

Report No. XXXXX – TA

# United Republic of Tanzania Public Expenditure and Financial Accountability Review – FY07

November 2007

Africa Region

Operational Quality & Knowledge Services (AFTFM) and Africa PREM (AFTP2) Units

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**GOVERNMENT FISCAL YEAR**

*July 1 – June 30*

## **CURRENCY EQUIVALENTS**

Exchange Rate effective *November 7, 2007*

Current Unit	Tanzanian Shillings (Tsh)
US\$ 1	TSh 1,140

Weights and Measures  
Metric Systems

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## Abbreviations and Acronyms

ADB	African Development Bank	MDA	Ministry, Department and Agency
<b>AFRITAC</b>		MDRI	Multilateral Debt relief Initiative
AG	Accountant General	MoLD	Ministry of Livestock Development
CFAA	Country Financial Accountability Assessment	MOEVT	Ministry of Education and Vocational Training
CFS	Government Financial Statistics	MoHSW	Ministry of Health and Social Welfare
CEM	Country economic Memorandum	MKUKUTA	Kiswahili Word Meaning (National Strategy for Growth and Reduction of Poverty)
CFS	Consolidated Fund Services	MPEE	Ministry of Planning, Economy and Empowerment
CMU	Cash Management Unit	MTEF	Medium Term Expenditure Framework
<b>COFOG</b>		MTPP	Medium Term Pay Policy
DP	Development Partners	NDS	National Debt Strategy
<b>DPP</b>	Director of Policy and Planning	NPV	Net Present Value
DTIS	Diagnostic Trade Integration Study	NSGRP	National Strategy for Growth and Reduction of Poverty (Kiswahili – MKUKUTA)
DSA	Debt Sustainability Analysis	PAYE	Pay As You Earn
EAC	East African Community	PBG	Planning and Budget Guidelines
EPA	Export Processing Agreement	PEDP	Primary Education Development Programme
EPICOR		PER	Public Expenditure Review
EPZ	Export Processing Zone	PEFAR	Public Expenditure and Financial Accountability
<b>GBS</b>	General Budget Support	PFM	Public Financial Management
GDP	Gross Domestic Product	PFMRP	Public Financial Management Reform Program
GFS	Government financial Statistics	PO-RALG	Prime Ministers Office–Regional Administration and Local Government
GoT	Government of Tanzania	SBAS	Strategic Budget Allocation system
HCMIS	Human Capital Management Information System	SEDP	Secondary Education Development Programme
HIPIC	Highly Indebted Poor Countries	Tshs	Tanzania Shillings
IDA	International Development Association (World Bank Group)	VAT	Value Added Tax
IFMS	Integrated Financial Management Systems		
IFM	International Monetary Fund		
IMTC	Inter-Ministerial Technical Committee		
LGA	Local Government Authority		
MAFS	Ministry of Agriculture & Food Security		

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## ACKNOWLEDGEMENTS

Tanzania has carried out an annual Public Expenditure Review (PER) process since 1997/98 with interrelated twin objectives of supporting the budget process as well as undertaking an external review of fiscal developments. The Tanzania PER Working Group comprising of representatives from the Government of Tanzania, the World Bank, UN agencies, other bilateral and multilateral donors, research and academic institutions, and NGOs determines the agenda for the annual PER process, guides and finances the implementation of the agreed work program, and reviews all outputs.

In 2004/05 all stakeholders agreed as part of improved harmonisation and co-ordination that assessment of public expenditure issues and financial management (including procurement) issues should be carried out as part of a broader Public Expenditure and Financial Accountability Review (PEFAR) for Tanzania. The PEFAR aims at integrating two diagnostic exercises (Public Expenditure Review (PER) and CFAA) to facilitate a comprehensive assessment of PFM. The overall purpose of the PEFAR is to provide GoT and Development Partners with a comprehensive, integrated and candid assessment of Tanzania's key fiduciary risks as reflected in GoT's resource allocation, resource management and control, resource utilisation and accountability processes, and to make recommendations for improving the PFM framework, institutional performance and capacity building.

The Macro Subgroup of the PER Working Group is charged with the responsibility of coordinating and guiding the work of external evaluation of public expenditure and financial accountability under the broader PEFAR. The Annual PEFAR/MKUKUTA Consultative Meeting which takes place around May each year is an important forum for awareness raising and discussion of poverty reduction, economic growth, public expenditure and financial accountability issues between government and a wide array of interested stakeholders in Tanzania.

This report presents the findings of the external review of fiscal developments (core analysis of the PEFAR). These were shared with government and members of the PER working group as well as with a wider audience at the Annual PEFAR/MKUKUTA Consultative Meeting held in May 2007, prior to the finalization of the Tanzanian government budget.

The report is primarily based on the findings of a PEFAR 07 Team comprised of World Bank, University of Dar es Salaam (Consultants), International Monetary Fund, IMF AFRITAC, European Union,, KfW, Canada, Finland, Ireland, Sweden and Haki Elimu.

The report was written under the supervision of Kathie Krumm Sector Manager, AFTP2 and Mr. Ramadhan Khijjah, Deputy Permanent Secretary, Ministry of Finance, Government of Tanzania. Vera Wilhelm and Aliya Moubayed served as peer reviewers. Mary-Anne Mwakangale was responsible for the word processing and actual production of the report.

# EXECUTIVE SUMMARY

## SUMMARY OF MAIN FINDINGS

### 1. Fiscal performance

- Performance on domestic resource mobilization continues to be encouraging, though major improvements could be made on non tax revenue. Findings from the planned review in this area should be factored in to forward budgetary planning.
- On strategic resource allocation, expenditure plans have yet to reflect adequately MKUKUTA's emphasis on growth, translating continuing development of strategies for shared growth into concrete expenditure priorities, in particular a focus on growth promoting expenditure and a soundly prioritized investment plan.
- The rapid growth of external financing (from 6% to around 12% GDP in the past five years) underlines the need to develop a medium term to long term aid strategy, addressing issues of constraints to aid absorption and implications for medium term expenditure composition.
- Management of the wage bill. One of the key medium term challenges for Government must be to sustain a robust strategy for pay reform, as a key anchor for public service reform and development of capacity in public sector management. Consolidation of allowances within wage bill planning is a key element of such a strategy : it is disturbing to find that the clear commitment to this policy in the draft Budget Guidelines this year appears to have been abandoned in later stages of budget preparation.
- While short term fiscal management has continued to be robust, the issues above pose serious challenges for steering strategic resource allocation in the medium term. This underlines the urgency of addressing weaknesses in the key instruments for medium term planning (Budget guidelines/MTEF, Strategic Budget Allocation System) as outlined below.

### 2. Budget preparation

- The current cycle of budget preparation has highlighted significant problems in the process of planning and budget preparation. These include large and highly variable divergences between MDA requests for funds and proposed budget ceilings - the average ratios of proposed allocation ceiling to requested resources is 35% to 45% for 2007/08 to 2009/10, with the average ratios of requested resource to proposed allocation ceiling for NSGRP lower than that for non-NSGRP. The requests are both grossly unrealistic and developed in an inappropriate degree of detail. In the absence of prior guidance from central agencies, the basis for MDA requests is unclear, and the drastic reductions required to reach affordable budget ceilings make it difficult for stakeholders to see any transparent application of clear priorities.

- These weaknesses could be addressed by (1) early guidance to MDAs on resource constraints, which in a well functioning system would be based on year 2 of the MTEF (2) refocusing early budget preparation on strategic allocation, i.e. avoiding the highly detailed activity classification used in earliest stage of SBAS submissions (3) strengthening the predictability of the MTEF for future years, including more realistic treatment of external financing (4) carrying out scenario analysis prior to the next Budget Guidelines, consistent with objectives 1-3 above.
- A task force on scenario analysis has been established, reporting to the Budget Guidelines Committee. This is a welcome development. A work-plan for completion of scenarios and DP consultation prior to next year's budget guidelines should be finalized as soon as possible, including specified roles for any consultant support and a clear strategy for early engagement of the DP community. Scenario planning should be established as the initial stage of budget preparation in future budget cycles: from this perspective, the exercise this year should be viewed as a pilot.
- It would be helpful to incorporate review of the SBAS/MTEF expenditure categories in the context of forthcoming work on budget classification, aiming to ensure that they define adequately the programs relevant for the MKUKUTA and national policy more broadly at strategic level. Dispensing with the more detailed specification of activities, at least in the core strategy formulation within the Budget Guidelines/MTEF, would help to free up scarce planning capacity, make the process more manageable, enhance strategic decision making and improve the transparency of budget strategy for domestic stakeholders.

### **3. Budget execution**

- Analysis of budget deviation shows a significant improvement in the overall index of deviation in the annual budget, with the index for recurrent expenditure falling from 23.7% in 2004/5 to 14.3% in 2005/6 after taking into account the impact of drought and reorganization of some MDAs following the 2005 general elections.
- While some improvement has been seen in predictability of the annual budget, action is also needed on improving within year predictability. Cash flow plans prepared by MDAs are currently a poor predictor of releases and low disbursement in the first quarter and uncertainty on timing of releases during the rest of the year is disrupting program implementation - and also undermining the case for general budget support as seen from MDAs.

### **4. Budget reporting and transparency**

- A key issue for the PEFAR is the lack of reporting on expenditure by main MKUKUTA objectives and targets, in spite of the use of SBAS in budget preparation in the last three cycles and Government's commitments to such reporting at the General Budget Support (GBS) annual review last September. The team established that data for such reporting are available within the IFMS. The team understands that MoF will produce a report for 05/06 and the July-Dec06 expenditure in the format requested by the team (see annex) by May 15, prior to the PER consultations.



- Routine reporting on MKUKUTA expenditure is critical. Information that reflects progress in implementing the MKUKUTA needs to be integrated in the budget planning, preparation and scrutiny process and such information should also be routinely available to the Parliament and other domestic stakeholders. The team welcomed sight of the initial draft proposed format for such reporting and will provide detailed comments on the proposal.
- The team also note that both budget preparation and expenditure reporting would be greatly assisted by avoiding the parallel use of SBAS and budget preparation software within the IFMS for the next budget cycle, although it will also be important to ensure that use of the IFMS alone from the earliest stage of budget preparation permits adequate access for users at all stages of budget preparation and subsequent reporting.
- On budget transparency, the PEFAR team has noted that data collection and reconciliation has been a challenging exercise. The number of budget planning/execution documents, the limited access to some of them, and difficulties in reconciling some of the data appear to be important obstacles from a broader accountability perspective. These obstacles are exacerbated by the lack of clear/well-defined public finance frameworks in some sectors (i.e. education).

## **5. Local Government**

- The various intergovernmental financial transfer schemes are complex and overlapping and, thus, difficult to monitor. Although the access to information on intergovernmental transfers to LGAs has improved during the past few years there is still room for improvement. As an example, there is a lack of transparency in regard to intergovernmental financial flows from the central government budget to LGAs, especially as it relates to how these flows are documented in the budget and its official execution reports. There is an overall need to simplify intergovernmental transfers.
- Self -reported data by the LGAs indicate that sectoral development transfers to LGAs have been in total significantly lower in 2005/2006 and in the first half of Q2 in 2006/2007 than budgeted by LGAs, with large variances between sectors and sources of development transfers. The causes for these challenges deserve further attention and follow up by the GoT.

## **6. Supporting future reform**

**1.-1** This PEFAR has identified a number of areas where a reform of current practices may be considered. Obvious examples include: the scenario analysis, strengthening the budget preparation process, improvement cash management, and assessing the intergovernmental transfers. The Public Financial Management Reform Program (PFMRP) could support such

**2.0** reforms. The PFMRP should also be the programme where the government lists all its reforms related to public financial management. The PFMRP will then become what it was meant to be: a comprehensive and credible reform programme to further improve the quality of Public Financial Management in Tanzania. Currently the PFMRP is not such a comprehensive programme. The MoF has recognized the weaknesses of the PFMRP and has decided to re-design its strategy. A first draft of the revised strategy is expected in September 2007. The new strategy will demonstrate how MoF intends to address the observations of key diagnostic reviews such as the PEFA assessment and the reports of the Controller and Auditor General.

**3.0**

# 1. INTRODUCTION

## A. CONTEXT AND MAIN OBJECTIVE

1.1 The FY07 Public Expenditure and Financial Accountability Review has followed a different approach to previous years. Past reviews have combined work on core public expenditure analysis with special topics investigated in greater detail, as agreed in the forum of the PER working group. For FY07, the decision was taken to complete the core analysis prior to the annual consultations, while additional special topics would be completed over a longer cycle. The main special topics planned this year are an analysis of financial management in selected parastatals, and support to the proposed scenario analysis which the government plans to develop prior to preparation of the FY08 Budget Guidelines. In addition, a full review of Public Expenditure and Financial Accountability indicators will be completed. These additional areas will be reported on in September.

1.2 The current report focuses on the core analysis normally completed each year as the first part of the PEFAR. The main topics covered are a review of fiscal performance and strategic resource allocation, followed by a review of key issues in budget management, in the main areas of budget preparation, execution, reporting and classification and a brief review of issues in management of local government finances.

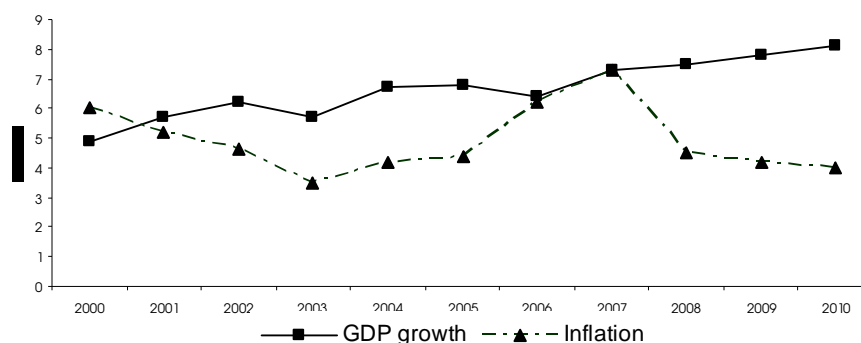
1.3 As agreed in the prior discussion of the work program in the PER working group, the team this year combined discussions with central agencies and case studies in selected MDAs, covering the health education and agriculture sectors, as well as a focus on local government expenditure. The findings therefore make particular use of examples from these sectors, while not, of course, constituting in any way a comprehensive review of expenditure or budget management in these sectors.

## B. RECENT MACROECONOMIC PERFORMANCE

### GDP Performance

1.4 MKUKUTA and the National Vision 2025 focus on growth as a basis for sustained reduction in poverty. The target for MKUKUTA is to achieve a per annum GDP Growth of 6 - 8% by 2010. Despite recent distraction due to the energy crisis and drought, trends in GDP growth show that this target is highly achievable. However, given the low level of structural transformation in the economy and the fact that the recent growth is explained by boom in natural resources and growth of the public sector, sustaining this pace of GDP growth remains a notable challenge for Tanzania. Nevertheless, as shown in Figure 1, Tanzanian Authorities are optimistic about achieving targets for both growth and stability of the economy. The basis for this optimism include stabilization of power supply, new investments through EPZ or special economic zones, completion of divestiture plan and improvement in investment climate. In addition to increased supply of food, these factors are expected to increase GDP growth and lower inflation.

**Figure 1: Annual real GDP growth rate and inflation**



*Source:* Based on Data from *Economic Survey* (various years) and GoT Macroeconomic Framework (2007/8). Note that the data for 2007 – 2010 are official medium-term projections by the Government.

1.5 The World Bank’s Country economic memorandum (World Bank, 2007) attributes the recent growth of the 2000s mainly to macroeconomic reforms undertaken since the Mid-1980s. Thus, increased pace of reforms especially in the business and investment climate will be critical to sustaining and increasing growth and stability of the economy.

1.6 However, sectoral composition of growth shows that despite the strategic importance of agriculture for growth and poverty reduction, its rate of growth has been smaller relative to that of mining, construction and tourism which have grown faster throughout the 2000 – 2006 period despite of their smaller share of GDP (Table 1). Growth of agriculture sector is mainly aided by increase in land area under cultivation and use of fertilizer/pesticides more than increase in factor productivity. However, the challenge of raising productivity is for all sectors, and remains to be one of the significant means with which to sustain the long term growth of the economy.

**Table 1: Growth Rates of Selected Economic Sectors (%) at 1992 constant Prices**

	2000	2001	2002	2003	2004	2005	2006
Public Admin & other services	3.6	3.5	4.1	4.1	4.3	5.1	5.1
Education	5.6	6.2	8	7	6.6	6.3	6.7
Health	5.1	5.6	6	6.5	6	5.7	6
Agriculture	3.4	5.5	5	4	5.8	5.2	4.1
Construction	8.4	8.7	11	11	10.8	11.9	10
Mining	13.9	13.5	15	18	15.4	15.7	16.4
Fin. & Business Services	4.7	3.3	4.8	4.4	4.4	5.3	5.5
Manufacturing	4.8	5	8	8.6	8.6	9	8.6
Tourism	6.5	6.7	7	6.5	7.8	8.2	8.4
Transport & Communication	6.1	6.3	6.4	5	6	6.4	7.5
<b>Total GDP</b>	<b>4.9</b>	<b>5.7</b>	<b>6.2</b>	<b>5.7</b>	<b>6.7</b>	<b>6.8</b>	<b>6.2</b>

*Source:* Economic Survey (2006)

1.7 Mining and quarrying, manufacturing and tourism have generally grown a little faster than agriculture since 1997. The public sector has grown even more rapidly fuelled by growth of foreign aid, leading to significant increase in spending on local (non-tradable) goods and services, which might have squeezed out export growth by a combination of exchange rate appreciation and tight credit conditions.

### **General Price Developments**

1.8 Sound macro-economic management has successfully brought down inflation, from about 35 percent in 1994 to within MKUKUTA targets of 4.0 percent in 2005. While this achievement is commendable, experience of the last two years (2005/6 and 2006/7) shows that inflation has increased to about 6.5% in 2006 and further to 9% by August 2007. The upward trend in inflation is partly explained by the rising average prices of some food items (that has been caused by the drought, hence food shortages) and non-food items especially due to hiking prices of petroleum products.

### **Monetary and Financial Sector Performance**

1.9 Data from the Bank of Tanzania indicate that the growth of Money supply has declined slightly between 2005 and 2006, with favorable credit development as shown by increased credit to the private sector. The extended broad money (M3) grew by 19.5% in the year ending March 2007, compared with 31.5% in the corresponding period in 2006. Such trend is also observed for M2 (which excludes foreign currency deposit) that grew by 16.1% compared to 28.2% respectively. The decline is attributed to continued effort by the Bank of Tanzania to reduce the private deposits held at commercial bank and money in circulation.

1.10 At the end of March 2007, credit to the private sector grew at 39.3% compared to 33.5% in 2006. This is consistent with the Government policy to refrain from borrowing in the banking system to allow more credit to the private sector. MKUKUTA envisages increasing domestic credit to private sector (measured as percentage of GDP) by 1% yearly, which has increased credit to the private sector to about 10% of GDP between 2004 and 2006. The increase in credit is explained by the substantial financial sector reforms that were undertaken since 1991 including the liberalization of the banking system that allowed entry of private domestic and foreign banks, enacting of financial sector legislation that is more business-oriented and strengthening of the banking supervision section of the Bank of Tanzania. In addition to financial sector reforms, the establishment of credit guarantee schemes has reduced credit risks to allow for increased lending to the private sector.

### **External Sector Performance**

1.11 Recent growth experience in Tanzania and the CEM (2007) has indicated that a strong trade (export) performance is critical for sustaining the economic growth. Trade performance for Tanzania in recent years show rise in exports, but imports have grown even faster, thus widening current account deficit. Exports of goods and services increased by 6% during the year ending March 2007 to US\$ 3,191.9 million. Tourism and Mineral exports dominate the export basket, contributing about 27% and 25% of total exports respectively. Composition of traditional exports has not changed (with coffee, cotton, tobacco and Cashews dominating), while that of Non-traditional exports has increased. In the medium term, diversification of exports is a key objective in export promotion, as the country thrives to achieve competitiveness and productivity in the long run. As shown in Table 2, gold exports alone

account for more than half of total non-traditional exports in 2000s, while manufacturing constitute about 14% and Fish exports around 9%.

**Table 2: Decomposition of Exports (US\$ Mill)**

	2000	2001	2002	2003	2004	2005	2006
Traditional Exports	141.6	109.8	73	88.7	88.7	118.3	120
Non-Traditional Exports	194.2	281.6	355.6	442.9	525.4	629.7	687.8
of which							
Minerals	80.4	140.8	188	240.4	313.4	360.3	392.9
Manufactures	16.6	21.3	29.3	34.4	44.8	64.8	89.8
Others	97.2	119.5	138.3	168	167.1	205	205
Grand Total	335.8	391.4	428.6	531.6	614.1	748	807.8

Source: BoT (various years)

1.12 The recent approval of the DTIS of Tanzania by the Government may pave the way for putting in place such a strategy. Over the coming years, effectiveness of regional trade agreements (especially with EAC, and associated EPA negotiations), progress in addressing behind the border obstacles (supply side constraints) and measures to address export entrepreneurship will be important factors for trade performance in Tanzania.

## External Debt

1.13 According to the debt sustainability analysis (DSA) prepared jointly by staffs of the IMF and World Bank, Tanzania's debt sustainability has strengthened further following completion of the Multilateral Debt Relief Initiative (MDRI) in 2006 by the IMF, World Bank, and African Development Bank and recent additional debt relief by bilateral donors. Total debt stock declined from US\$ 7.8 billion (as at December) in 2005 to US\$4.2 billion in 2006. As of end-February 2007, Tanzania total external debt had declined to about US\$3.3 billion, or 25 percent of GDP. The Net Present Value (NPV) of public external debt in FY 2006/7 stands at about 16.5 percent of GDP and 63 percent of exports, whereas public external debt service is around 2 percent of exports of goods and services. These indicators are significantly below the debt-burden thresholds for Tanzania, indicating low risk of debt distress. However, Tanzania's debt sustainability is highly sensitive to sustained macroeconomic performance of the last decade. The baseline scenario assumes that Tanzania will maintain higher real GDP growth over the medium term, and slightly higher FDI relative to the average of the past 10 years, as well as ongoing structural reforms in key areas. Donor assistance (which is 12% of GDP in 2006/7) is assumed to remain unchanged over the medium term, and decline gradually after 2011.

1.14 Government's commitment to zero net domestic financing is assumed to continue over the medium term, and no external borrowing at commercial terms. The NPV of public debt is projected to decline gradually from about 30 percent of GDP at end FY2005/06, to 20 percent of GDP in FY2025/26. Debt service indicators also show favourable trends, with debt-service-to-revenue declining to about 5 percent in 2025/26, mainly driven by the decline of domestic debt, from 15 percent of GDP at end 2005/06 to around 6 percent of GDP at the end of the DSA period. Domestic revenues are expected to increase gradually to 19 percent of GDP, as external grants decline slightly from 7 percent of in 2006/07 to 6 percent of GDP in 2025/26. Government expenditures would increase to around 29 percent of GDP. The fiscal deficit is projected to expand slightly to 4 percent of GDP, while external financing is assumed to remain concessional at 4 percent of GDP. Domestic borrowing is projected to resume moderately over the medium term, and stabilize at 0.5 percent of

GDP. Despite the favourable external debt prospects, these projections and associated assumptions underscore the need for Tanzania to adhering to its National Debt Strategy, including those related to ceilings on medium and long-term concessional borrowing given possible vulnerability to external shocks.

### **Absorption of increased aid inflows**

1.15 Tanzania is one of the largest recipients of aid and IDA credit in Sub-Saharan Africa. In FY2006, it received around \$1.4bn in net ODA equivalent to almost \$42 per capita. Table 3 show that ODA as percent of GDP increased from 7.3% in 2000 to 10.4% in 2006. As share of Government expenditure, Aid increased by almost 10 percentage points respectively averaging about 40% over the 2000-2006 period. In the medium term outlook, Tanzania is considered as a strong candidate for possible scaling up of aid<sup>1</sup>. This view is based on Tanzania's strong economic performance relative to historical trends, together with the financing need for achieving MKUKUTA and MDG targets due to limited domestic revenue. It is therefore critical for the Government to put in place effective fiscal and monetary policies for managing foreign aid. First to contain the associated macroeconomic effects of scaling up aid; and secondly to ensure aid is effectively utilized for realizing higher economic growth and poverty reduction. This section provides overview on the first issue – while the second issue is addressed more generally by examining efficiency and effectiveness of public expenditures (as aid is channeled to Government).

1.16 The IMF provides a framework (reproduced as Appendix Table 2 for assessing macroeconomic effects of scaling aid and reports results of its application to a number of low income countries including Tanzania. The underlying question in this framework is whether and to what extent foreign aid was/not absorbed or spent (either fully or partially) and what are the associated effects and policy response.

1.17 The evidence for Tanzania shows that almost all the foreign aid was spent but not absorbed. As shown in the Figure 1, fiscal deficit before grants increased fast in line with increase in Aid flow. As Aid increased, current account deficit narrowed for the most period despite increasing aid flows, thus avoiding possible real appreciation, but started rising beginning FY2005 reflecting possible absorption (Table 2) show imports increased faster from FY2005).

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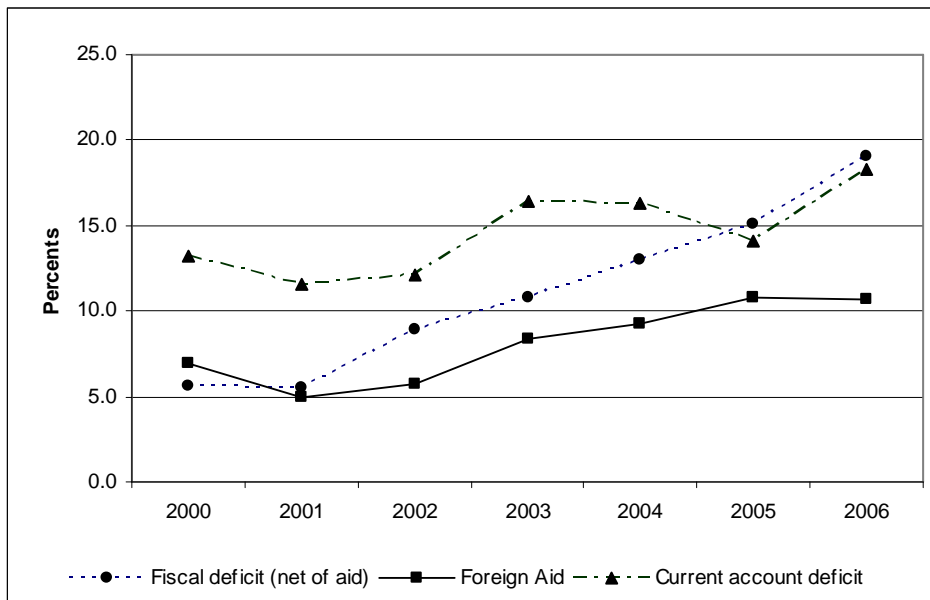
<sup>1</sup> IMF Country Report No. 07/246; July 2007

**Table 3: Aid, Government Spending and Domestic revenue (% of GDP except \*)**

	2000	2001	2002	2003	2004	2005	2006
Aid as % GDP	7.3	5.9	6.7	9.2	10.3	11.5	10.4
*Aid % of Govt expenditure	39.2	34.7	38	46.4	46.8	47.1	40.6
Government Expenditure	18.6	17	17.6	19.8	22	24.4	25.6
Domestic Revenue	11.3	12	12.1	12.1	12.7	13.4	14.1
Gross Domestic savings	9.9	9	12	12	11	11	11.7
Government investment	6.2	5.6	7.6	7.4	6.4	6.6	7.5
Government consumption	12.4	11.4	10	12.4	15.6	17.8	18.1
Fiscal Deficit (net of Aid)	6	6	9	11	13	15	19

Source: Economic Survey and BoT (various years)

**Figure 2: Aid, Government Deficit and Current Account Balance as Percent of GDP**





concerned about exchange rate appreciation hence reluctant to use foreign exchange resources to sterilize increased capital inflows. Nevertheless, with improved macroeconomic framework and economic conditions, absorption has been improving. As shown in Table 4 current account deficit widened and imports rose faster since 2005.

**Table 4: Aid and the BoP in mil. US \$**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
ODA	802.3	682.1	753.8	891.0	1,167.1	1,406.7	1,355.8
Exports	335.8	391.4	428.6	531.6	614.1	748.0	807.8
FDI	282.0	467.2	429.8	526.8	469.9	473.4	474.5
Imports	750.6	807.4	804.9	934.1	1,208.7	1,482.1	1,964.3
Foreign reserves	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4	2,260.1
Current a/c balance	(485.9)	(237.4)	83.6	(87.5)	(383.3)	(881.6)	(1,458.7)
Balance of Paymts.	(86.3)	(809.6)	(112.4)	54.5	39.7	(197.2)	(138.5)
External debt	7,482.1	7,464.0	7,268.1	7,857.0	8,134.8	8,134.8	7,931.8

*Source:* BoT (various years).

1.20 Tanzania's experience with respect to extent of absorbing and spending foreign aid provides useful lessons for future management of aid scaling. The Government should ensure that increased aid-financed spending is accompanied by increased absorption of the foreign exchange, which (assuming that Government spending continues to have a high local content) will probably require acceptance of exchange rate appreciation. To help increase absorption, the Government could consider further liberalizing imports and directing expenditures to areas that could quickly release supply constraints (such transport and banking sector) to ameliorate the need for high real interest rates.

## 2. ANNUAL REVIEW OF BUDGET PERFORMANCE

### C. AGGREGATE FISCAL PERFORMANCE

#### Fiscal deficit and financing

2.1 The fiscal deficit over the years has been dominated by increases in overall expenditures. Despite the continued tight fiscal policy the level of fiscal deficit continued to rise. Total expenditure has been consistently rising and is expected to rise further. The NSGRP focus on higher growth and social wellbeing has necessitated higher spending on productive sectors, especially infrastructure investments; and keeping close attention to social services such as education and health whereby expenditures of capital development nature (e.g. construction of classrooms) and the hiring of more workers (teachers, nurses). Both these factors have driven total expenditure. The rising trend of aggregate expenditures (Table 5) is likely to continue for these reasons. Fiscal discipline measures designed to expenditure overruns etc. should be adhered to. At the same time, the type of goods and services the moneys are spent on should be planned aiming at avoiding possible adverse second-round effects of such spending on the real exchange rate. Aggregate revenue, on the other hand, has always been lower than total expenditures. It has been rising at a slower pace than expenditures. Analysis of revenue performance in terms of its structure should also shed light on the potential for further improvements.

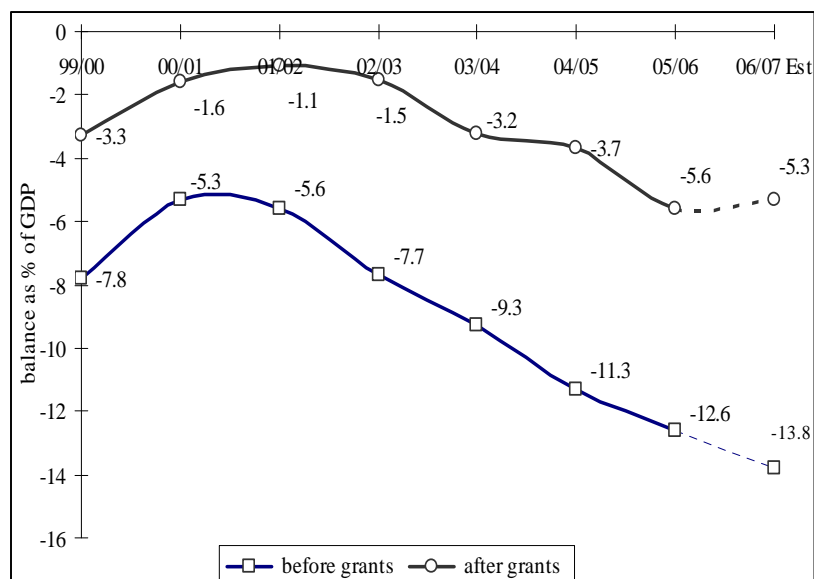
**Table 5: Fiscal deficit and its financing (as % of GDP)**

	1999/ 00	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005 /06	2006 /07 Est.
Total revenue	11.3	12.0	12.1	12.1	13.0	13.6	14.1	14.5
Total expenditure	18.6	17.0	17.6	19.8	22.0	25.0	26.3	28.3
Overall balance before grants	-7.8	-5.3	-5.6	-7.7	-9.3	-11.3	-12.6	-13.8
Grants	4.5	3.7	4.5	6.2	6.1	7.6	6.7	8.5
Overall balance after grants	-3.3	-1.6	-1.1	-1.5	-3.2	-3.7	-5.6	-5.3

*Source:* Tanzania Authorities (CGO) & IMF

2.2 Grants have played a major role in the financing of the fiscal deficit. Grants as percentage of GDP have steadily increased from 4.5% at the beginning of the first PRSP (1999/00) to 7.6% of GDP in 2004/05 and are expected to reach 8.5% in the current year. Overall fiscal balance before grant during the same period shows a steady rise to 12.6% in 2005/06, and is expected to rise further to 13.8% of GDP in the 2006/07. Fiscal deficit after grants jumped from 3.7% of GDP (2004/05) to 5.6% of GDP in 2005/06 and is estimated to remain at just above 5% in the current fiscal year (2006/07).

