

TANZANIA

INDUSTRIAL UPGRADING AND MODERNIZATION PROJECT

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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



TANZANIA IUMP

The Tanzania Industrial Upgrading and Modernization Project (Tanzania IUMP) is the result of joint efforts of the Ministry of Industry and Trade (MIT) of Tanzania and the United Nations Industrial Development Organization (UNIDO) to strengthen the supply-side capacity of the national manufacturing sector and to improve competitiveness of locally processed goods on national and international markets. Launched in 2012, the project is a component of the UN Country Development Framework for 2011-2015, which is in line with national developmental priorities and commitments.

OBJECTIVES

The objective of the Tanzania IUMP is to promote competitive industrial production, improve the quality and quantity of industrial output, and facilitate access to national, regional, and international markets for local manufacturing small and medium enterprises (SMEs). The project also intends to improve the institutional and technical capacities of Industrial Support Organizations (ISOs) to enable them to deliver upgrading services for the wider community of local industrial enterprises. Finally, the Tanzania IUMP aims to strengthen the business community's capacities to monitor and manage managerial and technological change and adapt to the demands of regional integration and international competition.

EXPECTED RESULTS

The project's pilot phase aims to achieve the following results:

- Pilot private sector manufacturing SMEs of Tanzania upgrade their production and management skills and improve competitiveness on local and eventually export markets
- Manufacturing SMEs of Tanzania benefit from locally available and sustainable business support services able to offer best practice inputs on industrial upgrading and enterprise competitiveness. These services are offered continuously by strengthened ISOs and national experts trained on the upgrading methodology and tools.

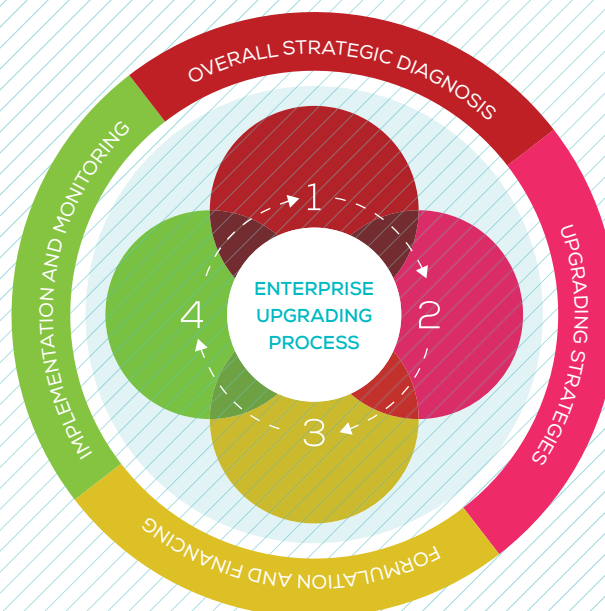


- The Upgrading Unit of Tanzania (UUT) is established and strengthened to facilitate the management and monitoring of the upgrading activities. UUT will also prepare and launch the project's roll-out phase targeting the upgrading needs of a larger number of local SMEs.

TECHNICAL ASSISTANCE: HOW DO WE DO IT?

A team of UNIDO international experts and trained national consultants provides enterprise diagnostics services and coaching assistance in implementing upgrading plans.

This service portfolio is based on the UNIDO Upgrading Methodology which is being successfully implemented in several North African and Sub-Saharan countries. According to the UNIDO Methodology, the Enterprise Upgrading Process (EUP) consists of the following four phases:



1

OVERALL STRATEGIC DIAGNOSIS

The overall diagnosis of an SME consists of five steps:

- Analysis of external sources of competitiveness
- Analysis of product markets and strategic positioning
- Diagnosis of managerial skills and social aspects
- Diagnosis of technical capacities and quality, including energy efficiency and environmental issues
- Financial diagnosis

2

UPGRADING STRATEGIES

On completion of the diagnosis phase, the upgrading plan is agreed with the SME management to define priority remedial actions. Strategies are selected in accordance with comparative advantages, and the development vision and goal of a beneficiary enterprise.

3

FORMULATION & FINANCING

Upgrading plans describe the required intervention in terms of adoption of new technologies, renewal of production equipment, introduction of IT systems, management capacity building and quality improvements. The upgrading plans are formulated in a bankable format (business plan/feasibility study) that enables SMEs to approach financing institutions in an expeditious manner.

4

IMPLEMENTATION AND MONITORING

Implementation of upgrading plans is carried out by teams of highly specialized international and national experts providing on-site technical assistance. These interventions are undertaken in different time intervals to allow for a learning process and to ensure that the technical assistance is assimilated at the SME level, and that the desired results are produced.

ADVANTAGES OF JOINING THE PROJECT



PROJECT ELIGIBILITY



The Tanzania IUMP is open to any solvent manufacturing enterprise operating in the dairy, edible oils, and fruit & vegetable processing sectors that is willing to upgrade and expand its business and enhance competitiveness.

JOIN US

BECOME PART OF THE TANZANIA IUMP

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CONFIDENTIALITY: All information provided by participating enterprises to the project is treated as confidential.

WHAT WE'VE ACHIEVED SO FAR

As of January 2014, the Tanzania IUMP has undertaken industrial diagnosis for 19 enterprises operating in the dairy, edible oil and food processing sectors and trained 50 national experts on industrial upgrading methodologies. Further, 5 dairy and 9 edible oil enterprises received coaching on the implementation of upgrading plans developed by project-trained national experts. These activities are expected to lead to, among others, productivity improvements, reduced production costs, enhanced marketing of final products, and, as a result, increased competitiveness of manufactured goods and market expansion.

To address the upgrading needs of micro and small scale oil processors in Dodoma, a networking and upgrading approach was applied to enhance productivity and competitiveness of 8 members of the Dodoma Oil Association. The project also supported the local design and production of semi-refining equipment for oil degumming and neutralization. As a result, the prototype semi-refinery was produced at the Vocational Educational and Training Authority (VETA). The fabricated equipment was successfully tested in cooperation with the Central Zone Sunflower Oilseeds Processors Association (CEZOSOPA) and the processed sunflower oil complies with standards of the Tanzania Bureau of Standards (TBS). The Association was given assistance to consolidate the approach and to disseminate the improved manufacturing practices to its members.

 KEY INDICATORS*	 BASELINE (2012)	 TARGET (2015)	 SPECIFIC MEANS
TURNOVER (in '000 USD)	\$35,805	\$72,393 (+102%)	<div> <div>ENHANCED production, maintenance & marketing capacity</div> <div>INCREASED productivity</div> <div>COMPLIANCE with standards</div> </div>
OPERATING MARGIN	-7,54%	15%	<div> <div>OPTIMIZED cost structure</div> </div>
EMPLOYMENT	460	+5%	<div> <div>INCREASED ratio of qualified finance, marketing and technical staff to the total staff</div> </div>
CAPACITY UTILIZATION	28%	60-70 % (+115%)	<div> <div>IMPROVED maintenance, mobilization of working capital, marketing actions</div> </div>
WASTE & LOSSES	<div>2% impurities in seed</div> <div>2% of oil in meal cake</div> <div>5% of raw milk</div>	50-90% reduction in losses	<div> <div>REDUCED LOSSES of seeds, oil in meal (cake) and milk during the process</div> </div>
<div>  IN ADDITION </div> <div>Implementation of Tanzania IUMP is expected to improve conformity of products to international quality and hygiene standards, and enhance environmental management at the enterprise level</div>			

*KEY INDICATORS: The indicators are based on observations from pilot 5 dairy companies and 9 companies operating in the edible oil sector.



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