

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE AND PLANNING**



**THE CITIZENS' BUDGET
A SIMPLIFIED VERSION OF THE GOVERNMENT BUDGET FOR THE FINANCIAL YEAR 2021/2022**

Issued by Ministry of Finance in collaboration with Policy Forum



LIST OF ABBREVIATIONS

1. EACOP - East Africa Crude Oil Pipeline
2. EFD – Electronic Fiscal Device
3. GePG – Government electronic Payment Gateway
4. GN – Government Notice
5. MW – Megawatt
6. MSCL – Marine Services Company Limited
7. NHIF – National Health Insurance Fund
8. NGOs – Non-Governmental Organizations
9. REA – Rural Electrification Agency
10. SGR – Standard Gauge Railway
11. ICT – Information Communication Technology
12. TANROADS – Tanzania Roads Agency
13. TARURA – Tanzania Rural and Urban Roads Agency
14. TMA – Tanzania Meteorological Agency
15. TBC – Tanzania Broadcasting Corporation
16. COVID – 19 – Corona Virus Disease of 2019
17. VAT – Value Added Tax

1. Citizens' Budget

The Citizens' Budget Booklet is a simplified form of the Government Budget in a language that citizens and other stakeholders can easily understand. The Booklet helps citizens to fully understand and comprehend the Government budget thus promoting transparency and accountability in the management of public funds.

2. Government Budget

The Government Budget is an estimate of revenue and expenditure for the financial year of which its implementation runs from 01 July to 30 June. The Budget for 2021/22 is prepared in accordance with: The Constitution of the United Republic of Tanzania; Budget Act, CAP 439; National Five-Year Development Plan 2021/22 – 2025/26; and The Guidelines for Preparation of Plans and Budget for the Year 2021/22.

3. Budget Priorities

The 2021/22 budget aims at implementing the priorities identified in the five (5) areas of the 2021/22 Annual Development Plan. The priority areas are: Stimulating a competitive and inclusive economy; strengthening the industrial production and service delivery to increase the value of agricultural products; promoting investment and trade; stimulating human development; and human resource development.



4. Macroeconomic Policy Targets

4.1 Macroeconomic Assumptions and Targets

Government revenue and expenditure estimates for 2021/22 have been prepared based on macroeconomic assumptions and targets as follows:

- i. Real GDP growth of 5.6 percent in 2021;
- ii. Containing inflation at a single digit between 3.0 to 5.0 percent;
- iii. Domestic revenue is projected at 15.9 percent of GDP;
- iv. Tax revenue is estimated at 13.5 percent of GDP;
- v. Ensuring budget deficit (including grants) does not exceed 3.0 percent of the GDP; and
- vi. Maintaining foreign reserves sufficient to cover at least four months of imports of goods and services.

4.2 Policies and Strategies for Revenue Collection

In order to strengthen domestic revenue, the Government will implement the following policies:

- i. Continuing to improve the business environment for tax payers;
- ii. Strengthening domestic revenue collection and administration by emphasizing the proper use of ICT systems including GePG and EFD;
- iii. Strengthening the administration of tax laws to address the challenges of tax evasion and minimize revenue leakages.

In addition to measures taken to strengthen domestic revenue collection, the Government will continue to strengthen domestic financial market; and borrowing from Export Credit Agencies (ECAs).

