THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE AND PLANNING

THE CITIZENS' BUDGET

A SIMPLIFIED VERSION OF GOVERNMENT BUDGET FOR THE FINANCIAL YEAR 2018/2019

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

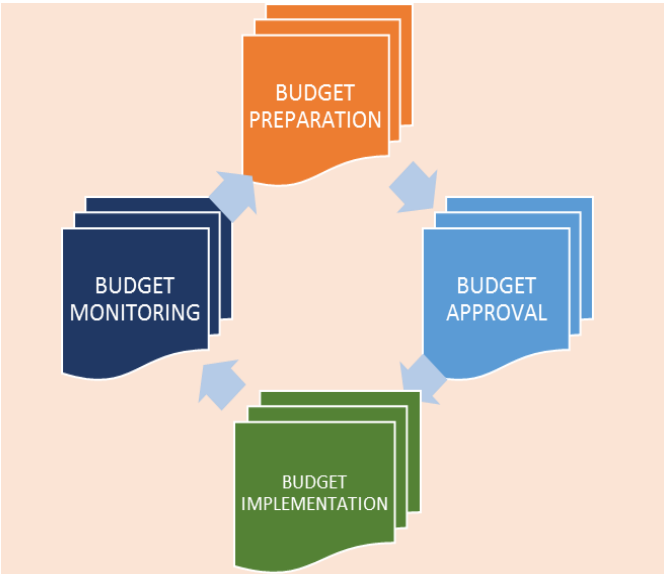
policy forum

1. INTRODUCTION

Citizens' Budget is a version prepared each financial year to provide basic information for the Government budget to citizens in a simplified language. The Government has been publishing this version of the budget since financial year 2010/11 aimed at informing citizens of plans and budgets of the Government for the relevant financial year. Also giving them an opportunity to participate in the implementation of planning and budgeting of the Government. The structure of Citizens Budget for financial year 2018/19 starts with an introduction that includes the general budget concept, budget process and budget goals. Other parts include: Budget priorities for financial year 2018/19; Measures and guiding policies to facilitate the 2018/19 budget; Reforms in tax system, fees and fines; How the Government expects to get revenue; and How the Government expects to spend public monies.

What is the Government Budget? It is a Government plan that explains how revenue will be collected and how the Government will spend that revenue for one year. Budget is used by the Government as a tool for translating its policies and identifying the allocation of existing resources and how will be used to implement national policies and priorities for the relevant year. The Government Budget is prepared and presented to the Parliament for discussion and approval based on the requirements of the Constitution of the United Republic of Tanzania of 1977 and the Budget Act, 2015.

Government Budget Process: The budget preparation starts with the Government issuing the Plan and Budget Guidelines that provide budget priorities and instructions for budget preparation for the relevant year. Then, Government receives and consolidates various expenditure requirements from Ministries, Independent Departments and Agencies, Regions and Local Government Authorities that are in line with the expected revenue to be collected. After preparation, the budget is submitted to the various stages for approval, including the Cabinet and thereafter to the Parliament. Upon approval, the budget is implemented followed by monitoring that is parallel to revenue and expenditure reporting to ensure that public monies are spent effectively. Generally, the budget process has four main stages: *Preparation, Approval, Implementation and Monitoring.*



Government Budget Goals for the Financial Year 2018/19: The main goals for 2018/19 budget are poverty alleviation and transforming Tanzania into an industrial economy leading to Middle Income Country. These goals are aligned with: Tanzania Development Vision 2025, National Five Years Development Plan (2016/17 – 2020/21), the African Agenda (2063), the Sustainable Development Goals (2030) and the CCM Manifesto (2015 – 2020). Therefore, the theme of the 2018/19 Budget is "***to build an industrial economy that will stimulate employment and sustainable social welfare".***

2. PRIORITY AREAS FOR THE FINANCIAL YEAR 2018/19

In implementing Annual Development Plan for financial year 2018/19, The Government Budget has put more emphasis on implementation of flagship projects, interventions for fostering human development and creates conducive environment for investment and business. Therefore, the key priority areas are as follows:

a) Agriculture

The majority of Tanzanians depend on agriculture sector for food and commercial crops, income generation and supply of raw materials for industries. The financial year 2018/19 budget focuses on:

i. Improving irrigation infrastructure, warehouses and markets and strengthening supply of agricultural inputs and implements.
ii. Improving extension services, researches and dissemination of findings to the people.
iii. Developing livestock and fisheries subsector.

b) Industries

The budget aims at improving business environment for attracting private sector investment particularly textile, leather, meat, fish, edible oil, medicine and medical equipment, food and animal feeds as well as in mining sector.

c) Social Services

The Budget focuses on improving Social Services in the following areas:

- **Water**
  i. To increase availability and supply of clean and safe water particularly in villages, and removal of sewage water from residential areas.
  ii. Drilling of boreholes in dry areas and construction of strategic dams.
- **Education**

Providing Fee Free Basic Education (for primary and ordinary secondary education), increasing the number of experts in rare professionals in area of minerals, oil and gas, specialist doctors and provision of loans to Higher education students.

⇨ **Health**

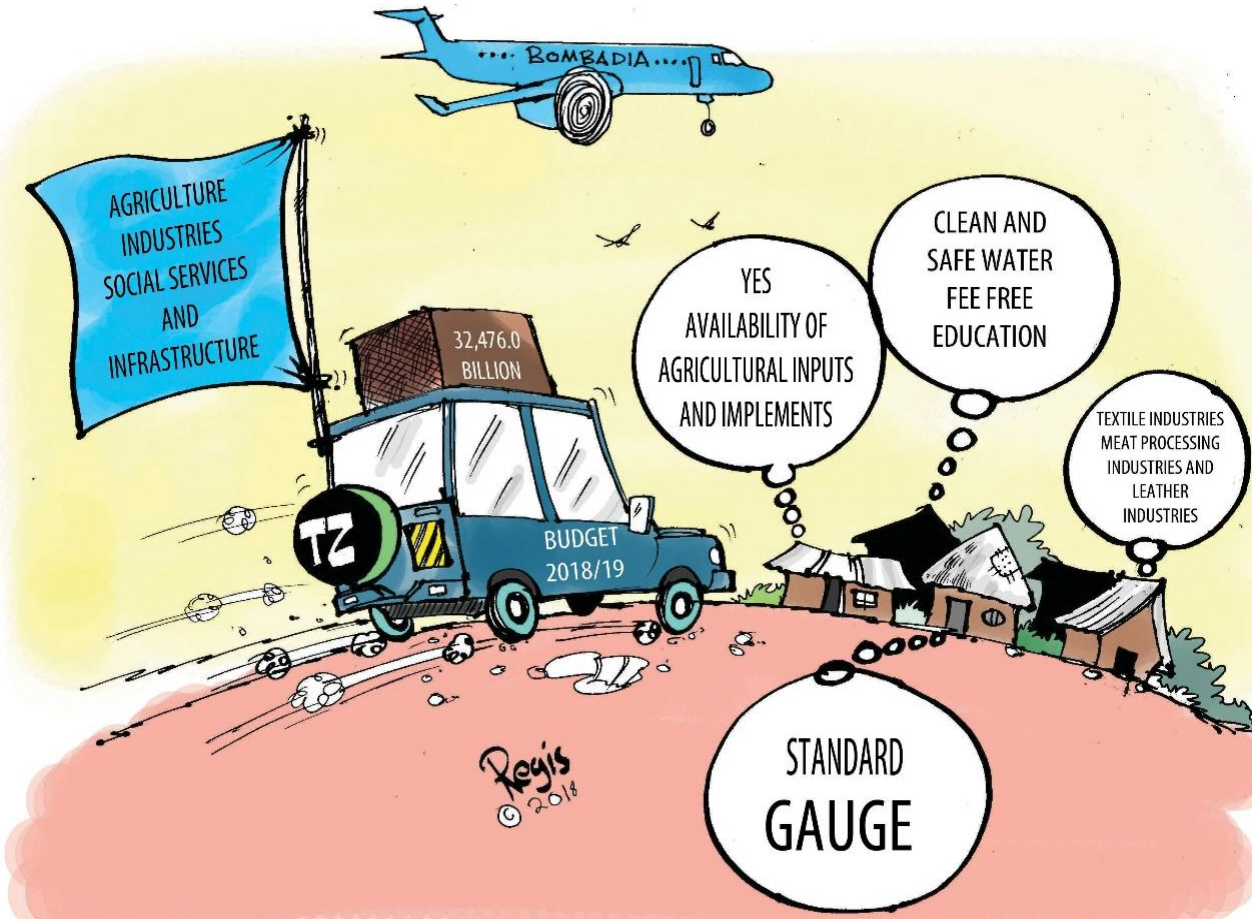
i. Provision and supply of medicines, medical equipment and reagents, improving provision of health services in dispensaries, Health centers and referral hospitals;