**Figure 3: Fiscal deficit before and after grants as % of GDP 1999/00-2005/06**



2.3 An attempt is made therefore to examine more closely the sources of financing including domestic revenue, external support (donor funding) and domestic financing.

### Revenue performance

2.4 In fiscal year 2005/06 total domestic revenue increased to 14.1% of GDP from 13.6% in 2004/05. It is projected that for the current year 2006/07 the revenue effort will reach 14.5% of GDP, 15.6% in 2007/08 and 17.4% at the end of the MTEF period.

2.5 The breakdown of performance of different tax components is shown in Table 6. Tax revenue provides the bulk of revenue, rising in recent years to 12.9% of GDP in 2005/06 and is projected to rise to 13.4% of GDP in 2006/07. Collections during the first quarter of 2006/07 were 6.2% above estimates for the period. On the other hand, the contribution of non-tax revenue has been low, ranging between 1% and 1.2% of GDP (Figure 3).

**Table 6: Summary of central government revenue FY99-FY06 (% of GDP)**

	1999/ 00	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006/ 07 Est
Total revenue	11.3	12.0	12.1	12.1	13.0	13.6	14.1	14.5
Tax revenue	10.1	10.7	10.9	11.0	11.9	12.4	12.9	13.4
Import duties	1.3	1.2	1.0	1.1	1.2	0.9	1.3	1.1
VAT	3.3	3.9	4.1	4.2	4.5	5.6	5.6	4.9
<i>VAT on domestic G&amp;S</i>	<i>1.6</i>	<i>1.6</i>	<i>1.7</i>	<i>1.7</i>	<i>2.1</i>	<i>2.2</i>	<i>2.3</i>	<i>2.4</i>
<i>VAT on imports</i>	<i>1.6</i>	<i>2.4</i>	<i>2.4</i>	<i>2.5</i>	<i>2.8</i>	<i>3.4</i>	<i>3.3</i>	<i>2.5</i>
Excises	1.3	2.0	2.1	1.9	1.9	1.8	1.7	3.1
<i>Excise on domestic G&amp;S</i>	<i>1.0</i>	<i>0.9</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.9</i>	<i>1.0</i>
<i>Excise on imports</i>	<i>0.3</i>	<i>1.1</i>	<i>1.2</i>	<i>1.0</i>	<i>1.1</i>	<i>1.0</i>	<i>0.8</i>	<i>2.2</i>
Income taxes	3.0	2.5	2.6	2.7	3.2	3.6	3.9	3.9
PAYE	1.1	1.2	1.4	1.3	1.6	1.8	1.9	1.9
Corporate	0.7	0.6	0.7	0.8	1.0	1.2	1.3	1.3
Other taxes net (including Refunds)	1.3	1.1	1.1	1.1	1.1	1.0	0.4	0.4
<i>o/w Transfer to Refunds Account</i>							-0.5	-0.8
Non-tax revenue	1.2	1.3	1.2	1.1	1.0	1.2	1.2	1.1

*Source:* Tanzania Authorities (CGO) & IMF

2.6 Although overall, total revenue shows an upward trend, performance of different components has been variable. Tax revenue is dominated by VAT (value added tax) which has provided 5.6% of GDP in the past two years although estimates for 2006/07 are lower (at 4.9%). VAT on imports has been higher than VAT on domestic goods; but after steadily rising from 1.6% of GDP in 199/2000 and reaching 3.4% in 2004/05 it declined by a percentage point to 3.3% in 2005/06 and was projected to fall further to 2.5% of GDP in 2006/07. On the other hand, even though lower, VAT on domestic goods shows a slow but steady increase, rising from 1.6% in 1999/2000 to 2.3% of GDP in 2005/06 and is estimated to rise in 2006/07.

2.7 Excise duties on imports have accounted for about 1% of GDP and are slightly lower than excises on domestic goods. But excises on imports are projected to rise from 0.8% in 2005/06 to 2.2% in 2006/07. Revenue from income taxes has also shown a steady rise, accounting from 3.9% in 2005/06. Income taxes comprise PAYE and corporate taxes both of which have shown improvements.

2.8 Overall performance may be attributed to government efforts to improve tax administration, including implementation of TRA's corporate plan. VAT and income tax have been brought under one roof. There have been efficiency gains from use of IT (e-filing of returns, especially for large tax payers), and payment of taxes through banks. As a result of these factors and the fact that large tax payers were capable of coping with power crisis through alternative sources and optimization of power rations in order to stay in production, revenues did not falter during the power crisis. All departments have surpassed their targets since July (of 2006).

2.9 Customs administration has been improved. Measures have been applied to further tighten leakage of fuel levy and customs personnel are at work 24 hours. But here challenges remain due to the fact that multiple institutions are involved – including the port authority, food and drugs authority etc. all of whom need to work in a coordinated way. Other areas where improvements can be made include administration of tax exemptions, non-tax revenues.

2.10 Tax exemptions and fiscal incentives designed to attract foreign investment present yet two other challenges for tax policy. All exemptions are statutory. Discretionary exemptions are negligible, if any. However, as well as narrowing the tax base, exemptions and tax holidays entail high administrative costs. While tax holidays may be strategic in attracting foreign investments they entail revenue loss (and their potential to bring about expected investments is not certain basing on different country experiences). Exemption may be eroding about 5% of GDP. As observed in the last PEFAR, attracting local and foreign investments through investing in infrastructure, utilities etc. aimed at reducing the cost of doing business is a better way of promoting growth and expanding the tax base than offering of generous tax holidays. The rationalization and verification of tax exemptions and tax holidays should continue with a view to reducing or eliminating them in the medium and long term.

2.11 Non-tax revenues at slightly over 1% of GDP should be improved by especially targeting plugging of loopholes and improving budgeting, accounting and remittance of revenue in ministries. A review will be made of policies and regulations concerning retention of revenue collected by MDAs, Regions and LGAs. Mining sector and other natural resources sub-sectors such as fishing and wildlife are key areas where there is potential for raising the tax effort of government.

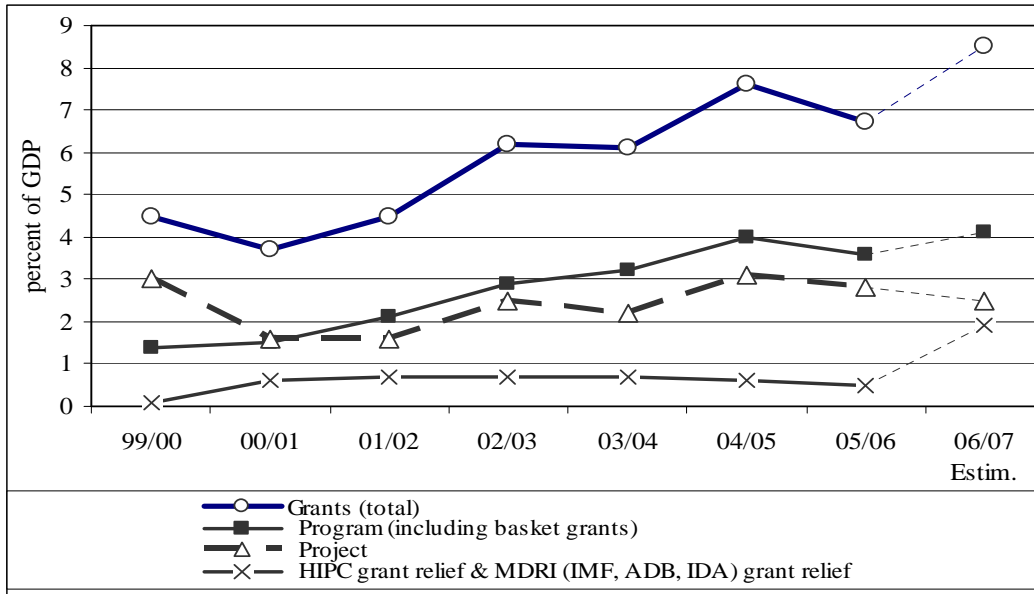
2.12 Property and business formalization will lead to inclusion of more economic activities into the tax net. The formalization policy is followed with interest, working close with local government authorities and a combination of tax education. Therefore the government will need to intensify research into ways of expanding the tax base by facilitating formalization of the informal sector, private sector development, tax payer education and rationalization of tax exemptions.

### **Donor funding**

2.13 Recurrent expenditure has exceeded domestic revenue by between about 40%. The gap has been covered by donor support in forms of General Budget Support and highly concessional loans. In 2005/06 over 40% of the total budget was financed by aid, a significant increase compared to 2002 when aid contributed a third of the budget. According to the Ministry of Finance *General Budget Support Annual Review 2006* aid funds around 80% of the development budget.

2.14 Though lower, at 6.7% of GDP in 2005/06 compared to 7.6% in 2004/05, foreign grants were still quite substantial. Projections for 2006/07 show total grants rising, mainly on account of estimated increases of the HIPC grant relief and MDRI (IMF, ADB, IDA). Program loans continued to rise – at 2.2% in 2005/06 though project loans dropped slightly to 2.2% from 2.4% of GDP in 2004/05 (Figure 4).

**Figure 4: Trends in foreign grants as % of GDP**

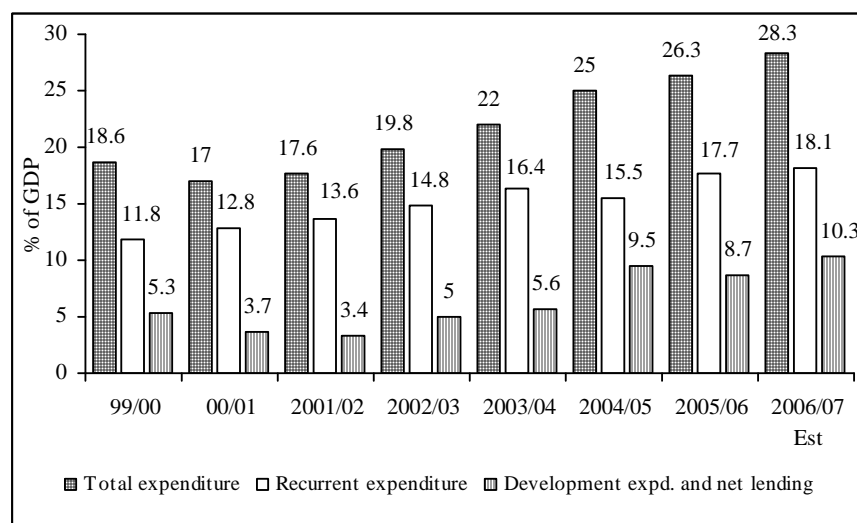


**Table 7: Government expenditure 1999/-2006/07 (% of GDP)**

	1999/ 00	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006 /07
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.
Total expenditure	18.6	17.0	17.6	19.8	22.0	25.0	26.3	28.3
Recurrent expenditure	11.8	12.8	13.6	14.8	16.4	15.5	17.7	18.1
Wages and salaries	4.2	4.0	4.0	4.0	4.0	4.2	4.4	5.9
Interest payments	1.9	1.7	1.4	1.0	0.9	1.1	1.5	0.8
Domestic	1.2	1.0	0.7	0.6	0.6	0.7	1.1	0.5
Foreign	0.7	0.7	0.7	0.4	0.3	0.4	0.4	0.2
Goods and services and transfers	5.8	7.1	8.2	9.8	11.4	9.0	10.3	10.8
Development expd. and net lending	5.3	3.7	3.4	5.0	5.6	9.5	8.7	10.3
o/w Domestically financed	0.3	0.4	0.6	1.0	1.2	1.8	2.0	3.8

Source: Tanzania Authorities (CGO) & IMF

**Figure 5: Trends in recurrent and development expenditures**



2.17 Wages and Salaries have taken a larger share of the recurrent budget rising from 4.2% in 2004/05 to 4.4% of GDP in 2005/06 and are expected to rise to 5.9% in 2006/07. Provisional data for the first half of 2006/07 show that wages have taken up to 2.9% of GDP. The rise in the wage bill associated with the increases in allowances in the development budget deserves attention in view of the fact that most of the development budget is donor-finance.

2.18 Interest payment on domestic debt jumped from 0.7% of GDP in 2004/05 to 1.1% in 2005/06 while interest payment on foreign debt shows a steady decline from 0.7% up to 2002/02 to 0.4% in the past two years and is projected to decline further to 0.2%. This trend may be explained by debt relief in recent years. The rise in interest on domestic debt may mean there has been recourse to domestic borrowing although budgeted interest payment for 2006/07 of 0.5% implies a realization of the need to cut down on this item. Nevertheless, provisional December 2006 figures show that already in the first half of 2006/07 interest

payment on domestic debt had already reached 0.5% while interest on foreign debt was within the estimated range at 0.1%. Expenditure on goods and services declined from 11.4% of GDP in 2003/04 to 9% in 2004/05 and is estimated to rise to 10.8% in 2006/07.

## STRATEGIC RESOURCE ALLOCATION

2.19 As for functional allocation of recurrent expenditure, in fiscal year 2005/06 Social Services took the largest share of total recurrent budget which continue to show a rising trends since the early years of the PRSP. Economic services and productive services put together lag behind Administration which has maintained as high as 3.9% of GDP (Table 8).

**Table 8: Functional Recurrent Expenditure (actual, as a % of GDP), FY00-FY05**

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2006/07*
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Actual
SUPPLY VOTES	8.6	10.1	11.8	11.4	14	13.9	14.1	16.6	7.2
Administration	2.1	2.3	3.5	2.8	4.1	3.9	3.9	3.9	1.8
Defense and Security	2	2.2	2.1	2.2	2.3	2.2	2.4	2.6	1.0
Social Services	3.6	4.4	4.7	4.8	5.5	5.7	6.1	7.9	3.6
Economic Services	0.7	1	1	1.1	1.4	1.5	0.9	1.5	0.5
Productive Services	0.3	0.4	0.4	0.5	0.7	0.6	0.8	0.8	0.3
Consolidated Fund Services	4.2	3.5	3.2	2.6	2.7	2.6	3.7	1.7	1.2
Total Recurrent Expenditures	12.8	13.6	14.9	14.1	16.8	16.5	17.8	18.3	8.4

*Source:* MoF Consolidated Appropriation Accounts and Expenditure Flash Report.

### *Consolidated Fund Services (CFS)*

2.20 Budgetary allocations and expenditures for public debt and general services together with the State house form the Consolidated Fund Services (CFS). Public debt and General Services constitute about 98 percent of allocations and expenditures within the Consolidate Fund Services while State House only assumes 2 percent. (Statistical annex tables 6a and 6b). Budget allocations and expenditures for public debt and general services finance both interest payments on public debt and non-interest expenditures (table 5). Table 5 indicates that it is only about 50 percent of allocations and expenditures for public debt and general services are for interest payment leaving the other 50 percent for payment of non-interest related items.

**Table 9: Public Debt and General Services  
(in shares of total vote)**

Item	2004/05 Budget	2004/05 Actual	2005/06 Budget	2005/06 Actual	2006/07 Budget
Interest Payment - Domestic Debt	19.9	27.3	15.9	27.9	37.2
Interest Payment - Foreign Debt	43.3	26.1	38.8	10.8	10.4
All other items	36.8	46.6	45.3	61.2	52.4
Total	100.0	100.0	100.0	100.0	100.0

*Source:* MOF Budget Books Tanzania Authority

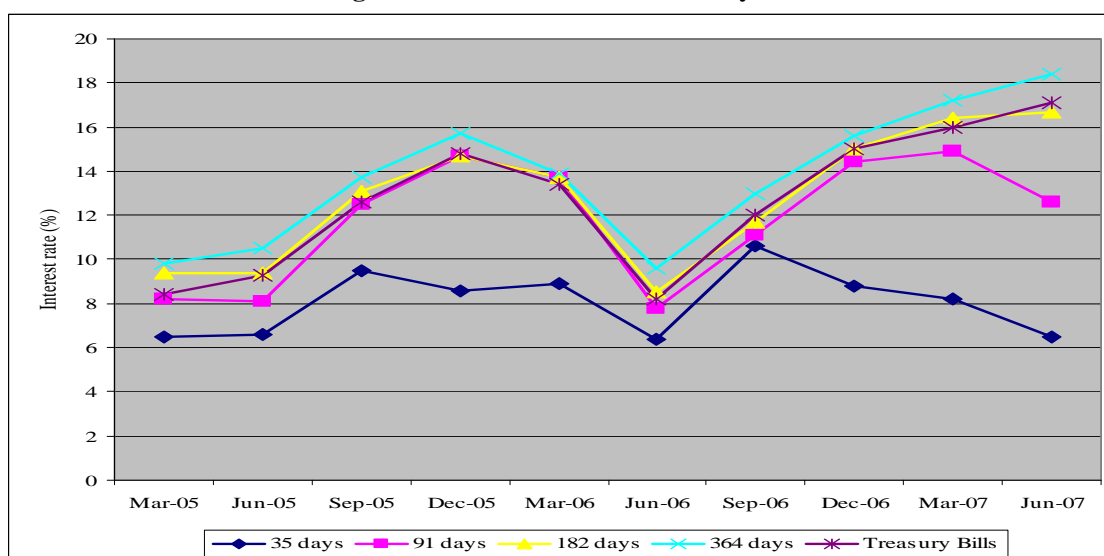


2.21 Over the recent past allocations for CFS has increased rapidly from about 2.5 percent of GDP in 2002/03 to about 4 percent of GDP in 2006/07 (table 4 above). The increase has been driven mainly by public debt and general services. Tanzania has benefited from significant decline foreign debt service as a result of HIPC and MDRI which suggests that budgetary allocations and expenditures for interest payment on foreign debt is low. Indeed interest payment for foreign debt has declined to an average of about 0.4 percent of GDP compared to 0.7 percent of GDP for domestic debt. This suggests that the increase in allocations and expenditures for interest payment under the Public debt and general services has been driven by mainly by domestic debt.

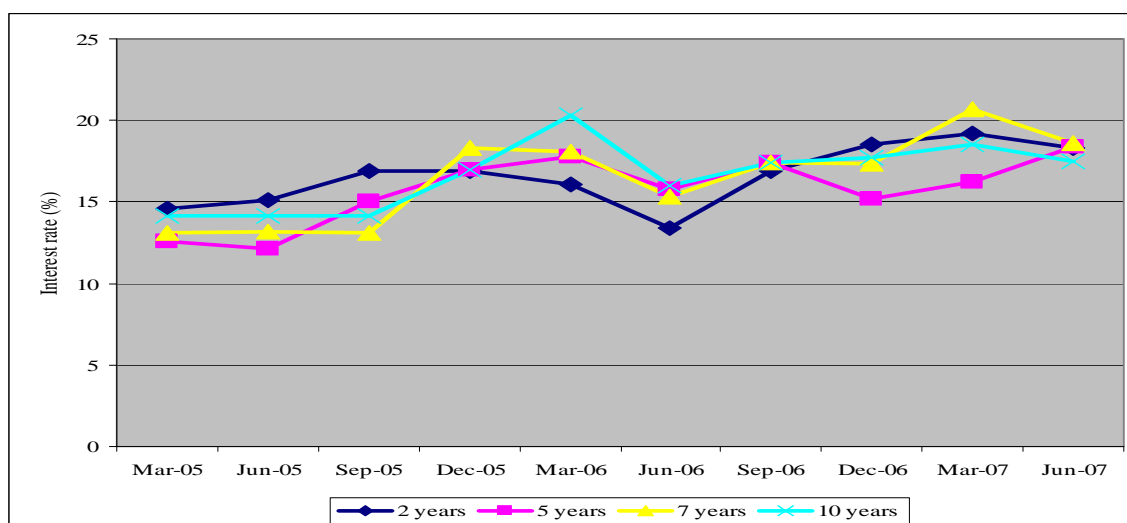
2.22 Debt Sustainability Analysis (DSA) carried out recently by the IMF and World Bank indicates that Tanzania debt is sustainable provided that increasing government spending is largely financed from donors on highly concession terms. Tanzania is also fiscally sustainable provided that there is a limited domestic financing of about 0.5% of GDP over the medium term. Thus, any further domestic financing beyond what is envisaged in the recent DSA would threaten Tanzania's fiscal sustainability.

2.23 In 2006/07 there was very high increase in interest rates on government securities (both treasury bills and bonds) between June 2006 and December 2006. This increase was higher on treasury bills than treasury bonds (Figure 6 and Figure 7)). Since about 70 percent of government securities was in treasury bills while 29 percent was in treasury bonds this implies requirement for domestic interest payment was almost 100 percent more by December 2006 compared to allocations for the same in June 2006. This necessitated reallocation of about 218 billions Tanzania shillings to Public debt and general services in order to cater for additional interest payment due to the rise of the interest rates on treasury bills and bonds.

**Figure 6: Interest rates on Treasury Bills**



**Figure 7: Interest rates on Treasury Bonds**



2.24 Tanzania has been managing domestic debt through rolling over matured government securities. However, this policy compromises the government objective of reducing the costs of domestic debt in terms of future interest payment. This is even worse in case of higher interest rate like June – December 2006. Restructuring of government stocks and special bonds through paying longer maturity bonds will relieve pressure on the government budget especially interest payment.

2.25 Domestic debt dynamics have been contributed by liquidity management, financing of deficit, market development and settlement of claims on government. However, since about 70% of the total public domestic debt is in treasury bills with maturity of between 91 days and 364 days, this indicate that liquidity management and deficit financing are major driving forces of domestic debt dynamics. The DSA by the IMF and World Bank suggests a less than 0.5 percent of GDP in terms of domestic financing for continued fiscal sustainability over the medium term this will imply that much of the domestic debt on treasury bills will for liquidity management purposes suggesting for an alternative monetary policy on liquidity management.

### *Social Sectors Expenditures*

2.26 The distribution of social sector spending is shown in Table 10. It reflects increases for regions (where most services are delivered), Education (together with Science, Technology and Higher Education) and Health (put together with HIV/AIDS). Community development and labor and youth development have also attracted some increases in the 2005/06.

**Table 10: Social Sector Recurrent Expenditure (% of GDP) FY00 – FY06**

VOTE	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2006/07*
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Actual
Education	0.28	0.37	0.41	0.40	0.43	0.46	0.47	0.89	0.25
Water	0.05	0.07	0.10	0.16	0.14	0.16	0.12	0.15	0.06
Health	0.44	0.51	0.54	0.54	0.74	0.80	1.05	1.30	0.36
Comm. Dev.Wome. Aff.	0.02	0.03	0.03	0.03	0.04	0.03	0.04	0.06	0.02
Labour Youth Develop.	0.02	0.04	0.05	0.05	0.05	0.05	0.06	0.05	0.01
Teachers Service Comm.	0.00	0.02	0.02	0.02	0.02	0.00	0.00	0.00	0.00
Science, Tech.& H Ed	0.42	0.58	0.62	0.62	0.64	0.60	0.80	1.11	0.52
Tanzania Commission for AIDS	0.00	0.00	0.00	0.00	0.04	0.03	0.03	0.03	0.01
Regions	2.18	2.66	2.85	2.99	3.26	3.56	3.76	5.24	2.33
Sub Total	3.41	4.27	4.63	4.80	5.35	5.69	6.33	8.83	3.56

*Source:* MoF Consolidated Appropriation Accounts and Expenditure Flash Report.

2.27 The distribution of development expenditure shows that social services still maintain a significant share in terms of trend and that they are allocated 2.8% in 2006/07 compared to 1.8% in 2005/06. Economic Services are budgeted for more in the 2006/07 budget (4.5%) although actual provisional results up to December 2006 show that they have been allocated *only* 0.4%. Administration still maintains a steady growth reaching 2.0% in 2005/06 and estimated for a higher share of 2.5% in the 2006/07 budget (Table 10).

**Table 11: Sectoral Development Expenditures (actual, as % of GDP)**

VOTE	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2006/07*
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Actual
Administration	0.3	0.4	0.9	1.4	1.4	2.1	2.0	2.5	0.4
Defense and Security	0	0	0	0.1	0.1	0.1	0.0	0.1	0.0
Social Services	0.5	0.8	0.9	1.6	1.8	2.6	1.8	2.8	0.9
Economic Services	0.6	0.6	0.7	1.2	1.3	1.5	0.8	4.5	0.4
Productive Services	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.0
Total Dev. Expenditure	1.5	2.1	2.7	4.5	4.8	6.5	5.0	10.3	1.8

*Source:* MoF Consolidated Appropriation Accounts and Expenditure Flash Report

## WAGE BILL PLANNING

### Background

2.28 As part of the PEFAR 2006, DPs commissioned a study by PricewaterhouseCoopers under the title “Towards strategic utilization of the public service wage bill resource”<sup>3</sup> which reviewed (i) the extent to which employment and non-employment allowances are used to compensate for low pay; (ii) the alignment of pay reform policy to MKUKUTA; and (iii) the extent to which wage bill resource is strategically allocated and utilized. Based on the study, PEFAR 2006 made three key recommendations: Government should (i) undertake periodic reviews of progress made under the Strategic Budget Allocation System (SBAS) initiative

<sup>3</sup> Towards Strategic Utilization of the Public Service Wage Bill Resource: A review of use of allowances and planning, budgeting and utilization of human resources and the wage bill. PricewaterhouseCoopers, November, 2006.

with regard to rationalized allocation and use of resources over a specified period of time and use the lessons learnt to make improvements in resource use; (ii) seek a balance between MKUKUTA driven expansion of public service employment and pursuit of pay reform targets by piloting implementation of decentralized planning, budgeting and control of the wage bill; and (iii) pilot implementation geared towards design and testing of policy, institutional framework for better planning, budgeting and management of human resources. The initiatives should target a key sector ministry that is: (a) facing many problems of human resources capacity and management, and (b) presenting major challenges on the utilization of the wage bill resource. The more prominent examples of such a ministry are Ministry of Education and Ministry of Health.

2.29 This report aims at updating the results of the PEFAR 2006 report based on an assessment of Government implementation of the recommendations and any additional action taken. The report reviews the issues in terms of the recent performance, emerging issues and recommendations with regard to the key issues of allowances, alignment with MKUKUTA and strategic utilization of the wage bill resource.

## **Recent performance and emerging issues**

### *Use of allowances for remunerative purposes*

2.30 In 2005/06, Government formed a task force (TF) composed of staff from MOF and PO-PSM to look into the use of allowances contained in the other charges and development budget for remunerative purposes and to recommend measures to address this problem. The TF completed its initial work in December 2006 and its main conclusion was that there was a serious problem with budgeting for allowances in MDAs. This was reflected in the actual expenditure for allowances being lower than budgeted. As a result, the TF recommended that for the 2006/07 the budget for allowances in other charges be reduced by Tshs 77 billion and transferred from the other charges to PE, thus contributing significantly to the increase in the wage bill in the current fiscal year. In the second part of its work, the TF reviewed the existing rules guiding the use of allowances and found them to be relevant and not requiring any change. The reason being that even though the budget for allowances had been large, the actual expenditures were far below the budget, reflecting that the rules were observed. It recommended that accounting officers need to continue being cautious in observing the staff rules to ensure there is no abuse of allowances.

2.31 The budget guidelines for 2007/08 first issued in February 2007 contained strong messages regarding the control of allowances and unnecessary expenditure in the budget, based on the recommendations of the Task Force on allowances. Regrettably, these messages have been deleted in the Cabinet approved version. Without clear guidelines on budgeting for allowances, it is likely that MDAs will continue to present unnecessarily high budgets for allowances.

2.32 An update of the 2006 PricewaterhouseCoopers study focusing on the 2006/07 budget shows that allowances continue to be a significant part of the budget<sup>4</sup>. The budget for allowances in 2006/07 is Tshs 311 billion, which constitutes 31% of the wage bill in that year. This also represents a growth of 31% from last year (see Table 12). Without the reduction of

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<sup>4</sup> A review of the wage bill resource management in the fiscal year 2006/07. PricewaterhouseCoopers, Feb 2007

the budget as described in paragraph 2 above, the allowances budget would have been much higher. The study update shows that allowances increased most in the development budget, which is predominantly funded by development partners compared to the recurrent budget. Allowances in the recurrent budget increased by 13%, while those in the development budget increased by 234%. As a result, the share of development budget allowances in total allowances budget increased from 8% in 2005/06 to 20% in 2006/07. This means a significant amount of allowances were funded by the development budget to compensate the cut-back in allowances under the recurrent budget.

**Table 12: Trends in allowances budget FY 2004/05 – 06/07**

	<b>FY 2004/05</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>
<b>(a) Amount in Tshs million</b>			
Recurrent budget	257,228	219,172	247,958
Development budget	9,400	19,000	63,400
Total	266,628	238,172	311,358
<b>(b) % of Total</b>			
Recurrent budget	96%	92%	80%
Development budget	4%	8%	20%
Total	100%	100%	100%
<b>(c) % change in FY</b>			
Recurrent budget	N. A.	-15%	13%
Development budget	N. A.	102%	234%
<b>Change in FY</b>		<b>-11%</b>	<b>31%</b>

Source: Tanzania Authorities

2.33 The increase in the budget for allowances under the development budget, which also crowds out the use of these funds in expanding government services, reflects a weakness in the budget guidelines to MDAs and the budget review process. The budget guidelines should reflect the need for MDAs to be cautious in budgeting for allowances and the review process should provide a mechanism for enforcing budget discipline.

#### ***Alignment of wage bill with MKUKUTA***

2.34 The MKUKUTA targets expanded public services primarily in education and health with the implications for increased staffing in these sectors. To achieve these targets, provisions were made in the 2006/07 budget to expand the public service by an additional 24,605 public servants at a cost of TSh 44.78bn, composed of 7,658 primary school teachers; 4,200 secondary school teachers; 3,200 health sector employees; and 10,547 employees for all other categories. There is little information so far on the extent to which the service delivery targets contained in the MKUKUTA will translate in terms of staff numbers for the duration of the program. The joint development partner supervision mission of the PSRP of June 2006 observed that “human resource planning systems within Government are weak to forecast and plan for the numbers and the skills needed in the public service with a sufficient degree of accuracy beyond the next fiscal year”. Without better management information on the planned medium term size and structure of the public service, the usefulness of work on medium-term pay targets, or changes to pay policy is significantly diminished. There is a need for a strategic vision and guiding policy on the size and shape of the public service, for which the government is aiming, based on the MKUKUTA service delivery targets. This

strategic vision would be a useful input in revising the Medium Term Pay Policy and Strategy in order to balance staffing needs and wage bill increases.

### *Strategic utilization of the Wage bill as a resource*

2.35 Government has pursued two key interrelated approaches in strategic utilization of the wage bill resource. One aims at attracting, retaining and motivating professional and technical staff who for most years have been less remunerated relative to the lower and senior cadre in the public service. The second approach aims at decentralizing the basic strategic decisions on the wage bill to MDAs.

2.36 Under the first approach, government has continuously revised its pay annually in order to achieve the Medium Term Pay Policy (MTPP) objectives and targets. In 2006/07 changes in the wage bill led to significant increases of between 40-50 percent of basic pay to professional and technical staff for mainstream public servants and secondary school teachers. With these increases, the Government has been able to achieve the policy targets set out in the MTPP.

2.37 In the medium-term, Government also established the Presidential Pay Commission to review the pay policy, the salary structure across the public sector (Central Government, Local Government, Public Institutions and Parastatals), and assess the pros and cons of establishing a permanent Public Service Pay Commission. The Commission has presented its report to the President, but the results have as yet to be made public.

2.38 Government under the PSRP has aimed at decentralizing the Human Capital Management Information System (HCMIS) to the MDAs with the objective of enabling them to make basic decisions on the wage bill at sector level. Delays in upgrading the HCMIS Lawson from version 7 to 9 and also reviewing the human resources (HR) business processes that were to be computerized, has led to delayed decentralization to MDAs.

