



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

**QUARTERLY ECONOMIC REVIEW AND BUDGET EXECUTION REPORT
FOR FISCAL YEAR 2012/13**

JULY – SEPTEMBER 2012

OCTOBER 2012

SUMMARY

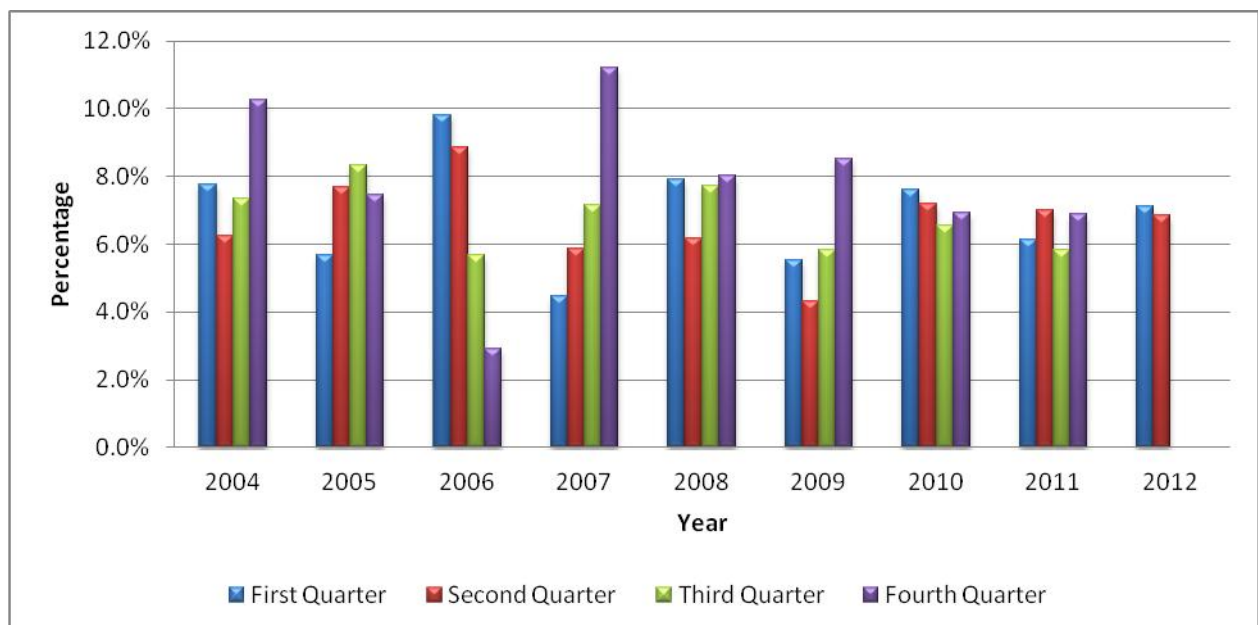
- The 2012/13 budget take into account the priorities set in the Annual Development Plan of 2012/13, National Strategy for Growth and Poverty Reduction phase two (MKUKUTA II, the Millennium Development Goals (MDGs) 2015, the ruling party Election manifesto of 2010. The goal is to realise the objectives of the Tanzania Development Vision 2025.
- Economic activities remained robust, and projected GDP growth of 6.5 – 7.0 percent in 2012 (6.7 percent in 2012/13) is likely to be achieved. Real GDP growth reached 7.1 percent and 6.9 percent (quarter-on-quarter) in the first and second quarter of 2012 respectively. This positive performance was broad based and was especially strong in transport and communications, financial intermediation, mining and quarrying, trade and repairs, and electricity and water.
- Overall performance for the first quarter of budget 2012/13 was below the target for both revenue collection and expenditure. Revenue performance was 90 percent of the estimate with low performance emanating from non-tax collection. The slower execution in development expenditure foreign is expected to correct during the coming quarters. Overall Government operations resulted in a build up of Government deposits of TShs 108 billion. The summary of Central Government operations is presented in **Annex A**.
- During the first quarter of the fiscal year 2012/13, total tax collections amounted to TSh 1,843 billion equivalent to 95 percent of the estimates. The actual revenue collection from non-tax was TSh 129 billion being 74 percent of the estimates and LGAs own source was TSh 9 billion equivalent to 9 percent of the target due to delay in submission of report. Details of revenue in major components are presented in **Annex B**.
- Government expenditure during the first quarter of 2012/13 was TSh 2,152.8 billion, equivalent to 69 percent of the estimated amount. Overall recurrent expenditure was below the target level. Foreign-financed development expenditure was TSh 146 billion being 25 percent of the estimated amount while domestically-financed development expenditure was TSh 410 billion. Details of Expenditure by category are presented in **Annex C**.
- The Government continued negotiating with a number of International Financial Institutions to borrow from non-concessional window for key Infrastructure spending. There is no disbursement made for the first quarter due to the fact that the Government was still in negotiation with potential creditors. Details of grants and financing categories are presented in **Annex D**.

RECENT MACROECONOMIC PERFORMANCE

Real GDP Growth

1. In the first half of 2012, the real GDP grew by 7.0 percent compared to 6.6 percent attained in the corresponding period in 2011. Higher growth rates were recorded in transport and communication (15.8 percent), financial intermediation (15.2 percent), wholesale and retail trade (8.4 percent), and real estate (7.7 percent). These growths attributed to the increase in the number of passengers and volume of cargo handled; ongoing financial sector reforms; increased competition in the provision of financial services, particularly insurance services. Other economic activities which recorded notable growth in the first half of 2012 include: electricity and water; mining and quarrying; manufacturing; education; and public administration. On quarterly basis, the Real GDP growth in the second quarter of 2012 slowed down by 0.2 percentage point from 7.1 percent recorded in the first quarter of 2012 to 6.9 percent. The graph below illustrates GDP trend at constant market prices on quarterly basis.

Chart 1 Quarterly Real GDP Growth (2004 – 2012)

