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2015

# Guidelines for the Preparation of Medium Term Plan and Budget Framework for 2015-16

Tanzania, United Republic

Ministry of Finance and Planning

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**THE UNITED REPUBLIC OF TANZANIA**



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

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

## **1. INTRODUCTION**

1. The Plan and Budget Guidelines (PBG) for 2015/16 is the fifth and final in implementing the Five Year Development Plan (FYDP) 2011/12-2015/16 and also mark the end of MKUKUTA II and the 2010-2015 ruling Party Election Manifesto of the Fourth Phase Government. Therefore, the Government priorities among others will focus on preparations of successor strategy, completing unfinished development programmes and conducting the National General Election of 2015. These events together with the Local Government Election of December 2014 will have significant impact on the coming budget and require proper alignment of priorities and resources so as to ensure budget execution in an efficient manner to achieve desired results.

2. In honouring the utmost goal of PBG which is to achieve the highest economic and social welfare for all citizens through strategic investments in socio-economic development, the PBG will continue to provide strategic guidance to all Accounting Officers during preparation of their plans and budgets. In line with the 2015/16 PBG, the Public Investment Management Operational Manual (PIM-OM) will be issued in order to increase the quality of national public investments.

3. Guidelines draw attention to MDAs, RSs, LGAs, PCs and PIs to reprioritize their investments when preparing their plans and budget by allocating resources into strategic areas in a manner that will enhance improved service delivery as well as leverage private sector investment in the economy. Prioritization should focus on projects and programs with higher multiplier effects as articulated in the FYDP. Hence, emphasis will be given to the projects identified under the Big Results Now (BRN) Initiative which reaches its final lap in 2015/16. The National Key Result Areas under BRN initiatives include: energy, water, agriculture, transport, education and resources mobilization. For the year 2015/16 the health care and business environment will also be included as National Key Result Areas.

4. The Plans and Budget Guidelines document is organised into six sections, namely: Introduction; Preparation of Plans, Budget and Responsibilities; Instructions for Preparation of Plans and Budget; other issues to be considered in the Budget Estimates; Budget Scrutinization and Approval; and Conclusion. These Guidelines should be read together with **Annex B** which provide details on performance of the economy; macroeconomic outlook and priority focus; resource envelope; and plans and budget submission forms; as well as **Annex C** which indicates budget preparation and scrutinization timetable for fiscal year 2015/16.

## 2. PREPARATION OF PLANS, BUDGET AND RESPONSIBILITIES

### 2.1. Plans and Budget Committees

5. In preparing Plans and Budget estimates at institutional level, the Committee responsible for budget preparation shall lead the process under the guidance of respective accounting officers. The Budget Committee shall be constituted of chairperson, secretary and members as per regulations governing the respective institution.

### 2.2. Responsibilities of Plan and Budget Committees

- a) Ensuring that budget estimates adhere to the ceilings and are prepared in line with priorities as outlined in the Plan and Budget Guidelines 2015/16;
- b) Ensuring that priority outstanding activities that were assigned high order of priority in 2014/15 are carried forward and reprioritized for inclusion in the Plans and Budgets for 2015/16;
- c) Assessing all signed Contracts and Memoranda of Understanding (MoUs) for which commencement certificates have been issued and hence costing them into the budget;
- d) Analysing revenue collection performance and forecasts over the medium term as well as exploring further revenue opportunities;
- e) Ensuring MDAs, RS, LGAs and PCs and PIs use non-cash systems for revenue collection such as bank deposits, mobile phones, Max Malipo, EFDs and the use of official receipts for Government revenue collections;
- f) Allocating resources based on institutional annual plans and expected outputs and outcomes;
- g) Ensuring that the committee meets at least once in a month, review implementation of action plans and allocate the available resources;
- h) Ensuring activities are properly classified in accordance with the GFS Codes 2001 and are costed using **appropriate unit costs** and measurement units issued by the Government Procurement Services Agency (GPSA);
- i) Ensuring performance indicators are in line with FYDP I, as well as Big Results Now for sectors implementing these initiatives;
- j) Overseeing the review of Strategic Plans/Business Plans;
- k) Ensuring that MTEFs are timely prepared and submitted to MoF and PO-PC for scrutinization.
- l) Ensuring procurement planning process is commensurate with the Government budget process for effective and efficient budget implementation; and
- m) Ensuring adherence to legislations, regulations, circulars and Government directives.

