1. INTRODUCTION

This is the third edition of the citizen budget which intends to explain the Government budget for the 2013/14 financial year in simple and easily understood language to Tanzanians. The Government budget is a financial plan detailing how the Government intends to raise and how it intends to spend financial resources. It is the main economic policy tool of the Government and indicates how it plans to use public resources to meet policy goals. It explains how the Government plans to collect money from various sources and how it will spend it over the course of the year in order to meet the aspirations of the people.

Basis for the Government Budget 2013/14

In order to achieve budget objectives and targets, the basis for the 2013/14 Government budget will include:

- Continue improving and sustaining peace, security, stability and harmony;
- Continue improving economic and social development indicators including GDP, external trade, money supply, revenue and expenditure and other social indicators;
- Increasing domestic revenue collection by strengthening existing sources and identifying new potential sources of revenue;
- Strengthening management of public funds;
- Strengthening Integrated Financial Management System (IFMS) and ensuring there are funds commitments before acquisition of goods and services;
- Considering priorities identified under MKUKUTA II and the First Five Year Development Plan (FYDP), particularly the priority sectors under the Big Results Now;
- Improving the implementation and accountability systems in the priority areas;
- Continue strengthening fiscal and monetary policies that will facilitate reducing inflation and interest rate spread; and
- Continue improving business environment and investment climate to attract private sector participation in economic activities.
Objectives and Targets for 2013/14 Budget

The above mentioned interventions aim at achieving the following macroeconomic objectives and targets:

- Real GDP is projected to grow by 7.0 percent in 2013 and 7.2 percent in 2014;
- Maintaining a single digit annual inflation rate with annual inflation expected to decline further to 6.0 percent by June 2014;
- Increase domestic revenue to 20.2 percent of GDP in 2013/14.
- To have budget deficit after grants not exceeding 5.0 percent of GDP in 2013/14;
- Control the growth of extended broad money supply (M3) at 15.0 percent in June 2014;
- Accumulate gross official reserves adequate to cover at least 4 months of imports of goods and services in 2013/14;
- Reduce interest rate spread;
- Strengthen the shilling and maintain a stable and market determined exchange rate.

2. WHAT THE GOVERNMENT WANTS TO ACHIEVE IN 2013/14?

The Government budget for 2013/14 aims at unlocking social and economic opportunities for sustainable development.

In this Financial Year, the government has come up with the new initiative known as Big Results (BRN) Now which is aiming at putting new framework to ensure that development projects achieve the intended results in an efficient and effective manner.

Big Results Now is about sticking to the few agreed priorities and ensuring that the identified projects are adequately resourced for effective implementation. The introduction of Presidential Delivery Bureau (PDB) is aimed at improving the effective implementation and accountability for the resources. It is mandated to spearhead establishment of criteria and standards for analyzing development project proposals, reviewing implementation progress, evaluating contract performance with sector ministries and providing professional advices to both government and private sector on priority areas and opportunities to achieve big results.

Apart from the BRN, the Government will also continue with the implementation of other development projects as indicated in MKUKUTA II and the Five Year Development Plan (FYDP).

Prioritizing development projects
In 2013/14, the national priority projects were selected based on the following criteria:

i. Quick-win projects that contribute to high social economic outcomes and poverty reduction;
ii. Projects with multiplier effects;
iii. Attracting investment, increase productivity and create employment opportunities;
iv. Counterpart funding projects, and signed contracts; and
v. Ongoing projects;
3. MEASURES AND GUIDING POLICIES IN THE 2013/14 FINANCIAL YEAR

(a) Revenues Policies: To widen revenue base by identifying new sources and strengthening administration of the current sources including control and reduction of the magnitude of tax exemptions. The policies intend to enhance domestic revenue collection so as to minimize dependence on foreign aid and international trade taxes, which have shown a declining trend. With a view to strengthening revenue collection and enhancing domestic revenue, the Government will implement revenue policies, administrative measures and other changes as follows:

- To undertake the following policy and administrative measures:
  i. To reduce tax exemptions including abolishing VAT exemptions on tourism services; reviewing the Tanzania Investment Act in order to reduce exemptions and retain only few which will attract strategic investments;
  ii. To support initiatives on establishing a One Stop Service Centre at the port including One Stop Border Posts at Holili, Mutukula, Sirari, Horohoro, Kabanga, Tunduma, Rusumo and Namanga;
  iii. To continue building capacity of Government officials to enhance their knowledge and skills in curbing tax evasion and avoidance;
  iv. To strengthen the effective use of Electronic Fiscal Devices which are linked to TRA database to ensure that the Government earns appropriate tax revenue;
  v. To establish a new system known as Integrated TRA Revenue Gateway System to improve the tax payment systems to be in real time gross settlement electronically.
To undertake the following Law review/changes:

i. Ammending the Value Added Tax Act, CAP. 148 in order to abolish VAT exemption on tourism services and abolish VAT to domestic textiles mills using locally grown cotton.

ii. Ammending the Income Tax Act, CAP. 332 in order to reduce the minimum tax rate imposed on income of a resident for a year; introducing withholding tax on the commission imposed on money transfer through mobile phone, services, supply of goods to Government and its Institution; and abolish exemption of withholding tax on leased aircraft applicable to non-residents.

iii. Ammending the Excise (Management & Tariff) Act, CAP 147 so as to raise excise duty rate from 20% to 25% on non-utility vehicles aged more than 10 years; Introduce excise duty of 5% on utility vehicles aged more than 10 years (except assembled tractors and unassembled vehicles); amend excise duty rates on petroleum products; introduce excise duty on imported furniture. Others amendments including adjusting the specific duty structure on soft drinks, fruit juices, beer, wine, spirits, bottled water and cigarettes.

iv. Ammending the Road and Fuel Tolls Act, CAP. 220; in order to increase fuel levy from Shs. 200 per litre to Shs. 263 per litre.

v. Ammending the Vocational Education and Training Act, CAP 82 to reduce Skills Development Levy from 6% to 5% and require Government Institution which do not receive substantial Government subventions to pay Skills Development Levy.

vi. Ammending the Road Traffic Act, CAP. 168 in order to raise Annual Motor Vehicle License Fee from Shs. 100,000 to Shs. 150,000 (for engine capacity between 501cc – 1500cc); from Shs. 150,000 to Shs. 200,000 (for engine capacity between 1501cc – 2500cc); from Shs. 200,000 to Shs. 250,000 (for engine capacity above 2501cc).

vii. Ammending the Petroleum (Exploration and Production) Act, CAP 392; in order to introduce a Petroleum Levy of Shs. 50 per litre, to be collected by TRA for the financing of rural electrification programme.

viii. Ammending the Tanzania Investment Act, CAP 38; introducing import duty rate of 25% applicable to Deemed capital goods (by remitting 75 percent of import duty on such goods instead of current 90 percent) and to remove from the list the goods which cannot be deemed to be capital goods in nature such as office equipment, furniture, stationery, sugar, drinks (refreshments), saloon cars, air conditioners, electronic equipment, bed sheets, cutlery e.t.c.

ix. Ammending the East African Community Customs Management Act, 2004; in order to effect changes in the Common External Tariff (CET).

x. Effect minor amendments to various Tax Laws and Financial Management Laws; and

xi. Amending Fees and Levies imposed by Ministries, Regions and Independent Departments.

To implement some of initiatives under BRN including auctioning forest and tourist hunting blocks and improve land rent and property tax collection systems.
(b) Expenditure Policies: To reduce further expenditure in areas such as seminars, domestic and foreign travel, exhibitions and trade fairs, procurement of furniture and motor vehicles both at Central Government and Local Government Authorities. Specific expenditure policy actions to be pursued include the following:

- Aligning anticipated revenues with expenditures;
- Limiting the budget deficit (including grants) not to exceeding 5 percent of GDP;
- Supply Votes to spend in line with budget as approved by the Parliament;
- Allocating sufficient funds to finance the priority projects as stipulated in the Development Plan;
- Complying with the Public Finance Act and the Public Procurement Act;
- Allocating funds to Local Government Authorities on the basis of Decentralization by Devolution Policy (D by D) as well as strengthening the LGAs internal controls on revenues and expenditures, and
- Implementing priorities of the first Five Year Development Plan as well as strategic priority area under the BRN initiative.
4. WHERE IS THE MONEY COMING FROM AND HOW MUCH?