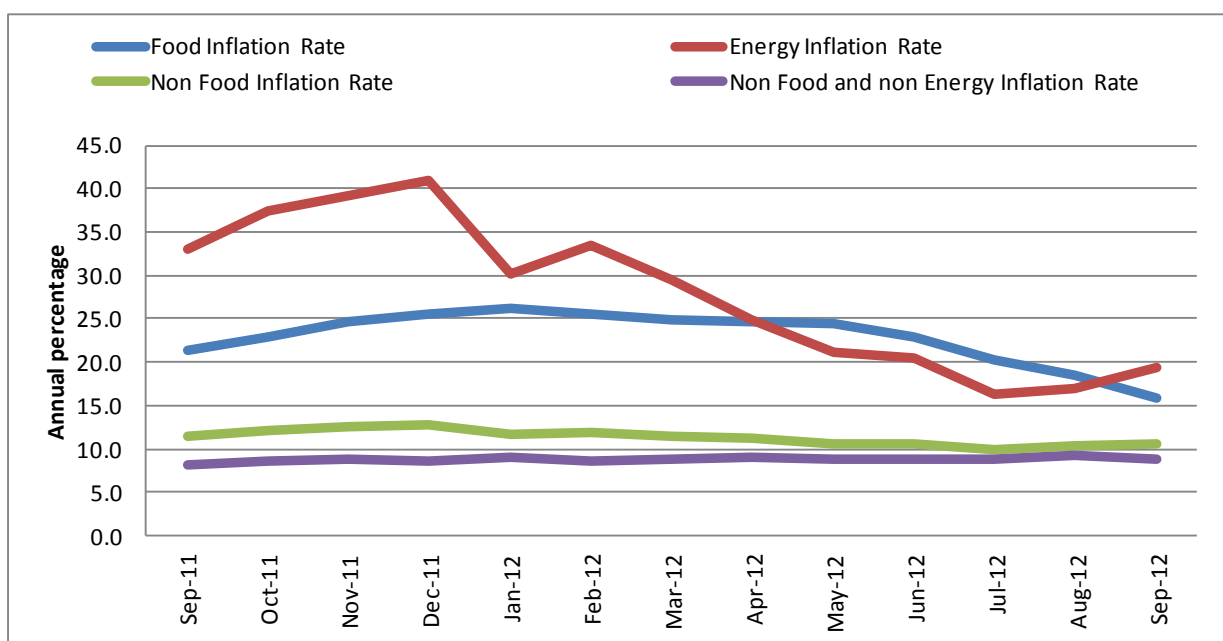


Source: Ministry of Finance

Inflation

2. In the quarter ended September 2012, the inflation rate continued with a gradual declining from its peak in late 2011. In the year ended September 2012, inflation rate decreased to 13.5 percent from 17.4 percent in June 2012. The inflation rate on food consumed at home and away from home decreased further to 15.8 percent in the year ended September 2012 as compared to 22.9 percent in June 2012 following improved food supplies in the East Africa region. The annual inflation rate for energy decreased to 19.4 percent in September 2012 from 20.5 percent registered in year ended June 2012. The annual inflation rate for energy decreased to 19.4 percent in September 2012 from 20.5 percent registered in year ended June 2012. The annual inflation rate which excludes food and energy for the year ended September 2012 increased marginally to 8.9 percent from 8.8 percent in the year ended June 2012.

Chart 2 Price Movement



Source: Ministry of Finance

External Trade

3. During the quarter ending September 2012, current account deficit narrowed by 14.9 percent to USD 736.1 million from a deficit of USD 860.0 million recorded in the quarter ending June 2012. The widening current account deficit was largely a result of an increase in imports of oil and

machinery. The value of export of goods and services amounted to USD 2,309.2 million during the quarter ending September 2012 compared with USD 2,058.6 million recorded in the previous quarter, equivalent to an increase of 12.2 percent. The increase in value was due to the increase in receipts from travel, gold and traditional exports.

4. During the quarter ending September 2012, the value of import of goods and services amounted to USD 3,285.9 million, compared with USD 3,059.2 million recorded in the quarter ending June 2012. The increase was largely driven by oil imports following a rise in oil prices in the world market coupled with an increase in domestic demand partly for thermal power generation. There was also a substantial increase in imports of machinery which is associated with a surge in gas and oil exploration activities. Following the general development in Balance of Payments, gross official reserves amounted to USD 4,060.7 million in September 2012 compared to USD 3,779.2 million in June 2012. This position of reserve was sufficient to cover at least 3.7 months of import of goods and services as at the end of September 2012.

Table 1 Current Account Balance: Millions of USD

Items	2011				2012			
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	% Quarterly Change
Goods Account (net)	-627.9	-1,178.4	-1,376.1	-1,547.4	-1,069.8	-1,059.5	-1,136.3	7.3
Exports	1,295.4	1,133.2	1,334.8	1,334.3	1,427.9	1,465.4	1,561.1	6.5
Imports	1,923.3	2,311.6	2,710.8	2,881.6	2,497.7	2,524.8	2,697.4	6.8
Services Account (net)	-10.4	9.3	99.4	-6.1	-23.9	58.9	159.6	171.2
Receipts	498.3	490.7	682.8	628.5	561.0	593.2	748.2	26.1
Payments	508.7	481.4	583.4	634.6	584.9	534.3	588.6	10.1
Goods and Services (net)	-638.3	-1,169.1	-1,276.6	-1,553.4	-1,093.7	-1,000.6	-976.7	-2.4
Export of Goods and Services	1,793.7	1,623.9	2,017.6	1,962.8	1,988.9	2,058.6	2,309.2	12.2
Import of Goods and Services	2,432.1	2,793.0	3,294.2	3,516.2	3,082.6	3,059.2	3,285.9	7.4
Income Account (net)	-41.4	-53.8	-64.2	-57.9	-44.5	-44.5	-70.7	58.9
Receipts	56.2	50.0	35.6	42.4	62.3	66.2	32.0	-51.7
Payments	97.6	103.8	99.8	100.3	106.8	110.7	102.7	-7.2
Current Transfers (net)	105.3	138.7	77.5	570.7	92.7	185.1	315.8	70.6
Inflows	125.4	159.5	103.0	597.0	120.1	217.2	352.5	62.3
o/w General Government	41.7	69.3	1.5	497.2	31.1	95.3	263.8	176.6
Outflows	20.1	20.8	25.5	26.3	27.4	32.1	36.7	14.3
Current Account Balance	-574.5	-1,084.2	-1,263.4	-1,040.6	-1,045.5	-860.0	-731.6	-14.9

Source: Bank of Tanzania

Money Supply

5. During the quarter ending September 2012, annual growth of extended broad money supply (M3) slowed down to 10.1 percent from 11.8 percent in June 2012 and 23.7 percent recorded in the corresponding period of 2011. This development was due to the decline in the growth of–Net Domestic Assets (NDA) of the banking system. The NFA increased by 6.0 percent in the year ending September 2012, compared to the annual growth rate of 3.5 percent in June 2012. In the same quarter, annual growth of NDA dropped to 13.7 percent from 19.8 percent in June 2012, with a notable decline being registered in both net claims on government and credit to private sector from the banking system. The slowdown of monetary aggregates growth, during the quarter, is in line with the monetary policy stance of containing inflationary pressure in the country.

Credit Development

6. During the quarter ending September 2012, the claims on government from the banking system amounted to Tsh 2.6 billion compared to Tsh 167.6 billion recorded in the quarter ending June 2012, which was consistent with improved government expenditure management and good performance in revenue collection. Similarly, the amount of credit extended to private sector decreased to Tsh 440.5 billion in the quarter ended September 2012, from Tsh 747.2 billion of credit extended in the quarter ending June 2012. Almost all economic activities recorded low growth in credit during the year ending August 2012, except for agriculture, manufacturing and personal activities. In terms of credit share to different economic activities, loans for trade activities continued to dominate accounting for 21.0 percent of the total credit to the private sector, followed by personal activities (20.7 percent), agriculture (12.4 percent) and manufacturing activities (10.8 percent).

Interest Rate

7. During the quarter ending September 2012, average interest rates charged on loans extended by commercial banks increased slightly from the rates reported in the quarter ending June 2012. Lending rates across different maturities ranged between 14.33 percent and 16.09 percent in September 2012 compared to the range of 13.92 to 16.33 recorded in June 2012. Overall lending rate increased to 15.55 percent in September 2012, while short-term lending rate (up to 1 year) rose to 14.33 percent.

8. On the other hand, interest rates offered by banks on deposits in August 2012 were relatively higher than those registered in August 2011. In particular, time deposit rates ranged between 7.99 percent and 10.88 percent in September 2012, compared to a range of 7.51 percent to 12.12 percent recorded in June 2011. Overall time-deposit rate dropped to 8.25 percent in September 2012 from 8.56 percent in June 2012. Similarly, 12-month deposits rate decreased to 10.16 percent from 11.10 percent in June 2012. The spread between 12-month lending and deposit rates rose to 4.17 percentage points in August 2012 from 2.82 percentage points recorded in June 2012, but remained lower than 7.77 percentage points recorded in September 2011.