### **3. INSTRUCTIONS FOR PREPARATION OF PLANS AND BUDGET**

#### **3.1. General Instructions**

##### **Planning and Budgeting Documents and Instruments**

6. In preparing institutional plans and budgets, Accounting Officers should adhere to the following:-

- a) The Medium Term Strategic Planning and Budgeting Manual;
- b) Annual Development Planning Framework;
- c) Institutional Strategic Plans, and other existing national and sectoral policies;
- d) Approved budget ceilings regarding expenditure estimates, and revenue targets;
- e) Public Investment Management Operational Manual.
- f) Public Private Partnership Act of 2010 and its Regulations of 2011 by deploying all means to attract private investment under this arrangement in order to achieve institutional objectives;
- g) Public Service Act, 2002 including the Public Service Standing Orders of 2009;
- h) Circulars issued by the Paymaster General, Chief Secretary and other Government Directives;
- i) The Public Finance Act CAP. 348;
- j) The Government Loans, Guarantees and Grants Act, 1974;
- k) Public Procurement Act CAP.410;
- l) Public Audit Act, No. 11 of 2008;
- m) Child Act No 21 of 2009
- n) Regional Administration Act CAP.97;
- o) Local Government Finance Act CAP.290;
- p) Approved reporting formats contained in Plan and Budget Guidelines; and
- q) Prepare M&E plans to ensure effective preparation of performance reports.

#### **3.2. Medium Term Expenditure Framework and Resource Envelope**

##### **Resource Envelope**

7. The main focus of the fiscal year 2015/16 budget and the medium term strategy is to consolidate the achievements of preceding years and focus interventions to Big Results Now projects so as to achieve the aspirations of the Five Year Development Plan 2011/12-2015/16 and MKUKUTA II.

8. In line with the macro economic and fiscal policy objectives, the medium term fiscal framework as outlined in the budget frame for 2015/2016, is projected to collect shillings 19,853.3 billion. Out of this amount, total revenue is projected at shillings 14,684.9 billion, of which tax revenue amount to shillings 13,332.7 billion, non tax revenue shillings 830.3 billion and shillings 521.9 billion as LGAs own source.

The challenge that the government faced in accessing GBS funds in the first two quarters of the 2014/15 budget has cast a shadow on the realism of projecting GBS funds into the budget. Therefore, GBS funds will be recognized once the disbursements are made. The Government intend to borrow shillings 4,220.1 billion from both domestic and external sources, of which domestic borrowing for rollover of matured government securities is shillings 1,363.7 billion.

9. Recurrent expenditure is estimated at shillings 15,065.1 billion including shillings 6,073.2 billion for wages and salaries of Government institutions and agencies. In addition, development expenditure is estimated at shillings 4,788.3 billion, out of this locally financed development expenditure is shillings 3,322.5 billion and foreign financed development expenditure is estimated at shillings 1,465.7 billion. Therefore, MDAs, RSs and LGAs are urged to give priority to these outlays in accordance with the broad guidelines provided in **Annex B**.

### **3.3. Indicative Budget Ceilings for the Medium Term**

10. Based on the medium term resource framework outlined above, The Ministry of Finance (MoF) will provide all ceilings at Vote level to guide the preparation of budget proposals. Ceilings for RS will be determined by using existing formula developed in 2014/15 and for LGAs will be determined using the revised formula and recommendations as will be agreed by stakeholders after finalization of the PER study. For Road Fund the ceilings will be determined using the road network data provided by the regional secretariat in 2013. The approved budget ceilings for the fiscal year 2015/16 should be observed by all spending institutions because there will be no any budget provision outside the set ceilings. In addition, public corporations should prepare their budget and submit to the Ministry of Finance through their respective parent ministry for scrutinization and approval. Any excess funds should be remitted to the Consolidated Fund.

### **3.4. Resource Allocation Criteria of Other Charges for Regional Secretariats**

11. Resource allocation for RSs is determined by its responsibility of coordinating and backstopping LGAs for attaining social services and economic development. Some of the criteria that will be used in allocation of resource to RSs are:

- a) Fixed lump sum for all Regions regarding its core responsibility of coordinating and backstopping RSs ;
- b) National identified ceremonies performed in the region including earmarked amount for each region which perform opening and closing ceremony for Uhuru Torch;
- c) Fixed amount for earmarked Regions in boundaries with neighbouring Countries;
- d) Number of district councils in the Region;



- e) Number of state visitors (local and international) in the Region ;
- f) Distance from regional headquarter to Dar Es Salaam (km);
- g) Distance from regional headquarter to Dodoma (km) and
- h) Distance from regional headquarter to district headquarter (km).

