

UNITED REPUBLIC OF TANZANIA

MINISTRY OF INDUSTRIES AND TRADE



**SUSTAINABLE INDUSTRIES DEVELOPMENT
POLICY SIDP (1996-2020)**

*Dar es Salaam
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FOREWORD



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MINISTER FOR INDUSTRIES AND TRADE

Two major factors accounted for the need to prepare a new policy for the industrial sector. One is the expiry of the Basic Industry Strategy (BIS) in 1995; the other is the government's decision to phase itself out of investing directly in productive activities and let the private sector be the principal vehicle for that role. In that regard it is pertinent for the government to articulate a clear policy framework which will guide the target players in both government institutions and the private sector on how to execute their new roles in the process of industrial development in Tanzania.

The industrial sector in Tanzania is still relatively small in terms of various indicators. For example over the past ten years the sector's annual average contribution to GDP has been around 8.0%; an annual average growth rate of less than 1% and an average capacity utilization of less than 50%. The percentage of the basic requirements of the Tanzania's market being met by

locally manufactured goods has continued to decrease in the recent years. This is true even for products for which there are relatively sizeable installed capacities like textiles.

This trend is yet another reminder, that as a nation Tanzania must seriously embark upon laying the ground for redressing the trend, by generally expanding the total domestic productive base in the economy; through rehabilitating, consolidating and investing in new capacities. This is the option that may lead our economy towards enhancing the dynamic and reliable domestic sources of meeting the basic requirements of our population on long-term sustainable trend.

In order to realize the above scenario, virtually all productive sectors of the economy must be set to sustainably increase their growth rate. For this to happen, the economy needs a dynamic source of sustainable efficiency and productivity in all spheres of productive activities. As we prepare for the advent of the 21st century, such dynamic source of efficiency will have to be engineered by enhancing the basic source of technology which is embodied in industrialization. In this respect enhancing the sustainable growth of the capacity and efficiency of the domestic manufacturing sector plays a very critical role in the sustainable industrialization and mechanization of the major productive sectors of the economy in addition to meeting the basic consumer needs..

I am confident that the guidelines we have adopted in the SIDP will go a long way to catalyze the development of the industrial

LIST OF ACRONYMS

BIS	-	Basic Industry Strategy
EIA	-	Environmental Impact Assessment
EPZ	-	Export Processing Zone
GDP	-	Gross Domestic Product
IPC	-	Investment Promotion Centre
MTNs	-	Multilateral Trade Negotiation
NCPI	-	National Consultative process of Industrialization
NGOs	-	Non-Governmental Organizations
OGLE	-	Open General Licence
R&D	-	Research and Development
SIDP	-	Sustainable Industrial Development Policy
SMEs	-	Small and Medium Enterprises
SMIs	-	Small and Medium Scale Industries
TRIPS	-	Trade Related Intellectual Property Rights
WTO	-	World Trade Organization

SUSTAINABLE INDUSTRIAL DEVELOPMENT

POLICY SIDP - (1996 - 2020)

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
1.0 INTRODUCTION	1
2.0 INDUSTRIAL SECTOR MISSION AND OBJECTIVES	2
2.1 THE MISSION	2
2.2 THE OBJECTIVES	3
2.2.1 Contribution to human development and creation of employment opportunities	3
2.2.2 Contribution to economic transformation for achieving sustainable economic growth	5
2.2.3 Contribution to external balance	5
2.2.4 Contribution to equitable development	6
3.0 THE STRATEGY FOR ACHIEVING THE MISSION AND OBJECTIVES	7
3.1 TARGETS AND PRIORITY ACTIVITIES	7
3.1.1 Short-term Priority Programme (Phase I: 1996-2000)	8

3.1.2 Medium-term Priority Programme	
(Phase II: 2000-2010)	10
3.1.3 Long-term Priority Programme	
(Phase III: 2010-2020)	11
3.1.4 Identification of actual priority activities	11
3.2 ROLE OF THE PRIVATE SECTOR	
AND THE GOVERNMENT	12
3.3 DEVELOPMENT OF THE PRIVATE SECTOR	13
3.4 PROMOTION OF ENABLING ENVIRONMENT	14
3.4.1 Development of the market mechanism	14
3.4.2 Selective protection	15
3.4.3 Trade regime	15
3.4.4 Fiscal policies	16
3.4.5 Monetary policies	18
3.4.6 Investment promotion policies	19
3.4.7 Promotion of standards and quality	
assurance	22
3.4.8 Economic infrastructure	23
3.4.9 Development of other key	
complementary sectors	25
3.4.10 Human resource development	25
3.4.11 Labour policies	27
3.4.12 Land Management	28
3.4.13 Science and Technology and R&D	29