Table 2: Interest Rates Developments in Percentage

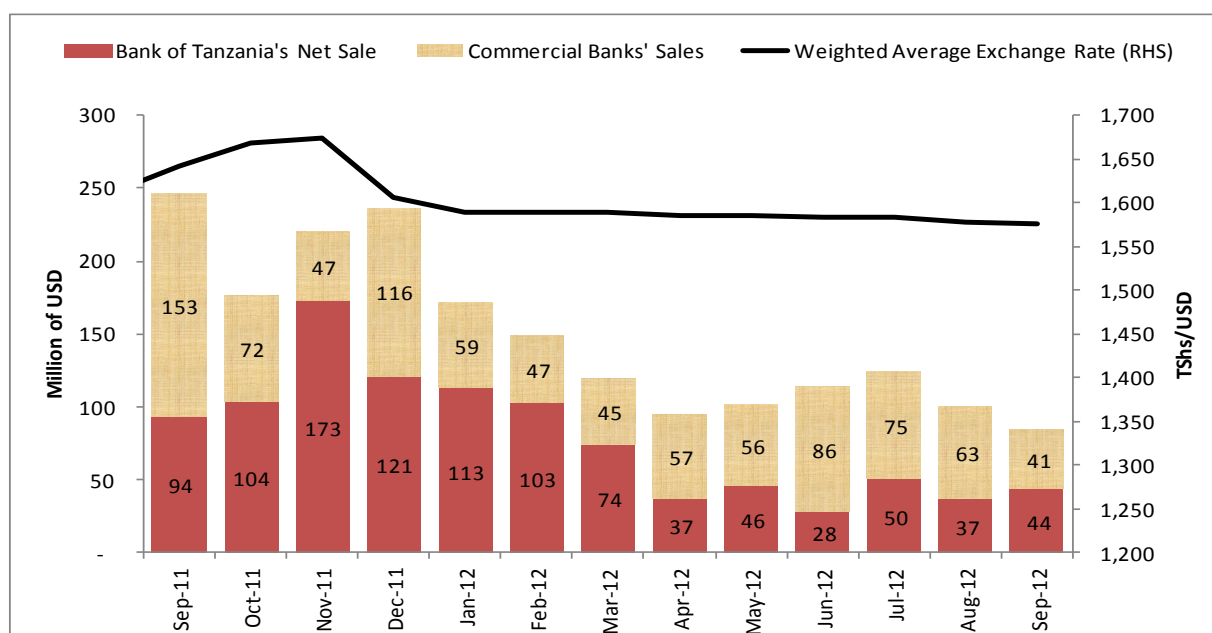
Item	2011				2012								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Savings Deposit Rate	2.34	2.59	2.87	2.90	2.91	2.87	2.86	2.88	2.93	2.88	2.91	2.94	3.02
Overall Time Deposits Rate	6.22	6.20	6.73	7.12	7.55	7.08	8.35	8.12	8.03	8.56	8.48	8.36	8.25
1 month	6.23	5.93	6.35	6.65	6.03	6.66	7.87	7.46	6.93	7.51	1.02	1.09	7.99
3 months	6.92	7.51	7.62	8.37	8.38	8.37	9.44	8.69	8.37	9.45	9.57	8.61	10.04
6 months	8.03	8.13	8.21	8.67	9.32	9.41	10.13	9.55	9.58	10.69	10.50	9.56	10.88
12 months	7.33	7.58	8.05	9.14	8.95	9.51	10.48	10.76	10.51	11.10	10.92	10.74	10.16
24 months	7.16	6.92	8.20	7.75	10.07	6.42	11.61	11.36	11.64	12.12	8.45	8.52	8.73
Negotiated Deposit Rate	9.05	9.25	8.84	9.99	9.63	9.77	10.16	10.38	10.12	9.79	9.64	9.32	10.10
Overall Lending Rate	14.76	14.78	14.13	14.21	14.84	15.80	15.19	15.13	15.15	15.31	15.68	15.83	15.55
Short-term (up to 1 year)	15.11	14.95	13.53	13.73	13.91	13.79	13.98	14.25	14.22	13.92	14.46	14.56	14.33
Medium-term (1-2 years)	17.81	17.52	17.67	17.80	15.49	17.34	15.54	15.52	15.78	16.33	16.51	16.85	15.99
Medium-term (2-3 years)	14.67	14.65	14.05	14.17	14.87	17.19	15.33	15.31	15.38	15.63	15.81	15.55	15.58
Long-term (3-5 years)	15.15	14.83	14.04	14.33	14.80	16.66	15.73	15.43	15.38	15.65	15.88	15.97	16.09
Term Loans (over 5 years)	11.06	11.94	11.37	10.99	15.14	14.00	15.41	15.15	14.98	15.03	15.75	16.23	15.78
Negotiated Lending Rate	13.97	12.98	13.79	13.60	13.77	14.82	14.25	13.86	13.34	14.21	14.00	13.30	14.38
Margin between short-term lending and one-year time deposit rates	7.77	7.37	5.48	4.59	4.95	4.28	3.50	3.50	3.71	2.82	3.54	3.82	4.17

Source: Bank of Tanzania

Interbank Foreign Exchange Market (IFEM) Developments

9. In September 2012, total transactions in the interbank foreign exchange market (IFEM) amounted to USD 309.8 million compared to USD 339.2 million transacted in June 2012. The Bank of Tanzania continued to participate in the market to supplement other monetary policy instruments in managing liquidity in the economy. In particular, the Bank sold USD 130.7 million, compared to USD 111.6 million sold in June 2012. Consistent with market developments, the shilling appreciated from TZS 1,584.13 per USD in June 2012 to TZS 1,575.99 per USD in September 2012.

Chart 3. Interbank Foreign Exchange Market Transactions



Source: Bank of Tanzania

GOVERNMENT OPERATIONS

REVENUE BY SOURCE

10. The Government will continue with its efforts to strengthen domestic revenue collections by taking various measures in the areas of tax and non tax revenue; and through the expansion of tax base. Moreover, the Government will continue to strengthen revenue collection mechanisms as well as reducing

tax exemption in order to finance to a larger extent the recurrent expenditure by domestic revenue.

11. During the first quarter of the fiscal year 2012/13, total tax collections amounted to Tshs. 1,842.6 billion equivalent to 95 percent of the estimate. The performance reflects a growth of 24 percent over the corresponding period in 2011/12. This underperformance is attributed by taxpayers' uncertainty of tax policy reforms that were proposed in the 2012 Finance Bill but delayed its endorsement by the parliament until mid August 2012. The actual revenue collection from non-tax category was Tshs. 129 billion against the target of Tshs. 175.5 billion, being 74 percent of the estimates and LGAs own source was TSh 9 billion equivalent to 9 percent of the target due to delay in the submission of report.

Taxes on Imports

12. Collections from imports taxes (i.e. import duties, VAT on non-petroleum imports, excise on imports) during the first quarter of the fiscal year amounted to Tshs. 616.1 billion reflecting the performance rate of 90 percent of the estimate. The underperformance was due to unexpected decline of importation. However, the overall collection for the period was above what was realized in the corresponding period in 2011/12 by 11 percent.