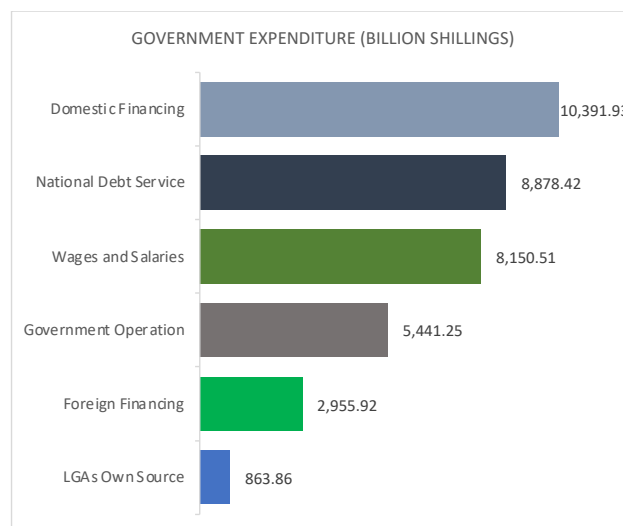
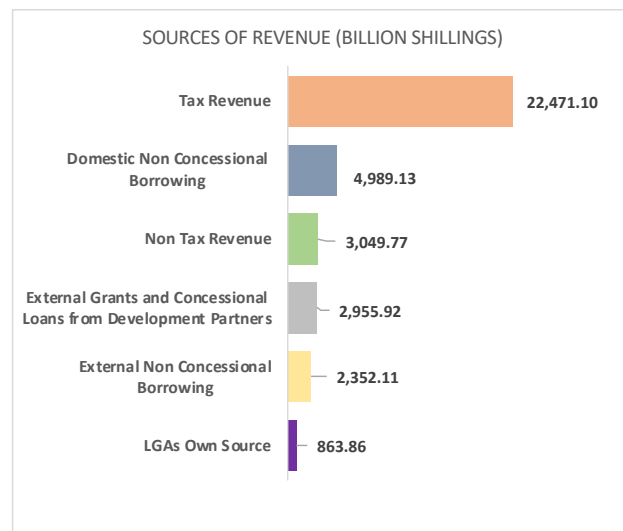
4.3 Expenditure Policies

Expenditure policies in 2021/22 include the following:

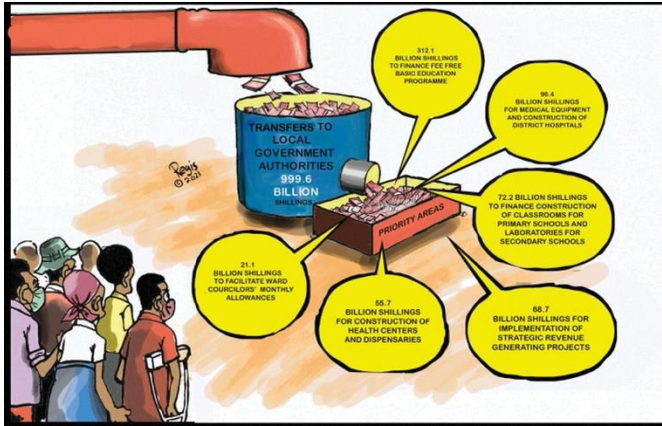
- i. To allocate funds to priority areas that stimulate economic growth and ensuring ongoing projects are given priority before new projects;
- ii. To ensure that budget deficit does not exceed 3.0 percent of the GDP;
- iii. To control creation and accumulation of arrears;
- iv. To maintain discipline in public expenditure; and
- v. To enhance use of ICT in Government business in order to increase efficiency as well as building capacity to local experts on systems security.

5. Government Revenue and Expenditure

The government plans to collect and spend 36.68 trillion shillings. The revenue will be collected from various sources including: tax and non-tax revenue; grants; domestic and external loans. Areas of Government expenditure include Government debt, salaries, other charges and development expenditure.



6. Transfers to Local Government Authorities



7. Sector Allocation

The government budget is allocated in seven (7) sectors as described in Figure 1.

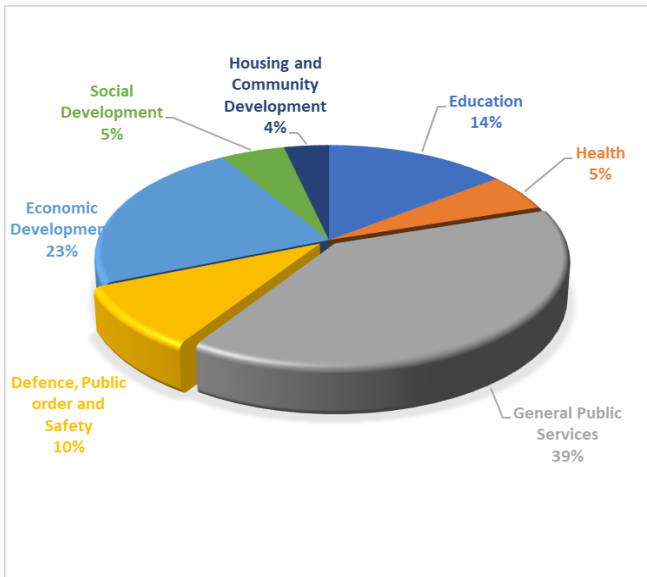


Figure 1: Budget Sector Allocation

7.1 Education

Budget allocated to this sector is 5.26 trillion shillings equivalent to 14 percent of the total budget. Some of the spending priorities are as follows:



King'ong'o Primary School – Dar es Salaam
Some of the spending priorities are as follows:

- i. **4.04 trillion shillings** for pre-primary, primary and secondary education, teachers' colleges, schools' inspection, adult and informal education;
- ii. **976.8 billion shillings** for Higher Education Science and Technology;
- iii. **137.6 billion shillings** for Technical Education and Vocational Training; and
- iv. **99.5 billion shillings** for administrative expenses.