3.4.14 Legal and regulatory mechanisms	31
3.5 PROMOTION OF SPECIFIC NATIONAL OBJECTIVES	32
3.5.1 Utilization of local resources	32
3.5.2 Employment opportunities	33
3.5.3 Sound environment management	37
4.0 POLICY IMPLEMENTATION MODALITY	40
4.1 INSTITUTIONAL FRAMEWORK	40
4.1.1 The government	40
4.1.2 The private sector	43
4.2 CONSULTATIVE MECHANISM	43

conclusion of the Uruguay Round of Multilateral Trade Negotiations (MTNs); the subsequent establishment of the World Trade Organization (WTO) and the reforms regarding the roles of the private sector, the government and the market forces in economic management.

Sustainable Industrial Development Policy is a framework of broad guidelines on principal factors which influence the direction of industrialization covering the following parameters:-

- Industrial sector mission and objectives;
- The strategy for achieving the objectives; and
- The implementation modality.

1.0 INDUSTRIAL SECTOR MISSION AND OBJECTIVES

2.1 THE MISSION

The overall mission of industrial development in Tanzania over the coming two decades will be:-

- a) to contribute towards the achievement of the overall national long-term development goals as enshrined in the overall national vision, and

b) to enhance sustainable development of the industrial sector.

2.2 THE OBJECTIVES

The national goals towards which the industrial sector will be geared include: human development and creation of employment opportunities; economic transformation for achieving sustainable economic growth; external balance of payments; environmental sustainability and equitable development. In order to achieve the above goals, the industrial sector needs to undergo a continuous structural orientation and enhancement of sustainable competitive technological progress.

2.2.1 Contribution to human development and creation of employment opportunities:

Human centred development is basic in Tanzania's long-term socio-economic development vision. The critical role of the industrial sector in the human development goal is to improve the quality of human life

and welfare through increasing sustainable production capacity in the economy for making available basic need goods for the majority of the population. The other role of the industrial sector in this regard is to create sustainable employment opportunities which in turn would increase effective demand through increased income.

The industrial sector will support the achievement of this national goal through the development of agro-allied industries like food, textiles, building materials, leather and leather product industries. Other activities in support of this goal include the promotion of small scale industries and informal sector activities organized in all industrial branches which offer broad-based entrepreneurial development potential for employment and income generating opportunities.

2.2.2 Contribution to economic transformation for achieving sustainable economic growth:

The major goal is to promote the sustainable productive base which maximizes the growth rate and sustainability of economic growth. In this respect all manufacturing activities will be geared towards increasing their contribution to GDP growth through optimizing their qualitative and quantitative efficiency. Added emphasis will be given to the development of intermediate and capital goods industries as agents for enhancing sustainable productivity, technological progression as well as structural transformation and integration.

2.2.3 Contribution to external balance:

Sustainable development of Tanzania's industry requires balanced approach between import-substitution and outward looking industrialization. Both domestic and export markets for locally manufactured products are of crucial importance to the

progress of industrialization in Tanzania. Diversification of the country's sources of foreign exchange as well as reduced dependence on imported manufactured goods will enhance availability of foreign exchange needed for the economy. The drive for export expansion for manufactured goods will be based on the country's competitive advantage to ensure that they are net foreign exchange earners.

2.2.4 Contribution to equitable development:

Equitable distribution of development opportunities is essential for the country's sustained peace and stability through reduction of income disparities within the population as well as between regions and between rural and urban populations. Industrial investments will be orientated to contribute to this goal by providing profit motivated incentive packages to large scale industrial investors, the promotion of small scale industries as well as in the development of requisite infrastructures.