Taxes on Domestic sales

13. The actual tax collection from domestic sales category was TShs. 407.4 billion or 90 percent of estimated Tshs. 452.1 billion for the first quarter of 2012/13. The actual collection from domestic sales was 26 percent higher than collections for the corresponding period in 2011/12 which was TShs. 323.8 billion. The performance under this category was below the estimate because some companies carried out investment projects and therefore filed repayment returns particularly on Value Added Tax.

Income Tax

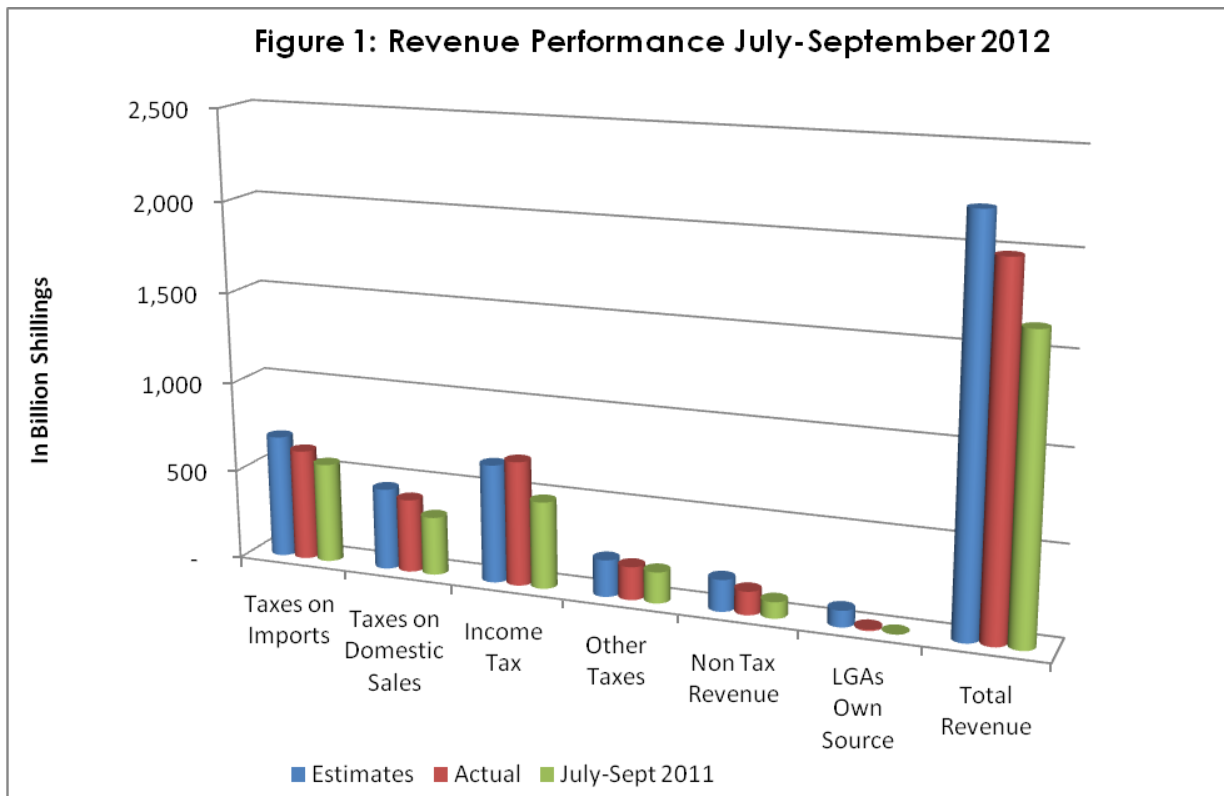
14. The collection from Income Tax category for the first quarter of 2012/13 was TShs. 691.1 billion against the budget of Tshs. 657.6 billion being 105 percent performance level. This performance recorded an increase of 43 percent of collection registered in the same period in the fiscal year of 2011/12. With the exception of PAYE that realized 91.5 of performance, all other categories performed above the targets during the period whereby corporate tax realized 118.0 percent, Individuals 101.3 percent, withholding taxes 120.7 percent, Rental tax 140.3 percent and other incomes 232.9 percent.

Other taxes

15. The actual collections from other taxes category was TShs. 183.7 billion representing a performance level of 90 percent of estimated TShs. 204.1 billion. During the quarter, performances for all categories were below the targets with exception of motor vehicles taxes which attained 101.1 percent. On cumulative basis, year on year comparison indicates that other taxes grew by 7 percent when compared to the corresponding period in 2011/12.

Non-tax revenue

16. During the first quarter, collections of Non-tax revenue have remained below the targets. The actual collections were Tshs. 129 billion against estimated Tshs. 175.5 billion, being 74 percent. However year on year comparison indicates a growth of 43 percent from TShs 90.2 billion attained in 2011/12. Details highlighting performance by major revenue categories are presented in figure 1 below.



Source: Ministry of Finance

EXPENDITURE POLICIES AND PERFORMANCE

17. Budget execution for the financial year 2012/13 is strategically carried out based on the following: Expenditure to be aligned with revenues collections (cash budget); Maintaining budget deficit after grants not exceeding 5.5 percent of GDP; Votes to align expenditure to ceilings as passed by the Parliament; Accounting Officers continue to comply with the Public Finance Act and Public Procurement Act; and the Government to continue compiling all domestic arrears for the purpose of verification and arrangement for their payment. Particular emphasis will be focused on identified interventions in 2012/13 budget as the potential keys for accelerating economic growth as well as reduction of poverty.

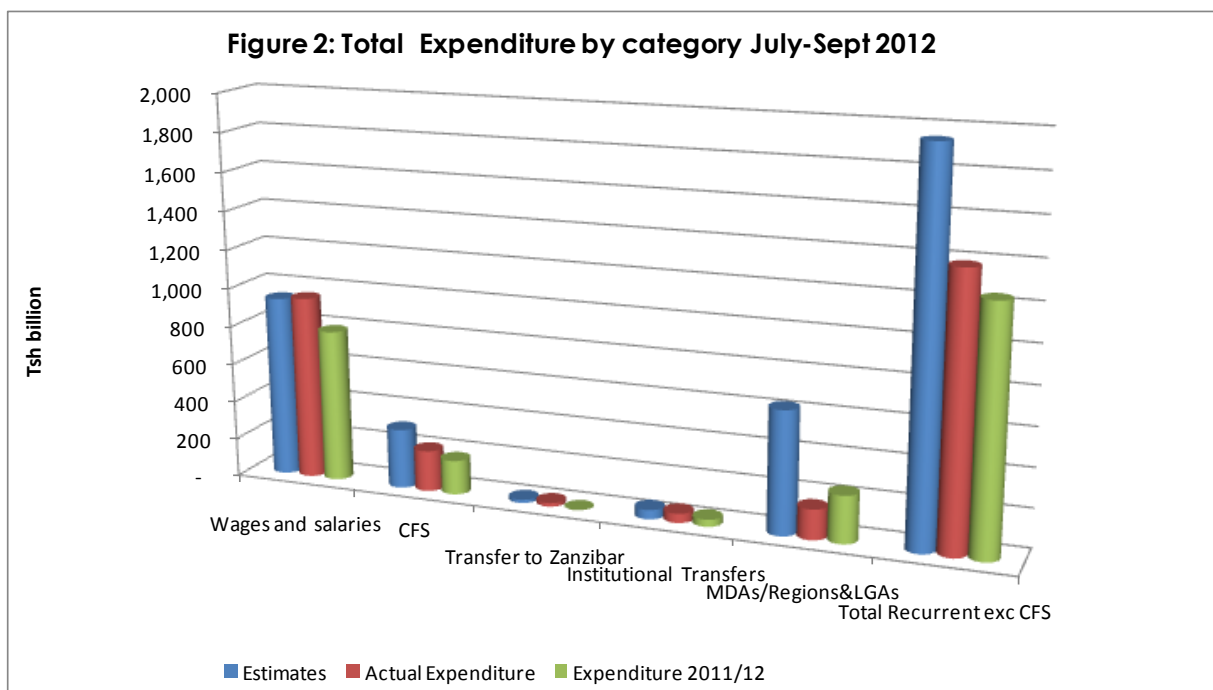
18. In the first quarter of 2012/13, total expenditure amounted to TShs 2,152.9 billion, with an execution level of 69 percent of quarter-estimate and 7 percent lower than in the corresponding period in 2011/12. Out of the total expenditure, TShs 1,385.2 billion (71 percent of estimate) was expenditure on

