

SPEECH BY THE MINISTER OF STATE, PRESIDENT'S OFFICE,
PLANNING AND PRIVATISATION, HON. DR. ABDALLAH OMARI KIGODA
(MP), PRESENTING TO THE NATIONAL ASSEMBLY THE ECONOMIC
SURVEY FOR 2002 AND PROPOSALS FOR THE MEDIUM TERM PLAN
AND
EXPENDITURE FRAMEWORK FOR 2003/04 – 2005/06

1. **Mr. Speaker**, I beg to move that this House now resolves itself into a committee to receive and consider the Economic Survey for 2002 and the Proposals for the Medium Term Plan and Expenditure Framework for 2003/04 – 2005/06. Together with this speech, I submit two documents, namely, the Economic Survey for 2002 and the Development Plan for 2003/04.
2. **Mr. Speaker**, before presenting the Economic Survey for 2002 and the Proposals for the Medium Term Plan and Expenditure Framework for 2003/04 – 2005/06, I would like to thank the Members of the Finance and Economic Committee of the Parliament under the able Chairmanship of the Hon. Njelu Kasaka, (MP) for Lupa for its valuable contribution which enabled us to finalize our submissions to this House. I would also like to take this opportunity to thank colleagues in the Ministry of Finance and all other stakeholders with whom we worked together in the preparation of these documents.
3. **Mr. Speaker**, lastly I would like to thank the Permanent Secretary, Planning and Privatisation, Dr E. S. Bukuku; Deputy Permanent Secretary, Mr. O. M. S. Bendera; Directors; Heads of institutions under this Office; and all staff members who worked diligently during the preparation of the Economic Survey and Development Plan.
4. **Mr. Speaker**, allow me now to take this opportunity to congratulate Honourable Members of Parliament who won by-elections conducted in May this year by mentioning their names: Hon. Abu Towagale Kiwanga (MP) for Kilombero, Hon. Nazir Mustafa Karamagi (MP) for Bukoba Rural, Hon. Ndeka E. Nziriye (MP) for Kigoma South, Hon. Sumri Abdallah Salum Mohamed (MP) for Mpanda West, Hon. Karim Saidi Othman (MP) for Chambani, Hon. Masoud Abdalla Salim (MP) for Mtambile, Hon. Mohamed Juma Khatibu (MP) for Chonga, Hon. Ali Said Salim (MP) for Ziwani, Hon. Shoka Khamis Juma (MP) for Micheweni, Hon. Salim Omar Ali (MP) for Tumbe, Hon. Mchande Salim Mchande (MP) for Konde, Hon. Khamis Ali Saleh (MP) for Mgogoni, Hon. Mohamed Ali Said (MP) for Wingwi, Hon. Khalifa Seleman Khalifa (MP) for Gando, Hon. Khalifa Mohamed Issa (MP) for Mtambwe, Hon. Bakar Shamis Faki (MP) for Ole, Hon. Mwadini Abass Jecha (MP) for Utaani, Hon. Ali Said Juma (MP) for Kojan, and Hon. Omar Juma Omari (MP) for Pandani.
5. **Mr. Speaker**, the President's Office Planning and Privatisation has focused on addressing three major broad areas. The first and foremost critical area is to ensure that our economy is growing at a higher and faster rate than previous years. We believe that the attainment of sustained higher growth and macro-

economic stability is one of main prerequisites in meeting the challenge of poverty alleviation effectively. We are aware that this is a necessary condition, but is not sufficient to improve the lives of all Tanzanians immediately. As it will be noted later that we have not only registered good performance in the growth of Gross Domestic Product but also that there notable growth was attained in all sectors.

6. **Mr. Speaker**, the second focal area is the challenge of how to ensure that the achievements realized in the course of the implementation of macro- economic policies trickle down to benefit the people, particularly in villages. The Government's efforts in the implementation of the Poverty Reduction Strategy have shown signs of success in the reduction of non-income poverty among the people. For instance, programmes planned for implementation under the agricultural sector e.g. the Agricultural Sector Development Strategy along with the setting up of regulations for micro-credit schemes; the Government's determination to implement the Devolution and Empowerment Policy as well as the local government reforms which aim at restructuring District Council operations; will greatly assist in reducing income poverty among people especially those in rural areas. The challenge is for every able- bodied person to work hard, efficiently and productively; and the government to meet its responsibilities in ensuring good governance and creating a conducive environment.
7. **Mr. Speaker**, the third focal area is monitoring of national development programmes, promotion of private investment, and privatization process. We are of the view that investments will strongly assist in expanding national capital base and therefore improve our economy. The investment climate instituted to attract local and foreign investors should be sustained, together with improving the regulations and procedures that are pro- indigenous Tanzanians. As we shall see from the investment data, this preferential arrangement is now being exercised. The privatization exercise is aimed at restructuring of the management of our parastatals. We have recorded notable successes in the exercise, however there are pending issues which pose a challenge to the Government. Economic indicators show that the privatization exercise is only a part of the whole exercise of restructuring our economy. Privatization is nearly completed in our country, but the remaining challenge is to sustain the success so far attained and to continue promotion of private sector development. The Government will continue to pursue proper monetary and fiscal policies to enable investors to work efficiently and productively. Current information indicate that among the privatized industries, 51 percent are owned by Tanzanians.
8. **Mr. Speaker**, nevertheless, we have noted that some serious and diligent Tanzanian investors have been plagued with the following problems: Firstly, the burden of huge capital investment costs needed to replace outdated equipment. This burden has excluded them from starting production using up-to-date technology and making them incapable to compete at the market place. Secondly, the high cost of production due to either the burden of inherited debts and/or the high cost of production especially those emanating from high electricity tariffs. Thirdly, a weak management and know-how. Lastly, inherent weakness among some Tanzanian investors to manage and to prepare project write ups, that are bankable and viable and that can be used to solicit financing from banks. It is now imperative for the Government to make deliberate arrangements to reduce this burden for the serious and committed Tanzanian investors so that they can success fully rehabilitate these industries and commence operations. Therefore, it is of paramount necessity for the Government to articulate modalities and procedures that can be undertaken to reduce the following burden to Tanzanian investors: the industries' purchase price, debt cancellation, extension of debt repayment period, and lastly to enable them to have access to loans from banks and other financial institutions in order to enable them to implement trade and investment plans.

9. **Mr. Speaker**, when I was presenting the Economic Survey for the year 2001 and Proposals for the Medium Term Plan and Expenditure Framework for 2002/03–2004/05, I informed your esteemed House that the following were to be the overall economic targets for the year 2002/03: -
- To achieve a GDP growth rate of 5.9 percent in 2002 and 6.3 percent in 2003;
 - To achieve an inflation rate that will not exceed 4.2 percent by June, 2003;
 - To increase domestic revenue to 12.5 percent of GDP in year 2002/03;
 - To increase broad money supply levels consistent with GDP growth rate and levels of inflation; and,
 - To increase foreign reserves to a level equivalent to four months of imports.

