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Budget Documents

Citizen Budget

2016

The Citizens' Budget for the year 2016-2017

The United Republic of Tanzania

Ministry of Finance and Planning

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THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE AND PLANNING

GOVERNMENT BUDGET FOR FINANCIAL YEAR 2016/2017

CITIZENS' BUDGET EDITION



Issued by Ministry of Finance and Planning
in Collaboration with Policy Forum



1. INTRODUCTION

Citizens’ Budget as a Guide

The 2016/2017 edition of the Citizens’ Budget intends to provide a simple and clear overview of 2016/17 **Government Budget** in a more transparent manner, as it was for the previous editions¹. Essentially, Government Budget is the annual estimates of revenue and expenses prepared by Government. It is a fundamental tool that the Government uses to translate its policy decisions into actions politically, socially and economically. Furthermore, it is a document that reveals how the government plans to collect revenues through different sources and spend the collected revenues basing on priorities in that particular financial year.

The objectives of 2016/17 Budget

The Government Budget for the financial year 2016/17 has dedicated itself in making sure that every citizen benefits from it in terms of resource allocation and utilization. It emphasizes on the importance of tackling the challenges and problems that the citizens face, especially the low income earners. The emphasis has been revealed by President’s motto that states ‘*Hapa kazi tu*’ intended to change people’s attitude positively towards work. The basic theme of the 2016/17 budget is “**Industrial growth for job creation**”.

In implementing the 2016/17 budget, Government has two major economic objectives:

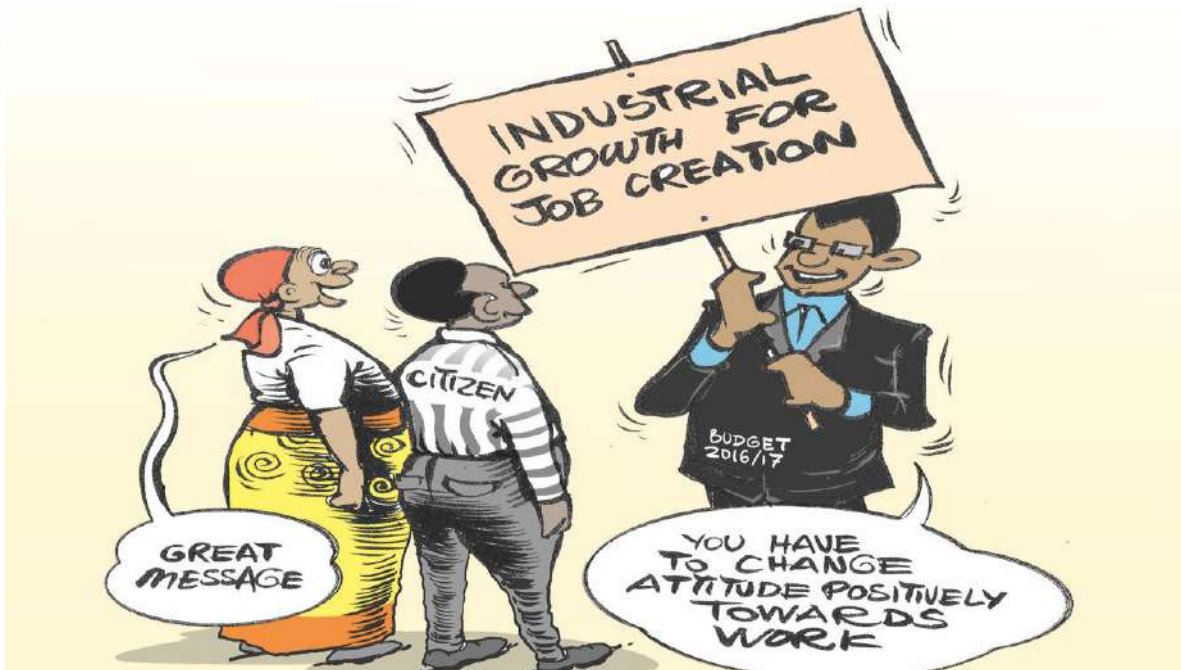
First, to address challenges facing Tanzanians so as to bring new hope for better life to our people, especially to low income earners. This objective will involve major reforms in the Government structure particularly restoring discipline and accountability and get rid of the culture of doing business as usual as well as enforcing integrity and frugality management in the use of public resources.

Second, to transform the economy into middle income status through sustaining macroeconomic stability and developing industries. The transformed economy will help to foster job creation especially among youths and enhance agricultural productivity to raise income particularly for low income earners.

The Government through the 2016/17 budget has a real intention and determination of implementing its commitment and promises to the citizens which are clearly stated in the:

- ☞ National Development Vision 2025;
- ☞ Second Five years National Development Plan-FYDP II (2016/17-2020/21);
- ☞ The Ruling Party Election Manifesto (2015-2020).

¹ Since 2011/2012



2. MACROECONOMIC OUTLOOK AND ASSUMPTIONS

In the medium term, the macroeconomic projections are as follows:

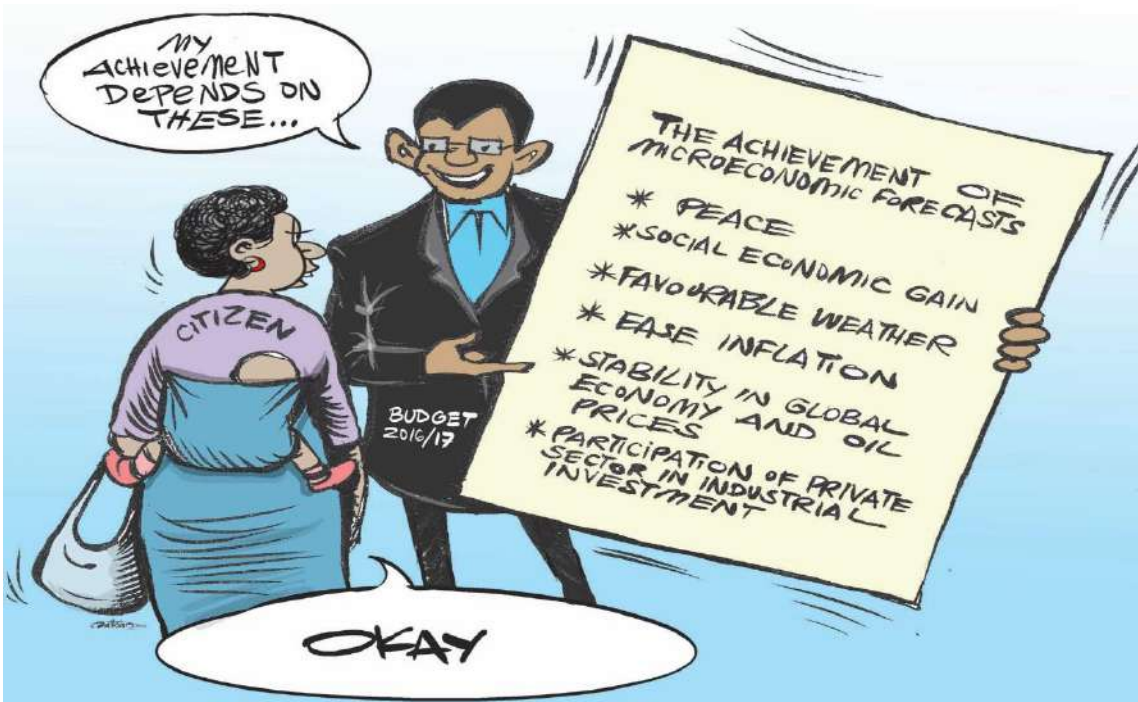
- ☞ GDP² is projected to grow by 7.2 percent in 2016 from 7.0 percent in 2015;
- ☞ Inflation to be contained at single digit in the range of 5.0 to 8.0 percent in 2016;
- ☞ Domestic revenue including Local Government Authorities' (LGAs') own sources projected at 14.8 percent of GDP in 2015/16 and maintain an upward trend to 16.9 percent of GDP in 2016/17;
- ☞ Tax revenue is projected at 13.8 % of GDP in 2016/17 from an estimate of 12.6% in 2015/16;
- ☞ Total expenditure is estimated to increase from 23.2% of GDP in 2015/16 up to 27.0 % of GDP in 2016/17;
- ☞ Fiscal deficit³ is projected at 4.5 % of GDP in 2016/17 from 4.2 % of GDP in 2015/16;
- ☞ The ratio of current account deficit to GDP is projected at 7.9 % in 2015/16 and narrow down to 7.5% in 2016/17;
- ☞ Maintain gross official reserves sufficient to cover at least 4 months of projected imports of goods and services by June 2017.