In the financial year 2013/14 the Government plans to collect a total of **Shs. 18,248.98 billion** from the following sources:

- **TShs. 11,154.07 billion** from domestic revenue comprising of **TShs. 10,412.94 billion** from taxes and **TShs. 741.13 billion** from non tax revenue.
- **TShs. 383.45 billion** from Local Government own source.
- **TShs. 2,692.07 billion** from Grants and Concessional loans.
- **TShs. 1,163.13 billion** from General Budget Support.
- **TShs. 1,699.86 billion** from Domestic Borrowing to finance rolling over of maturing Treasury Bills and Bonds.
- **TShs. 1,156.4 billion** from External Non Concessional Borrowing for financing development projects.
5. HOW IS THE GOVERNMENT PLANNING TO SPEND THE MONEY COLLECTED?

5.1 MAIN EXPENDITURE ALLOCATION

For the Financial Year 2013/14, the Government estimates to spend TShs. **18,248.98** billion. This is an increase of 16.75% from TShs. **15,191.94** billion that was allocated in 2012/13. The main expenditure breakdown is as follows:

(a) TShs. **12,574.95** billion has been allocated for **Recurrent expenditure**. This is the total money to be used by the government to meet operational expenses. It mainly consists of expenses on purchasing goods and services (like hospital equipment, school equipment, fuel, rent, etc); paying salaries and wages for civil servants; and payments on national debts. The recurrent expenditure in 2013/14 Financial Year has increased by 15.2% from TShs. **10,664.11** billion that was allocated in 2012/13.

(b) TShs. **5,674.03** billion has been allocated for **Development Expenditure**. This is expenditure to finance development projects such as construction of infrastructures (e.g. roads, railway lines, airports, e.t.c), supporting industry development, building schools and hospitals, electricity and water supply, and agricultural projects. Development expenditure will result in improved social and economic infrastructures for quality service delivery to promote economic growth, changes on social well being and quality of life. Development expenditure for the 2013/14 Financial Year has increased by **25.3%** as compared to **TShs. 4,527.84** billion allocated in 2012/13 Fiscal Year.
How is the money planned to be spent?

**Total Expenditure:**
Tshs 18,248.98 billion

- **Development Expenditure:**
  Tshs 5,674.03 (Money for development projects; such as Infrastructures, Electricity, Water, building schools & hospitals, etc.)

- **Recurrent Expenditure:**
  Tshs 12,574.95 billion (Money for running government operations)

- **Other Charges:**
  Tshs 4,492.57 billion (To purchase goods and services including hospital equipments, school equipments, fuel, rent, etc.)

- **Wages & Salaries:**
  Tshs 4,763.2 billion (To pay salaries for civil servants)

- **Consolidated Financial Services:**
  Tshs 3,319.16 billion (To pay national debts)

Government Expenditure on Recurrent and Development as percentage of the total budget:

- **Development Expenditure:** 31%
- **Recurrent Expenditure:** 69%
5.2 SECTOR ALLOCATION

5.2.1. Education Sector

In the financial year 2013/14, the Education Sector has a budget of **TShs. 3,127.9 billion** which is 7.6 percentage increase compared to TShs. 2,890.1 billion allocation in the previous year.

**Sector Planning and Spending Highlights**

The sector is focusing at facilitating access and achieving equity in Education and Training, improving quality of education and Training as well as addressing matters related to working environment and supportive components in the education sector in Tanzania. The detailed analysis of some of the major components of the Budget in this sector is as follows:

**Basic Education**

- **TShs. 0.77 billion** has been budgeted to address Basic Education issues including advocating, publicizing and monitoring enrolment process in selected councils; allocating grade A teachers to all Councils; operationalization of STD IV Examinations; and assessing teaching and learning environment achievements gained overtime.

**Primary Education:**

- **TShs.126.8 billion** has been budgeted to carter for operational costs in Primary Education. These include costs for examination TShs. 19 billion, Capitation Grant (books, chalks, minor maintenance of schools facilities) TShs. 52.5 billion, Special schools for children with disabilities TShs. 6 billion; leave travel expenses TShs. 11.96 billion and moving expenses TShs. 13 billion.
- **TShs. 4.21 billion** has been set aside for primary education on overseeing policy issues and monitoring.

**Secondary Education:**

- **TShs.91.8 billion** has been budgeted for the management and operational expenses in Secondary Education. These include costs for examination TShs14.5 billion, Capitation TShs 22.9 billion, School meals TShs. 39.8 billion and leave travel expenses TShs. 4.5 billion.
- **TShs. 1.44 billion** has been set aside for secondary education on overseeing policy issues and monitoring.

