



ROLE OF CO-OPERATIVES IN INDUSTRIALISATION IN TANZANIA SINCE INDEPENDENCE

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Abstract

This paper documents and discusses industrialisation efforts in Tanzania since the country's 1961 political independence. It also dwells briefly on the roles of co-operatives in Industrialisation. It is based on secondary data and content analysis of the same. After documenting the key global, continental and sub-regional Industrialisation frameworks, the paper documents various Industrialisation efforts that have been undertaken in Tanzania. They range from the efforts undertaken by the first phase government under the presidency of Mwalimu Julius Kambarage Nyerere to those undertaken by the sixth phase government under the presidency of President Samia Suluhu Hassan. Generally, the efforts include various strategies such as basic and small-scale industries, agro-processing industries, import substitution industries, nationalisation and later privatisation of industries. There have been some successes in as far as the Industrialisation journey in Tanzania is concerned. However, there have been some challenges and solutions in the Industrialisation efforts in Tanzania. In totality, there have been relatively good results of the various Industrialisation efforts in Tanzania but areas of improvements remain. It is documented that co-operatives have potential for successful Industrialisation in Tanzania if some prerequisites are fulfilled. Going forward, it is important to bench-mark Tanzania's Industrialisation efforts to various global, continental and sub-regional frameworks as well as learning from successful countries and from Tanzania's earlier Industrialisation efforts.

1. Introduction

As is the case with many other countries, Tanzania has introduced several initiatives aiming at economic development of the country. Among other things, it attempted to industrialise a few years after the 1961 political independence. Whereas several achievements have been recorded in this space, the country is yet to attain a high level of Industrialisation. However, Industrialisation is still among the top priorities of the country and a focus of the 5th and 6th phase governments that came to power in 2015² and 2021³, respectively. The Industrialisation literature, in general, is very broad. It covers themes such as geography of Industrialisation (Hayter and Patchell, 2016), capitalism, Industrialisation and development (Corbridge, 1986), Africa's Industrialisation debate (Nzau, 2010), Industrialisation as driver of sustainable economic growth in Africa (Opoku and Yan, 2018), trade, technology and the role of the state in industrial development for Africa (Sampath, 2014), and Industrialisation and economic transformation in Africa (Ajakaiye and Page, 2012). The literature on Industrialisation in Tanzania is rich. It includes the works of Msami and Wangwe (2016) on industrial development in Tanzania; Rweyemamu (1973) on underdevelopment and Industrialisation in Tanzania; Skarstein and Wangwe (1986) on some critical issues in industrial development in Tanzania; Szirmai and Lapperre (2001) on the industrial experience in Tanzania; UNIDO (2004) on Tanzania Review of Industrial and Trade Performance; Macro-economy Commodities; Industrial Subsectors; Export Processing Zones; and Mufuruki, Mawji, Kasiga and Marwa (2017) among others. The authors have covered various aspects of Tanzania's Industrialisation since its 1961 political independence from Britain. At the core of succeeding in Tanzania's Industrialisation move lies understanding of what Industrialisation means and entails. Pass *et al* (2000) describe the term 'Industrialisation' to imply the extensive development of organised economic activity for the purpose of manufacturing. It is characterised by transformation of a primarily agrarian economy into a more specialised, capital – as opposed to labour – intensive economy. Industrialisation took the form of the Industrial Revolution in Western Europe and North America in the 18th and 19th centuries.

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Elsewhere in the economic and business literature (see Bishop, 2009 for example), Industrialisation is described as the process in which a country transforms itself from a basically agricultural society into one based on manufacturing of goods and services. Whereas manual labour is more often than not replaced by mechanised and automated high tech-mass production, craftsmen are replaced by assembly lines. Industrialisation is associated with the growth and development of large urban centres and suburbs. There are many potential advantages embedded within the industrial economy. These include, but are not limited to, potentials for direct and indirect jobs and, therefore, incomes creation and improved standards of living. Industrialisation also poses potentials for foreign exchange earnings through exports and foreign exchange saving through imports substitution. It can also generate government revenues from related taxes and non-tax revenues. It stands to develop other sectors of the economy through inter-sectoral linkages via both backward and forward linkages that can trigger development of many other sectors through providing them with markets as well as supplying these sectors with factor inputs, both intermediate and finished.

