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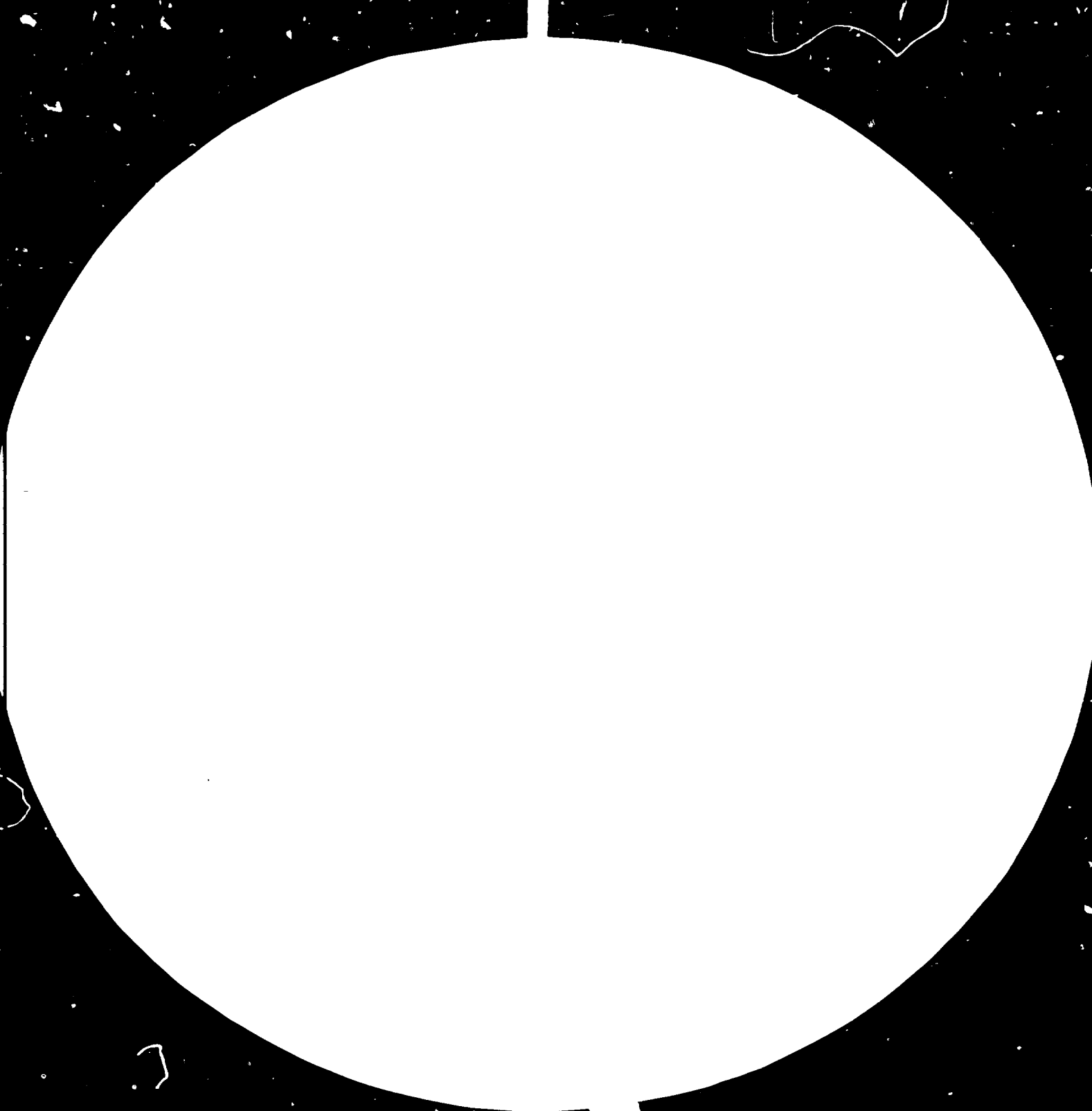
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THE CONSOLIDATION OF THE VILLAGE PRODUCTION OF
AGRICULTURAL IMPLEMENTS BY LOCAL BLACKSMITHS
IN THE UNITED REPUBLIC OF TANZANIA

US/URT/77/003

UNITED REPUBLIC OF TANZANIA

Mission report

1-14 March 1980

Based on the work of K.M. Zerezghi

Explanatory notes

A full stop (.) is used to indicate decimals.

