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# Speech by the Minister of Finance Hon. Daniel N.Yona (MP). Introducing to the National Assembly the estimates of public revenue and expenditure for the financial year 2000-2001

The United Republic of Tanzania

Ministry of Finance

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SPEECH BY THE MINISTER FOR FINANCE  
HON.DANIEL N. YONA (MP) INTRODUCING  
TO THE NATIONAL ASSEMBLY THE ESTIMATES  
OF GOVERNMENT REVENUE AND EXPENDITURE  
FOR THE FINANCIAL YEAR 2000/2001,  
ON 15<sup>TH</sup> JUNE, 2000

**INTRODUCTION:**

1. *Mr. Speaker*, I beg to move that this esteemed House now resolves to debate and approve Government proposals for Revenue and Expenditure estimates for the financial year 2000/2001. The Government budget has been consolidated in four volumes which provide details of budget estimates. Volume one contains government revenue estimates; volumes two and three contain estimates of recurrent expenditure for ministries, government departments, regions, town councils and district councils, while estimates of development expenditure are in volume four. In addition, there is the 2000/2001 Finance Bill.

2. **Mr. Speaker,** at the outset, I would like to say that the 1999/2000 budget is the last in a row since the Third Phase Government came to power in 1995. During this period the budget has been a significant instrument of implementing economic and social policies and objectives in line with the election manifesto of the ruling party. The year 2000/2001 budget is aimed to continue the implementation of these policies and objectives with a view to improving service delivery to the people of Tanzania and improvement of infrastructure to enable higher economic growth and poverty reduction.

3. **Mr. Speaker,** I would like to express my gratitude to all those who participated in the preparation of this budget. As we all know, preparation of the Government Budget involves many individuals and institutions. Let me take this opportunity to thank all my colleagues and staff of the Ministry of Finance, particularly the Deputy Ministers for Finance, Hon. Abdisalaam Issa Khatib (MP)

and Hon. Prof. Crispin Hauli (MP). I also wish to thank the Permanent Secretary, Mr. Peter J. Ngumbullu, his deputies Mr. Gray Mgonja and Mr. Peniel Lyimo, Commissioner General of Tanzania Revenue Authority, Mr. Melkizedeck Sanare and his assistants, the Planning Commission, other Ministries, Government Departments, Regions, Districts, Councils and various institutions and groups which contributed in one way or another in the preparation of this Budget. I would like to thank the Ministry of Justice and Constitutional Affairs, in particular the Attorney General's Chambers for preparing the bills for this budget; and the Government Printer and his staff for the timely publication of this Budget Speech, as well as the Books and Bills concerning this budget. Let me also take this opportunity to express my appreciation to all Parliamentary Committees, in particular, the Finance and Economic Committee of this Parliament under the Chairmanship of Hon. Juma Akukweti, Member of Parliament for Tunduru, for their thorough scrutiny of the various budget proposals and

more so for their valuable comments and advice which the Government took into account in preparing this Budget.

4. **Mr. Speaker**, the 1999/2000 budget speech was presented in this Parliament on June 10<sup>th</sup>, 1999. Since then a number of significant events have occurred in the country including your esteemed House. It will be recalled with sorrow that on October 14<sup>th</sup>, 1999 we lost our beloved Father of the Nation and the First President of the United Republic of Tanzania, the late Mwalimu Julius Kambarage Nyerere. The entire Nation was grief stricken with his death. The late Mwalimu Nyerere was loved not only by Tanzanians but by the whole world. During his life time, Mwalimu did a lot for us. Some of his contributions include the building of national unity and peace which is scarce in many countries particularly in Africa. It is our duty therefore to continue building on the foundation he has left us and to pray for him. May Almighty God Rest His Soul in Eternal Peace.



5. **Mr. Speaker**, apart from Mwalimu Nyerere's death, the former President of the Zanzibar Revolutionary Government Hon. Idris Abdul Wakil died on March 14<sup>th</sup>, 2000. During his lifetime, the late Wakil was a leader who respected people of all persuasions. May Almighty God Rest his Soul in Eternal Peace.

6. **Mr. Speaker**, during the same period, three Members of Parliament passed away. They are; the late Hon. Stanley M. Kinuno (CCM) who was member of Parliament for Nyang'wale, the late Hon. Salum H. Ngajulage (CCM) who was member of Parliament for Liwale; and the late Hon. Colonel Yusuf B. Ramia (CCM) who was member of Parliament for Bagamoyo. May Almighty God Rest their Souls in Eternal Peace.

7. **Mr. Speaker**, during this period, six new Members of Parliament have been elected. They are, Hon. Phillipa Musalika (CCM), member of Parliament for Nyang'wale; Hon. Venance F. Ngulla (CCM), member of Parliament

for Ubungo; Hon. John M. Kibaso (CCM), member of Parliament for Temeke; Hon. Ibrahim Msabaha (CCM), member of Parliament for Kibaha; Hon. Azim Premji (CCM), member of Parliament for Kigoma Urban and Hon. Sebastian Kinyondo (CCM), member of Parliament for Bukoba Rural. I have the pleasure to welcome them to this last Budget session before the next General Elections.

8. **Mr. Speaker**, after many years of implementing economic reforms, some positive results have emerged. Our economic policies, objectives, and performance were well presented by Hon. Nassoro Malocho (MP), Minister of State, Planning and Parastatal Reform Commission in his budget speech. In brief, during the last three years (1997 - 1999), Gross Domestic Product (GDP) registered an annual average growth rate of 4.1 percent. This is a good achievement considering the economic difficulties including bad weather conditions that prevailed in the country. The Government has also

been able to control its budget by spending from real resources - domestic revenue and donor assistance without borrowing from banks. Inflation declined to a single digit for the first time in more than 20 years and is expected to decline further. Also, there has been progress in increased investments particularly in the mining and tourism sectors.

9. *Mr. Speaker*, due to sound economic policy and management, donors have continued to extend assistance to Tanzania. Recently, donors agreed on a Decision Point for Tanzania's eligibility for debt relief under the Enhanced Highly Indebted Poor Countries (HIPC) Initiative, sponsored by Multilateral Financial Institutions and Paris Club creditors. This decision will enable the Government to enhance its efforts and strategies to reduce poverty through the use of resources freed from the debt relief for improving services in the priority areas for economic growth and poverty reduction. On behalf of the Government, I would like to



express our appreciation to the Financial Institutions and Paris Club creditors for their timely decision on debt relief under the enhanced HIPC Initiative. I should also register our gratitude to donor countries which assisted us in our struggle towards Tanzania's entry into the enhanced HIPC Initiative, and which continue to support us in our pursuit for a better future for the people of Tanzania.

**10. *Mr. Speaker,*** these achievements notwithstanding, there are still major challenges ahead of us before the majority of Tanzanians can enjoy the benefits of macroeconomic stability. Poverty is still pervasive in the country. Agricultural and Industrial Sectors which have a high potential for job creation have not performed well. Likewise, social and economic services including roads, require major improvement. Unemployment particularly among the youth is very high. The HIV/AIDS endemic has now become a major threat to the economy and development of Tanzania. The year

2000/2001 budget therefore, focuses on continuing the fight against these problems. It is the Government's intention to overcome economic obstacles and reduce poverty step by step.

## **REVIEW OF IMPLEMENTATION OF THE BUDGET FOR 1999/2000**

### **The Budget Base for 1999/2000:**

11. *Mr. Speaker*, before I present the 2000/2001 budget proposals, allow me to review the implementation of the 1999/2000 budget. It may be recalled that the 1999/2000 budget aimed at developing policies geared at attaining rapid economic growth in order to alleviate poverty among the majority of the people of Tanzania. In this regard, the 1999/2000 budget frame had the following objectives:

- (i) Attain GDP growth rate of at least 4.9 percent;
- (ii) Reduce inflation rate to 5 percent or below

- by the end of June 2000;
- (iii) Increase domestic revenue collection to at least 13 percent of GDP;
  - (iv) Reduce the balance of payments deficit to 6.0 percent compared to 7.5 percent in 1998/99 by increasing exports;
  - (v) Continue with the privatisation of parastatal organizations in order to reduce the burden on the government budget and improve performance;
  - (vi) Control the level of unemployment;
  - (vii) Provide adequate budgetary allocations to social sectors in order to improve social welfare;
  - (viii) Continue improving the control of public expenditure;
  - (ix) Continue discussions with external creditors for debt relief and improving the management of both domestic and external debts;

- (x) Increase foreign exchange reserves;
- (xi) Improve civil service pay conditions;
- (xii) Improve strategies for eradicating poverty particularly for women and children; and
- (xiii) Increasingly assume leadership in our relations with donors with a view to assuming ownership and leadership in our development cooperation.

**Monetary Policies:**

12. *Mr. Speaker*, during fiscal year 1999/2000, the Government continued to implement monetary policies which aimed at reducing inflation, increasing foreign exchange reserves and enhancing domestic credit to the private sector. The inflationary trend has been encouraging, with the rate of inflation declining from 8.8 percent in April 1999 to 6.0 percent in April 2000. The inflation rate is expected to decline further to 5.0 percent or below by the end of June 2000.

### **Revenue Policies:**

**13. *Mr. Speaker,*** during the 1999/2000 fiscal year, the Government implemented further reforms of the tax structure including Customs Duty, Income Tax and Value Added Tax (VAT). The reforms included application of import tariffs according to degree of processing of imported goods. This step has assisted in integrating imported goods into the customs tariff book as compared to the past when different levels of customs duties were reflected in various tariff books and laws.