2. Methodology

This paper is informed by secondary data and analysis of the same. In-depth documentary review of literature relevant to the study informing this work was done. Then, content analysis of the collected secondary data was conducted.

3. Findings and Discussion

3.1 Overview of Industrialisation

In order to have a better understanding of Industrialisation efforts in Tanzania, it is important to understand and contextualise Industrialisation in various global, continental and sub-regional levels first. This is because the Industrialisation efforts in Tanzania do not and are not supposed to be taking place in vacuum but in a broad context. They have to be bench-marked, informed, influenced, moved and shackled by similar efforts elsewhere. Various global, continental and sub-regional Industrialisation frameworks stand to provide various lessons for Tanzania's Industrialisation efforts. Needless to say, country-specific Industrialisation efforts across the world stand to provide lessons that can be contextualised in Tanzanian situations on the ground. It is beyond the scope of this piece to dwell on country-specific Industrialisation efforts in the context of Tanzanian Industrialisation efforts.

3.2 Industrialisation at the Global Level: Case of Sustainable Development Goals

Within the context of the agenda 2030 of the United Nations (UN), Industrialisation is well captured in one of the 17 Sustainable Development Goals (SDGs). This is SDG number nine (SDG 9). It is about Industry, Innovation and Infrastructure. It focuses on building resilient infrastructure, promoting inclusive and sustainable Industrialisation and fostering innovation.

Industrialisation falls under several targets of SDG 9. Target two is about promoting inclusive and sustainable Industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product (GDP). This share should be in line with national circumstances, and double its share in least developed countries. Target three is on increasing access to financial services and markets. This includes increasing the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. Other SDG 9 targets, with direct connection to Industrialisation, include target four which is on upgrading all industries and infrastructures for sustainability; target five which is on enhancing research and upgrading industrial technologies; target 9b which is on supporting domestic technology development and industrial diversification.

3.3 Industrialisation at Continental Level: African Union's Agenda 2063

In the Agenda 2063 popular version 2015, industrialisation is mentioned three times as partly captured in box I:

Box I: Industrialisation in Agenda 2063

... Learning from past and present African development efforts and challenges and forging an African-centred approach to transformation which includes lessons from post-independence state and nation-building, **Industrialisation** and modernization efforts,

We hereby adopt Agenda 2063, as a collective vision and roadmap for the next fifty years and therefore commit to speed-up actions to: ... Transform, grow and industrialise our economies through beneficiation and value addition of natural resources:

- Enhancing the Productivity Agenda for Africa, as an essential engine for **Industrialisation**,

Critical enablers for Africa's transformation

The determination, participation, self-reliance and solidarity of Africa's peoples and leadership are preconditions for success and we therefore recognize the following as critical enablers of continental transformation:
... *African resources to finance its development*: Looking inwards to mobilise African resources to finance and accelerate its transformation, integration, peace, security, infrastructure, **Industrialisation**, democratic governance and strengthen continental institutions.

Source: African Union (2015)

3.4 Industrialisation at SADC Level

Industrialisation is among the top agendas in the Southern Africa Development Co-operation (SADC) regional economic Co-operation group. It is well captured (16 times) and detailed in the SADC Industrialisation Strategy and Roadmap 2015-2063, approved by the Summit on 29th April 2015, as partly captured in box 2.

Box 2: Industrialisation in SADC

The Industrialisation Strategy aims at achieving self-sustaining development for our countries, through value addition to our products and thus increasing returns from the export of our natural resources. The SADC Industrialisation Strategy and Roadmap, 2015 – 2063, is the first of its kind. It has a long-term perspective, and is aligned to national, regional, continental and international dimensions. The primary orientation of the Strategy is the importance of technological and economic transformation of the SADC region through **Industrialisation**, modernization, skills development, science and technology, financial strengthening and deeper regional integration. The Strategy is anchored on three pillars namely: **Industrialisation** as champion of economic and technological transformation; competitiveness as an active process to move from comparative advantage to competitive advantage; and regional integration and geography as the context for industrial development and economic prosperity. Its long-term vision is aligned to the African Union Agenda 2063. The primary orientation of the strategy is the necessity for the structural transformation of the SADC region by way of Industrialisation, modernization, upgrading and closer regional integration. SADC August 2014 Summit at the Victoria Falls directed that Industrialisation takes central stage in SADC's regional integration Agenda. The strategy is premised on the conviction that regional integration will promote Industrialisation. It recognizes that industrial policy and implementation will be largely undertaken at the national level and that its success depends on forging a compact for industry consisting of the government, the private sector, civil society, labour and the development partners.