A comma (,) is used to distinguish thousands and millions.

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

The monetary unit in the United Republic of Tanzania is the shilling (TSh). During the period covered by the report, the value of the Tanzania shilling in relation to the United States dollar was \$US = 8.30.

The following abbreviations are used in this report:

DSE	German Foundation for International Development
SIDFA	Senior Industrial Development Field Advisor
SIDO	Small Industries Development Organization

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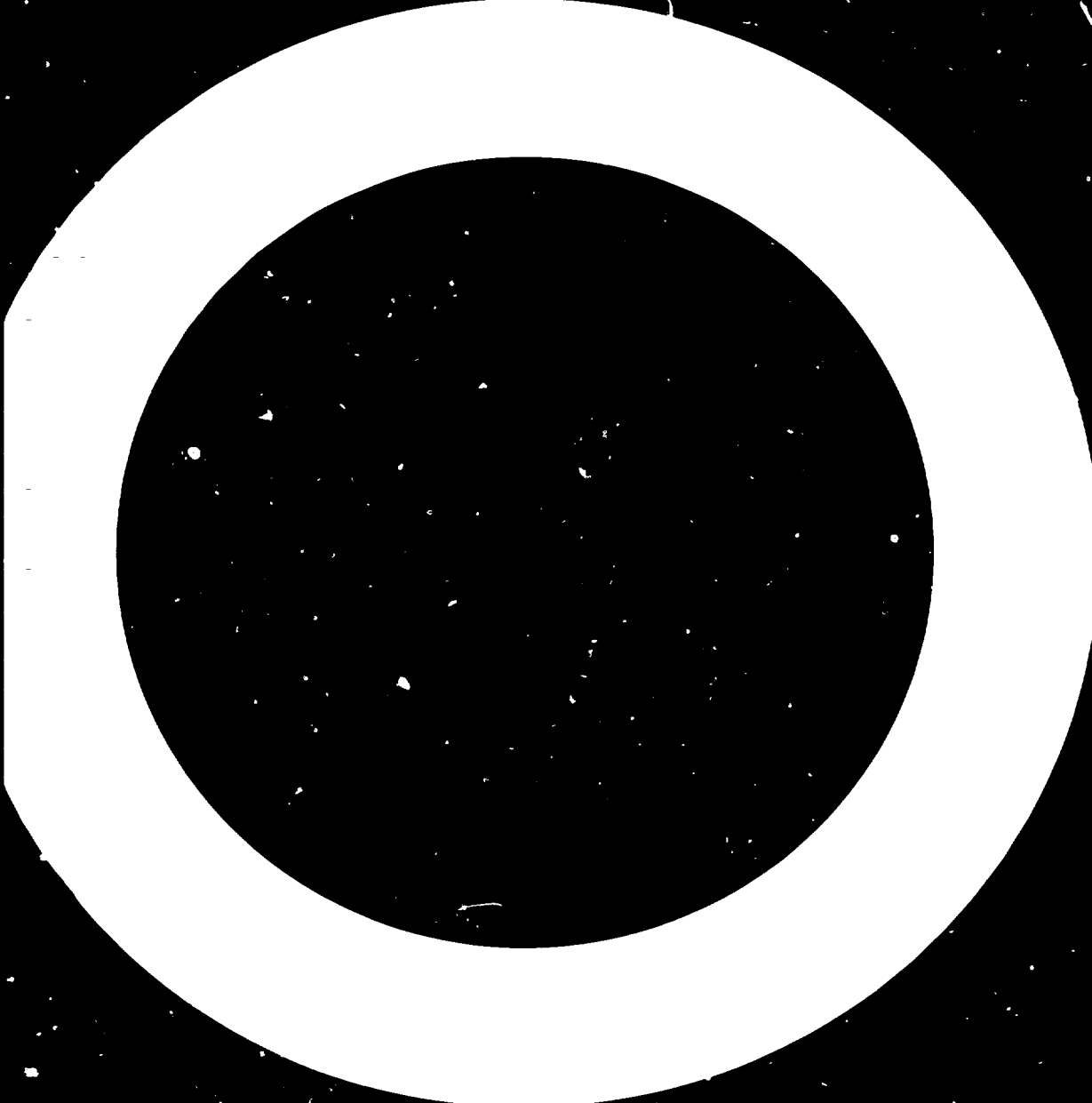
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ABSTRACT