² GDP is the total market value of all final goods and services produced in a country in a given year. GDP was 44.90 billion US dollars in 2015

³ Fiscal Deficit is the amount by which a Government's spending exceeds its revenue from taxes and other internal revenue in a given year.

The Achievements of Macroeconomic Forecasts will Largely Depend upon the Following Assumptions:

- ☞ Continued peace, security, stability and harmony in the country, regionally and globally;
- ☞ Stability of oil prices in the world market;
- ☞ Favourable weather conditions in the country and in neighbouring countries;
- ☞ Sustaining macroeconomic stability and social economic gains including GDP growth, external trade, money supply, domestic revenue, expenditure and social services;
- ☞ Pursuing prudent monetary and fiscal policies to ease inflation and reduce interest rate;
- ☞ Stability in the global economy;
- ☞ Enhanced private sector participation in the economy particularly in industrial investment.

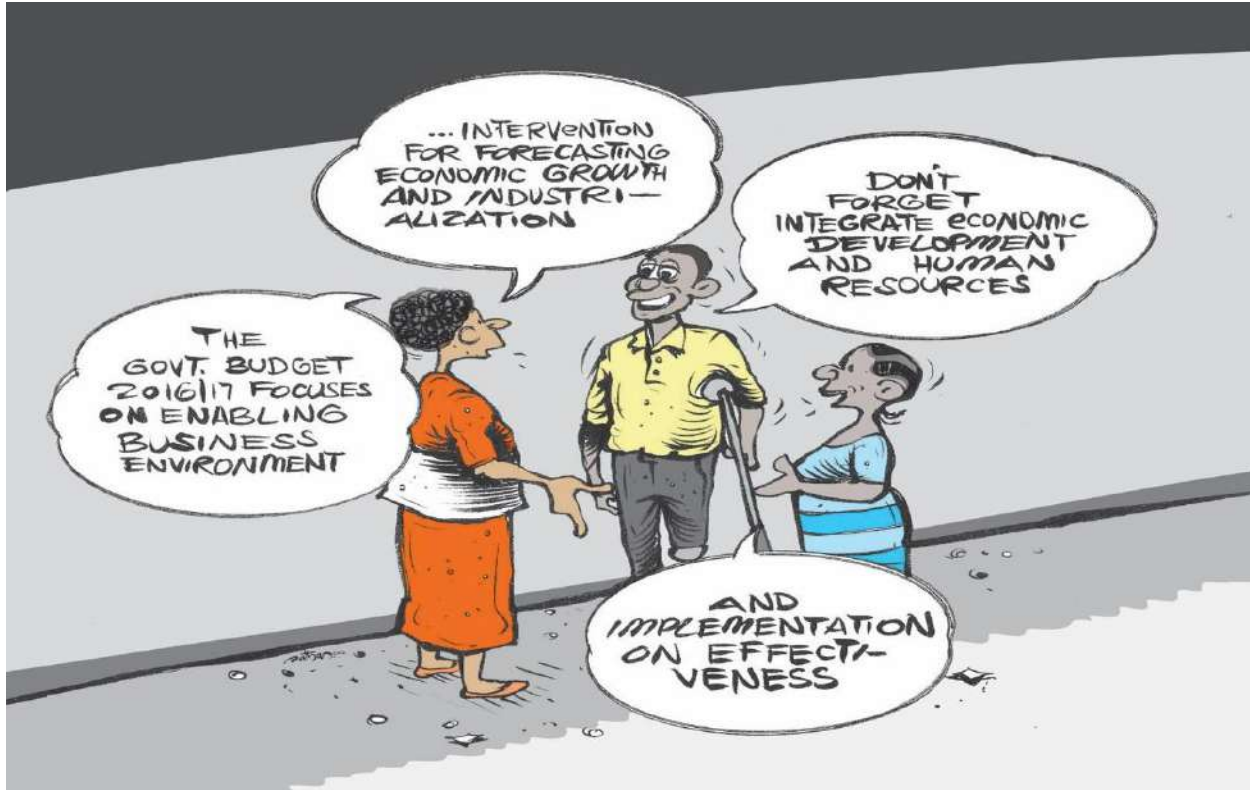


3. PRIORITIES OF THE GOVERNMENT BUDGET 2016/17

Main Focus of the 2016/2017 Budget

Basing on the Annual Development Plan 2016/17 (drawn from FYDP II) and the ruling party Election Manifesto 2015-2020, the implementation of the 2016/17 budget will focus on the following main areas of priorities:

- ☞ Interventions for fostering economic growth and industrialization;
- ☞ Integrate economic development and human resources;
- ☞ Enabling business environment;
- ☞ Effectiveness in implementation oversight and implementation of the plan.