The SADC Industrialisation Strategy has been articulated as a long-term project of economic and societal transformation. The envisaged three phases straddling the period from 2015 to 2063 correspond to the main vision frameworks of SADC and ultimately that of the African Union Agenda 2063. The associated goals and targets permeate all phases although the policy emphasis and interventions are tailored to meet the challenges to be met over time. Throughout, the challenges of speedy and broad-based industrial development are addressed within the context of elevated competitiveness and deeper regional integration. This interdependence will enable swift catching up of SADC countries and ensure the realisation of progressively higher rewards in income, employment and broader social wellbeing.

Source: SADC (2015)⁴.

3.5 Industrialisation at EAC Level

Within the East African Community (EAC), Industrialisation is well detailed in its Industrialisation strategy 2012 – 2032, as shortly captured in box 3.

Box 3: Industrialisation in EAC

The strategy document elaborates key interventions necessary for effective implementation of the East African Community Industrialisation Policy (2012-2032). The Strategy is premised on the collective commitment of the EAC Partner States to fast track equitable and sustainable development of the region for the benefit of the people of East Africa. Implementation of the strategy holds the key to unlocking the region's development potential through structural transformation and diversification of the regional economy. The EAC has made a commitment to transform the regional economy through industrialisation. The region's overriding objective is to create a modern, competitive and dynamic industrial sector, fully integrated into the global economy. The region is committed to economic structural transformation through industrialisation. It is underpinned by national Industrialisation policies and strategies. It is instrumental in realising the objectives of the EAC Industrialisation Policy (2012-2032).

Source: EAC (2012)⁵

⁴ SADC Industrialisation Strategy and Roadmap
⁵ EAC Industrialisation Policy 2012 - 2032

3.6 Industrialisation in Tanzania

Industrialisation in Tanzania is captured in a number of documents. These include, but are not limited to the country's documents that guide development. They include Tanzania Development Vision (TDV) 2025, the third Tanzania Five Years Development Plans (FYDPs), the ruling party (CCM) election manifesto of 2020, presidential (the late President Magufuli and President Samia Suluhu Hassan) speeches in the Parliament of November, 2020 and March 2021, annual development plans and budgets. Some of these are captured in what follows.

Box 4: Industrialisation in Selected Key Documents in Tanzania

Industrialisation in the TDV 2025

Industrialisation is discussed in TDV 2025⁶ (42 pages) including in its 5th objective which revolves around building a strong and competitive economy. The vision aims at creating a strong, diversified, resilient and competitive economy which can effectively cope with the challenges of development and confidently adapt to the changing market and technological conditions in the region and global economy. The targets (see the 3rd target of TDV 2025 in URT, 2000: 13) include having a semi-industrialized economy with a substantial industrial sector comparable to typical middle-income economies.

Industrialisation in CCM Election Manifesto 2020

Similar to the 2015 ruling party (CCM) election manifesto which revolved around the axis of industrial economy in Tanzania, the 2020 manifesto (308 pages) emphasised on Industrialisation among other things. The word 'viwanda' (industries) appears 180 times in the 2020 manifesto. Among other things, it recognizes achievements attained in strengthening the industrial economy. Other Industrialisation aspects in the manifesto include priorities of the CCM Government from 2020 to 2025 which include building a modern, inclusive and competitive industrial-based economy, increasing productivity in agriculture, fishing and livestock in order to stimulate economic development especially in the industrial sector, stimulating economic growth through the industrial sector.

Industrialisation in FYDP III

URT (2021)⁷ documents Tanzania's Third National Five-year Development Plan 2021/22–2025/26 (FYDP III). The theme of the document (189 pages) is realising competitiveness and industrialisation for human Development. Similar to its FYDP II⁸ predecessor, the plan is industrialisation-heavy.

Chapter four of the FYDP III is on strategic positioning for implementation of the plan. Among the highpoints of the FYDP III is Industrialisation and services (See URT, *ibid*: 72). Chapter five of the plan is on strategic interventions for competitiveness, Industrialisation and human development. Issues here include interventions for promoting Industrialisation for economic growth.

