

# Needed: Strategy to Small and Medium Enterprises

THE government endorsed Small and Medium Enterprises (SMEs) policy, which is part of sustainable industrial Development.

Large-scale industries are not easy to start because they require huge investment in terms of capital and technology.

These can only be afforded through transnational corporations, since most industrialized countries have SMEs, which produce components for large-scale industries including automobiles.

Large-scale industries in turn produce raw materials and packaging materials for medium and small-scale enterprises.

Small Industries Development Organization (SIDO) has been given the mandate to develop SMEs, and it can only be successful if it has plenty of resources both financial as well as technical expertise.

It needs capacity building to deliver SMEs, and such an importance should be aimed at increasing budget allocation for National Entrepreneurship

Development Fund (NEDF).

This fund will be administered by SIDO regional managers to give loans to SMEs in rural and urban areas to expand enterprises and start new businesses.

The priority sectors are handicrafts, textiles and garments, blacksmiths, and machines and technologies.

Agro processing especially food should be a priority in order to add value to the products and reduce post harvest loss estimated to be 40 per cent.

SMEs need cheap and

reliable technology in form of machines like maize mills, maize hullers, paddy threshers, rice hullers, sugar cane crushers, oil extractors and presses, fruit juice machines and other post harvest machines and food processing technology.

Tanzania has a number of industrial support organizations, which produce these technologies.

The industrial support organizations are Tanzania Industrial Research and Development Organization (TIRDO) and Tanzania Engineering and Mechanical Organization Design (TEMDO).

Others are Tanzania Automotive Technology Centre (TACT), and Technology Design and Transfer Centre of the

University of Dar es Salaam.

These are under-capitalized and understaffed in terms of engineers and other technical personnel.

There is also a duplication of activities among the industrial support organizations.

ISO cannot design, produce, and mass market the machines and technologies. There is a need for specialization by ISOs and the function of marketing and distribution should be subcontracted to wholesalers in the private sector.

SMEs products need markets and it is the function of DISO to look for export and domestic markets for SME products.

It is gratifying to note that SIDO will continue to produce catalogues of SME products on a quarterly basis, which will reveal the potential of SMEs.

This information will also be put on the SIDO Website, which will be launched soon.

An information center will also be established to give information on potential markets and sources of supply of machines and technologies.

It is expected that in 2005 SIDO will continue to organize zonal SME exhibitions which were started in 2002 and which have led to sales of over 500 million shillings for SME operators.

SIDO should link with similar organizations in Africa and Asia to exchange the experiences in development of SME sector.

In 2004 Sumaria Group, BP, Shoprite, Tanga Cement made a big contribution in funding SME exhibitions.

It is expected that large corporates will this year continue to assist the promotion of SME products.

## BUSINESS PERSPECTIVES

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