ii. Increasing allocation of fund to Local Governments development projects which are implemented in health sector.

iii. Improving availability and accessibility of balanced diet to mother and children in order reduce stunting.

iv. Care provision to special needs' groups (women, children, persons with disability and the elderly).

d) Supportive Infrastructures: Construction and maintenance of supportive infrastructures in the area of: Power generation; Construction of standard gauge new central railway line; Construction of regional and rural roads network; and Improving marine and air transport.



3. MEASURES AND GUIDING POLICIES FOR THE FINANCIAL YEAR 2018/19

The 2018/19 budget aims at attaining the following macroeconomic targets;

a. Attain GDP growth of 7.2 percent in 2018 compared to 7.1 percent in 2017;
b. Continue to contain inflation rate at a single digit;
c. Projection of Domestic revenue at 15.8 percent of GDP in 2018/19.
d. The budget deficit to be 3.2 percent of GDP in 2018/19; and
e. Official Foreign Reserve sufficient to pay for four months of imports.

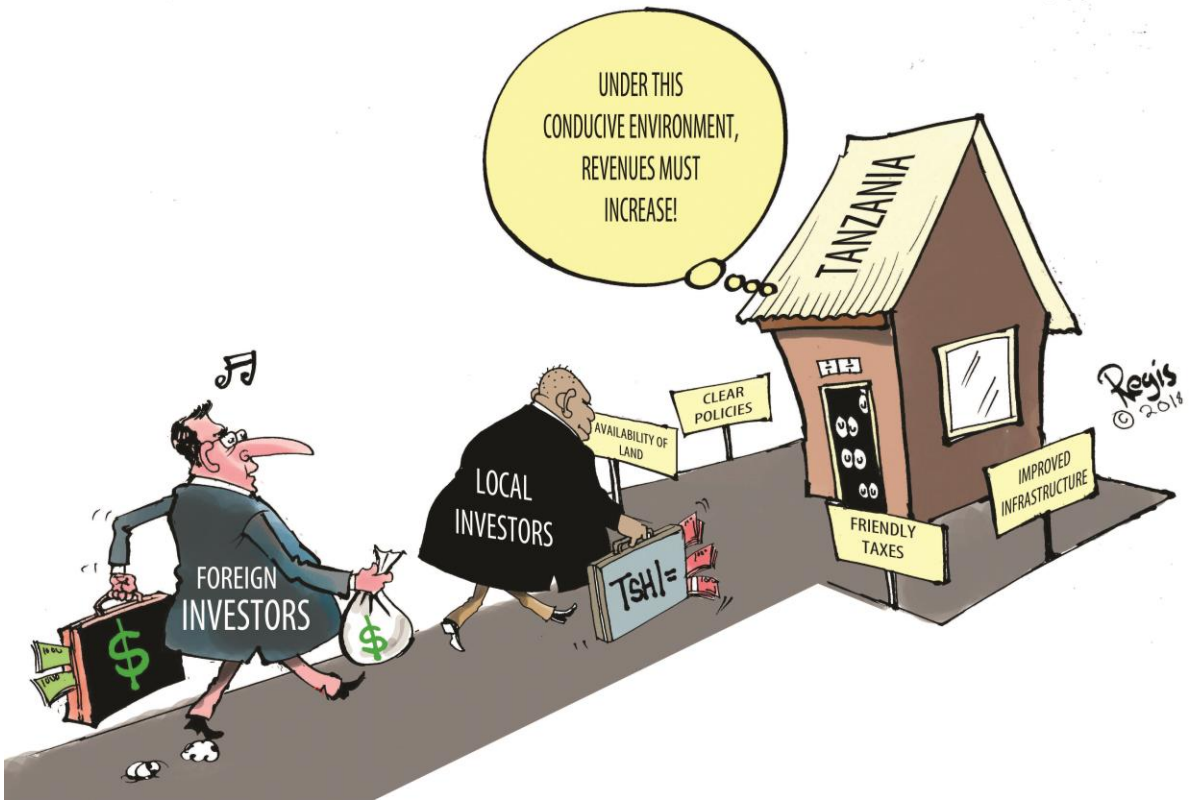
In order to achieve the stated macroeconomic targets, the following assumptions are expected to be observed and maintained;

a. Peace, unity and political stability within and across the region;
b. Stability and sustainability in macroeconomic and social economic gains;
c. Stability in global economy;
d. Stability in the world market oil prices;
e. Favorable weather condition in a country and neighboring countries;
f. Favorable relations with neighbors, region and international; and
g. Supportive laws and regulations for investors.

Policy and Strategies to Increase Revenue

The 2018/19 budget will focus on the following administrative measures that will simplify and increase domestic revenue collection;

a. Introduction of Treasury Single Account for collection and payment of Government fund aiming at reducing operation costs and ensure effective control and management of public funds;
b. Deposit of all fees and levies imposed on sale of agriculture produce by Crop Boards into the Consolidated Fund to ensure effective management of revenues ;
c. Strengthening management of exiting sources by intensifying the use of electronic collection system;
d. Widening tax base by formalization of the informal sector;
e. Creating conducive environment to attract business and investment including: Improvement of supportive infrastructure, Tax incentives, Policy stability and predictability, Land accessibility and, Well structured legal and regulatory frameworks.
f. Strengthen cooperation with Development Partners.



Policy and Measures on Expenditure Management

Expenditure policies for financial year 2018/19 budget will include:

a. Ensuring that budget deficit does not exceed 3.2 percent of GDP;
b. Allocation of funds to priority and productivity areas in order to: Stimulate growth in agriculture and industries, Widen employment creation opportunities, Improve economic infrastructure and; Strengthen provision of quality social services.
c. Ensuring discipline in expending public fund and continue to reduce unnecessary expenditure; and
d. Control accumulation of arrears.

In implementing the said policies; the following measures will be instituted;

a. Pursuing legal, administrative and disciplinary actions to those contravening laws and regulations governing their institutions;
b. Accounting Officers award contracts only after approval of funds by Paymaster General;
c. Paying verified arrears promptly;
d. Public procurement realizes Value for Money;
e. Strengthen monitoring of public fund expenditure as planned.

