THE UNITED REPUBLIC OF TANZANIA

GUIDELINES FOR THE PREPARATION OF PLAN AND BUDGET FOR 2011/12 WITHIN THE FIVE YEAR DEVELOPMENT PLAN FRAMEWORK (2011/12 – 2015/16)

PART I & II

Ministry of Finance
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LIST OF ABBREVIATIONS

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
CCM	-	Chama Cha Mapinduzi
COMSIP	-	Community Savings and Investment Promotion
D by D	-	Decentralization by Devolution
DADPs	-	District Agriculture Development Plans
EU	-	European Union
EAC-CM	-	East African Community Common Market
GRB	-	Gender Responsive Budget
GDP	-	Gross Domestic Product
GFC		Global Financial Crisis
GEPF	-	Government Employees Pension Fund
HIPC	-	Highly Indebted Poor Countries
HR	-	Human Resource
ICT	-	Information and Communication Technology
IFMS	-	Integrated Financial Management System
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
MTEF	-	Medium Term Expenditure Framework
MoEVT	-	Ministry of Education and Vocational Training
MTP	-	Medium Term Plan
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 Empowement Council
NSSF	-	National Social Security Fund
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 Emolment
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 & Local Government
PMCT	-	Prevention of Mother to Child Transmission
PO-PSM	-	President's Office – Public Service Management
PPP	-	Public – Private Partnership
PSRP	-	Public Service Reform Programme
PSPF	-	Public Service Pension 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
SUMATRA	-	Surface and Marine Transport Regulatory Authority
TASAF	-	Tanzania Social Action Fund
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
TSCP		Tanzania Strategic Cities Project
TSIP	-	Transport Sector Investment Program
VAT	-	Value Added Tax

PREAMBLE

The Plan and Budget Guidelines have been prepared taking into account the ongoing process of the review of achievements of objectives and targets of the Tanzania Development Vision (TDV) 2025 and the preparation of the Five Year Development Plan 2011/12 – 2015/16 whose implementation will start in the year 2011/12. These guidelines also draw from priorities outlined in MKUKUTA II and the 2010 – 2015 CCM Election Manifesto. In addition, the guidelines reflect the 13 priority areas highlighted by the President H.E. Dr. Jakaya Mrisho Kikwete, during his inaugural address to the Parliament on 18th November 2010. These priorities indicate areas to which the public resources should be directed in order to catalyze development at all levels and seek to address specific bottlenecks to the country's socio-economic development. These Guidelines also recognize the Government effort to implement the policy of Decentralization by Devolution (D by D).

The Guidelines document is divided into two parts. Part I is organized in seven chapters which are integrated and synchronized in order to make them wholesome. This part presents the Medium Term Focus and review of macroeconomic performance, MKUKUTA I implementation, RSs and LGAs, Public Sector Reforms, and Public Investments. Details of these reviews are provided in the **Annex.** Part II of the Guidelines constitutes the standard forms to facilitate the MDAs, RSs and LGAs to effect the preparation, execution and monitoring and evaluation of their budgets.

Chapter One sets the stage for the Five Year Development Plan Framework. The chapter presents the background and a review of achievements of objectives and targets of the TDV 2025. It also highlights the implementation set-up and performance, achievements recorded and challenges encountered in the course of implementation. It briefly elaborates on the rationale for a paradigm shift in the planning framework. This chapter concludes with highlighting on the issues (or challenges) that the coming Five Year Development Plan seek to address.

Chapter Two spells out the Five Year Development Plan Framework, objectives and focus. The chapter dwells on the key macroeconomic assumptions and policy targets for 2011/12 - 2015/16. Further, the chapter summarises national priority areas to be considered during the first year of the Plan as well as sectoral priorities for Five year Plan period.

Chapter Three provides an insight into issues that are considered specific to Regional Administration and Local Government Authorities. The chapter spells out the national focus over these levels of administration in the Five Year Development Plan including the issue of resource generation and expenditure priority areas while taking into consideration local priorities. The strategic position of these levels of administration in the implementation of annual plans as compared to MDAs is articulated.

Chapter Four underscores the role and strategic importance of Human Resource in the execution of the Five Year Development Plan and Budget. Specific guidance has been given to MDAs, RSs and LGAs to adequately address issues of HR planning, management, ethics, integrity and development. Also issues to be addressed in this area will include determination of quality and quantity of HR needs to meet requirements of critical sectors to growth of the economy including underserved areas and the realignment of skills to meet the requirement of the regional labour market.

Chapter Five provides the budget frame for the five year plan period, 2011/12 - 2015/16. The budget frame sets targets for domestic and foreign resources, as well as expenditure ceilings for the plan period along with the policies and strategies that will be adopted and implemented for attaining the targets.

Chapter Six outlines a mechanism by which MDAs, RSs and LGAs will monitor, evaluate and report the execution of the Five Year Development Plan as well as the 2011/12 plan and budget. Specific instructions regarding the preparation and effective implementation of plans and budgets are provided to MDAs, RSs and LGAs.

The last Chapter dwells on issues of institutional responsibilities for the implementation of the Five Year Development Plan and the Annual Plan and Budget for 2011/12. It reminds the Accounting Officers and Plan and Budget Committees of respective institutions on their roles and responsibilities in planning and budgeting. The chapter also underscores adherence to regulations and procedures governing the use of public resources.

Different from previous years' guidelines, detailed information including achievements and challenges recorded during 2009/10 and the first half of 2010/11 has been provided in the Annex. The Annex comprises reviews of the macroeconomic development, implementation of MKUKUTA I, Regions and LGAs' performance as well as performance of Public Sector Reforms and Public Investments. MDAs, Regions and LGAs are therefore obliged to go through the Annex in order to prepare credible plans and budgets.

CHAPTER ONE

THE FIVE YEAR PLAN FORMULATION FRAMEWORK

National Development Agenda

1. The thrust of development agenda of this nation since its independence has been on economic growth and poverty reduction, with the prime objective of ensuring the majority of Tanzanians have access to development opportunities to be able to enjoy the accruing benefits. In an effort to spearhead the pace of achieving the desired development agenda, the Government in 1999 launched the Tanzania Development Vision 2025. The gist of the Vision is that by 2025 Tanzania should have made unprecedented economic transformation and development to achieve middle income status characterised by high levels of industrialisation, competitiveness, quality livelihood, rule of law; and having in place a learned and pro-learning society.

Review of Implementation of the Vision

2. An independent study that was commissioned in 2009 to critically review implementation of the vision after 10 years of its launch revealed that progress towards implementation of Vision 2025 was a mixed one. Noticeable milestones have been recorded in propelling national development towards its desired path. There has been rapid progress towards the achievement of social development targets and visible improvement of business environment following implementation of policy and structural reforms. Consequently, Tanzania has managed to attract substantial amounts of Foreign Direct Investments (FDIs) mainly into primary production sectors and extractive industries, notably mining. However, the challenge remains of hastening the transformation of the country's production and trade supply structures commensurate with the dynamics of global demand. Efforts taken to transform the country's supply structure to enable Tanzania realise the benefit of globalisation continue to be hampered by the existence of weak supportive infrastructure, notably, power and transport. Despite the existence of a numerous power generation resources, the country's production has remained largely reliant on hydropower and therefore the wills of nature. Poor transport infrastructure has also

failed the country to optimally exploit its strategic geographic location as a regional trade gateway and transport logistical hub.

3. To be able to achieve the target of becoming a middle income country by year 2025 entails to address the following challenges;

(i) Need for coherent action to implement TDV 2025 during the remaining two thirds of its period;

(ii) Prepare medium term plan to implement TDV 2025; and

(iii) A paradigm shift from needs-based planning which is resource based, to the opportunity-based planning.

The Need to Review the National Planning Framework

4. In his inaugural speech to the 10th Parliament, the President, H.E. Dr. Jakaya Mrisho Kikwete, emphasized the need to re-engineer Tanzania's economic planning framework outlining four important steps:

(i) Reassessing the objectives and targets of the National Development Vision 2025 considering the domestic, regional and global economies since the Vision was promulgated in 1999 and validating it accordingly;

(ii) Crafting an indicative roadmap which will be the basis for developing three five year development plans that will guide realization of the Vision objectives and targets over the remaining 15 years;

(iii) Undertaking to develop a unifying planning framework for institutional, sectoral and national development plans in liaison with benchmarks and performance criteria set for the realization of the medium term plan to implement Vision 2025; and

(iv) Undertaking coherent and persistent efforts to strengthen and sustain planning and analytical capacities at all levels to guide and inform the course of implementing the Vision.

Specific Changes in the Planning Framework

5. A number of changes are envisaged in the planning framework and these will include the following:

(i) **Plan Horizon:** Effective from July 2011, the plan horizon will be five years and the first five year plan will cover the period 2011/12 – 2015/16.

(ii) **Planning Instruments:** The following will hereafter be the planning instruments from which institutional, sectoral and national plans will be drawn:

- The Tanzanian Development Vision 2025;
- The Fifteen Year (Long Term Plan) Roadmap to the realization of the Development Vision;
- The Five Year Development Plans; and
- MKUKUTA II, Sector Policies and Strategies.

(iii) **Plan Orientation:** The new orientation calls for a paradigm shift from needs - based planning which is resource based, to the opportunity-based planning which requires thinking beyond the resource constrained box towards strategically positioning the country to maximize on every opportunity that presents itself thus making resources the means rather than the end.

During the first five year plan, Tanzania will have to compete and benefit from the unfolding opportunities presented by increasingly integrating regional markets taking full advantage of its strategic geographical location that stand to be the regional competitive trade gateway to serve most of the hinterland and the surrounding land-locked countries. Tanzania is also endowed with natural resources (mineral, fertile land, tourist attraction sites) and energy sources (such as biomass and agricultural wastes, coal, hydro, natural gas, thermal, geothermal, solar and wind) all of which are potentially capable of spurring the growth to the desired development path.

(iv) Institutional Framework: The following institutional framework will support the development and implementation of the Five Year Development Plan:

- The Planning Commission will, apart from providing strategic thinking and advice to the Government, also play a pivotal role in coordinating, monitoring and evaluating implementation of the Plan, and in collaboration with the Ministry of Finance, will advise on mobilization and management of financial resources for implementation of development projects;

- The MoF will continue to mobilize financial resources and ensure optimal allocation in attending identified priority areas of the Plan; and
- MDAs, Regions and LGAs will remain to be the change and implementation agents of the Plan, interpreting the planning guidelines in respect of their mandates and supervising implementation of approved projects and activities for realization of the objectives and targets of the Plan.

Review of MKUKUTA I

6. The National Strategy for Growth and Reduction of Poverty - MKUKUTA in Tanzania's development agenda played a pivotal role in the national planning framework and resource allocation. It was implemented between 2005 and 2010 under three clusters namely: Growth and reduction of income poverty; improved quality of life and social wellbeing; and good governance and accountability.

7. The assessment of MKUKUTA I show that, within the five years of its implementation the economy grew at an average of 6.9 percent per annum, collection of domestic revenue improved and inflation was contained at single digit level. Performance of key economic sectors was impressive and expansion of social sectors i.e. education, health and water was encouraging. Systems and programmes for achieving good governance and accountability were established and strengthened. Core reforms on Public Service Management, Public Finance Management, Legal Sector, Local Government and Business Environment were implemented as planned. Democratic processes were improved and efforts to curb corruption were intensified through National Anticorruption Strategy and Action Plan (NACSAP).

8. Despite of the recorded achievements, the following challenges need to be addressed:

(i) Improving the productive capacity of the economy particularly in areas of efficiency in power supply, infrastructure development and value addition activities;

(ii) Trickling down the macroeconomic gains to the individual (community) level to realize results of poverty reduction efforts;

(iii) Sustaining the quality and quantity of social services delivered;
(iv) Developing complementary strategies and plans;
(v) Prioritization and sequencing of interventions; and
(vi) Deepening the implementation of core reforms in view of improving governance structures.

9. In 2010 the Government developed MKUKUTA II to be implemented from 2010/11 – 2014/15 in order to address the challenges of MKUKUTA I. To ensure full implementation of the strategic focus of MKUKUTA II, the Government resolved that, there is a need to have a long term and medium term development plans. In this regard, a Medium Term plan which will accommodate all national programs, plans and strategies including MKUKUTA II is being prepared and its implementation will commence in the financial year 2011/12.

Paradigm Shift in the Planning Framework

10. The planning framework has undergone a number of fundamental changes over time to influence socio economic management policies and national development priorities from centrally prepared plans to indicative plans. In the absence of Five Year Medium Term Plans which were to facilitate the operationalization of the vision's aspiration, MKUKUTA though designed as an implementation strategy took precedence as the medium term plan to implement Vision 2025. Therefore, there is a need to revive Five Year Medium Term Plans to implement the Vision 2025. Priority areas to be focused by all players will be identified and implemented.

Key Challenges to be addressed

11. The following are challenges to be addressed in the Five Year plan:-

(i) Infrastructural Gaps: Analysis of the growth drivers has shown that infrastructural inadequacies are the most binding constraint. While physical capital accumulation has been impressive over the past period with an equally impressive contribution to the growth that has been recorded over the period, investment in physical infrastructure has not been consistent particularly in the transport, energy and agriculture sectors;

(ii) Sustaining Macroeconomic Stability on account of: Fiscal sustainability; Maintaining price stability (inflation, interest and exchange rates); National debt sustainability; and improving productivity;
(iii) Improving Business Environment: Improving business environment to attract investment both local and foreign;
(iv) Developing Private Sector: Increasing the pace of growth of the local private sector and facilitating its effective participation in the economic development;
(v) Harnessing the strategic geographical location to serve as a gateway and hub for regional trade and logistics;
(vi) Exploiting natural resource base: Tanzania is endowed with natural resources including energy sources, minerals, water, forest and wildlife all of which need to be exploited to spur the growth to the desired development path;
(vii) Human Capital Development: Investment in HR to address skills gaps which emerge in critical sectors that are directly linked to economic growth. This include creation of employment opportunities especially for youth groups as well as attracting and retaining qualified staff in underserved areas;
(viii) Provision of quality social services along with good governance and accountability at all levels;
(ix) Enhancing agricultural productivity, ensuring food self sufficiency and export;
(x) Improving financial sector in terms of borrowing and interest rates as well as vibrant financial markets;
(xi) Strengthening cooperatives development; and
(xii) Ensuring access to quality housing for citizens.

Thrust of the First Five Year Plan

12. The thrust of the first five year development plan 2011/12 – 2015/16 should reflect the whole issue of unlocking Tanzania's growth potentials. It will however be necessary to prioritize a few key interventions and in orderly sequence in their implementation so that they can complement each other to enable effective and optimal resource allocation. Focus will therefore be in the priority areas of agriculture, infrastructural development, industrialization, investment in human resource, environmental sustainability, land management, town planning and human

settlement, enhancing public private partnership and sustaining achievements made in social sectors.

CHAPTER TWO

FIVE YEAR DEVELOPMENT PLAN OBJECTIVES AND FOCUS

13. The focus of this chapter is on the assumptions underlying macro economic projections and policy targets for the Five Year Development Plan Framework (2011/12-2015/16). The emphasis is in line with Vision 2025; Five Year Development Plan Framework, the CCM Election Manifesto of 2010; the President's inaugural speech to the 10th Parliament; MKUKUTA II; Sector policies and other Government policy directives, including implementation of KILIMO KWANZA and addressing infrastructure bottlenecks among others, with a view to accelerating economic growth and reducing poverty.

Macroeconomic Assumptions and Outlook

Key Macroeconomic Assumptions

14. The following are key macroeconomic assumptions underlying macroeconomic projections and policy targets for the next five years (2011/12 – 2015/16):

(i) Political stability will be sustained including the maintenance of peace, order and tranquillity;

(ii) Water sources (catchment areas) will be preserved to increase water accessibility and availability for hydropower generation, irrigation, industrial and domestic use;

(iii) Macroeconomic stability will continue to be sustained and socio-economic development will continue to improve;

(iv) Domestic revenue collection will be enhanced to facilitate implementation of the five year plan framework;

(v) Continue using MKUKUTA II for designing and implementing the Five Year Development Plan Framework;

(vi) Continue with implementation of 10 pillars of Kilimo Kwanza;

(vii) Promote private sector participation in economic development, including further improvements in the business environment;

(viii) Monetary and fiscal policies will remain prudent;

(ix) Continued co-operation with development partners; and

(x) Continuing with implementation of the National Identification Project.

Targets of Key Economic Activities

Domestic Economy

15. The inadequate short rains in 2010/11 season have caused substantial reduction in hydro power generation in January and February 2011 and this may affect GDP growth. The sectors that are likely to be affected most are manufacturing, trade and repair, agricultural production and Small and Medium-Sized Enterprises (SMEs). In addition, the soaring oil prices exacerbated by the arising instability in the Arab Countries are expected to have a negative effect on economic performance. Consequently, the growth is likely to slow down to 6.8 percent in 2011 from the earlier projected growth of 7.3 percent. This calls for measures to address the dependence of hydro power generation and rain fed agriculture.

16. On the assumption of successful implementation of national economic policies and availability of favourable weather, economic activities are expected to pick up with real GDP growth projected to increase to 7.5 percent by 2012 as the economy stabilizes, and continue to grow, reaching an average of 10.0 percent by 2015.

Agriculture

17. During the five year period, growth of the agriculture activity is expected to pick up to an average of 5.0 percent, mainly on the assumption that agricultural production will be motivated by the recovery of the world economy. Moreover, implementation of *Kilimo Kwanza* programmes (such as road construction, agro processing, markets improvement, and irrigation), initiatives to establish the Agricultural Development Bank and the current agricultural lending window at TIB are expected to boost agriculture performance in the medium term.

Fishing

18. Following Government's efforts to modernize fishing activities, increased demand for fish and fish products in both domestic and foreign markets, implementation of supply-enhancing sector policies, as well as curbing illegal fishing practices, domestic fish production is expected to rise substantially in the medium

term. Fishing activities are projected to pick up and maintain growth rate of around 4.7 percent in the five year plan.

Industry and construction

19. These activities are poised for higher growth, projected to maintain an annual average growth rate of 9.6 percent in the five year plan. Growth of the activity is expected to accrue from all its sub-activities, namely mining and quarrying, manufacturing, electricity and gas, water supply and construction.

20. **Manufacturing:** In the five year plan, growth of the sub-activity is projected to pick up emanating from improved power supply, implementation of the Special Economic Zone (SEZ) programme, implementation of the SME policy including agro processing and the Tanzania Trade Integrated Strategy (TTIS) and other supportive trade policies. The target in the medium term is to achieve a growth rate of 12.5 by 2015.

21. **Construction:** The sub-activity is expected to maintain an annual growth of above 9.8 percent in the five year plan, largely due to increased infrastructure developments, including roads and bridges, water supply projects, construction of power plants, shopping malls, commercial and residential dwellings as well as land development.

Services

22. The services economic activity is projected to grow at an average of 8.5 percent in the five year plan (2011-2015). This growth is expected to be driven by increased export promotion initiatives, improvement of standards and capacity of hotels, improvements and scaling-up of investments in transport and communication infrastructure. The activity will also be bolstered by expansion of education and health services, increased demand for financial intermediation in response to growth of other economic activities in the country, and sustained implementation of public service and financial sector reforms.

23. ***Trade and Repairs:*** The sub-activity is projected to grow at an average of 10.3 percent in the five year plan. The projected growth rate will be largely

attributed to increased export promotion initiatives, including SEZ, EPZ and concessional regional trading arrangements such as EAC and SADC; promotion of exports through the Export Credit Guarantee Scheme; improved business environment (facilitated through the BEST programme) and construction of new shopping centers.

24. ***Hotels and Restaurants:*** In the five year plan, the activity is expected to grow at an average rate of 7.7 percent. This growth is attributed to an increase in the number of international tourists following recovery from the global financial crisis and government initiatives to promote domestic tourism and construction of new hotels.

Figure 1.1: GDP at Constant 2001 Market Prices (Actual and Projection)

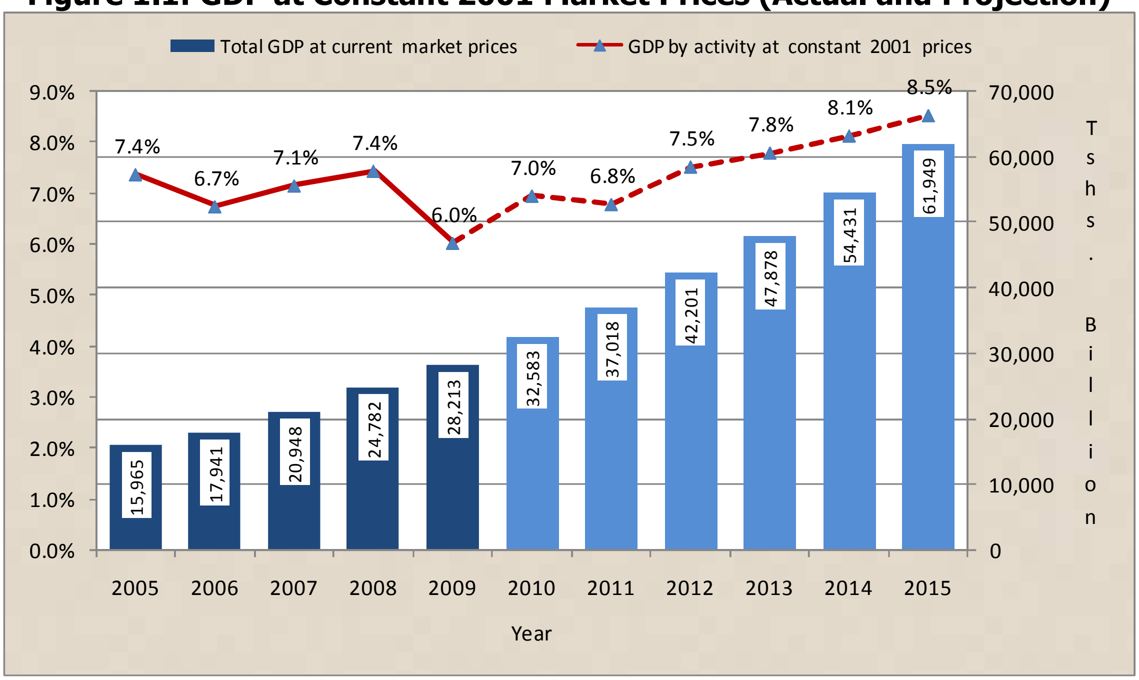


Table 2.1: Real GDP Growth (Percentage)

	Actual				Est.	Projection				
ECONOMIC ACTIVITY	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Agriculture, Hunting and Forestry	**3.8**	**4.0**	**4.6**	**3.2**	4.1	**4.3**	**4.9**	**5.1**	**5.2**	**5.3**
Crops	4.0	4.5	5.1	3.4	4.4	4.8	5.4	5.5	5.6	5.5
Livestock	2.4	2.4	2.6	2.3	2.7	2.3	2.6	3.2	3.4	3.9
Hunting and Forestry	4.6	2.9	3.4	3.5	3.5	3.7	4.4	4.8	5.0	5.6
Fishing	**5.0**	**4.5**	**5.0**	**2.7**	4.2	**4.2**	**4.6**	**4.7**	**4.8**	**5.2**
Industry and construction	**8.5**	**9.5**	**8.6**	**7.0**	8.0	**8.1**	**9.0**	**9.8**	**10.2**	**11.0**
Mining and quarrying	15.6	10.7	2.5	1.2	2.6	3.2	4.1	5.5	6.8	8.3
Manufacturing	8.5	8.7	9.9	8.0	8.7	8.8	10.1	11.3	11.8	12.5
Electricity, gas	-1.9	10.9	5.4	8.4	8.8	7.7	8.3	8.3	8.4	8.5
Water supply	6.2	6.5	6.6	5.6	5.0	4.7	4.5	4.4	4.5	5.3
Construction	9.5	9.7	10.5	7.5	8.7	9.2	9.6	9.8	9.6	10.6
Services	**7.8**	**8.1**	**8.5**	**7.2**	8.1	**7.6**	**8.4**	**8.5**	**8.9**	**9.3**
Trade and repairs	9.5	9.8	10.0	7.5	9.0	8.8	10.0	10.4	11.0	11.3
Hotels and restaurants	4.3	4.4	4.5	4.4	5.7	5.9	7.0	7.6	8.4	9.9
Transport	5.3	6.5	6.9	6.0	6.9	6.7	7.5	7.8	8.0	8.5
Communications	19.2	20.1	20.5	21.9	22.1	18.8	19.0	19.0	19.2	19.2
Financial intermediation	11.4	10.2	11.9	9.0	9.7	9.1	9.9	10.0	10.2	10.5
Real estate and business services	7.3	7.0	7.1	6.8	6.1	5.5	5.9	5.7	5.9	6.1
Public administration	6.5	6.7	7.0	4.4	6.0	5.1	4.9	3.4	3.6	3.0
Education	5.0	5.5	6.9	7.1	7.6	7.0	7.8	8.2	8.3	8.6
Health	8.5	8.8	9.0	6.7	7.0	6.8	7.6	8.1	8.2	8.7
Other social and personal services	3.7	3.2	3.1	3.2	3.6	3.5	3.8	3.9	3.9	4.1
Gross value added before adjustments	**6.8**	**7.3**	**7.5**	**6.1**	7.0	**6.9**	**7.7**	**8.0**	**8.3**	**8.8**
less FISIM	14.9	15.3	11.0	8.7	9.0	8.4	9.2	9.3	9.5	9.6
Gross value added at constant basic prices	**6.7**	**7.2**	**7.4**	**6.0**	7.0	**6.9**	**7.6**	**7.9**	**8.3**	**8.8**
add Taxes on products	6.8	6.9	7.8	5.8	6.5	5.7	5.9	5.7	5.4	5.1
GDP at Constant 2001 market prices	**6.7**	**7.1**	**7.4**	**6.0**	7.0	**6.8**	**7.5**	**7.8**	**8.1**	**8.5**

Source: Ministry of Finance

Table 2.2: Share to Overall GDP (Percentage)

	Actual				Est.	Projection				
ECONOMIC ACTIVITY	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Agriculture, Hunting and Forestry	26.2	25.8	25.7	24.6	21.9	21.4	20.8	20.1	19.4	18.7
Crops	19.2	19.0	19.0	18.4	16.7	16.4	16.0	15.5	15.0	14.5
Livestock	4.8	4.7	4.7	4.0	3.4	3.3	3.1	2.9	2.8	2.7
Hunting and Forestry	2.2	2.1	2.0	2.2	1.8	1.7	1.7	1.6	1.6	1.5
Fishing	**1.3**	**1.3**	**1.2**	**1.4**	**1.4**	1.4	1.3	1.3	1.2	1.2
Industry and construction	**20.8**	**21.2**	**21.0**	**22.0**	**20.8**	21.1	21.2	21.4	21.7	22.0
Mining and quarrying	3.2	3.5	3.4	3.3	2.3	2.2	2.1	2.1	2.0	2.0
Manufacturing	7.8	7.8	7.8	8.6	9.3	9.5	9.7	9.9	10.2	10.5
Electricity, gas	1.5	1.6	1.7	1.7	2.0	2.1	2.1	2.1	2.0	2.0
Water supply	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Construction	7.8	7.8	7.7	7.9	6.7	6.8	6.9	7.0	7.0	7.1
Services	**43.3**	**43.3**	**43.8**	**43.6**	**47.1**	47.5	47.5	47.5	47.4	47.5
Trade and repairs	11.4	11.5	11.6	11.8	14.1	14.4	14.6	14.8	15.1	15.4
Hotels and restaurants	2.6	2.7	2.6	2.3	2.2	2.2	2.1	2.1	2.1	2.1
Transport	4.3	4.2	4.2	5.0	4.9	4.9	4.9	4.8	4.8	4.7
Communications	2.1	2.3	2.5	2.1	3.0	3.3	3.6	4.0	4.3	4.7
Financial intermediation	1.7	1.6	1.6	1.7	1.9	2.0	2.0	2.0	2.0	2.1
Real estate and business services	9.6	9.5	9.6	9.0	9.8	9.7	9.5	9.2	9.0	8.7
Public administration	8.0	7.9	8.2	8.1	7.5	7.4	7.2	6.8	6.5	6.1
Education	1.5	1.4	1.3	1.4	1.8	1.8	1.8	1.7	1.7	1.7
Health	1.5	1.6	1.5	1.6	1.4	1.4	1.4	1.4	1.4	1.3
Other social and personal services	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Gross value added before adjustments	**91.7**	**91.6**	**91.6**	**91.6**	**91.1**	91.3	90.8	90.2	89.7	89.3
less FISIM	-0.9	-1.0	-1.0	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Gross value added at constant basic prices	90.7	90.7	90.6	90.4	89.9	90.1	89.6	89.0	88.4	88.1
add Taxes on products	9.3	9.3	9.4	9.6	10.1	9.9	10.4	11.0	11.6	11.9
GDP at Constant 2001 market prices	**100**	**100**	**100**	**100**	**100**	100	100	100	100	100

Source: Ministry of Finance

Table 2.3: Nominal and Real GDP (Actual and Projection)

Tshs. Million

Calendar Year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
GDP at Constant 2001 market prices	14,828,345	15,721,301	16,813,941	17,954,218	19,304,358	20,808,732	22,500,591	24,419,497
GDP at Current market prices	24,781,679	28,212,646	32,582,866	37,017,509	42,200,512	47,877,662	54,430,570	61,948,870
Fiscal Year	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
GDP at Constant 2001 market prices	14,315,133	15,274,823	16,267,621	17,384,079	18,629,288	20,056,545	21,654,662	23,460,044
GDP at Current market prices	22,865,041	26,497,163	30,397,756	34,800,187	39,609,010	45,039,087	51,154,116	58,189,720

Source: Ministry of Finance

Macroeconomic Projections and Policy Targets

25. The main objective of the Five year Development Plan Framework will be to increase growth and reduce poverty. Specifically, the macroeconomic projections and policy targets for the period 2011/12 – 2015/16 are as follows:

(i) Accelerating economic growth rate so as to be a middle income country by 2025 whose real GDP grow rate will be at an average of 10 percent or more. Based on the preliminary economic growth rate, it is estimated that, during the implementation of Five Year Development Plan (2011/12 – 2015/16, preliminary projection of real GDP growth rate will range between 6.8 and 10.0 percent;

(ii) Maintaining single digit inflation;

(iii) Domestic revenue collection as a ratio to GDP is projected at 16.2 percent in 2011/12; 16.5 percent in 2012/13; 16.9 percent in 2013/14; 17.4 percent in 2014/15 and 17.9 percent in 2015/16; and

(iv) Maintaining adequate official foreign reserves sufficient to cover a minimum of six months worth of imports of goods and non-factor services.