recurrent items excluding Consolidated Fund Services (CFS) and TShs 555.5 billion was for development expenditure including foreign financed projects. Slow execution of expenditure on goods and services was due to under performance of domestic revenue especially on non tax since the Government continues to implement the cash budget system.

19. During the first quarter, a total of TShs 83.9 billion was paid as domestic interest while foreign interest payment amounted to TShs 11.8 billion. The interest payments were 105 and 43 percent of the estimates, respectively. Total interest payment was 90 percent of the estimates and more than 42 percent of the amount paid over the corresponding period in the previous year. The underperformance of foreign interest was due to late submission of demand note from creditors. Expenditure on CFS others was TShs 116.5 billion being 58 percent of the estimated amount for the first quarter of 2012/13.

20. Expenditure on wages and salaries was TShs 824.2 billion, which was 2 percent higher than the estimates. Based on Year-on-year comparison, wages and salaries grew by 21 percent in the first quarter of 2012/13 when compared to the first quarter of 2011/12. This increase was due to adjustment of minimum wage for Government employee effective from July 2012.

21. In the first quarter of 2012/13, development expenditure continued to be influenced with the delays in disbursements, in which most of the time lead to a slow-down in commitments and payments. During the quarter under review, development expenditure amounted to Tshs 555.5 billion being 62 percent of the estimate for the period. This low level of execution in development spending was mainly due to delays in disbursement of foreign project funds. Locally financed development expenditures was TShs 410 billion, which was less by 31 percent of the amount spent in the corresponding period of the preceding financial year. Meanwhile, foreign financed development expenditure was TShs 145.8 billion equivalent to 25 percent of the estimates. Figure 2 below depicts expenditure performance for major recurrent expenditure categories for the first quarter of 2010/11.



Source: Ministry of Finance

Grants and Financing

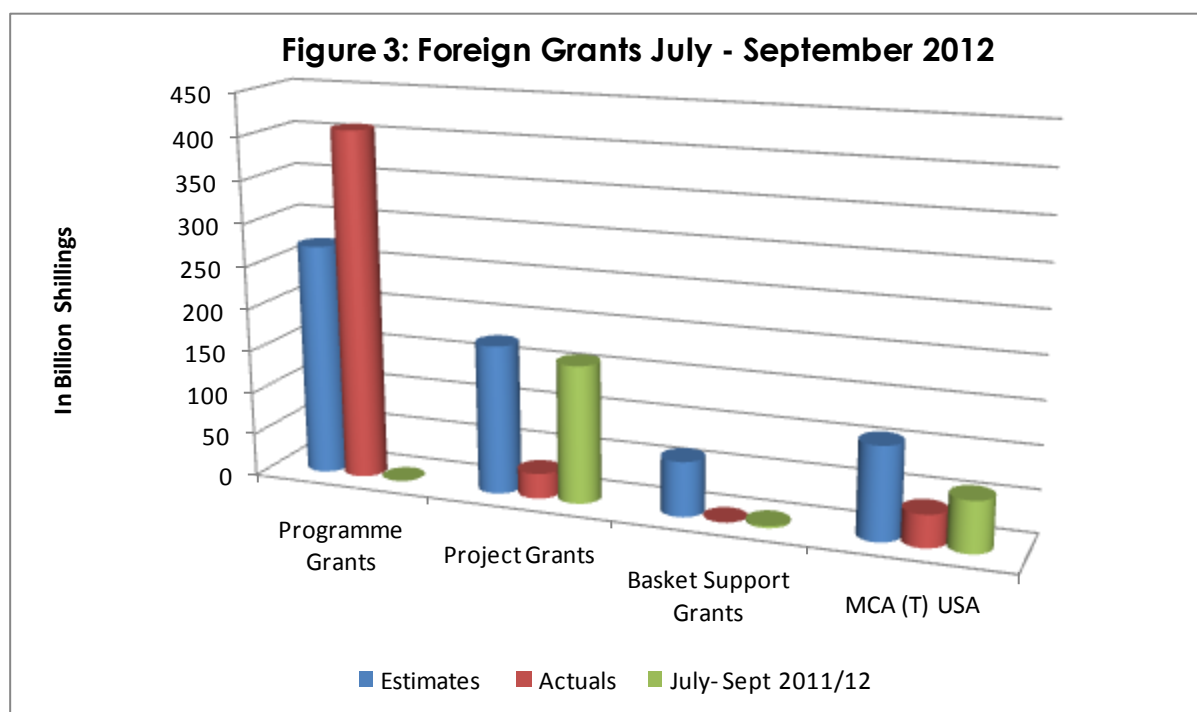
22. The Government continued to mobilize foreign grants and concessional loans from development partners and international financial institutions to complement Government efforts to finance development programmes. Total grants received during July- September 2012 amounted to Tshs 475 billion, which was 77 percent of the estimated amount of Tshs 618 billion and 13 percent over and above the amount received in the corresponding quarter of 2011/12. This performance is mainly explained by delays in disbursement of project and basket grants.

23. During the quarter under review project grants received amounted to Tshs 29 billion being 17 percent of estimates during the period. The shortfall was primarily due to delays in reporting of direct or project funds as well as delays in disbursements by some development partners. There was no Basket support grants received for the quarter.

24. The programme grants received during the quarter amounted to Tshs 408 billion equivalent to 151 percent of the estimates. It is worth noting that

disbursements of programme grants were mainly front loaded in the first quarter of the year.