### **3.5. Revenue and Expenditure Estimates**

#### **Domestic Revenue Collection**

12. Revenue collection should adhere to the formats for the presentation of the revenue estimates by all MDAs, RSs, LGAs and PCs and PIs. The estimates should indicate collection trend/performance of 2013/14, first half of 2014/15, likely outturn by end of 2014/15, realistic budget for 2015/16 and projections for the outer years of the MTEF. In this respect, accounting officers should:-

- a) Identify and forecast all potential sources of revenue as part of comprehensive revenue collection strategies in order to enhance domestic revenue collection for financing the national plans and budget. Projected total revenue is disaggregated by both category and type on a monthly basis;
- b) Developing effective strategies to control illegal exportation of natural resources in enhancing Government revenue;
- c) Promote formalization of informal businesses in order to widen the tax base;
- d) Review fees and other charges to align with actual cost of providing public services;
- e) Pay all taxes, fees and other charges through electronic system in order to curtail revenue leakages;
- f) Enhance a system of collecting property tax and review the existing property tax rates so as to ensure that all buildings or properties in urban councils and townships are charged accordingly. This should be preceded by land survey and issuing of title deeds;
- g) Not enter into contracts with foreign contractors which incorporate tax exemption clauses without prior approval by the MoF;
- h) Disclose in MTEF all information regarding revenue collection (estimate, actual collections etc);
- i) Ensure government institutions and public corporations should enter into performance contracts with Office of the Treasury Registrar (OTR), boards of directors/ governing councils to improve service delivery and to increase own source revenue collection. OTR and Internal Auditor General will conduct management audit of all Government institutions and PCs and PIs to enforce the performance contracts.
- j) Ensure parent ministries undertake performance review of their institutions, agencies, PCs and PIs in the area of revenue collection and submit report to MoF as instructed in the Finance Act 2014.

13. In enhancing Government revenue collections and reducing transaction costs, PAYE will be deducted centrally by the Ministry of Finance.

### **3.6. Expenditure Estimates**

#### **Personal Emoluments and Remuneration**

14. Accounting officers should abide with the instructions issued by PO-PSM during preparation of PE estimates while public corporations should abide to guidelines issued by OTR. Specifically, accounting officers are instructed to observe the following:

- a) Validating human resource information as approved by the PO-PSM;
- b) Preparing PE estimates including new employees based on the staff establishment approved by the PO-PSM;
- c) Preparing PE budget using Human Capital Management Information System (HCMIS) format in which employers should enter new employees, promotion and re-categorization information planned for 2015/16. In addition, accounting Officers are instructed to ensure that the data cleaning exercise is completed in time;
- d) Budget non-salary allowances under other charges and not included in the wage bill;
- e) Budget estimates for statutory contributions including PSPF, LAPF, NSSF, GEPF, NHIF and PPF are correctly worked out;
- f) Budget estimate for gratuity contributions for employees working on contract basis should be worked out;
- g) Submit monthly expenditure reports with itemized expenditure; and
- h) Ensure that, all employees' information on bank account are provided in the HCMIS to facilitate payment of salaries through employees' respective bank accounts.

15. In addition to the above specific instructions, MDAs, RSs, LGAs, PCs and PIs should undertake an evaluation of existing staff in each cadre and assess compliance with the approved staffing level. Information justifying the required staffing should be submitted to the PO-PSM through HCMIS for approval not later than **31<sup>st</sup> December, 2014**. The priority for new recruitment in the FY 2015/16 will focus on priority sectors which are education, health and agriculture (including livestock and fisheries). New recruitment in the remaining sectors will strictly depend on the resource availability.

### **3.7. Other Charges**

16. First charge outlay components should be fully budgeted for: allowances for intern doctors and statutory entitlements; non-salary allowances; statutory meetings; ration allowances; leave and moving expenses; public utilities (telephone,

water and electricity); office rent; and foreign service allowances for diplomats and embassies local based staff; examination expenses; schools with special needs; capitation grants; prisoners' food, boarding and special schools and colleges; medicines and medicaments; judges attire; and contributions/subscriptions to international organizations. The remainder of other charges should be costed for other outlays.

17. In addition, MDAs, RSs and LGAs which are responsible for the General Elections should ensure that resources are allocated to specific activities to ensure a successful 2015 general election.

18. Procurement of motor vehicles will be done centrally under GPSA. All MDAs, RSs, LGAs, Government institutions and public corporations should provide specifications to GPSA on vehicles requirements.