National Debt

26. In the five year plan, the government will continue to rely primarily on concessional borrowing to finance the scaling up of spending to address critical infrastructure gaps. Further, the government projects to use domestic financing of 1 percent of GDP each year and non-concessional external financing of USD 525 million in 2011/12 and USD 450 million in 2012/13 to finance infrastructure projects. Borrowing decisions will be made within the framework of a sound debt management strategy and a public investment management process to help maximize returns on investments. The government will cautiously evaluate and use non-concessional borrowing for financing key infrastructure projects designed to ensure efficiency gains. The projects to be implemented include those aimed at increasing capacity for energy generation, and construction and rehabilitation of roads and railways that are critical for improving the integration of transportation networks within the country and in the region. It is also expected that in the medium term, more infrastructure projects will be developed through the Public Private Partnership (PPP) arrangements.

Strategic Focus for the Five year Plan

27. The Government will focus on selected national priority areas of high impact which will bring quick results and accelerate economic growth. The priority areas are divided into five broad interventions as follows:

(i) **Sustaining macroeconomic stability**: Need to improve macroeconomic fundamentals including food supply, inflation, GDP growth, and money supply all of which will bring peace and harmony. Further, good governance will be emphasized in all sectors in order to speed-up and sustain the economy at large;

(ii) **Improving social services delivery:** While sustaining macroeconomic stability, the achievements recorded in the social sector should be sustained. In this regards, more emphasis will be put on quality of education, health, and water services as well as social welfare at all levels;

(iii) **Exploiting Natural resources**: Tanzania is endowed with various natural resources such as land, water, minerals (uranium) and natural gas. Medium term interventions will also focus on the deepening exploitation of these resources to foster growth;

(iv) **Geographical advantage in the region**: The strategic location of Tanzania within the region provides opportunities to become a business center and transport hub for the great lake countries. The five year development Plan will put emphasis on improving the ports, construction of railway to standard gauge, improving trunk roads, the national ICT hub, and improving air transport services and infrastructure;

(v) **Technology and skills development**: Intervention areas will focus on improving technology to facilitate value addition particularly on agro processing and minerals. Further, skills development and improving science, technology and use of ICT will be emphasized.

28. MDAs, Regions and LGAs should adhere to the above mentioned pillars during the preparation and implementation of their plan and budget within the five year plan framework. Each institution should identify priority areas and align them to the above pillars. They should also collaborate with other key stakeholders in the

preparation and execution of the plan and budget based on priorities set. Consistent to the above broad interventions, the following are specific national priorities:-

(i) Education

a. Improving the quality of education at all levels especially availability of textbooks, laboratories and school desks. Emphasis should also focus on people with disabilities;
b. Improving the education and training policy and its strategies including skills development;
c. Strengthening the financing of higher education; and
d. Improving teachers' services including housing and incentives.

(ii) Agriculture, Livestock and Fisheries

a. Developing and improving infrastructure for irrigation and livestock use;
b. Increasing availability and utilization of inputs and implements for agriculture, livestock and fisheries;
c. Strengthening research and extension services;
d. Empowering the private sector to invest in agriculture, livestock and fishing; and
e. Improving market access and agro-processing.

(iii) Energy

a. Increasing level of production of electricity by using different sources of power;
b. Strengthening and expanding infrastructure for generation, transmission and distribution of electricity in the country;
c. Continue with studies and exploration of natural gas and oil; and
d. Expanding natural gas infrastructures.

(iv) Transport and Infrastructure Development

a. Construction and rehabilitation of roads, bridges and ferries;
b. Establishment of Road Development Fund and expanding revenue base for the Road Maintenance Fund;
c. Construction and rehabilitation of Government buildings and houses, including development of newly established administrative areas (Regions,

Districts and LGAs) such as administration blocks, staff houses, police posts, prisons, courts and hospitals;

d. Construction and rehabilitation of the railways to meet international standard;
e. Improving air transport services including rehabilitation and construction of airports; and
f. Construction and rehabilitation of ports and ship assembling.

(v) Industrial Development

a. Developing conducive environment for trade, industrial development and investments;
b. Facilitating and promoting SMEs technologies by expanding and deepening of value addition through agro-processing, development of incubator sites and industrial and trade premises;
c. 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;
d. Facilitating citizens/entrepreneurs to participate in establishing small industries (SIDO).

(vi) Health

a. Enhancing quality of curative, preventive and rehabilitative services at all levels;
b. Construction and rehabilitation of health facilities at all levels;
c. Improving housing and incentives for public health workers; and
d. Training and recruiting all new medical doctor, nurses and paramedical graduates.

(vii) Water

a. Implementing Rural Water Supply and Sanitation Programme;
b. Implementing a special program for improving water supply and sewerage services in Dar es Salaam City;
c. Continue to implement ongoing water projects and facilitate Urban Water Authorities to control water leakages and rehabilitate water supply infrastructure; and

d. Extending the implementation of Lake Victoria - Shinyanga – Kahama Water Project to neighboring districts of Nzega, Igunga and Tabora including villages and townships along the project.

(viii) Lands, Housing and Settlements

a. Establishing the National satellite direct receiving station to facilitate land use planning;
b. Strengthening and expanding ICT infrastructure for land information system to facilitate provision of efficient land services including address and postcode system;
c. Establishment of Mortgage Financing Fund; and
d. To facilitate land surveying, mapping and issuance of title deeds; and
e. Establishment of institution responsible for management of land bank.

(ix) Science and Technology

a. Improving ICT infrastructure and services including completion of the construction, and create awareness on the use of the national backbone (optical fibre);
b. Strengthening Science, technology and innovation institutional infrastructure including technical institutions, Science parks and incubators; and
c. Enhancing Research and Development (R&D) and commecialization of research results.

(x) Financial Services

a. Reviewing the micro finance policy and improving provision of credits;
b. Conducting public Education Programs for Financial Markets and promote citizens' participation in Dar es salaam Stock Exchange;
c. Improving the management of social security funds with emphasis in efficient, profitable and risk free investments; and
d. Developing and implementing a comprehensive PFMRP IV Medium Term Strategic Plan;
e. Conducting public Education Programs on financial services and enterpreneurship; and

f. Establishing regulatory office for micro finance institutions.

(xi) Cross Cutting Issues

a. Improving environmental conservation including legislative enforcement, public education, and sustainable management of natural resources;
b. Enhancing good governance including rule of law, combating corruption and improving transparence and accountability at all levels;
c. Promote gender interventions through implementation of gender policy and elimination of harmful traditional practices and violence against women and vulnerable groups;
d. Establishment of HIV/AIDS Control Fund and improving interventions at all levels in line with the National HIV and AIDS Multi-Sectoral Strategic Framework; and
e. Strengthening the existing economic empowerment initiatives.

29. All MDAs, RSs and LGAs should align and allocate adequate resources for implementation of the above national priorities in 2011/12.

CHAPTER THREE

SPECIFIC ISSUES TO REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

Introduction

30. Regional Administration and Local Government are instrumental in translating the various sectoral plans into actual action at the regional and local government levels. In this regard, the Chapter provides focus and specific instructions on planning and budgeting for 2011/12 – 2015/16, as well as resource allocation interventions.

National Focus during the Five Year Plan

31. During the five year plan, RSs and LGAs will be facilitated to execute their functions and responsibilities in adherence to the following interventions:

(i) Continue embedding Decentralization by Devolution across Government by which process at each level of administration will, guided by the principle of subsidiarity, steadfastly work for transfer of powers, authority, responsibilities and resources to the people through their democratically instituted LGAs;

(ii) Raising awareness and understanding among the people of Tanzania concerning their civic rights consistent with the Constitution and respective laws;

(iii) Undertaking construction and rehabilitation of infrastructural projects and provision of physical incentives that will serve to attract and retain trained and qualified staff in local government service and especially in the underserved parts of the country;

(iv) Widening revenue base and improve tax administration of the LGAs;

(v) Enhancing the capacity of Regional Administration to provide enabling environment for development agents, including LGAs; and

(vi) Improving public financial management and accountability both at higher and lower local government levels (Wards, Villages and *Mitaa*).

Regional Administration Focus

32. During the five year plan, Regional Administration will focus on the following priorities:-

(i) Continuing with maintenance of peace, order and tranquillity in respective areas of their jurisdiction;

(ii) Reviewing institutional Strategic Plans and Client Service Charters in line with appropriate national guidelines;

(iii) Improving coordination and supportive supervision of social economic development within each region;

(iv) Developing proposals on Regional Integrated Development Programmes and mobilizing potential sources of revenue for alternative financing;

(v) Coordinating interventions aimed at successful implementation of *Kilimo Kwanza* in each region, including establishment of agro-mechanization centres and agro-processing small scale industries;

(vi) Construction and rehabilitation of Regional blocks, District Commissioners Offices, District Commissioners residences, Division offices and quarters;

(vii) Construction, rehabilitation and equipping regional hospitals;

(viii) Construction of newly established Regions and District offices; and

(ix) Improving monitoring, evaluation and timely reporting of social economic activities performed by the Government and other stakeholders in their respective areas of jurisdiction.

Local Government Authorities' Focus

33. With regard to LGAs' mandates, their priorities will focus on the following:

(i) Continuing with maintenance of peace, order and tranquillity in respective areas of their jurisdiction;

(ii) Continue to strengthen Public Financial Management (PFM) at the local level including the roll-out of Integrated Financial Management System (IFMS) to the new LGAs;

(iii) Reviewing institutional SPs as well as villages' O&OD in line with appropriate national guidelines;

(iv) Facilitating implementation of *Kilimo Kwanza* initiatives in terms of production, value added processing, storage, transporting, marketing and financing, among and between various stakeholders;
(v) Construction, rehabilitation and equipping of social economic infrastructure, including Education (classrooms, houses, laboratories, hostels, offices, latrines and stores); Water (domestic, industries and irrigation), Health, Agriculture, Livestock, Fisheries, and Roads, in line with national qualities and standards;
(vi) Preparation of land use plans and demarcation of plots and farms;
(vii) Improving councils' infrastructures, including ring-roads, sewerage systems, and parking areas in Dar es Salaam city and Dodoma municipality;
(viii) Strengthening monitoring, evaluation and timely reporting;
(ix) Building capacity of Councillors on their roles and responsibilities;
(x) Strengthening institutional interventions on prevention and combating corruption;
(xi) Ensuring environmental cleanliness and sanitation;
(xii) Construction of headquarters for the newly established LGAs; and
(xiii) Enhancing conducive business environment (bureaucracy, building permits).

Resource Allocation During the Five Year Plan

34. The Government will continue to allocate resources using the Strategic Budget Allocation System (SBAS) for Regions, while LGAs will be allocated resources based on the formula. LGAs are also instructed to exhaust all potential avenues to increase revenue collection from own sources. In this context therefore, the grant allocation plus estimated own sources revenue will constitute the resource envelopes for respective LGAs.

Revenue from Own Sources

35. Following the Government's commitment to provide improved social and economic services, LGAs own source will be used for administration and co-financing of development projects funded by Government subventions. During 2009/10, the approved budget for all LGAs' own source revenue was shillings 138.1 billion and the revenue projection for 2010/11 was shillings 158.8 billion. The trend over the past three years is shown in table 3.1 below:

Table 3.1: Council's Own Revenues for the period 2007/08 – 2009/10

(Amount in Million Tshs)

Year	No. of Councils	Estimates	Actual	%
2007/08	133	80,137.3	79,770.3	99.5
2008/09	133	109,258.0	100.659.0	92.1
2009/10	133	158,108.0	117,783.5	74.5
GRAND TOTAL	**133**	**347,503.3**	**298,212.8**	**85.8**

36. Given the revenue potentials and opportunities in LGAs' environment, there has been underperformance of revenue collections from own sources. Such performance has led to increased dependency on central Government resources. In the process of setting revenue targets for 2011/12, LGAs should systematically conduct intensive SWOT analyses and raise their own sources of revenues as well as reducing the cost of revenue collection. The findings from such SWOT analysis should also serve as a baseline in strengthening the sources and establishing a realistic future focus that will lead to optimum utilization of Councils revenue base. All LGAs are urged to enforce existing by-laws and/or enact new by-laws as appropriate, for effective revenue collection.

Inter -Governmental Fiscal Transfers

37. In pursuit of the D by D policy, a number of functions and responsibilities along with respective budgets have been devolved to LGAs. Likewise, higher levels of LGAs are obliged to transfer internally funds allocated for implementation of activities at lower levels (Wards, Villages/*Mitaa* and *Vitongoji*), to enable effective governance and accountability at all levels. Notwithstanding the D by D policy, Government subventions for implementation of activities and projects under vertical programmes will continue to be channeled through respective MDAs.

38. During the Five Year Development Plan, LGAs will continue to receive recurrent block grants for implementing planned activities in all departments as will be guided by the resource envelope and as passed by the Full Council meeting and finally approved by the Parliament. In this context, recurrent block grants will be provided to LGAs in the form of Other Charges (OC). The PE budget will be allocated based on approved establishment, while the OC budget will be determined by using the established formula, whose variables reflect service delivery indicators as shown in the annex.

39. With regard to formula allocation system, some LGAs will be given *'earmarked resources'* based on specific requirements, such as school meals, special schools and ration allowances (for fire and rescue services). Each LGA should prepare the PE and OC budget, forming the recurrent budget, which along with the development budget section will complete the MTEF document to be submitted to MoF for scrutinization, consolidation and finally processed for approval by the Parliament.

40. Furthermore, underserved LGAs will be given additional resources depending on specific problems identified during the Five Year Plan. These include those which do not attract qualified staff due to some inhibitive factors such as lack of basic facilities.

Allocation of Resources by Sectors

a) Education Sector

41. The Education Block Grant is provided for effective administration and delivery of primary, secondary and adult education at the council level, including school operating costs. The following conditions will guide the use of the education block grant funds for primary and secondary education during the medium term:-

(i) LGAs should abide by all standards and procedures in the delivery of primary and secondary education as set forth by the MoEVT;

(ii) Ensure all school-age children are enrolled;

(iii) LGAs should budget a capitation grant for primary schools at an average of Tshs. 10,000 per enrolled pupil per annum, including those in special schools. This budget should be used for text books, teaching and learning materials, maintenance, minor repairs, furniture, and school administration. In this regard, 40 percent of capitation grant will be earmarked and retained at the centre for bulky procurement of text books;

(iv) LGAs should budget a capitation grant for secondary schools at an average of Tsh. 20,000.00 per enrolled day school's student per annum. This budget should be used for text books, teaching and learning materials, maintenance, minor repairs, furniture, and school administration;

(v) LGAs should budget an average of Tsh. 1,500.00 per student per school day for meals in registered boarding (primary and secondary) schools; and

(vi) LGAs should also ensure budgeting and effective collection of Tsh. 20,000.00 for each student enrolled in Day Secondary Schools and Tsh. 70,000.00 for each student enrolled in Boarding Secondary Schools as part of Capitation fund from Council own sources through the cost sharing basis.

42. **Primary Schools' Inspectorate Unit:** With regard to quality control of education in primary schools, it has been agreed to transfer the funds for schools inspection through respective LGAs. The transfers will be done directly to LGAs and they are to be ring-fenced for this purpose only. LGAs will be provided with a separate sub-vote for this purpose and allocations of funds under this sub-vote will be done through the use of Plan-Rep. The funds will be transferred from the Vote of the MoEVT and will be allocated to LGAs on formula basis.

43. **Schools Desks:** Available statistics indicate that there is acute shortage of primary school desks across the country. Total requirement of desks stands at 3,280,619 but there are at present 2,092,498 desks leaving a gap of 1,188,121 desks which is 36.2 percent of the total requirement. It is however, acknowledged that the situation is more critical in some LGAs than in others. In a bid to arrest the situation, Regions and LGAs are hereby urged to approach this issue in number of ways including the following:

(i) To prepare a strategy for financing schools desks for both primary and secondary schools and thus allocate more funds within their development budgets for the purpose of systematically addressing this issue;

(ii) To identify areas where the situation is more deplorable and address them in collaboration with parents / guardians; and

(iii) To mount special national sensitization campaigns country-wide among parents and guardians of pupils and the communities at large so that the problem is acknowledged far and wide with a possible result that some of the economically better off citizens may make voluntary financial contributions for purchasing school desks for our pupils.

44. **Development of Sports:** The Government has decided to mould young Tanzanians into sportsmen and sportswomen in primary and secondary schools and at community level. This is also in realization of the fact that participation in sports will result into healthy bodies and minds, thus excelling in academics as well. In realization of the above, it is hereby instructed as follows:

(i) Ensure that all primary and secondary schools have basic sports facilities and that sports talents among the pupils and youth are identified and developed quite early in their lives;

(ii) Allocate funds in their budgets for developing sports infrastructure in their areas of jurisdiction and inculcate the sports culture among the communities;

(iii) Allocate funds that will be encourage communities to establish sports clubs and champion sportsmanship in their localities taking into consideration diverse potentialities existing in various parts of the country; and

(iv) Relevant institutions at various levels should provide budgetary allocations for sports development in schools.

b) Agriculture Sector

45. The Agriculture Block and Livestock Block Grant is provided to enable LGAs to administer and deliver effective agricultural and livestock extension services and thus raising productivity and ensuring food security within their areas of jurisdiction. LGAs should allocate Agriculture Block Grant funds to cover the recurrent cost of providing basic training and support to the farmers and livestock keepers. The following are sector specific conditions to guide the allocation of the grant:-

(i) Each LGA should finalise the restructuring process of Agriculture, Livestock and Cooperative Departments to facilitate allocation of sub-votes;

(ii) LGAs should allocate Agriculture Block Grant funds for execution of agriculture and livestock extension activities at the Council, Ward and Village levels; and

(iii) LGAs should coordinate all stakeholders in determining priorities for implementation of *Kilimo Kwanza* as explained in Chapter Seven (Strategic Medium Term Objectives and Focus) and ensure effective implementation in their respective areas of jurisdiction.

46. Development activities under the Agriculture Sector Development Programme (ASDG) at district level are to be implemented by each LGA, based on a District Agricultural Development Plans (DADP) which is part of the Council Strategic Plan. During the medium term, the Government will continue to provide the ASDG to LGAs which include: District Agricultural Development Grant (DADG); Agricultural Extension Block Grant (A-EBG); and Agricultural Capacity Building Grant (A-CBG). These agriculture development grants are allocated by formula and disbursed to LGAs based on performance assessment results, whose resources range between 50 to 100 percent of the resources entitled.

47. The DADG is provided for implementation of community priorities identified in the DADPs on a cost-sharing basis, with beneficiaries contributing additional labour and materials in varying proportions, depending on the nature of investments in line with the LGDG system. These include: rural roads; small-scale irrigation schemes; group or community productive investments and agricultural inputs (seeds, fertilizers and agro-chemicals). In addition, LGAs are provided with the A-EBG for funding both public extension services, as a Government contribution, and for Non State Actors. The grant is allocated on formula basis and in line with the performance assessment and conditions as outlined in the 2010 LGDG Assessment Manual.

48. The A-CBG is provided to build capacity of agricultural interventions and improve the performance criteria in subsequent years. The grant should be used on improving district agricultural planning, agricultural investment appraisal and review, agricultural services reform, and enhancing stakeholder engagement. LGAs should develop a capacity building plan to systematically identify the capacity building priorities to be funded through the CBG.

c) Works (Road) Sector

49. The Road Block Grant will be provided to cover maintenance of council roads and meeting the costs of administering the Works Department. According to restructuring arrangements at LGAs level, the Roads Department should combine activities provided by the Fire and Rescue Brigade especially in urban areas, in order to improve working efficiency within areas of their jurisdiction. Each LGAs should use

the Road Block Grant funds to cover the cost of maintaining the existing local road network.

50. With regard to the Road and Fuel Toll Act, CAP 220, the Central Government is allocated 70 percent of total road fund resources collected and LGAs are allocated 30 percent. In this regard, the formula described above for the Road Block Grant will be applied in the allocation of ceilings to LGAs for the 30% share from the Roads Fund. Each LGA will be allocated funds with specific ceilings for "Road Fund Maintenance Budget". During budget execution, road funds will be transferred directly from the Treasury to the respective LGAs, in order to speed up implementation of planned activities in line with D by D policy.

d) Health Sector

51. The Health Block Grant is provided for the operation and delivery of primary health care services at council level, including procurement of drugs, medicines and hospital supplies, as well as health education, immunization and social welfare services. The grant will be allocated in line with the Comprehensive Council Health Plan Guidelines (CCHP) based on *'cost centres'* and types of expenditures.

52. All LGAs are also provided with Health Sector Basket Fund (HSBF) to supplement the Health Block Grant for the operation and delivery of primary health care services at council level, including district hospitals, health centres, and dispensaries, as well as 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

53. In this regard, the following conditions will guide LGAs in the use of funds allocated to the Health Department:-

(i) Set performance objectives and targets within the context of the Guidelines for Preparation of a Comprehensive Council Health Plan, taking into account interventions, conditions and priorities set in each cost centre;

(ii) The OC for DDHs, VAH and other Health Facilities will be financed by the Government, based on the priority areas of support as approved by the respective LGAs in the CCHP;

(iii) Purchase additional drugs and medical supplies by using own source revenue collected from cost sharing arrangements, including the Community Health Fund and National Health Insurance Fund; and

(iv) Make follow-up on MSD zonal offices and maintain proper accounts for the drugs and medical supplies received from MSD and the appropriate balances.

e) Water Sector

54. The Water Block Grant is provided for community water schemes, including the monitoring of local access to potable water and implementation of new local water schemes for underserved communities. Once development of such schemes is completed, the actual operation and maintenance of the schemes is to be handed over to semi-autonomous local water providers, such as user-groups, local water boards, or incorporated water authorities. Councils should ensure that water users establish funds for the operation and maintenance of water supply schemes from user fees or community contributions.

55. Furthermore, LGAs are provided with Water Sector Development Program (WSDP) in order to strengthen planning, implementation and management of local projects on water supply and sanitation. The WSDG has been established as a window of the LGDG system and which consists of "Council Development Grant" (WSDG-CDG) and "Capacity Building Grant" (WSDP-CBG). The WSDG-CDG funds can be used for implementation of infrastructures such as drilling of boreholes, construction of dams, installation of pumps, construction of piped systems, and construction of demonstration latrines. On the WSDG-CBG side, funds may be used in strengthening District Water Sanitation Teams (DWSTs), preparation of water plans and projects, operation and maintenance of offices, monitoring of water services delivery as well as promoting hygiene and sanitation.

56. With regard to Urban Water Authorities, LGAs should mobilize funds and ensure availability of resources for operation, maintenance and development of water services in areas of their jurisdiction. For Grade Three Authorities which have been receiving funds from the Ministry of Water in previous years, should plan on their own because there will no longer be such funds flowing to them from the Ministry. Water authorities are encouraged to review their user charges to meet the increased costs in line with water policies and guidelines.

57. The following instructions should be observed by each LGA in the preparation of their plans and budgets for the use of the Water Block Grant:

(i) To abide by all standards in the monitoring and support of local water delivery as set forth by the Ministry of Water;

(ii) Allocate the Water Block Grant funds to cover the recurrent cost of monitoring access to potable water across the district and the administrative expenses for implementing new water schemes for underserved communities; and

(iii) Urban councils should use part of the Water Block Grant funds to improve water access for the underserved population including appropriate modalities of supplying water to destitute families in their catchment areas.

f) Other Sectors

58. The General Purpose Grant (GPG) together with local own source revenues are used to finance basic council administration costs, including facilitation of council meetings. Councils are allowed to use part of GPG funds to mobilize their own source revenue and provide co-funding for local development projects budgeted under the LGDG system.

59. Each LGA is also provided with GPG to finance other departments, including Human Resources Management, Planning and Statistics, Finance and Accounts, Community Development, Trade, Cooperatives, Natural Resources, Lands, Sports and Cultural Development and Internal Audit Unit. Councils are obliged to allocate additional funds from their own source revenue or GPG to those departments and units, apart from the ceiling provided by the Treasury in order to enhance execution of their mandated functions.

g) Council Multi-Sectoral HIV and AIDS Interventions

60. The National Multi-Sectoral Framework (NMSF) Grant for HIV and AIDS for the 2011/12 – 2015/16, 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%). LGAs are responsible for budgeting resources to locally prioritized targets and activities.

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

(i) Ensure a functioning Council Multi-Sectoral HIV and AIDS Committee;

(ii) To have an existing plan and budget consistent with guidance from TACAIDS, PMO-RALG and the MoHSW. Priority should be given to support programmes with a good performance record of reaching PLWHA and their primary carers within the household and community;

(iii) Ensure that HIV and AIDS targets and activities are developed and coded as "Objective A", to enable expenditure tracking. TACAIDS has developed the "minimum package of interventions" which encompasses key areas, including prevention, care and impact mitigation activities, as set in the National Multi-Sectoral Framework of 2008 – 2012; and

(iv) All LGAs are required to submit quarterly HIV and AIDS technical and financial reports to PMO-RALG for consolidation.

h) Economic Planning and Statistics

62. LGAs will be allocated development funds through the Local Government Development Grant (LGDG) system as well as parallel project funds coordinated by national programmes. Through the LGDG System, discretionary Council Development Grants (CDG) and Capacity Building Grants (CBG) as well as sector-specific development grants for agriculture (ASDG) and water (WSDG) will be provided. In this regard, the Government will continue to harmonize sources of development funds to LGAs so as to have the LGDG system as the main mechanism for channeling all development funds to LGAs.

63. During the Five Year Plan, LGAs will be assessed in nine key areas as explained in the 2010 Assessment Manual, in order to determine their performance. LGAs will be classified based on aggregate performance score, and resources will be allocated between 25 to 100 percent of their entitlements, depending on the assessment results. LGAs which fail to meet the minimum conditions will receive 25 percent of the entitled LGDG allocation, subject to strict oversight from PMO-RALG and respective Regional Secretariats.

64. The Council Development Grant (CDG) is provided to enable the LGAs to construct and rehabilitate infrastructure, according to locally-defined priorities. This will be guided by a broad investment menu with a view to empowering communities, improving service delivery and reducing poverty. The CDG will be allocated based on the following formula: 70 percent for proportion to the population size, 10 percent for proportion to the land area, and 20 percent for proportion to the estimated number of poor residents in each LGA.

65. Annual assessments that are undertaken under the LGDG system have been revealing areas of weaknesses in the participating LGAs. All LGAs will be provided with CBG to address these weaknesses and improve their performance in order to qualify for receipt of higher amounts of LGDG in the future. Therefore, LGAs are directed to link their capacity building activities with the weaknesses observed in the course of undertaking the annual assessment under the LGDG system.

66. With regard to capacity building of LGAs, the Government has decided to use Hombolo Local Government Training Institute in providing induction and refresher training courses to various staff cadres of LGAs. PMO-RALG in consultation with the Hombolo Local Government Training Institute will provide further instructions on the modality of effecting this decision, including budgetary provision that needs to be made by individual LGAs.