Public Concerns Addressed by 2016/17 Budget

The 2016/17 budget intends to address citizens' complaints through budgetary and administrative measures to be taken as follows:

- ☞ **In order to prevent and combat corruption in delivery of public service**, the Government has planned to establish the **Corruption and Economic Crimes Court**. Besides, more funds have been allocated to PCCB⁴ and CAG⁵ so as to facilitate operations in management of public expenditures and resources.
- ☞ **Measures to prevent loss of revenue** in areas such as ports, airports and border posts. Much emphasis has been put in the use of Electronic Fiscal Devices (EFDs) to comply with Tax Administration Act.
- ☞ Without compromising the quality of service delivery, the 2016/17 budget has clearly indicated **Measures to control expenditures** including cutting unnecessary expenditures like using government facilities when conducting meetings ,trainings and seminars; cutting unnecessary national ceremonies and control use of utilities.
- ☞ Emphasis on value addition, and promotion of industrialization and commercialization so as **to transform and strengthen agriculture, livestock and fisheries sector**. Likewise,

⁴ PCCB is the abbreviation of Prevention and Combating of Corruption Bureau

⁵ CAG is the abbreviation of Controller and Auditor General

minimizing or abolishing nuisance taxes affecting the sector and strengthening Tanzania Agriculture Development Bank (TADB).

- ☞ The Government will put more efforts **to resolve land conflicts** between farmers and pastoralists, villages and national reserves, investors and residents which are becoming more persistent recently. The Government will also take actions against those who fail to develop farms and plots. Among other things, the Government will continue with acquisition of land survey equipment, land demarcation and compensation.
- ☞ The Government will continue to address challenges arising from ***inadequate transport and transportation services***. Such efforts include construction and rehabilitation of roads to open up economic activities, standard gauge railway line, acquisition of new aircrafts, passenger ships in Lake Victoria and Tanganyika.
- ☞ Several **Electrification** projects will be implemented like rural electrification and completion of ongoing projects example Kinyerezi I and Kinyerezi II gas fired power generation plants to ensure availability of reliable power supply for both domestic and industrial uses.
- ☞ Ensuring ***access to clean and safe water*** for domestic and industrial purpose. Also, ***availability and accessibility of quality health services*** as well as ***quality education***.
- ☞ ***Enabling environment for private sector participation*** through improving business environment by investing in infrastructures such as roads, railways, ports, airports, water and power infrastructures and possibly removing nuisance fees, levies and taxes so as to attract private investors to invest in industries and making business registration easier.
- ☞ ***Empowerment and rights of specified groups through:***
 - ☆ Allocating Shs 50 million to every village through SACCOS.
 - ☆ Allocating funds to improve the infrastructures for elderly homes and juvenile, detentions centers, purchase food, medicine and other requirements for vulnerable groups.
 - ☆ Budgeting for implementation of various projects under the ministry of Information, culture, arts and sports for Artists, designers, and sportsmen.
 - ☆ Making some improvement of employees’ remuneration by reducing PAYE⁶ from 11% to 9%.
 - ☆ Facilitating artisanal miners for maximum productivity and efficiency.
 - ☆ Constructing residential houses for armed forces with a view to address shortage of housing.

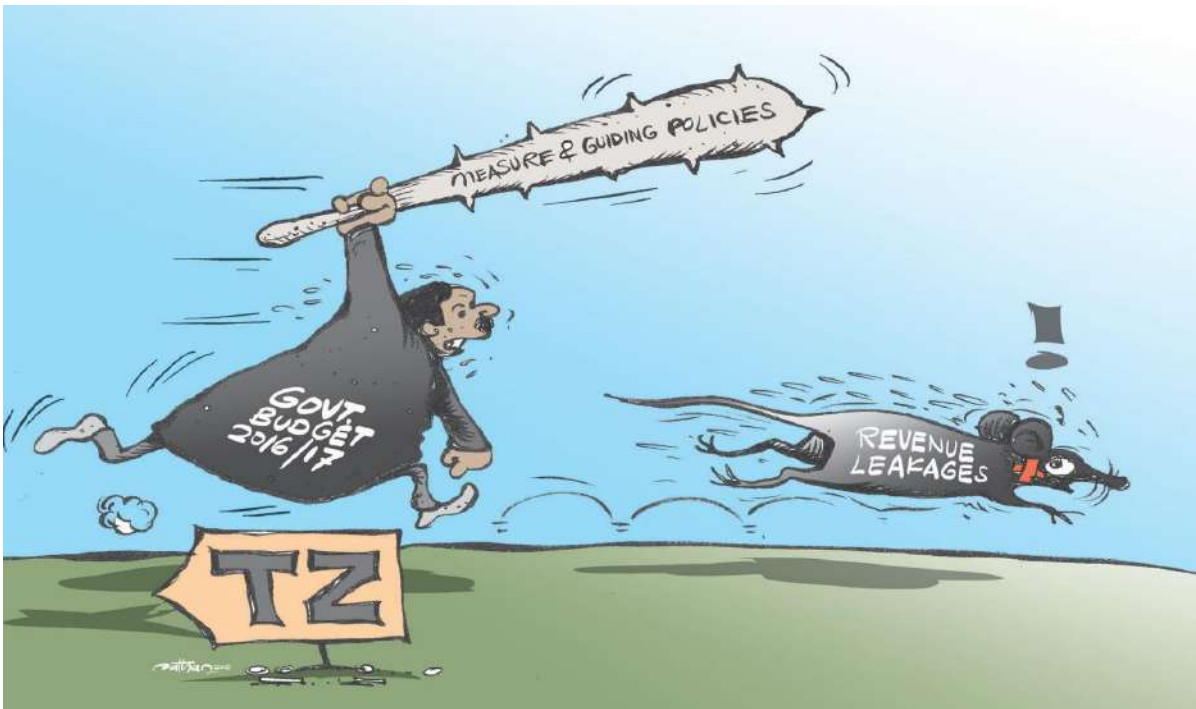
⁶ PAYE is the abbreviation of Pay As You Earn.

4. MEASURES AND GUIDING POLICIES IN 2016/17 BUDGET

Revenue Policies:

In 2016/2017, the Government will continue with its strategic efforts of mobilizing adequate resource especially from the domestic sources to ensure implementation of the budget. Government domestic revenues are projected to increase from Shs 13,475.6 billion in 2015/16 to Shs 17,798.1 billion in 2016/17 and therefore reduce budgetary dependency. Several policy and administrative measures will be taken as follows:

- ☞ Eliminating all forms of actions and behaviour (such as corruption) that cause revenue leakages.
- ☞ Continue strengthening tax administration at all revenue collection points (e.g. ports, border posts, airports and all inland container terminals).
- ☞ Continue to broaden tax base and to formalize the informal businesses.
- ☞ Intensify the capacity of TMAA⁷ and TEITI⁸ so as to insure maximum taxes and royalties are collected from the mineral resources.
- ☞ Strengthening monitoring of revenue collection in all Government institutions and agencies.
- ☞ Scale up the use electronic systems and devices in revenue collection including use of Electronic Fiscal Devices (EFDs).
- ☞ Ensure the use of mass valuation method and collection of property tax based on the value of properties in all Local Government Authorities (LGAs).
- ☞ Abolish tax exemption granted to armed forces' shops.



