THE UNITED REPUBLIC OF TANZANIA

GUIDELINES FOR THE PREPARATION OF ANNUAL PLAN AND BUDGET FOR 2012/13 IN THE IMPLEMENTATION OF THE FIVE YEAR DEVELOPMENT PLAN 2011/12-2015/16

PART I & II

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February, 2012

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LIST OF ABREVIATIONS

ARV	Anti Retro Virals
ASDP	Agricultural Sector Development Programme
BEST	Business Environment Strengthening for Tanzania
BOT	Bank of Tanzania
BWM-SEZ	Benjamin William Mkapa Special Economic Zone
COMSIP	Community Savings and Investment Promotion
CDTIs	Community Development Training Institutes
CCHP	Comprehensive Council Health Plan
CDG	Council Development Grant
CCM	Chama Cha Mapinduzi
D by D	Decentralization by Devolution
DDHS	District Designated Hospitals
DADPs	District Agriculture Development Plans
EU	European Union
EAC-CM	East African Community Common Market
EPZ	Export Processing Zones
FYDP	Five Year Development Plan
FDCs	Folk Development Colleges
GBS	General Budget Support
GRB	Gender Responsive Budget
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GPG	General Purpose Grant
GEPF	Government Employees Pension Fund
HIPC	Highly Indebted Poor Countries
HSBF	Health Sector Basket Fund
HR	Human Resource
Ha	Hectare
ICT	Information and Communication Technology
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
LGAs	Local Government Authorities
LSRP	Legal Sector Reform Program
LAPF	Local Authorities Provident Fund
LGCDG	Local Government Capital Development Grant
LGRP	Local Government Reform Programme
MDGs	Millennium Development Goals

MACMOD	Macro-economic Model
MIS	Management Information System
MOF	Ministry of Finance
MCC	Millennium Challenge Corporation
MCA-T	Millennium Challenge Account Tanzania
MTEF	Medium Term Expenditure Framework
MoEVT	Ministry of Education and Vocational Training
MTP	Medium Term Plan
MEM	Ministry of Energy and Minerals
MDAs	Ministries, Independent Departments and Executive Agencies
M &E	Monitoring and Evaluation
MW	Megawatt
MT	Metric tons
NACSAP	National Anti-Corruption Strategy and Action Plan
NGSDA	National Geographical Spatial Data Infrastructure
NSGRP	National Strategy for Growth and Reduction of Poverty
NHIF	National Health Insurance Fund
NEEC	National Economic Empowerment Council
NSSF	National Social Security Fund
NDC	National Development Corporation
NIDA	National Identification Authority
OC	Other Charges
O&OD	Opportunity and Obstacle to Development
PADEP	Participatory Agriculture Development and Empowerment Project
PBG	Plan and Budget Guidelines
PCCB	Prevention and Combating of Corruption Bureau
PEDP	Primary Education Development Programme
PER	Public Expenditure Review
PE	Personal Emolument
PFA	Public Finance Act
PFMRP	Public Financial Management Reform Programme
PLWHAs	People Living with HIV and AIDS
PHSDP	Primary Health Service Development Proramme
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PMCT	Prevention of Mother to Child Transmission
PO-PC	President's Office, Planning Commission
PO-PSM	President's Office – Public Service Management

PPP	Public – Private Partnership
PSRP	Public Service Reform Programme
PSPF	Public Service Pensions Fund
PPF	Parastatal Pension Fund
RS	Regional Secretariat
RCs	Regional Commissioners
R&D	Research and Development
SADC	Southern Africa Development Community
SBAS	Strategic Budget Allocation System
SEDP	Secondary Education Development Programme
SEZ	Special Economic Zone
SMEs	Small and Medium Enterprises
SPs	Strategic Plans
SIDO	Small Industries Development Organization
SUMATRA	Surface and Marine Transport Regulatory Authority
STAMICO	State Mining Corporation
SACCOs	Saving and Credit Cooperation Organizations
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SWOC	Strengths, Weaknesses,Opportunities and Challenges
TAFSIP	Tanzania Agriculture and Food Security Investment Plan
TASAF	Tanzania Social Action Fund
TADB	Tanzania Agricultural Devlopment Bank
TIB	Tanzania Investment Bank
TCRA	Tanzania Communication Regulatory Authority
TR	Treasury Registrar
TDHS	Tanzania Demographic and Health Survey
TIC	Tanzania Investment Centre
THIS	Tanzania HIV and AIDS Indicator Survey
TRL	Tanzania Railways Limited
TDV	Tanzania Development Vision 2025
TSCP	Tanzania Strategic Cities Project
TSIP	Transport Sector Investment Program
TRA	Tanzania Revenue Authority
TMAA	Tanzania Minerals Audit Agency
TMTP	Tanzania Mini Tiger Plan
VAT	Value Added Tax
VAHs	Voluntary Agencies Hospitals
WSDP	Water Sector Development Programme

PREAMBLE

The Plan and Budget Guidelines (PBGs) for 2012/13 are being issued in the backdrop of the first Five Year Development Plan (FYDP I) 2011/12 – 2015/16 and MKUKUTA II (2010/11-2014/15). The Guidelines are in consonance with Ruling Party CCM Election Manifesto 2010-2015. FYDP I, launched in June 2011 is first of the three five year development plans envisaged to be implemented through 2025 aimed at transforming Tanzania into a middle income country by 2025 in consonance with the goals of the Tanzania Development Vision, 2025 (TDV).

The FYDP I focuses on five key priority areas, namely, infrastructure; agriculture; industry; skills development; and tourism, trade and financial services. These Guidelines are therefore issued to direct Ministries, Independent Departments and Executive Agencies (MDAs), Regional Secretariats (RSs) and Local Government Authorities (LGAs) in the preparation of plans and budgets for the second year of FYDP I. To expedite implementation of the FYDP I, the President's Office, Planning Commission (PO-PC) in collaboration with the Ministry of Finance (MOF) will prepare the annual development plan to guide implementation of the priority investment projects and programmes.

The PBGs are in two parts. Part I provides information and instructions that are required by MDAs, RSs, and LGAs so that they can prepare informed plans and budgets which are consistent with FYDP I. It also contains Annex of FYDP I strategic priority projects.

Part II of the Guidelines constitutes the standard forms to facilitate the MDAs, RSs and LGAs to effect the preparation, execution, monitoring and evaluation of their budgets so as to ensure value for money.

The Guidelines also contains Annexes which provide detailed performance review for 2010/11 and first half of 2011/12 on macro-economic developments; implementation of MKUKUTA II; Regions and LGAs' performance; performance of the public sector reforms; as well as performance of public investments. To this end, the review depicts the following key issues: aligning scarce resources with government commitments; improving project contracts management; managing government guarantees; improving business environment to attract investment and job creation; and sustaining macroeconomic stability.

Part I is organized into five thematic chapters as follows: Chapter One provides a detailed exposition of the objectives and strategic focus of the FYDP I and points out the link between FYDP I and other planning frameworks and resulting activities. It spells out the institutional framework within which the FYDP I will be implemented with PO-PC and MOF taking the lead in guiding the preparation of the annual plans and monitoring implementation of strategic investment projects and programmes. MDAs, RSs, and LGAs are to identify projects whose prioritization for Government funding will have to be decided jointly by PO-PC and MoF. With the broad objective of FYDP I which is to unleash the country resource potentials in order to fast-track the provisions for broad-based and pro-poor growth, the chapter underscores the overall goal of the Plan as being the achievement of an average growth rate of GDP of 8% per annum during the FYDP I period and ensuring quality of that growth (inclusive and sustainable). The chapter provides the listing of priority areas and projects across which the core investments are to be drawn.

Chapter Two briefly reviews the mid-year performance of FYDP I for its first year of implementation, 2011/12 and also presents the macro-economic outlook for the year 2012/13 and underlying assumptions. Monetary developments, inflation, and macroeconomic projections and policy targets are also elaborated. The chapter provides details on the assumptions behind projected performance of each of the key economic activities, namely, agriculture, hunting and forestry; fishing; mining and quarrying; manufacturing; electricity and gas; water supply; construction; trade and repair; transport; communications; financial intermediation; real estate; education; and health.

The chapter highlights the strategic areas and national priorities to be borne in mind throughout FYDP I and these are: infrastructure; agriculture; industry; human resources development; and tourism, trade, and financial services.

Chapter Three propose how to finance the annual plan and budget. The chapter calls for maximizing revenue collection from the existing sources and exploring new ones. The thrust is to raise the level of financing development priorities from domestic revenue. In this regard, deliberate efforts are to be made for the purpose of widening the tax base including bringing the informal sector into the tax net which should properly be interfaced with the issuance of the national identity cards. MDAs, RSs, and LGAs are instructed to step up collection of revenue from non-tax and own sources. In the same vein, MDAs, RSs, and LGAs are required to pursue stringent measures to curtail recurrent expenditure in favour of financing development spending. The chapter also provides the budget frame for the plan period, 2012/13 – 2015/16. The frame sets targets for domestic and foreign resources and levels of expenditure during the plan period while underpinning those measures will need to be adopted and implemented timely for the attainment of the targets.

Chapter Four outlines the means through which MDAs, RSs and LGAs will monitor, evaluate and report on the execution of their plans and budgets. Specific instructions are therefore provided to the implementing agencies regarding Monitoring and Evaluation (M & E) work pointing out the need to address M & E challenges in order to attain FYDP I and MKUKUTA II objectives and targets.

Chapter Five dwells on issues of institutional responsibilities for the implementation of FYDP I and the Annual Plan and Budget for 2012/13 and reminds the Accounting Officers and the Plan and Budget Committees about their roles and responsibilities in the preparation, execution, monitoring and evaluation of plans and budgets. Specific instructions include preparation of revenue estimates; preparation of personal emoluments estimates; and implementation of plans and budgets. Other instructions to Accounting Officers aim at cutting down the cost of running the government and these relate to: procurement; seminars and workshops; allowances; ceremonies and anniversaries; and controlling accumulation of debts and arrears.

Furthermore, Accounting Officers are urged to observe implementation of the following policies and strategies: public-private partnership initiative; promoting conducive business environment; embedding D by D across the Government structure; combating corruption; gender responsive budgeting; and specific instructions for RSs and LGAs.

CHAPTER ONE

FIVE YEAR DEVELOPMENT PLAN: OBJECTIVES AND FOCUS

Introduction

1. The First Five Year Development Plan (FYDP I) which is being implemented from 2011/12 – 2015/16 was launched in June 2011 based on the recommendations of the 2010 review of Tanzania Development Vision (TDV) 2025. The review calls for formulation of strategic interventions to attain the goals of the TDV 2025 for the remaining 15 years. The goals include among others, transforming Tanzania to reach middle income status characterised by a strong and competitive economy; high quality livelihood; well educated and learning society; peace, stability and unity; and good governance. The FYDP I takes into account the CCM Election Manifesto 2010-2015.

2. This Chapter presents the objectives and strategic focus of the FYDP I and also highlights the link between FYDP I and other planning frameworks and flow of activities. It summarizes the planned activities to be implemented in the next financial year and the remaining three years of the Plan.

3. The FYDP 1 brings together various national development initiatives into a unified and coherent framework. It distinguishes itself by being aligned to the realization of the TDV 2025 with specific strategic interventions and targets. The key national development interventions include: National Strategy for Growth and Poverty Reduction II (NSGPR/MKUKUTA), Tanzania Mini Tiger Plan (TMTP) 2020 and Sector and Regional Strategic Plans which are in line with FYDP 1 priorities and targets. For instance, MKUKUTA II targets as highlighted in each cluster are in line with targets of the FYDP I five priority areas. However, MKUKUTA II will remain the tool for poverty eradication and the Mini Tiger Plan 2020 will provide focus on trade supply and competitiveness. This link enables the national

development planning framework to be more focused and fostering economic growth and social development transformation.

Objective and Strategic Priority Focus

4. The broad objective of the Plan is to unleash the country's resource potentials in order to fast-track the provision of the basic conditions for inclusive and sustained growth. Consistent with the overall goal, the Plan targets an average GDP growth rate of 8 percent per annum for the FYDP I period and thereafter consistently maintaining growth rates of at least 10 percent per annum from 2016 until 2025. In view of this, the main objective of the FYDP I is to increase the country's growth momentum while ensuring quality of growth. In order to achieve the Plan objectives, the following five main priority areas have been identified:-

(i) Infrastructure

5. The priority will be directed towards improving the infrastructural networks in order to speed up the transformation of the country's production and trade supply structures, and promote Tanzania's competitiveness. The strategic interventions will focus on hard and soft infrastructure. The hard infrastructure includes: (a) energy; to ensure reliable power that will meet the current demand by increasing generation, strengthening transmission channels and expansion of supply to domestic and industrial use with particular focus to rural electrification. (b) transport and transportation; to develop a sector that is capable of, among other things, ensuring the availability of reliable transport infrastructure facilities at reasonable costs and promoting Tanzania as the transport and logistical hub for East and Central African countries, and (c) water and sanitation; to enhance accessibility for majority of the people both in rural and urban areas. The soft infrastructure is mainly on ICT; and in particular, to strengthen, broadens and harness the national ICT broadband backbone infrastructure potential for providing services for the domestic and regional customers.

(ii) Agriculture

6. The focus on this sector will be to facilitate: increased productivity; value addition; transformation from subsistence-based into commercially viable ventures; creation of enabling environment for agriculture (access to land, tax reforms, change of mindset in favour of agriculture); and provision of incentives to middle class to engage in agriculture. More specifically, strategic interventions over the Plan period will focus on expansion and improvement of irrigation infrastructure; enhance utilisation of modern agricultural inputs and mechanisation; strengthen availability of scientific production technologies through research, training, and provision of extension services, improving market access; and promote development of agro-processing industries and other value addition activities.

(iii) Industry

7. The priority is on manufacturing and mining. The emphasis in the manufacturing sector will be on: improving the business environment, especially for labour intensive SMEs (which are most likely to absorb the excess labour supply), setting up Special Economic Zones (SEZs) in urban and rural areas, in order to spread the manufacturing economic activity across the country, and promoting Public -Private Partnerships (PPP). Further, the focus will be on building up the industrial base, particularly in basic industries (fertilisers, cement, steel, textiles, sugar, paper and petrol-chemicals) through harnessing locally available raw materials (coal, iron, natural gas, soda ash, limestone, phosphates, wood, and cotton). Industrial development organisations, specifically SIDO and NDC will be strengthened along with enhancement of industrial related research and development frameworks.

8. The mining industry has the potential to boost government revenue, and provide inputs to other sectors such as manufacturing and energy. The main areas of focus in the mining sector include: increased local participation for beneficiation and value addition; maximisation of mineral tax revenue to finance

economic transformation; to strengthen the Tanzania Geological Survey (TGS) in performing its main functions; strengthening State Mining Corporation (STAMICO) to oversee Government free carried interests and purchased shares in mines and partnering with the private sector to develop mines.

(iv) Human Capital Development and Sustaining Gains in Social Services Delivery

9. Availability and quality of human capital has been identified as one of the binding constraints for growth and economic development. It is therefore important to invest in human resource development, focusing on all aspects of human development as elaborated below:

Education and Skills Development

10. In enhancing education development at all levels, the focus will be on improving the quality of education at all levels, whilst facilitating its access to the people and especially the disadvantaged families. Emphasis will be on creating a conducive environment for teaching and learning; training adequate number of teachers and instructors; and increasing enrolment and retention at every education level.

11. Concerning skill development, there will be a re-orientation of the human capital development towards achieving the development goals in the key productive sectors (agriculture, mining, and manufacturing) and economic infrastructure (energy, ICT, transport and tourism). The focus will be on increasing student enrolment in science and engineering, education, agriculture and health profession and targeted skills in the areas of natural gas, uranium, iron and steel, and petroleum. Specific efforts will be made to rehabilitate and retool the existing Folk Development Colleges (FDCs) and Community Development Training Institutes (CDTIs) as well as the Vocational Education Training Institutions.

Health

12. The focus in the health sector will be on: increasing accessibility to health services based on equity and gender-balanced needs; improving the quality of health services; and strengthening the management of the health system.

(v) Tourism, Trade and Financial services

13. Tourism, trade and financial services are quick wins in stimulating growth and generating revenue for financing the Plan. In the Plan period, the focus will be in the following:-

Tourism

14. The focus will be on: identifying new and improving existing tourist attraction sites and products; expanding tourism facilities along with diversification of tourist attractions and related services to increase the number of tourists; enhancing sustainable conservation and management of natural and cultural resources; institutional capacity development for wildlife; development of cultural centres' infrastructure; and conservation, presentation and promotion of cultural heritage resources found in Tanzania.

Trade

15. The focus in this area will be on: building research capacities in addressing challenges and harnessing opportunities within the regional economic communities; strengthening the country's capacity to trade and developing adequate capacities to negotiate for market access and terms; strengthening monitoring and evaluation capacities; improving business environment and development of internal marketing infrastructure; establishing trade and marketing information systems; and reviewing and enforcing the related legal framework.

Financial Services

16. To nurture the growth of this sector over the plan period, focus will be on promoting savings culture and increased access to financial services, through the development of financial markets and micro-credit institutions such as community banks, SACCOS and VICOBA. In addition, focus will be directed to promote new savings instruments and a vibrant secondary markets; provide strategic guidance

on the investment practices of public guaranteed security funds, and promoting long-term development financing including the establishment of the Tanzania Agricultural Development Bank (TADB); recapitalisation of Tanzania Investment Bank (TIB); and promoting development of lease financing.

Implementation of the Five Year Development Plan

17. The FYDP I which was launched in June 2011 focuses on core strategic investments as follows; electricity generation to produce 2,780 MW; expansion of the capacity of the Dar es Salaam port; rehabilitation of the central railway line and beef-up of the rolling stock; construction of regional and district roads in the SAGCOT; country-wide coverage of the ICT backbone infrastructure; irrigation infrastructure in the SAGCOT; training students in science, engineering and education; development of SEZs, especially for electronic goods, farm machinery, and agro and mineral processing; large scale fertilizer production; and coal and steel industry.

18. In order to fulfill the activities outlined in the priority areas, the Plan identifies a range of strategic activities, the responsible organs and the detailed descriptions. Over the next five years, the Plan is estimated to cost around TShs. 42.98 trillion; an average of TShs. 8.6 trillion per annum exclusive of recurrent outlay, of which TShs 2.7 trillion will have to be mobilized annually by the Government. The Government will therefore set aside and ring-fence funds for implementation of core investment projects. For the year 2012/13, resources will be directed to strategic priority projects as per Five Years Development Plan, whereby detailed descriptions are provided in the Annex of Part One.

CHAPTER TWO

MACROECONOMIC OUTLOOK AND ANNUAL DEVELOPMENT PLAN 2012/13

Introduction

19. This Chapter presents Macroeconomic Outlook and Annual Development Plan 2012/13. It also briefly provides a Mid-Year review of the performance of FYDP I in 2011/12. The Annual Plan presented in this Chapter is consistent with the objectives and focus as highlighted in Chapter I.

Global Economic Dynamics

20. The report on World Economic Outlook released in September 2011 shows that global activity has weakened and has become more uneven, market confidence has fallen sharply recently and downside risks are growing. The international economy has been hit by structural vulnerability and shocks, including the destructive Japanese earthquake and tsunami, political unrest in some oil-producing countries, and the major financial turbulence in the Euro Zone. Furthermore, the global economy is facing two main challenges, namely, high and rising commodity prices, and large budget deficits. In this regard, global economy is expected to grow by only 4.0 percent in 2011, down from 5.1 percent in 2010.

21. Growth in advanced economies is projected to expand by 1.6 percent in 2011 compared to the actual real growth of 3.1 percent in 2010. In 2011 and 2012, growth in emerging and developing economies is expected to remain upbeat at 6.4 percent and 6.1 respectively, a modest slowdown from the 7.3 percent growth achieved in 2010 (Table 1). Developing Asia continues to grow most rapidly, and other emerging regions are also expected to continue their strong rebound. Notably, growth in sub-Saharan Africa is projected at 5.2 percent in 2011 and 5.8 percent in 2012; expected to exceed growth in all other regions

except developing Asia. This reflects sustained strength in domestic demand in many of the region's economies as well as rising global demand for commodities.

Table 1: World Economic Growth –Actual Outturn and Projections (Percent)

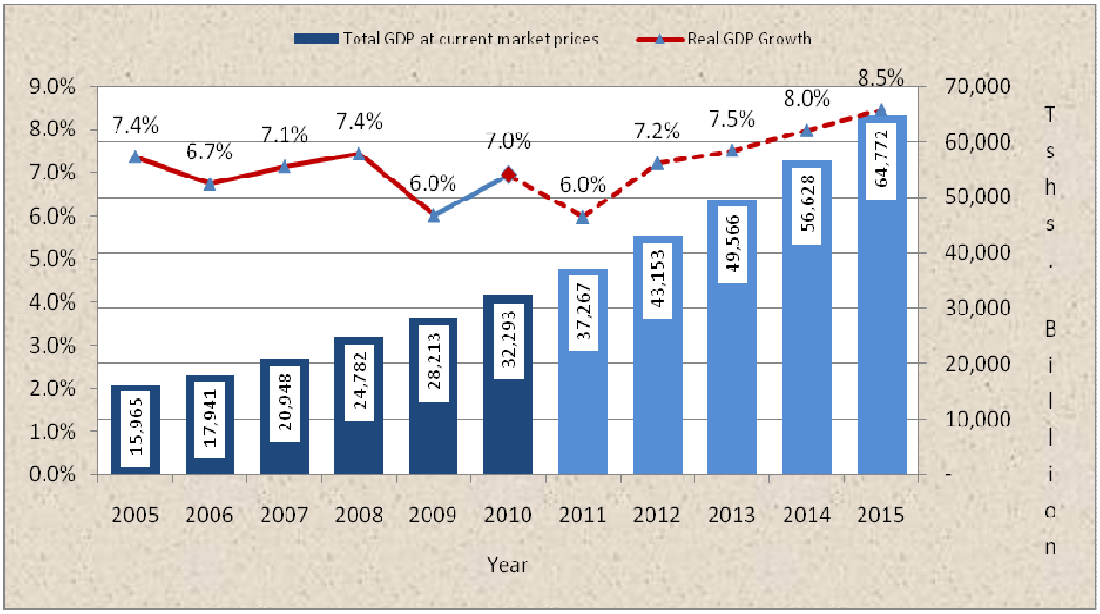
			September 2011 WEO projections		Difference from June 2011 WEO Projections	
	2009	**2010**	**2011**	**2012**	**2010**	**2011**
World	**-0.5**	**5.0**	**4.0**	**4.0**	**-0.3**	**-0.5**
Advanced economies	**-3.7**	**3.1**	**1.6**	**1.9**	**-0.6**	**-0.7**
United States	-3.5	3.0	1.5	1.8	-1.0	-0.9
Euro area	-4.3	1.8	1.6	1.1	-0.4	-0.6
Japan	-6.3	4.0	-0.5	2.3	0.2	-0.6
Emerging & developing economies	**2.8**	**7.3**	**6.4**	**6.1**	**-0.2**	**-0.3**
Sub-Sahara	2.8	5.4	5.2	5.8	-0.3	-0.1
Central and eastern Europe	-3.6	4.5	4.3	2.7	-0.1	-0.5
Developing Asia	7.2	9.5	8.2	8.0	-0.2	-0.4
China	9.2	10.3	9.5	9.0	-0.1	-0.5
India	6.8	10.1	7.8	7.5	-0.4	-0.3
Middle East and North Africa	2.6	4.4	4.0	3.6	-0.2	-0.8

Source: WEO – IMF (September 2011 projections)

Macroeconomic Assumptions and Outlook 2012-2015

22. In the first three quarters of 2011, real GDP grew by 6.3 percent against the annual target of 6.0 percent. Higher growth rates were recorded in construction (13.2 percent), transport and communication (12.9 percent), financial intermediation (11.3 percent), and trade (7.0 percent). The performance was better than anticipated despite the existence of power shortage and inadequate rains in the 2010/11 season. Based on the performance in the first three quarters of 2011, the full year GDP growth projections is likely to be achieved. In the medium term, growth is projected to increase to 7.2 percent by 2012 as the economy stabilizes, and continue to grow to 7.5, 8.0 and 8.5 percent in 2013, 2014 and 2015, respectively, as shown in chart 1.

Chart 1: Actual and Projected GDP and Real Growth (2005-2015)



Key Macroeconomic Assumptions

23. The key assumptions underlying macroeconomic projections and policy targets in the medium term (2012/13-2014/15) are as follows:

(i) Macroeconomic stability and social economic gains will continue to be sustained and improved;

(ii) Power supply will substantially improve and be sustained;

(iii) Domestic revenue collection will be expanded to enable implementation of priority programs;

(iv) Increased momentum in the implementation of FYDP 1;

(v) Increased private sector participation in economic and social development, including Public Private Partnership (PPP);

(vi) Popular participation in local economic development be improved and sustained;

(vii) Sustained supportive monetary and fiscal policies to dampen inflationary pressures;

(viii) Continued good relationship with Development Partners; and

(ix) Improved business environment and enhanced productivity.

Monetary Developments

24. Monetary and exchange rate projections in 2012/13-2014/15 are set around the following assumptions:

Money supply growth

(i) Money supply growth; extended money supply (M3)[1] will grow by 20.3 percent in 2012/2013 and 19.6 percent in 2014/15. Broad money supply (M2) will grow at 20.4 percent in 2012/2013 and 19.5 percent in 2014/15;

(ii) Credit to the private sector is expected to increase consistent with economic needs; and

(iii) The exchange rate will remain market determined.

Inflation

25. Assumptions underlying inflation projections are as follows:

(i) Food supply in the country will be stable;

(ii) Improved domestic power supply;

(iii) Oil prices and exchange rates will stabilize; and

(iv) National Oil reserve system established and fully operational.

Macroeconomic Projections and Policy Targets

26. Based on the assumptions above, macroeconomic projections and policy targets for the Plan period 2012/13 – 2015/16 are as follows:

(i) Attain a real GDP growth rate of 6.0 percent in 2011, 7.2 percent in 2012, 7.5 percent 2013, 8.0 percent by 2014 and 8.5 percent in 2015;

(ii) Reduce inflation and maintain it at single digit in the medium term;

[1] Money supply is the sum of currency in circulation outside banks and Tanzanian resident's deposits with depository corporations defined at various levels of aggregations as M1, M2 and M3.

M1 is narrow money consisting of currency in circulation outside banks and demand deposits of Tanzanian's residents with depository corporations.

M2 is equivalent to narrow money plus time and savings deposits of Tanzanian residents with depository corporations.

M3 consists of broad money supply (M2) plus foreign currency deposits of Tanzanian residents with depository corporations.

(iii) Increase domestic revenue collection as a ratio of GDP to 19.0 percent in 2015/16 from the likely outturn of 16.9 percent in 2011/12 to 16.7 percent in 2012/13;

(iv) Slow down the growth rate of M3 from the likely outturn of 20.3 percent in June 2012 to 20.0 percent by June 2013;

(v) Increase credit to private sector from 22.3 percent in likely outturn in June 2012 to 22.8 percent by June 2013;

(vi) Reduce fiscal deficit from 7.6 percent of GDP after grants to 6.6 percent in 2011/12 and maintain it at 6.0 percent over the rest of the Plan period;

(vii) Maintain a market determined exchange rate;

(viii) Maintain official foreign reserves sufficient to cover a minimum of four months worth of imports of goods and non-factor services;

(ix) Borrowing will primarily be used to finance development activities; and

(x) Decrease unemployment rate from the current rate of 11.7 percent.

Targets and Assumptions for key economic activities

27. Table 2 summarizes growth targets for key economic activities, over the Plan period. Detailed explanation of assumptions behind the projections is provided under each economic activity as follows:-

Agriculture, Hunting and Forestry

28. Value added in Agriculture is projected to grow at 3.5 percent in 2011 compared to 4.2 percent in 2010, owing to unfavorable weather conditions. In the Plan period the activity is expected to pick up to an average of 5.2 percent mainly resulting from the implementation of new programs under ASDP. Further, the continuing initiatives to establish the Tanzania Agricultural Development Bank and implementation of Southern Agriculture Growth Corridor of Tanzania (SAGCOT) are expected to boost agriculture performance in the foreseeable future.

29. In 2011, value added in crop sub-activity is projected to slow down to 3.4 percent from 4.4 percent in 2010 due to unfavorable weather conditions which affected crop production. In the medium term, crop value added is projected to

increase to an average of 5.0 percent following continued implementation of the Agriculture Sector Development Strategy (ASDS), Tanzania Agriculture and Food Security Investment Plan (TAFSIP), Rural Development Strategy and strengthening of agriculture financing.

30. In 2011, value added in livestock is projected to grow by 3.4 percent the same as it was in 2010 and grow at an average of 5.4 percent in the Plan period. The expected improvement in the rate of growth is attributed to the implementation of ongoing programs including provision of livestock support services such as livestock research, training, extension services, surveillance and laboratory diagnosis as well as empowerment of livestock farmers through provision of credit facilities.

Fishing

31. Value added in fishing activities is projected to grow at 2.8 percent in 2011, from 1.5 percent in 2010 and increase further to 5.5 percent in the Plan period. The expected growth is attributed to modernization of fishing activities; increased demand for fish and fish products in both domestic and foreign markets as well as curbing illegal fishing practices.

Mining and Quarrying

32. Mining and quarrying-value added growth rate is projected to slow down to 2.3 percent in 2011 from 2.7 percent in 2010 following the decrease in production in major mining plants. However, in the Plan period, growth is forecasted to increase to an average rate of 6.4 percent due to stabilized global gold prices. The newly signed agreement between STAMICO and Tanzania American International Development Corporation (2000) Limited (TANZAM 2000) for development of Buckreef Gold Mine and another agreement between STAMICO and Obtala Resources Limited are expected to boost production.

Manufacturing

33. Value added growth rate in manufacturing sub activity is projected to slow down to 4.9 percent in 2011 from 7.9 percent in 2010, on account of erratic power supply. In the Plan period, the growth of the sub-activity is projected to pick up to 9.1 percent basing on the upcoming programs for improving power supply, implementation of Liganga iron ore, motorcycle and bicycle assembly, Kibaha bio-larvaecide, expansion of breweries production (Moshi, Mwanza and Mbeya) projects.

Electricity and Gas

34. Growth rate of Electricity and gas sub-activity is projected to slow down to 3.8 percent in 2011 from 10.2 percent in 2010 due to decline in hydro power generation caused by rain shortages in catchments areas. In the Plan period, growth is projected to pick up to 7.3 percent based on government efforts to implement measures aimed at addressing the current power crisis by installing additional gas-turbines to complement the hydro power generation. Other assumptions include implementation of the Rural Energy Master Plan and enhancing private sector participation in power generation to meet the growing demand for power in the country.

Water Supply

35. The water supply sub-activity is projected to grow by 5.2 percent in 2011, compared to 6.3 percent in 2010. In the Plan period, the sub-activity is projected to grow at an average of 6.2 percent following implementation of new and ongoing major water supply projects (i.e. boreholes in Pangani, Farkwa and Ndembera projects along Rufiji Basin) and scale up rural water supply services through rehabilitation of malfunctioning water facilities including multi village water schemes. Other projects include drilling of 20 high yielding boreholes at Kimbiji -Kigamboni and Mpera – Mkuranga; and rehabilitation and expansion of water supply scheme of lower Ruvu for Dar es Salaam.

Construction

36. Construction activity is projected to grow at 9.9 percent in 2011, compared to 10.2 percent in 2010. The sub-activity is expected to grow at an average rate of 13.1 percent in the Plan period, largely due to increased infrastructure developments, including roads and bridges, construction and rehabilitation of railway lines,

construction and expansion of airports, commercial and residential dwellings as well as land development.

Trade and repair

37. Trade and repair sub- activity is projected to grow at 6.7 percent in 2011 compared to 8.2 percent in 2010 due to power shortages. In the medium term, the sub-sector is projected to grow at an average of 9.6 percent in the Plan period. The projected growth rate is based on the assumptions of increased power supply, increased transit trade, exports resulting from the ongoing export promotion initiatives, including SEZ, EPZ Export Credit Guarantee Scheme; preferential regional trading arrangements such as EAC and SADC; and improved business environment.

Transport

38. The transport sub-sector is expected to grow by 6.7 percent in 2011 compared to 7.0 percent in 2010 due to slowdown in transport and transportation activities. In the Plan period, the activity will grow at an average of 7.8 percent. The growth will emanate from improvement in physical infrastructure and increase in competitiveness.

Communications

39. The communications sub-sector is expected to grow by 20.2 percent in 2011 compared to 22.1 percent in 2010 and will stabilize around 20.5 percent in the Plan period following the scale up of the broadband access connectivity and established data storage centers; expansion of services provided by telecommunication companies and completion of the fiber optic cable installation.

Financial intermediation

40. The financial intermediation sub-sector is projected to grow by 10.3 percent in 2011, compared to 10.1 percent recorded in 2010 due to increased access of loans to the private sector. Implementation of Second Generation of Financial Sector Reforms will lead to higher investments and other economic activities, hence higher financing requirements (i.e. higher credit) and insurance services. This is therefore expected to boost performance of the sub-activity to an annual average growth rate of 12.2 percent

in the Plan period.

Real Estate

41. Real Estate sub-sector is expected to grow by 6.0 percent in 2011 compared to 7.0 percent in 2010 and in the Plan period the growth rate is projected at an average of 6.3 percent. The growth will be attributed to high investment in real estate by the National Housing Corporation (NHC), pension funds and private sector.

Education

42. Education economic sub-activity growth rate is projected to slow down to 7.2 percent in 2011 compared to 7.3 percent attained in 2010. In the Plan period, the activity is projected to grow at an average rate of 7.6 percent resulting from the increase in access to primary, secondary, and tertiary education whilst ensuring availability of teaching and learning facilities and materials.

Health

43. Health sub-activity is projected to grow by 7.0 percent in 2011 compared to 6.9 percent recorded in 2010. The activity is projected to grow at an average rate of 7.9 percent in the Plan period in line with implementation of Primary Health Care Programme and preventive programmes.

Table 2: Real GDP Growth (Actual and Projection) Percentage

	Actual						Projection					
ECONOMIC ACTIVITY	**2005**	**2006**	**2007**	**2008**	**2009**	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Agriculture, Hunting and Forestry	**4.3**	**3.8**	**4.0**	**4.6**	**3.2**	4.2	**3.5**	**4.5**	**4.8**	**5.0**	**5.4**	**6.2**
Crops	4.4	4.0	4.5	5.1	3.4	4.4	3.4	4.5	4.8	4.8	5.2	5.9
Livestock	4.4	2.4	2.4	2.6	2.3	3.4	3.4	4.1	4.3	5.4	5.9	7.2
Hunting and Forestry	3.6	4.6	2.9	3.4	3.5	4.1	4.1	5.0	5.4	5.6	6.3	6.8
Fishing	**6.0**	**5.0**	**4.5**	**5.0**	**2.7**	1.5	**2.8**	**4.4**	**4.5**	**5.6**	**6.2**	**6.8**
Industry and construction	**10.4**	**8.5**	**9.5**	**8.6**	**7.0**	8.2	**6.1**	**8.0**	**8.5**	**9.8**	**10.5**	**11.4**
Mining and quarrying	16.1	15.6	10.7	2.5	1.2	2.7	2.3	3.7	4.5	6.3	7.9	9.7
Manufacturing	9.6	8.5	8.7	9.9	8.0	7.9	4.9	6.8	7.5	8.5	8.7	9.1
Electricity, gas	9.4	-1.9	10.9	5.4	8.4	10.2	3.8	6.1	6.1	6.9	7.8	9.5
Water supply	4.3	6.2	6.5	6.6	5.6	6.3	5.2	5.5	5.3	5.5	7.0	7.7
Construction	10.1	9.5	9.7	10.5	7.5	10.2	9.9	11.6	11.6	13.1	14.2	15. 0
Services	**8.0**	**7.8**	**8.1**	**8.5**	**7.2**	8.2	**7.2**	**8.4**	**8.6**	**8.9**	**9.3**	**9.6**
Trade and repairs	6.7	9.5	9.8	10.0	7.5	8.2	6.7	8.8	9.0	9.7	10.0	10.5
Hotels and restaurants	5.6	4.3	4.4	4.5	4.4	6.1	6.0	6.7	6.7	8.1	8.8	9.8
Transport	6.7	5.3	6.5	6.9	6.0	7.0	6.7	7.2	7.5	7.8	8.1	8.4
Communications	18.8	19.2	20.1	20.5	21.9	22.1	20.2	22.1	22.8	19.2	19.2	19.2
Financial intermediation	10.8	11.4	10.2	11.9	9.0	10.1	10.3	11.7	12.0	12.3	12.4	12.5
Real estate and business services	7.5	7.3	7.0	7.1	6.8	7.0	6.0	6.2	6.1	6.3	6.6	6.5
Public administration	11.4	6.5	6.7	7.0	4.4	6.5	5.1	5.6	5.1	5.2	5.5	5.5
Education	4.0	5.0	5.5	6.9	7.1	7.3	7.2	7.4	7.5	7.6	7.7	7.8
Health	8.1	8.5	8.8	9.0	6.7	6.9	7.0	7.4	7.7	7.8	8.1	8.7
Other social and personal services	2.6	3.7	3.2	3.1	3.2	3.5	3.7	3.7	3.8	3.8	4.0	4.1
Gross value added before adjustments	**7.4**	**6.8**	**7.3**	**7.5**	**6.1**	7.1	**6.0**	**7.3**	**7.6**	**8.2**	**8.7**	**9.3**
less FISIM	11.8	14.9	15.3	11.0	8.7	9.1	9.2	9.6	9.8	10.0	10.2	10.5
Gross value added at current basic prices	**7.4**	**6.7**	**7.2**	**7.4**	**6.0**	7.1	**6.0**	**7.3**	**7.6**	**8.1**	**8.7**	**9.3**
add Taxes on products	7.4	6.8	6.9	7.8	5.8	6.7	6.2	6.1	6.0	5.7	5.4	5.5
GDP at market prices	**7.4**	**6.7**	**7.1**	**7.4**	**6.0**	7.0	**6.0**	**7.2**	**7.5**	**8.0**	**8.5**	**9.0**

Source: MOF, NBS, and BOT Projections

Review of FYDP I Performance in First Half of 2011/12

44. In 2011/12, focus was on power generation, irrigation, transport network, tourism, industry, human capital and skills development. The Mid-Year review revealed the following:-

Power

a) A total of 342 MW were added to the National Grid out of 572 MW targeted for Emergency Power Plan;
b) Construction work of 100 MW gas fired plant at Ubungo has been completed by 80 percent and Mwanza heavy Fuel fired Plant 60 MW is under construction;
c) Memorandum of Understanding (MoU) between the Government through Tanzania Petroleum Development Cooperation (TPDC) and China Petroleum Technology & Development Corporation (CPTDC) was signed in September, 2011 for construction of a natural gas pipeline from Mtwara and Songo Songo to Dar es Salaam via Somanga Fungu, and implementation is on course including completion of Route Survey and Environmental Impact Assessment;
d) Route survey for constructing a natural gas transmission pipeline from Ubungo to Mikocheni light industrial area, households/institutions and CNG Station for Vehicles was completed; and
e) Feasibility study for construction of Malagarasi Stage III project with power potential of 44.8 MW was completed.

Mining

a) Joint Venture agreement between STAMICO and Tanzania American International Development Corporation (2000) Limited (TANZAM 2000) for development of Buckreef Gold mine was concluded and signed;
b) Joint Venture agreement between STAMICO and Obtala Resources Limited for formation and establishment of a 50 – 50 percent mining company was signed; and
c) Digitalization of maps (Quarter Degree Sheet) 136, 157, 193, 53 and 180 was completed.

Transport Infrastructure

45. **Roads:** The focus in this sub-sector is to continue with completion of 11,154 kms of trunk and regional roads which are in different stages of construction to bitumen standard and addressing traffic congestion in Dar es Salaam. Specific achievements recorded include the following:

Trunk Roads;

a) A total of 138.2 kms were upgraded to bitumen standard,
b) A total of 58.98 kms were rehabilitated to bitumen standard, and
c) A total of 11 bridges were at different levels of construction.

Regional Roads;

a) A total of 120.2 kms were rehabilitated to gravel standard,
b) A total of 29.5 kms were rehabilitated to bitumen standard, and
c) A total of 24 bridges were at different levels of construction.

Districts Roads;

a) A total of 18,927 kms of routine maintenance were conducted,
b) A total of 6,393 kms of spot improvement were conducted, and
c) A total of 1,817 kms of periodic maintenance were conducted.

46. **Air transport**: To ensure that Tanzania becomes a tourist destination and trade hub, airports have continued to be modernized and constructed including Julius Nyerere International Airport (JNIA), Songwe, Mwanza, Arusha, Msalato, Mpanda, Kigoma, and Mafia. Additionally, procurement of Consultant for supervision of three projects (Bukoba, Kigoma and Tabora) was concluded.

(a) Regarding upgrading the Kigoma Airport, the Government is concluding the procurement of Contractor for the rehabilitation and upgrading works covering rehabilitation and expansion of the existing runway to asphalt standards, strengthening of runways strips including grass planting and construction of storm water drainage system. The contract amounting to TShs 20,491 million was signed on 15th September 2011 between Tanzania Airports Authority (the "Employer") and M/s Sinohydro

Corporation Limited of China (the "Contractor") for upgrading Kigoma Airport;

(b) Procurement of Contractor for the upgrading of Mafia Island Airport covering rehabilitation of the existing runway to asphalt standards, strengthening of runway and taxiway strips including grass planting and construction of storm water drainage has been completed. The contract amounting to US$ 10,354,947 (equivalent to TShs 18 billion) was signed in November 2011 between Millennium Challenge Account – Tanzania [MCA-T] (the *"Employer"*) and M/s Kuanta Insaat Taahhut Elektronik Tur. San. Ve Tic. A.S. of Turkey (the *"Contractor"*);

(c) Construction of Mpanda Airport is at final stage in which 98 percent of works has been completed. The project was expected to be completed by the end of December 2011. However, in order for the airport to comply with international requirements (ICAO), an additional land was acquired which need a compensation amounting to an outlay of approximately TShs 1 billion to compensate 412 people effected in July – August 2011; and

(d) Construction of Songwe Airport is also at an advanced stage in which to date laying of second layer of asphalt (wearing course) has been completed for a 2,400m of runway; laying of concrete wearing course on the apron is in preparation; laying of base course is completed for access road and inner roads; and construction of the first floor slab is in progress.

47. **Railway Upgrading:** In order to ensure that improvement in railway infrastructure is in tandem with expansion of other economic infrastructure, initial work aimed at the rehabilitation and construction of new central railway line has commenced and physical works is expected to start in January 2012. Work to upgrade/build the Dar es Salaam – Isaka - Kigali railway is also on track. Specific achievements include the following:

a) Procurement processes are at advanced stages for the contractors to undertake relaying works between Itigi and Tabora and for the replacement and construction of bridges. Evaluation of Technical and Financial Proposals is underway;

b) Relaying work between Kaliua and Mpanda is underway;

c) Procurement process for a contractor to undertake blasting works between Kilosa and Gulwe to enable route diversion of about 1.1 km was finalized and contract signed. The assignment will be completed during the financial year 2011-12; and

d) Procurement process for the consultant to undertake a detailed engineering study for the upgrading of Dar es Salaam – Isaka railway line and construction of a new standard gauge railway line from Isaka – Kigali / Musongati was finalized.

