THE UNITED REPUBLIC OF TANZANIA

GUIDELINES FOR THE PREPARATION OF ANNUAL PLAN AND BUDGET FOR 2014/15 IN THE IMPLEMENTATION OF THE FIVE YEAR DEVELOPMENT PLAN 2011/12-2015/16

Issued by:

Ministry of Finance,
P. O. Box 9111,
DAR ES SALAAM.

President's Office,
Planning Commission,
P. O. Box 9242,
DAR ES SALAAM.

OCTOBER, 2013

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1.0 INTRODUCTION

1. The Plans and Budget Guidelines (PBG) for the year 2014/15 is the fourth in implementing the Five Year Development Plan 2011/12-2015/16. The utmost goal of PBG is to achieve the highest economic and social welfare for all citizens through strategic investments in socio-economic development. In achieving that, this PBG provides strategic guidance to all Accounting Officers during preparation of their plans and budget in line with the revised budget cycle.

2. The guidelines draw attention to MDAs, RSs, LGAs, and PIs in preparing their plans and budget to allocate resources into strategic areas and projects to ensure public resources are invested in a manner that will leverage private sector investment in the economy. These priorities focus on projects and programs with large multiplier effects as articulated in the Five Year Development Plan (FYDP). In fast tracking the implementation of the FYDP, first priority will be given to the projects identified under the BRN initiative which involve six National Key Result Areas; namely, energy, water, agriculture, transport, education and resources mobilization. In addition, fast tracking will be implemented in compliance with the Government Acts, Regulations, and Circulars.

3. The Plans and Budget Guidelines framework is organised into five sections, namely: Key generic responsibilities of all Accounting Officers during the plans and budget preparation for 2014/15; Medium Term Expenditure framework and resources envelope; milestones for preparation of plans and budget estimates; important issues to be considered during the budget preparation; and budget scrutiny and approval process. This guidelines should be read together with the **Annex A** which provides details performance of the economy; macroeconomic outlook and priority focus; resource envelope; and plans and budget submission

forms; as well as **Annex B** which portrays budget preparation and scrutinisation timetable for fiscal year 2014/15.

INSTRUCTIONS FOR PLANS AND BUDGET PREPARATION

2.0 PREPARATION OF PLANS AND BUDGET

2.1 Budget Committees

4. In preparing Plans and Budget estimates at institutional level, the committee responsible for budget preparation shall lead the process under the guidance of respective ministers, while at regional and LGA levels the committees will be guided by respective Regional Commissioner. The Committee shall be chaired by the Accounting Officer with Heads of Planning Departments/Units as Secretariats to the Committee and all Heads of Departments/Units as members.

2.2 Responsibilities of Budget Committees

a) Ensuring that budget estimates adhere to the ceilings and are prepared in line with priorities as outlined in the Plan and Budget Guidelines 2014/15 and other National Planning and Budgeting Frameworks as well as other Government instructions;
b) Ensuring that all outstanding activities for 2013/14 are reviewed and reprioritized for inclusion in the Plans and Budgets for 2014/15;
c) Assessing all signed Contracts and Memoranda of Understanding (MoUs) for which commencement certificates have been issued and hence costing them into the budget;
d) Exploring further revenue opportunities for institutions that collect revenue by analysing revenue collection performance and forecasts over the medium term so as to enhance tax base for improving service delivery;
e) Allocating resources based on objectives, outputs and outcome performance;
f) Allocating resources for cross-cutting issues such as the fight against corruption, Open Government Partnership(OGP), Gender, HIV and AIDS, Environment, and Population dynamics;

g) Ensuring proper coordination of the preparation of MTEFs under their jurisdiction. Activities are properly classified in accordance with GFS Codes 2001 and are costed using **appropriate unit costs** and measurement units as issued by Government Procurement Services Agency (GPSA);

h) Ensuring formulation of performance indicators in line with FYDP I, MKUKUTA II as well as Big Results Now for sectors implementing this initiative; and

i) Ensuring that MTEFs are timely prepared and submitted to MoF and PO-PC in line with the adopted New Budget Cycle for scrutinisation. MTEFs for RSs and LGAs, should be submitted to the Prime Minister's Office, Regional Administration and Local Government Authorities for scrutinisation.