7.2 Health Sector

In 2021/22, the sector has been allocated a total of 2.02 trillion shillings equivalent to 5.5 percent of the budget. The allocation of funds to priority areas is as follows:

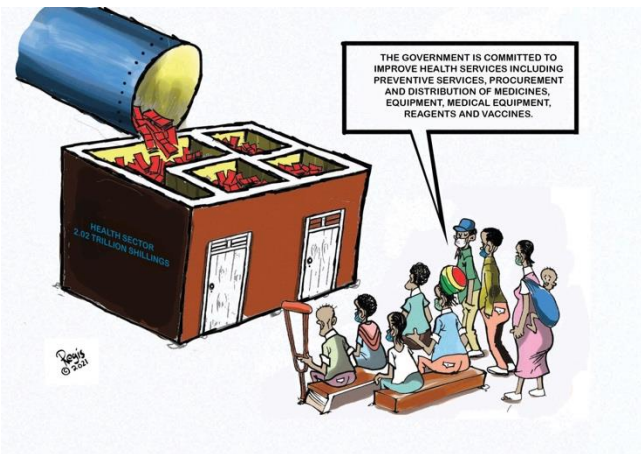
- i. **873.7 billion shillings** for improvement of health services and infrastructure in dispensaries, health centers and district hospitals;
- ii. **824.2 billion shillings** for improvement of curative health services and infrastructure in zonal and national referral hospitals;
- iii. **259.2 billion shillings** for prevention services including procurement and distribution of

medicines, equipment, medical equipment, reagents and vaccines;

- iv. **59.5 billion shillings** for health administrative services; and
- v. **2. billion shillings** for improvement of health services and infrastructure in regional referral hospitals.



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7.3 General Public Services

The Government has allocated 14.4 trillion shillings equivalent to 39.2 percent of the budget for expenditure in this sector. The sector priority expenditures include:

- i. **8.83 trillion shillings** to finance Government Debt;
- ii. **3.03 trillion shillings** to finance public administrative services

including the preparation of the Population and Housing Census to be held in 2022;



- iii. **2.34 trillion shillings** for financial and economic activities; and
- iv. **191.9 billion shillings** for foreign affairs.

7.4 Defence, Public Order and Safety

The Government has allocated 3.53 trillion shillings equivalent to 9.6 percent of the total budget. The sector priority expenditures include:

- i. **2.36 trillion shillings** for national defence and public security;
- ii. **931.8 billion shillings** for maintaining peace, law and order and protection of citizens' properties; and
- iii. **243.7 billion shillings** for ensuring the rule of law is observed.

7.5 Economic Development

A total of 8.33 trillion shillings equivalent to 22.7 percent of the budget have been allocated to finance the following sub-sectors: agriculture; energy; minerals; works, transport and communication; natural resources, tourism and environment; manufacturing and trade; as well as employment, youth and skills development.

7.5.1 Agriculture

The sub-sector of agriculture has been allocated 630.4 billion shillings. The allocation of funds to priority areas is as follows:

- i. **120.9 billion shillings** for livestock and fisheries development including 50.0 billion shillings for the construction of a fishing port;
- ii. **63.8 billion shillings** for agricultural infrastructure development;
- iii. **48.2 billion shillings** for the implementation of irrigation projects in Local Government Authorities;
- iv. **46.7 billion shillings** for the provision of research and extension services in agriculture; regulating the market for agricultural products; regulating market access and value addition of agricultural products;
- v. **32.4 billion shillings** for the Pest Control Project to prevent diseases caused by the aflatoxin in grain;
- vi. **14.0 billion shillings** for the purchase, storage and distribution

of grain in food insecure areas in the country;

- vii. **13.3 billion shillings** for the production, acquisition and control of agricultural inputs quality including tractors, fertilizers, and seeds; and
- viii. **6.5 billion shillings** for the development and strengthening of Co-operative Societies.