3.0 THE STRATEGY FOR ACHIEVING THE MISSION AND OBJECTIVES

3.1 TARGETS AND PRIORITY ACTIVITIES

Among the major economic indicators for the sector for which targets will be specified include: rate of growth, value added, contribution to GDP, exports and employment. Quantification of economic indicators' targets as well as the identification of priority activities will be given on a phased time span within short, medium and long-term perspectives. The short-term phase refers to the first five years of the policy duration; the medium-term phase refers to the period between the fifth and the fifteenth year; whereas the long-term phase relates to the period beyond fifteen years. However, the phases do not imply a rigid exclusive timetable but rather an indicative trend of priorities.

3.1.1 Short-term Priority Programme (Phase I: 1996-2000):

In this phase, priority will be accorded to the rehabilitation and consolidation of existing industrial capacities through financial, capital and management restructuring. Regarding restructuring of public industrial firms, the private sector will be fully involved through the exercise of privatization.

On the other hand, the government will closely monitor the implementation of privatization agreements so as to ensure that the new owners do effect turn-round measures for the privatized firms. For those few industrial firms which will remain under public ownership, commercial efficiency and accountability will be the guiding principle under management restructuring measures.

Reactivating commercial efficiency and optimum utilization of existing industrial capacities is not intended for the public sector

alone. Other measures will be undertaken under the enabling environment management in order to motivate both public and privately owned industrial enterprises.

In terms of industrial branches, top priority will be placed on agro-allied industries. These are resource-based industries in which Tanzania has the potential to develop competitive advantage if properly matched with efficient technologies.

In respect to these areas of priority, attention will be directed towards finalization of privatization of respective public firms as well as ironing out bottlenecks which impede full utilization of installed and potential production capacities.

Necessary remedial measures will include fiscal and monetary incentive packages and regulatory measures among others depending on actual bottlenecks and specific type of industries.

3.1.2 Medium-term Priority Programme

(Phase II: 2000 - 2010):

Under this phase, priority will be accorded to the creation of new capacities. The focus will be on establishment of capacities in areas with clear potential for gaining competitive advantages through the process of learning and application of efficient technologies. Articulation of industrial product lines with viable competitive advantage will be particularly crucial for export manufacturing.

During this phase the promotion of intermediate goods industries and light capital goods and machinery industries as well as techno-economic preparations for exploitation of the country's iron ore deposits will also be undertaken taking into account emerging technological innovations.

3.1.3 Long-term Priority Programme

(Phase III: 2010 - 2020):

The last 10 years of the policy period will focus on using the domestic capital and capability earned over the first two phases to go into full fledged investments in basic capital goods industries. Such industries are necessary for the sustainability and consolidation of the industrial structure developed through capacity revival and creation over the first two phases. It is envisaged that the first two phases will have developed firstly the basis for credit worthiness of the economy and secondly the necessary techno-economic base required for actualization of the iron and steel industry.

3.1.4 Identification of actual priority activities:

The overriding criteria for identification of actual priority activities will be profitability and competitive advantage. In this respect profile opportunity studies will be carried out particularly in areas of abundant local

resource endowment. Development of streams of industries around a single resource or crop based on zero waste strategy will be given top priority in the studies.

3.2 ROLE OF THE PRIVATE SECTOR AND THE GOVERNMENT

The government recognizes the role of the private sector as the principal vehicle in carrying out direct investments in industry. During the period, this recognition will be consolidated by making enabling amendments in all major policies, Acts of Law and Legislations whose provisions discriminate or tend to discriminate against private sector investors.

The Government's role will be to provide a suitable environment for promotion of private sector investments, ensuring fair trade practices and competition as well as to develop social and economic infrastructure including industrial support institutions. Generally therefore, the role of the government will be that of facilitating the smooth operations of the various agents of the

economy through proper management of macro-economic policies, sector policies, transparent and stable regulatory framework as well as the maintenance of law and order. However, the government may directly initiate with or without private sector partners, the development of specific industries which are of critical importance to overall economic development, but which do not bear immediate commercial attraction to private sector investors such as investing in the development of iron and steel industry or in some basic infrastructure.

