



4TH ANNUAL SADC INDUSTRIALISATION WEEK

Local Economic Development and content legislation

Beng'i Issa
Executive Secretary
***National Economic Empowerment
Council***

8th August 2019



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13/08/2019

OUTLINE

- Economic facts
- Country Plans
- Policy Objectives
- Economic Empowerment Pillars
- Local Content in Tanzania
- Inclusive economy in Tanzania
- Entrepreneurship
- Cooperatives and groups
- Access to finance
- Women and Youth Empowerment

Tanzania Economic facts

- Has sustained high economic growth over the last decade, averaging 6–7% a year.
- While the poverty rate in the country has declined to 26.4%,
- Inflation remains low and stable at 3%
- Non-performing loans have declined to 9.7%
- It is the second country in the world for using mobile money services, led to increase of access to finance to 65%

Country Plans

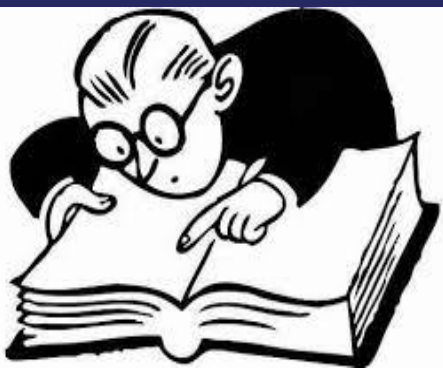
- Towards the year 2025 it is envisioned that Tanzania will have graduated from a least developed country to a middle income country.
- The economy will be transformed from a low productivity agricultural economy to a semi-industrialized modernized and productive agriculture.
- Tanzania's Second Five-Year Development Plan and Zanzibar's Third Strategy for Growth and Reduction of Poverty, has three focus areas:
 - enhance productivity and accelerate equitable and sustainable growth,
 - boost human capital and social inclusion, and
 - modernize and improve the efficiency of public institutions.

Policy objectives

- Enable Tanzanians to participate in economic activities for economic growth
- Involve and benefit Tanzanians - raising incomes and improving living standards
- Create opportunities for private sector
- Establish a framework for implementation
- Ensure economic empowerment along the growth process
- Creating favorable business environment
- Increase entrepreneurial capabilities to compete in the local, regional and global market.
- Facilitate business partnerships, improving networking b/n Tanzanians and large investors

Economic Empowerment Pillars

- Raising Skills and Knowledge Levels (Entrepreneurship)
- Accelerating Economic Growth & Enabling Investment Environment
- Investment Capital
- Privatisation
- Cooperatives
- Legal, Regulatory Framework and Public Service Delivery
- Economic Infrastructure
- Markets
- Land



Local Content in Tanzania

◎ Value added to the country as a result of FDI

- ◆ Participation of local citizens and businesses through labour, technology, goods, services, capital and research capability.
- ◆ **LOCAL BUSINESS** – business registered in Tanzania with the Tanzanians ownership of 51% shares and management positions of not less than 51% held by Tanzanians.
- ◆ **LOCAL GOODS & SERVICE** – Goods produced and Services rendered in Tanzania

Main focus - Local content

**Local workforce development
(employment & training)**

**Investment in suppliers'
development (local procurement)**

Link with Investors

**Skills, technology transfer
and research capability**

**Strategic community
investments**

Added value brought to a host nation

Legislation for Local Content

- Oil and gas (petroleum) 2015
- Mining (2017)
- Insurance (2009)
- Multi-sector LC is underdevelopment
- Public procurement(2016)
- Microfinance (2018)
- Public Private Partnership 2018
- Tourism (2018)

Local Content achievements

AREA	Employment	contracts	Community engagement	Capital share	Joint venture
Infrastructure development projects; roads, bridges, airport	90%	75%	Training, community roads, water dams	-	14%
Oil and gas	90%	70%		25%	25%
Minerals	80%	71%	HIV and AIDS	16%	25%
Insurance	99%	-	-	33%	-
Financial sector	99%	-	-	20%	-
Shipping agencies	-	-	-	60%	-

Inclusive Economy

Tanzania was the 1st African country for inclusive economy in 2018

- Infrastructure development
 - Roads
 - Communications
 - Rural electricity
- Social services
 - Education
 - Health services
- Corruption
- Entrepreneurship
- Mobile money operations

Entrepreneurship in Tanzania

- Estimated to have 3 mn entrepreneurs
- Women account for 57%
- Mostly self employed, as only 20% creates employment for others
- Only 10% uses Business Development Services
- Main challenges;
 - Access to capital
 - Limited uses of technology and innovation
 - Related skills, including research
 - Networking
- There 46 innovation hubs in Tanzania, 45% are in DSM
- The Main challenge is lack of skills and networking.

Cooperatives

- There 11,331 cooperatives societies in Tanzania
- 50% are for savings and credit.
- Others are for specific purpose i.e. agriculture, small industries, irrigation, services e.t.c.
- 4mn people are involved in cooperatives activities
- Capital injected is tshs 78 bn equivalent to 36 mn USD
- The main challenge is poor leadership and integrity.

Community Financial Groups

- This involves about 16% of Tanzanians, which is about 10 mn people (FinScope 2017)
- There are about 200,000 financial groups of about 5 to 30 people in the country
- All groups have an estimated capital of Tshs 3 trn equivalent to USD 1.3 bn
- Banks and financial institutions have special products for groups.
- The main challenge is skills and microfinance law is new.

Access to finance

- There are 54 banks in Tanzania
- Formal access to finance is 17%
- However, through mobile money operations 65% are accessing
- FinScope revealed that 86% of Tanzanian adults in rural areas have a financial access point within a 5km radius.
- There 45 empowerment funds, not deposit taking;
 - 13 issues direct credit
 - 10 guarantee loans
 - 19 provides grants for specific empowerment (electricity, water, roads, safety nets, communication e.t.c.)
 - 3 increases bank liquidity (alternative energy, agriculture and cheap housing)
- Access to finance is still low and no enough innovation by banks and financial institutions

Youth economic empowerment

- Tanzania is implementing youth skills development program
 - The program reaches 20,000 youth in Tanzania
 - Vocational skills
 - Agricultural skills (Green houses - construction and horticultural skills)
 - Business skills (entrepreneurship, marketing etc.)
- There is specific youth dedicated fund for loans to youth
- Youth fund provides about 3 milion USD per year to youth country wide
- The challenge; large population of youth are unemployed

Women economic empowerment

- Tanzania is implementing women empowerment in public procurement (30%)
- Different women associations have been formed in Tanzania
- Specific programs for capacity strengthening of women
- UN is implementing women empowerment program in the western part of Tanzania (market infrastructure devt, special market and facilities for women etc.)
- There is a dedicated fund for women loans, provided loans of Tshs 36 bn equivalent to USD 16 mn
- Women empowerment is needed to fast track development in our country.

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