4. REFORM OF THE TAX STRUCTURE, FEE AND OTHER LEVIES

In the financial year 2018/19 the Government has undertaken reforms in the tax structure including amendment of tax rates, levies and fees imposed under various laws with intent to increase Government revenue, promote employment and accelerate economic growth particularly, in industries. Reforms will consider the following major tax laws:

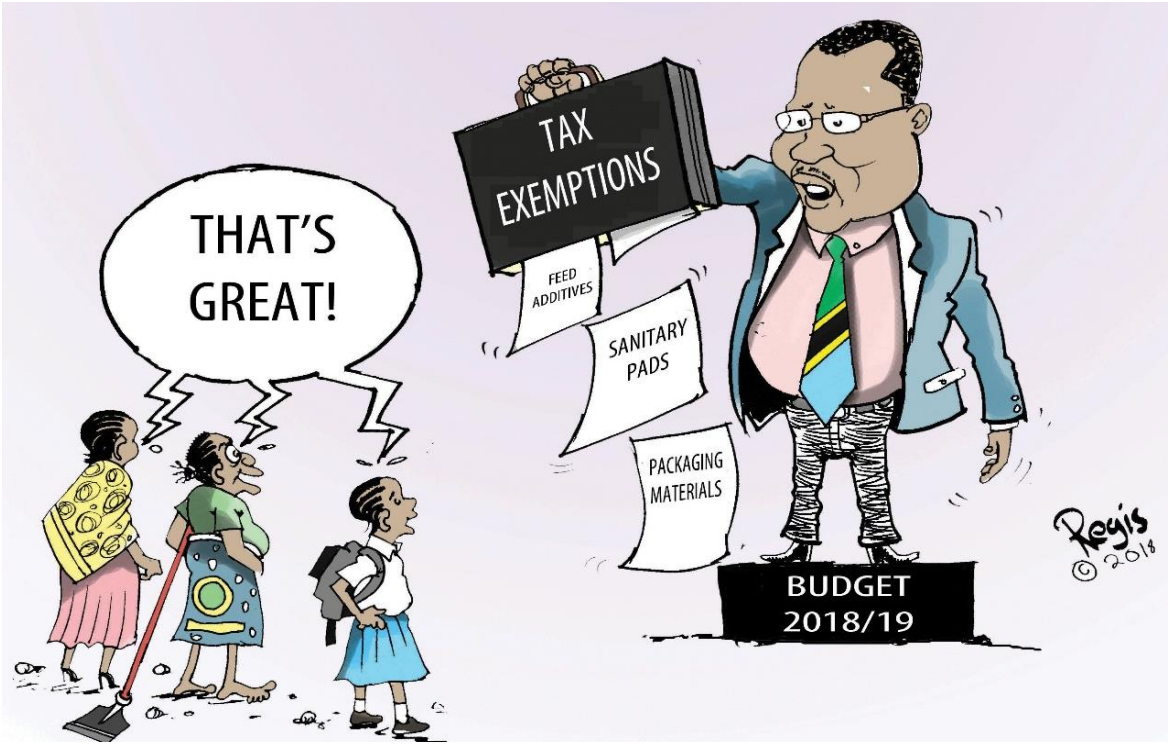
a) Amendment of the Value Added Tax (VAT) Act, CAP 148 by: -

i. Exempting VAT on the following items:

- ⇨ **Packaging materials** produced specifically for use by local manufacturers of pharmaceutical products aimed at reducing production costs and protecting local pharmaceutical industries;
- ⇨ Imported animal and poultry **feed concentrates/additives** to reduce cost incurred by livestock keepers and encourage good livestock husbandry;
- ⇨ **Sanitary Pads** in order to make them easily available and at affordable prices with a view of promoting hygiene of women and girls particularly in schools and rural areas.

ii. **Granting Powers** to the Minister responsible for Finance to exempt VAT:

- ⇨ On the Government projects funded by non- concessional loans to hasten implementation of Government projects.
- ⇨ Agreement signed between the Government and Financial Institutions or Banks that represents other Government and has been granted Powers of Attorney by the respective Government to execute the said agreements aimed to oversee timely implementation of the projects funded by Development Partners.



b) **Amendment in the Income Tax Act, CAP 332 by: -**

- ⇨ Reducing the Corporate Income Tax rate from 30 to 20 percent for a period of five years new Investors in the Pharmaceutical and Leather industries starting from the financial year 2018/19 in order to promote investment in this sector;
- ⇨ **Granting powers** to the Minister for Finance to exempt taxes on Government projects financed by the non-concessional loans in order to ensure timely implementataion of projects;
- ⇨ Introducing Withholding Tax exemption on interest paid on Loans issued by Banks and Financial Institutions to finance Government projects.

c) **Amendment in the Excise Tax Act, CAP 147 by: -**

- ⇨ **Retaining the current** excise duty rates imposed on **locally produced** non-petroleum products to promote industrial economy. The product include: Soft drinks; drinking water; fruit juices; local unmalted cereals beers; energy drinks and non-alcoholic beverages; wine produced with domestic grapes; locally produced spirits; Cigarettes with and without filter tip produced using local tobacco;
- ⇨ **Increase** excise duty rates for **imported** non-petroleum products such as: Imported water (from Shs 61 to Shs 64.05 per liter); Fruit juices (from Shs 221 to Shs 232 per liter); Beers (from Shs 765 to Shs 803.25 per liter); Non-alcoholic beers (from Shs 561 to Shs 589.05 per liter); Wines produced with more than 25 percent imported grapes (from Shs 2,349 to Shs 2,466 per liter); Spirits (from 3,481 to Shs 3,655.05 per liter); Cigarettes (from Shs 53,235 to Shs 55,896.75 per thousand from cigarettes); and Cut rag or cut filler (from Shs 26,888 to Shs 28,232.4 per Kg;
- ⇨ **Introducing** excise duty of Shs 200 per liter on wine produced with domestic fruits other than grapes with contents of at least 75 percent.
- ⇨ Introducing **Electronic Tax Stamp** to replace the paper Tax Stamp system to enable the Government to obtain accurate data on production inorder to facilitate national planning.

d) **Amendment in the Local Government Finance Act, CAP 290 by: -**

- ⇨ **Granting powers** to the Minister responsible for Local Government to direct the Local Authorities to set aside 10 percent of all monies collected from their **own sources** of revenue for the purpose of funding registered Women groups (4 percent), Youth groups (4 percent) and persons with disability (2 percent).
- ⇨ Necessitating companies or institutions to pay Service Levy and Produce Cess.

e) **The Tax Administration Act, CAP 438;** Introduction of Tax Amnesty of 100 percent on **Interest and Penalties** on Tax Arrears for period of six months

starting from 1st July 2018 up to 31st December 2018 to enable the Government to collect the outstanding Principal amount.