3.3 DEVELOPMENT OF THE PRIVATE SECTOR

While the private sector is being entrusted with the role of promoting industrial investments, it is at the same time recognized that the Tanzania private entrepreneurial class is still small in size and in most cases lacks experience in modern industrial management which is increasingly becoming globalized. The government will therefore deliberately undertake measures to promote indigenous entrepreneurial base through orientating the education policy and strategy to

emphasize technical education including strengthening of vocational training institutions and entrepreneurship development. The informal sector which is a source of potential entrepreneurs will be assisted to progressively enter the formal and regular avenues for resources.

In recognition of the low level of competence of local entrepreneurs, private foreign direct investors will be attracted to invest in the sector by making the enabling environment sufficiently competitive, consistent and predictable.

3.4 PROMOTION OF ENABLING ENVIRONMENT

3.4.1 Development of the market mechanism:

Under the on-going economic reform measures, use of market forces has replaced the use of central government regulated economic management regime. Measures have been taken to iron out distortions inhibiting the smooth functioning of the market forces, including decontrolling of prices, liberalization of marketing and procurement.

Further measures will be undertaken to consolidate functioning of the market mechanism including the full implementation of the 1994 Fair Trade Practices Act.

3.4.2 Selective protection:

A substantial part of the current economic reform measures is geared to opening up the economic activities to both internal and external competition. To that end, effective protection has been substantially reduced. However, selective protection within the World Trade Organization Agreements will be applied.

3.4.3 Trade regime:

In order to improve the country's trade regime, a new trade policy will be formulated taking into consideration the market economy conditions. The policy will streamline mechanisms regarding export development strategy, transit trade, border trade, importation management, internal marketing

and distribution, fair trade practices, business licensing and related institutional framework. The policy will also chart out Tanzania's strategy in sub-regional economic groupings and other international and global programmes including taking account of the implications of the post Uruguay Round Agreements under the WTO.

3.4.4 Fiscal policies:

Effective measures will be taken through the tariff and tax regime to ensure the following:-

- a) that a clear distinction is made between imports of inputs and finished products,
- b) that utilization of local inputs is favoured against importation,
- c) that importation of inputs is favoured against importation of the final product,
- d) that specific minimum rates of import duty and tax on certain categories of

goods which are prone to under-invoicing or tax evasion are applied,

e) that compliance to applicable tax regulations is guaranteed,

f) that the tax base is broadened,

g) that fiscal incentive packages are incorporated in the Investment Promotion Act to stimulate existing investments and attract new ones,

h) that tax management mechanism is rationalized, synchronized, simplified, stabilized and made predictable,

i) that tax rates are competitive with neighbouring countries,

j) that double taxation treaties are concluded with major trading and investment partner countries.

3.4.5 Monetary policies:

3.4.5.1 Foreign exchange control:

Since Open General Licence (OGL), retention, own funds and bureau de change schemes, are used more for importation of finished goods than for procurement of inputs for industrial production, the legislation, regulations and rules governing these facilities will be adjusted to include terms which encourage industrial investments.

3.4.5.2 Financing:

a) Capital markets:

Development of the domestic capital markets for both long- term capital and working capital will be further continued through consolidation of the capital and securities market facility, encouraging existing banks and financial institutions to increase their credit portfolio and establishment of new financial

institutions specializing in industrial financing.

b) Interest rates:

The limited credit facilities available, suffer from high unstable interest rates which do not differentiate between trading and industrial operations. As such the government will further consolidate the financial sector reforms including measures which will encourage the promotion of domestic savings, as well as the determination of appropriate and stable interest rates based on the nature of the industrial activity in question.

3.4.6 Investment promotion policies:

a) Investment policies:

Improvement in the Investment Promotion Act will be made to effect the following:-

- i) recognition and encouragement of the development of the private sector including measures appropriate to both local and foreign investors,
- ii) removing the bureaucratic obstacles within IPC including implementation of the one stop window,
- iii) streamlining the processing of resident and work permits and business visas,
- iv) improving on the incentive package attractive to investors as well as making them responsive to enhancing specific national objectives such as export promotion, utilization of local inputs and equitable distribution of industrial investments,
- v) allow private firms into areas previously reserved for the public sector.

b) Intellectual property:

Tanzania has adequate intellectual property laws to regulate intellectual property.

There are legislations to regulate acquisition of patent rights in new inventions and innovations, and assurance of effective protection of all such patent rights.