2.3 Specific Instructions for RSs and LGAs

5. During preparation of Plan and Budget for 2014/15, RSs and LGAs shall undertake among others, the following:-

a) Allocate resources for maintaining peace, order and tranquillity in respective areas of their jurisdiction as well as conducting statutory meetings (RCC,DCC and Inter-Council Forums) to enable effective governance and accountability at all levels;

b) Continue strengthening Decentralization by Devolution policy within areas of their jurisdiction for effective service delivery with particular focus on empowering lower levels;

c) Conducting Opportunities and Obstacles to Development (O&OD) approach, review and develop Regional and Councils Strategic Plan and Use as a basis for preparing plans and Budgets at all levels;

d) Enhance the capacity of Local Government Authorities (LGAs) to increase own source revenue collection and report to the Prime Minister's Office, Regional Administrative and Local Government (PMO-RALG) and Ministry of Finance (MoF);

e) Continue improving public finance management and accountability at all local government levels;

f) Continue with construction/rehabilitation and equipping Regional and District Hospitals, Health Centres and Dispensaries, Regional and District Commissioners' Offices and residences, Regional and District Administrative Secretaries Residences and Divisional Secretaries Offices;

g) Continue with construction of Headquarters for newly established RSs and LGAs;

h) Construction, rehabilitation, maintenance and equipping of social and economic infrastructure, especially in the sectors of Education, Water, Health, Agriculture, Livestock, Fisheries, and Roads, in line with national standards within their areas of jurisdictions;

i) Preparing and maintaining Regional and District profiles for integrated development plans and develop livelihood data centre for effective coordination of database and information;

j) MTEFs and new project proposals for RSs and LGAs should be submitted to PMO-RALG for preliminary scrutinisation, advice and further guidance before submission to MOF and President's Office, Planning Commission (PO-PC) respectively by December, 2013;

k) Prepare land use plans and demarcation of plots and farms;

l) Enforcing systems protecting children's rights including support to Most Vulnerable Children (MVC);

m) Mainstreaming gender, Environment, HIV/AIDS, anti-corruption and pro-poor policy data in plans and budgets;

n) Improving business environment by reducing unnecessary bureaucracy especially on issuing building permits and business licenses;

o) Strengthening the capacity to use PlanRep, IFMS, and Human Capital Management and Information System (HCMIS) for planning and budgeting purposes. In view of this, all LGAs shall allocate resources for capacity enhancement; and

p) Continue strengthening coordination and ensure attainment of targets set for food and cash crop production with special emphasis on the investment projects under SAGCOT and Tanzania Agriculture and Food Security Investment Plan (TAFSIP) in the spirit of Kilimo Kwanza initiative.

2.4 Planning and Budgeting Documents and Instruments

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

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

3.0 MEDIUM TERM EXPENDITURE FRAMEWORK AND RESOURCE ENVELOPE

7. On the basis of the macroeconomic outlook and budget frame in **Annex A,** the primary focus of the fiscal year 2014/15 budget and the medium term strategy is to consolidate the achievements of preceding years and focus interventions to Big Results Now projects so as to achieve the aspirations of the Five Year Development Plan 2011/12-2015/16 and MKUKUTA II.

8. In line with the macro economic and fiscal policy objectives, the medium term fiscal framework as outlined in the budget frame for 2014/2015, is projected to

collect **shillings 19,909.7 billion**. Out of this amount, total revenue is projected at **shillings 11,713.6 billion,** of which tax revenue amount to **shillings 10,990.8 billion,** non tax revenue **shillings 722.7 billion** and **shillings 377.9 billion** as LGAs own source. Development Partners will continue to contribute to Government Budget in form of Grants and concessional loans, whereby a total of **shillings 3,772.0 billion** is expected. The Government intend to borrow shillings 4,046.3 billion from both domestic and external sources, of which domestic borrowing for rollover of matured government securities is **shillings 2,265.7 billion**.