Modernizing Agriculture

48. Specific achievements recorded during the period under review include the following:

a) The Southern Agriculture Growth Corridor of Tanzania (SAGCOT) center has been established in Dar es Salaam, and management has been appointed. A catalytic fund for SAGCOT amounting to USD 50 million for development of irrigation and transport infrastructure in the Corridor has been initiated for attracting investment and will be operational by January 2012; the SACGOT Investment blue print has been finalized. The analysis of required crops for development in the Corridor has been done. Three clusters have been mapped, which are: Kilombero; Ihemi; and Mbarali. In each cluster, roads and irrigation schemes to be developed have been earmarked;

b) Up to 30th September 2011, a total of 202,439 MT of fertilizers were distributed out of the targeted 300,000 MT under government targeted inputs support arrangements. Also, a total of 24,277.64 MT of improved seeds (legumes, cereals and oil seeds) were distributed against the target of 20,000 MT;

c) Voucher distribution plan for 2011/2012 was completed and about 5,400,000 vouchers for fertilizer and improved seeds were printed to benefit 1,800,000 farming households in 20 regions;

d) Preliminary survey was done on 27 irrigation schemes for the purpose of establishing base line data information to be used on technical backstopping on soil and water conservation technologies in catchments areas of irrigation schemes;

e) A total of 24 irrigation schemes from seven zones were rehabilitated to different levels;

f) Feasibility study of farm structure at Maliwanda irrigation scheme (450 ha) in Mwanza zone, Rudewa (2,250 ha) in Morogoro zone, and Makomelo (1,230 ha) in Tabora zone were completed; and

g) Food Insecurity Assessment was carried out in 58 districts and out of which 39 districts were found to be vulnerable.

Industrialization

49. The following are specific activities implemented during the review period:

a) **Mchuchuma coal and Liganga iron ore:** Notable milestones in the area of industrial development include initial steps to develop coal and steel industries using the coal and iron ore deposits at Mchuchuma and Liganga in Ludewa district. Coal and iron ore projects are being implemented through a public private partnership framework. The Government through the National Development Corporation (NDC) has signed a MOU with the M/S Sichuan Hongda Group co. Ltd of China for International Programme, and between NDC and MM Steel Resources Public Co. Ltd (MMSRPLC) for Local Programme;

b) **TANCOAL Project:** A joint venture company (TANCOAL energy) has been formed by NDC and Inter Energy Resources from Australia. The extraction of coal at Ngaka has started where a total of 12,881 tons have been produced to date, part of which has been sold to Mbeya and Tanga cement factories and part has exported to Malawi; and

c) **Export Processing Zones (EPZ) and Special Economic Zones (SEZ) programmes:** There has also been progress in promoting the development of SEZs/ EPZs. Activities completed include survey, valuation, feasibility study and master plan for Kigoma SEZ; valuation and survey for

Tanga SEZ; and land survey as well as compensation for Mara SEZ. In addition, land valuation and a feasibility study have been completed for the 9,081 ha at Bagamoyo SEZ and construction of infrastructure at Karmal EPZ is almost completed. It is notable that Indian companies have already started investing in manufacturing of steel agro processing and chemical processing at Karmal EPZ.

Human Capital and Skills Development

50. During the review period, initial preparatory steps to enhance human capital and skills development in the fields of science and engineering, education, agriculture and health were undertaken. The steps include the development of Muhimbili University Campus master plan and design of the hospital building at Mlonganzila for Health Sciences. Buildings at the Sokoine University of Agriculture, Dar es salaam College of Education, Mkwawa University College of Education and Arusha Technical College were rehabilitated.

Tourism

51. During the review period specific achievements noted include: completion of the Olduvai Conservation Site Strategic Plan; the review of designs of information centre at Amboni Caves is on course so as to allow tendering process for construction of the information centre; completion of fencing at Ujiji site; completion of the site plan for Laitoli footprint site; skills development through completion of NCT College and inauguration of Culture House.

ICT backbone infrastructure

52. Concerted efforts have been made to enhance ICT backbone infrastructural capacity for efficient services and regional connectivity. Key milestones recorded include the following:

a) Phase I for National ICT Broadband Infrastructure Backbone (NICTBB) Project was successfully completed in June 2010. Part of the project is already operational;
b) Community Tele-centres (14 kiosks) to scale up Broadband Access

Connectivity have been established at Kilolo, Mrijochini, Isaka, Ikungi, Namtumbo, Hai, Masasi, Karagwe, Rorya, Ludewa, Bagamoyo, Tegeta, Wete and Mpanda; and

c) Establishment of National address and postal code system has started in 7 wards of Arusha and Dodoma Municipalities.

53. The above noted positive developments are however, clouded by underlining challenges which give cause for concern. One of the key challenges is aligning national priorities with scarce resources so as to unleash growth potential and poverty reduction.

Annual Development Plan for 2012/13

54. The FYDP I will be implemented through a series of Annual Development Plans. Preparation of the Annual Development Plan for 2012/13 will be informed by lessons learnt from implementation review for 2010/11 and first half of the year 2011/12, and objectives and targets of the FYDP I including creation of employment opportunities. MDAs, RSs, and LGAs are instructed, after in-depth consultation with PO-PC, to screen ongoing projects with the purpose of determining projects which are in line with FYDP I for continued funding and thereafter prepare annual development plans for 2012/13 adhering to the national strategic priority areas as follows:

a) Agriculture

(i) Developing and improving irrigation infrastructures;
(ii) Increasing availability and utilization of agricultural inputs and implements;
(iii) Strengthening research and extension services;
(iv) Maintaining optimal levels of food reserve;
(v) Creating conducive environment for promoting private sector investment in agriculture; and
(vi) Improving market access, agro processing and value addition.

b) Livestock and Fisheries

(i) Developing and improving livestock infrastructure; pasture and range management;

(ii) Increasing availability and utilization of inputs and implements for livestock and fisheries;

(iii) Strengthening institutional capacity and information systems for livestock and fisheries development and management;

(iv) Strengthening research and extension services;

(v) Creating conducive environment for promoting private sector investment in livestock and fishing;

(vi) Improving market access and value addition; and

(vii) Promoting fish farming and aquaculture production and services.

c) Forestry and Wildlife

(i) Conservation and protection of forests, wildlife and bees;

(ii) Conservation and protection of water catchments and wet lands areas;

(iii) Increasing availability, access to and utilization of modern inputs and implements for beekeeping;

(iv) Strengthening institutional capacity for forestry, beekeeping and wildlife development and management;

(v) Enhancing community and private sector participation in development and management of forestry, beekeeping and wildlife;

(vi) Improving market access and value addition to beekeeping, wildlife and forest products; and

(vii) Creating institutional capacity for carbon credit access and management.

d) Energy

(i) Increasing capacity and diversifying power generation sources;

(ii) Enhancing rural electrification;

(iii) Development of Gas Utilization Master Plan;

(iv) Rationalizing management of transmission and distribution of electricity in the country;

(v) Creating conducive environment for promoting private sector investment in electricity sub sector; and

(vi) Establishing Strategic Oil Reserve.

e) Minerals

(i) Improving availability of mining tools and equipment for small scale miners;

(ii) Strengthening research, prospecting, exploration, and mineral management capacities;

(iii) Creating conducive environment for promoting private sector investment in mining;

(iv) Strengthening institutional capacity for mineral resources development and management; and

(v) Promoting mineral value addition activities.

f) Infrastructure Development

Roads

(i) Developing and improving roads opening up areas with high economic potentials;

(ii) Developing and improving roads for regional market integration enhancement;

(iii) Developing and improving roads linking regions and districts;

(iv) Decongesting traffic in urban areas; and

(v) Continuing to pay arrears arising from certificates of completion.

Railways

(i) Rehabilitation of existing railway lines to enhance operations;

(ii) Rehabilitation and maintenance of the existing rolling stock and procurement of new ones;

(iii) Rehabilitation and maintenance of existing trucks and locomotives;

(iv) Development of new railway lines to strategic economic areas.

Ports and Marine Transport

(i) Increasing cargo handling capacities of sea, lake and dry ports;

(ii) Increasing efficiency of ports utilization; and

(iii) Creating a conducive environment for promoting private sector investment in ports management and marine transport.

Air Transport

(i) Improving air transport facilities and services;

(ii) Improving air freight and passenger handling capacities;

(iii) Rehabilitating existing and construction of strategic airports; and

(iv) Creating conducive environment for promoting private sector investment in air transport.

Meteorology

(i) Enhancing weather forecasting and information dissemination capacity; and

(ii) Enhancing preparedness for and management of weather related disaster.

g) Industry

(i) Creating conducive environment for promotion of industrial development;

(ii) Development of industrial infrastructure and improving facilitation services;

(iii) Promoting and developing industrial research, innovation and development institutional framework;

(iv) Promoting SMEs development through establishment of incubator sites, industrial parks and premises;
(v) Strengthening institutional capacity for industrial development promotion; and
(vi) Promoting local entrepreneurs participation in industrial sector development.

h) Trade and Marketing

(i) Creating conducive environment for promotion of trade and marketing;
(ii) Improving and strengthening warehouse receipts systems; and
(iii) Creating and developing marketing infrastructure.

i) Education and Skills

(i) Improving the quality of education at all levels;
(ii) Increasing access and equity in education at all levels of education and training for skills development;
(iii) Strengthening financing mechanism for higher education; and
(iv) Improving the quality of education and training for skills development in Folk Development Colleges (FDCs), vocational training, and adult education.

j) Health and Social Welfare

(i) Improving health and social welfare delivery systems and infrastructure;
(ii) Enhancing quality and access to maternal, newborn and child health Services;
(iii) Strengthening treatment, care and control of communicable, non communicable diseases and neglected tropical diseases; and
(iv) Enhancing quality and access to social welfare services.

k) Water and Sanitation

(i) Improving access to safe and clean water, and sanitation services in rural and urban areas; and

(ii) Strengthening water resource management.

l) Lands, Housing and Settlements

(i) Improving and strengthening land planning, administration and management;

(ii) Enhancing availability of surveyed and serviced plots, decent and affordable housing; and

(iii) Enhancing research and development activities on housing construction materials for low cost housing.

m) Tourism

(i) Facilitating wildlife protection and management;

(ii) Enhancing community participation in managing wildlife and cultural heritage resources;

(iii) Increasing and diversifying tourist attractions and products;

(iv) Improving quality of tourist facilities and services; and

(v) Promoting tourist attractions sites and products.

n) Communication, Science, Technology and Innovation

(i) Improving ICT infrastructure and services;

(ii) Mainstreaming and enhancing application of ICT in government for expenditure control and increasing efficiency;

(iii) Strengthening science, technology and innovation institutional infrastructure; and

(iv) Promoting Research and Development (R&D).

o) Financial Services

(i) Enhancing accessibility to banking and financial services;

(ii) Establishing and strengthening development financial institutions; and

(iii) Developing the mortgage and lease financing.

p) General Issues

(i) Facilitating implementation of national identification project including mass identification and registration of persons and issuance of national ID cards;

(ii) Promoting economic empowerment including capitalization of Tanzania Investment Bank and Agriculture Development Bank;

(iii) Conducting population and housing census, household budget and labour force surveys;

(iv) Establishing and maintaining a comprehensive national identification system;

(v) Enhancing good governance including the rule of law and progressing implementation of the Constitutional Reform process;

(vi) Promoting gender equality and development;

(vii) Expanding employment opportunities;

(viii) Enhancing availability and quality data base for socio-economic planning and management;

(ix) Improving environmental management; and

(x) Developing institutional capacity for climate change adaptation and mitigation.

q) Regional Integration

(i) Fostering macroeconomic convergence to support the establishment of the EAC Monetary Union;

(ii) Identifying an appropriate model for administration and collection of revenues in a fully fledged Customs Union;

(iii) Developing and strengthening social and economic services sectors to support and benefit from the integration process under full implementation of the Common Market Protocol;

(iv) Developing and expanding economic infrastructure particularly on energy, roads, air transport, railways, ports and communication technology to support and benefit from the integration;

(v) Developing and strengthening productive sectors so as to benefit from integration opportunities;

(vi) Promoting international trade and export development programmes; and

(vii) Fostering peace, security and good neighborliness.

r) Human Resource Planning, Development and Management

55. Availability and effective utilization of human resource is crucial in realization of goals, objectives and planned targets across all sectors as well as improving public service delivery and governance. The requisite human resource required would be used to guide implementation of government policies, strategies and programmes that includes facilitation of the private sector as an engine of growth. In order to achieve these goals, objectives and targets, during 2012/13 the following are strategic priorities:

Human Resource Planning and Development

(i) Strengthening capacity of each sector to undertake realistic human resource plans, human resource development and skill needs analysis to meet requirements of each sector's human resource demand;

(ii) Undertaking periodic assessment of the work force and building capacity to compete in the international labour market;

(iii) Developing partnership between employers and training institutions through which students and academic staff would be able to get exposure, and practical experience in relevant fields;

(iv) Strengthening capacity of training institutions to develop quality training programmes relevant to the national priority needs;

(v) Developing skills needed to harness the available economic potential based on national priorities;

(vi) Ensuring resources deployed for meeting national human resources have a provision to encourage development of skills in critical areas and sectors; and

(vii) Creating a pool of experts in the area of research and development that will guide development, innovation and productivity in all sectors of the economy.

Human Resource Management

(i) Strengthening labour productivity by enhancing public service pay and incentives;

(ii) Developing incentive schemes for underserved areas;

(iii) Enhancing the use of ICT in human resources management of the public service;

(iv) Strengthening capacity of the Government to capture strategic HR data for effective execution of public service career development and succession plan; and

(v) Developing infrastructure of Leadership College.

Ethics and Integrity

(i) Strengthening capacity of the Ethics Secretariat;

(ii) Building capacity of MDAs' Integrity Committees through awareness creation and sensitization for increased transparency, and accountability;

(iii) Developing sustainable programmes for ethics, promotion of good governance and monitoring framework across public service; and

(iv) Enhancing technical and human resource capacity of NIDA to issue national identity cards according to plan.

Planning Framework for Regional and Local Government Authorities

56. Regions and Local Government Authorities remain to be critical institutions in mobilizing and rallying people for effective realization of the TDV 2025 and the FYDP I 2011/12 – 2015/16. The grand challenge for Tanzania is poverty reduction. Despite the impressive macroeconomic performance the country has recorded over the past twenty years of reforms, poverty has remained persistent and deep in rural areas. This calls for necessary changes in the planning framework with much alignment of the regions and local government authorities in the national development planning framework, due to their positioned proximity to the people and are well knowledgeable with obtaining resources and institutional frameworks for local development. As such, they are well positioned for the interpretation of national development policies, targets, objectives and strategies in the context of their local socio-economic developments.

57. Effective implementation of and delivery of planned activities for FYDP will largely depend on strategic and active participation of regional administrations and local government authorities. In the light of this, RSs and LGAs are required, during the 2012/13 plan period, to expedite preparation of their regional and district development visions and plans commensurate with the goals and targets of the TDV 2025 and priorities of the FYDP 2011/12 – 2015/16. All regions and districts will also have to prepare the following:

a) **Regional Development Vision, 2025**

   All regions will have to craft their regional development visions, taking into consideration the tenets of the Tanzania Development Vision 2025 and obtaining development resources in the region. The regional development vision will be developed by combining up the aspirations and tenets of council development visions. The former will have to be developed in the context of the D by D policy and the Opportunity and Obstacle to Development (O&OD) planning methodology.

b) **Regional Development Plan, 2012/13 – 2015/16**

The fact that a year has elapsed since implementation of the national FYDP was initiated, regions are required to prepare their own four year regional development plans. The same will be made out of a compilation of development plans by all the councils in the region. As is the case of the regional development vision 2025, the Regional Development Plans will have to be prepared in the context of the D by D policy and the O & OD planning methodology.

c) **The Regional Annual Plan, 2012/13**

All RSs and LGAs are required to prepare their regional annual development plans in the context of their regional development visions and plans. The fact that time is limited for them to accomplish the two before the preparation of the annual plans; the same should be prepared in the context of their strategic plans. The regional annual plans will have to be prepared as the compilation of the respective plans of the councils in the region.

Specific Priority Areas for Regional Administration and Local Government Authorities

58. In view of the above, Regional Secretariat (RSs) and Local Government Authorities (LGAs), during the fiscal year 2012/13 will also be required to align local priorities with national goals and strategies including FYDP I, MKUKUTA II and D by D policy with specific focus on the following priorities:-

Regional Administration

(i) Strengthening institutional capacity as regional think tank for socio-economic development, planning and implementation coordination.

(ii) Enhancing good governance for political, economic and social development at regional level;

(iii) Strengthening systems for maintenance of peace, order and tranquility;
(iv) Strengthening implementation, coordination and reporting of development activities performed by government institutions and other stakeholders in areas of jurisdiction;
(v) Creating conducive environment for regional development and investment promotion;
(vi) Monitoring implementation of Rural Development Policy; and.
(vii) Supporting implementation of e-government across RSs and LGAs.

Local Government Authorities

(i) Strengthening institutional capacity at LGA levels to spearhead planning, implementation, management and monitoring of development activities and delivery of public services;
(ii) Strengthening systems for maintenance of peace, order and tranquility;
(iii) Strengthening public finance and assets management;
(iv) Enhancing good governance for political, economic and social development at LGA level;
(v) Strengthening implementation, coordination, monitoring and reporting of development activities performed by government institutions and other stakeholders in areas of jurisdiction; and
(vi) Creating conducive environment for LGA development and investment promotion.

CHAPTER THREE

RESOURCE ENVELOPE AND EXPENDITURE FRAMEWORK

FOR THE PERIOD 2012/13 – 2015/16

Introduction

59. In recent years efforts have been made to mobilize financial resources for implementation of the Plan and Budget. Resources have increased from Tshs 4,176.0 billion (28.9 percent of GDP) in 2005/06 to Tshs 13,525.9 billion (34.4 percent of GDP) in 2011/12. Despite those efforts, the total financial resources for those years fell short of requirements. The recently adopted FYDP I has ambitious resource requirements to finance strategic priority areas and other government commitments.

Resource Envelope

60. In line with the above, the Government will, over the plan period, seek to secure the financing of its development and recurrent expenditures. Concerted efforts will primarily be on maximization of collection from conventional domestic sources of revenue as well as augmenting new sources as prerequisite requirement for its successful implementation. Non concessional borrowing will continue to be utilized for infrastructure projects mainly of energy and transport type. Among the new avenues, PPP is another financing source that will be used particularly for infrastructure projects during the plan period.

Domestic Revenue

Tax Revenue

61. With regard to domestic revenue, the Government's focus will still be on strengthening domestic resource mobilization by widening the tax base and bringing the informal sector into the tax net, interfaced with the introduction of national Identification Cards (IDs). Administrative efforts will continue to be enhanced to manage and control tax exemptions. Domestic revenue collection

(both tax and non-tax) is estimated at 16.7 percent of GDP in 2012/13 and projected to improve further to reach 19.0 percent by 2015/16.

62. In considering the scope for revenue gains, the Government will improve tax administration and maximize domestic revenue collection. Reforms will be undertaken by the Government to strengthen domestic resource mobilization, tax administration and to minimize tax leakages. This will be achieved through initiating various reforms in the tax system by focusing, but not limited to, the following:

(i) Continue improving tax structure;
(ii) Widening the tax base by bringing the informal sector into the tax net, implement properties and businesses formalization programme and implement National Identity Cards project;
(iii) Strengthening block management, supervision and managing performance;
(iv) Intensifying enforcement of collection of tax arrears and tax compliance;
(v) Continue to implement the Tanzania Revenue Authority's Third Five-year Corporate Plan;
(vi) Rationalize tax exemptions, including avoidance of preferential treatment under the income and indirect taxes, review of tax holidays and preferences to indirect taxes;
(vii) Review of deemed capital goods and petroleum products in the VAT base;
(viii) Strengthen TRA and TMAA capacity to effectively monitor and audit mining companies so as to improve tax compliance and risk assessment in the mining sector;
(ix) Building capacity of MOF, MEM, TPDC, AGC, TRA and TMAA in managing the fiscal regime of minerals, gas, and petroleum sub sectors;
(x) Build capacity in specialized expertise in new revenue areas specifically minerals, gas and petroleum sub sectors; and
(xi) Review and amend, as appropriate, the existing Income Tax Act CAP 332 with a view of taxing income emanating from transfer of prospecting and or exploration licenses taking place outside Tanzania.

Non Tax Revenue

63. Non-tax revenue collection for the year 2010/11 was 0.9 percent of GDP and 5.1 percent of total domestic revenue. Actual collection was Tshs 284.7 billion, which was 78 percent of the target of Tshs 365 billion. During the first quarter of the fiscal year 2011/12, non-tax revenue collections amounted to Tsh 117 billion, being equivalent to 76 percent of the target of Tsh 153.9 billion. In the recent years, non-tax revenue collection has persistently underperformed. There is therefore a need to efficiently raise the collection of non tax revenue over time in support of the Plan. The Government will continue undertaking policy reform measures in non tax revenue collection and application of more stringent rules for the transfer of non-tax revenues collected by MDAs to the Consolidated Fund. In order to improve non-tax revenue collection, the following specific measures will be pursued:

(i) Instituting immediate measures to increase user fees and charges to more closely reflect the value of services provided and to compensate for recent inflation;

(ii) All Ministries, Agencies, Authorities and Other Government Institutions that are responsible for collection of non-tax revenues should remit all collection of non-tax revenues to the Exchequer for accounting purposes before utilizing them and the Treasury will allocate those resources (non-tax revenue) to their approved activities for expenditure;

(iii) Conducting a study on integration and harmonization of revenue collection systems so as to improve systems of collection and administration of non-tax revenue focusing on issuing receipt, licensing and improve retention schemes' rates;

(iv) Reviewing Laws/Acts on various institutions/agencies which collect fees, levies and duties with a view to enhancing their contributions to the Consolidated Fund; and

(v) In order to administer effectively tax and non-tax revenue collections, the Government will enhance capacity of the MDAs, RSs and LGAs on monitoring revenue collections.

Foreign Resources

64. Foreign resources (grants and loans) are set at 7.6 percent of GDP in 2012/13 and are projected to decline to about 6 Percent in 2015/16.The projected decline is partly due to unpredictability of project funds, negative impact of Euro Zone crises and global economic downturn.

65. Official Development Assistance (ODA) will continue to be a significant component in enhancing resources for the implementation of FYDP I. Experience on availability of desired quantum; attached conditionality and predictability of foreign resources together with the recent lessons from global economic upheavals suggest cautious reliance on foreign financing sources. Government will continue to seek foreign assistance to supplement domestic sources. The General Budget Support (GBS) continues to be the Government's preferred aid delivery modality due to its comparative advantages over other modalities in terms of predictability and strengthening Government ownership over resource allocation across MDAs, RSs and LGAs. GBS is also seen as a useful and well established financing modality, with positive effects on macro-economic management and on public investment in the priority sectors. Basket and project funding will continue to be used for larger scale projects/programmes as transition mechanism towards budget support. General Budget Support Funds will be earmarked for financing priority programmes as stipulated in FYDP1.

66. Government will strengthen partnership with emerging donors' so as to mobilize funding in a form of grants and concessional loans to finance infrastructure development programmes as indicated in FYDP I.

Domestic financing and Borrowing

67. The Government envisages using domestic borrowing to finance priority development projects and programmes avoiding causing crowding out of private sector and other resulting effects on the economy. In the medium term, domestic borrowing is set not to exceed 1 percent of GDP.

68. The Government will continue to source non-concessional loans for financing strategic and high priority infrastructure projects. In recognition of risks associated with non concessional borrowing and sensitivity of loan terms to the national debt sustainability, the Government will ensure that non concessional borrowing decisions will be made within the framework of Debt Management Strategy and a public investment management to maximize returns on investments. Recent experience has indicated that non concessional borrowing underperformed due to the fact that, most of lenders prefer financing specific project rather than financing the government budget. In this regard, all non-concessional borrowing should be exclusive for financing specific projects with high economic returns to the country.

Government Guarantee

69. Government guarantees granted to MDAs, public corporations and local governments for funding projects outside normal budget allocation process, is threatening sustainability of fiscal policy and the implementation of Government budget as a fiscal instrument. In order to maintain public debt sustainability in the medium term, the Government has decided to suspend issuance of guarantees to public projects which are not commercially viable for one year, in order to undertake a detailed review of previous guarantees granted to such projects.

Private Sector and Public-Private Partnership (PPP)

70. Realization of FYDP I depends on broader participation of other stakeholders in the development agenda. The Government strongly encourages private sector participation in development financing. To that end, the Government has laid out clear policy, legal and regulatory frameworks.

Specifically, PPP arrangement will be used to finance priority development projects including infrastructure projects.

Expenditure Framework for Financial Year 2012/13 – 2015/16

71. The Government will focus on aligning execution of the budget with the Plan and MKUKUTA II. In view of that, the Government has set aside a minimum threshold of 31 percent of the national budget to finance development expenditure for fiscal year 2012/13, particularly by ensuring that recurrent spending does not exceed 97 percent of recurrent incomes in 2012/13 and further decline to 95 percent in 2013/14 and beyond. This will be made possible through Government commitment to scale-up investments, particularly in infrastructure and increasing the share of domestic revenue in development expenditure.

72. The Government will continue to enhance efficiency in resource utilization and service delivery by structural reforms in the following key areas: public financial management reform, public service reform, local government reform, legal sector reform, and a national anti-corruption strategy. In addition, the Government will continue to support private sector led growth through a roadmap for improving the business climate: this roadmap has identified several "quick wins" and short-term actions that the Government intends to implement. The Government is also determined to maintain prudent fiscal policy in 2012/13 and beyond.

73. In view of the above, total outlay is expected to drop to align with resource availability. In order to sustain financing core government activities in the next fiscal year, the Government will continue pursuing austerity measures to curtail recurrent expenditure in favour of financing development spending. Tables 3.1 and 3.2 portrays anticipated budget frame for 2012/13-2015/16.

Table 3: Budget Frame for 2012/13-15/16

Table 3.1: BUDGET FRAME FOR 2011/12 - 2015/16 (ACCOUNTING)

In million shillings

	2011/12 BUDGET	2011/12 Likely Outturn	2012/13 GOVT - BUDGET	2013/14 GOVT - BUDGET	2014/15 GOVT - BUDGET	2015/16 GOVT - BUDGET
I. TOTAL RESOURCES	13,525,895	12,665,892	13,375,458	14,574,363	14,806,608	16,505,064
Domestic revenue	6,775,952	6,637,410	7,466,000	9,443,846	10,798,378	12,342,371
o/w TRA collection	6,228,836	6,209,000	7,054,000	9,031,846	10,386,378	11,930,371
Non-Tax Revenue	547,116	428,410	412,000	412,000	412,000	412,000
LGAs Own Sources	350,497	293,596	220,000	231,000	242,550	254,678
Programme loan and grants	869,414	764,857	845,991	636,049	539,664	539,664
Project loans and grants	1,889,878	1,685,613	1,567,510	1,654,384	937,201	937,201
Basket Support Loans	296,000	257,520	236,800	171,687	137,350	137,350
Basket Support Grants	392,000	444,000	313,600	268,644	214,915	214,915
HIPC relief-Multilateral	0	0	0	0	0	0
MDRI (IMF)	0	0	0	0	0	0
MCC (MCA-T)	476,259	507,000	433,616	303,531	216,808	216,808
Domestic Borrowing (Rollover)	810,902	810,902	961,951	859,632	1,147,375	1,211,147
Bank Borrowing	393,360	393,360	447,990	506,630	572,367	650,931
Adjustment to cash	0	0	0	0	0	0
One-off transfers from agencies	0	0	0	0	0	0
Non-Concessional borrowing	812,175	412,175	882,000	498,960	0	0
Road Construction Fund	348,075	348,075	0	0	0	0
Generator - 60MW, MWANZA	111,384	111,384	0	0	0	0
Financing Gap	0	0	0	0	0	0
II. TOTAL EXPENDITURE	13,525,895	12,665,892	13,375,458	14,574,363	14,806,608	16,505,064
RECURRENT EXPENDITURE	8,600,286	8,300,287	9,282,321	10,899,572	12,416,376	13,989,948
CFS	1,910,376	2,108,862	2,588,148	2,743,797	3,425,337	3,710,506
Debt service	1,194,652	1,393,138	1,801,774	1,896,735	2,535,921	2,776,620
Interest	308,696	457,000	607,823	670,063	752,861	754,682
Amortization	885,956	936,138	1,193,951	1,226,672	1,783,060	2,021,938
o/w Rollover	810,902	810,902	961,951	859,632	1,147,375	1,211,147
Others	715,724	715,724	786,374	847,062	889,415	933,886
Recurrent Exp (excl. CFS)	6,689,910	6,191,424	6,694,173	8,155,775	8,991,039	10,279,442
o/w Salaries & wages	2,835,186	3,055,186	3,360,704	3,594,800	3,696,775	3,954,280
Designated Items	414,238	414,238	365,445	400,431	390,706	434,494
Parastatal PE	435,107	435,107	478,617	478,617	526,479	526,479
LGAs Own Sources	350,497	293,596	220,000	231,000	242,550	254,678
Rescue Package	0	0	0	0	0	0
Other Charges	2,654,883	1,993,298	2,269,407	3,450,927	4,134,529	5,109,512
DEVELOPMENT EXPENDITURE	4,925,609	4,365,605	4,093,136	3,674,791	2,390,232	2,515,115
Local	1,871,472	1,471,472	1,541,610	1,276,545	883,959	1,008,842
Counterpart fund for MCA-T	111,694	111,694	99,732	69,812	49,866	49,866
Fuel Levy	95,319	95,319	107,926	138,187	158,912	182,535
Road Construction Fund	348,075	348,075	0	0	0	0
Generator - 60MW, MWANZA	111,384	111,384	0	0	0	0
Other	1,316,384	916,384	1,333,952	1,068,546	675,181	776,441
Foreign	3,054,137	2,894,133	2,551,526	2,398,246	1,506,274	1,506,274
o/w MCC (MCA-T)	476,259	476,259	433,616	303,531	216,808	216,808

Table 3.2: BUDGET FRAME FOR 2011/12 - 2015/16 (ACCOUNTING) AS % OF GDP						
	2011/12 BUDGET	2011/12 Likely Outturn	2012/13 GOVT - BUDGET	2013/14 GOVT - BUDGET	2014/15 GOVT - BUDGET	2015/16 GOVT - BUDGET
I. TOTAL RESOURCES	34.4%	32.2%	29.9%	28.8%	25.9%	25.4%
Domestic revenue	17.2%	16.9%	16.7%	18.6%	18.9%	19.0%
o/w TRA collection	15.8%	15.8%	15.7%	17.8%	18.1%	18.3%
Non-Tax Revenue	1.4%	1.1%	0.9%	0.8%	0.7%	0.6%
LGAs Own Sources	0.9%	0.7%	0.5%	0.5%	0.4%	0.4%
Programme loan and grants	2.2%	1.9%	1.9%	1.3%	0.9%	0.8%
Project loans and grants	4.8%	4.3%	3.5%	3.3%	1.6%	1.4%
Basket Support Loans	0.8%	0.7%	0.5%	0.3%	0.2%	0.2%
Basket Support Grants	1.0%	1.1%	0.7%	0.5%	0.4%	0.3%
HIPC relief-Multilateral	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MDRI (IMF)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MCC (MCA-T)	1.2%	1.3%	1.0%	0.6%	0.4%	0.3%
Domestic Borrowing (Rollover)	2.1%	2.1%	2.1%	1.7%	2.0%	1.9%
Bank Borrowing	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Adjustment to cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
One-off transfers from agencies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Concessional borrowing	2.1%	1.0%	2.0%	1.0%	0.0%	0.0%
Road Construction Fund	0.9%	0.9%	0.0%	0.0%	0.0%	0.0%
Generator - 60MW, MWANZA	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%
Financing Gap	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
II. TOTAL EXPENDITURE	34.4%	32.2%	29.9%	28.8%	25.9%	25.4%
RECURRENT EXPENDITURE	21.9%	21.1%	20.7%	21.5%	21.7%	21.5%
CFS	4.9%	5.4%	5.8%	5.4%	6.0%	5.7%
Debt service	3.0%	3.5%	4.0%	3.7%	4.4%	4.3%
Interest	0.8%	1.2%	1.4%	1.3%	1.3%	1.2%
Amortization	2.3%	2.4%	2.7%	2.4%	3.1%	3.1%
o/w Rollover	2.1%	2.1%	2.1%	1.7%	2.0%	1.9%
Others	1.8%	1.8%	1.8%	1.7%	1.6%	1.4%
Recurrent Exp (excl. CFS)	17.0%	15.7%	14.9%	16.1%	15.7%	15.8%
o/w Salaries & wages	7.2%	7.8%	7.5%	7.1%	6.5%	6.1%
Designated Items	1.1%	1.1%	0.8%	0.8%	0.7%	0.7%
Parastatal PE	1.1%	1.1%	1.1%	0.9%	0.9%	0.8%
LGAs Own Sources	0.9%	0.7%	0.5%	0.5%	0.4%	0.4%
Rescue Package	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Charges	6.7%	5.1%	5.1%	6.8%	7.2%	7.8%
DEVELOPMENT EXPENDITURE	12.5%	11.1%	9.1%	7.3%	4.2%	3.9%
Local	4.8%	3.7%	3.4%	2.5%	1.5%	1.5%
Counterpart fund for MCA-T	0.3%	0.3%	0.2%	0.1%	0.1%	0.1%
Fuel Levy	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
Road Construction Fund	0.9%	0.9%	0.0%	0.0%	0.0%	0.0%
Generator - 60MW, MWANZA	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%
Other	3.3%	2.3%	3.0%	2.1%	1.2%	1.2%
Foreign	7.8%	7.4%	5.7%	4.7%	2.6%	2.3%
o/w MCC (MCA-T)	1.2%	1.2%	1.0%	0.6%	0.4%	0.3%

Source: Ministry of Finance

Resources allocation by MDAs and RSs

74. In allocating resources for Other Charges, MDAs should ensure that the following areas are budgeted for as first charge within the ceiling provided before allocating resources to other items or activities:-

(i) All statutory requirements for staff (such as leave travel and moving expenses);

(ii) All protected items (such as, Ration Allowance, Constituency Allowance, Medicines and medical supplies, Students' Loans, Contributions to International Organizations) in all votes, as appropriate. MoF in collaboration with MDAs will provide detailed list of protected items with ceilings;

(iii) All public utilities (telephones, electricity and water) and office rent;

(iv) Accrued debts from financial year 2011/12 ; and

(v) Maintenance costs for public infrastructures and equipment.

Intergovernmental Fiscal Transfers

75. Central Government will continue to devolve both financial and human resources to LGAs. Financial resources will be transferred to LGAs in a form of personal emoluments, conditional other charges, and development funding. In addition, MDAs will continue to provide subventions to LGAs as vertical programmes for implementation of specific activities and projects without prejudice to D by D policy.

76. On the other hand, higher levels of LGAs should speed-up the pace of building capacity for lower levels (Wards and Villages/Mitaa) in order to facilitate transfer of funds and implement community activities in an effective and accountable manner.

77. The Ministry of Health and Social Welfare should collaborate with PMO-RALG and respective LGAs with DDHs and VAHs to identify funds for activities performed by the DDH and VAH and explore a mechanism of channeling funds directly from MOF to LGAs.

Regional integration

78. To connect Tanzania with the rest of the world, in particular in EAC, SADC and AU so as to explore socio-economic opportunities for development, during preparation of Plan and Budget, MDAs should allocate resources for regional integration activities.

Resource Allocation to RSs and LGAs

79. During the medium term, all RSs will be allocated resources by using Strategic Budget Allocation System (SBAS) and LGAs will be allocated resources

on formula basis. Each RS will collect non tax revenue by using Exchequer Receipt Voucher (ERV) and submit to the Treasury as early as possible. In the case of LGAs, own source revenues will be collected and retained as top-up resources for financing local recurrent and development requirements. The grant allocation plus estimated own sources revenue will constitute the resource envelopes to further development in the respective RSs and LGAs.

80. Four new regions, nineteen districts and twenty nine LGAs have been established for the purpose of strengthening public administration and improving service delivery. These administrative areas will accelerate the implementation of the identified priorities at the local level. The funds to be allocated will include construction, rehabilitation and renting of offices and staff quarters; moving expenses; recruitment of staff; purchase of vehicles; and other costs for office operations.

LGAs' Own Source Revenues

81. LGAs will use, among others, own source revenue to finance recurrent and development activities identified in the MTEF document. Following the Government's commitment on improving social and economic services, own source will also be used for administration and co-funding development projects.

82. LGAs have own source revenue potentials whose resources are not yet optimized. In general, own source revenues collection increased from Tsh 117.8 billion (against target Tshs 130.9 billion) in 2009/2010 to Tshs 158.3 billion (against target Tshs 172.1 billion) in 2010/2011 and are expected to increase further to Tshs 350.5 billion in 2011/2012. Such performance needs to be enhanced by systematically conducting intensive SWOC analyses to raise their own revenues as well as minimizing the cost of revenue collection. They are also required to enforce their by-laws and/or enact new by-laws as appropriate, for effective revenue collection, especially from property tax and business licenses.

83. Each LGA will continue to receive recurrent block grants in the form of Other Charges (OC) for existing and new departments to enable them to implement planned activities as guided by the resource envelope. PE budget will

be allocated based on the approved organization structure and the establishment, which considers actual strengths and new posts approved by the PO-PSM.

84. Allocation of financial resources to LGAs will continue to be determined using the established formula, whose variables reflect service delivery indicators as shown in Table 4.

Table 4: Resource Allocation Variables for Recurrent Block Grants

No.	Sector	Formulae/Variable Applicable
1.	Personal Emoluments	• Number of existing employees in the payroll • Number of existing employees not in payroll • Number of employees to be recruited • Number of employees to be deleted from the payroll
2.	Primary Education	• Number of school-age children 100%
3.	Secondary Education	• Student population (day and boarding) 50% • Number of students in boarding schools 20% • Council area 20% • Distance from Council to Regional Headquarters 10%
4.	Health Services	• Total population: 70% • Number of poor residents: 10% • District Medical Vehicle route: 10% • Under-five mortality: 10%
5.	Agriculture Extension	• Number of villages: 80% • Rural population: 10% • Rainfall index: 10%
6.	Water Services	• Number of un-served rural residents: 90% • Equal shares: 10%
7.	Roads services	• Road Network length: 75% • Land area (cropped): 15% • Number of poor residents: 10%

85. During the financial year 2012/13, LGAs will be given 'earmarked resources' as a top-up to resources allocated by formula in order to execute specific requirements, such as meals for secondary schools and ration allowances for fire and rescue force as well as needs for special schools. Furthermore, underserved LGAs will be allocated additional resources based on specific needs. The Government will provide some incentives in terms of infrastructure and basic

needs (non monetary incentives) to underserved LGAs in order to attract and retain qualified staff. Notwithstanding the D-by-D policy, other subventions will be channeled through MDAs for implementation of various activities and projects under vertical programmes.

86. Each LGA will prepare development budget and indicate clearly all activities by proper project number, name or description, funding sources and categories whether local or foreign. Each LGA will be responsible to declare and include in its budget all other funds mobilized internally for execution of recurrent and development activities during the medium term.

Specific Sectoral Guidance for Resource Allocation to LGAs

a) Primary and Secondary Education

87. LGAs will continue to receive both Primary and Secondary Education Block Grants in order to finance administration, operating costs and service delivery at the council levels. The grants will be utilized for examination expenses, leave travel, moving expenses, medical refund, OC proper and capitation costs. The capitation grant will be used for text books, teaching and learning materials, maintenance, minor repairs, furniture, laboratories and school administration based on the following guidance:

(i) Adhering to all standards and procedures in the delivery of pre-primary, primary, secondary and adult education as set forth by the MoEVT;

(ii) Preparing and implementing a comprehensive nutrition programs which will enable LGAs to provide lunch/meals to students in day primary and secondary schools;

(iii) Prioritizing strategic interventions to solve the problem of school desks in both primary and secondary schools and allocate resources in collaboration with parents/guardians and the community;

(iv) Allocating capitation grant for primary schools at an average of Tshs. 10,000 per enrolled pupil per annum, including pre-primary pupils and those in special day schools;

(v) Allocating capitation grant for secondary schools at an average of Tsh. 20,000 per enrolled day school's student per annum;

(vi) Allocating the budget for school meals at an average of Tsh. 405,000 per annum (i.e Tsh. 1,500 x 270 school-days) per student enrolled in registered boarding schools (primary and secondary);

(vii) Allocating the budget and ensure effective collection of Tsh. 20,000 from each student enrolled in Day Secondary Schools and Tsh. 70,000 from each student enrolled in Boarding Secondary Schools as part of Capitation fund from council own sources through the cost sharing basis; and

(viii) Prepare realistic budget and allocate resources for primary examinations (STD IV and VII) as well as secondary examination (Form II, IV, and VI).

b) **Sports Development**

88. The Government will mobilize workers, citizens and students in primary and secondary schools to participate in various sports at all levels. RSs and LGAs should adhere to the following:

(i) Allocating resources to all primary and secondary schools to meet basic sports gears and facilities;

(ii) Allocating funds in their budgets to facilitate development of sports infrastructure for communities in their respective areas; and

(iii) Developing and implementing comprehensive sports programme such as UMITASHUMTA, UMISETA and SHIMISEMITA.

c) Agriculture Sector

89. LGAs will continue to receive Agriculture and Livestock Block Grant to administer and deliver effective extension services. In the current structure, livestock has been moved from Agriculture department and thus introduction of a new department called Livestock and Fisheries. In this regard, the current Agriculture and Livestock Block Grant will be divided into two newly established

departments Agriculture, Irrigation and Cooperatives as well as Livestock and Fisheries to implement various activities prioritized under those sub sectors. LGAs should allocate Agriculture and Livestock Block Grant funds for agriculture, irrigation and cooperatives as well as livestock and fisheries opportunities obtaining at council, ward and village levels with special emphasis for investment projects supporting realization of SAGCOT and TAFSIP in the spirit of *Kilimo Kwanza* initiative.

90. The Government will continue to provide the Agriculture Sector Development Grant (ASDG) to LGAs which include: District Agricultural Development Grant (DADG); Agricultural Extension Block Grant (A-EBG); and Agricultural Capacity Building Grant (A-CBG) based on performance assessment results and formula.

d) Works

91. The Works Department has, in the new organization structure for LGAs, been merged with Fire and Rescue Brigade in order to improve working efficiency. Accordingly, the Government will provide Road Block Grant to cover maintenance of council roads, fire rescue services and administration.

92. The Road and Fuel Toll Act, CAP 220, requires LGAs to be allocated 30 percent of total road fund resources. The formula described in Table 4 for the Road Block Grant will be applied. Funds will continue to be transferred directly from the Treasury to the respective LGAs.

e) Health

93. The Health Block Grant (HBG) will be provided for the operation and delivery of primary health care services, including procurement of drugs, medicines and hospital supplies, as well as health education, immunization and social welfare services at all local government levels. The grant will be allocated in line with the Comprehensive Council Health Plan (CCHP) Guidelines by taking into account the allocation between health activities and social welfare services based on *'cost centres'* and types of expenditures. In order to facilitate delivery of social

welfare services at the LGAs, funds should be allocated directly to the LGAs to enable them provide these social welfare services.

94. Besides HBG, the Health Sector Basket Fund (HSBF) will be provided to complement the operation and delivery of primary health care services at all LGA levels including social welfare services to people with special needs. The Fund will also be used for local health programmes, such as immunization and health education. The HSBF is allocated to LGAs by using the same formula applied for the Health Block Grant.

95. The following conditions will guide LGAs in the use of funds from Health Block Grant as well as HSBF:-

(i) Developing objectives and SMART targets within the context of the Guidelines for Preparation of a CCHP;
(ii) Providing Other Charges (OC) to District Designated Hospitals (DDHs), Voluntary Agencies Hospitals (VAH) and other Health Facilities based on the priority areas of support as approved by the respective LGAs in the CCHP;
(iii) Using own source revenue collected from cost sharing arrangements including the Community Health Fund and National Health Insurance Fund to procure additional medicines and medical supplies;
(iv) Prioritizing the child nutrition scale-up and child protection interventions;
(v) Having an annual action plan for implementation of Primary Health Development Plan (PHDP)/*MMAM*; and
(vi) Having proper follow-up and reconciliation system for medicines and medical supplies received from MSD and maintaining accounts.

f) Environment and Sanitation

96. Following the new structure, each LGA has established an Environment and Sanitation department in order to improve environment protection and sanitation in areas of jurisdiction. In this context, LGAs in allocating resources are expected to observe the following:

(i) Preparing sustainable environmental protection and sanitation plans;

(ii) Improving and strengthening solid and liquid waste management infrastructures including expansion and maintenance of sewerage network system and refuse dumps in urban areas;

(iii) Improving solid and liquid waste management systems in both urban and rural councils as well as environmental protection;

(iv) Mobilization of communities on environmental protection and sanitation hence, protection of environmental resources such as water sources; and

(v) Mounting sanitation campaigns and formation of environmental protection groups.

g) Water

97. LGAs will receive Water Block Grant for implementing water sector related activities at community level. This grant will be used for, among others, new water schemes for underserved communities, improving access to water schemes as well as for M&E. LGAs are obliged to have arrangements to ensure sustainable maintenance and operations of water schemes such as collecting user fees or community contributions through local water providers (i.e. user-groups, local water boards, or incorporated water authorities).