The mission covered by this report had the following two main objectives:

(a) To participate in the "Follow-up Seminar on Implementation, Evaluation and Monitoring of Promotion Programmes for Small and Medium Industries" organized by the German Foundation for International Development;

(b) To consult with field staff members and the Senior Industrial Development Field Adviser concerning progress and problems encountered by UNIDO projects backstopped by the Institutional Infrastructure Section in the United Republic of Tanzania.



CONTENTS

<u>Chapter</u>	<u>Page</u>
FOLLOW-UP SEMINAR.....	6
UNIDO PROJECTS.....	8
A. Consolidation of the village production of agricultural implements by local blacksmiths in the United Republic of Tanzania (US/URT/77/003).....	8
B. Economic co-operation among developing countries - Strengthening of extension services of small-scale industry (UF/URT/77/092).....	10
C. Provision of credit facilities for small-scale industry.....	10
D. Projects to be undertaken in Zanzibar.....	11

FOLLOW-UP SEMINAR

At the request of the German Foundation for International Development (DSE), the expert attended the "Follow-up Seminar on Implementation, Evaluation and Monitoring of Promotion Programmes for Small and Medium Industries", organized by DSE and held from 5 to 11 March 1980 in Arusha, Tanzania. About 25 participants dealing with the development and promotion of small and medium-scale industries in 10 English-speaking African countries attended the seminar.

The follow-up seminar was organized by DSE to review the results of work done at the two advanced training courses on the promotion of small and medium-scale industries, held in 1976 and 1978 for participants from English-speaking African countries. The immediate objectives of the training courses were to make a systematic analysis of the various complex tasks involved in the promotion of small and medium industries and to encourage participants to look for solutions of the main problems. The ultimate objective was to improve their skills and thereby enable them to participate more effectively in the decision-making processes of their institutions.

The seminar was also designed to clarify the extent to which the personnel and organization of institutions, such as development financing corporations, and ministries involved in the promotion of small and medium-scale industries have been able to implement promotion measures. An attempt was therefore made to identify the type of assistance rendered by the various institutions and other bodies to the promotion of small and medium-scale industries.

The seminar began with a discussion of the results of the questionnaires previously sent to the participants. Despite the rather long time interval between the two courses and the follow-up seminar, the analysis of the questionnaires showed that over 90% of the training course participants were still working in the field of small and medium-scale industries. A remarkable continuity therefore exists in the management of such industries, which suffered no appreciable loss of trained personnel.

The participants generally agreed that the training courses had proved useful for the performance of their promotional duties on behalf of small-scale industries. Suggestions and recommendations designed to improve the methods and programme of training will be collated by DSE and later sent to the participants.

A DSE expert, addressing the seminar on the appraisal, monitoring and evaluation of small and medium industry promotion programmes, outlined definitions, concepts, procedures, practical criteria and methods used in the monitoring process. On the basis of those guidelines, three working groups were set up to carry out an exercise of appraisal, monitoring and evaluation of a small and medium industry promotion programme for a country designated as "Prosperia". Each group had to draw up a short scenario describing the basic economic features of small and medium-scale industries in Prosperia, the socio-economic goals of the country, and strategies for demand-oriented industrialization. Promotion programme requirements were then identified, measures of assistance determined, and conditions and institutions proposed. Criteria and procedures for monitoring and evaluating such a promotion programme could therefore be developed.

The findings of the three working groups were then discussed and compared in plenary sessions. This type of work was found to be stimulating and challenging. The participants had ample opportunity to discuss personnel and organizational problems and government assistance in the implementation of measures undertaken by promotion institutions.