### **3.8. Intergovernmental Fiscal Transfer**

19. During 2015/16, the Government will continue to allocate grants to LGAs on formula and performance basis to facilitate financing of specific requirements, such as meals for secondary schools, schools with special needs and operational costs. Based on that, LGAs will continue to receive block grants in the grant-aided sectors such as agriculture, livestock, health, roads, water, education and other sectors. The ceilings will be determined using the revised formula as will be agreed by stakeholders (central and sector ministries as well as LGAs). In the case of education sector, LGAs should ensure the following:

- a) The capitation grant for primary schools is Tshs. 10,000 per enrolled pupil per annum, including pre-primary pupils and those in special day schools. Out of the capitation grant, 40 percent will be retained by Central Government for purchasing books in bulk. Hence LGAs should allocate the remaining 60% for operational costs;
- b) The capitation grant for secondary schools is Tshs. 25,000 per enrolled day-school's student per annum. Out of the capitation grant, 50 percent will be retained centrally for purchasing books in bulk. Hence LGAs should allocate the remaining 50 percent for operational costs;
- c) Allocating the budget for school meals at an average of Tshs. 405,000 per annum (i.e. Tshs. 1,500 x 270 school days) per student enrolled in registered boarding primary and secondary schools;
- d) Submission of enrollment data identifying list of registered schools per class per ward per council, day and boarding, public and private; and
- e) Preparation of realistic budget and allocation of resources for primary school related examinations' costs (STD IV and VII) as well as secondary school examinations (Form II, IV, and VI).

20. In line with the cost sharing arrangement, LGAs should ensure collection of Tshs. 20,000 and Tshs. 70,000 from each student enrolled in day and boarding secondary schools, respectively. This shall form part of the Capitation Fund as councils' own sources to be spent on secondary school education.

### **3.9. Development Budget**

21. The Government has prepared the Public Investment Management Operational Manual (PIM-OM) to guide MDAs, RS, LGAs and PCs and PIs in preparation and coordination of public investment projects. The objective of the Manual is to achieve value for money outcomes through increasing efficiency and effectiveness of public investments. Among other things the manual covers the necessary procedures for undertaking capital budgeting before selection and inclusion of projects in the budget. In the year 2015/16, MDAs, RS, LGAs, PCs and PIs are instructed to adhere to this Manual during preparation of their development projects.

22. During preparation of development budget estimates to be financed by domestic/own source revenues all MDAs, RSs and LGAs must ensure that:-

- a) Strategic projects including those under the BRN initiative are accorded top priority in the allocation of development budget resources;
- b) Allocation of projected resources for 2015/16 should focus on completing on-going projects;
- c) Outstanding claims raised by contractors and suppliers should be budgeted first;
- d) Proposals from MDAs for new projects are submitted to PO-PC for scrutiny and endorsement by December 2014, prior to inclusion in the budget. Further, in formulating new projects, the recurrent cost-implication of completed projects are considered; and
- e) The procedures for securing loans for projects should be in line with the Government Loans, Guarantees and Grants Act, CAP 134.
- f) MDAs, RSs and LGAs receiving donor funds are required to prepare development budget based on confirmed resources, specifically they must ensure:
  - a) Availability of counterpart funds for new and on-going projects;
  - b) All donor funded projects (including direct, reimbursable and cash categories) are reflected in their budget estimates; and
  - c) MDAs budget submission to PO-PC for both ongoing and new projects is supported by signed contracts/agreements.

### **3.10. Institutionalizing Decentralization by Devolution across MDAs**

23. To ensure effective implementation of D by D policy:-
- a) MDAs are required to review respective sectoral functions and laws to ensure that they are D by D compliant;
  - b) Resources are allocated for capacity building to ensure smooth institutionalization of the D by D policy in Government operations;
  - c) MDAs should devolve functions that are performed at the local government level along with resources (mainly human and financial), for realization of rapid development at grassroots levels;
  - d) Sector ministries should continue to build capacity of RSs and LGAs in implementing respective sector policies, laws and regulations; and
  - e) LGAs should devolve operational resources and provide technical backstopping to the respective facilities and to the lower local government levels (wards and villages).