**14. *Mr. Speaker,*** the Government has reduced Personal Income Tax Bands from eleven to four, and raised the minimum taxable income (threshold) from Tshs.20,000 to Tshs.45,000 per month. Furthermore, the highest marginal income tax rate has been reduced from 35 percent to 30 percent. Various amendments were also made to the Value Added Tax Act of 1997 and to taxes charged by local governments and those with bases shared by the central and local governments.



There is, however, a need to continue with rationalisation of different types and levels of local government taxes as well as those charged by the central government with a view to improving the environment for investment in areas outside of the main urban centres.

15. *Mr. Speaker*, provisional statistics indicate that, domestic revenue collection for the first nine months period of July 1999 to March 2000 was Tshs.576,296.2 million compared to estimated collection of Tshs.576,400 million for the period. It is worth noting that revenue estimates for January - June 2000 were revised following the review conducted in December 1999 which revealed that the targeted revenue of Tshs.810,298 million for the year 1999/2000 would not be realized. Given this trend, the revenue collection is expected to reach Tshs.768,700 million or 5.1 percent below the original target. This trend has been attributed mainly to the decline in imports of consumer goods, and

tax evasion especially in respect of tyres, sugar, jute bags, petrol, textiles, batteries and other products. The problem of tax evasion is also common in Value Added Tax especially at retail trade level.

**Expenditure Policies:**

16. **Mr. Speaker,** regarding expenditure, the Government continued to implement the cash budget system as a measure for controlling and managing the Government budget. Other measures included the introduction of a new system in which payments to suppliers are made on the basis of computerized Local Purchase Orders (LPO). The objective of this system is to control unauthorized procurement and avoid creation of domestic suppliers debt. The system became operational in April 2000 starting with Dar es Salaam region. In order to further strengthen expenditure control and enhance revenue collection, the government will table a proposal to this House to repeal the Exchequer and Audit Ordinance Act of 1961 and to

enact a new law in fiscal year 2000/2001.

**17. Mr. Speaker,** during 1999/2000, allocation of budgetary resources strategically favoured the priority public services of education, health, water and roads. The Government also raised salaries of civil servants including employees of government agencies, and established a contributory pension fund for central government employees.

**18. Mr. Speaker,** the estimated total expenditure for the period July 1999 to March 2000 was Tshs.855,737.2 million out of which recurrent expenditure was to be Tshs.672,148.8 million and development expenditure Tshs.183,588.4 million. The trend indicates that actual expenditure would fall below the estimated amount especially on "Other Charges (OC)". During the first nine months of 1999/2000, a total of Tshs.758,313.3 million was spent, reflecting a shortfall of Tshs.97,423.9 million or 11.4 percent below budget estimates. Out of

the total outlay, recurrent expenditure was Tshs.615,601.4 million whereas development expenditure was Tshs.142,711.9 million. The shortfall in expenditure was caused by low revenue collection and a slow pace of disbursements of funds from external sources during the period under review.

### **Foreign Loans and Grants:**

19. *Mr. Speaker*, during fiscal year 1999/2000, development cooperation between Tanzania and its donors including international finance institutions continued to be strengthened. Various strategies were developed to enhance the partnership with a view to increasing efficiency and effectiveness of aid. One of these strategies is to review the existing aid modalities in order to reduce the number of multi-donor projects and redirect resources to areas of economic growth and poverty reduction. The objective of this strategy includes to ensure government ownership and leadership in aid coordination. These strategies are

being integrated in various documents including the Tanzania Assistance Strategy (TAS), Medium Term Expenditure Framework (MTEF), Public Expenditure Review (PER) process, and Poverty Reduction Strategy Paper (PRSP) which are being developed by the government with the involvement of donors, and Tanzanian Civil Society. Some members of Parliament also participated in the process of preparing these strategies and will continue to be involved.

**20. Mr. Speaker,** disbursements of external resources have continued to be unpredictable. There is still a problem of capturing accurate data on aid flows particularly those disbursed to projects directly (D funds), including technical assistance. Other reasons include the slow pace of implementation of structural reform benchmarks largely related to the divestiture of public enterprises. These are some of the issues which are being addressed in the strategies mentioned above particularly the TAS process. Notwithstanding these



problems, the estimated donor resources amounting to Tshs.392,443 million are likely to be disbursed by end of June 2000.

**21. Mr. Speaker,** following the impressive implementation of macro-economic and structural reforms, in March 2000 the Government concluded an agreement with the International Monetary Fund (IMF) for a three year programme under the Poverty Reduction and Growth Facility (PRGF). This programme which replaces the Enhanced Structural Adjustment Facility (ESAF) will enable the Fund to extend to Tanzania a soft loan amounting to USD 181.5 million, to be disbursed in installments in a three year period (2000/2001 - 2002/2003). Furthermore, the Government has negotiated with the World Bank a three year Programmatic Structural Adjustment Credit Phase I (PSAC I) which aims at improving the economic environment by strengthening the judiciary system, the private sector, the legal and regulatory framework, and

other governance issues. The programme which is scheduled for approval by the IDA Board of Executive Directors before the end of June 2000 will provide a soft loan of USD 190 million for a three-year period of 2000/2001 - 2002/2003.

## **DEBTS:**

### **External Debts:**

22. *Mr. Speaker*, during the fiscal year 1999/2000, the government was also determined to reduce the burden of external debt through the following measures:-

- (i) To use Paris Club initiatives to seek an amelioration of the debt burden.
  
- (ii) To complete the verification of debts and conclude bilateral agreements with the individual creditors as agreed under the Paris Club mechanism;

- (iii) To continue negotiations with the non-Paris Club creditors for debt relief terms comparable to those offered by the Paris Club;
- (iv) To continue encouraging donors to contribute to the Multilateral Debt Relief Fund (MDF);
- (v) To implement Debt Buy Back programme for commercial debts; and
- (vi) To continue to implement the National External Debt Strategy (NDS).

23. **Mr. Speaker**, based on the analysis undertaken by the government in collaboration with the multilateral financial institutions, Tanzania's stock of external debt as at 30<sup>th</sup> June 1999 stood at USD 6.38 billion as follows:-

(a)	Multilateral Financial Institutions	3.42 billion
(b)	Paris Club countries	2.00 billion
(c)	Non-Paris Club countries	0.86 billion
(d)	Private Creditors	<u>0.10 billion</u>
	<b>Total</b>	<b><u>6.38 billion</u></b> <b><u>equivalent to</u></b> <b><u>T shs.5.1 trillion</u></b>

24. *Mr. Speaker*, on 4<sup>th</sup> April, 2000, the World Bank and International Monetary Fund (IMF) jointly determined that Tanzania had reached Decision Point for debt relief under the enhanced Highly Indebted Poor Countries Initiative (HIPC) which was conceived by the G-7 countries in June 1999 and adopted by the multilateral financial institutions in September 1999. In another development, the Paris Club countries on 14<sup>th</sup> April, 2000 approved further debt relief to Tanzania in the framework of the enhanced HIPC Initiative. The decision of the multilateral financial institutions as well as the Paris Club' creditors, who are also our donors, to

grant Tanzania enhanced debt relief, was due to the fact that the international community sees it fitting and it recognises, the efforts of the Government of Tanzania in reforming the economy and fighting poverty. As they said themselves in their statements, this debt relief will strengthen Tanzania's ability to fight the war against poverty.

25. *Mr. Speaker*, the debt relief to be granted to Tanzania by the World Bank, IMF and Paris Club countries is estimated at more than Tshs.1.6 trillion, equivalent to USD 2 billion. This is nearly half of the external debt that we owe external creditors excluding commercial debt. The debt relief will reduce by nearly half the debt service burden over the next three years, and will further reduce the burden by one third thereafter.

26. *Mr. Speaker*, this debt relief, translates to a budgetary saving of about Tshs.80 billion (USD 100



million) per annum. However, there are conditions attached to this debt relief. The decisions taken in Washington D.C. on the 4<sup>th</sup> April, 2000 and in Paris on the 14<sup>th</sup> April, 2000 were only interim decisions which confirmed that Tanzania deserved consideration for debt relief and determined the amount of debt relief that will be obtained. That is known as "Decision Point". The Completion Point, will be reached within the next fifteen months subject to fulfilment of completion point conditions. In the meantime, before reaching Completion Point, an interim relief will be granted.

**27. Mr. Speaker,** Completion Point Conditions include the following:-

- (a) Firstly, we must continue implementing sound macroeconomic and fiscal policies, and good governance. The benchmarks include effective government budget management, both revenue collection and

expenditure control, to continue strengthening the tax base, to improve environment for investment and trade, and to improve economic and social infrastructure;

(b) Second, we must prepare a Poverty Reduction Strategy Paper (PRSP) with the participation of the civil society and the donor community. An Interim Poverty Reduction Strategy Paper (PRSP) was prepared in February 2000 and is being improved upon in a participatory approach involving the various stakeholders. The Government aims to complete the PRSP and submit to the World Bank and the IMF by August, 2000.

(c) Third, while we are preparing the Poverty Reduction Strategy Paper (PRSP), we are

required to complete certain activities concerning poverty including improving data on poverty, capacity to monitor programmes, and reflection of poverty reduction priorities in the 2000/2001 budget; undertaking school mapping, to continue with immunisation of children under 2 years of age, the fight against HIV/AIDS; and

- (d) Fourthly, to obtain comparable debt relief from other creditors.