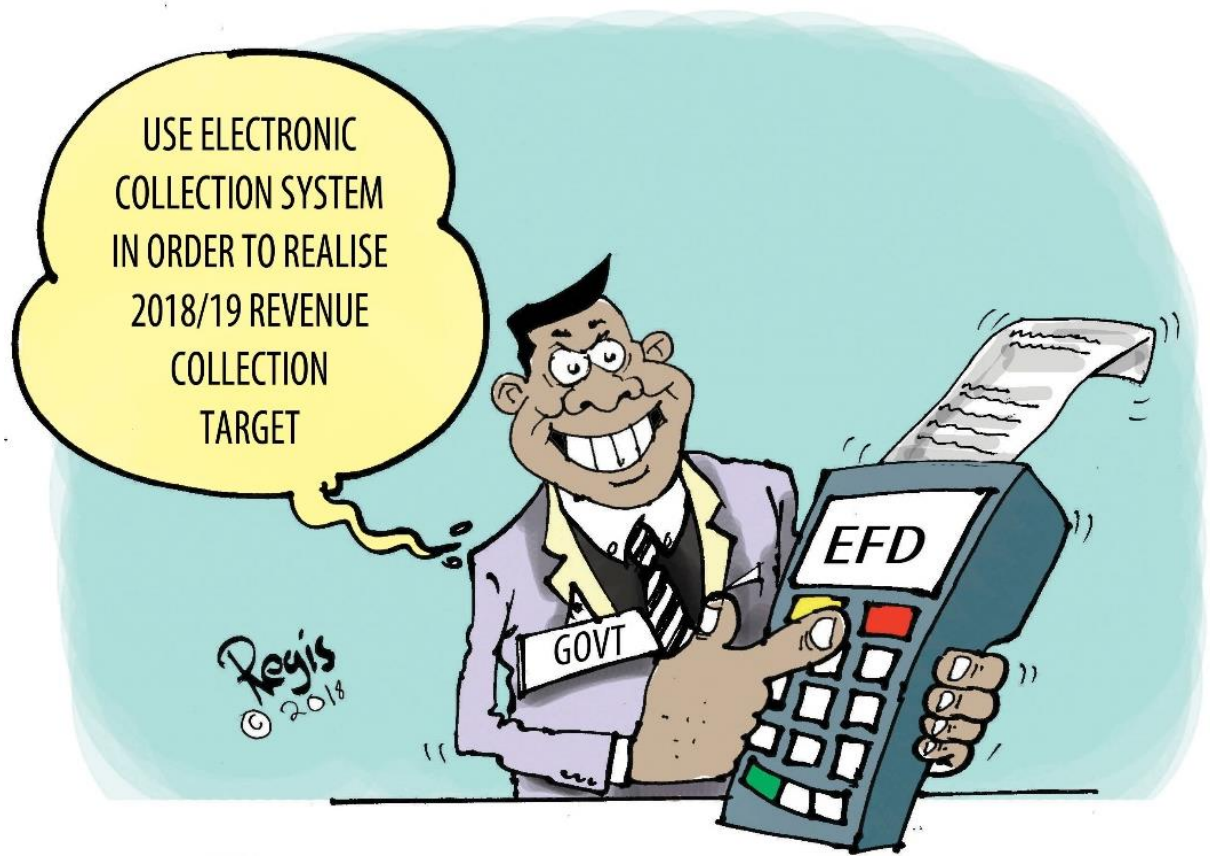
f) Amendment of the following Laws: **The Local Government Finance Act, CAP 290; The Public Finance Act, CAP 348; and The Bank of Tanzania Act, CAP 197:** to introduce a Treasury Single Account (TSA) to be used for Collection and Payment of Government monies to improve management of public funds.

g) **Amendment to the laws governing Crops Boards Operations** to ensure that all produce collected by their respective Boards are deposited in the Consolideted Fund inorder to ensure that revenue proceeds from agriculture produces are well managed and spent on intended activities.

h) Amendments of Various Fees and Levies Imposed by Ministries, Independent Departments and Regions; so as to rationalize with the current level of economic growth by:-

- ⇨ Exempt **Land Rent** to all Government Institutions which provide services;
- ⇨ Abolishing **levies and fees** imposed on **salt** sub-sector to reduce cost of production and encourage investor; and
- ⇨ Adjusting fees and Levies imposed by OSHA.

i) Amendment in the East Africa Community Customs Management Act, 2004; The Gaming Act, CAP 41; including minor amendments on various Tax Laws, aimed at smoothing the implementation of the Government Budget for the financial year 2018/19 as planned.



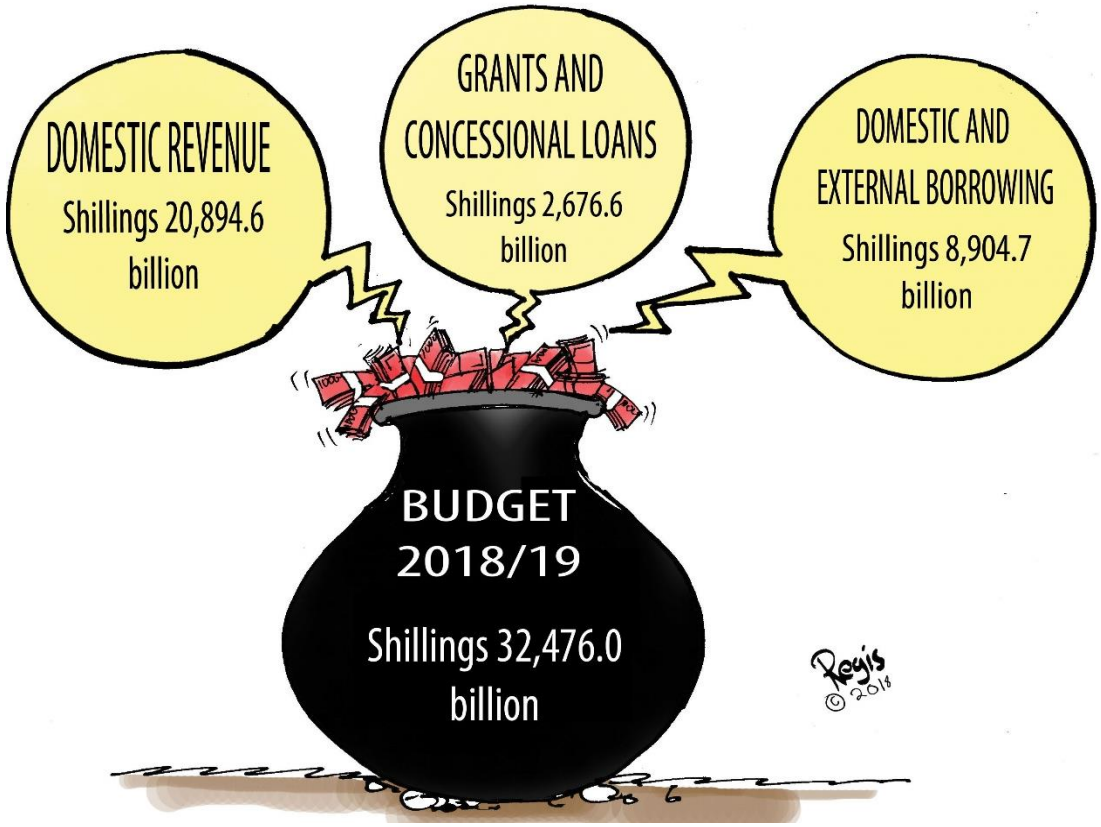
5. HOW DOES THE GOVERNMENT RAISE REVENUE

The Government collects money from different sources of revenue which are ***Domestic Revenue, Grants and Loans***. In the financial year 2018/19, the Government expects to collect a total of **shillings 32,476.0 billion** to finance budget. Sources of fund are as follows:-

a. **Domestic Revenue** amounting to **shillings 20,894.6 billion** of which:
   i. ***Shillings 18,000.2 billion*** is from Taxes including Income Tax (salaries, individual income and companies); VAT and excise duty (the purchase of goods and services); and Customs and Export duty (from import and export respectively);
   ii. ***Shillings 2,158.8 billion*** from non- tax revenue including: fines, fees, levies, sale of tender documents; and
   iii. ***Shillings 735.6 billion*** from LGAs own source revenue.

b. **Grants and concessional Loans** amounting to ***shillings 2,676.6 billion,*** of which shillings 545.8 comes from General Budget Support, shillings 2,005.0 billion is from Grants and Projects Loans and shillings 125.9 billion from Basket Loans and Grants.

c. **Domestic and External non-concessional borrowing** amounting to **shillings 8,904.7 billion** of which: *shillings 3,111.0 billion* comes from External Loans and *shillings 5,793.7 bilion* is from Domestic Loans.