### **3.11. Specific Instructions for RSs and LGAs**

24. During preparation of Plan and Budget for 2015/16, RSs and LGAs shall undertake among others, the following:-
- a) Continue strengthening Decentralization by Devolution policy within their areas of jurisdiction for effective service delivery with a particular focus on empowering lower levels (wards and villages);
  - b) Ensure that *Opportunities and Obstacles to Development* (O&OD) planning process is undertaken,
  - c) Enhance the efficiency of the process of issuing building permits and business licenses with the view to improving business environment;
  - d) MTEFs for RSs and LGAs should be submitted to the Prime Minister's Office, Regional Administration and Local Government for scrutinization before submitted to the Ministry of Finance;
  - e) Enhance revenue collection capacity through improved systems and report to the Prime Minister's Office, Regional Administrative and Local Government and Ministry of Finance using form number 4. The 60 percent of the own source revenue collections is to be allocated for development projects while the 40 percent is for other charges;
  - f) Allocate resources for equipment and tools necessary for installation and operationalization of non-cash revenue collection systems;
  - g) Continue with construction/rehabilitation and equipping of regional and district hospitals, health centers and dispensaries, regional and district commissioners' offices and residences, regional and district administrative secretaries residences, divisional secretaries offices, wards and village offices;

- h) Continue with construction of headquarters for newly established RSs and LGAs. For consistency and cost saving purpose, LGAs should replicate building designs used by Mvomero, Kilolo or Longido district councils and the Tanzania Building Agency should be involved in the process. Building designs should consider easy accessibility of the physically challenged people;
- i) Construction, rehabilitation, maintenance and equipping of social and economic infrastructure, especially in education, water, health, agriculture, livestock, fisheries and roads sectors as well as recreational facilities in line with national standards;
- j) Prepare and maintain regional and district profiles for integrated development plans and develop livelihood data centre for effective coordination of database and information;
- k) Identify and allocate new investment areas with costs analysis and sources of financing;
- l) New project proposals for RSs and LGAs should be submitted to PMO-RALG for preliminary scrutinization, advice and guidance before submitting to Ministry of Finance and President's Office, Planning Commission by December, 2014. All funds carried forward should be clearly stated in the MTEF book;
- m) Prepare land use plans and demarcate plots for small, medium and heavy industrial and agricultural development and construction of infrastructure for water systems, schools, health facilities, bus stands, markets, recreation centres as well as areas for farming and livestock keeping in all councils to avoid unnecessary cost for land compensation and resettlement;
- n) Improve environmental hygiene in urban councils by ensuring proper solid waste management – collection centres, transfer and dumpsites (landfill); allocate resources for infrastructures such as roads, street lights, public toilets and drainage systems;
- o) Allocate resources for enhancing capacity to use PlanRep, IFMS, Council Development Reporting, Council Financial Reporting and Human Capital Management and Information System for planning, budgeting and reporting purposes.
- p) Prepare Comprehensive Council Sector Development Plans. (the Comprehensive Agricultural Sector Development Plans and Comprehensive Health Sector Development Plans) as part of District Development Plans which include all stakeholders in the district;
- q) Continue to strengthen coordination and attainment of targets set for food and cash crop production with special emphasis on the investment projects under Southern Agricultural Growth Corridor of Tanzania and Tanzania Agriculture and Food Security Investment Plan in the spirit of Kilimo Kwanza initiative;
- r) Allocate resources for maintaining peace, order and tranquility in respective areas of jurisdiction as well as conducting statutory meetings for regional

- consultative committees, district consultative committees and inter-council forums to enable effective governance and accountability at all levels;
- s) Strengthen council and regional health management teams to ensure availability of upgraded health care services in regional and referral hospitals including specialist care;
  - t) RAs and LGAs are instructed to use the new staffing levels (2014-2019) in human resource planning and budgeting for health personnel;
  - u) Submit the duly signed list of data set of the following: registered schools with their respective number of students for primary and secondary schools by class and sex; identifying public and private schools, list of teachers, the budget estimates for examinations, leave roster with the estimated costs per sector, the updated seniority list and all other sets of data as may be requested.

#### **4. OTHER ISSUES TO BE CONSIDERED IN THE BUDGET ESTIMATES**

##### **4.1. Programming Based Budgeting (PBB)**

25. For 2015/16 all ministries which are implementing PBB on pilot basis should prepare a companion budget estimates classified by program and sub programs. The presentation of estimates will be based on the template developed by the Ministry of Finance. The PBB pilot implementation ministries are: Ministry of Health and Social Welfare; Ministry of Water; Ministry of Works, Ministry of Transport; Ministry of Agriculture, Food Security and Cooperatives; Ministry of Community Development, Gender and Children; and Ministry of Finance.