There are also legislations to protect the right to use trade and service marks, the right to sue for infringement and pass-offs as well as legislations for copyrights and neighbouring rights.

Tanzania being signatory to the World Trade Organization will abide by the trend of protection within the Trade Related Aspects of Intellectual Property Rights (TRIPS).

c) **Special measures for promotion of exports:**

Special export incentives will be provided under the Export Promotion Strategy and in the Investment Promotion Act. This will include establishment of Export Processing Zones (EPZ) as one of the strategic instruments for achieving export diversification as well as an instrument for economic and technological development.

3.4.7 Promotion of standards and quality assurance:

In order to improve competitiveness of industrial products both in the domestic and export markets, the government will:-

- a) strengthen the implementation of national standards and quality assurance as well as weights and measures (metrology) by provision of more legal power, adequate facilities and equipment and manpower,
- b) promote the formulation of new standards,

- c) allow qualified quality assurance units through ways of accreditation in areas of specialization,
- d) develop the packaging technology.

3.4.8 Economic infrastructure:

Availability and reliability of supportive infrastructure is a prerequisite for industrial development. The government will facilitate the expansion, improvement and increase in the provision of power, water, communication facilities, transport and road network. As the task to avail reliable infrastructure in all parts of the country is immense and far beyond government's financial capacity, the government will give priority to rehabilitation of existing infrastructure during the first phase, while further development will be undertaken in later phases. The government will also use fiscal measures to compensate industrial investors who will bear infrastructural

expenses. Priority will be given to areas which have proven valuable resource endowment but which cannot be developed for productive application because of inaccessibility.

To improve the availability of energy and its cost effectiveness to industrial sector, the government will take further measures with the view to:-

- a) liberalize fully the generation and distribution of energy supply,
- b) restructure the tariff regime to reflect the economic cost of consumption of energy particularly in regard to energy intensive industries,
- c) promote development of other sources of energy supply,
- d) speed-up inter-country cooperation for optimum exploitation and delivery of energy.

) Development of other key complementary sectors:

Apart from economic infrastructural sectors, industrial development will seriously be hampered if complementary sectors lag behind. The sectors of agriculture and livestock resources, minerals and tourism offer inputs and or market opportunities critical to industrial development. The government will formulate development strategies for these sectors so as to bring about the basis for balanced development among interlinked sectors of the economy.

10 Human resource development:

One of the critical factors for sustained industrialization is the creativity and productivity of the people who are entrepreneurs, managers and workers at large. The industrial sector is characterized by relatively poor quality of the labour force, inadequate technical and managerial skills

and a general lack of entrepreneurial cadre exposed to advanced industrial culture.

Human resource development particularly for industrial development has not been given due emphasis at the level of national strategies. Therefore the government will develop the education system with due emphasis on technical training as a critical input into human resource development strategy. The government will endeavour to increase investment in technical education measured as a share of GDP.

Furthermore, greater importance will be attached to training of workers at all levels by all employers. Promotion of engineering industries which manufacture hand tools and appliances coupled with consolidation of apprenticeship schemes will be encouraged so that trained human resource can put their theoretical training to practical application. Strategies inculcating a sense of dedication to hard work and

accountability will be devised. Motivational package of remuneration to employees will be encouraged among employers.

3.4.11 Labour policies:

The following measures will be implemented:-

- a) labour associations will have deliberate sensitization programmes aimed at educating employees on their rights and obligations in their employment contracts,
- b) the government will review all labour legislations with a view to balancing the interests of both employers and employees in order to ensure good industrial harmony, improvement of workers discipline and dedication to hard work,
- c) the principal means of resolving trade and industrial disputes will be by application of relevant laws,

- d) permits for employing expatriate staff will be approved alongside the approval of the project and management of such firms will be required to provide for localization plan.

3.4.12 Land management:

Land tenures, acquisition, transfer and disposal systems as well as policies and regulations, will be rationalized in order to make investors feel secure to effect long term investments on the land. In addition, the following will be implemented:-

- a) cause land to have ascertainable economic value even when there are no un-exhausted improvements affixed therein, unlike in the past when land was virtually valueless,
- b) land-use master plans will be revised to clearly indicate reserved industrial areas,

which would be available to investors when requested,

- c) the development of the necessary infrastructure (roads, rails, ports etc.) and other utilities (water, power systems and communication) will be developed in the earmarked industrial investment areas in phases.