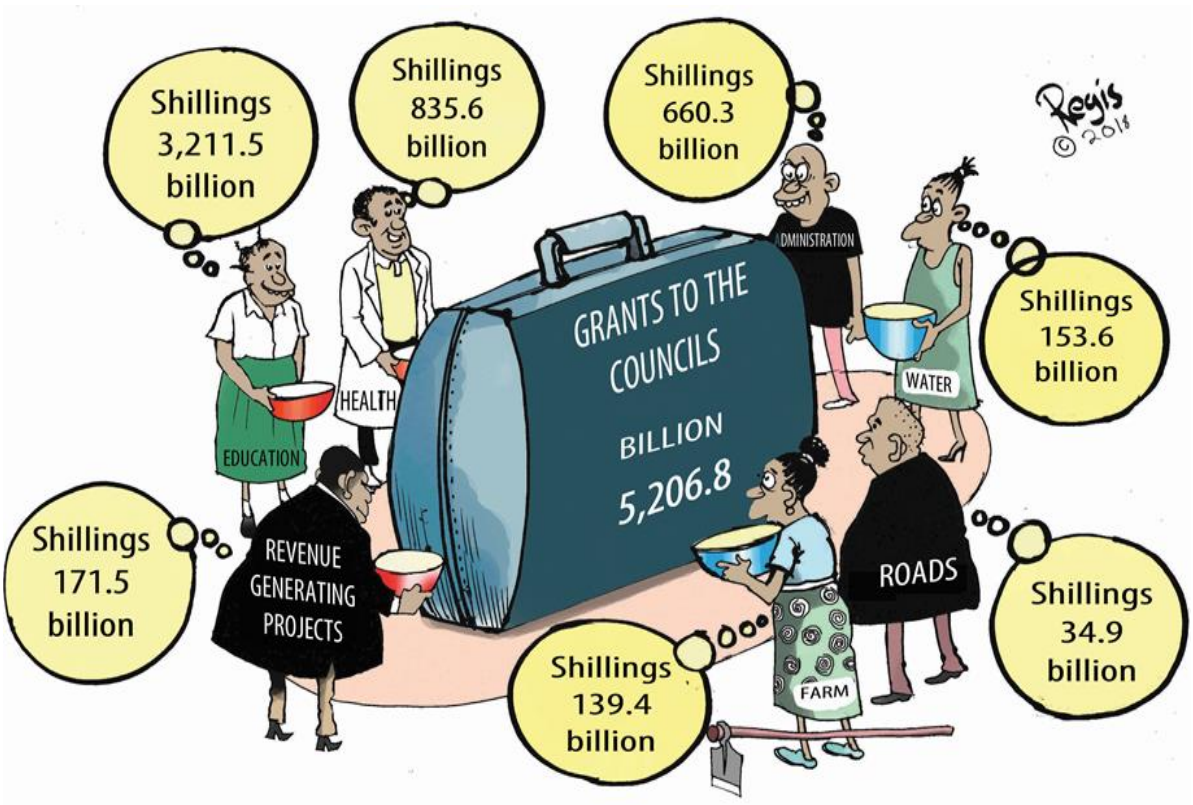


6. HOW DOES THE GOVERNMENT INTEND TO SPEND MONEY

In the financial year 2018/19, the Government intends to spend **shillings 32,476.0 billion** on its planned activities covering two major components:

a. ***Shillings 20,468.7 billion*** equals to 63 percent of the total budget is ***Recurrent Expenditure*** to fund Government operational activities, of which *shillings 7,410.0 billion* is for Salaries; *shillings 10,004.5 billion is* for servicing Government Debts and Government contributions to Social Security Funds; and *shillings 3,054.2 billion* is for other office operations and social service.
b. ***Shillings 12,007.3 billion*** equals to 37 percent of the total budget is for **Development Expenditure**, of which *shillings 9,876.4 billion* is local funds and *shillings 2,130.9 billion* is foreign funds. Development expenditure finances development projects such as constructions of new central line railway (*standard gauge*), regional and rural roads network, improvent of marine and air transport, constructions of hospitals, schools, water infrastructures etc.

Funds to be transferred to Local Government Authorities (LGAs)



The Government is expecting to transfer a total of ***shillings* 5,206.8 *billion*** as grants to LGAs in financial year 2018/19, of which *shillings 4,133.1 billion* is for **Recurrent Expenditure** where by *shillings 3,942.7 billion* is for Personal Emoluments and *shillings*

190.3 billion is for Other Charges; *and shillings 1,073.9 billion* **is for Development Expenditure**. The followings are sector allocation of fund transferred to LGAs:

- ⇨ Education sector shillings 3,211.5 billion;
- ⇨ Health sector shillings 835.6 billion;
- ⇨ Agriculture sector shillings 139.4 billion;
- ⇨ Roads shillings 34.9 billion;
- ⇨ Water sector shillings 153.6 billion;
- ⇨ Administration shillings 660.3 billion; and
- ⇨ Strategic Revenue generating projects for LGAs shillings 171.5 billion.

In addition, **shillings 735.5 billion** is expected to be collected as **Own Sources Revenue** and spent by LGAs of which *shillings 389.8 billion* is for Recurrent Expenditure and *shillings 345.7 billion* is for Development projects.

Sector Plans and Expenditures for the Financial Year 2018/19 Countrywide

Summarized plans and expenditures for programmes, projects and activities countrywide in some of the sectors are as follows:

Industry, Trade and Investment

In the financial year 2018/19, the Government has allocated a total of **shillings 143.3 billion** for Industry, Trade and Investment. In order to fulfill the objective and strategiesTheeconomy, the Government plans to conduct and evaluate industrial production status, particularly to industries which utilize local raw materials from Agriculture, livestock and fishery products. Other activities are to revamp and improve sunflower, skin products, cotton and textiles sectors as well as pharmaceutical industries; and promote establishment of small scale and medium industries and small scale businesses. Among the major allocations in the sector includes:

i. **Shilings 11.8 billion** for development of Small scale Industries Development Organization (SIDO) and connstructing industrial areas in Manyara, Mtwara, Dodoma, Kagera, Njombe, Katavi, Geita and Simiyu;

ii. **Shilings 11 billion** for development of Textile Industrial Area at Kibaha (TAMCO Industrial Area) including construction of road network of the project area;

iii. **Shilings 10 billion** for industrial research activities conducted at TIRDO, TEMDO and CAMARTEC institutions;

iv. **Shilings 22.7 billion** for land compensations to Special Economic Zones (SEZs) in Tanga, Kigoma, Ruvuma and Manyoni as well as establishment of Kurasini trading Centre and Kigamboni Industrial Park;

v. **Shilings 2 billion** for assembling plant for URSUS tractors-TAMCO Kibaha;

vi. **Shilings 2 billion** for land compensation of Magadi Soda Project at Engaruka Basin;

vii. **Shilings 10 billion** for developing Coal Mining Project at Mchuchuma and Chuma Liganga;
viii. **Shilings 1 billion** for development of Industrial Clusters in Skins and hides industries in Dodoma; and
ix. **Shilings 0.2 billion** for preparation of detailed feasibility report on reviving of General Tyre factory - Arusha.