STATE OF THE ECONOMY IN 2002

Gross Domestic Product

10. **Mr. Speaker**, with regard to macro-economic performance benchmarks, the Gross Domestic Product grew by 6.2 in 2002 in real terms compared to 5.7 percent in 2001. This growth exceeded the target rate of 5.9 percent that was set for the year 2002.
11. **Mr. Speaker**, the average economic growth rate of 5.6 percent per annum attained in the last three years when compared with previous growth rates and an average of 3.4 percent achieved by African countries, is encouraging. However, this growth is still too low to the needs of the population growing at 2.9 percent per annum, and to have a significant impact on our problems of poverty and unemployment. Indeed, the major means to promote economic growth rate to a satisfactory level is to increase our efforts and skills, innovativeness, creativity at all levels, stimulate exports, increasing the rates of savings and investments, and for the people themselves to work hard and diligently. The Government will continue to do all that is within its means and power to stimulate economic growth, especially in creating a conducive environment, but the major responsibilities to bring about such growth in the economy lies with the people themselves.

Price Trends

12. **Mr. Speaker**, the rate of inflation has continued to drop, reaching 4.3 percent in April 2003 as compared to 4.5 percent in June 2002. This decline in inflation is attributed to improvement in food availability and distribution, coupled with deliberate government policies to control expenditure as well as money supply in the country.
13. **Mr. Speaker**, the decline in the inflation rate from 30 percent in 1995 to 4.3 percent has been of great benefit. The economy has stabilized, which, among other things, is a prerequisite for its growth and sustainability, attract investments, and bring improvements in the monetary sector. Due to improved quality of our products we are now able to sell cement, cables and wires, transformers, beer, cigarettes and blankets outside the country. On the other

hand, the unsatisfactory increase in disposable income among the majority of our population in the rural and urban areas, the fall of the inflation rate has not been of much benefit to the majority of the people. What is at stake is to increase the production of goods and services in order to enhance their purchasing power.

Money Supply and Credit

14. **Mr. Speaker**, during the period June to December 2002, broad money supply (M_2) increased by 13.0 percent, which was close to the target of 12.0 for the year 2002/03. Government borrowing during the same period increased by 30.4 percent as compared to the decrease of 11.1 percent during the same period in the previous year. This trend is due to the sale of government securities/bonds. Private sector borrowing increased by 18.4 percent as compared to an increase of 6.6 percent during the same period in 2001. The average interest rate charged by commercial banks registered a small decrease to reach 15.7 percent by December 2002 from 16.4 percent in June 2002. The average interest rate for time deposits increased to 3.1 percent by December 2002 from 3.5 percent in June 2002.
15. **Mr. Speaker**, the level of money supply of 13.0 percent reached in 2002 was an indication that the economy was well on its way to being self-sustaining, self-regulating and as would be expected; an economy whose money supply is compatible with production and quality standards of services available in the country, bank loans available at reasonable rates of interest, efficient productive sectors and with a strong currency within and outside the country.

Foreign Reserves

16. **Mr. Speaker**, during 2002, there was an increase of 32.3 percent in foreign reserves amounting to USD 1,529.9 million compared to USD 1,156.6 million in 2001. This amount was sufficient to meet 8.9 months of imports compared to 6.3 months in 2001.

Exchange Rate

17. **Mr. Speaker**, the value of Tanzanian shilling to the dollar depreciated by 7.6 percent from shs. 888.9 to the dollar at the end of June 2001 up to shs 956.8 to the dollar at the end of June 2002. The shilling continued to fall, reaching shs.1040 to a dollar at the end of May 2003. The depreciation of the shilling was triggered by low export sales, which was caused by the fall in the prices of traditional exports on the world market. Increased exports earnings is the main way of strengthening the value of the shilling.

GOVERNMENT FINANCE

Revenue

18. **Mr. Speaker**, during the year 2001/02, the government revenue collected through income tax and value added tax and other sources was only 12.2 percent of the GDP; which was equivalent to that of 2000/01. The medium term focus of

the revenue policy is to enable the government to raise revenue by expanding the tax base, curb tax evasion, control tax exemptions and strengthen tax administration. Implementation of these measures in the year 2003/04 will enable the Government to raise revenue collection up to 13.2 percent of GDP.

Expenditure

19. **Mr. Speaker**, government expenditure for the year 2001/2002 was directed to poverty reduction and economic growth. All priority areas and sectors were allocated the funds as budgeted.

National Debt

20. **Mr. Speaker**, by December 2002, the national debt stood at USD 8.9 billion, which is equivalent to an increase of 7.2 percent compared to a figure of USD 8.3 billion by the end of the year 2001. Out of the USD 8.9 billion, USD 8.0 billion or 89.9 percent was external debt and USD 0.9 billion, which is equivalent to 10.1 percent, was domestic debt. The observed increase in the national debt is attributed to maturity of past debts.
21. **Mr. Speaker**, a National Debt strategy targeted at controlling both domestic and foreign debts was launched in August 2002. This strategy aims to provide guidelines and procedures for foreign borrowing, legal and institutional framework for foreign debts management to ensure that the debt burden is sustainable.

Merchandise Trade

22. **Mr. Speaker**, export of goods for the year 2002 increased by 16.25 percent to USD 902.55 million compared to USD 776.40 million recorded in year 2001. The good performance of exports was mainly explained by large exports of non-traditional goods, especially minerals, fish and fish products as well as manufactured goods, which contributed 77.16 percent to total exports of goods as compared to 70.1 percent in 2001. In general, the value of traditional goods export (coffee, cotton, sisal, cashew nuts and clove) continued to deteriorate, causing the contribution of traditional exports to decline to 22.8 percent compared to 29.9 percent of total exports in 2001. As regards imports, the value of imported goods declined from USD 1,560.5 million in 2001 to USD 1,511.3 million in 2002. The decrease is attributed to low imports of capital goods, especially for the mining sector, and low food imports.

EXPORT DEVELOPMENT STRATEGIES

23. **Mr. Speaker**, in order to reduce the balance of trade deficit, the government in 2002 continued to implement various exports promotion strategies with the aim of increasing exports. It will be recalled that, in July 2002 the Parliament passed an Act to launch the Export Processing Zones (EPZ). Following the Parliament's approval of the Act, the government prepared regulations and management modalities of EPZ. As a result of these developments, registration for three factories earmarked for EPZ, namely Urafiki Textile Mill, Ubungo Millennium and NIDA factory at Tabata has been completed. NIDA factory was inaugurated in May 2002 and preparatory arrangement for the remaining two is proceeding well. In order to increase exports, it is imperative to continue implementing export promotion strategy, strengthening economic infrastructure, expanding markets,

improving the quality of products and mounting product promotion campaign.

STATE OF THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION.

Economic Growth: -

24. **Mr. Speaker**, despite uncertainties and difficult economic environment, the world output grew by 3.0 percent in 2002 compared to 2.3 percent in 2001. For developed countries output grew by 1.8 percent in 2002, compared to 0.8 percent in 2001 while growth in developing countries increased by 4.6 percent in 2002 compared to 3.4 percent in 2001. The decrease in the growth rate of some African countries has been attributed to poor adherence to principles of good economic governance, drought conditions, political crises and effects of HIV/AIDS pandemic.

World Economic Prospects

25. **Mr. Speaker**, prospects for the world economic growth in the short and medium term, is clouded by two major problems namely: - security and health hazards.
- Security problem is much associated with increase in global risks of terrorism, political problems in the Middle East, African continent and some countries in Latin America; and,
 - The health problem is due to increasing HIV/AIDS epidemic and recent outbreak of Severe Acute Respiratory Syndrome (SARS).

These problems if not tackled immediately, will continue to disrupt the world production, trade and tourism activities. The Government is taking adequate measures to meet the challenges posed by these problems and is committed to provide information both within and outside the country.