Source: URT (*ibid*)

3.7. Contextualising Industrialisation Efforts by the 5th and 6th Governments

The Industrialisation moves in Tanzania by the fifth and sixth phase governments are not new. There have been several Industrialisation efforts since independence. Detailed descriptions of Industrialisation efforts in Tanzania have been documented widely. These include, but are not limited to the works of Kim (1966)⁹. According to Kim (*ibid*), at independence in 1961, Tanzania had a very low level of Industrialisation. It was the least industrialised of the three East African Common Market partners. Its development strategy placed emphasis on agricultural development. Industrial production was oriented towards agro-processing and light manufacturing without internal linkages to domestic raw materials.

Kim (*ibid*) further informs that Tanzania's first comprehensive Industrialisation effort began with the First Five Year Plan in 1964. While continuing with an emphasis on the agricultural sector, the Plan called for an ambitious Industrialisation programme that was to rely on private foreign and domestic investments for expansion of import substitution industries (ISI). Incentive schemes included tax holidays, accelerated depreciations, tax rebates, guarantees for repatriation of capital and tariff protection. With the adoption of the Arusha Declaration in 1967, the Government set a new course in Industrialisation strategy consistent with Tanzanian socialism and self-reliance (*Ujamaa na Kujitegemea*). The Declaration stipulated two principles that must be adopted in the future industrial plan. Firstly, the future strategy should not be significantly dependent on foreign investment; and secondly, private ownership of industry must gradually be substituted by state ownership in the form of parastatal corporations. The Arusha Declaration did not stipulate any action plans.

⁶ URT (2000). Tanzania Development Vision 2025

⁷ The Third National Five-year Development Plan 2021/22–2025/26

Realising Competitiveness and Industrialisation for Human Development

⁸ The FYDP II (2016/17–2020/21) theme 'Nurturing an Industrial Economy' was re-worded as 'Nurturing Industrialisation for Economic Transformation and Human Development'

⁹ Kim, K. S (1996). Issues and perspectives in Tanzanian industrial development –with special reference to the role of SADC. Working Paper #87 - December 1966. The Helen Kellogg Institute for International Studies

In the context of what it takes to industrialise, the nationalisation of industries that came with the Arusha Declaration was bad economics. This is due to inadequate preparations in terms of having, among others, competent management of these industries. It was in the Second Five Year Plan which began in 1969 that the Industrialisation strategy was spelled out in detail. While calling for a continuous process of transferring the means of production to the state, industries included, the plan prescribed a restructuring of industry, placing priorities on the production of simple import-substitution manufactures, intermediate and capital goods, and agro-industry based products for export. The extent to which these industries could produce competitively for the domestic market and export just after the 1967 nationalisation is doubtful. This is due to inadequate expertise and experience in managing such industries. Also, emphasis was placed on the promotion of labour-intensive, small-scale firms and the decentralisation of industry, where this was considered economically appropriate. Issues with labour-intensive Industrialisation include availability of qualified industrial labour needed to produce competitively just after the nationalisation.

The progress in industrial restructuring in subsequent years was very slow. In 1974, the government laid down for the Third Five Year Plan more drastic measures for structural changes in the direction of self-reliance. Efforts for Industrialisation aimed at processing of agricultural products and import substitution of basic industries. Agro-processing Industrialisation falls natural for Tanzania given the abundance of agricultural raw materials in this basically agrarian economy. These industries were meant to promote Tanzania's capacity to be self-reliant in industrial production as well as fulfil the basic needs of human life for the majority of Tanzanians. For the latter category, the industries would include those producing such necessities as food, shelter and clothing. Self-reliance, in the context of industrial restructuring, was to be interpreted as an economic independence. Given the diverse needs of industrial goods and capacity for a single country like Tanzania to produce them, it is very challenging for a country to be self-sufficient.

Tanzanian industry depends heavily on intermediate and capital goods imports. This is due to inadequate capacity to produce them domestically. The industries producing these goods were considered not only as the cornerstone of the country's industrial structure upon which other branches of industry could be developed, but also as exerting important linkage effects in generating economy-wide employment. The strategy thus sought development of this branch of industry through import substitution. Importation of industrial capital goods necessarily calls for huge demand for foreign currencies to pay for these imports. This, in turn, calls for adequate foreign currency earnings mainly through exports of goods and services and partly through remittances from Diaspora, incoming tourists, foreign capital and aid that are denominated in foreign currencies. Arguably, this was not easy for Tanzania just after the 1967 Arusha Declaration as there was no adequate foundation for a strong exporting economy. Neither were there much remittances, aid, incoming tourists and foreign investments given the state of the economy then. Alternative to foreign currencies earnings through exports would be borrowing which leads to swelling of national debt and dependence on aid which can have attached conditions.