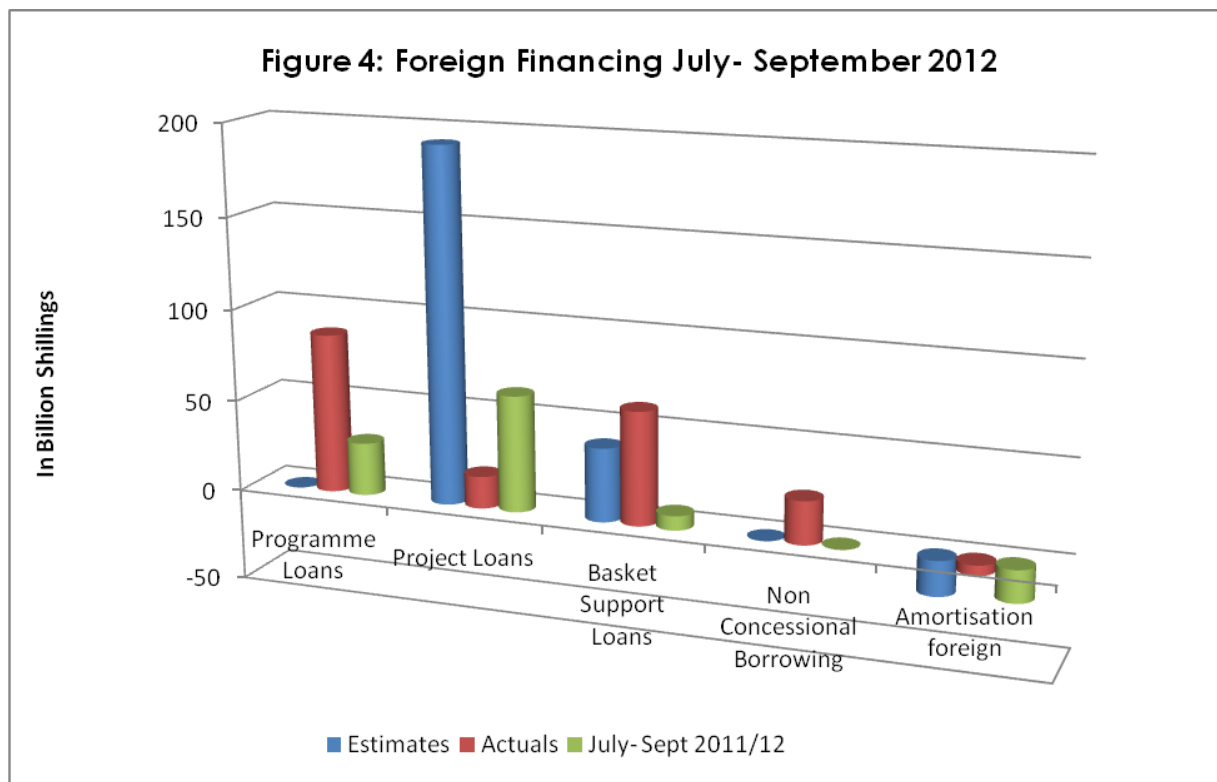
25. The overall deficit after grants during the quarter under review was Tshs 75 billion equivalent to 23 percent of estimate for the period.



26. Total financing during the quarter reached Tshs 62 billion compared to the estimates. Foreign loans contributed to net amount of Tshs 170 billion, while domestic financing comprised of a build up of deposits in the domestic banking system amounted to Tshs 108 billion.

27. Foreign programme loan financing during the first quarter of 2012/13 tottalled Tshs 87 billion. During the quarter under review project loan and basket support loans amounted to Tshs 17 billion and Tshs 51 billion compared to budget estimate of Tshs 192 billion and Tshs 40 billion for the quarter respectively. Foreign amortization for the quarter was Tsh 7.7 billion compared to the estimates of Tshs 18.7 billion equivalent to 41 percent of the estimates.

28. The Government estimated domestic borrowing for financing development expenditure as well as rollover of maturing obligation. During the period under review, Tsh. 306 billion was for rollover and Tshs 108 billion was a build up of Government deposits. Figure 4 below presents a summary of financing by components during the quarter under review.



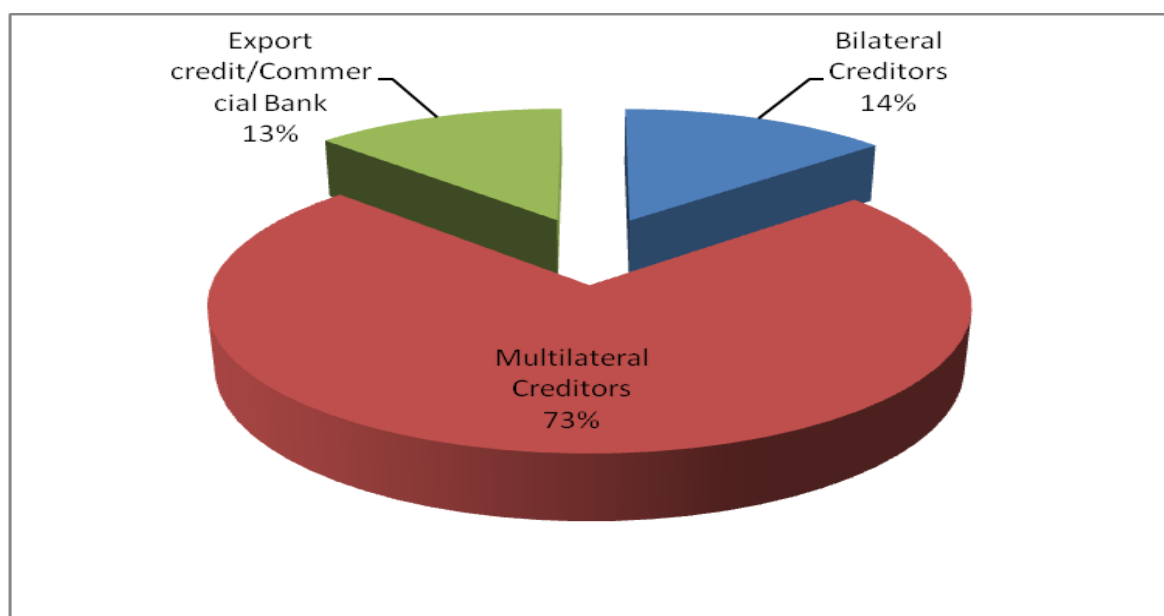
NATIONAL DEBT DEVELOPMENT

29. The National Debt Stock which comprises public and private debt as at end September 2012 stood at USD 12,817.6 million compared to USD 9,722.9 million as at end September 2011, equivalent to an increase of 24.1 percent. Out of which, USD 11,384 million was public debt and USD 1,433.6 million was private debt. Public external debt was USD 7,964.5 million equivalent to 70 percent of total public debt stock while domestic debt was USD 3,419.5 million. The increase was mainly on account of new disbursements from concessional and non concessional sources and accumulation of interest arrears for some bilateral creditors whose rescheduling agreements have not been concluded.

External Debt Stock

30. External debt stock as at end September 2012 stood at USD 9,398.1 million compared to USD 7,005.2 million recorded in September 2011 equivalent to 34 percent increase. Out of total external debt stock, public debt was USD 7,964.5 million, and private debt was USD 1,344.6 Million. Out of USD 7,964.5 million, USD 7,183.4 million was Disbursed Outstanding Debt and USD 781.06 million was interest arrears. The increase is largely contributed by new borrowing to finance development projects. Concessional multilateral loans have been the major source of external financing which accounted for 73 percent of total external debt. Bilateral creditors accounted for 14 percent and Export credit/ Commercial Bank accounted for 13 percent of total external debt stock.