The East African Community (EAC)

26. **Mr. Speaker**, during 2002, the EAC directed its efforts towards finalization of the protocol on establishment of the E.A.C Custom Union expected to be completed and signed in November, 2003; continued promoting business and investment in EAC: and procedures for opening stock exchange markets especially in the Dar es Salaam, Nairobi and Kampala. Draft of the EAC Agricultural Sector Development Strategy (ASDS) and Rural Development Strategy are being finalized with the aim of enhancing development cooperation in agriculture and food security as well as finalizing analysis of opportunities and obstacles to efforts for developing the Lake Victoria Basin into a special Economic Growth Zone. In the medium term plan, the identified areas will continue to be accorded priority.

Southern Africa Development Community (SADC)

27. **Mr. Speaker**, Tanzania was the host of the SADC Council of Ministers that took place in Zanzibar in February 2002, which among other issues proposed holding a conference in London in July 2003 to evaluate investment potentials prevailing in

Southern African countries.

28. **Mr. Speaker**, in 2002 SADC completed the first draft of the Regional Indicative Strategic Development Plan (RISDP) for the next fifteen years. This strategic plan aims at addressing economic and social problems facing SADC, especially those related to poverty eradication, balanced regional development, globalization, sustainable development and gender related matters. It is expected that when the plan is in place, it will serve as a roadmap for realizing the SADC development agenda.
29. **Mr. Speaker**, in pursuance of the objectives of SADC Declaration and Treaty, the government of Tanzania in 2002 ratified the protocols for Tourism, Health, Protection and Preservation of Wildlife, Politics, Cooperation in Security, Control of Small Firearms and SADC Implementation Procedures. For the year 2003/04, SADC's efforts will be directed towards completion of the institution's restructuring exercise in accordance with its new responsibilities.

OVERVIEW OF DEVELOPMENT SECTOR'S PERFORMANCE PRODUCTIVE SECTORS

Agriculture Sector

30. **Mr. Speaker**, with regard to sectoral growth in 2002, the agriculture sector grew by 5.0 percent, which was below the sector growth of 5.5 percent in 2001. The main contribution to the sector growth in 2002 was from growth of the sub-sectors of livestock (3.5 percent) forestry and hunting (3.0 percent) and fisheries (6.5 percent). The sub- sector of agricultural crops production, which is the main contributor, grew by 6.2 percent in 2002 being below the growth of 7.3 percent in 2001.
31. **Mr. Speaker**, during 2002/2003 the government continued to lay the foundation which will enable the agricultur el sector to lead in the economic growth, to increase the level of employment and to reduce poverty in the country through the following initiatives: -
- To complete the programme for implementation of the strategy for agricultural sector development;
 - The major irrigation programme that was completed in October 2002. For this programme to be beneficial it is essential that districts, wards and villages be empowered to come up with participatory programmes for implementation at these levels so as to enhance ownership of the this programme;
 - To continue harmonizing the central government and local government tax systems in order to reduce taxes levied to farmers;
 - To rehabilitate the roads and bridges in the villages which have been given priority under the Poverty Reduction Strategy, in order to reduce production costs in the sector;
 - The extend telephone network into the villages so as to enhance

communication by farmers in seeking for markets of their crops, agricultural inputs and equipments;

- To educate investors of the cancellation of the backlog of land tax debts which was previously levied at shs. 600 and now shs.200 per acre;
- The financial institutions have been urged to provide credit to large scale and small-scale farmers in the country. The government will continue with its efforts to sensitize the people to come together to form co-operative and community banks. The Government is also committed to the formation of a development bank to service the agricultural sector; and,
- The Government will increase the budgetary resources for collecting core statistics in the agricultural sector to facilitate the monitoring of trends in the performance of the agricultural sector.

32. **Mr. Speaker**, in 2003/04, the government is committed to continue with its efforts of creating an appropriate environment, which will enable the nation to bring about changes in the agricultural sector. However, it is clear that the government efforts alone will not increase productivity and bring about the anticipated changes in this sector. I believe we can succeed in transforming the agriculture sector in a short time if all stakeholders in the sector will undertake their responsibilities fully. On one hand, the government will have to sustain its efforts of creating good environment for attracting investors in the agricultural sector by strengthening extension services, harmonizing and reducing tax, appealing to financial institutions to provide loans and incentives, assisting farmers to access markets, and facilitating the availability of agricultural inputs and utilities. On the other hand, banks and financial institutions will provide loans, farmers will form co-operative societies which will facilitate availability of the agricultural inputs at reduced costs, the private sector will initiate small scale industries to process farmers' crops, regions and districts will supervise diligently the preparation and implementation of the agriculture sector development plans, and non-government organizations and religion denominations will sensitize the people to change their attitude towards agriculture.

Manufacturing

33. **Mr. Speaker**, during the 2002, the manufacturing sector had significant achievement whereby the sector grew by 8.0 percent as compared to the 5.0 percent in 2001. The rehabilitation of some industries and increase of production and productivity are among the causes of this growth.

34. **Mr. Speaker**, in 2002 the manufacturing sector topped the attraction of foreign and local investors as compared to other sectors, whereby 103 manufacturing projects worth Tshs. 195,072 million were approved by TIC as compared to 82 projects in 2001 that could create employment opportunities for 15,685 people. It is gratifying to note that the domestic private sector is expanding and increasing investments, as out of the approved projects, 35 were by local investors, 42 projects were by foreign investors and 26 projects were under joint venture between local and foreign investors.

35. **Mr. Speaker**, in 2003/04, the government expects to implement the Small and Medium Enterprises Policy in order to increase employment opportunities, to create enabling environment to attract investors into production of value added products and export oriented industries, especially in the areas of textiles, leather processing of fruits and vegetables, and packaging.

The Mining Sector

36. **Mr. Speaker**, in 2002, the mining sector grew by 15.0 percent compared to 13.5 per cent in 2001. The contribution of the mining sector to the Gross Domestic Product in 2002, increased to 2.7 percent compared to 2.5 percent in 2001. The mining sector is expected to contribute significantly in medium and long term in the increasing employment opportunities, additional revenue to the government, facilitating the manufacturing sector, enhancing availability of foreign exchange, and contributing towards combating poverty.
37. **Mr. Speaker**, the export of minerals in 2002 reached USD 372.8 million from USD.302.2 million in 2001, an increase of 23.3 percent. The major contribution of over 88.5 percent was from gold exports, which has expanded due to participation of foreign and local investors who have substantial capital and modern technology.
38. **Mr. Speaker**, in 2003/04, efforts will continue in implementing the Mineral Policy of 1997, the Mineral Law of 1998 and the Investment Strategy of 1998, which are geared towards creating 50,000 employment opportunities and increasing production of minerals to 10 per cent or more every year. Furthermore, the government will ensure that there is peace and tranquility between small and major investors and that the community residing near the mining areas benefit from the infrastructure and social services such as roads, schools, health facilities, water and electricity.

Tourism and Trade Sector

39. **Mr. Speaker**, during 2002, the wholesale, retail, restaurants and hotels sector grew by 7.0 percent as compared to 6.7 percent in 2001. This increase is due to the prevailing availability of commodities in the country. Also, the tourism business contributed greatly to the level of growth especially due to external and local tourism attractions promotion. The government also organized the first international tourism sector investor's forum in October, 2002.
40. **Mr. Speaker**, during 2003/04, the government will continue to promote the tourism attractions locally and externally in the traditional and new markets, with emphasis on investments in the tourism sector to improve tourism services, to strengthen the tourism infrastructure especially roads, transport and communication, to broaden traditional tourism attractions, and to ensure peace and security to the tourists and their properties.