2.39 Progress has been made in reviewing the HR business processes. A manual has been prepared with all HR business processes, discussed and agreed with stakeholders. PO-PSM has now established a firm plan for decentralizing the system to MDAs. This will start on a pilot basis with the Ministry of Education and Vocational Training (MOEVT) and if successful, will be rolled out to other key ministries. Support will be provided to MOEVT to clean the payroll data of sector staff to ensure that the data that will be captured in the decentralized system is accurate. The HCMIS Lawson version 7 has been installed in the MOEVT and training provided to staff. Following the cleaning exercise, the data will be loaded onto the HCMIS and ownership passed to the ministry. Ministry of Finance has agreed to provide random block check numbers to MOEVT that will allow the ministry to directly assign check numbers to new staff. By doing so, MOEVT will have complete and accurate information on the staff numbers and wage bill which would be instrumental in strategic utilization of the education sector wage bill.

## **Recommendations**

### *Allowances*

2.40 Government needs to provide clear and consistent guidance on the extent to which MDAs may budget for allowances in their respective annual work plans. Attempt has been made in February 2007 Draft Budget Guidelines to do just this. Chapter 3 of the February included the following statements

- para 75 ... Substantial savings can be realized from areas like procurement, government transport, employment allowances, and travel and government hospitality if some little more diligence is employed. ...
- para 80. Seminars and workshops are another source of increasing government expenditures. Many of the seminars and workshops are unnecessary and conducted in expensive hotels.....
- para 81... Per diems and other travel allowances are yet another area where government spends unnecessarily millions of shillings each year. It is important that the accounting officers satisfy themselves that each expenditure incurred has value for money and that, strictly there is no double payment. In particular the number of foreign trips and the sizes of delegations should reflect the expenditure returns.

2.41 This is an important development. However, indications are that this rationalization of allowances may have been dropped from more recent guidance on budget preparation. MDAs should be guided to budget for allowances to ensure they are closely linked to services delivery or development programs to be relevant. Given the changing role of MDAs, travel to regions and LGAs should be limited, and mechanisms of communication improved with LGAs. Mechanisms should be put in place so that regular reporting between MDAs and LGAs is coordinated to ensure that LGAs which will have the responsibility of reporting deliver regular reports to all MDAs e.g. once every quarter, LGAs report on financial management, physical performance within sectors with regard to education, health, water, agriculture etc. Coordinated reporting will minimize several trips from headquarters to regions and LGAs, and vice versa. Travel to local government authorities should as much as possible be limited to monitoring and evaluation work that generates actual physical and financial information for informing policy and regulation.

2.42 Workshops and seminars related to change activities within MDAs should as much as possible be combined to ensure at least the frequency of meetings is minimized, costs are rationalized and more time is provided to allow for other programmatic activities to be undertaken.

### *Alignment of wage bill with MKUKUTA*

2.43 Government has stated intentions of strengthening HR planning functions within PO-PSM to enable appropriate planning of the size and structure of the public service. Even before more formal institutional mechanisms are established, it is reasonable that MDAs be given the mandate to plan for the size and structure of the public service within the respective

sectors as part of the strategic planning process, given that a large amount of such information is available at this level. At primary school and secondary school level, such information is becoming readily available, and there is a need for analyzing it at sector level to give a broad picture of the demand for increased employment being generated by the sectors. At a later stage, such information will be refined with expected attrition and turnover rates within the public service to give a more realistic view.

### ***Strategic wage bill planning***

2.44 Agreement between MOF and PO-PSM on piloting decentralized wage bill control at MDA level is a major step forward. Government needs to ensure three key issues are achieved (i) that the cleaning of the payroll data is undertaken in a comprehensive and participatory manner, involving staff from PO-PSM, MOF and the MOEVT to ensure the integrity of the sector's payroll. This will also build the accountability of safeguarding the payroll integrity to the MOEVT, once the results of this exercise are completed; (ii) comprehensive information is provided to administrators in the sector ministries on the reviewed and revised HR business processes to ensure that they are implemented, (iii) Decision is made on whether to upgrade Lawson or to migrate to another version once the study findings are available to enable full decentralization of the HCMIS.



# Key issues in budget management

## BACKGROUND

3.1 The PEFAR 2007 core assessment has focused on the evaluation of public spending for 2005/06 and the first half of 2006/07. In addition to the annual macro level analysis of public spending, execution and budget deviation, the review team has deepened its analysis to some sectors (education, health and agriculture)<sup>5</sup> and to overall fiscal transfers to LGAs. The objective of this assessment has also been to provide background analysis for the planned work on the scenario analysis.

3.2 The main issues of the sectoral/LGA analysis are grouped under four headings: i) Budget preparation; ii) Budget execution; iii) Budget classification, reporting & transparency; and iv) Management of local government expenditure.

## BUDGET PREPARATION

### Process

3.3 MDAs begin preparations for the budget with a broad submission of their priorities and financial requirements for the coming year. Utilizing the Strategic Budget Allocation System (SBAS) Micro, MDAs prepare their requests and submit them to the Planning and Budget Guidelines Committee<sup>6</sup> to be scrutinized. Following the submissions and subsequent review by the Budget Guidelines Committee, the ceilings for MDAs, Regions and LGAs are established and provided through the Planning and Budget Guidelines (PBG). When the PBGs are formally released, MDAs subsequently revise their requested allocations (in a different software – Active Planner) according to the ceilings set in the budget guidelines to produce each Ministry's Medium Term Expenditure Framework (MTEF) and a corresponding action plan. The MTEFs are then resubmitted to the Plan & Budget Guidelines Committee for approval. Following final approval of all the budgets by the Committee, there are various stages of review and approval by Permanent Secretaries, Ministers and Parliamentarians.<sup>7</sup> The entire process takes up to 10 months.

3.4 While there has been much improvement with regard to the allocation of budget to priorities, the current cycle of planning and budget preparation continues to demonstrate significant weaknesses in the process of planning and budget preparation. These include (i) lack of guidance on resource constraints: (ii) highly detailed initial submissions which lack a

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<sup>5</sup> The sectoral analysis done in the context of the PEFAR 2007 is not to be taken as a comprehensive public expenditure review of all sectors. It only relates to votes 43, 46, 52 and 99.

<sup>6</sup> This Committee includes representatives from Ministry of Finance, Public Service Management, Ministry of Planning, Economy & Empowerment and the Prime Minister's Office Regional Administration & Local Government.

<sup>7</sup> The stages include: (1) a submission of estimates to the Inter-Ministerial Technical Committee (IMTC) which involves all the Permanent Secretaries; (2) a presentation of the Budget Cabinet Plan for approval to the Cabinet and (3) presentation of approved budgets to the Parliamentary Accounts Committee and are then presented for final approval to Parliament.

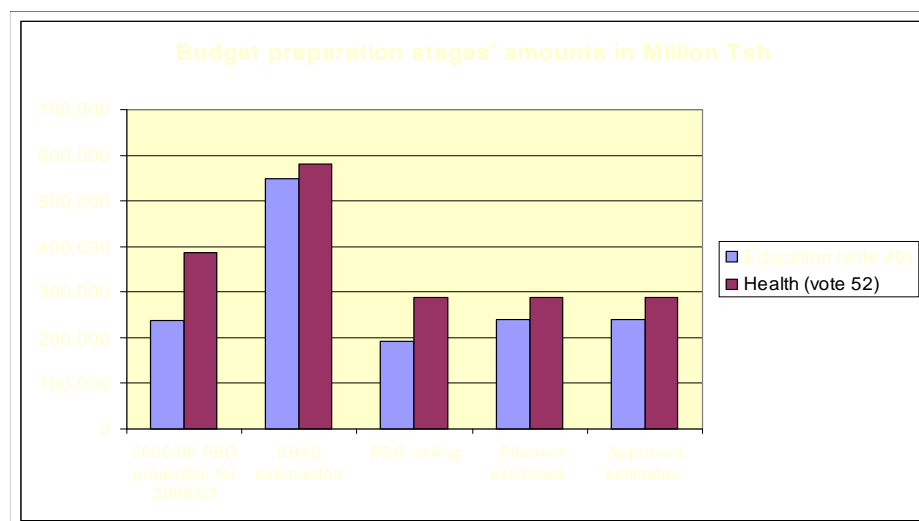
strategic framework; and (iii) lack of capacity and authority of Director of Policy and Planning (DPPs) within the MDAs. The three issues are outlined in more detail below.

(i) ***Budget process lacks guidance on resource constraints***

3.5 MTEF projections are not used by the MDAs as the basis for budget planning. Instead, the MDAs prepare their initial annual submissions from an open-ended basis that are not subject to any resource constraint. In some sectors an added complexity is that budget requests are drawn from priorities from sub-sector programs (such as the Primary Education Development and Secondary Development Programme in the education sector), which are then added up with little consideration as to whether the total amount is realistic or not. This lack of resource constraint results in requests which are unrealistic and tend to be significantly higher than projected ceilings presented in the PBG. In the team’s view, the absence of prior guidance from central agencies makes the basis for MDA requests unclear and the drastic reductions required to reach affordable budget ceilings make it difficult for stakeholders to see any transparent application of clear priorities.

3.6 The chart below illustrates the significant fluctuations between the various stages of the budget preparation process in the following two ministries: education and health.

**Figure 8: Budget Preparation Stages amounts in Million Tshs.**



3.7 Justifications for the high initial requests from MDAs include: (1) a need to demonstrate performance (i.e. to demonstrate the Ministry’s “capacity” to undertake work); (2) the recognition that the MTEF projection is not reliable, particularly as, as many MDAs argue, the environment and priorities have changed considerably since these projections were initially set; (3) translation of MKUKUTA strategy (a compilation of desire and wishes which is un-prioritized) into implementable activities; (4) a lack of clear demarcation of roles and responsibilities between Ministry and LGAs, as such the Ministry includes activities that may be under the responsibility of the LGAs; and (5) insufficient coordination and unclear division of labor between the programme staff (i.e. for example in the case of education PEDP and SEDP staff) and budget staff within MDAs in budget preparation.

3.8 The disconnect, sometimes duplication, between the numerous stages of the budget process, as illustrated in the graph, raises important questions about effectiveness of the process. The approved budget often offers little resemblance with the initial submission by MDA. The value added of this first highly initial submission may be limited in that context, especially as it appears highly cumbersome.

(ii) ***Initial budget submissions are highly detailed and labor intensive and lack a strategic framework.***

3.9 In parallel to the lack of guidance from the MoF, budget planning is also highly labour intensive and lacks a strategic framework. This may be a result of two factors. First, the initial stages of requests appear to be a rather laborious, technical/mechanical exercise undertaken by low-ranked officials, whereas, high-level decision-makers become involved only late in the budget planning process. This suggests that serious consideration of real priorities/strategic thinking takes place very late and only once high-level decision makers are involved in the discussions. Second, this is compounded by the fact that the classification system used in SBAS appears to be excessively detailed relative to need, especially for the initial stages of budget preparation.<sup>8</sup>

3.10 There also appears to be little knowledge of SBAS by officials within MDAs, and that knowledge is confined to a few officials. In the case of MoHSW, there appears to be duplication of efforts in the initial requests as the system favoured by MoF (i.e. SBAS) to prepare the highly detailed submissions does not fully meet their needs (i.e. unable to do calculations in SBAS). As such, submissions need to be first prepared in excel prior to being inputted into SBAS. As noted at the beginning, once the PBG ceilings are released, a different software (i.e Active Planner) is used to revise the MDAs submissions. The various software systems with the budget planning process strikes the team as far from desirable as a long term system. While the objectives of SBAS (i.e. allocation of budget to priorities) should be retained, both budget preparation and expenditure reporting would be greatly assisted by consolidating around use of a single system for the next budget cycle. As a result, the whole process can be considered ineffective, with several of the early stages not being used as an input to the finalization of the budget.

3.11 The team understands that in previous years' submissions provided by the MDAs were prepared only at the target level. However, this practice was changed as MoF demanded greater justification from MDAs on their submissions and reverted back to initial submissions at activity level. This is seen as very cumbersome by MDAs and no doubt diverts the capacity and attention from more strategic considerations. The team suggests that there is a review of the classification system to ensure that it defines adequately the programs relevant for the MKUKUTA and national policy more broadly at strategic level. Dispensing with the more detailed specification of activities, at least in the core strategy formulation, would help to free up scarce planning capacity, make the process more manageable, enhance strategic decision-making and improve the transparency of budget strategy for domestic stakeholders.

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<sup>8</sup> One example of the misuse of planning categories and misrepresentation of expenditure includes office refurbishment classified expenditure on MKUKUTA under the cluster strategy "Ensure that basic infrastructure exists..." which actually refers to ROADS.

3.12 While a policy-based and more strategic MTEF and a PBG ceiling linked to the MTEF may be a way forward in terms of rationalizing the budget preparation process, consideration should be given to the fact that **within year predictability (of priorities) is in itself a major challenge** (i.e. by the time the BG ceilings are received, sector officials highlight that the environment - and therefore the priorities – tend to change and that therefore these ceilings are no longer credible). This process of redefining priorities may be particularly problematic at the MoEVT due to strong external political interference in that Ministry, and as a result of the complexity of the sector and poor coordination between the various entities. The challenge of making a MTEF work as a strategic instrument in that context should not be underestimated.

**Box 1: Quality of Expenditure within Vote 46**

An analysis of 06-07 SBAS requests by MoEVT raises questions on the quality of the strategic allocation process in the Ministry. Several activities which are normal activities of a civil servant and should not require funds beyond the salaries of the civil servants in charge of these activities have been allocated extra funds: typical examples are “To prepare Recurrent and Development budget and revenue Estimates”; “To prepare Budget Speech for the Minister” ; “To identify and review Sector needs as inputs into the Budget Guidelines”, “To provide efficient and timely services in the department”, “To recruit competent staff as per approved Personnel Emoluments”. A large request for "communication activities" (To facilitate shooting video pictures of educational events; to produce visual materials on educational events; to cover educational events within and outside the ministry ...) would also need to be challenged in a context of prioritisation process.

In addition, if we aggregate the outturns by administrative/economic classifications (see section on budget reporting for further detail) (“Net Salary,” “Civil Servants,” “Extra Duty,” e.g.) across the different sub-votes (“Administration and General,” “Inspectorate,” e.g.), there are 8 main administrative classifications: (i) allowances, conferences, hospitality, and travel; (ii) running costs; (iii) infrastructure; (iv) salaries; (v) training; (vi) school costs; (vii) transfers; and (viii) other.

Considering the outturns in terms of these classifications, it appears that less than half (38%) of the FY2006 MoEVT budget was directly allocated to service delivery (teachers, school costs, and transfers to sub-treasury accounts and educational institutions). Furthermore, there is significant under spending in these categories. For instance, the entire TZS 12.4 billion allocated to secondary schools was not spent by the end of the year. An additional TZS 4.6 billion allocated for school meals was also not spent by the end of the year. The current framework obscures these deviations, which presumably have a significant adverse impact on the end users (that is, students and teachers).

***(iii) Disconnect between budget and programme documents, lack of coordination and authority between budget and programme officers within MDAs***

3.13 There is an additional challenge related to the lack of integration of sub-sectors

programs within an overall sector budget framework. These sub-sectors programs represent a large part of the sector’s budget (i.e. PEDP and SEDP in the case of vote 46) and have a very high political profile: for instance, PEDP II, finalized in January 2007 has been

endorsed by the President himself after joint elaboration with development partners and civil society. However, approved MDAs budgets often do not reflect the cost of the sub-sectors programs, resulting in the need to reduce the budget of these programs: eventually, only a small percentage of the sub-sector programme is implemented. For FY04/05, only about 23% of planned costs of PEDP and 24% of planned costs of SEDP were included in the budget<sup>9</sup>. The FY06/07 Education sector annual action plan<sup>10</sup> shows a financing gap of 80% between requirement for basic education (mostly based on PEDP and SEDP costed plans) and actual budget allocation. Nevertheless, in the course of execution, the programme documents and their initial costs remain the key references in the dialogue between MDAs staff, development partners and civil society.

3.14 This problem is partly the result of poor coordination between programme and budget staff within MDAs and the lack of influence of budget officers/directors. Often, the latter, during the budget preparation process, even if they recognize the unrealistic requests from within their Ministry, do not have the authority vis-à-vis the programme staff/heads of departments to adjust their (sometimes inflated) submission before they send them to MoF, which were the cases at the MoHSW and the MoEVT.

3.15 In the ministry of education and vocational training, it is obvious that decades of external assistance based on projects and basket fund have marginalized both the budget itself and the officers in charge of its elaboration. In the context of a move towards general budget support, overthrowing this entrenched legacy would call for a high level (Ministry and Permanent Secretary) recognition of the prominent role of the budget as a key leading instrument for policy implementation which should be reflected in a closer relationship between programme and budget officers.

3.16 Related to this issue is the lack of systematic scrutiny of budget planning documents to ensure strategic resource allocation of priorities, both within the MDA and at the central ministries (i.e. MoF and MPEE). In the case of the MoHSW, once the budget planning document (i.e. MTEF) is prepared it is discussed at the management committee chaired by the Permanent Secretary. Once reviewed by the Committee, in the spirit of partnership, it is also shared with Development Partners for their external review, in an effort to support MoHSW to produce a work plan and budget which (i) can be effectively implemented within the year; and (ii) reflects the agreed sector priorities. However, when the team reviewed the final approved MTEF for the different sectors, it did not appear that there was a high level of scrutiny involved in the details of the document as reflected by the non strategic, un-prioritized final budget planning documents.

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<sup>9</sup> (see 2005 education PER, p.54).

<sup>10</sup> Prime Minister Office

### ***Key recommendations***

- 3.17 The weaknesses outlined above could be addressed by
- a. early guidance to MDAs on resource constraints, which in a well functioning system would be based on year 2 of the MTEF;
  - b. refocusing early budget preparation on strategic allocation, i.e. avoiding the highly detailed activity classification used in earliest stage of SBAS submissions;
  - c. strengthening the predictability of the MTEF for future years , including more realistic treatment of external financing; and
  - d. adjusting programme documents to actual budget allocations, strengthening linkages between budget and policy/programme staff within MDAs and strengthening budget and planning capacities within ministries (both for budget and programme officers)

## **BUDGET EXECUTION**

3.18 In this section, budget execution is reviewed primarily in terms of predictability, first at the level of the annual budget and secondly, at the level of within year implementation.

### **Deviation in implementation of the annual budget**

3.19 Review of budget execution in 2005/06 suggests some improvement in predictability at both vote level and sub-vote level for the annual budget. The deviation index between budget allocation and actual expenditures at vote level has been reduced to 17 percent, which was 23.7 percent in 2004/05. The deviation index at sub-vote has been reduced to 18.5 percent, which was 26.4 percent in 2004/05.

3.20 In Tanzania, there are two basic principle regulations and laws in executing/re-allocating budget after the budget ceiling is approved by the Parliament. They are (1) the reallocation warrants, which allow reallocation of bunds across votes at the approval of the Parliament, and (2) the MDA intra-vote allocation, which requires the approval of the Ministry of Finance. The impacts of these policies are fundamental in reducing deviations between budget allocations and executions at both vote level and sub-vote level.

3.21 This section analyzes budget execution in 2005/06 at vote level, at sub-vote level, and at functional level. This analysis provides background information for the review of the regulations and laws in budget re-allocation and for strengthening these policies.

### ***Budget Execution At Vote Level***

3.22 In 2005/06, the grand total budget deviation was -7.1% while the deviations at vote level ranged from -49.7% (vote 50/Ministry of Finance) to 88.1% (vote 58/Energy and Minerals). While 24 votes (54% of all votes performed within a reasonable range of -10% to +10%. 20 votes (46% of all votes) exhibited larger fluctuations. When discounting the votes which were significantly affected by the supplementary budget for drought related expenditures (Energy and Mineral/ Agriculture & Food Security, Lands House & Urban Development, President's Office-Civil Service), 16 votes (36% of all votes) showed substantial variances from their initially approved budgets.

3.23 When applying the index of budget deviation as the sum of absolute differences between the approved budget and actual expenditure at vote level expressed as a percentage of the total budget, the following outcome (Table 10) emerges from 2000/01 to 2005/06.

**Table 13: Recurrent Budget Deviation at Vote Level**

	<b><i>GRAND TOTAL</i></b>
2000/01	16.7
2001/02	24.1
2002/03	10.6
2003/04	27.4
2004/05	23.7
<b>2005/06</b>	<b>17.0</b>
Yearly avg. for 2000/01-2004/05	20.5
<b>Yearly avg. 2000/01-2005/06</b>	<b>18.8</b>

*Source:* Tanzania Authorities

3.24 The above deviations provide an indication about inter-vote reallocations. The index for 2005/06 shows noticeable improvement compared to the past two years, although index has been lower in previous years.

3.25 At vote level, the analysis of deviation by comparing to the performance of past five years implies that a number of votes are generally “under- spenders” while others are “over- spenders (Table 14 and Table 9).

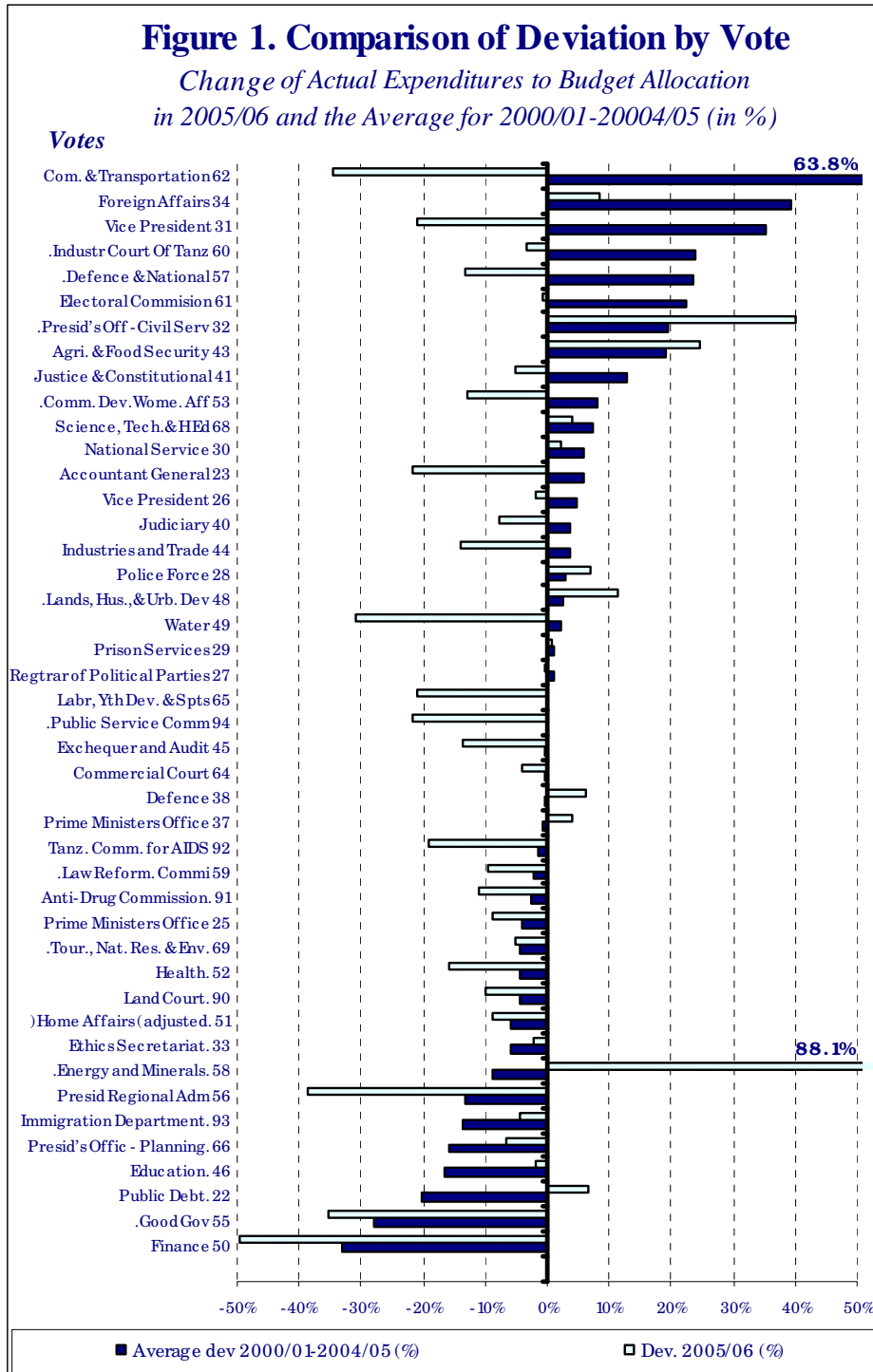
**Table 14: Under-spender Vs. Over-spender by Vote - (2005/06 and the average from 2000/01 to 2004/05)**

<b>Under spender by vote</b>	<b>Over-spender by vote</b>
<i>Under more than -10% in 2005/06</i>	<i>Over more than 10% in 2005/06</i>
50 (Ministry of Finance)	32 (President's office for civil serv.)
55 (Comm of Hm. Rghts & Good Gov.)	43 (Agriculture & Food)
52 (Health)	48 (Lands, Hous, & Urb)
91 (Anti-Drug Comm. )	
92 (Tanz. For Aids)	
45 (Exchequer & Audit)	
56 President Regional Administration	
<hr/>	
<i>Under more than -10%, average from 2000/01 to 2004/05</i>	<i>Over more than 10% average from 2000/01 to 2004/05</i>
50 (Ministry of Finance)	32 (President's office for civil serv.)
55 (Comm of Hum. Rights)	34 (Foreign Affairs)
46 (Education)	43 (Agriculture & Food)
66 (President's Office -Planning)	
93 (Immigration Dept.)	
56 President Regional Administration	

Note: 1/ Under-spender and over-spender are defined as both the two deviation indicators (one for 2005/06 and the other for the average from 2000/01-2004/05) used for this analysis are consistently under- or over-spending and at least one of the indicators outside the range of -10% to +10%.



**Figure 9: Comparison of Deviation by Vote**



### ***Budget Execution at Sub Vote Level***

3.26 Turning to sub vote level, the trend and performance of budget variance in 2005/06 shows significant improvement, comparing to 2003/04 and 2004/05. The total sub-vote deviation index was 18.5%, of which about 1.2% appears to be attributable to additional expenditure required in response to the energy crisis. Taking out energy deviation, the total deviation at sub-vote level is 15.9%, compared to 26.4 percent in 2004/05 (see Table 15).

**Table 15: Recurrent Budget Deviation Index at Sub-Vote Level**

	<i>GRAND TOTAL (%)</i>
2000/01	22.1
2001/02	26.0
2002/03	12.2
2003/04	31.1
2004/05	26.4
<b>2005/06</b>	<b>18.5</b>

*Source:* Tanzania Authorities

3.27 However, commitment and efforts are still crucial for continuing improving the budget allocation at sub-vote level, particularly to those programs which attributed the most portion of the variance. A review of the 20 programs which presented the largest budget deviations reveals that their variances contribute 83% (Tshs 369 bn) of the total deviation (Tshs 443.5 bn) while their budget were 70.6% (Tsh. 1690 bn) of the total budget (Table 17). On top of the 20 programs, the Government Budget program for contingency under the Ministry Finance (50/2001) attributed 27% to the deviation index. Other programs such as the programs of President Regional Administration/Institutional Development Division (56/3001), and Public debt/Administration and General (22/1001) also fluctuate substantially.

### ***Budget Execution at Functional Level***

3.28 At the functional level, the trends of deviation during the period of 2000/01 to 2005/06 show that the Administration has the tendency as under-spender, which has spent less than budget in 4 out of 6 years. Though defense and security has the tendency for over spending, which performed an over spending in 5 out of 6 years. This sector has kept over-spending in range below 10% of budget. Productive sector presented over spending in last three years, which may be linked to NSGPR.

**Table 16: Top 20 Sub-vote Deviation and Its Index, FY 2005/06**

VOTE	SUB-VOTE	VOTE HOLDER/ SUBVOTE HOLDER	2005/06 Approved Estimates	2005/06 Actual Expenditures	Budget Deviation	Budget Variance (%)	ABS DEV	ABS DEV/Total Budget
50 Ministry of Finance	2001	Government Budget	133,403.9	13,934.6	-119,469.3	-89.6%	119469.3	5.0%
56 President Regional Adm.	3001	Institutional Develop. Division	220,473.3	187,869.5	-32,603.8	-14.8%	32603.8	1.4%
22 Public Debt	1001	Administration and General	523,234.5	555,269.7	32,035.2	6.1%	32035.2	1.3%
58 Energy and minerals	3001	Energy and Petroleum	21,675.6	50,080.8	28,405.2	131.0%	28405.2	1.2%
56 President Regional Adm.	2002	Local Gov. Coordination Division	119,855.4	96,725.2	-23,130.2	-19.3%	23130.2	1.0%
52 Health	3001	Preventive Services	63,397.6	44,792.8	-18,604.8	-29.3%	18604.8	0.8%
43 Agri. & Food	5002	Strategic Grain Reserve	8,348.1	24,776.0	16,427.9	196.8%	16427.9	0.7%
23 Accountant General .	3003	Financial Management	69,706.5	53,909.3	-15,797.2	-22.7%	15797.2	0.7%
61 Electoral	1001	Administration and General	31,429.0	41,567.2	10,138.1	32.3%	10138.1	0.4%
38 Defense	1001	Administration and General	156,127.4	165,907.9	9,780.5	6.3%	9780.5	0.4%
50 Finance	2003	Treasury Registrar	3,063.3	11,828.4	8,765.1	286.1%	8765.1	0.4%
34 Foreign Affairs.	1010	Protocol	3,957.3	12,378.1	8,420.8	212.8%	8420.8	0.4%
56 President Regional Adm.	2003	Sector Coordination Division	32,240.3	24,291.7	-7,948.6	-24.7%	7948.6	0.3%
28 Police	2001	Police Main Force	65,544.1	73,103.0	7,558.9	11.5%	7558.9	0.3%
52 Health	2001	Curative Services	99,519.5	92,340.3	-7,179.2	-7.2%	7179.2	0.3%
68 Science, Tech.	3001	Higher Education	95,564.9	101,549.2	5,984.3	6.3%	5984.3	0.2%
50 Finance	4001	External Finance	10,182.1	4,583.7	-5,598.4	-55.0%	5598.4	0.2%
31 Vice President	2001	Union Secretariat	24,155.5	18,753.3	-5,402.2	-22.4%	5402.2	0.2%
37 Prime Minister Office	2001	Civil Affairs and Contingencies	434.8	3,802.0	3,367.1	774.3%	3367.1	0.1%
37 Prime Minister Office	7003	Information Services	7,903.9	4,960.1	-2,943.8	-37.2%	2943.8	0.1%
<b>Total of top 20 above</b>			<b>1,690,217.1</b>	<b>1,582,422.5</b>	<b>-107,794.6</b>	<b>-6.4%</b>	<b>369560.8</b>	<b>15.4%</b>
<i>Total of top 20 /Grand total</i>			<i>70.6%</i>	<i>70.0%</i>	<i>80.3%</i>		<i>83.32%</i>	
<b>Grand Total Budget</b>			<b>2,394,756.80</b>	<b>2,260,560.11</b>	<b>-134,196.7</b>	<b>-5.6%</b>	<b>443531.47</b>	<b>18.5%</b>

Source: Tanzania Authorities

**Table 17: Deviation at Sub Vote Level (%)**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 preliminary
ADMINISTRATION	-10.8	15.1	-0.6	12.9	-7.4	-27.7
DEFENSE AND SECURITY	2.7	5.0	-0.5	3.0	8.6	7.6
SOCIAL SERVICES	-2.0	-9.9	-2.3	-4.5	5.8	-8.0
ECONOMIC SERVICES 1/	25.8	30.8	8.1	45.0	-14.0	..
PRODUCTIVE	-1.6	-1.3	-2.2	28.9	2.1	13.8
CFS	-10.5	-17.0	-18.4	-24.5	-31.4	6.1
<b>GRAND TOTAL</b>	<b>-4.3</b>	<b>-0.5</b>	<b>-5.3</b>	<b>1.0</b>	<b>-11.8</b>	<b>-5.6</b>

Note: 1/ Due to re-organization, the sub-votes for Economic Service are not all available for FY 2005/06.