Chart 4: Disbursed Outstanding Debt by Creditor Category

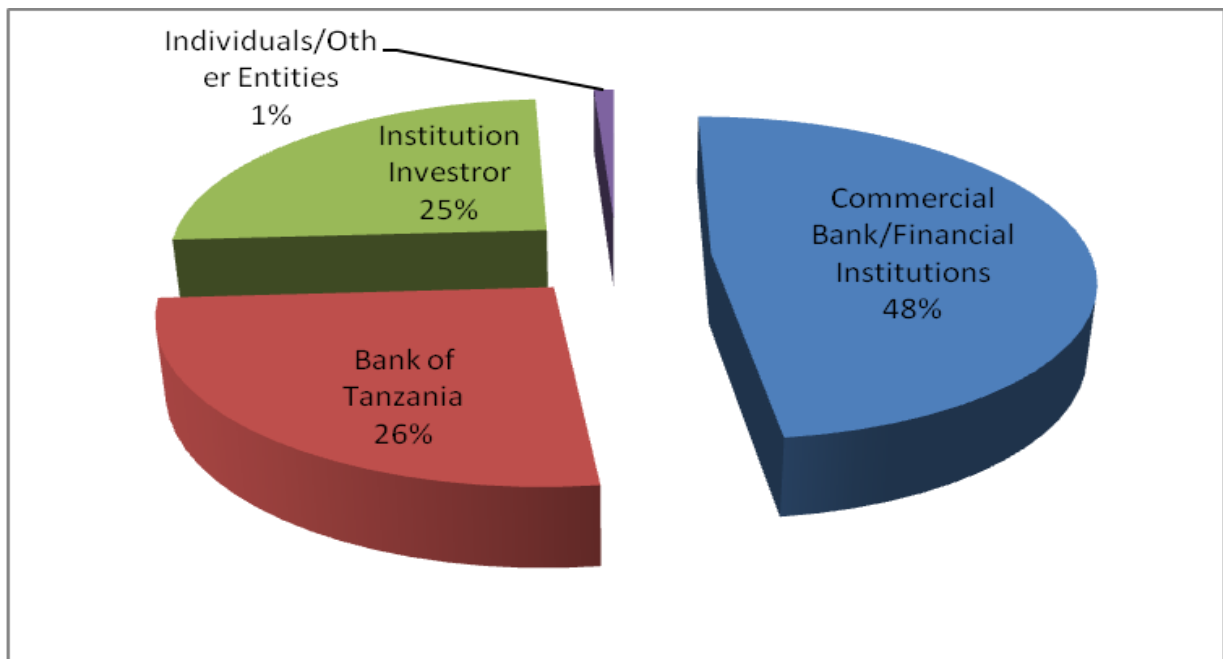


Domestic Debt Stock

31. Domestic Debt Stock (including BoT liquidity paper) as of end of September, 2012 stood at TZS 5,389.1 billion compared to TZS 4,477.8 billion in

the quarter ending September 2011 equivalent to an increase of 20.1 percent. The increase was largely contributed by new borrowing to finance development projects. The analysis of Government securities (excluding BoT liquidity paper) by holder category shows that Commercial Banks/Non Bank Financial institutions are the leading creditors, holding 48 percent of the total, followed by Bank of Tanzania 26 percent , the institutional investors 25 percent , and Individuals and other entities 1 percent. The relatively low investment risk in government securities and expansion of the banking sector explains the dominance of commercial banks in securities market.

Chart 5: Domestic Debt by Holder Category



NON Concessional Borrowing

32. The Government continued to negotiate with a number of International Financial Institutions with a view to borrow from non-concessional window for key Infrastructure spending. As at end of September 2012, the government cumulatively contracted USD 853 million under the three-year PSI contracted external non-concessional borrowing (ENCB). Out of which USD 103 million was contracted in 2010/11, USD 510 million was contacted in 2011/12 and USD 240

million were contacted in September 2012 as a commercial portion of gas pipeline. Negotiations for non-concessional loans with other creditors are at advanced stage and it is expected that the loans will be realized before the end of the second quarter of financial year 2012/2013.

CONCLUSION

33. As seen above, there was considerable achievement in terms of performance of key macroeconomic variables in the first quarter of 2012/13 including GDP, inflation, and external trade. However, budget performance during the quarter under review was below the target for both recurrent and development expenditure. Though encouraging performance, it is too early to make logical judgement based on the performance of this first quarter. The Government will continue with efforts to ensure that the budget is executed as envisaged to achieve the desired output.

Annex A: Summary of Central Government Operations July - September 2012

Billion Shillings

	Budget Estimate	July - September 2012			July - September 2011/12 Actual	Year on year % change
		Estimate	Actual	Percent of Estimate		
Total Domestic Revenue	9,149	2,202	1,980	90%	1,640	21%
Tax Revenue	8,054	1,936	1,843	95%	1,489	24%
Taxes on Imports	2,742	683	616	90%	554	11%
Taxes on Domestic Sales	1,953	452	407	90%	324	26%
Income Tax	2,794	658	691	105%	483	43%
Other taxes	821	204	184	90%	172	7%
Net refunds	(257)	(61)	(56)	91%	(44)	28%
Non tax revenue	661	175	129	74%	90	43%
Radar Refund	72	-	-			
LGAs own source	362	91	9	9%	60	
Total Expenditure	13,812	3,142	2,142	68%	2,308	-7%
Recurrent expenditure (Excl. CFS)	7,919	1,944	1,385	71%	1,246	11%
Wages & salaries(Central & Local Gov't)	3,147	809	824	102%	680	21%
Goods and services and Transfers	4,772	1,135	561	49%	566	-10%
TRA	174	43	43	100%	32	38%
Parastatal wages	634	129	127	98%	109	16%
Retention scheme	306	67	57	85%	26	119%
Other goods and services	3,530	865	303	35%	399	-24%
Development Expenditure	4,528	890	545	61%	884	-38%
Domestic	2,214	311	410	132%	591	-31%
Foreign	2,314	579	135	23%	294	-54%
Interest payment	555	107	96	90%	67	42%
Domestic	335	80	84	105%	48	75%
Foreign	220	27	12	43%	20	-39%
CFS (Other)	810	202	116	58%	110	6%
<i>Overall Deficit (before grants)</i>	(4,663)	(940)	(162)	17%	(668)	-76%
Grants	2,009	618	475	77%	223	113%
Programme	623	271	408	151%	-	
Project	696	174	29	17%	161	-82%
Basket grants	256	64	-	0%	2	-100%
MCA (T) - USA	434	108	38	35%	59	-37%
<i>Overall Deficit (after grants)</i>	(2,655)	(323)	314	-97%	(445)	
Expenditure Float	-	-	(350)		(183)	91%
<i>Adjustment to cash & other items</i>	-	0	(26)		(120)	-79%
<i>Overall balance</i>	(2,655)	(323)	(62)	19%	(748)	-92%
Financing	2,655	323	62	19%	748	-92%
Foreign (net)	2,171	213	170	80%	443	-62%
Programme loans	220	-	87		29	
Project loans	769	192	17	9%	63	-72%
Basket loans	159	40	51	127%	8	554%
Non-Concessional Borrowing	1,254	-	23		361	
Amortization	(232)	(19)	(8)	41%	(17)	-56%
Domestic (net)	484	109	(108)	-99%	305	(2)
Bank Borrowing	484	109	(108)	-99%	316	-134%
Non-Bank Borrowing	-	-	-		(11)	-100%
Borrowing/Roll over	1,148	318	306	96%	230	33%
Amortisation of contingent debt	-	-	-		-	
Domestic amortisation/Rollover	(1,148)	(318)	(306)	96%	(230)	33%