3.4.13 Science and Technology and R&D:

Industry in Tanzania is at embryonic stage of development with inadequate research activities being carried out within domestic industries.

The success of the industrial sector will in future depend largely upon the degree to which the country shall develop, consolidate and strengthen basic scientific research, technology and R&D activities. This will help to accelerate the speed of industrialization because of the enhanced capability of applied scientific research and

R&D to contribute solutions to structural industrial problems within the economy.

In addition, there is a very weak link between the few local R&D institutions and the productive sector in the country. This is mainly due to the fact that on the one hand industrialists do not appreciate the role of R&D activities; while on the other hand R&D activities do not address the actual needs of the productive sector. In light of the above, the following measures will be undertaken:-

- a) to complete the development of master plans and consolidate existing scientific and technological institutions by providing them with adequate financial, expertise, infrastructural facilities and schemes for retention of technical experts,
- b) effective rationalization and synchronization of R&D institutions,

- c) articulation of areas for collaboration through a mutual mechanism between manufacturers and local R&D network particularly regarding financing and management of R&D institutions.

3.4.14 Legal and regulatory mechanisms:

There are already specific legislations in specific areas as follows:-

- a) legislations to promote and protect investments both foreign and local, including protection against nationalization and provision for compensation where the absolute need arises,

- b) legislations for privatization of public corporations, and for establishment of stock exchange facility to encourage trading in capitals, securities, stocks and shares,

c) legislations to restructure the financial sector and liberalize foreign exchange control,

d) legislation to regulate fair trade practices and control restrictive business practices.

The government will carry out reviews and enact new legislations where the situation demands on a continuous basis in order to ensure that prevailing legislations are favourable to private investment

3.5 PROMOTION OF SPECIFIC NATIONAL OBJECTIVES

3.5.1 Utilization of local resources:

Tanzania has abundant raw materials which can be exploited for use in local industries. However, most existing industries have relied heavily on imported raw materials and inputs. In order to encourage utilization of local resource endowment, the government will:-

- a) encourage investment in industries utilizing local raw materials and inputs through incentive package within the Investment Promotion Act,
- b) establish public procurement mechanism at central, regional and district levels which will give preference to bids based on utilization of local resources,
- c) establish an effective inter-sectoral mechanism for procurement of locally produced raw materials by domestic industries.

3.5.2 Employment opportunities:

In addition to large scale industries the industrial sector will contribute more broadly and evenly to the creation of employment opportunities through the development of medium, small scale and micro industries which can be established more easily across the regions, districts down to the village level. Towards that end the government will place

special emphasis to the development of Small and Medium Scale Industries as well as generation of employment opportunities within the informal sector.

3.5.2.1 Promotion of Small and Medium Scale Industries (SMIs):

For the future development of small scale industries, the following measures will be undertaken:-

- a) support existing promotional institutions and new ones with the view to strengthen the national capacity to tackle problems faced in promoting SMIs in the areas of technology, finance, consultancy, management and training. This will cover public, private and NGOs,

- b) the conditions and bureaucracy for promotion of SMIs will be simplified in relation to taxation and regulatory aspects. Licensing and

registration of SMIs will be done at regional centres,

- c) the current financial sector reform exercise will include mechanisms to provide credit to SMIs on softer terms and establishment of financial facility specialized in financing of SMIs.

3.5.2.2 Informal sector:

The government will assist the informal sector to gradually develop to enter the formal sector so as to benefit from facilities available in the formal umbrella of Small and Medium Enterprises (SMEs). This will be carried out within the framework of the government policy on informal sector.

3.5.2.3 Indigenous entrepreneurs:

The government will initiate affirmative-action measures, designed

to promote special programmes for indigenous entrepreneurs in order to engineer change towards poverty alleviation and national cohesion through improving access to business opportunities. Among measures for the promotion of indigenous entrepreneurship will include the following:-

- a) access to credit, licensing and training,
- b) provision of techno-economic information on product profiles and small scale investment opportunities,
- c) establishment of a business advisory service facility.