Source: Tanzania Authorities

### ***Budget execution within year***

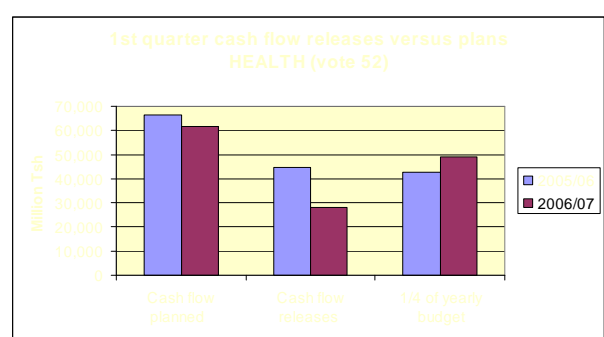
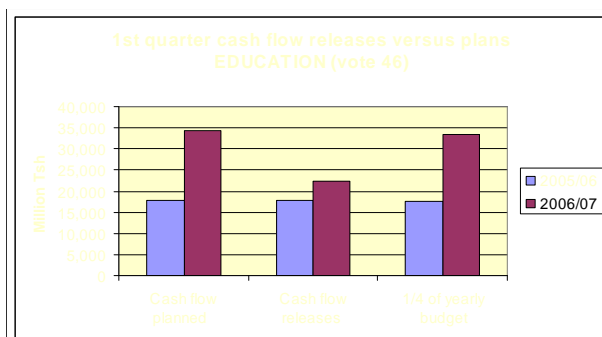
3.29 **Process.** At the beginning of each fiscal year, MDAs must prepare an annual progress report for the previous year, action plan and corresponding cash flow plan (to demonstrate the MDAs quarterly cash flow requirements) in order to receive any new releases from the Treasury. In the past, sectoral priorities received funds on a quarterly basis but more recently all MDAs receive monthly disbursement. Within the year, MDAs submit detailed quarterly implementation reports to the MoF, to receive subsequent releases.

3.30 The team reviewed the cash management system focusing specifically on within year predictability and level of actual releases. This review indicates two main challenges: (i) need to improve within year predictability of resource availability, especially as it relates to first quarter and (ii) uncertainty of timing of development releases during the rest of the year. All these factors disrupt program implementation - and also undermine the case for general budget support as seen from MDAs.

(i) ***Need to improve within year predictability of resource availability, especially for the first quarter.***

3.31 During the mission the team was informed by MDAs that the MDAs tend to receive only a fraction of the monthly releases from MoF they had forecasted in their cash flow plans, and that as a result it had to carry out a “prioritization of priorities” exercise on a monthly basis. Data suggests that this issue is a bit more complex depending on the perspective. Discussions with Accountant General and MoF confirm that the 1/12 rule is applied as a general rule, which suggests that cash-flows forecasts are likely to be met if they don’t divert too much from the 1/12 ratio. MDAs indicated the difficulties they had with this rule, as they plan according to their cash flow forecasts. The MoEVT highlighted for instance its inadequacy when it came to the disbursement of the capitation grant, which, according to the policy, is supposed to be done twice yearly. The “1/12” release system can in fact be particularly problematic when **MDAs act as a conduit** for funds released to the districts. In this situation, according to MoH officials, since the monies released to the Ministry is only a fraction of their request, the Ministry waits until they receive all funds before disbursing to districts. This is because they do not wish to create havoc by preferentially disbursing to some districts and not others.

3.32 Data from the three sectors does not depict a single narrative, and becomes more complex as noted above, depending on the perspective. Evidence for MoEVT on release and cash flow forecasts for FY05/06 and 06/07 highlights that there are only modest differences between cash flow forecasts and releases. Overall, the picture for the MoEVT recurrent budget over the last two fiscal years could be categorized as one of (near) full and timely release from MoF, with modest deviations between cash-flow forecasts and releases in the first quarter. However, a slight exception to this trend concerns the first quarter of FY06/07 when releases for recurrent budget were off-track-17% of approved estimates and 43% of cash flow forecasts.



3.33 For MoHSW evidence suggests that recurrent budget is on track according to the 1/12 disbursement formula for FY05/06 but not for the first half of FY06/07 – received only 14% of approved estimates. But when comparing quarterly cash flow forecast to releases, there are large deviations, especially in the first quarter of both years under review – received only 68% and 46% of cash flow forecasts for FY05/06 and

FY06/07 respectively.

3.34 A consistent pattern appears however to be the low releases compared to cash flow forecasts in the first quarter(s) as noted above. This may be due to two main reasons: 1) MDAs underscore the need for large requests (unrealistic according to MoF) in the first two quarters because most of their work has to start early (especially procurement activities which take longer to process). For example, in FY 06/07 a request for the first two quarters in relation total budget was 60% for MoHSW. 2) The MoF, due to cash flow shortages and late approval of Budget by Parliament, appears unable to deliver on the 1/12 rule in the first months of the fiscal year .

3.35 In the first quarter of FY06/07, there also appears to be a real issue of low releases compared to approved estimates. Rational provided by the MoF include constraint of Parliamentary approval of Budget, energy crisis and cash flow plans prepared by MDAs received late. However, as to the latter argument, MoHSW argues that the Ministry forwarded the cash flow plans and accompanying documents well before the deadline. Given the sound macroeconomic framework, highlighted by improving revenue performance and the strong reserves, it is unclear to the team what the real reasons may be.

*(ii) Unpredictable and low development releases.*

3.36 It seem, however, that for both years under review, a particular budget execution challenge has been the unpredictable, and often low, development releases for many MDAs and LGAs against the approved estimates (more specifically on LGAs in the local government section below). For example, in MAFS, there were a total of 7 transfers, two of which were on the final date of the financial year, the others taking place between September 15, 2005 and January 9, 2006. For FY 05/06, MAFS was 47% of budgeted at annual level, and 12% for the first half the year. For MoEVT the same figures were 32% at annual level and 22% for the first half of the year. The corresponding development transfers were somewhat better for the MoHSW, but still only at 81% at an annual level and 43% for the first half of the year. For all three ministries, first quarter releases against approved estimates were dismal – 6%, 12% and 3% for agriculture, education and health respectively. In the first half of FY06/07 there is a slight improvement in the development funds issued to the MoHSW but still extremely low at 12% of approved estimates. For agriculture, the development funds for Q1 and Q2 were over 13 per cent for both MAFS and MoLD.

3.37 Since the development budget is to a large extent financed by donor basket funding and projects the issue of unpredictable and low development fund releases is also connected to predictability of donor funding. For all ministries reviewed it appears that a major impediment to the effective implementation of the (development) budget is the slow disbursement from baskets/projects, partly for reasons of late reporting by MDAs<sup>11</sup>. For education, this explanation seems particularly relevant in FY05/06 because of delays of meeting conditions for a large project financed by a multilateral. By the end of that fiscal year, only 31% of the development funds estimated had been issued, which had inevitable consequences in terms of spending. Such forms of financing (basket/project) have seen a decrease over the last two years<sup>12</sup>, which suggests this issue, should be less problematic in the future. The issue of disbursements from basket mechanisms did not seem to be as much as a concern for the health and agriculture sectors. Rather for the health sector, the concern was related to government and project financing.

3.38 With the possibility of carry-over to the next fiscal year, basket/projects can increase the lack of transparency of the budget execution. 67% of the approved development budget of MoEVT was released in the first quarter and 98% by the end of the second quarter, according to IFMS. However, IFMS fails to indicate that this was not due to reckless overspending during that fiscal year but to large carry-overs from the previous year (from under spent project and PEDP basket fund).

***Key recommendations***

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<sup>11</sup> In both agriculture and health, the dialogue on releasing funds from the respective baskets has been difficult as DPs have not been satisfied with reporting provided by the Ministries. However, for the agriculture sector a closer examination of the matter shows that information contained in the standard quarterly reporting of the Ministries submissions to Ministry of Finance should have contained sufficient information, yet this was not released to DPs.

<sup>12</sup> Overall education budget includes here vote 46, vote 68, vote 53 (s-vote 2001 and 2003) and vote 56 (3001/6253; 3001/6278; 3001/6403) and the recurrent block grant.

3.39 We welcome the new initiative of the government to set up a Cash Management Unit (CMU) in the Accountant General's Department to be operational by the 1<sup>st</sup> of July 2007. Recommendations from this Afritac-supported initiative include:

- capacity building undertaken for the staff of MDAs to ensure that from the next FY they will prepare more realistic annual and quarterly forward cash flow forecasts based on their work plans, procurement plans, and commitments. The MDAs should actively seek the assistance of the CMU while preparing their cash flow forecasts.
- cash flow forecasting system that is anchored in the IFMIS (EPICOR) – already operational in the AGs office and the MDAs – so as to ensure timely and reliable transmission and consolidation of cash flow forecasts by the MDAs and the CMU.
- quarterly cash flow forecasts established at the beginning of the FY which should be followed up by quarterly rolling cash flow forecasts. These will provide details of expected receipts and payments, taking into account changes in circumstances during the year, such as deviations from planned revenues, delays in expenditure, changes in economic conditions and in-year policy adjustments.
- ceilings Committee which base cash ceilings communicated to the MDAs on the rolling quarterly cash flow plans provided by the MDAs as analyzed by the CMU.

3.40 In addition to this initiative, we welcome GoT's initiative on working on a solution to transfer funds directly to districts without using MDAs as the conduit. We look forward to its timely implementation. The MDAs should be provided timely information about such direct transfers to allow them to monitor the related cash flows. We would also encourage the need for clearer reporting on development funds, in particular baskets, and to avoid large carry-overs if of paramount importance to increase transparency in budget execution for the development budget

## **BUDGET CLASSIFICATION, REPORTING AND TRANSPARENCY**

### **Background**

3.41 The Government's fiscal reporting requirements are regulated by the Public Finance Act 2001 and the public finance regulations issued as subsidiary legislation. MDA reporting is also guided by the Government's accounting procedure manuals.

3.42 The preliminary stages of budget cycle have established good linkages with national programs and MKUKUTA related planning. The budget reporting systems however, have not caught up with the developments in the early stages of the budget cycle. Aggregate budget execution reports are disconnected from strategic plans, making it difficult to associate expenditure patterns and trends with the MKUKUTA. They are presented at an administrative level, rather than presenting a functional budget showing strategic allocations.

3.43 This issue was raised at the high level discussions of the annual review of budget support in October 2006. Development partners raised concerns about the adequacy of budget reporting and classification and the linkages between the SBAS and IFMS systems. They

additionally emphasized that budget classifications and routine reports that show expenditure against strategic priorities are an important part of a well functioning budget process. The GoT responded by confirming that it will resolve the issue of budgetary reporting and classification in time of the PEFAR mission of 2007.

3.44 Therefore, it was expected that PEFAR mission would have access to this information and would have integrated it in to this report. Whilst this has not been achieved, some progress has been made through the course of the mission:

- Discussions with the Ministry of Finance and the technical experts of the Accountant General's Office have been very positive. They confirmed the availability of data and the possibility of reporting against MKUKUTA. Quite extensive and detailed reports are feasible. In addition, the Accountant General's office has committed to generating the relevant reports using the IFMS in time for the PEFAR consultative meeting (24<sup>th</sup> to 25<sup>th</sup> May 2007). They requested that a format is specified by the PEFAR team in order for them to generate the information. A letter of request, accompanied with a preliminary format for reporting, was subsequently submitted to the Accountant General's Office by the World Bank.
- The Ministry of Finance has also developed a draft format for routine strategic reporting. This is an important first step for improving budgetary reporting. A copy of this draft and the feedback from the PEFAR team are attached as appendix xx.

### ***Budget Classification Framework***

3.45 Budget information should be presented in a way that facilitates policy analysis and promotes accountability. Budget transactions need to be capable of being reviewed from more than one perspective. They should be classified on the basis of economic, functional, and administrative categories across central, regional and local government budgets. A recording and classification system that meets these needs provides the foundation for the presentation of the budget, final accounts, and other fiscal reports.



## Box 2: Budget Classification

### ***Administrative/ Economic Classification - GFS***

The GFS code provides a widely accepted standard for the classification of revenue and expenditure. It is a reporting standard for fiscal statistics, but does not meet the needs of administrative or program control, which require a breakdown of major functional categories of expenditure for individual spending agencies or programs.

### ***Functional Programme Classification – SBAS/ IFMS & COFOG***

Transparency and accountability in government require that the budget and accounts be related to objectives and results of government activity, rather than simply to the items on which money is spent as in traditional *line-item budgeting*. Fiscal reports should identify the objectives of government activities and to measure outputs and outcomes in relation to these objectives. Programme codes can be mapped using the standard COFOG functional classification, which also allow for cross year and international comparison. Country specific functional classifications can also be used, but must be consistent to allow comparability.

### ***MKUKUTA Classification***

The elements of program classification are particularly important for identifying expenditure aimed at poverty reduction. The strategic budget allocation process is largely guided by the priorities of MKUKUTA. Fiscal reports that demonstrate the link between public expenditure and national priorities are important for strategic management and for increasing transparency. They also inform key stakeholders in the poverty reduction process of progress made and expenditure related bottlenecks to implementation.

However, it must be stressed that a *program classification* supplements rather than replaces the traditional administrative classification such as the GFS.

3.46 The classification codes within the IFMS are held in the chart of account codes and their descriptions. Each expenditure item is associated with a 24 digit code, which corresponds to the break down in the Table 15 below.

**Table 18: Description of the Budget Classification Code 561001000000A01S02261103 (example from vote 56 – PO-RALG)**

1	2	3	4	5	6	7
Vote	Sub-vote	*Blank*	Target (linked to Mkukuta Cluster Strategy)	Objective	Activity	GFS Code
56	1001	000000	A01S	A	A01S02	261103
PO-RALG	Administration and General Division	Can be used to integrate international standard programme classification	Strategy to combat HIV/AIDS at PO-RALG formulated	To improve services and reduce HIV/AIDS infections	Develop HIV/AIDS strategy for PO-RALG	Consultancy fees

3.47 The current classification system holds much of the relevant codes for reporting on the basis of economic, functional, and administrative categories. MDAs use a “performance budgeting” code showing agency specific objectives and targets alongside the administrative codes (columns 4 – 6). These codes however change from year to year, and are often amended during the various phases of the budget preparation cycle itself, making the consistency of classifications problematic. It also makes it difficult to carry out cross year comparisons, or to programme expenditure with other countries.

3.48 MDAs also use the SBAS software to generate a code that associates their specific targets with Mkukuta cluster strategies. Using the example in table xx, the target A01S was linked by PO-RALG to the Mkukuta cluster strategy: “*Develop programs to fight the spread of HIV/AIDS in work places*”. It is not clear however whether this code is carried forward to the IFMS, making it difficult to generate reports that indicate total expenditures on Mkukuta clusters, goals or strategies.

3.49 The challenge therefore is implement a standard programme classification system (such as COFOG) and to establish a consistency in classification across the various systems and phases of the budget process. In addition, the harmonization of classifications with the Mkukuta will add much value to the process of assessing Mkukuta implementation and the poverty orientation of the budget.

3.50 A good opportunity is to combine the technical assistance that is being offered by the IMF-East AFRITAC team on budget classification with work on strengthening the performance and programme orientation of budget reports.

### ***The Reporting System***

1. By using the budget classification system, reports that are comparable to that of the strategic budget allocations should be provided for the outturns of the medium term expenditure framework (the two preceding fiscal years, together with forecasts of the main budget aggregates for two years following the budget). Moreover, the timely publication of fiscal information should be considered as part of larger efforts for improving fiscal management and increasing domestic accountability.

### ***Annual Reports***

3.51 The annual budget books detail expenditures authorized by the legislature through the appropriation bill. The books generally classify transactions by administrative unit (votes and sub-votes) and item of expenditure. There is however an opportunity to develop a more strategic format for budget presentation, using programmatic budget classification. The presentation of a budget that reflects strategic priorities and allocations to all stakeholders, including the parliament, would improve budget management and increase fiscal transparency and accountability by:

- Providing information on the nature of links of resource allocations to Mkukuta, and demonstrating changes made in strategic resource allocation;
- Enabling easier and better scrutiny and accountability of resource allocation, and assessment the results of expenditures by internal and external stakeholders;
- Facilitating decision making by the Inter-Ministerial Technical Committee (IMTC), Cabinet and Parliament.

### *Within year budget reports – MDAs to Ministry of Finance*

3.52 MDAs begin their budget process by classifying their planned expenditures on a programmatic basis. They use the SBAS micro tool to integrate their strategic planning and budgeting processes. Expenditures are classified under “objective”, “target” and “activity” categories. MDAs also link their sector specific targets to Mkukuta cluster strategies, also using the SBAS system.

3.53 Within the year, MDAs submit detailed quarterly implementation reports to the Ministry of Finance. They report against their strategic budget allocations, showing actual expenditure against the budget by objective and target. They also provide a narrative describing progress in the implementation of the planned objectives and programs. These reports are used by the ministry of finance to approve in year releases of resources.

3.54 The IFMS system is loaded with the budget classifications (sector programme and administrative) at the budget preparation phase. It should therefore be able to automatically generate expenditure reports against objectives and targets. But the MDAs consulted during the PEFAR mission reported that they prepare their quarterly reports manually, making it an extremely laborious task. Delays in submitting these reports translate in to delayed disbursements. Increasing the capacity and the access of MDA to use the IFMS data bank should therefore be prioritized.

### *Within year budget reports – Ministry of Finance to Stakeholders*

3.55 The Ministry of Finance (policy analysis department) compiles quarterly execution reports of the overall fiscal framework, which are published on its national website, usually within one or two months of the quarter end. The financial reports contained therein give an economic summary of the fiscal position.

3.56 The Ministry of Finance also issues detailed “flash” reports on a monthly basis using the IFMS. This summary report provides information on the original and revised version for each vote, the funds committed and funds disbursed. The reports are issued to accounting officers, BoT, IMF and the World Bank (and other DPs on request).

3.57 Whilst these reports are generally accessible and useful, they do not however provide budgetary expenditure information on a programmatic basis. And although the relevant codes and classifications are present in the combined budget books and the IFMS, the fiscal position is not normally presented by programme classification.

3.58 Overall, the functional/ programme classification systems of the budget need to be streamlined and strengthened. Programme level reporting is generally confined to reporting between MDAs and the Ministry of Finance. The incentives for MDAs to develop frequent, timely and comprehensive reports are strong. They are a requirement of the Public Finance Act 2001 (part IV), and are a condition for the release of budgetary disbursements from the Ministry of Finance. The strength of incentives for the Ministry of Finance to compile disaggregated programmatic reports is however unclear. The demand for better management information and domestic accountability from parliament and civil society with respect to the implementation of key programs and the MKUKUTA should be the prime drivers of better fiscal reporting. The information and monitoring requirements of the development partners are also an important factor to consider, particularly since continued partnership relies on the joint ability to show the results of aid.

### ***Coverage of Budgetary Reports***

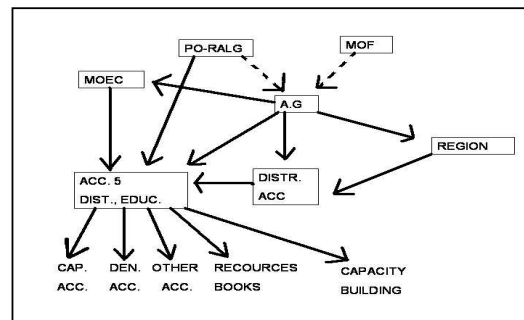
3.59 The coverage of budget documentation should be comprehensive. Fiscal reports should cover all budgetary and extra-budgetary activities of the central, regional and local government. The central government should also publish full information on the level and composition of its debt and financial assets, central government contingent liabilities and quasi-fiscal activities.

3.60 The coverage of budget reports is hampered by the absence of a comprehensive public expenditure classification and reporting framework that cuts across central, regional and local spending agencies. Finances for a sector or a national programme are channeled through a number of channels. For example, district level expenditures on front line public services such as health, agriculture or education are channeled both through central ministries and directly to districts through sectoral block grants (budgeted under regional votes). The budget classification and reporting channels however have not caught up with the increasingly complex financing mechanisms that are being developed, particularly at the local government level. This complexity in the budget process presents a severe obstacle to fiscal transparency. Developing a classification and reporting mechanism for compiling comprehensive fiscal information is paramount for identifying the volume and nature of transactions of key service delivery sectors.

### Box 3: Transparency and Reporting in the Education Sector

Public expenditure on education is subject to an intricate circuit of disbursement which, as shown by the diagram below<sup>13</sup>, involves several MDAs (PMO-RALG, MoEVT, MoF) and the regions<sup>14</sup>. A sector budget analysis for education should consider at least 26 votes (votes 37, 46, 53, 56, 68 and the 21 regional votes plus local government vote). The absence of clarity is particularly acute for financial flows between central government, districts and final beneficiaries, and reconstituting the financial flows (amounts and sources of financing) of the PEDP grants from central MDAs to district levels is extremely difficult.

Moreover, the existing documents do not allow for a comparison/reconciliation to be carried out between approved budget allocations/actual disbursements to districts and actual disbursements to final beneficiaries. PEDP audit reports give further financial information on funds allocated to MoEVT, PMO-RALG and to LGAs which would need a complementary reconciliation exercise. The complexity is additionally amplified by the lack of harmonization in the conditions for disbursement, for example, the formula for education block grants differs from PEDP capitation grant policy. The table below show discrepancies between data provided by two different sources of information:



	07-08 LG BG "06-07 allocation"	LG Finance web site "06-07 budgeted plan"	06-07 LG BG "05-06 allocation"	LG finance web site "05-06 budgeted plan"
<b>Primary Education Block Grant</b> <sup>15</sup>	430,730,300	418,016,638,331	307,322,000,000	305,008,555,392
<b>PEDP Capitation Grant</b>	NA	73,124,445,650	55,506,000,000	33,300,852,544
<b>PEDP Development Grant</b>	NA	74,642,775,640	50,408,000,000	25,614,613,092

The absence of a holistic financing picture for the education sector reflects the weaknesses of inter-ministerial coordination, and has been a major obstacle to any efforts for the strategic allocation of resources between sub-sectors.

3.61 The weak financial management systems of LGA are partly responsible for this lack of fiscal transparency. Central ministry and regional bodies are integrated in to the automated IFMS through the main server. Many LGAs on the other hand function with a far less advanced manual system. Although an extensive effort is under way to convert manual to computerized accounting systems of local councils into the EPICOR (IFMS), a large number of local council systems have not been upgraded so far.

<sup>13</sup> Source: PETS 2004

<sup>14</sup> In contradiction with the rules set in PEDP Financial and Accounting Manual

<sup>15</sup> (PE, OC inc. part of PEDP cap. Grant)

3.62 The PEFAR exercise of 2006 took a deep look at the financial management of LGAs. A summary of its findings relating to budget reporting is as follows:

- The classification system at the LG level meets the administrative and economic classifications standard, but not the functional / programmatic requirement.
- In year reporting of expenditures is regular. A monthly budget report is produced by the finance department that is sent to the Finance Committee and published on the LG notice board. Quarterly reports are sent to the Regional Secretariat after the full Council has passed them. However the format of the monthly reports is confusing in most Local Councils.
- The annual financial statements are prepared by the finance department within three months after the financial year-end date. The final financial statements have varied formats. These documents were not prepared in a consistent manner reducing ease of cross year comparison and difficult to understand – requiring extensive interpretation and containing data that was at variance with budget documents.
- It was evident that the variety of reporting formats needed for different donor projects was highly time consuming and imposed avoidable burden on management time.
- In each local council there were multiple figures available regarding budgetary outlays as well as expenditure out-turns. This is confusing from a reporting and monitoring perspective. The poor quality of data directly impacts all aspects of the Council’s work, including project implementation, transparency and accountability.

**Table 19: Key Recommendations – Budget Classification and Reporting**

Overall	<ul style="list-style-type: none"> <li>• Ensure that regular reporting feeds in to the Mkukuta Annual Implementation Reports;</li> <li>• Ensure that the reports are linked to decision making process of the budget guidelines committee, the IMTC, the Cabinet as well as by Parliament;</li> </ul>
Classification system	<ul style="list-style-type: none"> <li>• Implement the standard COFOG functional classification system;</li> <li>• Establish consistency in classification across the budget systems at preparation and execution by integrating Mkukuta related classification codes of the SBAS in to the IFMS;</li> <li>• Use the available technical assistance capacity to strengthen budget classification;</li> </ul>
Annual budget books	<ul style="list-style-type: none"> <li>• Supplement the budget documents with:               <ul style="list-style-type: none"> <li>○ a summary sheet of strategic/ programme budget allocation for each vote, and</li> <li>○ a summary of overall expenditure on Mkukuta cluster goals;</li> </ul> </li> </ul>
MoF reports	<ul style="list-style-type: none"> <li>• Use the budget execution reports on the MoF website to report programme and Mkukuta allocations;</li> </ul>
MDA reporting	<ul style="list-style-type: none"> <li>• Rationalize the process of MDA reporting by increasing access to and capacity to use the IFMS data bank, which contains the most up to date information;</li> <li>• Share MDA budgetary implementation reports with key stakeholders, including the parliament and civil society;</li> </ul>
LGA reporting	<ul style="list-style-type: none"> <li>• Rationalize sector fiscal transfers between MoF, MDAs, districts and final beneficiaries ;</li> <li>• Establish a calendar of disbursement in order to allow efficient planning by final beneficiaries at the local level (schools, health centers etc);</li> <li>• Strengthen the reporting systems of local councils;</li> <li>• Integrate the financial management systems of local councils with the central hub.</li> </ul>

## **ISSUES IN MANAGEMENT OF LOCAL GOVERNMENT EXPENDITURE**

3.63 LGAs a key role in the implementation of the MKUKUTA, and are responsible for first line service delivery at local level. The analysis made in this PEFAR (and the PEFAR 2006) indicates that the transparency and predictability of funding of service delivery at LGA level is a source of concern. Equally important is the accountability of the LGAs concerning the proper management of these funds, which seems unsatisfactory in a significant number of cases.

3.64 Intergovernmental transfers form over 90% of the revenues of LGAs. In order to efficiently plan and budget LGAs need a transparent and clear indication on their allocation and the mandate and actual power to decide on the allocations within the budget frame. The implementation of the budget depends largely on the timely disbursements and the control by the LGAs over the expenditures.

3.65 At present intergovernmental transfers can be distinguished in 3 categories: recurrent block grants, sector basket funds and subventions, and the development grants. The recurrent block grants to LGAs are the single most important intergovernmental transfer to LGAs. In 2005/2006 they constituted 62,5% of the budgeted financing by LGAs, and in 2006/2007 the same figure was 59,7%. The share of other intergovernmental recurrent and development flows is much smaller. The effectiveness of the flow of these recurrent transfers and their use is therefore of major importance for front line public service delivery for poverty reduction.

3.66 **The amount of recurrent block transfers in the central government budget has increased in recent years**, from 386,77 billion TZS in 2004/2005 to 730,3 billion in 2006/2007. This increase was particularly large to the current fiscal year since the level of these transfers was 484.2 billion in 2005/2006. In the 2006/07 budget the recurrent block transfers constituted 23,97% of total budgeted central government recurrent allocations, up from 17,88% 2005/2006. This increase has been somewhat unpredictable for LGAs in the sense that both in terms of FY 2005/2006 and 2006/2007 the level of the recurrent block transfers, as approved in the budget, was significantly higher, over 40%, than projected in the budget guidelines the year before.

3.67 From the point of view strengthening effective front line service delivery for poverty reduction the increase in the block grants raises **the question of the right balance between PE and OC**. An analysis of data shows that there are challenges to be looked at in this regard. In the 2005/2006 budget the recurrent block transfers were 25,2% higher in total than in the previous year, OC being 46,7% higher and PE 17,1%. In the 2006/2007 budget the recurrent block transfers were 50, 8% higher than for 2005/2006, but this increase came, however, solely from PE (74, 5%) while OC remained constant (0, 2%). The high increase in PE is mostly due to increased salaries of health staff and increased number of teachers.

3.68 **A particularly challenging issue for GoT is the transfers of development funds to LGAs**. Self -reported data by the LGAs indicate that development transfers to LGAs were much lower in 2005/2006 than they budgeted for, 71.3%, and with great variations in the different sources for development transfers. Transfers from the LGCDG -system were 133,3% against the planned amounts by LGAs, but development transfers for e.g. the education sector were only 72,6%, and for the agriculture sector 71% of the budgeted amount by LGAs in 2005/2006. For the first half of 2006/2007 the figure for development transfers was, according

to this self reported data, 19.3% of the budgeted amount by LGAs, and particularly low for education, 5.8%. The causes for these challenges in terms of development transfers deserve further attention and follow up by the GoT. A related concern is also the balance between recurrent and development funding. Development funding for LGAs remains very low, impeding service delivery.

3.69 The data show that the recurrent block grants are transferred timely and conform to the budget. However, the data concerning the transfers of the development grants and the sector baskets show that these flows are less predictable and deviate significantly from the planned budget. As these are exactly the funds required to enhance service delivery at local level and to achieve the goals of the Mkukuta, this hampers the development process in the country.

3.70 Analysing the flow of the transfers and the budget structure, some issues were identified:

**Flows:**

- It is difficult to follow financial flows. Often different ministries or level of governments are involved, making it hard to “follow the flow”.
- There are differences across categories of financial flows. In 2005/06 the outturn of the budgeted recurrent block transfers was 99.5% (including local admin &GPG) on an aggregate level, but disaggregated into PE and OC the picture is quite different: the outturn of transfers was 106,5% for PE and 84,6% for OC. For agriculture (74,2%), health (78,2%) and education (77,3%) the OC levels were in all cases under 80%, which is highly problematic since OC finances expenditures such as school material and medication. These cuts were made as a part of an overall government budget cut e.g. due to drought related costs. In 2006/07 it seems that these recurrent block transfers have, however, been flowing in line with the budgeted amounts, being 46, 9% of the budget amount after the first half of 2006/2007 in total. The OC block transfers for agriculture (50, 9%), health (53, 4%) and education (59, 0%) are in all sectors over half of the budgeted amount at the first half of 2006/2007.
- LGAs and other stakeholders do not know when to expect funds to come in and whom to ask for.
- Because of the different parties involved, the responsibility is divided leading to a less transparent system and thus reducing the accountability mechanisms.
- The involvement of different stakeholders in the flow of funds leads to a possible increase in triggers for the release of funds, mixing the different responsibilities of monitoring/supporting and control.



## ***Budget***

- The budget structure does not facilitate to understand what is budgeted for different levels of government. Actual budgeted transfers to the LGA level for development are not shown in the budget (they are included in the regional budgets).
- Budget allocations are not completely formula based and therefore reduce the predictability in the short and long run.
- Budget guidelines are presented to LGAs only close to the deadline for submission of LGAs plans and budgets.
- Budget allocations to LGAs are often changed after the planning process at LGA level is finalised.

3.71 The above lead to inefficiency in planning and implementation of the budget. Funds arrive often late or not at all, resulting in a Day by Day management instead of Decentralization by Devolution (D by D).

### ***Suggested next steps***

- A number of the problems observed with the transfers to LGAs and their reporting could be solved with more transparent and predictable intergovernmental transfers.
- The Decentralization by Devolution exercise presently underway will indeed already improve this situation if funds will directly be allocated to the LGAs. However, there seems scope for further improvements by limiting the intergovernmental transfers to 2 categories; recurrent block grants and development grants. Both grants could be divided over sectoral and discretionary grants. The grants will be allocated based on a transparent formula. This will enhance the predictability of funding and reduce the impact of reallocations after the parliament approves the budget. Triggers for the quarterly releases could be aligned with the submission of financial reports of the LGAs. Reporting on progress to the sector ministries could be further aligned with PlanRep.
- In spite of their growing importance in the central government budget, these intergovernmental financial transfer schemes are, however, complex and overlapping and, thus, rather difficult to monitor. Although the access to information on intergovernmental transfers to LGAs has improved a lot during the past years (e.g. PMO-RALG LGA website) the current vote structure in the budget makes it complex and difficult to acquire comprehensive data, and to form a holistic view, of these flows both at the budget planning and execution stage. Many of the LGA transfers, both recurrent and development are flowing to LGAs through MDAs. According to data published in the Local government fiscal review of 2006 these indirect budget transfers were budgeted by LGAs to be in total 234,6 billion TZS in 2005/2006. Another issue is also that the recurrent block grants to LGAs are e.g. budgeted under the regional votes, which also include funds for regional secretariats, although they are disbursed directly from the treasury to the districts. There is therefore still room for strengthening the transparency, and thus also domestic accountability, on the fiscal transfers to LGAs.