98. The Councils are also required to implement Water Sector Development Program (WSDP) which is a window of the Local Government Development Grant (LGDG) system in form of "Council Development Grant" (WSDG-CDG) and "Capacity Building Grant" (WSDP-CBG). The WSDG-CDG shall be used for infrastructure development while that of WSDG-CBG shall be used for office operation and maintenance, strengthening District Water Sanitation Teams (DWSTs), promoting hygiene and sanitation, as well as for M&E. LGAs should adhere to the following instructions:

(i) Complying with water service delivery standards set by the Ministry of Water;

(ii) Constructing and rehabilitating water infrastructure consistent with local priorities;

(iii) Developing appropriate modalities of supplying safe and clean water within the required distance including construction of water kiosks to underserved population in both rural and urban councils; and

(iv) Monitoring delivery of water services and administrative expenses for water schemes.

h) HIV and AIDS

99. The LGAs will be provided with the National Multi-Sectoral Framework (NMSF) Grant to implement HIV and AIDs interventions. The fund will be allocated based on the following formula; Population (70%), the number of poor residents (10%), District Medical vehicle route (10%), and the council's estimated HIV and AIDS prevalence rate (10%). The LGAs also receive funds from the Global Fund Round Eight Program to address HIV and AIDs interventions in their respective areas. Hence, LGAs are responsible for budgeting all available resources to locally prioritized targets and activities in compliance to the binding guidelines.

100. The following conditions are applicable to LGAs when using the NMSF Grant and Global Funds for HIV and AIDS interventions:-

(i) Budget of RSs and LGAs should be consistent with the guidance from PMO-RALG, MoHSW and TACAIDS including the "minimum package of interventions" as per NMSF of 2008 – 2012;

(ii) Ensuring the existence of functioning Council Multi-Sectoral HIV and AIDS Committee;

(iii) Good performance on reaching and caring People Living With HIV and AIDS (PLWHA) and their primary care takers within the household and community;

(iv) HIV and AIDs intervention should be coded as "Objective A" for easy expenditure tracking;

(v) Observing the Geneva Global Fund Round Eight guidelines in allocating resources from Global Fund; and

(vi) Timely submission of HIV and AIDS quarterly technical and financial reports to PMO-RALG as per memorandum of understanding (MOU).

i) Nutrition Interventions

101. A new budget line for nutrition will be introduced in 2012/13. Pending the creation of a specific grant for nutrition, councils are instructed to allocate sector-specific Block Grant, General Purpose Grant, Basket Funds, local own source revenues and other relevant development grants to locally prioritized interventions for nutrition, in line with the National Nutritional Strategy. Councils are instructed as follows:

(i) Ensure a functioning Council Multi-Sectroral Nutrition Steering Committee and submit quarterly technical and financial reports to PMO-RALG for consolidation;

(ii) Allocate recourses for nutrition within all key sectors, including health, agriculture, livestock, education and community development, in line with the National Nutrition Strategy. Priority should be given to supporting programmes that reach pregnant women and children up to the age of two years; and

(iii) Recruit a Nutrition Officer at District level.

j) Planning and Monitoring

102. The LGDG system will continue to be used to channel the development funds to LGAs as a discretionary core grants which are Council Development Grants (CDG) and Capacity Building Grants (CBG). In addition, LGAs will receive sector-specific development grants that include ASDG, WSDG and HSDG. These funds will go together with other project funds coordinated at the national level. LGAs will access grants through the LGDG system after passing the performance assessment as per the 2010 Assessment Manual.

103. The LGAs are expected to use the Council Development Grant (CDG) for new capital investment and rehabilitation of infrastructure as prioritized at the local level consistent with FYDP I. The allocation of CDG will be determined by

formula defined in terms of population, poverty level and land size with the proportions of 70 percent, 10 percent and 20 percent, respectively. The education sector grant is included as part of CDG, hence, LGAs are required to budget also for education sector development activities including, construction of hostels, teacher's houses, classrooms, libraries, laboratories, latrines, and procurement of teaching and learning materials, equipments for technical secondary schools and primary schools' vocational centers. The CBG will be used in rectifying the weaknesses identified during the assessment and improving LGAs performance for them to qualify for higher allocations in the future.

104. In addition to the LGDG System, some LGAs will be receiving other development funds that will be limited to specific areas, programmes, sectors and purposes. These transfers cover the following, among others: Tanzania Strategic Cities; Sustainable Wetland Management; Participatory Forest Management; District Irrigation Development Fund; Local Government Transport Programme; Child Survival and Development through UNICEF Grant Support; and One UN Supported Projects through the United Nations Development Programme Fund. The Government will continue to harmonize other sources of development funds transferred to LGAs using LGDG system as the main mechanism for channeling all development funds for effective and efficient use of the resources.

k) Others

105. In LGAs, some departments and units do not receive direct Sector Block Grants from the Government. In this case, councils are obliged to allocate funds from their own source revenues to those departments and units to enhance implementation of their mandated functions. Some costs on administration and statutory meetings should continue to be covered using the General Purpose Grant (GPG) and part of the council own sources revenues. LGAs are encouraged to initiate and enhance local revenue collection in order to meet costs that are not covered by grant funds from the central government.

General Budgetary Guidelines

106. In addition to the above, RSs and LGAs should observe the following instructions:-

(i) Reviewing strategic plans and formulating plans consistent with National Planning Frameworks and Strategies while abiding by the principles of good governance which include participation, transparency and accountability;
(ii) Facilitating planning and budgeting process at lower levels (Villages and *Mitaa*) as well as procurement processes for the projects implemented;
(iii) Submitting approved LGAs' annual plans and budgets to MOF, PO-PC and PMO-RALG through the respective regional secretariats;
(iv) Allocating adequate resources for leave travel, medical refund, and moving expenses; install
(v) Allocating resources for supplementing costs of installing electricity equipment (solar, thermal, wind and TANESCO), tariffs and recovering fully operational and maintenance costs in secondary schools and health facilities;
(vi) Declaring LGAs' unspent fund/balances and reporting on activities to be implemented by using the rolled-over funds;
(vii) Limiting internal staff transfers at a maximum of 3 percent of the total number of employees per annum and such transfers may be done only if there is funding;
(viii) Adhering to the International Public Sector Accounting Standards (IPSAS) and using the Integrated Financial Management System (IFMS);
(ix) Facilitating Regional and Districts Courts' Integrity Committees as well as allocating funds for interventions on preventing and combating corruption;
(x) Recruiting Nutrition Officers at district and regional level, and providing oversight of district plans and budgets for nutrition by Council Steering Committees on Nutrition.

CHAPTER FOUR

THE PERFORMANCE MONITORING, EVALUATION AND REPORTING

Introduction

107. This chapter presents Monitoring and Evaluation (M&E) framework of the FYDP I, in terms of institutional responsibilities, focus, as well as specific instructions to MDAs, RSs and LGAs for the year 2012/13. Monitoring and evaluation play a constructive role in ensuring that, the FYDPI and MKUKUTA II goals, objectives and targets are effectively implemented and the desired outcomes are timely obtained. Hence, MDAs, RSs and LGAs are required to put more efforts on tracking their performance towards implementation of the set targets.

Institutional responsibilities on M&E

108. The Government's main goal for introducing a results-based monitoring, evaluation and performance reporting is to increase institutional efficiency and accountability in service delivery in the public sector. It is therefore envisaged that, programmes and projects under the FYDPI and MKUKUTA II will be implemented in an efficient, effective and results-oriented manner to achieve the priorities in a timely manner. M&E framework for the FYDP I will follow the routine reporting arrangements as stipulated in the Medium Term Strategic Planning and Budgeting Manual (MTSPBM) and the Annual Plan and Budget Guidelines (PBGs). It is important for MDAs, RSs and LGAs to ensure the set targets and milestones are reported periodically. Every government institution is required to translate the FYDP I and MKUKUTA II priorities and targets into implementable action plans and track performance to ensure desired results are achieved. Within the M&E framework responsibilities will be as follows:-

109. PO – PSM is responsible for monitoring the implementation of performance management systems which include Human Capital Management Information System (HCMIS), Open Performance Review and Appraisal System (OPRAS),

Clients Service Charter, and M&E system. PMO is responsible for monitoring and evaluation of all government business, while the PO-PC will carry out monitoring, evaluation and reporting on the implementation of the FYDP I, including other national strategic programmes and projects. MoF will continue with its current mandate of monitoring budget execution, foreign reserves, public debt management and MKUKUTA II implementation. PMO-RALG is responsible for coordination of monitoring and evaluation of development programmes and projects implemented by the RSs and LGAs. Lastly MDAs, RSs and LGAs will carry out monitoring and evaluation of programmes/projects and activities implemented under their mandates and in areas of jurisdiction.

110. LGAs are responsible for implementation of Programmes and Projects under the FYDPI, MKUKUTA II which includes MDGs, and Ruling Party Manifesto, and therefore, will monitor their performance and prepare reports for submission to Councils for discussion and decision making. Thereafter, performance reports will be submitted to the Regional Secretariats for analysis, scrutiny and consolidation for submission to PMO-RAG. In the interest of cost reduction, other central ministries will get the consolidated performance reports from PMO-RALG. Further, LGAs performance reports submitted and consolidated by PMO-RALG will be used by sector ministries in reviewing and assessing their sector performance and take appropriate actions.

111. Medium Term Strategic Planning and budgeting Manual (MTSTBM) will continue to be a guide for monitoring, evaluation and reporting formats. MDAs are required to submit their progress reports to the PMO, MoF, PO-PSM, PO-PC, and PMO-RALG. The reports will be scrutinized so as to track progress towards meeting objectives of the FYDP I and ensure achievement of value for money.

M&E Focus in 2012/13

112. Effective implementation of the FYDPI and MKUKUTA II objectives and targets will remain the focus of the Government in the medium term. This includes also MDGs, Ruling Party Manifesto and Performance Assessment

Framework with Development Partners. The Government will continue to strengthen institutional capabilities in the implementation of the FYDP I and MKUKUTA II. This involves strengthening change management practices to assist the Government's drive to achieve the goals of TDV 2025. In the year 2012/13, the Government will continue to strengthen performance Monitoring and Evaluation and Reporting by undertaking the following:

(i) Strengthening institutional capacity of M&E Sections under the Policy and Planning Divisions and Units in MDAs, RSs and LGAs;
(ii) Enhancing the use of the Performance Reports for increased accountability across Government institutions; and
(iii) Strengthening interface of the existing monitoring systems.

Specific Instructions to MDAs, RSs and LGAs

113. To ensure effective implementation of planned activities in addressing the M&E challenges and attain FYDP I and MKUKUTA II objectives, the MDAs, RSs and LGAs will be required to:

(i) Update their institutional Strategic Plans to reflect the priorities of the FYDP I and MKUKUTA II to cover the remaining period of Plan. More importantly, are reminded to identify a core set of outcome indicators for monitoring their performance towards the set objectives and targets. LGAs should take into consideration the new organization structure as well as regional/community priorities;
(ii) Prepare activities with milestones and indicators for systematic follow up and reporting;
(iii) Align resources with planned strategic priorities, targets and activities;
(iv) Submit periodic performance reports including outcome reports as pointed out in the MTSPBM and Part II of these Guidelines;
(v) Strengthen M&E institutional capacity;
(vi) Ensure all Government Agencies and Public Institutions submit performance reports to their parent Ministries;
(vii) Use technical fora as feedback platforms in budget and outcome performance reflecting issues in budget implementation especially

performance monitoring, evaluation and reporting for improvement of government planning and accountability systems;

(viii) RSs should strengthen planning, budgeting, M&E and reporting at LGA levels (i.e. villages/mitaa, wards and councils) including the use of the Opportunities and Obstacles to Development (O&OD) planning methodology which links community priorities with FYDP I; and

(ix) MDAs, RSs and LGAs should strengthen coordination and implementation of public sector reforms including PSRP, LGRP, LSRP, BEST, NACSAP, PFMRP and sector specific reform programmes in their areas of jurisdiction.

CHAPTER FIVE

SPECIFIC INSTRUCTIONS FOR THE PREPARATION AND IMPLEMENTATION OF PLAN AND BUDGET

Introduction

114. This chapter spells out the specific instructions to be taken into consideration by various actors, in particular Accounting Officers and Budget Committees of respective institutions in the preparation, execution and monitoring and evaluation of plans and budgets. It also emphasizes on the adherence to the directives provided in the planning and financial frameworks including Public Finance Act 2001, Public Procurement Act, CAP 410 and related annual implementation Circulars.

Roles of Accounting Officers in Planning and Execution

115. Accounting Officers have the role of providing leadership in the whole process of preparing plans and budgets. In this regard, the Accounting Officers are obliged to oversee the implementation of the planned activities as well as monitoring and evaluation of the desired output and impact. Specific responsibilities of Accounting Officers are as follows:-

(i) To ensure that results-based plans and budgets are prepared in conformity with national planning frameworks (TDV 2025, FYDP I, MDGs, MKUKUTA II, sector specific policies and 2010-2015 CCM Election Manifesto);

(ii) To build and strengthen the capacity of Budget Committees in the implementation of plans and budgets;

(iii) To provide clear guidance on policy priorities to be incorporated in institutional plans and budgets;

(iv) To ensure that monitoring, evaluation and performance reporting are conducted on regular basis as a tool for enforcing accountability and control including monitoring institution’s plans and budget;

(v) To facilitate Institutions, Agencies and Independent Departments under their jurisdiction to prepare their respective MTEF;

(vi) To ensure that institutional budgets are properly classified and coded in conformity with GFS 2001;

(vii) To ensure payroll integrity and PE budget control;

(viii) To ensure all reforms under their jurisdiction are financed and implemented as planned;

(ix) To supervise Government Agencies, regulatory and profit making institutions to become efficient, generate surplus and contribute to the government coffers as appropriate;

(x) To enhance institutional capacity of MDAs, RSs and LGAs in the delivery of public services;

(xi) To ensure that proposals for strategic projects both new and ongoing ones are submitted for scrutinisation and approval in line with guidelines to be issued by PO-PC;

(xii) To ensure that during budget preparation, all priority ongoing projects are budgeted for, including outstanding claims from service providers;

(xiii) To ensure all suppliers of goods and services are paid promptly in order to avoid unnecessary accumulation of arrears; and

(xiv) To ensure financial discipline and operate within the limits of approved budget.

The Roles of Budget Committees

116. The Budget Committees which consist of Accounting Officers and all Heads of Departments and Units are responsible for planning and administering the budgeting processes. In particular, the Committee should ensure that:-

(i) Plan and Budget Guidelines instructions are strictly adhered to;

(ii) Realistic institutional plans and budgets are prepared including setting of revenue targets and expenditure levels, as well as allocation of resources;

(iii) All revenues collected and use of funds allocated are accounted for in accordance with the Public Finance Act of 2001 and its subsequent amendments;

(iv) Institutions collaborate in planning and implementing inter-sectoral programmes to avoid duplication in resource allocation;

(v) SMART milestones and indicators are prepared in line with FYDP I and MKUKUTA II;

(vi) Timely preparation and submission of performance reports; and

(vii) Updated plans and budgets that accommodate adjustments after scrutiny by the MOF and Parliamentary Standing Committees are re-submitted to the MOF by end of May 2012.

117. In preparing and executing plans and budgets, MDAs, RSs and LGAs should be guided by the following:-

(i) Existing National policies, the FYDP I, Plan and Budget Guidelines, directives of national leaders and institutional priorities;

(ii) Budget ceilings provided regarding expenditure estimates, and revenue targets;

(iii) Full funding of planned activities that can only be accommodated with the budget ceiling to avoid accumulation of debts/arrears;

(iv) Prioritized funding with the emphasis being laid on completion of ongoing projects;

(v) Clear demarcation of activities funded under recurrent and development budgets;

(vi) Utilization of all available options to attract Public Private Partnership (PPP) to complement Public resources in achieving institutional objectives; and

(vii) Use of approved formats and forms contained in Plan and Budget Guidelines Part II.

Preparation of Revenue Estimates

118. During the Plan period, MDAs, Public Institutions, RSs and LGAs should, as appropriate, adhere to the following:-

(i) Ensure that all potential sources of revenues are identified in order to enhance domestic revenue collection;

(ii) Develop comprehensive strategies to enhance revenue collection;

(iii) Continue to reflect own source revenues in LGAs' budgets; and

(iv) Public Institutions should disclose and submit their own sources revenue in their budgets.

Preparation of Personal Emoluments Budget

119. Preparation of Personal Emoluments (PE) should abide with guidelines prepared and issued by President's Office-Public Service Management (PO-PSM) and Office of the Treasury Registrar (TR) for the case of Public Institutions. Specifically, MDAs, Public Institutions, RSs and LGAs are required to observe the following as appropriate:

(i) Before preparing PE budget for FY 2012/13, Accounting Officers should ensure that their employees' human resource information is validated and approved by PO-PSM;

(ii) Newly established LGAs should include in their budgets PE for all employees and other statutory costs accompanied with recruitment and transfer of staff;

(iii) PE budget for new employees should be based on establishment approved by PO-PSM and TR;

(iv) PE budget for the existing employees should be prepared using the payroll for the month of March 2012;

(v) PE budget should include statutory contributions to social security schemes including PSPF, LAPF, NSSF, GEPF, NHIF and PPF, as appropriate;

(vi) MDAs, Public Institutions, RSs and LGAs should adhere to PE submission formats and forms shown in Part II of these Guidelines (i.e. Forms No. 8A-8F and 9) and submit to the MOF and TR;

(vii) Public Institutions and Agencies should ensure that PE budgets are prepared in consultations with parent ministries;

(viii) Adhere to relevant PO-PSM and TR instructions for recruiting, promoting and filling vacant positions;

(ix) Ensure salary claims generated in 2011/12 are budgeted for in 2012/13;

(x) Ensure that all PE information of Public Institutions and other Independent Departments falling under their jurisdiction is accurately and exhaustively captured in their budgets;
(xi) Effect salary adjustments promptly to avoid accumulation of salary arrears;
(xii) Submit payroll returns to the Treasury on quarterly basis; and
(xiii) Accounting Officers should undertake constant validation of their payrolls and those of their respective Executive Agencies and Public Institutions for the purpose of realizing salary integrity and control over PE budget expenditure.

Implementation of Institutional Plans and Budgets

120. Accounting Officers and the Institutional Budget Committee are responsible for coordinating plans and budgets preparation as well as their implementation. Prior to and during implementation of the budget, MDAs, RSs and LGAs should undertake the following;

(i) Prepare action plan, cash flow plan and procurement plan for implementation of planned interventions for revenue, recurrent and development budgets according to the format and forms provided in the PBG Part II;
(ii) Take measures that will ensure maximum utilization of public funds including early initiation of procurement process to avoid unspent balances at the end of financial year. Unspent funds should be remitted to Treasury by June 30th of the financial year. Further, LGAs should include fund balances from the previous year in their budgets as sources of revenue;
(iii) Ensure that revenue is collected using proper exchequer receipt vouchers and timely remitted to the Consolidated Fund;
(iv) Make follow up to ensure respective plan and budget by Public Institutions and other Independent Department are executed as planned;
(v) Ensure that budget is executed as planned, avoid budget deviation resulting from reallocating funds to non-contingent activities and also avoid applying for funds outside the budget approved by Parliament;

(vi) Ensure proper management of resources at institutional level and address weaknesses as pointed out in the Controller and Auditor General's reports;

(vii) Conduct regular staff and payrolls inspections to ascertain their proper utilization and payroll accuracy and integrity respectively;

(viii) Account for all unclaimed salaries on monthly basis and ensure the same are returned to Treasury through depositing the same into designated bank accounts;

(ix) During the budget submission, all arrears accrued up to December 2011 should be submitted to MoF;

(x) Strengthen the Internal Audit Units at all levels; and

(xi) Improve LGA's capacity in financial management.

Expenditure Control and Cost Reduction

121. Regulatory institutions at all levels are called upon to exercise their mandate in the control of public expenditure. Further, Accounting Officers should continue to pursue effective expenditure control and cost-cutting measures, including the following areas:-

a) Procurement and Maintenance of Government Vehicles

122. In procuring vehicles, Accounting Officers should observe the specifications issued by the Government. It is emphasized that procurement of vehicles is still subject to the approval by the Prime Minister. In addition, Accounting Officers should put in place measures of cutting down maintenance and running costs. Disposal of vehicles should be done only when they are beyond repair, and existing rules and regulations should be adhered to.

b) Seminars and Workshops

123. Accounting Officers are required to ensure that the number and duration of seminars and workshops are reduced during financial year, and where necessary conduct only seminars which are productive and of high impact in public service delivery. The Public facilities should continue to be used when conducting seminars and workshops to cut down costs.

c) Allowances

124. Efforts of scaling down allocation on allowances should be sustained and rationalized. There should be deliberate efforts to avoid foreign travels with little productivity to the country, and rationalize sitting allowances. Given financial resource constraints, for those foreign travels considered critical and productive, the size of delegations should be kept to a minimum by using cost effective means.

d) Furniture

125. Accounting Officers are required to procure durable and quality furniture manufactured locally. Replacement of furniture and other related items should be done in such a manner that Government standards are observed. Disposal of furniture should be only when the items are beyond repair. Furthermore, sale of furniture should be done when they cannot be used further in any other public offices.

e) Public Ceremonies

126. Recently, government expenditure on promotion materials such as t-shirts, bags for seminar/workshop participants and publishing of documents especially during ceremonies has been increasing. Accounting Officers should minimize such expenditure.

f) Government Procurement System and Management

127. Accounting Officers should comply with the Public Procurement Act, 2004 as amended in 2011 as well as corresponding Regulations. Furthermore, Accounting Officers are required to build the capacity of the Procurement Management Units (PMUs) to efficiently discharge their duties and responsibilities. In the same way, the Public Procurement Regulatory Authority (PPRA) should strengthen its supervisory role for effective implementation of the Public Procurement legislation.

128. In order to speed-up the budget execution at all levels, Accounting Officers should ensure that procurement plans are timely prepared and procurement process commence immediately after the budget approval instead of commencing the process after receipt of funds.

g) Accumulation of arrears

129. MDAs, RSs and LGAs have been accumulating arrears originating from delay of payment to procurement of goods and services and employees' statutory benefits and entitlements including leave travel, moving expenses, salaries, and utilities. During budget preparation and execution, Accounting Officers should:-

(i) Clear all accrued arrears emanating from employees' statutory benefits and entitlements, utilities, suppliers of goods and services and outstanding contractors/consultants claims, as first charge;

(ii) Consistently implement cash budget and procurement procedures by ensuring that funds are available before engaging a consultant/contractor/supplier; and

(iii) Restrict applications for government guarantees to minimize government contingent liabilities and discourage off budget expenditure.

Specific areas of focus for 2012/13

a) National Priorities for the Five Year Development Plan

130. FYDPI is being implemented through institutional approved annual plans with clearly stated programmes and projects. Accounting Officers should therefore ensure that their institutional plans and budgets are aligned to the strategic priorities stipulated in the FYDP1 and accordingly allocate sufficient resources.

b) Constitutional Reform Process

131. The Constitutional Review Commission will be provided financial resources to enable it to undertake its legal mandate of spearheading co-ordination and collection of public opinions for effective Constitutional review.

c) Public Private Partnership Initiative

132. Accounting Officers should identify potential areas of collaboration including undertaking detailed economic analysis to determine value for money prior to involvement of private sector in the execution of national plans and programs, as

well as creating public awareness in the involvement of the private sector in strategic projects and programmes.

d) Creating Conducive Business Environment

133. According to the World Bank Annual Report 2012 on doing business, Tanzania was the 127th country out of 183 countries in attracting businesses in the world compared to 125th position out of 183 countries held in the year 2011. This calls for more intervention in improving business environment. Better business environment will attract FDIs, revenues, employment which will boost economic growth. MDAs, RSs and LGAs should improve business environment in their areas of jurisdiction. Some areas of interventions are as stipulated in the Government Roadmap for Improvement of the Investment Climate in Tanzania as follows:

(i) Reviewing of all sector legislations in order to improve and streamline business regulatory environment and competitiveness of the private sector;

(ii) Facilitation of the "One Stop Center" service delivery concept in order to reduce cost and time spent in business operations; entry and investment promotion particularly to the following areas:- Weigh Bridge Stations, Port of Dar es Salaam, Border Posts, Local and Regional level across the country;

(iii) Minimizing policy, legal, regulatory and institutional and physical barriers such as mounting of roads blocks as well as streamlining the business entry procedures particularly on business registration, incorporation and licensing;

(iv) Simplification of issuance of construction and building permits procedures by the LGAs as well as the legal framework;

(v) Strengthening the labor market legal framework and institutional capacity building including the Labor Court;

(vi) Devolution of land administration to the LGAs and improving land reforms through modernization of land administration services;

(vii) Improving the taxation regime through interface of electronic civil registries including identification database, business and land registration; and

(viii) Improving commercial dispute resolution, establishment of electronic case management system, reform of the civil justice system and specialized institutional capacity building for the courts focusing on the divisions of the high court.

e) Embedding D by D across the Government Structure

134. In order to enable the LGAs to fully take up their mandate as primary and accountable lead agencies of socio – economic development at local level, some deliberate actions need to be taken at Central Government level involving Ministries and Institutions so that conducive environment for D by D can be created. In this regard, MDAs are required to:-

(i) Take stock to review D by D initiatives and outcomes, and where appropriate, devolve ministerial functions to LGAs along with other resources, for realization of rapid development at grassroots level; and

(ii) Continue to review respective policies and laws to make them D by D compliant and in line with principle of subsidiarity.

135. The implementation of D by D policy has resulted into increase of resources transferred to the Local Government Authorities. It is therefore expected that, the resources transferred to LGAs should produce the desired outcome in terms of improved services and value for money. Thus, for realization of intended outcomes, RSs and LGAs should ensure that:-

(i) Quantity and quality of public goods and services provided match with the resources transferred; and

(ii) Functions and resources continue to be devolved to the lower Local Government levels (i.e. Mitaa/Village and Vitongoji).

f) Combating Corruption

136. MDAs, RSs, LGAs and Public Institutions should continue to implement effectively the government policy of preventing and combating corruption. Specifically, MDAs, RSs and LGAs should continue to:-

(i) Strengthen capacity of the Integrity Committees to spearhead anti-corruption drives in respective institutions;

(ii) Allocate adequate resources for Anti-Corruption interventions; and

(iii) Monitor, evaluate and review the institutional Anti-Corruption plans and operational strategies where appropriate.

g) Gender Responsive Budgeting (GRB)

137. The Government is committed to the introduction of Gender Responsive Budgeting (GRB) with the objective of introducing gender dimensions into the entire planning and budgeting process. In 2012/13, the Government will continue to implement GRB in pilot MDAs and LGAs. In this regard, respective Accounting Officers are urged to:

(i) Identify the gender issues in their respective areas and address the identified gender gaps in their sectors;

(ii) Continue to build capacity of gender focal persons, budget and planning officers as well as budget committees on mainstreaming gender issues in their institutional plans and budgets;

(iii) Allocate resources to implement specific gender activities aimed at narrowing the identified gender gaps within their areas of jurisdiction;

(iv) Strengthen mechanism to monitor, track and evaluate gender performance indicators with a view to measuring effectiveness of interventions; and

(v) Support affirmative action geared towards women's empowerment.

Regional Integration

138. During implementation of the budget, Accounting Officers should ensure that all representatives from their institutions are well prepared and conversant with issues to be discussed at respective EAC, SADC and AU fora for effective participation. On the other hand, all government institutions should prepare and implement strategic interventions falling under their mandate.

General Instructions for RSs and LGAs

139. During preparation of Plan and Budget for 2012/13, RSs and LGAs should adhere to the following general instructions:

(i) Developing Regional Integrated Development Programmes including SMEs' projects and alternative financing from potential sources of revenue;

(ii) Developing regional infrastructure and services (such as roads, land bank for agriculture and water) including establishment of SEZ/EPZ, agro-mechanization centres and agro-processing industries in each region;

(iii) Strengthening coordination and ensuring the attainment of targets set for food and cash crop production with special emphasis on the investment projects under SAGCOT and Tanzania Agriculture and Food Security Investment Plan (TAFSIP) in the spirit of *Kilimo Kwanza* initiatives;

(iv) Setting targets for food and cash crops to households, villages and investors as well as coordinating implementation of ASDP in terms of production, value added processing, storage, transportation and marketing among and between various stakeholders;

(v) Continue with construction, rehabilitation and equipping regional hospitals;

(vi) Developing Regional and Council Data Centre for effective coordination of database and information in the Region;

(vii) Speeding-up the construction, rehabilitation and equipping of social and economic infrastructure, especially Education (classrooms, houses, laboratories, hostels, offices, latrines and stores); Water (domestic, industries and irrigation), Health, Agriculture, Livestock, Fisheries, and Roads, in line with national standards;

(viii) Speeding-up preparation of land use plans and demarcation of plots and farms;

(ix) Strengthening and enforcing various systems protecting children's rights including support to Most Vulnerable Children (MVC) especially street children, orphans, children with disabilities, harassed children and children with chronic diseases;

(x) Strengthening institutional interventions on prevention and combating corruption as well as integrity among staff and the local community;

(xi) Enhancing conducive business environment especially on reducing unnecessary bureaucracy in issuing building permits and business license;

(xii) Implementing sectoral and community priorities with emphasis on gender issues;

(xiii) Developing appropriate mechanisms to manage and enforce environmental cleanliness and sanitation; and

(xiv) Construction of appropriate infrastructure in newly established Regions, Districts, LGAs, Wards and Villages especially offices and staff quarters.

PART I - ANNEX: DETAILED DESCRIPTION OF STRATEGIC PROJECTS OF THE FIVE YEAR DEVELOPMENT PLAN

140. The following sub-sections describe detailed projects of the Five Year Development Plan I (2011/12-2015/16):

Energy Sector

Core investment in this sector focuses on increasing power generation capacity that is electricity generation to produce 2780 MW by 2015/16. Projects in the year 2012/13 budget include the following:

Power Generation Projects:

a) **60MW Heavy Fuel Oil – Mwanza**: The Government will continue with construction of 60 MW at Nyakato, Mwanza.

b) **240 MW Kinyerezi gas fired plant**: Kinyerezi 240 MW Project is planned to be implemented in the short term period 2011-2015 using natural gas. The project is expected to commence in 2012 during which the following activities are to be implemented: completion of financial closure, preparation of excavation, completion of engineering activity, mobilization and installation of equipments.

c) **300 MW Mkuranga:** The main activities are to facilitate, coordinate and monitor implementation of the reallocation and redesign of the 300 MW project. Specific new location is at Mkuranga.

d) Cross-border Electrification Project (Murongo – Kikagati)
Electrification of Murongo will involve construction of 0.4/33 kV, 6.25 MvA substation at Murongo and construction of 33 kV backbone transmission lines (ACSR 150 mm2) and T-off transmission line with total distance of 194 km and distribution network. The distribution network will cover 24 villages and Murongo township.

e) **150 MW Natural Gas Fired Project at Kinyerezi**: The objective of the project is to improve power supply availability and reliability in the grid. The project involves installation of 150MW natural gas fired TANESCO own plant to be located at Kinyerezi Dar es Salaam. Project implementation shall start in 2012.

f) **Construction of natural gas pipeline from Mtwara – Dar es Salaam**: The objective of this project is to build two processing plants at

Songo Songo and Mnazi Bay; with natural gas pipeline from Mnazi Bay (Mtwara) to Dar es Salaam and later to Tanga. The project will be implemented in three phases and facilitate supply of natural gas to meet increased demand in Dar es salaam and connect gas resources from gas field of Mnazi Bay, Songo Songo, Kiliwani, Mkuranga and others to be discovered within the pipeline corridor.

g) Establishment of Strategic Oil Reserve

The objective is to establish a National Fuel Reserve of refined petroleum products in order to ensure security of supply of refined petroleum products at all times and revival of oil trading operations through COPEC.

Construction and Upgrading of transmission and distribution system

h) **Makambako – Songea 132 kV Transmission Line**: the activities of the project will include; design, supply, construction and installation of the transmission sub-project, a 250km 132 kV transmission line from Makambako to Songea, three 132/33 kV substations, and the distribution sub-project, 900km 33 kV distribution lines with transformers, low voltage distribution networks and connections to about 8,500 customers and 650 street lights.

i) **North-West Grid extension 220 kV:** The objective of the project is extension of existing 220 kV line from Geita to Kigoma via Nyakanazi and extending it to Mpanda, Sumbawanga up to Mbeya in order to provide reliable power to the North Western parts of the country.

j) **Iringa – Shinyanga 400 kV Transmission Line**: The objective of the project is to upgrade the transmission line between Iringa and Shinyanga and improve power supply reliability to the North West Grid.

k) **Kiwira Coal Mines and 200MW Power Project**: The objective of the project is to expand the coal mine, establish a 200 MW coal mine mouth power plant and a 100 km 220 kV line from Kiwira to Mbeya. The project will develop an opencast coal mine to produce over 1.2 million tonnes of coal per annum.

l) **Participation of the Government in Mnazi Bay and Songo Songo gas projects:** The main objective of this project is to enable the Government through TPDC to use the opportunity provided in the PSA to increase its share of gas revenue by contributing up to 20% of the upstream development funds for Songo Songo and Mnazi Bay gas development projects. This will result into an increase of government profit share by 8% (for Mnazi Bay) and between 13–15% (for Songo Songo) depending on the level of gas sales.

Funds required to be paid by TPDC since declaring its intention to participate at 20% in (2006) up to June, 2009 for development activities that has taken place in the Mnazi Bay and Songo Songo PSAs are:

Mnazi Bay gas development	USD 26.7 million;
Songo Songo gas development	USD 6.00 million
Total cost	**USD 32.7 million**

Therefore, the total amount required for these projects is USD 32.7 billion.

m) **Development of Natural Gas Utilization Master Plan**: The natural gas master plan is in line to be completed in this financial year. This is a 25 years Plan therefore it will involve more discoveries which will result in expansion of gas use. The document will need review in the short term, medium term and long term and legalization process of the document.

n) Promoting investments in Renewable Energy Sources

The promotion of Renewable energy will involve the development of Biofuel as alternative to fossil fuels. Also promotion initiatives will cover the development/utilization of Biogas, Bio waste, Coal, LPG, Wind, Mini Hydro, Geothermal and Natural gas to reduce the dependence on biomass energy and imported fossil fuels.

Transport Sector

Railways: The focus will be on rehabilitation of the central line and beef-up of the rolling stock, specifically on the following projects:-

a) **Rehabilitation of existing central railway line (kms 2,707):** Rehabilitation of the central railway line will involve, Singida /Manyoni – Kaliua Mpanda, Dar es salaam – Dodoma, procurement of workshop machinery – Pugu bridge yard and sleeper plant, rehabilitation of station buildings, procurement of communication equipment; relaying of 197 km with 80lb/yds; and construction of 5 dams at Mkondoa river.

b) **Rehabilitation of existing locomotives, wagons, plants and equipment:** Rehabilitation of Existing Rolling Stock and Equipment and Purchase of New Stock.

c) **Upgrading** Central Railway Line (2,707 Kms) to standard gauge (1435mm), Detailed design, secured investment and initial construction.

Ports: The focus will be on expansion of the capacity of the Dar es Salaam port, specifically the following projects:-

a) **Construction of Berths No. 13 & 14 and Dredging of Entrance Channel at Dar es Salaam Port:** This project is estimated to cost USD 524 million when completed. The project aimed at increasing capacity of the port to handle containers. Originally berths 8-11 were designed to handle 250,000 TEU per annum. This volume was reached in year 2004 and the terminal is currently handling in excess of 371,000 TEU per annum. It is expected that by 2018, the number of containers (TEU) will reach 1.5 million, so with the proposed project it is expected that the gap will be covered by the newly proposed berth 13&14.

b) Replacement of SPM Pipe and Construction of New Oil Farm Tanks at Dar es Salaam Port.

c) **Construction of Kisarawe Cargo Freight Station**: The entire project is estimated to cost USD 280 million when completed. The objective of this project is to increase the capacity of the Dar es Salaam port which cannot be expanded within the city of Dar es Salaam. Statistics reveal that there has been an increase of cargo traffic volume from 5.4 million tons to 8.8 million tons in the last 5 years, which presents a growth of about 64%. As a short-term measure to mitigate the challenge of increased cargo traffic volume and cargo congestion at DSM port, the port operates on 24 hours basis. The increased cargo handling operations at the port need more space, thus requiring an extension of the port at the outskirt of the city; hence the proposed project.

d) Dredging and Strengthening Quay for berths 1-7 at Dar es Salaam for Handling Bulk Carriers: This project is estimated to cost USD 510 million. The purpose of this project is to increase draft for berths number 1-7 from the current draft of less than 10 meters to at least 12 meters. Dredging and Strengthening of quay for berths 1 to 7 is required for accommodation of 7th generation ships that require adequate draft.

Communication Sector

Core investment in this sector focuses on countrywide coverage of the ICT Backbone Infrastructure and national addressing and postal code system. Projects in the year 2012/13 budget include the following:

Establishment of National address and postal code system

a) Installation of street signage and House numbering all over the country, development of National Addressing Database, transformation of Postal sorting system, procurement of ICT and software programs, Professional and Public awareness forums.

National ICT Broadband Infrastructure:

b) Completion of the National ICT Infrastructure Backbone Project ;

c) Scale-up broadband access connectivity and build data storage centres and high capacity computing facilities to drive creation and use of local ICT content;

d) Development of a National strategy for cooperation with development partners and international agencies to promote and enhance development of broadband networks in the country; and

e) Create a critical mass of ICT skilled labor force and support specialized ICT Institutions: Establish ICT human resource capacity building hubs and Establish professional certification body for ICT.

Industry

Core investment in this sector focuses on Development of SEZs, especially for electronic goods, farm machinery, agro and mineral processing (integrated textile industry, as well as large scale fertilizer production. Projects in the year 2012/13 budget include the following:

Development of Special Economic Zones: There has been progress in promoting the development of SEZs. Activities on progress include the development of SEZs at Kigoma, Tanga, Mara Mtwara and Bagamoyo which are at different stages. The focus for the next financial year is as follows:-

a) **Kigoma SEZ:** The area for development of SEZ at Kigoma has been partly compensated, and land survey, valuation, master plan and feasibility study has been completed;

b) **Tanga SEZ**: During the financial year 2012/13 compensation, feasibility study and Master Plan will be carried out;

c) **Mara SEZ**: – Currently, land survey and 50% of compensation was done. In the FY 2012/13, the focus will be on compensation of the remaining 50%, feasibility study and preparation of master plan;

d) **Mtwara SEZ**:– The focus for the financial year will be on infrastructure development; and

e) **Bagamoyo SEZ** – land valuation and a feasibility study have been completed for the 9,081 ha at Bagamoyo. Master plan will be completed in March 2012, in the next FY cost for compensation and phase I infrastructure development will be required.

Large Scale Fertilizer Production: The focus will be on Establishment of Soda Ash Project (Lake Natron) and Fertilizer Industry (Mtwara):

a) Lake Natron Soda Ash Project: Project is located in northern part of Tanzania at about 200km northwest of Arusha town. The soda ash is found within Lake Natron and Lake Engaruka basins where northern shore of the Lake Natron touches the territorial boundary line with Kenya. Lake Natron and Lake Engaruka are located in the lift valley (Eastern part). Also, the Soda Ash deposit is located near Ngorongoro Conservation Area and hunting blocks. The project will involve extraction of basic/ mother chemical which is widely used in textiles, paper, metallurgical industries, desalination plants, refineries, detergents, soap, glass, sodium salts, dyes, and other chemical industries which drive world economies, generate employment, revenues (taxation and foreign exchange from exports) and saving from imports of the same. In addition, this project is not likely to have any adverse effects on the chemical, hydrological or ecological balance in the Lake. NDC is completing additional basic studies with a view to proceeding to procurement of strategic partners to exploit soda ash from Lake Natron or its vicinity. NDC is promoting this project to any strategic investor under PPP arrangement. NDC has estimated to generate around 500 direct jobs and 3000 indirect jobs by 2015. The estimated cost for the project is US$500.0Million. The activities for the next fiscal year will be exploratory drilling and feasibility study.

b) Development of Fertilizer Industry (Mtwara). The objective of this project is to use local resources, especially natural gas in the production of fertilizers. In the financial year 2012/13, the planned activity is to conduct feasibility study.

Iron and Steel Industry: *Core investment in this sector focuses on Development of Liganga iron and Mchuchuma Coal Projects. In the year 2012/13 budget includes the following:*

Development of Mchuchuma Coal to Electricity and Liganga Iron Ore to Steel:

a) This project is located at Nkomang'ombe Village, Ludewa District – Iringa. The study conducted in 1997 found a total coal reserve of 454.1Mt (125.30Mt - proven category; and 328.80Mt – Indicative category). Coal available in Mchuchuma is good for power generation with heat value or Calorific Value (CV) of 3,600-7,500 Kcal/kg. The project is expected to develop a coal mine to produce 3Million tones per annum and a mine mouth thermal power station to generate at least 600MW (in 4 phases each to produce 150MW), which will yield US$450 million per annum. Also, the project will extract and process Liganga Iron ore reserve estimated to be over 2 Billion tones, planned to produce 3.0 million tones of iron ore per annum for production of 1.25M tons of steel iron per annum (hence 667 years) at a yield value of US$450Million per annum (at a unit price of US$360 per ton of Steel Iron). The iron ore is contained in igneous rocks with traces of minerals such as Nickel, Cobalt, Copper, Platinum, Metals, Vanadium and Titanium, Magnetite which could be a major source of raw materials from iron and steel industry.

b) The project is ready for investment under PPP arrangement since NDC has entered into JV agreement with a Sichaun Hongda (Group) and formulated the SPV known as Tanzania China International Mineral Resources Limited (TCIMRL) for development of coal mine and coal-fired power station (at Mchuchuma) and iron ore mine and steel complex (at Liganga). TCIMRL will take 6 months to verify the data and information on Mchuchuma Coal fields and 36 months for construction of the Power Plant and 12 Months for exploration and 36 months for development of Steel Mill at Liganga Iron Ore mine. NDC may need financial resources in order to meet its component obligations as per its interests in the project.

c) The total investment in the twin Power Generation Plant and Steel Mill project is US$3.0 billion and total jobs to be created are estimated to be about 4000 jobs during 2013-2015. NDC owns 20% shares and is facilitating the entire project activities including seeking for permits, prospecting and mining licenses, water rights, ESIA certificates, certificates of Strategic Investor Status and incentives. NDC may be obliged to incur about US$1.5 million to facilitate the entire cycle of project development and implementation. During the next fiscal year, resources will be required to compensate community affected by the project.

Education Sector

Core investment in this sector focuses on training students in science, engineering and Education. In the year 2012/13 budget include the following:

a) Construction of **Muhimbili University Campus at Mlongazila** for Health Sciences: The focus in the next fiscal budget will be on mobilization of necessary facilities for construction of the campus including set up necessary infrastructure such as roads, piped water connection and so forth.

b) **UDSM:** Rehabilitation and Expansion of University of Dar es Salaam. The focus will be on expansion and rehabilitation of lecture theatres and laboratories.

c) **SUA:** Rehabilitation and expansion of Sokoine University of Agriculture. The focus will be on construction of academic buildings and rehabilitate, furnishing and equipping lecture theatre.

d) **DUCE:** Rehabilitation and Expansion of Dar es Salaam College of Education (DUCE). The capital development activities at DUCE are aimed at increasing enrolment through expansion and rehabilitation of faculty buildings (science & Education) and improving ICT services and infrastructure for teaching and learning particularly in science subjects.

e) **MUCE**: Rehabilitation and expansion of Mkwawa University College of Education through construction of lecture theatre with a capacity to accommodate many students and expansion of science laboratory.

f) **Technical Collages**: Rehabilitation and Expansion of Arusha Technical College by developing ATC - Oljoro Irrigation Training Farm; completion of irrigation building, and equipping necessary facilities such as laboratory equipment, etc.