From the late 1970s, Tanzania began to be affected by a series of economic malaises of external origins. First, the war with Uganda in 1979, the second global oil crisis and the fall in world price of coffee, which has been Tanzania's main export product. Tanzania had to put on hold further implementation of its Industrialisation strategy, as the government sought adjustment by cutting imports and per capita expenditure by 50%. There were virtually no expansionary capital budget increases. Without such expansion, it was not possible to increase importation of the highly needed industrial capital goods.

The recurrent budgets had to be drastically reduced as a response to the hard-economic realities on the ground. With the rapid increase in external debt and arrears, and largely in response to increased pressures from the International Monetary Fund (IMF), the government decided to reverse the earlier strategy of overprotecting industry, and instituted new measures to support agriculture by increasing agricultural producer prices by 30-35 percent in 1983/84. At the same time, it gave the economy a more export-oriented structure. Export incentives included devaluations of the Shilling, the scheme for export retention and, most importantly, that for own funds imports. Export orientation strategy is good economics in the context of increasing a country's foreign currency earnings that can be used to finance imports including importation of industrial capital goods in the context of this work.

3.8 Mid-1980s Reforms

In the mid-1980, there were major and far-reaching reforms in the management of the economy. These included major liberalizations and privatisation of the economy. Almost all sectors of the economy, including the industrial sector, were liberalised and privatised. Among other things, the former state-owned enterprises (SOEs) were

privatised. Over time there have been various efforts to industrialise including statements in the Tanzania Development Vision 2025 and Sustainable Industries Development Strategy (SIDP) 1996 – 2020. It is seen, therefore, that the Industrialisation moves in Tanzania by the 5th and 6th phase Governments are not new.

3.9 The Fifth and Sixth Phase Governments' Industrialisation Efforts

The Industrialisation efforts of the fifth and sixth phase governments are discussed jointly. This is because of the very thin line that exists (if at all) between the efforts of the two phases. The sixth phase is a natural extension of the fifth one, albeit some departures in some aspects. When this piece was written, the sixth phase government had been in power for about just five months, continuing with most of what was initiated by the fifth phase in the Industrialisation space. It, therefore, falls natural and logical to treat and discuss the Industrialisation efforts of the two faces jointly.

Debates and plans on Tanzania's fifth phase government (and by implication the 6th phase government) economic future revolve around the axis of Industrialisation. These have been the main economic projects for the fifth and sixth phase governments. This Industrialisation move is packed in various documents. They include the ruling party's (*Chama Cha Mapinduzi*) 2015 and 2020 election manifestos and the late President Magufuli's maiden speech in the Parliament on 20th November 2016 (as well as President Samia Suluhu Hassan maiden speech in the Parliament). Other documents emphasising Industrialisation in Tanzania include the Second Five Years Development Plan (FYDP II) that saw the light of the day in July 2016 and the FYDP III of 2021. These are reflected in various annual plans, national budgetary measures (such as protecting and promoting domestic industries) and budgets for the ministries responsible for industries. The government has several prospects in its new Industrialisation move as partly captured in its various documents outlined in what follows.

3.9.1 Industrialisation in CCM manifestos

What the fifth phase government has been attempting to implement in the bid to industrialise the country is derived from the ruling party's (*Chama Cha Mapinduzi – CCM*) 2015 and 2020 election manifestos. The word 'Industrialisation' is mentioned over 70 times in the 2015 CCM manifesto. Among other things, the manifesto aimed at accomplishing and implementing Sustainable Industrial Development Programme (SIDP) Phase Three covering the time period 2010–2020. It also aimed to attain industrial sector contribution in Tanzania Development Vision 2025. The manifesto aimed at increasing the industrial sector Gross Domestic Product (GDP) contribution from 9.9% in 2013 to 15% in 2020 and to have 40% of employment in the country coming from the industrial sector by 2020. It is important to conduct objective evaluation to assess the extent to which these goals have been reached by 2020. This (evaluation) is beyond the scope of this work. The manifesto also talks about mobilising the private sector to invest in middle and large industries as well as protecting them against foreign industries. Protectionisms (such as that shown in various budgetary measures including the 2021/22 budget¹⁰) may be a good argument for infant domestic industries that cannot withstand competition. However, it can be bad to consumers by way of reducing their consumption menu. Furthermore, protecting inefficient industries that are not likely to grow is bad economics. As if the above were not enough, protectionism in the globalised world of the World Trade Organisation (WTO) and possibilities of retaliations need to be re-thought.