##### **4.2. Cost Reduction Measures**

26. Accounting officers should take cost reduction measures in areas such as seminars and workshops; office operations, public ceremonies; procurement of furniture and motor vehicles. During budget preparation, accounting officers should ensure that:-

- a) Operation costs emanating from use of public utilities (electricity, water and telephones) are controlled through implementation of energy saving technology and prepayment utility meter system;
- b) Procurement of imported furniture is prohibited in conformity with Government Circular No. CAC.134/213/01/K/114 of 26<sup>th</sup> September, 2012;
- c) Mortgage facilities are used to acquire office buildings for embassies and high commissions instead of renting. Furthermore, motor vehicles should be leased instead of purchasing where appropriate;
- d) The use of consultants should be avoided in areas where competent internal staff or other public servants could be effectively utilized;

- e) Payment of entitlements including allowances to Board Members and staff of government institutions, public corporations and executive agencies are done in accordance with Public Finance Act, 2004; and
- f) Establishment of new executive agencies has been suspended (Government letter reference No. CBC.10/348/05/10 of 13 October, 2014) until the Government undertake evaluation to determine performance of the existing ones and their usefulness.

#### **4.3. Controlling Accumulation of Arrears**

27. In the recent years, the Government has experienced substantial accumulation of arrears comprising of staff claims, contracted works, suppliers and other services. The main cause of accumulation of arrears include among others limited monthly fund releases, ineffective commitment controls, inadequate controls and provisions for multi-year commitments. While the Ministry of Finance expects Accounting Officers to settle outstanding payment obligations within the fiscal year in which they are accumulated, the magnitude of outstanding payment arrears at the end of the fiscal year kept increasing. The persistent accumulation of payment arrears are impacting negatively on the Government finances such as accumulation of interest and constraining the resources available for financing the delivery of goods and services to the public in future years. To avoid accumulation of arrears, Accounting officers should adhere to Government Circular No. SAB11/485/01/23 of 24<sup>th</sup> October, 2013.

28. The Government through Internal Auditor General has continued to verify and establish the stock of arrears. Accordingly, Accounting Officers should make use of IFMS generated LPOs to avoid commitments for unbudgeted tenders. Accounting Officers are also reminded to participate fully in the budget process and prioritize the necessary activities and promote the effective budgetary system that is able to achieve proper forecasts of resources and expenditure. Further, transfer of staff should be done within the approved budget.

29. To avoid multi-year financial commitments, approval to commence project implementation should base on resource availability rather than approved budget (even if the project meets all other criteria). In this regard, upon approval by POPC to commence the project, Accounting Officers should communicate with MoF to get status of Government financial position before signing new contracts and Memoranda of Understanding (MoUs). This aims at improving synchronization between resource projection and development expenditure commitment.

30. Accounting Officers with outstanding arrears should stop signing new projects at least for two years to provide room for settlement of existing verified arrears. Further, Accounting Officers should plan to gradually clear the outstanding debts and arrears in the medium term, and therefore budget for clearing arrears should be



ring-fenced. In addition, public corporations with outstanding debt and arrears should budget for the same in their respective parent ministries.

31. MDAs, RSs, LGAs, Government Institutions and Public Corporations that are expecting to enter into partnership with private sector in implementing development projects should first undertake economic analysis of proposed projects. They should also prepare detailed project documents to determine value for money prior to engaging private firms to implement such projects. Accounting officers should create conducive environment by using existing PPP regulations to facilitate implementation of PPP projects. MDAs in the agricultural sector are instructed to promote development of agro-processing industries and the project proposals should be submitted to PO-PC for detailed fiscal risk analysis, scrutiny and approval.

#### **4.4. Procurement of Imported Goods and Services**

32. In order to ensure value for money and protection of domestic industry, procurement of imported goods and services which are locally available should be discouraged. Nevertheless, if importation of some goods and services are indispensable, MDAs, RSs, LGAs, PCs and PIs should budget for payment of all related taxes and duties.

#### **4.5. Exchange Rate**

33. For the sake of having uniformity and a base in the 2015/16 budget estimates presentation, all MDAs, RSs and LGAs are required to use average indicative exchange rate of **1 USD to Tshs. 1,729.6** for costing their budget estimates in areas that involve foreign exchange component.

#### **4.6. Monitoring and Evaluation**

34. Monitoring and Evaluation as well as timely reporting are key functions in the implementation of plans and budgets. MDAs, RSs, LGAs, PCs and PIs should continue to strengthen capacities of their respective M&E sections in terms of personnel, skills and knowledge to enable effective coordination and spearheading of all projects at institutional level. Furthermore, each Institution should allocate funds to facilitate M&E activities. For development projects without declared percentage for monitoring and evaluation activities, allocation should be not more than 5% of total project cost. At the national level PO-PC and MoF will continue to conduct M&E of strategic national investment projects/programmes.