Grain storage silos in Babati - Manyara

7.5.2 Minerals

A total of 66.73 billion shillings has been allocated to mineral sub sector for implementation of the following priority areas: Strengthening mineral revenue collections and increasing mineral sector contribution to GDP; capacity building of small-scale miners and general public; promote minerals value addition; strengthening management of mining inspection operations; and promoting mineral trade between Tanzania and other countries.

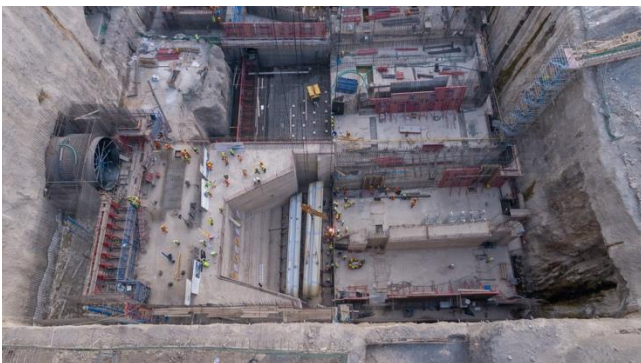


A ceremony to hand over 6.33 kg Tanzanite stone

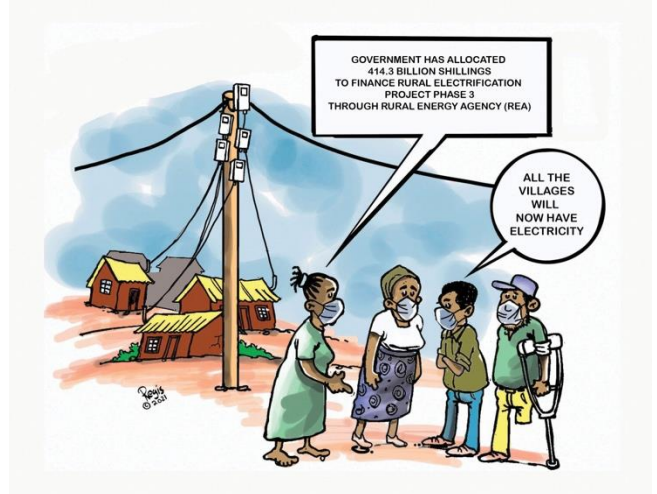
7.5.3 Energy

The energy sub-sector has been allocated a total of 2.39 trillion shillings to implement the following priority areas:

- i. **1.53 trillion shillings** for power generating projects including Julius Nyerere Hydropower Project 2,115 MW; Ruhudji Hydropower Project 358 MW; Rusumo Falls Hydroelectric 80 MW; and Rumakali Hydropower Project 80 MW;
- ii. **414.3 billion shillings** for financing rural electrification project phase 3 through Rural Energy Agency (REA);
- iii. **278.2 billion shillings** for construction of transmission line projects of Rufiji to Chalinze – Kinyerezi - Dodoma; Iringa – Singida – Shinyanga and Singida – Arusha – Namanga; and
- iv. **18.9 billion shillings** for financing of petroleum and natural gas projects, oil and natural gas exploration, natural gas processing and strengthening bulk oil procurement system.



Construction site of Julius Nyerere Hydropower Project



7.5.4 Works, Transport and Communication

The government has allocated 4.38 trillion shillings for works, transport and communication sub sector. The allocation of funds to priority areas is as follows:

- i. **897.0 billion shillings** for construction of new Standard Gauge Railway;
- ii. **722.2 billion shillings** has been allocated to TARURA for road construction, maintenance and rehabilitations in rural and urban areas;
- iii. **635.9 billion shillings** has been allocated to TANROADS for regional roads construction, maintenance and rehabilitations;
- iv. **450.0 billion shillings** for aircraft acquisition and maintenance;
- v. **294.8 billion shillings** allocated for Railway Infrastructure Fund;
- vi. **170.0 billion shillings** for the National ICT Backbone Infrastructure Project;

- vii. **135.0 billion shillings** for procurement and rehabilitation of marine vessels;
- viii. **63.97 billion shillings** for construction and rehabilitation of regional airports;
- ix. **30.0 billion shillings** for Tanzania Meteorological Authority (TMA) to acquire radar and its associated infrastructure; and
- x. **15.3 billion shillings** for procurement and rehabilitation of ferries.