⁷ TMAA is the acronym of Tanzania Minerals Audit Agency.

⁸ TEITI is the acronym of Tanzania Extractive Industries Transparency Initiative

Reforms of the tax structure, fees, levies and Other Revenue measures

In 2016/17, the Government intends to make a number of reforms in different taxes, so as to increase revenues to cater for planned and budgeted national programmes. Some of the key amendments are as follows:

(a) **The Value Added Tax, CAP 148 has been amended to introduce VAT on;**

- ☞ Tourism services such as tour guiding, game driving, water safaris, animal or bird watching, park fees and ground transport services.
- ☞ Financial services based fee excluding interest on loans.

(b) **The Value Added Tax, CAP 148 has been amended to exempt VAT on;**

- ☞ Raw soya beans.
- ☞ All unprocessed vegetables and unprocessed edible animal products as one of way of improving nutritional contents.
- ☞ Water treatment chemicals, vitamins and food supplements.
- ☞ Aviation insurance so as to promote the Aviation industry and subsequently tourism industry.

(c) **Amendment of The Excise (Management and Tariff) Act, CAP 147 proposed to;**

- ☞ Increase excise duty rate of imported furniture from 15 percent to 20 percent to promote local production of furniture using locally available timber.
- ☞ Abolish the manufacturing, selling, buying and use of plastic bags of less than 50 microns.
- ☞ Extend the excise duty of 10 percent on charges or fees payable by a person to a telecommunication service provider in respect of money transfers to cover all commission received in the provision of mobile money services.

(d) **Amendment of The Income Tax Act, CAP 332 so as:**

- ☞ To remove the income tax exemptions on the final gratuity to ***Members of Parliament*** in order to promote equity and fairness in taxation to all individuals.
- ☞ To remove exemption on non-investment assets (shares), hence increase the tax base as the same item which enjoy a reduced rate of 5 percent on dividend.
- ☞ To reduce the minimum PAYE rate from 11 percent to 9 percent.
- ☞ To impose withholding tax on payments made to approved retirement funds arising from investment incomes to be in line with the taxation principles of fairness and equity.
- ☞ To grant the Commissioner General of TRA powers to determine ***rental income*** based on the minimum market value to charge withholding tax on rental income.

(e) **Amendment of the Vocational Education and Training Act, CAP. 82** by reducing the Skills and Development Levy from 5% to 4.5% so as to reduce tax burden to employers.

(f) **Amendment of The Motor Vehicles (Tax on Registration and Transfer) Act, CAP 124** so as:

- ☞ To increase motor vehicle registration fee from the current rate of Shs 150,000 to Shs 250,000 per motor vehicles and from SHS 45,000 to Shs 95,000 per motor cycle and tricycles;
- ☞ To increase the Personalized Registration Number fee from Shs 5,000,000 to Shs. 10,000,000 for every three years to reflect the true value of money.

- (g) **Amendments of: The Tanzania Revenue Authority Act, CAP 399; The Local Government Finance Act, CAP 290; The Urban Authorities (Rating) Act 289; The Tax Administration Act, 2015; and The Tax Appeals Act, CAP 408;** the amendments aim at:
- ☞ Facilitating transfer of mandate to collect property tax from LGAs to the TRA.
 - ☞ Enabling TRA to estimate tax and make valuation of the properties.
 - ☞ Enabling TRA to collect property tax under its laid down procedures by using the relevant tax laws.
 - ☞ Institutionalize proper procedures for remittance of property tax collected by TRA in the respective local governments.
 - ☞ Setting procedure for dispute resolution arising from collection of property tax by using prevailing tax laws.
 - ☞ Reviewing property tax exemptions to ensure that more properties are brought into the tax structure.
- (h) **Amendments of Treasury Registrar (Responsibility and Roles) Act, CAP 370,** so as:
- ☞ To require all Agencies and Regulatory Authorities under the Treasury Registrar to remit 15 percent of their gross income to the Consolidated Fund.
 - ☞ To remove Arusha International Conference Centre (AICC) from the list of the public institutions that contribute 15 percent and instead, required to provide dividends due from business operations.

Expenditure Measures

In the year 2016/17, the Government will continue to enforce discipline in the use of public funds to comply with the laws, rules, regulations and guidelines. In addition, various measures will be taken to reduce unnecessary expenditure on recurrent and development projects.

Measures to be taken include:

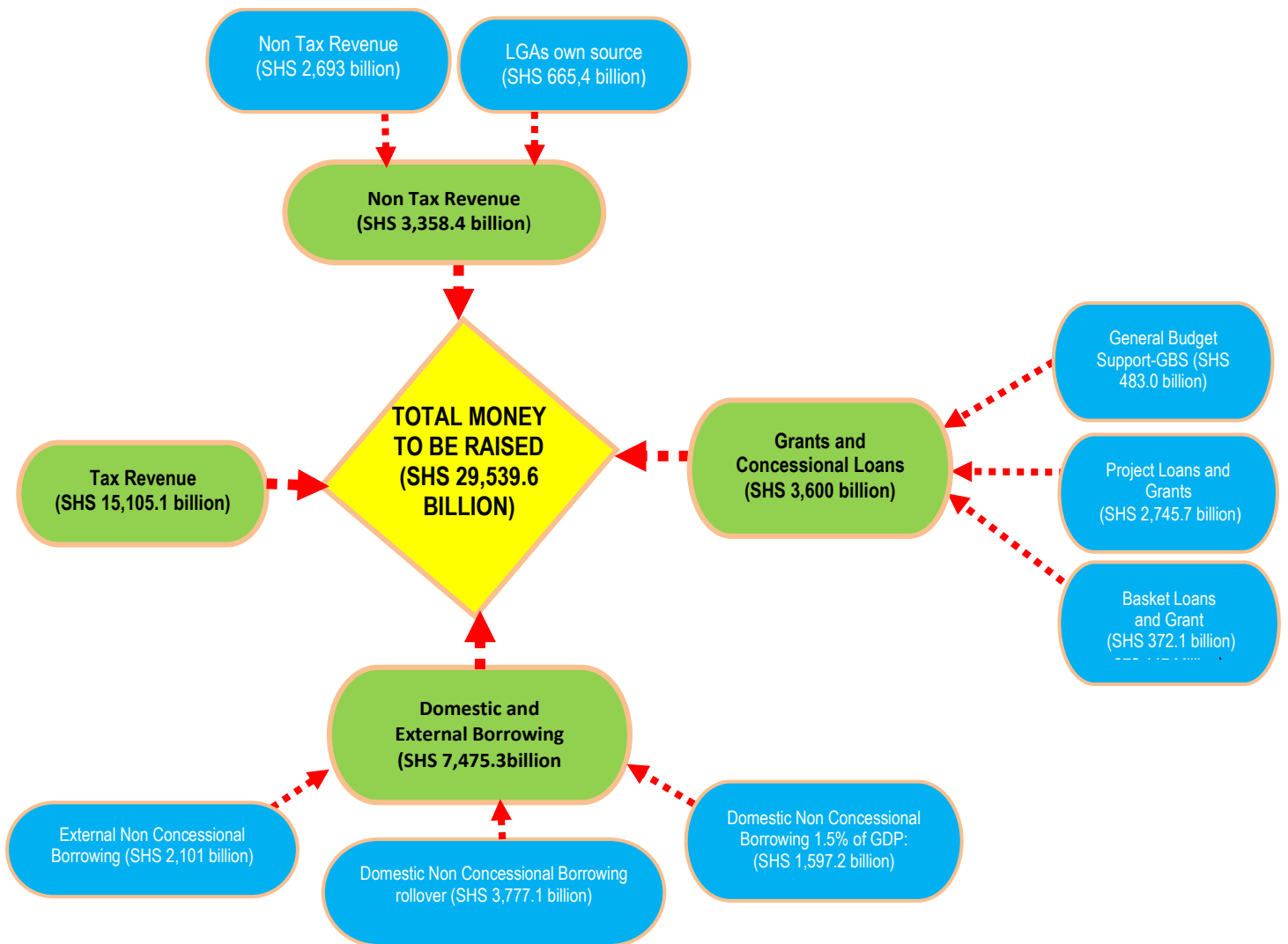
- ☞ To reduce unnecessary expenditure such as national celebration, sitting allowances, printing of (T-shirts, caps, bags, diaries, calendars), foreign travels and overseas short term training;
- ☞ To use public institutions’ facilities when conducting meetings, trainings, workshops and seminars;
- ☞ To use Government entities in procuring services such as insurance, transport, mail delivery, freight and packaging, advertising and transportation;
- ☞ Control the use of vehicles to reduce operating costs, maintenance and purchase of new vehicles;
- ☞ Reduce the use of telephone, electricity and water by keeping secret numbers, using *LUKU* and installing water meters in order to control expenditure of public utilities;
- ☞ Ensure that all commercially viable public institutions are operating profitably and not relying upon Government subvention;
- ☞ Ensure that salaries are paid to eligible employees who are physically present at the working stations;
- ☞ Integrating all LGAs into the electronic Fund transfer System;
- ☞ Strengthen the evaluation and monitoring of public expenditure on development projects.

5. REVENUE: WHERE WILL THE GOVERNMENT GET ITS MONEY?

In order to run its activities, execute its projects and programmes in 2016/17, the Government aims at raising **Shs 29,539.6 billion** from the following sources:

- ☞ **Shs 15,105.1 billion** from tax on salaries and income of individuals and companies (**Income Tax**); Purchase of goods and services (**Value Added Tax and Excise Duty**); and Imports and exports (**Customs and export duty**);
- ☞ **Shs 3,358.4 billion** from non- tax revenue (including fines, fees, levies, sale of tender documents and Local Government Authorities (LGAs) own source revenue);
- ☞ **Shs 3,600.8 billion** from grants and concessional loans (including General Budget Support-GBS, Projects Loans and Grants and Basket Loans and Grants);
- ☞ **Shs 7,475.3 billion** from domestic and external borrowing (including External Non Concessional Borrowing and Domestic Non Concessional Borrowing -1.5% of GDP).