PART II

BUDGET SUBMISSION, MONITORING AND EVALUATION REPORTING FORMATS

PART II BUDGET SUBMISSION, MONITORING AND EVALUATION REPORTING FORMATS

141. The Plan and budget guidelines Part II constitutes standard forms for budget submission, operational planning and performance reporting. The forms enable Ministries, Independent Departments and Agencies (MDAs), Regional Secretariats (RSs) and Local Government Authorities (LGAs) to prepare, execute and monitor their budgets effectively and efficiently. The detailed information on the use and submission processes for each form is documented in the Medium Term Strategic Planning and Budgeting Manual (MTSPBM).

Budget Submission Forms

142. During the budget preparation, MDAs, RSs and LGAs are obliged to submit their MTEF budgets in adherence to the standard format shown at the end of this Guideline (i.e. MTEF Presentation Format. In that regard, **Forms No. 1-10C** should be filled properly and submitted in the MTEF document:

Operational Planning Forms

143. MDAs, RSs and LGAs should fill Operational Planning **Forms No. 11A (R) - 14B (D)** for performance monitoring and evaluation of planned activities. The forms include cash flow and action plan which are aligned in the current years' targets set by respective institutions. The accurately filled forms should be submitted to the Ministry of Finance before 15th July in order to be used during the allocation and release of resources. For the case of strategic development expenditure, the forms should be submitted to the President's Office, Planning Commission.

Performance Reporting Forms

144. In order to improve the scope and quality of progress reports consistent with MTSPBM requirement and to better link reports to Strategic Plans, Five Year Development Plan I and the MKUKUTA II, Government institutions are obliged to report, in more detail, on their performance against plans. In the process of

reporting results, the Monitoring and Evaluation (M&E) techniques will be needed to collect, manage, analyze, and interpret data. This will include the definition of key performance indicators, collection of indicator data, and the undertaking of analytical or evaluative studies. In this context therefore, Government institutions are required to submit the following budget implementation performance reports:

(i) **Quarterly Reports** on cumulative targets and expenditures, against the annual plan and budget

(ii) **Annual Performance Reports** on targets and outcome monitoring, against the annual plan and budget

(iii) **A 5-Year Outcome Evaluation Report** against medium term Strategic Plan objectives and outcomes

Quarterly Progress Reports

145. The Quarterly Progress Report is intended to provide an overview of implementation progress on a cumulative basis against an institution's set targets and budget. The report also provides information on the implementation of a sub-set of high profile or priority interventions.

146. At mid-year, reports should also focus on budget variations and justifications for adjustments. The main body of this report should not exceed five pages. The following three quarterly reports will be produced:

(i) Quarter 1 Progress Report, summarizing implementation during Quarter 1;

(ii) Mid Year Progress Report, summarizing cumulative implementation (Quarter 1 + Quarter 2) together with a focus on budget variations; and

(iii) Quarter 3 Progress Report, summarizing cumulative implementation (Quarter 1 + Quarter 2 + Quarter 3). The structure of quarterly reporting is provided below.

STRUCTURE OF THE QUARTERLY REPORT
I. Title/cover page II. Table of contents III. Main body • *Introduction* • *Overview of Implementation of Milestones/Priority Interventions:* • This Section of the quarterly report describes progress in implementing milestones, which are developed during the planning process. To collect information on the implementation of milestones the officer responsible for preparing the report should informally interview implementers (verbally), rather than distribute a form or sheet for them to fill out. • *Issues and Constraints:* • During the process of monitoring milestones and targets, issues and constraints should typically be identified. Issues arising may concern, delays in implementation, reduced scope or quality of outputs, constraints in terms of resource availability, etc. The identification of issues to be reported is, however, a subjective matter and there will be a need to prioritize which issues affected the achievement of the set milestones and targets within the specified period. • *Remedial Actions* IV. ** Summary of budget variations and their justification (for Quarter II only) V. Annex and Tables • Annex 1: Form 12A: Cumulative Quarterly MTEF Target Monitoring Form • Annex 2: Form 12B: Quarterly Cumulative Milestone (Priority) Form • Annex 3: Form 13A: Quarterly Cumulative Financial Overview Form • Annex 4: Form 13B: Quarterly Cumulative Financial Detailed Form **Key: ** included during the mid-year progress report only**

The Annual Performance Report

147. The Annual Performance Report is intended to provide a detailed description of an institution's main achievements in terms of the targets reached and the progress realized in improving its service delivery. The report should also address performance on revenues and expenditures as well as Human Resources status. Responsibility for the preparation and accuracy of the report lies with the Accounting Officer for each MDA, RS, and LGA.

148. The report should be prepared and submitted to PO-PC, PO-PSM, PMO, PMO-RALG (for LGAs and RSs) and MOF by the 1st October following the completion of each financial year. It should also be made available to other stakeholders, including the Parliamentary Committees and members of the public

(on the institution's web site or through other relevant media). It is expected that, the main body of this report will be between 20 and 40 pages. The structure of the Annual Performance Report should be as shown here under:

Structure of an Annual Performance Report

TITLE/COVER PAGE

TABLE OF CONTENTS

PREFACE

1. Statement by the Minister/RC/Council Chairperson
2. Statement by the Accounting Officer.
3. Executive Summary

MAIN BODY

1. **Part 1: Introduction**. This should include the following:
   - Section 1.1 (Introduction): a short description of the purpose of the report, the approach adopted, and the methods used.
   - Section 1.2 (structure) Describe the layout and structure of the remainder of the document.
2. **Part II: Overall Performance**
   - Section 2.1 (Progress towards reaching outcomes): Provides highlights of performance, in words and in a summary indicator table format. Makes reference to a more detailed annex. This should explicitly make reference to progress in meeting MDG, MKUKUTA II goals and targets, or ruling party commitments.
   - Section 2.2 Progress in improving service delivery (quality, efficiency, timeliness, or satisfaction); discuss what changes have occurred within the organization to improve the services it provides to its clients. For example, if passports are delivered more quickly, if cost savings have been generated for the taxpayer, etc.
   - Section 2.3 (Evaluation and Reviews): Summarizes (very briefly) the results of studies that will be used to prepare the 3-Year Outcome report, and the general progress in terms of evaluation results.
   - Section 2.4 Milestones or Priority Interventions: a discussion of interventions that were considered to be critical to achieve overall objectives or ensure effective implementation of the plan.
   - Section 2.5 (Issues): Highlight problems or issues, carefully identifying targets at risk or targets which were not met. This may be brief with more details explained in Part III. Describe the actions taken by management to address these problems.
3. **Part III: Achievement of Annual Targets**. This chapter should be presented on a sub-vote by sub-vote basis. It should provide the written details about each target and what happened during implementation. MKUKUTA II, the Performance Assessment Framework (PAF), and Ruling Party targets should be clearly identified. The chapter may also document details about key activities (especially those not implemented) and overview expenditure data on a particular target.
4. **Part IV: Financial Performance**. This chapter should provide overall aggregate expenditure data compared to budgets as well as revenue collection trends (where applicable). Expenditure information should be derived from the Integrated Financial Management Systems (IFMS) for those who are already using the system.
5. **Part V**: **HR Review**. Summarizes staffing levels, vacancies, and other key issues including the balance between PE and OC.

ANNEX and TABLES

- Annex 1: Form 12A: Cumulative Quarterly MTEF Target Monitoring Form
- Annex 2: Form 12B: Quarterly Cumulative Milestone (Priority) Form
- Annex 3: Form 12C: Outcome Indicator Monitoring Form
- Annex 4: Form 13A: Quarterly Cumulative Financial Overview Form
- Annex 5: Form 13B: Quarterly Cumulative Financial Detailed Form

Outcome Report

149. The outcome report should be prepared at the end of the Strategic Planning cycle. It should focus on assessing the degree to which the institution is meeting its planned objectives or outcomes documented in the Strategic Plan. The report should summarize the findings of the main evaluations, analytical studies, and

reviews undertaken during the period. For each objective the report should describe resulting impact from interventions undertaken. These assessments should be linked to all national frameworks including FYDP I, MDGs, MKUKUTA II and Ruling party Manifesto.

150. The report should be submitted to PO-PC, PO-PSM, PMO, PMO-RALG (for LGAs and RSs) and MOF, by 1st October following the completion of the Strategic Planning cycle. As was the case with the Annual Performance Report, the Outcome Report should be made available to key stakeholders, including the Parliamentary Committees and the general public (on the institution's web site or through other relevant media). The structure of Outcome Report is provided below.

Structure of a Five Year Outcome Performance Report

TITLE/COVER PAGE

TABLE OF CONTENTS

PREFACE

1. Statement by the Minister/RC/Council Chairperson
2. Statement by the Accounting Officer.
3. Executive Summary

MAIN BODY

1. **Part 1: Introduction**. This should include the following:
    - Section 1.1 Introduction; who is preparing the report, the period it covers, the purpose of the report, the approach adopted, and the methods used.
    - Section 1.2 Restatement of the objectives/outcomes from the SP and how they were derived (MKUKUTA II linkages, etc).
    - Section 1.3 A short description of the approach adopted and broad methods used.
    - Section 1.4 Limitations, including limitations on the availability of information, (especially baseline data), problems of attribution, etc.
    - Section 1.5 The layout and structure of the remainder of the report.

2. **Part II: Assessment of progress in meeting each objective**: (each objective should constitute a chapter.) Within each chapter there should be the following sections:

    EVALUATION OF OBJECTIVE A

    - Section 2.1 Introduction: Review the objective/outcome and why it is important (i.e. its context).
    - Section 2.2 Methods: Methods Used to collect data and draw conclusions. This may include:
        - Performance against specific indicators for the objective
        - Surveys of clients satisfaction with the services (quality, timeliness, etc) provided by the MDA/RS/LGA/other institutions.
        - Compliance with standards, rules and regulations
        - Results of other relevant evaluations, studies or surveys (secondary data) prepared by others
        - Other methods, where relevant
    - Section 2.3 Data and Main Findings
        - Discuss the data, the results to be inferred from the data and the main conclusions
        - Are there reasons why objectives may not have been met?
    - Section 2.4 Summary: summarize results and focus on the issue of improvement: are things getting better?

    REPEAT EVALUATIONS FOR OBJECTIVES, B, C, D, etc.

LIST OF ANNEX:

- Annex 1: Form 12C: Outcome Indicator Monitoring Form
- Annex 2: Bibliography
- Annex 3: Other Supporting Data

BUDGET SUBMISSION FORMS

***FORM 1: SUMMARY OF ANNUAL AND FORWARD BUDGET ESTIMATES REVENUE, RECURRENT AND DEVELOPMENT* EXPENDITURE ('000 TSHS)**

VOTE: ………… VOTE NAME ……………………………………………………………………………..

Description		Actual Budget Y_{0-2}	Approved Budget Estimates Y_{0-1}	Annual Budget Estimates Y_0	Forward Budget Estimates Y_{0+1}	Forward Budget Estimates Y_{0+2}	Forward Budget Estimates Y_{0+3}
1		**2**	**3**	**4**	**5**	**6**	**7**
1. Total Domestic Revenues							
Recurrent Expenditure	PE						
	OC						
2. Total Recurrent Expenditure							
Development Expenditure	Govt. Funds						
	Foreign Funds						
	Other Funds						
3. Total Development Expenditure							
TOTAL EXPENDITURE							

Note: Total Expenditure = Total Recurrent Expenditure + Total Development Expenditure

Note: Item 1: In the case of LGAs Total Domestic Revenue mean own revenues.

$\mathbf{Y_{0-2}} =$ 2 Preceding years (2 years back)

$\mathbf{Y_{0-1}} =$ Previous year (last Financial Year),

$\mathbf{Y_{0}} =$ Current Financial Year,

$\mathbf{Y_{0+1}} =$ Forward Budget (Next year),

$\mathbf{Y_{0+2}} =$ Forward Budget (next 2 years) and

$\mathbf{Y_{0+3}} =$ Forward Budget (next 3 years)

FORM 2: RECURRENT EXPENDITURE FORWARD BUDGET (SUMMARY OF PERSONAL EMOLUMENTS AND OTHER CHARGES AT VOTE LEVEL)

VOTE: ………… VOTE NAME ……………………………………………………………………………..

All values in 000 Tshs.

Description			**Actual Budget** Y_{0-2}	**Approved Budget Estimates** Y_{0-1}	**Annual Budget Estimates** Y_0	**Forward Budget Estimates** Y_{0+1}	**Forward Budget Estimates** Y_{0+2}	**Forward Budget Estimates** Y_{0+3}
1			2	3	4	5	6	7
Total Personal Emolument								
Other Charges	**Vote proper O.C**							
	Internal Subvention	PE						
		OC						
	External Subventions							
Total Other Charges								
GRAND TOTAL PE + OC								

Note: Grand Total is equal to Total Personal Emolument + Total Other Charges

PBF 5.1 (a)

FORM 3A (R): 5 YEAR MTEF TARGET VALUE FORM (RECURRENT EXPENDITURE)

VOTE: ………… VOTE NAME ……………………………………………………………………………….

PERIOD: QUARTER PROJECTED RESULTS COVERING THE PERIOD FROM FINANCIAL YEAR ………. TO F/Y ……

SUB-VOTE CODE: ………… SUB-VOTE NAME ……………………………………………………………………………….

OBJECTIVE CODE AND NAME:

CODES AND LINKAGES						CUMULATIVE MEASURES BY YEAR				
Target Code	FYP	M	P	R	Target Description (5 year)	Units of Measure	Y_0	Y_{+1}	Y_{+2}	Y_{+3}
1	2	3	4	5	6	7	8	9	10	11

Notes

Each row on this form describes a single target (output). Descriptions of each column are as follows:

- **Column 1 Target Code** is the Segment 2 code at the target level, for example "A03C"
- **Columns 2 to 5 (FYP, M, P, R)**" Place a check mark (tick or X) in the columns FYP, M, P, R as follows: FYP= Five Year Plan, M = MKUKUTA II (if the target is an MKUKUTA II target), P = PAF Matrix (if it is a PAF target); R = Ruling Party Manifesto. This will help link the MTEF target to other coordinating plans
- **Columns 6 and 7. Target Description**: All targets should be converted to the end point of the current 3 year MTEF period (i.e. three years in advance); for example or if the target is "build 500 kilometres of road by 30 June 2011" the **units of measure** are "Kilometers of road built."
- **Columns 8 to 11: Cumulative Measures by year:** is the expected CUMULATIVE level of the target at the end of the upcoming 3 financial years. For example if the target is to build 500 kilometers of road the Y_0 value may be 100, the Y_{+1} value may be 200, the Y_{+2} value may be 350 and the Y_{+3} value will be 500.

PBF 5.1 (b)

FORM 3A (D): 5 YEAR MTEF TARGET VALUE FORM (DEVELOPMENT EXPENDITURE)

VOTE: ………… VOTE NAME ……………………………………………………………………………….

PERIOD: QUARTER PROJECTED RESULTS COVERING THE PERIOD FROM FINANCIAL YEAR ………. TO FY ……

PROJECT CODE AND NAME:

SUB-VOTE CODE: ………… SUB-VOTE NAME ……………………………………………………………………………….

OBJECTIVE CODE AND NAME:

CODES AND LINKAGES						CUMULATIVE MEASURES BY YEAR				
Target Code	FYP	M	P	R	Target Description (5 year)	Units of Measure	Y_0	Y_{+1}	Y_{+2}	Y_{+3}
1	2	3	4	5	6	7	8	9	10	11

Notes:

Each row on this form describes a single target (output). Descriptions of each column are as follows:

- **Column 1. Target Code** is the Segment 2 code at the target level, for example "A03C"
- **Columns 2 to 5:** Place a check mark (tick or X) in the columns FYP, M, P, R as follows: FYP= Five Year Plan, M = MKUKUTA II (if the target is an MKUKUTA II target), P = PAF Matrix (if it is a PAF target); R = Ruling Party Manifesto. This will help link the MTEF target to other coordinating plans
- **Columns 6 and 7. Target Description**: All targets should be converted to the end point of the current 3 year MTEF period (i.e. three years in advance); for example or if the target is "build 500 kilometres of road by 30 June 2011" the **units of measure** are "kilometres of road built."
- **Columns 8 to 11: Cumulative Measures by year:** is the expected CUMULATIVE level of the target at the end of the upcoming 3 financial years. For example if the target is to build 500 kilometers of road the Y_0 value may be 100, the Y_{+1} value may be 200, the Y_{+2} value may be 350 and the Y_{+3} value will be 500.

FORM 3B: ACTIVITY COSTING SHEET

VOTE: ………… VOTE NAME ……………………………………………………………………………….
SUB-VOTE CODE: ………… SUB-VOTE NAME ……………………………………………………………………………….
OBJECTIVE NO: ………… OBJECTIVE DESCRIPTION:…………………………………………………….
TARGET CODE: ………… TARGET DESCRIPTION:…………………………………………………………….
`

FYDP 1 ☐
NSGRP II ☐
Other ☐ Tick (√)

Segment 2 Performance Budget Code	Segment 4 (GFS Code)	Required Inputs			Annual Budget Estimates Y_0		Forward Budget Estimates Y_{0+1}		Forward Budget Estimates Y_{0+2}		Forward Budget Estimates Y_{0+3}	
		Segment 4 Description (GFS Code Description)	Unit of Measure	Unit cost of Inputs	No of Units	Estimates	No of Units	Estimates	No of Units	Estimates	No of Unit	Estimates
1	2	3	4	5	6	7	8	9	10	11	12	13
Total TShs……………………												

Notes

Column 1: Segment 2 includes objective, target, target type and activity**;**
Column 7 equals column 5 X column 6
Column 9 equals column 5 X column 8
Column 11 equals column 5 X column 10
Column 13 equals column 5Xcolumn 12

FORM 3C: RECURRENT EXPENDITURE SUMMARY OF DRAFT ESTIMATES

VOTE: ………… VOTE NAME ……………………………………………………………………………..

SUB-VOTE CODE: ………… SUB-VOTE NAME ……………………………………………………………………………..

Segment 4 **(GFS Code)**	**Segment 4 Description (GFS Code Description)**	**Actual Budget** Y_{0-2}	**Approved Budget Estimates** Y_{0-1}	**Annual Budget Estimates** Y_0	**Forward Budget Estimates** Y_{0+1}	**Forward Budget Estimates** Y_{0+2}	**Forward Budget Estimates** Y_{0+3}
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

<u>Notes</u>

Columns 5, 6, 7 and 8 is a Summary of Form No. 3(a) Activity Costing Sheet

FORM 4: DOMESTIC REVENUE FORWARD BUDGET

VOTE: ………… VOTE NAME ……………………………………………………………………………..

SUB-VOTE CODE: ………… SUB-VOTE NAME ……………………………………………………………………………..

Segment 4 (GFS Code)	**Description**	**Actual Collection** Y_{0-2}	**Approved Estimates** Y_{0-1}	**Draft Estimates** Y_0	**Forward Budget** Y_{0+1}	**Forward Budget** Y_{0+2}	**Forward Budget** Y_{0+3}
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Total of Sub-Vote						
	TOTAL OF VOTE						

Notes:

Y_0 = Current Financial Year

Y_{0-1} = Previous financial year (last Financial Year)

Y_{0-2} = 2 Previous years (2 years back)

Y_{0+1} = Forward Budget (Next year)

Y_{0+2} = Forward Budget (next 2 years)

Y_{0+3} = Forward Budget (next 3 years)

FORM 5: DOMESTIC REVENUE
DETAILS OF DRAFT ANNUAL ESTIMATES

VOTE: ………… VOTE NAME ……………………………………………………………………………..

SUB-VOTE CODE: ………… SUB-VOTE NAME ……………………………………………………………………………..

Segment 4 (GFS Code)	**Description**	**Actual Collection Y_{0-2}**	**Actual Collection up to Feb. Y_{0-1}**	**Projections March to June, Y_{0-1}**	**Likely Out-turn July to June Y_{0-1}**	**Approved Estimates Y_{0-1}**	**Draft Estimates Y_0**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TOTAL OF SUB-VOTE							
TOTAL OF PROGRAMME							

Notes:

Y_0 = Current Financial Year

Y_{0-1} = Previous financial year (last Financial Year)

Y_{0-2} = 2 Previous years (2 years back)

Y_{0+1} = Forward Budget (Next year)

Y_{0+2} = Forward Budget (next 2 years)

FORM 6: DEVELOPMENT EXPENDITURE DETAILS OF ANNUAL AND FORWARD BUDGET

VOTE: ………… VOTE NAME ……………………………………………………………………………..
SUB-VOTE CODE: ………… SUB-VOTE NAME ………………………………………………………………..
PROJECT CODE: ………………. PROJECT NAME : ………………………………………………
OBJECTIVE NO: ………… OBJECTIVE DESCRIPTION:……………………………………………………
TARGET CODE: ………… TARGET DESCRIPTION:………………………………………………………………

FYDP I ☐
NSGRP II ☐
Other ☐ Tick (√)

				Annual Budget Estimates Y_0						**Forward Budget Estimates Y_{0+1}**			**Forward Budget Estimates Y_{0+2}**			**Forward Budget Estimates Y_{0+3}**		
				Government Funds						**Government Funds**			**Government Funds**			**Government Funds**		
(Segment 2) Performance Budget Codes	**Activities Description**	**Segment 4 (GFS Code)**	**Segment 4 (GFS Code Description**	**Local**	**Forex**	**L/G**	**C/D**	**Donor**	**Total Govt. Fund**	**Local**	**Forex**	**Total Govt. Fund**	**Local**	Forex	**Total Govt Fund**	**Local**	**Forex**	**Total Govt. Fund**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**	**(16)**			
Total of Target																		
Total of Project																		
TOTAL OF SUB-VOTE																		

Notes

Total Target is Sum of all activities under a Target
Total Project is Sum of all targets under a Project
Total Sub-Vote is Sum of all Projects under the Sub-Vote
Total Govt. Fund = Local fund + Foreign fund
L/G = Loan/Grant
C/D = Cash/Direct to project

FORM 7B: INSTITUTIONAL RESULTS FRAMEWORK

VOTE: ………… VOTE NAME ……………………………………………………………………………..

PERIOD: PROJECTED RESULTS COVERING THE PERIOD FROM FINANCIAL YEAR ………. TO FINANCIAL YEAR ……

		BASELINE		INDICATOR TARGET VALUES (AS PER SP)				CLASSIFICATIONS					Source of Data / Means of verification
Objective Code and Description	Indicator Name and description	Baseline Date	Baseline Indicator Value	Y_0	Y_{+1}	Y_{+2}	Y_{+3}	FYP	MDG	M	P	R	
1	2	3	4	5	6	7	8	9	10	11	12	13	14

<u>Notes</u>

Each row on this form describes a single performance indicator. Indicators are used to measure progress towards meeting objectives; they are performance measures. Descriptions of each column are as follows:

Column 1. Objective Code and Description: the objective (in words) and its code, being measured by the indicator, for example: "B. Increase Access to Education"

Column 2. Indicator Name and Description: this is in two parts. The indicators name should be in italics while its description (how the indicator is calculated) should be listed below it in a bullet or in parenthesis, for example: *Annual Salary Arrears as a percentage of total annual salaries*

This indicator takes the sum of the arrears paid from January to December and divides it by the total salaries paid over the same period. The indicator is an inexact measure of the quality of salary administration since arrears arise due to delays in entering changes due to recruitment, promotion or transfer; the more time efficient these processes, the less arrears will arise. However, arrears payment tends to be "lumpy" with payments being made according to the availability of funds. This reduces the validity of the indicator as an efficiency measure. The derivation of targets assumed arrear rates for 2009/10 would be cut in half.

Column 3. Baseline date: describes the most recent date, prior to the current planning phase that the indicator was collected.

Column 4. Baseline indicator value is the value of the indicator, on the most recent date prior to the current planning phase. If indicator values (and their date) is not known place a dash.

Columns 5 to 8: Indicator targets: the expected or projected annual <u>future</u> value of the indicator at the end of the first, second, and third year of implementation, as found in the Strategic Plan. (Y_0 = the end of the current financial year being planned, (Y_{+1}) = the next financial year, and Y_{+2} is the next two years and Y_{+3} is the next three years

Column 9 to 13: FYP, M, P, R" Place a check mark (tick or X) in the columns FYP, M, P, R as follows: FYP= Five Year Plan, M = MKUKUTA II (if the indicator is an MKUKUTA II indicator), P = PAF Matrix; R = Ruling Party Manifesto. This will help link the indicator to other coordinating plans

Column 14. The source is where the indicator is collected (its data source) while means of verification is the supporting evidence that the indicator may have

NB: MDAs, RSs and LGAs should use among others, an Annex attached of key indicators of FYDP I to prepare Institutional Results Framework.

FORM 8A: SUMMARY OF PERSONAL EMOLUMENTS ESTIMATES AT VOTE LEVEL

(MINISTRY/REGION/DISTRICT/URBAN COUNCILS)

VOTE: ………… VOTE NAME ………………………………………………………………..

Item	Number of Employees	Basic Salary	Annual Increment	**Promotion**	Total Salary	NSSF 10%	**LAPF 15%**	**PSPF 15%**	**PPF 15%**	**GEPF 10%**	**Health Insurance 3%**	**Total Deductions**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**
I												
II												
III												
Grand Total												

<u>Notes</u>

(Summary Items I, II, and III)

Item 1 = Existing Employees on Payroll

Item 2 = Existing Employees Not On Payroll

Item 3 = New Employees to Be Recruited Y_0

Column 6 Gives Total Sum of Columns 3 to 5

Column 13 Gives Total Sum of Columns 7 to 12

FORM 8B: SUMMARY OF PERSONAL EMOLUMENTS ESTIMATES AT SUBVOTE LEVEL
(MINISTRY/REGION/DISTRICT/URBAN COUNCILS)

VOTE: ………… VOTE NAME ……………………………………………………………………………..

Sub Vote	Item	Number of Employees	Basic Salary	Annual Increment	Promotion	Total P.E	NSSF 10%	LAPF (15%)	PSPF 15%	PPF 15%	GEPF 10%	Health Insurance 3%	Total Deductions
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**
	ITEM I												
	ITEM II												
	ITEM III												
	Sub Total												
	ITEM I												
	ITEM II												
	ITEM III												
	Sub Total												
Grand Total													

Notes
(Summary Items I, II, and III)
For each sub-vote, sum the employees and Personal emoluments for item 1, item 2, and item 3
Item I = Existing Employees on Payroll
Item II = Existing Employees Not On Payroll
Item III = New Employees to Be Recruited Y_0
Column 7 Gives the total sum of Columns 4 to 6; **Column 14 Gives** the total sum of Columns 8 to 13

FORM 8C: ITEM 1 - SUMMARY OF EXISTING EMPLOYEES ON PAYROLL

VOTE: …………   VOTE NAME ……………………………………………………………………………..

Sub-vote	**Number of Employees**	**Basic Salary**	**Annual Increment**	**Promotion**	Total P.E	**NSSF 10%**	**LAPF 15%**	**PSPF 15%**	**PPF 15%**	**GEPF 10%**	**Health Insurance 3%**	**Total Deductions**
(1)	**(2)**	**(3)**	**(4)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**
TOTAL												

Notes

Column 7 – Gives the Total Sum of Columns 3 to 6

Column 14– Gives the Total Sum of Columns 8 to 13

FORM 8D: ITEM II - SUMMARY OF EXISTING EMPLOYEES NOT ON PAYROLL

VOTE: …………   VOTE NAME …………………………………………………………………………..

Sub-vote	**Number of Employees**	**Basic Salary**	**Annual Increment**	**Promotion**	**Total** P.E	**NSSF** 10%	**LAPF 15%**	**PSPF 15%**	**PPF 15%**	**GEPF 10%**	**Health Insurance 3%**	**Total Deductions**
(1)	**(2)**	**(3)**	**(4)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**
TOTAL												

<u>Notes</u>

Column 7 – Gives the Total Sum of Columns 3 to 6

Column 14 – Gives the Total Sum of Columns 8 to 13

FORM 8E: ITEM III - SUMMARY OF NEW EMPLOYEES TO BE RECRUITED

VOTE: …………   VOTE NAME ……………………………………………………………………………..

Sub-vote	Number of Employees	Basic Salary	Total P.E	NSSF 10%	LAPF 15%	PSPF 15%	PPF 15%	GEPF 10%	Health Insurance 3%	Total Deductions
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**
TOTAL										

Notes

Column 4 – Gives the Total Sum equals to Column 3

Column 11 – Gives the Total Sum of Columns5 to 10

FORM. 8F: LIST OF EMPLOYEES TO BE DELETED FROM THE PAYROLL

VOTE:......................... **VOTE DESCRIPTION (MDA/RS/LGA)..**

S/No	EMPLOYEES' NAME	CHECK NUMBER	DESIGNATION	SALARY SCALE	BASIC SALARY	DATE TO BE DELETED	REASONS FOR DELETION
1							
2							
3							
.							
.							
.							
.							

FORM 9: SCHEDULE OF PERSONAL EMOLUMENTS (ESTABLISHMENT AND STRENGTH)

VOTE: ………… VOTE NAME ……………………………………………………………………………..

SUB VOTE	**Description**	**Salary Scale Tshs.**	**ESTABLISHMENT**						**Actual Strength at Present**	**Variation + Over - Under**
			Y_{0-2}	**Y_{0-1}**	**Y_0**	**Y_{0+1}**	**Y_{0+2}**	**Y_{0+3}**		
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**

Y_{0-2} = 2 Preceding years (2 years back)

Y_{0-1} = Previous year (last Financial Year)

Y_0 = Current Financial Year

Y_{0+1} = Forward Budget (Next year)

Y_{0+2} = Forward Budget (next 2 years)

Y_{0+3} = Forward Budget (next 3 years)

FORM 10A: PROJECT PROFILE DATA FORM

A1. Vote Name: ______________________________ Vote Code: ____________

A2 Sub vote Name ____________________________ Code /__/__/__/__/__/

A3. Project item Number: ___/___/___/___/___/___/

A4. Date this form was completed ___/___/___/___/___/___/___/(Day/Month/Year)

A5. Project Name ____________________________________

A6. Vote Name ____________________________ Code /___/___/

A7. Is this project recurrent in nature? ☐

Yes ….. 1 No …… 2

A8. Implementation Status of Project:

Not started ……………………………. 1

On schedule ……………………………. 2 ☐

Ahead of schedule …………………..3

Behind schedule ………………………4

Complete but facility not in use .. .5

Completed and facility in use ……. 6

(STOP HERE IF YOU HAVE ENTERED CODE 5 OR 6 IN BOX)

A9. Does this Project have feasibility study or project document?

Feasibility study ………..1 ☐

Project document ……….2

No Document ……………..3

A10. Feasibility study Number of Project ___________________

A11. Project document Number ______________________

A12. Project Description (describe major components/activities)

A13. MKUKUTA II Cluster and cluster strategy closely related to this project Cluster:

Cluster strategy: ……………………………..

- MKUKUTA II Cluster: prepare box to choose………………………………….

❖ MKUKUTA II Cluster Strategy ....

A14. Project coverage:

National wide (beneficiaries of project in entire

Country, or in more than one region) 1

Regional (beneficiaries of project in one Region) ….2

District (beneficiaries of project in one District) …….3

A15. Geographic Location of Project.

(a) Nation wide ---------------------------
(b) Region Name----------------------------
(c) District Name ------------------------
(d) LGA-----------------------------------

A16. Type of Implementing (Executing) Agency:

Ministry ………1	Parastatal …… …5
Region ……..2	LGA ………---….6
Donor ………..3	Agency ………--..4

A17. Principal Implementing Agency Name _________ Code /__/__/__/

A18. Other Agencies /Collaborators providing critical inputs to project Implementation: ………,…………..,……….,……..,(Specify)

A19. Planned Starting date (Month & Year) /__/__/__/__/

A20. Actual Starting Date (Month & Year) /__/__/__/__/

A21. Planned Completion Date (Month & year) /__/__/__/__/

A22. Latest revised completion Date (Month & Year) /__/__/__/

A23 Status of project funding in Development budget

- ❖ Adequate Funds included to cover remaining costs
- ❖ Inadequate Funds to cover remaining costs
- ❖ Adequate Funds outside Government budget exist to cover remaining cost.

A24. PPP Projects:

- ❖ Total cost of project, of which
  - o Tshs----------------- Government
  - o Tshs -----------------Private including name
- ❖ Project status
  - o Feasibility study;
  - o Design;
  - o Fund mobilization;
  - o Contract document

SECTION C: PROJECT FINANCE (EXTERNAL ONLY)

(Please complete this section if project is financed (or to be financed) from external financial sources?

B1 Total Number of Donors for this Project /__/

B2 The Project Funded through Basket funding

Yes ☐

No ☐

(ONE FORM SHOULD BE COMPLETED FOR EACH DONOR PROJECT, IF A PROJECT RECEIVES FUNDS FROM MORE THAN ONE DONOR AGENCY)

DONOR

B3. Donor 1 Name ____

B4. Donor 1 Code /___/___/___/

B5. Total Donor Commitments (Tshs.) ________________________

B6. Type of Currency in Agreement _____________

B7. Total Donor Commitment in currency of agreement _____________

B8. Date of Agreement (Month/Year) /__/__/__/__/

B9 Funding Terms

Grant …1 ☐

Loan ……2

B10 Amount of Grant (Tshs.): __________________________________

B11 Amount of Loan (Tshs.): ___________________________________

B12. Type of Disbursement:

Direct ……….1 ☐

Cash …………2

FORM 10 B (THIS FORM SHOULD BE FILLED ONLY FOR PROJECTS UNDER STRATEGIC INVESTMENT WHILE PROJECT FORM NO. 10 A WILL CONTINUE TO BE USED FOR OTHER PROJECTS)

FYDP I IMPLEMENTATION - QUARTERLY PERFORMANCE ASSESSMENT FORM: FISCAL YEAR (FY) **2012/13,**

1. EXPLANATIONS AND DEFINITIONS FOR THE TERM USED QUARTERLY PERFORMANCE ASSESSMENT FORM

General Information

Project/Activity Name:	The exact name of the assessed Project/Activity/Name as listed under investments it is associated with.
Responsible Ministry	Ministry under which Project/Activity is implemented
Lead implementer	Institutional responsible for day to day management of the Project/Activity
Contact Person(s):	Name (if possible), designation and phone as well as well as e-mail contacts for the person(s) who will be responsible for providing the required information, so that this person can be contacted for clarification if needed.

Information for Table A

Project /Activity Location	Physical address of the Project/Activity
Annual Target(s) for 2012/13:	Stage(s)/steps of the project/activities expected to be completed/reached by end of FY 2012/13
Target(s) for Each Q:	Stage(s)/steps of the project/activity expected to be completed/reached by end of Quarter each quarter in FY 2012/13
Achievements for	Stage(s)/steps of the project/activity actually completed/reached by end of each Quarter in FY 2012/13
Constraints:	Any current or anticipated obstacle that is hindering or has potential to hinder the project/activity reaching its fruitful completion in the allocated time
Remarks:	• Proposals on how the identified constraints can be addressed • Any information deemed pertinent for the successful implementation and completion of the Project/Activity
Target(s) for next/ following Quarter :	Stage(s)/Steps of the project/activities expected to be completed /reached by end of next quarter

Information for Table B

Annual Budget 2012/13	Total Planned expenditure on the Project/Activity for FY 2012/13 as well as a breakdown of expected source of funds to be used
Expenditure Approved for specific quarter	Total Planned expenditure on the Project/Activity for the specific quarter of FY 2012/13 as well as a breakdown of expected source of funds to be used for the quarter
Expenditure Released for Q	Actual funds allocated to the Project? Activity Q and a break down of the sources of the released funds.
Cumulative Expenditure 2012/13	Total expenditure on the project/activity for up to the Q of FY 2012/13 and a breakdown of where the funds used were sourced.
Percent (Expenditure *vs*. Budget 2012/13)	Proportion of planned total expenditure for FY 2012/13 spent on the project/activity up to the second quarter also breakdown according to source of funds.
Constraints	Current or potential financial constraint facing the project/activity
Remarks	• Proposals on how the identified financial constraints can be addressed • Any financial information deemed pertinent for the successful implementation and completion of the project/activity
GOT	Funds from the Government of Tanzania
PPP	Funds obtained from Public Private Partnerships
DPs	Funds from Development Partners
Others	Funds from sources other than the ones listed

2. BASIC PROJECT/ACTIVITY INFORMATION

Project/Activity/Name; ……………………………………………………………………………………

Responsible Ministry:……………………………………………………………………………………

Leading Implementer:……………………………………………………………………………………

Contact Person(s):

Designation:……………………………………………………………………

Phone:……………………………………………………………………

E-mail:……………………………………………………………………

3. IMPLEMENTATION ASSESMENT

TABLE A: ACTIVITY ASSESSMENT

Project Location	
Annual Target(s) for 2012/13	
Target(s) for Q	
Achèvements for Q	
Contraints	
Remarks	
Target(s) for next Q	

TABLE B: FINANCIAL ASSESSMENT

Item	**Source of Fund**	**Million TShs.**
Annual Budget 2012/13	**Total**	
	GOT	
	PPP	
	DPs	
	Others[2]	
Expenditure Approved for Quarter	**Total**	
	GOT	
	PPP	
	DPs	
	Others[1]	
Expenditure Released for Quarter	**Total**	
	GOT	
	PPP	
	DPs	

[2] Please Identify this source of funds

	Others[1]	
Cumulative Expenditure 2012/13	**Total**	
	GOT	
	PPP	
	DPs	
	Others[1]	
Percent (Expenditure vs Budget 2012/13)	**Total**	
	GOT	
	PPP	
	DPs	
	Others[13]	
Constraints		
Remarks		

[3] Please identify this source of funding

FORM 10C: SUMMARY OF PROJECT FORWARD BUDGET ESTIMATES AT VOTELEVEL (ALL SOURCES)

VOTE: ………… VOTE NAME ……………………………………………………………………………..

DEVELOPMENT EXPENDITURE (in '000 Tshs)	**Approved Budget estimate Yo-1**	**Annual Estimate Yo**	**Forward Budget Estimates Yo+1**	**Forward Budget Estimates Yo+2**	**Forward Budget Estimates Yo+3**
1	2	3	4	5	6
A: Government Funds: - Local					
- Foreign					
B: Other Sources - Special Funds					
- Own Funds					
- Bank Loans					
- Others					
TOTAL BUDGET ESTIMATES					

5.2 (a)

OPERATIONAL PLANNING FORMS PBF

FORM 11A (R): CURRENT YEAR MTEF TARGET VALUE FORM (RECURRENT EXPENDITURE

VOTE: ………… VOTE NAME ……………………………………………………………………………..

PERIOD COVERED: FINANCIAL YEAR ……………

SUB-VOTE CODE: ………… SUB-VOTE NAME ………………………………………………………………………………

OBJECTIVE CODE AND DESCRIPTION: ………………………………………………………………………………………………….

CODES AND LINKAGES					TARGET IN WORDS		QUARTERLY TARGETS FOR THE CURRENT YEAR				
Target Code	FYP	M	P	R	Target Description (5 year)	Target Description for the Current Year	Units of Measure	Q1	Q2	Q3	Q4
1	2	3	4	5	6	7	8	9	10	11	12

<u>Notes</u>

Each row on this form describes a single target (output). Descriptions of each column are as follows:

- **Column 1. Target Code** is the Segment 2 code at the target level, for example “A03C”
- **Columns 2 to 5: FYP, M, P, R**” Place a check mark (tick or X) in the columns FYP, M, P, R as follows: FYP= Five Year Plan, M = MKUKUTA II (if the target is an MKUKUTA II target), P = PAF Matrix (if it is a PAF target); R = Ruling Party Manifesto. This will help link the MTEF target to other coordinating plans
- **Column 6. Target Description (5 year)**: The target (in words) describing the final state at the end point of the current 3 year MTEF period (i.e. three years in advance); for example “build 500 kilometres of road by 30 June 2011”
- **Column 7. Target Description (current year)**: The target (in words) describing the final state at the end point of the current year; for example “build 150 kilometres of road by 30 June 2009”
- **Column 8**. **Units of measure**: how the level of the target would be measured, for example “number of kilometres.”
- **Columns 9 to 12: Cumulative Measures for each quarter:** is the expected CUMULATIVE level of the target at the end of each quarter in the upcoming financial year. For example if the target is to build 150 kilometres of road by 30 June 2011” the quarterly cumulates may be 0, 25, 75, and 150.

PBF 5.2 (b)

FORM 11A (D) CURRENT YEAR MTEF TARGET VALUE FORM (DEVELOPMENT EXPENDITURE)

VOTE: ………… VOTE NAME ……………………………………………………………………………..
PERIOD COVERED: FINANCIAL YEAR ……………
PROJECT CODE AND NAME:……………………..
SUB-VOTE CODE AND NAME:……………………
OBJECTIVE CODE AND DESCRIPTION: ………..

CODES AND LINKAGES					TARGET IN WORDS		QUARTERLY TARGETS FOR THE CURRENT YEAR				
Target Code	FYP	M	P	R	Target Description (5 year)	Target Description for the Current Year	Units of Measure	Q1	Q2	Q3	Q4
1	2	3	4	5	6	7	8	9	10	11	12

Notes

Each row on this form describes a single target (output). Descriptions of each column are as follows:

- **Column 1. Target Code** is the Segment 2 code at the target level, for example "A03C"
- **Columns 2 to 5: FYP, M, P, R**" Place a check mark (tick or X) in the columns FYP, M, P, R as follows: FYP= Five Year Plan, M = MKUKUTA II (if the target is an MKUKUTA II target), P = PAF Matrix (if it is a PAF target); R = Ruling Party Manifesto. This will help link the MTEF target to other coordinating plans
- **Column 6. Target Description (5 year)**: The target (in words) describing the final state at the end point of the current 3 year MTEF period (i.e. three years in advance); for example "build 500 kilometres of road by 30 June 2011"
- **Column 7. Target Description (current year)**: The target (in words) describing the final state at the end point of the current year; for example "build 150 kilometres of road by 30 June 2011"
- **Column 8**. **Units of measure**: how the level of the target would be measured, for example "number of kilometres."
- **Columns 9 to 12: Cumulative Measures for each quarter:** is the expected CUMULATIVE level of the target at the end of each quarter in the upcoming financial year. For example if the target is to build 150 kilometres of road by 30 June 2011" the quarterly cumulates may be 0, 25, 75, and 150.

PBF 6.2 (a)

FORM 11B (R): ANNUAL CASH FLOW PLAN FOR RECURRENT BUDGET (FOR MDAs, RSs & LGAs)

VOTE: ………… VOTE NAME ……………………………………………………………………………..
SUB-VOTE CODE: ………… SUB-VOTE NAME …………………………………………………………………..
PROJECT CODE: ………………. PROJECT NAME: …………………………………………………
OBJECTIVE No: ………… OBJECTIVE DESCRIPTION:……………………………………………………
TARGET CODE: ………… TARGET DESCRIPTION:………………………………………………………………

FYDP I ☐
NSGRP ☐
Other ☐
Tick (√)

Activity Code	Activity Description	Source of Financing	Approved Annual Budget	Planned Quarterly Expenditures (Projected Cash Flow)			
				Quarter I	Quarter II	Quarter III	Quarter IV
1	2	3	4	5	6	7	8
		Government					
		Own Funds					
		Total					
		Government					
		Own Funds					
		Total					

Notes

Each row is a single activity under a target. This row is broken into 3 parts describing the cash flow for Government Financing (subvention or recurrent funding) and own funds. Descriptions of each column are as follows:

- **Column 1. Activity Code**: Segment 2 code for the activity, for example: A02C03
- **Column 2. Activity Description**: the activity description in words, for example "Train 100 people in results management by 30 June 2011"
- **Column 4. Approved Annual Budget**: the total budget (in Tanzanian Shillings) for the current financial year. This is divided into 2 sources of funds: Government and Own Funds. Own funds apply only to LGAs and Executive Agencies and may include revenues collected and contributions from citizens or communities.
- **Columns 5 to 8. Quarter I, II, III, and IV:** the projected cash flow (in Tanzanian Shillings), for each quarter, divided into 2 sources of funds: Government and Own Funds.