Construction of a new marine vessel (Mv. Mwanza Hapa Kazi Tu)



*Standard Gauge Railway
Dar es Salaam – Morogoro*

7.5.5 Natural Resources, Tourism and Environment

The government has allocated 556.63 billion shillings to promote tourism and management of natural resources. The allocated funds are aimed at: strengthening tourism services affected by COVID – 19; conservation and protection of natural resources and heritage; and preservation of the natural environment. The allocation of funds to priority areas is as follows:

- i. **346.1 billion shillings** for developing conservation in National Parks and Ngorongoro Conservation Area;
- ii. **152.8 billion shillings** for the construction and rehabilitation of tourism infrastructure including roads and bridges;
- iii. **23.0 billion shillings** for financing forest conservation and bee keeping;
- iv. **15.0 billion shillings** to fund Natural Resources Research and Training Institutions; and
- v. **14.7 billion shillings** for tourism attractions activities.



Mt. Kilimanjaro National Park

7.5.6 Industry and Trade

The government has allocated 291.9 billion shillings for industry and trade sub-sector.

Priority expenditure areas include:

- i. **23.1 billion shillings** to improve trade and business environment;
- ii. **20.0 billion shillings** for the purchase of vehicles and other goods testing equipment;
- iii. **19.7 billion shillings** to finance research, innovation and business training; and
- iv. **12.7 billion shillings** for development of leather products and edible oil processing infrastructure.

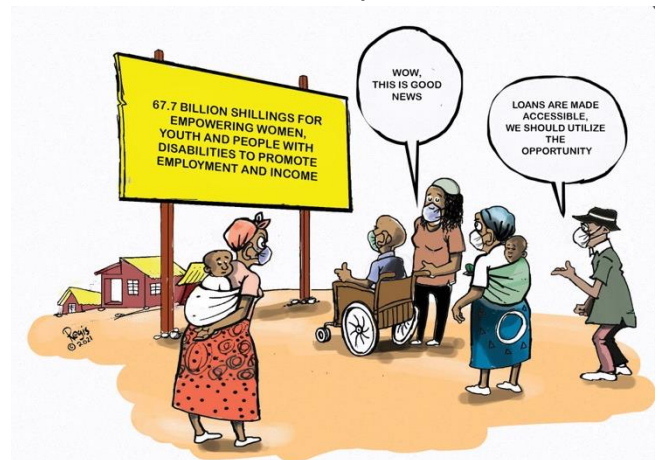


*Leather Industry
Karanga – Moshi*

7.5.7 Labour and Youth Skills Development

The government has allocated 77.7 billion shillings for employment and labour promotion to ensure that the national workforce receives the necessary skills and increase employment opportunities. The allocation of funds to priority areas is as follows:

- i. **67.7 billion shillings** for empowering Women, Youth and People with Disabilities to promote employment and income;
- ii. **9.0 billion shillings** for National Skills Promotion Program implementation; and
- iii. **1.0 billion shillings** for youth group concessional loans through the Youth Development Fund.



7.6 Social Protection

The government has allocated 1.85 trillion shillings in this sector which is equivalent to 5.1 percent of total budget. Some key spending areas are as follows:

- i. **1.57 trillion shillings** Government contribution to pension funds and retirement benefits to national leaders;
- ii. **242.3 billion shillings** for the National Health Insurance Fund (NHIF); and
- iii. **38.4 billion shillings** for basic services to elderly and children living in vulnerable environment.

7.7 Water, Housing and Community Development

A total of 1.29 trillion shillings equivalent to 3.5 percent of total Government budget have been allocated for improvement of water services, housing and community development. Budget allocation in this sector is as follows;

7.7.1 Water

Government has dedicated its efforts to provide relief to community to obtain clean and safe water. A total of **706.2 billion shillings** has been allocated to water sub sector to facilitate various priority activities. The allocation of funds for some priority water projects is as follows:

- i. **326.4 billion shillings** for implementing rural water supply and sanitation program;
- ii. **140.5 billion shillings** for rehabilitation and expansion of urban water supply;
- iii. **37.5 billion shillings** for identifying, preserving, managing and sustaining water resources;
- iv. **51.0 billion shillings** for implementing water supply and sanitation program for Dar es Salaam and Coast region; and
- v. **27.4 billion shillings** for implementing Lake Victoria to Tinde – Shelui Water Supply project.