67. Apart from the LGDG System, some LGAs will receive a variety of other development funds that will be limited to specific area, programmes, sectors and purposes. These transfers cover the following, among others:-

(i) Participatory Forest Management (PFM);
(ii) District Irrigation Development Fund (DIDF);
(iii) Sustainable Wetland Management (SWM);
(iv) Local Government Transport Programme (LGTP);
(v) Tanzania Social Action Fund (TASAF);
(vi) Child Survival and Development through UNICEF Grant Support;
(vii) One UN Supported Projects from UNDP; and
(viii) Tanzania Strategic Cities (TSC).

68. In general, each of the special development grants is earmarked for specific purposes and criteria. These development funds should be allocated, planned and budgeted in accordance with the Local Government Acts as well as relevant financial management regulations and conditions as determined by the specific sector ministries, PMO-RALG and MOF. LGAs which receive these special development grants should consult the appropriate institutions for guidance.

Harmonization of Development Grants

69. There have been numerous development grants and funding sources to LGAs, with different allocation formulae and conditions that at times confuse LGAs, to the extent of impinging good governance and accountability. On the other hand, differences in implementation modalities and conditions such as different percentages of cash and/or in-kind community contributions, as well as reporting frameworks have overburdened LGAs from time to time. As a result, a large number of projects have remained uncompleted and some projects are not reported on time. In this regard, MoF in collaboration with PMO-RALG will consult stakeholders so that each grant can progressively be harmonized into the LGDG system.

Overall Budgetary Guidance

70. All Regions and LGAs are expected to observe the following specific instructions:-

(i) Adherence to the principles of good governance which call for participation, transparency and accountability;
(ii) Allocate resources for Regional and Districts Courts' Integrity Committees;

(iii) Facilitate construction and rehabilitation of courts' infrastructures in areas of jurisdiction;

(iv) Enhancing planning and budgeting capacities of Council, Villages and *Mitaa;*

(v) Timely submit approved annual plan and budget to PMO-RALG and MOF through the respective Regional Secretariat;

(vi) LGAs should re-budget funds that remained unspent at the end of the preceding financial year so that they form part of the budget for the new financial year;

(vii) Internal Audit Units should be strengthened to carry out their functions effectively and efficiently;

(viii) Internal staff transfers should be limited to a maximum of 3% of the total number of employees per annum;

(ix) All LGAs are urged to strictly adhere to the International Public Sector Accounting Standards (IPSAS); and

(x) Higher LGAs should facilitate Lower LGAs in abiding by procurement procedures especially for those funds which are disbursed to wards and villages accounts.

CHAPTER FOUR

HUMAN RESOURCE PLANNING AND MANAGEMENT

Introduction

71. Achievement of Tanzania Development Vision 2025 together with MKUKUTA II, Millennium Development Goals (MDGs) and the success of public sector reforms depends on effective utilization of human resources. Therefore, consideration of this component during allocation of resources cannot be over-emphasized if the nation wants to achieve the well articulated MKUKUTA goals together with Vision 2025.

72. This chapter provides an overview of human resource management and Remunerations for the public service. Specific emphasis is given to areas of human resource management, performance management systems, human resource planning and capacity building, payment systems and rewards. In each area focus will be on achievements, challenges and the way forward.

Human Resource Planning

73. Human Resource Planning entails determination of HR requirements to meet current and future job needs. The objective of the Human Resource Planning is to put in place sufficient number of staff identified within the government and from the labour market, with right skills, competencies and experience deployed in appropriate location at an appropriate time to perform their duties effectively and efficiently. HR Planning is part of MDAs strategic plans in terms of realigning human resource requirements as inputs in the service delivery matrix. This also entails, aligning skills requirements to job requirements and potentialities of people already employed to fill vacant positions as a results of natural attrition in the government. Therefore, the government has experienced vacancies resulted from natural attrition and filled through succession planning process or acquisition of new employees from the labour market.

Achievements

(i) Human Resource Planning Manual has been developed and rolled out to 24 Ministries and 16 Regions;

(ii) HR data that will be used in implementing HR planning and specifically succession planning in all MDAs, RSs and LGAs has been collected; and

(iii) Capacity building measures have been taken as part of HR planning by enhancing capacity of training Institutions to meet day to day skills requirement of current and potential government employees. For example expanded Paramedical schools, Universities, and Agricultural Training Institutions.

Challenges

(i) Training capacity to cope with service delivery;

(ii) Appropriate training programmes for effective service delivery and career development; and

(iii) Sustainability of realistic future staffing requirements in line with budget expenditure limits.

Human Resource Management

74. Human Resource Management entails acquisition of staff to fill vacant position at appropriate levels, development of staff, taking appropriate steps to ensure compliance with predetermined standards and rules, motivation of employees and deployment of staff as, and when required. The Government has strengthened HRM through the enactment of the Public Service Act, CAP. 298 that devolved powers for recruitment, discipline, staff development, management of attrition at employer level. Accountability in terms of staff deployment and utilisation has been reinforced by routine PE Budgeting processes, allocation of new employees after a permit has been obtained from Chief Secretary and by routine staff inspections targeted to assess staff utilisation at various levels.

75. As part of enhancement of HRM, the Government has developed Performance Management System (PMS) intended to enhance accountability of public servants as part of HRM in dealing with standards and rules that enhance performance of individual employees. PMS tools that are in place include; Strategic Plans (SP), Open Performance Review and Appraisal Systems (OPRAS), Client Service Charter, Service Delivery Surveys , complemented by a number of legal and quasi-legal Instruments

namely the Public Service Act, CAP. 298, the Public Service Regulations, the Executive Agency Act, CAP. 245, and other Public Service Codes of Good Practice.

76. Salary Administration as of part of HR intervention focuses on three specific areas, namely;

(i) Determination of appropriate levels of pay based on the schemes of service profile for relevant carders or posts;

(ii) Reinforcement of accountability, transparency and equality among various position holders with a view of reflecting hierarchy of authority and responsibility of each officers in the public service; and

(iii) Payroll integrity in relations to all decisions made regarding payments of individual salaries based in prevailing financial and HR rules and regulations.

77. Productivity and moral of Public Servants will continue to depend on good leadership, management, enhanced salary packages and use of incentive in line with the Public Service Pay and Incentive Policy. Therefore, the Government will continue to enhance salaries of various technical, professionals and management positions relative to its labour market comparators. On the other hand, the Government will continue to carry out assessment of the impact of brain drain to our economy and take necessary measures to reduce the trend.

Achievements

(i) Recruitment of staff to offer services in the priority sectors (Education, Health and Agriculture) has been given priority for improved productivity and service delivery;

(ii) The Public Service Pay and Incentive Policy has been adopted. The thrust of the policy is to achieve harmonization of pay among public servants, rationalization of pay and incentive with emphasis on reward packages that are tied to productivity and retention, as well as enhancement of pay levels to compensate for inflation and other economic and social factors within the economy;

(iii) Human resources capacity has been enhanced in LGAs by devolving both functions and human resource management from MDAs;

(iv) Staff inspections carried out in Education, Health, Legal sectors, all Regions, all District Designated Hospitals (DDH), and Voluntary Agency Hospitals has enhanced integrity, discipline and accountability in the management of payroll; and

(v) PMS tools developed are increasingly being adopted and practiced by both employers and employees as mechanism for enhancing accountability and productivity in the public service.

Challenges

(i) Effective implementation and compliance of PMS tools, rules and regulations in the public service;

(ii) Effective deployment and optimal utilization of human capital in the public service;

(iii) Capacity of training institutions to produce enough experts to join the public service;

(iv) Attracting and retaining competent personnel from the labour market to join the public sector;

(v) Disparities of remuneration for equal valued jobs in the public service;

(vi) Setting realistic service standards to meet objectives of Clients Service Charters;

(vii) Strengthening D by D policy for effective service delivery;

(viii) Integrity of the payroll in MDAs, RSs and LGAs; and

(ix) Integrity, accountability and responsiveness in the public service.

Ethics and Integrity

78. Ethics and integrity are pillars for successful human resources management and transparency between management and its employees. Integrity is about adherence to rules and regulations when making decisions, putting public interests before individual interest in all actions and deeds as well as adoption of value for money principle in all services rendered.

Achievements

(i) Complaints handling mechanism rolled out to 44 MDAs;

(ii) A total of six Zonal Offices of Ethics Secretariat in Dodoma, Tabora, Arusha, Mtwara, Mwanza and Mbeya have been established; and.

(iii) The Ethics Tribunal has been established and mandated to conduct thorough inquiry on complaints which establish prima facie case on preliminary investigation conducted by the Ethics Secretariat.

Challenges

(i) Adherence to Public Service Rules and Regulations;

(ii) Resistance to change; and

(iii) Impartiality in serving the Government of the day by some public servants.

Human Resources Development

79. Efficient public service depends on the interventions made on its employees in terms of developing staff capacity of those recruited into service based on demands of schemes of service, job contents of the job holders and skills needed to perform the job/tasks adequately. Human resources development also involves employees with career management by ensuring various staff who work in the Government are promoted or appointed based on position requirements, including qualifications and experience of relevant employees and availability of approved position and budget.

Achievements

(i) Public Service Training Institutions have been strengthened in order to develop skills that are needed in the public service. Specific focus has been given to the establishment of Leadership College, expansion of Teacher Training Colleges, Health and Agricultural sector Institutions, research and development institutions as well as development of capacity building and succession plans;

(ii) Government has continually approved positions and budgets through which qualified employed have been appointed and promoted to fill vacant positions; and

(iii) A total of 44 MDAs have been facilitated to conduct training needs assessments and develop their training programs.

Challenges

(i) Capacity of Training Institutions to develop relevant training programs that contribute to improvement of employees' skills;

(ii) Transparency in dealing with issues of staff development and promotions;

(iii) Adequate funding of staff development programs; and

(iv) Retention of experience and skilled staff.

Medium Term Focus

80. In all human resources perspectives surrounding each sector and as identified in the aforementioned challenges, the five years the Human Resource Plan will focus on the following interventions:

(i) Strengthening skills development to provide human resource base to meet labour market skills especially science teachers and medical doctors;

(ii) Strengthening capacity of each sector to undertake realistic human resource plans, human resource development and skill needs analysis to meet requirement of each sector man power demand;

(iii) Strengthening accountability for employers to enable them pursue effective policies for utilization of human resource for increased efficiency and productivity;

(iv) Carry on periodic assessment of the work force to compete in East African Labour market and where appropriate take necessary measures;

(v) Concentrate resources in developing skills that will be needed to harness the available economic resources potential specifically in the areas of hospitality industry, mining, chemical engineering, energy and agro-processing;

(vi) Reduce the degree of brain drain especially in the scientific and technological professionals through adapting responsive incentive regimes.

(vii) Strengthening capacity of the Ethics Secretariat;

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

(ix) Continuing with implementation of the National Identification project;

(x) Promote employment opportunities in formal and informal sectors; and

(xi) To finalize the construction of Leadership College.

CHAPTER FIVE

RESOURCE ENVELOPE AND EXPENDITURE FRAMEWORK OF THE FIVE YEAR PLAN 2011/12 – 2015/16

Introduction

81. In the medium term, the Government will continue to focus on sustaining macroeconomic stability through implementation of prudent monetary and fiscal policies. Emphasis will be placed on strengthening domestic resource mobilization by widening the tax base and bringing the informal sector into the tax net, facilitated by the introduction of national IDs and administrative efforts to manage and control tax exemptions. Domestic revenue collection (both tax and non-tax) is estimated at [16.2] percent of GDP in 2011/12 and projected to improve further to reach [17.9] percent by 2015/16.

82. The Government will enhance efficiency in the use of public funds with particular emphasis on potential areas for accelerating growth for poverty reduction. 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. The Government will focus on aligning the medium term plan and the budget in order to harmonize planning with execution of the budget. The emphasis of government budget for fiscal year 2011/12 and the medium term will be on infrastructure investment, while maintaining increased levels of priority in social spending. Total expenditure is estimated at [30.4] percent of GDP in 2011/12, out of which 18.7 percent is recurrent and 11.7 percent is development expenditure. In the five year plan, the Government will scale-up efforts for revenue collection and contain the growth of recurrent spending to increase domestic saving for investment spending. Foreign financed development expenditure is assumed to take a downward trend.

83. Foreign Resources (grants and loans) are set at 11.2 percent of GDP in 2011/12 and are projected to decline to 5.5 percent in 2015/16.The projected decline is partly attributed to unpredictability of aid flows.

Table 4.1: BUDGET FRAME FOR 2011/12 - 2015/16 (ACCOUNTING)							
							In million shillings
	2010/11 Budget	2010/11 Likely Outturn	2011/12 Ceiling	2012/13 Projection	2013/14 Projection	2014/15 Projection	2015/16 Projection
I. TOTAL RESOURCES	**11,609,557**	**11,099,140**	**11,970,356**	**12,751,733**	**13,228,417**	**14,783,869**	**16,573,834**
Domestic revenue	6,003,590	5,629,418	6,396,400	7,355,860	8,459,239	9,812,717	11,382,752
o/w TRA collection	5,652,590	5,313,518	6,045,400	6,952,210	7,995,042	9,194,298	10,573,442
LGAs Own Sources	172,582	172,582	200,195	232,330	272,645	313,541	360,572
Programme loan and grants	821,645	1,056,000	710,659	694,088	712,345	726,591	741,123
Project loans and grants	1,706,370	1,462,700	1,979,780	2,019,376	2,059,764	2,100,959	2,142,978
Basket Support Loans	256,219	246,150	275,803	281,319	286,946	292,685	298,538
Basket Support Grants	221,569	285,400	238,506	243,276	248,141	253,104	258,166
HIPC relief-Multilateral	0	0	0	0	0	0	0
MDRI (IMF)	0	0	0	0	0	0	0
MCC (MCA-T)	268,750	268,750	418,890	186,566	52,254	53,299	54,365
Non Bank Borrowing (Rollover)	797,620	797,620	569,237	605,662	635,945	667,743	701,130
Bank Borrowing	600,000	346,520	393,782	445,101	501,139	563,230	634,209
Adjustment to cash	0	0	0	0	0	0	0
Privatisation Funds	30,000	30,000	0	0	0	0	0
Non-Concessional borrowing	731,212	804,000	787,105	688,154	0	0	0
Financing Gap	0	0	0	0	0	0	0
II. TOTAL EXPENDITURE	**11,609,557**	**11,099,140**	**11,970,356**	**12,751,733**	**13,228,417**	**14,783,869**	**16,573,834**
RECURRENT EXPENDITURE	7,790,506	7,469,997	7,376,372	8,018,999	8,397,882	9,238,135	10,177,306
CFS	1,756,044	1,484,044	1,416,852	1,551,645	1,617,947	1,705,199	1,793,705
Debt service	1,204,415	1,132,415	889,460	945,607	981,607	1,037,042	1,092,140
Interest	364,470	286,795	259,273	253,244	264,874	282,600	299,975
Amortization	839,946	845,620	630,187	692,363	716,733	754,442	792,164
o/w Rollover	797,620	797,620	569,237	605,662	635,945	667,743	701,130
Others	551,629	351,629	527,392	606,038	636,340	668,157	701,565
Recurrent Exp (excl. CFS)	6,034,462	5,985,953	5,959,520	6,467,354	6,779,934	7,532,936	8,383,601
o/w Salaries & wages	2,205,430	2,363,430	2,480,826	2,670,606	2,756,266	3,097,768	3,488,152
Designated Items	318,454	318,454	332,785	347,760	363,409	381,580	400,659
Parastatal PE	461,371	483,371	518,983	558,685	576,605	648,046	729,714
LGAs Own Sources	172,582	172,582	200,195	232,330	272,645	313,541	360,572
Rescue Package	0	0	0	0	0	0	0
Other Charges	2,876,625	2,648,116	2,426,730	2,657,972	2,811,010	3,092,001	3,404,505
DEVELOPMENT EXPENDITURE	3,819,051	3,629,143	4,593,984	4,732,734	4,830,535	5,545,734	6,396,528
Local	1,366,143	1,366,143	1,681,005	2,002,197	2,183,431	2,845,688	3,642,481
o/w (MCA-T)	0	0	111,694	91,754	0	0	0
Non-Concessional borrowing	1,331,212	1,150,520	1,180,887	1,133,255	501,139	563,230	634,209
Foreign	2,452,908	2,263,000	2,912,979	2,730,537	2,647,104	2,700,046	2,754,047
o/w MCC (MCA-T)	268,750	268,750	418,890	186,566	52,254	53,299	54,365

Table 4.2: BUDGET FRAME FOR 2011/12 - 2015/16 (ACCOUNTING) AS % OF GDP							
	2010/11 Budget	2010/11 Likely Outturn	2011/12 Ceiling	2012/13 Projection	2013/14 Projection	2014/15 Projection	2015/16 Projection
I. TOTAL RESOURCES	**33.4%**	**32.1%**	**30.4%**	**28.6%**	**26.4%**	**26.2%**	**26.1%**
Domestic revenue	17.3%	16.3%	16.2%	16.5%	16.9%	17.4%	17.9%
o/w TRA collection	16.3%	15.4%	15.4%	15.6%	16.0%	16.3%	16.7%
LGAs Own Sources	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
Programme loan and grants	2.4%	3.1%	1.8%	1.6%	1.4%	1.3%	1.2%
Project loans and grants	4.9%	4.2%	5.0%	4.5%	4.1%	3.7%	3.4%
Basket Support Loans	0.7%	0.7%	0.7%	0.6%	0.6%	0.5%	0.5%
Basket Support Grants	0.6%	0.8%	0.6%	0.5%	0.5%	0.4%	0.4%
HIPC relief-Multilateral	0.0%	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%	0.0%
MCC (MCA-T)	0.8%	0.8%	1.1%	0.4%	0.1%	0.1%	0.1%
Non Bank Borrowing (Rollover)	2.3%	2.3%	1.4%	1.4%	1.3%	1.2%	1.1%
Bank Borrowing	1.7%	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%	0.0%
Privatisation Funds	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Concessional borrowing	2.1%	2.3%	2.0%	1.5%	0.0%	0.0%	0.0%
Financing Gap	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
II. TOTAL EXPENDITURE	**33.4%**	**32.1%**	**30.4%**	**28.6%**	**26.4%**	**26.2%**	**26.1%**
RECURRENT EXPENDITURE	22.4%	21.6%	18.7%	18.0%	16.8%	16.4%	16.0%
CFS	5.1%	4.3%	3.6%	3.5%	3.2%	3.0%	2.8%
Debt service	3.5%	3.3%	2.3%	2.1%	2.0%	1.8%	1.7%
Interest	1.0%	0.8%	0.7%	0.6%	0.5%	0.5%	0.5%
Amortization	2.4%	2.4%	1.6%	1.6%	1.4%	1.3%	1.2%
o/w Rollover	2.3%	2.3%	1.4%	1.4%	1.3%	1.2%	1.1%
Others	1.6%	1.0%	1.3%	1.4%	1.3%	1.2%	1.1%
Recurrent Exp (excl. CFS)	17.4%	17.3%	15.1%	14.5%	13.5%	13.4%	13.2%
o/w Salaries & wages	6.3%	6.8%	6.3%	6.0%	5.5%	5.5%	5.5%
Designated Items	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%	0.6%
Parastatal PE	1.3%	1.4%	1.3%	1.3%	1.2%	1.2%	1.2%
LGAs Own Sources	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
Rescue Package	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Charges	8.3%	7.7%	6.2%	6.0%	5.6%	5.5%	5.4%
DEVELOPMENT EXPENDITURE	11.0%	10.5%	11.7%	10.6%	9.6%	9.8%	10.1%
Local	3.9%	3.9%	4.3%	4.5%	4.4%	5.1%	5.7%
o/w MCA-T	0.0%	0.0%	0.3%	0.2%	0.0%	0.0%	0.0%
Non-Concessional borrowing	3.8%	3.3%	3.0%	2.5%	1.0%	1.0%	1.0%
Foreign	7.1%	6.5%	7.4%	6.1%	5.3%	4.8%	4.3%
o/w MCC (MCA-T)	0.8%	0.8%	1.1%	0.4%	0.1%	0.1%	0.1%

Revenue Policies and Initiatives

Domestic Revenue

84. Revenue Policies aim at improving tax administration and maximizing domestic revenue collection. The Government will undertake various reforms to strengthen domestic resource mobilization/tax administration and limit tax leakages. This will be achieved through initiating various reforms in the tax system by focusing, but not limited to, the following:

(i) Improving tax structure; widening the tax base by bringing the informal sector into the tax net, implement properties and businesses formalization programme and implement National Identity Cards);
(ii) Strengthen block management, supervision and managing performance;
(iii) Intensify enforcement of collection of tax arrears and tax compliance;
(iv) Improving tax administration by implementing the Tanzania Revenue Authority's Third Five-year Corporate Plan;
(v) Undertake policy reform measures in non tax revenue collection; and
(vi) Improving management and control of tax exemptions.

Foreign Resources

85. 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 resources allocation across MDA, Regions and LGAs. Despite efforts made by Government to promote GBS, project and basket funding continued to increase drastically. The trend of GBS remained at a constant level with an increasing shift towards sector budget support.

86. Unpredictability of Basket and Project funding modalities poses immense challenges to the government to strategically planning and effectively prioritizing development projects. The unpredictability of funds through such modalities is due to multiple donor conditionality and capacity constraints. The Government continues to advocate for project funding to be used for large scale infrastructure investment, piloting and emergency assistance, while Basket funding could be used in transition period for shifting to GBS.

Domestic Financing and Non-concessional Borrowing

87. In the medium term, the government will continue to rely primarily on concessional borrowing to finance the scaling up of spending to address critical infrastructure gaps. Further, the government projects to use domestic financing of 1 percent of GDP each year and non-concessional external financing of USD 525 million in 2011/12 and USD 450 million in 2012/13. Borrowing decisions will be made within the framework of a sound debt management strategy and a public investment management process to help maximize returns on investments. The government will cautiously evaluate and use non-concessional borrowing for key infrastructure projects designed to ensure efficiency gains including those aimed at increasing capacity for energy generation, and construction and rehabilitation of roads and railways that are critical for improving the integration of transportation networks within the country and in the region. It is also expected that in the medium term, more infrastructure projects will be developed through the Public Private Partnership (PPP) arrangements.

88. Ceilings for resource allocation for MDAs, Regions and LGAs will be circulated at a later stage before finalization of the budget. This is to allow all the Development Partners to firm up their commitments for the next Financial Year before inclusion in the budget.

CHAPTER SIX

PERFORMANCE MONITORING, EVALUATION AND REPORTING SYSTEM

Introduction

89. The Government has been undertaking strategic interventions since financial year 2007/2008 to improve the performance of MDAs, Regions and LGAs for increased accountability. A result based Monitoring and Evaluation System as well as Performance Reporting Framework were put in place to ensure that policies, plans, programmes and projects are timely executed and tangible results are achieved.

90. During the financial year 2009/10, the Government continued to strengthen the MDAs, Regions and LGAs in terms of performance monitoring and reporting. This Chapter highlights major achievements, challenges encountered and the way forward.

Achievements

(i) In the Road sector, usage of funds was ascertained for the work done in selected Regions and LGAs. The exercise enabled release of funds to LGAs, whose roads and bridges were swept away by floods. It was revealed that rehabilitation was done and certificates for completed works were paid;

(ii) With regard to the education sector, a number of primary and secondary schools were visited as well as higher learning institutions;

- The exercise was carried out to ascertain the flow of funds from central Government to Primary and Secondary Schools, and the distribution of funds among councils and between school as well as private/parents contributions to the schools.
- In the distribution of funds, it was realised that out of Shs. 544 billion allocated to primary schools, 87% equal to Shs. 473.0 billion were released and received by the schools, while secondary education Shs. 156.1 billion were released and received by schools out of Shs. 170.2 billion allocated, equivalent to 91.9%.

- Private/Contributions like extra classes apart from school fees end contributions in kind remain unknown.

(iii) Payroll inspection was carried out in 21 Regions, 132 LGAs, 4 Public Institutions, 88 Designated District Hospitals (DDHs) and Voluntary Agencies Hospital (VAHs) whereby Shs. 7.0 billion worth of unclaimed salaries were recovered and returned to the Treasury. In the same exercise, 9,000 ghost workers were deleted from the Government Payroll;

(iv) 15 Ministries were trained on Performance Reporting and their annual performance reports for the year 2009/10 are in place;

(v) LGAs Financial Statements were prepared using International Public Sector Accounting Standards (IPSAS) and submitted timely to Controller and Auditor General (CAG);

(vi) Monitoring and Evaluation (M&E) framework for LGAs to track on Local Government Reform Programme outcomes including D by D was piloted in 15 LGAs;

(vii) Strengthening capacity of M&E sections in all directorates of Policy and Planning by recruiting requisite staff; and

(viii) Establishment of Internal Audit Department to strengthen Central and Local Government internal audit functions.

Challenges

(i) Non-existence of M&E Policy including its enforcement and institutional framework;

(ii) Adherence to harmonized Performance Reporting Framework particularly on formats;

(iii) Absence of a common base year for Institutional Strategic Plans for the preparation of three year outcome performance report; and

(iv) Attracting and retaining M&E specialists in the public sector.

The Way Forward

91. In the medium term focus, the Government will continue to strengthen Performance Monitoring, Evaluation and Reporting by undertaking the following:

(i) Harmonizing the existing monitoring systems and software for effective performance monitoring and reporting;

(ii) Developing monitoring and evaluation policy including enforcement mechanisms and institutional framework;

(iii) Continuing to strengthen M&E Sections under the Policy and Planning Divisions/Departments/Units in MDAs, Regions and LGAs including building capacity of M&E in the public sector;

(iv) Enforcing the use of the Performance Reporting Framework for increased accountability; and

(v) Enhancing the capacity of MDAs, Regions and LGAs in strategic planning and budgeting for better results.

Specific Instructions to MDAs, Regions and LGAs

Institutional Strategic Plans

92. In order to address the above challenges, MDAs, Regions and LGAs will be required to:

(i) Review their Strategic Plans and prepare the Five year Development plans (2011/12 – 2015/16) in line with the Vision 2025, MDGs, MKUKUTA II Clusters and Strategies, Ruling Party Election Manifesto of 2010 – 2015, Sectoral policies and strategies; and

(ii) Develop Outcome Indicators and SMART Targets for attainment of Institutional Five Year Plan. Results Framework Forms should be filled respectively for three years and later the harmonization committee will provide Five Years' forms to cover the entire plan. This includes Performance Outcome Indicator values and baseline data for preparation of Three Years Outcome Performance Report.

Performance Monitoring and Reporting

(i) For performance monitoring and reporting purposes in year 2011/12, all MDAs, RSs and LGAs should continue using the current forms as shown in Part II of these Guidelines. The forms will be reviewed and harmonized by the Harmonization Committee to suit five year reporting requirement. The Committee will also look into the newly introduced LGAs reporting forms and see how they can fit into the rest of the forms and come up with common forms which will suit everyone's requirement;

(ii) All MDAs, RSs and LGAs are reminded to comply with the Performance Reporting Framework and ensure timely submission of their reports to PO-PSM, PMO, and MoF as instructed in part II of these Guidelines;

(iii) All Regions and LGAs should submit additional copy of their reports to PMO-RALG. Further, LGAs are required to submit such reports to their respective Regions;

(iv) All Government Agencies are required to submit their performance reports to their parent Ministries;

(v) Ministries and Regions are reminded to submit **Quarterly Progress Reports** in two weeks period after the end of each quarter, and LGAs by 30th of each month following the end of a quarter; and

(vi) All MDAs, Regions and LGAs are reminded to timely submit their Annual Performance Reports to PO-PSM, PMO, PMO-RALG and MoF by 1st of October following completion of each financial year.

CHAPTER SEVEN

INSTITUTIONAL RESPONSIBILITIES FOR IMPLEMENTATION OF THE PLAN AND BUDGET

Introduction

93. This chapter spells out the roles and responsibilities of Accounting Officers as well as Plan and Budget Committees of respective institutions. It also serves as a reminder of what need to be adhered to in the preparation and execution of institutional plans and budgets. The chapter also shows priority areas which must be adequately financed in the medium term if national priority objectives are to be realized.

Roles of Accounting Officers in Planning and Execution

94. Accounting Officers have the responsibility of providing leadership in the entire processes of preparing plans and budgets for their institutions that are in line with Vision 2025 and MKUKUTA II. They are also obliged to supervise implementation of the planned activities as well as monitoring and evaluation of the results. Detailed responsibilities of Accounting Officers are:

(i) To strengthen and build capacity of Plan and Budget Committees in order to enable them to discharge their duties effectively;

(ii) To ensure that monitoring, evaluation and performance reporting are conducted on regular basis as a tool for enforcing accountability and control;

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

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

(v) To strengthen human resource management in the area of salary administration and human resource database;

(vi) To scrutinize effectively all payrolls before the payment of salaries every month;

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

(viii) To supervise Government Agencies to become more efficient and abide to the national policies so as to contribute to the government coffers as appropriate;
(ix) To ensure government regulatory and profit making institutions expenditures are monitored so as to enable government to accrue revenue from their surpluses/profits;
(x) To ensure Government Agencies and Independent Departments execute their plans and budget as per their action plans; and
(xi) To enhance capacity of LGAs in the delivery of public services.