**28. Mr. Speaker,** regarding the Multilateral Debt Fund (MDF), during this fiscal year contributing donors had pledged USD 91.3 million. As at end April 2000, USD 81.5 million had been disbursed. These donors, have agreed to continue to support the Government under a transformed MDF facility to be known as the Poverty Reduction Budget Support (PRBS).

### **Domestic Debts:**

**29. Mr. Speaker,** in addition to strategies to reduce external debt burden, the Government continued to verify its domestic debt, and reducing it through a combination of measures, including the following:-

- (i) In collaboration with the Controller and Auditor General, the government identified and verified the validity of supplier claims for goods and services supplied and applicable prices;
- (ii) Paying debts that were verified;
- (iii) Reducing to a large extent domestic borrowing; and
- (iv) Issuing Treasury Bills only to rollover maturities.

30. **Mr. Speaker**, this exercise helped to reduce to a large extent the problem that existed before between the government and domestic suppliers, on the domestic arrears. As at end of March, 2000, the government had verified and paid suppliers debt amounting to Tshs. 51.1 billion. During the same period, Tshs 227.3 billion was paid to creditors in the financial and pension's sector largely constituting interest on government bonds and stocks.

#### **Civil Service Welfare:**

31. **Mr. Speaker**, government, from July, 1999 established the Public Service Pension Fund and raised the compulsory retirement age from 55 to 60 years. Also the minimum pension rate has been adjusted from Tshs. 2,000 per month to Tshs. 10,000 per month, and the minimum lumpsum pension payment has been increased from Tshs. 5,000 per month to Tshs 20,000 per month. Similarly the minimum taxable salary was increased from 20,000 per month to Tshs. 45,000 per



month. At the same time the minimum wage has been increased from Tshs. 30,000 per month to Tshs. 45,000 per month.

### **POLICIES AND BASIS FOR YEAR 2000/2001 BUDGET:**

32. *Mr. Speaker*, after explaining the implementation of the budget for year 1999/2000, I wish now to explain the basis and budgetary policies for the year 2000/2001. After many years of government's efforts on economic reform, the economy of our country has now attained a strong foundation. It is important to put in place conditions for strengthening the environment which will enable the economy to grow faster in order to bring about the benefits of macro-economy on the Tanzanian society. Government efforts are supported by the international donor community in form of aid and debt relief. On the strength of these underlying conditions the budget for the year 2000/2001 has been prepared with the following main objectives:-

- (i). To collect domestic revenue of at least Tshs.856,400 million equivalent to 11.3 percent of the *GDP*, which is 0.1 percent higher than the expected revenue collection for this financial year.
  
- (ii). To continue with privatisation of the remaining public enterprises in order to enhance efficiency and reduce dependence on Government funding.
  
- (iii). To provide sufficient budgetary allocations to the priority areas for poverty reduction and stimulate higher economic growth. The priority areas include, education, health, water, agriculture, rural roads, and the fight against HIV/AIDS. In order to strengthen good governance, the government has enhanced budgetary allocation to the Judiciary and the fight

against corruption.

- (iv). To continue improving control of public expenditure.
- (v). To maintain foreign exchange reserves at a level sufficient to cover at least four months of imports of goods and non-factor services.
- (vi). To create conducive environment for the provision of micro credit (Microfinance).
- (vii). To improve management and control of domestic and external debts in order to avoid unsustainable debt.
- (viii). To continue to bring inflation rate down
- (ix). To improve investment environment.

33. *Mr. Speaker*, the policy stance for 2000/2001 aims at achieving economic growth of 5.8 percent. This is equivalent to per capital *GDP* growth of 3.0 percent assuming average population growth of 2.8 percent per annum.

34. *Mr. Speaker*, It is evident that it will take more than one year to realise some of the objectives mentioned above. Nevertheless, the Government is committed to implementing these policies step by step. In the year 200/2001, fiscal policy will be further strengthened in order to accomplish the key objectives.

#### Monetary Policies:

35. *Mr. Speaker*, as part of the economic policies and targets explained above, the Government in 2000/2001 will continue with prudent monetary policy in order to further reduce inflation to at least 4 percent by end June 2001. The government will therefore avoid bank

borrowing, to also provide room for expansion of credit to the private sector.

36. **Mr. Speaker**, in order to attain these targets, the Government in collaboration with the Bank of Tanzania will implement the following:-

- (a) Continue depositing 91 day-treasury bills proceeds in special account to check the growth of money supply.
- (b) Use Repurchase Agreements as an alternative monetary policy instrument.
- (c) Improve competitiveness in the banking sector so as to enable provision of credit at reasonable interest rates and better service to customers.
- (d) To promote secondary market for

government bonds and treasury bills; and

- (e) To facilitate the establishment of a Credit Information Bureau by the Association of Banks and Financial Institutions.

**Revenue Policies:**

37. *Mr. Speaker*, the revenue policies for the year 2000/2001 aim at achieving a revenue to *GDP* ratio of at least 11.3 percent. To that end, the Government will continue to take measures to improve the tax base and tax administration with a view to improving tax compliance and therefore enhancing revenue collection. The revenue to *GDP* ratio of 11.3 percent is very low even when compared to our neighbours Kenya and Uganda. Despite measures taken so far to reform the tax system, there are still weaknesses in our tax structure including a big part of the economy outside the tax net. The local industries have been adversely affected by cheap imports that enter the market without paying



relevant taxes and therefore creating unfair competition. There is rampant tax evasion largely in the white petroleum products and sugar imports. Retail businesses have also been evading VAT. Statutory exemptions have also been abused and have become another source of loss of revenue.

38. **Mr. Speaker**, in summary the revenue polices for the fiscal year 2000/2001 will focus on the following areas:-

- (i). To reduce the number of goods which are levied excise duty.
- (ii). To harmonise withholding tax rates on interest and dividends.
- (iii). To consolidate the taxes levied on white petroleum products in order to simplify collection without reducing revenue.

- (iv). To introduce a new system of regulating the business of petroleum products. This will entail the marking of petroleum products to distinguish consignment for the local market from that destined outside Tanzania through transit.
- (v). To improve control on tax evasion.
- (vi). To encourage ministries and government departments to improve collection of non tax revenue.
- (vii). To take measures to protect local industries against unfair competition exerted by dumping of cheap imports and those which evade taxes.
- (viii). To establish a single Unified Tax Appeals Machinery.

- (ix). To improve the tax refunds procedure in order to ensure timely refunds.
- (x). To continue strengthening the Tanzania Revenue Authority in order to improve tax administration.

39. **Mr. Speaker**, the retention scheme which allows some ministries and government departments to retain part of the revenue they collect for own expenditure has shown significant improvement during this financial year. There has been a substantial increase in the revenue collection under the scheme. Services rendered by these institutions have also continued to improve over the years. The total revenue collected under this scheme is expected to increase from Tshs.39,744.7 million in year 1999/2000 to Tshs.48,229.9 million in 2000/2001 or 21.3 percent. In this connection, it is important to continue with the retention scheme in a bid to improve revenue collection.

In this regard it is proposed to put in place a procedure that will allow an increase of retention ceiling for those who surpass targets in order to motivate them to increase collection effort.

40. *Mr. Speaker*, the existing procedures for tax refund by TRA have raised complaints from the tax payers mainly due to the length of time it takes to process and pay the refunds. This has caused liquidity problems to the taxpayers. These procedures will be improved in 2000/2001 with a view to ensuring timely payment of refunds.

41. *Mr. Speaker*, it has been established that the Government is losing a lot of revenue from imports of white petroleum products. This is partly due to existence of too many companies that were granted licenses to import petroleum products while there is little capacity to regulate them. The Government intends to reduce them from the present number of more than

seventy to only those with permanent infrastructure for storage and distribution. This measure will greatly assist in controlling tax evasion.

**Expenditure Policies:**

42. *Mr. Speaker*, the Government expenditure policies for the year 2000/2001 will aim at strengthening expenditure management and control and allocating more resources to the priority areas targeting poverty reduction and growth. These areas include social services such as education, health, water, and agriculture; infrastructure especially rural roads, judiciary, as well as the campaign against the spread of HIV/AIDS. Moreover, adequate funds have been allocated for the forthcoming General Elections. Local Authorities have also been given priority in the budget allocation. Due to the importance of roads in building the economy and improving the welfare of the people especially in the rural areas, the Government is taking targeted steps to enhance the resource allocation to the

sector.

43. **Mr. Speaker**, the implementation of the HIPC programme has also been taken into account in the expenditure framework for next year. Key activities which are required in order to build the basis for reaching completion point include; preparation of Poverty Reduction Strategy Paper (*PRSP*), which also involves household budget survey, labour force survey, school mapping, immunisation of children and campaign against the spread of *HIV/AIDS*.

44. **Mr. Speaker**, in order to enhance expenditure controls, the Government will continue with the Cash Budget system, which to a large extent has helped to instill expenditure discipline in the government. The new procedure of preparing *LPO* through computer network will be strengthened. Nevertheless, it is not the Government's intention to continue with cash budget for a long time. If the periodic reviews of management and



control of government expenditure will show restoration of financial discipline in expenditure on a firm basis, the Cash Budgeting system will be improved to allow for extended period of three months instead of one month currently. Parallel to the Cash Budget scheme, the Government will table a Bill to repeal the Exchequer and Audit Ordinance of 1961 and to enact a new legislation to provide for financial management and control of Public Monies, and Audit of Government Accounts. Already, government departments, institutions and regions are linked to the platinum system. With effect from end of June, 2000, the operation of Deposit Accounts which have so far created loopholes for excessive expenditure will be stopped. However, the Government will allow the use of Deposit Accounts only where it is very necessary and where measures to control over expenditure have been clearly defined.