5.2.4 Women, youth and people with disabilities:

In addition to benefiting from the policy measures already stated for

Small and Medium Scale Industries, informal sector and indigenous entrepreneurs, the following will be carried out to improve the development opportunities for these target groups:-

- a) promotion of technologies aimed at benefiting women, children, people with disabilities and the elderly,
- b) promotion of industries which produce goods for specific needs for women, children, people with disabilities and the elderly,
- c) institute tailor-made training programmes for women, youth, people with disabilities and the elderly.

3.5.3 Sound environmental management:

Most of the legislations and institutions which are responsible for enforcing environmental

protection have not been fully effective due to weakness in legal mechanisms and lack of popular awareness.

In order to ensure promotion of environmentally friendly and ecologically sustainable industrial development, the following will be implemented:-

- a) the government will carry out sensitization on environmental awareness in its broader application in relation to people, land and wildlife,

- b) the government will forge deliberate and mandatory devices to reactivate legal mechanisms to enable involved institutions to be more effective in matters of environmental management,

- c) An appropriate motivational mechanism will be provided within the Investment Promotion Act geared to cater for promotion of investments which contain anti-pollution programmes,

- d) Environmental Impact Assessment (EIA) and appropriate mitigation measures will be enforced for all projects at pre-implementation stage,

- e) The government will promote the continuous application of an integrated preventive environmental strategy to industrial processes, products and services. This strategy will include propagating efficient use of raw materials and energy; elimination of toxic or dangerous materials, as well as reduction of emissions and wastes at source.

In this regard, the government will develop the capacity within its institutional machinery and support other initiatives designed to enhance application of cleaner production concept as an important complement to end-of-pipe pollution control.

4.0 POLICY IMPLEMENTATION MODALITY

4.1 INSTITUTIONAL FRAMEWORK

In order to facilitate implementation of the new Sustainable Industrial Development Policy (SIDP), the major institutions which are crucial actors in the process of industrialization which include the government, the private sector and allied agencies will be appropriately structured to effectively play their respective roles.

4.1.1 The government:

The government will continue to consolidate democratization process including commitment to rule of law, peace, human rights, transparency, streamlined bureaucracy, and protection of the rights to individual property ownership.

4.1.1.1 Ministry responsible for industries:

The ministry responsible for industries will be the overall co-ordinator for operationalization, monitoring and

review of the SIDP at the national level in collaboration with ministries responsible for finance and planning functions. In this respect elaborate action plans will be articulated in lieu of every five years period. Monitoring will be carried out on a continuous basis whereas comprehensive reviews will be done at the end of every five years period.

4.1.1.2 Industrial support institutions:

There are certain industrial support services which will have to be provided by the government. Important among these include, standard and quality assurance and certification, Science and Technology, Research and Development, and environmental management. In this context the government will enhance inter-institutional rationalization including articulating clearly the objectives of respective institutions in the context of

the new national vision and the industrial sector mission.

4.1.1.3 Inter-ministerial coordination:

In addition to being responsible for overall macro-economic policy management, the ministries responsible for finance and planning functions are also responsible for the coordination and management of inter-sectoral linkages. The management of inter-sectoral linkages is crucial because several sector ministries have important contributions to make in the overall development of the industrial sector including provision of raw materials, industrial support services and economic infrastructures. In this respect, the inter-ministerial machinery within the government will be strengthened in order to manage the need for balanced development opportunities.

4.1.2 The private sector:

The private sector, being the principal vehicle for direct investment for the development of the industrial sector, will tune itself appropriately to effectively create the needed impact. In this regard the private sector will improve its organizational set-up in order to equip itself with the capacity it requires. The number of institutions will be rationalized in favour of a synchronized structure. In that respect the government will assist in the efforts to enhance the necessary improvements needed.

4.2 CONSULTATIVE MECHANISM

Putting in motion SIDP requires all stakeholders in the economy to converge in mutual partnership to form a National Consultative Process for Industrialization (NCPI). This is because neither the government nor the private sector working independently can effectively manage to bring about sustainable industrial development. The envisaged process of consultations will be effected into institutionalized mechanism of joint forum

The private sector and allied agencies will be organized to evolve views in a bottom-up approach from their respective production units to the apex body while the government will be organized to reflect an inter-ministerial perspective.

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Ministry of Industries and Trade***

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