Plan and Budget Committees

95. Plan and Budget Committees are composed of Accounting Officers and all heads of Departments. The Committees are responsible for planning and managing budgeting processes. The Committees are therefore responsible for:

(i) Preparing realistic institutional plans and budget including setting of revenue and expenditure targets as well as allocation of resources;
(ii) Ensuring that all revenues collected and funds allocated are accounted for in accordance with the Public Finance Act of 2001 and its subsequent amendments;
(iii) Collaborate with other MDAs who are implementing inter-sectoral programmes to avoid duplication in resource allocation;
(iv) Ensure Plan and Budget Guidelines instructions are adhered to; and
(v) Ensure performance reports are timely prepared and submitted.

96. Institutions are required to come up with well formulated and focused budgets aligned with MKUKUTA II cluster strategies. In that regard, MDAs, Regions and LGAs should be guided by the following checklist:-

(i) Adhere to existing National policies, the Medium Term Plan, Plan and Budget Guidelines and institutional priorities;
(ii) Ensure that the allocation of resources is properly aligned to implement aspirations of the CCM Election Manifesto (2010 -2015), President's 10th Parliament inaugural speech, MDGs, MKUKUTA II, KILIMO KWANZA, as well as specific directives issued by the President in your areas;

(iii) Prioritize funding of projects with the emphasis to complete the ongoing projects;

(iv) Adhere to the set ceiling with regard to recurrent and development estimates;

(v) Ensure that there is clear demarcation between Recurrent and Development Budget and between Ministry, Departments and Agencies so as to avoid double funding of similar activities;

(vi) Prepare and submit institutional plan and budget that include estimates of revenue as well as recurrent and development expenditure;

(vii) Ensure that resources are allocated for maintenance of public infrastructures and equipments;

(viii) In line with Public Private Partnership Act No 18 of 2010, utilize all available options to attract Public Private Partnership to increase efficiency in undertaking non-core functions of the government and promoting investment;

(ix) Ensure that Budget submissions for 2011/12 – 2015/16 adhere to the approved formats and forms contained in Plan and Budget Guidelines Part II that are dully filled; and

(x) Update plan and budget to accommodate adjustments after budget scrutiny by the Treasury and Parliamentary Standing Committees and thereafter re-submit to the Treasury by mid June.

Expenditure Control and Cost Reduction

97. Accounting Officers are obliged to continue maintaining a high degree of financial discipline and operate within the limits of approved budget. Efforts of cutting expenditures in procurement of vehicles, seminars and workshops, employment allowances, travel and government hospitality should be sustained. In doing so, it will be possible to release resources from these areas and re-direct them to financing strategic areas. To this end, Accounting Officers should continue to pursue effective cost-cutting measures in the following areas:-

Procurement of Government Vehicles

98. In procuring vehicles, Accounting Officers should observe the specifications issued by the Government. It should be re-emphasized that, procurement of vehicles is still subject to the approval by the Prime Minister's Office. In addition, measures of cutting down maintenance and running costs of vehicles should also be sustained.

Seminars and Workshops

99. In the FY 2010/11, there has been a notable decline in allocation of resources to allowance related expenditures. In spite of this improvement, Accounting Officers are required to continue ensuring that seminars and workshops are curbed and where necessary should be productivity focused. Public institutions facilities should continue to be used when conducting seminars and workshops to cut down costs.

Travel Allowances

100. Efforts of scaling down allocation on travel allowances should be sustained. Expenditures incurred on travel allowances should be only those that have value addition to the economy.

Furniture

101. Accounting Officers are reminded to procure durable and quality furniture manufactured using local raw materials. Replacement of furniture and other related items should be done in such a manner that Government standards are being observed.

Government Procurement System and Management

102. Accounting Officers are urged to realize value for money in all procurements by abiding to the Public Procurement Act, 2004 and corresponding Regulations. In order to speed-up the budget execution at all levels, MDAs, RSs and LGAs should start the procurement procedures up to awarding stage immediately after the budget approval instead of commencing the process after the receipt of funds. In addition, Accounting Officers are obliged to build the capacity of the Procurement Management Units (PMUs) to efficiently discharge their duties and responsibilities.

Similarly, the Public Procurement Regulatory Authority (PPRA) should continue to oversee effective implementation of the Public Procurement Legislations.

National Priorities for the Five Year Development Plan

103. Accounting Officers should ensure their institutions are aligned to the national pillars and allocate adequate resources to implement activities identified under respective national priorities. In particular, the key national priorities in the Five Year Plan period are as stipulated in Chapter Two.

National PPP Policy

104. Accounting Officers should abide to national Public-Private Partnership (PPP) Policy and strategy during implementation of projects and programmes. This should be preceded by initial studies in order to identify potential areas of cooperation/opportunities before involving private sector in implementation.

Preparation of Personal Emoluments Budget

105. Preparation of Personal Emoluments (PE) should adhere to guidelines issued by President's Office-Public Service Management (PO-PSM) and Treasury Registrar's (TR) in the case of Public Institutions. Specifically, MDAs, Regions and LGAs are therefore required to observe the following:

(i) Before preparing PE budget for FY 2011/12 Accounting Officers should ensure that their employees' HR information is validated, approved and computerised by PO-PSM;

(ii) PE budget for new employees, should be based on establishments approval granted during PE discussions with PO-PSM and TR;

(iii) PE budget for the existing employees should be prepared by using the March 2011 payroll;

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

(v) MDAs, Regions and LGAs should adhere to PE submission formats shown in part II of these Guidelines (i.e. Forms No. 8A-8F and 9);

(vi) Ensure that PE budgets are prepared in consultations with parent ministry;

(vii) PE budget for Public Institutions should be submitted to the Treasury Registrar using Forms No. 8A-8F and 9;

(viii) All Government entities/Agencies should adhere to relevant instructions that limit them on decision to promote or recruit their employees without approved budget allocation and also approval to fill vacant position from the President's Office-Public Service Management;

(ix) In order to ensure effective wage bill control and monitoring, Public Institutions/Agencies should submit payroll returns to the Treasury on quarterly basis;

(x) MDAs should ensure all PE information of Public Institutions and other Independent Departments falling under their jurisdiction is accurately and exhaustively captured in their budgets;

(xi) Salary adjustments should be promptly effected to avoid accumulation of salary arrears;

(xii) Ensure salary claims generated in 2010/11 are budgeted for in 2011/12; and

(xiii) For the purpose of realizing salary integrity and control over PE budget expenditure, Accounting Officers should undertake constant validation of their payrolls and those of their respective Executive Agencies and Public Institutions.

Preparation of Revenue Estimates

106. During the medium term, MDAs, Public Institutions, RSs and LGAs should adhere to the following:-

(i) Ensure that all sources and potentials of tax and non-tax revenues are explored to enhance domestic revenue collection;

(ii) Develop comprehensive strategies for revenue collection with realistic projections;

(iii) Continue to reflect local Government own source of revenues in their budgets; and

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

Accumulation of debts and stock of arrears

107. Institutions have been accruing debt emanating from contract payment arrears, employees' statutory allowances and suppliers, including leave travel, moving expenses, salaries, and utilities. In this regard, MDAs, Regions and LGAs are required to:

(i) Continue to clear backlogs of debt including office supplies, employees statutory requirements and utilities by ensuring that accrued debts are considered as first charge within the given resource ceiling;

(ii) Accounting Officers should adhere to procurement procedures and ensure that funds are available before engaging a consultant/contractor/supplier so as to be consistent with *cash budget system*; and

(iii) Minimize government guarantees practises to curtail Government expenditure.

Implementation of Institutional Plans and Budgets:

108. It is the role of the Accounting Officer and the Institutional Budget Committee to coordinate plans and budgets preparation and their implementation. Prior and during implementation of budget MDAs, Regions 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 provided in the PBG Part II;

(ii) Take measures that will ensure efficient utilization of public funds;

(iii) Ensure timely commencement of procurement processes for effective budget execution;

(iv) Ensure that revenue is collected using proper exchequer receipts vouchers and timely remitted to the Consolidated Fund;

(v) Make follow up to ensure individual plan and budget by Public Institutions and other Independent Department are executed as planned;

(vi) 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 approved budget by Parliament;

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

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

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

(viii) During the budget submission all arrears accrued to December 2010 should be submitted to MoF;

(v) All uncommitted funds as of 30th June should be remitted to the Treasury on 1st October of the following financial year;

(vi) Strengthening the Internal Audit Offices at all levels; and

(vii) Improving LGA's financial management.

Embedding D by D across the Government Structure

109. Implementation of D by D is to be accorded special attention during the five year plan as clear milestones should be seen to be covered by end of the plan period. To that end, the structures of ministries will have to be revisited with a view to determining functions and responsibilities that should be devolved to LGAs along with human and financial resources. Ministries should indicate in their plans and budget the current status in embedding D by D in their ministerial activities and what they plan to do in respect of D by D implementation in their respective sectors.

NACSAP II

110. In promoting good governance the momentum of fighting corruption needs to be sustained for effective service delivery and efficient use of public resources. All MDAs, Regions, LGAs and Public Institutions should continue to implement effectively the government policy of preventing and combating corruption. Specifically, MDAs, Regions and LGAs should continue undertake the following activities:

(i) To review and strengthen capacity of the Integrity Committees in respective institutions and ensure they operate as expected;

(ii) To plan and budget for Anti-Corruption interventions;
(iii) To increase efforts in curbing corruption;
(iv) To monitor, evaluate and review the institutional Anti-Corruption action plans and operational strategies where appropriate; and
(v) To ensure timely submission of quarterly progress reports in accordance with the NACSAP II.

Gender (Diversity) Responsive Budget

111. The Government is giving more emphasis on Gender Responsive Budget (GRB). Major key areas for integrating GRB in Planning and Budget system include: identification of gender articulation gaps in strategic and annual plans, budgeting tools and medium term frameworks reports; a comprehensive capacity assessment of planning and budgeting institutions; developing a multi-media and multi-audience communication strategy to create awareness on GRB; and a review of legal framework which governs planning and budgeting in Tanzania. Accounting Officers are urged to:

(i) Strengthen Gender Focal persons to support the integration of GRB in the Institutional Plans;
(ii) Build capacity of budget and planning officers to identify development disparities between men and women;
(iii) Allocate resources to activities addressing gender disparities and strengthen mechanism to monitor, track and evaluate gender indicators; and
(iv) Support affirmative actions geared to women empowerment.

PART II

BUDGET SUBMISSION AND REPORTING FORMATS

TABLE OF CONTENTS

112. Part II of the guidelines for preparation of Plan and Budget constitute standard forms that enables Ministries, Independent Departments and Agencies (MDAs), Regional Secretariats (RSs) and Local Government Authorities (LGAs) to prepare, execute and monitor their budgets effectively and efficiently. These forms have been designed in a participatory way that encompasses various needs and formats as compiled by the Harmonization Team. The detail information on the use and submission processes for each form is documented in the Medium Term Strategic Planning and Budgeting Manual (MTSPBM). In this regards, Part II of the guidelines for preparation of Plan and Budget provides the following forms into 4 categories namely: Submission; Operational Planning; Performance Reporting; and Internally Used Form.

Budget Submission Forms

113. 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). Each institution should provide accurate and up to date information in order to reflect the true situation to all stakeholders. Likewise, the following forms should be filled properly and submitted in the MTEF document:

(i) Form 1: Summary of Annual and Forward Budget Estimates (Revenue, Recurrent And Development)
(ii) Form 2: Recurrent Expenditure Forward Budget (Summary of Personal Emoluments and Other Charges at Vote Level)
(iii) Form 3a (R): 3 Year MTEF Target Value Form (Recurrent Expenditure)
(iv) Form 3a (D): 3 Year MTEF Target Value Form (Development Expenditure)
(v) Form 3b: Activity Costing Sheet
(vi) Form 3c: Recurrent Expenditure Summary of Draft Estimates
(vii) Form 4: Domestic Revenue Forward Budget
(viii) Form 5: Domestic Revenue (Details Of Draft Annual Estimates)
(ix) Form 6: Development Expenditure Details Of Annual And Forward Budget

(x) Form 7b: Institutional Results Framework
(xi) Form 8a: Summary of Personal Emoluments Estimates at Vote Level
(xii) Form 8b: Summary of Personal Emoluments Estimates at Sub-vote Level
(xiii) Form 8c: Item I - Summary of Existing Employees on Payroll
(xiv) Form 8d: Item II - Summary of Existing Employees Not on Payroll
(xv) Form 8e: Item III - Summary of New Employees to be Recruited
(xvi) Form 9: Schedule Of Personal Emoluments(Establishment And Strength)
(xvii) Form 10a: Project Profile Data Form
(xviii) Form 10b: Summary of Project Forward Budget Estimates Vote (All Sources)

Operational Planning Forms

114. Based on the budget process, MDAs, RSs and LGAs have been preparing various forms in order to monitor the institutional trends for inflows, outflows and execution implementation of planned activities. The forms include cash flow and action plan which are aligned in the current years' targets set by respective institution. In this regard, the following forms should be filled properly and submitted to MoFEA before 15th July in order to be used during the allocation and release of:

(i) Form 11A (R): Current year MTEF Target Value form (Recurrent Expenditure)
(ii) form 11A (D) current year MTEF target value form (development expenditure)
(iii) Form 11B (R): Annual Cash Flow Plan for the Recurrent Budget
(iv) Form 11B (D): Annual Cash Flow Plan for the Development Budget
(v) Form 14B (R): Annual Action Plan for the Recurrent Budget
(vi) Form 14B (D): Annual Action Plan for the Development Budget

Performance Reporting Forms

115. All MDAs, LGAs and RSs have been reporting on their performance in compliance with statutory requirements. In order to improve the scope and quality of the reports and to better link reports to Strategic Plans and the MKUKUTA, 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.

116. In addition, performance reporting will go beyond sheets and forms by requiring Government institutions to prepare more analytical reports. In this context therefore, Government institutions are required to submit the following 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 3-Year Outcome Evaluation Report** against medium term Strategic Plan objectives and outcomes

Quarterly Progress Reports

117. 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.

118. 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
(iii) Quarter 3 Progress Report, summarizing cumulative implementation (Quarter 1 + Quarter 2 + Quarter 3)

119. In terms of submission and dissemination, Quarterly reports do not have to be submitted to Parliamentary Committees or disseminated to the public. MDAs and RSs should submit their reports by the 15th of each month following the end of a

given quarter, while LGAs should submit their reports by the 30th of each month following the end of a given quarter.

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 prioritise 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

120. 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.

121. The report should be prepared and submitted to PO-PSM, PMO, PMO-RALG (for LGAs and RSs) and MoFEA by the 1st October following the completion of each financial year. It should also be made available to other stakeholders, including the 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 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 organisation 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, 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**. Summarises 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

Three Year Outcome Report

122. 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 what the expected achievements were, how they were measured, and what the main findings or results of the assessments were. These assessments should be linked to all national frameworks including MDGs, MKUKUTA and Ruling party Manifesto.

123. The report should be submitted to PO-PSM, PMO, PMO-RALG (for LGAs and RSs) and MoFEA, by the 1st October following the completion of the Strategic Planning cycle. As was the case with the Annual Performance Report, the 3-Year Outcome Report should be made available to stakeholders, including appropriate Parliamentary Committees and members of the public (on the institution's web site or through other relevant media). The structure of the 3-Year Outcome Report is provided below.

Structure of a Three 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 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: summarise results and focus on the issue of improvement: are things getting better?

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

Structure of a Three Year Outcome Performance Report

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}
1		**2**	**3**	**4**	**5**	**6**
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.

Y_{0-2} = 2 Preceding years (2 years back)　　**Y_{0+1}** = Forward Budget (Next year)

Y_{0-1} = Previous year (last Financial Year)　　**Y_{0+2}** = Forward Budget (next 2 years)

Y_0 = Current Financial Year

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}
1			2	3	4	5	6
1. Total Personal Emolument							
Other Charges	**Vote proper O.C**						
	Internal Subvention	PE					
		OC					
	External Subventions						
2. 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): 3 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	M	P	R	Target Description (3 year)	Units of Measure	Y_0	Y_{+1}	Y_{+2}
1	2	3	4	5	6	7	8	9

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 4 (M, P, R)**" Place a check mark (tick or X) in the columns M, P, R as follows: M = MKUKUTA (if the target is an MKUKUTA 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 5 and 6. 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 2009" the **units of measure** are "Kilometers of road built."
- **Columns 7 to 9: 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 150, the Y_{+1} value may be 400 and the Y_{+2} value may be 500.

PBF 5.1 (b)

FORM 3A (D): 3 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	M	P	R	Target Description (3 year)	Units of Measure	Y_0	Y_{+1}	Y_{+2}
1	2	3	4	5	6	7	8	9

<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 4: M, P, R**" Place a check mark (tick or X) in the columns M, P, R as follows: M = MKUKUTA (if the target is an MKUKUTA 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 5 and 6. 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 2009" the **units of measure** are "kilometres of road built."
- **Columns 7 to 9: 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 kilometres of road the Y_0 value may be 150, the Y_{+1} value may be 400 and the Y_{+2} value may be 500.

FORM 3B: ACTIVITY COSTING SHEET

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

NSGRP ☐
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}	
		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
1	2	3	4	5	6	7	8	9	10	11
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

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}
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Notes

- Columns 5, 6 and 7 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}
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	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)

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:…………………………………………………………………

NSGRP ☐
Other ☐
Tick (√)

				Annual Budget Estimates Y_0						Forward Budget Estimates Y_{0+1}			Forward Budget Estimates Y_{0+2}		
				Government Funds						Government Funds			Government Funds		
(Segment 2) Performance Budget Codes	Activities Description	Segment 4 (GFS Code)	Segment 4 (GFS Code Description	Local	Foreign	L/G	C/D	Donor	Total Govt. Fund	Local	Foreign	Total Govt. Fund	Local	Foreign	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

1. **Total Target is Sum of all activities under a Target**
2. **Total Project is Sum of all targets under a Project**
3. **Total Sub-Vote is Sum of all Projects under the Sub-Vote**
4. **Total Govt. Fund = Local fund + Foreign fund**
5. **L/G = Loan/Grant**
6. **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				
Objective Code and Description	Indicator Name and description	Baseline Date	Baseline Indicator Value	Y_0	Y_{+1}	Y_{+2}	MDG	M	P	R	Source of Data / Means of verification
1	2	3	4	5	6	7	8	9	10	11	12

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. 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 2005/06 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 7: 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. (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
- **Column 8 to 11: M, P, R**" Place a check mark (tick or X) in the columns M, P, R as follows: M = MKUKUTA (if the indicator is an MKUKUTA indicator), P = PAF Matrix; R = Ruling Party Manifesto. This will help link the indicator to other coordinating plans
- **Column 12.** The **source** is where the indicator is collected (its data source) while means of verification is the supporting evidence that the indicator may have

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%**	**Pension Fund 15%**	**Health Insurance 3%**	**Total Deductions**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**
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 11** Gives Total Sum of Columns 7 to 10

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%)	Pension Fund 15%	Health Insurance 3%	Total Deductions
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
	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 12** Gives the total sum of Columns 8 to 11

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%**	**Pension Fund 15%**	**Health Insurance 3%**	Total Deductions
(1)	**(2)**	**(3)**	**(4)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
TOTAL										

Notes

- **Column 7** – Gives the Total Sum of Columns 3 to 6
- **Column 12** – Gives the Total Sum of Columns 8 to 11

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%**	**Pension Fund 15%**	**Health Insurance 3%**	Total Deductions
(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)	(10)	(11)	**(12)**
TOTAL										

<u>Notes</u>

- **Column 9** – Gives the Total Sum of Columns 3 to 6
- **Column 12** – Gives the Total Sum of Columns 8 to 11

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%	Pension Fund 15%	Health Insurance 3%	Total Deductions
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TOTAL								

Notes

- **Column 4 –** Gives the Total Sum equals to Column 3
- **Column 9** – Gives the Total Sum of Columns5 to 8

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

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

S/No	EMPLOYEES' NAME	CHECK NUMBER	DESIGNATION	SALARY SCALE	BASIC SALARY	REASON 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}		
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**

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)

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 Cluster and cluster strategy closely related to this project Cluster:
Cluster strategy: ……………………………..

- ❖ MKUKUTA Cluster: prepare box to choose………………………………….
- ❖ MKUKUTA 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: ……….,…………..,………..,……..,

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.

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 THE 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 10B: 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**
1		2	3	4	5
A: Government Funds:	- Local				
	- Foreign				
B: Other Sources	- Special Funds				
	- Own Funds				
	- Bank Loans				
	- Others				
TOTAL BUDGET ESTIMATES					

Operational Planning Forms

PBF 5.2 (a)

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	M	P	R	Target Description (3 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

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 4: M, P, R**" Place a check mark (tick or X) in the columns M, P, R as follows: M = MKUKUTA (if the target is an MKUKUTA 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 5. Target Description (3 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 6. 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 7**. **Units of measure**: how the level of the target would be measured, for example "number of kilometres."
- **Columns 8 to 11: 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 2009" the quarterly cumulates may be 0, 25, 75, 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	M	P	R	Target Description (3 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

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 4: M, P, R**” Place a check mark (tick or X) in the columns M, P, R as follows: M = MKUKUTA (if the target is an MKUKUTA 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 5. Target Description (3 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 6. 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 7**. **Units of measure**: how the level of the target would be measured, for example “number of kilometres.”
- **Columns 8 to 11: 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 2009” the quarterly cumulates may be 0, 25, 75, 150.

PBF 6.2 (a)

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

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

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 2007"
- **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, REGIONS & COUNCILS)

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

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 2007"
- **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.

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 Target	Manifesto Target	Activity Code and Description	Planned Start Date	Planned Finish Date	Approved Budget	Work Days to be spent on the	Time Frame												Respon-sible Person
									J	A	S	O	N	D	J	F	M	A	M	J	
1	2	3	4	5	6	7	8	9	10												11

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 2008." Column 3: place a check mark (√) if the target is an MKUKUTA Target. If it is non-MKUKUTA leave this column blank
- Column 4: place a check mark (√) if the target is in the ruling party manifesto. If it is not leave this column blank
- Column 5: 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 2008." Part of the Segment 2 code.
- Column 6: the date at which the activity should start. The start of an activity should include its procurement, where applicable.
- Column 7: the date at which the activity should be completed.
- Column 8: the approved budget of the target or activity. The target's budget is the sum of the budgets for all activities under it
- Column 9: 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 10: 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 11: the person responsible (accountable) for the completion of the activity. This should be listed as a position, such as "Assistant Director for Fisheries Development."

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 Target	Manifesto Target	Activity Code and Description	Planned Start Date	Planned Finish Date	Approved Budget	Work Days to be spent on the	Time Frame												Respon-sible Person
									J	A	S	O	N	D	J	F	M	A	M	J	
1	2	3	4	5	6	7	8	9	10												11

<u>Notes</u>
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 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 2008." Column 3: place a check mark (√) if the target is an MKUKUTA Target. If it is non-MKUKUTA leave this column blank
- Column 4: place a check mark (√) if the target is in the ruling party manifesto. If it is not leave this column blank
- Column 5: the Activity Code (A01C03 or B02S01 etc) as well as the activity's description
- Column 6: the date at which the activity should start. The start of an activity should include its procurement, where applicable.
- Column 7: the date at which the activity should be completed.
- Column 8: the approved budget of the target or activity. The target's budget is the sum of the budgets for all activities under it
- Column 9: 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 10: 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 11: 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

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	M	P	R	Target Description	Actual Progress	Estimated % Completed	On track	Risk	Unknown	Cumulative Budget	Cumulative Actual Expenditure	% Spent	
1	2	3	4	5	6	7	8	9	10	11	12	13	14

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 4: M, P, R**” Place a check mark (tick or X) in the columns M, P, R as follows: M = MKUKUTA (if the target is an MKUKUTA 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 5. 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 2009”
- **Column 6**: this is the cumulative total as of the current quarter, for example “60 kilometres were constructed by 30 March 2009.”
- **Column 7 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 8-10 (Assessment)**: Check or tick one of the columns “on track,” “at risk” or ‘unknown”
- **Columns 11-12: 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 13: % spent:** the actual expenditure to date divided by the budgeted expenditure for the financial year

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 …………………………

		BASELINE		INDICATOR TARGET VALUES (AS PER SP)			ACTUAL INDICATOR VALUES			CLASSIFICATIONS					
Objective and Code	Indicator Name and description	Base-line Date	Baseline Indicator Value	Y_0	Y_{+1}	Y_{+2}	Y_0	Y_{+1}	Y_{+2}	MDG	M	P	R	Source of Data / Means of verification	Comment
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

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 7: 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
- **Columns 8 to 10: Actual Indicator values:** the actual or realised 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
- **Column 11 to 14: M, P, R**" Place a check mark (tick or X) in the columns M, P, R as follows: M = MKUKUTA (if the indicator is an MKUKUTA indicator), P = PAF Matrix; R = Ruling Party Manifesto. This will help link the indicator to other coordinating plans
- Column **15.** 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 16 Comment:** any comment describing implementation

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 ($4 \div 2$)	Amount in TShs (Millions)	Actual Value as a % of the Budget Amount ($6 \div 2$)	% 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 MKUKUTA CATEGORY (Excludes PE)							
MKUKUTA							
NON-MKUKUTA							
Total		100					100
EXPENDITURE BY MKUKUTA CLUSTERS (Excludes PE)							
Cluster 2	Cluster 1						
Cluster 3							
Total		100					100

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

FORM 13B: QUARTERLY CUMULATIVE FINANCIAL DETAILED FORM

VOTE CODE AND NAME: ……………………………..

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

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

- Executive Summary
- Statement of the Chairperson
- 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 - Y_{0-2}
  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 – Y_{0-1}
  3.2.1* Annual Approved Revenue Vs Actual
  3.2.2 Annual Expenditure Vs Actual
  3.2.3 MTEF targets Vs Actual achievement
  3.2.4 Problems/Limitations to effective implementation

Chapter 4: Estimâtes for MTEF (Y_0 - Y_{0+2}**)**

4.1 Summary of Annual and Forward Budget Estimate Rec. & Dev. (Form 1)
4.2 Recurrent Expenditure Forward Budget (Form 2)
4.3 3 Year MTEF Target Value Form (Form 3A (R)
4.4 3 Year MTEF Target Value Form (Form 3A (D)
4.5 Activity Costing Sheet (Form 3B)
4.6 Recurrent Expenditure Summary of Draft Estimates (Form 3C)
4.7 Domestic Revenue Forward Budget (Form 4)
4.8 Domestic Revenue (Form 5)
4.9 Development Expenditure Detail of Annual and Forward Budget (Form 6)
4.10 Results Framework (form 7)
4.11 Summary of Personal Emoluments Estimates per Vote (Form 8A)
4.12 Summary of Personal Emoluments Estimates per Sub Vote (Form 8B)
4.13 Item I – Summary of Existing Employees on Payroll (Form 8C)
4.14 Item II – Summary of Existing Employees Not on Payroll (Form 8D)
4.15 Item III – Summary of New Employees to be Recruited (Form 8E)
4.16 Schedule of Personal Emoluments Establishment and Strength (Form 9)

4.17 Project Profile Data Form (Form 10A)
4.18 Summary of Project Forward Budget Estimates All Sources (Form 10B)

ANNEX

REVIEW OF THE PLAN AND BUDGET IMPLEMENTATION FOR 2009/10 AND MID YEAR 2010/11

TABLE OF CONTENTS

REVIEW OF MACROECONOMIC DEVELOPMENT

Recent Macro economic Performance

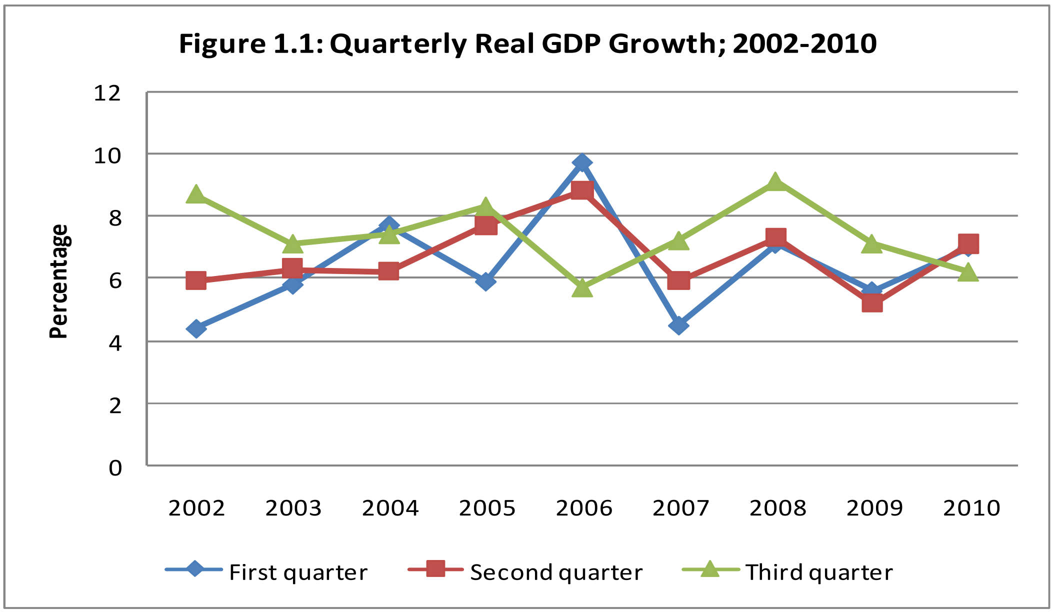
124. The Tanzanian economy is emerging from a slowdown associated with the 2008 global financial crisis and natural disasters (drought and floods 2008-2009/10). The macroeconomic policy response, including temporary and targeted fiscal stimulus measures and supportive monetary policy, helped to mitigate the downturn. The real GDP growth which slowed down to 6.0 percent in 2009 from 7.4 percent in 2008 has bounced back to 7.0 and 7.1 percent in the first and second quarters of 2010, respectively. It is worth noting that GDP growth were 5.6 and 5.2 percent in the corresponding quarters in 2009. Inflation remained high throughout 2009, but has since abated to single digits, reaching 5.6 percent by December 2010 from an average of 12.1 percent in 2009.