### Domestic Debt:

45. *Mr. Speaker*, during the year 2000/2001 the Government will maintain its stance of abstaining from domestic borrowing. However, it will raise funds through the Treasury Bills to roll over maturing bills. The Government in collaboration with the Bank of Tanzania will expand the primary market for government security with a view to increasing the number of Primary Dealers after the completion of a market research.

### External Loans and Grants:

46. *Mr. Speaker*, despite the Government's effort to increase domestic revenue, the amount collected is still not adequate and therefore external assistance continues to be required in form of more grants and concessional borrowing from external sources. The donor community has been impressed by what Tanzania has achieved so far, and has shown willingness to continue supporting us. As I explained earlier, Tanzania has qualified to

benefit from the Poverty Reduction and Growth Facility (*PRGF*) sponsored by the *IMF*. The three-year programme (2000 - 2002) will enable the country to receive US Dollar 181.5 million which is equivalent to Shs.145.2 bilion. It is estimated that during 2000/2001 US Dollar 80.7 million or Sh. 64.6 billion will be made available by *IMF*. Negotiations for a three-year (2000 - 2003) Programmatic Structural Adjustment Credit (*PSAC*) worth US Dollar 190.0 million to be funded by World Bank have been completed. Under *PSAC*, Tanzania expects to receive US Dollars 70.0 million or equivalent to Tshs. 56.0 billion in the year 2000/2001. The donors contributing to the *MDF* are expected to continue assisting our budget through the Poverty Reduction Budget Support facility. It is expected that other donors will maintain their current funding levels and that some may increase their support.

#### **Private Sector and Employment::**

47. *Mr. Speaker*, as explained earlier, measures

undertaken by the Government in this sector are geared towards creating a conducive environment for economic growth through promotion of private sector investment, which will in turn lead to creation of employment and reduction of poverty. The sound macroeconomic policies, the divestiture of public enterprises, market liberalization and tax reforms have to a great extent created a better environment for private sector growth.

48. *Mr. Speaker*, in the effort to develop the private sector, the Government will continue to implement policies that encourage and promote investment, to reduce costs related to production and trade, foster competition and enhance private sector participation in the national economy. It is the Government's expectation that private sector growth in agriculture, large and small scale industries, tourism and others will improve job creation.

### Co-operation with SADC and EAC Countries:

49. **Mr. Speaker,** during the coming fiscal year, the Government will continue to strengthen co-operation with our neighbours in *SADC* and East African regions. Furthermore, Tanzania has tendered a notice of intention to withdraw from *COMESA* by September, 2000 in order to concentrate our efforts on regional integration within the East African Community (*EAC*) and the Southern African Development Community (*SADC*). Following the signing of the *EAC* Treaty on 30<sup>th</sup> November, 1999, the Parliament is expected to ratify the Treaty in due course. In the meantime, the *EAC* Secretariat has started work on the technical aspects on the establishment of a Customs Union with a view to harmonising our areas of co-operation, for equal benefit of the Member States. Therefore great emphasis will be placed on investment in economic and infrastructure sectors and to encourage private sector participation in production and trade.

## **2000/2001 BUDGET FRAME:**

50. **Mr. Speaker**, having explained the policy framework underlying the budget for 2000/2001, allow me now to explain its structure. Based on the macroeconomic framework and fiscal policies that I have explained earlier, the Government plans to collect revenue amounting to Tshs. 852,956 million under the existing tax structure and policies. However, given the level of expenditure for the year 2000/2001, additional revenue measures need to be taken to finance the deficit. The Government intends to make changes on certain taxes, as was explained in the revenue policies, in order to increase efficiency in tax collection.

51 **Mr. Speaker**, during the fiscal year 2000/2001, the Government plans to spend Tshs. 1,394,588 million or Tshs. 1.4 trillion. It is important to mention here that this amount is only 58.0 percent of actual requirements for recurrent expenditure as requested by Ministries, Regions and Government departments. The actual



requirement for recurrent expenditure for the present Government structure is Tshs. 2,403,596 million (or Tshs.2.4 trillion). This means that the current Government structure is still unable to generate enough revenues to finance its operations.

52. **Mr. Speaker**, the Government expects to collect a total of Tshs. 852,956 million in revenue during the fiscal year 2000/2001 based on the current tax structure. This level of domestic revenue collection if compared to the planned expenditure target of Tshs. 1,394,588 leaves a gap of Tshs. 541,632 million.

53. **Mr. Speaker**, as explained earlier, the Government efforts to reform the economy has restored donor confidence and enthusiasm to extend further assistance. In this regard, in the fiscal year 2000/2001, the donor community expects to extend to us grants and concessional loans amounting to Tshs. 518,186 million. Out of this amount Tshs. 196,648 million is in the form

of budget support, Tshs. 46,062 million is budgetary savings from debt relief, and Tshs. 275,476 million will constitute loans and grants for development projects. This level of external assistance reduces the deficit to Tshs. 23,446 million.

54. *Mr. Speaker*, the Government will not borrow from internal sources to finance the deficit. However, the Government will continue to sustain the Treasury Bills market and issue new Treasury bills to rollover matured bills only. Moreover the Government expects to realise Tshs.15,000 million during fiscal year 2000/2001, as proceeds from the sale of certain shares in parastatal enterprises. This amount will further reduce the deficit to Tshs. 8,446 million which will be covered through new revenue measures.

#### **REFORM OF TAX STRUCTURE AND NEW TAX MEASURES:**

55. *Mr. Speaker*, in endeavours to reform the tax

structure and improve procedures of revenue collection, it is proposed to take measures in the following areas:-

- (a) The customs duty structure
- (b) The export tax on scrap metals
- (c) The income tax structure
- (d) The value added tax structure
- (e) The excise duty structure
- (f) The white petroleum products taxes structure
- (g) The Local Government taxes
- (h) Levies and fees collected by central government institution
- (i) Tax administration.

### **The Customs Duty Structure:**

56. **Mr. Speaker**, on the customs duty structure, it is proposed to make the following amendments:-

#### ***The duty rates:***

- (a) It is proposed to make amendments on

rates of import duty on raw materials/industrial inputs in order to remove anomalies which appeared in the implementation of measures taken last year. It would be recalled that last year we imposed import duty on imported goods based on the degree of processing. In implementing this procedure some industrialists have raised concern that the import duty on their raw materials/industrial input has increased adversely. The amendments of rates on raw materials/industrial inputs in question will be reflected in the forthcoming Finance Bill, 2000. The rates on raw materials/industrial inputs to be amended will include milk packaging material. These amendments are not expected to reduce revenue as their coverage is small.

(b) ***Minimum Dutiable Value (MDVs):***

The procedure of applying Minimum Dutiable Value (MDV) also needs to be reviewed so as to impose MDV based on the international market prices of the products in question to clear the confusion which emerged during the year. Moreover, MDVs on these products will be published in order to bring about transparency to importers.

(c) ***Imposition of Suspended Duty:***

It is proposed to impose suspended duty on imported products, if it is proved that the declared price is lower than the actual cost of production (dumping). This measure will help to bring about fair competition between goods produced by local industries and those imported.



### Export Tax on Scrap Metal:

57. *Mr. Speaker*, in last year, the government introduced export tax on scrap metal in order to control exportation of rare scrap metals. Experience has shown however, that, the trade in scrap metal is negligible and therefore, there is no need to impose a tax on it. With effect from 1<sup>st</sup> July, 2000, the export tax on scrap metal will be abolished.

### Amendment of Income Tax Structure:

58. *Mr. Speaker*, on the Income Tax Structure, it is proposed to make the following amendments:-

- (a) Withholding tax on goods and services will be abolished in the fiscal year 2000/2001. This will be done after the operationalisation of the Taxpayer Identification Number ((*TIN*)) scheme.
- (b) To harmonise the withholding tax on dividends at a rate of 10% to apply to both



*TIC* and non-*TIC* certificate holders.

- (c) To abolish the withholding tax on leased aircrafts as experience has shown that this tax is never collectable.
- (d) To harmonise withholding tax on interest on income at a rate of 15% to apply to both *TIC* and non-*TIC* certificate holders.
- (e) In order to expand the income tax base and simplify its collection it is proposed to introduce three fixed tax rates for non-corporate businesses. The rates are as follows:-

	<u>Fixed annual income</u>
	<u>Tax rate per annum</u>
(i) Business with turnover less than Tshs.7,000,000 per annum	Tshs. 50,000
(ii) Business with turnover between Tshs.7,000,000 and less than 14,000,000 per annum	Tshs. 165,000

(iii) Business with turnover  
between Tshs.14,000,000  
and less than Tshs.20,000,000  
per annum Tshs. 385,000

(f) To treat contributions made by business people or industries for the purpose of helping in health services, education, water and roads, as allowable expenses when assessing their tax liability. However, the allowable expenses in this respect will not exceed 2% of the surplus or profit for the year.

(g) To reduce the time limit for making final assessment of income tax from seven (7) years to three (3) years. This period will begin after the company accounts have been submitted for tax assessment (filing of returns). Nevertheless, where the taxpayer does not submit tax returns in time, the

Commissioner for Income Tax will issue estimated assessment thereon as per the provision of the Income Tax Act.