PBF 6.2 (b)

FORM 11B (D): ANNUAL CASH FLOW PLAN FOR DEVELOPMENT BUDGET (FOR MDAs, RSs & LGAs)

VOTE: ………… VOTE NAME ……………………………………………………………………………..
SUB-VOTE CODE: ………… SUB-VOTE NAME …………………………………………………………………..
PROJECT CODE: ………………. PROJECT NAME: ………………………………………………
OBJECTIVE No: ………… OBJECTIVE DESCRIPTION:……………………………………………………
TARGET CODE: ………… TARGET DESCRIPTION:………………………………………………………………

FYDP I ☐
NSGRP ☐
Other ☐
Tick (√)

Activity Code	Activity Description	Source of Financing	Approved Annual Budget	Planned Quarterly Expenditures (Projected Cash Flow)			
				Quarter I	Quarter II	Quarter III	Quarter IV
1	2	3	4	5	6	7	8
		Foreign					
		Local					
		Own Funds					
		Total					
		Foreign					
		Local					
		Own Funds					
		Total					

Notes

Each row is a single activity under a target. This row is broken into 3 parts describing the cash flow for Government Financing (subvention or recurrent funding) and own funds. Descriptions of each column are as follows:

- **Column 1. Activity Code**: Segment 2 code for the activity, for example: A02C03
- **Column 2. Activity Description**: the activity description in words, for example "Train 100 people in results management by 30 June 2011"
- **Column 4. Approved Annual Budget**: the total budget (in Tanzanian Shillings) for the current financial year. This is divided into 2 sources of funds: Government and Own Funds. Own funds apply only to LGAs and Executive Agencies and may include revenues collected and contributions from citizens or communities.
- **Columns 5 to 8. Quarter I, II, III, and IV:** the projected cash flow (in Tanzanian Shillings), for each quarter, divided into 2 sources of funds: Government and Own Funds.

PBF 6.1(a)

FORM 14B (R): ANNUAL ACTION PLAN FOR RECURRENT BUDGET FOR THE FY ………. …..

VOTE NO: ……………………. VOTE NAME: ……………………………..

SUB-VOTE CODE: ……………. SUB-VOTE NAME: …………………….

Objective Code and Description	Target Code and Description	MKUKUTA	PAF	FYP	Manifesto	Activity Code and Description	Planned Start Date	Planned Finish Date	Approved Budget	Work Days	Time Frame												Responsible Person
											J	A	S	O	N	D	J	F	M	A	M	J	
1	2	3	4	5	6	7	8	9	10	11	12												13

Notes

Each row of this form describes a single activity. The form should only be used internally.

- Column 1: the Objective Code (A, B, C, etc) as well as the objective's description, for example: "A. Improve Access to markets." Part of the Segment 2 code.
- Column 2: the Target Code (A01C or B02S etc) as well its description, for example: "A01D. Construct 25 Kilometres of road by June 2011."
- Columns 3 to 6: place a check mark (√) to link your target as appropriate with those planning frameworks as described in other forms above.
- Column 7: the Activity Code (A01C03 or B02S01 etc) as well as the activity's description, for example: "A01D05. Train 100 people in Results Management by June 2011." Part of the Segment 2 code.
- Column 8: the date at which the activity should start. The start of an activity should include its procurement, where applicable.
- Column 9: the date at which the activity should be completed.
- Column 10: the approved budget of the target or activity. The target's budget is the sum of the budgets for all activities under it
- Column 11: the expected work days on the activity. Some activities may have long durations in which implementation is sporadic. For example an activity "supervision of procurement" may take place over a 3 month period, but may only involve 2 work days per month.
- Column 12: a Gantt chart representation of the implementation of the activity, from its planned start to its planned finish. This may involve putting X's in each column, filling the column (i.e. shading it) or any other graphical representation
- Column 13: the person responsible (accountable) for the completion of the activity. This should be listed as a position, such as "Assistant Director for Fisheries Development."

PBF 6.1(b)

FORM 14B (D): ANNUAL ACTION PLAN FOR THE DEVELOPMENT BUDGET FOR THE FY ………. ……..

VOTE NO: …………………… VOTE NAME: ……………………………..

SUB-VOTE NO: …………….. SUB-VOTE NAME: ……………………..

PROJECT CODE …………… PROJECT NAME ……………

Objective Code and Description	Target Code and Description	MKUKUTA	PAF	FYP	Manifesto	Activity Code and Description	Planned Start Date	Planned Finish Date	Approved Budget	Work Days	Time Frame												Responsible Person
											J	A	S	O	N	D	J	F	M	A	M	J	
1	2	3	4	5	6	7	8	9	10	11	12												13

Notes

Each row of this form describes a single activity. The form should only be used internally.

- Column 1: the Objective Code (A, B, C, etc) as well as the objective's description, for example: "A. Improve Access to markets." Part of the Segment 2 code.
- Column 2: the Target Code (A01C or B02S etc) as well its description, for example: "A01D. Construct 25 Kilometres of road by June 2011."
- Columns 3 to 6: place a check mark (√) to link your target as appropriate with those planning frameworks as described in other forms above.
- Column 7: the Activity Code (A01C03 or B02S01 etc) as well as the activity's description, for example: "A01D05. Train 100 people in Results Management by June 2011." Part of the Segment 2 code.
- Column 8: the date at which the activity should start. The start of an activity should include its procurement, where applicable.
- Column 9: the date at which the activity should be completed.
- Column 10: the approved budget of the target or activity. The target's budget is the sum of the budgets for all activities under it
- Column 11: the expected work days on the activity. Some activities may have long durations in which implementation is sporadic. For example an activity "supervision of procurement" may take place over a 3 month period, but may only involve 2 work days per month.
- Column 12: a Gantt chart representation of the implementation of the activity, from its planned start to its planned finish. This may involve putting X's in each column, filling the column (i.e. shading it) or any other graphical representation
- Column 13: the person responsible (accountable) for the completion of the activity. This should be listed as a position, such as "Assistant Director for Fisheries Development."

MEF 7.1

PERFORMANCE REPORTING FORMS

FORM 12A: CUMULATIVE QUARTERLY MTEF TARGET MONITORING FORM

VOTE: ………… VOTE NAME ……………………………………………………………………………..
PERIOD COVERED: QUARTER ENDING ……………………………... IN THE FINANCIAL YEAR ………………………..
BUDGET COVERAGE: (DEVELOPMENT OR RECURRENT)……………………………………………………….……………
PROJECT CODE AND NAME: ……………………………………………………………………………………….…
SUB-VOTE CODE AND NAME:……………………………………………………………………………………….….
OBJECTIVE CODE AND NAME: ……………………………………………………………………………..……………

CODES AND LINKAGES					ANNUAL PHYSICAL TARGET	CUMULATIVE STATUS ON MEETING THE PHYSICAL TARGET					EXPENDITURE STATUS			REMARKS ON IMPLEMENTATION
Target Code	FYP	M	P	R	Target Description	Actual Progress	Estimated % Completed	On track	At Risk	Unknown	Cumulative Budget	Cumulative Actual Expenditure	% Spent	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Notes: Each row is a single target. Descriptions of each column are as follows:
Column 1. Target Code is the Segment 2 code at the target level, for example "A03C"
Column 2 to 5: FYP, M, P, R" Place a check mark (tick or X) in the columns FYP, M, P, R as follows: FYP= Five Year Plan, M = MKUKUTA II (if the target is an MKUKUTA II target), P = PAF Matrix (if it is a PAF target); R = Ruling Party Manifesto. This will help link the MTEF target to other coordinating plans
Column 6. Annual Physical Target Description (current year): The target (in words) describing the final state at the end point of the current year; for example "build 150 kilometres of road by 30 June 2011"
Column 7: this is the cumulative total as of the current quarter, for example "60 kilometres were constructed by 30 March 2011."
Column 8: Estimated % complete: if the target is quantitative divide the Actual Value by the Planned Value, for example 60 kms built / 150 km planned = 40%
Columns 9-11 (Assessment): Check or tick one of the columns "on track," "at risk" or 'unknown"
Columns 12-13: Cumulative Actual Expenditure as of Quarter XXX: this is the actual expenditure (not the disbursed or the released amount) while the Cumulative Budget is the amount that was expected to be spent (according to the cash flow plan) by quarter XXX; .Column 14: % spent: the actual expenditure to date divided by the budgeted expenditure for the financial year.

MEF 7.2

FORM 12B: QUARTERLY CUMULATIVE MILESTONE (PRIORITY) MONITORING FORM

Vote: ………… Vote Name …………………………………………………..

Period covered: Quarter ending …………….. In the FY ……………………

Planned Key Priority Interventions or milestones	Current Implementation Status	Assessment			Comments
		On track	At Risk	Off-track	
1	2	3	4	5	6

Notes

Each row is a single milestone. Descriptions of each column are as follows:

Column 1: Institution's Key Priority intervention or milestone. Should be selected from the Institution's MTEF

Column 2 Brief implementation on the status for each priority area

Columns 3, 4, & 5 General Assessment of key priority areas. Tick one only.

Column 6 Comment: describe possible reasons for variation (if not on track) as well as remedial actions planned or implemented for each priority area.

FORM 12C: OUTCOME INDICATOR MONITORING FORM

VOTE: ………… VOTE NAME ……………………………………………………………………………..

PERIOD: RESULTS AS OF THE END OF FINANCIAL YEAR ………………………….

Objective and Code	Indicator Name and description	BASELINE		INDICATOR TARGET VALUES (AS PER SP)				ACTUAL INDICATOR VALUES				CLASSIFICATIONS					Source of Data / Means of verification	Comment
		Base-line Date	Baseline Indicator Value	y0	y+1	y+2	y+3	y0	y+1	y+2	y+3	FYP	MDG	M	P	R		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19

Notes

Each row on this form describes a single performance indicator. Indicators are used to measure progress towards meeting objectives; they are performance measures. Descriptions of each column are as follows:

Column 1. Objective Code and Description: the objective (in words) and its code, being measured by the indicator, for example: "B. Increase Access to Education"

Column 2. Indicator Name and Description: this is in two parts. The indicators name should be in italics while its description (how the indicator is calculated) should be listed below it in a bullet or in parenthesis, for example:

Annual Salary Arrears as a percentage of total annual salaries

This indicator takes the sum of the arrears paid from January to December and divides it by the total salaries paid over the same period. It is an inexact measure of the quality of salary administration since arrears arise due to delays in tracking recruitment, promotion or transfer; the more time efficient these processes, the less arrears will arise.

Column 3. Baseline date: describes the most recent date, prior to the current planning phase that the indicator was collected.

Column 4. Baseline indicator value is the value of the indicator, on the most recent date prior to the current planning phase.

Columns 5 to 8: Indicator targets: the expected or projected annual future value of the indicator at the end of the first, second, and third year of implementation, as found in the Strategic Plan. (y0 = the end of the current financial year being planned, (y+1) = the next financial year, y+2 is the next two years and y+3 is the next three years

Columns 9 to 12: Actual Indicator values: the actual or realized value of the indicator at the end of the first, second, and third year of implementation, as found in the Strategic Plan. (y0 = the end of the current financial year being planned, (y+1) = the next financial year, y+2 is the next two years and y+3 is the next two years.

Columns 13 to 17: FYP, M, P, R" Place a check mark (tick or X) in the columns FYP, M, P, R as follows: FYP= Five Year Plan, M = MKUKUTA II (if the indicator is an MKUKUTA II indicator), P = PAF Matrix; R = Ruling Party Manifesto. This will help link the indicator to other coordinating plans

Column 18: The source is where the indicator is collected (its data source) while means of verification is the supporting evidence that the indicator may have

Column 19: Comment: any comment describing implementation

MEF 7.4 (a)

FORM 13A: QUARTERLY CUMULATIVE FINANCIAL OVERVIEW FORM

VOTE: ………… VOTE NAME ……………………………………………………………………………..

PERIOD: CUMULATIVE RESULTS FOR THE QUARTER ENDING …………….. IN THE FINANCIAL YEAR …………..

ITEM / COMPOSITION	BUDGET		RELEASED		ACTUAL EXPENDITURE		
	Amount in TShs. (Millions)	% of Total	Amount in TShs. (Millions)	Amount Released as a % of the Budget Amount (4 ÷ 2)	Amount in TShs (Millions)	Actual Value as a % of the Budget Amount (6 ÷ 2)	% of Total
1	2	3	4	5	6	7	8
EXPENDITURE BY BUDGET CATEGORY							
P.E							
O.C							
Development Local Funds							
Development Foreign Funds							
Total		100					100
EXPENDITURE BY FYDP I CATEGORY (Excludes PE)							
FYDP I Strategic Projects							
FYDP I Other Projects							
Total		100					100
EXPENDITURE BY MKUKUTA II CATEGORY (Excludes PE)							
MKUKUTA II							
NON-MKUKUTA II							
Total		100					100
EXPENDITURE BY MKUKUTA II CLUSTERS (Excludes PE)							
Cluster 1							
Cluster 2							
Cluster 3							
Total		100					100

Notes: This report should be printed from the Integrated Financial Management System (IFMS)

MEF 7.4 (b)

FORM 13B: QUARTERLY CUMULATIVE FINANCIAL DETAILED FORM

VOTE CODE AND NAME: ……………………………..

PERIOD: CUMULATIVE RESULTS FOR THE QUARTER ENDING …… IN FY………………………………

ITEM / COMPOSITION	BUDGET		RELEASED		ACTUAL REVENUE/EXPENDITURE		
	Amount in TShs. (Millions)	% of Total	Amount in TShs (Millions)	Amount Released as a % of the Budget Amount (4 ÷ 2)	Amount in TShs (Millions)	Actual Value as a % of the Budget Amount (6 ÷ 2)	% of Total
1	2	3	4	5	6	7	8
EXPENDITURE BY SUB-VOTE (Recurrent Only)							
Sub-Vote 1001							
Sub-Vote 1002							
ETC							
Total							100%
EXPENDITURE BY SUB-VOTE BY PROJECT (Development funds only)							
Sub-Vote 1							
Project 1							
Project 2							
Sub-Vote 2							
Project 1							
Project 2							
Total							100%
REVENUES (NON-TAX) COLLECTION							
Revenues Collected			N/A	N/A			
Revenues Retained			N/A	N/A			
SOURCE OF FUNDING (LGAs and Agencies ONLY)							
Subvention							
Own Sources			N/A	N/A			
Total							100%

Notes. This report should be printed from the Integrated Financial Management System (IFMS)

PBF 4.1

INTERNAL FORMS
FORM 14A: SUMMARY OF THE STRATEGIC PLAN

VOTE: ………… VOTE NAME ……………………………………………………………………………..

PERIOD COVERED: FROM FINANCIAL YEAR ………. TO THE FINANCIAL YEAR ……

Mission
……………………………………………………………………………………………
Vision
…………………………………………………………………………………………….
Core values
…………………………………………………………………………………………………

Objective	Strategy	Sub-Vote	Target

Notes

This form should be attached as an annex to the strategic plan (as per the manual). It lists all elements of the strategic plan. Each row is a target.

MTEF PRESENTATION FORMAT (For Y0 to Y0+2)

Overview and Policy Statements

(i) Executive Summary

(ii) Statement of the Chairperson

(iii) Statement by Council Director

Chapter 1: Environmental Scan

1.1 Stakeholder analysis and Profile

1.1.1 Names of key stakeholders

1.1.2 Needs/expectations of stakeholders

1.2 SWOT analysis

1.2.1 Strength and Weaknesses

1.2.2 Opportunities and Threats

1.3 Key Issues

Chapter 2: **Reviewed Institutional Perspectives**

2.1 Vision of the Council

2.2 Mission Statement

2.3 Objectives

2.4 Policies and Strategies.

Chapter 3: Budget Performance Review

3.1 Performance - y0-2

3.1.1* Annual Approved Revenue Vs Actual

3.1.2 Annual Approved Expenditure Vs Actual

3.1.3 Planned targets Vs Achievements

3.1.4 Problems Experienced and Future Strategies

3.2 Mid Year Review – y0-1

3.2.1* Annual Approved Revenue Vs Actual

3.2.2 Annual Expenditure Vs Actual

ANNEX: KEY STRATEGIC INTERVENTIONS AND INDICATORS FOR GAUGING FYDPI PERFORMANCE

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
Macro economic	Sustain High Economic Growth	Organize public expenditure in favor of drivers of growth (infrastructure, skills, technology and innovation, agriculture) Make further improvements in the investment climate	Average annual GDP growth of 8% (This will result from a build up from 7% in 2010 to rates consistently above 10% from 2016 to 2025)
	Maintain Price Stability	Pursue prudent monetary and fiscal policy Establish a strategic oil reserve	Annual Inflation rate not exceeding 5% Capacities for monetary and fiscal policies enhanced
	Strengthen Balance of Payment Position	Scale-up value addition on primary export goods, particularly in agriculture and minerals Ensure export proceedings, including those from minerals, are handled through banks operating in the country, rather than foreign or off-shore banks	Maintain import cover of at least five months Decrease trade deficit from the current 15.8% to 12% by 2015/16
	Pursue prudent fiscal policy and secure financing of the Medium Term Plan.	Reduce tax exemptions, particularly discretionary ones Formalize the informal sector Improve tax revenue collection Enhance expenditure control and accountability Improve the capacities of government auditing and budgeting units	Budget deficit (excluding grant) restricted to 10% of GDP Increase revenue to GDP ratio to 19% Government external borrowing restricted to 6% of GDP and domestic borrowing to 1% of GDP Overall government expenditure not to exceed 28% of GDP Oversight and regulations strengthened Expenditure control and accountability enhanced Reduce tax exemptions to 1% of domestic revenue

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
	Maintain public debt at a sustainable level	Strict annual deficit control	Reinforced debt management and monitoring
	Ensure durable employment creation, especially for the youth, women and in rural areas	Empower youth for sustainable and decent self-employment Mainstream youth employment across all potential fast growing and employment creating sectors Promote meaningful youth involvement and participation to enhance good governance and values" acceptance	Significantly reduce youth and women unemployment especially in rural areas Enhanced employment through SMEs and non-farm activities
Environment and climate change	Formulation of a coherent National Climate Change Strategy Strengthening enforcement of environmental management in development initiatives.	DoE at VPO take lead role in formulating the national climate change strategy covering adaptation and mitigation. Institutional framework to identify, mobilize and monitor global climate finance created. Training programs for selected number of individuals from all concerned ministries on climate change impacts and mitigation and adaptation measures. Institutional framework to synchronize existing climate change initiatives in Tanzania will be created. Applied research on climate change impacts, costs, mitigation and adaptation. Environmental impact monitoring of all large scale infrastructural and industrial projects. Enforce strict environmental laws in all economic sectors	National Climate Change Policy formulated. Targeted number of government policy makers trained in climate change issues in all selected government ministries. Institutional framework to identify, mobilize and monitor global climate finance created. Environmental impact of all large scale infrastructural and industrial projects monitored

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
Governance and rule of law	To mobilize public efforts and opinion towards zero tolerance to corruption, improved and strengthened leadership and governance systems. Enhancement of human rights and administrative justice	Strengthen legal and institutional framework for democracy, rule of law and good governance Sustainable curbing corruption at all levels Strengthening good governance by enhancing transparency, accountability and ethical behavior of Government staff and enhancing public awareness and partnerships in the prevention and combating of corruption Enhancing operational capacity of governance institutions Strengthening mechanism for accountability and sanctions on implementation, enforcement and compliance to legislative, policy, regulatory and operation rules Fully installed and operationalised National ID system by 2015 Ensure broad participation and promote gender equality	The global rank of Tanzania in the World Bank Doing Business survey decreased to below 100 Tanzania's percentile rank in the Rule of Law and Control of Corruption indicators (both in the World Governance Indicator) increased from their current level of 40 and 40.5 respectively to 60 40% of the population having an ID card (i.e. 19.3 Million Tanzanians), by June 2016
Land, housing and human settlement	Increasing the productivity and efficient use of land Promote an equitable distribution of and access to land	Increase coverage and allocation of land that has been planned and surveyed Institute and put into operation a land bank authority Implementation of land use plan (framework) Promote redevelopment schemes and establish new urban sectors Promoting affordable housing and research on low cost housing	Proportion of households with land certificates (e.g. certificates of title and customary right of occupancy) increased from 5% in 2009 to 10% by 2015/16 Proportion of planned land increased from 10 percent currently to 20 percent by 2015/16

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
Energy	Develop a reliable, economically accessible and appropriately priced energy supply to facilitate the development of other activities in the economy while ensuring environmental sustainability	Increase electricity generation to 2,780 MW by 2015 Upgrade and construct new transmission and distribution lines to cope with increased power generation Improve power supply/transmission to rural areas (ongoing and new projects) Enhance the Natural Gas Development Projects Fast-track the Bio-Fuels Development Projects	Increased current electricity generation capacity to 2,780 MW in order to enhance power availability and reliability Tanzania's regional trade share enhanced, by connecting to at least 50 percent of grids of its riparian countries Other potential of energy – e.g. geothermal, solar, wind, coal, increasingly used
Port	Improve quality, efficiency and reliability of water transport services and integrate it with other transport networks through multi-skill training, modernization of ports, increased automation and computerization, and through upgraded management processes and procedures	Expand the cargo volume handling capacities of Tanzania's sea ports and lake ports by 2015/16 (especially through large investments in the DSM port) Enhance the use of improved technology in water transport facilities Encourage private investment in the provision of marine transport services Revisit the port operational system and synchronization with other cargo handling institutions	Cargo volume handling improved from 7.13 million tons to 9.87 million tons Decrease total time for container dwell at import from 12.5 days to 7 days Ship turnaround time reduced from 4.4 days to 2.0 days
Railways	Creation of competitive and reliable railway system to enable exploitation and/or transportation of bulky natural resources and evacuation of products, especially where long distance transport is involved	Rehabilitation of the existing railway lines (starting with the central railway line) Upgrading and constructing strategic line(s) enabling Tanzania to become a transport hub Construct new railway lines to connect strategic economic areas Addressing traffic congestion in urban areas	The central railway line rehabilitated and fully operational Locomotives, engines, plants and equipments all in working order Detailed design, secured investment and initial construction of the new Isaka-Kigali railway line with the standard gauge Feasibility studies and detail design of the Musoma-Arusha and Mtwara-Songea-Liganga railway lines carried out Feasibility and detailed design for the Urban Commuter Railway system finalized

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
Road transport	To facilitate the road transport corridor development through construction, rehabilitation and maintenance, so as to optimize the flow of goods and services to strategic sectors/areas	Direct investment in trunk, regional and district roads leading to areas with highest economic potential (e.g. agriculture, mining, tourism) Direct investment in roads with greater advantage for regional integration Addressing traffic congestion in urban areas	Construction and rehabilitation of 5,204.7 km of ongoing and new roads to bitumen standard on the main roads transport corridors as per Schedule 1 Addressing traffic congestion in Dar es Salaam and other major urban centres Effective systems for financing and management of district and feeder roads put in place Local governments and communities actively involved in investment initiatives and in improving feeder roads
Air transport	Promote a high quality, competitiveness and integrated national, regional, and international air transport network in order to enjoy the benefit of economies of scale	Expand Tanzania's air cargo and passenger freight handling capacities in view of strategically making the country become the regional and international trade gateway	Expanding Tanzania's air cargo from 22,461 tonnes to 35,500 tonnes Annual passenger freight handling capacities increased from 2.95 million to 3.43 million people Revival of the National Flag Carrier
Water and sanitation	To ensure adequacy and reliability of water supply to key production sources	Strengthen water resources management to cater for social-economic activities (irrigation, hydropower generation, industrial, domestic use and for ecosystem) Scale-up rural water supply services Scale-up water supply services in Dar es Salaam Scale-up water supply services in district and small towns Scale-up water supply services in regional centres Improve sanitation facilities in urban and rural areas Improving water pollution control and monitoring	Water resources availability for both productive use and environmental sustainability assured by 2015 Proportion of population in rural settlements provided with water supply services increased from 57.8 percent in 2010 to 65 percent by 2015 Proportion of population in district and small towns provided with water supply services increased from 53 percent in 2010 to 57 percent by 2015 Proportion of urban population in regional centres provided water supply services increased from 86 percent in 2010 to 95 percent by 2015 Proportion of population in Dar es Salaam provided with water supply services increased from 55 percent in 2010 to 75 percent by 2015. Specific Targets Basin – level integrated water resources management plans prepared in all basins

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
			Rehabilitate 45 dams and build 3 major new dams Increase number of monitoring stations regularly producing reliable data from 83 to 438 Institute participatory climate change adaptation measures at catchments/water user association level National sanitation campaign and school WASH
Science technology and innovation	Enhance use of ICT by availing communication networks to public to meet domestic demand as well as regional and international businesses	Enhance Tanzania's ICT backbone infrastructural capacity for efficient services; and regional connectivity to provide communication services to the land-locked countries Develop a state of the art ICT infrastructure of adequate capacity, high speed and country-wide coverage that will be commensurate with grassroots needs and compliant with regional and international standards Ensure effective coordination and harmonization of ICT initiatives Establish a national addressing system and postal codes to ensure physical accessibility of citizen, businesses etc. Create a critical mass of ICT skilled labour force and support specialized ICT institutions Introduce the use of new technologies in productive sectors Translate research into products Strengthen STI infrastructure to enhance its role in the productive sector	Complete the National ICT Infrastructure Backbone Project and scale up the broadband access connectivity Tanzania's ICT backbone infrastructural capacity for efficient services and regional connectivity to provide 40 percent of the communication services of the land-locked countries enhanced by 2015 At least 50 MSc and PhD research outputs linked with the productive sector produced by the NM-AIST A well-functioning Biotechnology Centre at SUA, addressing problems related to crop, livestock and fisheries production One food irradiator established at a strategic location in Tanzania
Agriculture	Modernization, commercialization, productivity enhancement and climatic resilience Expansion of irrigation agriculture Diversification of crop production and	Strategic national food reserve management (by targeting the production of maize, rice, cassava, banana, sorghum and sugarcane) Technology and Innovation Promote contract farming and Farmers" Associations Development of Irrigation Infrastructures	Average agricultural annual growth of at least 6 percent; Increase food self-sufficiency for cereals and legumes from 104 percent currently to 120 percent by 2015; Expand irrigation areas from 330,000 hectares at present to 1,000,000 hectares by 2015/16

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
	value enhancement Intensify supply of agro-industrial feed-stocks	Capacity building for irrigation development Undertake irrigation research Assessment of potential water catchments Strengthening the management of integrated catchments Integrated soil fertility management Agricultural land use planning Expand Animal Traction Technology Enhance mechanical power Strengthen Ward Agricultural Resource Centres (WARCs). Strengthen Farmers Field Schools (FFSs), Junior Farm Field and Life Schools, and Farmers Groups Strengthen farmer organizations/associations and provide marketing information Facilitate equipment leasing for farmers and agro-processors Strengthen agricultural financing Enhance capacity of research institutions, training institutions and farmers training centres Build capacity of Pest Control Centres and veterinary laboratories Develop human resources capacity Improve Communication System Promote cultivation of high-value crops including spices, cashew nuts, macadamia nuts, floriculture, pulses, fruits, vegetables, grapes and production of essential and edible oils Intensify production of agro-industrial crops (cotton, tea, coffee, sesame, sisal, sugarcane, tobacco, coconut, sunflower, palms and oil seeds) Promote business models that provide opportunities for small scale producers towards aggregation of produce and develop backward and forward linkages	Increase agricultural labour productivity from TShs. 212,671 (in constant 2001) currently to TShs. 345,724 by 2015/16; Increased production of high-value crops; Increase value addition for local agricultural producers from the current 30 percent to 50 percent by 2015/16 Increase average annual agricultural foreign exchange earnings from currently US$ 700 million to 1,500 million by 2015/16

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
fisheries	Modernization, commercialization, and productivity enhancement	Improve fisheries resource management Improve resources utilization and marketing Enhance aquaculture development Strengthen research training and extension Review the legal and institutional framework Incorporate cross-cutting and cross-sectoral issues	Improved overall fisheries sector growth from the current 4.5% per annum to at least 7% per annum Increased overall fisheries contribution to the GDP from the current 1.2% per annum to 5% per annum Increased annual Government revenue collection from the current TShs. 6.58 billion to TShs. 12 billion Increased fisheries production from the current 350,300 metric tones to about 450,000 metric tones Increased fisheries exports from the current 51,426 tones worth USD 174 million to 62,850 tones worth USD 215 million Increased employment for full time fishers from the current 170,038 to 200,000 Increased fisheries related employment from the current 4,000,000 to 4,200,000 Involvement of national fishing fleet in the EEZ fishery Increased fisheries establishments from the present 24 to 50 Increased seaweed production from the current 8,000 tonnes to 12,000 tonnes (dry weight) Increased aquaculture fish production from the current 1,200 tonnes to 10,000 tonnes Increased centres of fish seed production from the current 8 centres to 20 centres Incidences of illegal/illicit fishing activities reduced by 80%

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
forestry	Modernization, commercialization, and productivity enhancement	Increase Production and Productivity of agro-forestry (including soft and hard timber, medicinal plants) Sustainable management of forest resources Development of forest resources database Sustainable management of forest and bee resources Sustainable management of coastal forest resources REDD initiatives and development	Growth of hunting and forestry sector increased from 1.6% in 2009 to 5.9% by 2015 Increased number of villages (from 2,328 to 2,500) and villagers participating in forest management and forum of collaboration 50 % of the forest industries using appropriate technologies 5% reduced degradation and loss of forest biodiversity Area of forest resources and biodiversity under effective management increased by 10% Comprehensive REDD baseline information and future projection available, regularly updated and applied in forest management Timely provision of forest resource assessment reports, including forest stocks and maps Diversified and improved quality and quantity of bee products by 10%
livestock	Modernization, commercialization, and productivity enhancement	Livestock resource development Improve livestock production and productivity (dairy and beef cattle, goat and sheep, pork, poultry and birds) Provide livestock support services delivery and empowerment Ensure availability of livestock feeds Control animal diseases and provide veterinary public health Enhance marketing of livestock and livestock products Review legal and institutional framework Include cross-cutting and cross-sectoral issues	Overall livestock sector growth improved from 2.7% per annum in 2010 to 5 % per annum by 2016 Overall livestock contribution to the GDP increased from 4.7% equivalent to US$ 789 million (TShs. 947 billion) in 2008 to 7% worth US$ 1.27 billion (TShs. 1,440.30 billion) Calf mortality in the traditional sector decreased from the current 30-45% due to TBD to less than 10% Mortality among free-range chicken will be reduced from current level of more than 60% to less than 30% The traditional cattle herd increased by 3.5% per annum to 21.5 million, 10% of which will be improved beef breeds or Tanzania Shorthorn Zebu finished in commercialized feedlots Cattle off-take from the traditional smallholder sector improved from 8-10% to 12-15% leading to meat production increasing from 422,230MT to 809,000MT

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
			Commercial ranching in NARCO and Privatized satellite ranches increased from the present 83,160 cattle to 127,000 cattle with an off-take rate of 22-23% supplying about 10,000 steers equivalent to 1500 MT of beef p.a. Number of improved dairy cattle increased from 605,000 kept by about 150,000 farm households through annual insemination of about 100,000 doses to about 985,000 cattle kept by about 300,000 farmers Milk production growth increased from current 5-6% per annum to 7% per annum reaching 2.25 billion liters; Egg production increased by 10% per annum from 2.8 billion to 4.7 billion Production of hides and skins increased by 12% per annum from 5 million pieces worth TShs. 21 billion in 2008 to 9.8 million pieces worth about TShs. 40 billion
Manufacturing industry	Enhance transformation of the country's production and export structure commensurate with obtaining demand patterns in the domestic, regional and global markets	Developing anchor activities for self sustaining industrialization (basic industries-metal and engineering, tires, chemical & fertilizers, cement, construction and building materials, automation industries) Promoting development of SEZ and EPZ to fast-track provision of a conducive environment for investment (Bagamoyo, Kigoma, Mtwara, KMTC Kilimanjaro, Tanga) Fast-tracking investment and technology development (to enable large scale fertilizer production using the large natural gas and phosphate deposits) Developing agro-industries for value addition (textiles and garments, essential and edible oils, starch, sugar, cereal flours, sisal fibers, instant coffee, tea bags) Promote industries to facilitate mineral beneficiation and high value addition (precious metals & gemstones grading, cutting, polishing, lapidary and jewellery) Improving the business environment Fostering local participation in industrialization Improving market access	Average annual sector growth of 11 percent Manufacturing sector GDP contribution increased to 12.9 percent by 2015/16 Manufacturing share in total county's export accounting for 19.1 percent by 2015/16 Total manufacturing employment growing from 120,000 people presently to over 221,000 people by 2015/16

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
Mining	To enhance mining sector contribution in the economy	To strengthen the Tanzania Geological Survey in performing its main functions of: (i) conducting geological mapping and identifying mineral-rich areas, (ii) carrying out mineral exploration, and (iii) monitoring geo-hazards Strengthening State Mining Corporation to oversee Government free carried interests and purchased shares in mines Partnering with the private sector to develop mines	Attain average annual growth rate of 5% Mineral sector share to GDP accounting for 3.7% by 2015/16 At least 10% of produced basic minerals are processed locally for beneficiation and value addition Employment in large-scale mining increased from 14,000 in 2010 to 18,000 in 2015
Human Capital Development and Social Services	Re-orient human capital development towards achieving the development goals in the key productive sectors (agriculture, mining, and manufacturing) and economic infrastructure (energy, ICT, and transport	Improve accessibility and equity at all levels of education Improve quality at all levels of education Increase student enrolment in science and engineering, education, agriculture and health profession Improve availability of skilled labour Train diploma and grade A teachers in Teachers' colleges Improve learning and teaching environment for Folk Development Centres/Colleges Provision of scholarships for targeted skills (development of natural gas, uranium, iron and steel and petroleum) Improve and increase the number of training centres and programmes as suggested in the strategic interventions and/or activities/projects of each of the core priority sectors5	Tertiary enrolment rate increased from 1.5% to 4% (marginally above the EAC average enrolment rate, which is 3.2%) 133,000 diploma and grade A teachers trained in 34 colleges MUHAS Campus at Mloganzila constructed and Dodoma university completed 5 higher learning institutions rehabilitated and expanded To have 635,000 VETA- qualified workers by 2015 To increase the share of highly qualified working population from 2.7% to 4.3% by 2015 To increase the share of medium qualified working population from 13.6% to 17.8% by 2015

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
Health	Increase accessibility to health services, based on equity and gender-balanced needs Improve quality of health services Strengthen management of the health system Strengthen execution management of policies and regulations on health services. Enhance human resource development for health and social welfare.	Human Resources Development District Health Services Improvement Maternal, Newborn and Child Health Malaria Curbing HIV and Aids Monitoring Tuberculosis and Leprosy Control Prevention of Non Communicable Diseases Curb Nutrition Issues Research Traditional and Alternative Medicine Enhanced Reduce Burden of Neglected Tropical Diseases Improve Social Welfare Develop health care financing Setting up a Monitoring and Evaluation Framework	To reduce the burden of Malaria by 80% by the end of 2015/16 from current levels To increase and strengthen services for care and treatment of people living with HIV/AIDS to reach 800,000 by 2015/16 To reduce prevalence and death rates associated with Tuberculosis by 50% by 2015/16 To reduce maternal mortality from 578 to 175 per 100,000 live births and under-five mortality from 112 to 45 per 1,000 live births by 2017 To increase percentage of women delivered by skilled attendant from 46% of 2004 till 80% by 2015/16
Tourism trade and financial services	Improve tourism services and revenue generation by taking advantage of the country's untapped resources	Identify and improve tourist attraction sites and products Enhance sustainable conservation and management of cultural sites Institutional capacity development for wildlife Development of Culture Infrastructure centres Conservation, presentation and promotion of cultural heritage resources found in Tanzania Community involvement and participation on cultural heritage conservation and promotion of training of staff	Number of visitors increased by 40% from 671,886 to 940,640 by June 2016 Increased average length of stay of a tourist from 11 to 18 nights in the country-side and 3 to 7 nights in big cities Doubling revenue collection from the current level of TShs. 49 billion by 2016 1,100 students enrolled at Mweka College of African Wildlife Management and 1,000 in National Tourism Training Colleges Increased number of tourists visiting cultural sites, and number of tourists visiting the Southern Circuit increased Infrastructure (including roads, water access, museums, theme parks, information centres, cultural heritage sites) improved Community awareness increased

SECTOR	GOAL	INTERVENTION	KEY OUTPUT/ TARGET BY 2015/16
Trade	Enhance International trade, economic cooperation and regional integration	Building research capacities in identifying opportunities and challenges within the Regional Economic Communities and create awareness Develop adequate capacities for negotiations, monitoring and evaluating Ensure that Tanzania's mandatory contribution to the EAC and SADC are met in time. Identify and implement strategic sectoral regional projects SME Sector development and promotion Building capacity of marketing actors Implementation of Business Activities Registration Act (BARA) Enhancing Capacity of trade and markets development support institutions Enhance trade and business education	Increase Tanzania World Market Share from current 0.022% to 0.1% by 2015/16, Increase Tanzania market share in EAC from current 28% to 40% by 2015/16, Increase Tanzania market share in SADC from current 5% to 10% by 2015/16 Increase contribution of trade to GDP from current 16% to 20% by 2015/16 Trade and marketing information systems established, and related legal framework reviewed and enforced
Financial services	Strengthen Financial Intermediation and Financial Stability	Increase the efficiency of the banking sector Strengthening of agricultural financing Strengthening of manufacture financing Develop and enhance micro credit schemes for soft and friendly Youth Loans	Interest rate spread reduced Attractive saving rate to bolster savings mobilization achieved Financial reforms developed and implemented Ratio of private credit to GDP increased from 16 % to 28 % by 2015 Ratio of domestic deposits to GDP increased from 25 % to 35 % by 2015

Matrix of Monitorable Indicators for Realizing TDV2025 Targets

Target	Target indicator by 2025	TZ base line	TZ current status	Targets for medium and long term
		2000	2010	2015
Economic growth	GDP Per capita growth, percent	2.5	3.6	5.5
	GDP growth rate, percent	5.1	6.5	8.0
	GNI per Capita (Atlas Method) at constant 2009$	270	500 (2009)	670
	GNI per Capita PPP at constant 2009$	770	1,350 (2009)	1,809
	GNP per capita, nominal ($)	300	500	
	Agriculture growth rate, percent	3.37	4.6	6
	Industry growth rate, percent	9	7.0	8.2
	Manufacturing growth rate, percent	8	10.0	11.0
	Growth rate of mining, sector, percent	13	1.2 (2009)	5.0
	Growth of tourism sector, percent	4.3	4.2 (2009)	6.0
	Services growth rate, percent	3.6	7.2	7.5
	Export growth rate, percent	-5.0	8.4	10.0
	Import growth rate, percent	12.0		
Macro economic stability	Inflation rate, percent	5.9	6.8 (Mean 2000-2009)	4-5 percent
	Unemployment, total (percent of total labour force)	5(2001)	4.7 (Mean)	4.0
Diversified and semi industrialized economy	Agric (percent of GDP)	33.1	28.4 (2009)	25.4
	Industry (percent of GDP)	19.0	24.0 (2009)	26.5

Target	Target indicator by 2025	TZ base line	TZ current status	Targets for medium and long term
	Manufacture (percent of GDP)	9.3	9.4 (2009)	12.0
	Services (percent of GDP)	47.9	47.6 (2009)	48.1
	Export (percent of GDP)	20.0	19.2	23
	Import of goods and services (percent of GDP)	26.2	26	
	Gross Domestic Saving as % of GDP	13.2	10.6	14
	Net ODA(percent of GNI)	13.7	10	
	Revenue (percent of GDP)	17.5	19	
	Employment in agric (percent	74.6	74.6	65
	Employment in industry (percent of total)	5.0	6.0	8.0
Energy	Electric power (KWH per Capita)	(900MW) 81.7 kWh	200 kWh	
Population growth rate	Population growth rate	2.9	2.7	
	Rural population, percent of total	74	74	70
	Total population (Millions)	34.4 (2002)	45	49.8
Food self sufficiency	Food self sufficiency ratio (average)	92	100	120

REVIEW OF THE PLAN AND BUDGET IMPLEMENTATION

FOR 2010/11 AND MID YEAR 2011/12

DAR ES SALAAM

FEBRUARY 2012

Table of Content

Abbreviations and Acronym

ASDP	Agriculture Sector Development Programme
BoT	Bank of Tanzania
CIF	Cost, Insurance and Freight
DFI	Development Financial Institution
D by D	Decentralization by Devolution
DOD	Disbursed Outstanding Debts
EAC	East African Community
FDI	Foreign Direct Investment
FSAP	Financial Sector Assessment Program
FoB	Free on Board
GBS	Genera Budget Support
GDP_{mp}	Gross Domestic Product, at market price
GFC	Global Financial Crisis
HR	Human Resource
HCMIS	Human Capital Management Information System
HBS	Household Budget Survey
HDI	Human Development Index
IT	Information Technology
LGAs	Local Government Authorities
M2	Broad Money Supply
M3	Extended Broad Money supply
MDAs	Ministries, Departments and Agencies
MDG	Millennium Development Goals
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
NBS	National Bureau of Statistics
NFA	Net Foreign Assets
OPRAS	Open Performance Appraisal System
PRS	Poverty Reduction Strategies

PMS	Public Management System
SADC	Southern Africa Development Community
SGFSRP	Second generation financial Sector Reform Programme
SMEs	Small and Medium Enterprises
TIB	Tanzania Investment Bank
TASAF	Tanzania Social Action Fund
TIC	Tanzania Investment Centre
TISS	Tanzania Inter-bank Settlement System
TRA	Tanzania Revenue Authority
USD	United States Dollar
VAT	Value Added Tax
WEO	World Economic Outlook

ANNEXES: REVIEW OF THE PLAN AND BUDGET IMPLEMENTATION FOR 2010/11 AND MID YEAR 2011/12

SECTION I: RECENT MACROECONOMIC DEVELOPMENTS

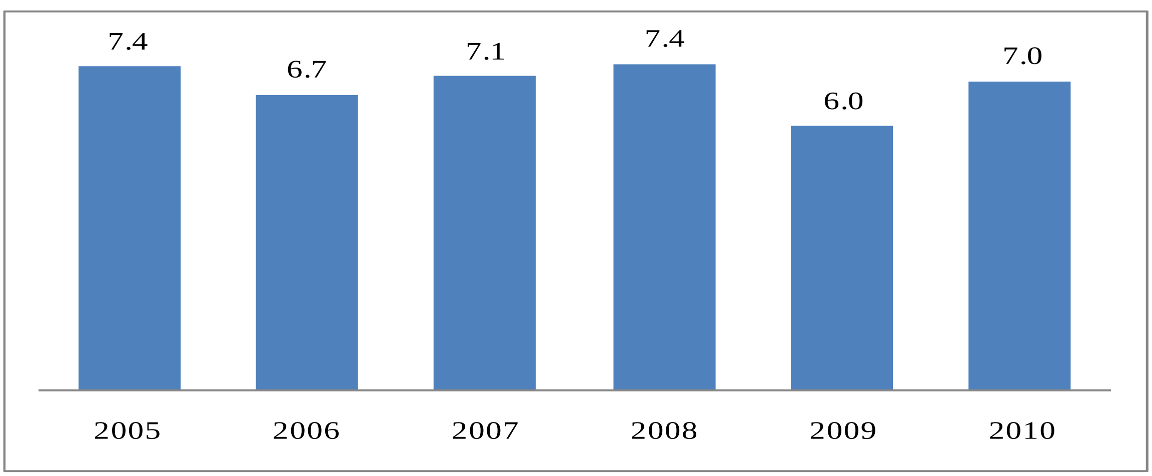
Introduction

151. This section describes development in key macroeconomic variables in 2010 and the first half of 2011. The variables under review include GDP growth, inflation, credit development, external trade, exchange rate, public finance, money supply and public debt.