125. The fiscal year 2009/10 experienced shortfall in domestic revenue collections (excluding revenue from LGAs) against targets. This was partly due to the impact of the Global Financial Crisis (GFC) that led to a slower growth in production activities in the economy. Total expenditure for the fiscal year 2009/10 (excluding expenditures from LGAs own resources) was within available resources. The reserve position in the Bank of Tanzania at the end of November 2010 was sufficient to cover about 6.0 months of import of goods and services.

GDP Growth

126. Economic growth during 2010 is expected at 7.0 percent from the real growth of 6.0 percent attained in 2009. This recovery is partly due to continued recovery in the world economy particularly during the first half of 2010. Similarly, domestic economic activities are expected to strengthen and expand further compared to 2009. Preliminary national account statistics indicates that Gross Domestic Product at market prices in real terms is estimated to have grown at 7.0, 7.1 and 6.2 percent in the first, second and third quarters of 2010, respectively compared to 5.3, 3.4 and 5.7 percent attained during the same period in 2009. This growth was attributed to increase in agricultural activities (good harvest of major food crops namely: maize; paddy; millet/sorghum and cassava) following good weather in the 2009/10

agricultural season and government intervention on input subsidy program and irrigation schemes. Other economic activities which recorded notable growth in the second quarter of 2010 include: fishing; mining and quarrying; manufacturing; wholesale and retail trade; electricity and gas; and real estate and business services. Figure 1 illustrates the trend in GDP at constant market prices on quarterly basis (Quarter I-III from 2002 – 2010).

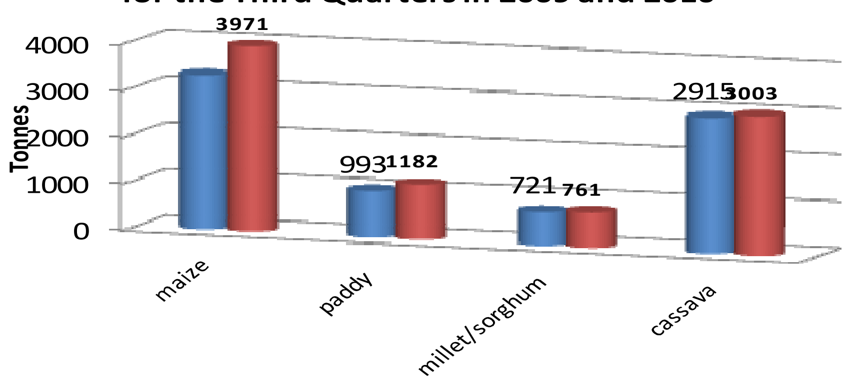


127. Growth in agricultural and livestock economic activities slowed down to 3.2 percent in 2009 compared to actual growth rate of 4.6 percent recorded in 2008. This was due to drought during the 2008/09 season, coupled with global financial crisis which affected the demand and prices of traditional exports. Traditional exports especially cotton and coffee suffered immensely due to the impact of the global financial crisis as the prices in the world market declined substantially during the period under review.

128. Preliminary data in the second and third quarters of 2010 indicates good performance in agricultural sector. The sector registered a growth rate of 5.6 percent in the third quarter of 2010 compared to 6.4 percent in the third quarter of 2009. Performance of some selected major food crops production revealed that the

quantity of maize harvested went up by 20.0 percent from 3,309 thousand tonnes in the third quarter of 2009 to 3,971 tonnes in the third quarter of 2010. Paddy harvesting increased from 993 thousand tonnes in the third quarter of 2009 to 1,182 thousand tonnes in the corresponding quarter of 2010. Millet/Sorghum harvests in the third quarter of 2009 registered 721 thousand tonnes compared to 761 thousand tonnes in the corresponding quarter of 2010, which is an increase of 6.0 percent. On the other hand, cassava harvests only increased by 3.0 percent from 2,915 thousand tonnes in the third quarter of 2009 to 3,003 thousand tonnes in the third quarter of 2010. (Figure 1.2).

Figure 1.2: Production of Selected Major Food Crops for the Third Quarters in 2009 and 2010



129. The growth rate of fishing economic activities declined to 2.7 percent in 2009, from 5.0 percent in 2008. The decline was due to continued use of poor fishing gears and illegal methods leading to destruction of fish hatcheries, low production to meet world market demand as well as increasing competition in the European countries resulting from increased fish farming in the Asian Countries (China and Vietnam). However, preliminary data reveals that fishing economic activities grew by 5.5 percent in the third quarter of 2010 compared to negative 3.0 percent attained in the corresponding quarter in 2009. The growth is mainly attributed to increased demand for fish and fish products in the domestic and international markets.

130. The growth rate of industry and construction economic activities declined to 7.0 percent in 2009 from 8.6 percent in 2008, mainly on account of low performance in mining and quarrying, manufacturing and construction sub-activities. Manufacturing sub- activity grew by 9.0 percent in 2009, compared to 9.9 percent in 2008, mainly on account of the decline in demand for manufactured exports, owing to the impact of the global financial crisis. The decline in the construction sub-activities was due to unanticipated impact of the global financial crisis. However, the recovery for the construction sub activity has been observed with a growth rate of 11.2 percent in the third quarter of 2010 compared to a negative growth rate of 5.4 percent in the corresponding quarter of 2009. The good performance of the sub economic activity was on account of increase in the construction of residential and non-residential buildings, roads and bridges; and land improvement activities. The manufacturing activities performed relatively well, growing by 8.3 percent in the third quarter of 2010 compared to 7.3 percent in the corresponding quarter in 2009.

131. The electricity and gas sub-economic activity recorded an increase in the growth rate to 8.4 percent in 2009, compared to 5.4 percent recorded in 2008, following the Government interventions in improving the power infrastructure. Preliminary data for 2010 indicates slow growth in the first quarter with growth rate of 5.6 percent compared to 6.9 percent in the corresponding quarter of 2009. However, the growth rate of this sub activity in the third quarter of 2010 was 16.2 percent compared to 11.2 percent in the corresponding quarter of 2009. The increase in growth rate in the second quarter is attributed to the increase in both thermal and gas power generated.

132. In 2009, services economic activities grew by 7.2 percent compared to 8.5 percent recorded in 2008. The slowdown in the growth rate occurred in economic sub activities such as hotel and restaurants; and trade and repairs; mainly on account of low inflow of foreign direct investment and tourist arrivals following the impact of the global financial crisis. However, following the recovery of the world economy, the sub activity has started to improve. The preliminary data indicate that sub economic activities of hotel and restaurants; and real estate and business

services grew at a higher rate in the second quarter of 2010. The hotel and restaurants; and real estate and business services grew by 4.1 and 5.6 percent in the second quarter compared to 3.9 and 2.3 percent during the second quarter in 2009, respectively. This is mainly due to an increase in number of tourist arrivals as well as increase in business services, rented dwellings and owner occupied dwellings. In the third quarter, hotel and restaurant slightly went down and grow by 3.1 percent compared to 4.9 percent recorded in the corresponding period in 2009. Conversely, the real estate and business services performed well whereby the sub activity grew by 5.2 percent in the third quarter of 2010 compared to 3.3 percent recorded in the corresponding period in 2009.

Table 1. 1: Quarterly Gross Domestic Product - Constant 2001 Prices (Tshs million)

	2004	2005	2006	2007	2008	2009	2010
Absolute figures							
First quarter	2,498,203	2,639,947	2,899,099	3,028,184	3,242,546	3,413,746	3,653,400
Second quarter	2,807,622	3,022,861	3,291,113	3,483,185	3,731,412	3,857,104	4,130,332
Third quarter	3,281,326	3,555,216	3,757,546	4,027,170	4,384,276	4,632,950	4,921,424
Fourth quarter	2,652,584	2,850,066	2,933,406	3,263,381	3,470,112	3,817,501	-
Year	11,239,735	12,068,090	12,881,164	13,801,920	14,828,346	15,721,301	12,705,156
Growth Rates (%)							
First quarter	7.8	5.7	9.8	4.5	7.1	5.3	7.0
Second quarter	6.2	7.7	8.9	5.8	7.1	3.4	7.1
Third quarter	7.3	8.3	5.7	7.2	8.9	5.7	6.2
Fourth quarter	10.2	7.4	2.9	11.2	6.3	10.0	-
Year	7.8	7.4	6.7	7.1	7.4	6.0	7*
* Estimates							

Source: National Bureau of Statistics

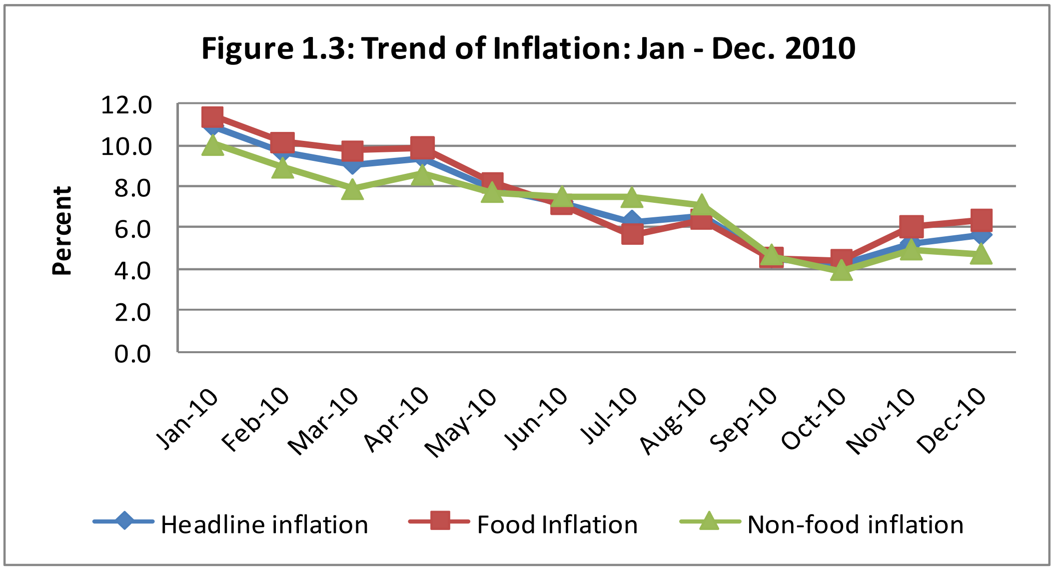
Inflation

133. The National Bureau of Statistics (NBS) has rebased National Consumer Price Index (NCPI) for November, 2010. The NBS has updated the NCPI market basket weights from 2001 to 2007 using results of the 2007 Household Budget Survey. The new NCPI weights are based on monetary expenditures relating to consumption for all types of households in the 21 geographic regions of Tanzania. The new index weights are based on expenditures of both urban and rural households, while the old index covered only urban households. The reference period for the NCPI has been changed from December, 2001=100 to September 2010 =100.

134. The rebased NCPI follows the internationally recommended Classification of Individual Consumption by Purpose (COICOP). The use of COICOP results in a change in the publication format for the new NCPI. The composition of the 12 major groups of COICOP is different from the composition of the major groups of the old NCPI. Because of this difference, the new NCPI will be disseminated with indices for the 12 major groups of COICOP as well as several additional index aggregations. These additional indices are; 1) Food and Non-alcoholic Beverages--combining food consumed at home and food consumed in restaurants; 2) Energy and Fuels—combining electricity and other fuels for use at home with petrol and diesel; 3) All Items Less Food; and 4) All Items Less Food and Energy.

135. The new NCPI incorporates a number of methodological improvements including the use geometric means for compiling elementary index aggregates, the use of an improved index compilation system, and improved procedures for collecting and processing prices. The modified Laspeyres index formula continues to be used for computing higher level aggregates for the NCPI. The sample of goods and services has been updated to include many new items and to eliminate those items that have become less representative of current consumption patterns.

136. The economy experienced inflationary pressures in 2009, primarily due to food supply shortages in some parts of the country due to uneven distribution and a rebound in world oil prices. However, due to favorable weather conditions in the 2009/10 crop season, food supply improved, leading to a downward trend in inflation from 12.7 percent in October 2009 to 4.2 percent in October 2010. In December 2010, inflation rate rose to 5.6 percent and picked up to 6.4 percent in January 2011 owing to the increase in electricity tariffs and gas. However, inflation rate for housing, water, electricity, gas and other fuels was 12.1 percent in December 2010 compared to 14.4 percent in November 2010. Food and non alcoholic beverages also rose to 7.3 percent in the year ending December 2010 from 7.1 percent in November 2010 (Figure 1.3). The overall annual average has also slowed down to single digit of 5.5 percent in 2010 from double digit of 12.1 percent in 2009.



Government Finance

137. The budget performance for the fiscal year 2009/10 experienced a shortfall in domestic revenue collections against the target of Tshs. 5,234.069 billion but higher than the amount collected in 2008/09. Domestic revenues reached Tshs.4,645.2 billion in 2009/10 compared to Tshs 4,293.1 billion in 2008/09 and was 15.1 percent and 16.2 percent of GDP for the two fiscal years, respectively. Total expenditure reached 26.4 percent of GDP compared to 25.8 percent in 2008/09. Grants amounted to 4.5 percent of GDP, resulting into the budget deficit after grants of 6.9 percent of GDP.

Domestic Revenue

138. Total domestic revenue collection for 2009/10 was 91.2 percent of budget estimate of Tshs 5,096 billion. Tax revenue collection was 91.5 percent of estimate, while non tax revenue was 85.2 percent, partly due to the impact of GFC that led to a slower growth in production activities in the economy. In addition, the shortfall in non tax revenue was partly caused by the postponement of the implementation of some revenue measures that were announced in the budget, including new charges in residency permits, visas, immigration fees and fire service charges. Notwithstanding the shortfalls in terms of attaining the estimated target, in absolute terms domestic revenue collection increased from Tshs. 4,293.1 billion in 2008/09 to Tshs. 4,645.2 billion in 2009/10, equivalent to 8.2 percent increase.

139. During the first half of the fiscal year 2010/11, total domestic revenue collections amounted to Tshs. 2,778.9 billion, equivalent to 90 percent of estimated Tshs. 3,079.1 billion. The gross collection for the period was above the collection of the corresponding period in the year 2009/10 by Tshs. 487.7 billion, reflecting an increase of 17.6 percent. Total tax revenue collections amounted to Tshs. 2,558.5 billion, equivalent to 91 percent of estimated Tshs. 2,798.7 billion. On the other hand, non-tax revenue continued to perform below the estimates during this period. The actual revenue collection from this category was Tshs. 148.5 billion against the target of Tshs. 194.1 billion, equivalent to 77 percent. Collections from taxes on imports were Tshs. 226.1 billion, reflecting the performance level of 97 percent of estimated Tshs. 234.2 billion. The decline in volumes of petroleum imports were among the causes for fall of collection of these taxes.

External Resources

140. During the fiscal year 2009/10, the cumulative end-year performance showed that total grants received was Tshs.1,405.3 billion, equivalent to 67 percent of the total estimate for the period. The shortfall was caused by slow implementation of projects, mainly emanating from prolonged procurement procedures; failure of some MDAs, Regions and LGAs to account for D-funds; and circumvention of the exchequer system by some development partners in disbursing project funds.

141. During the year ending June 2010, total financing was 6.4 percent of GDP, out of which 4.5 percent was external resources and 1.9 percent domestic. Net foreign borrowing amounted to Tshs 1,379.6 billion, which is higher than the total estimates for the period by 33 percent. Domestic borrowing was also higher than budgeted, as the Government had to borrow 1.6 percent of GDP to compensate for the shortfall in programme assistance, to meet MKUKUTA expenditure requirements.

142. During the first half of the fiscal year 2010/11, total grants and loans for financing budget amounted to Tshs. 827.9 billion, equivalent to 101 percent of estimated Tshs. 821.7 billion. The increase is attributed to exchange rate fluctuation used to convert Tanzanian shillings against foreign currencies. This performance was

higher than the corresponding period in the year 2009/10 by Tshs. 42.6 billion, reflecting an increase of 51.4 percent. On the other hand, grants and loans for development expenditure amounted to Tshs 469.6 billion, equivalent to 24 percent of estimated amount in fiscal year 2010/2011. This performance was less than the corresponding period in the year 2009/10 by Tshs. 378 billion, reflecting a decrease of 44.6 percent.

Expenditure

143. Expenditure performance for the fiscal year 2009/10 was broadly in line with the resources envelope. Total expenditure for the period under review was below the target, but higher than the amount of the corresponding period in 2008/09. Total expenditure for 2009/10 was Tshs. 8,173.7 billion, equivalent to 92.0 percent of the total estimate for the period of Tshs 8,881.3 billion, compared to total expenditure of Tshs 6,811.8 billion, in 2008/09. Actual development expenditure for 2009/10 was Tshs.2,611.3 billion, which is equivalent to 92 percent of the total estimates for the period. This performance was mainly due to delay in the implementation of projects resulting from delay by some MDAs and LGAs to accomplish procurement procedures and reporting on the use of the funds. Similarly, overall recurrent expenditure amounted to Tshs. 5,562.4 billion, which was below the period target by 8 percent, compared to total estimates during the period under review. Expenditure on wages and salaries was Tshs.1,723.4 billion, equivalent to 98 percent of the period estimates.

144. Total expenditure for the first half of the fiscal year 2010/11 stood at Tshs 5,052.7 billion, equivalent to 83.4 percent of the period estimates of 6,058.0 billion. Actual development expenditure for the same period was Tshs. 1,255.8 billion which is equivalent to 81 percent of the period estimates of Tshs 1,550.3 billion, while overall recurrent expenditure amounted to Tshs 3,796.8 billion which was 84.2 percent of the period estimates of Tshs 4,507.7 billion.

Money and Credit Developments

145. During 2010/11, monetary policy was directed towards maintaining an appropriate level of liquidity in the economy to contain inflation and provide enough room for recovery of credit to the private sector. The Government maintained moderate tender sizes of Treasury securities consistent with the monetary policy stance, complemented with sales of foreign exchange in the inter-bank Foreign Exchange Market (IFEM).

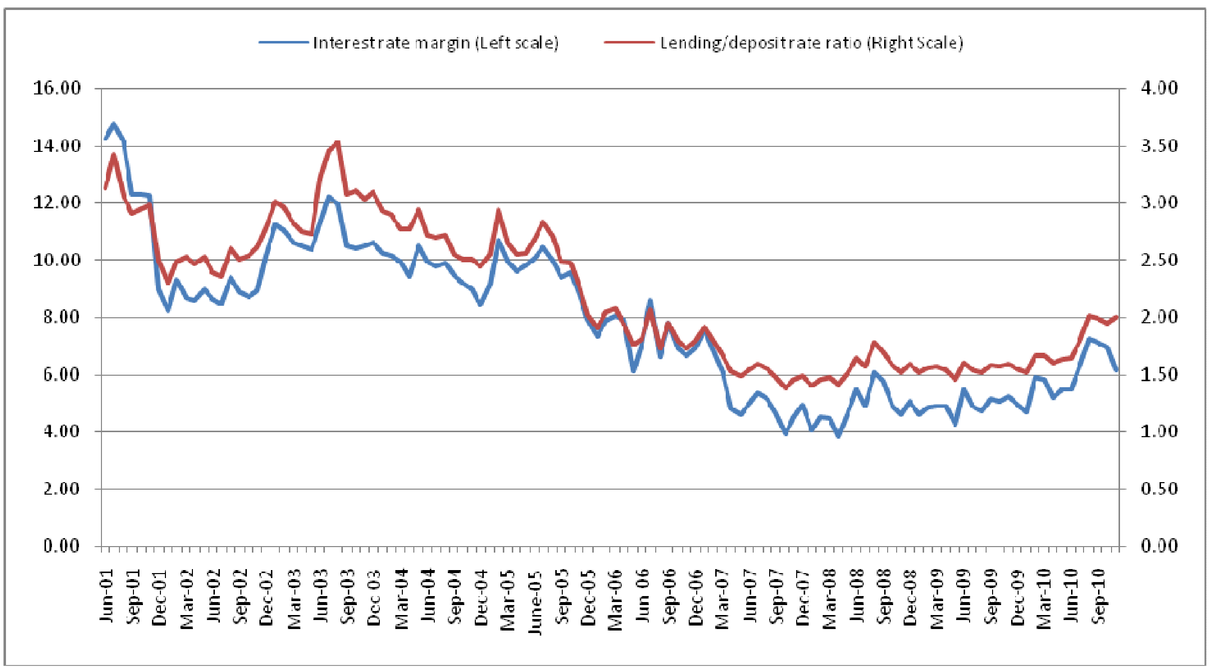
146. During the first half of 2010/11, broad money supply (M2) grew at an annual rate of 21.8 percent, slightly higher than the target of 20.7 percent by end-December 2010, but lower than 26.3 percent recorded at end-June 2010. Meanwhile, extended broad money supply (M3) grew by 25.4 percent above the target of 23.5 percent by end-December 2010 and also above the growth rate of 25.1 percent recorded at end-June 2010. These developments in monetary aggregates were mostly explained by foreign currency deposits (FCD) in the banking system, coupled with strengthening of the US dollar against the Shilling, consistent with overall strengthening of US dollar against major currencies. FCD grew by 23.3 percent, from USD 1,657.3 million in December 2009 to USD 2,043.6 million by end-December 2010. In contrast, FCD grew by 6.6 percent in 2009.

147. Annual growth of credit to the private sector improved to 20.0 percent in December 2010, from 16.3 percent registered at end-June 2010 and 9.6 percent recorded in 2009. The improvement reflects a recovery of banks' confidence in lending to the private sector after the global financial crisis. Credit to private sector continues to be channeled to productive sectors that support growth. During the period under review, personal loans dominated in terms of share of total private sector credit, accounting for 21.4 percent, followed by trade activities which accounted for 17.5 percent, manufacturing 11.9 percent, agriculture 12.1 percent, and transport and communication 9.2percent.

Interest Rates Developments

148. Interest rates exhibited positive developments, as reflected in the declining ratios of lending to deposit rates, as well as interest rates margins (**Figure 1.4**). The lending-deposit rate margin has declined from double digits in 2005 to an average of around 5 percent during the period between 2007 and 2010. Likewise, the lending/deposit rate ratio has declined from around 3-times in July 2005 to around 1.7 times in December 2010. The encouraging developments in interest rates was mainly on account of increased competition associated with an increase in the number of banks and financial institutions, stable interest rates in the financial market, as well as a decline in the rates at which the Bank of Tanzania lends funds to commercial banks (Bank rates). The 364-days T-bill rates have declined from 18.4 percent in June 2007 to an average of 6.8 percent during the year 2010, while during the same period, bank rates declined from more than 16 percent to less than 8 percent.

Figure 1.4: Movements in Short term Lending and Deposit Rates



Source: Bank of Tanzania

149. Despite the decline in the spread between lending and deposit rates, and increased stability in financial markets' rates, banks' lending rates remain high, pointing to continued presence of legal and structural rigidities, high-perceived risk of doing business and inadequate information on potential borrowers. In 2010, short term lending rates were on average around 13.88 percent, twice as much as the rate fetched on the 364-days T-bill (**Table 1.2**). The Government is working on strategies and measures to address banks' lending rates. Some of the measures currently being pursued include the following:

(i) Fast-tracking the establishment of credit reference bureau, which will provide reference on creditworthiness of potential borrowers from banks, thus reducing the risk of default;

(ii) Addressing weaknesses in the legal framework that impede realization of land based collateral, including title deeds issuance and collateral registration;

(iii) Addressing the high cost of doing business in the country, including high utility costs (electricity and water) and communication costs;

(iv) Promoting a vibrant primary and secondary markets supported by appropriate and secure settlement system and robust oversight; and

(v) Sustained prudent fiscal and monetary policies to maintain low and stable inflation, interest and exchange rates.

Table 1.2: Domestic Interest Rate Structure

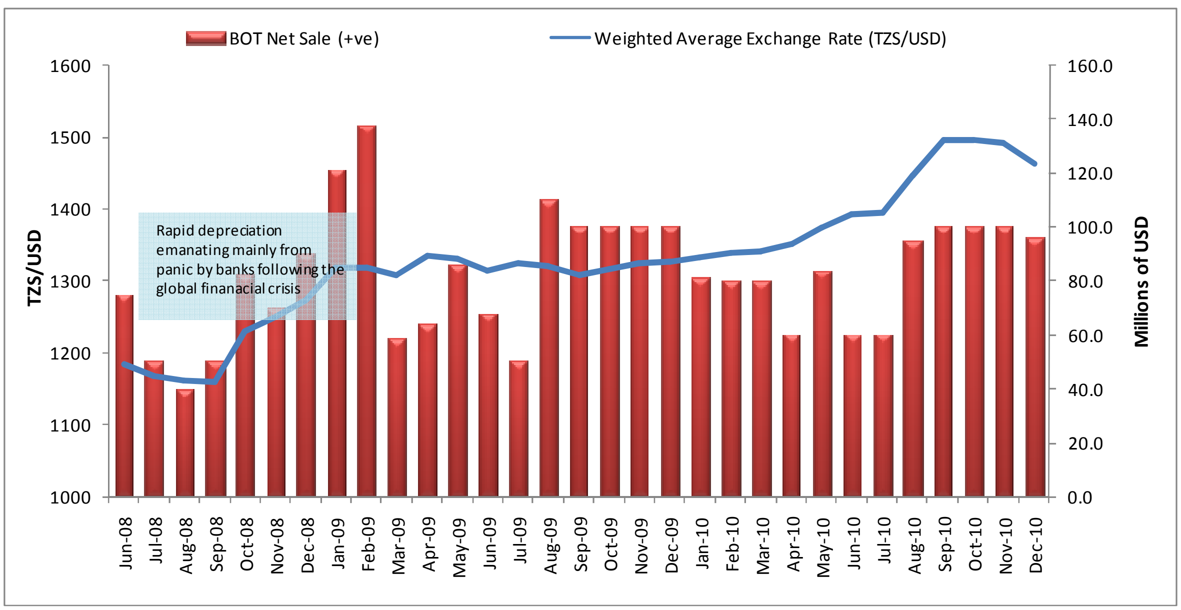
	Dec-08	Dec-09	2010											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Overall Interbank cash market rate	6.54	1.57	1.80	1.89	1.29	0.92	0.87	0.97	0.92	1.09	1.65	2.29	2.86	5.26
Overnight interbank cash market	6.27	1.46	1.67	1.66	0.98	0.86	0.67	0.86	0.82	0.93	1.68	2.27	2.87	5.19
REPO Rate	6.42	1.26	1.22	1.22	1.06	0.79	0.65	0.54	0.58	0.58	0.90	1.53	1.78	3.20
Discount Rate	15.99	3.70	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58
Overall Treasury bills rate	10.99	6.91	7.20	6.32	4.15	2.70	2.68	3.33	3.89	3.86	5.06	5.68	5.85	6.32
35 days	6.88	3.80	4.57	4.09	1.99	1.26	0.89	0.65	0.78	0.97	1.62	1.84	1.46	1.33
91 days	11.20	6.06	6.35	5.57	3.25	1.77	2.16	2.89	3.22	2.71	3.89	4.76	4.61	5.24
182 days	12.13	6.59	7.20	6.33	4.45	2.58	2.26	2.59	3.91	3.91	4.77	5.67	5.62	6.20
364 days	12.79	8.83	9.06	8.24	6.32	4.86	4.96	6.08	6.26	5.98	6.96	7.85	7.48	7.67
Savings Deposit Rate	2.74	2.83	2.84	2.89	2.88	2.83	2.82	2.82	2.69	2.58	2.57	2.56	2.51	2.41
Treasury Bonds Rates														
2-years	14.35	10.89	10.89	9.40	9.40	9.40	9.40	8.79	8.88	8.88	9.82	9.82	9.67	10.35
5-years	16.39	13.45	13.77	13.77	13.77	13.77	9.52	9.52	9.52	9.70	9.70	10.44	10.44	11.58
7-years	17.04	14.15	14.15	14.15	12.11	12.11	10.38	10.38	10.38	10.85	10.85	11.88	11.88	11.88
10-years	19.47	16.73	16.73	16.73	16.73	11.99	11.99	11.68	11.68	11.68	13.00	13.00	13.59	13.59
Overall Time Deposits Rate	6.63	6.36	6.12	5.82	6.11	5.96	5.79	5.88	5.42	5.55	6.03	6.11	5.55	5.11
12 month time deposit rate	8.48	8.99	9.06	8.84	8.78	8.67	8.56	8.43	7.86	7.13	7.15	7.26	6.14	7.09
Negotiated Deposit Rate	10.23	9.94	7.44	7.16	9.41	9.63	9.47	9.57	8.76	8.58	9.33	9.60	8.76	8.45
Overall Lending rate	16.05	14.38	14.39	14.81	14.80	14.50	14.50	14.67	14.34	14.35	14.47	14.49	12.84	13.45
Short-term lending rate (up to 1year)	13.56	13.96	13.76	14.73	14.61	13.88	14.02	13.92	14.14	14.37	14.29	14.22	12.31	12.37
Negotiated Lending Rate	12.05	13.18	13.68	13.79	13.71	13.97	13.80	14.13	13.84	14.00	13.80	13.71	13.65	11.88
Margin between short-term lending and one-year time deposit rates	5.07	4.97	4.71	5.89	5.84	5.21	5.47	5.49	6.28	7.24	7.14	6.96	6.17	5.27

Source: Bank of Tanzania

Foreign Exchange Operations

150. The value of the shilling against the US dollar remained fairly stable in 2009 and the first half of 2010 largely due to a moderate import bill, coupled with regular sales of US dollars in the Inter-bank Foreign Exchange Market by the Bank of Tanzania for liquidity management. However, the value of the Shilling against the US dollar depreciated sharply from Tshs. 1,394.7 per USD in July 2010 to Tshs 1,494.8 per USD in September 2010 before appreciating to Tshs. 1,463 per USD in December 2010. The depreciation of the shilling against the US Dollar was on account of general strengthening of the US Dollar against major currencies. Over the period, the Bank of Tanzania continued to be the main supplier of foreign exchange in the Interbank Foreign Exchange Market (IFEM), selling USD 551.1 million out of the total volume of USD 881.5 million traded. (**Figure 1.5**).