All these proposals for amendment of the Income Tax structure are not expected to reduce revenue as they are aimed at enhancing efficiency in collection.

**The Value Added Tax Structure:**

59. *Mr. Speaker*, on Value Added Tax (VAT), it is proposed to make the following amendments:-

- (a) To apply Value Added Tax on white petroleum products with effect from 1<sup>st</sup> July, 2000. This measure will enable all companies to claim input tax. As a result, the imposition of VAT will not increase the price of petroleum products. This measure will also help to curb tax evasion in the petroleum sector.

- (b) In accordance with the Finance Act, 1999 the *VAT* on capital goods is deferred. In order to eliminate confusion in the implementation of this stance, clarification will be provided in the Value Added Tax Act, which will be amended accordingly.
- (c) In order to speed up *VAT* refunds, with effect from the new fiscal year, *TRA* will pay tax refunds directly, without waiting for allocation of funds from the Treasury.
- (d) Air charter services for tourists and non-tourists will also not be liable to *VAT*. This measure is for rectifying the anomaly which emerged last year when the Government decided not to charge *VAT* on air charter services.

These amendments are not expected to reduce revenue.

**The Excise Duty Structure:**

60. *Mr. Speaker*, it is proposed to amend the excise duty structure as follows:-

(a) To abolish excise duty on 46 products. With this measure the products which will continue to attract excise duty are six (6) only as follows:-

- (i) White petroleum products
- (ii) Beer
- (iii) Cigarettes
- (iv) Soft drinks
- (v) Wines and Spirits
- (vi) Motor cars with engine capacity exceeding 2000c.

It is estimated that this change of the structure of excise duty will reduce revenue

by Tshs.1,200 million.

- (b) It is proposed to increase the rate of excise duty by 5% (to adjust for inflation) on beer, cigarettes, and spirits. This measure is expected to generate additional revenue of Tshs.4,644 million.

### **Tax on White Petroleum Products:**

61. **Mr. Speaker,** it is proposed to make amendments on taxes on white petroleum products in order to reduce the number of taxes and to simplify collection. These amendments are as follows:-

- (a) Only four taxes will be levied on white petroleum products as follows:-
  - (i) VAT at 20%
  - (ii) Road Toll at Tshs.80/= per litre instead of the current Tshs.70/= per litre of diesel and petrol
  - (iii) Excise duty



(iv) Import duty (to remain at the rate of 5%).

(b) The proposed excise duty rates on different types of white petroleum products are as follows:-

	<b>Tshs. Per litre</b>
(i) LPG	215.5514
(ii) MSP	182.0000
(iii) MSR	161.1756
(iv) JET - A1	48.4848
(v) IK	144.3193
(vi) GO	156.9134
(vii) IDO	188.5622
(viii) FO	26.5000

The measure of increasing the Road Toll is estimated to generate additional revenue of Tshs.5,002 million.

### **Amendments to the Local Government Taxes:**

62. *Mr. Speaker*, despite steps taken to improve revenue collection at the local government level, there are still many problems remaining. It is therefore recommended that the relevant law governing imposition of taxation by the local government authorities be reviewed, and this be done in consultation with the Minister for Finance. In the meantime, the amendments which were passed by Parliament during the current financial year should be implemented.

### **Amendment to tax structure and fees collected by Ministries, Departments and Regions:**

63. *Mr. Speaker*, regarding taxes and fees collected by ministries, departments, and regions, the Government intends to take the following measures:-

- (a) It is proposed to make amendments to various levies and fees which are collected by ministries, departments, and regions.

The aim of these amendments is to rationalise the procedures so as to minimise inconveniences to taxpayers and simplify collection.

- (b) The procedures for issuing business licences has raised many concerns particularly the inconveniences experienced by the business community. Moreover, there are numerous government organs issuing licences to one business or sector. In order to rectify this situation, it is proposed that the whole regime of business licences be reviewed with a view to minimising inconveniences caused to those affected. The review should consider the possibility of consolidating some of the licences required by a business or sectoral entity. For example *TALA (A)* licence and *TALA (B)* licence could be consolidated

into one.

**Improving Tax Administration:**

64. *Mr. Speaker*, in the area of Tax Administration, the following measures are proposed:-

- (a) The introduction of a system of Marking white petroleum products in the country in order to distinguish locally consumed products from those earmarked for export (transit). It is expected that this measure will reduce tax evasion in the petroleum sector.
- (b) To establish a single Unified Tax Appeals Machinery for Customs, VAT and Income Tax.
- (c) To minimise and control tax exemptions. The government intends to continue taking

measures to reduce tax exemptions. The measure which is proposed to be taken this year is for the government to start paying taxes on certain goods. **Beginning fiscal year 2000/2001, it is proposed that the Government pays all taxes on petroleum products it consumes.** It is important to understand that this measure provides great opportunity for controlling government expenditure and for trapping people or private institutions which use government exemptions for their own benefits. Also, this system will help to unearth abuse of exemptions in Government institutions.

**Summary:**

65. **Mr. Speaker,** as explained earlier, it is expected that, for the fiscal year 2000/2001 domestic revenues before any adjustment to the current tax structure will be Tshs.852,956 million. Additional revenue resulting from

adjustments to the tax base, is Tshs.9,646 million. If you deduct Tshs.1,200 million which will be lost due to the reduction in the number of goods that are charged excise duty, additional revenue will be Tshs.8,446 million. This additional revenue of Tshs.8,446 million will cover the gap, and total domestic revenue will be Tshs.861,402 million for the fiscal year 2000/2001. **Unless otherwise stated, all revenue measures proposed above shall be effective from 1<sup>st</sup> July 2000.**

### **Budget Frame:**

**66. Mr. Speaker,** on the basis of the budget structure explained above, the budget frame for the fiscal year 2000/2001 will be as follows:-

<b><u>Revenue</u></b>		<b><u>Tshs. Million</u></b>
A.	Domestic Revenue	<b>861,402</b>
	(i) Tax Revenue	(764,156)
	(ii) Non-Tax Revenue	(88,800)
	(iii) New Revenue	(8,446)
B.	Foreign Loans and Grants including HIPC debt relief	518,186



C.	Domestic Borrowing	0	
D.	Proceeds from Sale of Shares	<u>15,000</u>	
	<b>Total Revenue</b>		<b><u>1,394,588</u></b>
<b><u>Expenditure:</u></b>			
E.	Recurrent Expenditure		<b>1,081,112</b>
	(i) Public Debt	(293,763)	
	(ii) Ministries	(520,102)	
	(iii) Regions	(19,336)	
	(iv) Special Expenditure	(68,367)	
	(v) Local Government		
	(a) Municipal Councils	(32,904)	
	(b) District Councils	(146,640)	
F.	Development Expenditure		<b>313,476</b>
	(a) Domestic Sources	(38,000)	
	(b) External Sources	<u>(275,476)</u>	
	<b>Total Expenditure</b>		<b><u>1,394,588</u></b>

## CONCLUSION:

67. *Mr. Speaker*, the budget for the fiscal year 2000/2001 has been prepared with the objective of accelerating economic development, with improved social service delivery in order to reduce poverty. After many years of efforts to reform and revamp the economy, considerable achievement is beginning to be

seen. We have attained sound macroeconomic stability. The Government now controls its budget effectively, inflation is declining and some sectors such as mining and tourism are doing well. The donor Community is encouraged by our efforts to manage the economy and promote human development. These donors are keen to help us further including reduction of our external debt burden. Despite this positive outlook there is still an uphill task of enabling many Tanzanians to profit from the improved economy. Poverty is still pervasive in the country mainly due to the low income of the majority of Tanzanians. The industrial and agricultural sectors, which have the potential to employ many Tanzanians, are still weak and social and economic sectors need substantial improvement. The problem of *HIV/AIDS* continues to reduce the strength of the nation by an alarming degree, year after year. The 2000/2001 budget aims to tackle these problems. It is important to take note, however, that the success of these efforts will take time. All of us Tanzanians are

obliged to work hard and efficiently in order to increase production and therefore foster higher *GDP* growth. We should not wait for assistance, but we will seek and use what we get more effectively. In this connection, the government aims to use fiscal policy to stimulate economic growth, and eradicate poverty step by step.