GDP Growth

152. Tanzania continued to record good economic performance in 2010, registering real GDP growth of 7.0 percent as targeted compared with 6.0 percent recorded in 2009 **(Chart 1).**

Chart 1: Tanzania: GDP Growth at Constant 2001 Prices (In Percent)

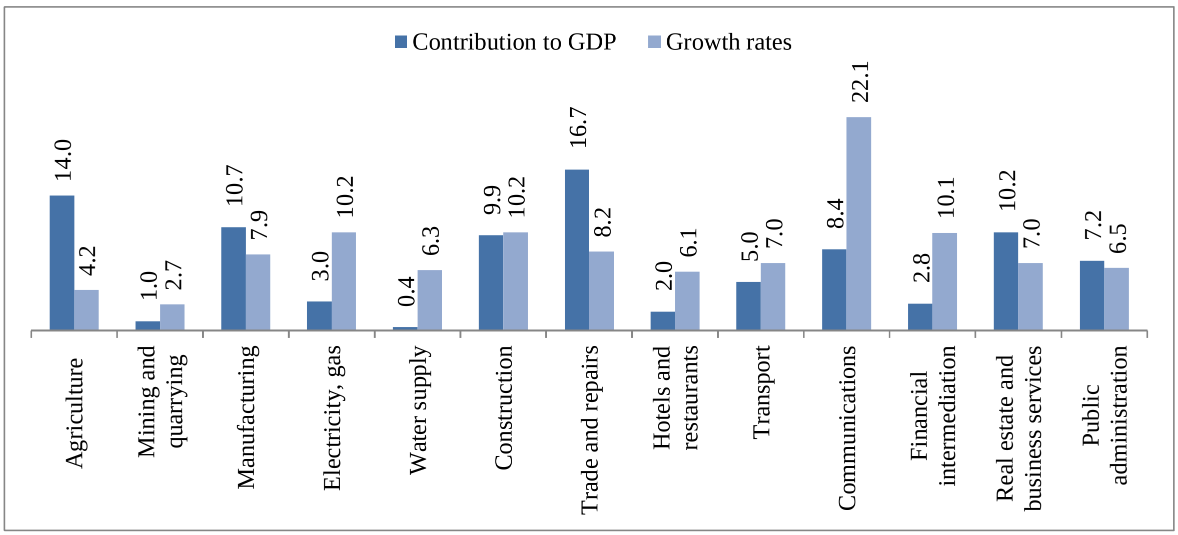


153. Higher growth rates were recorded in all activities when compared to the preceding year, except for manufacturing which maintained more or less the same growth. Growth was particularly high in communications economic activity, financial intermediation and construction. Consistent with rapid increase in mobile phone

usage, the highest growth continued to be registered in communication sub activity, which grew at 22.1 percent in 2010, after having grown at an average annual rate of 20.1 percent in the preceding five years.

154. The main contributors to GDP growth in 2010 were Trade and repairs (16.7 percent); Agriculture (14.0 percent); Manufacturing (10.7 percent); Real estate and business services (10.2 percent); and financial intermediation (10.1 percent) as depicted in the **Chart 2.**

Chart 2: Real GDP Growth and Contribution by Activity, 2010 (In Percent)



155. Growth in agricultural and livestock economic activities increased to 4.2 percent in 2010 compared with 3.2 percent in 2009 due to good weather in the 2009/10 agricultural season; Government initiative in respect of input subsidies and irrigation infrastructure; and the implementation of ASDP. In particular, crop sub activity grew by 4.4 percent in 2010 compared to 3.4 percent recorded in 2009 mainly on account of increased crop production such as maize, paddy, sorghum and cassava.

156. Fishing activities grew by 1.5 percent in 2010 compared with 2.7 percent in 2009. The slowdown in growth rate was caused by decreased demand for fish and fish products in the foreign markets; decrease in fish harvest particularly in lakes as a result of destruction of marine ecosystems in fish hatcheries; overfishing; illegal fishing practices; and use of poor fishing gears.

157. The growth rate of industry and construction economic activities increased from 7.0 percent in 2009 to 8.2 percent in 2010, mainly on account of good performance in construction, water supply and electricity and gas sub-activities. The growth rate of construction sub-activity increased to 10.2 percent in 2010 up from 7.5 percent recorded in 2009. The good performance is attributed to the increase in the construction works as part of infrastructure development.

158. The growth rate of electricity and gas sub activity also increased from 8.4 percent in 2009 to 10.2 percent in 2010. The growth is a result of increase in hydropower electricity generation as well as government efforts to enhance capacity of other sources of power including thermal and gas. Production increased to 5.3 billion kwh in 2010 from 4.7 billion kwh in 2009, equivalent to an increase of about 11.2 percent. The amount produced was however 62.4 percent of the total demand of 850MW. New connections increased by 7.9 percent in 2010 compared to 5.6 percent in 2009. Water supply sub-activity grew by 6.3 percent in 2010 compared to 5.6 percent in 2009. The increase was attributed to the continued efforts by the Government to improve water infrastructure in the rural and urban areas and increase in the number of people supplied with water.

159. On the other hand, the growth in manufacturing sub- activity slowed down to 7.9 percent in 2010 from 8.0 percent in 2009, mainly on account of increase in the cost of production associated with power shortage, increase in the cost of imported raw materials, notably fuel.

160. In 2010, services economic activities grew by 8.2 percent compared to 7.2 percent recorded in 2009. The increase in the growth rate was recorded in all services economic sub activities including hotels and restaurants; and trade and repairs; mainly on account of recovery of sub activities which were affected by the Global Financial Crisis (GFC). Table 2 describes performance of main economic activities from 2005 to 2010.

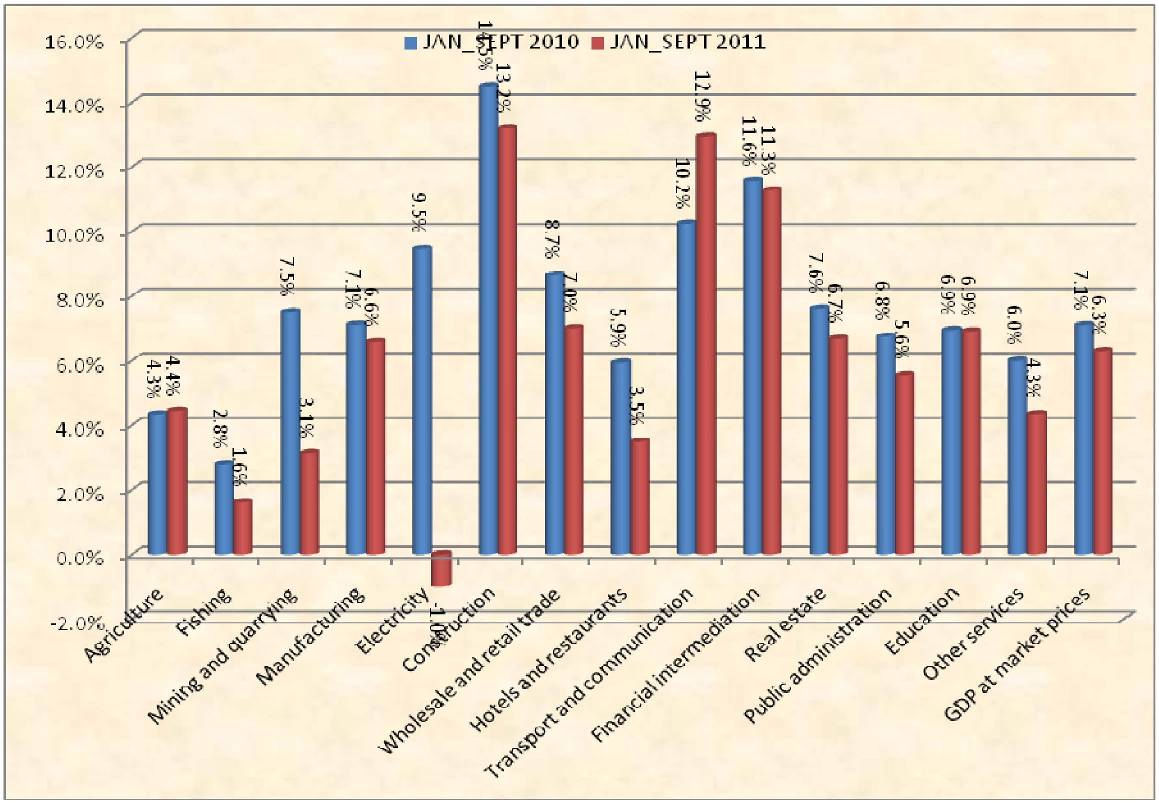
Table 1: Real GDP Growth (Percentage Change)

Economic Activity	2005	2006	2007	2008	2009	2010	Av (05-10)
GDP at market prices	7.4	6.7	7.1	7.4	6.0	7.0	7.0
Agriculture, Hunting and Forestry	4.3	3.8	4.0	4.6	3.2	4.2	4.0
Fishing	6.0	5.0	4.5	5.0	2.7	1.5	4.1
Industry and construction	10.4	8.5	9.5	8.6	7.0	8.2	8.7
Services	8.0	7.8	8.1	8.5	7.2	8.2	8.0

Source: Ministry of Finance

161. **In the first three quarters of 2011 (January – September),** real GDP grew by 6.3 percent compared to 7.1 percent attained in the corresponding period in 2010. The slowdown in the overall GDP growth in the first half of 2011 emanated from the erratic power supply which affected particularly manufacturing and electricity economic activities during the period under review. Manufacturing activity recorded a growth rate of 6.6 percent in the first three quarters of 2011 compared to 7.1 percent in the corresponding period in 2010. Electricity economic activities contracted by 1.0 percent compared to 9.5 percent in the same review period in 2010. The drastic slowdown in growth rate was partly due to shortages of rainfall especially in the hydro dam catchments areas, dilapidated thermal power plants and the servicing of the gas turbines during the period. **Chart 3** indicates performance of real GDP in the first three quarters of 2010 and 2011.

Chart 3: Real GDP Growth for January-September of 2010 and 2011



162. Higher growth rates were recorded in construction (13.2 percent), transport and communication (12.9 percent), financial intermediation (11.3 percent) and trade (7.0 percent). Based on performance in the first three quarters of 2011, and the performance of key indicators as detailed below, the full year GDP growth projection of 6.0 percent is likely to be achieved.

Table 2: GDP Growth

	SEMI ANNUAL GDP		QUARTERLY GDP					
Year	2010	2011	2010			2011		
	FIRST 3 QUARTERS 2010	FIRST 3 QUARTERS 2011	Q1	Q2	Q3	Q1	Q2	Q3
Agriculture	4.3%	4.4%	2.00%	2.90%	6.3%	2.60%	3.50%	5.8%
Fishing	2.8%	1.6%	9.40%	1.90%	-1.5%	2.30%	0.70%	1.9%
Mining and quarrying	7.5%	3.1%	28.30%	20.50%	-12.3%	2.10%	5.80%	1.5%
Manufacturing	7.1%	6.6%	4.50%	7.50%	9.0%	4.80%	6.20%	8.3%
Electricity	9.5%	-1.0%	5.10%	10.00%	13.0%	4.70%	3.10%	-9.7%
Construction	14.5%	13.2%	8.60%	24.00%	13.2%	8.20%	25.40%	8.0%
Wholesale and retail trade	8.7%	7.0%	9.00%	9.60%	7.4%	8.00%	6.00%	7.0%
Hotels and restaurants	5.9%	3.5%	3.50%	7.30%	7.0%	2.90%	2.40%	4.9%
Transport and communication	10.2%	12.9%	11.30%	6.60%	12.9%	10.50%	12.70%	15.3%
Financial intermediation	11.6%	11.3%	9.80%	14.60%	10.1%	10.30%	11.60%	11.5%
Real estate	7.6%	6.7%	13.10%	5.60%	3.8%	7.80%	6.30%	5.8%
Public administration	6.8%	5.6%	6.50%	7.00%	6.7%	3.70%	5.80%	7.1%
Education	6.9%	6.9%	5.90%	7.10%	7.9%	6.80%	6.70%	7.2%
Other services	6.0%	4.3%	5.60%	6.30%	6.1%	3.90%	4.10%	5.0%
FISIM	10.0%	10.8%	10.50%	12.90%	7.2%	11.30%	12.00%	9.5%
GVA at constant basic prices	7.3%	6.5%	7.60%	7.30%	7.0%	5.90%	6.90%	6.6%
Taxes on products	5.1%	3.6%	9.00%	4.30%	2.6%	4.90%	3.10%	3.0%
GDP at market prices	**7.1%**	**6.3%**	**7.70%**	**7.20%**	**6.7%**	**5.80%**	**6.70%**	**6.4%**

Source: National Bureau of Statistics

Performance of Leading Indicators of Growth

163. Most 'leading indicators' have shown good performance despite the challenges above. Such indicators include production and domestic revenues among others as detailed below. Performance of revenue has so far remained on track. Production related government revenues registered significant increase in the first nine months of 2011, compared to similar period of the preceding year. Revenue from PAYE and corporate income tax in the first nine months of 2011 was 28 percent and 30 percent higher than the collection made in the corresponding period of the preceding year, respectively. Excise tax also registered a significant increase of 18 percent during the same period indicating strong performance in activities subject to excise duty.

164. The good performance was a result of administrative measures taken that facilitated the increase in revenue. Those measures include: the use/enforcement of Electronic Fiscal Device (EFD) which became operational since July 2010; intensification of the Block Management System[4]; establishment of tax revenue centers in active business areas such as Kariakoo, Kimara, Temeke; and improvement of Valuation System through strengthening the audit of tax payers. **Chart 4** portrays revenue performance in the first 9 months 2011 compared with preceding years. It reveals that there is indication of recovery from the global financial crisis (GFC) which impacted more in years 2009 and 2010. Corporate income tax was severely affected by the GFC in the year 2009.

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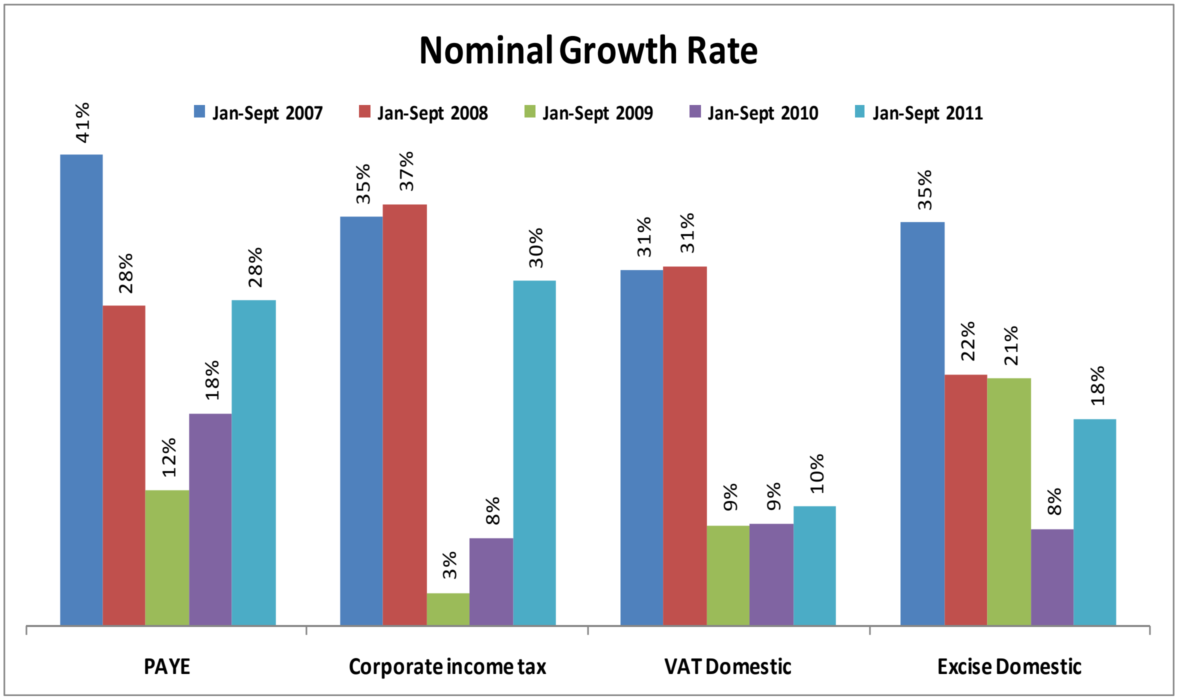
[4] BMS is a system used by TRA where officers are assigned specific blocks/locations of revenue collection with target

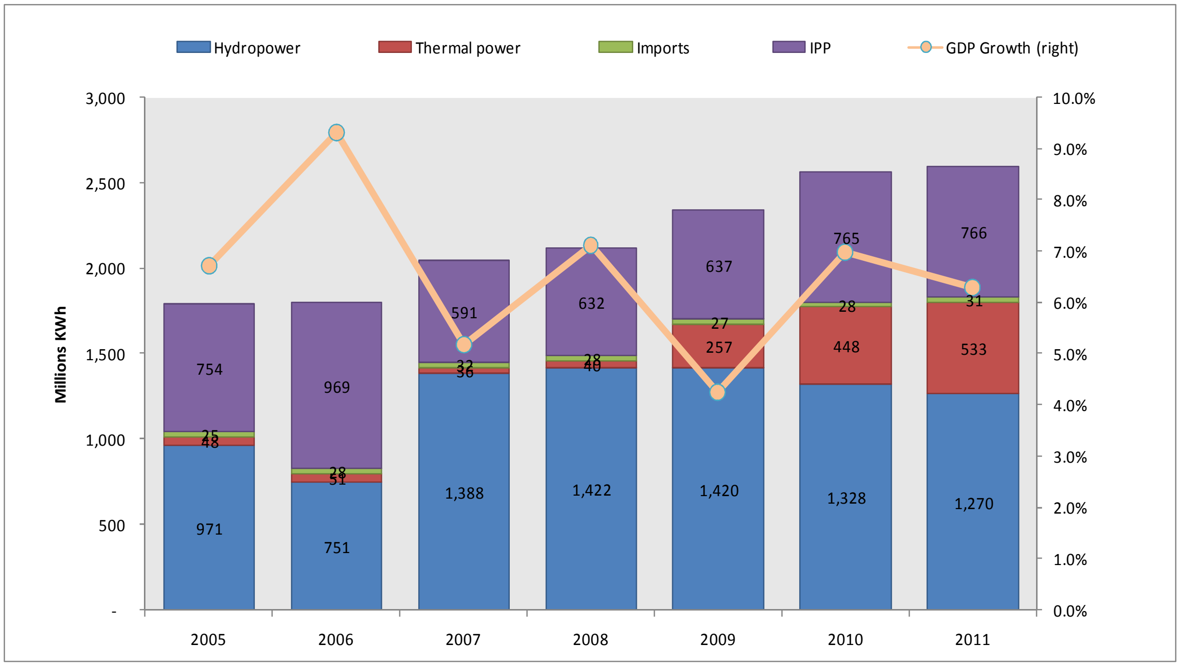
Chart 4: Performance of Revenue Collection in the first 9 months 2011



165. Production indicators revealed an increase in the first six months of 2011. Cement production increased by 23 percent compared with 12.2 percent produced in the corresponding period in 2010, indicating strong performance in the construction industry. The USD value of exports of both manufactured and traditional agricultural products registered increases of 18.3 percent and 35.4 percent respectively higher than that of a similar period in the preceding year.

166. The overall power generation improved slightly in the first half of 2011 as depicted in the **Chart 5** though there was decrease in hydropower generation due to decrease in water level in the main dams. The improvement was mainly emanated from Government intervention to implement the emergency power plan and supply from independent power plants to supplement the shortage in the national grid.

Chart 5: Semi -Annual Electricity Production vs GDP Growth 2005 - 2011



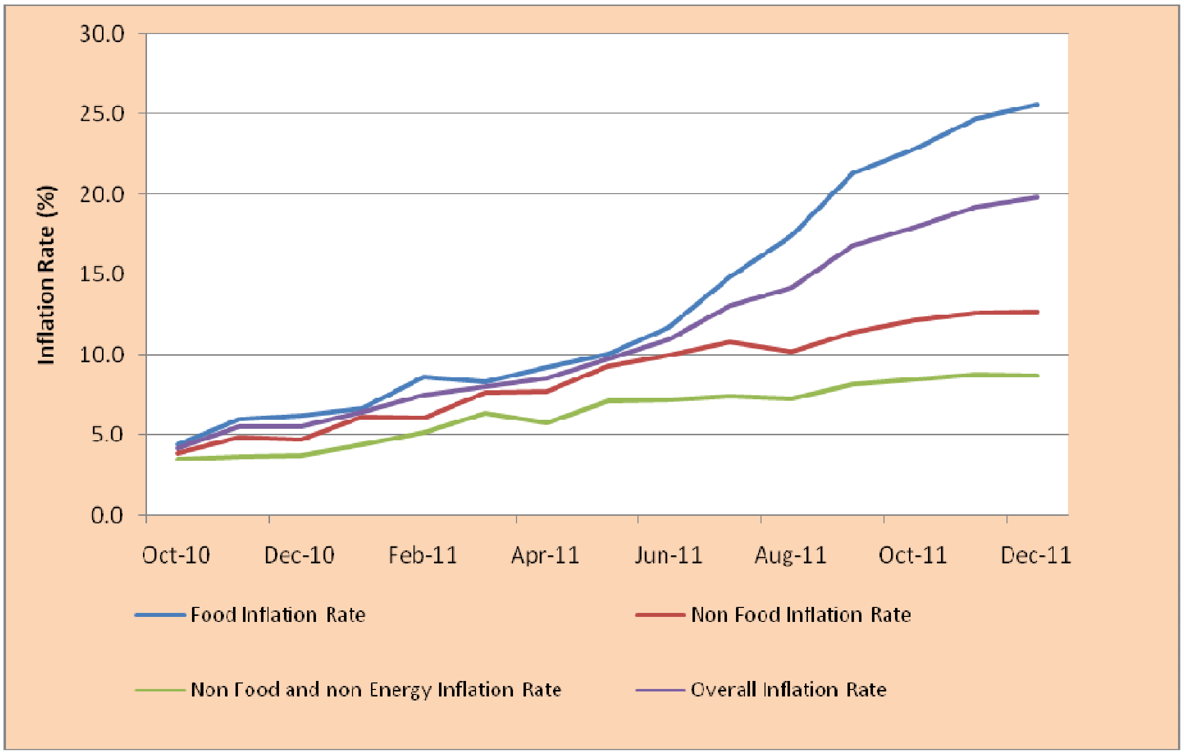
Inflation

167. The overall annual inflation rate for 2011 increased to 12.7 percent from 5.5 percent in 2010. Inflation trended upward in the year to December 2011, reaching 19.8 percent from 5.6 Percent in December 2010, owing to the increase in the general prices of energy and food. The increases in food prices were caused by food shortage in part of the country following inadequate rains in the fourth quarter of 2010 as well as food shortage in the Eastern Africa region particularly Somalia, Ethiopia and Kenya. Other reasons include increase in the general price of electricity, cooking oil, gas, sugar and imported raw materials; Power supply shortages and continued increase of fuel price in the World Market. The average price of fuel in the world market reached a peak of USD 116.2 per barrel in April 2011 from USD 90 per barrel in December 2010 and thereafter an average of USD 100 per barrel by October 2011.

168. The annual inflation rate which excludes food and energy for the year ended December 2011 increased to 8.7 percent from 3.7 percent in December 2010. The annual inflation rate for food consumed at home and away from home increased to

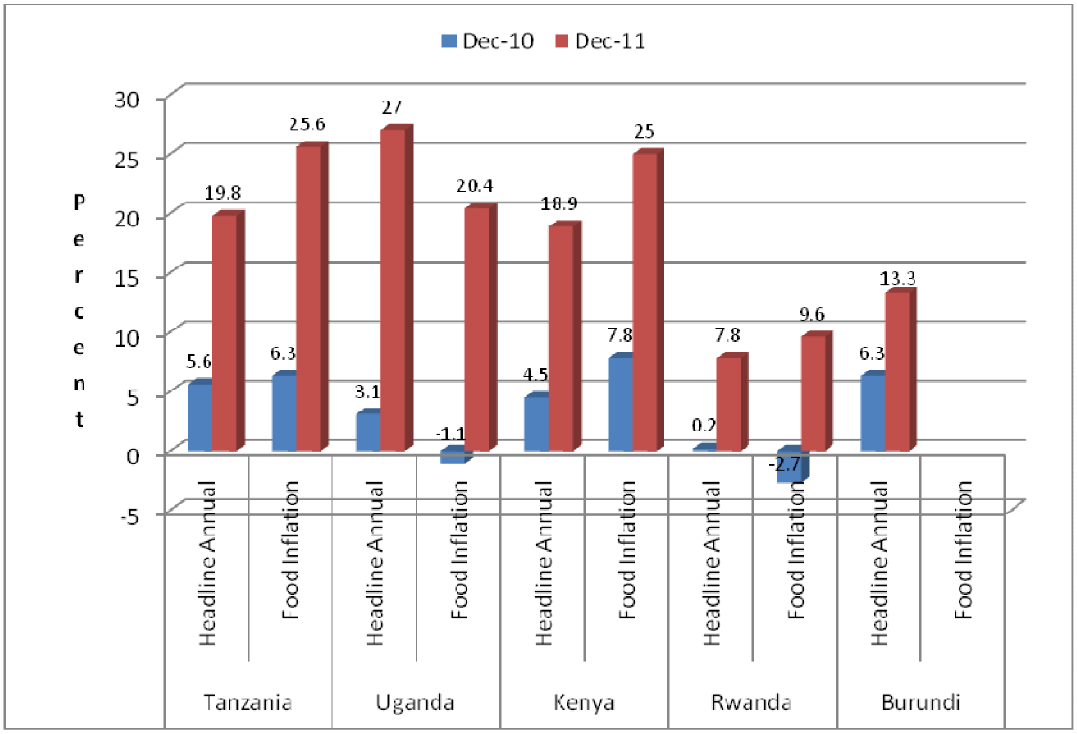
25.6 percent in the year ended December 2011 as compared to 6.3 percent in December 2010. The annual inflation rate for energy increased to 41.0 percent in December 2011 from 12.3 percent registered in year ended December 2010. **Chart 6** shows price movement in various categories.

Chart 6: Price Movement



169. In comparison to the rest of EAC countries, the Uganda annual headline inflation rate for the year-ending December 2011 increased to 27.0 percent from 3.1 percent during the period ended December 2010. Such a surge was due to food inflation rate of 20.4 percent recorded in December 2011. Kenya's overall inflation rate increased to 18.9 percent in December 2011 from 4.5 percent during the corresponding period in 2010. This increase was caused by higher food inflation rate (25.0 percent) registered in year ended December 2011. Rwanda and Burundi recorded headline inflation of 7.4 percent and 16.4 percent during the period ended November 2011 respectively compared with 1.1 percent and 5.5 percent in corresponding period in 2010. **Chart 7** portrays price movement in the EAC region.

Chart 7: Price movement in EAC



Government Finance

170. Government budgetary operations for the fiscal year 2010/11 experienced a shortfall of 7 percent in domestic revenue collection compared to budget estimate. Nonetheless, there was a significant improvement in collections when compared with the corresponding period of 2009/10. Meanwhile, the overall expenditure was adjusted in line with available resources but key spending items were protected. Disbursements of foreign grants in the form of general budget support and basket support funds were above donor's commitments. However, foreign development project grants fell short of commitments due to delays in disbursements, project execution and delays in data reporting of direct-to-projects funds. With exception of general budget support loans, all other external loans under-performed relative to budget estimate.

1. General budget support loans, all other external loans under-performed relative to budget estimate.

Domestic Revenue

171. Total domestic revenue collection (including LGAs own sources) in 2010/11 was Tshs. 5,698.5 billion, equivalent to 92 percent of budget estimate of Tshs. 6,176.2. The shortfall was mainly associated with the impact of power rationing as evidenced in consumption taxes. Specifically, collections in income and excise taxes were slightly above budget estimates while other revenue categories underperformed. Despite the shortfall, revenue collection grew by 22 percent from 2009/10 levels. Tax revenue collection was 94 percent of estimate, while non-tax revenue was 78 percent. The underperformance of non tax revenue was due to lack of integrated and harmonized collection systems leading to inefficiency in revenue collection. Income and excise duty performed above the target as a result of efficiency gain in tax administration. Tax revenue grew by 20 percent to Tshs. 5,295.6 in 2010/11 compared with the previous year collection of Tshs. 4,427.8. This is a remarkable achievement considering that in the same year the economy grew in nominal terms by around 14 per cent.

172. In the first half of 2011/12, the Government planned to collect Tsh billion 3,522.4 of which tax revenue was Tsh 3,099.5 billion and Tsh 422.8 billion for non-tax revenue including LGAs own collections. Actual revenue collections in the period amounted to Tsh 3,437.3 billion reflecting performance level of 98 percent. Collection of tax revenue reached Tsh 3,145.3 billion being 101 percent of the target. Non-tax revenue collections amounted to Tsh 172.1billion, being equivalent to 69 percent of the target of Tsh 247.6 billion. Non-tax revenue underperformed significantly below estimates. Measures are being taken to ensure there is a reduction of the shortfall against budget target levels. Actual LGAs own source revenue collection was Tsh. 120.0 billion which is 68 percent of the estimates of Tsh 175.2, indicating a good trend.

Expenditure

173. Total expenditure for the year 2010/11 amounted to Tshs. 10,202.6 billion, being 88 percent of the annual budget estimates of Tshs 11,609.6 billion. Recurrent expenditure was Tshs 7,453.6 billion, equivalent to 96 percent of estimates for the year. On the other hand, development expenditure Tshs 2,749.0, equivalent to 72 percent of the estimates. Major part of total expenditure was directed to health, education, economic infrastructure and creation of employment in social sectors. There was a remarkable increase in the number of employment in social sector leading to a 6 percent increase in wages and salaries expenditure. In additional, domestic borrowing was higher than expected due to increase in the interest rates.

174. Foreign interest payments were below estimates as some interest obligations were not settled pending negations for debt rescheduling. Despite a significant increase in transfers to TANESCO for purchase of oil to run IPTL generators, spending on other goods and services were held at 90 percent of estimates. Development expenditure both locally and foreign financed was only 69 percent of estimates. Delay in the disbursement of external non-concessional borrowing led to under-spending in locally financed development projects. Slow spending in foreign financed development projects were associated with delays in donor's disbursements and data reporting of direct-to-project funds.

175. In the first half of 2011/12, total expenditure amounted to Tsh 6,013.7 billion, being 87.7 percent of the estimated Tsh 6,854.4 billion. Out of total expenditure, recurrent expenditure was Tsh 2,700.9 billion, salaries and wages was Tsh 1,643.1 billion and development expenditure was Tsh 1,670.0 billion. Local development expenditure was Tsh 959.3 equivalent to 97 percent of the estimate for the period. Good performance of local component was a result of realization of non concessional loans. Foreign development expenditure disbursed was Tsh 710.8 billion.

External Resources

176. In the year ending June 2011, total grants disbursed were Tsh. 1,783.8 billion, equivalent to 88.8 percent of donors' commitments. While concessional loans were Tsh.847.8 billion, equivalent to 68 percent of commitments. Underperformance of grants and loans were due to delayed disbursement of foreign projects. Disbursements of General Budget Support and Basket Support were 13 and 17 percent respectively over the donors' commitments; this was due to exchange rate gain and some of the donors disbursed more than their commitments.

177. During the period July – December, 2011, total disbursed grants were Tsh 958.9 billion and concessional loans were 352.2 billion. Project loans and grants disbursed during the same period were Tsh 481.1 billion; while basket loans and grants were Tsh 219.1 billion. General Budget Support was Tsh. 610.1 billion being 70 percent against the target of Tsh 869 billion. The shortfall was due to delayed disbursements by some of the donors as agreed during the annual policy review of 2011.

National Debt Stock

178. The National Debt Stock, as at end of December 2011, stood at USD 11,892.3 million compared to USD 11,379.9 million recorded in December, 2010. Domestic Debt Stock (including BoT liquidity paper) as of December, 2011 stood at Tsh. 4,641.0 billion; out of which Central Government Securities amounted to Tsh. 4,238.9 billion while Other Public Sector Debt was Tsh 402.1 billion. On yearly basis, the total domestic debt increased by 5.8 percent from Tsh. 4,385.4 billion in the period ending December 2010 to Tsh. 4,641 billion in the period ending December 2011. On the other hand, total National External Debt Stock as of end of December, 2011 stood at USD 8,959.6 million, of which USD 7,133 million was public debt and USD 1,826.6 million was private sector debt.

179. On the other hand, Public Debt Stock (Central Government and Other Public Sector guaranteed Debt), as at end of December 2011, stood at USD 10,065.7 million, compared to USD 9,516.5 million recorded for the period ending December 2010. Out of this amount, USD 2,932.7 million (Tsh. 4,641 billion) was domestic debt and USD 7,133 million was external debt. The increase of public debt stock is attributed to newly contracted domestic and foreign loans for financing various development projects and accumulation of interest arrears in the external debt portfolio.

180. Total debt service for the financial year 2010/11 was Tsh. 1,405.7 billion, out of which external debt service was Tsh. 113.3 billion, comprising principal Tsh. 48.8 billion and interest Tsh. 64.5 billion. Domestic debt service was Tsh. 1,292.4 billion, of which Tsh. 720 billion was rollover, Tsh. 300.8 billion was cash paid to the converted liquidity paper to financing paper and Tsh. 271.6 billion was interest rate paid.

181. The total debt service for the first half of 2011/12 was Tsh. 861.4 billion of which, (Tsh. 757.3 billion) equivalent to 88 percent of total was domestic debt service while the remaining Tsh. 104.1billion was external. On the domestic debt service, Tsh. 615 billion was for rolling over of matured principal while Tsh. 142.3 billion was interest paid. For external debt service, Tsh. 41.3 billion was for principal payment while the remaining Tsh. 62.8 billion was for interest repayment.

182. The analysis of external debt by creditor category indicates that, multilateral loans continued to be the major source of external financing, accounted for 67 percent of the total debt followed by bilateral debt which accounted for 25 percent, whereas commercial and export credits constituted 8 percent.

Money and Credit Developments

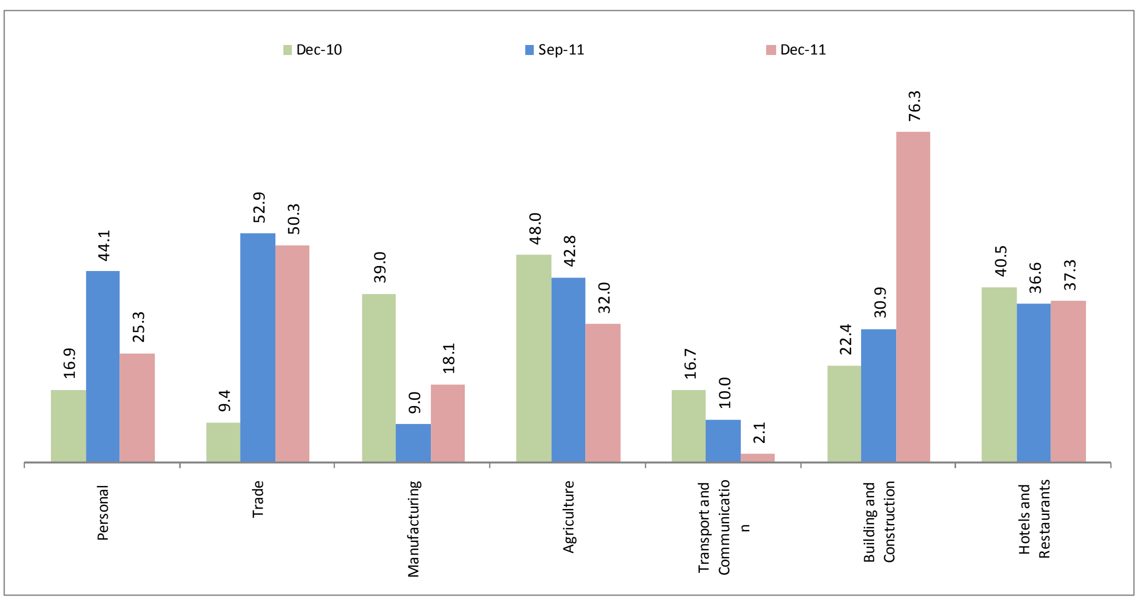
Money Supply

183. In the year ending December 2011, extended broad money supply (M3) recorded growth rate of 18.2 percent compared with the projected growth of 21.3 percent for the period, and the growth rate of 25.4 percent recorded in the year ending December 2010. Broad money supply (M2) during the period ended December 2011 grew by 15.0 percent compared with a growth rate of 21.8 percent recorded in the corresponding period in 2010.

Credit to Private Sector

184. Credit to the private sector continued to pick up, growing at an annual rate of 27.2 percent in December 2011 compared with 20.0 percent recorded in the corresponding period in 2010. Activities that attracted the highest growth of credit during the review period were building and construction, trade, hotels and restaurants and agriculture. On the other hand, growth of credit to personal and transport and communication activities slowed down due to repayment made by major borrowers. **Chart 8** shows the growth trend of bank's credit to private sector.

Chart 8: Annual Percentage Growth of Commercial Banks' Credit to Selected Activities



185. Meanwhile, during the review period, personal loans continued to dominate in terms of share of total private sector credit, accounting for 20.8 percent, followed by trade activities which accounted for 20.4 percent, manufacturing 12.4 percent, agriculture 12.3 percent, and transport and communication 7.3 percent.

Interest Rate

186. Overall time deposit rate increased from 6.09 percent in December 2010, to 7.12 percent in December 2011. Further, 12-month time deposit rate increased from 7.10 percent in December 2010 to 9.14 percent in December 2011. In addition, short term lending rates (one year) increased to 13.73 percent, December 2011 compared to 14.37 percent in December 2010. Based on such trend, the spread between short-term lending and deposit rates narrowed to 4.59 percentage points in December 2011 from 7.26 percentages point December 2010.

187. The interest rate charged by banks continued to be high despite the increase of competition in the banking system. This is partly on account of lack of credit reference data bank for potential borrowers and increase in the cost of doing business. The Government under the auspices of the Second Generation Financial Sector Reform program is in the process of establishing credit reference bureau. The Regulations for the Credit Reference Databank (CRD) and Credit Reference Bureau were gazetted through Government Notices number 177 and 178 respectively and became effective in October 2010.

Table 3: Interest Rate Trend

	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Discount rate	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	9.58	12.00	7.58
Savings Deposit Rate	2.43	2.46	2.7	2.66	2.41	2.4	2.39	2.39	2.44	2.34	2.59	2.87	2.90
Overall Time Deposit Rate	5.99	5.96	5.75	5.9	5.96	6.1	6.06	6.42	6.3	6.2	6.2	7.73	7.12
12-Month Time Deposit Rate	7.1	7.33	7.34	7.53	7.75	8.15	7.9	8.03	7.96	7.33	7.58	8.05	9.14
Negotiated Deposit Rate	8.45	8.87	8.5	7.86	7.44	7.38	7.44	7.40	9.28	9.05	9.25	8.84	9.99
Overall Lending Rate	14.92	14.7	14.83	15.04	15.41	15.25	15.02	15.71	15.72	14.76	14.78	14.13	14.21
Short Term Lending Rate (One Year)	14.37	13.85	14.3	14.58	14.76	14.57	14.72	14.84	15.62	15.11	14.95	13.53	13.73
Negotiated Lending Rate	13.33	13.88	13.32	13.34	13.32	13.48	13.81	13.75	13.98	13.97	12.98	13.79	13.60
Interest rate spread (One Year)	7.27	6.52	6.96	7.05	7.01	6.42	6.81	6.8	7.62	7.8	7.4	5.48	4.59

Source: Bank of Tanzania

Exchange Rate

188. The value of the Tanzanian Shilling depreciated by 10.4 percent against the US dollar to Tsh 1,599.98 in December 2011 from Tsh 1,449.5 in December 2010. The depreciation of the shilling in the recent months was on account of: deficit in the current account balance associated with increased import demand for fuel to run the power plants. It is worth noting that export earnings can meet only 60 percent of the import bill thus exerting pressure on the need for foreign currency leading to the depreciation of the local currency. The challenge is therefore to increase exports. Other factors behind currency depreciation include: increase in inflation in trading partner' countries; instability in Euro currency which led to the appreciation of the US dollar; non realization of non concessional borrowing as well as delays in the disbursement of grants. Further, pledges from DPs in the first quarter of 2011/12 were USD 299 million but only 8.3 percent was disbursed. Given the fact that such

expected foreign earnings were not realized, created another pressure on foreign exchange.

External Sector Developments

189. During the year ending December 2011, current account deficit widened by 89.5 percent to USD 4,633.1 million compared to a deficit of USD 2,445.2 million recorded in the year ending December 2010. This development was mainly driven by widening gap in goods account and delays in disbursement of funds by development partners. As a result, gross official reserves declined to USD 3,761.2 million at end December 2011, from USD 3,921.2 million in December 2010. The level of reserves was sufficient to cover about 4.1 months of projected import of goods and services. Table 4 summarizes performance of external trade.

Table 4: Current Account Balance: Millions of USD

Items	December		2011[p]		Calendar Year (12 month total)		% Change
	2009	2010	November	December	2010	2011[p]	
Goods Account (net)	**-239.7**	**-349.7**	**-508.4**	**-728.1**	**-3,429.2**	**-5,382.1**	**56.9**
Exports	296.2	411.6	387.8	398.7	3,736.3	4,405.7	17.9
Imports	535.9	761.3	896.1	1,126.8	7,165.5	9,787.7	36.6
Services Account (net)	**35.83**	**15.43**	**7.93**	**-19.8**	**198.8**	**189.3**	**-4.8**
Receipts	182.7	202.1	212.4	219.3	2,051.1	2,399.7	17.0
Payments	146.8	186.7	204.5	239.1	1,852.4	2,210.4	19.3
Goods and services (net)	**-203.9**	**-334.2**	**-500.4**	**-747.9**	**-3,230.4**	**-5,192.8**	**60.7**
Exports of goods and services	478.9	613.7	600.2	618.0	5,787.5	6,805.3	17.6
Imports of goods and services	682.8	948.0	1,100.6	1,365.9	9,017.9	11,998.1	33.0
Income Account (net)	**5.9**	**-2.8**	**-9.5**	**-15.5**	**-40.8**	**-51.2**	**25.6**
Receipts	23.1	14.9	14.6	11.3	160.1	185.2	15.7
Payments	17.2	17.7	24.2	26.8	200.8	236.4	17.7
Current Transfers (net)	**53.7**	**203.4**	**81.3**	**259.9**	**826.0**	**610.9**	**-26.0**
Inflows	59.7	210.1	90.6	267.9	905.0	703.6	**-22.3**
o/w General Government	49.8	201.6	82.0	259.6	798.1	600.9	**-24.7**
Outflows	6.0	6.8	9.3	8.0	79.0	92.7	**17.3**
Current Account Balance	**-144.3**	**-133.7**	**-428.7**	**-503.5**	**-2,445.2**	**-4,633.1**	**89.5**

Note: P = Provisional

Source: Bank of Tanzania

Financial Sector Outreach

190. The financial sector in Tanzania is dominated by banking institutions which account for 75 percent of the total assets of the financial system, followed by pension funds (21 percent), insurance (2.0 percent) and 2 percent others. The

banking sector continued to grow during the year ending October 2011, total number of banks increased to 45 from 42 reported in the similar period of 2010, while the number of branches increased from 464 to 498. Total financial sector assets have expanded rapidly in the past decade from Tsh.1,637 billion at end of December 2001 to Tsh. 15,455.4 billion in October 2011. Despite the rapid growth, the financial sector deepening remains small and access to finance is limited for both urban and rural population.