Sources of Financing 2016/2017

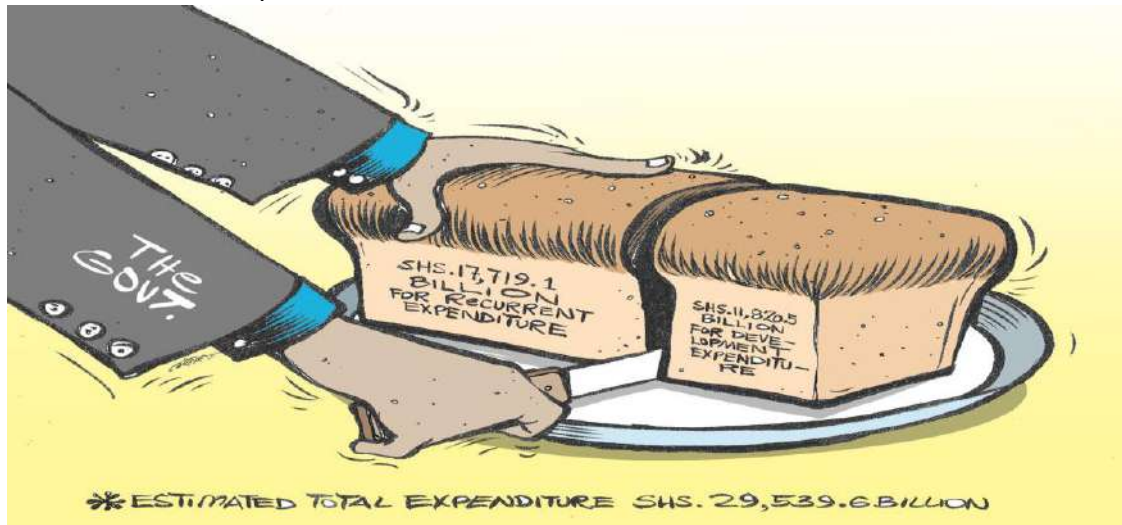




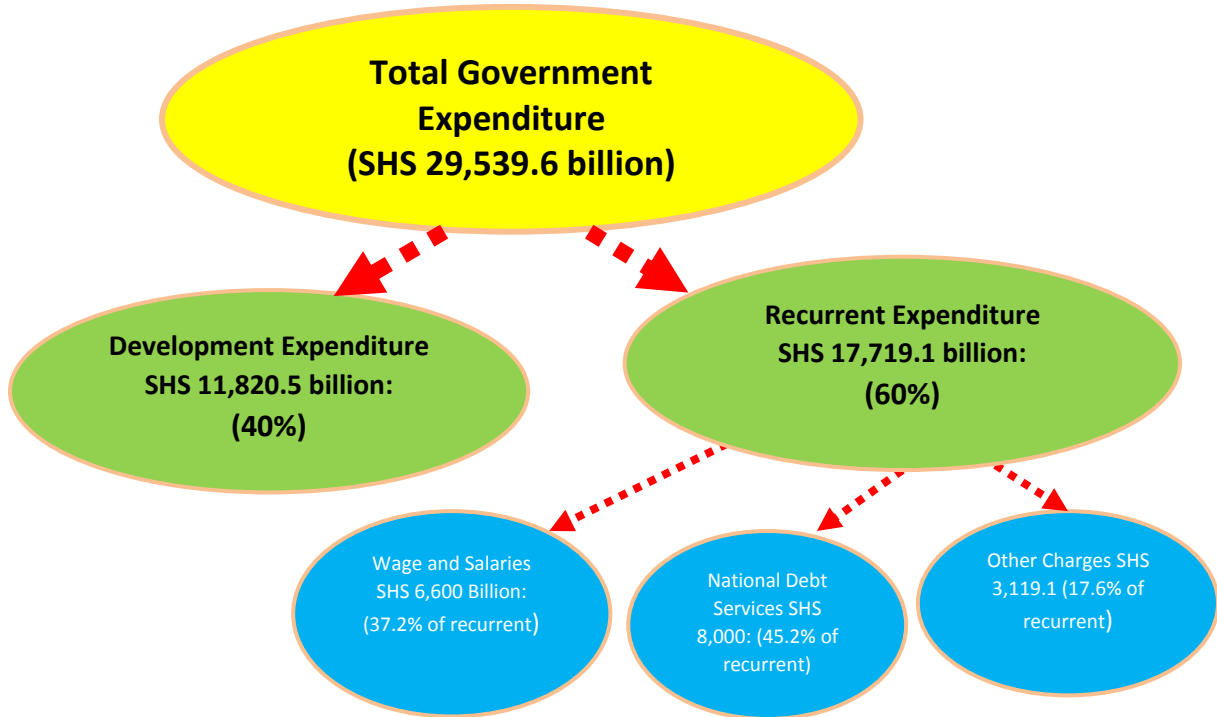
6. EXPENDITURE: HOW DOES THE GOVERNMENT INTEND TO SPEND THE REVENUE?

The total Government expenditure has been estimated to **Shs 29,539.6 billion** in 2016/17 to be spent under the two major components:

- ☛ **Shs. 17,719.1 billion** will be spent on **Recurrent Expenditures**. This is needed to support day to day operations such as paying salaries and wages, rent, materials and supplies, transport expenses, simple repairs and maintenance of equipment.
- ☛ **Shs. 11,820.5 billion** will be spent on **Development Expenditures**. This is money set aside for financing projects, including construction of roads, schools, hospitals, water infrastructure and acquisition of new assets.



Expenditure Allocation Summary 2016/2017



Expenditures on Transfers to Local Government Authorities

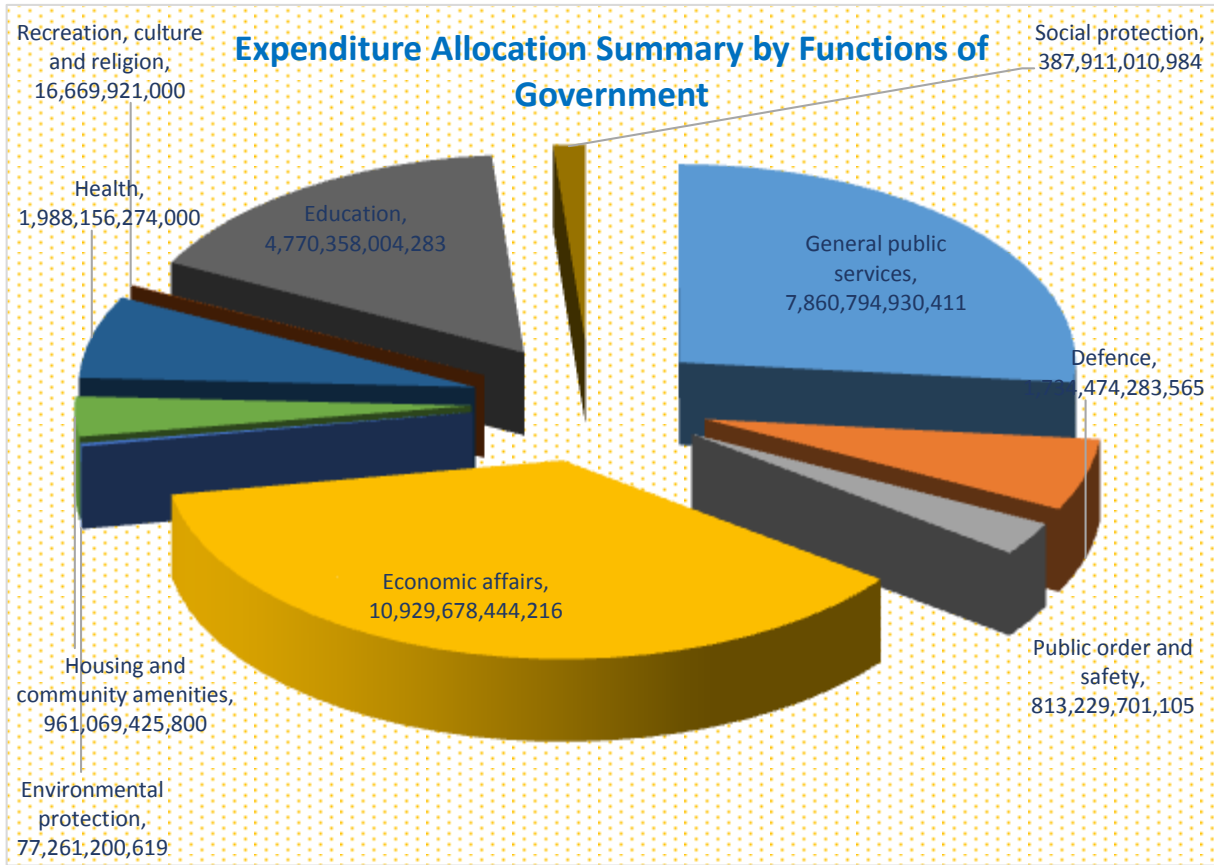
In the year 2016/17 a total of **Shs 4,769.3 billion** has been budgeted as grant transfer to LGAs. Out of this, **Shs 3,925.9 billion** is for recurrent expenditures and **Shs. 843.5 billion** is for development expenditures. Below are the transfers to LGAs allocation sector wise:

- ☆ Education sector Shs 2,958 billion;
- ☆ Health sector Shs 719.7 billion;
- ☆ Agriculture sector Shs 113.4 billion;
- ☆ Roads Shs 50.96 billion;
- ☆ Water sector Shs 62.248 billion;
- ☆ Administration Shs 864.94 billion.

In addition to transfers, **Shs 665.4 billion** which is expected to be collected from LGAs own sources will also be spent by LGAs, of which Shs 266.2 billion is for recurrent expenditures and Shs 399.2 billion is for development projects.

Expenditure by Government’s Functions

All Government expenditure whether it is recurrent or development is aimed at delivering service to the public in accordance with Government’s functions as shown below:



What Will the 2016/17 Budget do in Sectors?