**Appendix Table 1: Absorption and Spending of Aid**

	<b>Absorbed</b>	<b>Not Absorbed</b>
<b>Spent</b>	<p><b>Case 1.</b> Central Bank sells aid dollars. Current count (net of aid) widens to allow real transfer of resources through higher imports.</p> <p>Aid is used for public investment and consumption. Fiscal deficit (net of aid) rises as aid is spent.</p> <p>No change in money supply. Risks – Dutch disease.</p>	<p><b>Case 3.</b> Central Bank accumulates aid dollars as foreign exchange reserves. There is no real resources transfer and there is no effect on the current account deficit.</p> <p>Fiscal deficit rises as aid is spent.</p> <p>If un-sterilized, money supply rises hence inflation.</p> <p>If sterilized: domestic public debt accumulates hence higher interest rate and crowding out of private sector.</p>
<b>Not Spent</b>	<p><b>Case 2.</b> Central Bank sells foreign exchange but fiscal deficit remains unchanged.</p> <p>Helps achieve stabilization, provides resources for private investment.</p> <p>[Risk – Possible Dutch disease if supply response from private sector is mainly in the non-trade goods.]</p>	<p><b>Case 4.</b> Central Bank accumulates foreign exchange as reserves; fiscal deficit net of aid unchanged.</p> <p>No real transfer and no Dutch disease. Equivalent to rejection of aid (in the long run).</p>
<p><i>Source: IMF (2005 and 2007a.)</i></p>		

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**Table 1: Tanzania Macroeconomic Indicators**

Indicator	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Population/2	Millions	27.5	28.3	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35.3	36.2	37.5
Per capita Income/2	US\$	176.9	210.3	235.6	250.0	260.0	270.0	270.0	280.0	300.0	320.0	330.0	350.0
GDP Growth/2	%	3.6	4.2	3.3	4.0	4.7	4.9	5.7	6.2	5.7	6.7	6.7	6.2
Gross Domestic Savings/2	(as a % of GDP)	9.1	10.7	7.7	5.4	5.3	9.2	8.8	12.9	12.2	13.6	11.7	10.2
Gross Investments/2	(as a % of GDP)	19.7	16.5	14.7	16.2	15.5	17.6	18.6	20.5	22.7	22.5	23.8	25.0
Inflation/2 (period average)	%	27.4	21.0	16.1	12.9	7.8	6.0	5.2	4.5	4.4	4.2	4.3	7.3
Exchange Rate/1 (period average)	TZS/US\$	536.4	583.0	618.3	666.1	745.0	800.4	876.3	963.2	1039.1	1090.6	1127.1	1250.1
<b>External Sector</b>													
Exports - Goods & Services/1	Mil. US\$	1265.8	1419.8	1235.0	1127.3	1165.3	1307.1	1430.7	1494.5	1716.0	2310.0	2793.9	3092.8
Imports - Goods & Services/1	Mil. US\$	2140.3	2028.5	1948.2	2370.9	2262.7	2063.9	2232.3	2219.9	2418.5	2973.7	3827.3	4681.1
Current Account Balance/1	Mil. US\$	-646.4	-461.2	-403.5	-921.3	-860.1	-469.6	-233.1	-669.0	-486.0	-439.7	-567.8	-1105.5
Balance of Payments (Overall balance)/1	Mil. US\$	-391.4	-231.2	-219.9	-471.7	-108.9	-6.2	-96.3	-36.2	464.0	139.2	178.4	382.9
Foreign Reserves/1	Mil. US\$	255.0	240.0	461.0	502.0	605.0	752.0	983.0	1184.0	1670.0	1877.5	1968.6	1994.9
External Debt/2	Bil. US\$/1	7.4	7.4	6.9	7.3	7.7	6.9	6.2	6.8	7.0	7.8	7.8	4.2
Foreign Direct Investment/1	Mil. US\$	150.0	148.5	157.8	172.2	516.7	463.4	395.3	374.0	448.0	501.0	474.2	490.2
Tourism Earnings/2	Mil. US\$	258.1	322.0	392.4	570.0	733.3	739.1	725.0	730.0	731.0	746.0	823.6	862.0
<b>Monetary Sector</b>													
Average Deposit Rate/1	%	21.0	16.7	12.8	12.0	7.4	7.1	4.2	3.5	2.5	2.4	2.6	2.5
Average Lending Rate/1	%	36.4	37.0	24.5	28.0	21.4	19.1	20.9	14.8	16.4	15.7	16.1	15.8
Growth in Money Supply (M2)/1	%	26.1	14.4	21.8	5.0	7.9	15.1	14.9	21.3	16.9	19.1	27.5	24.5
<b>Government Finance</b>													
Total Domestic Revenue/1	(as a % of GDP)	12.5	13.2	13.5	12.0	11.5	11.3	12.0	12.1	12.1	12.7	13.3	14.1
Tax Revenue/1	(as a % of GDP)	11.3	11.3	11.9	11.0	10.3	10.1	10.7	10.9	11.0	11.7	12.2	12.9
Non-Tax Revenue/1	(as a % of GDP)	1.2	1.9	1.6	1.0	1.2	1.2	1.3	1.2	1.1	1.0	1.2	1.2
Total Expenditure/1	(as a % of GDP)	17.0	14.7	17.2	15.7	17.0	18.6	17.0	17.6	19.8	22.0	24.4	25.6
Recurrent Expenditure/1	(as a % of GDP)	14.5	13.8	14.3	11.0	11.0	11.8	12.8	13.6	14.8	16.4	17.3	19.3
Development Expenditure/1	(as a % of GDP)	2.5	0.9	2.9	3.8	4.1	5.3	3.7	3.4	5.0	5.6	7.1	6.3
Grants/1	(as a % of GDP)	2.5	1.4	2.7	3.0	4.0	4.5	3.7	4.5	6.2	6.1	7.7	6.0
Fiscal Balance/1	(as a % of GDP)	-4.6	-1.5	-3.7	-3.7	-5.5	-7.3	-5.0	-5.6	-7.7	-9.3	-11.1	-11.6

**Note**

/1 Fiscal year is used, and it ends June 30th of the mentioned year

/2 Calendar year is used, and it ends in mentioned year December 31th.

**Source:** Tanzania Authorities (MoF, BoT, NBS, and MPEE).

**Table 2: Balance of Payments**

(in millions of US dollars).

	1995	1996	1997	1998	1999	2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
<b>A. Current Account</b>	<b>-716.2</b>	<b>-146.0</b>	<b>-403.5</b>	<b>-921.2</b>	<b>-855.9</b>	<b>-485.3</b>	<b>-445.3</b>	<b>-661.8</b>	<b>-480.2</b>	<b>-433.5</b>	<b>-644.6</b>
Goods	-657.6	-448.8	-395.4	-793.6	-872.1	-704.6	-724.4	-696.4	-649.6	-859.6	-1134.0
Exports (fob)	682.9	763.8	752.6	588.5	543.3	663.3	714.5	839.6	1010.1	1298.8	1594.0
Imports (fob)	-1340.5	-1212.6	-1148.0	-1382.1	-1415.4	-1367.9	-1438.9	-1536.0	-1659.6	-2158.4	-2728.1
Service	-325.7	-159.9	-317.8	-449.9	-225.3	-52.2	-42.1	-23.0	-52.9	196.1	100.6
Receipts	444.4	656.0	482.4	538.8	622.0	643.8	652.6	654.9	705.9	1011.3	1199.9
Payments	-770.1	-815.9	-800.2	-988.8	-847.3	-696.0	-694.7	-677.9	-758.9	-815.1	-1099.2
Income	-129.5	-72.0	-121.8	-105.0	-95.0	-120.5	-100.3	-172.1	-142.2	-192.0	-197.4
Receipts	8.3	41.5	43.0	44.4	49.0	50.4	46.3	66.0	73.5	88.9	82.9
Payments	-137.7	-113.5	-164.8	-149.4	-144.0	-170.9	-146.6	-238.1	-215.7	-280.9	-280.3
Current transfers	396.6	534.8	431.5	427.3	336.6	391.9	421.5	229.7	364.5	422.0	586.2
Inflows	427.4	567.1	499.1	454.2	445.6	464.8	488.6	296.8	423.3	484.4	652.7
Government	292.5	432.2	433.6	421.0	411.4	429.9	445.1	248.6	358.8	409.8	575.7
Private	134.9	134.8	65.6	33.2	34.2	34.9	43.5	48.2	64.5	74.6	77.0
Outflows	-30.8	-32.3	-67.7	-26.9	-109.0	-72.9	-67.1	-67.1	-58.8	-62.4	-66.5
<b>B. Capital Account</b>	<b>191.0</b>	<b>191.0</b>	<b>270.9</b>	<b>252.4</b>	<b>270.6</b>	<b>330.4</b>	<b>398.4</b>	<b>321.3</b>	<b>294.5</b>	<b>348.6</b>	<b>409.8</b>
Capital transfers	191.0	191.0	259.9	235.9	256.4	314.7	380.6	293.3	264.4	310.0	368.3
Inflow	191.0	191.0	270.9	252.4	270.6	330.4	398.4	321.3	294.5	348.6	409.8
Out flow	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>C. Financial Account</b>	<b>-80.7</b>	<b>220.2</b>	<b>238.5</b>	<b>-12.4</b>	<b>606.6</b>	<b>422.9</b>	<b>312.0</b>	<b>340.4</b>	<b>545.3</b>	<b>655.9</b>	<b>591.4</b>
Direct investment	150.0	148.5	157.8	272.2	516.7	463.4	395.3	374.0	448.0	498.4	471.7
Abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tanzania	150.0	148.5	157.8	272.2	516.7	463.4	395.3	374.0	448.0	498.4	471.7
Portfolio investment	0.0	0.0	0.0	20.5	0.7	0.0	0.0	0.0	0.0	2.6	2.5
Other investment	-230.7	71.7	80.7	-305.1	89.2	-40.6	-83.3	-33.6	97.3	154.9	117.2
Assets	-186.8	28.6	-69.1	-18.5	14.8	-134.0	-69.8	-59.4	-7.0	25.5	43.5
Liabilities	-43.9	43.1	149.8	-286.6	74.4	93.5	-13.5	25.8	104.3	129.4	73.7
<b>D. Net Errors &amp; Omissions</b>	<b>-71.8</b>	<b>-63.4</b>	<b>-305.5</b>	<b>185.7</b>	<b>-134.6</b>	<b>-211.1</b>	<b>-252.0</b>	<b>-36.2</b>	<b>104.4</b>	<b>-431.7</b>	<b>-178.2</b>
<b>Overall balance</b>	<b>-677.7</b>	<b>201.8</b>	<b>-199.7</b>	<b>-495.5</b>	<b>-113.3</b>	<b>56.9</b>	<b>13.1</b>	<b>-36.2</b>	<b>464.0</b>	<b>139.2</b>	<b>178.4</b>
<b>E. Financing</b>	<b>677.7</b>	<b>-201.8</b>	<b>199.7</b>	<b>495.5</b>	<b>113.3</b>	<b>-56.9</b>	<b>-13.1</b>	<b>36.2</b>	<b>-464.0</b>	<b>-139.2</b>	<b>-178.4</b>
Net Reserve assets (- increase)	57.3	-209.5	-182.1	20.9	-175.4	-197.4	-233.2	-177.1	-489.8	-206.5	-230.7
Use of Fund credit and loans	-22.0	-20.9	77.4	11.0	51.3	49.4	7.4	20.8	4.6	-3.1	-32.2
Exceptional financing	642.4	28.6	304.4	463.6	237.4	91.1	212.7	192.6	21.2	70.4	84.5
Rescheduled debt	0.0	0.0	227.3	366.7	84.6	10.0	70.7	98.2	0.0	0.0	0.0
Arrears (increase, +)	642.4	28.6	77.1	96.9	152.8	81.1	142.0	94.4	21.2	70.4	84.5
of which Gen govt. arrears	625.0	17.7	57.5	55.6	107.4	47.8	90.5	82.3	21.2	70.4	84.5
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Memorandum items</b>											
GDP(mp) Mill. USD	5,255	6,155	7,615	8,365	8,635	9,079	9,211	9,378	10,034	10,807	11,761
Current account balance (as % of GDP)											
Including official transfers	-13.6	-2.4	-5.3	-11.0	-9.9	-5.3	-4.8	-7.1	-4.8	-4.0	-5.5
Excluding official transfers	-21.2	-11.1	-11.0	-16.1	-13.8	-9.7	-9.4	-9.5	-8.4	-7.9	-10.5
Gross official reserves (BoT)	255.0	240.0	461.0	502.0	605.0	752.0	983.0	1184.0	1670.0	1878.0	1969.0
Net aid flows (as percent of GDP)	13.8	11.3	12.7	7.5	9.2	10.3	10.4	6.5	7.3	9.5	10.7

SOURCE: Bank of Tanzania, International Economics Department

**Table 3a: Summary of Central Government Operations**  
(in billions of Tanzania shillings)

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
<b>Total revenue</b>	<b>572</b>	<b>619</b>	<b>690</b>	<b>772</b>	<b>930</b>	<b>1043</b>	<b>1218</b>	<b>1459</b>	<b>1772</b>
Tax revenue	515	566	616	692	828	938	1106	1343	1611
Nontax revenue	57	53	73	81	102	104	112	117	151
<b>Total expenditure</b>	<b>678</b>	<b>809</b>	<b>1022</b>	<b>1272</b>	<b>1315</b>	<b>1522</b>	<b>1990</b>	<b>2528</b>	<b>3242</b>
Recurrent expenditure	528	568	657	808	987	1171	1489	1886	2301
Wages and salaries	199	219	220	285	308	342	398	463	551
Interest payments	111	116	96	127	128	121	100	109	141
Domestic	74	51	38	81	78	65	57	70	81
Foreign	37	65	58	46	50	57	43	38	51
Goods and services and transfers	218	233	341	395	550	708	991	1314	1601
Development expenditure	110	197	248	360	286	291	501	642	941
Domestically financed	20	24	19	19	35	50	96	133	241
Foreign financed	90	173	229	340	251	241	405	509	701
<b>Overall Balance before Grant</b>	<b>-106</b>	<b>-190</b>	<b>-332</b>	<b>-499</b>	<b>-385</b>	<b>-479</b>	<b>-772</b>	<b>-1069</b>	<b>-1470</b>
<b>Financing</b>	<b>106</b>	<b>190</b>	<b>332</b>	<b>499</b>	<b>385</b>	<b>479</b>	<b>772</b>	<b>1069</b>	<b>1470</b>
<b>Grants</b>	<b>152</b>	<b>156</b>	<b>240</b>	<b>307</b>	<b>286</b>	<b>385</b>	<b>622</b>	<b>697</b>	<b>1020</b>
Program (including basket grants) 1/	75	38	75	94	114	183	294	371	541
o/w basket grants								92	381
Project	77	118	166	208	124	140	256	248	401
HIPC/MDRI grant relief	0	0	0	6	49	62	73	77	71
<b>Foreign (net)</b>	<b>-20</b>	<b>50</b>	<b>27</b>	<b>105</b>	<b>90</b>	<b>118</b>	<b>200</b>	<b>434</b>	<b>390</b>
Foreign loans	34	106	98	191	173	187	301	479	501
Program (including basket loans) 1/	21	66	35	58	45	86	151	218	191
Project	13	40	63	133	128	101	150	261	301
Amortization	-54	-56	-71	-86	-83	-69	-101	-45	-101
<b>Domestic (net)</b>	<b>-39</b>	<b>-23</b>	<b>53</b>	<b>75</b>	<b>-18</b>	<b>-25</b>	<b>-50</b>	<b>-72</b>	<b>140</b>
Bank financing	-18	-48	-2	-27	-19	-59	0	0	91
Nonbank financing	-13	26	-8	36	16	37	0	0	41
Bank and parastatal recapitalization	0	0	70	101	10	0	0	0	
Amortization of parastatal debt	0	0	0	0	0	-2	0	0	
Infrastructure Bond									
Privatization proceeds	13	7	12	12	27	0	0	10	

1/ Basket funds are sector-specific accounts established by the government for channeling donor support to fund specific activities in different sectors.

Source: Tanzania Authorities and the IMF.

4238      5140      6002      6850      7727      8627      10069      11504      1328

**Table 3b: Summary of Central Government Operations**  
(in percent of GDP)

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
<b>Total revenue</b>	<b>13.5</b>	<b>12.0</b>	<b>11.5</b>	<b>11.3</b>	<b>12.0</b>	<b>12.1</b>	<b>12.1</b>	<b>12.7</b>	<b>13.4</b>	<b>14.1</b>
Tax revenue	12.1	11.0	10.3	10.1	10.7	10.9	11.0	11.7	12.2	12.9
Nontax revenue	1.4	1.0	1.2	1.2	1.3	1.2	1.1	1.0	1.2	1.2
<b>Total expenditure</b>	<b>16.0</b>	<b>15.7</b>	<b>17.0</b>	<b>18.6</b>	<b>17.0</b>	<b>17.6</b>	<b>19.8</b>	<b>22.0</b>	<b>24.4</b>	<b>25.6</b>
Recurrent expenditure	<b>12.5</b>	<b>11.0</b>	<b>11.0</b>	<b>11.8</b>	<b>12.8</b>	<b>13.6</b>	<b>14.8</b>	<b>16.4</b>	<b>17.3</b>	<b>19.3</b>
Wages and salaries	4.7	4.3	3.7	4.2	4.0	4.0	4.0	4.0	4.1	4.3
Interest payments	2.6	2.3	1.6	1.9	1.7	1.4	1.0	0.9	1.1	1.4
Domestic	1.7	1.0	0.6	1.2	1.0	0.7	0.6	0.6	0.7	1.1
Foreign	0.9	1.3	1.0	0.7	0.7	0.7	0.4	0.3	0.4	0.4
Goods and services and transfers	5.1	4.5	5.7	5.8	7.1	8.2	9.8	11.4	12.1	13.5
Development expenditure	<b>2.6</b>	<b>3.8</b>	<b>4.1</b>	<b>5.3</b>	<b>3.7</b>	<b>3.4</b>	<b>5.0</b>	<b>5.6</b>	<b>7.1</b>	<b>6.3</b>
Domestically financed	0.5	0.5	0.3	0.3	0.5	0.6	1.0	1.2	1.8	2.0
Foreign financed	2.1	3.4	3.8	5.0	3.3	2.8	4.0	4.4	5.3	4.3
<b>Overall Balance before Grant</b>	<b>-2.5</b>	<b>-3.7</b>	<b>-5.5</b>	<b>-7.3</b>	<b>-5.0</b>	<b>-5.6</b>	<b>-7.7</b>	<b>-9.3</b>	<b>-11.1</b>	<b>-11.6</b>
<b>Financing</b>	<b>2.5</b>	<b>3.7</b>	<b>5.5</b>	<b>7.3</b>	<b>5.0</b>	<b>5.6</b>	<b>7.7</b>	<b>9.3</b>	<b>11.1</b>	<b>11.6</b>
<b>Grants</b>	<b>3.6</b>	<b>3.0</b>	<b>4.0</b>	<b>4.5</b>	<b>3.7</b>	<b>4.5</b>	<b>6.2</b>	<b>6.1</b>	<b>7.7</b>	<b>6.0</b>
Program (including basket grants) 1/	1.8	0.7	1.2	1.4	1.5	2.1	2.9	3.2	4.1	3.4
o/w basket grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	2.9	2.2
Project	1.8	2.3	2.8	3.0	1.6	1.6	2.5	2.2	3.0	2.2
HIPC grant relief	0.0	0.0	0.0	0.1	0.6	0.7	0.7	0.7	0.5	0.5
<b>Foreign (net)</b>	<b>-0.5</b>	<b>1.0</b>	<b>0.5</b>	<b>1.5</b>	<b>1.2</b>	<b>1.4</b>	<b>2.0</b>	<b>3.8</b>	<b>3.0</b>	<b>3.7</b>
Foreign loans	0.8	2.1	1.6	2.8	2.2	2.2	3.0	4.2	3.8	4.4
Program (including basket loans) 1/	0.5	1.3	0.6	0.8	0.6	1.0	1.5	1.9	1.5	2.2
Project	0.3	0.8	1.1	1.9	1.7	1.2	1.5	2.3	2.3	2.2
Amortization	-1.3	-1.1	-1.2	-1.3	-1.1	-0.8	-1.0	-0.4	-0.8	-0.7
<b>Domestic (net)</b>	<b>-0.9</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.1</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.5</b>	<b>-0.6</b>	<b>1.1</b>	<b>2.3</b>
Bank financing	-0.4	-0.9	0.0	-0.4	-0.2	-0.7	0.0	0.0	0.7	0.8
Nonbank financing	-0.3	0.5	-0.1	0.5	0.2	0.4	0.0	0.0	0.4	1.5
Bank and parastatal recapitalization	0.0	0.0	1.2	1.5	0.1	0.0	0.0	0.0	0.0	0.0
Amortization of parastatal debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
Infrastructure Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization proceeds	0.3	0.1	0.2	0.2	0.3	0.0	0.0	0.1	0.0	0.2

0

1/ Basket funds are sector-specific accounts established by the government for channeling donor support to fund specific activities in different sectors.

Source: Tanzania Authorities and the IMF.

**Table 4a: Budget Frame - Analytical (in Bill. Tsh.)**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07 Prel.	2007/08	2008/09	2009/10
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Proj.	Proj.
<b>Domestic revenue</b>	<b>930</b>	<b>1043</b>	<b>1218</b>	<b>1393</b>	<b>1774</b>	<b>2125</b>	<b>2703</b>	<b>3503</b>	<b>3933</b>	<b>4428</b>
O/W Fuel Levy and Transit Fees	40	50	63	62	68	70	92	218	230	243
<b>Total Expenditure</b>	<b>1275</b>	<b>1463</b>	<b>1990</b>	<b>2418</b>	<b>3258</b>	<b>4005</b>	<b>4702</b>	<b>5998</b>	<b>6025</b>	<b>6508</b>
<b>Recurrent expenditure</b>	<b>989</b>	<b>1118</b>	<b>1326</b>	<b>1611</b>	<b>2017</b>	<b>2662</b>	<b>3122</b>	<b>3797</b>	<b>4265</b>	<b>4646</b>
Interest on external debt	52	57	43	63	56	55	60	36	48	58
Interest on domestic debt	78	65	57	72	87	164	121	240	208	250
Wages/salaries	308	342	398	464	551	657	1004	1113	1280	1432
Goods/services/transfers	551	655	828	1012	1324	1786	1917	2408	2728	2907
o/w Fuel Levy and Transit Fee	55	50	56	62	68	70	92	218	230	243
Special exp.	37	0	0	18	0	0	36	0	60	62
CFS (Others)	62	80	102	85	159	227	120	270	272	326
Parastatal Wages	0	55	68	76	0	0	0	0	0	0
Retention Scheme	26	27	48	63	54	61	63	72	75	78
Other Charges	409	443	554	708	0	0	0	0	0	0
<b>Development expenditure</b>	<b>286</b>	<b>345</b>	<b>664</b>	<b>807</b>	<b>1240</b>	<b>1343</b>	<b>1580</b>	<b>2201</b>	<b>1760</b>	<b>1862</b>
Projects	286	345	664	807	1240	1343	1580	2201	1760	1862
Local	35	50	96	140	240	296	645	739	629	708
Foreign	251	294	568	667	0	0	223	206	0	0
Overall deficit (checks issued) - before grants	-345	-420	-772	-1025	-1484	-1880	-1999	-2495	-2092	-2080
<b>Grants</b>	<b>293</b>	<b>383</b>	<b>622</b>	<b>728</b>	<b>996</b>	<b>1043</b>	<b>1247</b>	<b>1691</b>	<b>1343</b>	<b>1408</b>
Budget support grants	114	183	196	260	364	331	508	608	715	772
o/w MDF/PRBS	84	143	170	234	364	331	480	608	694	772
Basket Funds	..	..	98	124	159	217	104	193	182	173
Project grants 1/	124	140	353	241	400	419	413	684	446	464
HIPC interim relief-Multilateral 2/	56	60	73	103	0	0	0	0	0	0
MDRI (IMF)					0	0	223	206	0	0
Overall deficit (checks issued) - after grants	-75	-70	-150	-298	-488	-837	-752	-805	-749	-672
					0	0	0	0	0	0
Overall deficit (checks cleared)	-79	-35	-163	-298	-575	-924	-752	-805	-749	-672
<b>Financing</b>	<b>79</b>	<b>35</b>	<b>163</b>	<b>298</b>	<b>575</b>	<b>924</b>	<b>752</b>	<b>805</b>	<b>749</b>	<b>672</b>
<b>Foreign (net)</b>	<b>87</b>	<b>118</b>	<b>200</b>	<b>287</b>	<b>430</b>	<b>561</b>	<b>628</b>	<b>819</b>	<b>783</b>	<b>795</b>
Programme loans	40	33	86	145	65	258	266	274	295	299
Project loan	128	154	215	303	472	411	419	585	503	517
Amortization	-80	-69	-101	-161	-107	-108	-56	-40	-15	-22
<b>Domestic (net)</b>	<b>-2</b>	<b>-24</b>	<b>-37</b>	<b>10</b>	<b>145</b>	<b>363</b>	<b>124</b>	<b>-14</b>	<b>-35</b>	<b>-123</b>
Bank (net)	-19	-59	-36	21	97	130	135	0	0	-90
Non-bank (net)	16	37	0	0	48	219	0	0	0	0
Infrastructure Bond					0	0	0	0	0	0
Amortization	0	-2	0	-28	0	-19	-11	-29	-35	-33
<b>Privatisation Funds</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>memo:</i>										
GDPmp	7727	8627	10069	11504	13287	15217	16918	19408	21730	24330
OC for distribution	489	637	726	927	1165	1559	1797	2138	2456	2581
Primary Deficit(checks issued)	-216	-390	-672	-891	-1341	-1662	-1818	-2219	-1836	-1772
Government Saving(checks issued)	-59	-157	-108	-218	-244	-537	-419	-294	-332	-218
% of GDP	-0.8%	-1.9%	-1.1%	-2.1%	-1.8%	-3.5%	-2.5%	-1.5%	-1.5%	-0.9%

Note: 1/ It has been assumed that 80% of project grants pass via the exchequer

2/ HIPC relief from IMF, World Bank and AfDB

Source : Ministry of Finance



**Table 4b: Budget Frame - Analytical (in percent of GDP)**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Proj.	Proj.
<b>Domestic revenue</b>	<b>12.0</b>	<b>12.1</b>	<b>12.1</b>	<b>12.1</b>	<b>13.3</b>	<b>14.0</b>	<b>16.0</b>	<b>18.0</b>	<b>18.1</b>	<b>18.2</b>
O/W Fuel Levy and Transit Fees	0.5	0.6	0.6	0.5	0.5	0.5	0.5	1.1	1.1	1.0
<b>Total Expenditure</b>	<b>16.5</b>	<b>17.0</b>	<b>19.8</b>	<b>21.0</b>	<b>24.5</b>	<b>26.3</b>	<b>27.8</b>	<b>30.9</b>	<b>27.7</b>	<b>26.7</b>
<b>Recurrent expenditure</b>	<b>12.8</b>	<b>13.0</b>	<b>13.2</b>	<b>14.0</b>	<b>15.2</b>	<b>17.5</b>	<b>18.5</b>	<b>19.6</b>	<b>19.6</b>	<b>19.1</b>
Interest on external debt	0.7	0.7	0.4	0.5	0.4	0.4	0.4	0.2	0.2	0.2
Interest on domestic debt	1.0	0.8	0.6	0.6	0.7	1.1	0.7	1.2	1.0	1.0
Wages/salaries	4.0	4.0	4.0	4.0	4.1	4.3	5.9	5.7	5.9	5.9
Goods/services/transfers	7.1	7.6	8.2	8.8	10.0	11.7	11.3	12.4	12.6	11.9
o/w Fuel Levy and Transit Fee	0.7	0.6	0.6	0.5	0.5	0.5	0.5	1.1	1.1	1.0
Special exp.	0.5	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.3	0.3
CFS (Others)	0.8	0.9	1.0	0.7	1.2	1.5	0.7	1.4	1.3	1.3
Parastatal Wages	0.0	0.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Retention Scheme	0.3	0.3	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.3
Other Charges	5.3	5.1	5.5	6.2	0.0	0.0	0.0	0.0	0.0	0.0
<b>Development expenditure</b>	<b>3.7</b>	<b>4.0</b>	<b>6.6</b>	<b>7.0</b>	<b>9.3</b>	<b>8.8</b>	<b>9.3</b>	<b>11.3</b>	<b>8.1</b>	<b>7.7</b>
Projects	3.7	4.0	6.6	7.0	9.3	8.8	9.3	11.3	8.1	7.7
Local	0.5	0.6	1.0	1.2	1.8	1.9	3.8	3.8	2.9	2.9
Foreign	3.3	3.4	5.6	5.8	0.0	0.0	1.3	1.1	0.0	0.0
Overall deficit (checks issued) - before	-4.5	-4.9	-7.7	-8.9	-11.2	-12.4	-11.8	-12.9	-9.6	-8.5
<b>Grants</b>	<b>3.8</b>	<b>4.4</b>	<b>6.2</b>	<b>6.3</b>	<b>7.5</b>	<b>6.9</b>	<b>7.4</b>	<b>8.7</b>	<b>6.2</b>	<b>5.8</b>
Budget support grants	1.5	2.1	2.0	2.3	2.7	2.2	3.0	3.1	3.3	3.2
o/w MDF/PRBS	1.1	1.7	1.7	2.0	2.7	2.2	2.8	3.1	3.2	3.2
Basket Funds	..	..	1.0	1.1	1.2	1.4	0.6	1.0	0.8	0.7
Project grants 1/	1.6	1.6	3.5	2.1	3.0	2.8	2.4	3.5	2.1	1.9
HIPC interim relief-Multilateral 2/	0.7	0.7	0.7	0.9	0.0	0.0	0.0	0.0	0.0	0.0
MDRI (IMF)	0.0	0.0	0.0	0.0	0.0	0.0	1.3	1.1	0.0	0.0
Overall deficit (checks issued) - after gr	-1.0	-0.8	-1.5	-2.6	-3.7	-5.5	-4.4	-4.1	-3.4	-2.8
<b>Overall deficit (checks cleared)</b>	<b>-1.0</b>	<b>-0.4</b>	<b>-1.6</b>	<b>-2.6</b>	<b>-4.3</b>	<b>-6.1</b>	<b>-4.4</b>	<b>-4.1</b>	<b>-3.4</b>	<b>-2.8</b>
<b>Financing</b>	<b>1.0</b>	<b>0.4</b>	<b>1.6</b>	<b>2.6</b>	<b>4.3</b>	<b>6.1</b>	<b>4.4</b>	<b>4.1</b>	<b>3.4</b>	<b>2.8</b>
<b>Foreign (net)</b>	<b>1.1</b>	<b>1.4</b>	<b>2.0</b>	<b>2.5</b>	<b>3.2</b>	<b>3.7</b>	<b>3.7</b>	<b>4.2</b>	<b>3.6</b>	<b>3.3</b>
Programme loans	0.5	0.4	0.9	1.3	0.5	1.7	1.6	1.4	1.4	1.2
Project loan	1.7	1.8	2.1	2.6	3.5	2.7	2.5	3.0	2.3	2.1
Amortization	-1.0	-0.8	-1.0	-1.4	-0.8	-0.7	-0.3	-0.2	-0.1	-0.1
<b>Domestic (net)</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.4</b>	<b>0.1</b>	<b>1.1</b>	<b>2.4</b>	<b>0.7</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-0.5</b>
Bank (net)	-0.2	-0.7	-0.4	0.2	0.7	0.9	0.8	0.0	0.0	-0.4
Non-bank (net)	0.2	0.4	0.0	0.0	0.4	1.4	0.0	0.0	0.0	0.0
Infrastructure Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	-0.2	0.0	-0.1	-0.1	-0.1	-0.2	-0.1
<b>Privatisation Funds</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>memo:</i>										
GDPmp	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
OC for distribution	6.3	7.4	7.2	8.1	8.8	10.2	10.6	11.0	11.3	10.6
Primary Deficit(checks issued)	-2.8	-4.5	-6.7	-7.7	-10.1	-10.9	-10.7	-11.4	-8.4	-7.3
Government Saving(checks issued)	-0.8	-1.8	-1.1	-1.9	-1.8	-3.5	-2.5	-1.5	-1.5	-0.9

Note: 1/ It has been assumed that 80% of project grants pass via the exchequer  
2/ HIPC relief from IMF, World Bank and AfDB

