meeting of Ministers of Industry of the Economic and Social Commission for Asia and the Pacific (ESCAP), held at Bangkok in November 1977, it was also decided to establish a club for co-operation among developing countries, particularly for the benefit of the least developed countries.

Subsequently, a Solidarity Meeting of Ministers of Industry was held at Kabul, Afghanistan, in May 1979, the first in a series of meetings each to be focused on the industrial growth of one of the least developed countries.

The present document contains the report of the Second Solidarity Meeting and other material pertaining to it.

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INTRODUCTION

A Solidarity Meeting of Ministers of Industry for Co-operation in the Industrial Development of the United Republic of Tanzania, organized by the United Nations Industrial Development Organization (UNIDO) in co-operation with the Government of the United Republic of Tanzania, was held at Arusha from 23 to 26 July 1979.

The main purpose of the Meeting was to explore ways in which the participating countries could co-operate in promoting the industrial development of the United Republic of Tanzania. Much of the discussion centred on project proposals that had been jointly prepared by UNIDO and the Government of the United Republic of Tanzania and submitted to the participants prior to the Meeting and on a paper presented by the Government setting forth requirements that could be met through technical co-operation among developing countries (TCDC).

RECOMMENDATIONS

The Meeting recommended:

1. That a mechanism be created within the Government of the United Republic of Tanzania to maintain continuous contact with the participating countries to ensure harmony between the assistance and ongoing programmes in industry.
2. That UNIDO, in co-operation with the Tanzanian Government, convene a meeting at an appropriate time to review progress made within the framework of the Solidarity Meeting and to consider what further steps might be taken to promote technical co-operation with the United Republic of Tanzania.

I. ORGANIZATION OF THE MEETING

The Meeting was attended by representatives of the following countries: Algeria, Brazil, Egypt, India, Mexico, Romania, Turkey, the United Republic of Tanzania and Yugoslavia.

The following United Nations bodies were represented: UNIDO and the United Nations Development Programme (UNDP), Dar es Salaam. Annex I contains the list of participants.

Opening addresses

In his address to the Meeting, which was read by Jackson Makwetta, Minister of State in the Prime Minister's Office, Edward Sokoine extended a cordial welcome and expressed the view that the solidarity demonstrated by the developing countries was unique. He felt that the opportunity offered by the Meeting should not be lost. The results of a Meeting of the Group of 77, held at Arusha some time ago and of UNCTAD V, on which developing countries had pinned their hopes, had been disappointing. The international monetary system had run into difficulties. The Solidarity Meeting had been convened at a time of great frustration, since the new international economic order had not been achieved. He wished the Meeting success.

Dr. Abd-El Rahman Khane, Executive Director of UNIDO, conveyed his appreciation to the Government of the United Republic of Tanzania for acting as host to the Meeting. At Arusha the historic resolution that came to be known as the Arusha Declaration of 1967, emphasizing national self-reliance and decentralized growth, had been adopted. The spirit of solidarity was being strengthened by the idea that developing countries had to give something to each other even at a relatively modest stage of their development. This spirit gave a solid ground on which the edifice of collective endeavour could be constructed in the sphere of economic development. It was not the Lima Declaration and the Buenos Aires Plan of Action that brought the concept of economic and technical co-operation among developing countries: the real mandate came from the dreams and aspirations of the peoples of the third world. He expressed confidence that the Meeting at Arusha would be remembered for a long time to come. Dr. Khane placed on record his deep appreciation for the excellent co-operation the Government of the Republic of Tanzania had extended to UNIDO throughout the preparatory stages.

C.D. Msuya, Minister of Industries of the Government of the United Republic of Tanzania, surveyed the country's development. The national objectives of industrial development in accordance with the policy of socialism and self-reliance were to raise the standard of living of the majority of the population, and to achieve an equitable distribution of wealth among the different parts of the country. The benefits of development should be spread geographically to as many persons as possible. Therefore, the Government laid great stress on decentralizing industry and simplifying the distribution of goods; goods should be produced not too far from where they were consumed. Trained manpower for industry was essential. The educational system was becoming technical and production-oriented. Owing to a shortage of technical expertise, the Government had to recruit expatriates until sufficient skilled local personnel could take over.

Emphasizing the role of agriculture in the development process, Mr. Msuya outlined the medium-term industrial programme of the five-year development plan, which laid stress on the subsectors of agro-industries and food industries, paper and pulp industries and metals and engineering industries.

Election of officers

The Meeting requested the Executive Director of UNIDO to be the Chairman and elected A.S. Gonsalves, the Indian High Commissioner, as Rapporteur.

Adoption of the agenda

The Meeting adopted the following agenda:

- Statements presented by the heads of delegations
- Bilateral and group discussions with the Tanzanian authorities on specific projects
- Pledging of technical and/or financial aid by the participating countries
- Other business
- Adoption of findings and recommendations

The Meeting adopted a timetable that provided an opportunity for informal meetings among the participants and bilateral discussions between the representatives of the United Republic of Tanzania and of the other participating countries, at which UNIDO officials were present.

II. WORKING PAPER: RECENT INDUSTRIAL DEVELOPMENT IN THE UNITED
REPUBLIC OF TANZANIA AND FUTURE PROSPECTS

Social and economic development policy

The United Republic of Tanzania is committed to the principles of socialism and self-reliance; its main goals are to attain the socio-economic equality of its citizens and to mobilize domestic material and human resources for the production of goods necessary for raising the standard of living of the population and creating a strong base for the country's economic development.

Prime emphasis is placed on the development of good medical facilities freely available to all citizens, the provision of basic education for all, the creation of skilled manpower as the foundation for indigenous technology, and the development of such infrastructure as roads, water supplies and energy sources. In short, the policy of socialism and self-reliance means focusing on the needs and development of individuals.

These social objectives constitute the general framework within which government economic policies are formulated. All sectors of the economy are directed towards the attainment of the declared social objectives. For instance, the agricultural sector is geared towards the primary objectives of providing food for the population, producing a surplus to support the non-agricultural sectors, providing inputs into Tanzanian industries and securing foreign exchange with which to procure capital goods needed for the country's economic expansion. The industrial sector, for its part, is regarded as one of the major movers of the economy, and government policy on industry has been to use the industrial sector to promote economic growth within the context of the country's social objectives. The task of the industrial sector is therefore to create stronger domestic economic interlinkages while catering for the basic needs of Tanzanians.

The implementation of the policy objectives outlined above is comprehensively incorporated in the current plan, the third five-year development plan (1976-1981). The plan indicates the proportionate role to be contributed by each major sector.

Goals of the productive sectors

During the third five-year plan, within the productive sectors, which include agriculture, industry, mining, forestry and fisheries, effort will be directed towards:

- (a) Achieving self-sufficiency in food by 1981;
- (b) Utilizing natural resources efficiently, with emphasis on:
 - (i) Processing crops - to produce as far as possible final or semi-final consumer goods for domestic consumption and a surplus for export;
 - (ii) Developing basic industries - to make sure that the country's natural resources, such as iron, coal and soda ash are used in the production of machine tools and other goods to satisfy the demand of Tanzanian industries and to meet the needs of the population;
 - (iii) Developing the production of raw materials used as industrial inputs;
- (c) Giving priority to projects that, in addition to increasing efficiency in the development of the economy, will generate profits as soon as possible, so that the investible surplus can be directed to other projects to generate further profits and more services;
- (d) Developing export-oriented industries so as to boost the country's foreign exchange earnings.

To ensure that all these objectives are achieved, 44 per cent of total investment during the plan period will be allocated to the productive sectors: 12.35 per cent to agriculture; 26.63 per cent to industry; and 4.96 to mining, forestry and fisheries. The average annual growth rate of these sectors during the plan period is expected to be as follows (per cent): agriculture, 5.1; industry, 9.3; and mining, also 9.3.

