

COMMENTS ON THE BOOK: “AN ENTERPRISE MAP OF TANZANIA”

- .
- **THE OBJECTIVE UNDERLYING THE PUBLICATION**
- The objective of the publication is stated clearly in the Introductory Chapter and I quote:
“... surveys Tanzania’s **industrial sector (agribusiness, manufacturing and construction)**..... ‘examining each of the **clusters of firms (sub-markets)** focuses attention on some or all of the **leading firms** in each cluster. In all we look at **50 large firms** The **focus** is on what the **firms currently produce**, and on how they **developed their present capabilities.**” End of quote.

In short the object is to:

=Inform policy makers and investors on likely future development trends of the industrial sector.

- The idea behind the publication is excellent and well-timed. However, I have few comments as following:

COMMENTS

GENERAL

Sample Size:

18 Clusters/subsectors where analysed.

- This large sample size creates a major challenge in terms of the ability and time to undertake the research and analysis to an acceptable degree of depth.

A well chosen smaller sample of say six to eight sectors, aligned to national priorities would have made it possible to carry out the research to a deeper level of detail and meaningful information for future decision making and to investors;

- Same clusters for ALL the four countries (Ethiopia, Ghana, Zambia and Tanzania). Although these 18 clusters provide virtually universal coverage of Tanzania's industrial sector, one wonders whether it is a coincident that or is a One size for ALL approach? These countries are different in terms of capabilities, endowment, Fitting-in/customizing local conditions might have changed subsector selection criteria.

COMMENTS

Exclusion of ISIC Approach to Clustering:

- Clustering of industrial sub sector did not follow the UN-ISIC classification and there is no defined cluster or explanation on the rationale for considering a specific category of industries as a cluster. Rather, source of raw materials seem to be one of the criteria. E. g.
- Cluster 16 combines unrelated subsectors sub sectors of cement, **paints, timber**, aggregates, precast
- Paints: Is under chemical and chemical products cluster
- Timber as a building material: Is under wood and wood products.

COMMENTS

- **Cluster 18** combines the analysis of three unrelated subsectors: plastics; glass and paper.
- Plastics: Are under chemical and chemical products;
- Glass: Under non metallic mineral products; and
- Paper: Under paper and paper products. However, the paper industry is internationally recognized as an integral part of the wood industry given that the main raw material is wood chips and its largest competitors is the wood and wood products industry.
- **Clusters 11 and 12**
Cluster 11 is on Cotton and 12 on Textile. The Book is on agro progressing and manufacturing as construction indicated in the introduction is all about manufacturing of building materials. So Cotton cluster/subsector can only be separated from Textiles subsector in Value Chain analysis otherwise they belong together. UN-ISIC Rev 4 confirms this. After all it would have been difficult to convince governments to address inputs constraints faced by the textile sector among them lack of access to cotton if the two are treated separately.

COMMENTS

– SPECIFIC COMMENTS

• Chapter 1: Section on Sources of Growth

- On **Pg 6**, the opening paragraph boldly states **manufacturing** industries that made the greatest contribution to the rise in Tanzania's exports as:
- “Processed fish; curtains; non-ferrous; Flour; and Cut flowers”.
- Processed fish, flour and cut flowers do not fall under “**manufacturing**” but in “agro-processing/value addition”. Value addition in the floriculture industry involves “packaging”

• Factual Errors

- The research/book has several factual errors. Although it was published in 2012, there are information as old as 6 years ago.
- Pg 13: Misplaced para with no relation with the rest;
- Pg 15: The Sabuni Industries changed hand to Murzah from Sumaria Holding more that 7 years ago.
- Pg 41: Edible Oil refinery plants: These are mentioned to be 26; (22 in Sunflower and seed oil refinery and 5 palm oil refinery). The List on Table 4.2 shows 20 plants.

COMMENTS

- All there three statements are on the same thing but with different figures;
- Out of the listed 20 plants, one was closed more than 10 years and another over 7 years;
- Most of them are oil seeds crushers/extractors and NOT oil seeds refiners.
-
- Cluster 4 on Oil Seeds: Some of large firms profiled as a major exporter and therefore one of the drivers of the emerging local edible oil industry is not a reality. This is a cluster of small extractors who are being squeezed out of the market by large firms that influence a tariff policy and import edible oil cheaply. They operate funnel industries, bringing in palm stearin, treated as raw material inputs for domestic refining capacity, but sometimes dispensing the same in the domestic market as final products. This result in edible oil being the second largest import item after petroleum products.
-
- A review of TRA data as well as countercheck with MIT/CTI would have cleared the issue.