**Technical, Vocational Education Training**

- In addressing Technical and Vocational Education Training, a total of **TShs. 572.8 billion** has been budgeted in the financial year 2013/14.

**School Inspectorate**

- **TShs. 4.2 billion** has been allocated for school Inspectorate targeting to inspect 10,684 learning institutions and providing support to 40,000 subject teachers. School Inspectorate also target at organizing and administering National Form Two Examinations, moderating, analyzing and giving inferences to Form Two Examinations results.
Teachers Education

- **TShs 22.68 billion** has been allocated for Teachers College to cater for operational costs such as supply of food for teaching trainees, supply of teaching and learning materials, conducting Day Block Teaching Practice (BTP), conducting Tutors Education Programme for Pre-Service Grade A, as well as monitoring and evaluation in the implementation of Teacher Development and Management Strategy (TDMS).

Higher Education

- **TShs. 526.77 billion** has been set aside for higher learning institutions to open up more training opportunities for young men and women of the country and thus rendering them highly skilled and more competitive.

5.2.2. Health Sector

In the financial year 2013/14, Government has allocated TShs. **1,498 billion** out of the Government budget for the health sector, compared to TShs. **1,289 billion** shillings of year 2012/2013, which is an increase of 16.2 percent.

**Sector Planning and Spending Highlights**

The sector plans to spend the allocated amount to make public health available and sustainable to all people by: continuing funding the National Health Fund for all, ensuring availability of medicine and medical equipment, implementing health priority projects, employing and posting 612 health sector employees of different cadres to various health facilities. Sector spending plan highlights are:

- **TShs. 92.05 billion** has been allocated for the procurement and supply of medicines, medical equipment and for building capacity of Health sector i.e. Nurses, Doctors, and Midwives etc. through Health Basket Fund at Regional and District levels;
- **TShs. 8.0 billion** has been set aside for cancer treatment national wide and for procurement of Linear Accelerator Machine to ease cancer treatment at Ocean Road Cancer Institute;
- **TShs. 32.33 billion** has been allocated for paying salaries and health services operations for health employees (Nurses, Doctors, and Midwives) at District level. In additional 236 different health sector employees will be posted to 35 Districts which experience high shortage of health workers;
- **TShs. 20.0 billion** has been allocated for strengthening Primary Health Care Services through the PHSD Programme which involves construction of Dispensaries in villages throughout the country;
- **TShs. 5.15 billion** has been allocated for diseases preventive such as Hand Washing Programme to all District Councils;
- **TShs. 305.7 billion** has been allocated to facilitate diseases control programmes. Specifically for supporting TB/Leprosy control programmenationalwide; distribution of Gene X-pert machines in Regional Hospitals to assist in dealing with chronic TB starting with Dar Es Salaam Hospitals and in combating HIV/AIDS countrywide;
- **TShs. 9.80 billion** has been allocated for the ongoing construction of regional hospitals in Singida, Mbeya, Manyara and Mara and also for rehabilitation of Regional Hospitals countrywide;
- **TShs. 10.50 billion** for rehabilitation and maintenance of facilities at district hospitals, health centers and dispensaries countrywide;
- **TShs. 21.40 billion** will be directed towards improvement of antenatal and maternal health programmes to prevent and reduce under-five and maternal mortality; to supply Vitamin A and D supplements;

- **TShs. 79.55 billion** has been allocated for curative and preventive services and for control of communicable diseases countrywide;

- **TShs. 385.03 billion** has been allocated for procurement and distribution of medicines in dispensaries, health centers and hospitals in the country; out of that TShs. **271.57 billion** has been set aside for procurement of HIV/AIDS, Malaria and TB medicines;

- **TShs. 2.0 billion** has been set aside for supporting health services at the Muhimbili Orthopaedic Institute (MOI) including expansion of services by expanding accommodation capacity for admitted patients from 200 beds to 336 beds and constructing two Operation Theaters; provision of CT Scan and MRI machines;

- **TShs. 10.30 billion** has been set aside for provision of Health services at Muhimbili National Hospital to support provision of referral health service to all citizens;

- **TShs. 39.48 billion** has been allocated for strengthening provision health services in referral hospitals including procurement and supply of medicines, medical equipment and building capacity for health employees (Nurses, Doctors, and Midwives) to all referral hospitals countrywide.