Figure 1.5: Movements in Weighted Average Exchange rates against the US dollar



Source: Bank of Tanzania

Foreign Reserves

151. Gross official reserves at the Bank of Tanzania reached USD 3,948.0 million by the end of December, 2010 from USD 3,482.6 million recorded at the end of June 2010. That level of official reserves was sufficient to cover about 6.3 months of

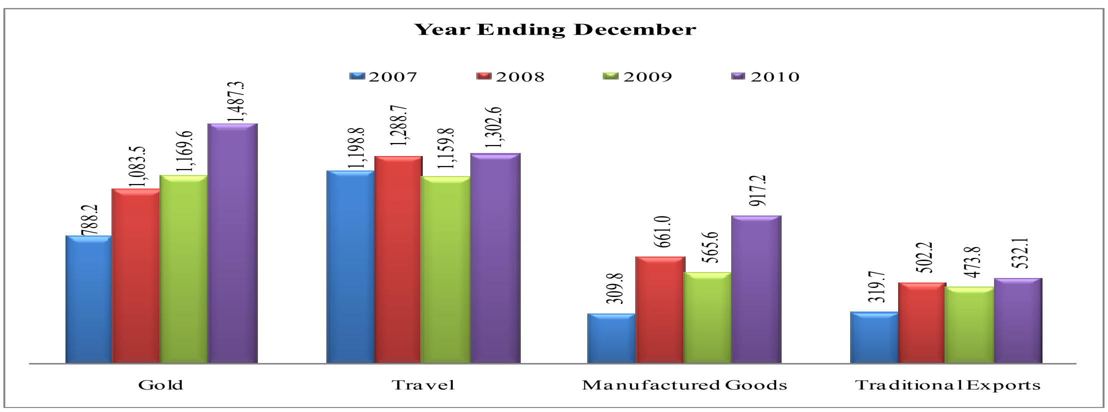
imports, against the target of 5.0 months of import of goods and services for 2010/11.

External Sector Developments

Exports performance

152. In 2010, Tanzania exported goods and services worth USD 5,827.2 million, which was 21.9 percent higher compared with the level recorded in 2009. The improvement was largely due to increase in exports of gold, travel and manufactured goods (**Figure 1.6**).

Figure 1.6:: Performance of Selected Export of Goods and Services

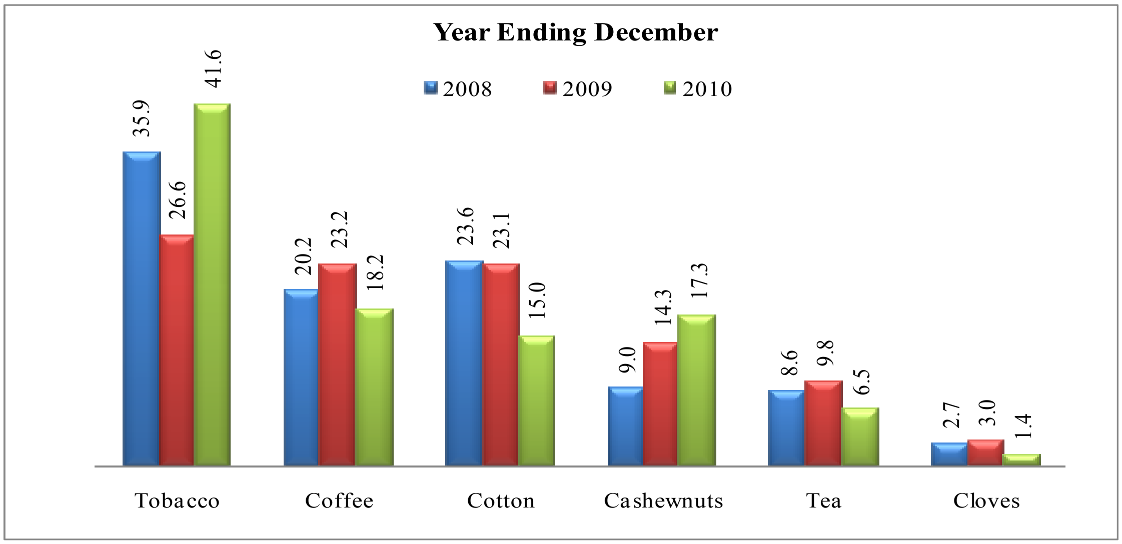


Source: Bank of Tanzania

Traditional Exports

153. In 2010, the value of traditional exports went up by 16.5 percent to USD 558.9 million when compared with USD 479.6 recorded in the 2009, following an increase in both export volumes and unit prices of tobacco and cashew nuts. It is worth noting that, the increase in the export unit prices of tobacco is largely attributed to the improved quality of Tanzanian tobacco following proper farming practices coupled with accessibility of agricultural inputs. **Figure 1.7** depicts the composition of the main traditional exports for the last three years.

Figure 1.7: The composition of traditional exports for the last three years (in percent)



Source: Bank of Tanzania

Non - Traditional Exports

154. Meanwhile, non-traditional exports increased to USD 3,128.5 million in 2010 from USD 2,466.1 million recorded in the preceding year. The improved performance is largely attributed to a substantial increase in the export value of gold and manufactured goods. During the period, the value of gold exports went up by 19.3 percent to USD 1,467.3 million, largely due to a rise in prices of gold in the world market. The prices of gold increased to an average of USD 1,224.7 per troy ounce from USD 972.7 per troy ounce recorded in 2009. The value of manufactured goods also increased to USD 963.9 million, being 90.3 percent higher than the value recorded during the preceding year, largely associated with the increased demand in the neighbouring countries following the global recovery from the financial crisis. Much of the increase was recorded in the fertilizers, paper and plastic products.

Service Receipts

155. Services receipts amounted to USD 2,139.8 million in 2010, being higher than USD 1,854.6 million recorded during the year earlier, following an improvement in travel, transportation and other business receipts. Travel receipts increased by 12.3 percent to USD 1,302.6 million as the global economy begun to recover from the impact of the financial crisis. Likewise, transportation receipts rose by 33.2 percent

to USD 445.5 million, as a result of the increase in transit goods to the neighbouring countries. This development is largely associated with an improvement in cargo clearing at the Dar es Salaam Port.

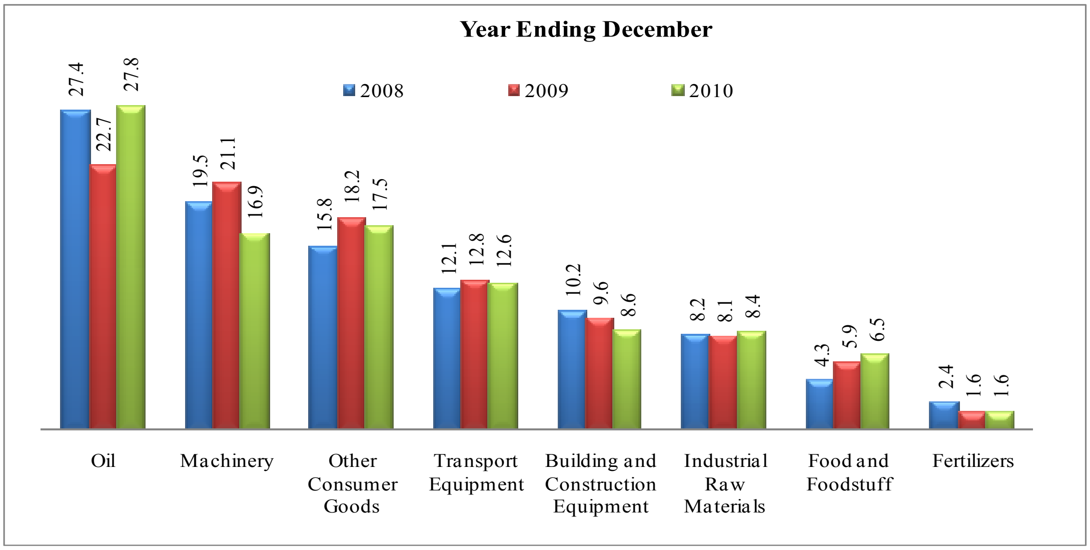
Imports Performance

156. In 2010, import of goods and services amounted to USD 8,963.2 million compared with USD 7,543.2 million recorded in 2009, largely due to a notable increase in the value of imported oil and consumer goods. Oil imports increased to USD 1,983.8 million from USD 1,323.0 million in the preceding year, is mainly attributed to the increase in both volume and prices. While the volume of oil imports rose to 3.1 million tons from 2.9 million tons in the year ending December 2009, the average oil prices (refined products) in the world market also increased by 24.9 percent to USD 691.9 per ton. Meanwhile, import of consumer goods amounted to USD 1,709.2 million, representing an increase of 21.7 percent, largely comprising importation of wheat, plastic items, pharmaceutical and paper products.

Goods Imports

157. In 2010, the value of goods imports (fob) went up by 22.1 percent to USD 7,125.1 million from USD 5,834.1 million recorded in 2009, mainly due to the increase in oil imports and industrial raw materials as well as importation of consumer goods. During the period, oil imports increased by almost 50 percent to USD 1,983.8 million from USD 1,323.0 million. The surge in oil imports is mainly attributed to the increase in both volumes and prices. While the volume of oil imports rose to 3.1 million tons from 2.9 million tons during the period, the average oil prices (refined products) in the world market also increased by 25 percent to USD 691.9 per ton from USD 553.7 per ton. Meanwhile, the value of imports of consumer goods amounted to USD 1,709.2 million, representing an increase of 21.7 percent from USD 1,404.6 million recorded in 2009. The increase in imports of food stuff is largely on account of a rise in importation of wheat to 1,037,840 tons from 826,054 tons. Is worth noting that, oil imports continued to dominate goods imports, followed by imports of machinery and other consumer goods (excluding food and food staff) such as pharmaceutical products, paper products, plastic items, optical/photographic materials and textile apparels (**Figure 1.8**).

Figure 1.8: Composition of Goods Imports since 2008 (In Percent)



Service Payments

158. Service payments decreased by 7.5 percent to USD 1,838.1 million in 2010, from USD 1,709.9 million registered in 2009, owing to a decrease in Government and other business services. On the other hand, freight payments went up by 21.7 percent to USD 680.7 million, in line with an increase in importation of goods.

Balance of Payments

159. In 2010, overall balance of payments remained positive at a surplus of USD 369.8 million, slightly above the surplus of USD 366.2 million recorded in 2009. The surplus was largely attributable to capital inflows in the form of grants and foreign borrowing.

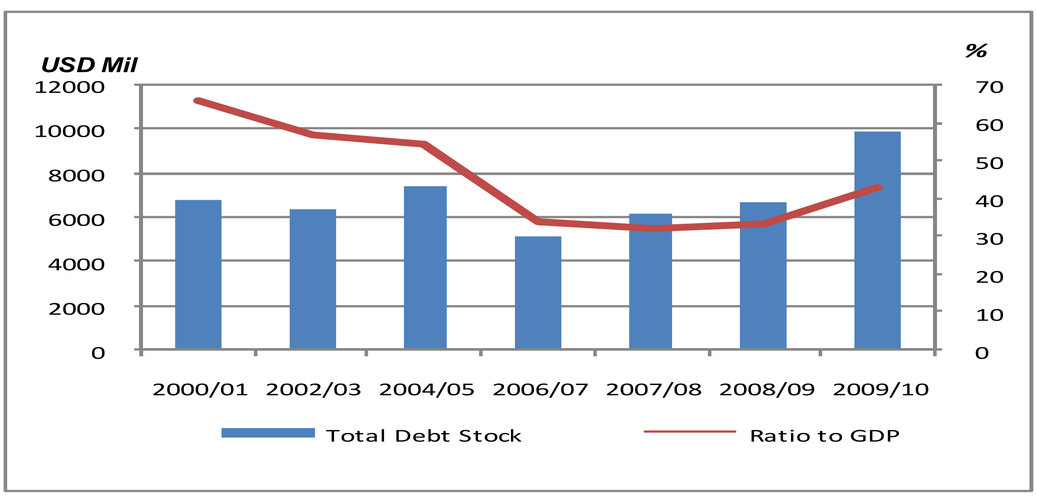
National Debt

160. The national debt stock as at November, 2010 stood at USD 11,041.8 million compared to USD 9,330.3 million, at end-November 2009, equivalent to 18.0 percent increase. The increase is attributed to new external disbursements and relatively large amounts of domestic debt issuances, compared to maturing obligations. Out of total debt stock, external debt amounted to USD 8,130.7 million while domestic debt amounted to USD 2,911.1 million.

161. Out of the total external debt as at end of November 2010, USD 6,921.6 million was Disbursed Outstanding Debt (DOD), equivalent to 85.13 percent, while interest arrears were USD 1,209.1 million. As of end-November 2010, the Government continued to be the largest borrower, owing USD 5,621.8 million (including IMF Guaranteed debt) of the total DOD, while private sector owed USD 1,299.8 million. External debt service in the first half of the fiscal year 2010/2011 amounted to Tsh 62,800 million, out of which, Tsh 24,010 million was principal repayments and Tsh 38,790 million was interest payments.

162. The stock of domestic debt increased to Tshs. 4,314,400 million, from Tshs 2,418,200 million, equivalent to an increase of 56 percent. The increase in domestic debt stock was mainly due to large issuance of Government bonds compared to maturing obligations. Out of the total domestic debt, Government securities were Tshs. 4,306,100 million, equivalent to 99.8 percent, and other debts amounted to Tshs. 8,300 million. Domestic debt service in the first half of the fiscal year 2010/2011 amounted to Tsh 532,300 million. Whereas there has been an increase in total public debt since June 2001, debt as a percentage of GDP has been declining (Figure 1.9) due to strong GDP growth.

Figure No. 1.9: Total debt and ratio to GDP



MKUKUTA PERFORMANCE REVIEW FOR 2009/10

163. Since 2000, the Government has been implementing the National Development Vision 2025. The Vision has been implemented through programs and strategies: Poverty Reduction Strategy (PRS); the first generation of the National Strategy for Growth and Reduction of Poverty (NSGRP I), and Tanzania Mini-Tiger 2020. The PRS was implemented from 2000-2004 while NSGRP I was implemented from 2005 to 2010.

164. The Government has approved the second generation of the NSGRP which will be implemented from 2010 to 2015. Moreover, the Government is in the process of developing a 15 years National Long Term Plan and a 5 years Medium Term Plan (MTP), and their implementation are expected to start in July 2011. Both the NSGRP II and MTP will be rationalized and harmonized for smooth and orderly implementation of the country's development agenda.

165. While details of MKUKUTA I performance are contained in the MKUKUTA Annual Implementation Report (MAIR) 2009/10 and the Mid-term Review of the Budget implementation 2009/10, this chapter will just present a brief review of the same.

Cluster I: Growth and reduction of Income poverty

166. As shown in the MAIR 2009/10, Poverty and Human Development Report (PHDR-2009) and other socio-economic reports, performance of this cluster is as highlighted below:-

Economic growth

167. Economic growth is expected to recover from 6.0 percent attained in 2009 to 7.0 percent in 2010. Preliminary national accounts statistics indicates that Gross Domestic Product at market prices in real terms is estimated to have grown at 7.0 and 7.1 percent in the first and second quarters of 2010, respectively, compared to 5.6 and 5.2 percent attained during the same period in 2009.

Agriculture

168. In 2009/10, sectoral priorities were on enhancing the implementation of Agricultural Sector Development Programme (ASDP), particularly, in irrigation systems development, strengthening research and extension services, and enhancing productivity. Broad interventions included implementation of: District Agricultural Development Plans (DADPs); District Agriculture Sector Investment Project (DASIP) and Agriculture Marketing Systems Development Programme (AMSDP).

Achievements

(i) Improvement in irrigation infrastructure resulting into an increase of the area under irrigation from 310,745 hectares in 2009, to 352,740 hectares in September 2010, out of which 276,420 hectares are for small scale farming and 55,070 hectares are under large scale farming;

(ii) Increase in farming seasons from one to two or three seasons in a calendar year resulting into increased cropping intensity from 100 to 300 percent;

(iii) As a result of Government interventions in agro-mechanization together with the introduction of the inputs subsidy programme, and irrigation interventions coupled with favourable weather conditions in the major production areas, food production reached a total of 12.82 million tons in 2010 compared to the national demand of 11.41 million tons, leading to an increase in Food Self Sufficiency Ratio (SSR) from 102 percent in 2009, to 112 percent in 2010;

(iv) A total of 2,860 Extension Officers were recruited and deployed in the Local Government Authorities. In addition, a total of 75 extension workers from the private sector were trained on contract based extension services in order to extend services to farmers; and

(v) A total of 2,020 demonstration farms with 52,845 farmers (27,703 men and 25,142 women) were established by some councils with the objective of educating farmers on principles of modern farming.

Challenges

(i) Harnessing new technologies which are cost effective and in conformity with the natural climatic regime of the country;

(ii) Facilitating private sector participation in the delivery of research and extension services;

(iii) Sustaining generic improvement for better seeds with high yield;

(iv) Developing efficient and effective agricultural data and management information systems for better research, better results and sustainable planning at all levels;

(v) Enhancing efforts to attract innovative commercial agricultural investments;

(vi) Promoting agro - processing capacity, agricultural production incentives and marketing information; and

(vii) Increasing investment in irrigated agriculture and production of agricultural inputs.

Livestock

169. The focus in 2009/10 was on enhancing livestock productivity by improving local breeds through cross breeding, strengthening National Artificial Insemination Centres (NAIC) and extension services, strengthening pasture seed production and conducting milk consumption promotion.

Achievements

(i) Production of meat in the country increased due to the increase in the number of livestock as well as increased meat demand;

(ii) Cattle fattening programme (feedlot) continued in various ranches. These ranches include Glienshils Ranch and Mtibwa Feedlot (Morogoro), Sumbawanga Agricultural and Animal Feeds Industries (SAAFI), Manyara and Mzeri ranches and small livestock keepers in Mara, Mwanza and Shinyanga regions;

(iii) Egg production increased from 2.81 billion eggs in 2008, to 2.92 billion in 2009;

(iv) Milk production increased slightly from 1.604 billion litres in 2008, to 1.649 billion litres in 2009; and

(v) Increase in per capita consumption of milk from 42 litres in 2008, to 43 litres in 2009.

Challenges

(i) Establishment of livestock processing industries;

(ii) Adopting better animal husbandry in ranches and better pastures;

(iii) Enhancing capacity to control existing and newly emerging livestock diseases;

(iv) Ensuring the availability of water/favourable weather condition for pasture;

(v) Ensuring the availability of drugs and veterinary facilities; and

(vi) Changing livestock farmers' practices from traditional to commercial livestock farming.

Fishing

170. The focus was on implementing interventions that will increase contribution of aquaculture to the improvement of food security, employment and incomes.

Achievements

(i) The National Aquaculture Development Strategy has been launched to guide aquaculture development in the country;

(ii) Fish catch increased from 325,456.5 metric tons, worth Tshs. 371.4 billion in 2009, to 335,674.3 metric tons, worth Tshs. 401.8 billion in 2010;

(iii) A total of 19 fish landing sites were improved in Lake Victoria to meet the set fish and fisheries products quality and standards;

(iv) Patrols with a total of 622 man days were conducted in which 33 suspects of illegal fishing were arrested;

(v) About 15,133 natural ponds were identified and out of which 14,200 fish ponds were mainly stocked with tilapia and catfish species;

(vi) A total of 132 fishermen and fisheries products processors in Mafia district were trained on the impact of illegal and unreported fishing; and

(vii) A total of 41,148.3 tons of fish and other fisheries products worth of Tshs. 207 billion, were exported in 2010, compared to 51,426.2 tons worth of Tshs. 205 billion exported 2009.

Challenges

(i) Facilitating modernisation of fishing activities;

(ii) Enhancing the knowledge on how to tap the vast potential for aquaculture development;

(iii) Improving and sustaining quality and sanitary standards;

(iv) Preventing illegal fishing practices, trafficking of fish and fish products across the borders, and promoting environmental conservation; and

(v) Improving the collection, processing, analysis and dissemination of fisheries information.

Manufacturing

171. The Government continued to put in place and implement policies that facilitated faster growth of the manufacturing sector.

Achievements

(i) A Strategy has been prepared to promote, develop and protect domestic industries;

(ii) The Government, through the Export Processing Zones (EPZ) program, continued to identify areas for EPZ and promoting investment in those areas. A total of 67 EPZ licences have been issued, out of which 31 licences are for infrastructure development and 36 licences for manufacturing. These industries have invested a total of Tshs. 350 billion, creating 9,300 job opportunities in 2009, compared to 3,100 jobs created in year 2005;

(iii) The Government, through the National Bureau of Statistics in collaboration with UNIDO and the Confederation of Tanzania Industries, conducted an industrial survey for updating performance data of the industries.

(iv) Monitoring and evaluation of privatized state companies and industries was undertaken;

(v) The Government, through TIRDO designed and manufactured a solar powered cassava drier known as tunnel drier with a size of 14.64 square meters for commercial uses; and
(vi) The Government, through the National Development Corporation (NDC) has embarked on establishment of a Biolarvicides Plant for manufacturing malaria control products.

Challenges
(i) Strengthening the forward and backward linkages between the manufacturing sector and other sectors;
(ii) Access to capital for investment and trade as well as infrastructure development, which facilitate and enhance productivity in trade and marketing; and
(iii) Ensuring that industrial production meets the market demand by producing goods of quality standards for effective competition in the domestic and export markets.

Minerals
172. The thrust of Government priority on the mining sector was reviewing the mining policy and law toward optimizing its contribution to the economy through linkage with other sectors and ensuring win-win situation in investment and sustainable development.

Achievements
(i) The Mineral Policy 2009 and the Mining Act 2010 are in place;
(ii) In an effort to develop small scale miners in value addition and acquiring appropriate equipment for mining, they were granted a total of Tshs 1 billion for starting up centres for rent of small scale mining equipment in Rwamgasa – Geita, Londoni – Manyoni and Pongwe – Bagamoyo;
(iii) The Tanzania Mineral Audit Agency was established with the objective of strengthening, monitoring and auditing of mining operations, in order to increase Government's revenue from the mining industry;

(iv) The implementation of Sustainable Management of Mineral Resources Project (SMMRP) started in September, 2009. Under this project, data on small scale mining were collected and used to gauge benefits emanating from investments in large scale mining in Geita , Bulyahulu, Buzwagi and Mwadui;

(v) Construction of infrastructure for the Mineral Resources Institute (MRI) continued; and

(vi) The Geological Survey of Tanzania Infrastructure Development (GST) conducted Geological and Geochemical mapping of six Quarter Degree Sheets (QDSs) 58, 74W, 74, 75, 94 and 95 in Kasulu and Kibondo Districts.

Challenges

(i) Preventing the loss of revenue from dishonest miners;

(ii) Increasing the contribution of the sector to overall economic growth and poverty reduction; and

(iii) Addressing the issue of environmental degradation.

Roads

173. The Government continued to improve roads infrastructure in the country, specifically focusing on rehabilitation and construction of trunk, regional and rural roads.

Achievements

(i) A total of 262.3 kms of trunk roads were upgraded to bitumen standards, against the target of 203 kms;

(ii) A total of 52.5 kms of regional roads were upgraded to bitumen standards;

(iii) A total of 853.5 kms of regional roads were rehabilitated to gravel standards;

(iv) A total of 171.1 kms of trunk roads were rehabilitated to bitumen standards, against the target of 71.8 kms; and

(v) One bridge was completed on trunk roads and a total of 12 bridges were completed on regional roads.

Table 2.1: Road Network in Tanzania (km)

Road Class	Paved	Unpaved	Total	% Paved
Trunk Roads	5,166	7,620	12,786	40
Regional Roads	760	19,466	20,226	4
District, Urban, Feeder Roads	790	55,835	56,625	1
Total	**6,716**	**82,921**	**89,637**	**7**

Challenges

(i) Enhancing the road network capacity to match with increasing traffic, particularly in urban areas;

(ii) Improving connectivity countrywide and to landlocked neighbouring countries

(iii) Rising unit cost of construction which has resulted in cost overruns for many projects including the MCC funded projects; and

(iv) Nurturing the local construction industry to enable it participate optimally in the construction agenda of the nation.

Energy

174. During the year 2009/10, the energy sector continued with its efforts to increase access and reliability of electricity supply. This was done through developing alternative sources of energy to reduce reliance on major hydro-plants.

Achievements

(i) Supplying electricity to Mkinga, Kilindi, Uyui and Bahi district headquarters was completed;

(ii) The Tegeta 45 MW gas plant and installation of three gas plants with the capacity of generating 2.7 MW at Somanga Fungu was completed;

(iii) Upgrading and strengthening of electricity systems at Dar es Salaam, Arusha and Kilimanjaro under the Tanzania Energy Development and Access Expansion Project (TEDAP) continued;

(iv) Supplying of electricity in Ngage B village in Simanjiro district and Matema beach in Kyela district was completed. Other electrification projects which were completed includes:, Mererani (Simanjiro); Konga Village (Morogoro

Rural); Mchinga A and B (Lindi); Malya/Sumve (Mwanza); Villages at Mto wa Mbu (Arusha)

(v) Construction of biogas plants and community training project in Songea and charcoal briquette machines in Mpwapwa was completed;

(vi) Completion of feasibility studies for mini - hydro at Waterfalls of river Mtambo and Nzovwe (Rukwa), Pinyinyi (Arusha) and Kwitanda (Ruvuma); and

(vii) Drilling of four exploration wells in Mafia Deep, Muhoro, Minangu and Likonde was accomplished.

Challenges

(i) Attracting strategic investors in energy sector;

(ii) Increasing accessibility to electricity by the population, from the current 14 percent;

(iii) Improving the generation, transmission and distribution networks;

(iv) Ensuring interconnection with neighboring countries grid systems; and

(v) Promoting alternative sources of energy.

Lands

175. The major focus was on provision of land title deeds, acquiring land for public interest and promotion of the establishment of district and village land registries.