Expenditures by functions of the Government have been divided into different sectors country wide in order to finance operational expenses and implementation of various projects. The major allocation (as it is shown in the above pie chart) is for activities of **an economic nature** such as Industry, Agriculture, Livestock, Fisheries, Transport, Energy and Minerals



Industry



The budget allocated to implement the commitments under the industrial sector for 2016/17 is **Shs 81.9 billion**. Further, the Government will spend **Shs 50.9 billion** to implement **Industrial Growth for Job Creation strategies**, such as: Valuation of land and property in strategic investment areas, carrying out industrial research, developing infrastructure for small scale industries and facilitating availability of simple and affordable industrial technologies. The implementation of the industrial Sector’s budget will mainly focus on promoting growth and industrialization for economic transformation. Likewise, to improve the environment for industrial development,

funds have been allocated to other sectors for improvement of infrastructure related to power, water, road, ports and railways.

Other spending highlights:

- ☆ **Shs 10 billion** for valuation and relocation at Mchuchuma coal project and Liganga Iron ore mine;
- ☆ **Shs 9 billion** for construction of basic industrial infrastructure at TAMCO Industrial area, Kibaha;
- ☆ **Shs 6.1 billion** for facilitating SIDO to modernize and establishment of industrial estates at Dar es Salaam, Mbeya, Mwanza, Morogoro and Mtwara;
- ☆ **Shs 2.4 billion** for raising the National Entrepreneurship Development Fund (NEDF) so as to increase the scope of issuing loans to small industries;
- ☆ **Shs 1.7 billion** for feasibility study, land valuation and relocation of people at Lake Natron/Engaruka soda ash project;
- ☆ **Shs 1 billion** for establishment of basic infrastructure for Leather Value Addition Cluster in Dodoma region;



Agriculture, Livestock and Fisheries



In 2016/17, the Government has budgeted **Shs 1,560 billion** for Agriculture, Livestock and Fisheries. The allocation is equivalent to 4.9 percent of total budget, excluding public debt services. The budget focuses on increasing production, value addition and marketing of agriculture, livestock and fishing produces so that they can be used in small, medium and large production and processing industries. The Government will ensure the use of modern agricultural, livestock and fisheries equipment, availability of agricultural inputs and improving sectorial infrastructures by construction and rehabilitation of warehouses and silos.

Spending highlights:

- ☆ **Shs 79.54 billion** for construction and rehabilitation of markets, warehouses and silos for grain storage, purchasing and distribution of grain stock materials;
- ☆ **Shs 25.0 billion** will be used to subsidize agricultural inputs to small scale farmers;
- ☆ **Shs 26.9 billion** for purchasing, storing and distribution of grain through the National Food Reserve Agency as well as purchasing and milling of maize through Cereals and Other Produces Board;
- ☆ **Shs 1.5 billion** will be used to sustain agricultural production by providing access to credits to smallholders;
- ☆ **Shs 3.0 billion** will be used to facilitate access to new investment plantations and youth employment opportunities;
- ☆ **Shs 21.7 billion** for funding research to increase productivity in fisheries and livestock;
- ☆ **Shs 18.2 billion** will be used to construct livestock chakol dams, construction and rehabilitation of fishing infrastructure, cattle auctions and markets; developing livestock multiplication farms, allocating grazing areas, providing fishery subsidy and conduct a feasibility study for the construction of large fishing port;

- ☆ **Shs 5.9 billion** for development of aquatic organisms by building 5 fish ponds and installing 5 fish feed making machines.



Transport



The sector has been budgeted **Shs 5,470.3 billion** equivalent to 25.4 percent of total budget excluding public debt services. The 2016/17 budget allocation on transport intends to enhance industrial development and human resources through improvement of infrastructures of roads, railways, airports, ports, weather and communications.

Spending highlights:

- ☆ **Shs 1,347.7 billion** for construction and rehabilitation of roads that open up economic opportunities;
- ☆ **Shs 1,000 billion** for construction of a standard gauge central railway line;
- ☆ **Shs 161.4 billion** for rehabilitation of central railway line and procurement of locomotives and wagons, through the Railways Fund;
- ☆ **Shs 1,490 billion** for acquisition of three new passengers aircrafts; acquisition and rehabilitation of passenger ships in lake Victoria and Tanganyika; improvement of port infrastructure; and rehabilitation of airports;
- ☆ **Shs 510 billion** for developments of ports;
- ☆ **Shs 832.3 billion** will be used through Road Fund for feasibility study and construction of 3,184 km of roads and 14 bridges at the level of tarmac countrywide. In addition, another 28 km of roads will be constructed to reduce traffic jam in Dar es Salaam city.



Energy and Minerals



In the 2016/17 the Government has budgeted **Shs 1,130 billion**, equivalent of 5.3 percent of total budget excluding public debt service on ensuring reliable power supply for industrial and domestic uses.

Spending highlights:

- ☆ **Shs 587.6 billion** is for Rural Energy Agency and Rural Energy Fund to facilitating distribution of power to district headquarters and rural areas;
- ☆ **Shs 106 billion** for construction a total of 1020 KV transmission lines which are Makambako-Songea, Dar es salam-Tanga-Arusha and Iringa-Singida-Shinyanga;
- ☆ **Shs 26.0 billion** for facilitating expansion of Rusumo Falls Hydroelectric Power Plant and extension of North-West Grid of 400 KV transmission line;
- ☆ **Shs 229.2 billion** for completion of Kinyerezi I and construction of Kinyerezi II natural gas fired Plant;
- ☆ **Shs 15.6 billion** for facilitating energy and mineral sector capacity and institutional support;
- ☆ **Shs 40.1 billion** for supporting development of new and renewable energies;

- ☆ **Shs 5.0 billion** for completion of feasibility study for gas distribution networks in Lindi and Mtwara Regions (Gas distribution network) along the Natural Gas Pipeline project;
- ☆ **Shs 10.7 billion** for development of petroleum sub-sector in order to speed up exploration and access to white petroleum products.



Education



In meeting the Government theme of enabling the sustainable economy towards attaining middle income status by 2025 through industrial development, education sector is very crucial path. Because it enables the country to have a productive society with skills and innovations which are useful for industrial sectors.

In 2016/17, the Government has budgeted **Shs 4,770 billion** in education sector. The amount budgeted on education sector is equivalent to 22.1 percent of total Government Budget excluding public debt service. The main focuses of the sector are: To implement free basic education country wide; Provision of loans to higher learning students and constructions and rehabilitation of education infrastructures country wide; Improving quality of education and build relevant skills at all levels; To strengthen Research and Development and the use of science and technology for stimulation of economic development.



Spending highlights:

- ☆ **Shs 3,069.5 billion** for implementing free basic education program;
- ☆ **Shs 44.61 billion** for Technical and Vocational training in which about 81% will be used to support Vocational Education Training Colleges countrywide;

- ☆ **Shs 69.66 billion** for maintenance and operation of Universities and Commissions dealing with Science and Technology;
- ☆ **Shs 431.71 billion** for providing loans to students admitted to higher learning institutions;
- ☆ **Shs 43.75 billion** will be spent on school quality assurance which includes rehabilitation of Teachers' Colleges, strengthening inspectorate and establishment of Teachers Service Commission;



Health



In 2016/17 **Shs 1,988.2 billion** has been budgeted for health sector which is equivalent to 9.2 percent of the total budget excluding public debt services. Among others, sector budget focuses on provision of quality health services to all citizens.