Agriculture, Livestock and Fisheries

The Agriculture, Livestock and Fisheries sectors have continued to be the leading sectors in generating employment opportunities especially in rural areas. In the financial year 2018/19, the Government has allocated a total of **Shillings 606.8 billion** for the sectors. Among the priority expenditure areas allocated funds are:

i. **Shillings 156.9 billion** for reforms in agriculture, livestock and fisheries services in Regional Secretariats and Local Government Authorities;
ii. **Shillings 40.8 billion** for strengthening of irrigation infrastructure including construction of Ngono Irrigation Scheme and Kalebe dam in Kagera Region;
iii. **Shillings 15.0 billion** for the national food reserve to ensure sustainable food security in the country;
iv. **Shillings 14.0 billion** for construction of modern agricultural produce warehouses;
v. **Shillings 11.0 billion** for supply of agricultural inputs of which shillings 10.0 billion is for agricultural chemicals and shillings 1.0 billion is for production of seeds;
vi. **Shillings 9.3 billion** for improvement of infrastructure and services necessary to increase production of paddy;
vii. **Shillings 9.0 billion** for purchase of maize and other cereals through the Tanzania Cereal and Mixed Produce Board;
viii. **Shillings 11.5 billion** for rehabilitation of the Market Intelligence Centre Offices, agricultural training and research institutes and training of Extension Officers;
ix. **Shillings 4.8 billion** for the implementation of project to control and spread of **A** producflatoxin on cereals; and
x. **Shillings 1.2 billion** for contribution on agricultural census to be carried out in the financial year 2018/19 countrywide.

Education

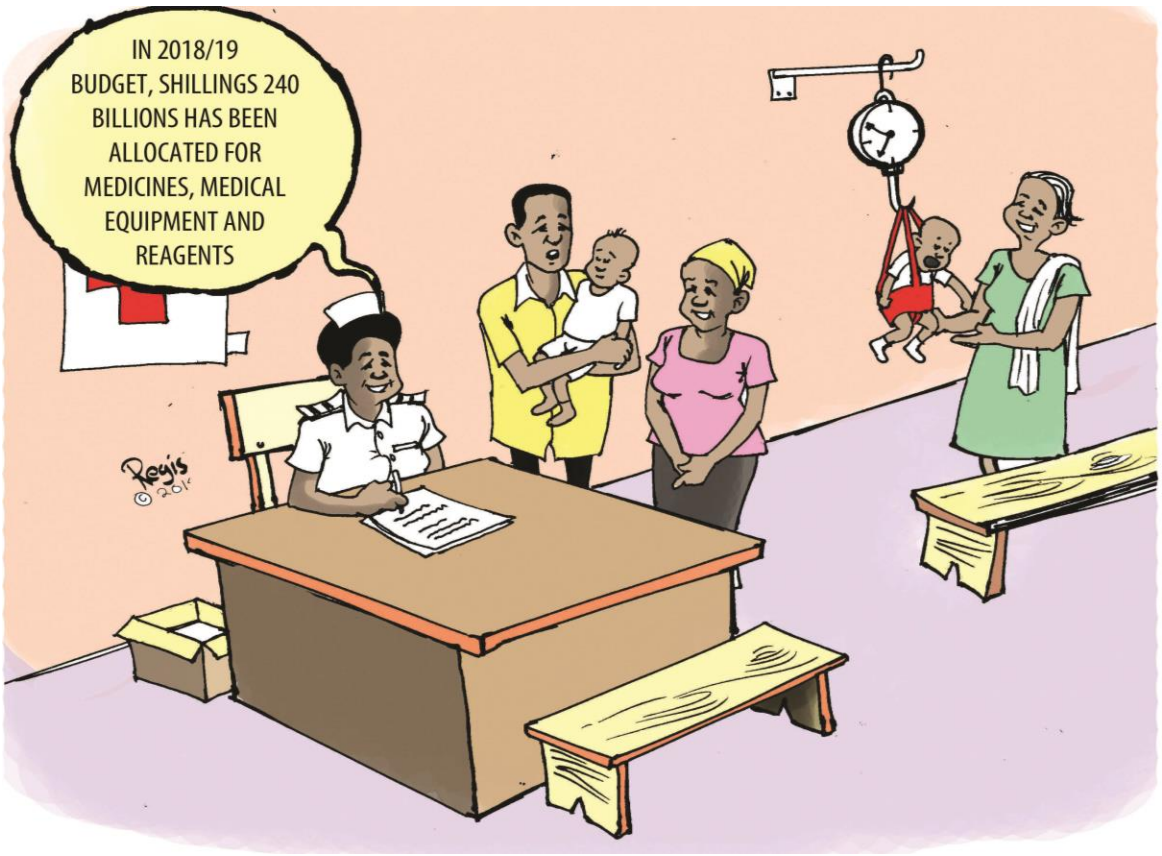
In the Financial Year 2018/19 a total of **shillings 4,641.5 billion** has been allocated for education sector. Activities to be implemented include, among others: Implementation of Fee Free Basic Education; Implementation of education development projects through various programmes; and Improving teaching and learning environment through rehabilitation of education supportive infrastructure. Some key spending areas include:-

i. **Shillings 285.93 billion** for implementing Fee Free Basic Education countrywide;
ii. **Shillings 114.1 billion** for facilitating National examinations in primary and secondary schools and in teachers' training colleges;
iii. **Shillings 107.0 billion** for technical and vocational educational institutions for improving institutions' infrastructure in order to increase the quality of services offered;
iv. **Shillings 65.3 billion** for improving public universities infrastructure in the country including rehabilitation, expansion and operation of the same;
v. **Shillings 427.5 billion** for providing loans to higher education students;
vi. **Shillings 142.20 billion** for development projects in education through various programmes;
vii. **Shillings 26.51 billion** allocated for science, technology, innovation, research and development.

Health

In the Financial Year 2018/19, the Government has allocated **Shillings 1,731.8 billion** for health sector in order to ensure better and quality health services countrywide. The Government plans to: Strengthen vaccination services for children; Improve health services for non communicable diseases; Prevent epidemic diseases; Strengthening maternal and child health services; Reduce new infection for malaria, TB and HIV/AIDS; Improve availability of medicines; Improve health services in health centers; and Increase availability of safe blood. Some key spending areas include:-

i. **Shillings 22.9 billion** for internship allowances on Doctors of Medicine graduates under internship programme;
ii. **Shillings 12.2 billion** for strengthen and improving health services infrastructure in identified needy areas including reducing maternal mortality rate;
iii. **Shillings 11.2 billion** for maintenance of medical equipment;
iv. **Shillings 34.4 billion** for strengthening of referral hospitals;
v. **Shillings 240 billion** for purchasing of medicines, medical equipment and reagents;
vi. **Shillings 14.5 billion** for purchasing specialized equipment for effective cancer diagnosis at Ocean Road Cancer Institute;
vii. **Shillings 20 billion** to strengthen access to referral services at Muhimbili National Hospital;
viii. **Shillings 23.8 billion** for supporting daily operations of regional hospitals; and
ix. **Shillings 33.0 billion** for controlling communicable diseases.