Provision of economic infrastructure

In addition to emphasizing the productive sectors, the plan accords due emphasis to the provision of infrastructure. Top priority has been given to:

- (a) Developing science and technical education in secondary schools and institutions of higher learning;
- (b) Ensuring that water and electricity are available in urban and rural areas so as to build a firm basis for industrial development throughout the country;
- (c) Promoting large-scale irrigation projects so that in the future agriculture will be less dependent on rainfall;
- (d) Improving the means of transport and communications and constructing storage facilities in key urban and rural centres.

Because of the importance of infrastructure, every effort will be made to achieve an average annual growth rate of 10.3 per cent for the water and electricity sector, 6.5 per cent for transport and communications and 6.4 per cent for construction.

Provision of social services

The provision of social services is the Government's cardinal responsibility. Tanzanians should be able to live decently and run their own affairs.

It is thus the goal of the Government:

- (a) To provide satisfactory universal primary education;
- (b) To provide basic water and health services in urban and rural areas;
- (c) To accelerate village planning and the construction of permanent houses in villages and to protect the environment;
- (d) To provide technical and financial support to strengthen democratic machinery in the villages.

The share of the social services sector in GDP is expected to grow at an average annual rate of 5.6 per cent. The average annual growth rate for the whole economy is projected at 6 per cent.

Macro-economic indicators in recent years

Gross domestic income of the United Republic of Tanzania increased from TSh 11,490 million (or \$1,384 million) in 1973 to an estimated TSh 29,920 million or (\$3,503 million) in 1979. With a total population of 17.5 million, annual gross per capita real income now is estimated to be TSh 1,435, or \$172 (the annual inflation rate is estimated at 16 per cent.) This income is 39 times lower than that in the United States of America. Agriculture accounts for 40 per cent of GDP; thus it is the largest sector. Industry accounts for 10 per cent of GDP while economic infrastructural services account for 32 per cent. Government and other public services account for the rest of the domestic income. This composition of GDP has not changed significantly since 1973. Since agriculture engages close to 94 per cent of the population and contributes only 40 per cent of GDP, the productivity of agriculture is lower than that of the other sectors. Thus, further industrialization is seen as one of the ways of raising all-around productivity.

Exports account for 15-20 per cent of GDP. Over 75 per cent of exports consists of agricultural products, most of which are shipped overseas in semi-processed form. The export performance in agriculture is vital because it enables the country to import capital and intermediate and consumer goods needed for domestic investment and to meet consumer demand.

The Government, through the annual budget, plays a crucial role in determining the rate of economic development in general, including that of industrial development. The government budget, which accounts for 35-40 per cent of GDP, has been growing annually by 30 per cent from 1973/74 to 1978/79. The share of the development budget in the total budget has increased from 37 per cent in 1973/74 to 46 per cent in 1978/79. This percentage increase in total government budget can be taken to represent the trend of investment expenditure in the country. However, the estimated overall capital expenditure has been growing in current prices from TSh 2,760 million in 1973 to TSh 6,556 million in 1978, an average annual growth rate of 19 per cent. These annual investment expenditures accounted for 22 per cent of GDP over the period under consideration.

The Government's annual budget has been financed largely from domestic financial sources either through taxation or borrowing. The proportion of foreign financial sources accounted for approximately 25 per cent of the total budget for 1978/79, a slight increase from 17 per cent in the budget for 1973/74. However, with regard to mobilization of funds solely for purposes of development or investment expenditure, the foreign share in the budget has remained consistently high: it even increased from 41 per cent in 1973/74 to 62 per cent in 1978/79.

In short, the United Republic of Tanzania remains one of the poorest countries in the world. Nevertheless, the average annual rate of economic growth of 5 per cent is satisfactory and compares favourably with that of other developing countries. Foreign support has normally been used to supplement domestic effort, especially in the critical areas of investment expenditure.

The industrial sector

Growth of industry, 1967-1977

The development achieved during the period 1967-1977 can be clearly measured in terms of such indicators as increase in number of manufacturing

enterprises, growth of industrial employment and growth in value added in the industrial sector. Table 1 shows that the number of industrial establishments rose from 431 in 1967 to 511 in 1977, which is equivalent to an increase of 13.6 per cent, or an average annual growth rate of 1.7 per cent. Industrial employment grew from 34,502 in 1967 to 33,315 in 1977, or an average annual increase of 9.2 per cent. The value added in the sector increased from TSh 319 million in 1967 to TSh 2,134.13 million in 1977, or an average annual growth rate of 20.9 per cent without taking into account inflation. The share of the manufacturing sector in national income increased from 3 per cent to approximately 10 per cent during the same period.

Table 1. Growth of industry, 1967-1977

Item	Year				
	1967	1970	1973	1976	1977
Industrial establishments (number) <u>a/</u>	431	452	503	511	511
Total employment (number)	34 502	48 699	63 746	78 991	33 315
Value added (million shillings)	319	561	914	1 756	2 134

Source: Bureau of Statistics, Ministry of Finance and Planning.

a/ Covering only industrial establishments employing 10 or more persons.

However, notwithstanding the statistical growth as indicated above, the structure of the manufacturing sector is still dominated by production of agro-based and ordinary consumer goods for the domestic market. In 1967, these goods accounted for 71 per cent of output and 68 per cent of employment for manufacturing enterprises with 10 or more employees. In 1976, their share in total output and employment was 50 per cent and 69 per cent, respectively.

In spite of the rapid growth of public enterprises since 1967, the private sector in manufacturing remains large. In 1976, it accounted for 47 per cent of value added and 52 per cent of employment while public corporations accounted for 53 per cent of value added and 48 per cent of employment. However, the public enterprises that were established were larger than those of the private sector.

The problems the country faces in industrializing include lack of experienced management and skilled manpower; cyclical foreign exchange shortages; lack of adequate infrastructure, including implicit cost escalations arising, for example, from long channels of transport, with particular transport difficulties within the country and frequent cost increases arising from inflation abroad.

Long-term industrial development strategy (1975-1995)

As a result of changes brought about in 1967, the State acquired the main industries, financial institutions and major commercial enterprises. Through the public sector, the Government is the main promoter of industrial development in the United Republic of Tanzania.

The current third five-year development plan (1976-1981) is considered part of the initial phase of a long-term industrial strategy covering the period 1975-1995. This strategy is intended to restructure industry so as to make the country self-reliant in meeting the basic needs of the population and to create conditions for self-sufficiency in providing the means of production for its industry. The initial step is to produce for the domestic market and gradually move to exports so as to save foreign exchange for long-term industrial development.

The global target in the sector is to raise the annual growth rate of real income from the recent 6.7 per cent to 9-12 per cent within 20 years. By the end of the period it is envisaged that the contribution of the industrial sector in total GDP will account for 20 per cent compared with its current share of 10 per cent. Table 2 illustrates the structural change envisaged in the evolution of the 20-year industrial strategy.

Table 2. Structural changes in the industrial sector, 1974-1995
(percentage)

Industry	Value added		
	1974	1980	1995
Iron and steel and iron-based industries	15.3	14.3	30.3
Chemicals	16.2	13.0	16.3
Food, beverages and tobacco	32.0	29.1	21.2
Wood and paper	11.5	10.6	9.9
Non-metal products	4.0	6.0	3.6
Textiles, leather and sisal	21.0	21.5	13.7
Share of value added from:			
Products made from mainly imported inputs	43.5	45.3	14.3
Products made from mainly local inputs	47.2	43.3	32.3

Source: Third five-year plan, 1976-1981.

The United Republic of Tanzania plans to be self-sufficient in sugar, cooking oil, milk, meat, canned fruits and enter the export market for these products. By the middle of the 20-year period the country is also expected to be self-sufficient in cement and cotton textiles - the two fastest growing subsectors of the industrial sector as a whole.

Table 2 shows that the projected growth of iron and steel and associated engineering products will have a significant impact on the industrial sector. This major subsector is projected to increase its value added from 15.3 per cent in 1974 to 30.3 per cent in 1995.

The industrial activities planned for implementation in the iron and steel and associated metal and engineering industries include production of basic steel products, establishment of workshops to manufacture spares and machine parts and manufacture of simple machines initially and complex machines later.