Achievements

(i) A total of 22,491 Certificates of Title were prepared, against a target of 20,000 certificates;

(ii) Site inspection in Dar es Salaam (Mbezi, Jangwani Beach, Tegeta, Ununio and Boko) and re-issuance of new 4,098 Certificate of Title;

(iii) A total of 17,390 certificates of titles and 28,169 other legal documents were registered;

(iv) A total of 7,386 properties were valued against the target of 10,000 properties;

(v) The Kigamboni New City Master Plan was finalized and approval of survey of 37,820 plots and 609 farms was also finalized;

(vi) Boundaries disputes between Geita town council & Geita forestry reserve; Sikonge district & Manyoni district, Shume Magamba village & Shume Magamba forestry reserves, Serengeti, Selous and Mikumi National parks & surrounding villages were resolved;

(vii) A total of 1,604 Village boundaries were surveyed in Kilimanjaro (93) Singida (316) Mara (351) Mwanza (33), Kagera (284), Kigoma (21) Tabora (127) Shinyanga (243) Dodoma (54) Manyara (5) and Morogoro (87);

(viii) A total of 72 fallow farms were inspected and verified with a view to provide land for investment;

(ix) A total of 19,876 landed properties in unplanned areas were identified and their regularization plans prepared;

(x) A total of 128 Village land use plans and 8 district land use plans were prepared;

(xi) A total of 61 village land registries and 15 district land registries constructed and rehabilitated; and

(xii) A total of 3,296 village land certificates and 93,400 Certificate of Customary Rights of Occupancy were issued and also a total of 7,756 lands and housing disputes resolved.

Challenges

(i) Computerizing land registration system;

(ii) Compensation for acquisition of land for public interests;

(iii) Survey and issuance of rights of occupancy to meet the growing demand for land development;

(iv) Land use planning;

(v) Land disputes; and

(vi) Improving information management database.

Natural Resources and Tourism

176. The government has continued to implement various interventions to ensure effective management of natural resources and creating conducive tourist environment in the country.

Achievements

(i) A total of 42,544 patrol man days were conducted in and outside protected areas and 3,052 suspects of wildlife related offences were arrested in sixteen districts which were mostly affected;

(ii) A total of 63 tourist hunting blocks were surveyed, digitized and categorized into 5 groups based on size and quality;

(iii) Forest Surveillance Units (FSU) were established in seven terrestrial zones and one marine zone to curb illegal forest activities in the country;

(iv) Eviction of encroachers was carried out in forest reserves in Bukombe, Tabora, Mpanda, Geita, and Kisarawe; and

(v) Bee products for export were increased from 430 tons in 2008 to 620.5 tons in 2009.

Challenges

(i) Ensuring sustainable management of natural and cultural resources at all levels;

(ii) Improving tourist and cultural infrastructure;

(iii) Enhancing human capacity to effectively manage and develop natural and cultural resources; and

(iv) Control of encroachments in forestry and game reserves for the purpose of agriculture, grazing, settlement, poaching and deforestation activities.

ICT Infrastructure and Services

177. The Government continued to expand access of different groups to modern information and communication technologies.

Achievements

(i) Completion of the first phase of the National Infrastructure (optic fibre network) connecting it with the marine cables namely SEACOM and EASSY reaching five border points;

(ii) National Addressing and Postcode System which will put in place a comprehensive national address system that identifies streets and individual residence was installed; and
(iii) Centres of excellence in science and technology including the Nelson Mandela African Institute of Science and Technology (NMAIST) in Arusha, Tanzania Atomic Energy Commission (TAEC), Institutes of Technology including the DIT, MIST and Tanzania Institute of Leather Technology, were strengthened.

Challenges

(i) Large number of interventions that need to be done simultaneously to realize the impact;
(ii) Huge resources required to cover the country with optical fibre network; and
(iii) Enhancing private sector investment for last mile connectivity of Optical Fibre.

Science, Technology and Research

178. Government focused on infrastructure development, building and strengthening institutional and human capacity to improve the overall application of science and technology.

Achievements

(i) National Research and Development Policy (NRDP) was formulated;
(ii) Provided support for research activities in agriculture and health sectors;
(iii) Procured bandwidth capacity (STM1) for all academic and research institutions;
(iv) National Science and Technology Policy of 1996 was reviewed; and
(v) National Biotechnology Policy and Nuclear Science and Technology Policy were formulated.

Challenges

(i) Increase awareness of science, technology and innovation access the population and in the different work places;
(ii) Scaling up resources to support research and technology transfer;

(iii) Fill the gap existing in the cadre with technical skills for STI development in the country; and

(iv) Modernizing the STI infrastructure in Research and Development and Higher Learning Institutions.

Cluster II: Improved Quality of Life and Social Wellbeing

179. The Government in collaboration with stakeholders continued to implement various programs and reforms across social sectors with the aim of enhancing the quality of life and social wellbeing to its citizens. The social sectors under this cluster are education, health and water.

Education

180. During the year ending June 2010, the priorities were on enhancing the implementation of the major components of the Education Sector Development Programme (ESDP). These include Primary Education Development Programme Phase II (PEDP II 2007 – 2011); Teacher Development and Management Strategy (TDMS); Technical and Higher Education Sub Master Plan 2003 – 2018; and Preparation of the second phase of Secondary Education Development Program(SEDP II).

Achievements

(i) Enrolment of pre-primary pupils increased by 3.3 percent in 2010 from 896,146 (450,279 girls) pupils in 2009 to 925,465(463,878 girls) pupils in 2010;

(ii) The Qualified Teacher/Pupil Ratio for primary education has improved from 1:60 in 2009 to 1:54 in 2010, while for secondary education it has improved from 1:57 in 2009 to 1:51 in 2010;

(iii) Pupil Classroom Ratio has improved from an average of 1:109 in 2009 to 1:73 in 2010 and The Pupil Toilets Ratio for primary schools has also significantly improved from a total of 1:89 (male 1:92 and female 1:86) in 2009 to a total of 1: 56 (male 1:57 and female 1:56) in 2010;

(iv) Decreased dropout rate in primary education from 3.7% in 2009 to 2.6% in 2010, while that of secondary education decreased from 4.1% in 2009 to 3.4% in 2010;

(v) A total of 510 classrooms, 293 teachers' houses and 117 pit latrines were constructed and 6,502 desks were fabricated;

(vi) The enrolment of children with disabilities increased from 27,422 in 2009, of whom, 14,663 (41.1%) were girls to 29,287 in 2010 of whom 12,353 (42.2%) were girls;

(vii) The total enrolment (Form 1 – 6) increased from 1,466,402 (653,457 girls) in 2009 to 1,638,699 (728,528 girls) in 2010 which is an increase of 172,297 (11.7%) whereas girls increased by 11.5%;

(viii) Increased GER in all grades (form 1 -6) from 31.3% in 2009 to 34.0%, in 2010 while NER increased from 27.8% in 2009 to 29.9 in 2010;

(ix) Launched the project of e-learning known as Tanzania Beyond Tomorrow (TBT) which will be piloted in 500 schools in phase I;

(x) The number of registered secondary schools has increased by 4 percent from 4,102 (3,283 Government and 819 Non-Government) in 2009 to 4,266 (3,397 Government and 869 Non-Government schools) in 2010;

(xi) Developed and finalized Secondary Education Development Programme (SEDP II 2010 – 2015) and Higher Education Development Programme (HEDP 2010 – 2015);

(xii) In-service training on diagnostic teaching was provided to 105 tutors; while 285 tutors were financially supported for up-grading themselves in various universities in the country (235 undergraduates and 50 Masters). Also facilitated capacity building for 308 tutors on ICT;

(xiii) Establishment of the Education Sector Management Information System (ESMIS) to capture necessary information on the number of school/institutions, enrolments, infrastructure and number of teachers/educators available at all levels of education and training;

(xiv) Increased enrolment by 25 percent in Universities and University colleges in 2009/10;

(xv) A total of 9,960 educational institutions were inspected and provided with professional support and introduced a system of grouping schools using School Evaluation Forms (SEF) as a result 14,831 were categorized schools according to their strengths and weaknesses;

(xvi) Enrolled 924,893 (451,108 male and 473,785 female) adult learners under ICBAE programme for both functional and post-literacy; and

(xvii) The number of students accessing loans from the HESLB increased from 58,841 in 2008/2009 to 74,498 in 2009/1010 with the granted loans worth Tshs 140.3 billion and Tshs 197.3 billion respectively.

Challenges

(i) Matching the increased enrolment with demand for teachers and teaching materials and learning facilities;

(ii) Improving the quality of education at all levels;

(iii) Attracting and retaining of teachers in underserved areas;

(iv) Meeting the educational needs for children with special needs; and

(v) Attracting students to pursue science subjects in secondary and tertiary education;

(vi) Sustaining Higher education students' loans; and

(vii) Improving learning and teaching environment at all levels (laboratories, libraries, etc)

Health

181. The health sector continued to implement the Primary Health Services Development Programme (PHSDP) and other priority interventions and programmes, which are geared to improve the quality and access to health services by all Tanzanians especially those in the rural areas. The focus is on groups at risk with high burden of disease including people with disability, women who are in the reproductive age and children.

Achievements

(i) According to the Tanzania Demographic and Health Survey 2010: Under five (U5) mortality rate dropped by 40 percent from 91 per 1000 live birth in 2007/08 to 81 per 1000 live births in 2010; and maternal mortality rate has decreased from 578 per 100,000 births in 2004/05 to 454 maternal deaths per 100,000 live births in 2010. The 2009/2010 DHS shows that there has been a 21 percent reduction in the Maternal Mortality Ratio since 2004/05;

(ii) The number of students enrolled into health training institutions increased from 4,147, in 2009 to about 5,200 in 2010;

(iii) Health facilities have increased from 5,379 in 2005 to 6,212 in year 2010, equivalent to an increase of 15.5 percent;

(iv) In 2009/10 a total of 4.7 million people had tested for HIV under campaign on Voluntary Counselling and Testing (VCT);

(v) Vaccination coverage against measles was high at 91 percent beyond the national target of 90 percent by 2010;

(vi) About 9,000,000 nets were distributed to children under five years of age free of charge; and

(vii) A total of 746,823 orphans and most vulnerable children from 86 councils were identified and given support for basic needs.

Challenges

(i) Deployment and retaining health workers recruited in underserved areas;

(ii) Supply of quality medicines, vaccines, medical supplies, equipment and technologies;

(iii) The new epidemics fuelled by climate change and poor sanitation;

(iv) Neonatal mortality and newborn deaths account for almost 30% of all deaths in children younger than five years in Tanzania.

Water and Sanitation

182. The focus was on the implementation of Water Sector Development Programme (WSDP), which started in July 2007 and it is a 20 years programme.

Achievements

(i) Increased water production in 19 Urban Water Supply and Sanitation Authorities (UWSSAs) to 113.11 million cubic metres in 2009/10 from 110.64 million cubic metres in 2008/09;

(ii) A total of 3,000 water points were constructed out of the planned 5,726 which is equivalent to 52.3 percent;

(iii) Water production in Dar es Salaam increased to 92.7 million cubic metres in 2009/10 compared to 91.7 million cubic metres in 2008/09; and

(iv) Collected and analyzed 3,655 water samples from different water sources in both urban and rural areas, of which 3,456 (equivalent to 94.6 percent) were found to be of good quality.

Challenges

(i) Increasing access of clean and safe water supply coverage to majority of the population;

(ii) Degradation of water source catchments areas;

(iii) Provision and maintenance of sewerage treatment facilities; and

(iv) Increasing capacity to improve water supply and sanitation services across the water sector.

Cluster III: Governance and Accountability

183. The Government continued to implement core reform programmes related to governance and accountability.

Achievements

(i) Policy Making Guidelines, action plan and the ethics operational manual were developed;

(ii) Integration of Public Service Reform Program (PSRP) intervention into 90 implementing institutions in 2009/10: 25 MDAs, 21 regions, 15 independent departments; 29 executive agencies;

(iii) Establishment of two Executive Agencies, namely Tanzania Mineral Audit Agency and Water Development Management Agency;

(iv) Local Government Finances Act, CAP 280 the Local Authority Financial Memorandum and the Local Authorities Accounting Manual were reviewed to ensure they are D by D compliant;

(v) The National Legal Training Curriculum was developed and the Law School of Tanzania enrolled 1,074 students in 2009/10 for practical legal training;

(vi) Newly employed state attorneys totalling 204 were posted to their respective regional and district prosecution offices throughout the country; and

(vii) Prevention and Combating Corruption Bureau (PCCB) received and investigated 2,887 reported corruption related cases and completed the investigation for 1,009 cases.

Challenges

(i) Spearheading e – government implementation across MDAs, Regions and Local Government Authorities;

(ii) Attracting and retaining competent staff in public services particularly in underserved areas;

(iii) Enhancing public service pay in tandem with the expanding scope of public service demand, coupled with the limited resources;

(iv) Coping with technological advancement in dealing with corruption;

(v) Capacity to effectively operationalize core IFMS modules at Local Government Authorities;

(vi) Harmonization of systems and the budget tools like SBAS, IFMS, RIMKU, Plan REP for effective budget management and budget execution reporting;

(vii) Aligning new pluralistic democratic political environment and the movement toward participatory management of socio- economic development; and

(viii) Ensuring integrity in institutions of justice across the country.

Millennium Development Goals

184. Implementation of the Millennium Development Goals is done through a number of various supportive policy environments as embodied in MKUKUTA I and currently in MKUKUTA II. Various reports on MDGs implementation progress have been prepared, such as MDG progress report and MAIR 2009/10.

185. The country has shown some progress as far as the MDGs implementation is concerned. In some areas, the country has surpassed the target of MDGs. A good example is the net enrolment rate at primary school. Furthermore, other indicators are on track while threat of not reaching some of the targets is also vivid since the current status of indicators is far from the MDG target. Both financial and human resources are required to address challenges which pose a threat to the implementation of the internationally agreed development targets as shown in table 2.2.

Table 2.2: Progress in the Implementation of Millennium Development Goals

MDG	1990 (MDG baseline)	2007		2010		2015 (MDG Target)
		Actual	Expected*	Required*	Actual	
Proportion of population below basic needs poverty line	39	33.4	25.7	23.4	-	19.5
Proportion of population below food poverty line	22	16.5	14.5	13.2	-	11
Under-5 Underweight (%)	28.8	21.9	18.7	17.3	21	14.4
Under-5 Stunted (%)	46.6	21.9	30.7	27.9	35	23.3
Primary school net enrolment rate	54.2	97.3	85.4	90.8	95.4	100
Under-five mortality rate (per 1,000 live births)	191	112	104.6	89.4	81	64
Infant mortality rate (per 1,000 live births)	115	68	62.6	53.4	51	38
Maternal Mortality Rate (per 100,000 live births)	529	578	259.7	212.2	454	133
Births attended by skilled health personnel (%)	43.9	62	75.5	80.8	51	90
Access to potable water :% of rural population	52	55.7	67	69.6	58.7*	74
Access to potable water :% of urban population	68	83	78.9	80.8	84*	84

Note: * Computed as % of passage time from 1990 to 2015 (2007 = 68%; 2010 = 80%) , Data for water are up to December 2009

Source: URT 2008: MDG Progress Report and MAIR 2009/10

Cross Cutting Issues

HIV and AIDS

186. The Government continued to implement the National HIV and AIDS Prevention and Control Act of 2008, Health Sector Strategic Plan III which include strategies on HIV and AIDS, National Health Sector Strategic Intervention Packages for HIV and AIDS and Health Sector Strategic Plan for HIV and AIDS (2008-2012).

During the period, the Government has continued to mobilize the general public to go for voluntary HIV counseling and testing.

Achievements

(i) A total of 4.7 million people had tested for HIV; and

(ii) A total of 746,823 orphans and most vulnerable children from 86 councils were identified and given support for basic needs.

Challenges

(i) Coordination among stakeholders involved in HIV and AIDs at district levels;

(ii) Stigma and discrimination to people living with HIV and AIDS;

(iii) Response to voluntary counselling and testing; and

(iv) Sustaining increasing demand for care and treatment services, drugs, nutrition and related services to people living with HIV and AIDS.

Gender

187. The Government continued to implement interventions addressing the major objective regarding gender in order to achieve equality of human rights and peace. Gender Responsive Budget (GRB) has been initiated across MDAs and LGAs which provides tools to assess the different needs and contributions of men and women, and boys and girls and calls for adjusting budget policies to benefit all groups. Key areas for integrating GRB in Planning and Budget system include: identification of gender articulation gaps in strategic and annual plans, budgeting tools and medium term frameworks reports; a comprehensive capacity assessment of planning and budgeting institutions; developing a multi-media and multi-audience communication strategy to create awareness on GRB; and a review of legal framework which governs planning and budgeting in Tanzania.

Achievements

(i) Increased number of women who continue to access credits from SACCOS and other micro-finance institutions;

(ii) Women in decision making posts increased gradually from 26 percent in 2005 to 31 percent in 2010; and

(iii) Initiated process to integrate gender dimension in institutions' planning and budgeting through application of Gender Responsive Budget (GRB) tool. To achieve this, the government has earmarked 4 GRB pilot implementing units and has established a GRB Core Team of at least 25 officials, and provided training to 120 key staff involved in planning and budgeting for pilot MDAs/LGAs.

Challenges

(i) Addressing gender imbalances at all levels;

(ii) Strengthening of Tanzania Women Bank; and

(iii) Enhancing capacity for gender analysis, planning and budgeting in key institutions.

Environment

188. The Government continued to address environmental issues that have negative impact on land, biodiversity and human conditions.

Achievements

(i) 10 Biosafety Centres of Excellence (CoE) were identified, 9 institutions were from Mainland and one institution from Zanzibar;

(ii) Environment Management Master Plan (EMMP) for three cities in Mwanza, Dar es Salaam and Arusha is in place;

(iii) Five Regional Centres established at five Vocational Education Training of Dar es Salaam, Mwanza, Kigoma, Mbeya, Mkokotoni – Zanzibar for phasing out Ozone depleting substances;

(iv) 210 technicians were trained on good refrigeration and air conditioning servicing practices in Mwanza, Kigoma, Tabora, Mara, Shinyanga, Kagera, Mbeya, Rukwa, Iringa, Katavi, Ruvuma, Dodoma, Unguja, Pemba, and Dar es Salaam region;

(v) Reallocation of invading pastoralists from the Usangu Water Catchment Basin (Ihefu) to areas with less livestock in Lindi and Mtwara;

(vi) 15 EMA regulations related to Environment Impacts Assessments; Strategic Environmental Assessment; Waste Management including management of plastics; environmental quality standards; ozone depleting substances and environmental inspection were prepared;

(vii) Guidelines on preparation of sector Environmental Action Plans as required by EMA were prepared;

(viii) 56 sector environmental coordinators in 12 regions were appointed and 20 environmental sections within sectors with their coordinators were put in place;

(ix) 72 projects were issued with Environmental Impact Assessment (EIA) Certificates out of over 100 which were reviewed;

(x) 50 experts and 19 Environmental Inspectors were approved and published in the Government Gazette; and

(xi) Climate change measures and showcasing materials (4 films, fliers and natural climate change awareness and assessment briefing) were prepared.

Challenges

(i) Participation of the public on efforts to conserve marine and freshwater bodies and its surroundings;

(ii) Affordability of alternative sources of energy other than fire wood and charcoal; and

(iii) Coping up with climatic change.

Population and development

189. The Government continued to focus on the preparation for the 2012 Population and Housing Census scheduled for August 2012.

Achievements and challenges

190. The major activity carried out was cartographic work in seven regions of Tanzania Mainland. The work is still in progress to ensure that the demarcation of

enumeration areas in all regions of Tanzania is completed by June 2011. However, a key challenge is scalling up demarcation of Enumeration Areas.

Social Protection

191. The Government continued to support the interventions to prevent the risks that are threatening the security and well-being of the citizens.

Achievements

(i) A total of 6,512 elderly people were cared for in 17 homes that are run by the government and 23 homes run by faith based organizations;

(ii) A total of 135,673 most vulnerable children were identified and supported;

(iii) In order to safeguard child rights, Child Act was enacted in 2009. The aim of the Act is to protect and maintain the welfare of the child in line with international and regional conventions;

(iv) A total of 232 assistive devices were provided to persons with disabilities and seed capital for income generating activities was provided to 173 vulnerable families;

(v) Vocational training was also conducted for 2,500 persons with disabilities, 980 were females and 1,520 were males. In pre-primary education, total enrolment of children with disabilities in 2010 was 1,771 out of these, 963 were boys and 808 girls;

(vi) The Persons with Disabilities Act was enacted in May 2010; and

(vii) In order to protect employees, the Government has continued to reform the Pension Sector. The Office of the Social Security Regulatory Authority (SSRA) was established in November 2010 which is mandated to promote an efficient and competitive pension sector supported by appropriate legal and regulatory structures so as to protect employees. Recommendations on harmonization of Laws establishing various Social Security Funds have been finalized and will be submitted in the February 2011 Parliamentary Session.

Challenges

(i) Increasing number of vulnerable children; and

(ii) Coordination among different actors and their related interventions.

Employment and Economic Empowerment

192. The Government continued to implement the National Employment Creation Programme with the aim of creating one million jobs by 2010 outside the agriculture sector. The Government also through the National Economic Empowerment Council (NEEC) continued to support small and medium entrepreneurs to improve their businesses hence improve their living standards.

Achievements

(i) A total of 1,313,561 new job opportunities were created in different sectors of the economy. The public sector created 128,174 jobs and the private sector 1,185,387 jobs;
(ii) Two zonal offices of Tanzania Employment Services Agency (TaESA) were opened and operationalized in Arusha and Dodoma;
(iii) National Multi-Sectoral Strategic Framework for Economic Empowerment (NMSFEE) was prepared and operationalized;
(iv) Public-Private Partnership Policy was developed and Act enacted in 2010; and
(v) A total of 4,437 entrepreneurs received concessionary loans worth TShs 4.2 billion for agriculture projects and small business in Rukwa, Lindi, Singida, Mtwara and Manyara regions through Mwananchi Empowerment Fund (MEF).

Challenges

(i) Youth employment at all levels;
(ii) Enhancing employment of Tanzanians abroad and attracting Tanzanian diasporas remittances and their skills;
(iii) Strengthening labour market information;
(iv) Improving labour productivity;
(v) Supporting decent work; and
(vi) Changing people’s mindset on empowerment aspects.

National Identification Project

193. The National Identification Authority (NIDA) as an authority is charged with the responsibilities of running the National ID Project whose major objective include

to register, process and issue National ID cards to Tanzania citizens and eligible residents who are non-residents.

Achievements

(i) National ID System Contractor Procurement Status: The tender document was issued on 23 September, 2010 and the proposals for the tender were submitted and opened on 8 December, 2010. Following the ongoing evaluation process, the contractor of the National ID system is expected to be procured by February, 2011, and thereafter start the pilot project;

(ii) Establishment of Technical and Management Infrastructure to support National ID Operations and web enabled customer service system: NIDA has secured a plot for the construction of the Data Center. Funding for the implementation of the National ID Data center has been approved pending a Feasibility Study for the project;

(iii) Strengthen birth , death and marriage registration system: In order to enable the data collection for birth, death and marriage registration, specific milestones have been recorded as follows: NIDA has secured plots for the construction of the Districts Registration Offices (DRO) which will be used by both RITA and NIDA in collection of information; NIDA has started the procurement process for the consultant and contractors for Districts Registration Offices which is expected to be completed by May 2011; and NIDA in collaboration with other key stakeholders namely LGA, Immigration and RITA has started the review of data collection mechanism which intends on streamlining and harmonization of data collection from individuals;

(iv) Institute ICT Security and maintenance Standards: NIDA has obtained plots for the construction of the Disaster Recovery Site to safeguard information in case of disasters; and ICT Security being a cross-cutting issue that needs to be complimented by policies and standards to work effectively, NIDA is in the process of developing an ICT security policy, standards and guidelines which will be geared towards Operationalization of Disaster Recovery Site, DRO and Data Center;

(v) Establish an interfacing among government major systems such as passport, driving license, visa, taxpayer identification number: In order to implement an interface with government major systems, NIDA has started developing business processes which will guide information sharing and exchange and implementation of the National ID Database;
(vi) NIDA Capacity Building: NIDA currently has 43 employees and expects to increase the workforce by recruiting another 105 technical staff; and
(vii) Public awareness: NIDA has conducted public awareness on the benefits the National ID system to the Permanent Secretaries and Regional Administrative Secretaries, Members of Parliament, Judges, Media, Regional Commissioners, District Commissioners, and General Public.

Challenges

(i) Timely completion of the tendering process for the contractors on ID system;
(ii) Coordination and interfacing with other identification and registration systems in the country; and
(iii) Enhancing public awareness on the benefits the National ID system.

Export Processing Zones (EPZ) and Special Economic Zone (SEZ)

194. The Government focused on promoting investments for export-led industrialization through SEZ.

Achievements

(i) A total of 33 EPZ investments for undertaking manufacturing/processing operations were registered;
(ii) Realization of capital investments of USD 251 million and total value of exported goods of USD 289 million;
(iii) About 9,300 employment opportunities were created;
(iv) Survey and valuation of land for EPZ/SEZ for Mara (2316 Ha), Ruvuma (2207 Ha), Tanga (2000Ha), Bagamoyo (9000Ha) and Mererani (530Ha) were completed;

(v) A total of 13 projects for establishing EPZ operations at Benjamin William Mkapa Zone (BMW-SEZ) were approved; and

(vi) Areas for EPZ/SEZ development in Dodoma, Iringa, Shinyanga, Rukwa, Tabora and Singida have been acquired.

Challenges

(i) Putting in place physical infrastructure/industrial parks; and

(ii) Ensuring reliable supply of utilities(power and water);

Business and Property Formalization Programme (BPFP)

Achievements

(i) A total of 20,838 farms under district councils were surveyed;

(ii) A total 7,183 Certificates of Customary Right of Occupancy (CCROs) were prepared in the following Districts: Serengeti (1,386); Mvomero (1,847); Mpwapwa (1,418); Njombe (818); Nachingwea (2,972); Manyoni (3,623); Musoma (2,603); Makete (1,274); Bagamoyo (2,432) and Rufiji (2,465); and

(iii) Empowerment and capacity building in 12 new district councils and continuation of the previous 12 district councils is in progress. Councils in progress are: Masasi, Mwanga, Moshi Rural, Meru, Geita, Kasulu Rural, Kahama, Sikonge, Muleba, Mbinga, Sumbawanga, and Mbarali. New district councils are: Handeni, Bagamoyo, Mpwapwa, Mvomero, Nachingwea, Rufiji, Musoma, Serengeti, Manyoni, Makete, Njombe, and Wete.

Challenges

(i) Mainstreaming and sustaining of formalization program in the Action Plans and Budgets of Local Government Authorities; and

(ii) Land and boundary disputes in many districts.

Tanzania Social Action Fund

195. Tanzania Social Action Fund (TASAF) continued to improve access of beneficiary households to enhance socio-economic services and income generating opportunities.

Achievements

(i) A total of 10,095 projects worth 175.8 billion were funded;

(ii) A total of 4,108 projects worth 35.6 billion to support vulnerable groups were funded;

(iii) A total of 6,453 subprojects were completed; and

(iv) A total of 2,120 poor households were supported under Community Based Conditional Cash Transfer (CB-CCT) pilot program in Bagamoyo, Kibaha and Chamwino.

Challenges

(i) Slow pace in moving community subprojects to completion;

(ii) Limited number of experts at LGAs and ward levels for supervision of the large number of subprojects; and

(iii) Rising operating and maintenance costs.

Regional Integration

196. In order to scale up efforts for regional integration, the EAC member states have established Custom Union and Common Market, while SADC member states are in the process of establishing a Common Market. The EAC is already at a Common Market following negotiations for establishment of the EAC Common Market Protocol signed by the Heads of State on 20th November, 2009 in Arusha that allows free movement of goods and services within the region.

Achievements

(i) Implementation of the EAC Common Market Protocol;

(ii) Preparation of EAC-COMESA-SADC Free Trade Area Road Map and Institutional Framework;

(iii) Preparation of a National Strategy for Implementing the Common Market Protocol;

(iv) Preparation of a country position and commencement of negotiations on the establishment of the EAC Monetary Union;

(v) Pilot Manpower Survey for Tanzania was conducted in Dar es Salaam, Mtwara, Mbeya, Dodoma, Kilimanjaro and Mwanza; and

(vi) The inauguration of the EAC Headquarters by EAC Heads of States in November, 2010.

Challenges

(i) Effective administration, financing and implementation of the deeper stages of integration.

(ii) Mainstreaming EAC integration agenda into Government's policies and strategies;

(iii) Public awareness on EAC integration is still limited among the various stakeholders in the country;

(iv) Facilitating free circulation of goods and services in the Community while safeguarding domestic revenue collection; and

(v) Identifying skills demand in the labour market in EAC-CM.