9. Recurrent expenditure is estimated at **shillings 14,642.4 billion** including **shillings 5,440.6 billion** for wages and salaries of Government Institutions and Agencies. In addition, development expenditure is estimated at **shillings 5,267.3 billion,** out of this locally financed development expenditure will be **shillings 2,643.3 billion** and foreign financed development expenditure is estimated at **shillings 2,624.0 billion.** Therefore, MDAs, RS and LGAs are urged to give priority to these outlays in accordance with the broad guidelines provided in Annex B.

10. On the basis of the budget frame for 2014/2015 and the need to scale up investments in strategic projects, recurrent outlays excluding salaries and Consolidated Service Fund (CFS) shall not increase by 10% so as to relieve resources for implementation of the BRN projects.

Indicative Budget Ceilings for the Medium Term

11. Based on the Medium Term Resource Framework outlined above, indicative ceilings will be provided at Vote level to guide the preparation of budget proposals. All spending institutions should adhere to the approved budget ceilings for the fiscal year 2014/15. Since there is no budget provision outside the set ceilings, commitments above set ceilings, may lead to budget cuts in other institutions and thus, adversely affecting their performance.

4.0 REVENUE AND EXPENDITURE ESTIMATES

Revenue Estimates

12. MDAs, RSs, LGAs and Public Institutions that collect non-tax revenue should adhere to the formats for the presentation of the revenue estimates. The revenue estimates should indicate collection trend/performance of 2012/13, first half of 2013/14, likely outturn by end of 2013/14, realistic budget for 2014/15 and projections for the outer years of the MTEF. Moreover, Accounting Officers should ensure that:-

a) All potential sources of revenue are identified and forecasted as part of comprehensive revenue collection strategies so as to enhance domestic revenue collection for financing the national plans and budget;
b) On a monthly basis, projected total revenue is broken down by both category and type;
c) All businesses are registered in order to ensure that the informal sector is brought into tax-net;
d) All taxes, fees and other charges shall be paid through electronic system so as to curtail revenue leakages;
e) Fees and other charges are reviewed to be in line with actual cost of providing public services;
f) A system of collecting property tax revenue is enhanced as well as reviewing the existing property tax rates so as to ensure that all buildings or properties including all urban districts and townships which were not paying property taxes are charged according to their market prices instead of the current flat rates;
g) Legal sector institutions are strengthened to commensurate with legal sanctions for tax evaders;
h) MDAs, RSs and LGAs are reminded not to enter into contracts with foreign contractors and incorporating tax exemption clauses without prior approval by MoF;
i) All Public Institutions and Agencies are obliged to disclose all information regarding their revenue collection;

j) They submit to the MOF for scrutiny all realistic revenue estimates to be collected during the financial year 2014/15 and actual collection information of preceding year for all votes and funds under their jurisdictions including all those of public institutions i.e. universities, water authorities and agencies. According to the Public Finance Act No.6 of 2001 Revised Edition, 2004 Under Regulation 38 (1)-(3) and Regulation 39 (3), failure to disclose such information, they shall be held accountable as per above mentioned Act; and
k) All Public Institutions and Agencies shall continue to remit 10 percent of their gross income turnover to the Exchequer in line with the Public Finance Act, 2013 requirement.

13. In order to expand tax base, the Government will continue to formalize the informal sector. In addition, TRA shall extend services closer to taxpayers and also extend working hours/days as a strategy to motivate taxpayers and increase efficiency in revenue collection.

Expenditure Estimates

Remuneration of Employees

14. During preparation of PE estimates, Accounting Officers should abide by guidelines prepared and issued by PO-PSM for MDAs, RSs, and LGAs. Public Institutions should abide by guidelines issued by TR so as to ensure payroll integrity and PE budget control. Specifically, Accounting Officers should observe the following:

a) Validating human resource information as approved by PO-PSM;
b) Preparing PE estimates for new employees based on the staff establishment approved by PO-PSM;
c) Preparing PE budget using Human Capital Management Information System (HCMIS) format in which employers are requested to enter new establishment, promotion and re-categorization information planned for 2014/15;
d) All non-salary allowances should not be included in the wage bill instead should be budgeted for under other charges; and

e) Budget estimates for statutory contributions including PSPF, LAPF, NSSF, GEPF, NHIF and PPF are correctly worked out.