191. The sharp increase in the number of mobile telephone payment services has supported an astounding expansion in outreach by providing the previously unbanked customers with a range of cash transfer and bill payment services through mobile telephone payment services. As of June 30, 2011, the number of mobile phone subscribers reached 22.3 million, while that of registered users of mobile payments services stood at 14.2 million by end June 2011. The strong increase in the number of subscribers to the mobile payments is mainly attributed to limited access to formal banking services especially in the rural areas. Mobile phone payment services are mainly used to facilitate top-up of mobile phones credit, airtime transfers between mobiles, funds transfer and corporate bill payment services. Further, these services have made it easy to send money to relatives in the villages as transfers.

MKUKUTA II PERFORMANCE REVIEW 2010/11

Introduction

192. This chapter briefly reviews performance of MKUKUTA II in three clusters, namely: growth for reducing income poverty, improvement of quality of life and social wellbeing as well as good governance and accountability. Detailed performance of MKUKUTA II is contained in the Economic Survey 2010 and MKUKUTA II Annual Implementation Report (MAIR) 2010/11.

Cluster I: Growth and Reduction of Income Poverty

193. Cluster I contains sectors that contribute to economic growth. These sectors are; agriculture, mining, manufacturing, energy, natural resources and tourism, land and infrastructure.

Agriculture

194. The Government continued to implement the Agricultural Sector Development Programme (ASDP) and Agriculture Marketing Systems Development Program (AMSDP) through the Agriculture Sector Lead Ministries as well as District Agricultural Development Plans (DADPs) and District Agricultural Sector Investment Project (DASIP) were implemented by LGAs at local level. These plans and programs, among others, focused on development of irrigation systems, increasing productivity, broadening extension services and strengthening research. As a result, the following achievements were registered:

(i) Food production reached 12.32 million tonnes in 2010/11, surpassing food requirements of 11.15 million tonnes with a surplus of 1.17 million tonnes;

(ii) Increase of area under irrigation from 331,490 ha in 2009/10 to 345,690 ha in 2010/11;

(iii) Increase of farmers benefiting from Inputs Support Programme from 1.5 million farmers in 2009/10 to 2.011 million farmers in 2010/11;

(iv) 320,000 ha planted with cereals in Rukwa, Tabora and Kigoma regions were saved from destruction by red locusts following spraying an area of 19,778 ha; and

(v) Increase in production of five traditional cash crops (tobacco increasing from 60,000 tonnes in 2009/10 to 130,000 tonnes in 2010/11; pyrethrum from 3,320 tonnes to 5,000 tonnes; sisal from 26,363 tonnes to 35,000 tonnes; coffee from 40,000 to 60,575 tonnes; and cashew nut from 74,169 tonnes to 121,070 tonnes).

Challenges

(i) Improving agricultural mechanization;

(ii) Facilitating farmers to access agricultural inputs;

(iii) Establishing a well defined market system;

(iv) Facilitating effective extension services; and

(v) Strengthening capacity in planning, implementation and monitoring and evaluation of DADPs at LGAs level.

Livestock

195. During the period under review, medium term focus was on implementing Livestock Policy and Livestock Development Programme in order to increase productivity, broadening extension services and production of artificial inseminated seeds, strengthening pasture seed production and conducting milk consumption promotion. Due to implementation of the Policy and Programmes the following were achieved:

(i) Milk production increased to 1.74 billion litres in 2010/11 compared to 1.649 billion litres in 2009/10;

(ii) Increase in per capita consumption of milk to 44 litres in 2010/11 from 43 litres in 2009/10;

(iii) Increase in meat production to 503,496 tonnes in 2010/11 from 449,673 tonnes in 2009/10; and

(iv) Increase in egg production to 3.34 billion eggs in 2010/11 from 2.9 billion eggs in 2009/10.

Challenges

(i) Availability and effective use of livestock extension services;

(ii) Facilitating accessibility of loans to livestock keepers; and

(iii) Ensuring markets for livestock products.

Fishing

196. During the period under review, medium term focus was on increasing productivity, broadening extension services, strengthening Beach Management Units (BMUs) and fishing resource centers and conducting patrols along the coasts and promoting fish processing industries. The following achievements were recorded:

(i) A total of 347,157 tonnes of fish, worth Tshs. 774.5 million, were harvested in 2010 compared to 335,675 tonnes, worth Tshs. 408 million in 2009. Out of those harvested in 2010, a total of 294,474 tonnes were from fresh water fishing and 52,683 tons were from sea water;
(ii) Increased exports of fish products and aquarium pieces to Tshs. 263.3 billion in 2010 from Tshs. 207.4 billion in 2009; and
(iii) Strengthened fishing resource security centres (Kipili, Kanyigo, Kasumulo, Sota, Mafia, Kilwa, Dar es Salaam, Tanga, and Mtwara) by procuring 12 security boats.

Challenges

(i) Preventing illegal fishing practices, trafficking of fish and fish products across the borders and promoting environmental conservation;
(ii) Enhancing the knowledge on how to tap the potential for aquaculture development;
(iii) Accessing loans from financial institutions; and
(iv) Attracting investment in the fishing industry.

Minerals

197. During the period under review, the medium focus was on implementing Mineral Policy and the Mining Act 2010, with specific emphasis on investment to stimulate mineral beneficiation, increase revenue from mining sector, development of lapidary and jewellery industries, increasing mineral value addition which covers processing, smelting, and refinery. During the period under review the following were achieved:

(i) The value of mineral export increased from USD 1,103.4 million in 2009 to USD 1,508.7 million in 2010;
(ii) Demarcated 208 hectares of land for small scale mining in Tarime district (Nyakunguru, Goronga, Gibaso and Mogabiri) in 2011;
(iii) A total of Tshs. 33.9 billion as a Corporate Tax from mining companies were collected by end June 2011, and Tshs. 24.1 billion were collected between July and December 2011;
(iv) Improved minerals assessment and valuation by publishing mineral prices in local news papers on weekly basis; and
(v) Enhancing exploration of minerals by constructing a Core Shed Phase I.

Challenges

(i) Effective coordination in administering mining sector;
(ii) Environmental degradation due to rapid expansion of artisan and small scale mining activities;
(iii) Enhancing local market for small scale miners' products;
(iv) Reducing illegal mineral trading;
(v) Modernizing small scale mining; and
(vi) Increasing mineral value addition.

Energy

198. During the period under review, the medium focus was on exploring different sources of power; strengthening and expanding infrastructure for generation, transmission and distribution of electricity in the country; and exploration of natural gas and oil.

Achievements

(i) 342 MW emergence power were added to the national grid against the target of 572MW;
(ii) Installation of generators in Kasulu and Kibondo;
(iii) Electrification in Kishapu, Rorya, Rufiji and Longido were completed;

(iv) 132 kV Ubungo-Makumbusho power line were completed;
(v) Implementation of 41 electrification projects in 16 regions involving 33kV, transmission line and 11kV transmission line covering about 1600 kms, installation of 350 transformers, 900 kms of 0.4 kV of distribution line capable of saving 22,000, initial customers;
(vi) Reduction of power losses from 26 percent in 2007 to 21 percent in 2010 through installation of smart metres leading to revenue increase from Tshs. 292 billion in 2007 to Tshs. 466.5 billion in 2010;
(vii) Natural gas in deep sea was discovered (block 4: Pweza-1 and Chewa-1 wells and Block 1: Chaza-1 well); and
(viii) National Biogas programme and bio fuel guidelines were launched.

Challenges

(i) Increasing power supply to meet the demand;
(ii) Efficient use of energy; and
(iii) Attracting investment in power generation.

Land

199. The areas of focus in this sector were: establishment of the National satellite direct receiving station to facilitate land use planning; strengthening and expanding ICT infrastructure for land information system to facilitate provision of efficient land services including address and postcode system; establishment of Mortgage Financing Fund; and facilitate land surveying, mapping and issuance of title deeds; and establishment of institution responsible for management of land bank.

Achievements

(i) Land use plans for 158 villages were prepared;
(ii) of mapping exercise in 261 villages were completed;
(iii) A total of 26,788 plots and 706 farms were surveyed against targets of 50,000 plots and 100 farms, respectively;

(iv) A total of 22,923 certificates of title deeds were prepared against a target of 25,000;
(v) A total of 3,283 Certificates of Village Land were provided against a target of 5,000;
(vi) A total of 46,063 certificate of customary rights of occupancy were issued against a target of 138,000;
(vii) A total of 7,998 unplanned settlements were identified in City of Mwanza settlements, against a target of 5,000, of which 3,763 were surveyed and 775 title deeds issued;
(viii) A total of 15,754 land disputes were registered in land tribunals at various levels, out of which 10,920 were resolved; and
(ix) A total of 25,000 house disputes were registered in district land and housing tribunals, of which 10,000 were resolved.

Challenges

(i) Strengthening land use planning and establishing land bank;
(ii) Raising stakeholders awareness on land policies, laws and by-laws; and
(iii) Surveying land to meet rapid expansion of urban areas

Manufacturing

200. During the period under review, implementation focused on creating conducive environment for trade, industrial development and investments; and expanding and deepening of value addition through agro-processing.

Achievements

(i) Production of textile and apparels increased to 120,000,000 square metres in 2010 as compared to 91,501,000 square metres in 2009;
(ii) Tanning industries and leather products manufacturing increased to 39.7 million square feet in 2010 compared to 37.3 million square feet in 2009 and employment increased to 1,150 workers as compared to 520 workers in 2009;

(iii) Soft loans by the National Entrepreneurship Development Fund (NEDF) increased to Tshs. 5.26 billion in 2010/11 benefiting 5,976 entrepreneurs by 2010/11; and

(iv) Advisory services relating to business development and production were provided to 8,000 entrepreneurs in 2010/11.

Challenges

(i) Sustaining productivity in the industrial sectors;

(ii) Acquiring modern technology in production; and

(iii) Strengthening research institutions.

Communication, Science, Technology and Innovation

201. During the period under review, implementation focused on improving ICT infrastructure and services including completion of the construction, and create awareness on the use of the national backbone (optical fibre); strengthening Science, technology and innovation institutional infrastructure including technical institutions, Science parks and incubators; and enhancing Research and Development (R&D) and commecialization of research results.

Achievements

(i) Sponsored 295 Scientists at Masters and PhD levels in five public universities – namely UDSM, SUA, MUHAS, ARU and Nelson Mandela African Institute of Science and Technology (NM-AIST);

(ii) Rehabilitated research infrastructure at zones level in the Ministries of Agriculture, Food security and Cooperatives (Selian, Ilonga, Makutupora, Uyole, Tumbi, Ukiriguru & Naliendele); and Livestock and Fisheries Development (NLRI – Mpwapwa, Uyole, Tanga, Mabuki, West Kilimanjaro, Naliendele, CVL-Temeke and TAFIRI) and Kizimbani in Zanzibar;

(iii) Provided grants to 54 research projects in 22 research institutions in the Ministries of Agriculture, Food security and Cooperatives, Livestock and Fisheries Development, Industry and Trade; and 5 academic institutions.

Research projects focused on increasing coverage of inputs, value addition, validation of technologies, commodity value chain and scaling of proven technologies;

(iv) Supported commercialization of proven technologies (TATC – Nyumbu, Mzinga, DIT, TEMDO and CARMATEC;

(v) Finalized the development of a National Research Agenda;

(vi) Connectivity routes to the ICT national broadband backbone in Dar es Salaam - Lindi-Mtwara, Njombe - Songea, Tunduma - Sumbawanga, and Biharamulo-Kigoma completed by 58 percent;

(vii) Development of regulations and guidelines for internet service providers to connect to internet exchange points in order to control abuse;

(viii) Establishment of 19 clusters in fields of engineering, agro-processing, tourism, small scale mining, seaweed farming, mushroom production, and aircraft in 12 regions;

(ix) Establishment of Tanzania Intellectual Property Advisory Services and Information Centre (TIPASIC); and

(x) Finalization of Communication, Science and Technology Master Plan.

Challenges

(i) Meeting the increased demand for science experts;

(ii) Strengthening Science and Technology Institutions; and

(iii) Strengthening interface between research institutions and private sector.

Construction

202. During the period under review, implementation focused on construction and rehabilitation of roads, bridges and ferries; establishment of Road Development Fund and expanding revenue base for the Road Maintenance Fund; construction and rehabilitation of Government buildings and houses, including development of newly established administrative areas regions, districts and LGAs.

Achievements

(i) A total of 266.72 km of trunk roads upgraded to bitumen standard in 2010/11 compared to 262.3 km in 2009/10;

(ii) A total of 196.152 km of trunk roads rehabilitated to bitumen standard in 2010/11 compared to 171.1 km in 2009/10;

(iii) A total of 77.5 km of trunk roads rehabilitated to gravel standard in 2010/11 compared to 171.1 km in 2009/10;

(iv) A total of 1,116.22 km of regional roads rehabilitated to gravel standard in 2010/11 compared to 853.5 km in 2009/10;

(v) A total of 48.39 km of regional roads upgraded to bitumen standard in 2010/11 compared to 52.5 in 2009/10;

(vi) A total of 4 bridges constructed on regional roads in 2010/11 compared with 12 bridges in 2009/10; and

(vii) Ten Judges houses constructed in Dar es Salaam, Iringa, Mbeya, Ruvuma, Tabora, Tanga, Dodoma, Mwanza and Arusha against target of 48 houses.

Challenges

(i) Enhancing Road network to match with increasing traffic particularly in Dar Es Salaam and Arusha;

(ii) Meeting high cost for infrastructure construction and maintenance; and

(iii) Capacity need for disaster management.

Transport

203. The areas of focus in this sector were: construction and rehabilitation of the railways to meet international standard, improving air transport services including rehabilitation and construction of airports, and construction and rehabilitation of ports and ship assembling.

Achievements

(i) A total of 33,887 bus licenses were issued in 2010/11 compared to 28,771 licenses issued in 2009/10;

(ii) TAZARA transported a total of 533,964 tones compared to 522,966 tones transported in 2009/2010. Passenger transportation was 787,666 in 2010/11 compared to 767,066 passengers in 2009/10. ;

(iii) Transit cargo traffic through Dar es Salaam Port increased from 2,441,557 tones in 2009/10 to 2,775,155 tones in 2010/11;

(iv) Air Transport freight and Cargo traffic increased from 24,941 tones in 2009/10 to 36,674 tones in 2010/11;

(v) Aircraft Movements increased from 170,777 routes in 2009/10 to 176,420 routes in 2010/11; and

(vi) Passenger air traffic increased from 3,082,254 passengers in 2009/10 to 3,470,445 passengers in 2010/11.

Challenges

(i) Improving port facilities to meet growing demand;

(ii) Meeting growing demand for railway services;

(iii) Developing airports and airstrips to handle growing traffic to inland destinations; and

(iv) Attracting investors in airlines, railway and ports.

Natural Resources and Tourism

204. Notable achievements were recorded in the year under review. This has been reflected in the increased revenue from TShs. 52 billion in 2009/10 to Tshs. 70 billion in 2010/2011 and increased number of tourists from 714,367 in 2009 to 782,699 in 2010. This has been attributed by:

(i) Establishment of the Tanzania Forest Service (TFS) Agency;

(ii) Recognition of Ngorongoro Conservation Area Authority by UNESCO World Heritage Committee as mixed land uses whereby human beings co-exist with the wildlife;

(iii) Conducting 32,150 patrol man-days in and outside Game Reserves and two special anti-poaching operations;

(iv) Surveying five forest reserves and mapping of Mtibwa forest plantation was conducted;

(v) Returning 80 percent of Tanzania cultural collections kept in the Nairobi Museum – Kenya; and

(vi) Conducting training on beekeeping in 12 villages in Namtumbo, Chunya, Rungwe and Ileje districts;

Challenges

(i) Meeting increasing demand for infrastructure construction in the natural resources sector; and

(ii) Eliminating human activities in forest and game reserves such as agricultural, settlements, mining, grazing and deforestation;

(iii) Increasing revenue collection from Wildlife, Forestry, Beekeeping, Antiquities and Tourism;

(iv) Eliminating destruction of farms and settlements by wild animals;

(v) Enhancing Stakeholders' participation in Natural and Cultural Resources Management;

(vi) Sustaining the utilization Natural Resources; and

(vii) Improving tourism services and diversifying of tourist sites and products.

Cluster II: Improved Quality of Life and Social Wellbeing

205. Education, water and health are the key sectors that constitute this cluster. The government continued to implement policies, strategies, plans, programs and projects with the view of improving availability and accessibility of quality social services.

Education

206. During the period under review, implementation focused on improving the quality of education at all levels, improving the education and training policy and its strategies including skills development, strengthening the financing of higher education, and improving teachers' services.

Achievements

(i) Enrolment in Pre-Primary Education rose from 925,465 in 2010 to 1,069,208 in 2011;

(ii) Net Completion Rate of primary schools increased from 53.0 in 2010 to 62.6 in 2011;

(iii) The number of secondary schools increased from 4,266 in 2010 to 4,367 in 2011;

(iv) Net Enrolment Ratio (NER) in Form 1-4 increased from 30.8 % in 2010 to 34.5 in 2011. Gross Enrolment Ratio (GER) increased from 47.3 % in 2010 to 50.2 % in 2011;

(v) The total number of students who completed form 4 increase from 326,815(Girls 149,639) in 2010 to 333,638 (Girls 143,452) in 2011;

(vi) Net Enrolment Ratio (NER) for form 5 & 6 increased to 32.1% in 2011 from 29.9% in 2010. Gross Enrolment Ratio (GER) increased to 36.1% in 2011 from 34.0 % in 2010;

(vii) The total number of students who completed form 6 in 2011 increase to 37,090 from 33,680 in 2010;

(viii) Increase in enrolment in universities and university colleges from 118,951 students in 2009/10 to 139,638 in 2010/11;

(ix) Enrolment in Vocational institutions increased from 72,938 in 2010 to 102,217 in 2011; and

(x) The number of Folk and VET graduates increased from 54,185 in 2009 to 76,260 in 2010.

Challenges

(i) Improving quality of education at all levels;

(ii) Increasing teaching and learning facilities as well as teacher's houses;

(iii) Meeting demand for human resources at all levels of education; and

(iv) Meeting the increased demand for loans to Higher Education students.

Health and Social Welfare

207. During the period under review, implementation focused on equipping health and social welfare facilities with basic equipment and medicines, enhance quality and access to maternal, newborn and child health services, strengthen control of communicable, non communicable diseases and neglected tropical diseases, enhance quality and access to social welfare services, and management of human resource for health and social welfare.

Achievements

(i) Increase in student enrolment of medical related fields from 5,200 in 2010 to 6,713 in 2011;

(ii) Enactment of the Pharmacy Act, 2011;

(iii) A total of 9,034,677 nets were distributed country wide;

(iv) A total of 2,349 leprosy patients were treated free of charge;

(v) A total of 813,372 orphans and most vulnerable children from 91 councils were identified and given support for basic needs;

(vi) A total of 6,612,525 children were given Vitamin A;

(vii) All 133 LGAs received vaccines, injection materials, safety boxes and related supplies;

(viii) A total of 9,000,000 Long Lasting Insecticide Treatment Nets (LLITNs) distributed free of charge to under five year children;

(ix) A total of 4,200,000 Long Lasting Insecticide Treatment Nets (LLITNs) distributed to expectant mothers and 1,257,020 children under one year through the National Voucher Scheme;

(x) Declined Maternal Mortality rate from 578 per 100,000 live births in 2004/2005 to 454 per 100,000 live births in 2010 and under five mortality rate declined from 91 per 1000 live births in 2007/08 to 81 per 1000 live birth in 2009/10;

(xi) Child Mortality under one year dropped from 58 in 2007/08 per 1000 live births to 51 per 1000 live births in 2009/10; and

(xii) Surpassed the global target of detecting 70% of tuberculosis cases and successfully treating 85 percent of the detected cases.

Challenges

(i) Ensuring adequate human resource in health sector;

(ii) Meeting demand for health facilities to cope with increased population; and

(iii) Reducing neonatal mortality and new born deaths.

Water and Sanitation

208. The emphasis in this sector was to continue implementing Water Sector Development Programme (WSDP) with particular focus being on; increasing access of clean and safe water supply coverage to majority of the population, protection of water source catchments areas; provision and maintenance of sewerage treatment facilities; and increasing capacity to improve water supply and sanitation services.

Achievements

(i) Increase in water supply coverage in the regional urban centres from 84 percent in 2010 to 86.1 percent in 2011;

(ii) Water supply coverage in Dar ES Salaam City, Kibaha and Bagamoyo is 55 percent against the target of 68 percent;

(iii) Rural population with access to protected sources of water increased from 40.4 percent (HBS 2007) to 47.9 percent (TDHS 2010);

(iv) Increased management and accessibility of water in catchments areas by establishing 700 Water Users Associations (WUAs);

(v) The number of households connected to water supply increased from 234,468 in 2009/2010 to 254,236 in 2010/2011;

(vi) Water supply coverage in Dar es Salaam City, Kibaha and Bagamoyo is 68 percent in 2011 compared to the base line of 55 percent in 2010; and

(vii) The proportion of rural population with access to basic sanitation has increased from 90 percent in 2007 (HBS 2007) to 93 per cent in 2010 (TDHS 2010).

Challenges

(i) Provision of clean and safe water and sanitation to meet increased demand;

(ii) Mitigating effects of climate change leading to a fall in level of water sources;

(iii) Deploying and retaining qualified staff in LGAs.

Cluster III: Good Governance and Accountability

209. During the period under review, medium term focus was on implementing policies, plans and programmes aimed at fostering transparency, rule of law, integrity, citizen participation and ethics at all levels.

Achievements

(i) Increase in LGAs with functional Finance and Planning Committees to 92 percent;

(ii) Number of councils that had not legally constituted Tender Board decreased from 6 in 2009/10 to 3 in 2010/11;

(iii) A total of 2,258 corruption cases were investigated of which 598 (26%) cases were completed;

(iv) Campaigns to fight corruption were undertaken in all government departments and 821 anti-corruption clubs and a total of 384 new clubs were established;

(v) National Governance and Anti corruption Survey of 2009 approved by the government;

(vi) A total of 688 people were given free legal services;

(vii) Institutional framework for overseeing issues of ethics and integrity has been strengthened;

(viii) Public leaders who declared their assets and liabilities has increased from an average of 60 to 96 percent;

(ix) Development of citizen's budget document;

(x) Improved freedom of media/expression; and

(xi) Enhanced parliamentary oversight role.

Challenges

(i) Coping with technological advancement in dealing with corruption and crime practices;
(ii) Ensuring moral integrity and patriotism among the citizens;
(iii) Attracting and retaining competent staff in public services particularly in underserved areas;
(iv) Spearheading e-government implementation across MDAs, Regions and LGAs;
(v) Effective adherence to Public Service Rules and Regulations and code of conduct; and
(vi) Sustaining integrated approach to fight corruption.

General/Cross Cutting Issues

Human Resource Planning and Development

210. The Government has taken deliberate efforts to plan and develop the public service. However, due to financial constraints in the year 2010/11 new recruitment was skewed to key priority social-economic sectors particularly education, health, agriculture and livestock. As a result a total of 40,307 employees equivalent to 96.5 percent of 41,751 will be recruited in these sectors. Other sectors that have received attention include maintenance of Law and Order as well as Information Communication and Technology.

211. On the other hand, employers continued to deploy resources for capacity building. During the period under review a number of Accountants, Auditors, Teachers, health workers, agricultural and livestock staff have undergone upgrading training on long term and short term programmes sponsored by the Government for the purpose of acquiring necessary skills to man the sectors. In general, specific achievements in the HR planning and development include the following:

(i) HR officers across the entire public service were trained in order to adopt information technology for managing HR;
(ii) A total of 41,751 new employees which is 61.8 percent of the planned target of 67,534 employees will be recruited;
(iii) A total of 13,636 Secondary School Teachers (Diploma and Bachelor Degree graduates) have been recruited in the public service to teach secondary schools at various level;
(iv) A total of 11,379 Primary School Teachers have completed colleges in the mid of the financial year and ready to be employed by January 2012;
(v) A total of 9,391 paramedical staff have completed various training courses and deployed by the Ministry of Heath to various Health Institutions by 2011/12;
(vi) A total of 5,589 Agricultural, and Livestock officers have been deployed in the labour market and absorbed by various Agricultural, and Livestock Institutions mostly in the local authorities; and
(vii) Allocation of land, master plan, and initial designs for construction of the leadership college are in place.

Challenges

(i) Attaining an optimum level of employment complemented by effective and efficient staff deployment, utilization and development;
(ii) Capacity of training institutions to develop quality and quantity work force particularly in the areas of Hospitality industry, mining and chemical engineering;
(iii) Attracting and retaining experienced and competent technical and professional staff;
(iv) Enhance labour force capacity to exploit technological changes;
(v) Prioritization of national skills requirements that will guide staff development to meet critical human resource needs; and
(vi) Ensuring a coherent framework in allocating human resources across sectors.

Human Resource Management

Achievements;

212. Integrity of the Public Service HR data has been improved and sustained across all MDAs and a more reliable HR data base is currently being enforced and sustained by all public service employers

(i) HR business systems have been reviewed, refined and complemented by modern and state of art information technology to enable devolution of HR management to grass root levels for effective, accountability, transparency and control;
(ii) HR management specifically in the area of wage bill control and payroll integrity has been enhanced by the use of information communication technology by employers that has facilitated HR data cleaning which has enabled to reduce ghost workers by 13,175;
(iii) Training HR staff to harness IT for management of HR business have been carried out; and
(iv) PMS tools for the public service have been consistently reviewed, improved, and assessed for purpose of HR management accountability and improved service delivery. During the financial year 2010/11 assessment of effectiveness of PSM tools showed an overall performance of 65 percent.

Challenges

(i) Effective implementation and compliance of PMS tools, rules and regulations in the public service;
(ii) Designing and sustaining an effective incentive regime for attracting and retaining competent personnel from the labour market;
(iii) Harmonization and rationalization of pay to address disparities of remuneration for equal valued jobs in the public service;
(iv) Strengthening of accountability and enforcement of D by D in the area of management of resources; and
(v) Harnessing the potential of National IT backbone for realization of effective and efficient HR management.

Population and Housing Census

213. The sixth Population and Housing Census will be conducted in 2012. The exercise started in the financial year 2010/11 and is expected to be completed in 2014/15. The main objective of the census is to get disaggregated population by sex, age and other demographic data, housing conditions and other data for policy formulation, planning, monitoring and evaluation of development plans as well as a bench-mark of other statistics activities, including computation of socio-economic indicators.

Achievements

(i) Delineation of Enumeration Area has been completed (Cartographic Work);
(ii) Conducted pre-test and pilot survey Mtwara, Dar es Salaam, Coast, Njombe, Arusha, Kilimanjaro, Manyara, Mara, Kigoma, Mjini Magharibi and Kaskazini Pemba regions;
(iii) Pilot Test report prepared and disseminated; and
(iv) Education Information and Communication (EIC) program prepared.

Challenges

(i) Revealing accurate personal information to enumerators;
(ii) Ensuring smooth logistical support to enumerators in remote areas; and
(iii) Cooperation by the public during enumeration exercise.

Employment and Economic Empowerment

214. During the period under review, medium term focus was on implementation of the National Employment Creation Programme, supporting in form of credit, small and medium entrepreneurs as well as strengthening the existing economic empowerment initiatives. As a result, employment opportunities have continued to be created by economic agents. As such, the National Entrepreneur Development Fund (NEDF), issued credit worth Tshs 27,160,524,000/= to regions and created 107,626 jobs between July 2004-June 2011. **Table 6** portrays granted credits to respective regions, number of beneficiaries and jobs created. Other specific

achievements have been recorded below. Table 6: Credits granted to respective regions, number of beneficiaries and jobs created

S/N	REGION	BENEFICIARIES	AMOUNT ISSUED (TSHS IN '000')	JOBS CREATED
1	Arusha	3,212	2,005,829	6,774
2	Dar Es Salaam	4,458	1,548,353	9,475
3	Dodoma	5,053	1,556,690	6,646
4	Iringa	3,032	1,389,970	4,906
5	Kagera	1,177	540,892	2,466
6	Kigoma	2,172	1,350,727	4,034
7	Kilimanjaro	1,768	1,028,999	5,699
8	Lindi	1,324	603,658	2,778
9	Manyara	1,289	1,126,588	2,066
10	Mara	2,630	1,497,699	5,912
11	Mbeya	2,189	995,593	4,576
12	Morogoro	2,085	1,253,025	4,180
13	Mtwara	954	458,156	2,005
14	Mwanza	1,102	975,971	1,921
15	Pwani	2,162	1,098,435	6,769
16	Rukwa	2,361	1,026,671	4,850
17	Ruvuma	2,830	2,527,903	6,540
18	Shinyanga	1,808	808,391	3,869
19	Singida	6,382	3,220,079	13,411
20	Tabora	2,584	1,425,721	4,901
21	Tanga	1,828	721,174	3,848
	TOTAL	**52,400**	**27,160,524**	**107,626**

Source: Small and Medium Enterprises (SIDO) Head Office, DSM

Achievements

(i) A total of 4,800 entrepreneurs received loans worth TShs 6.781 billion through Financial Institutions, Cooperative Societies and Village Community Banks;

(ii) Sensitization campaigns on Mwananchi Empowerment Fund were conducted in Ruvuma, Coast, Tanga and Dodoma regions;

(iii) National Entrepreneurship Training Curriculum Framework was developed;

(iv) Minimum wage boards established for private sector in 12 sectors (Works, Communication, Private Schools, Energy, Trade and Industry, Domestic, Private Security, Mining, Health, Marine, Transportation and Agriculture);

(v) Conducted 370 labour inspections in different workplaces; and

(vi) Establishment of District Employment Creation Committees (DECCs) in Lindi and Mtwara regions.

Challenges

(i) Creating job opportunities to meet growing labour force;

(ii) Enhancing entrepreneurs' skills and self employment;

(iii) Ensuring repayment of loans;

(iv) Smooth access to loans and affordable cost of loans;

(v) Enhancing people's culture of saving and investment; and

(vi) Enhancing employment of Tanzanians abroad and attracting Tanzanian Diasporas remittances and their skills.

National Identity Card Project

215. During the period under review, medium term focus was on identification and registration of persons and issues the National ID cards, procuring of National ID contractor and construction of disaster recovery and data center.

Achievements

(i) Contractor of the National Identity system was procured and training of trainers on exercise of identification is going on;

(ii) Commencing of registration to public employees and students; and

(iii) Public awareness on the benefits of the National ID system is ongoing.

Challenges

(i) Coordination and interfacing with other identification and registration systems in the country; and

(ii) Ensuring accurate personal information from the citizens.

Export Processing Zones (EPZ) and Special Economic Zone (SEZ)

216. During the period under review, medium term focus was on intensifying the promotion and development of designated industrial parks; export processing zones (EPZs) and special economic zones (SEZs), including pro-identification and provision of prior serviced industrial plots.

Achievements

(i) Areas for EPZ development have been acquired in Shinyanga, Singida Coast (Bagamoyo) and Iringa regions;
(ii) Capital investments of USD 700 million and total value of exported goods of USD 357 million were realized;
(iii) Land acquisition process and procedures to transfer ownership of land (530 Ha) for Mererani SEZ have been competed;
(iv) Construction of the Benjamin William Mkapa (BWM) SEZ was completed and 12 projects were approved and licensed to operate; and
(v) Registered 25 EPZ developers and 37 EPZ operators, generating a total of 13,000 and 60,000 direct and indirect employments, respectively.

Challenges

(i) Putting in place physical infrastructure/industrial parks;
(ii) Compensating the EPZ identified areas for investments;
(iii) Ensuring reliable supply of utilities (power and water); and
(iv) Harmonization of investment incentives.

Business and Property Formalization Programme (BPFP)

217. During the period under review, the program focused on facilitating transformation of property and business entities in the informal sector to formally operated entities.

Achievements

(i) Designed and approved the Third Phase of the Property and Business Formalization Programme;
(ii) Enhanced capacities of 25 LGAs in rural property formalization (Handeni, Bagamoyo, Serengeti, Musoma, Rufiji, Nachingwea, Mvomero, Mpwapwa, Manyoni, Makete, Njombe, Wete -Pemba, Moshi, Meru, Mwanga, Masasi, Mbinga, Mbarali, Sumbawanga, Sikonge, Kahama, Muleba, Geita, Kasulu and Mkuranga);

(iii) Enhanced capacities in three urban LGAs in property formalization (Njombe Town, Morogoro Municipality and Arusha City);

(iv) Formalized 1,500 businesses in Ilala Municipality; and

(v) Established a communication centre for property and business formalization in Dodoma.

Challenges

(i) Huge demand for formalization of businesses and property; and

(ii) Harmonization of legal framework on land issues.

TASAF

218. During the period under review, medium term focus was on empowering communities to access opportunities with impact to their livelihood and poverty reduction.

Achievements:

(i) Funded 10,799 community sub projects in Tanzania Mainland and Zanzibar;

(ii) Assessed the impact of TASAF interventions to its beneficiaries;

(iii) Conducted project management trainings to 108,696 Community Management Committee members, 56,580 Village/Mtaa/Shehia Council members and 5,978 LGAs' staff; and

(iv) Community Foundations (CFs) were established in Kinondoni and Morogoro Municipalities as well as Arusha and Mwanza Cities.

Challenges

(i) Meeting demand to empower community to access opportunities; and

(ii) Ensuring project sustainability.

Regional Integration

219. During the period under review, Tanzania continued to participate in various regional integration programmes under both SADC and EAC. Focus was mainly in creating reliable transport networks, reducing non tariff barriers, implementing Customs Union, Common Market Protocol, and creating framework for the COMESA-EAC-SADC Tripartite Free Trade Area.

Achievements

(i) Increased exports to EAC markets from USD 263.80 million in 2009 to USD 450.10 million in 2010;

(ii) Increased exports to SADC markets by 67.0 percent from USD 374.2 million in 2009 to USD 625.1 million in 2010;

(iii) Registered trade surplus of USD 164.9 million in EAC intra-regional trade in 2010 compared to the deficit of USD 46.74 in 2009;

(iv) Reduced SADC intra-regional trade deficit from USD 417.8 million in 2009 to USD 202.6 million in 2010;

(v) Increased EAC Investment projects to 197 worth USD 480.22 million in 2010 from 166 projects valued at USD 208.75 million in 2009 in the areas of industries, construction, agriculture, tourism and transportation;

(vi) Construction of Tanga–Horohoro EAC road network completed by 35 percent;

(vii) Established EAC and SADC One Stop Border Posts (OSBPs) legal framework and commencement of construction of One Stop Border Post at Namanga;

(viii) Development of EAC guidelines on mutual recognition of academic and professional qualifications; and

(ix) Finalized the EAC Climate Change Policy, Industrialization Policy and Strategy as well as Food Security Action Plan (2011 – 2015).

Challenges

(i) Enhancing public awareness and confidence on EAC integration among the citizens;

(ii) Mainstreaming East African integration agenda into policies and strategies;
(iii) Aligning resources for improving infrastructure;
(iv) Ensuring timely completion of all integration stages sequentially;
(v) Harnessing opportunities in the region;
(vi) Reduction of non tariffs barriers for both EAC and SADC Member States; and
(vii) Strengthening institutional reforms for effective coordination of regional integration.

Gender

220. During the period under review, medium term focus was to promote gender interventions through implementation of gender policy and elimination of harmful traditional practices and violence against women and vulnerable groups.

Achievements

(i) Women in decision making positions increased gradually from 27.2 percent in 2010 to 34.9 percent in 2011;
(ii) Extended soft loans from Tanzania Women Bank amounting Tshs. 9.61 billion to 6,925 entrepreneurs, of whom 5,015 were women;
(iii) Establishment of Gender Responsive Budgeting (GRB) Core Team and four GRB pilot implementing units;
(iv) Trained all Pilot MDAs and LGAs on how to engender budget and plans; and
(v) Training of Trainers (TOT) was conducted to facilitate MDAs, RSs and LGAs to integrate gender issues in their plans and budget processes.

Challenges

(i) Addressing gender imbalances at all levels;
(ii) Enhancing capacity for gender analysis, planning and budgeting in key institutions; and
(iii) Protecting vulnerable children from abuse and violence.

HIV and AIDS

221. During the period under review, medium term focus was on implementation of National Aids Control Program by providing trainings on treatment and care to people living with HIV and AIDS, counseling and HIV testing services as well as improving interventions at all levels in line with the National HIV and AIDS Multi-Sectoral Strategic Framework

Achievements

(i) Increase in number of people attending Voluntary Counseling and Testing (VCT) to 808,662 making a total of 13 million people who have tested for HIV under campaign on VCT;

(ii) Increased in number of Prevention of Mother to Child Transmission (PMTCT) centres from 3,626 in July 2010 to 4,301 in June 2011;

(iii) A total of 66,164 people with HIV and AIDS started to receive ARVs;

(iv) Review of the HIV and AIDS control policy of 2001; and

(v) Establishment of a coordination mechanism among the non state actors on HIV and AIDS interventions.

Challenges

(i) Reducing stigma and discrimination to people living with HIV and AIDS;

(ii) Increasing response to voluntary counseling and testing; and

(iii) Sustaining the demand for care and treatment services to people living with HIV and AIDS.

Environment

222. During the period under review, medium term focus was to ensure environmental conservation including legislative enforcement, public education, sustainable management of natural resources and dealing with climate change.

Achievements

(i) Village governments, districts and municipal councils enacted by-laws for forest conservation in their areas of jurisdiction to govern environmental management;

(ii) A four year synthesis report on implementation of the strategy on Urgent Action on Land Degradation and Water Catchments was Prepared;

(iii) A total of 20 Industries and eight Mining sites were audited for Environmental Management Act 2004 compliance;

(iv) Conducted environmental protection inspections in mining sites in Lake, Northern and Southern Highlands zones;

(v) Reviewed 502 projects and issued Environmental Impact Assessment (EIA) certificates to 438 projects;

(vi) Facilitated 459 groups financially and technically on income generating activities; and

(vii) Capacity to Local Government Officials in the Southern Highlands, Western and Lake Zones on compliance to the requirements of Environmental Law and its Regulations was conducted.

Challenges

(i) Mainstreaming environmental issues into MDAs and Local Government Authorities; and

(ii) Enhancing awareness on environmental issues to the general public.

(iii) Addressing environmental emergencies

(iv) Increasing environmental protection and awareness programmes not implemented;

(v) Strengthening institutional capacity to deal with environmental issues;

(vi) Dealing with impacts of climate change ; and

(vii) Ensuring compliance of environmental standards.

REVIEW OF GOVERNMNENT PERFORMANCE MONITORING AND EVALUATION

223. Monitoring and evaluation play a constructive role in ensuring that, planned objectives and targets are effectively implemented and the desired outcomes are timely obtained. During the period under review the Government continued to strengthen the Monitoring and Evaluation function to increase accountability in service delivery.

Achievements

(i) Establishment and Operationalisation of the Internal Auditor General's Department for strengthening internal control of the Central and Local Government;

(ii) Strengthening the capacity of Policy and Planning Divisions by establishing M&E sections in MDAs, RSs and LGAs;

(iii) Periodical Performance Reports were prepared and submitted to PMO;

(iv) M&E framework for LGAs to track Local Government Reform Programme outcomes including D by D was piloted in 15 LGAs;

(v) Conducted expenditure tracking on road maintenance in 12 Regions Dodoma, Singida, Tabora, Mwanza, Kagera , Kilimanjaro, Mara, Ruvuma, Rukwa, Manyara, Mtwara, and Mbeya), use of funds for school meals in some government boarding secondary Schools in Mbeya and Iringa regions, Prison Force projects in Dodoma, Iringa and Dar es salaam; and

(vi) Salary verification for employees in DDH and VAH in 16 Regions; government staff in 10 Regions and its respective councils; and Universities of Dar es salaam and Sokoine as well as Muhimbili National hospital;

(vii) Technical Auditing was undertaken on the following roads; Ndundu – Somanga, Arusha – Namanga, Dodoma University Road, Nelson Mandela University of Science and Technology, Tanga – Horohoro, Mkata – Handeni, and Korogwe – Handeni. Other projects were construction of Mvomero District Council Block and Kilindi District Council Block;

(viii) Financial reports and government response were prepared and submitted timely to CAG;

(ix) Benchmarks for assessing Regional Administration performance have been developed; and

(x) Various surveys and sector reviews (water, health, education and agriculture) including Household Budget Survey, Integrated Labour Force Surveys, were undertaken for feeding, the planning and budgeting processes.

Challenges

(i) Availability of baseline performance indicators for measuring outcome;

(ii) Availability of M&E Specialists;

(iii) Attracting and retaining M&E specialists in the public sector;

(iv) Adherence to harmonized Performance Reporting Framework; and

(v) Common base year for Institutional Strategic Plans for the preparation of three year outcome performance report.

PERFOMANCE REVIEW FOR REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT AUTHORITIES

224. This section reviews the performance of Regional Secretariats (RSs) and Local Government Authorities (LGAs) and presents challenges encountered during the implementation in the year 2010/11 and first half of 2011/12. Both RSs and LGAs continued to perform their mandatory functions for effective services delivery and realization of development at local level.

Performance review on Decentralization by Devolution

225. The Central Government continued to devolve some of its responsibilities and resources both financial and human to LGAs guided by the principle of subsidiarity; whereas, higher levels of LGAs continued to build capacity and transfer funds internally for implementation of activities at lower levels (Wards, Villages/*Mitaa* and *Vitongoji*).

226. During the period under review, the overall budget allocation to 133 LGAs increased by 19.2 percent from Tshs. 2,464.4 billion in 2010/11 to Tshs. 2,937.9 billion in 2011/12. The allocation was maintained at 25 percent of total budget excluding CFS as per government commitment. Recurrent budget for LGAs increased from Tshs. 1,759.1 billion (71.4 percent of total LGAs budget) in 2010/11 to Tshs. 2,198.1 billion (74.8 percent of total LGAs budget). This is due to government commitment to strengthen education, health, livestock and agriculture sectors through recruitment of staff.

227. During the financial year 2010/11 total expenditure was Tshs. 2,298.0 billion, equivalent to 93.3 percent of the approved budget of Tshs. 2,464.4 billion. The recurrent expenditure including own sources was Tshs1, 884.2 billion out of Tshs. 1,759.1 billion approved equivalent to 107.1 percent. The increase was attributed to enhanced salaries and new recruitments of teachers in primary and secondary schools. Development expenditure was Tshs. 413.8 billion equivalent to 58.7 percent

of the approved budget of Tshs. 705.3 billion. Out of development budget expenditure Tshs 107.9 billion equivalents to 26.1 percent was from local resources and Tshs 306.0 billion equivalents to 73.9 percent was from foreign.

Regional Administration

228. During the period under review, various activities were implemented at RS and are at different stages as follows:

i. Construction of Dodoma regional administration block has been completed by 40 percent;
ii. Rehabilitation of 17 Regional Administration blocks, three RCs' residences, 26 DCs' office blocks; 23 DCs' residences are in progress;
iii. Enhanced health services infrastructures, whereby Singida, Manyara and Mbeya Regional Hospitals continued to be constructed and other 10 Regional Hospitals (Arusha, Morogoro, Kilimanjaro, Kigoma, Dodoma, Coast, Lindi, Mtwara, Ruvuma, and Tanga Regions) continued to be rehabilitated; ; and
iv. All Mainland Regions conducted their Regional Consultative Committees (RCCs) meetings; all Districts conducted their District Consultative Committees (DCCs) meetings and all LGAs conducted their Inter-Council Forum Meetings

Local Government Authorities

229. During the period under review, various activities were implemented by LGAs as follows:

(i) Completed construction of 32 secondary school hostels, four dining halls and five laboratories;
(ii) Operationalized 132 District Secondary Education Offices in the LGAs administrative structures;
(iii) Construction and rehabilitation of 1,329 Staff' houses and 4,630 classrooms are at different stages of construction and construction of 1,229 pit latrines for Primary and Secondary Schools in 132 LGAs was completed;

(iv) Completed construction of 28 dispensaries and rehabilitated 103 others;

(v) Continued with routine maintenance of 18,927 km, spot improvement of 6,394 km, periodic maintenance of 1,817 km and construction of 11 bridges with funding from Local Government Transport Programme (LGTP) and Road Fund;

(vi) Increased availability and use of modern agricultural implements, including procurement of 24 tractors and 630 power tillers under Agricultural Sector Development Programme (ASDP);

(vii) Increased own source revenue collection from Tshs. 117.7 billion in 2009/10 to TShs. 158.1 billion in 2010/11;

(viii) Continued with construction of 29 Council headquarters; and

(ix) Under PFMRP initiatives, financial management systems were improved through rolling out of IFMS (upgraded EPICOR and Planrep). In additional, LGAs were provided with computers (four and three computers for District and Urban councils respectively) and linked with the main savers at PMO-RALG and MOF.