ECONOMIC INFRASTRUCTURE

Construction

41. **Mr. Speaker**, the construction sector grew by 11.0 percent in 2002 compared to

8.7 percent in 2001. This growth was spurred by the building and maintenance of trunk and feeder roads, the building of culverts and small bridges, the construction of residential and commercial housing as well as primary school buildings as well as the completion of the bridge over the Rufiji river.

Roads and Bridges

42. **Mr. Speaker**, in the course of 2002, the Government completed the compilation of and initiated action on the construction policy, which included a ten-year master plan for the development of roads in the country. Consequently, the Government has embarked upon the implementation of many construction projects including the building, rehabilitation and maintenance of trunk roads to paved tarmac standards using our own internally generated revenues. Honourable members will recall that recently, His Excellency, President William Benjamin Mkapa inaugurated the construction of these projects. Among which were the following trunk roads: - Mtukula-Muhutwe-Kagoma (136kms); Songwe-Tunduma (70kms); Sheki-Nzega (108 kms) Chalinze-Melela (129kms); Mkuranga-Kibiti (60kms); Somanga-Masaninga (33kms); and the bridge over the Matandu river.
43. **Mr. Speaker**, with respect to rural roads, a total of 180 bridges and 3,780 kilometers were rehabilitated compared to 73 bridges and 3,573 kilometers of road in the year 2001. The Government also completed the documentation on implementation strategy of East African Community roads, which was submitted to a donor's conference on 29th April, 2003 in Arusha. Tanzania is expected to gain greatly from this programme as 75 percent of the roads given priority are in our country. Examples of trunk roads included under this programme are: -
- Chalinze – Tanga-Horokoto, Same-Mkumbara, Marangu-Tarakea;
 - Mtwara-Miungoyo-Dar es Salaam-Dodoma-Isaka-Mtukula;
 - Biharamulo-Mwanza-Musoma;
 - Tunduma-Sumbawanga-Kasulu-Nyakanazi; and,
 - Tunduma-Iringa-Dodoma-Arusha-Namanga.
44. **Mr. Speaker**, in the 2003/04, the government will continue to give due weight to the construction, maintenance and rehabilitation of bridges and trunk roads as well as rural roads assigned due priority under the Poverty Reduction Strategy and East African Community Road Programme. The implementation of these works will fully involve the participation of the private sector.

Communications and Transport

45. **Mr. Speaker**, during 2002, transport and communications sector grew by 6.4 percent 2002 compared to 6.3 percent in 2001. This level of growth shows that the sector is increasingly becoming stable as most of the telecommunication sub-sector, road haulage, and airfreight are currently owned and managed by the private sector to a large extent. This phenomenon has contributed to an increase in sector contribution to the GDP growth from to 5.4 percent in 2001 to 5.5 percent 2002.
46. **Mr. Speaker**, during 2003/04, the sector will continue to improve efficiency in

passenger and haulage transport in the rural and urban areas. Likewise, railways and water transport will be strengthened as well as improving safety in all modes of transport.

Energy

47. **Mr. Speaker**, in 2002, the Government continued implementing plans aimed at reviewing energy sector policies together with restructuring the Tanzania Electric Supply Company (TANESCO) to enable it operate efficiently. Furthermore, the government will continue with its commitment of promoting new and renewable energy sources, which are currently in use and being researched. These include; micro hydro, natural gas, geo – thermal, solar and coals.
48. **Mr. Speaker**, as far as natural gas is concerned, the Government in collaboration with the World Bank and other development partners, concluded the agreement on developing Songo Songo Gas. Implementation of the project started in October 2002 after the Government had signed a contract for the construction of pipes for transporting the gas from Songo-Songo to Dar es Salaam. The project is expected to be completed by the end of 2004.

SOCIAL SERVICES

49. **Mr. Speaker**, the government in its effort to ensure that macro-economic achievements trickle down to the people living in the rural areas, deliberately launched the implementation of Poverty Reduction Strategy aimed improving social services. The main objective is reduce, both income and non-income poverty.

Education Sector

50. **Mr. Speaker**, during 2002/03, the Government continued to strengthen education environment by collaborating with the private sector and other stakeholders. Private sector and individuals have contributed significantly in the provision of education at pre-primary, secondary and higher education levels.
51. **Mr. Speaker**, through effective participation of the community in the implementation of the Primary Education Development Programme (PEDP), 15,991 classrooms were constructed in 2002, against the target of 13,868 classrooms. The remarkable achievement during the year has raised the General Enrollment Rate (GER) to 98.6 percent while Net Enrollment Rate (NER) was recorded at 80.7 per cent a little bit below the target of 85 per cent by 2003. Furthermore, the data shows that total number of students in private and government primary schools has increased by 23 percent. Out of this, those in the private schools have increased threefold. In order to meet students' requirements, government primary schools have increased by 4.8 per cent and teachers by 5.8 per cent.
52. **Mr. Speaker**, on secondary education, the transition rate from primary to secondary has increased from 19.5 per cent in 2001 to 21.7 percent in 2002. The number of girls joining form five has also increased from 38 percent to 42 per

cent and a total of 4,367 students of forms I-VI continued to be supported under the Girls Secondary Education Support (GSES) programme, which supports competent female students whose parents cannot afford to meet school fees. In addition, the higher education and technical wing continued to improve the provision of training in the various colleges of higher learning and to upgrade qualified institutions.

53. **Mr. Speaker**, for the financial year 2003/04, the sectors' development plan will continue to put emphasis on the improvement of environment for providing education and training at all levels. This includes construction and renovation of classrooms and teacher houses in order to increase enrollment and recruiting new teachers.

Water Sector

54. **Mr. Speaker**, in 2002, the government approved the implementation of the National Water Policy which emphasizes easy access of water to people to enable them spend short time thereby enabling them to have enough time for productive purposes to improve their well being and thereby combat poverty.
55. **Mr. Speaker**, in 2002, the identified sources of water in the river basins of Rufiji and Pangani and Lake Victoria were 4,849. A total of 1,773 sources of water have been issued with certificates of water control while 3,076 have not been issued with certificates. In addition by December 2002, 369 deep wells were drilled in different parts of the country and 1,278 drilling agencies were formed.
56. **Mr. Speaker**, in 2002, the rural water supply coverage reached 53 percent, being an increase of 3 percent as compared to 2001. The urban water supply coverage increased to 73 percent in the year 2002 as compared to 70 percent 2001. Measures taken by the government for the above water supply increase include the completion of the major Dodoma water project, which was inaugurated in December 2002, and the Shinyanga urban emergency water project. The privatization of DAWASA was also completed and a new company, Dar es Salaam City Water Services has been formed which has obtained a ten-year Lease of the main water infrastructure and will commence its operations in July 2003.
57. **Mr. Speaker**, to attain more achievement, the government will continue to advocate the involvement of private, national and international private companies, non-government organizations, individuals as well as the citizens to contribute and participate in the construction and rehabilitation of water projects in the villages. The target of the water sector is to provide adequate clean and safe water supply in urban and rural areas in order to increase the number of people who access water from 50 percent in 2002/03 to 55 percent in 2003/04. The water sector also envisages strengthening and protecting the sources of water.
Health Sector
58. **Mr. Speaker**, the achievements reached during 2002/03 include reviewing of the 1990 Health Sector Policy. The vision of the new Policy (2002) is to improve the health and well being of all Tanzanians, with a focus on the poorer and vulnerable. The recent policy developments such as Proposals for Health Sector

Reforms of 1994, Tanzania Development Vision 2025, Poverty Reduction Strategy, Gender mainstreaming and HIV/AIDS have been integrated in the new policy document.