The long-term industrial strategy of the United Republic of Tanzania attaches great importance to manufacturing products for export. So far the emphasis in this endeavour has been to increase further local processing of agricultural commodities so as to shift supplies of the processed goods to the export market. The activities covered include textiles, leather and leather products, sisal products, tobacco products and processed cashew nuts.

Unprocessed agricultural commodities have been contributing up to 63 per cent of total exports. Only 20 per cent of the country's sisal is being processed. The goal is to raise the local processing of these products to 60 per cent for cotton, 40 per cent for cashew nuts and up to 60 per cent for sisal by the middle of the 20-year period.

Throughout the period of the long-term industrial strategy considerable emphasis will be placed on utilization of locally available materials. As indicated in table 2, local-resource-based industries are projected to account for over 80 per cent of value added in 1995 as against 47 per cent in 1974. But in certain subsectors, especially metal and engineering, chemicals and other similar consumer goods, basic and intermediate materials will have to be imported until later in the 20-year period. For some of these industries significant local development will begin only after the country has identified and begun to exploit as yet untapped local minerals and other raw materials.

Classification of industries

To carry out the long-term industrial strategy, industries have been classified as national, district and village industries.

National industries

National industries comprise medium-sized and large industries producing goods for the domestic market, for export and for use in other industries. National industries will be managed by the national development corporations. By their very nature, national industries will be few and cannot be established in every region. Their location will be governed by availability of raw materials and markets. Industries producing for the domestic market will be located in different industrial growth zones, in an effort to minimize transport costs and disperse industry.

District industries

District industries consist of medium-sized and small industries and produce many basic consumer goods. These industries can be broadly dispersed. They involve simple technology, which makes it easy to locate them near consumers. The objective is to integrate these industries into overall district development. The success of the industrial programme requires that these medium-sized and small industries complement the national industries, to which they provide and from which they receive inputs.

To stimulate development in all districts, the Government has established district development corporations (DDCs). The responsibility for establishing district industries is shared by the DDCs, co-operative groups and private individuals. The Ministry of Industries constantly encourages the development of these industries by undertaking feasibility studies, arranging financing and seeking markets for their products.

Village industries

Under the Village and Ujamaa Villages Act, villages are empowered to establish industries as one of their most important economic activities. It is intended that these industries will meet some of the basic requirements of

the villages in which they are located and those of neighbouring villages and districts. These industries may also be established by co-operatives and private individuals. The promotion of small industries is the responsibility of the Small Industries Development Organization (SIDO), which undertakes basic research, plans the establishment of small industries and provides consulting services in technology and marketing.

Implementation constraints

In implementing the long-term industrial development strategy, the country faces certain critical constraints. These include lack of foreign exchange; skilled personnel and indigenous technology; mineral exploitation; and supporting physical infrastructure such as energy, means of transport and communications.

During the last five years the importance of having a reliable flow of foreign exchange revenue has, on several occasions, been clearly demonstrated. For example, the oil price crisis of 1973, which was compounded by disastrous crop failures in the following year, threw the country's development effort completely out of gear. The rise and fall of coffee prices in 1977 and 1978 also adversely affected industrial development.

The lack of skilled personnel is another crucial constraint on the country's long-term industrial strategy. For example, it has been estimated that 4,000 engineers, 19,000 technicians and 130,000 craftsmen, all in different categories, need to be trained during the current five-year plan. But existing institutions do not have the capacity to produce even a quarter of the number required. Extra technical institutions will have to be established in the country, and in certain cases Tanzanians will have to be sent abroad for training.

The other constraint on the pace of industrial development is the lack of physical infrastructure, such as energy and means of transport and communications. A reliable supply of hydroelectric power is to be found only in the eastern and north-eastern areas of the country. Other parts of the country will have to be linked to the reliable national grid system as part of the industrial development strategy. The United Republic of Tanzania stretches close to 1,000 miles from the north-west to the south east of the country. The insufficient capacity of the railway system and the non-existence of all-weather roads in most parts of the country continue to hamper development.

Institutional infrastructure

Although the Ministry of Industries is responsible for the overall policy with regard to industrial development, it does not control all industrial activities. For example, only 53 per cent of the total development budget for the industrial sector in the third five-year plan is directly under the Ministry of Industries. The rest of the budget is under other ministries such as Agriculture and Co-operatives, Natural Resources and Tourism and the Prime Minister's Office. The ministries provide broad policy guidelines that the corporations and institutions under them take into account in their day-to-day operations. Thus the direct implementation of industrial projects is carried out by the public institutions without undue government interference.

In recent years these parastatals have become highly specialized. For example, the National Development Corporation (NDC), the oldest such body, is now responsible only for the metal and engineering and chemicals subsectors. Others under the Ministry of Industries include the National Textile Corporation (TEXCO), Tanzania Cement Corporation (SARUJI), Leather Associated Industries Corporation, Karatasi Associated Industries Corporation (responsible for paper and printing), SIDO, Tanzania Breweries Limited and Tanzania Cigarette Company. Other industrial corporations under other ministries include the State Mining Corporation (STAMICO), Tanzania Wood Industry Corporation (TWICO), and Tanzania Sugar Development Corporation (SUDECO).

The existence of these corporations indicates the importance the Government attaches to rapid industrialization. The large corporations are responsible for promoting large and medium-sized national industries for the domestic and export markets. SIDO promotes the establishment of small industries as a means of developing the rural economy and as an attempt by the Government to spread the benefits of industrial activities to all areas of the country.

The Government has also established institutions for consultancy and industrial research. These include the Tanzania Industrial Studies and Consulting Organization (TISCO), Tanzania Bureau of Standards (TBS), Tanzania Industrial Research and Development Organization (TIRDO) and Tanzania Agricultural Machinery Testing Unit (TAMTU). These institutions express the principle of self-reliance on which the long-term industrial strategy rests.

For example, as TISCO grows it will greatly reduce the enormous sums of money the country has been losing to foreign consulting firms. When TIRDO becomes fully operational it will play the crucial role of adapting foreign technologies to local conditions and encourage industry to use locally available materials. TANTU will provide the technological base for the agricultural sector in terms of simple farm machinery and equipment, cheaper power supply system and convenient transport equipment.

Finance for industrial development

The country's financial system is capable of mobilizing domestic investment funds and receiving external financial assistance. In addition to the Central Bank and the Tanzania Investment Bank (TIB) seven other financial institutions exist: a commercial bank, two development banks, a savings bank, a housing bank, an insurance company and a national provident fund. These institutions, with one exception, are wholly owned by the State. The United Republic of Tanzania is also a shareholder in the East African Development Bank together with Kenya and Uganda.

TIB has been playing a major role in mobilizing external funds for the country. The role of the East African Development Bank in this aspect has declined in recent years as a result of the collapse of the East African Community. TIB also makes a significant contribution in financing industrial investment in large-scale, medium-sized and long-term enterprises. However, the bulk of equity investment is provided by the Government directly through the annual budget. In spite of its reasonably well-developed financial institutions for mobilizing investment funds, the country still needs foreign financial assistance mainly for investments requiring foreign exchange.

As pointed out earlier, the current foreign support for the Government's development budget is now over 60 per cent. With regard to the industrial sector directly controlled by the State, the proportion of foreign grants and loans accounted for 39.1 per cent and 32.7 per cent in 1976/77 and 1977/78, respectively. The greater share of this support consisted of loans, which accounted for 71.6 per cent and 33.3 per cent for the respective years.

Project proposals

There is no doubt that the projects proposed for this Meeting are in accord with the country's industrial development strategy. Most of them are intended to produce goods to meet the basic needs of the majority of Tanzanians with respect to clothing (garment manufacture, knitting units and the Shinyanga integrated textile mill); food (Mahonda sugar factory, clove stem oil and canning of daga); shelter (clay roofing tiles, concrete product project and brass sanitary fittings); and educational requirements (school furniture, exercise books, pencils, rubber erasers and scientific glass equipment). A large portion of these projects will utilize locally available raw materials and produce goods for the domestic market. The projects concerned with consultancy, research and training emphasize the importance of developing indigenous technological capacity.