3.9.2 Industrialisation in the late President Magufuli's speech

In the late President Magufuli's speech in the Parliament on 20th November 2015 the word Industrialisation appears about 35 times covering five out of 48 pages or 10.4% of the volume of his speech. On page 20 of the speech, the late President acknowledges that he deliberately dwelt on the matter (Industrialisation) in length. The speech (page 19) insisted on the type of industries that the fifth phase government was aiming at. These are mass employment-creating industries; industries for domestic mass consumption goods and industries for export goods.

¹⁰ Including high tax on imported industrial goods and low tax on industrial factor inputs such as raw materials

3.9.3 Industrialisation in the FYDP II and FYDP III

The Second Five Years Development Plan (FYDP) that was unveiled in the Parliament in the last week of April 2016 focused on Industrialisation. Its theme was 'Nurturing Industrialisation for Economic Transformation and Human Development'. The FYDP has been implemented annually through annual plans funded through annual budgets. These annual budgets, on the other hand, have been guided by annual budget guidelines. One, therefore, needs to understand the FYDP, the annual plans, annual budget guidelines and their corresponding annual budgets to unpack and analyse the extent to which the planned Industrialisation efforts will be unfolding.

3.10 Discussion of the Goals in Tanzania's Industrialisation Efforts

There are several goals in Tanzania's Industrialisation efforts. These are outlined and discussed in what follows.

3.10.1 Employment – creating industries

The government desire has been to have 40% of employment in Tanzania coming from the industrial sector by the year 2020. For Tanzania to attain the rather ambitious mass employment-creating Industrialisation, it has to opt for labour intensive Industrialisation if the envisaged jobs are to be coming directly from industries. Labour intensive production techniques employ more labour than capital and, therefore, create more jobs than capital intensive production techniques that rely on automation. However, there are several downsides of labour-intensive production technique and, by extension, labour intensive Industrialisation. These include limited ability to enjoy economies of scale through large scale production. These are advantages of large-scale production including, but not limited to, managerial, financial and commercial economies of scale. Other downsides of labour-intensive Industrialisation include less speed in production, less efficiency, and at times, less quality and standardisation of products. For this type of Industrialisation, employment can only be mainly created along industrial value chains and nodes through backward and forward integration and linkages. It calls for strong inter-sectoral linkages in the context of input-output relationships and holistic approach to Industrialisation. All sectors related to the industrial sector need to be adequately developed. The sectors include, but are not limited to, agriculture, transport, finance, education, mining, etc. A review of the Industrialisation goals in this new move shows, among other things, that the fifth phase government aimed at having industries that will create mass employment for Tanzanians. This should be very well understood and a good goal partly given the unfortunate state of affairs of high unemployment especially amongst youth. Unemployment is among the key social, political and economic challenges that can be potentially solved through Industrialisation.

3.10.1.1 Reality on the ground

In modern day Industrialisation, characterised by the Fourth Industrial Revolution (FIR) digital technologies, one is likely to see and embrace a more capital intensive than labour intensive Industrialisation process. Involved here are highly mechanised, automated, digitalized, computerised and hightech driven state of the art industries. These present a more transformative Industrialisation than their labour-intensive counterparts. They augur well with modern day Industrialisation in which state of the art, high tech, capital intensive, mechanisation and automation are key words. These are industries with a bigger competitive edge than labour intensive ones. They are better suited for mass production and therefore enjoyment of economies of scale by corporate chiefs and captains and titans of the industry whose bottom line is profit. These types of industries are more likely to produce higher quality and standardised goods and services and at a bigger speed and lower per unit cost than labour intensive ones.

3.10.1.2 Capital displaces labour

On employment creation, however, capital intensive industries will not create as many direct industrial jobs as will their labour-intensive counterparts. This is because in capital-intensive production technique, capital in the shapes and names of machines displaces labour. What could be done by a dozen of labour is done by just one person who presses machines' buttons on and off as required. Therefore, capital intensive industries will not create direct mass industrial employment as desired by the government. There is, therefore, a need for all stakeholders in the new Industrialisation move to understand this reality on the ground correctly in order to manage expectations and avoid unnecessary surprises when the true employment colours are seen.