59. **Mr. Speaker**, other achievements in the sector include, increasing the number of districts covered in the Integrated Management of Childhood Illnesses (IMCI) from 31 to 92; and increasing the under five-immunization coverage from 74 percent in 2001 to 79 percent in 2002. With regard to HIV/AIDS pandemic, the Ministry of health in collaboration with other stakeholders had been able to scale up voluntary testing in 110 hospitals. In addition, Community Health Fund activities have continued to be implemented. 53 districts were implementing this programme up to 2002. On the other hand, the Government in collaboration with development partners continued with the efforts of supplying drugs and medical equipments in all health facilities.
60. **Mr. Speaker**, for 2003/2004, the health sector will start implementation of the Second Health Sector Strategic Plan (2003 – 2006). The plan aims at improving service delivery and quality cure. This includes putting emphasis on the rehabilitation of health facilities, provision of treatment and ensuring that primary health care is more easily accessible to people. In addition, there will be continued efforts in providing mother and child health care and service to vulnerable groups; and control of communicable diseases and epidemic out – breaks.

PROMOTION OF PRIVATE SECTOR INVESTMENT

61. **Mr. Speaker**, in 2002/03, the Government through Tanzania Investment Centre has continued to promote and attract local and foreign investors by improving the country's investment environment and quality of services offered to investors through the "One Stop Centre" concept. In addition, during 2002, the Government through the Centre and in collaboration with the United National industrial Development Organization (UNIDO) came-up with an initiative (Domestic Investors Capacity Building) to assist and facilitate local investors prepare Bankable Business Plans and promote them to local and foreign investors that will enable them to get loans, joint venture partners and technology. Currently, more than 60 local projects are promoted globally for that purpose.
62. **Mr. Speaker**, in executing its responsibilities of issuing derivative land titles to investors, as stipulated in section 20 of Land Act, 1999, the Centre in collaboration with Ministry of Lands and Human Settlements Development has established a proper land bank for investors. For the time being, four million acre has already been identified and the modalities for ownership are being worked out by Government Officers in all mainland regions. I would like to emphasize that no Tanzanian will be stripped off land to give it to a foreigner, instead Tanzanians who own land will have the opportunity to use land as capital for investment.
63. **Mr. Speaker**, Moreover, in 2002, the Centre registered 311 projects worth Tshs.

1,024.5 million, out of which 126 are owned by local investors, 104 by foreign investors, and 81 are Joint Venture projects. Furthermore, in 2002, a number of investors who were facilitated by the Centre on various permits, licenses and registrations were 260 on TRA issues, 243 on company registration, 214 on business licenses, 926 on work permits, 976 on resident permits and 61 on land issues.

64. **Mr. Speaker**, in implementing the strategy of enhancing participation of the private sector to accelerate development, the government, in 2002/03 undertook the following policy measures:-

- Establishment of the Export Credit Guarantee Scheme and Micro Credit Schemes;
- Reducing conditions for issuance of business licenses and abolition of nuisance taxes;

In addition, the Business Environment Strengthening programme for Tanzania (BEST) has been approved and will be launched in July 2003. This programme aims at providing an enabling environment for business and private sector development by addressing existing constraints in policy formulation, commercial disputes resolution and reduction of administrative and regulatory impediments.

65. **Mr. Speaker**, during 2002/03, the government in consultation with the private sector under the umbrella of TNBC, has reviewed various laws and policies aiming at providing a better environment for business and investment. The issues that have been acted upon by the government include: -

- Reviewing Land Acts for the purpose of facilitating provision of credit;
- Formation of the land bank for attracting investment in agriculture;
- Revision of the various labour related legislations for increased growth of employment; and,
- Reviewing the tax regime by reducing the burden of numerous taxes.

66. **Mr. Speaker**, the level of investment has been increased from 14.8 percent of GDP in 1997 to 17.4 percent in 2003. However, this level of investment is still below the required level to accelerate rapid economic growth. The ideal investment as a percentage of GDP to spur growth for a developing country like Tanzania should not be less than 25 percent. During 2003/04, the government will continue with its efforts of creating enabling environment and putting in place attractive incentive package and procedures that would attract investors and facilitate their access to credit.

Savings Mobilisation

67. **Mr. Speaker**, despite the modest increase in investment, the pace of development in our country is still low due to lack of saving culture. The ratio between saving and Gross Domestic Product in the country for the year of 2002 was only 11.1 percent, whereas in other countries such as Kenya is 17 percent, Uganda 14.7 percent, Nigeria and South Africa 18 percent and Korea and China is over 30 percent. It is therefore our duty as Members of Parliament to sensitize

and encourage people in our constituencies acquire saving culture, and to invest in some economic activities, that would enable them to reduce poverty. Furthermore, it is also our duty to sensitise people to be disciplined in the utilisation and repayment of loans.

RESTRUCTURING AND PRIVATIZATION OF PARASTATALS

68. **Mr. Speaker**, up to March 2003, a total of 266 parastatals were privatised including 47 that were placed under LART. Among the privatised parastatals, 134 were 100 percent acquired by Tanzanians and 16 parastatals were 100 percent acquired by foreigners, and 116 were privatised through joint venture between local and foreign investors. Among the privatised companies sold to Tanzanians, 16 were sold to the employees of the respective companies through management buyout. In addition, 265 non-core companies were sold.
69. **Mr. Speaker**, in 2002, emphasis was on preparing strategies to privatise or rehabilitate the infrastructure of service companies including DAWASA, ATC, TANESCO, THA, TRC, NIC and NMB. Up to February 2003, the government managed to privatise Air Tanzania Corporation on joint venture basis and DAWASA on lease Agreement System.
70. **Mr. Speaker**, in order to control the major utility companies, the government has established four regulatory authorities which are Energy and Water Utilities Regulatory Authority (EWURA), Surface and Marine Transport Regulatory Authority (SUMATRA), Tanzania Communication Regulatory Authority (TCAA), and Tanzania Government Aviation Regulatory Authority (TGARA). Consequently, for the year 2003/04, the government will continue to privatise the major utility companies and their infrastructure, major agricultural and livestock farms. Also, the government will continue to monitor the companies, which have been privatised to ensure that the companies operate efficiently according to the sale contracts.

CROSS-CUTTING ISSUES

Poverty Reduction Strategy

71. **Mr. Speaker**, the analysis of the information and data from the Household Budget Survey (HBS 2000/01) which was carried out as part of the Poverty Monitoring system, and the Integrated Labour force Survey (ILFS) of 2000/01 has revealed that there were no significant improvements in reducing income and non-income (health, education, employment and housing) levels of poverty of the population over the past ten years. The results show that 19 percent of the population lie below the food poverty line in 2000/01 compared to 22 percent in 1991/92. 36 percent of the population also lies below the basic needs poverty line in 2000/01 compared to 39 percent in 1991/92. Poverty is still more severe in the rural areas. However, income inequality has increased significantly in Dar es Salaam. The implementation of the Poverty Reduction Strategy has started registering notable achievements especially in the education sector and in some

poverty indicators within the health sector, urban water supply and rural roads.