The projects presented at this Meeting account for only a few of the numerous projects being promoted by various national agencies, which, if implemented, would result in tremendous economic growth. Some of these projects are under implementation. The United Republic of Tanzania needs technical collaboration and financial assistance from abroad to be able to undertake the many potentially valuable projects. Such aid has been coming from various countries and international agencies, and it is hoped that it will continue. The third five-year plan contains many projects for which resources and technical collaborators have not yet been identified.

III. CONSIDERATION OF ISSUES

Statements were made to the Meeting by representatives of the participating countries.

The representative of Egypt declared that the self-sufficiency of developing countries as a group was to their advantage. The more advanced of the developing countries should grant technical assistance to the least developed countries within the framework of projects. Egypt was willing to extend technical assistance to demonstrate before the developed countries that Egyptians had skills that were in no way less than the skills of nationals of developed countries. The Egyptian Government would be happy to give professional and vocational training to Tanzanians. The Government of Egypt could help in industrial development in several ways. The Design Centre in Egypt could help in setting up plants and developing industrial projects; this Centre co-operated closely with UNIDO. The Government of Egypt was prepared to offer everything possible to the United Republic of Tanzania in the fields of training and investment for Tanzanian economic and industrial development.

The Turkish Minister of Industry declared that Turkey welcomed all efforts of various international organizations to establish an equitable new international economic order. His Government believed that developing countries should:

- (a) Co-operate more closely economically, especially in international trade, and should endeavour to increase their influence in international financial organizations;
- (b) Make efforts to adapt technology jointly;
- (c) Subscribe to a development concept different from that prevailing in developed countries.

Turkey was prepared to co-operate with the United Republic of Tanzania in the fields of project preparation and planning, supply of equipment, technical training, economic surveys as well as construction of factories and infrastructure.

The Ambassador of Romania to the United Republic of Tanzania stated that the Romanian Government attached great importance to the establishment of a new international economic order. Romania and the United Republic of Tanzania established relations 10 years ago; Romania could offer co-operation in the textile industry and in furniture making and also would be happy to co-operate in carrying out existing projects.

The head of the Brazilian delegation recalled that UNIDO had been the first United Nations organization to make significant efforts to promote technical co-operation among developing countries (TCDC). At the Buenos Aires conference in 1973 the international community had recognized the contribution that TCDC could make to establish a new international economic order. This kind of co-operation might prove to be much more valuable than the traditional forms of co-operation. He referred to the pressing needs of the least developed countries and to the responsibilities of the international community towards them.

As a sign of its commitment to the realization of the principles of TCDC, the Brazilian Government had made a special contribution of \$1.6 million to UNDP for promoting TCDC activities. This action could be interpreted as an expression of a genuine desire to implement the principles laid down by the Buenos Aires conference. Brazil attached great importance to maintaining political, economic and commercial relations with the United Republic of Tanzania. The Government would examine with sympathy the request of the Tanzanian Government for co-operation in specific projects where Brazil could make a real contribution. Brazil was ready to grant special financial and technical facilities for the realization of such projects. The Brazilian Government was prepared to offer a number of scholarships to enable Tanzanian engineers and technicians to be trained in Brazil.

The representative of Mexico associated himself with the sentiments expressed by other delegates concerning the importance of the new international economic order. Mexico was always willing to use its technical know-how and other resources for the benefit of the least developed countries. Help originating from Mexico was given without any strings attached. Although unable to make any commitment in the absence of the full delegation and instructions, the representative of Mexico felt that the possibilities of co-operation between Mexico and the United Republic of Tanzania had not been exhausted.

The representative of Algeria regretted his inability to make any commitments for want of instructions from his Government but hoped that Algeria would be able to contribute substantially to assistance for the United Republic of Tanzania. The Project Proposals were being studied by the various ministries of the Algerian Government.

The Indian representative referred to the close traditional friendship between the Governments of the United Republic of Tanzania and India and to their mutually beneficial programme of bilateral economic co-operation.

The Indian delegation had taken due note of the Project Proposals submitted at the Meeting and would consider participation in these proposed projects within the framework of the Indo-Tanzanian Joint Economic Commission, which was the institution agreed upon between the two Governments for the execution of the programme of Indo-Tanzanian industrial and economic co-operation. Some of the Project Proposals the Government of India might consider on the basis of future decisions of the Joint Commission related to school furniture, specialized paper, garment manufacture, manufacturing of exercise books, pencils, rubber erasers, distillation of clove stem oil, a cotton waste mill, plants for scientific glass, clay rolling tiles, and projects for concrete products, metal castings and brass sanitary fittings. It would be necessary to establish through detailed negotiations as to what extent these projects duplicated those already envisaged within the framework of the Indo-Tanzanian Joint Commission and what priority they should enjoy. The Indian participation in the present Meeting had to be considered in the light of the long-established programme of bilateral industrial and economic co-operation covering a number of major fields.

India remained a ready source of well-trained experts and management staff who could be placed at the disposal of the United Republic of Tanzania as long as local personnel had not been trained to undertake these tasks. It was the specific policy of India to allocate a substantial part of its IFF provided for technical co-operation among developing countries in UNDP country programmes to finance provision of experts and training facilities for the United Republic of Tanzania.

The representative of Yugoslavia expressed the view that the list of projects presented at the Meeting was evidence of the enormous efforts made both by the Government and the people of the United Republic of Tanzania to develop the country economically and socially. The participation of UNIDO in the initial phase would be desirable wherever appropriate. The activities within the Tanzanian economic plan offered possibilities for intensive industrial co-operation, particularly in agro-industries, in the power industry and various small-scale industries. The measures adopted at this Meeting would promote co-operation between Yugoslavia and the United Republic of Tanzania.

IV. BILATERAL DISCUSSIONS ON PROJECT PROPOSALS

Informal meetings were held between each delegation and representatives of the Tanzanian Government in which UNIDO also participated. These discussions gave each delegation an opportunity to seek clarification of the scope or content of any of the Project Proposals and to express interest in specific projects. The records of these discussions are given below.

Record note of discussions between the Government of the United Republic of Tanzania and the Brazilian delegation

Brazil wished to assist the Tanzanian Government in implementing some of the projects included in the portfolio. The Project Proposals had been sent to the Brazilian Federation of Industries. The first indications were that the Brazilian industry might provide equipment, technical assistance and training for the projects listed below.

<u>Project number</u>	<u>Project title</u>
1	School furniture
2	Specialized paper
3	Garment manufacture
4	Manufacture of exercise books
3	Cotton waste mill
10	Knitting units
11	Shinyanga integrated textile mill
12	Sisal manufacture
13	Mahonda sugar factory
16	Clay roofing tiles
17	Concrete production
13	Pemba industrial estate, Zanzibar
19	Industrial estate on mainland
21	Common facilities centre
23	Metal casting
24	Estate roads

With regard to the sugar industry, the Brazilian delegation suggested that the United Republic of Tanzania develop this industry in conjunction

with the production of alcohol, which could be used as fuel for power generation. Brazil had developed a new technology in this field that could be beneficial to the United Republic of Tanzania.

Concerning training, Brazil was prepared to provide technical training in the industrial sectors that would be of interest to the Tanzanian Government. Brazil would meet the cost of tuition, scholarship, full board and part of the air ticket for Tanzanian trainees, whose number would be agreed upon by both countries at a later stage. Training courses would be provided in English in the Brazilian National Training Centre (SENAI) and practical training, whenever related to specific industrial projects, in Brazilian factories.

The Brazilian delegation asked the Tanzanian delegation to indicate priority projects in which Brazil might have an interest and promised to forward these proposals to its Government. The Tanzanian delegation put forward as priority projects the projects listed below.

(1) Industrial investment projects

No. 10	Knitting units
No. 13	Mahonda sugar factory and the related production of alcohol
No. 16	Clay roofing tiles
No. 17	Concrete production
Nos. 18-19	Industrial estates at Dodoma, Pemba and Tabora
No. 22	Foundry unit and 10 foundries included in project No. 21 - Common facilities centre.