3.10.1.3 Potentials for indirect jobs-creating industries

The uncomfortable truth that capital intensive industries will not create mass direct industrial jobs should not be the end of mass employment creation through industry goals. *Ceteris paribus* (all other things being equal), employment through Industrialisation can be created along the long and many industrial value chains nodes. Through the backward forward integration in the context of inter-sectoral linkages and the associated multiplier effects, many indirect jobs can be created. These will be jobs created by the sectors that supply factor inputs of

all kinds to the industrial sector through backward integration as well as those that serve as markets for the same through forward integrations. This calls for strong inter-sectoral linkages and holistic approach in the new Industrialisation move. All sectors touched and moved by and touching and moving the new Industrialisation move should be optimally developed to absorb and support what comes from the move. When sectors such as agriculture, fishery, livestock, infrastructure, financial services, education and much more are optimally developed to support the industrial sector then mass employment can see the light of the day. Short of that, the mass jobs creation goal through Industrialisation will remain a wishful thinking.

3.10.2 Industries for mass consumption

The fifth phase Government aimed at having industries that would produce goods for mass consumption. They include industrial goods from agro-processing such as food and related items, textile, footwear etc. Among other things, these industries do make use of locally available raw materials. Issues in this space include consumer behaviour issues. Sophisticated as they are likely to be, Tanzanian consumers – middle and high class mainly – are becoming increasingly picky and more inclined to consuming imported than domestically produced goods and services on account of perceived or actual quality.

3.10.3 Industries for export

Tanzania aims at having industries that will produce for the domestic market and export excess. This is in line with export-oriented Industrialisation. For this to succeed, a number of conditions have to be fulfilled. They include, but are not limited to, having export market access. In turn, this is a function of, among other things, having the quantity and quality of export industrial products demanded by the export market. This boils down to domestic business environment and investment climate issues. It calls for having the needed attractive environment to attract and retain investors that will produce what is needed for export both in the needed quantity and quality. The needed business environment and investment climate include predictability in the legal, policy and regulatory frameworks; adequate quantity and quality of hard and soft infrastructure; adequate quantity and quality of hard and soft skills and talents in the labour market; availability of the needed utilities such as power and water; availability of ready-to-occupy business premises land; absence of corruption and unnecessary bureaucracy; easiness of getting and renewing work permits and enforcing contracts, and many others along that line.

3.10.4 Industries using domestic raw materials

The Government aims at industries that will use domestic raw materials. This is very important in the context of local content and its potential for rapid development. Given the nature and structure of Tanzania's economy which is largely agrarian, the most feasible industries in the context of using available domestic raw materials are agro-processing industries. They include those that will process the generally readily available agricultural products such as grains, fruits and vegetables in general terms. These industries are very important in adding value to agricultural products. In this way, they create markets for the agriculture sector value chains and nodes. This goal of using domestic raw materials can contribute to rural Industrialisation. This will be the case when and if industries are located in rural areas. Economically this will be the case where industries have to be located near sources of raw materials. These are generally bulk and fragile raw materials.

3.11 Co-operatives and Industrialisation

3.11.1 Role of co-operatives in industrialisation

Generally, co-operatives are business organisations voluntarily formed, owned and operated by a group of individuals (members) for their mutual benefit. They are associations of individuals united voluntarily to meet their various common needs and aspirations. The needs and aspirations may be economic, social and cultural in nature and scope in their very broad sense. The individuals unite to jointly establish, own, operate, finance and democratically control enterprises. They may be variants of financial or agricultural-based enterprises including industrial ones in the context of this piece. In the Tanzania context, agricultural (crops) based co-operatives have a longer history than the financial-based ones and have been around well before independence. Co-operatives are of great relevance in Industrialisation efforts. Among other things, various kinds of co-operatives such as financial and crops-based co-operatives can establish, finance, own and operate various kinds of industrial enterprises. They include micro, small and medium enterprises (MSMEs) and even large industrial enterprises.

