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Transport Sector and Acceleration of Green Economic Transformation

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INTRODUCTION

ECONOMIC DEVELOPMENT IN TANZANIA

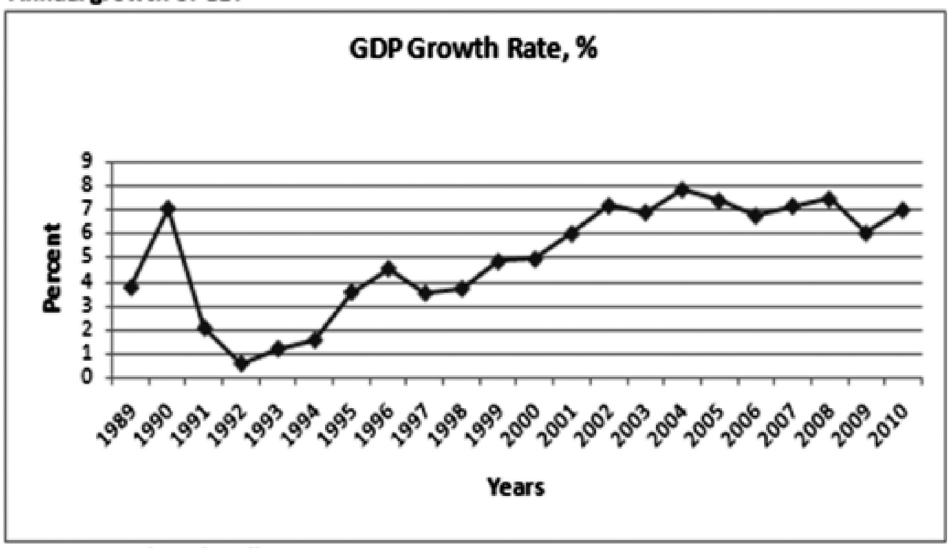
Tanzaniaís economic growth in the past 10 years is regarded as among the best performers in Africa, having varied between 6 and 7.8 percent, peaking close to 8 percent in 2004 before dipping to 6 percent in 2009 following the global economic crisis shock. Among the initiatives taken by the government of Tanzania include improving the transport sector to enhance efficiency in the operations of economic transactions within the country and with other countries in the region and internationally.

TANZANIA'S TRANSPORT NETWORK AND CORRIDORS

Tanzaniaís ports such as Dar es Salaam, Tanga, Mtwara and other inland lake ports and airports, mining sites, tourism sites, and high potential agricultural zones are connected by a network of roads and railways, which can be categorized as serving four development corridors, namely:

- Southern (or Dar es Salaam) Development Corridor.
- Central Development Corridor.
- Tanga Development Corridor
- Mtwara Corridor

Annual growth of GDP

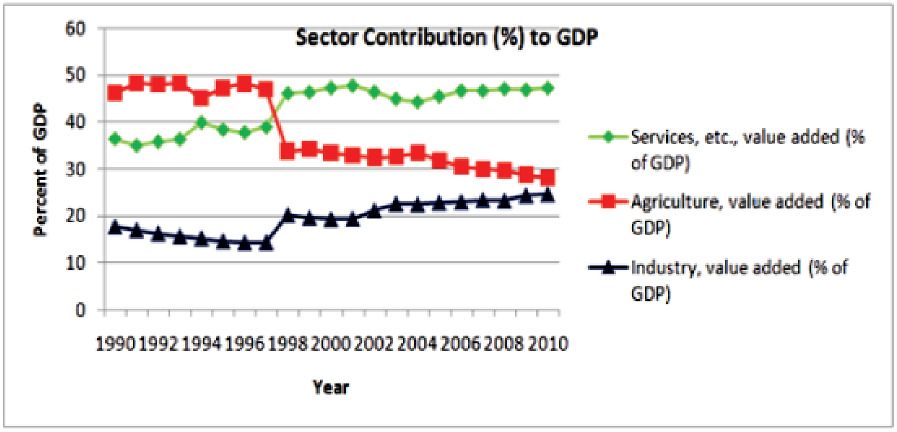


Source: Word Bank Indicators

IMPORTANCE OF TRANSPORT AND OTHER INFRASTRUCTURE

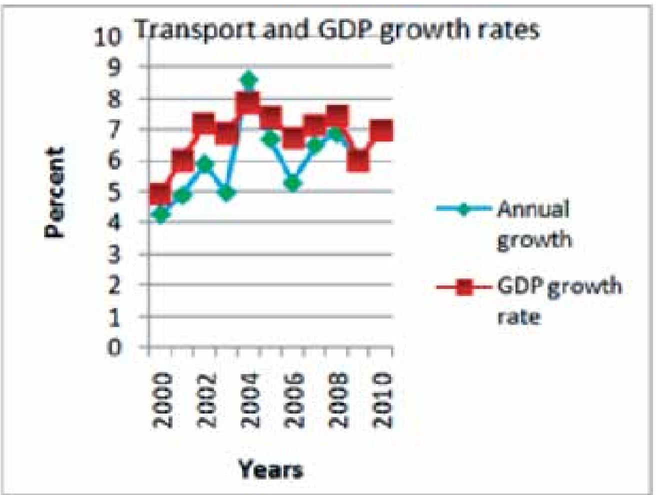
The importance of transport infrastructure in ensuring access to raw materials and access to markets for completed products at cheap and affordable cost cannot be over emphasized.