The Brazilian delegation would submit within a month specific proposals concerning the assistance that Brazil might extend to the United Republic of Tanzania for the implementation of these priority projects. This assistance might include financing, supply of equipment, technical assistance and in-plant training.

(2) Fields in which training is required

Iron and steel
Mechanical engineering
Chemical engineering

The Tanzanian delegation indicated that training was required for high-level cadres and intermediate skilled personnel. As there were no facilities for training them in the United Republic of Tanzania, Brazil was requested to provide in-plant training for at least 9 months. In-plant training requirements for the personnel of the bicycle factory were submitted to the Brazilian delegation. Training requirements in the sugar and fertilizer industries would be submitted later.

It was agreed that one of the channels of communication for follow-up on implementation could be established through the UNDP offices in Brazil and in Dar es Salaam.

Record note of discussions between the Government of the United Republic of Tanzania and the Egyptian delegation

The Egyptian delegation, which included three high officials responsible for productivity and vocational training, industrial planning, and engineering design and development, stated that Egypt was prepared to assist the United Republic of Tanzania by providing industrial training programmes in the sectors of textiles, sugar, leather and footwear, engineering and design and short-term consultants.

After extensive discussions with the Tanzanian officials and review of the projects and priorities, Egypt agreed to provide technical assistance as described below.

(1) Textile industry

Egypt, in view of its long experience in the textile industry and in response to the needs of the fast-developing textile industry in the United Republic of Tanzania, felt that its maximum contribution could be made in this vital area.

Egypt was prepared to train 20 textile technicians (middle-level cadres) in the Egyptian textile industry in spinning, weaving and finishing and in the blending of synthetic fibres. These technicians would be trained in large textile mills in Egypt for a total period of 100 man-months. The main objective of this training was to impart to the trainees on-the-job skills.

The Egyptian enterprises would provide training facilities and full board, lodging and accommodation for the Tanzanian trainees.

(2) Sugar industry

The experience gathered by the Egyptian sugar industry over the years could be of great help to the Tanzanian sugar industry. Sugar-cane was a major crop in Egypt and many mills were spread across Upper Egypt.

The Egyptian delegation proposed the training of five persons (one sugar technologist, one chemist, one production planner, one boiler supervisor, and one plantation agronomist). This figure could be doubled to meet the Tanzanian Government's requirements, including the requirements of the Mahonda sugar factory (Zanzibar).

Three trainees would be trained in the Egyptian Sugar Refining and Distillation Company in the sugar-mills in Upper Egypt and in the central workshops at Mahmoudiah. The Egyptian enterprises would train, accommodate and provide full board to the trainees. The training would be for four months (one crushing season in Egypt).

(3) Leather and footwear industry

The Egyptian delegation proposed a one-month study tour for 2 Tanzanian managers to study the leather and footwear industry and to identify areas of potential collaboration. The study tour would include visits to the tanning industry, shoe manufacturers in public and private-sector industries and the Federation of Leather and Footwear Industries.

The Egyptian Government would cover local expenses and provide full board and lodging.

Further assistance would be agreed upon on the basis of the findings of the study tour.

(4) Engineering and design

Egypt had developed engineering design capabilities over the last 10 years in the Engineering and Industrial Design Development Centre (EIDDC). The following suggestions were therefore made to develop design and engineering industries in the United Republic of Tanzania:

(a) Training of one mechanical engineer for the engineering design unit of TIRDO. He would be trained at EIDDC for about three months on design of products and prototype building. During this period he would work with design teams on the job;

(b) Training at EIDDC of two mechanical engineers for TISCO in project studies, plant layout, specification of machines for three months:

(c) Training of 32 technicians from a recently inaugurated bicycle factory having an annual production capacity of 150,000 bicycles in a similar factory in Egypt. The Egyptian delegation was asked to explore the possibility of responding to part of this request;

(d) Training in engineering design for a Tanzanian engineer for TAMTU. The Egyptian Government would bear the costs of training, at EIDDC, including full board and lodging for three months.

(5) Vocational training

Egypt was prepared to train one group of 8-10 technicians for 4 months in mechanical or electrical fields to upgrade their skills.

The Egyptian Government would pay only for the training expenses. Funds were required from an external source for airplane tickets, board and lodging.

(6) Short-term consultants

Egypt was ready to provide up to three consultants for periods up to one man-month each and would bear their travel expenses. The Tanzanian Government would provide lodging and board.

Egypt was ready to make available experts to be recruited according to UNIDO provisions in the above-mentioned fields.

(7) Educational requirements

The National Development Corporation (NDC), the Tanzanian public organization responsible for developing engineering and mechanical industries, badly needed mechanical, electrical, chemical and metallurgical engineers. NDC needed a total of 206 engineering graduates. The Egyptian delegation was requested to initiate procedures for admitting some Tanzanian students into Egyptian engineering colleges for a five-year course leading to a B.Sc. degree.

In the next three years Zanzibar industry needed engineers (electrical, mechanical, chemical), chemists, managers and accountants - 115 in all. The Tanzanian delegation requested the Egyptian delegation to look into the possibility of admitting students in these fields to Egyptian universities.

(8) Co-operation with UNIDO

Egypt had successfully co-operated with UNIDO in many industrial projects in Egypt, but the UNIDO contribution could be considerably greater.

For example, EIDDC was operating for UNIDO the Third In-Plant Training Programme for Engineers in the Field of Engineering and Industrial Design in Cairo from 15 September to 15 November 1979. Two Tanzanian participants from the National Bicycle Company and SIDO had been provisionally accepted. If UNIDO agreed that 5 more Tanzanian participants could be admitted, EIDDC would accept them on the same basis as the original 10.

The main constraint on the provision of more training opportunities lay mainly in the financing of air travel. If funds from UNIDO or some other external source could be found to provide additional airplane tickets and accommodation were increased, the number of trainees could be increased correspondingly.

Finally, Egypt would do everything it could to promote the industrial development of the United Republic of Tanzania. It proposed that biannual meetings be held alternately in each country to ensure implementation, preferably with UNIDO involvement. Additionally, a channel of communication should be established through the UNDP offices in Cairo and Dar es Salaam to facilitate uninterrupted implementation.

These proposals would be presented to the Egyptian Government for final approval within three months. The preparation of the work schedule would be presented to the Tanzanian Government for approval.

Record note of discussions between the Government of the
United Republic of Tanzania and the Indian delegation

India was prepared to set aside Rs 5 million out of its UNDP indicative planning figure for the exclusive use of the United Republic of Tanzania in accordance with Tanzanian priorities during the next three years. These funds could be utilized by the United Republic of Tanzania to finance training programmes in India, experts from India and studies by Indian consulting organizations.

In this regard the United Republic of Tanzania indicated that the following project proposals would have priority for financing under the Indian IPF offer: the technical management services agreement between the Ubungo Spinning Mill and Lakshmi Textile Exporters of India and the project engineering agreement between TEXCO and Lakshmi Textile Exporters for a textile training and research institute.

India noted Tanzanian priorities for the utilization of its IPF and undertook to reply by September 1979. The two sides agreed to explore all other possibilities of utilizing these funds.

Concerning the Project Proposals submitted to the Solidarity Meeting, India expressed interest in implementing the following projects after conducting fresh feasibility studies if these were called for:

- School furniture
- Specialized paper
- Manufacture of exercise books
- Manufacture of pencils
- Rubber erasers
- Clove stem oil distillery
- Concrete products
- Clay rolling tiles
- Metal casting
- Brass sanitary fittings
- Scientific glass

The Indian delegate indicated that both countries would have to establish, through detailed negotiations, mutually acceptable financial arrangements for implementing these projects.

The Indian delegate also expressed an interest in undertaking the Shinyanga integrated textile mill project, in whole or in part on mutually acceptable concessionary terms, to be agreed upon by the Indian and Tanzanian Governments before the end of September 1979.

Record note of discussion between the Government of the United Republic of Tanzania and the Mexican delegation

The delegate of Mexico indicated that he was not in a position to specify projects for which Mexico could render assistance.