72. **Mr. Speaker**, the challenge facing us in poverty reduction is: -
- To attain a sustainable economic growth that will reach at least, 8 percent;
 - To improve service delivery to the community (the Government in collaboration with the private sector);
 - To strengthen existing infrastructure, especially key roads, and agricultural irrigation projects;
 - To enable each district prepare and implement medium term poverty reduction plans; and,
 - To stress the need for all able bodied citizens to work.

Population and Development

73. **Mr. Speaker**, the population and housing census was conducted from August 25th to 4th September 2002 as planned. The Population and Housing Census General Report was published in January 2003. According to the General Report, the number of persons who were counted during the census is 34.6 million. This represents an annual growth rate of 2.9 percent between 1988 and 2002. Out of the total population counted during the census, 17.7 million were females and 16.9 million were males. Out of the total population, 33.6 million were from Tanzania Mainland (17.2 million females and 16.4 males) and 985,000 were from Tanzania Zanzibar (502,000 females and 483,000 males). The annual population growth rates during the inter- censural years were 3.1 percent for Tanzania Zanzibar and 2.9 percent for Tanzania Mainland.
74. **Mr. Speaker**, the success of 2002 Population and Housing Census is a result of full cooperation and hard work of all the leaders at various levels of government and institutions, development partners and the public at large. I would like to make use of this opportunity to thank all, including you, Honourable Members of Parliament, who participated in one way or another to make the Census exercise a success. On the part of development partners, I would like to thank UNFPA, DFID, UNDP USAID, SIDA and the Government of Japan for their financial and material support to the census project. I ask them to continue with the same spirit of assisting the country not only in the census projects but also in other projects in the economic and social sectors.
75. **Mr. Speaker**, the main purpose of conducting a census is get information which we can use for planning, implementation and monitoring of development plans at all levels of government. For this purpose, the Government will, during the 2003/2004 financial year continue to prepare and publish more reports, which have more detailed information and disseminate them to users from various fields of activity and various levels of government.

Labour force and Employment

75. **Mr. Speaker**, the results of the Integrated Labour Force Survey conducted in 2000/01 show that out of 17.8 million able bodied people, 15.5 million people

were employed by the national definition. This implies that more than 650,000 have been entering the labour market every year. Out of the 17.8 million people, those employed by Tanzania definition were 15.5 million. This definition takes into account the employment conditions pertaining in Tanzania, where the majority of people are self-employed rather than wage earners, and most of the work is seasonal in the agricultural and informal sectors. Of the 15.3 million people employed, 13.0 million were engaged in traditional agriculture, 0.9 million in the informal sector, 0.6 million in the private formal sector, 0.5 million in domestic work, 0.4 million in the government and 0.1 million in the parastatal sector.

76. **Mr. Speaker**, unemployment for the whole country stood at 2.3 million people, which is equivalent to 12.9 per cent of the total labour force. Unemployed women were 1.3 million and men were 1.0 million. Nearly half of the unemployed were living in urban areas. Unemployment for the City of Dar es Salaam alone was 46.5 per cent while in the other urban areas it was 25.5 per cent and in rural areas 8.4 per cent. The survey results have also revealed that unemployment is a serious problem for the youth aged between 10 and 34. In terms of gender, women are more vulnerable to this problem than men.
77. **Mr. Speaker**, the survey results have also revealed that traditional agriculture, the informal sector and the private formal sector are the greatest employers. Hence the Government efforts in addressing the problem of unemployment and poverty reduction should therefore focus on the improvement of the agricultural sector and promote investment in agro-processing industries also in order to add value to the agricultural products. The vocational training centres will be directed to offer courses that are demanded in the labour market. Given that the textile industry has the potential of employing significant number of people, the Government will continue to provide incentive package to such industries with high employment propensity.

Gender Issues

78. **Mr. Speaker**, the national Population and Housing Census conducted in August, 2002 revealed that women are 17,156,905 or 51.1 percent of the total Mainland population of 33,584,607. Taking into consideration the great contribution women are making towards economic growth of this nation, the government in collaboration with the Tanzania Gender Networking Programme implemented the following: -
- Established gender focal points in the various government institutions to ensure that gender issues are mainstreamed into development planning, budgeting and economic management at all levels.;
 - Assessed the number women in leadership positions in the ministries, regions and districts to achieve equality; and,
 - Provided training to women in order to enhance their skills and knowledge in various fields.

79. **Mr. Speaker**, during 2003/04, the Government in collaboration with other institutions will continue with capacity building efforts through training in order to enable them initiate, prepare, analyse, implement, and evaluate plans and projects with a gender perspective.

HIV/AIDS PANDEMIC

80. **Mr. Speaker**, during 2002, the number of people infected during the period continued to grow reaching a total population of 2.2 million which is equivalent to 6.5 percent of the total population. Out of the total infected population, more than a third, which is more than 700,000, are people already full-blown AIDS cases. The social economic impact of people suffering and dying from AIDS is very enormous. The most disturbing fact is that fact the rate of infection has not declined from that prevailing during previous year, which is between 7 and 10 percent in the rural areas and 20 to 24 percent in urban areas. Statistics indicate that infections are higher in the urban centers than in the rural areas. The year 2002 also witnessed vigorous implementation of the National Strategy for the Control of HIV/AIDS and also expanding the networking of the stakeholders in the fight against AIDS.
81. **Mr. Speaker**, for the year 2003/04, the government will continue making the war against HIV/AIDS a permanent agenda at all workplaces in order to mitigate the negative impact of the pandemic to avoid the increased loss of labour force in the country.

OUTLOOK AND PROJECTIONS FOR 2003/04 PLAN AND BUDGET FRAME

82. **Mr. Speaker**, macro economic targets for the year 2003/04 –2005/06 will be as follows: -
- A 6.3 percent real growth of the Gross Domestic product (GDP) in the 2003, 6.6 percent in 2004, 7.0 percent in 2005, and 7.4 percent in 2006;
 - A reduction of the rate of inflation to 4.0 percent by June 2004 and thereafter at rates equal to those of our major trading partners;
 - Domestic revenue to reach 13.2 percent of GDP for 2003/04, 13.5 percent for 2004/05, and 13.7 percent for 2005/06;
 - Decline in broad money supply (M_2) so that it is consistent with the growth of GDP and inflation rate targets; and,
 - Foreign reserves to meet the equivalent of five months of import of goods and services.