35. In view of the above, MDAS, RS and LGAs are reminded to prepare and submit to MoF, PO-PC and PMO-RALG (RS and LGAs) all accountability reports including monthly, quarterly progress reports, mid-year and annual reports which will be used as inputs in facilitating M&E at all levels. On the other hand, the BRN

implementing Ministries shall prepare all accountability reports in time and submit to PDB to enable effective monitoring of BRN key result areas at national level.

#### **4.7. Joint Supervision/Monitoring and Evaluation**

36. To ensure effective coordination of M&E activities across government, monitoring and inspection missions should be organised and carried out jointly to avoid duplication of efforts and resources.

#### **4.8. Mainstreaming cross cutting issues into plans and budget**

37. The 2015/16 budget will continue to put more emphasis on the need for joint efforts from all actors in implementing cross cutting issues to ensure positive results. In achieving this, all MDAs, RS, LGAs are urged to make budgetary allocations to implement cross cutting interventions, including gender, environment and climate change adaptation and mitigation, HIV/AIDS, population, anti-corruption measures, Open Government Partnership, ethics and integrity, and disaster management in accordance with the existing policies and guidelines.

#### **4.9. Gender Responsive Budgeting (GRB)**

38. MDAs, RSs, LGAs, PCs and PIs should identify gender issues in their respective areas by undertaking gender analysis of gender disaggregated data in order to implement measures to address the identified gender gaps. MDAs and LGAs implementing GRB on pilot base (Morogoro DC; Temeke MC; Ministry of Labor, Employment and Youth Development; Ministry of Community Development, Gender and Children; Ministry of Finance; and Ministry of Agriculture, Food Security and cooperative) should ensure that financial resources are allocated to activities to bridge the identified gender gaps. These institutions should be able to demonstrate how far they have gone in addressing identified gender gap in their institutional plan and budget. They will be required to provide itemized budget for gender interventions, using the working GRB manual and will have special scrutinization session. Further, MDAs, RSs and LGAs should allocate resources to improve infrastructure and appropriate services in specific centers such as homes for elderly and vulnerable children and schools for children with special needs. Moreover, public facilities should be accessible to people with disabilities.

#### **4.10. Nutrition Interventions**

39. MDAs, RSs and LGAs that implement specific and sensitive nutrition interventions are required to allocate resources for interventions in accordance with the National Nutrition Strategy (NNS) 2011/12 – 2015/16 and the Implementation plan. MDAs, RSs and LGAs should ensure that plans and budgets for FY 2015/16 include high impact nutrition interventions to address the following objectives:-

- a) To collaborate with communities to prepare and implement a comprehensive nutrition program;
- b) Creation of community awareness on the problem of malnutrition;
- c) Support and facilitate of promotion of infant and young child feeding, micronutrient supplementation, prevention and treatment of acute malnutrition, growth monitoring and healthy eating and lifestyle;
- d) Provision of school meals to all children in primary and secondary day schools including nutrition education and school gardens;
- e) To increase National, Regional and LGAs capacity for coordination, delivery and scale-up of quality nutrition services;
- f) To improve household food and nutrition security (promote dietary diversification through home gardens and diversified food production and consumption);
- g) To strengthen gender-sensitive approaches and practices in nutrition services and interventions, include activities that will empower women and ensure participation of women in development;
- h) To enforce systems protecting, respecting and fulfilling children's rights including support to Most Vulnerable Children (MVC) and improving access to essential health, education and nutrition services;
- i) To increase access to quality basic nutrition services for all population groups at all key stages along the life cycle;
- j) To increase the availability of adequate nutritional data and information for planning, programming and decision making;
- k) Ensuring all NGO's activities at the district level are coordinated and included in district plans.

#### **4.11. Good Governance and Rule of Law**

40. Resources should be allocated for enhancing good governance and access to justice by enforcing security in strategic public offices as well as in other public areas. This will be done in collaboration with non-state actors under the guidance of the Ministry of Home Affairs. Other areas include ensuring swift legal and court process; continue issuance of National Identity Cards; voters registration update; conducting General Elections 2015; civic/voter education and enhance capacity of conflict resolution. Other interventions include implementing Post Code and Physical Addressing system; implementing African Peer Review Mechanism (APRM); and Open Government Partnership (OGP).