He, however requested the Tanzanian delegates to provide him with specific project proposals for which the United Republic of Tanzania wished Mexico's assistance. He would transmit these project proposals with his recommendations to his Government through the appropriate channels and would do his best to secure Mexico's participation in this effort. He also cautioned that Mexico might be in a position to provide technical rather than financial assistance.

In accordance with the above request, the representatives of the Government of the United Republic of Tanzania identified the following projects, as listed in the Project Proposals, for consideration by the Government of Mexico:

Project No. A.7 and Project No. E.23 (These two projects were incorporated in project No. C.13.) Assistance to the United Republic of Tanzania for establishment of an industrial estate at Pemba Island (Zanzibar).

Project No. A.12. Assistance to the United Republic of Tanzania for the establishment of a hedge sisal bag factory.

Project No. A.13. Assistance to Zanzibar for the Mahonda sugar factory expansion.

Project No. A.14. Assistance to the United Republic of Tanzania for the establishment of a fish canning industry. (This project was being revised and in due time would be handed over to Mexico.)

Project No. C.19. Assistance to the industrial estate programme at Kibaha, Morogoro and Dodoma

Project No. E.22. Assistance to the United Republic of Tanzania for the establishment of a metal-casting foundry.

In addition to the above-listed projects, the Government of the United Republic of Tanzania also requested Mexico's assistance in the field of training. The following projects, as listed in the Project Proposals, had high priority:

Project No. F.25. Assistance to the United Republic of Tanzania for the proposed industrial research and development organization. (The training requirements are spelled out in the Project Proposals P. 123.)

Project No. F.27. Assistance to the Tanzania Industrial Services and Consultancy Organization (TISCO).

Project No. G.30. Assistance to the United Republic of Tanzania for sectoral industrial studies for Mtwara, Dodoma and Mbeya regions.

Project No. G.31. Training of personnel required for Zanzibar industrial sector during 1979/30-1931/32.

In several of these projects, the training periods indicated (e.g., 4 years and 6 years) exceeded the periods for which training was traditionally considered necessary and these cases should be considered under some form of scholarship schemes. In this connection, the language problem should be borne in mind. The financial modalities for the above would be worked out at a later stage, taking into consideration the possible involvement of a third party.

In addition to the information concerning the training for the above projects provided in the Project Proposals, further information on these training needs was provided to the Mexican delegate. It was also agreed that if the Mexican Government needed further information, it could be obtained through an exchange of correspondence between the Mexican and Tanzanian Governments.

Record note of informal discussions between the
Government of the United Republic of Tanzania and the Romanian delegation

Romania was prepared to undertake the following projects:

- Design and engineering of plants
- Delivery of equipment and machinery
- Provision of experts (technical assistance)
- Training of personnel in Romania and in the United Republic of Tanzania

The projects proposed for co-operation by Romania are listed below.

Project No. 10

Making a knitting unit an integral part of the Ubungo spinning mill. Establishment of a knitting unit, near the mill, to process 1.1 million kg of yarn and to produce 6 million m² of knitted fabrics. Romania could supply 40-50 per cent of the equipment required for a complete plant.

Project No. 11

Establishment of a cotton textile mill at Shinyanga. Establishment of an integrated cotton textile plant with a capacity of 25,000 spindles and 600 looms for an annual production of 27 million m² of cloth was envisaged by TEXCO. Romania was willing to co-operate with Tanzanian partners

in establishing this project. Similar plants had already been delivered and installed by the Romanian industry. For this project Romania could supply 60-70 per cent of the required machinery and all the services required for the completion and starting up of the plant.

The Romanian delegation expressed its Government's willingness to undertake the implementation of both projects under favourable conditions.

During discussions, the following was agreed upon:

(a) The Tanzanian Government would provide the Romanian counterparts with feasibility studies and other background information on these two projects;

(b) TEXCO would complete questionnaires submitted by the Romanian delegation and return them to Romania;

(c) Based on the feasibility study, the questionnaire and other information, Romania would prepare a complete offer, which would include the terms of co-operation in the following projects:

Project No. 1. Rendering assistance to the United Republic of Tanzania in the manufacture of school furniture (3 units)

Project No. 16. Rendering assistance to the United Republic of Tanzania in the establishment of burned clay and tile manufacture

Project Nos. 18, 19 and 21. Establishment of wood-processing units

The Romanian delegation suggested the following pattern for the implementation of the proposals:

(a) After background information and the completed questionnaires had been received, offers would be submitted to Romanian experts, who would then visit the United Republic of Tanzania to discuss technical and other subjects related to the projects concerned;

(b) The pattern of assistance and the cost of equipment would then be discussed and the terms of payment agreed upon by the two parties;

(c) The above-mentioned projects would be discussed by the Joint Tanzanian Romanian Commission, which would meet at Bucharest in August 1979;

(d) Romania would provide free-of-charge training of managerial and technical personnel under the scholarship programme of the Romanian Government for the projects discussed. Details and arrangements for the training would be discussed at the next meeting of the Joint Tanzanian/Romanian Commission in Bucharest.

The Tanzanian delegation expressed its appreciation of the offer made by the Romanian delegation regarding the provision of training. However, the Tanzanian delegation would like to have only the training component under Project No. 26, "Training of personnel for TEXCO".

Record note of discussions between the Government of the United Republic of Tanzania and the Turkish delegation

The projects in which Turkey expressed interest and for which it accepted responsibility are listed below (see Project Proposals):

Project A.1. Assistance to the United Republic of Tanzania in manufacturing school furniture (3 units). The Tanzanian Government needed equipment and training as described in the project profile. Turkey undertook to provide these two items.

Project A.4. Assistance to the United Republic of Tanzania for the manufacture of exercise books. Turkey accepted responsibility for the delivery of the machinery and the provision of the training stipulated in the project proposal.

Project C.16. Assistance to the United Republic of Tanzania in the manufacture of clay roofing tiles. Turkey expressed its willingness to accept responsibility for delivering the machinery as indicated in the project proposal and for providing the necessary training as described in the same project proposal. Necessary marginal imports could also be supplied. Owing to the importance of this project, the Tanzanian side requested the Turkish delegation to consider the implementation of this project to be most urgent, since the feasibility study had already been carried out.

Project C.17. Assistance to the United Republic of Tanzania for the establishment of a factory for concrete products. Turkey expressed its willingness to provide the required equipment and the necessary training for the manufacture of concrete poles. It would also undertake the necessary feasibility studies. It was also agreed that Turkey would accept responsibility for assistance in the manufacture of the products listed under items I and II of the project proposal, the details of which would be discussed between the two sides with the participation of UNIDO.

The leader of the Turkish delegation announced that, subject to the decision of his Government, one of the above four projects (to be specified after consultation with his Government) would be financed by Turkey on the basis of an outright grant. The other three projects would be financed on a

soft-loan basis. In other words, the cost of the equipment involved and of construction would be covered by a Turkish loan on concessionary terms, details of which would be agreed upon at a later stage by the Governments of the two countries.

The Government of the United Republic of Tanzania indicated that the necessary infrastructure facilities for Project No. 1 and Project No. 4, which were located in the industrial estates, had already been installed, and that small-scale entrepreneurs were available. In some cases the feasibility studies had been completed. The necessity for the urgent implementation of these projects was stressed.

Turkey also offered to provide the United Republic of Tanzania with training facilities and to exchange experience in several industrial sectors. The disciplines in which training and exchange of experience could be provided were identified as follows:

(1) Prefabricated buildings. Turkey had acquired considerable experience in this sector. In view of the importance Turkey attached to this sector, Turkey was ready to provide assistance in this field to the United Republic of Tanzania through fellowships and study tours for Tanzanian nationals. The United Republic of Tanzania would examine this offer and would in due course communicate with Turkey regarding the possibility of sending a mission to study on the spot Turkey's experience and to determine Tanzanian needs in this field.

(2) Cement industry. The representative of Turkey described the possibilities for training Tanzanian fellows in Turkey in the cement industry. The number of fellows and the timing of the training programme would be determined at a later stage. As to the costs involved, the Government of Turkey had not taken a decision owing to foreign-exchange constraints. The Turkish delegate suggested that third parties or international organizations might finance the international travel. Turkey was prepared, however, to bear all local costs, including transportation within Turkey.