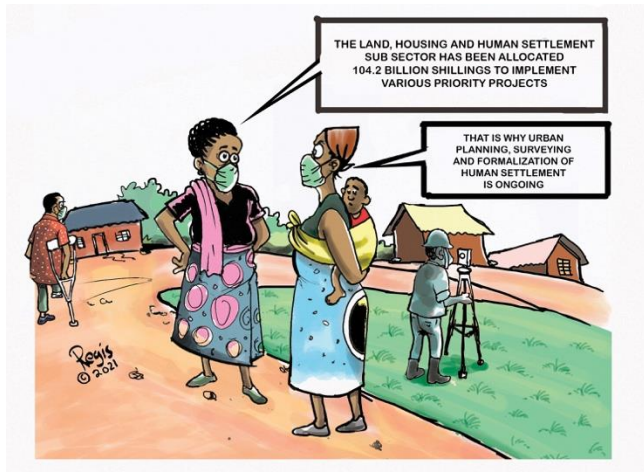
The President of the United Republic of Tanzania, Hon. Samia Suluhu Hassan launching water project at Misungwi -Mwanza



7.7.2 Land, Housing and Human Settlement

A total of **104.2 billion shillings** has been allocated to implement different priority activities in land, housing and human settlement sub-sector. Some of priority activities in this sector include: improving surveying and mapping infrastructure; electronic land record keeping system; strengthening international boundary demarcation between Tanzania and

neighbouring countries; urban planning & surveying; and formalization of human settlements.



7.7.3 Community Development

Community Development sub-sector has been allocated a total of **426.6 billion shillings** for improving delivery of social welfare and development services and increasing citizen participation in implementation of development projects. Among the priority areas and allocated funds are as follows:

- i. **7.4 billion shillings** for renovation of buildings and infrastructure in elderly homes located in Chazi, Kolandoto, Magugu, Nunge, Ipuli, Fungafunga, Bukumbi, Sukamahela and Mwanzage;
- ii. **3.6 billion shillings** for construction and rehabilitation of Rungemba, Uyole, Mlale and Monduli Community Development Institutions;
- iii. **1.4 billion shillings** for programs to eradicate gender-based violence in the community;

- iv. **400.0 million shillings** for completion of construction of juvenile detention center in Mtwara region; and
- v. **400.0 million shillings** for construction of dormitories at the Institute of Social Work.

7.7.4 Information, Sports and Culture

A total of **54.7 billion shillings** has been allocated for the development and promotion of information, culture, arts and sports in the country. Some key spending areas are as follows:

- i. **10.5 billion shillings** for the construction of recreational and sports stadium project;
- ii. **5.0 billion shillings** for expansion of TBC coverage;
- iii. **1.5 billion shillings** for renovation and construction of cultural and arts colleges;
- iv. **1.3 billion shillings** for construction of Mallya Sports College;
- v. **1.0 billion shillings** to improve publicity of Government information; and
- vi. **515 million shillings** for African Liberation Heritage Programme

Reform of the Tax Structure, Fees and Levies

The government has made amendments to tax structure, levies and fees to promote economic growth especially in the agricultural and industrial sectors to increase government revenue. Some of the amendments include:

1. The Value Added Tax Act, CAP 148

- a) Exempt Value Added Tax on;
 - i. Imported precious metals and raw minerals;
 - ii. Insurance of livestock farming;
 - iii. Imported and local purchases of goods and services for East African Crude Oil Pipeline (EACOP);
 - iv. Imported or local purchases of goods and services by a Non-Governmental Organisations (NGO's) solely for implementation of project; and
- b) Amend Value Added Tax Act to restore VAT refund for goods purchased in Tanzania Mainland and utilised in Zanzibar by registered persons.

2. The Income Tax Act, CAP 332





- i. Reduce the minimum PAYE rate from 9 percent to 8 percent;
- ii. Exempt Income Tax on interest income derived from Government bonds;
- iii. Reinstate power of the Minister to grant income tax exemption without a requirement for approval by the Cabinet on implementation of such projects financed by grants or concessional loans from Development Partners; and
- iv. Introduce a non-final withholding tax of 2 percent on payments which are made to suppliers of agro-products, livestock and fisheries when supplied to processing industries, millers and other Government Agencies.