### 5.2.3. Agricultural Sector

The budget for the agricultural sector for 2013/14 is TShs. 908.10 billion, which is less by 17.7% compared to **TShs. 1,103.6 billion** allocated in 2012/13. The drop in the budget allocation in agricultural sector was due to the increase investments in other areas such as roads and railways etc. which have also a multiplier effect on the agricultural development.

**Sector Planning and Spending Highlights**

In the year 2013/14 the Sector is planning to implement specific interventions to address the challenges facing sector. The interventions include: encouraging commercial farming in order to raise productivity and also promote livestock keeping and fish farming; improve extension services; ensuring availability of credit facilities to farmers and provision of markets to agricultural produce through the following:

- **TShs. 7.40 billion** has been set aside for Agricultural Inputs Fund to facilitate availability of loans for purchasing inputs and implements such as tractors and power tillers, irrigation equipment and equipment for facilitating value addition processes;

- **TShs. 89.1 billion** has been set aside for sustaining the provision of fertilizers subsidies;

- **TShs. 3.6 billion** has been allocated towards the provision of improved seeds and seedlings subsidies;

- **TShs. 4.3 billion** has been allocated for agricultural chemicals;

- **Tshs. 17.3 billion** has been allocated for the *Southern Agricultural Growth Corridor of Tanzania* (SAGCOT) for the purposes of increasing production of maize, rice and sugar. This intervention is intended to enhance food security in the country and the neighbouring countries.

- **TShs. 110.4 billion** has been allocated to enable National Food reserve Agency (NFRA) purchase 250,000 tons of cereals from areas with surplus for national food reserve and for...
conducting surveys to assess the status of food security in the country, also construction of grain storage facilities (Silo) with a capacity to store 5,000 tons each in Songea and Mbozi districts;

- **TShs. 67.30 billion** has been allocated for strengthening agricultural services in Local Authorities which includes extension services, construction of agriculture infrastructure such as feeder roads, abattoirs, irrigation schemes and markets.

**Other areas of intervention during 2013/14-budget implementation include:**

- In a bid to enhance data analysis in the cooperative sub sector the training on Cooperative Data Analysis System (CODAS) will be conducted to 50 Co-operative Officers from Mtwara, Lindi, Simiyu, Geita, Katavi and Njombe regions;
- In strengthening management and audit in the cooperatives societies, 300 Co-operative Officers will be trained, also special audit will be carried out in 500 cooperatives societies and normal audit will be conducted in 7,000 cooperatives societies;
- In a bid to enhance value addition to agricultural produce through processing, the Government will encourage farmers to use the recent completed milling plant in Iringa region with a capacity to mill 60 tons of maize per day;
- Government will sponsor 3,500 students to undertake various agricultural courses in the Agricultural Training Institutes at Diploma and Advanced Diploma levels;
- In improving irrigation system, the Government will construct the irrigation dam at Ulindwanoni in Urambo, Tabora. The Government will also will design irrigation dams in arid areas found in Dodoma, Singida, Tabora, Shinyanga, Geita and Simiyu Regions.

**5.2.4. Water Sector**
The Water Sector spending has increased significantly by 21.2 percent from TShs. 616.9 billion in FY2012/13 to TShs 747.6 billion in 2013/14.

**Sector Planning and Spending Highlights**

In order to resolve the critical problem of access to clean and safe water to citizens, the Government will improve water infrastructures both in rural and urban areas by: - finalizing implementations of ongoing water supply projects including Dar es Salaam water emergency plans (expansion of water pipes from upper and lower Ruvu), Mpera boreholes and construction of Kidunda Dam; rehabilitating the existing water supply systems urban and rural areas; completing district water supply plan in 10 villages in each LGAs; construction and rehabilitation of water points countrywide; implementing Quick Win water projects; and providing education (means) to stakeholders on management and development of water resources through training to Water Users Association; water sanitation and health campaigns at school and household levels; exhibitions; brochures and medias. Major focus therefore allocation will be on the following activities:

- **TShs. 151.5** billion is allocated for rehabilitation and expansion of Urban Water Supply Schemes.
- **TShs. 60.6** billion is set aside for expansion of Upper Ruvu treatment plant and construction of main transmission pipeline from Lower Ruvu to Dar es salaam.
- **TShs. 35** billion is set aside for compensation and construction of Kimbiji and Mpera boreholes.
- **TShs. 32** billion is allocated for implementation of Same - Mwanga and Korogwe water project.
- **TShs. 26.9** billion is set aside for expansion of Rural Water Supply countrywide.
- **TShs. 24.7** is set aside for drilling boreholes, constructions of Dams and water Transmission in the regions countrywide.
- **TShs. 150.3** billion is set aside to implement District Water Supply Plans under the 10 Villages in 80 LGAs where 6,318 water points will be constructed.
- **TShs. 25** billion is allocated for construction of Dodoma Water Supply and Sewerage System for University of Dodoma (UDOM) and Dodoma Municipality and improve water supply from Ntomoko water project.
- **TShs. 65.6** billion is set aside for implementing Quick Wins projects all over the country.
- **TShs. 12.2** billion is allocated for National Sanitation Campaign at household and school levels countrywide.
- **TShs. 6** billion is set aside for the construction of access road to Kidunda Dam.
- **TShs. 3.6** billion is set aside to expand water supply to 100 villages along Kahama –Shinyanga main pipe line.
Transport sector which includes roads, bridges, railways, airports, ports and ferries has been allocated shillings 2,177.30 billion in 2013/14 as compared to shillings 1,940.0 billion allocated in 2012/13. The allocation in 2013/14 is equivalent to 15 percent of the total budget; and has increased by 12.2 percent from that of 2012/13.

Sector Planning and Spending Highlights

In 2013/14, the government aims at opening development opportunities by connecting cities and regions with tarmac roads as well as improving transport in Dar Es Salaam city. It also intends to improve railway transport, air transport, water transport and port services. The allocation highlights for transport sector are as follows:

- **TShs. 143.1 billion** will be used to procure and repair locomotives engines and tracks; rehabilitation of railway, equipment, railway stations facilities, railway workshops; and meeting contractual liabilities.
- **TShs. 53.4 billion** will be used for upgrading of the existing railway lines and completion of railway bridges construction.
- **TShs. 200.6 billion** has been allocated for implementing various airports projects. Out of this, TShs. 89 billion will be spent for strengthening and improvement of Julius Nyerere International Airport (JNIA); The rest will be spent on rehabilitation, completion and construction of airports (Songwe, Mwanza, Bukoba, Kigoma, Tabora, Shinyanga, Sumbawanga, Mtwar) which are at different stages.
- **TShs. 19.8 billion** has been allocated for improvement of Air Tanzania company Limited (ATCL), Ports, National Institute of Transport (NIT), Dar Es Salaam Maritime Institute (DMI), Marine Services Company Limited (MSCL) Also maintenance of Government aircrafts and Tanzania Meteorology Agency (TMA) Radars.
- **TShs 784.9 billion** has been allocated towards construction of roads at the level of tarmac and gravel which are at various stages in several areas in the country.
- **TShs. 148 billion** has been set aside under Milleneum Challenge Corporation (MCC) for the construction of Tunduma-Sumbawanga road, Namtumbo-Songea road, Peramiho-Mbinga road, Tanga-Horohoro road and Zanzibar rural roads.
- **TShs. 21.5 billion** has been set aside for the construction of Nangoo, Kirumi, Sibiti, Kilombero, Maligisu, Kavuu, Mbutu, Ruhuhu, Ruhekei and Momba bridges and procurement of emergency bridge materials.
- **TShs. 13.27 billion** has been allocated for Kikwete Bridge across the river Malagarasi,
- **TShs. 3 billion** has been set aside for ongoing construction of Kigamboni Bridge which will connect Kurasini and Kigamboni areas
- **TShs. 17.03 billion** has been set aside for construction of ferry ramps, procurement of rescue boats and new ferries (including one that will be operating between Dar Es Salaam and Bagamoyo) and rehabilitation of several ferries including MV Chato, MV Magogoni, MV Kilombero, MV Kome and MV Geita.
- **TShs. 31.9 billion** has been allocated for rehabilitation of regional roads at the level of tarmac and gravel, which includes construction of 17 bridges in Katavi, Morogoro, Mbeya, Manyara, Ruvuma, Simiyu, Lindi, Mtwar, Geita and Rukwa regions
- **TShs. 504.3 billion** has been set aside for Road Fund Board to be spent on the construction, maintenance, and management of different road projects executed by the TANROADS and Local Authorities.
Tshs. **41.13 billion** has been set aside for various road projects aimed at reducing traffic congestions in Dar es Salaam city, including DSM road flyover and Rapid Transport Programme.