(3) Road construction industry and (4) textile industry. The representative of Turkey suggested that Tanzanian nationals could benefit from on-the-job training in the road construction and textile industries in Turkey. Here again foreign-exchange constraints and the desirability of seeking the financial involvement of third parties were mentioned. It was agreed that the United Republic of Tanzania would communicate with Turkey in due course with regard to these proposals.

Record note of discussions between the Government of
the United Republic of Tanzania and the Yugoslav delegation

The projects for which Yugoslavia expressed willingness to co-operate and to provide assistance are described below.

(1) Grant-in-aid projects (delivery of equipment and machinery)

Project No. 21. Universal mechanical workshop; assistance to the United Republic of Tanzania for the establishment of a control service workshop.

Project No. 22. Foundry; assistance to the United Republic of Tanzania for the establishment of a foundry.

The Yugoslav delegation informed the Tanzanian Government and UNIDO that the Yugoslav Government had decided to grant an amount in Yugoslav dinars equivalent to \$585,500 to be used to meet the entire cost of equipment for a mechanical workshop and a foundry project proposed for implementation jointly by the United Republic of Tanzania, Yugoslavia and UNIDO. It was agreed that the proposed plant would be installed in Morogoro to assist further industrialization and agricultural development of this region. It was also proposed that the financing of other components of projects be met by the Tanzanian Government with UNIDO assistance, which would be officially requested from UNIDO by the Tanzanian Government.

Tables 3 and 4 show the possible form of financing, and the figure indicates the tentative implementation schedule agreed upon.

(2) Feasibility studies

The Yugoslav delegation expressed the readiness of Yugoslav institutions and enterprises to co-operate with UNIDO and Tanzanian institutions in preparing feasibility studies for the following projects:

Exploration and processing of magnesite

Establishment of co-operatives for collecting and industrial processing of honey and wax

It was proposed that the financing of these studies be shared equally by Yugoslav institutions and UNIDO.

Table 3. Mechanical workshop - Morogoro: project financing^{a/}
(Dollars)

Project component	Yugoslav b/ contribution	UNIDO
1. Preparation of feasibility study (identification of project, site selection)	4 736	12 000
2. Initial project implementation (preparation of detailed project design, engineering, specifications, bills of materials, plans and other relevant documentation)	15 473	9 000
3. Delivery of equipment (delivery of equipment f.o.b. Yugoslav port)	246 842	
4. Transport of equipment (from Yugoslav port to construction site in United Republic of Tanzania)	-	30 000 ^{c/}
5. Construction of necessary facilities (buildings, infrastructure, power etc.)	-	-
6. Erection and installation of equipment with trail operation	17 263	20 000
7. Training of personnel	17 052	30 000
8. Miscellaneous	<u>7 894</u>	
	309 260	<u>110 000</u>
	Total	

a/ Tanzanian contribution to be made by SIDA, covering, for item 4, local transport; item 5, all costs

b/ Dollar equivalent of contribution to be given in dinars.

c/ Estimated.

Table 4. Foundry - Morogoro: project financing^{a/}
(Dollars)

Project component	Yugoslav contribution	UNIDO
1. Preparation of feasibility study (identification of project, site selection)	4 500	12 000
2. Initial project implementation (preparation of detailed project design, engineering, specifications, plans and other relevant documentation)	10 984	8 000
3. Delivery of equipment (delivery of equipment f.o.b. Yugoslav port)	227 894	-
4. Transport of equipment (from Yugoslav port to construction site in the United Republic of Tanzania)	-	25 000 ^{b/}
5. Construction of necessary facilities (buildings, infrastructure, power etc.)	-	-
6. Erection of workshop and installation of equipment	17 263	15 000
7. Training of personnel	7 578	25 000
8. Miscellaneous	<u>8 000</u>	<u>3 500</u>
	276 219	93 500
Total		

^{a/} Tanzanian contribution will be made by SIDO covering, for item 4, local transport; item 5, all costs.

^{b/} Estimated.

Tentative schedule for mechanical workshop and foundry
project to be completed - Morogoro

Project component	Months																																			
	1979												1980												1981											
	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12							
Preparation of feasibility study	[]																																			
Discussion, revision and acceptance of the feasibility study (preliminary study)	[]																																			
Detailed project design and engineering													[]																							
Delivery of equipment																									[]											
Construction of main buildings and facility																									[]											
Erection and installation of equipment																									[]											
Trail operation																									[]											
Training of personnel																									[]											

Once the viability of these projects had been established, consideration would be given to further co-operation between the Yugoslavian and Tanzanian partners, including setting up of joint ventures and provision of long-term soft loans.

(3) Other projects

It was concluded that Yugoslavia and the United Republic of Tanzania might also co-operate in the leather and leather goods industry, fruit and vegetable processing, and wood processing.

It was agreed that the Tanzanian Government would provide background information to the Yugoslav delegation on proposed sectors and a project for consideration; this would include feasibility and other studies prepared by UNIDO for the leather industry.

The Yugoslav delegation proposed for Tanzanian consideration the establishment of a joint venture in the leather and leather goods sector. Yugoslavia had the technology, know-how and market for this specific sector, and such co-operation would benefit both countries.

With regard to UNIDO assistance in implementing projects in the United Republic of Tanzania, the Tanzanian delegation stated that, based on proposals agreed upon for financing projects, official requests would be submitted to UNIDO for consideration and approval. UNIDO, however, made no comment regarding its financial contribution, but it would consider the matter and spare no effort to assist in the implementation of the proposed projects.

Annex I

LIST OF PARTICIPANTS

Algeria

A. Oubraham, Counsellor, Embassy of Algeria in Dar es Salaam

Brazil

N. Moraes de Mello-Mattos, Ambassador of Brazil to the United Republic of Tanzania

S. Cavalcanti, First Secretary, Ministry of Foreign Affairs

I. S. Moreira

Egypt

A.M.A. El-Mehelmy, Under-Secretary of State, Ministry of Industry

M.A. Roushdy, Under-Secretary of State, Ministry of Industry (PVTD)

Y.K. Mazhar, Under-Secretary, Director, Engineering and Industrial Design Development Centre (EIDDC)

India

A.S. Gonsalves, High Commissioner for India in Dar es Salaam

K. Sibal, Deputy High Commissioner in Dar es Salaam

K.C. Sodhia, Director, Ministry of Finance

Mexico

E. Rodriguez, Third Secretary, Mexican Embassy in Dar es Salaam

Romania

A. Calomfirescu, Ambassador of the Socialist Republic of Romania to the United Republic of Tanzania

G. Cosma, Ministry of Woodworking Industry, FOREXIM - Bucarest

E.L. Carlan, Ministry of Light Industry

G. Paunescu, Commercial Attache in Dar es Salaam

Turkey

O. Alp, Minister of Industries

H. Baygan, General Manager, Sanayive Lektoloji Bakanligi, Ankara

H. Altinköpru, General Manager, Ministry of Industry

United Republic of Tanzania

C.D. Msuya, Minister for Industry
M.M. Faki, Minister of Industries, Zanzibar
C.M. Mzindakaya, Junior Minister, Ministry of Industry
F.P. Mrina, Principal Secretary, Ministry of Industries
S.H. Kitiba, Director of Planning, Ministry of Industries, Zanzibar
A.T. Pallangyo, Director, Planning and Development, Ministry of Industries
E.I.M. Hanti, Principal Industrial Officer, Ministry of Industries
C.K. Mutalemwa, Industrial Officer, Ministry of Industries
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J.C. Mwingira, Principal Manpower Management Officer, Ministry of Industries
R.T. Dogani, Foreign Service Officer, Ministry of Foreign Affairs
V. Ngula, Junior Minister, Ministry of Finance and Planning
O.S. Bendera, Senior Economist, Head, Industry and Commerce Section, Ministry of Finance and Planning
I.H. Kilato, Senior Economist, Bank of Tanzania
R.O.S. Mollé, Senior Economist, President's Office, Economic Unit
T. Mhanga, Planning Manager, Tanzania Fisheries Corporation
S.H. Nkya, Managing Director, National Textile Corporation
P.G. Salamba, Textile Technologist, National Textile Corporation (TEXCO)
B.P. Mramba, Director-General, Small Industries Development Organization (SIDO)
R.H. Sabuni, Senior Economist, Small Industries Development Organization (SIDO)
H.H. Dahlenborg, Manager, Department of Investment, Tanzania Saruji Corporation
C.L. Tarimu, Director General, Tanzania Industrial Research and Development Organization
A.H. Bowles, Research Officer, Tanzania Industrial Research and Development Organization
H.H. Iddi, General Manager, National Development Corporation