Finally, proposals and recommendations designed to improve the DSE training programme were dealt with by the "METAPLAN" method, which consists of giving written answers, using specially prepared cards of different colours and shapes, to written questions prepared beforehand. Such a procedure enabled each participant to make a far greater contribution to the solution of the various problems.

UNIDO PROJECTS

The second main purpose of the mission was to discuss with field experts, the Senior Industrial Development Field Adviser (SIDFA) and officials of the Small Industries Development Organization (SIDO), the progress achieved and problems encountered in the implementation of UNIDO projects backstopped by the Institutional Infrastructure Section in the United Republic of Tanzania. Although the lack of time and transport difficulties prevented the expert from visiting project sites, he was able to hold intensive consultations on the projects dealt with below.

A. Consolidation of the village production of agricultural implements by local blacksmiths in the United Republic of Tanzania (US/URT/77/003)

Various meetings were held in Dar-es-Salaam with the SIDFA and SIDO officials and with the blacksmith consultant for this project, who provided information on the project activities. The blacksmith consultant has identified the lack of improved basic tools, proper worksheds and raw materials as the major obstacles to the normal development of blacksmithing in the United Republic of Tanzania. With regard to improved tools, the blacksmith consultant arranged to have various essential implements imported from Nairobi through the UNDP office. Those tools have been distributed to groups of local blacksmiths selected in the three regions. The blacksmiths have used the tools to produce more items of better quality for the local market. SIDO, a government development agency, found it difficult to sell tools on a hire-purchase basis to its entrepreneurs, because Oxfam has been distributing tools to other blacksmiths free of charge. It therefore decided also to distribute tools to its customers free of charge.

In this connection, it should be noted that the bellow of improved design introduced by the consultant and produced with locally available materials has proved to be highly efficient, and its reproduction by local smiths is proceeding rapidly.

Another major problem is the lack of appropriate workshops. The traditional grass-thatched shed has been found totally inadequate and hazardous as a place of work for the modern production of tools. The consultant and SIDO officials have strongly recommended that new blacksmithing techniques should be industry-oriented both from the equipment and from the workshop points of view. They have therefore urgently requested the allocation of \$US 12,000-14,000 from the equipment budget line for the construction of nine simple but improved workshops.

The latter would consist of simply fenced rectangular sheds of about 35 m² covered with galvanized corrugated iron sheets, each one costing \$US 1,300-1,500. The labour would be provided freely by the blacksmiths themselves. Action along those lines would provide blacksmiths with decent places of work where they could carry out their activities without interruption even during the rainy season.

The insufficient supply of raw materials is another equally important obstacle to an improvement in the quality and quantity of blacksmiths' products. The estimated amount of scrap iron required by each unit at present is 6 t/a at a cost of approximately TSh 1,000 per tonne delivered at the village. SIDO has negotiated on behalf of the blacksmiths to obtain the necessary supplies from Ubanga Farm Implements Ltd., which is located in Dar-es Salaam. Sample supplies of iron bars won the unanimous approval of the blacksmiths. Negotiations were also at an advanced stage to secure for the blacksmiths a loan from local financial institutions to enable them to make bulk purchases of the raw material.

The expert considers that the three main problems, namely the provision of improved tools (which has already been done in part), workshops and raw materials, should be dealt with simultaneously, so as to consolidate the position of the nine selected units in the three regions. Partial remedies would only result in a loss of time and money.

The Government of the United Republic of Tanzania attaches considerable importance to the project. The Director General of SIDO requested the expert to approach the authorities of the Federal Republic of Germany, which is financing the project, concerning a possible 3-4 months' extension of the contract to cover the interval between its first and second phases. The Government of the United Republic of Tanzania would like to consolidate the achievements of the project by further improving the capabilities of the selected blacksmiths rather than by attempting to spread the assistance to a larger number of them. The blacksmith consultant will be needed for another 2-3 months service towards the end of the year. A small group of young blacksmiths will be sent abroad, preferably to the consultant's own workshop in the United Kingdom of Great Britain and Northern Ireland, for a few months' training to enable them to help train their colleagues when they return home. Because of the bad roads throughout the three regions, a vehicle with four-wheel drive will be required for transporting raw materials from the villages to the centres of work, especially during the rainy season.