Source: Ministry of Finance

Table 5a: Budget Frame - Accounting (in Bill. Tsh.)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07 Prel.	2007/08	2008/09	2009/10
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Proj.	Proj.
<b>I. TOTAL RESOURCES</b>	<b>1,411</b>	<b>1,626</b>	<b>2,171</b>	<b>2,694</b>	<b>3,365</b>	<b>4,132</b>	<b>4,769</b>	<b>6,067</b>	<b>6,075</b>	<b>6,563</b>
Domestic revenue	930	1,043	1,218	1,401	1,774	2,125	2,703	3,503	3,933	4,428
Programme loans and grants	154	216	282	445	430	589	774	881	1,011	1,071
Project loans and grants	251	294	405	473	709	748	810	1,189	876	911
Basket Support Loans	..	..	66	124	163	82	21	80	74	70
Basket Support Grants	..	..	98	71	159	217	104	193	182	173
HIPC Relief Multilateral - IDA, IMF & AfDB	56	60	73	82	0	0	0	0	0	0
MDRI (IMF)/MCC					0	0	223	206	0	0
Non Bank Borrowing	16	37	0	0	48	219	0	0	0	0
Bank Borrowing	-19	-59	-36	83	97	130	135	0	0	-90
Privatisation Funds	27	0	0	17	0	0	0	0	0	0
Infrastructure Bond					0	0	0	0	0	0
<b>II. TOTAL EXPENDITURE</b>	<b>1,411</b>	<b>1,626</b>	<b>2,171</b>	<b>2,694</b>	<b>3,365</b>	<b>4,132</b>	<b>4,769</b>	<b>6,067</b>	<b>6,075</b>	<b>6,563</b>
<b>RECURRENT EXPENDITURE</b>	<b>1,125</b>	<b>1,282</b>	<b>1,507</b>	<b>2,082</b>	<b>2,125</b>	<b>2,789</b>	<b>3,189</b>	<b>3,866</b>	<b>4,314</b>	<b>4,701</b>
CFS	272	271	304	368	409	573	388	615	578	688
Debt service	210	192	201	270	250	346	268	345	306	362
Interest	130	121	100	135	143	219	201	276	256	308
Amortization	80	70	102	135	107	127	67	69	50	55
					0	0	0	0	0	0
Others	62	80	102	98	159	227	120	270	272	326
Recurrent Exp.(excl. CFS)	821	917	1,123	1,523	1,715	2,216	2,801	3,251	3,737	4,012
o/w Salaries & wages	308	342	398	464	551	657	1,004	1,113	1,280	1,432
Other Charges	409	506	726	1,041	1,165	1,559	1,762	2,138	2,396	2,519
Designated Items 1/	145	133	0	18	0	0	36	0	60	62
<b>DEVELOPMENT EXPENDITURE</b>	<b>286</b>	<b>345</b>	<b>664</b>	<b>803</b>	<b>1,240</b>	<b>1,458</b>	<b>1,580</b>	<b>2,201</b>	<b>1,760</b>	<b>1,862</b>
Projects	286	345	664	803	1,240	1,343	1,580	2,201	1,760	1,862
Local	35	50	96	136	240	296	645	739	629	708
Foreign	251	294	568	667	1,000	1,047	935	1,462	1,131	1,153
Infrastructure projects					0	115	0	0	0	0

Note: 1/ Includes contingent expenditures that will be voted at a later stage

Source: Ministry of Finance

**Table 5b: Budget Frame - Accounting (in percent of GDP)**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07 Prel.	2007/08	2008/09	2009/10
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Proj.	Proj.
<b>I. TOTAL RESOURCES</b>	<b>18.3</b>	<b>18.8</b>	<b>21.6</b>	<b>23.4</b>	<b>25.3</b>	<b>27.2</b>	<b>28.2</b>	<b>31.3</b>	<b>28.0</b>	<b>27.0</b>
Domestic revenue	12.0	12.1	12.1	12.2	13.3	14.0	16.0	18.0	18.1	18.2
Programme loans and grants	2.0	2.5	2.8	3.9	3.2	3.9	4.6	4.5	4.7	4.4
Project loans and grants	3.3	3.4	4.0	4.1	5.3	4.9	4.8	6.1	4.0	3.7
Basket Support Loans	..	..	0.7	1.1	1.2	0.5	0.1	0.4	0.3	0.3
Basket Support Grants	..	..	1.0	0.6	1.2	1.4	0.6	1.0	0.8	0.7
HIPC Relief Multilateral - IDA, IMF & AfDB	0.7	0.7	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
MDRI (IMF)	0.0	0.0	0.0	0.0	0.0	0.0	1.3	1.1	0.0	0.0
Non Bank Borrowing	0.2	0.4	0.0	0.0	0.4	1.4	0.0	0.0	0.0	0.0
Bank Borrowing	-0.2	-0.7	-0.4	0.7	0.7	0.9	0.8	0.0	0.0	-0.4
Privatisation Funds	0.3	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>II. TOTAL EXPENDITURE</b>	<b>18.3</b>	<b>18.8</b>	<b>21.6</b>	<b>23.4</b>	<b>25.3</b>	<b>27.2</b>	<b>28.2</b>	<b>31.3</b>	<b>28.0</b>	<b>27.0</b>
<b>RECURRENT EXPENDITURE</b>	<b>14.6</b>	<b>14.9</b>	<b>15.0</b>	<b>18.1</b>	<b>16.0</b>	<b>18.3</b>	<b>18.9</b>	<b>19.9</b>	<b>19.9</b>	<b>19.3</b>
CFS	3.5	3.1	3.0	3.2	3.1	3.8	2.3	3.2	2.7	2.8
Debt service	2.7	2.2	2.0	2.3	1.9	2.3	1.6	1.8	1.4	1.5
Interest	1.7	1.4	1.0	1.2	1.1	1.4	1.2	1.4	1.2	1.3
Amortization	1.0	0.8	1.0	1.2	0.8	0.8	0.4	0.4	0.2	0.2
Others	0.8	0.9	1.0	0.9	1.2	1.5	0.7	1.4	1.3	1.3
Recurrent Exp.(excl. CFS)	10.6	10.6	11.2	13.2	12.9	14.6	16.6	16.7	17.2	16.5
o/w Salaries & wages	4.0	4.0	4.0	4.0	4.1	4.3	5.9	5.7	5.9	5.9
Other Charges	5.3	5.9	7.2	9.0	8.8	10.2	10.4	11.0	11.0	10.4
Designated Items 1/	1.9	1.5	0.0	0.2	0.0	0.0	0.2	0.0	0.3	0.3
<b>DEVELOPMENT EXPENDITURE</b>	<b>3.7</b>	<b>4.0</b>	<b>6.6</b>	<b>7.0</b>	<b>9.3</b>	<b>9.6</b>	<b>9.3</b>	<b>11.3</b>	<b>8.1</b>	<b>7.7</b>
Projects	3.7	4.0	6.6	7.0	9.3	8.8	9.3	11.3	8.1	7.7
Local	0.5	0.6	1.0	1.2	1.8	1.9	3.8	3.8	2.9	2.9
Foreign	3.3	3.4	5.6	5.8	7.5	6.9	5.5	7.5	5.2	4.7
Infrastructure projects	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0

**Note:** 1/ Includes contingent expenditures that will be voted at a later stage

**Source:** Ministry of Finance

Table 6a: Sectoral - Recurrent Expenditure (in Bill. Tsh.)

VOTE VOTE HOLDER	2000/01 Budget	2000/01 Actual	2001/02 Budget	2001/02 Actual	2002/03 Budget	2002/03 Actual	2003/04 Budget	2003/04 Actual	2004/05 Budget	2004/05 Actual	2005/06 Budget	2005/06 Actual	2006/07 Budget	2006/07* Actual
<b>ADMINISTRATION</b>														
23.0 Accountant General	22.5	22.4	98.7	90.3	24.3	22.1	120.6	119.2	73.8	69.7	84.5	68.5	88.8	35.9
27.0 Registrar of Political Parties	2.8	2.7	3.9	3.8	8.0	8.0	8.7	8.7	9.5	9.5	9.7	9.7	15.2	7.4
30.0 Presidents Office & The Cabinet	24.7	24.7	31.1	31.1	40.4	40.3	49.3	49.3	69.5	69.4	84.4	84.4	91.1	55.9
26 & 31 Vice President	1.4	1.4	2.4	2.4	15.3	15.2	23.0	23.0	27.1	27.0	25.5	25.5	34.7	24.5
32.0 Civil Service Dept.	4.3	4.3	5.8	5.5	4.6	4.2	5.5	5.5	6.5	6.5	9.1	8.7	9.1	6.0
33.0 Ethics Secretariat	0.2	0.2	0.3	0.3	0.3	0.3	0.5	0.5	0.7	0.7	1.1	1.1	1.2	0.4
34.0 Foreign Affairs	20.5	24.5	29.3	27.8	33.8	34.6	44.0	44.0	59.9	59.9	60.5	54.2	49.4	33.9
35.0 Perm. Comm. Enq.	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36.0 Civil Service Comm.	0.5	0.5	0.6	0.5	0.6	0.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
25 & 37 Prime Ministers Office	5.0	5.0	11.1	8.2	14.4	14.2	12.1	12.0	16.6	15.7	20.9	20.9	18.5	6.2
40.0 Judiciary	8.8	8.8	12.0	11.8	13.2	13.1	16.9	16.9	19.5	19.3	27.3	25.8	37.0	12.9
41.0 Justice & Constitutional Affairs	1.5	1.5	2.4	2.3	3.9	3.8	4.9	4.9	5.5	5.5	7.0	6.9	7.7	3.0
42.0 Office Of The Speaker	6.6	6.6	8.7	8.4	10.7	10.3	16.0	16.0	18.4	18.4	25.6	25.6	34.6	15.0
45.0 Exchequer and Audit	1.8	1.8	1.9	1.9	2.9	2.7	4.4	4.3	5.0	5.1	7.6	7.6	9.0	3.1
50.0 Finance	41.0	40.9	88.4	58.3	58.8	53.9	78.1	75.7	93.7	92.0	125.0	122.4	157.2	69.9
51.0 Home Affairs	5.6	5.6	6.9	5.9	7.6	7.0	9.3	9.0	3.0	3.0	4.0	4.0	4.5	1.4
54.0 Radio Tanzania	1.6	1.2	1.7	1.4	3.2	2.9	3.8	3.8	0.0	0.0	0.0	0.0	0.0	0.0
55.0 Comm of Human Rights & Good Gov.	..	..	0.9	0.7	1.0	0.7	1.9	1.0	1.8	1.8	2.2	1.9	2.9	1.0
56.0 Regional Adm. & Local Government	3.9	3.9	20.5	20.4	24.6	23.6	30.7	30.7	37.3	37.3	42.7	41.6	41.3	4.5
57.0 Defence & National.	4.1	4.1	3.4	3.4	3.9	3.9	5.2	5.2	5.1	5.1	6.3	6.3	6.1	3.8
59.0 Law Reform. Commi.	0.2	0.2	0.2	0.2	0.3	0.3	0.5	0.5	0.5	0.5	0.9	0.7	0.8	0.3
60.0 Industrial Court Of Tanzania.	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	5.0	0.7	0.6
61.0 Electoral Commission	30.9	30.6	0.7	0.7	2.3	2.2	20.3	20.3	30.1	30.1	41.7	41.6	5.0	1.5
63.0 Local Govt. Servi. Comm.	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
64.0 Commercial Court	..	..	0.5	0.5	0.8	0.6	0.7	0.7	0.6	0.6	0.8	0.8	0.9	0.3
66.0 Planning Commission	2.3	2.3	14.0	13.5	20.2	20.0	7.8	7.8	15.1	15.1	12.7	11.9	22.4	7.5
90.0 Land Court	..	..	..	..	0.4	0.4	0.5	0.4	0.4	0.4	0.5	0.5	0.8	0.3
91.0 Anti-Drug Commission	..	..	..	..	0.6	0.6	0.6	0.6	0.6	0.6	1.0	0.9	1.3	0.4
93.0 Immigration Department									7.1	7.0	11.4	11.2	13.2	7.0
94.0 Public Service Commission									6.7	6.2	6.2	5.4	7.9	3.1
96.0 Information and Culture											5.2	5.1	13.0	6.5
97.0 East Africa Cooperation											2.9	2.9	7.2	2.9
<b>Sub Total</b>	<b>168.5</b>	<b>171.6</b>	<b>346.0</b>	<b>300.0</b>	<b>296.8</b>	<b>286.5</b>	<b>467.1</b>	<b>461.8</b>	<b>514.4</b>	<b>506.8</b>	<b>627.4</b>	<b>601.1</b>	<b>661.1</b>	<b>305.8</b>

Table 6a: Sectoral - Recurrent Expenditure (in Bill. Tsh.) (Cont'd)

<b>DEFENCE AND SECURITY</b>														
28.0 Police Force	42.0	41.9	43.1	41.9	52.9	52.0	67.7	67.1	82.4	82.0	100.6	103.5	135.6	47.8
29.0 Prison Services	20.9	20.8	23.4	23.1	29.3	29.2	36.9	36.7	40.7	40.7	50.6	50.6	65.6	17.8
38.0 Defence	89.2	89.2	100.0	99.7	118.6	117.9	130.0	130.0	137.7	137.7	165.9	165.9	186.6	79.1
39.0 National Service	12.5	12.5	16.4	16.2	21.5	21.5	25.5	25.5	28.1	28.1	37.8	37.8	45.6	18.5
<b>Sub Total</b>	<b>164.6</b>	<b>164.4</b>	<b>182.8</b>	<b>180.9</b>	<b>222.2</b>	<b>220.5</b>	<b>260.2</b>	<b>259.3</b>	<b>289.0</b>	<b>288.5</b>	<b>354.9</b>	<b>357.8</b>	<b>433.3</b>	<b>163.2</b>
<b>SOCIAL SERVICES</b>														
46.0 Education	28.7	28.6	37.4	36.0	40.9	39.8	51.6	49.7	59.5	59.3	70.2	68.6	134.0	43.0
49.0 Water	5.9	5.4	9.5	8.9	16.8	16.0	16.2	16.2	20.4	20.4	18.8	17.8	23.0	10.9
52.0 Health	40.1	39.9	49.1	48.2	54.5	54.0	85.6	85.2	105.1	104.2	171.6	152.0	196.0	60.1
53.0 Comm. Dev. Wome. Aff.	2.0	2.0	2.9	2.9	3.4	3.3	4.1	4.1	4.3	4.3	7.0	6.3	8.3	2.9
65.0 Labour Youth Develop.	3.2	3.1	4.3	4.3	4.8	4.7	5.5	5.5	5.9	5.9	9.2	8.1	8.1	2.2
67.0 Teachers Service Comm.	1.5	1.5	1.8	1.7	1.9	1.9	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0
68.0 Science, Tech. & H Ed	44.9	44.7	55.9	55.3	62.2	62.0	73.6	73.6	78.6	78.5	119.9	115.6	167.6	87.6
92.0 Tanzania Commission for AIDS							4.3	4.2	4.3	4.2	4.5	3.8	4.3	1.5
70 - 95 Regions	207.5	206.8	270.0	252.6	304.4	301.3	375.7	374.9	468.6	463.3	570.8	543.7	790.8	393.6
<b>Sub Total</b>	<b>333.9</b>	<b>332.0</b>	<b>430.8</b>	<b>409.9</b>	<b>488.9</b>	<b>483.1</b>	<b>618.7</b>	<b>615.5</b>	<b>746.7</b>	<b>740.1</b>	<b>972.0</b>	<b>915.9</b>	<b>1332.0</b>	<b>601.7</b>
<b>ECONOMIC SERVICES</b>														
47.0 Works .	56.0	55.9	51.6	49.0	55.1	51.9	63.2	63.2	79.4	79.0	44.7	44.6	0.0	0.0
48.0 Lands, Hous., & Urb. Dev.	4.3	4.2	4.7	4.7	5.0	4.9	5.9	5.7	6.0	6.0	13.2	13.1	16.2	6.4
58.0 Energy and Minerals.	3.7	3.7	22.8	22.6	19.0	18.8	25.2	25.0	78.7	78.6	57.7	57.5	52.7	34.2
62.0 Comm. & Transport	10.5	10.4	12.0	11.2	38.0	37.0	68.2	68.2	29.1	28.9	27.0	27.0	0.0	0.0
98.0 Infrastructure											44.7	40.1	177.1	52.2
<b>Sub Total</b>	<b>74.4</b>	<b>74.2</b>	<b>91.1</b>	<b>87.4</b>	<b>117.1</b>	<b>112.6</b>	<b>162.5</b>	<b>162.1</b>	<b>193.2</b>	<b>192.5</b>	<b>187.3</b>	<b>182.3</b>	<b>246.0</b>	<b>92.8</b>
<b>PRODUCTIVE</b>														
24.0 Cooperatives & Marketing			5.5	5.4	6.3	6.1	7.1	7.1	7.9	7.8	3.9	2.9	0.0	0.0
43.0 Agriculture & Food Security	12.1	12.1	9.6	8.7	16.2	15.7	41.5	41.2	35.4	35.4	71.4	68.1	77.3	21.3
44.0 Industries and Trade	4.1	4.1	5.8	5.2	7.6	7.4	8.1	8.1	9.0	8.8	14.6	13.8	15.7	6.7
69.0 Tour., Nat. Res. & Env.	13.5	11.6	14.8	14.1	20.5	20.2	26.3	26.3	27.9	27.5	34.5	32.8	35.1	14.4
99.0 Livestock Development											5.3	3.5	12.6	4.0
<b>Sub Total</b>	<b>29.7</b>	<b>27.8</b>	<b>35.7</b>	<b>33.4</b>	<b>50.6</b>	<b>49.3</b>	<b>83.0</b>	<b>82.7</b>	<b>80.2</b>	<b>79.4</b>	<b>129.7</b>	<b>121.1</b>	<b>140.7</b>	<b>46.4</b>
<b>CFS</b>														
20.0 State house	1.1	1.1	1.4	1.4	2.0	1.9	3.5	3.4	4.5	4.5	4.9	4.9	5.6	2.7
22.0 Public Debt	286.4	261.9	337.5	275.1	321.6	262.5	311.7	305.8	377.8	329.3	555.3	555.3	282.2	202.2
<b>Sub Total</b>	<b>287.5</b>	<b>263.0</b>	<b>338.9</b>	<b>276.5</b>	<b>323.6</b>	<b>264.4</b>	<b>315.2</b>	<b>309.2</b>	<b>382.3</b>	<b>333.8</b>	<b>560.2</b>	<b>560.2</b>	<b>287.8</b>	<b>204.9</b>
<b>GRAND TOTAL</b>	<b>1058.6</b>	<b>1033.1</b>	<b>1425.3</b>	<b>1288.0</b>	<b>1499.2</b>	<b>1416.3</b>	<b>1906.7</b>	<b>1890.7</b>	<b>2205.7</b>	<b>2141.2</b>	<b>2831.5</b>	<b>2738.4</b>	<b>3100.9</b>	<b>1414.8</b>

Note: \* Actual expenditure for FY07 are from the Expenditure Flash Reports (July 2006 - December 2006); and vote 47 and 62 merged to form vote 98 starting from 2005/6

Source: MoF (Consolidated Appropriations Accounts and Expenditure Flash Report).

Table 6b: Sectoral - Development Expenditure (in Bill. Tsh.)

VOTE VOTE HOLDER	2000/01 Budget	2000/01 Actual	2001/02 Budget	2001/02 Actual	2002/03 Budget	2002/03 Actual	2003/04 Budget	2003/04 Actual	2004/05 Budget	2004/05 Actual	2005/06 Budget	2005/06 Actual	2006/07 Budget	2006/07* Actual
<b>ADMINISTRATION</b>														
23.0 Accountant General	1.1	0.7	1.4	0.2	1.5	0.4	1.5	1.4	11.3	1.2	7.8	4.3	6.2	0.0
27.0 Registrar of Political Parties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30.0 Presidents Office & The Cabinet	10.4	5.2	9.1	7.2	12.3	28.6	35.0	28.6	36.8	14.1	58.1	21.1	34.8	0.0
26 & 31 Vice President	8.3	0.5	4.5	0.2	7.2	3.7	9.3	9.3	15.1	11.8	8.3	5.6	8.6	0.6
32.0 Civil Service Dept.	6.8	6.8	8.6	8.4	11.3	2.5	15.4	9.4	38.0	20.8	48.9	25.3	49.3	13.7
33.0 Ethics Secretariat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34.0 Foreign Affairs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35.0 Permanent Comm. of Enquiry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36.0 Civil Service Comm.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
37.0 Prime Minister's Office	4.2	0.4	2.2	0.4	5.9	5.0	4.2	4.1	12.3	10.7	13.2	12.0	15.1	0.7
40.0 Judiciary	0.8	0.8	0.4	0.2	0.4	0.4	1.7	1.7	2.7	2.7	2.6	1.3	4.4	1.1
41.0 Justice & Constitutional Affairs	0.0	0.0	1.2	0.6	2.9	0.6	4.5	1.4	4.4	1.2	6.5	0.4	12.0	0.2
42.0 Office of The Speaker	0.5	0.5	0.0	0.0	0.0	0.0	4.5	4.5	1.9	1.9	1.0	0.8	0.3	0.0
45.0 Exchequer & Audit Department	0.6	0.1	1.0	0.1	0.8	0.2	1.6	0.2	2.0	2.0	4.7	3.3	2.5	0.0
50.0 Finance	9.8	1.5	34.9	1.3	27.7	9.1	21.3	15.5	18.1	15.7	19.9	11.3	33.8	2.3
51.0 Home Affairs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2	2.3	0.5
54.0 Radio Tanzania	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
55.0 Comm of Human Rights & Good Gov.	..	..	0.0	0.0	1.1	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
56.0 Regional Administration and Local Gov.	27.1	13.1	70.3	58.3	109.7	74.2	106.1	45.7	145.5	135.9	176.5	149.9	145.0	1.5
57.0 Defence & National	1.0	1.0	1.0	1.0	9.1	9.1	24.0	24.0	47.0	47.0	45.0	45.0	49.8	49.7
59.0 Law Reform Comm.	0.0	0.0	0.5	0.1	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
60.0 Industrial Court of Tanzania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.7	0.1	0.7	0.0
61.0 Electoral Commission	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	6.3	0.0	0.0	0.0	0.0
63.0 Local Govt Service Comm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
64.0 Commercial Court	..	..	0.2	0.0	0.3	0.0	0.3	0.0	0.2	0.2	0.5	0.1	0.2	0.1
66.0 Planning Comm.	2.5	2.2	2.7	0.4	15.9	9.2	16.7	7.2	14.8	6.9	38.6	14.5	21.0	1.4
90.0 Land Court	..	..	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
91.0 Drugs Control Commission	..	..	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
93.0 Immigration Department									0.0	0.0	0.1	0.1	5.4	0.0
94.0 Public Service Commission									0.0	0.0	0.1	0.1	0.1	0.0
96.0 Information and Culture											1.1	0.4	40.0	0.7
97.0 East Africa Cooperation											0.0	0.0	0.0	0.0
<b>Sub Total</b>	<b>72.2</b>	<b>32.9</b>	<b>138.2</b>	<b>78.7</b>	<b>206.7</b>	<b>143.5</b>	<b>247.8</b>	<b>153.7</b>	<b>356.7</b>	<b>278.4</b>	<b>433.9</b>	<b>295.9</b>	<b>431.4</b>	<b>72.4</b>

Table 6b: Sectoral - Development Expenditure (in Bill. Tsh.) (Cont'd)

<b>DEFENCE AND SECURITY</b>														
28.0 Police Force	0.0	0.0	0.3	0.3	3.3	3.3	5.3	5.3	5.3	5.3	5.4	4.0	7.4	1.0
29.0 Prison Services	0.0	0.0	0.0	0.0	2.9	2.9	2.9	2.9	2.9	2.9	3.9	2.9	5.3	0.7
38.0 Defence	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.6	0.0
39.0 National Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0
<b>Sub Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>6.2</b>	<b>6.2</b>	<b>8.2</b>	<b>8.1</b>	<b>8.2</b>	<b>8.2</b>	<b>10.0</b>	<b>6.9</b>	<b>13.5</b>	<b>1.7</b>
<b>SOCIAL SERVICES</b>														
46.0 Education	22.1	19.8	19.0	7.9	83.4	57.5	86.9	70.8	113.3	92.4	108.6	34.5	105.7	73.2
49.0 Water	29.6	11.0	15.9	6.1	46.0	11.7	46.1	38.8	115.4	93.4	111.4	80.2	147.3	50.9
52.0 Health	34.2	25.5	42.5	30.1	62.8	62.4	44.7	43.9	91.2	71.7	103.4	84.2	90.9	6.2
53.0 Comm. Dev & W	1.6	1.5	1.5	1.5	2.7	0.2	1.4	0.7	1.2	0.7	1.3	0.7	2.1	0.1
65.0 Labor Youth	3.0	0.3	1.7	1.7	3.1	0.1	8.1	4.7	55.3	15.7	22.9	13.4	3.4	0.1
67.0 Teacher's Service Comm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
68.0 Science, Tech	4.2	4.2	4.2	3.3	11.1	10.1	15.8	8.8	25.6	24.4	26.7	17.6	42.2	14.8
92.0 Tanzania Commission for AIDS							10.4	4.2	21.7	10.8	32.7	23.9	26.0	0.0
70 - 95 Regions	0.0	0.0	36.6	23.1	35.6	18.9	35.5	28.1	46.2	26.5	52.6	23.7	48.8	6.8
<b>Sub Total</b>	<b>94.7</b>	<b>62.2</b>	<b>121.5</b>	<b>73.7</b>	<b>244.8</b>	<b>160.8</b>	<b>249.0</b>	<b>200.0</b>	<b>470.0</b>	<b>335.6</b>	<b>459.7</b>	<b>278.2</b>	<b>466.5</b>	<b>152.0</b>
<b>ECONOMIC SERVICES</b>														
47.0 Works & Trans	31.7	16.7	52.5	50.1	133.5	90.2	140.9	69.6	178.7	122.5	57.0	66.3	0.0	0.0
48.0 Lands, Housing	0.9	0.9	0.7	0.7	10.0	10.0	0.8	0.8	0.7	0.6	2.1	0.5	2.1	0.1
58.0 Energy and Minerals	30.5	5.3	8.0	4.6	74.1	8.0	61.6	47.3	46.9	46.8	93.7	52.3	432.5	5.4
62.0 Comm. & Transport	22.4	22.4	7.6	7.6	13.3	8.9	32.5	32.5	22.7	20.0	1.3	1.3	39.1	1.2
98.0 Infrastructure											198.3	88.8	280.7	56.1
<b>Sub Total</b>	<b>85.5</b>	<b>45.2</b>	<b>68.8</b>	<b>63.0</b>	<b>230.9</b>	<b>117.1</b>	<b>235.7</b>	<b>150.2</b>	<b>249.0</b>	<b>189.9</b>	<b>352.5</b>	<b>209.2</b>	<b>754.5</b>	<b>62.9</b>
<b>PRODUCTIVE</b>														
24.0 Cooperatives & Marketing			0.0	0.1	1.2	1.0	0.4	2.3	4.1	3.1	0.4	0.0	0.0	0.0
43.0 Agriculture & Food Security	16.7	13.0	16.0	14.7	18.6	14.5	31.5	19.2	29.1	19.8	62.1	29.3	45.8	4.7
44.0 Industries & Trade	0.4	0.2	1.2	1.2	0.8	0.3	1.8	0.2	1.6	0.9	1.8	1.1	3.0	0.3
69.0 Tourism, Nat.	5.5	5.1	4.4	3.9	10.9	5.3	28.9	7.9	19.0	14.4	22.0	21.4	24.7	3.1
99.0 Livestock Development											2.2	2.2	9.9	0.4
<b>Sub Total</b>	<b>22.6</b>	<b>18.4</b>	<b>21.5</b>	<b>19.9</b>	<b>31.5</b>	<b>21.1</b>	<b>62.7</b>	<b>29.6</b>	<b>53.7</b>	<b>38.2</b>	<b>88.4</b>	<b>53.9</b>	<b>73.5</b>	<b>8.1</b>
<b>CONSOLIDATED FUND SERVICE</b>														
20.0 State House	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22.0 Public Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>GRAND TOTAL</b>	<b>275.1</b>	<b>158.8</b>	<b>350.3</b>	<b>235.5</b>	<b>720.1</b>	<b>448.6</b>	<b>803.3</b>	<b>541.6</b>	<b>1137.5</b>	<b>850.3</b>	<b>1344.6</b>	<b>844.1</b>	<b>1739.3</b>	<b>297.1</b>

Note: \* Actual expenditure for FY07 are from the Expenditure Flash Reports (July 2006 - December 2006); and vote 47 and 62 merged to form vote 98 starting from 2005/6

Source: MoF (Consolidated Appropriations Accounts and Expenditure Flash Report).