#### **4.12. Government Land Ownership**

41. Accounting Officers of all MDAs and PCs and PIs are required to allocate funds for surveying and mapping of all public offices' boundaries, public corporations and their respective properties (farms) as a prerequisite for warranting official land title. The Ministry of Lands, Housing and Human settlements Development

(MLHSD) in collaboration with LGAs through PMO-RALG will issue title deeds to those institutions that have properly fulfilled those conditions. They would also be required to enforce their boundaries' security so as to overcome land invaders and in that way, restrain escalation of land disputes in the country.

#### **4.13. Employment and Economic Empowerment**

42. The Government will continue to support economic empowerment initiatives through Economic Empowerment Fund, Youth Development Fund and Women Development Fund. These Initiatives will enable micro- enterprises to generate more incomes and job creation. During preparation of the plan and budget estimates, all MDAs, RSs and LGAs will be required to prepare report on new employment opportunities and submit to the Ministry of Labour and Employment. The format for capturing this information is provided as **Annex B, Chapter V**.

#### **4.14. Regional Cooperation**

43. Tanzania is a member of African Union (AU), Southern African Development Community (SADC) and East African Community (EAC). SADC is at the stage of Free Trade Area in the integration process and studies are underway for the establishment of SADC Customs Union. EAC on the other hand, is already at a Common Market stage and recently the protocol for the establishment of Monetary Union has been signed and ratified. In view of this, MDAs and LGAs are argued to:-

- a) Participate in the process of reviewing national laws to facilitate smooth implementation of the EAC Protocols;
- b) Mainstreaming EAC integration issues into the plan and budget pertaining to their areas of jurisdiction;
- c) Play an oversight role, monitoring and coordinating the implementation of various agreements and treaties under their respective sectors, signed between Tanzania and other countries as well as regional and international agreements;
- d) Ensure that all International Agreements with financial implication are taken into account during budget preparations; and
- e) Develop policy measures focusing on augmenting human capital by expanding and improving the quality of education, health and an economic environment that supports higher job creation to absorb new entrants into the EAC region labour market.

### **5. BUDGET SCRUTINIZATION AND APPROVAL**

#### **5.1. Scrutinization Process**

44. After issuance of the budget guidelines in **December, 2014** and budget ceilings for fiscal year 2015/16 in the **first week of January 2015**, MDAs, RSs

LGAs and PCs and PIs are instructed to start preparation of their MTEFs for submission to MoF and POPC in the **third week of January 2015**. For Government Institutions and PCs and PIs more clarification is required because some of these institutions their financial years are different from the Government fiscal years.

45. Scrutinization process will be done in the **fourth week of January - first week of February** by MoF in collaboration with the PO-PC, PO-PSM, OTR, and PMO-RALG. The scrutinization process will be done based on specific criteria in order to ensure clarity and transparency. The criteria include:

- a) Adherence of budget policy objectives and estimates (MTEF) with plan and budget Guidelines for 2015/16;
- b) Review of 2013/14 budget implementation ;
- c) Review of midyear performance for the financial year 2014/15 showing revenue and expenditure performance, challenges encountered and steps taken to address the challenges encountered;
- d) MTEFs for PCs and PIs should be submitted to MoF through OTR and for other Government Institutions should be submitted to MoF through their respective parent Ministries; and
- e) MDAs, RS and LGAs are instructed to submit their budget projections through SBAS by Mid December, 2015

## **5.2. Data Entry**

46. Accounting Officers are required to provide necessary support to Budget Officers for timely completion of data entry process into IFMS which will start in the **2<sup>nd</sup> week of February 2015** and allow MoF to print the Budget Books on time.

47. Budget estimates for MDAs, RSs and LGAs should reach MoF PO – PC and PMO – RALG **by third week of January, 2015** for technical scrutiny before submitting to Sectoral Parliamentary Standing Committees for review and endorsement between **mid-March and first week of April 2015**. The budget estimates shall be tabled to the Parliament for discussion and approval before **30<sup>th</sup> June, 2015**. The implementation of the approved budget will start from **1<sup>st</sup> July 2015** and ends on **30<sup>th</sup> June 2016**. The proposed road map to guide the process of budget preparation and approval is attached as **Annex C**.

## **6. CONCLUSION**

48. MDAs, RSs, LGAs, PCs and PIs are required to adhere to these Guidelines and its Annexes. Further, they should scale up implementation of plans by focusing on strategic projects consistent with BRN and other initiatives in order to achieve the aspirations of Tanzania Development Vision 2025.