Spending highlights:



- ☆ **Shs 251.5 billion** is for purchasing of medicines, medical equipment and reagents countrywide through Medical Store Department (MSD), of which Shs. 71.0 billion is for settlement of outstanding MSD debts;
- ☆ **Shs 646 billion** is for primary health care services in dispensaries, health centres and district hospitals;
- ☆ **Shs 10.1 billion** is for improvement of health infrastructure and services in national and zonal hospitals;

- ☆ **Shs 18.8 billion** is for rehabilitation and completion of ongoing construction of Regional Hospitals countrywide;
- ☆ **Shs 24.5 billion** is for cancer examination, TB/Leprosy control programme, psychiatric services and treatment of chronic Tuberculosis (TB);
- ☆ **Shs 20.0 billion** is for procurement of medical equipment for Jakaya Kikwete Cardiac Centre, Muhimbili Orthopedic Institute (MOI), Ocean Road Cancer Institute and Mbeya Referral Hospital;
- ☆ **Shs 3.0 billion** is for antenatal and maternal health services countrywide;
- ☆ **Sh 5.0 billion** is for medical treatment abroad to people with special medical requirement which are not attained in the country;
- ☆ **Shs 80.8 billion** is for prevention and treatment of HIV/AIDS.



Water



Water is one of the sectors under **Housing and Community amenities** function of the Government. Budget allocation for water sector in 2016/17 is **SHS. 1,020 billion**, equivalent of 4.8 percent of total budget excluding public debt services. Annual targets for the sector are: to improve the management and development of water resources in the country; to increase access to water supply and sanitation in rural and urban

areas; to develop irrigation infrastructure. The sector budget is mainly for: construction and rehabilitation of water infrastructure for both rural and urban areas; settlement of contractors’ outstanding claims, and implementation of Water Fund Programme.

Spending highlights:

- ☆ **Shs 310.7 billion** for implementation of rural water supply and sanitation projects;
- ☆ **Shs 38.8 billion** for borehole drilling and dams construction (including Kidunda dam);
- ☆ **Shs 63.4 billion** for implementation of water projects of Same-Mwanga-Korogwe and Masai Nachingwea as well as Lake Victoria Shinyanga Kahama water supply;
- ☆ **Shs 102.6 billion** for expansion and rehabilitation of rural and urban water supply infrastructure;
- ☆ **Shs 156.7 billion** for rehabilitation and expansion of Urban Water Supply;
- ☆ **Shs 152.3 billion** for implementation of Dar es Salaam water supply and sanitation projects;
- ☆ **Shs 14.7 billion** for Management Support to LGAs;
- ☆ **Shs 54.6 billion** for development and management of water resources;
- ☆ **Shs 18.2 billion** for capacity building and institutional strengthening;
- ☆ **Shs 26.8** for Regions and LGAs for development of water infrastructure.



Social Protection



Apart from other Government efforts to improve Economic and other Sectors, attention has been given also to strengthening social protection so as to improve income and social welfare of people. **Shs 387.9 billion** has been budgeted for social protection.

Spending highlights:

- ☆ **Shs 2.4 billion** for improving infrastructure for the elderly homes and juvenile detentions centers; purchase food, medicine and other requirements for vulnerable children;
- ☆ **Shs 59.0 billion** has been budgeted to enable economic empowerment in small-scale economic activities in groups, where by each village will get **Shs 50 million** in phases;
- ☆ **Shs 15.0 billion** for Supporting National Skills Development Programme so as to promote productive and decent employment opportunities. It involves: re-skilling of 13,400 employees to accommodate emerging technologies and techniques; train 4,600 apprentices in collaboration with training institutions and employers; facilitate internship programme to 4,000 graduates; strengthen employment services centres including labour market information system; and identifying and asses 5,000 persons acquired skills through non formal learning;
- ☆ The Government has budgeted 5.0 percent of each LGA’s total own revenue sources for youth groups. Likewise, **Shs 1.0 billion** has been set aside for Youth Development Fund Project to enhance Economic Youth groups’ empowerment;
- ☆ **Shs 1.96 billion** for women economic empowerment.



Democracy and Good Governance



Issues of Democracy and good governance are among the notable Government obligations implemented through **General Public Services** function. In 2016/17, **Shs 81.9 billion** has been budgeted to address issues of democracy and good governance.

Spending highlights:

- ☆ **Shs 9.15 billion** for constitutional affairs;
- ☆ **Shs 24.0 billion** for construction and rehabilitation of court buildings and Judges’ residences;
- ☆ **Shs 3.55 billion** for human rights and Good Governance activities;
- ☆ **Shs 1.68 billion** for law reform activities;
- ☆ **Shs 18.79 billion** for political parties activities, of which Shs 17.20 billion is grants to political parties and Shs 230 million is for Tanzania Centre for Democracy (TCD);

BUDGET REFERENCE DOCUMENTS

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 Five Year Development Plan II;
- ⇒ Ruling Party Election Manifesto of 2015;
- ⇒ Macro-Economic Policy Framework: Provides information about fiscal policies and reforms;
- ⇒ National Debt Strategy;
- ⇒ Joint Assistance Strategy;
- ⇒ Ministries Budget Speeches for year 2016/17;
- ⇒ Medium Term Plans and Medium Term Expenditure Framework Budget Memoranda 2016/17;
- ⇒ The State of the Economy Speech for Year 2016/17;
- ⇒ National (Government) Budget Speech 2016/17
- ⇒ The Appropriation Act, 2016;
- ⇒ The Annual Finance Act, 2016;
- ⇒ National Economic Survey; and
- ⇒ The Estimates of Public Revenue and Expenditure Books for year 2016/17 (Volumes I – IV).

In order to access some of these documents and previous versions of Citizens Budget you can visit:

- Ministry of finance and Planning website (www.mof.go.tz)
- Planning Commission website (www.mipango.go.tz)
- Policy Forum website (www.policyforum.or.tz)

.....(Tear-out page).....

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 Government Budget Division,
Ministry of Finance and Planning
1 Madaraka Street
11468 Dar es Salaam
P.O. Box 9111, Dar es Salaam.***

or email us at: ps@mof.go.tz

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, e.tc. 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 and Planning or in our Website: <http://www.mof.go.tz>;
- ❖ The Ministry of Finance and Planning; 1 Madaraka Street, 11468 Dar es salaam, P.O.Box 9111, Dar es Salaam. Phone: +255 22 211174-6; Fax: +255 22 2110326;
- ❖ Local Government Authorities' 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!