Sector value added share to GDP.



Source: World Bank Indicators

The facilities are fundamental for global productivity and trade competitiveness in efforts to eradicate poverty on the basis of integrating different parts of the local economy and promoting export trade.



Source: GOT, 2011. Hali ya Uchumi wa Taifa 2010

Transport and GDP growth rates

It is for this reason that the country's Transport Sector Investment Master Plan (TSIP) (GOT, 2008) underscored the need to provide adequate infrastructure and services in all modes of transport: roads, railways, ports and waterways, aerodromes and airways, and pipelines.

An efficient transport system is needed to facilitate local and international trade, such as that of tourism whereby international arrivals can land at Kilimanjaro and Dar es salaam International Airports and connect locally to natural and cultural attractions in the northern and southern circuit national parks and coastal attractions, respectively.

Challenges facing transport sector

Among the key challenges facing the sector in general include shortage of financial resources for transport infrastructure development and maintenance; decline in the quality of offered transport services, inadequate road and railways networks and dysfunctional aerodromes at regional and district headquarters.

FINDINGS

Empirical evidence show that infrastructure ac-counts for 40% of predicted transport costs for coastal countries, and up to 60% for land locked countries. They show that if a country with a relatively poor infrastructure, for example at the 75th percentile in an international ranking, is able to upgrade to the 25th percentile, it will be able to reduce transport costs by 30% based on shipping data (from $6,604 to $4,638) and by more than 50% based on the c.i.f./f.o.b ratio (from 1.40 to 1.11). In addition, an improvement in own and transit country infrastructure from the 75th to the 25th percentile reduces the disadvantage associated with being landlocked by more than half.

PERFORMANCE OF THE COUNTRY'S TRANSPORT SECTOR

The growth rate of transport sector in the decade to 2010 peaked in 2004 with a growth rate of 8.2 percent compared to the minimum growth rate of 4.3 percent in 2000. Although in 2000 communication and transport sector were nearly the same, in 2010 the transport sector grew by 7 percent, better than the growth of the communication sector. Road transport is the dominant mode in Tanzania and carries over 80% of the passengers and over 75% of freight traffic (MOT 2011).

PLANS FOR TRANSPORT INFRASTRUCTURE IMPROVEMENTS IN THE 5-YEAR DEVELOPMENT PLAN 2012-15

The main focus in the transportation sector for the first five year plan (5YDP) will be to create a reliable transport system with affordable facilities thus making Tanzania as a unique transport and logistics hub for East and Central African countries.

The 5YDP makes more detailed plans on type of transport infrastructure and location to be built as an elaboration of plans highlighted in the document for second phase of the National Strategy for Growth and Reduction of Poverty (NSGRP II) published in July 2010.

The US Government Millennium Challenge Account and the World Bank have also invested in transport infrastructural projects.

CONSTRAINING FACTORS

Insufficient Fund

According to the National Transport Policy, the gap between plans and the available funds for transport sector is about 43%, which puts most plans unfulfilled. Inadequate funds have also curtailed plans to open up new tourist destinations in the southern corridor.

Weak institutional arrangement coordination

Duplication of institutional mandates with a weak coordinated approach to transport sector policies and strategies to ensure synergized actions by institutions responsible for implementing various aspects of the sector.

This has brought some confused reasoning of prioritization and ineffective implementation of programmes by the respective stakeholders as each of them struggle to influence getting adequate share of funding from government and development partners.

There also seems a lack of systematic analysis of the sectorís performance despite having the National Institute for Transport (NIT), which was supposed to provide technical advice to the Ministry of Transport. Another weakness is lack of clarity on the role and responsibility of Local Government Authorities in the management of district and feeder roads.

Lack of a change management mindset

Recent experiences has shown a number of institutions with historically poor record of performance such as the National Housing Corporation (NHC) and National Microfinance Bank (NMB) which have managed to turn around and embark on a profit making path and also offer some high public service impact.

CONCLUSION

It is generally acknowledged that the transport sector has not been adequately developed to offer the much needed optimal impact on the economy: in agriculture, tourism, manufacturing, and other social and economic services. Furthermore, the existing network is not as efficiently managed due to a combination of inadequate funding and poor managerial skills. Lack of adequate funds, for example, has resulted to only 57 percent of the plans on road construction being effectively implemented to the fullest.

RECOMMENDATIONS

Funds mobilization - government should seek the support of the private sector and local government authorities for financing construction of new infrastructural projects, rehabilitation and maintenance.

Rationalization of investments to optimize modes of synergy - prioritize on geographical areas requiring optimization of transport modes.

Institutional arrangements - coordinate and follow up responsibilities and rethink how Road Fund can be upgraded to national Infrastructural Development Authority.

Change management approach - specialized interventions

Green Transport - promote use of gas and electric trams and trains.

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