In his work on the role of co-operative organisations in Tanzania's Industrialisation, Katundu (2018)¹¹ argues and correctly so, that Tanzania has a sound network of co-operatives throughout the country. These are suitable for guiding the country's Industrialisation process. Katundu (*ibid*) argues further that what is often missing is the

¹¹ Katundu, M. (2018). The Role of Co-operative Organisations in Tanzania's Industrialisation. In: Efobi U., Asongu S. (eds) Financing Sustainable Development in Africa. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-319-78843-2_15

political will of utilising the existing co-operative network to facilitate coordination and implementation. According to the author, co-operatives are institutions capable of translating government industrial intentions into action. They can do this explicitly and implicitly. He informs that co-operatives can be used as vehicles for rural Industrialisation by utilising the existing network of co-operatives in the country among others. In their work, Moturi and Wekesa (undated)¹² state that co-operatives in Kenya are classified into agricultural and non-agricultural co-operatives. The latter are proliferated especially in provision of financial services. On their part, agricultural co-operatives mainly engage in marketing of members' produce. In Tanzanian context, they include crops co-operatives in such crops as coffee in Kilimanjaro, Kagera and Ruvuma, cotton in Mwanza and Shinyanga and cashewnuts co-operatives in Mtwara and Lindi. They also include milk processing co-operatives. According to Moturi and Wekesa (*ibid*), in the recent past, some co-operatives for example coffee and dairy ones, have ventured into manufacturing in the bid to add value in Kenya. Anania and Nade (2020)¹³ in their work on strategies for agricultural-based Industrialisation through co-operatives in Tanzania inform that co-operatives have been involved in the Industrialisation process in Tanzania and that the Government recognizes them as among key development partners in the Industrialisation efforts. The authors describe mechanisms that may be used to finance the Industrialisation process through co-operatives and possible constraints. The authors conclude that there are direct and indirect options for co-operatives to enter into the Industrialisation process and in financing the same.

3.1.1.2 Pre-requisites for successful co-operatives-based industrialisation

It is the author's view that for co-operatives in Tanzania to be able to play their rightful role in the Industrialisation process, a number of conditions have to be fulfilled. They include, but are not limited to the co-operatives in question, understanding the concept of Industrialisation and what it takes to industrialise successfully and capacity building in various areas related to having successful co-operatives. These areas include such broad and closely intertwined areas as governance, finance, trust, business orientation, entrepreneurship, marketing and related ones. Training and re-training on at least key co-operative issues such as principles is very important in this context. Show-casing successful industrial co-operatives is a good motivation for those aspiring to industrialise through the platform of co-operatives. Another key prerequisite is having good and attractive legal, policy and regulatory frameworks in the co-operatives space in general and industrial and related areas in particular.

4. Conclusions and Recommendations

4.1 Conclusions

The paper concludes that there are various global, continental, sub-regional and national frameworks for Industrialisation that Tanzania should bench-mark with. It is also concluded that there have been several Industrialisation efforts in Tanzania since its political independence in 1961 to 2021 when this piece was written. These efforts have had mixed results. There have been some successes and failures. In its totality, however, there has been progress in terms of Industrialisation over time. However, there are areas of improvement as far as Industrialisation in Tanzania is concerned. These areas include those related to investment climate and business environment. It is, however, acknowledged that there have been improvements in this space over time but areas of improvement still exist. In the context of co-operatives, it is concluded that there is a close relationship and potentials between co-operatives and Industrialisation in Tanzanian and beyond. Co-operatives provide platforms for establishing, owning, managing, operating and even financing industrial enterprises. When the needed prerequisites are in place, co-operatives are very good platforms for Industrialisation in Tanzania.

4.2 Recommendations

For the Industrialisation process in Tanzania to succeed, it is very important to bench-mark against existing global, continental and sub-regional frameworks. These include the SDGs, Agenda 2063, SADC and EAC Industrialisation strategies and policies. There is a need to tailor these to Tanzanian context and learn from countries that have succeeded as well as those that have failed. Learning from earlier Tanzanian Industrialisation efforts is very important as well. The aim of learning lessons includes avoiding re-inventing the wheel. On the part of co-operatives, it is recommended that the Industrialisation potentials embedded in the co-operatives should be actualized by ensuring that there are environments for this to happen.

¹² Moturi, M. C. Z and Wekesa, I (undated). Linking RTI, Co-operatives and Industrialisation

¹³ Anania, P, and Nade, P. (2020). In the Quest for Semi-Industrialized Economy: Strategies for Agricultural-Based Industrialisation through Co-operatives in Tanzania. CIRIEC No. 2020/06

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