### 5.2.6. Energy and Minerals Sector

The energy and minerals sector budget allocation for 2013/14 is Tshs. 1,303.2 billion which is as an increase of 78.1 percent compared to Tshs. 731.8 billion allocated in 2012/13.

#### Sector Planning and Spending Highlights

The major sector priorities for 2013/14 include: power generation, transmission and distribution of electricity especially in rural areas; construction of natural gas infrastructure; management and control of fuel prices; promotion of investments in energy and mineral projects; and enhancing sector’s capacity in management and monitoring of energy and mineral projects. In achieving these priorities, the budget allocation has been earmarked to the following projects:

**i. Power generation, transmission and supply**
- Tshs. **339.9 billion** has been allocated for Rural Energy Agency and Rural Energy Fund to facilitate distribution of power to District Headquarters and other rural areas;
- Tshs. **19.8 billion** is set aside for rehabilitation of power transmission and distribution lines in order to improve power supply reliability in Dar Es Salaam;
- Tshs. **20.0 billion** has been set aside to facilitate implementation of Kiwira Coal Mines and construction of 200MW power plants;
- Tshs. **3.1 billion** is budgeted for development of Liquid Bio-Energy Policy and procurement and installation of equipment and materials to facilitate promotion of new and renewable energy sources;
- Tshs. **12.5 billion** has been set aside for construction of 220 kV power transmission line from Makambako to Songea;
- Tshs. **5.4 billion** is allocated for construction of 400 KV power transmission line from Iringa – Shinyanga and expansion of four (4) grid substations in Iringa, Dodoma, Singida and Shinyanga;
- Tshs. **10.9 billion** has been allocated to facilitate provision of training to qualified Tanzanians in minerals and petroleum related courses and management of investment contracts;
- Tshs. **22.2 billion** has been allocated for construction of power distribution lines in Shinyanga and Mwanza;
- Tshs. **8.9 billion** has been set aside for the rehabilitation of Hale Hydro Power Plants and Tshs. 22.0 billion for implementing Rusumo falls Hydro Electric Project;
- Tshs. **109.9 billion** and 208.0 billion has been allocated for construction of 240MW and 150MW gas fired power plant respectively at Kinyerezi, Dar Es Salaam; and
- Tshs. **273.2 billion** has been allocated to TANESCO to facilitate power generation.

**ii. Natural Gas**
- Tshs. **83.0 billion** has been allocated as Government contribution to the construction of Natural Gas Pipe Line from Mtwara to Dar Es Salaam;

**iii. Mining**
TShs. 20.0 billion has been allocated to undertake High Resolution Airborne Geophysical Survey in Mbeya, Katavi and Mpanda in a bid to promote sustainable management of mineral resources;

TShs. 4.0 billion is allocated for construction of Dodoma, Mpanda and Mtwara Regional Mines Offices;

5.2.7. Industrial Sector

In line with five year development plan, in the financial year 2013/14 the emphasis will be promoting industries that utilize locally available raw materials, value addition, heavy industries for fertilizers and cement, factories in Special Economic Zones, electronic and Information and Communications Technology (ICT). Other areas include improving the business environment and strengthening small enterprises in the country and promoting partnerships between public and private sector.

**Sector Planning and Spending Highlights**

- **TShs. 31.0 billion** has been set aside to continue developing Kurasini Logistical Centre. The funds will be spent to compensate owners of the land which has been taken over for implementing the project. The project is joint venture between Tanzania and China and upon completion it is expected to create 25,000 jobs.

- **TShs. 9.0 billion** has been set aside to implement development activities in Special Economic Zone (SEZ) project in Bagamaoyo including compensation for land acquired for the construction of Mbegani Port.
- **TShs. 5.10 billion** has been set aside to finance the ongoing construction of Mosquito Biolarvicides Plant at TAMCO Industrial Estate, Kibaha in the Coast Region.

- **TShs. 6.30 billion** has been set aside to finance the efforts to revive the General Tyres Factory in Arusha. The funds are expected to be utilized working capital (recruitment of workers and salaries), rehabilitation of the building and machinery, purchase of spares parts, raw materials and vehicles among others.

- **TShs. 5.0 billion** will be spent for in the Mchuchuma and Liganga Projects out of which **TShs. 2.0 billion** will be spent in the design, construction and procurement of equipment for Mchuchuma Coal Project; and **TShs. 3.0 billion** will be spent on construction and procurement of equipment at Liganga Iron project.