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

Table No. 1	TRENDS OF SOME IMPORTANT ECONOMIC INDICATORS FOR EXTERNAL TRADE (1991 - 1999)									
	(US \$ Million)									
Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	
1. Exports	358.7	397.0	439.3	519.4	682.9	763.8	752.6	588.5	541.0	
2. Imports	1,227.6	1,316.6	1,274.9	1,309.3	1,340.5	1,212.6	1,163.8	1,366.0	1,418.6	
3. Trade Balance	-868.9	-919.6	-835.6	-790.0	-657.6	-448.8	-411.2	-777.5	-877.6	
4. Trade balance as % of Exports	-242.2	231.6	-190.2	-152.1	-96.3	-58.8	-54.6	-132.1	-162.2	
5. Petroleum Imports	159.7	185.4	167.2	149.0	193.8	158.4	187.0	102.4	95.1	
6. Petroleum Imports as % of Exports	44.5	46.7	38.1	28.7	28.4	20.7	24.8	17.4	17.6	

Note: Statistics have been revised right after the computerisation of the Customs Department of the Tanzania Revenue Authority Balance of Payments Statistics for 1992 - 1993 has been revised due to time-series reconciliation

Source: Bank of Tanzania, International Economics Department and Tanzania Revenue Authority

**TRENDS OF GOVERNMENT RECURRENT BUDGET (1993/94 - 2000/01)**

Table No. 2	(T. Shillings Million)									
	Year	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000*	2000/2001**	
Recurrent Revenue	242,444	329,660	448,373	572,030	619,083	689,325	768,700	861,402		
Recurrent Expenditure	340,140	459,564	470,014	606,308	669,592	791,206	919,700	1,081,112		
Recurrent Expenditure (net of amortization)	296,221	406,882	416,068	553,608	543,751	682,812	828,800	956,812		
Recurrent Gap	-97,696	-129,904	-21,641	-34,278	-50,509	-101,881	-151,000	-219,710		
Recurrent Gap as a % of Recurrent Expenditure	-28.7	-28.3	-4.6	-5.7	-7.5	-12.9	-16.4	-20.3		

\* Likely Out-turn

\*\* Estimates

Source: Ministry of Finance

Table No. 3	SUMMARY OF CASH CROPS PRODUCED ( IN METRIC TONS)									
	1992/93 - 1999/2000									
Year	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	(T. Shillings Million)		1999/00*
Sisal**	29,602	28,902	25,022	30,000	15,317	24,000	25,000	25,000		19,500
Coffee	59,574	34,151	41,971	52,490	43,568	38,002	42,730	42,730		44,000
Cotton	308,265	147,737	125,435	225,147	252,807	201,067	133,532	133,532		160,900
Tobacco	23,318	25,642	22,515	28,383	35,379	51,993	37,824	37,824		54,000
Pyrethrum	2,050	462	460	426	425	138	319	319		-
Made Tea	21,074	22,259	25,318	20,380	19,944	26,206	25,000	25,000		25,000
Cashewnuts	39,323	46,598	63,403	81,729	63,032	93,173	110,000	110,000		130,000

\* Estimates

\*\* fiscal year e.g. 1997 - 1996/97

Source: Crop Boards and the Bank of Tanzania



**TANZANIA EXPORTS (1992 - 1999)**  
(VALUE IN MILL. US \$M, VOLUME IN THOUSAND METRIC TONS  
AND UNIT PRICE IN US \$/TON)

Table No. 4

Year	1992	1993	1994	1995	1996	1997	1998	1999*
<b>Exports</b>								
<b>COFFEE:</b>								
Value	59.50	96.08	115.36	142.60	136.11	119.28	108.74	76.62
Volume (mt)	51.00	58.59	37.00	47.97	61.69	47.27	44.66	38.05
Unit Price (\$/mt)	1,166.67	1,639.87	3,117.71	2,972.69	2,206.53	2,523.21	2,434.63	2,013.78
<b>COTTON</b>								
Value	97.60	78.37	105.12	120.15	125.33	136.38	47.63	28.25
Volume (mt)	72.80	61.15	60.00	70.86	81.89	86.29	37.29	27.99
Unit Price (\$/mt)	1,340.66	1,281.53	1,752.02	1,695.60	1,530.47	1,510.95	1,277.04	1,009.42
<b>SISAL</b>								
Value	1.30	3.33	5.12	6.31	5.32	9.12	6.78	7.26
Volume (mt)	4.10	4.95	7.20	11.34	8.91	15.06	11.58	15.40
Unit Price (\$/mt)	317.07	672.83	711.67	556.44	597.08	605.61	584.92	471.28
<b>TEA</b>								
Value	22.40	38.03	39.52	23.36	22.54	31.83	30.43	24.37
Volume (mt)	20.40	19.75	21.67	21.50	22.02	21.56	22.12	21.39
Unit Price (\$/mt)	1,098.04	1,925.57	1,823.68	1,081.48	1,023.51	1,476.61	1,375.59	1,139.24
<b>TOBACCO</b>								
Value	27.20	17.07	20.56	27.13	49.24	53.64	55.39	43.44
Volume (mt)	12.70	10.62	15.40	17.08	24.92	27.92	26.35	21.35
Unit Price (\$/mt)	2,141.73	1,607.64	1,335.19	1,588.41	1,975.92	1,921.64	2,102.20	2,034.44
<b>CASHEW NUTS</b>								
Value	23.50	23.31	51.16	64.00	97.77	91.68	107.32	98.94
Volume (mt)	29.30	32.16	65.00	75.56	118.36	121.92	164.68	99.99
Unit Price (\$/mt)	802.05	724.81	787.00	847.01	826.04	747.09	651.70	989.50
<b>Sub-Total Value</b>	<b>231.50</b>	<b>256.19</b>	<b>336.84</b>	<b>383.55</b>	<b>436.31</b>	<b>435.33</b>	<b>356.19</b>	<b>278.88</b>
Petroleum Products	10.60	9.10	5.52	10.98	15.79	7.12	0.10	0.47
Minerals	40.80	69.00	30.00	44.88	55.85	51.08	26.37	71.57
Gold						1.33	2.97	33.06
Diamond						11.61	11.47	19.23
Other Minerals						9.57	11.93	19.28
Manufactured Goods	64.20	52.00	77.00	109.25	122.80	111.33	35.69	32.31
Fish and Fish Produce						56.34	74.28	56.69
Horticultural Produce						5.23	8.64	8.88
Others	49.90	53.00	70.00	134.26	133.01	86.13	87.16	92.19
<b>Sub-Total Value</b>	<b>165.50</b>	<b>183.10</b>	<b>182.52</b>	<b>299.37</b>	<b>327.45</b>	<b>317.33</b>	<b>232.24</b>	<b>162.11</b>
<b>Grand Total</b>	<b>397.00</b>	<b>439.29</b>	<b>519.36</b>	<b>682.92</b>	<b>763.76</b>	<b>752.66</b>	<b>588.43</b>	<b>540.99</b>

\* Provisional subject to change

**NOTE:**

Export figures from Customs Department, Crop Boards, Ministry of Minerals, COF Farms, TPDC and Staff Estimates  
Export Statistics for 1997 - 1999 has been revised after computerization of the Customs Department of the Tanzania Revenue Authority  
Statistics for 1992-1993 have been revised due to unit series reclassification.

Source: Bank of Tanzania and Customs Department of the Tanzania Revenue Authority

**TANZANIA IMPORTS (1992 - 1999)**

**Table No. 5**

	(Million US Dollars)							
Year	1992	1993	1994	1995	1996	1997	1998	1999*
<b>CAPITAL GOODS:</b>	700.50	632.90	656.50	554.20	501.03	496.32	764.40	770.20
Transport Equipment	339.40	262.30	242.30	209.65	202.73	187.39	241.00	297.00
Building & Construction	116.30	103.50	107.50	49.22	42.52	31.80	132.20	132.00
Machinery	244.80	267.10	306.70	295.33	255.78	277.13	391.20	341.10
<b>INTERMEDIATE GOODS:</b>	337.30	296.20	290.26	608.96	530.99	490.36	268.10	308.00
Petrol Oil	185.40	167.20	148.86	193.82	158.38	187.00	102.40	95.10
Fertilizers	16.00	11.30	11.70	11.75	23.34	19.36	11.70	13.50
Unprocessed Goods	135.90	117.70	129.70	403.39	349.27	284.00	153.90	199.50
<b>CONSUMER GOODS:</b>	392.50	312.20	359.50	377.65	361.81	351.04	537.60	552.40
Food	48.90	93.70	127.50	44.20	52.67	57.85	226.70	176.40
Others	343.60	218.50	232.00	333.45	309.14	293.19	310.90	376.00
<b>UNCLASSIFIED IMPORTS:</b>	83.00	224.10	198.60					
<b>Total</b>	<b>1,513.30</b>	<b>1,465.40</b>	<b>1,504.86</b>	<b>1,540.81</b>	<b>1,393.83</b>	<b>1,337.72</b>	<b>1,570.10</b>	<b>1,630.60</b>

\* Likely Out-turn

Note:

Imports estimated on the basis of IL/ID forms, custom and PSI reports as well as returns from TFDIC Import Statistics for 1997 - 1999 has been revised right after computerizations of the Customs Department of the Tanzania Revenue Authority Import Statistics for 1992 - 1993 has been revised due to time-series reconciliation