Source: Ministry of Finance

Annex B: Revenue Performance July - September 2012

Billion Shillings

	Budget Estimates	July - September 2012			July-Sept 2011/12 Actual	Year on year % change
		Estimates	Actual	Percent of estimate		
Revenue (Including LGAs own sources)	9,149.2	2,201.7	1,980.3	90%	1,639.7	21%
Revenue (Excluding LGAs own sources)	8,714.7	2,111.2	1,971.7	93%	1,579.7	25%
Tax Revenue	8,054.0	1,935.7	1,842.6	95%	1,489.5	24%
Taxes on Imports	2,742.1	683.1	616.1	90%	554.1	11%
Import Duty	692.1	172.4	166.6	97%	130.1	28%
Petroleum	616.9	153.7	143.1	93%	137.3	4%
Excise	616.9	153.7	143.1	93%	137.3	4%
Others	1,433.1	357.0	306.4	86%	286.7	7%
Excise	107.4	26.8	15.8	59%	16.6	-5%
VAT on Non-Petroleum imports	1,325.7	330.3	290.6	88%	270.2	8%
Taxes on Domestic Sales	1,953.5	452.1	407.4	90%	323.8	26%
Excise	672.9	153.7	135.6	88%	100.3	35%
Value Added Tax (VAT)	1,280.6	298.4	271.7	91%	223.5	22%
Income Tax	2,793.8	657.6	691.1	105%	483.1	43%
PAYE	1,438.5	354.3	324.3	92%	256.9	26%
Corporate and Parastatals	883.9	201.1	237.3	118%	157.6	51%
Individuals	76.4	14.6	14.8	101%	14.9	-1%
Withholding Taxes	304.3	69.5	83.9	121%	39.7	111%
Rental Tax	59.7	12.2	17.1	140%	10.7	59%
Other Income	31.0	5.9	13.8	233%	3.2	337%
Other Taxes	821.5	204.1	183.7	90%	172.0	7%
Business Skill Development Levy	161.9	40.4	36.8	91%	31.4	17%
Fuel Levy and transit fee	429.7	107.0	96.7	90%	100.6	-4%
Stamp Duty	11.9	2.9	1.2	41%	1.5	-22%
Departure Service Charges	40.4	9.9	8.5	86%	5.0	72%
Motor vehicle taxes	139.5	34.4	34.8	101%	26.7	30%
Treasury Voucher Cheque	37.9	9.5	5.7	60%	6.3	-9%
Business Licence	0.3	0.1	0.0		0.5	-94%
Refunds	-256.8	-61.3	-55.6	91%	-43.6	28%
Refunds - VAT	-193.5	-46.1	-53.2	116%	-22.0	142%
Refunds - other	-63.3	-15.2	-2.4	16%	-21.6	-89%
Non Tax Revenue	660.6	175.5	129.1	74%	90.2	43%
Parastatal Dividends	55.3	13.8	7.6	55%	4.9	56%
Other Treasury collections	69.2	17.3	0.3	2%	1.2	-77%
Ministries and Regions	520.2	140.4	118.3	84%	78.9	50%
TRA Non Tax	16.1	4.0	3.0	75%	5.3	-43%
Radar Refund	72.3	0.0	0.0			
LGAs own source	362.2	90.6	8.6		60.0	

Source: Ministry of Finance

Expenditure by Category July - September 2011 (in billions of Tshs)

Billion Shillings

	Budget Estimate	July - September 2012			July-September 2011/12 Actual	Year on Year % Change
		Estimate	Actual Expenditure	Percent of Estimate		
Total Expenditure	13,812.2	3,142.1	2,152.9	69%	2,307.7	-7%
Recurrent Expenditure (Excl. CFS)	7,919.0	1,943.9	1,385.2	71%	1,245.7	11%
Wages and salaries	3,147.1	808.7	824.2	102%	679.8	21%
Goods, services and transfers	4,772.0	1,135.2	561.0	49%	565.9	-1%
TRA	173.9	43.5	43.5	100%	31.6	38%
Fuel Levy	429.7	107.0	96.7	90%	100.6	-4%
Parastatal wages	634.0	129.4	127.1	98%	109.3	16%
Retention scheme	305.5	66.6	56.7	85%	25.9	119%
Other goods and services	3,658.6	895.6	333.7	37%	399.1	-16%
Transfer to Zanzibar (BGS)	32.6	12.2	13.2	108%	-	
Transfer to Zanzibar (PAYE)	21.0	5.3	5.3	100%	-	
TANESCO (IPTL- Capacity Charge)	18.0	4.5	4.5	100%	4.5	0%
Treasury Voucher Scheme	37.9	9.5	9.3	99%	9.4	-1%
Other charges	3,570.1	869.5	306.7	35%	385.2	-20%
Development Expenditure	4,527.8	889.6	555.5	62%	884.4	-37%
Domestic	2,213.6	311.1	409.7	132%	590.8	-31%
Foreign	2,314.2	578.6	145.8	25%	293.6	-50%
o/w basket grants	255.9	64.0	-	0%	2.5	-100%
o/w basket loans	159.2	39.8	61.3	154%	7.7	694%
o/w MCA (T)- USA	433.6	108.4	37.7	35%	221.6	-83%
Interest	555.2	106.8	95.8	90%	67.5	42%
Domestic	335.2	79.6	83.9	105%	47.9	75%
Foreign	220.0	27.3	11.8	43%	19.5	-39%
CFS others	810.1	201.7	116.5	58%	110.1	6%

Source: Ministry of Finance

Foreign Grants and Financing July - September 2012

Billion Shillings

	Budget Estimates	July - September 2012			July - September 2011/12 Actual	Year on year % change
		Estimate	Actual	Percent of estimate		
Overall deficit before grants	(4,663.1)	(940.3)	(161.8)	17.2%	(668.0)	-75.8%
Grants	2,008.5	617.7	475.3	0.2	222.9	113.2%
Programme	622.5	271.2	408.2		0.0	
Project	696.5	174.1	29.4	16.9%	161.0	-81.7%
Basket Support	255.9	64.0	0.0	0.0%	2.5	-100.0%
MCA(T) - USA	433.6	108.4	37.7		59.5	-37%
Overall deficit after grants	(2,654.6)	(322.7)	313.5	-97%	-445.1	-170%
Expenditure Float	0.0	0.0	-349.9		-183.0	91%
Overall Balance	(2,654.6)	(322.7)	(36.4)	11%	(748.2)	-95%
Financing	2,654.6	322.7	62.1	19%	748.2	-92%
Foreign (net)	2,170.7	213.3	170.2	80%	443.2	-62%
Programme (Loans)	220.0	0.0	86.6		28.7	
Project (Loans)	769.0	192.3	17.4	9%	63.0	-72%
Basket Support	159.2	39.8	50.5	127%	7.7	
Non-Concessional Borrowing	1,254.1	0.0	23.3		361.2	
Amortisation Foreign (outflow)	-231.6	-18.8	-7.7	41%	-17.4	-56%
Domestic (net)	483.9	109.4	-108.0	0.9	305.0	-1.7
Bank Borrowing	483.9	109.4	-108.0	-99%	315.7	-134%
Non-Bank Borrowing	0.0	0.0	0.0		-10.8	-100%
Borrowing/Roll over	1,148.1	317.8	306.3	96%	229.6	33%
Amortisation of contingent debt	0.0	0.0	0.0		0.0	
Domestic amortisation/Rollover	-1,148.1	-317.8	-306.3	96%	-229.6	33%
Source: Ministry of Finance						