PERFORMANCE OF RSs AND LGAs

197. This section reviews performance and challenges faced by Regional Secretariats (RSs) and Local Government Authorities (LGAs) during 2009/10 – 2010/11.

Decentralization by Devolution

198. The Government developed the second phase of the Local Government Reform Programme II (Decentralization by Devolution) – LGRP II (D by D) with the main focus of further strengthening LGAs and accelerating socio-economic development, public service delivery and poverty reduction in their areas of jurisdiction. The thrust of LGRP II is to ensure that the higher level LGAs enable and support lower level LGAs and communities to more effectively participate in development initiatives.

Performance Review for Regions and LGAs

Regional Administration

199. During the period under review, RSs continued with coordination and backstopping of LGAs to attain social and economic development in their areas of jurisdiction.

Achievements

(i) Improved working environment, through construction and rehabilitation of 17 Regional Administration blocks, three RCs' residential houses, 26 District office blocks and 23 DCs' residential houses;

(ii) Improved infrastructures for provision of health services, whereby three Regional Hospitals are under construction (Singida, Manyara and Mbeya). This process also involved rehabilitation of 10 regional Hospitals (Arusha, Morogoro, Kilimanjaro, Shinyanga, Kigoma, Rukwa, Tabora, Dodoma, Mwanza and Coast Region);

(iii) Facilitated Regional Consultative Committees (RCCs), District Consultative Committees (DCCs) and Inter-Council Forums Meetings; and

(iv) Coordinated social and economic activities provided by LGAs and other stakeholders in their areas of jurisdictions;

(v) Prepared investment and land banks.

Local Government Authorities

200. During the period under review, LGAs have realized the following achievements:-

(i) Integration of 132 District Secondary Education Offices in the LGAs administrative structures;

(ii) An O & OD approach was rolled out to 13 more LGAs making a total of 105 LGAs using this approach;

(iii) Continued with construction and rehabilitation of classrooms, teachers' houses and pit latrines for Primary and Secondary Schools in 132 LGAs;

(iv) Continued with implementation of community projects in 132 LGAs under the Local Government Transport Programme (LGTP), Agricultural Sector Development Programme (ASDP), Health Sector Programme Support (HSPS), Participatory Forest Management (PFM), Rural Water Supply and Sanitation Programme (RWSSP), and the Local Government Development Programmes financed by LGDG System;

(v) Construction, rehabilitation and maintenance of road infrastructures in villages and district levels (i.e. routine maintenance of 21,157 km, spot improvement of 6,086 km and periodic maintenance of 1,858 km);

(vi) Continued with interventions against HIV and AIDS pandemic through improved health care, support and treatment for PLWHA, as well as increased preventive measures, behavioural change initiatives and mobilizing people to undergo voluntary testing in 132 LGAs;

(vii) Increased availability and use of modern agricultural implements, including procurement of 65 tractors, 1,972 power tillers and 1,321 ploughs, through cost sharing arrangements;

(viii) Completion of 26 District Land Use Plans and 702 Village Land Use Plans in 63 Districts. Further, 21 villages upgraded and gazetted into trading centres;

(ix) Increased own source revenue collection from TShs. 100.66 billion in 2008/09 to TShs. 117.78 billion in 2009/10;

(x) Construction of 25 offices for Members of Parliament and implementation of community development projects through the CDCF in 132 LGAs; and

(xi) Continued with construction of 29 Council headquarters and 270 staff quarters in 48 LGAs.

Challenges Facing RSs and LGAs

201. The following challenges have been facing RSs and LGAs in planning and budgeting:-

(i) Meeting infrastructure requirements for provision of quality social and economic development in LGAs;

(ii) Harmonized tools for planning and budgeting between LGAs, PMO-RALG, MOFEA and other Ministries;

(iii) Attracting and retaining qualified personnel in underserved areas;

(iv) Harmonizing and rationalizing funding modalities from various stakeholders to LGAs;

(v) Capacity to manage procurement processes in line with the Public Procurement Act No 21 of 2004 and Regulations;

(vi) Instilling budgetary discipline among RSs and LGAs leaders and staff;

(vii) Accessing timely foreign funds for implementation of development projects in LGAs;

(viii) Timely and adequate community contributions to development projects;

(ix) Timely and proper accounting for Direct to Project Funds (D-Fund); and

(x) Mobilizing and optimizing available potentials for own sources of revenue.

Resource allocation to Regions and LGAs

202. With regard to implementation of the D by D policy, a number of functions and responsibilities along with respective budgets have been devolved to LGAs. Likewise, higher levels of LGAs have been transferring funds allocated internally for implementation of activities at lower levels (Wards, Villages/Mitaa and Vitongoji), to enable effective governance and accountability at all levels. Notwithstanding the D

by D policy, Government subventions for implementation of activities and projects under vertical programmes were channeled through respective MDAs.

203. During the period under review, LGAs continued to receive recurrent block grants for implementing planned activities in all departments as guided by the resource envelope and as passed by the Full Council meeting and finally approved by the Parliament. In this context, recurrent block grants were provided to LGAs in the form of Other Charges (OC). The PE budget was allocated based on approved establishment, while the OC budget was determined by using the established formula, whose variables reflect service delivery indicators as shown in Table 3.1.

Table 3.1: 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%
8.	General Purpose Grant	• Total Population: 50% • Total Number of rural residents: 30% • Fixed Lump Sum: 10% • Total Number of Villages: 10%

204. With regard to formula allocation system, some LGAs were given *'earmarked resources'* based on specific requirements, such as school meals, special schools and ration allowances (for fire and rescue services). Each LGA prepared the PE and OC

budget, as well as the development budget that were timely submitted their annual budget to MoF for scrutinization, consolidation and approval by the Parliament.

205. Furthermore, underserved LGAs were given additional resources based on specific problems identified during the period under review. These included LGAs which do not attract qualified staff due to some inhibitive factors such as lack of basic facilities.

PERFORMANCE REVIEW OF PUBLIC SECTOR REFORMS

206. During the year 2009/10, the Government continued to implement the Public Sector reforms designed to boost macroeconomic performance in line with Tanzania's Development Vision 2025, Millennium Development Goals, and MKUKUTA I. These programmes include; Public Service Reform Programme II (PSRP), Local Government Reform Programme II (LGRP), the 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 Second Generation of Financial Sector Reform programme (SGFSRP). During the period under review the following were the achievements and challenges:

Public Service Reform Programme II

Achievements

(i) The Public Service Pay and Incentive Policy has been adopted;

(ii) Capacity building in Policy development was undertaken in five MDAs;

(iii) The National e-Government Strategy has been developed;

(iv) The establishment of an e-Government Agency was finalized and approved.

(v) Development of e-government portal has been completed;

(vi) Seven MDAs (PO-PSM, MOFEA, PO-PC, BUNGE DSM, Foreign Affairs, MOHSW, and TGDLC) have been linked to e-government (WAN) and they are sharing data freely, and voice services for communication;

(vii) Human Capital Management Information System (HCMIS) using LAWSON software has been upgraded from version 7 to 9;

(viii) Human Resource Information System (HURIS) which is HCMIS support system has been developed;

(ix) HURIS has been piloted in three LGAs namely; Kisarawe, Kibaha, and Bagamoyo;

(x) Accountability and integrity in service delivery enhanced and strengthened through adoption of OPRAS (44 MDAs), Clients Service Charter (29 MDAs), and Monitoring and Evaluation (28 MDAs);

(xi) A checklist of Management Standards was developed to be used in place of Management Standards for compliance inspections in MDAs;

(xii) The Public Service Leadership College has been established;

(xiii) Basic training in policy development was provided to the Directors of Policy and Planning of all Ministries;

(xiv) Rolling out of Key Classification Filling System to 10 District Commissioners' Offices was accomplished; and

(xv) Non recurrent records for permanent preservations for three Ministries namely Ministry of Foreign Affairs and International Cooperation (MFAIC), President's Office Public Service Management (PO-PSM) and the Ministry of Health and Social Welfare (MHSW) were identified and appraised.

Challenges

(i) Spearheading e-Government implementation across all levels of the government.

(ii) Sustaining the capacity of monitoring and backstopping mechanisms for a large number of implementing agencies.

(iii) Ensuring effectiveness of the demand-led approach in program implementation.

(iv) Ensuring effective application of the Performance Management System (PMS) tools such as the Strategic Planning, OPRAS, Client Service Charters, and Service Delivery Surveys across the Government.

(v) Attracting and retaining competent staff in public services particularly in underserved areas.

(vi) Enhancing public service pay in tandem with the expanding scope of public service demand, coupled with the limited resources available.

Local Government Reform Programme (LGRP II)

Achievements

(i) Assessment of Local Government Authorities for 2010/11 was conducted, whereby 128 out of 133 local Authorities qualified to get CDG fund;

(ii) Review of the Local Government Finances Act of 1982, the Local Authority Financial Memorandum (LAFM) and the Local Authorities Accounting Manual (LAAM) was undertaken to ensure they are D by D compliant;

(iii) Financial Management training for council planning officers, economists, engineers, and procurement officers in all 133 LGAs on the new accounting IPSAS framework was conducted;

(iv) Training of 133 LGAs' Human Resource Management Officers on their roles and how to prepare seniority list and, ICT facilities in terms of 139 computers and printers were procured and distributed to all LGAs. (review this achievement possibly to delete it);

(v) Sensitization of the public through 106 civil society organisations to demand accountability from the public sector was conducted;

(vi) A monitoring and evaluation framework with 25 indicators has been developed for LGAs within Local Government Reform PAF;

(vii) Improvement of working environment by providing various infrastructures and facilities including 34 Hostels, 36 Houses, 8 Boats, 2 Bridges, 12 Solar Generators in underserved 36 LGAs; and

(viii) Successful coordination of Grassroots Elections for civic leaders which was held on 25th October 2009, whereby 17 registered political parties participated in this election and 284,499 seats were contested.

Challenges

(i) Rolling out and strengthening of Integrated Financial Management System (IFMS) to all LGAs;

(ii) Ensuring that decisions made by LGAs and their implementation are in keeping with achievements of value for money; and

(iii) Integrity in revenue collection in the LGAs.

Legal Sector Reform Programme (LSRP)

Achievements

(i) Capacity of the Law School of Tanzania has been enhanced in terms of premises; training programmes, Assessment and Awards, and development of training manuals;

(ii) Improved access to justice for persons in remand homes and prisons, through provision of five buses for transportation of inmates to speed up case hearing;

(iii) Decongestion of retention facilities has been effected through rehabilitation of prisons and remand homes;

(iv) Police Investigative capacity has been improved through training of 825 investigators in modern investigation skills and procurement of investigation tools;

(v) Women and children desk have been established in all police stations across the country, and juvenile detention facilities installed at three police stations;

(vi) A total of 45 officers were trained as trainers among others, on gender based violence and crimes;

(vii) A total of 195 police officers were trained in human rights observance and good governance;

(viii) Prosecution services enhanced through expansion of prosecution centers to Regions and District;

(ix) LSRP strengthened through active involvement of Non-state Actors;

(x) LSRP has been mainstreamed into the national planning and budgeting framework for timely approval and implementation;

(xi) LSRP Monitoring and Evaluation framework reviewed and strengthen based on refocused LSRP work plan and priorities; and

(xii) Programme Coordination Office has been strengthened by recruiting technical advisors in the area of financial management, procurement and gender.

Challenges

(i) Coping with the changing social culture of the people triggered by urbanization, expansion and intensified interaction with other cultures;

(ii) Aligning the new pluralistic democratic political environment, and the movement towards participatory management of socio-economic development;

(iii) Timely response to the complexities of market led economy which needs legal framework to change accordingly;

(iv) Adoption and adaptation of ICT as admissible evidence in the legal sector;

(v) Ensuring availability of adequate Judges and Magistrates across the country; and

(vi) Ensuring adequate court facilities.

NACSAP II

Achievements

(i) Integrity Committees (ICs) in 25 Ministries, 35 Independent Departments, and 68 Government Agencies were trained on Anti-corruption, Ethics and the roles and functions of the Committees;

(ii) Adoption and operationalisation of Election Expenses Act, 2010;

(iii) Awareness on the implementation and enforcement of the Election Expenses Act No. 6 of 2010 was created through training of Police Officers (131), Council Directors (133) and Media Chief Editors (33);

(iv) Peer Oversight Mechanism was introduced as part of controlling measures for unethical behaviour to media employees and Integrity Committee in each media house;

(v) Anti-corruption interventions were mainstreamed in MDA's and LGA's plans and budgets;

(vi) Tanzania Anti-Corruption Network was registered as a coalition of Non-state Actors to fight and combat corruption;

(vii) Improved levels of Good Governance in the country as reflected in the Transparency International Corruption Perception Index report (2010), and MO Ibrahim Foundation Report 2010; and

(viii) Monitoring and evaluation mechanism of NACSAP II was reviewed.

Challenges

(i) Strengthening coalition between state and non-state actors in the fight against corruption;

(ii) Enhancing the capacity and role of Integrity Committee members at all government levels to enable them implement NACSAP II efficiently; and

(iii) Enhancing capacity of Oversight and Watchdog institutions in the use of ICT to detect corruption practices.

Business Environment Strengthening For Tanzania (BEST)

Achievements

(i) A total of 62,000 Companies and 115,000 business names together with taxonomy of acceptable names now available on BRELA's website (www.brela.cats-net);

(ii) Land Registration and Land Information has been improved in the Registrar of Titles and the Zonal Registration offices;

(iii) Identification and sighting of absolute Gravity at three stations (Dar es Salaam, Mwanza and Mbeya), and relative gravity densification in selected aerodromes in enhancing the geodetic control and mapping completed;

(iv) Systematic titling in Babati and Bariadi pilot district, including preparation of village land use plans for 35 villages in Bariadi and 15 villages in Babati district has been completed;

(v) Adjudication of Land Parcels in 31 villages (30,000 parcels) of Bariadi district and 15 villages (18,169 parcels) of Babati district has been completed;

(vi) Formalisation of Property in Unplanned Urban Settlements in Dar es Salaam 1,057 plots and Mwanza 20,542 plots have been identified and computerized;

(vii) A total of 39 District Land Housing Tribunals (DLHTs) have been strengthened;
(viii) ICT facilities Including audio recording equipment and video conferencing are currently in use in selected Courts (Kisutu and High Court); and
(ix) Roadmap on improving Tanzania's performance in doing business has been developed and quick wins identified.

Challenges
(i) Enhancing the pace of reviewing and implementing legal and regulatory framework for doing business in Tanzania;
(ii) Enhancing the pace of creating enabling environment for doing business; and
(iii) Wide use of ICT potential to promote good business environment in Tanzania.

Public Financial Management Reform Programme (PFMRP)

Achievements
(i) The Public Finance Act, CAP 348 has been amended to increase the oversight function of the ACGEN over Local government Finances. The amendment also establishes the Government Internal Audit Department to strengthen internal oversight function of the government;
(ii) Budget transparency has been enhanced by developing and disseminating the Budget Background and Medium Term Framework 2009/10-2011/12;
(iii) The Treasury Registrar (Powers and Functions) Act, CAP 370, the Public Corporations Act CAP 257, and the National Bank of Commerce (Reorganisation and Vesting of Assets and Liabilities) Act, CAP 404 were amended to give more regulatory powers to the Office of the Treasury Registrar;
(iv) Electronic Fund Transfer which links with IFMS and TISS was adopted by 45 MDAs and Dar es Salaam region;
(v) National Audit Office strengthened through capacity building measures and retooling;

(vi) Strengthening the capacity to procure goods and services through training of 1904 PEs staff by PPRA, making follow up audit to 99 PEs, rolling out Procurement Management Information System (PMIS) to 69 PEs and registered 122 new PMIS users into the system, conducting feasibility study on e-procurement and making weekly publication of the Tanzania Procurement Journal Supplement; and

(vii) Training Institutions dealing with Public Finance Management (PFM) facilitated in terms of ICT equipments, training materials, and books. NBAA was facilitated to review accountants curricular and conduct ToT training on the reviewed curricula, TIA and IAA capacity was enhanced by supplying them with books and laptops.

Challenges

(i) Capacity to effectively operationalise and roll out core IFMS modules at LGAs;

(ii) Enhancing domestic revenue collection;

(iii) Enhancing the pace of PFM issues implementation; and

(iv) Harmonization of systems and the budget tools like SBAS, IFMS, RIMKU, Plan Rep for effective budget management and budget execution reporting.

Second Generation Financial Sector Reform-Financial Sector Support Project

Achievements

(i) The Credit Reference Bureau Regulations, 2010 were gazetted and became effective in October 2010;

(ii) Credit Reference Databank (CRD) Regulations, 2010 were gazetted and became effective in October 2010. The CRD is to be housed in the Bank of Tanzania. The Bank has prepared a bidding document for supply of hardware and software, installation, commissioning and training of users of the databank;

(iii) Regarding the Corporate and Municipal Bonds Markets, a Consultant was engaged to carry out a feasibility study of establishing Municipal Bonds

Market in Tanzania and recommend policy options. The Draft report was tabled at the Stakeholders workshop in August 2010. The Final report was submitted in November 2010 and is currently being reviewed by FSP Financial Markets Technical Team and Capital Market and Securities Authority (CMSA) Management and Board. It will be forwarded to the FSP Project Coordinating Committee (PCC) for review in January 2011 and will thereafter be submitted to the Inter-Institutional Committee (IIC) before adoption by the Government; and

(iv) Reforming the Pension Sector: following enactment of the Social Security Regulatory Authority (SSRA) in 2008, the office of the SSRA was established in November 2010. The SSRA was tasked to promote an efficient and competitive pension sector supported by appropriate legal and regulatory structures. Recommendations on harmonization of Laws establishing various Social Security Funds have been finalized and will be submitted in the February 2011 Parliamentary Session.

Challenges

(i) Harmonising borrowing and lending interest rate.
(ii) Broadening financial inclusiveness.
(iii) Promotion of a vibrant financial market.
(iv) Harmonising conflicting laws on social security funds.

Coordination of the Reforms

207. The establishment of the Reform Coordination Unit is a strategy through which the Government is consistently being informed on the progress made in these reforms. During the period under review several achievements and challenges have been registered.

Achievements

(i) Mainstreaming of Reform programme interventions in MDAs, Regions, and LGAs plans and budgets enhanced ownership and accountability;

(ii) Increased level of reform coordination, complementarity and implementation pace as a result of improved synergy of the reform programs;

(iii) Improved quality of plans and enhanced transparency through effective involvement and participation of key stakeholders in core reform programmes planning processes; and

(iv) Improved monitoring and evaluation processes of the core reforms.

Challenges

(i) Increasing implementation pace of reform programmes;

(ii) Capacity building for effective change management; and

(iii) Enhancing information sharing, quality dialogue and public awareness about reforms.

PERFORMANCE OF PUBLIC INVESTMENTS

208. This section highlights the management and performance of the public investments, including their contribution to Government coffers and service delivery to the public. Achievements, challenges, and their future endeavour are also covered.

209. The Government has invested in 243 institutions including Joint Ventures in different sectors of the economy. As of 30th June 2010, the Treasury Registrar Statement shows that, the total value of the public investments increased to Tshs. 7,882.74 billion from Tshs. 6,284.04 billion in June, 2009. The investments are in local and foreign, profit and non-profit oriented categories, as follows:-

(i) Local Profit Oriented - 100% Government owned institutions

210. An investment in 192 institutions, where the Government has 100 percent ownership was worth Tshs. 318.535 billion as of 30th June, 2010, compared to Tshs 234.301 billion as of 30th June 2009. The National Housing Corporation carried a greater portion of this investment category constituting 68 percent followed by Tanzania Investment Bank (TIB) with 18 percent.

(ii) Local Profit Oriented - Joint Venture owned investments

211. Investments in 41 local institutions, where the Government has Joint Venture ownership worth Tshs. 388.144 billion as of 30th of June, 2010, as compared to Tshs. 483.909 billion as of 30th June 2009. These investments include Tanzania Zambia Railways Authority (TAZARA) 30 percent, National Microfinance Bank (NMB) 15 percent and National Bank of Commerce (NBC) Ltd 12 percent of the total investment in this category. The reason for the movement from Tshs 483.909 billion in the year ending June 2009 to Tshs 388.144 billion in the year 2010, to a greater extent was attributed by TTCL negative reserve of Tshs 165 billion which was recognized and recorded in TR investment statement of year ending June 2010.

(iii) International Profit Oriented Joint Venture investments

212. Investments in this category are mainly in insurance, banking sector and other financial institutions at international level. As of 30th June, 2010 the Government had Joint Venture investments amounting to Tshs. 113.638 billion, compared to Tshs.140.470 billion by 30th June 2009 in nine international institutions. African Development Bank (ADB) constituted 74 percent of the total investment. The drop in such investments is attributed to an increase in IDA negative reserves by Tshs. 12.8 billion, EADB by Tshs. 3.3 billion while IFC Reserves decreased by about Tshs. 4 billion in 2010.

(iv) Non Profit Oriented Institutions, Agencies, and Authorities

213. The Government has a total of 150 institutions in this group. Investments in this category amounted to Tshs. 7,053.514 billion as of 30th June 2010, compared to Tshs. 5,369.320 billion as at 30th June 2009. The main objective of investment by Government in this group is not profit earning but rather service delivery and safeguarding welfare of the public. The leading institutions in this category in terms of public investments are Tanzania Electric Supply Company (TANESCO) constituting 13 percent and Tanzania Ports Authority (TPA), 5 percent of total investments in this category.

Strengthening Management of Public Investments

214. There are a number of enactments that govern the management of Public Investments. These include; The Treasury Registrar Powers and Functions CAP 370 as amended; The Public Corporations Act CAP 257 as amended; The Public Finance Act CAP 348 as amended; The Public Service Act CAP. 298; and The Executive Agencies Act, CAP. 245 as amended. The Government's thrust is to ensure improved performance and sustainability of the public institutions and strengthening monitoring and evaluation mechanism to promote accountability.

215. For improved performance, the Government continues to implement restructuring of public enterprises as part of the wide ranging reforms in the management of the economy. Models used are privatization through sale of assets or shares, concession and joint venture, management contracts and liquidation. For

commercial loss making enterprises, the models used are asset sale, share sale or joint venture, while for utilities the option used was through concessions and those with huge unrecoverable debts were liquidated. The Restructuring aims to increase revenue, productivity and reduction of financial burden to the Government.

Contribution of Public Investments to the Government Coffers

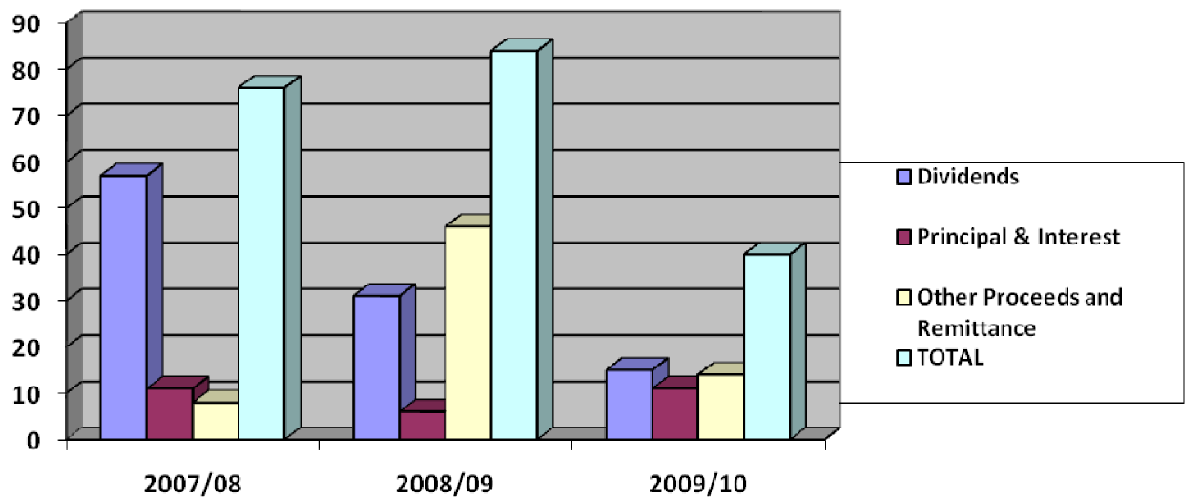
216. The public investments contribute to the Government coffers through payment of dividends, corporate tax, other taxes and levies in the case of commercial enterprises. A summary of revenue collection through the Treasury Registrar for the past three years is as shown in Table 5.1:-

Table 5.1: Revenue Collection from Public Institutions (Tshs.)

ITEM	2007/08	2008/09	2009/10
Dividends	57,147,501,891	31,323,253,591	15,127,480,388
Principal Loans & Interest	11,503,625,043	6,795,002,070	11,465,621,623
Other Proceeds and Remittances	8,300,000,000	46,001,873,960	14,056,617,906
TOTAL	**76,951,126,934**	**84,120,129,620**	**40,649,719,917**

Source: Treasury Registrar Statements as at 30th June 2010

Figure 5.1: Revenue Collection from Public Investments (Tshs million)



217. The amount collected in respect of dividends, loan repayments and other proceeds by June 2010, by the Treasury Registrar during the year 2009/10 was Tshs 40.65 billion, compared to Tshs 84.12 billion collected during 2008/09. The decrease in revenue realized in 2009/10 is mainly attributed to a decrease in other proceeds, remittances and dividends, due to poor performance of investments during the Global Financial Crisis. Also, stoppage of collections from one time activities, such as Initial Public Offering (IPO), also contributed in decline of revenue for the year under review. Nonetheless, collections for the year 2009/10 surpassed the estimated revenue budget for the period, of Tshs 38.37 billion. As at 30th June, 2010 earnings from the profit-oriented 100 percent Government owned category was Tshs. 0.188 billion, which is equal to 0.06 percent return on investment. Earnings from joint venture local category was Tshs. 14.916 billion, which is equal to 3.84 percent return on investment, while earnings from joint venture foreign category was Tshs. 0.024 billion, which is equal to 0.021 percent return on investment. Earnings in terms of remittance from non-profit oriented category were Tshs. 14.057 billion, which is equal to 0.2 percent return on investment.

218. The results above show that return on investment in 100 percent Government owned enterprises is minimal, compared with returns on investment in joint ventures. This is mainly due to poor performance of 100 percent Government owned

enterprises. Examples are the National Insurance Corporation and the Air Tanzania Corporation Limited which are still drawing their operational funds from the Government coffers. Regarding TR Estimates for the year 2010/2011, the estimates are as follows: Dividends Tshs. 36,747,300,000, Loans Tshs. 13,530,400,000 and Remittances Tshs. 1,178,600,000.

Achievements

219. During the period under review, notable achievements have been recorded, including the following:

(i) Increased domestic and foreign private investments;
(ii) Increased productivity and improved performance of enterprises through improved technologies, whose examples are Tanzania Cigarette Company, Tanzania Breweries Limited and Aluminium Africa ;
(iii) Improved services delivery and quality products;
(iv) Empowerment of indigenous to own shares in privatized enterprises like the National Microfinance Bank and Tanzania Breweries Limited;
(v) Increased employment opportunities as a result of privatization;
(vi) Amendments were done to the Acts establishing the Treasury Registrar Office and a new Organization Structure was developed and approved; and
(vii) Increased financial management accountability on public institutions with updated accounts.

Challenges

220. Despite the above-mentioned achievements, there are still challenges to be addressed. These include:

(i) Reducing the budgetary burden to the Government from economically non-viable institutions;
(ii) Ensuring that public enterprises that have been divested achieve the intended objectives for which they were established;
(iii) Sustaining the public enterprises divestiture momentum;
(iv) Ensuring effective oversight of parastatals and Government Institutions;

(v) Existence of conflicting statutes establishing and governing operations of Public Institutions; and

(vi) Ensuring good management and capitalization of the public institutions; particularly ATCL, TRL, TTCL, DAWASCO, and TANESCO:

- **TTCL**: Government owns 65% of the stake in TTCL and controls management. The company is making losses and the investor who owns 35% is not keen to sustain the partnership. Efforts are underway to find another investor. The company is currently making huge losses and considerable funds for new investments are needed;

- **ATCL**: The strategic partner of Air Tanzania Company Limited (ATCL) which was South Africa Airways (SAA) left in year 2006 after a period of substantial losses. At the moment, ATCL is 100% Government owned and efforts are under way to secure a new private sector strategic investor. The company persistently makes losses;

- **TANESCO**: Management contract was terminated in year 2005 and reverted back to public management. TANESCO is de-specified and efforts are being done to see how it can be separated into three entities namely generation, transmission and supplies. At the moment technical and financial performance is deteriorating; and

- **TRL:** The 25 year lease contract of year 2006 with RITES of India has shown major weakness in meeting performance targets. The process is underway to terminate the lease with RITES and seek for a new strategic investor later on. Losses continue and the financial burden is big.