Source: Bank of Tanzania and Tanzania Revenue Authority

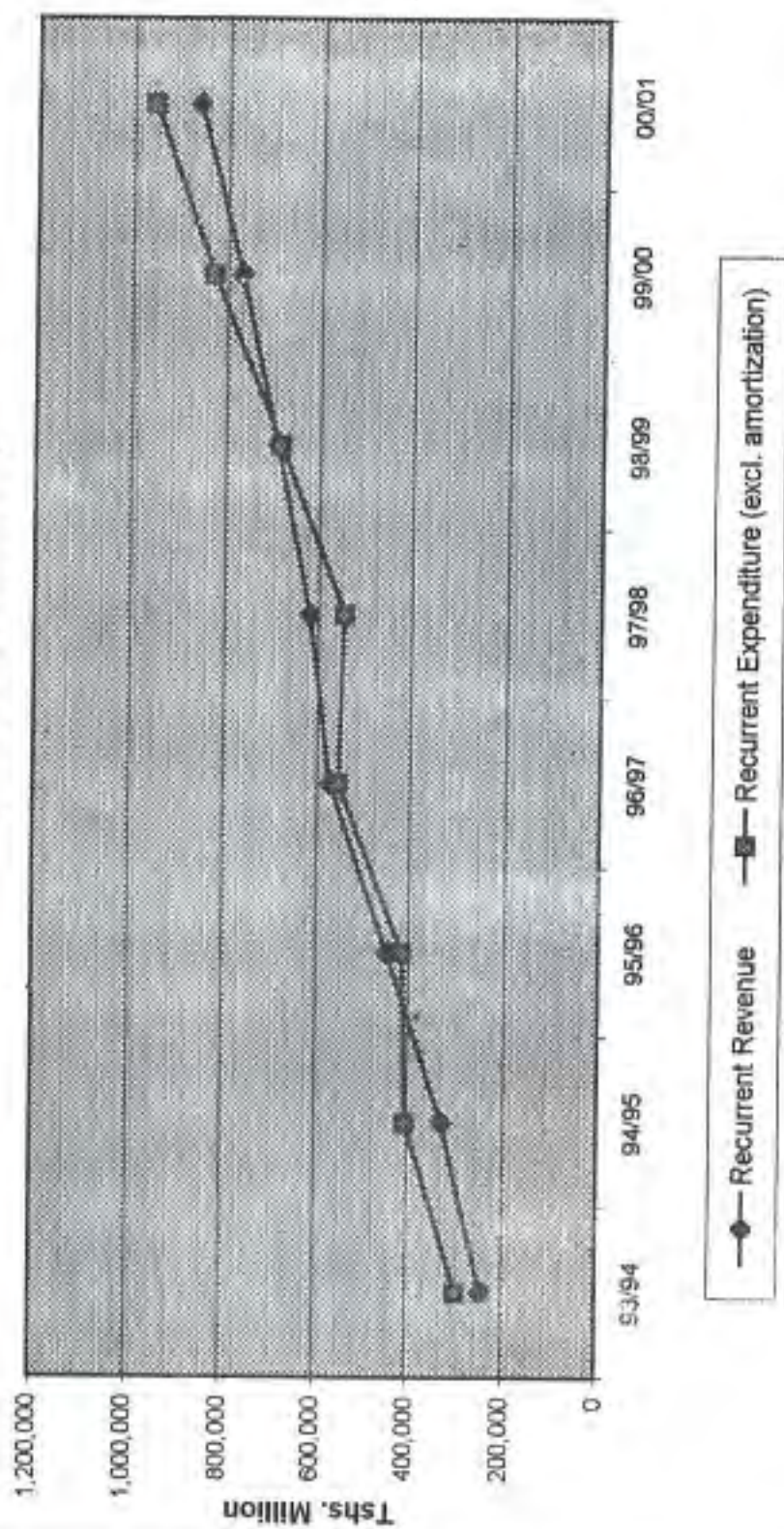
Table 6: PLEDGES AND DISBURSEMENTS FOR THE MULTILATERAL DEBT FUND (MDF) 1998/1999 - 1999/2000

Year	1998/1999		1999/2000		TOTAL	
	Pledge	Disbursement	Pledge	Disbursement as of May 30, 2000	Pledges	Disbursement as of May 30, 2000
UK.GOV.	40.00	46.49	40.00	43.50	80.00	89.99
SWEDEN	8.30	8.10	10.00	-	18.30	8.10
IRELAND	4.20	5.70	6.50	-	10.70	5.70
NORWAY	3.00	2.70	8.20	8.10	11.20	10.80
FINLAND	2.00	2.00	-	-	2.00	2.00
NETHERLANDS*	15.40	15.30	20.00	18.67	35.40	33.97
DENMARK	7.80	7.80	7.00	7.00	14.80	14.80
SWITZERLAND	-	0.00	4.60	4.18	4.60	4.18
<b>Total</b>	<b>80.80</b>	<b>88.09</b>	<b>96.30</b>	<b>81.46</b>	<b>177.00</b>	<b>159.55</b>

\* includes the Netherland Trust Fund

Source: Bank of Tanzania

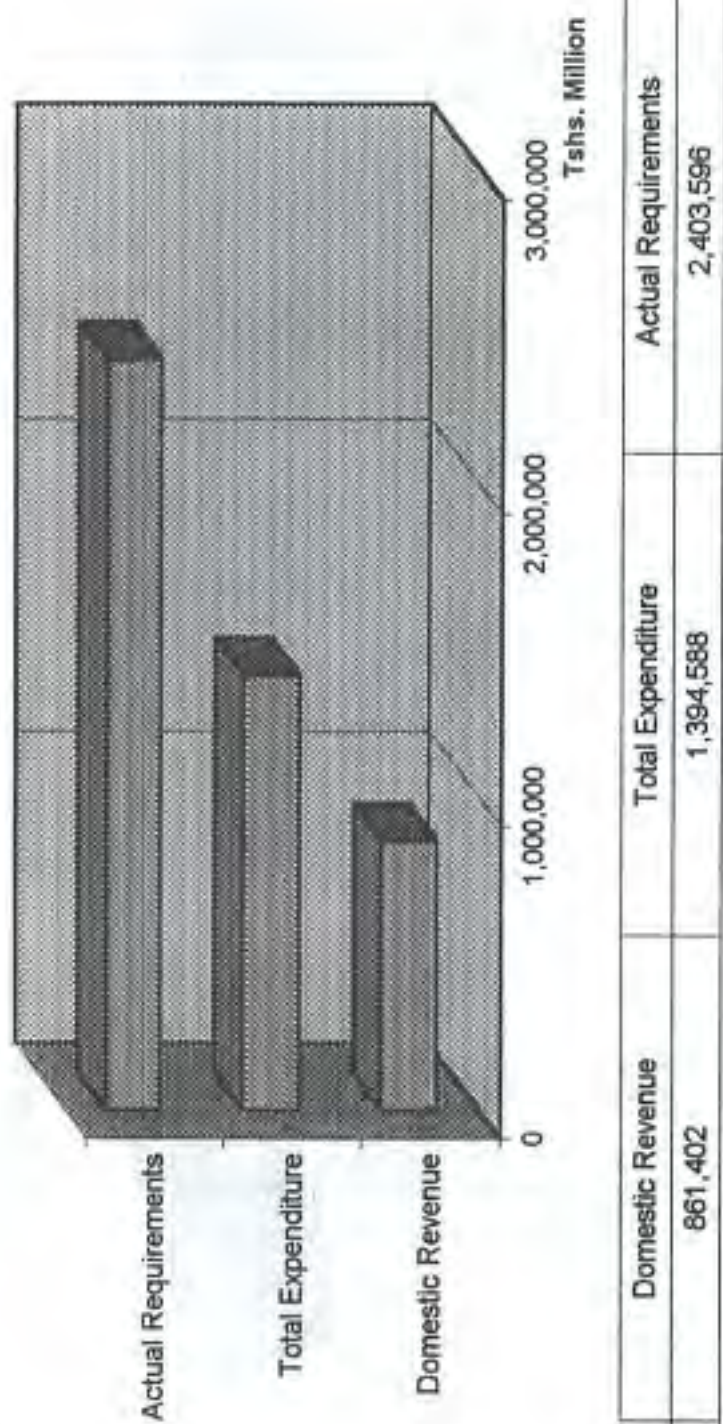
**Figure 1: Government Recurrent Budget  
(1993/1994 - 2000/2001)**