Water

In the financial year 2018/19, the Government aims at improving clean and safe water supply; Environment sanitation at rural and urban areas; Management and development of water resources; Improving provision of irrigation services and crosscutting issues. The Government has allocated a total of **shillings 859.2 billion** for water sector. Some key spending areas include:-

i. **Shillings 353.8 billion** for implementing of rural water projects;
ii. **Shillings 176.4 billion** for construction, rehabilitation and expansion of water projects in 18 regions headquarters and 35 districts;
iii. **Shillings 62.5 billion** for improving water supply and sanitation in Dar es Salaam;
iv. **Shillings 23.0 billion** for Lake Victoria – Kahama/Shingyanga water projects;
v. **Shillings 21.0 billion** for Kahama – Nzega –Igunga- Tabora water project;
vi. **Shillings 20.5 billion** for implementing water projects in 50 District headquarters and town centers;
vii. **Shillings 14.1 billion** for Kimbiji and Mpera water project;
viii. **Shillings 12.0 billion** for designing and construction of infrastructure for water supply from 7 dams namely Seke Ididi (Shinyanga), Habiya (Simiyu), Matwiga

(Mbeya), Manjoro (Simiyu), Looderkes (Manyara), Igumila (Tabora) and Chole/Kwala (Pwani);

ix. **Shillings 9.0 billion** for improving water supply in head quarters of new regions (Simiyu, Geita, Katavi, Njome, na Songwe); and

x. **Shillings 5.9 billion** for construction and rehabilitation of eight dams namely Kidete (Morogoro), Wanging'ombe (Njombe), Nsekwa (Katavi), Dongo (Manyara), Kisangaji (Dodoma), Nanja (Arusha), Namasogo (Mtwara) and Mianjo (Singida);

Transport

In promoting economic growth in the country, the Government has continued to focus on investing in supportive economic infrastructure in roads, railway, ports and airports, in order to implement the objective of strengthening infrastructure in transport sector. In the financial year 2018/19, the Government has allocated a total of **Shillings 4,524.2 billion** for the sector. Some of the expenditures in this sector include:

i. **Shillings 1,500.0 billion** for construction of new central standard gauge railway (Dar es Salaam – Morogoro, Morogoro – Makutopora and Isaka – Rusumo);

ii. **Shillings 252.6 billion** for construction and rehabilitation of railway infrastructure through the Railway Fund;

iii. **Shillings 495.6 billion** for the purchase of new aircraft and revamping of the National Airline (ATCL);

iv. **Shillings 20.0 billion** for the purchase of radars and revamping of Tanzania Meteorological Authority infrastructure;

v. **Shillings 20.0 billion** for the purchase and maintenance of ships in lake Tanganyika, Nyasa and Victoria;

vi. **Shillings 6.0 billion** for the installation of equipment and security infrastructures at the airports in the country;

vii. **Shillings 15.0 billion** for strengthening the residential address and postcodes, construction of a national communications network (ICT backbone) and construction of IT equipment facility;

viii. **Shillings 215.0 billion** for improvement of airports infrastructure including construction of Julius Nyerere, Kigoma, Msalato, Mpanda, Sumbawanga, Tabora, Shinyanga, Songwe airports and rehabilitation of Mwanza, Arusha, Mtwara na Kilimanjaro airports;

ix. **Shillings 9.1 billion** for the purchase, construction, maintainance and expansion of ferries and ferries' parking Countrywide.

x. **Shillings 567.6 billion** for maintenance of highway roads, regional roads, bridges and weight bridges operation;

xi. **Shillings 272.6 billion** for construction of rural and urban roads through Tanzania Rural and Urban Roads Agency (TARURA);

xii. **Shillings 961.9 billion** for construction of 597.10 km tarmac roads countrywide, construction of 15 bridges and rehabilitation of 72.10 km of tarmac roads through Tanzania National Roads Agency (TANROADS).

xiii. **Shillings 549.1 billion** for improvement of port infrastructures at Dar es Salaam, Tanga, Mtwara, rehabilitation of wharfs in Lake Victoria, Nyasa and Rukwa and construction of Ruvu dry port.

Energy

In the financial year 2018/19 the Government has allocated a total of **Shillings 1,702.3 billion** to finance the energy sector. Among the priority activities include: Increasing power generation; Strengthening power transmission systems; Implementation of Third Phase of Rural Electrification (REA III); Continuing with construction of Hoima (Uganda) to Tanga pipeline for exporting crude oil; Strengthening of oil and gas exploration activities; and Development of renewable energy projects. Some major allocations on Energy sector include:

i. **Shillings 43.6 billion** for geothermal resources development, which involves drilling of 3 well holes (slim wells) in Mbeya region, conducting research in different areas on availability of geothermal resources for power generation;

ii. **Shillings 11.1 billion** for improvement of grid systems, availability of power connection services and motivate the use of alternative source of power generation outside the national gridlines;

iii. **Shillings 412.1 billion** for the power supply in the rural areas and District headquarters;

iv. **Shillings 13.00 billion** for construction of 220kV transmission line Makambako-Madaba-Songea;

v. **Shillings 80.3 billion** for construction of 400kV (Rufiji-Chalinze-Dodoma) and extension of power substations in Chalinze and Dodoma;

vi. **Shillings 12.0 billion** for extension of 240MW Kinyerezi II using natural gas;

vii. **Shillings 164.00 billion** for extension of Kinyerezi I power generation infrastructure inorder to generate 185MW more;

viii. **Shillings 44.8 billion** for construction of 400kV transmission line from Mbeya - Sumbawanga - Mpanda – Kigoma – Nyakanazi;

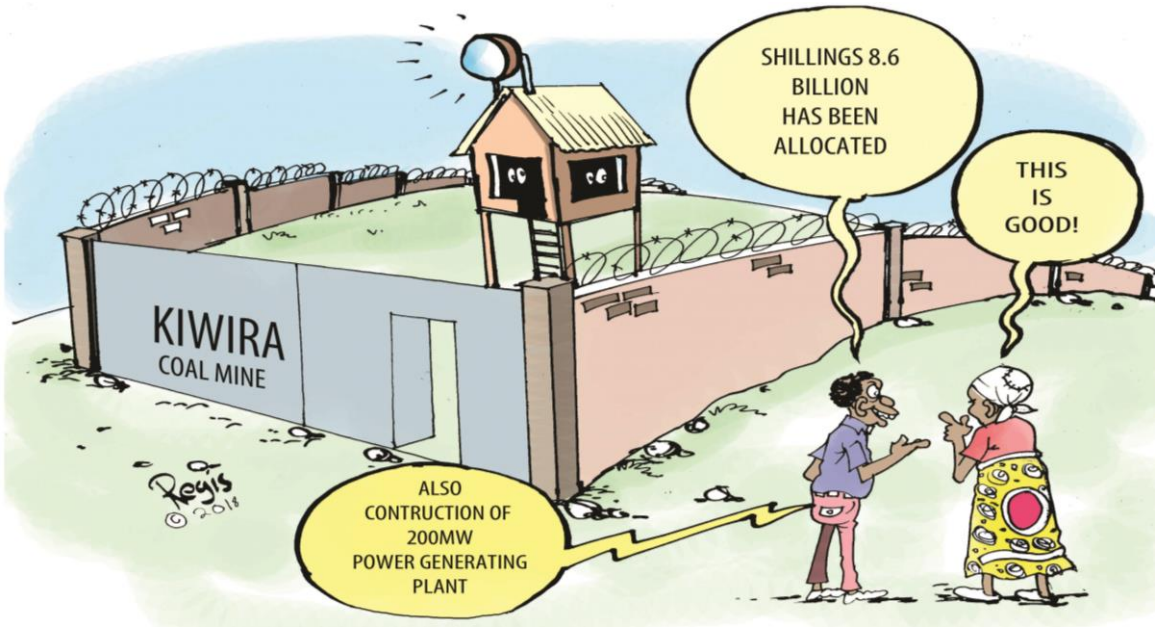
ix. **Shillings 47.80 billion** for construction of 400kV transmission line from Dar es Salaam (Kinyerezi) to Arusha via Chalinze; construction of 220kV transmission line from Segera-Tanga and Kibaha-Bagamoyo; and construction of power substations in Chalinze, Segera, Bagamoyo and Tanga;

x. **Shillings 0.7 billion** for preparation of implementation of Rufiji Hydro Power Generation Project at Stieglers Gorge, aimed generating 2100MW using water source;
xi. **Shillings 4.1 billion** for construction of 87MW Kakono hydropower plant;
xii. **Shillings 4.3 billion** is allocated to finance construction of 45MW Malagarasi hydropower plant;
xiii. **Shillings 15.0 billion** for construction of 58kV and 400kV with a total of 414KM from Singida to Namanga via Arusha and construction of new power substation at Kisongo in Arusha region;
xiv. **Shillings 32.2 billion** for construction of natural gas supply infrastructure that will be used to supply natural gas in Mtwara, Lindi, Pwani, Morogoro and Dodoma. This will include natural gas pipes network and stations, and other small projects of liquid gas;
xv. **Shillings 54.20 billion** for construction of 1,443km of crude oil pipeline from Kabaale in Uganda to Tanga through Kagera, Geita, Simiyu, Shinyanga, Tabora, Singida, Dodoma, Manyara to Tanga port, of of which 1,137km are in Tanzania and remaining 306km are in Uganda;
xvi. **Shillings 15.40 billion** for capacity building in the ministry and its institutions responsible with energy sector activities, especially oil and natural gas.