COMMENTS

- Pg 72 and 79 Paragraphs 2: These have contradictory statement and erroneous as far as the ownership of **Kibo Breweries Ltd** is concerned.
- **Pg 71 para 2:** the fact is Kibo Breweries Ltd (KBL) was founded by a locally private company/citizen and later in 2002 East African Breweries Ltd (EABL) of Kenya acquired majority shares holding;
- **Pg 79 para 2:** Tanzania Breweries Ltd (TBL) has never acquired EABL operation in Moshi i. e. operation of KBL.
- Pg 135
- Para 2: Destination of exports of wet-blue leather from Tanzania. Counter checking is required as major destination include Pakistan and China.
- Para 3: Support by UNIDO. UNIDO has been supporting Tanzania in leather sector BUT NOT in all issues raised.
 - Formulation of Leather Sector Development Strategy, National Livestock Policy, Integrated Leather Development Strategy and entrepreneurship skills development for SMEs leather processor were not done by UNIDO support BUT Leather Fund.

COMMENTS

- Miss leading terming terminologies
- There are terminologies used which miss lead and create confusion. Example Use of:
- **melting scrap metal** instead of **smelting**;
- **recycled oil seeds** instead of **reuse** of oil seeds;
- **refining sunflower and oil seeds** instead of **sunflower oil/seed oil**
- I suppose this was a result of using research team with no multidisciplinary skills. Researchers with agricultural economists, economist, engineers etc were necessary.

COMMENTS

– Missing

• Inputs

- Introduction indicates agribusiness as one of the industrial sectors to be review. Agribusiness includes sourcing/supply of inputs. These include but not limited to fertilizers, pesticides, insecticides, seeds, etc. You cant consider high yield of cotton, oil seeds, coffee, tees, horticulture without considering inputs.
- Tanzania is manufacturing Phosphate based fertilizer known as Minjingu Mazao which is superior to DAP. However, export level is low and since criteria used is current major exporters, this was not considered regardless of its major future export potential and as a driver of economic development. With natural gas occurrence in Tanzania, chemical fertilizer can easily be produced for local and export purposes.

COMMENTS

List of Industries

- One of the objectives of the publication is information to both government and private sector investors. Although across the book clusters industries have been discussed and mentioned, tables showing all the industries per cluster which would have been appended to the Book are missing. Where are those 38 metal and engineering, 27 oil refinery, etc can be seen?

Validation of information

- From the publication, it is very clear and as it is not indicated in the Acknowledgement that **validation of researched information by all stakeholders** in one sitting was not done. Information is one sided. Validation would have produced a different and created ownership among the stakeholders.
- ***[African saying: If you want to GO FAST go ALONE; If you want to go FAR go TOGETHER]***

COMMENTS

- **Target Audiences for the Publication**

- Other important missing issue is the audience for whom the book has been published. Intuitively the **government** is one of the primary audience with a view to influencing strategic policy measures, to support evidence based decision making. However, policy recommendations resulting from the analysis on each sector are missing.
- The other major audience is **private sector investors**. Recommendations that highlight the fact that Tanzania has potential for incoming FDI teaming up with domestic smallholders to reach out to the rest of the region and indeed the rest of the world to answer challenges in sustainable industrial activities based on sustainable resources that are indeed disappearing are missing.

COMMENTS

- **CONCLUSION**
- I in order for the publication to create expected value addition to the information available to Government and to investors on the strategic future of Tanzanian industrial development that can be used to influence policy making and or review and inform investment decisions the few grey areas need to be addressed. This will also guide future reviews for other countries as well as a sequel publication for Tanzania.
- **Caveat:** I would like to emphasize that the views presented on the Book are those of the presenter and should not be presumed as the official views of the Ministry of Industry and Trade, Tanzania.

Thank you for your kind attention

COMMENTS

COMMENTS