- **TShs. 3.0 billion** will be spent to finance micro and small entrepreneurs activities under Small Industries Development Organization (SIDO). The funds will be utilized to continue financing the construction of SME Business Parks, strengthen support services for establishment and development of small industries in rural areas and to strengthen National Entrepreneurs Development Fund (NEDF).

### 5.2.8. Employment Creation

The Government has continued to put efforts so that to mitigate employment challenges, especially to youth Tanzanians. The efforts include the preparation of National Youth Employment Creation Programme (NECP) to be launched in this financial year (2013/2014) which will facilitate creation of 600,000 employments by 2015/2016.

Also the Government through Sokoine University of Agriculture (SUA) in collaboration with CRBD Bank have created the Higher Education Graduands Employment Creation Programme in which 200 Agricultural and Bee Keeping projects will be implemented during the year 2013/2014 by Regions, Councils, Private Sector and Education Institutions.

**Financial allocations for Employment creation programmes are as highlighted below:**

- **TShs. 1.0 billion** has been provided to the *Mwananchi Empowerment Fund Project* to finance Youth Self-Employment projects.

- **TShs. 0.50 billion** will be provided as loans to small entrepreneurs through Presidential Trust Fund.

- **TShs. 0.50 billion** has been set aside for poverty eradication and empowerment through Small Entrepreneurs Loan Facilities.

- **TShs. 3.02 billion** has been set aside to finance Rural MicroSmall and Medium Enterprises. The fund will be used to strengthen support services for establishment and development of small industries in rural areas.

- **TShs. 4.0 billion** has been set aside in Ministry Community Development Gender and Children for Women Economic Empowerment Projects. This fund will be provided as loans to women in rural areas where Women will form business groups to acquire the loans.
The following is a list of the documents published by Government and used as sources of information to prepare the budget:

- Tanzania Development Vision 2025, together with its initial Five Year Development Plan: According to the Vision, by year 2025, Tanzanians will be well educated and able to economically sustain themselves. Government will serve the people and the economy will be strong and competitive;
- Recommendations of the National Development Plan for the Year 2013/14;
- MKUKUTA II, which started in 2010 and end in 2015: It focuses on using economic growth to address poverty and in particular emphasizes the role of agriculture;
- The Millennium Development Goals 2015: Focus on addressing hunger, education, gender equality, child and maternal health, fighting HIV/Aids, sustaining the environment and building a global partnership; CCM Election Manifesto 2010 -2015;
- Macro-Economic Policy Framework: Provides information about fiscal policies and reforms;
- National Debt Strategy;
- Joint Assistance Strategy for Tanzania;
- Sector Policies & Strategies;
- Performance Assessment Framework (PAF) under General Budget Support Annual Review (GBSAR);
- Ministerials’ Budget Speeches for year 2013/14;
- Medium Term Plans and Medium Term Expenditure Framework Budget Memoranda;
- The Appropriation Act, 2013;
- The Finance Act, 2013;
- The State of the Economy Speech for Year 2013/14;
- National Economic Survey; and
- The Estimates of Revenue and Expenditure for year 2013/14 (Volumes I – IV).
What can you do with this information?

The Government budget is an important reflection of what the Government really plans to do in that year. If you want to know where your tax money is going, whether there are plans to improve education, health, agriculture, water supply, etc. in your area, you can look at how and how much money is allocated, in particular to development. This booklet tries to summarise some of this information as simply as possible. However, you can find out more about the budget process from:

- The budget documents of Tanzania (see reference documents) and in particular, the four volumes of the Government Budget Books which are available at the Ministry of Finance or in our Website: http://www.mof.go.tz;
- The Ministry of Finance P.O. Box 9111, Dar es Salaam;
- Local Government Authorites offices and/or officials in your area such as the Village Executive Chairperson; or
- Policy Forum, P. O. Box 38486, Dar Es Salaam.

Remember, it is your right to know this and more information surrounding the national budget. Talk to your leaders about this information and share it with other people in your community!
What are your ideas, questions, thoughts or comments on the budget?

Do you need more information than is provided in this booklet? □YES □NO

If “YES” What kind of information do you need?

Is there anything more you would like us to know?

Was this booklet useful □ Yes □ No □ Somewhat

Was the booklet easy to read and understand? □ Yes □ No □ Somewhat

Post OR deliver this leaflet to:

The Budget Department, Ministry of Finance
P.O. Box 9111, Dar es Salaam.