15. In order to determine actual staffing requirements based on institutional establishment and also in line with the D by D policy, MDAs, RSs, LGAs and Public Institutions should undertake an evaluation of existing staff in each cadre compared with actual staffing level and justification and then submit such information through HCMIS for approval by **December, 2013**.

Other Charges

16. First charge outlay components should be fully budgeted for: Allowances for intern doctors and statutory entitlements; statutory meetings; ration allowances; public utilities (telephone, water and electricity); office rent; and foreign service allowances for diplomats and Embassies local based staff; examination expenses; higher education students' loans; schools with special needs; capitation grants; prisoners' food, boarding and special schools and colleges; medicines and medicaments; Judges attire; and contributions/subscriptions to international organizations. The remainder of other charges should be costed for other outlays.

Development Budget

17. Regarding development component, each vote should submit their proposed development budget for 2014/15 to PO-PC for detailed scrutiny prior to inclusion into their MTEFs.

Locally Funded Projects

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

a) Projected resources for the forthcoming year 2014/15 will sustain on-going projects before contracting new ones. The emphasis should be to adhere to MDAs', RSs and LGAs' approved budget ceilings. Since there is no budget provision outside the set ceilings, contracting commitments above set ceilings, may lead to budget cuts in other MDAs, RSs, LGAs and PIs. This situation will necessary adversely impact the performance of other sectors;

b) Outstanding claims raised by contractors, suppliers and service providers should be settled first;

c) Strategic projects including those under the BRN initiative should be given top priority in the allocation of development budget resources;

d) On-going projects forming part of the Annual Development Plan should be aligned to the resource envelope ceilings provided;

e) New projects shall be submitted to PO-PC for scrutiny and endorsement by December 2013. Further, on formulating new projects, MDAs RSs, LGAs and PIs should also consider the recurrent cost-implication of completed projects. However, inclusion of new projects in the budget estimates can only be considered if there are sufficient resources available from indicative ceilings of respective MDAs, RSs, LGAs and PIs after deducting the cost of all ongoing projects. To determine formulation of credible project proposals for a claim over scarce budget resources, POPC will issue a framework for guiding MDAs, RSs and LGAs to prepare standard project proposals; and

f) Procedures for securing loans for new and on- going projects should be in line with the Government Loans, Guarantees and Grants Act, 1974 (as amended 2004).

Donor Funded Projects

19. MDAs, RSs and LGAs receiving donor funds are required to prepare development budget based on confirmed resources, specifically they must ensure:

a) Availability of counterpart funds for new and on-going projects;

b) New projects are aligned with the FYDP and MKUKUTA II;

c) All donor funded projects (including direct, reimbursable and cash categories) are reflected in the budget estimates; and

d) MDAs budget submission to PO-PC for both ongoing and new projects is supported by financing agreements. RSs and LGAs projects will be submitted to PMO – RALG.

Intergovernmental Fiscal Transfer

20. During 2014/15, the Government will continue to allocate grants to LGAs on formula and performance basis to facilitate financing of specific requirements, such as meals for secondary schools and schools with special needs. In this case, LGAs will continue to receive block grants in the grant-aided sectors such as Agriculture, Livestock, Health, Roads, Water and Education. With the case of education sector, LGAs should ensure they do the following:

a) Allocating capitation grant for primary schools at an average of Tshs. 10,000 per enrolled pupil per annum, including pre-primary pupils and those in special day schools;
b) Allocating capitation grant for secondary schools at an average of Tshs. 25,000 per enrolled day school student per annum;
c) Allocating the budget for school meals at an average of Tshs. 405,000 per annum (i.e. Tshs. 1,500 x 270 school days) per student enrolled in registered boarding primary and secondary schools; and
d) Preparing realistic budget and allocating resources for primary school related examinations costs (STD IV and VII) as well as secondary school examinations (Form II, IV, and VI).