Mineral

In the financial year 2018/19 budget, the Government has allocated a total of **Shillings 19.62 billion** to the Mineral sector. The emphasis is to: Improve collection of Government revenues from minerals resources; Development of small scale and medium scale miners; Promote value chain additions activities to minerals; and promote investments in strategic projects in the mineral sector. Some major allocations on Mineral sector include:

i. **Shillings 9.1 billion** for Sustainable Management of Mineral Resources project and development of mineral subsector including introduction of minerals exhibition centers;
ii. **Shillings 8.6 billion** for development of Kiwira Coal Mines and construction of 200MW Power Plant; and
iii. **Shillings 1.8 billion** for Tanzania Extractive Industrial Transparency Initiative for mineral revenue and expenditure reporting.



Land

In the financial year 2018/19 the Government has allocated **shillings 73.1 billion** for Land sector. The focus is to strengthen land sector services at regional and council levels; Ensuring that land ownership is guaranteed and simplified; Increasing contribution of land sector to the economy; and ensuring that land is used effectively and provision of sustainable housing. Some major allocations for the financial year 2018/19 include:-

i. **Shillings 5.0 billion** for Land Use Planning Projects;
ii. **Shillings 8.0 billion** for Planning, Surveying and Land Tilting Programme;
iii. **Shillings 1.1 billion** for Construction and Rehabilitation of Buildings;
iv. **Shillings 2.3 billion** for strengthening International Boundaries;
v. **Shillings 0.5 billion** for promotion of appropriate technology and affordable housing;
vi. **Shillings 12.0 billion** for land tenure support programme; and
vii. **Shillings 1.5 billion** for land tenure improvement project.

Employment Creation and Skills Development

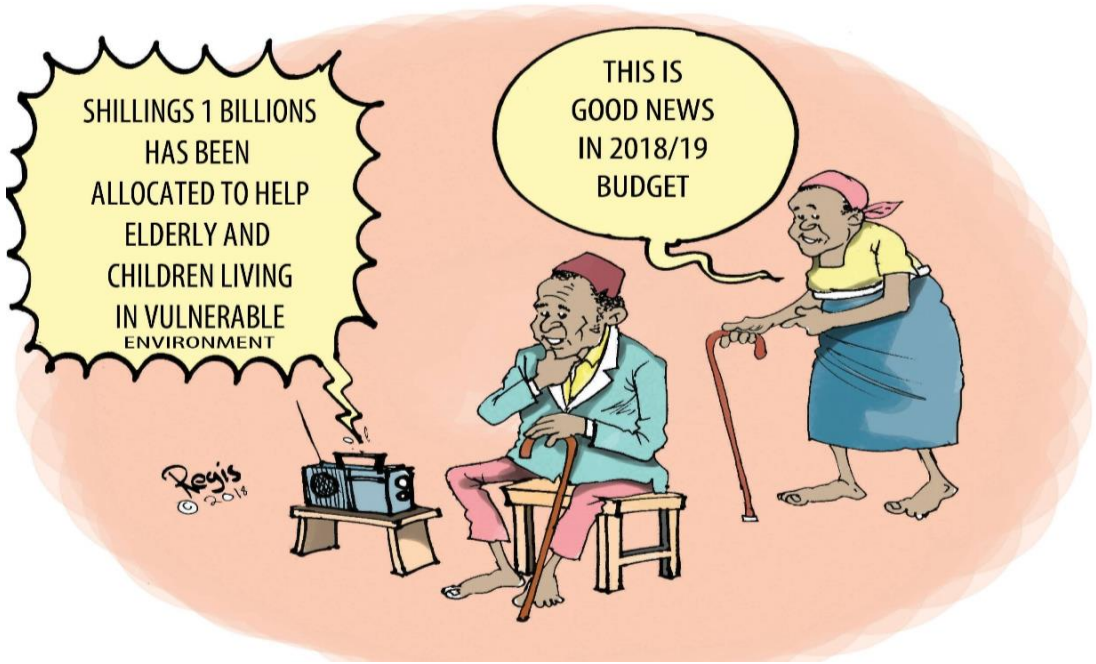
The Government through National Employment Policy of 2018 focuses on increasing new employment opportunities by creating an enabling environment for all stakeholders to participate fully in human capital development. In the financial year 2018/19 budget, the Government has allocated a total of **Shillings 470.0 billion** for employment and skills development. Some key spending areas include:-

i. **Shillings 1.0 billion** for Youth Development Fund so as to issues soft loans to youth groups based on their projects feasibility.
ii. **Shillings 15 billion** for National Skills Development programme and increase employment and decent work opportunities through re-skilling of 500 employees to accommodate emerging technologies and techniques, facilitating internship program to 2,000 graduates, training 4,000 apprentices and recognizing 4,000 persons skills from informal sector through assessing, training and certifying;
iii. **Shillings 305.6** billion for recruitment of 54,209 new employees in the public sector;
iv. **Shillings 73.5 billion** which is 10 per cent of LGAs own sources revenue allocated for youth, women, elders and persons with disability at LGAs.

Social Protection

In the financial year 2018/19 budget, the Government has allocated a total of **shillings 978.4 billion** for enablement of various groups to participate in economic and social activities. Some key spending areas include:

i. **Shillings 946.2 billion** for Social Security Funds, the amount will be used to meet pension benefits and social security benefits for workers and their dependants.
ii. **Shillings 1.0 billion** for ensuring availability of basic services for elderly and children living in vulnerable environment;
iii. **Shillings 0.5 billion** For rehabilitation of elderly residents in Bukumbi, Mwanzage and Misufini;
iv. **Shillings 0.5 billion** for completion of construction of juvenile cell in Mtwara; and
v. **Shillings 1.8 billion** for child protection.



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 2015-2020;
- Macro-Economic Policy Framework: Provides information about fiscal policies and reforms;
- Ministries Budget Speeches for year 2018/19;
- Medium Term Plans and Medium Term Expenditure Framework Budget Memoranda 2018/19;
- The State of the Economy Speech for Year 2018/19;
- National (Government) Budget Speech 2018/19
- The Appropriation Act, 2018;
- The Annual Finance Act, 2018;
- National Economic Survey; and
- The Estimates of Public Revenue and Expenditure Books for year 2018/19 (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)
- Policy Forum website (www.policyforum.or.tz)

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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
18 Jakaya Kikwete Street
40468 Dodoma
P.O. Box 2802, Dodoma.

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; 18 Jakaya Kikwete Street, 40468 Dodoma, P.O.Box 2802, Dar es Salaam;
- 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.