**Table 6c: Sectoral - Total Expenditure (in Bill. Tsh.)**

VOTE VOTE HOLDER	2000/01 Budget	2000/01 Actual	2001/02 Budget	2001/02 Actual	2002/03 Budget	2002/03 Actual	2003/04 Budget	2003/04 Actual	2004/05 Budget	2004/05 Actual	2005/06 Budget	2005/06 Actual	2006/07 Budget	2006/07* Actual
<b>ADMINISTRATION</b>														
23.0 Accountant General	23.6	23.1	100.1	90.5	25.8	22.5	122.1	120.6	85.1	70.8	92.3	72.8	95.0	35.9
27.0 Registrar of Political Parties	2.8	2.7	3.9	3.8	8.0	8.0	8.7	8.7	9.5	9.5	9.7	9.7	15.2	7.4
30.0 Presidents Office	35.1	29.9	40.2	38.3	52.7	68.9	84.3	77.9	106.3	83.5	142.5	105.5	125.9	55.9
26 & 31 Vice President	9.7	1.9	6.9	2.6	22.5	19.0	32.4	32.3	42.2	38.8	33.8	31.1	43.3	25.1
32.0 Civil Service Dept.	11.2	11.1	14.4	13.9	15.9	6.7	20.9	15.0	44.5	27.2	58.0	34.0	58.4	19.7
33.0 Ethics Secretariat	0.2	0.2	0.3	0.3	0.3	0.3	0.5	0.5	0.7	0.7	1.1	1.1	1.2	0.4
34.0 Foreign Affairs	20.5	24.5	29.3	27.8	33.8	34.6	44.0	44.0	59.9	59.9	60.5	54.2	49.4	33.9
35.0 Perm. Comm. Enq.	..	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36.0 Civil Service Comm.	0.3	0.5	0.6	0.5	0.6	0.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
37.0 Prime Ministers Office	9.2	5.4	13.3	8.6	20.3	19.3	16.3	16.1	28.9	26.4	34.1	32.9	33.6	6.9
40.0 Judiciary	9.6	9.6	12.4	12.0	13.6	13.5	18.6	18.6	22.2	22.0	29.9	27.1	41.3	14.0
41.0 Justice	1.5	1.5	3.6	2.9	6.8	4.4	9.4	6.3	9.9	6.7	13.5	7.3	19.6	3.1
42.0 Office Of The Speaker	7.1	7.0	8.7	8.4	10.7	10.3	20.6	20.5	20.3	20.3	26.6	26.4	34.9	15.0
45.0 Exchequer and Audit	2.3	1.8	2.9	2.0	3.6	2.9	6.0	4.5	7.0	7.0	12.4	10.9	11.6	3.1
50.0 Finance	50.8	42.4	123.3	59.6	86.5	62.9	99.4	91.3	111.8	107.8	144.9	133.7	190.9	72.2
51.0 Home Affairs	5.6	5.6	6.9	5.9	7.6	7.0	9.3	9.0	3.0	3.0	4.3	4.2	6.7	2.0
54.0 Radio Tanzania	1.9	1.5	2.0	1.7	3.5	3.2	4.1	4.1	0.0	0.0	0.0	0.0	0.0	0.0
55.0 Comm of Human Rights & Good Gov.	..	..	0.9	0.7	2.1	0.7	3.0	1.0	1.8	1.8	2.2	1.9	2.9	1.0
56.0 Regional Administration and Local Gov.	31.0	17.0	90.8	78.7	134.2	97.8	136.9	76.5	182.8	173.2	219.2	191.5	186.2	6.0
57.0 Defence & National.	5.1	5.1	4.4	4.4	12.9	12.9	29.2	29.2	52.1	52.1	51.3	51.3	56.0	53.4
59.0 Law Reform. Commi.	0.2	0.2	0.7	0.3	0.5	0.5	0.7	0.7	0.5	0.5	0.9	0.7	0.8	0.3
60.0 Industrial Court Of Tz.	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.7	0.6	1.2	5.1	1.4	0.6
61.0 Electoral Commission	30.9	30.6	0.7	0.7	2.3	2.2	20.3	20.3	36.4	36.4	41.7	41.6	5.0	1.5
63.0 Local Govt. Servi. Comm.	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
64.0 Commercial Court	..	..	0.7	0.5	1.0	0.6	1.0	0.7	0.7	0.7	1.3	0.9	1.1	0.4
66.0 Planning Commission	4.8	4.5	16.6	13.9	36.1	29.2	24.5	15.0	29.9	22.0	51.2	26.4	43.4	8.9
90.0 Land Court					0.4	0.4	0.5	0.4	0.4	0.4	0.5	0.5	0.8	0.3
91.0 Drugs Control Commission					0.6	0.6	0.6	0.6	0.6	0.6	1.0	0.9	1.3	0.4
93.0 Immigration Department									7.1	7.0	11.5	11.3	18.6	7.0
94.0 Public Service Commission									6.7	6.2	6.3	5.5	8.1	3.1
96.0 Information and Culture											6.3	5.5	53.0	7.2
97.0 East Africa Cooperation											2.9	2.9	7.2	2.9
<b>Sub Total</b>	<b>240.7</b>	<b>203.8</b>	<b>484.1</b>	<b>378.6</b>	<b>503.5</b>	<b>430.0</b>	<b>714.9</b>	<b>615.5</b>	<b>871.1</b>	<b>785.2</b>	<b>1061.3</b>	<b>897.0</b>	<b>1092.5</b>	<b>378.2</b>



**Table 6c: Sectoral - Total Expenditure (in Bill. Tsh.) (Cont'd)**

<b>DEFENCE AND SECURITY</b>														
28.0 Police Force	42.0	41.9	43.4	42.2	56.2	55.3	73.0	72.4	87.7	87.3	106.0	107.5	142.9	48.8
29.0 Prison Services	20.9	20.8	23.4	23.1	32.2	32.1	39.8	39.6	43.6	43.6	54.5	53.5	70.9	18.5
38.0 Defence	89.2	89.2	100.0	99.7	118.6	117.9	130.0	130.0	137.7	137.7	166.4	165.9	187.2	79.1
39.0 National Service	12.5	12.5	16.4	16.2	21.5	21.5	25.5	25.5	28.1	28.1	38.0	37.8	45.8	18.5
<b>Sub Total</b>	<b>164.6</b>	<b>164.4</b>	<b>183.1</b>	<b>181.2</b>	<b>228.4</b>	<b>226.7</b>	<b>268.4</b>	<b>267.5</b>	<b>297.2</b>	<b>296.7</b>	<b>364.9</b>	<b>364.7</b>	<b>446.8</b>	<b>164.9</b>
<b>SOCIAL SERVICES</b>														
46.0 Education	50.8	48.4	56.4	43.9	124.2	97.3	138.5	120.5	172.7	151.7	178.8	103.1	239.7	116.2
49.0 Water,	35.5	25.2	25.4	15.0	62.8	27.7	62.3	55.1	135.8	113.8	130.2	98.0	170.3	61.8
52.0 Health	74.3	65.4	91.6	78.3	117.3	116.4	130.3	129.0	196.3	175.9	275.0	236.2	286.8	66.3
53.0 Comm. Dev.Wome. Aff.	3.6	3.5	4.4	4.4	6.2	3.5	5.4	4.8	5.5	5.0	8.3	7.0	10.4	3.0
65.0 Labour Youth Develop.	6.2	3.3	6.0	6.0	8.0	4.8	13.7	10.3	61.3	21.6	32.1	21.5	11.5	2.3
67.0 Teachers Service Comm.	1.5	5.7	1.8	1.7	1.9	1.9	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0
68.0 Science, Tech.& H Ed	49.1	44.7	60.1	58.6	73.4	72.1	89.4	82.4	104.2	103.0	146.6	133.2	209.9	102.4
92.0 Tanzania Commission for AIDS							14.7	8.4	26.1	15.0	37.2	27.7	30.4	1.5
70 & 89 Regions	207.5	206.8	306.6	275.7	340.0	320.2	411.3	403.0	514.8	489.8	623.4	567.4	839.6	400.3
<b>Sub Total</b>	<b>428.6</b>	<b>394.2</b>	<b>552.3</b>	<b>483.6</b>	<b>733.7</b>	<b>643.9</b>	<b>867.7</b>	<b>815.5</b>	<b>1216.7</b>	<b>1075.7</b>	<b>1431.7</b>	<b>1194.1</b>	<b>1798.5</b>	<b>753.7</b>
<b>ECONOMIC SERVICES</b>														
47.0 Works .	87.7	72.6	104.1	99.1	188.6	142.1	204.1	132.7	258.1	201.5	101.7	110.9	0.0	0.0
48.0 Lands, Hous.,& Urb. Dev.	5.2	5.1	5.4	5.4	15.0	14.9	6.6	6.5	6.7	6.6	15.3	13.6	18.3	6.5
58.0 Energy and Minerals.	34.1	8.9	30.8	27.2	93.1	26.7	86.8	72.4	125.6	125.4	151.4	109.8	485.2	39.6
62.0 Comm.& Transport	32.8	32.8	19.6	18.8	51.3	45.9	100.7	100.7	51.8	48.9	28.3	28.3	39.1	1.2
98.0 Infrastructure											243.0	128.9	457.9	108.3
<b>Sub Total</b>	<b>159.9</b>	<b>119.5</b>	<b>159.9</b>	<b>150.4</b>	<b>348.0</b>	<b>229.6</b>	<b>398.2</b>	<b>312.3</b>	<b>442.2</b>	<b>382.4</b>	<b>539.8</b>	<b>391.5</b>	<b>1000.5</b>	<b>155.6</b>
<b>PRODUCTIVE</b>														
24.0 Cooperatives & Marketing			5.5	5.5	7.5	7.0	7.5	9.5	12.0	10.9	4.3	2.9	0.0	0.0
43.0 Agriculture & Food Security	28.8	25.1	25.6	23.4	34.8	30.2	73.0	60.4	64.5	55.2	133.5	97.4	123.1	26.0
44.0 Industries and Trade	4.5	4.4	7.0	6.4	8.4	7.6	10.0	8.3	10.5	9.6	16.4	14.9	18.7	7.0
69.0 Tour., Nat. Res. & Env.	19.0	16.7	19.2	18.0	31.5	25.5	55.2	34.1	46.8	41.9	56.5	54.2	59.8	17.5
99.0 Livestock Development											7.5	5.6	22.6	4.4
<b>Sub Total</b>	<b>52.3</b>	<b>46.2</b>	<b>57.2</b>	<b>53.3</b>	<b>82.1</b>	<b>70.4</b>	<b>145.7</b>	<b>112.4</b>	<b>133.9</b>	<b>117.7</b>	<b>218.2</b>	<b>175.0</b>	<b>214.2</b>	<b>54.5</b>
<b>CONSOLIDATED FUND SERVICE</b>														
20.0 State house	1.1	1.1	1.4	1.4	2.0	1.9	3.5	3.4	4.5	4.5	4.9	4.9	5.6	2.7
22.0 Public Debt	286.4	261.9	337.5	275.1	321.6	262.5	311.7	305.8	377.8	329.3	555.3	555.3	282.2	202.2
<b>Sub Total</b>	<b>287.5</b>	<b>263.0</b>	<b>338.9</b>	<b>276.5</b>	<b>323.6</b>	<b>264.4</b>	<b>315.2</b>	<b>309.2</b>	<b>382.3</b>	<b>333.8</b>	<b>560.2</b>	<b>560.2</b>	<b>287.8</b>	<b>204.9</b>
<b>GRAND TOTAL</b>	<b>1333.7</b>	<b>1191.1</b>	<b>1775.6</b>	<b>1523.5</b>	<b>2219.3</b>	<b>1865.0</b>	<b>2710.0</b>	<b>2432.3</b>	<b>3343.2</b>	<b>2991.6</b>	<b>4176.1</b>	<b>3582.4</b>	<b>4840.3</b>	<b>1711.9</b>

Note: \* Actual expenditure for FY07 are from the Expenditure Flash Reports (July 2006 - December 2006); and vote 47 and 62 merged to form vote 98 starting from 2005/6

Source: MoF (Consolidated Appropriations Accounts and Expenditure Flash Report).

**Table 7a: Actual Recurrent Expenditure by Vote as the Share of Total Actual Recurrent Expenditure**

VOTE VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>ADMINISTRATION</b>							
23.0 Accountant General	2.17	7.01	1.56	6.30	3.25	2.50	2.54
27.0 Registrar of Political Parties	0.26	0.30	0.57	0.46	0.44	0.35	0.52
30.0 Presidents Office	2.39	2.41	2.84	2.61	3.24	3.08	3.95
31.0 2nd Vice President	0.14	0.19	1.08	1.22	1.26	0.93	1.73
32.0 Civil Service Dept.	0.42	0.43	0.29	0.29	0.30	0.32	0.42
33.0 Ethics Secretariat	0.02	0.02	0.02	0.03	0.03	0.04	0.03
34.0 Foreign Affairs	2.37	2.16	2.44	2.33	2.80	1.98	2.40
35.0 Perm. Comm. Enq.	0.03	0.00	0.00	0.00	0.00	0.00	0.00
36.0 Civil Service Comm.	0.05	0.04	0.04	0.04	0.00	0.00	0.00
37.0 Prime Ministers Office	0.49	0.64	1.01	0.63	0.74	0.76	0.44
40.0 Judiciary	0.85	0.92	0.92	0.89	0.90	0.94	0.91
41.0 Justice	0.15	0.18	0.27	0.26	0.26	0.25	0.21
42.0 Office Of The Speaker	0.64	0.65	0.73	0.85	0.86	0.93	1.06
45.0 Exchequer and Audit	0.17	0.15	0.19	0.23	0.24	0.28	0.22
50.0 Finance	3.96	4.53	3.80	4.00	4.30	4.47	4.94
51.0 Home Affairs	0.54	0.46	0.50	0.48	0.14	0.15	0.10
54.0 Radio Tanzania	0.11	0.11	0.20	0.20	0.00	0.00	0.00
55.0 Comm of Human Rights & Good Gov.	..	0.05	0.05	0.05	0.08	0.07	0.07
56.0 Regional Administration and Local Gov.	0.37	1.58	1.67	1.63	1.74	1.52	0.32
57.0 Defence & National.	0.40	0.26	0.27	0.27	0.24	0.23	0.27
59.0 Law Reform. Commi.	0.02	0.02	0.02	0.03	0.02	0.03	0.02
60.0 Industrial Court Of Tz.	0.03	0.02	0.03	0.02	0.02	0.18	0.04
61.0 Electoral Commission	2.96	0.05	0.16	1.08	1.41	1.52	0.10
63.0 Local Govt. Servi. Comm.	0.02	0.03	0.04	0.04	0.00	0.00	0.00
64.0 Commercial Court	..	0.04	0.04	0.04	0.03	0.03	0.02
66.0 Planning Commission	0.22	1.05	1.41	0.41	0.70	0.43	0.53
90.0 Land Court	..	..	0.03	0.02	0.02	0.02	0.02
91.0 Anti-Drug Commission	..	..	0.04	0.03	0.03	0.03	0.03
93.0 Immigration Department	0.00	0.00	0.00	0.00	0.33	0.41	0.49
94.0 Public Service Commission	0.00	0.00	0.00	0.00	0.29	0.20	0.22
96.0 Information and Culture	0.00	0.00	0.00	0.00	0.00	0.19	0.46
97.0 East Africa Cooperation	0.00	0.00	0.00	0.00	0.00	0.11	0.21
<b>Sub Total</b>	<b>16.61</b>	<b>23.29</b>	<b>20.23</b>	<b>24.42</b>	<b>23.67</b>	<b>21.95</b>	<b>21.62</b>
<b>DEFENCE AND SECURITY</b>							
28.0 Police Force	4.05	3.25	3.67	3.55	3.83	3.78	3.38
29.0 Prison Services	2.02	1.79	2.06	1.94	1.90	1.85	1.26
38.0 Defence	8.63	7.74	8.32	6.88	6.43	6.06	5.59
39.0 National Service	1.21	1.26	1.52	1.35	1.31	1.38	1.31
<b>Sub Total</b>	<b>15.91</b>	<b>14.04</b>	<b>15.57</b>	<b>13.72</b>	<b>13.48</b>	<b>13.07</b>	<b>11.53</b>
<b>SOCIAL SERVICES</b>							
46.0 Education	2.77	2.79	2.81	2.63	2.77	2.51	3.04
49.0 Water,	0.52	0.69	1.13	0.86	0.95	0.65	0.77
52.0 Health	3.86	3.74	3.81	4.51	4.86	5.55	4.25
53.0 Comm. Dev.Wome. Aff.	0.19	0.23	0.24	0.22	0.20	0.23	0.21
65.0 Labour Youth Develop.	0.30	0.33	0.33	0.29	0.28	0.30	0.15
67.0 Teachers Service Comm.	0.15	0.13	0.13	0.11	0.00	0.00	0.00
68.0 Science, Tech.& H Ed	4.33	4.29	4.38	3.89	3.67	4.22	6.19
92.0 Tanzania Commission for AIDS	0.00	0.00	0.00	0.22	0.20	0.14	0.10
70 - 89 Regions	20.02	19.61	21.28	19.83	21.64	19.85	27.82
<b>Sub Total</b>	<b>32.14</b>	<b>31.82</b>	<b>34.11</b>	<b>32.56</b>	<b>34.56</b>	<b>33.45</b>	<b>42.53</b>
<b>ECONOMIC SERVICES</b>							
47.0 Works .	5.42	3.80	3.66	3.34	3.69	1.63	0.00
48.0 Lands, Hous.,& Urb. Dev.	0.40	0.36	0.34	0.30	0.28	0.48	0.45
58.0 Energy and Minerals.	0.35	1.75	1.33	1.32	3.67	2.10	2.42
62.0 Comm.& Transport	1.01	0.87	2.61	3.61	1.35	0.99	0.00
98.0 Infrastructure	0.00	0.00	0.00	0.00	0.00	1.46	3.69
<b>Sub Total</b>	<b>7.19</b>	<b>6.78</b>	<b>7.95</b>	<b>8.57</b>	<b>8.99</b>	<b>6.66</b>	<b>6.56</b>
<b>PRODUCTIVE</b>							
24.0 Cooperatives & Marketing	0.00	0.42	0.43	0.38	0.36	0.11	0.00
43.0 Agriculture & Food Security	1.17	0.68	1.11	2.18	1.65	2.49	1.51
44.0 Industries and Trade	0.40	0.40	0.52	0.43	0.41	0.50	0.47
69.0 Tour., Nat. Res. & Env.	1.12	1.10	1.43	1.39	1.28	1.20	1.02
99.0 Livestock Development	0.00	0.00	0.00	0.00	0.00	0.13	0.28
<b>Sub Total</b>	<b>2.69</b>	<b>2.60</b>	<b>3.48</b>	<b>4.38</b>	<b>3.71</b>	<b>4.42</b>	<b>3.28</b>
<b>CONSOLIDATED FUND SERVICE</b>							
20.0 State house	0.11	0.11	0.13	0.18	0.21	0.18	0.19
22.0 Public Debt	25.35	21.36	18.54	16.18	15.38	20.28	14.29
<b>Sub Total</b>	<b>25.46</b>	<b>21.47</b>	<b>18.67</b>	<b>16.36</b>	<b>15.59</b>	<b>20.46</b>	<b>14.48</b>
<b>GRAND TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Table 6a

**Table 7b: Actual Development Expenditure by Vote as the Share of Total Actual Development Expenditure**

VOTE VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>ADMINISTRATION</b>							
23.0 Accountant General	0.42	0.08	0.08	0.26	0.14	0.51	0.00
27.0 Registrar of Political Parties	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30.0 Presidents Office	3.28	3.06	6.38	5.29	1.66	2.50	0.00
31.0 2nd Vice President	0.30	0.08	0.83	1.72	1.39	0.67	0.20
32.0 Civil Service Dept.	4.28	3.57	0.56	1.74	2.44	3.00	4.61
33.0 Ethics Secretariat	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34.0 Foreign Affairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35.0 Perm. Comm. Enq.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
36.0 Civil Service Comm.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
37.0 Prime Ministers Office	0.25	0.17	1.12	0.76	1.26	1.42	0.23
40.0 Judiciary	0.50	0.08	0.09	0.31	0.32	0.16	0.38
41.0 Justice	0.00	0.25	0.12	0.26	0.14	0.05	0.06
42.0 Office Of The Speaker	0.30	0.00	0.00	0.83	0.22	0.09	0.00
45.0 Exchequer and Audit	0.03	0.04	0.04	0.04	0.23	0.39	0.00
50.0 Finance	0.94	0.54	2.02	2.87	1.85	1.34	0.77
51.0 Home Affairs	0.00	0.00	0.00	0.00	0.00	0.03	0.18
54.0 Radio Tanzania	0.19	0.13	0.07	0.06	0.00	0.00	0.00
55.0 Comm of Human Rights & Good Gov.	..	0.00	0.00	0.00	0.00	0.00	0.00
56.0 Regional Adminisstration and Local Gov.	8.25	24.75	16.54	8.44	15.98	17.76	0.50
57.0 Defence & National.	0.63	0.42	2.02	4.43	5.52	5.33	16.71
59.0 Law Reform. Commi.	0.00	0.04	0.04	0.04	0.00	0.00	0.00
60.0 Industrial Court Of Tz.	0.00	0.00	0.00	0.00	0.01	0.02	0.00
61.0 Electoral Commision	0.00	0.00	0.00	0.00	0.74	0.00	0.00
63.0 Local Govt. Servi. Comm.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
64.0 Commercial Court	0.00	0.00	0.00	0.00	0.02	0.01	0.03
66.0 Planning Commission	1.37	0.17	2.05	1.32	0.81	1.72	0.46
90.0 Land Court			0.00	0.00	0.00	0.00	0.00
91.0 Anti-Drug Commission			0.00	0.00	0.00	0.00	0.00
93.0 Immigration Department					0.00	0.01	0.00
94.0 Public Service Commission					0.00	0.01	0.00
96.0 Information and Culture						0.05	0.24
97.0 East Africa Cooperation						0.00	0.00
<b>Sub Total</b>	<b>20.74</b>	<b>33.40</b>	<b>31.98</b>	<b>28.37</b>	<b>32.74</b>	<b>35.06</b>	<b>24.37</b>

**Table 7b: Actual Development Expenditure by Vote as the Share of Total Actual Development Expenditure (Cont'd)**

VOTE VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>DEFENCE AND SECURITY</b>							
28.0 Police Force	0.00	0.13	0.74	0.97	0.62	0.47	0.35
29.0 Prison Services	0.00	0.00	0.65	0.53	0.34	0.34	0.23
38.0 Defence	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39.0 National Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub Total</b>	<b>0.00</b>	<b>0.13</b>	<b>1.38</b>	<b>1.50</b>	<b>0.96</b>	<b>0.81</b>	<b>0.58</b>
<b>SOCIAL SERVICES</b>							
46.0 Education	12.49	3.35	12.81	13.07	10.87	4.08	24.65
49.0 Water,	6.91	2.59	2.61	7.17	10.98	9.50	17.12
52.0 Health	16.05	12.78	13.90	8.10	8.43	9.98	2.07
53.0 Comm. Dev.Wome. Aff.	0.92	0.64	0.04	0.13	0.08	0.08	0.03
65.0 Labour Youth Develop.	0.16	0.72	0.03	0.88	1.85	1.59	0.04
67.0 Teachers Service Comm.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
68.0 Science, Tech.& H Ed	2.65	1.40	2.25	1.62	2.88	2.08	4.98
92.0 Tanzania Commission for AIDS			0.00	0.77	1.27	2.84	0.00
70 & 89 Regions	0.00	9.81	4.21	5.19	3.12	2.81	2.28
<b>Sub Total</b>	<b>39.19</b>	<b>31.29</b>	<b>35.84</b>	<b>36.92</b>	<b>39.47</b>	<b>32.96</b>	<b>51.17</b>
<b>ECONOMIC SERVICES</b>							
47.0 Works .	10.50	21.27	20.11	12.85	14.41	7.85	0.00
48.0 Lands, Hous.,& Urb. Dev.	0.56	0.30	2.23	0.14	0.07	0.06	0.05
58.0 Energy and Minerals.	3.34	1.95	1.77	8.74	5.50	6.20	1.82
62.0 Comm.& Transport	14.10	3.23	1.98	6.00	2.35	0.15	0.40
98.0 Infrastructure						10.52	18.89
<b>Sub Total</b>	<b>28.50</b>	<b>26.75</b>	<b>26.10</b>	<b>27.73</b>	<b>22.33</b>	<b>24.78</b>	<b>21.16</b>
<b>PRODUCTIVE</b>							
24.0 Cooperatives & Marketing	0.00	0.02	0.22	0.43	0.37	0.00	0.01
43.0 Agriculture & Food Security	8.19	6.24	3.24	3.54	2.33	3.47	1.57
44.0 Industries and Trade	0.15	0.51	0.06	0.04	0.10	0.13	0.11
69.0 Tour., Nat. Res. & Env.	3.22	1.66	1.18	1.46	1.69	2.53	1.03
99.0 Livestock Development						0.26	0.15
<b>Sub Total</b>	<b>11.57</b>	<b>8.43</b>	<b>4.70</b>	<b>5.47</b>	<b>4.50</b>	<b>6.39</b>	<b>2.72</b>
<b>CONSOLIDATED FUND SERVICE</b>							
20.0 State house	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22.0 Public Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Table 6b

**Table 7c: Total Actual Expenditure by Vote as the Share of Total Actual Expenditure**

VOTE VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>ADMINISTRATION</b>							
23.0 Accountant General	1.94	5.94	1.21	4.96	2.37	2.03	2.10
27.0 Registrar of Political Parties	0.23	0.25	0.43	0.36	0.32	0.27	0.43
30.0 Presidents Office	2.51	2.51	3.69	3.20	2.79	2.94	3.27
31.0 2nd Vice President	0.16	0.17	1.02	1.33	1.30	0.87	1.47
32.0 Civil Service Dept.	0.93	0.91	0.36	0.61	0.91	0.95	1.15
33.0 Ethics Secretariat	0.02	0.02	0.01	0.02	0.02	0.03	0.02
34.0 Foreign Affairs	2.06	1.82	1.85	1.81	2.00	1.51	1.98
35.0 Perm. Comm. Enq.	0.03	0.00	0.00	0.00	0.00	0.00	0.00
36.0 Civil Service Comm.	0.04	0.03	0.03	0.03	0.00	0.00	0.00
37.0 Prime Ministers Office	0.45	0.56	1.03	0.66	0.88	0.92	0.40
40.0 Judiciary	0.80	0.79	0.72	0.76	0.74	0.76	0.82
41.0 Justice	0.13	0.19	0.23	0.26	0.22	0.20	0.18
42.0 Office Of The Speaker	0.59	0.55	0.55	0.84	0.68	0.74	0.88
45.0 Exchequer and Audit	0.15	0.13	0.16	0.19	0.24	0.30	0.18
50.0 Finance	3.56	3.91	3.37	3.75	3.60	3.73	4.22
51.0 Home Affairs	0.47	0.39	0.38	0.37	0.10	0.12	0.11
54.0 Radio Tanzania	0.12	0.11	0.17	0.17	0.00	0.00	0.00
55.0 Comm of Human Rights & Good Gov.	..	0.05	0.04	0.04	0.06	0.05	0.06
56.0 Regional Adminisstration and Local G	1.42	5.17	5.25	3.14	5.79	5.35	0.35
57.0 Defence & National.	0.43	0.29	0.69	1.20	1.74	1.43	3.12
59.0 Law Reform. Commi.	0.02	0.02	0.02	0.03	0.02	0.02	0.02
60.0 Industrial Court Of Tz.	0.03	0.02	0.02	0.02	0.02	0.14	0.03
61.0 Electoral Commision	2.57	0.05	0.12	0.84	1.22	1.16	0.09
63.0 Local Govt. Servi. Comm.	0.02	0.03	0.03	0.03	0.00	0.00	0.00
64.0 Commercial Court	..	0.03	0.03	0.03	0.02	0.02	0.02
66.0 Planning Commission	0.37	0.91	1.57	0.61	0.73	0.74	0.52
90.0 Land Court			0.02	0.02	0.01	0.01	0.02
91.0 Anti-Drug Commission			0.03	0.03	0.02	0.03	0.02
93.0 Immigration Department					0.23	0.32	0.41
94.0 Public Service Commission					0.21	0.15	0.18
96.0 Information and Culture						0.15	0.42
97.0 East Africa Cooperation						0.08	0.17
<b>Sub Total</b>	<b>17.11</b>	<b>24.85</b>	<b>23.05</b>	<b>25.30</b>	<b>26.25</b>	<b>25.04</b>	<b>22.09</b>

Table 7c: Total Actual Expenditure by Vote as the Share of Total Actual Expenditure (Cont'd)								
VOTE	VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>DEFENCE AND SECURITY</b>								
28.0	Police Force	3.52	2.77	2.96	2.98	2.92	3.00	2.85
29.0	Prison Services	1.75	1.52	1.72	1.63	1.46	1.49	1.08
38.0	Defence	7.49	6.54	6.32	5.35	4.60	4.63	4.62
39.0	National Service	1.05	1.06	1.15	1.05	0.94	1.06	1.08
	<b>Sub Total</b>	<b>13.80</b>	<b>11.89</b>	<b>12.16</b>	<b>11.00</b>	<b>9.92</b>	<b>10.18</b>	<b>9.63</b>
<b>SOCIAL SERVICES</b>								
46.0	Education	4.07	2.88	5.21	4.95	5.07	2.88	6.79
49.0	Water,	2.12	0.98	1.49	2.26	3.80	2.73	3.61
52.0	Health	5.49	5.14	6.24	5.31	5.88	6.59	3.87
53.0	Comm. Dev. Wome. Aff.	0.29	0.29	0.19	0.20	0.17	0.20	0.18
65.0	Labour Youth Develop.	0.28	0.39	0.26	0.42	0.72	0.60	0.13
67.0	Teachers Service Comm.	0.48	0.11	0.10	0.09	0.00	0.00	0.00
68.0	Science, Tech.& H Ed	3.76	3.85	3.87	3.39	3.44	3.72	5.98
92.0	Tanzania Commission for AIDS			0.00	0.35	0.50	0.77	0.09
70 & 89	Regions	17.36	18.10	17.17	16.57	16.37	15.84	23.39
	<b>Sub Total</b>	<b>33.10</b>	<b>31.74</b>	<b>34.52</b>	<b>33.53</b>	<b>35.96</b>	<b>33.33</b>	<b>44.03</b>
<b>ECONOMIC SERVICES</b>								
47.0	Works .	6.10	6.50	7.62	5.46	6.74	3.10	0.00
48.0	Lands, Hous.,& Urb. Dev.	0.43	0.35	0.80	0.27	0.22	0.38	0.38
58.0	Energy and Minerals.	0.75	1.79	1.43	2.98	4.19	3.06	2.32
62.0	Comm.& Transport	2.76	1.23	2.46	4.14	1.64	0.79	0.07
98.0	Infrastructure						3.60	6.33
	<b>Sub Total</b>	<b>10.03</b>	<b>9.87</b>	<b>12.31</b>	<b>12.84</b>	<b>12.78</b>	<b>10.93</b>	<b>9.09</b>
<b>PRODUCTIVE</b>								
24.0	Cooperatives & Marketing	0.00	0.36	0.38	0.39	0.37	0.08	0.00
43.0	Agriculture & Food Security	2.11	1.54	1.62	2.48	1.85	2.72	1.52
44.0	Industries and Trade	0.37	0.42	0.41	0.34	0.32	0.42	0.41
69.0	Tour., Nat. Res. & Env.	1.40	1.18	1.37	1.40	1.40	1.51	1.02
99.0	Livestock Development						0.16	0.26
	<b>Sub Total</b>	<b>3.88</b>	<b>3.50</b>	<b>3.78</b>	<b>4.62</b>	<b>3.93</b>	<b>4.89</b>	<b>3.18</b>
<b>CONSOLIDATED FUND SERVICE</b>								
20.0	State house	0.09	0.09	0.10	0.14	0.15	0.14	0.16
22.0	Public Debt	21.99	18.06	14.08	12.57	11.01	15.50	11.81
	<b>Sub Total</b>	<b>22.08</b>	<b>18.15</b>	<b>14.18</b>	<b>12.71</b>	<b>11.16</b>	<b>15.64</b>	<b>11.97</b>
	<b>GRAND TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Table 6c

**Table 8a: Actual Recurrent Expenditure as a Percentage of Budgeted Recurrent Expenditure by Vote**

VOTE VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>ADMINISTRATION</b>							
23.0 Accountant General	100	91	91	99	94	81	40
27.0 Registrar of Political Parties	99	98	100	100	100	100	49
30.0 Presidents Office	100	100	100	100	100	100	61
31.0 2nd Vice President	100	100	100	100	100	100	71
32.0 Civil Service Dept.	100	95	91	100	99	96	66
33.0 Ethics Secretariat	100	113	97	100	100	96	35
34.0 Foreign Affairs	120	95	102	100	100	90	69
35.0 Perm. Comm. Enq.	100	..	..	..	..	..	..
36.0 Civil Service Comm.	100	90	100	100	..	..	..
37.0 Prime Ministers Office	100	74	99	99	95	100	34
40.0 Judiciary	100	99	99	100	99	95	35
41.0 Justice	99	96	99	100	99	99	39
42.0 Office Of The Speaker	100	97	97	100	100	100	43
45.0 Exchequer and Audit	99	100	96	99	101	100	34
50.0 Finance	100	66	92	97	98	98	44
51.0 Home Affairs	100	85	93	97	98	100	32
54.0 Radio Tanzania	74	82	90	100	..	..	..
55.0 Comm of Human Rights & Good Gov	..	78	73	52	99	85	33
56.0 Regional Adminisstration and Local	100	99	96	100	100	97	11
57.0 Defence & National.	100	100	100	100	100	100	62
59.0 Law Reform. Commi.	99	115	98	98	100	80	39
60.0 Industrial Court Of Tz.	100	87	95	99	99	975	80
61.0 Electoral Commision	99	100	98	100	100	100	29
63.0 Local Govt. Servi. Comm.	97	112	100	100	..	..	..
64.0 Commercial Court	..	102	77	100	100	106	34
66.0 Planning Commission	100	96	99	100	100	94	34
90.0 Land Court	..	..	89	99	100	92	42
91.0 Anti-Drug Commission	..	..	98	99	100	94	31
93.0 Immigration Department	..	..	..	..	99	98	53
94.0 Public Service Commission	..	..	..	..	93	87	39
96.0 Information and Culture	..	..	..	..	..	98	50
97.0 East Africa Cooperation	..	..	..	..	..	100	41
<b>Sub Total</b>	<b>102</b>	<b>87</b>	<b>97</b>	<b>99</b>	<b>99</b>	<b>96</b>	<b>46</b>

Table 8a: Actual Recurrent Expenditure as a Percentage of Budgeted Recurrent Expenditure by Vote (Cont'd)								
VOTE	VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>DEFENCE AND SECURITY</b>								
28.0	Police Force	100	97	98	99	99	103	35
29.0	Prison Services	100	99	100	99	100	100	27
38.0	Defence	100	100	99	100	100	100	42
39.0	National Service	100	99	100	100	100	100	41
	<b>Sub Total</b>	<b>100</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>101</b>	<b>38</b>
<b>SOCIAL SERVICES</b>								
46.0	Education	100	96	97	96	100	98	32
49.0	Water,	91	94	96	100	100	95	48
52.0	Health	99	98	99	100	99	89	31
53.0	Comm. Dev. Wome. Aff.	100	100	97	100	99	90	35
65.0	Labour Youth Develop.	96	99	97	100	100	88	27
67.0	Teachers Service Comm.	100	97	100	100	..	..	..
68.0	Science, Tech.& H Ed	100	99	100	100	100	96	52
92.0	Tanzania Commission for AIDS	..	..	..	99	98	84	34
70 & 89	Regions	100	94	99	100	99	95	50
	<b>Sub Total</b>	<b>99</b>	<b>95</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>94</b>	<b>45</b>
<b>ECONOMIC SERVICES</b>								
47.0	Works .	100	95	94	100	99	100	..
48.0	Lands, Hous.,& Urb. Dev.	97	100	98	97	100	99	39
58.0	Energy and Minerals.	100	99	99	99	100	100	65
62.0	Comm.& Transport	100	93	97	100	99	100	..
98.0	Infrastructure	..	..	..	..	..	90	29
	<b>Sub Total</b>	<b>100</b>	<b>96</b>	<b>96</b>	<b>100</b>	<b>100</b>	<b>97</b>	<b>38</b>
<b>PRODUCTIVE</b>								
24.0	Cooperatives & Marketing	..	98	97	100	98	74	..
43.0	Agriculture & Food Security	100	91	97	99	100	95	28
44.0	Industries and Trade	100	89	97	100	98	95	43
69.0	Tour., Nat. Res. & Env.	86	96	99	100	99	95	41
99.0	Livestock Development	..	..	..	..	..	65	32
	<b>Sub Total</b>	<b>94</b>	<b>94</b>	<b>98</b>	<b>100</b>	<b>99</b>	<b>93</b>	<b>33</b>
<b>CONSOLIDATED FUND SERVICE</b>								
20.0	State house	100	100	94	97	100	100	49
22.0	Public Debt	91	82	82	98	87	100	72
	<b>Sub Total</b>	<b>91</b>	<b>82</b>	<b>82</b>	<b>98</b>	<b>87</b>	<b>100</b>	<b>71</b>
	<b>GRAND TOTAL</b>	<b>98</b>	<b>90</b>	<b>94</b>	<b>99</b>	<b>97</b>	<b>97</b>	<b>46</b>