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

Institutionalizing Decentralization by Devolution across MDAs

22. To ensure effective implementation of the D by D policy, MDAs are required to:

a) Review respective sectoral functions and laws to ensure that they are D by D compliant;
b) Sector Ministries should continue to build capacity of RSs and LGAs in respective policies, laws and regulations in the sector; and
c) Devolve functions that are localized along with resources (mainly human and financial), for realization of rapid development at a grassroots level.

5.0 OTHER ISSUES TO BE CONSIDERED IN THE BUDGET ESTIMATES

a) Cost Reduction Measures

23. Accounting Officers should take cost reduction measures particularly in such areas as seminars and workshops; office operations, public ceremonies; procurement of furniture and motor vehicles. During budget preparation, Accounting Officers should:-

(i) Review and rationalize human resources requirements across the Government under the PO-PSM guidance in line with the new institutions responsibilities;

(ii) Procurement of goods and services shall be done through ICT (e-procurement) and through bulky procurement at source;

(iii) Use mortgage facilities to acquire office buildings for embassies instead of continue renting. For motor vehicles leasing facility should be used instead of purchasing;

(iv) Adhere to Government Circular No. CAC.134/213/01/K/114 of 26th September, 2012 regarding prohibiting procurement of imported furniture;

(v) Control other operational costs. If there is a need to construct a Ministry's or a Public Institution's office under its jurisdiction, the parent ministry shall prepare a comprehensive plan of constructing an office that will cater also for institutions under its jurisdiction so as to reduce operational costs. Failure to abide this directive, the respective Accounting Officer(s) shall be held accountable;

(vi) Control cost of operations emanating from use of public utilities (electricity-use of energy saving technology, water and telephones) through implementation of prepayment utility meter system. Respective parent ministries to provide guidance on cost reduction technology and standards;

(vii) Avoid use of consultants in areas where competent internal staff or other public servants could be used; and

(viii) Payment of entitlements including allowances to Board Members and staff of public institutions, parastatals and executive agencies should be done in accordance with respective establishment Acts, Public Finance Act and in line with the Government Circular No. SHC/B.40/6/21 of 28th March, 1994.

b) Controlling Accumulation of Arrears

24. As an endeavor to control budget, the Government through Internal Auditor General has continued to verify and establish the stock of arrears, and will develop and implement arrears liquidation strategy. Accordingly, Accounting Officers should employ use of IFMS generated LPOs to avoid awarding unfunded tenders. Alongside this, transfer of staff should be done within the approved budget. Further, MOF in collaboration with MDAs, RSs and LGAs will put in place a system of paying all verified debts centrally.

c) Public Private Partnerships

25. MDAs, RSs, LGAs, and Public Institutions that are partnering with private sector in implementing development projects should undertake economic analysis of proposed projects and thus, preparing detailed project documents to determine value for money prior to engaging private firms to implement such projects. Accounting Officers should create conducive environment by using existing PPP Regulations to facilitate establishment of PPP projects. In the case of RSs and LGAs, project proposals should be submitted to PMO-RALG for scrutiny and onward submission to MOF for detailed fiscal risk scrutiny and approval. In order to facilitate formulation of PPP projects and scaling-up implementation, the Government will set-up PPP Facilitation Fund.

d) Procurement of Imported Goods and Services

26. Procurement of imported goods and services which are locally available should be discouraged as a strategy to protect domestic industry. Nevertheless, if

importation of some goods and services are indispensable, MDAs, RSs, LGAs and PIs should budget for payment of all related taxes and duties. With respect to procurement planning, MDAs, RSs, LGAs and PIs must ensure that the process commensurate with the Government budget process for effective and efficient budget implementation.

e) Exchange Rate

27. For the sake of uniformity and a base in the budget estimates presentation for 2014/15, all MDAs, RSs and LGAs are required to use the indicative exchange rate of **USD 1 to Tshs. 1,640** as provided by the Bank of Tanzania for costing their budget estimates in areas that involve foreign exchange component.

f) Monitoring and Evaluation

28. Monitoring and evaluation is a core management function in ensuring effective implementation of the national budget. The structure of monitoring and evaluation require each institution to have a functioning M&E Section.