**Source: Ministry of Finance**

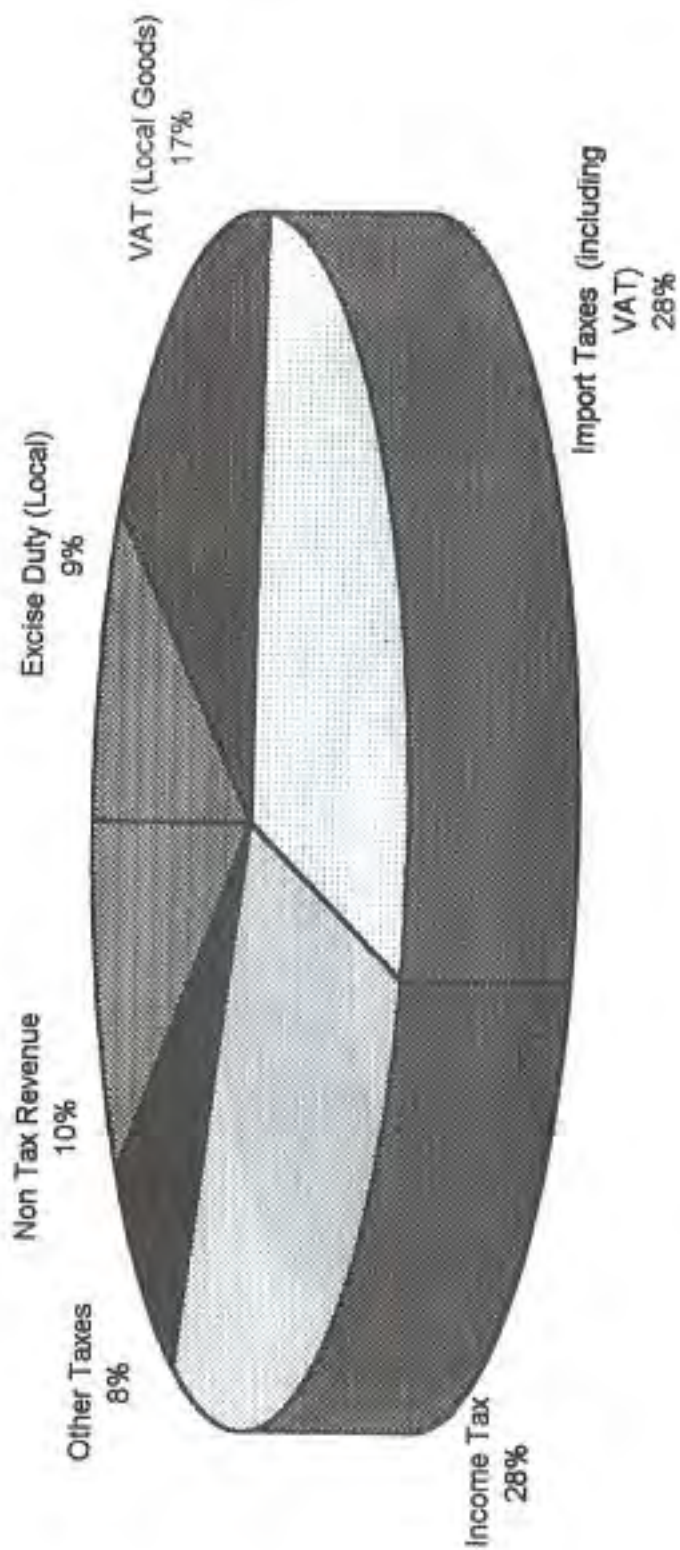


**Figure 2: Budget Frame For 2000/2001 Compared to Actual Requirements**



**Source: Ministry of Finance**

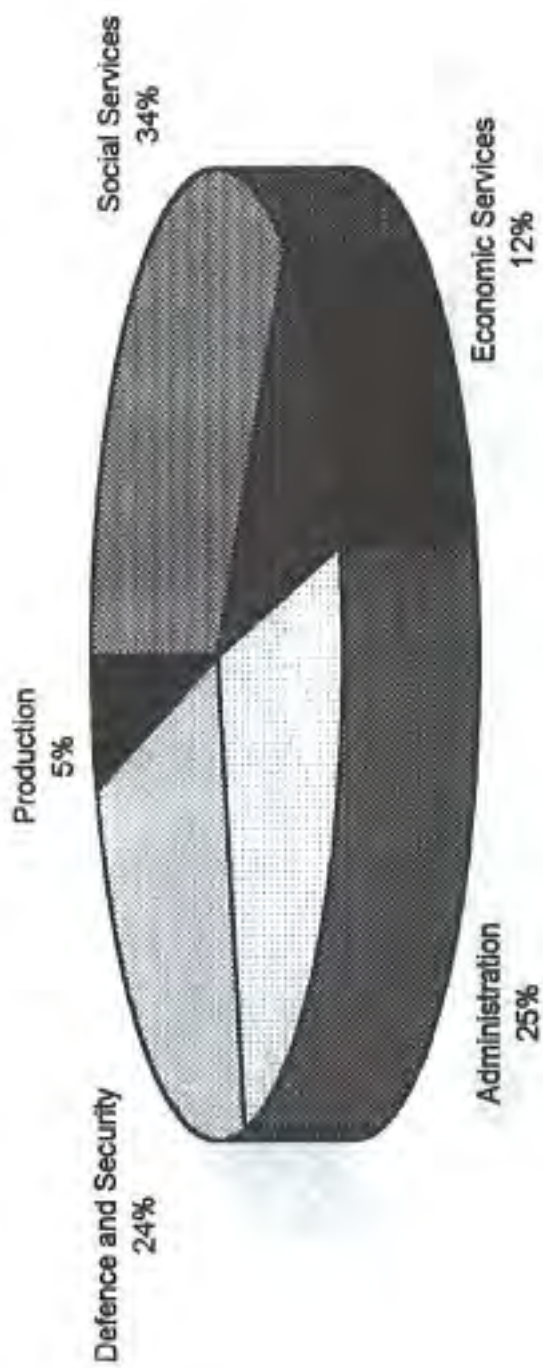
**Figure 3: Sources of Revenue 1999/2000**



**Source: Ministry of Finance**

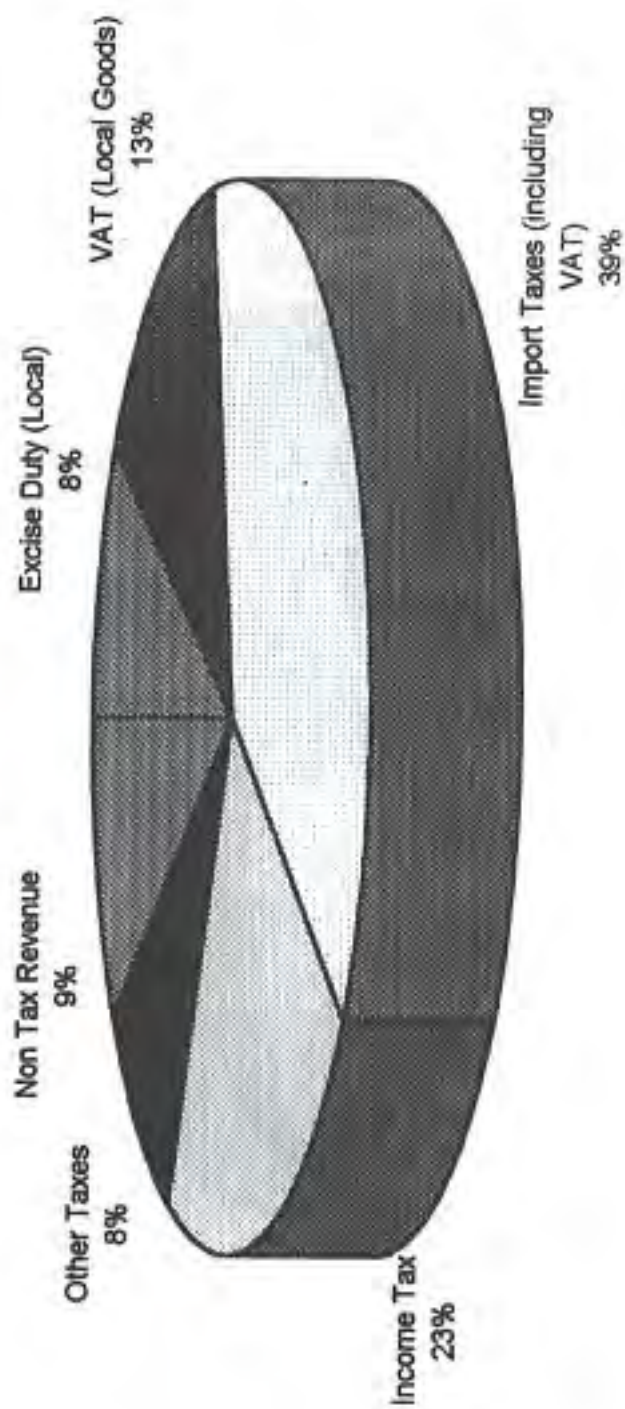


**Figure 4: Sectoral Allocation of the Recurrent and Development Budget 1999/2000**



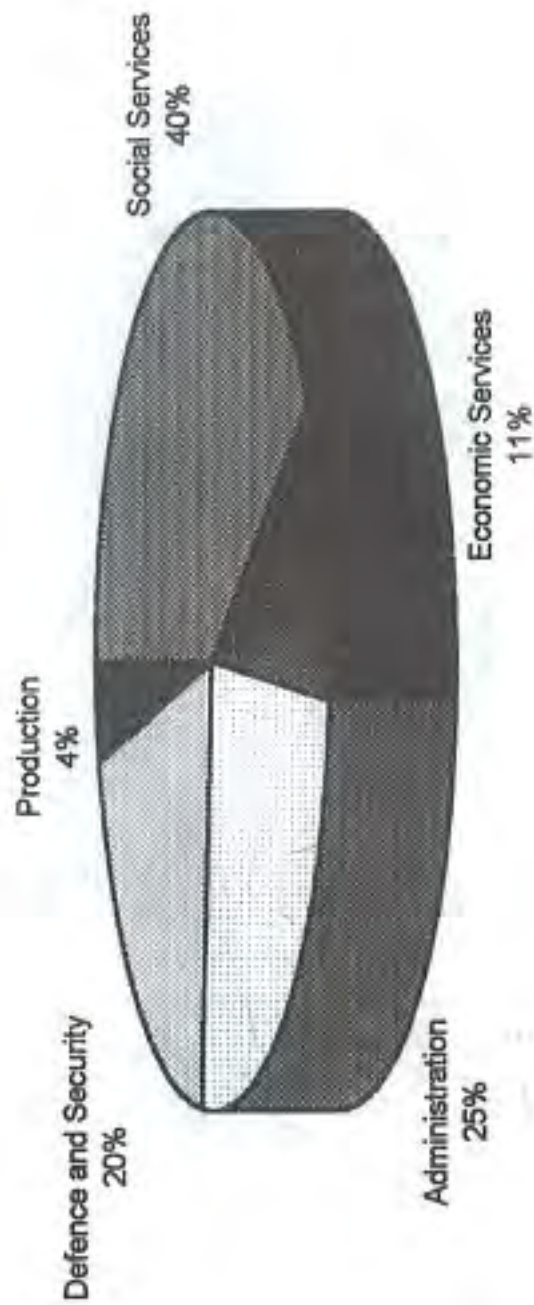
**Source: Ministry of Finance**

**Figure 5: Sources of Revenue 2000/2001**



**Source: Ministry of Finance**

**Figure 6: Sectoral Allocation of the Recurrent and Development Budget 2000/2001**



**Source: Ministry of Finance**