Challenges Facing RSs and LGAs

(i) Attracting and retaining qualified staff especially to the underserved areas;

(ii) Harmonizing and rationalizing funding modalities from various stakeholders to LGAs;

(iii) Ensuring value for money in procurement of goods and services;

(iv) Building capacity in RSs, LGAs and LLGAs for appropriate internal controls;

(v) Timely availability of development funds from various sources;

(vi) Timely and adequate community contributions to development projects;

(vii) Tapping new revenue sources and enhancing own sources revenue collection and administration at LGA levels (council, ward, village/*mitaa*); and

(viii) Reporting and proper management of Direct to Project Funds (D-Fund).

PUBLIC SECTOR REFORMS

230. This section reviews the implementation of the Public Sector Reforms which aim at improving macroeconomic performance, social wellbeing as well as enhanced governance in line with Tanzania's Development Vision 2025, FYDP I, Millennium Development Goals, and MKUKUTA II. These reforms are : Public Service Reform Programme II (PSRP), Local Government Reform Programme II (LGRP II), Legal Sector Reform Programme (LSRP), National Anti-Corruption Strategy and Action Plan II (NACSAP), Business Environment Strengthening for Tanzania II (BEST), Public Financial Management Reform Programme III (PFMRP), and the Financial Sector Support Programme (FSP). During the period under review the following were the achievements and challenges:

Public Service Reform Programme II

Achievements

(i) Capacity building was carried out in 17 MDAs, 4 Regions and 25 LGAs in the areas of monitoring, evaluation and report writing, complaints handling, ethics and code of conducts and developing training plans;

(ii) Personnel records were decongested in 14 Ministries and installation of Personnel Records Management data base have been completed in seven decongested ministries facilitating easy retrieval of data and information;

(iii) Guidelines for Monitoring Ethics Compliance were developed;

(iv) An assessment of Performance Management Systems (PMS) tools utilization was conducted in 18 MDAs showing positive result of 65 percent level of utilization;

(v) The upgrading of version seven of Human Capital Management Information System (HCMIS) into version nine has been completed and rolled out to all employers of the public sector; and

(vi) Completed pilot of e-government portal that will utilize internet to access government services in Ministry of Land, Housing and Human Settlements

Development (land information search); BRELA (business company registration search); and PO-PSM (Government directory search).

Challenges

(i) Expediting implementation of the upgraded HCMIS and ensuring use of HCMIS by some MDAs which continue to pioneer several stand alone MIS;

(ii) Exploiting the existing potentials of public private partnership in the delivery of non-core functions;

(iii) Ensuring effective utilization of the data from staff inspections for planning purposes in the sectors; and

(iv) Ensuring compliance to the application of the Performance Management Systems (PMS) tool to enhance responsiveness and accountability in public services.

Local Government Reform Programme (LGRP II)

Achievements

(i) Alignment of result based Annual Programme Budget for 2011/12 with the management strategy was undertaken ;

(ii) Mid-Term Review of the Local Government Development Grant System and Assessment of Stakeholders' Satisfaction with LGDG Outcomes were conducted ;

(iii) Improvement of working conditions for LGAs' Internal Auditors by providing 132 computers and 75 Vehicles; and

(iv) A total of 133 Council Directors were trained in OPRAS

Challenges

(i) Multiple funding modalities to LGAs which over burdens reporting and accounting capacities of LGAs;

(ii) Capacity of LGAs in areas of Financial Management and Accountability;

(iii) Quality and timely submission of progress reports; and

(iv) Attracting and retaining staff in underserved areas.

Legal Sector Reform Programme (LSRP)

Achievements

(i) Improved Records Management in the registry Offices of the High Court, Dar es Salaam Zone;

(ii) Reduced case backlog from 44.9% in 2009 to 19.7 percent 2010 in 3 High Court Division in Dar es Salaam Zone;

(iii) Renovation of gender and children offices in Police stations at Bomang'ombe, Chang'ombe and Magu;

(iv) Conducted public enquiries on systemic violations of human rights in 13 districts; and

(v) Conducted specialized training for 200 officers in modern investigation techniques and 60 officers in cyber crimes and money laundering.

Challenges

(i) Ensuring sustainability of the reform programme;

(ii) Hastening procurement processes; and

(iii) Enhancing credibility of the judiciary and the police force.

National Anti-Corruption Strategy and Action Plan (NACSAP II)

Achievements

(i) Conducted National Anticorruption Forum that provided a platform for dialogue among stakeholders on matters of corruption and its effect on society;

(ii) Undertook investigation of 2,258 corruption cases of which 598 (26 percent) cases were completed and 250 cases closed;

(iii) Developed strategic response and action plan for implementation of the National Governance Survey recommendations;

(iv) Training of Integrity Committees was conducted to 10 MDAs and 2 LGAs;

(v) Training on ethics infrastructure to 381 Judiciary officials, 283 Police Force and Prisons Officials, 152 officials from MDAs, 35 members of the African

Parliamentarians Network Against Corruption – Tanzania Chapter, and 50 Chief editors from media houses; and

(vi) The Tanzania's chapter for Business Action against Corruption-(BAAC) was officially launched in September 2011.

Challenges:

(i) Mutual legal assistance on matters that are over and beyond domestic jurisdiction; and

(ii) Capacity of watchdogs, oversight institutions and NSAs to fully participate in NACSAP II implementation.

Business Environment Strengthening For Tanzania (BEST)

Achievements:

(i) Mandatory inspection of business premises by Health, Town and Land Officers as a prerequisite of obtaining a business license has been eliminated;

(ii) Entrepreneurs can now undertake searches for acceptable business and company names directly by visiting BRELA's website, www.brela-tz.org, and access, free of charge a model standard for Memorandum and Article of Association (MEMARTS) on the same website that can be used to incorporate a company;

(iii) Establishment of six land zonal offices which will take into account the delegation of responsibilities by authorized Assistants to Land Commissioner, Government Valuer and Government Surveyor so as to bring services closer to the people;

(iv) Introduction of one stop centre service delivery concept in the ports, Border posts as well as the weighbridge stations;

(v) Improved online services for taxpayers in registration and access of Tax Identification Number (TIN) and VAT returns forms through TRA's website at www.tra.go.tz;

(vi) Simplification of property tax payments through e-mobile service;

(vii) The Land Act No.4 of 1999 has been amended to enable Land disputes to be filed at the High Court;

(viii) Establishment of 21 Labour Zonal Offices in Tanzania Mainland, to enable labour disputes be resolved at any High Court Centres in the regions; and

(ix) Modernization of the operations of Court Registries through development of an Electronic Case Management System and streamlining of the manual case flow system currently in place.

Challenges

(i) To create awareness for all reform areas marked under the Government Roadmap for Improvement of the Investment Climate;

(ii) Expediting the pace of reviewing and implementing legal and regulatory framework for doing business in Tanzania;

(iii) Enhancing the use of ICT to promote conducive business environment; and

(iv) Predictability of donor funds for the programme; and

(v) Reducing road blocks along all roads.

Public Financial Management Reform Programme III (PFMRP-III)

Achievements

(i) Capacity building was undertaken for 2,189 government staff on PFM issues including; MTEF & budget management, Electronic Fund Transfer, procurement auditing procedures, procurement Management Information System, Risk Based audit, ACL & Teammate, performance auditing, Good governance, M&E system management and management and supervisory skills;

(ii) The 2010/11 Government Budget was produced in Classification of Functions of Government (CoFoG) format in line with international standards;

(iii) Electronic Funds Transfer was introduced in 2010/11 and 46 MDAs are processing payments through Tanzania Inter-Bank Settlement System (TISS);

(iv) Establishment of Internal Auditor General's Department;

(v) Capacity building was undertaken on analytical techniques in executing oversight functions to 46 members of Parliamentary Accounts Committee (PAC); and

(vi) Epicor-based Integrated Financial Management System (IFMS) has been upgraded to Version 9.05 and installed in all LGAs.

Challenges

(i) Ensuring financial management discipline across the government;

(ii) Hastening procurement processes; and

(iii) Capacity in change management, budget implementation, planning and monitoring and evaluation.

Financial Sector Support Programme (FSP)

231. During the period under review, the main activities implemented under the Program included: improving the monetary policy framework and the legal and regulatory infrastructure, so as to enhance access to financial services; developing financial markets with vibrant primary and secondary market supported by appropriate and secure settlements systems as well as a stock exchange; to promote an efficient and competitive pension and insurance sectors; establishing and promoting a viable and sustainable microfinance industry; and improving access to long term loans for investment.

Achievements

(i) All banks are adequately capitalized, with the ratios of core capital to total risk weighted assets and other off-balance sheet exposures of 16.8 percent and 17.3 percent at end September 2011;

(ii) The ratio of non-performing loans (NPLs) declined to 8.1 percent end-September 2011, from 9.3 percent end December 2010;

(iii) Social Security Regulatory Authority (SSRA) Act , 2008 was reviewed to create effective regulation and supervision of the sector;

(iv) Actuarial valuation and portfolio review of all existing Social Security Funds (SSFs) was undertaken;

(v) Tanzania Mortgage Refinance Company (TMRC) has been established and operationalised to create a sustainable, efficient and market based mortgage system capable of providing affordable long-term housing finance.

Challenges

(i) Effective Coordination of implementing agents across the programme;

(ii) Hastening procurement processes; and

(iii) Ensuring effective harmonization and data management system for social security schemes.

Coordination of Public Sector Reforms

Achievements

(i) Developed Common Operational Procedures Manual for implementation of Core Reforms; and

(ii) Facilitated capacity building for core reforms coordination office.

Challenges

(i) Ensuring timely joint approval of work plans and budgets, to speed up implementation;

(ii) Ensuring effective monitoring and evaluation mechanisms within Coordination offices; and

(iii) Reducing delay in procurement processes in core reform activities.

PUBLIC INVESTMENTS

232. This section reviews the performance of public investments including their contributions to the government coffers. It also, highlights the achievements and challenges encountered.

233. The Government has invested in 245 different institutions, of which 236 are local and 9 are international **(Annex).** The Treasury Registrar Statement of investments as at 30th June, 2011 revealed that, 204 local institutions submitted audited accounts while 32 did not. The 32 institutions include 11 which were newly established while 21 were under liquidation. According to audited accounts of the public investments submitted to Treasury Registrar, the total value of Public investments increased to Tshs. 10,429.58 billion from Tshs. 7,874.42 billion reported in June, 2010 equivalent to 32.4 percent. The total investments reported in June 2011 comprised Tshs. 10,275.14 billion in 204 Local Institutions and Tshs. 154.44 billion in 9 International Institutions.

Categorization of Investments

(i) Government owned Institutions by 100% - Local

234. The Government had 100 percent ownership in 162 profit and non-profit Local institutions worth Tshs. 9,117.93 billion as at 30th June, 2011 compared to Tshs. 7,760.78 billion as of 30th June, 2010 equivalent to 17.5 percent. The increase was attributed to improved performance, capitalization and revaluation of assets. The National Housing Corporation (NHC) and National Social Security Fund (NSSF) are the institutions with the highest investment under this category constituting 11.5 and 11.3 percent respectively out of total investment.

(ii) Joint Venture owned Institutions – Local

235. The Government was in joint venture ownership in 42 local institutions, with a total investment value of Tshs. 552.014 billion as at 30th June, 2011 compared to Tshs. 388.144 billion reported as at 30th of June, 2010. The increase was attributed to improved performance of investments. The Government had a majority shareholding in 8 institutions valued at Tshs. 279.303 billion and minority shareholding in 34 institutions valued at Tshs. 272.711 million. The list of institutions was the Government still has a majority ownership and their respective values are as follows:-

Table 6: ***A list of Institutions with the Government Majority shareholding***

SN.	NAME	SHARE	TOTAL EQUITY
1	BP Tanzania LTD	50%	34,906,000,000
2	Chinese Tanzania Shipping Co. LTD	50%	33,482,345,108
3	Tanzania and Italian Petroleum Refining Company LTD (TPPER)	50%	8,651,858,000
4	Tanzania Telecommunication Company Limited (TTCL)	65%	10,832,250,000
5	Tanzania Zambia railways (TAZARA)	50%	75,189,500,000
6	Tanzania Investment Bank	99.96%	108,204,917,714
7	Tanzania Postal Bank	63.80%	4,914,232,642
8	Tanzania Women Bank	99%	3,122,707,844
	TOTAL		**279,303,811,308**

Source: Treasury Registrar Statement as at 30th June, 2011

(iii) Joint Venture owned Institutions – International

236. The Government had joint venture investments amounting to Tshs.157.447 billion as at 30th June, 2011 compared to Tshs. 113.638 billion as at 30th June 2010 in 9 international institutions. The increase in investments was attributed to improved performance of investments in different institutions and gain in exchange rate fluctuations. An increase in investments value as a result of performance improvement in different institutions includes: International Bank for Reconstruction and Development (IBRD) by Tshs. 11.7 billion; East African Development Bank (EADB) by Tshs. 5.96 billion; International Finance Corporation (IFC) Reserves by Tshs. 2.71 billion; Multilateral Investment Guarantee Agency by Tshs. 175.2 million; Africa Re-insurance by Tshs. 1.2 billion and Shelter Afrique by Tshs. 119 million, while the remaining amount of Tshs. 21.944 billion was an increase attributed to gains in exchange rate. In this category, the African Development Bank (AfDB) took the lead by constituting Tshs. 106. 551 billion equivalents to 67.7 percent of the total investments under this category. The list of international institutions in which the Government has invested and its shareholding is as shown in **Table 7.**

Table 7: ***A list of International Institutions with Government ownership as at 30th June, 2011***

SN.	NAME	NUMBER OF GOVERNMENT SHARES	GOVERNMENT SHARE IN PERCENT	TOTAL PAID UP SHARE AND OTHER SHAREHOLDERS FUND
1	AfDB	17,860	0.82	106,551,487,128
2	SHELTER AFRIQUE	150	0.68	771,364,888
3	EADB	1,790	27.20	37,510,191,339
4	IBRD	1,295	0.10	56,968,721,100
5	IDA	53,758	0.29	(85,440,674,251)
6	IFC	1,253	0.04	11,683,021,000
7	MULTILATERAL INVESTMENT GUARANTEE AGENCY	248	0.22	2,577,637,562
8	PTA BANK	5,214	10.01	22,482,117,832
9	AFRICAN REINSURANCE CORPORATION	8,000	0.80	4,343,214,542
	TOTAL			**157,447,081,141**

Contribution of Public Investments

237. The public investments contribute to the Government coffers through payment of dividends, principal loans, interest remittances and other proceeds that are collected by the Treasury Registrar while corporate tax, other taxes and levies are collected by the Tanzania Revenue Authority. A summary of revenue collection from different sources collected by the Treasury Registrar for the past three years is as shown in **Table 8**:-

Table 8: ***Revenues Collection from Public Institutions by TR (TShs.)***

ITEM	2008/09	2009/10	2010/11
Dividends	31,323,253,591	15,127,480,388	19,801,780,952
Principal Loans & Remittances	6,795,002,070	11,465,621,623	2,340,022,351
Other Proceeds and Remittances	46,001,873,960	14,056,617,906	6,651,641,793
TOTAL	84,120,129,620	40,649,719,917	28,793,445,096

Source: *Treasury Registrar Statement as at 30th June 2011*

238. A list of institutions paid dividend to the Government in the year ending 30th June, 2011 is shown under **Table 9**:-

Table 9: ***A list of Institutions paid dividend in the year 2010/11***

SN.	NAME	SHARES	AMOUNT PAID
1	National Microfinance Bank	30%	5,720,464,800
2	National Housing Corporation	100%	250,000,000
3	Tanzania Standard Newspapers	100%	40,000,000
4	Tanzania Cigarete Company	2.50%	846,503,802
5	Tanzania Ports Authority	100%	2,000,000,000
6	Bank of Tanzania	100%	1,594,755,465
7	Tanzania Planting Co.	25%	3,683,245,833
8	Kilombero Sugar	25%	3,063,420,000
9	BP (T) LTD	50%	750,000,000
10	Mbeya Cement Co.	25%	1,197,744,350
11	Inflight Catering Services LTD	21%	155,646,703
12	TIPPER	50%	500,000,000
	TOTAL		**19,801,780,953**

239. Total revenue collected in respect of dividends, loan repayments and other proceeds in the year 2010/11, decreased to Tshs. 28.79 billion from Tshs. 40.64 billion collected during 2009/10. The decrease in revenue collection was mainly due to low production as a result of fuel and electricity crisis, completion of loans repayment from Tanzania Port Authority and loans repayment arrears from non-performing Parastatals which are under liquidation and those that are financially constrained like TANESCO and TRC (Now Reli Assets Holding Corporation – RAHCO).

Achievements

2. During the period under review, the achievements recorded include the following:

(i) Increased total investments to Tshs. 10,429.58 billion from Tshs. 7,874.42 billion in year 2009/10 equivalent to 32.4 percent;

(ii) Increased returns on investments to Tshs 19.80 billion from Tshs. 15.13 billion paid in year 2009/10;

(iii) Increased compliance by public institutions whereby the number of institutions not submitting audited accounts has declined to 11 in 2010/11 from 18 reported in 2009/10.

Challenges

240. The above-mentioned achievements notwithstanding, there are challenges to be addressed, and these include:

(i) Existence of economically non-viable Parastatals and agencies;

(ii) Attaining the desired outcomes from divested Public Enterprises;

(iii) Conflicting legislations establishing and governing operations of Public Institutions and the Treasury Registrar's Act; and

(iv) Sustaining the Government stake in shareholding investments.

ANNEX

TREASURY REGISTRAR STATEMENT OF GOVERNMENT INVESTMENTS AND PUBLIC INTEREST AS AT 30TH JUNE, 2011

LOCAL INSTITUTIONS

S.NO	NAME OF THE PARASTATAL	SHARE CAPITAL/CAPITAL FUND	TOTAL EQUITY 2010/11 TSHS	% Share	REMARKS
1	Abood Seed Oil Industries Limited/Abood Soap	Share Capital	432,289,266.00	20	Joint Venture with Abood Soap Industry
2	Agriculture Seed Agency	Capital Fund	12,411,541,700.00	100	
3	Air Tanzania Company Ltd	Share Capital	-13,399,684,000.00	100	Accounts for 2008, 2009 & 2010 are in discussion with the Auditors.
4	Aluminium Africa Ltd (ALAF)	Share Capital	6,960,530,160.00	24	Joint Venture with (Clovis) now Safal Investments Ltd (76.5%).
5	Ardhi University	Capital Fund	17,850,008,233.00	100	
6	Arusha International Conference Centre (AICC)	Capital Fund	24,141,242,569.00	100	
7	Arusha Technical College	Capital Fund	56,405,609,168.00	100	
8	TASUBA	Accumulated Fund	2,505,426,903.64	100	
9	Bank of Tanzania (BOT)	Share Capital	766,216,323,000.00	100	
10	Baraza la Kiswahili Tanzania	Govt. Grant	1,012,551,000.00	100	
11	Board of External Trade (BET)	Capital Fund	22,811,166,779.00	100	
12	BP (T) Ltd	Share Capital	34,906,000,000.00	50	Joint Venture with BP Africa (50%).
13	Business Registrations and Licensing Agency (BRELA)	Accumulated Fund	6,363,107,934.65	100	
14	Capital Development Authority(CDA)	Govt. Grant	42,363,526,999.00	100	
15	Capital Markets and Securities Authority	Special Fund	2,747,524,000.00	100	

16	CAMARTEC	Capital Fund	3,093,093,018.00	100	
17	Celtel Tanzania Ltd (now Airtel (T) LTD).	Share Capital	27,430,400,000.00	40	Joint Venture with CELTEL International Ltd (Now Bharti Airtel of India)
18	Centre for Foreign Relations	Capital Grants	1,186,254,346.00	100	
19	Chinese Tanzania Joint Shipping Company Ltd	Share Capital	33,482,345,107.91	50	
20	College of African Wildlife Management (Mweka)	Capital Grants	4,252,277,964.00	100	
21	College of Business Education	Capital Fund	10,771,046,194.00	100	
22	Community Development Trust Fund	Capital Grants	2,368,017,875.00	100	
23	Consolidated Holding Corporation	Capital Reserve	9,039,000,000.00	100	
24	Contractors Registration Board	Capital Fund	7,304,943,000.00	100	
25	Copy Right Society of Tanzania	Capital Fund	96,512,734.85	100	
26	Cooperative Audit and Supervision Corporation(COASCO)	Accumulated Funds	2,692,931,009.00	100	
27	Dar es Salaam Institute of Technology(DIT)	Capital Fund	16,800,153,978.00	100	
28	Dar es salaam Rapid Transport Agency (DART)	Capital Grant	218,097,672.00	100	
29	Dar es Salaam University College of Education (DUCE)	Capital Fund	17,103,119,000.00	100	
30	Dar-es-Salaam Maritime Institute	Capital Fund	4,822,540,340.00	100	
31	Datel Tanzania Limited	Share Capital	-235,502,000.00	35	Joint Venture with A-Link Telecom (T) LTD. Accounts for 2009 & 2010 are still with the Auditors
32	DAWASA	Capital Fund	66,255,000,000.00	100	
33	DAWASCO	Capital Fund	-31,528,314,000.00	100	
34	East African Cables (T) LTD	Share Capital	3,805,415,960.00	29	Joint Venture with E.A Cables Co. Ltd. Kenya (51%), TDFL (10%) and

					TANESCO (10%)
35	East Africa Statistical Training Centre(EASTC)	Capital Grant	4,422,664,639.00	100	
36	Energy and Water Regulatory Authority	Government Funds	11,587,968,000.00	100	
37	Engineers Registration Board	Capital Fund	392,321,391.00	100	
38	Export Processing Zone Authority (EPZA)	Accumulated Fund	38,593,958.65	100	Accounts for 2010 are still with the Auditors
39	Fair Competition Commission (FCC)	Capital Fund	907,533,606.00	100	
40	FAIR Competition Tribunal (FCT)	Capital Fund	250,645,715.00	100	
41	Friendship Textile Co.	Share Capital	-3,031,137,060.00	49	Joint Venture with Dieqiu Textile Dyeing and Printing Group Co Ltd (51%). Operating below expectation
42	Gaming Board of Tanzania	Capital Fund	1,682,090,422.00	100	
43	Government Chemist Laboratory Agency	Capital Fund	4,991,463,268.00	100	Accounts for 2010 are still with the Auditors
44	Government Employee Provident Fund	Capital Fund	85,948,907,000.00	100	
45	Government Procurement Services Agency (GPSA)	Capital & Reserve	7,158,163,132.00	100	
46	Higher Education Student's Loan Board	Loanable Fund	521,241,908,237.00	100	
47	Industrial Promotion Services (Tanzania) Limited	Share Capital	226,221,299.20	18.16	
48	In flight Catering Services Company/LGS Sky Chef	Share Capital	1,703,230,200.00	21	Joint Venture with LSG Skychef German (66%) and Others (13%). Accounts for 2010 are still with the Auditors
49	Institute of Accountancy Arusha (IAA)	Capital Grant	6,646,113,025.00	100	
50	Institute of Adult Education (National correspondent Institute)	Capital Grant	5,389,417,841.00	100	
51	Institute of Finance Management (IFM)	Capital Fund	32,603,414,000.00	100	
52	Institute of Judicial Administration	Capital Fund	3,787,766,499.82	100	
53	Institute of Rural Development Planning	Capital Fund	10,342,598,254.00	100	

54	Institute of Social Works	Capital Grant	8,178,318,126.00	100	
55	Insurance Deposit Fund	Capital Grant	59,438,221,708.00	100	
56	Joint Finance Commission	Accumulated fund	305,691,740.00	100	
57	Kariakoo Market Corporation	Share Capital	516,049,467.22	49	Joint Venture with Dar es Salaam City Council 51%
58	Keko Pharmaceuticals Ltd	Share Capital	723,792,292.40	40	Joint Venture with Diocare Ltd (60%).
59	Kibaha Education Centre	Capital Fund	8,805,404,429.00	100	
60	Kilimanjaro Airport Development Company Ltd	Share Capital	8,144,128,000.00	100	
61	Kilombero Sugar Co.	Share Capital	11,480,784,750.00	25	Joint Venture with Illovo & ED & F. Man (75%),
62	Kivukoni College (Mwalimu Nyerere Memorial Academy)	Share capital	9,448,577,485.00	100	
63	Kiwira Coal Mines	Share capital	6,220,644,243.60	30	Joint Venture with Power Resources Company (70%). It is not operating. The Government is in the process to repossess shares of the Company
64	Law School of Tanzania	Government Fund	2,161,003,078.82	100	
65	Local Authorities Pension Fund (LAPF)	Accumulated Fund	218,922,840,580.00	100	
66	Local Government Training Institute (Hombolo)	Transferred Assets	4,235,357,385.48	100	
67	Marine Service Co.	Share Capital	6,736,295,700.00	100	
68	Mbeya Cement CO. Ltd	Share Capital	8,482,385,250.00	25	Joint Venture with Lafarge Group of France (75%)
69	Mbeya Institute of Science & Technology	Capital Fund	13,176,903,225.00	100	
70	Mbinga Coffee Curing	Share Capital	501,650,691.45	43	Joint Venture with Mbinga Co-operative Unions.
71	Mbozi Coffee Curing	Share Capital	186,613,509.76	32	Joint Venture with Mbozi Co-operative Unions
72	Medical Stores Department	Capital Fund	90,759,589,899	100	

			.00		
73	Mfuko wa PPF	Accumulated Fund	722,476,609,000.00	100	
74	Mkwawa University College of Education	Capital Grant	24,490,700,257.00	100	
75	MOSHI LEATHER	Share Capital	236,398,629.00	25	Joint Venture with IPS LTD (75%)
76	Moshi University College of Cooperative and Business Studies (MUCCOBS)	Capital Fund	11,655,540,000.00	100	
77	Muhimbili National Hospital (MNH)	Capital Fund	47,848,592,341.00	100	
78	Muhimbili Orthopaedic Institute (MOI)	Capital Grant	2,412,096,000.00	100	
79	Muhimbili University Of Health and Allied Sciences. (MUHAS)	Capital Fund	27,383,363,250.00	100	
80	Mwananchi Engineering And Construction Company(MECCO)	Share capital	-14,265,665.50	25	Joint Venture with Sisi Construction Ltd (75%). Accounts for 2010 are still with the Auditors
81	Mzinga Corporation	Capital Fund	23,721,875,363.00	100	
82	Mzumbe University	Capital Fund & Grant	18,786,508,581.00	100	
83	National Arts Council	Share Capital	1,217,795,158.00	100	
84	National Bank of Commerce (NBC)	Share Capital	42,324,000,000.00	30	Joint Venture with Absa Group (55%) and IFC (15%). Paid up shares for the Government in NBC LTD are incorporated in CHC accounts.
85	National Board of Accountants and Auditors (NBAA)	Capital Grant	8,976,515,000.00	100	
86	National Board of Architects Quantity Surveyors and building Contractors	Accumulated Fund	393,215,825.00	100	
87	National Bureau of Statistics	Capital fund	3,523,285,751.00	100	
88	National College of Tourism	Treasury Fund	2,307,968,476.00	100	Accounts for 2010 are still with the Auditors
89	National Construction Council	Capital Grant	1,294,748,655.90	100	
90	National Council for Technical	Capital Grant	10,387,586,116	100	

	Education		.00		
91	National Development Corporation (NDC)	Capital Fund	75,383,264,000.00	100	
92	National Economic Empowerment Council	Capital Grant	1,064,980,671.00	100	
93	National Environment Management Council (NEMC)	Capital Fund	2,283,639,426.00	100	
94	National Examination Council	Capital Grant	34,430,476,040.00	100	
95	National Health Insurance Fund	Accumulated Fund	306,329,661,000.00	100	
96	National Housing Corporation	Capital Fund	1,054,027,030,000.00	100	
97	National Identity Authority	Capital Fund	15,513,045,979.00	100	
98	National Institute for Medical Research	Capital Fund	16,735,646,617.00	100	
99	National Institute for Productivity	Capital Fund	1,341,842,683.00	100	
100	National Institute of Transport (NIT)	Capital Fund	7,766,127,395.00	100	
101	National Insurance Corporation	Share Capital	23,625,914,201.00	100	
102	National Land use Planning Commission (NLPC)	Capital Grant	321,922,026.00	100	
103	National Micro Finance Bank (NMB)	Share Capital	69,155,700,000.00	30	Joint Venture with Rabor Bank (49%), and Others (21%)
104	National Museum of Tanzania	Capital Grant	8,654,495,580.12	100	
105	National Ranching Company (NARCO)	Share Capital	149,734,595,000.00	100	
106	National Social Security Fund	Accumulated Fund	1,029,206,177,000.00	100	
107	National Sports Council	Capital Grant	104,997,070.00	100	
108	National Sugar Institute	Capital Fund	5,058,336,699.00	100	
109	New African Hotel	Share Capital	2,551,394,140.00	23	Joint Venture (77%) with Holiday & Resort Investment (RHI).
110	Ngorongoro Conservation Area Authority	Capital Fund	9,470,590,969.00	100	

111	Occupational Safety Health Authority (OSHA)	Accumulated Fund	739,921,454.00	100	
112	Ocean Road Cancer Institute	Govt. Grant	7,987,641,996.00	100	Accounts for 2010 are still with the Auditors
113	Open University of Tanzania	Capital Fund	5,653,130,886.00	100	
114	Procurement and Supplies Professionals and Technicians Board (PSPTB)	Capital Fund	470,916,743.00	100	
115	Public Procurement Regulatory Authority	Capital Grant	1,284,562,000.00	100	
116	Public Service Pension Fund (PSPF)	Accumulated Fund	732,381,780,000.00	100	
117	Registration Insolvency Trusteeship Agency	Capital Fund	2,408,424,931.25	100	
118	Reli Assets Holding Company	Share Capital	197,295,751,853.00	100	
119	Rufiji Basin Development Authority (RUBADA)	Capital Fund	3,173,242,890.00	100	
120	Rural Energy Agency	Accumulated Fund	-44,092,247,000.00	100	
121	Small Industries Development Org.	Capital Fund	17,956,386,000.00	100	
122	Sokoine University of Agriculture	Capital Fund	30,586,453,492.00	100	
123	State Mining Corporation (STAMICO)	Share Capital	8,168,289,459.00	100	
124	Sugar Board of Tanzania	Capital Fund	28,102,057,000.00	100	
125	Suma JKT Company	Treasury Development Fund	1,478,875,652.00	100	
126	Surface and Marine Transport Authority (SUMATRA)	Capital Fund	10,380,714,423.00	100	
127	Tanzania Pyrethrum Board	Capital Fund	-81,857,684.00	100	
128	TANALEC Limited	Share Capital	3,460,347,000.00	30	Joint Venture with TRANS CENTURY Ltd of Kenya (70%)
129	TANICA	Share Capital	135,188,028.50	10	Joint Venture with Cooperative Unions (90%)
130	TANSCAN TIMBER COMPANY LTD	Share Capital	40,678,651.44	49	Joint Venture with Workers Union (51%). Accounts for 2010 are

					still with the Auditors
131	Tanzania Airports Authority	Operating Surplus	71,815,463,969.00	100	Accounts for 2010 are still with the Auditors
132	Tanzania Atomic Energy Commission	Capital Grants	3,489,020,945.00	100	
133	Tanzania Automobile Technology Centre (NYUMBU).	Accumulated Fund	10,107,322,000.00	100	
134	Tanzania Breweries Co. Ltd	Share Capital	8,049,000,000.00	4	Joint Venture with SABMILLER Africa BV (52.83%) and East Africa Breweries Limited (EABL) 20% and the Public 23.17%
135	Tanzania Broadcasting Corporation (TBC)	Accumulated Fund	7,010,980,829.00	100	
136	Tanzania Building Agency	Capital Fund	119,116,143,678.00	100	
137	Tanzania Bureau of Standards(TBS)	Capital Fund	9,431,037,941.00	100	
138	Tanzania Cashew nut Board	Capital Fund	1,198,267,000.00	100	
139	Tanzania Cigarette Co. Ltd (TCC)	Share Capital	3,220,175,000.00	2.5	Joint Venture with RJ Reynolds Tobacco Ltd (51%), JT International Hold BV (24%), Tanz. Public (19.5%)
140	Tanzania Civil Aviation Authority	Capital Fund	25,367,462,000.00	100	
141	Tanzania Coffee Board	Capital Fund	5,562,308,000.00	100	
142	Tanzania Commission for Science & Technology - COSTECH	Capital Fund	837,992,754.00	100	
143	Tanzania Commission for Universities	Capital Fund	2,159,906,194.00	100	
144	Tanzania Communication Regulatory Authority (TCRA)	Capital Fund	86,637,979,000.00	100	
145	Tanzania Cotton Board	Capital Fund	9,139,868,305.00	100	
146	Tanzania Dairy Board	Capital Grant	115,568,962.25	100	
147	Tanzania Development Finance Ltd	Share Capital	3,673,524,000.00	32.1	Joint Venture with ABC Holding LTD (68.9%).
148	Tanzania Education Authority	Capital Fund	13,421,473,809.00	100	

149	TaESA	Accumulated Fund	3,377,750.49	100	
150	Tanzania Electric Supply Co. Ltd. (TANESCO)	Share Capital	907,843,000,00 0.00	100	Accounts for 2010 are still with the Auditors.
151	Tanzania Electrical, Mechanical & Electronics Services Agency (TEMESA)	Capital Fund	31,835,247,932 .28	100	
152	Tanzania Fertilizer Company	Share Capital	- 23,249,443,922 .00	100	
153	Tanzania Fishing Research Institute (TAFIRI)	Capital Fund	1,822,389,299. 00	100	
154	Tanzania Food and Drugs Authority	Capital Fund	3,363,433,059. 00	100	
155	Tanzania Food and Nutrition Centre (TFNC)	Capital Grant	2,801,724,830. 00	100	Accounts for 2010 are still with the Auditors
156	Tanzania Forest Research Institute (TAFORI)	Capital Grant	4,045,794,394. 00	100	
157	Tanzania Government Freight Agency	Capital Fund	35,016,170,523 .42	100	
158	Tanzania Institute of Accountancy	Accumulated Fund	7,735,964,457. 37	100	
159	Tanzania Institute of Education	Capital Fund	2,888,032,610. 00	100	
160	Tanzania Institute of Research and Development Organization (TIRDO)	Capital Fund	5,382,229,587. 00	100	
161	Tanzania Insurance Regulatory Authority (TIRA)	Capital Fund	7,610,271,167. 30	100	
162	Tanzania Investment Centre (TIC)	Accumulated Fund	11,413,244,974 .00	100	
163	Tanzania Investment Bank (TIB)	Share Capital	108,204,917,71 3.20	99.96	Joint venture with CHC 0.03% and NIC 0.01%
164	Tanzania Library Service	Accumulated Fund	1,746,657,425. 00	100	
165	Marine Parks and Reserves Unit	Capital Fund	1,494,382,975. 00	100	
166	Tanzania Meteorological Agency	Capital Reserve	11,370,221,765 .00	100	
167	Tanzania Mineral Audit Agency (TMAA)	Accumulated Fund	2,017,395,000. 00	100	
168	Tanzania National Business Council	Capital Fund	307,927,000.00	100	
169	Tanzania National Parks (TANAPA)	Capital Fund	66,211,397,544 .00	100	

170	Tanzania National Re-Insurance Corporation Ltd (TAN-RE)	Share Capital	181,531,332.80	1 Share	Golden Share no dividends
171	Tanzania National Road Agency (TANROADS)	Accumulated Fund	29,328,915,828.00	100	
172	Tanzania Oxygen Ltd	Share Capital	152,764,288.60	9.59	Joint Venture with SAAMI Holding (55.13%), Swedfund (4.69%), Joseph A. Gonsalves (3.19%), Twiga Bankop (3.13%), Social Action Trust Fund (2.99%), PPF (1.56%) & Others (19.3%)
173	Tanzania Petroleum Development Corporation	Share Capital	21,429,307,149.00	100	
174	Tanzania Pharmaceutical Ltd	Share capital	3,159,964,771.20	40	Joint Venture with Pharmaceutical Investments Ltd (60%).
175	Tanganyika Planting Co.(TPC)	Share Capital	23,375,272,250.00	25	Joint Venture with Sukari Investment Co Ltd (75%)
176	Tanzania Postal Bank	Share Capital	4,914,232,642.00	63.8	Owned jointly with Zanzibar Government; TPC and TP & TC SACCOS
177	Tanzania Ports Authority (TPA)	Capital Fund	414,751,173,034.00	100	
178	Tanzania Posts Corporation	Share Capital	11,586,432,748.00	100	
179	Tanzania Public Service College	Consolidated Fund	8,948,064,000.00	100	
180	Tanzania Railways Limited	Share Capital	-45,038,421,540.00	49	Joint venture with RITES India (51%)
181	Tanzania Revenue Authority (TRA)	Capital Fund	55,067,768,920.00	100	
182	Tanzania Sisal Board	Capital Fund	80,181,387.00	100	
183	Tanzania Standard Newspapers (TSN)	Share Capital	5,046,916,404.00	100	Accounts for 2010 are still with the Auditors
184	Tanzania Tea Board	Capital Grant	1,612,257,883.00	100	
185	Tanzania Tea Small Holders Development Agency	Capital Fund	2,446,790,078.00	100	
186	Tanzania Telecommunication Company Ltd (TTCL)	Share Capital	10,832,250,000.00	65	Joint Venture with Zain/Celtel (T) LTD (35%)

187	Tanzania Tobacco Board	Capital Fund	649,203,581.00	100	
188	Tanzania Tourist Board (TTB)	Capital Fund	4,569,345,000.00	100	
189	Tanzania Tree Seed Agency	Capital Grant	1,897,507,523.95	100	
190	Tanzania Wildlife Research Institute (TAWIRI)	Capital Fund	1,133,365,124.00	100	
191	Tanzania Women's Bank Limited (TWB)	Share Capital	3,122,707,843.53	99	
192	Tanzania Zambia Railways Authority (TAZARA)	Share Capital	75,189,500,000.00	50	Joint venture with Government of Zambia (50%). Accounts for 2010 are still with the Auditors
193	TAZAMA Pipelines Ltd	Share Capital	757,290,544,208.00	33	Joint venture with the Government of Zambia (67%)
194	Tanzania Engineering & Manufacturing Design (TEMDO).	Share Capital	253,905,314.00	100	
195	TIPER	Share Capital	8,651,858,000.00	50	Joint Venture with Oryx Oils (50%)
196	Tropical Pesticides Research Institute	Revaluation Reserve	6,997,826,000.00	100	
197	Twiga BankCorp	Share Capital	6,961,931,000.00	100	
198	Unit Trust of Tanzania	Capital Fund	18,576,847,292.00	100	
199	University of Dar es Salaam	Capital Fund	92,915,864,000.00	100	Accounts for 2010 are still with the Auditors
200	University of Dodoma	Capital Fund	46,801,137,034.00	100	
201	Usafiri Dar-Es-Salaam (UDA)	Share Capital	2,439,825,443.00	49	Joint Venture with Dar es Salaam City Council (51%).The Government is in the process of selling its Shares.
202	Vocational Education Training Authority(VETA)	Accumulated Fund	72,449,741,000.00	100	
203	Weights and Measures	Accumulated Fund	1,112,644,444.91	100	
204	Williamson Diamond Limited	Share Capital	-31,068,617,801.00	25	Joint Venture with Willcroft/Petra Diamond (75%). Not operating since the year 2009

	TOTAL		**10,275,149,624,561.50**		

ACCOUNTS NOT SUBMITTED

1	Agency for Development Education Management		0.00	100	Accounts for 2010 not finalized
2	Ardhi Institute Morogoro		0.00	100	Accounts are consolidated to the Parent Ministry.
3	National Food Reserve Agency		0.00	100	New Institution
4	National Housing Building Research Agency		0.00	100	Accounts are consolidated to the Parent Ministry.
5	Public Procurement Appeals Authority		0.00	100	Accounts are consolidated to the Parent Ministry.
6	Social Security Regulatory Authority		0.00	100	It is a new established Regulatory Authority.
7	Tanzania Official Seed Certification Agency		0.00	100	Accounts are consolidated to the Parent Ministry.
8	Tanzania Revenue Appeals Tribunal		0.00	100	Accounts are consolidated to the Parent Ministry.
9	Tanzania Revenue Appeals Board		0.00	100	Accounts are consolidated to the Parent Ministry.
10	Tengeru Community Development Training		0.00	100	Accounts are consolidated to the Parent Ministry.
11	UNESCO		0.00	100	Accounts are consolidated to the Parent Ministry.

INSTITUTIONS NOT OPERATING, UNDER LIQUIDATION AND DIVESTURE

1	Basuto Farm				Liquidation process was expected to be closed by the end of the year 2008. However, there are pending issues to be resolved to date.
2	BHESCO				Liquidation process pending land case plot No. 161 Mbezi Beach and Plot No. 266/2 Buguruni.
3	Buck Reef Gold Mining Company				Buckreef Gold Mine has been reverted back 100% to STAMICO

					following the withdrawal of the Joint Venture company partiner I AM GOLD (T) LTD
4	Buhemba Gold Mine (MEREMETA) Company				Not Operating for some years now
5	General Tyre EA Ltd				Joint Venture with Continental NA (26%). Specified under PSRC (now CHC). CHC is initiating the liquidation process as directed by the Cabinet.
6	Gidagamowd				The process of liquidation is at the stage of completion. Since the proceeds collected were sufficient to settle claims by creditors the same was finalized on 21st September, 2007
7	Imara Wood Products				Liquidation process still going on pending a Land case No. 10 of 2005 and Civil case No. 9 of 2009 at the High Court of Tanzania at Moshi Land Division seeking eviction order yet to be finalized
8	Kiltimbers Co Ltd				The liquidation is partly completed, pending calling unsecured creditors meeting and deliberating on possibilities of paying unproportionately unsecured creditors.
9	Kisarawe Brick Factory (KIBRICO)				Not operating. Government Shares offered for sale
10	Mikumi Wildlife Lodges				Not operating. Under privatization.
11	Mulbadaw Farm				Under Liquidation. Liquidation process is at final stages. Creditors meeting have already been held. However, there is a Land case No. 22 of 2006 at the court of Tanzania.
12	Murjanda Farm				Under Liquidation. There are claims of ex-workers which mediation is with

					the Commissioner for Labor Office.
13	National Agricultural Food Co. (NAFCO)				Divested. Caretaker is supervising divestiture on going units
14	National Milling Corporation				Caretaker is supervising divestiture of the remaining units
15	National Shipping Co. Ltd				Under liquidation. Sale of assets is in progress
16	PEHCOL				Not operating. Asset sale in process.
17	Setchet Farm				The liquidation process has been completed. However CHC is verifying amount paid to Principal by the liquidator following the difference between total proceeds collected and amount remitted.
18	Tanzania Elimu Supplies				Under Liquidation. However, there are pending court cases (Trade Enquiry No. 62 of 2007, Labour Revision No. 8 of 2009 & Revision Application No. 114 of 2008).
19	Tanzania Fishing Company (TAFICO)				Not operating. Repossessed by the Government, now a Ministerial Department
20	Tanzania Motors Services Company (TMSC)				Liquidation in process, pending Case for Plot No. 24 at the junction of Jamhuri Road and Ali Hassan Mwinyi
21	Tembo Chipboards Ltd.				Not operating

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