Source: Table 6a



**Table 8b: Actual Development Expenditure as a Percentage of Budgeted Development Expenditure by Vote**

VOTE	VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>ADMINISTRATION</b>								
23.0	Accountant General	62	14	24	94	10	56	0
27.0	Registrar of Political Parties							
30.0	Presidents Office	50	79	233	82	38	36	0
31.0	2nd Vice President	6	4	51	100	78	68	7
32.0	Civil Service Dept.	100	97	22	61	55	52	28
33.0	Ethics Secretariat							
34.0	Foreign Affairs							
35.0	Perm. Comm. Enq.							
36.0	Civil Service Comm.							
37.0	Prime Ministers Office	9	18	85	98	87	91	5
40.0	Judiciary	100	50	100	100	100	51	26
41.0	Justice		52	19	32	27	7	1
42.0	Office Of The Speaker	99			99	100	82	1
45.0	Exchequer and Audit	9	10	26	13	100	69	0
50.0	Finance	15	4	33	73	87	57	7
51.0	Home Affairs						94	23
54.0	Radio Tanzania	99	101	100	100			
55.0	Comm of Human Rights & Good Gov.			0	0			
56.0	Regional Adminisrtation and Loc	48	83	68	43	93	85	1
57.0	Defence & National.	100	100	100	100	100	100	100
59.0	Law Reform. Commi.		20	89	99			
60.0	Industrial Court Of Tz.					32	20	0
61.0	Electoral Commission					100		
63.0	Local Govt. Servi. Comm.							
64.0	Commercial Court		0	0	0	99	18	44
66.0	Planning Commission	86	15	58	43	47	38	6
90.0	Land Court							
91.0	Anti-Drug Commission							
93.0	Immigration Department						100	0
94.0	Public Service Commission						50	0
96.0	Information and Culture						34	2
97.0	East Africa Cooperation							
	<b>Sub Total</b>	<b>46</b>	<b>57</b>	<b>69</b>	<b>62</b>	<b>78</b>	<b>68</b>	<b>17</b>
<b>DEFENCE AND SECURITY</b>								
28.0	Police Force		100	100	99	100	74	14
29.0	Prison Services			100	100	100	74	13
38.0	Defence						0	0
39.0	National Service						0	0
	<b>Sub Total</b>		<b>100</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>69</b>	<b>13</b>
<b>SOCIAL SERVICES</b>								
46.0	Education	90	42	69	81	82	32	69
49.0	Water,	37	38	25	84	81	72	35
52.0	Health	75	71	99	98	79	81	7
53.0	Comm. Dev.Wome. Aff.	90	98	6	51	59	52	4
65.0	Labour Youth Develop.	9	100	4	58	28	59	3
67.0	Teachers Service Comm.							
68.0	Science, Tech.& H Ed	100	78	91	55	95	66	35
92.0	Tanzania Commission for AIDS				40	50	73	0
70 & 89	Regions		63	53	79	57	45	14
	<b>Sub Total</b>	<b>66</b>	<b>61</b>	<b>66</b>	<b>80</b>	<b>71</b>	<b>61</b>	<b>33</b>
<b>ECONOMIC SERVICES</b>								
47.0	Works	53	95	68	49	69	116	
48.0	Lands, Hous.,& Urb. Dev.	98	100	100	100	88	24	7
58.0	Energy and Minerals.	17	58	11	77	100	56	1
62.0	Comm.& Transport	100	100	67	100	88	100	3
98.0	Infrastructure						45	20
	<b>Sub Total</b>	<b>53</b>	<b>92</b>	<b>51</b>	<b>64</b>	<b>76</b>	<b>59</b>	<b>8</b>
<b>PRODUCTIVE</b>								
24.0	Cooperatives & Marketing			82	594	77	6	
43.0	Agriculture & Food Security	78	92	78	61	68	47	10
44.0	Industries and Trade	65	102	35	11	55	62	11
69.0	Tour., Nat. Res. & Env.	93	89	48	27	76	97	12
99.0	Livestock Development						99	4
	<b>Sub Total</b>	<b>81</b>	<b>92</b>	<b>67</b>	<b>47</b>	<b>71</b>	<b>61</b>	<b>11</b>
<b>CONSOLIDATED FUND SERVICE</b>								
20.0	State house							
22.0	Public Debt							
	<b>Sub Total</b>							
	<b>GRAND TOTAL</b>	<b>58</b>	<b>67</b>	<b>62</b>	<b>67</b>	<b>75</b>	<b>63</b>	<b>17</b>

Source: Table 6b

Table 8c: Actual Total Expenditure as a Percentage of Budgeted Total Expenditure by Vote

VOTE VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>ADMINISTRATION</b>							
23.0 Accountant General	98	90	87	99	83	79	38
27.0 Registrar of Political Parties	99	98	100	100	100	100	49
30.0 Presidents Office	85	95	131	92	79	74	44
31.0 2nd Vice President	19	38	84	100	92	92	58
32.0 Civil Service Dept.	100	96	42	71	61	59	34
33.0 Ethics Secretariat	100	113	97	100	100	96	35
34.0 Foreign Affairs	120	95	102	100	100	90	69
35.0 Perm. Comm. Enq.	..	..	..	..	..	..	..
36.0 Civil Service Comm.	150	90	100	100	..	..	..
37.0 Prime Ministers Office	59	64	95	99	91	96	20
40.0 Judiciary	100	97	99	100	99	91	34
41.0 Justice	99	82	65	68	67	54	16
42.0 Office Of The Speaker	100	97	97	100	100	99	43
45.0 Exchequer and Audit	78	70	81	75	101	88	27
50.0 Finance	83	48	73	92	96	92	38
51.0 Home Affairs	100	85	93	97	98	99	29
54.0 Radio Tanzania	78	85	91	100	..	..	..
55.0 Comm of Human Rights & Good Gov.	..	78	34	32	99	85	33
56.0 Regional Administration and Local Gov.	55	87	73	56	95	87	3
57.0 Defence & National.	100	100	100	100	100	100	95
59.0 Law Reform. Commi.	99	45	94	98	100	80	39
60.0 Industrial Court Of Tz.	100	87	95	99	76	413	41
61.0 Electoral Commission	99	100	98	100	100	100	29
63.0 Local Govt. Servi. Comm.	97	112	100	100	..	..	..
64.0 Commercial Court	..	72	58	74	100	71	36
66.0 Planning Commission	92	83	81	61	74	52	20
90.0 Land Court			89	99	100	92	42
91.0 Anti-Drug Commission			98	99	100	94	31
93.0 Immigration Department					99	98	38
94.0 Public Service Commission					93	86	39
96.0 Information and Culture						87	14
97.0 East Africa Cooperation						100	41
<b>Sub Total</b>	<b>85</b>	<b>78</b>	<b>85</b>	<b>86</b>	<b>90</b>	<b>85</b>	<b>35</b>
<b>DEFENCE AND SECURITY</b>							
28.0 Police Force	100	97	98	99	100	101	34
29.0 Prison Services	100	99	100	99	100	98	26
38.0 Defence	100	100	99	100	100	100	42
39.0 National Service	100	99	100	100	100	99	40
<b>Sub Total</b>	<b>100</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>37</b>
<b>SOCIAL SERVICES</b>							
46.0 Education	95	78	78	87	88	58	48
49.0 Water,	71	59	44	88	84	75	36
52.0 Health	88	85	99	99	90	86	23
53.0 Comm. Dev.Wome. Aff.	96	99	57	88	91	84	29
65.0 Labour Youth Develop.	54	99	60	75	35	67	20
67.0 Teachers Service Comm.	377	97	100	100	..	..	..
68.0 Science, Tech.& H Ed	91	97	98	92	99	91	49
92.0 Tanzania Commission for AIDS				57	58	75	5
70 & 89 Regions	100	90	94	98	95	91	48
<b>Sub Total</b>	<b>92</b>	<b>88</b>	<b>88</b>	<b>94</b>	<b>88</b>	<b>83</b>	<b>42</b>
<b>ECONOMIC SERVICES</b>							
47.0 Works .	83	95	75	65	78	109	
48.0 Lands, Hous.& Urb. Dev.	97	100	99	97	99	89	36
58.0 Energy and Minerals.	26	88	29	83	100	73	8
62.0 Comm.& Transport	100	96	89	100	94	100	3
98.0 Infrastructure						53	24
<b>Sub Total</b>	<b>75</b>	<b>94</b>	<b>66</b>	<b>78</b>	<b>86</b>	<b>73</b>	<b>16</b>
<b>PRODUCTIVE</b>							
24.0 Cooperatives & Marketing		99	94	126	91	69	
43.0 Agriculture & Food Security	87	92	87	83	86	73	21
44.0 Industries and Trade	97	91	91	84	91	91	38
69.0 Tour., Nat. Res. & Env.	88	94	81	62	89	96	29
99.0 Livestock Development						75	20
<b>Sub Total</b>	<b>88</b>	<b>93</b>	<b>86</b>	<b>77</b>	<b>88</b>	<b>80</b>	<b>25</b>
<b>CONSOLIDATED FUND SERVICE</b>							
20.0 State house	100	100	94	97	100	100	49
22.0 Public Debt	91	82	82	98	87	100	72
<b>Sub Total</b>	<b>91</b>	<b>82</b>	<b>82</b>	<b>98</b>	<b>87</b>	<b>100</b>	<b>71</b>
<b>GRAND TOTAL</b>	<b>89</b>	<b>86</b>	<b>84</b>	<b>90</b>	<b>89</b>	<b>86</b>	<b>35</b>

Source: Table 6c

**Table 9a: Recurrent Expenditure - Regions (in Bill. Tsh.)**

VOTE	VOTE HOLDER	2000/01 Budget	2000/01 Actual	2001/02 Budget	2001/02 Actual	2002/03 Budget	2002/03 Actual	2003/04 Budget	2003/04 Actual	2004/05 Budget	2004/05 Actual	2005/06 Budget	2005/06 Actual	2006/07 Budget	2006/07* Actual
70.0	Arusha	15.1	15.1	18.2	18.1	12.4	11.3	15.6	15.5	19.4	19.2	23.4	22.4	32.9	16.4
71.0	Coast	7.1	7.0	9.5	8.6	11.3	9.3	13.0	13.0	16.1	16.1	19.7	19.0	28.7	13.4
72.0	Dodoma	10.5	10.5	12.9	12.8	15.4	13.6	19.0	19.0	22.2	22.2	28.0	27.0	37.6	19.8
73.0	Iringa	11.4	11.3	13.7	13.6	16.9	15.8	20.6	20.6	24.6	24.6	29.0	27.9	42.2	20.4
74.0	Kigoma	7.9	7.9	9.8	9.8	11.0	9.8	13.2	13.2	17.8	17.8	23.7	22.0	32.5	16.1
75.0	Kilimanjaro	15.2	15.2	17.7	17.1	20.9	18.5	25.0	24.8	28.9	28.9	33.9	33.1	46.4	24.4
76.0	Lindi	6.4	6.3	7.8	7.8	9.1	7.4	11.1	11.1	12.9	12.9	15.2	14.6	23.7	10.7
77.0	Mara	11.0	11.0	13.6	13.4	15.6	13.4	17.3	17.3	21.0	20.7	24.8	24.0	33.9	17.4
78.0	Mbeya	13.4	13.3	16.3	16.3	19.5	17.3	24.5	24.5	31.6	30.1	36.0	34.8	50.5	24.5
79.0	Morogoro	11.5	11.5	13.8	13.8	16.2	14.5	20.2	20.2	24.7	24.6	30.1	29.2	41.8	20.7
80.0	Mtwara	7.7	7.7	9.2	9.0	10.7	9.5	13.9	13.9	17.2	16.5	19.2	18.6	29.0	13.3
81.0	Mwanza	13.9	13.9	17.7	17.6	20.9	18.6	27.3	27.1	33.8	33.8	43.6	41.3	59.3	29.8
82.0	Ruvuma	8.8	8.8	11.5	11.5	12.3	11.1	15.3	15.3	18.9	18.9	21.9	21.2	34.7	15.1
83.0	Shinyanga	11.3	11.3	14.5	14.5	17.9	15.2	22.7	22.7	30.3	30.3	40.3	37.3	53.5	27.5
84.0	Singida	7.0	7.0	8.8	8.3	10.2	9.1	12.6	12.5	15.0	15.0	18.9	18.0	25.1	12.9
85.0	Tabora	8.4	8.4	10.9	10.9	12.9	11.6	15.9	15.9	20.4	20.4	26.2	24.3	35.0	17.5
86.0	Tanga	12.0	12.0	14.5	14.4	17.0	15.4	21.0	21.0	26.3	25.1	30.1	29.0	41.8	21.8
87.0	Kagera	10.8	10.7	14.1	13.2	15.8	13.9	19.0	18.9	24.3	24.3	31.5	29.5	41.5	21.3
88.0	D'Salaam	11.5	11.4	27.4	13.6	18.9	18.0	24.1	24.1	32.3	31.9	37.6	35.2	48.3	25.2
89.0	Rukwa	6.4	6.4	8.1	8.1	9.7	8.6	12.2	12.2	15.6	15.4	19.1	18.1	27.4	12.6
95.0	Manyara	..	..	..	..	9.8	7.8	12.0	12.0	15.1	14.4	18.6	17.2	25.1	12.7
<b>Total</b>		<b>207.5</b>	<b>206.8</b>	<b>270.0</b>	<b>252.4</b>	<b>304.4</b>	<b>269.8</b>	<b>375.7</b>	<b>374.9</b>	<b>468.6</b>	<b>463.3</b>	<b>570.8</b>	<b>543.7</b>	<b>790.8</b>	<b>393.5</b>

**Note:** \* Actual expenditure for FY07 are from the Expenditure Flash Reports (July 2006 - December 2006)

**Source:** MoF (Consolidated Appropriations Accounts and Expenditure Flash Report).

**Table 9b: Development Expenditure - Regions (in Bill. Tsh.)**

VOTE	VOTE HOLDE	2000/01 Budget	2000/01 Actual	2001/02 Budget	2001/02 Actual	2002/03 Budget	2002/03 Actual	2003/04 Budget	2003/04 Actual	2004/05 Budget	2004/05 Actual	2005/06 Budget	2005/06 Actual	2006/07 Budget	2006/07* Actual
70.0	Arusha	3.4	2.6	3.1	2.7	1.5	1.2	1.7	1.4	1.1	1.3	0.4	0.4	1.1	0.1
71.0	Coast	0.7	0.7	1.6	1.2	1.2	0.9	1.1	1.1	1.6	0.9	8.0	2.4	3.6	0.0
72.0	Dodoma	2.6	1.0	0.3	0.3	0.3	0.3	1.2	0.5	1.4	2.3	5.0	0.6	1.2	0.5
73.0	Iringa	5.0	0.4	3.6	3.4	4.4	0.3	4.1	2.2	2.6	0.6	5.7	2.1	4.0	2.2
74.0	Kigoma	0.2	0.2	0.4	0.4	0.3	0.3	0.4	0.4	1.5	0.6	1.1	0.7	3.4	0.0
75.0	Kilimanjaro	0.4	0.4	0.4	0.4	1.0	0.5	1.0	0.4	1.5	0.4	1.1	0.6	1.4	0.2
76.0	Lindi	1.3	0.3	1.8	0.3	0.8	0.3	1.0	0.9	1.6	1.3	0.9	0.5	1.8	0.4
77.0	Mara	3.5	1.4	4.5	1.7	1.1	0.8	1.2	1.3	2.2	1.6	2.0	1.9	3.3	0.8
78.0	Mbeya	0.7	0.5	0.6	0.6	2.3	0.6	3.7	1.6	2.5	3.6	3.5	1.7	3.8	0.1
79.0	Morogoro	3.2	0.3	3.3	0.3	3.3	3.3	3.6	3.6	3.6	1.5	2.9	2.6	2.8	0.1
80.0	Mtwara	1.3	0.3	1.3	0.5	1.4	0.4	1.6	1.5	1.8	1.4	0.9	0.7	2.2	0.6
81.0	Mwanza	2.2	2.2	2.9	2.3	5.0	0.4	2.1	1.4	5.1	0.7	6.1	1.1	2.1	0.0
82.0	Ruvuma	0.5	0.5	0.3	0.4	1.1	0.3	1.3	0.7	1.5	0.5	0.8	0.7	1.7	0.1
83.0	Shinyanga	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	1.9	1.1	0.8	0.7	1.2	0.0
84.0	Singida	0.9	0.4	0.8	0.6	1.8	0.6	1.1	1.1	1.4	0.6	0.8	0.7	1.2	0.4
85.0	Tabora	0.3	0.3	0.4	0.4	0.4	0.4	0.6	0.6	2.5	1.7	0.7	0.7	1.1	0.1
86.0	Tanga	0.9	0.9	1.6	1.4	1.6	1.4	1.7	1.7	3.4	3.1	3.5	1.8	2.1	0.1
87.0	Kagera	9.3	7.7	8.4	4.9	5.2	4.6	5.4	3.1	2.5	0.3	3.0	0.6	4.2	0.0
88.0	D'Salaam	0.2	0.2	0.6	0.6	0.1	0.1	0.7	0.6	0.6	0.4	1.8	0.6	2.3	0.5
89.0	Rukwa	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.5	0.5	0.5	0.5	1.0	0.2
95.0	Manyara	..	..	..	..	2.1	1.4	3.1	3.1	4.4	3.2	3.2	2.3	3.3	0.7
	<b>Total</b>	<b>37.1</b>	<b>20.9</b>	<b>36.6</b>	<b>23.1</b>	<b>35.6</b>	<b>18.9</b>	<b>37.536</b>	<b>28.105</b>	<b>46.212</b>	<b>27.746</b>	<b>52.607</b>	<b>23.712</b>	<b>48.788</b>	<b>7.079</b>

Note: \* Actual expenditure for FY07 are from the Expenditure Flash Reports (July 2006 - December 2006)

Source: MoF (Consolidated Appropriations Accounts and Expenditure Flash Report).

**Table 9c: Total Expenditure - Regions (in Bill. Tsh.)**

VOTE	VOTE HOLDI	2000/01 Budget	2000/01 Actual	2001/02 Budget	2001/02 Actual	2002/03 Budget	2002/03 Actual	2003/04 Budget	2003/04 Actual	2004/05 Budget	2004/05 Actual	2005/06 Budget	2005/06 Actual	2006/07 Budget	2006/07* Actual
70.0	Arusha	18.6	17.8	21.3	20.8	13.9	12.6	17.3	16.9	20.5	20.6	23.8	22.8	34.0	16.5
71.0	Coast	7.8	7.7	11.1	9.8	12.5	10.2	14.1	14.1	17.7	17.0	27.7	21.4	32.3	13.4
72.0	Dodoma	13.1	11.5	13.2	13.1	15.7	13.9	20.2	19.5	23.7	24.4	33.0	27.6	38.8	20.3
73.0	Iringa	16.4	11.7	17.3	17.0	21.3	16.2	24.7	22.8	27.2	25.1	34.7	30.0	46.2	22.6
74.0	Kigoma	8.1	8.1	10.2	10.2	11.3	10.2	13.6	13.6	19.3	18.5	24.8	22.7	35.9	16.1
75.0	Kilimanjaro	15.6	15.6	18.1	17.5	21.9	18.9	26.0	25.2	30.5	29.3	35.0	33.7	47.8	24.6
76.0	Lindi	7.7	6.6	9.6	8.1	9.9	7.7	12.1	12.0	14.5	14.1	16.1	15.1	25.5	11.1
77.0	Mara	14.5	12.4	18.1	15.1	16.7	14.2	18.6	18.5	23.2	22.2	26.8	25.9	37.2	18.2
78.0	Mbeya	14.1	13.7	16.9	16.9	21.8	17.9	28.2	26.1	34.0	33.8	39.5	36.5	54.3	24.6
79.0	Morogoro	14.7	11.8	17.1	14.1	19.5	17.9	23.8	23.8	28.3	26.2	33.0	31.8	44.6	20.8
80.0	Mtwara	9.0	8.0	10.5	9.5	12.1	9.9	15.6	15.4	18.9	17.9	20.1	19.3	31.2	13.9
81.0	Mwanza	16.1	16.1	20.6	19.9	25.9	19.0	29.4	28.5	38.9	34.5	49.7	42.4	61.3	29.8
82.0	Ruvuma	9.3	9.3	11.8	11.9	13.4	11.4	16.6	16.1	20.4	19.4	22.7	21.9	36.4	15.2
83.0	Shinyanga	11.6	11.6	14.9	14.9	18.2	15.5	23.3	23.3	32.2	31.4	41.1	38.0	54.6	27.6
84.0	Singida	7.9	7.4	9.6	8.9	12.0	9.8	13.6	13.6	16.3	15.6	19.7	18.7	26.3	13.2
85.0	Tabora	8.8	8.8	11.3	11.3	13.3	12.0	16.5	16.5	23.0	22.2	26.9	25.0	36.1	17.6
86.0	Tanga	12.9	12.9	16.1	15.8	18.6	16.8	22.7	22.7	29.8	28.2	33.6	30.8	43.9	21.8
87.0	Kagera	20.1	18.4	22.5	18.1	21.1	18.5	24.4	22.1	26.8	24.7	34.5	30.1	45.7	21.3
88.0	D'Salaam	11.7	11.6	28.0	14.2	19.1	18.1	24.8	24.7	33.0	32.3	39.4	35.8	50.6	25.8
89.0	Rukwa	6.6	6.6	8.4	8.4	10.0	8.8	12.5	12.5	17.1	15.9	19.6	18.6	28.4	12.8
95.0	Manyara	0.0	0.0	0.0	0.0	11.9	9.2	15.2	15.1	19.5	17.6	21.8	19.5	28.3	13.4
	<b>Total</b>	<b>244.7</b>	<b>227.7</b>	<b>306.6</b>	<b>275.5</b>	<b>340.0</b>	<b>288.7</b>	<b>413.3</b>	<b>403.0</b>	<b>514.8</b>	<b>491.0</b>	<b>623.4</b>	<b>567.4</b>	<b>839.6</b>	<b>400.6</b>

**Note:** \* Actual expenditure for FY07 are from the Expenditure Flash Reports (July 2006 - December 2006)

**Source:** MoF (Consolidated Appropriations Accounts and Expenditure Flash Report).

**Table 10a: Actual Recurrent Expenditure as a Percentage of Budgeted Recurrent Expenditure - Region**

VOTE	VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
70.0	Arusha	100	99	91	99	99	96	50
71.0	Coast	99	91	82	100	100	96	47
72.0	Dodoma	100	99	89	100	100	96	53
73.0	Iringa	100	99	94	100	100	96	48
74.0	Kigoma	100	100	90	100	100	93	49
75.0	Kilimanjaro	100	97	88	99	100	98	52
76.0	Lindi	99	100	82	100	100	96	45
77.0	Mara	100	99	86	100	98	97	51
78.0	Mbeya	99	100	89	100	95	97	49
79.0	Morogoro	100	100	90	100	100	97	49
80.0	Mtwara	100	98	89	100	96	97	46
81.0	Mwanza	100	99	89	99	100	95	50
82.0	Ruvuma	100	100	90	100	100	97	44
83.0	Shinyanga	100	100	85	100	100	93	52
84.0	Singida	99	94	90	100	100	95	51
85.0	Tabora	100	100	90	100	100	93	50
86.0	Tanga	100	99	90	100	95	96	52
87.0	Kagera	99	94	88	100	100	94	51
88.0	D'Salaam	99	50	95	100	99	94	52
89.0	Rukwa	100	100	88	100	99	95	46
95.0	Manyara	..	..	80	100	95	92	51
<b>Total</b>		<b>100</b>	<b>93</b>	<b>89</b>	<b>100</b>	<b>99</b>	<b>95</b>	<b>50</b>

Source: Table 9a.

**Table 10b: Actual Development Expenditure as a Percentage of Budgeted Development Expenditure - Regions**

VOTE	VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
70.0	Arusha	77	87	81	85	124	100	38
71.0	Coast	100	73	75	98	54	30	68
72.0	Dodoma	39	92	98	43	157	11	44
73.0	Iringa	7	94	8	53	21	37	53
74.0	Kigoma	100	113	100	100	43	64	20
75.0	Kilimanjaro	100	102	45	43	27	57	46
76.0	Lindi	23	17	35	94	76	55	27
77.0	Mara	40	38	74	102	72	94	56
78.0	Mbeya	71	101	26	42	147	47	44
79.0	Morogoro	10	9	100	100	42	91	94
80.0	Mtwara	22	37	31	92	79	70	30
81.0	Mwanza	100	78	9	68	14	17	51
82.0	Ruvuma	100	139	23	57	34	82	41
83.0	Shinyanga	100	106	100	97	57	93	62
84.0	Singida	50	76	35	100	46	93	58
85.0	Tabora	100	108	100	100	69	88	58
86.0	Tanga	100	87	91	100	90	51	83
87.0	Kagera	83	58	88	57	14	19	13
88.0	D'Salaam	100	100	100	79	66	33	27
89.0	Rukwa	100	98	100	100	34	100	51
95.0	Manyara	..	..	66	100	74	72	70
<b>Total</b>		<b>56</b>	<b>63</b>	<b>53</b>	<b>75</b>	<b>60</b>	<b>45</b>	<b>49</b>

Source: Table 9b.

**Table 10c: Actual Total Expenditure as a Percentage of Budgeted Total Expenditure - Regions**

VOTE	VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
70.0	Arusha	96	98	90	98	101	96	48
71.0	Coast	99	88	82	100	96	77	42
72.0	Dodoma	88	99	89	97	103	84	52
73.0	Iringa	71	98	76	92	92	87	49
74.0	Kigoma	100	100	90	100	96	92	45
75.0	Kilimanjaro	100	97	86	97	96	96	51
76.0	Lindi	86	85	78	99	97	94	43
77.0	Mara	86	84	85	100	96	97	49
78.0	Mbeya	97	100	82	92	99	92	45
79.0	Morogoro	80	82	92	100	93	97	47
80.0	Mtwara	89	90	82	99	95	96	44
81.0	Mwanza	100	96	73	97	89	85	49
82.0	Ruvuma	100	101	84	97	95	96	42
83.0	Shinyanga	100	100	85	100	97	93	50
84.0	Singida	94	93	81	100	95	95	50
85.0	Tabora	100	100	90	100	97	93	49
86.0	Tanga	100	98	90	100	95	92	50
87.0	Kagera	92	80	88	90	92	87	47
88.0	D'Salaam	99	51	95	99	98	91	51
89.0	Rukwa	100	100	89	100	93	95	45
95.0	Manyara	..	..	78	100	90	89	47
<b>Total</b>		<b>93</b>	<b>90</b>	<b>85</b>	<b>98</b>	<b>95</b>	<b>91</b>	<b>48</b>

Source: Table 9c.

**Table 11a: Actual Recurrent Expenditure by Region as a Share of Actual Total Regional Recurrent Expenditure**

VOTE	VOTE HOLDER	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
70.0	Arusha	7.3	7.2	4.2	4.1	4.2	4.1	4.2
71.0	Coast	3.4	3.4	3.5	3.5	3.5	3.5	3.4
72.0	Dodoma	5.1	5.1	5.1	5.1	4.8	5.0	5.0
73.0	Iringa	5.5	5.4	5.9	5.5	5.3	5.1	5.2
74.0	Kigoma	3.8	3.9	3.6	3.5	3.9	4.0	4.1
75.0	Kilimanjaro	7.4	6.8	6.8	6.6	6.2	6.1	6.2
76.0	Lindi	3.1	3.1	2.8	3.0	2.8	2.7	2.7
77.0	Mara	5.3	5.3	5.0	4.6	4.5	4.4	4.4
78.0	Mbeya	6.4	6.5	6.4	6.5	6.5	6.4	6.2
79.0	Morogoro	5.6	5.5	5.4	5.4	5.3	5.4	5.3
80.0	Mtwara	3.7	3.6	3.5	3.7	3.6	3.4	3.4
81.0	Mwanza	6.7	7.0	6.9	7.2	7.3	7.6	7.6
82.0	Ruvuma	4.3	4.6	4.1	4.1	4.1	3.9	3.8
83.0	Shinyanga	5.4	5.7	5.6	6.1	6.5	6.9	7.0
84.0	Singida	3.4	3.3	3.4	3.3	3.2	3.3	3.3
85.0	Tabora	4.1	4.3	4.3	4.2	4.4	4.5	4.5
86.0	Tanga	5.8	5.7	5.7	5.6	5.4	5.3	5.5
87.0	Kagera	5.2	5.2	5.2	5.1	5.3	5.4	5.4
88.0	D'Salaam	5.5	5.4	6.7	6.4	6.9	6.5	6.4
89.0	Rukwa	3.1	3.2	3.2	3.3	3.3	3.3	3.2
95.0	Manyara	..	..	2.9	3.2	3.1	3.2	3.2
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Table 9a.

**Table 11b: Actual Development Expenditure by Region as a Share of Actual Total Regional Development Expenditure**

VOTE	VOTE HOLI	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
70.0	Arusha	12.6	11.7	6.4	5.1	4.8	1.8	0.7
71.0	Coast	3.4	5.2	4.7	3.8	3.2	10.3	0.5
72.0	Dodoma	4.8	1.3	1.6	1.8	8.2	2.3	6.4
73.0	Iringa	1.7	14.7	1.8	7.7	2.0	8.9	30.9
74.0	Kigoma	1.1	1.7	1.8	1.3	2.3	2.9	0.1
75.0	Kilimanjaro	1.7	1.7	2.4	1.6	1.5	2.6	3.2
76.0	Lindi	1.4	1.3	1.5	3.3	4.5	2.1	5.4
77.0	Mara	6.7	7.4	4.5	4.5	5.6	7.8	11.9
78.0	Mbeya	2.4	2.6	3.2	5.6	13.1	7.0	1.0
79.0	Morogoro	1.4	1.3	17.6	13.0	5.5	11.0	1.7
80.0	Mtwara	1.3	2.2	2.3	5.4	5.0	2.8	8.1
81.0	Mwanza	10.5	10.0	2.3	5.0	2.6	4.5	0.4
82.0	Ruvuma	2.3	1.7	1.4	2.6	1.8	2.9	1.2
83.0	Shinyanga	1.6	1.7	1.9	1.8	3.9	3.0	0.1
84.0	Singida	2.0	2.6	3.4	3.9	2.2	3.0	5.2
85.0	Tabora	1.6	1.7	1.9	2.2	6.2	2.8	1.7
86.0	Tanga	4.3	6.1	7.6	6.2	11.2	7.5	0.7
87.0	Kagera	36.9	21.2	24.3	11.0	1.2	2.4	0.6
88.0	D'Salaam	0.8	2.6	0.7	2.0	1.5	2.5	7.6
89.0	Rukwa	1.3	1.3	1.5	1.1	1.8	2.2	2.5
95.0	Manyara	..	..	7.3	11.2	11.7	9.7	9.9
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Table 9a.



**Table 11c: Actual total Expenditure by Region as a Share of Actual Total Regional Expenditure**

<b>VOTE</b>	<b>VOTE HOLDER</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>
70.0	Arusha	7.8	7.5	4.4	4.2	4.2	4.0	4.1
71.0	Coast							
72.0	Dodoma	5.1	4.8	4.8	4.8	5.0	4.9	5.1
73.0	Iringa							
74.0	Kigoma	3.6	3.7	3.5	3.4	3.8	4.0	4.0
75.0	Kilimanjaro							
76.0	Lindi	2.9	2.9	2.7	3.0	2.9	2.7	2.8
77.0	Mara							
78.0	Mbeya	6.0	6.1	6.2	6.5	6.9	6.4	6.1
79.0	Morogoro							
80.0	Mtwara	3.5	3.4	3.4	3.8	3.6	3.4	3.5
81.0	Mwanza							
82.0	Ruvuma	4.1	4.3	3.9	4.0	4.0	3.9	3.8
83.0	Shinyanga							
84.0	Singida	3.3	3.2	3.4	3.4	3.2	3.3	3.3
85.0	Tabora							
86.0	Tanga	5.7	5.7	5.8	5.6	5.8	5.4	5.4
87.0	Kagera							
88.0	D'Salaam	5.1	5.2	6.3	6.1	6.6	6.3	6.4
89.0	Rukwa							
95.0	Manyara	0.0	0.0	3.2	3.7	3.6	3.4	3.3
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Table 9a.