Annex II

SUMMARY OF ASSISTANCE OFFERED BY THE PARTICIPATING COUNTRIES

Country	Project title	Supply of equipment and machinery	Provision of expertise, engineering	Feasibility studies	Training	Other forms of co-operation	Remarks
Brazil	Mahonda sugar factory				100 m/m \$150 000		United Republic of Tanzania will indicate priority projects in which Brazil may have an interest.
Egypt	Textile industry				20 middle-level cadres 100 m/m \$150 000		
	Sugar industry				5 senior specialists 20 m/m \$30 000		The proposals will be presented to the Egyptian Government for final ratification within three months.
	Leather and footwear industry				2 at managerial level \$10 000		
	Assistance to TIRDO				1 mechanical engineer 3 m/m \$6 000		
	Assistance to TISCO				2 mechanical engineers 6 m/m \$12 000		

1 engineer
3 m/m
\$6 000
40 m/m
\$60 000

Assistance to
TAMTU

Vocational
training in
mechanical or
electrical
field

Rs 5 000 000
or
\$600 000

India

Ubungo
spinning mill
Assisting
project agree-
ment with
TEXCO

The Indian
delegation
expressed
interest in
undertaking
the Shinyanga
integrated
textile mill
project in
whole or part
on mutually
acceptable
terms.

Establishment
of an industrial
estate on Pemba
Island (Zanzibar) \$4 000 000

Mexico

Establishment of
a hedge sisal
bag factory

100 m/m
\$150 000

The financial
modalities for
the projects
are to be
worked out at
a later stage,
taking into
consideration
the possible
involvement of
a third party.

<p>Assistance to the industrial estate programme at Kibaha, Morogoro and Dodoma</p>	\$48 000	150 m/m \$225 000	<p>Detailed arrangements for training will be discussed in Bucharest, August 1979.</p>
<p>Assistance to TEXCO and other corporations</p>			<p>One of the four projects as specified by the Government will be financed by an outright grant. The other three projects will be financed by soft loans.</p>
<p>Turkey</p>			<p>Technology transfer \$60 000</p>
<p>Assistance in manufacturing school furniture</p>	<p>Machinery \$480 000</p>		
<p>Assistance in manufacturing exercise books</p>	<p>Machinery \$180 000</p>		
<p>Assistance in manufacturing clay roofing tiles</p>	<p>Equipment \$330 000</p>	<p>1 expert for 3 years \$162 000</p>	<p>Fellowship 3 m/m \$4 500</p>
<p>Assistance in establishing a factory for concrete products</p>	<p>Machinery and spare parts \$3 800 000</p>	<p>\$30 000</p>	

Training in the fields of pre-fabricated buildings, cement, road construction and textiles

200 m/m
\$300 000

Owing to the foreign-exchange constraints the Turkish delegation took no decision.

Yugoslavia Universal mechanical workshop

\$247 000 \$15 000 \$4 900

Establishment of a foundry

\$245 000 \$11 000 \$4 500

The grant of \$585 000 has been given to the United Republic of Tanzania

1 461

Exploration and processing of magnesite

\$30 000

Establishment of co-operatives for collecting and industrial processing of honey and wax

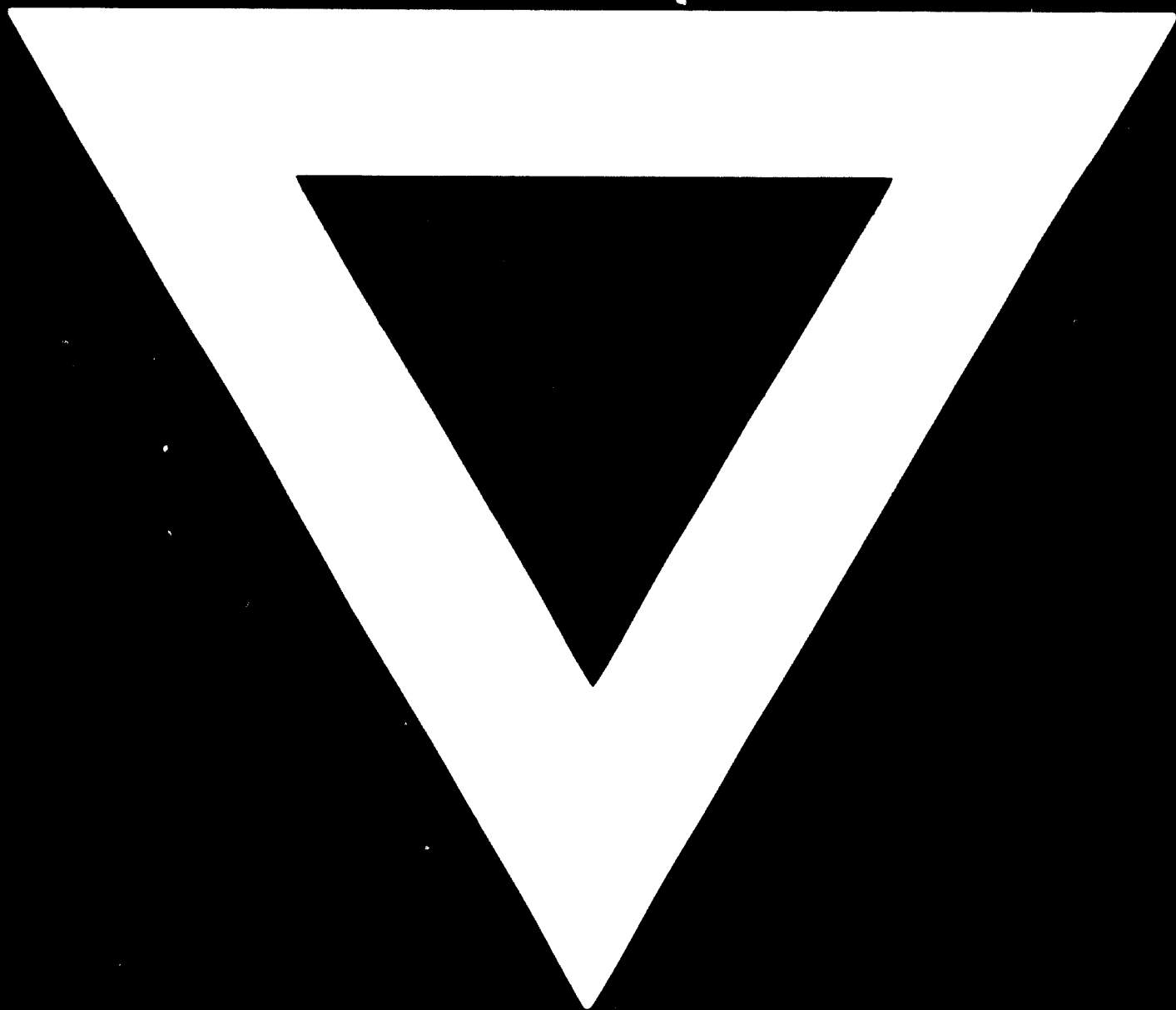
\$30 000

It is proposed that the financing of the two studies be shared equally by Yugoslavia and UNIDO.

Leather and
leather goods
factory

Joint-venture The Yugoslav
delegation
proposed the
establishment
of a joint
venture.
Yugoslavia
has the
technology,
know-how
and market.

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