29. In order to ensure effective implementation of FYDP, the Government has established a President's Delivery Bureau (PDB) as an Independent Department under the President's Office to oversee effective monitoring and evaluation of strategic public investments projects. On the other hand, the Ministerial Delivery Units in six sectors namely Transportation, Education, Agriculture, Water, Energy and Resources Mobilization have been established for effective tracking performance to ensure value for money. Therefore, all MDUs are required to track trend of implementation of KPIs of BRN projects on **weekly and monthly** and thus report to the PDB through their respective Permanent Secretaries.

30. Regarding monitoring and evaluation of other projects, MDAs, RSs and LGAs should make budgetary allocation for monitoring and evaluation of executed activities by using BRN initiative experience so as to ensure achievement of value for money. Further, they should continue strengthening M & E capacities by filling in

vacant positions and specialized training to ensure effective monitoring of outputs and outcomes of Government expenditures for effective planning.

31. Monitoring and evaluation of MKUKUTA II are based on outcome indicators identified under the MKUKUTA Monitoring Master Plan. These outcome indicators measure results in growth and income poverty, improvement of life and social wellbeing and governance and accountability. Therefore, MDAs, RSs and LGAs through their M&E units should track progress on MKUKUTA II indicators and produce annual performance reports, for subsequent synthesis in the MKUKUTA Annual Implementation Report. The main thrust is to review implementation and policy issues for future policy choices.

g) Joint Supervision/Monitoring and Evaluation

32. To ensure effective coordination of M&E activities across government, monitoring and inspection missions should be organised and carried out jointly to avoid duplication of efforts and resources. In addition, professionals supervising implementation of projects would be held accountable for results.

h) Mainstreaming cross cutting issues into plans and budget

33. In order to ensure that all cross cutting issues are embedded in the plans and budgets, MDAs, RSs and LGAs should allocate resources for implementing cross cutting issues. These include gender, environment, HIV/AIDS, population, anti-corruption measures, Open Government Partnership, ethics and integrity, and disaster management by using the existing guidelines. They should continue enhancing legal and regulatory framework for speedy investigations, prosecutions and case adjudications of gender and sexual based violence cases.

i) Budgeting for Vulnerable Groups

34. MDAs, RSs and LGAs should allocate resources to improve infrastructure and appropriate services in specific centers such as elderly and children homes, and

schools for children with special needs. Moreover, public facilities should be accessible to people with disabilities.

j) Nutrition Interventions

35. MDAs, RSs and LGAS that implement nutrition interventions are required to allocate resources in areas which need urgent interventions in accordance with the National Nutrition Strategy (NNS) 2011 - 2016. The NNS aims to ensure that all Tanzanians attain adequate nutritional status through policies and programmes, thus, participating effectively in socio - economic development. LGAs should ensure Council Multi-Sectoral Nutrition Steering Committees meet regularly and submit quarterly performance reports to PMO-RALG. Moreover, they should collaborate with communities to prepare and implement a comprehensive nutrition programs which will enable provision of school meals to all children in primary and secondary day schools.

k) Public Sector Reforms

36. Concerted efforts will continue to be undertaken to allocate resources to strategic interventions to speed up finalization of the ongoing reforms and starting new ones to enhance efficiency in service delivery across government. Therefore, based on the above facts, MDAs should ensure the following:-

(i) Take lead role in reform design and setting priority interventions to ensure ownership, accountability, adhering to the planning and budgeting cycle; and

(ii) Realigning reform programmes with the FYDP and MKUKUTA II and avoid routine activities.

l) Good Governance and Rule of Law

37. In order to ensure good governance and rule of law, resources should be allocated for enhancing good governance and access to justice including enforcing security in strategic public offices as well as in other public areas in collaboration

with the private sector under the guidance of the Ministry of Home Affairs; swift legal and court process; continue issuance of National Identity Cards by the National Identification Authority (NIDA); preparation and conducting Local Government Elections at grassroots levels 2014; preparation for General Elections 2015; enhance the conducting of civic/voter education and capacity of conflict resolution mechanisms. Other interventions include implementing Post Code and Physical Addressing system; implementing African Peer Review Mechanism (APRM); and Open Government Partnership (OGP).