If all the above-mentioned conditions are met, production of improved animal-drawn ploughs could soon start in the centres.

The SIDFA and officials of SIDO and the United Nations Development Programme all concur in the importance of the project, which needs the joint support of all parties concerned to make it completely successful.

B. Economic co-operation among developing countries - strengthening of extension services of small-scale industry
(UF/URT/77092)

This project deals with extension services for small-scale industry development in Tanzania. Its main feature is that by special agreement between UNIDO and the Governments of India and the United Republic of Tanzania, SIDO was able to employ eight Indian experts on small-scale industries for a very small financial outlay. Two of the experts have been on duty since March 1977, while the others joined the project between April 1978 and December 1978.

The Director of SIDO finds the arrangement very useful, and has requested its continuation so as to enable the United Republic of Tanzania to carry on independently as soon as possible. The Government is completing its first comprehensive "Five-Year Development Plan for Small-Scale Industry", but assistance on the technical aspects of planning, that is the engineering part of it will still be needed in future. It should be strengthened by providing additional Indian engineers with a corresponding number of Government counterparts. Only one Indian engineer is assigned to SIDO at present.

Since this type of technical assistance is very economical and the results appear satisfactory to the country concerned, the expert considers that continued UNIDO co-operation should be made available for the project in future.

C. Provision of credit facilities for small-scale industry

The Director General of SIDO has indicated to the expert that discussions are under way between the International Development Association and SIDO on a system for providing credit facilities to small-scale industries. Such a system would require basic changes in the National Bank of Commerce, the Bank of Tanzania, the Ministry of Industry and SIDO itself. The exercise would involve modifications in the hire-purchase schemes, the creation of credit guarantee systems and a restructuring of the Ministry of Industry. Negotiations are being held to find ways and means of meeting those requirements, which would provide a permanent solution to the problem of ensuring the provision of credit facilities to small-scale industries.

According to the Director General of SIDO, the role of UNIDO in future will be in institution-building, providing training facilities and short-term consultants, and establishing pilot projects to assist in rural industrialization programmes. That view is shared by a UNIDO expert involved in the project TF/URT/78/006. In addition to the shortage of foreign currency, that expert considers the Bank of Tanzania's failure to co-ordinate import permits for raw materials to be one of the major causes of the raw materials shortage. The present system of providing "blank permits" for a given amount of money does not take into account the country's priority raw materials needs, and scarce funds can be easily diverted to the purchase of items other than those originally intended. The failure to meet repayments terms for the hire-purchase of equipment used in rural industrial projects delays the recycling of money. Slowness in the issuing of licences for new industrial projects seems to be due to a lack of knowledge of officials assigned to them.

The author therefore considers that the Bank of Tanzania will need the co-operation of UNIDO, the Tanzania Industrial Studies and Consulting Organization and other bodies, so as to establish a comprehensive programme of appropriate studies and follow-up action to achieve the necessary investments.

D. Projects to be undertaken in Zanzibar

The expert and the SIDFA met with a delegation from Zanzibar including the Assistant Minister of Industries, the Directors of Planning, Manpower Development and Administration, the Director of Industrial Estates and the Industrial Adviser. The purpose of the meeting was to discuss follow-up action related to the recommendations made by a UNIDO mission carried out in May 1979.

The delegation indicated that the recommendations made by the mission were precise, objective and useful for both the agro-based industries and the industrial estate. They also stated that construction in the industrial estate was proceeding smoothly and that civil engineering works would be completed by next September or October 1980. Its members therefore wanted advice as to how the recommendations could be implemented.

In view of the limited financial resources available, the expert and the SIDFA advised the delegation to establish their order of priorities according to the urgency of the projects and the normal Government clearance procedures for requests to UNIDO. The delegation agreed to this and promised to forward its official request to UNIDO through the normal channels.