PLAN AND BUDGET FRAME 2003/04 OBJECTIVES AND PRIORITY AREAS

83. **Mr. Speaker**, the main objective of the Plan and Budget Frame for the fiscal year 2003/04 is to implement Poverty Reduction Strategy, to consolidate our macro economic achievement, enhance private sector participation, and strengthen local government through devolution power and increased allocation resources. In order to realize macro-economic and sectoral targets, the Government has

developed various strategies including the following: -

- Promote the use of irrigation in agriculture wherever this is viable in all areas of the country;
- Increase production and efficiency of services in the sectors of manufacturing, mining, tourism and the informal sector;
- Maintain the policy of tight control of money supply;
- Promote and facilitate private sector development to enhance its contribution in the growth of the economy.
- Provide an attractive business environment by strengthening the various relevant policies and regulations;
- Putting in place the right mechanism for the preparation and implementation of the Poverty Reduction Strategy at district and village levels;

84. **Mr. Speaker**, areas accorded priority in the Plan and Budget Frame for the financial year 2003/04 include:

i. **The improvement of social services and the strengthening of economic infrastructure**

Sectors given priority are: education, health, water, rural roads and bridges, and land services;

ii. **Agriculture**

Emphasis has been placed on irrigation agriculture by the rehabilitation of traditional and modern irrigation for the small holders as well as the harvesting of rainwater and to vigorously implement all strategies and measures aimed at improving the agricultural sector;

iii. **Development Plans for the Agricultural Sector Development plans**

Up to now, the objectives and targets of national strategies like the Poverty Reduction Strategy, the Agriculture Sector Development Strategy and the Rural Development Strategy; have not been translated into action at the district level. In order for the nation to realize the targets of these strategies, which are to a large extent aimed at accelerating economic growth and reducing poverty, the Government is of the position that each district should prepare and implement a Medium Term Development Plan which will integrate and adapt the objectives and target of various national strategies at the district level;

iv. **Good Governance**

The Law and justice, gender and the war against corruption; and,

v. **Peace and Security**

Recently there has been a wave of crimes to the level that peace and security are now threatened to the extent of disrupting the country's development. In order to contain this situation, the Government has prepared strategies aimed at sensitizing the people, strengthening the various organs of security for the war against increasing waves of crimes.

CONCLUSIONS

85. **Mr. Speaker**, allow me to conclude by emphasizing that despite the notable

macro-economic achievements that our country has attained such as: economy growing at 6.2 percent in the year 2002; the reduction in the inflation rate to 4.2 percent, foreign exchange reserves growing to reach six months worth of imports; the level of capital formation reaching 17.4 percent of national GDP in 2002; the economy is still faced with many challenges and problems which we have to find solutions with all of capacity and, energy at our disposal. Problems facing our economy include; a donor dependent budget, poverty in urban and rural areas, the lack of "saving culture", the low level of investment, unemployment, poor infrastructure, and inadequate social service delivery.

86. **Mr. Speaker**, in order that we solve these problems I have listed, we have to take the following measures: -

- To explore all venues which will lead to increased collection of taxes from various sources and at all levels so that we may reduce our dependence on outside sources to enable us to a large extent fund our own development;
- To work hard and resourcefully by utilizing existing resources in our various areas. Thus, the nation, every village, ward, division, district and region, should identify what is feasible to be done using opportunities available in their respective areas;
- To acquire a "savings culture" which will enable our people to invest in various production projects and services. The promotion of such a culture is fundamental;
- To direct our efforts forward the establishment and promotion of small and medium enterprises in the areas of the processing of locally available raw materials together with providing services. To this end it is imperative that we promote the establishment of income generating groups, provide them with loans and promote entrepreneurship;
- To improve the investment climate for both local and foreign private sector investors;
- To put in place an appropriate strategy for sale outside the country of finished and non- traditional goods using opportunities now available to us, such as AGOA EBA and New Canadian Initiatives; and,
- The Government to continue to harmonise the tax system in order to remove nuisance taxes and unnecessary complaints to enable them concentrate on production in order to increase their income.

87. **Mr. Speaker**, the resolve of the government, as Members of Parliament are aware, is to consolidate our economic co-operation with all countries, institutions and international organizations. We congratulate all our economic co-operating partners. I wish to seize this opportunity to thank our friends, countries and all bilateral and multilateral development partners who support us in our development endeavours. I wish to take this opportunity to recognize the enumerable assistance we have received from the countries multilateral, and bilateral donors as follows:- the World Bank, International Monetary Fund, the United Nations Institutions such as UNDP, UNESCO, UNFPA, UNHCR, UNICEF, UNIFEM, FAO, WFP and WHO, the European Union,

OPEC-FUND, NORAD, USAID, SIDA, FINNIDA, DANIDA, ADB, the governments of Switzerland, the Netherlands, Germany, France, United Kingdom, Spain, China, South Africa, Japan, Kuwait, Italy, Ireland and many other friendly countries and non-governments international organizations. (NGO'S).

All of them have contributed tremendously to our development efforts. We are optimistic that they will continue to assist us to consolidate our economy and improve the welfare of our people as well as our resolve to build the ***national capacity and local ownership*** for policy preparations, plans, strategies and projects. I wish also to recognize the advice, contributions and co-operation of Honourable Members of Parliament and the public for enabling us to fulfill the mandates of President's Office, Planning and Privatization.

88. **Mr. Speaker**, I beg to move.

Table No. 1: Trends in Selected Macroeconomic Indicators

Indicator	1995	1996	1997	1998	1999	2000	2001	2002
Real GDP Growth- (%)	3.6	4.2	3.3	4.0	4.7	4.9	5.7	6.0
Inflation-Annual Average-%	27.1	21.0	16.1	12.9	7.8	6.0	5.2	4.0
Exchange Rate (Tshs/USD)-Annual Average	574.8	580.0	612.1	664.7	744.8	808.4	876.4	978.0
Merchandise Exports (Mill. US. \$)	682.9	763.8	752.6	588.5	543.3	663.3	776.4	877.0
Merchandise Imports (Mill. US\$)	1340.5	1212.6	1148.0	1382.2	1497.9	1366.3	1560.5	1506.0
Export/Import Ratio (%)	50.9	63.0	65.6	42.6	39.7	49.6	52.0	58.0
Investment/GDP Ratio (%)	19.7	16.5	14.7	16.0	15.4	17.5	17.2	15.0
Foreign Reserves (Month of Imports)	1.6	2.4	3.8	3.0	4.1	5.6	6.3	8.0
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Fiscal Balance (before Grants)-(% of GDPmp)	0.1	-1.7	-2.3	-2.3	-5.8	-4.6	-6.6	-3.0
Average Deposit Rate-%	12.0	11.0	10.0	7.9	7.1	4.2	3.5	3.0
Average Lending Rate-%	28.0	26.5	24.0	24.5	22.1	19.6	16.4	15.0

Source: President's Office, Planning and Privatization, Ministry of Finance, and Bank of Tanzania.

Table No. 2: Real GDP and projected Real GDP for the period 1996 – 2006

Sector	1996 Actual	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual
Agriculture	3.9 %	2.4 %	1.9 %	4.1 %	3.4 %	5.5 %
Mining and Quarrying	9.6 %	17.1 %	27.4 %	9.1 %	13.9 %	13.5 %
Manufacturing	4.8 %	5.0 %	8.0 %	3.6 %	4.8 %	5.0 %
Electricity and Water	11.1 %	2.2 %	5.5 %	3.9 %	5.9 %	3.0 %
Construction	7.6 %	35.5 %	-12.3 %	8.7 %	8.4 %	8.7 %
Trade, Hotels and Restaurants	3.5 %	5.0 %	4.7 %	6.0 %	6.5 %	6.7 %
Transport and Communication	1.1 %	-16.1 %	32.8 %	5.8 %	6.1 %	6.3 %
Financial and Business Services	0.4 %	7.7 %	5.6 %	4.1 %	4.7 %	3.3 %
Public Administration and Other Services	1.6 %	3.2 %	2.7 %	3.5 %	3.6 %	3.5 %
Real GDP Growth	4.2 %	3.3 %	4.0 %	4.7 %	4.9 %	5.7 %
Financial Year	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Real GDP Growth Financial Year	3.9%	3.7%	3.7%	4.4%	4.8%	5.3%