m) Employment and Economic Empowerment

38. The Government will continue to support economic empowerment initiatives through Economic Empowerment Fund, Youth Development Fund and Women Development Fund so as to provide capital for citizens. These will lead to establish more micro- enterprises to generate their incomes and job creations. Therefore, during preparation of the plan and budget estimates, all MDAs, RSs and LGAs will be required to prepare report on new employment opportunities and submit to the Ministry of Labour and Employment; thereafter the Ministry will periodically submit the same to the PMO. Similarly, the RSs and LGAs shall submit the report to the PMO-RALG on quarterly basis. The format for capturing this information is provided as **Annex A Chapter IV**.

6.0 BUDGET SCRUTINIZATION AND APPROVAL

6.1 Budget Cycle

39. The new budget cycle which is nurtured by the Parliamentary Regulations of 2013 allows the detailed debate and approval of the National Budget before 30th June of every fiscal year as well as allowing the Government to immediately begin implementation of the approved budget on the 1st July of every fiscal year. The establishment of the Parliamentary Budget Committee provides a useful link between the Government and the Parliament through its Sectoral Standing Committees. Indeed, the Committee plays a pivotal role as it gives the Parliament the opportunity

to scrutinize the proposed plans and budget by the MDAs, RSs and LGAs. Furthermore, it proposes sectoral budget adjustments to the Parliament for debate and approval.

6.2 Scrutinisation Process

40. Soon after issuance of the budget guidelines to MDAs, RSs and LGAs in the first week of **November, 2013** and receiving budget ceilings in the **first week of January 2014** for fiscal year 2014/15, they shall immediately begin preparation of their MTEFs and submit to MoF and POPC in the **third week of January 2014** for detailed scrutinisation.

41. Scrutinisation process will be done by MoF in collaboration with the PO-PC, PO-PSM and PMO-RALG between the **fourth week of January-first week** of **February 2014**. The process will be done based on specific criteria so as to ensure clarity and transparency. The criteria include:

a) Adherence of policy objectives and budget estimates (MTEFs) to the Plan and Budget Guidelines for 2014/15;

b) Review of 2012/13 budget performance; and

c) Mid-year review for 2013/14 budget showing revenue and expenditure performance as well as the way forward.

6.3 Data Entry

42. After finalizing scrutinisation, data entry into IFMS shall swiftly be undertaken. Therefore, all Accounting Officers are required to provide necessary support to Budget Officers so as to complete timely the data entry process which culminates in the **second week of February 2014** to pave the way for MoF to print the budget books on time.

43. According to the new budget cycle, MDAs, RSs and LGAs will submit their budget proposals to the Parliamentary Sectoral Standing Committees for detailed review and endorsement between **mid-March and first week of April 2014**. Alongside this, they will incorporate any budget adjustments as per discussions into their plans and budgets and submit the same to the MOF and POPC for further action.Thereafter,

the budget estimates shall be tabled to the Parliament for discussion and approval before 30th June, 2014. The implementation of the approved budget will start from the **1st July 2014** to 30th June 2015.

7.0 CONCLUSION

44. MDAs, RSs and LGAs are required to adhere to the instructions issued in this document and refer to the Annexes contained therein. It is important for MDAs, RSs and LGAs to realign themselves and scale up implementation of plans through focusing on strategic projects consistent with BRN, MKUKUTA II goals and outcomes and other projects so as to achieve the aspirations of Tanzania Development Vision 2025.

45. In complying with the budget cycle, drafted budget estimates should reach MoF and POPC by **third week of January 2014** for technical scrutiny before submitting them to Sectoral Parliamentary Standing Committees for detailed scrutinisation and guidance between **mid-March to early April 2014**. MDAs, RSs and LGAs will incorporate any budget adjustments as per discussions into their plans and budgets and submit the same to the MOF and POPC for further action. It is expected that they would table the same to the Parliament from the **first week of April 2014** for debate and approval by **end June 2014**. Attached herewith **(Annex B)** is a proposed road map to ease the process of budget preparation and approval.