Table continue

**Table No. 2: Real GDP and projected Real GDP for the period 1996 – 2006
(Continues)**

Sector	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual
Agriculture	5.0 %	5.3 %	5.5 %	5.4 %	5.7 %
Mining and Quarrying	15.0 %	11.1 %	10.2 %	9.6 %	9.5 %
Manufacturing	8.0 %	6.9 %	7.1 %	8.1 %	9.0 %
Electricity and Water	3.1 %	6.9 %	7.1 %	8.1 %	7.9 %
Construction	11.0 %	4.8 %	5.3 %	6.7 %	8.0 %
Trade, Hotels and Restaurants	7.0 %	8.9 %	9.6 %	10.4 %	10.8 %
Transport and Communication	6.4 %	7.9 %	8.3 %	9.2 %	9.9 %
Financial and Business Services	4.8 %	6.3 %	6.6 %	7.0 %	7.4 %
Public Administration and Other Services	4.1 %	4.1 %	4.2 %	4.2 %	4.6 %
Real GDP Growth	6.2 %	6.3 %	6.6 %	7.0 %	7.4 %
Financial Year	2001/02	2002/03	2003/04	2004/05	2005/06
Real GDP Growth (Financial Year)	6.0%	6.1%	6.5%	6.8%	7.2%

Source: National Bureau of Statistic and President's Office, Planning and Privatisation.

Table No. 3: Value of Traditional and Non- Traditional Exports: (1999-2002)

Exports	1999	2000	2001	2002	Change 2001/02
Traditional exports					
Coffee	76.63	83.7	57.05	35.14	-38.4%
Cotton	28.46	38	33.7	28.15	-16.5%
Sisal	7.26	5.6	6.68	6.65	-0.4%
Tea	24.65	32.7	29.03	29.35	1.1%
Tobacco	43.44	38.4	35.69	50.50	41.5%
Cashew nuts	100.89	84.4	56.58	46.26	-18.2%
Cloves	19.86	10	12.32	5.40	-56.2%
Sub-total (Traditional Exports)	301.18	292.8	231.05	201.46	-12.8%
Minerals	73.26	178.2	302.23	372.78	23.3%
Manufactured Goods	30.05	43.4	56.17	67.10	19.5%
Fish and Fish Products	56.75	76.3	96.77	116.76	20.7%
Horticultural products	8.88	9.7	11.01	10.86	-1.4%
Other Exports	72.74	62.9	79.34	108.09	36.2%
Sub-total (Non-Traditional Exports)	241.67	370.5	545.52	675.58	23.8%
Grand Total	542.85	663.3	776.37	877.04	12.9%

Source: President's Office, Planning and Privatisation and Bank of Tanzania.

Table No. 4. Balance of Payments

USD Mill.

	1995	1996	1997	1998	1999	2000	2001	2002
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Provisional
Goods Balance	-657.6	-448.8	-395.4	-793.7	-954.6	-703.1	-784.1	-629.46
Exports (fob)	682.9	763.8	752.6	588.5	543.3	663.2	776.4	877.04
Imports (fob) zilionunuliwa	1340.5	1212.6	1148.0	1382.2	1497.9	1366.3	1560.5	1506.5
Service Balance	-216.9	-278.8	-317.9	-463.1	-158	-86.8	-34.5	19.2
Receipts	582.9	537.1	482.4	538.8	622.0	643.8	679.3	583.0
Payments	799.8	815.9	800.2	101.9	780.0	730.6	713.8	563.8
Income (Capital)	-110.3	-72.0	-121.8	-91.9	-82.5	-89.6	-55.7	-146.3
Receipts	31.8	41.5	43.0	44.4	49.0	50.4	69.2	57.9
Payments	142.1	113.5	164.8	136.3	131.5	140.0	124.9	204.2
Current Transfers	338.4	338.4	431.5	427.3	336.6	350.2	314.9	305.0
Inflows	370.7	370.7	499.1	454.2	445.6	423.1	384.8	357.3
Government	236.0	236.0	433.6	421.0	411.4	387.2	347.1	312.1
Other sectors	134.7	134.7	65.6	33.8	34.2	35.9	37.7	45.2
Outflows	32.3	32.3	67.7	26.9	109.0	72.9	70.0	52.3
CURRENT ACCOUNT	-646.4	-461.2	-403.6	-921.3	-858.5	-529.3	-559.4	-451.56
bidhaaCURRENT ACCOUNT								
Capital Transfers	191.0	191.0	270.9	252.4	270.6	373.9	436.1	385.4
Inflows	191.0	191.0	270.9	252.4	270.6	373.9	436.1	373.3
Outflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Financial Account	139.5	0.3	236.2	-134.6	614.1	572.6	-63.2	303.2
Direct Investment	150.0	148.5	157.8	172.2	516.7	463.4	327.2	240.4
Portfolio Investment	0.0	0.0	0.0	20.5	0.7	0.0	0.0	0.0
Other Investment	-10.5	-148.2	78.4	327.3	367.0	109.2	-390.4	62.8
Errors and Omissions	-66.1	38.8	-323.5	341.6	-138.0	-359.7	151.2	-107.2
OVERALL BALANCE	-382.0	-231.2	-220.0	-461.9	-111.8	57.7	-35.3	129.84

Source: Bank of Tanzania

**Table No. 5. DIVESTED/PRIVATISED PUBLIC ENTERPRISES
PROVIDING DIVIDENDS TO THE GOVERNMENT (2001/02)**

Parastatal / company	AMOUNT (Shs. Mill.)
Tanzania Breweries Company Ltd. (TBL)	34.486
Tanzania Cigarette Company	1.688
Tanzania Harbours Authority (THA)	1.500
DAHACO	698.4
Tanga Cement Company	341.5
Tanzania Portland Cement Company – (Wazo Hill)	315.3

Source: Ministry of Finance

**Table No. 6:
TRENDS OF SOME DIVERSIFIED PUBLIC ENTERPRISES CONTRIBUTING SIGNIFICANTLY TO GOVERNMENT
REVENUE THROUGH TAXES FOR 2000/01 – 2001/02**

(Shs. Mill.)

Parastatal/Company	YEAR OF DIVESTITURE	2000/2001	2001/2002
Tanzania Breweries Company Ltd. (TBL)	1993	18,334.5	43,472.0
New Africa Hotel	1993	325.7	664.3
Tanzania Cigarette Company (TCC)	1995/96	10,598.8	40,880.5
Tanga Cement Company	1995	-	1,874.4
NBC Ltd.	1997	-	3,420.4
Tanzania Portland Cement (Wazo)	1997	1,807.7	3,403.6
Mbeya Cement Company.	1997	-	847.5
Kilombero Sugar Company.	1997/98	1,590.0	570.7
Kibo Paper Industries	1997	57.5	101.4
Kunduchi Beach Hotel	1997	17.6	33.2
Morogoro Canvas Mill	1998	1.9	109.7
CRDB Bank	1999	-	1,818.8
Mtibwa Sugar Company.	1999	889.3	892.5
TPC – Arusha Chini	1999	2,339.5	2,101.5
DAHACO	2000	124.6	533.9
TTCL	2001	18,512.7	28,529.7
THA		2,672.4	7,735.5

Source: Tanzania Revenue Authority (TRA)