3. The Excise (Management and Tariff) Act, CAP 147

- i. Reduce excise duty rate for beer made from locally grown and malted barley from 765 shillings per litre to 620 shillings per litre;
- ii. To introduce excise duty of 10 percent on imported and locally produced synthetic (plastic) fibres except fishing twine; and
- iii. To introduce an excise duty rate of 10 percent on imported used Motorcycles aged more than 3 years.



4. The East African Community Customs Management Act, 2004

- i. Stay of application of the EAC CET rate of 25 percent and apply a duty rate of 10 percent for buses for transportation of more than 25 persons imported for rapid transport project;
- ii. Stay of application of the EAC CET rate of 10 percent and apply a duty rate of 25 percent for one year on cotton yarns;
- iii. Stay of application of the EAC CET rate of 25 percent and apply a duty rate of 0 percent for one year on Milk cans; and
- iv. Grant duty remission at a duty rate of 0 percent instead of 25 percent or 10 percent for one year on raw materials used to manufacture different types of fertilizers for fertilizer manufacturers.

- 5. Higher Education Student's Loans Board, CAP 178** 
Abolish value retention fee of 6 percent for former student loan beneficiary.
- 6. The Property Tax Act, Cap 289** 
To charge rate of 1,000 shillings per month on ordinary buildings with one electric meter gauge; and a rate of 5,000 shillings per month for every storey building or apartments with one electric meter gauge. Payment for property tax will be made on every purchase of the electricity unit up to the limit of the rates mentioned for the respective month.
- 7. The Land Rent Act, CAP 113**
i. Reduce premium rate from 2.5 percent to 0.5 percent for new land occupancy; and
ii. Reduce premium rate from 1 percent to 0.5 percent on Regularizing Land.
- 8. The Motor Vehicle (Tax Registration and Transfer) Act, CAP 124** 
Reduce Motor Vehicle (Tax Registration and Transfer) Act, CAP 124, by reducing Personalized Plate Number Registration fee from 10,000,000 shillings to 5,000,000 shillings for every three years.
- 9. The Road Traffic Act, CAP 168** 
Reduce the road fines imposed under the Road Traffic Act for offences to motor cycles and three-wheelers motor cycles from 30,000 shillings to 10,000 shillings for each offence committed.

Other Revenue Measures

The government will implement other revenue measures to finance specific projects which are: rural and urban roads; accessibility to clean and safe water in rural and urban areas; health and universal health insurance; education; and Nyerere Hydropower and Standard Gauge Railway (SGR). The measures include:

- 1. The Road and Fuel Tolls Act, CAP 220** 
Increase road tolls by 100 shillings per each litre of petrol and diesel.
- 2. Petroleum Act, CAP 392**
Increase fuel levy from 150 shillings to 250 shillings per litre of kerosene.
- 3. The Electronic and Postal Communication Act, CAP 306** 
i. Impose a levy of between 10 shillings to 10,000 shillings in each mobile money transaction of sending and withdrawing; and
ii. Impose a levy of between 10 shillings to 200 shillings per day per SIM card depending on the ability of the user to recharge the balance.

BUDGET REFERENCE DOCUMENTS

The following is a list of the documents published by Government and used as sources of information to prepare the Citizens' Budget Booklet for 2021/22:

1. Tanzania Development Vision 2025;
2. National Five Year Development Plan 2021/22 - 2025/26;
3. Ruling Party Election Manifesto for 2020;
4. The Plan and Budget Guidelines for 2021/22;
5. Sector Ministries Budget Speeches for 2021/22;
6. Government Budget Speech for 2021/22;
7. Medium Term Plans and Medium Term Expenditure Framework Budget Memoranda 2021/22;
8. The Appropriation Act, 2021;
9. The Finance Act, 2021;
10. The Budget Act, CAP 439; and
11. The Estimates of Public Revenue and Expenditure Books for year 2021/22 (Volume I – IV).

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

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

For more information about Government Budget

You can find out more about the budget process from:

The budget documents of Tanzania (**see reference documents**) and in particular, the four volumes of the Government Budget Books which are available at the Ministry of Finance and Planning, Mtumba Government City, Hazina Street, P.O. Box 2802, 40468 Dodoma.

Remember, it is your right to know this and more information about the national budget. Talk to your leaders about this information and share it with other people in your community.

Table 1: Summary of Sector Allocations

SECTOR	2021/22 Budget (billion)	Percentage (%)
Education	5,257.29	14.3
Health	2,019.19	5.5
General Public Services	14,396.87	39.2
General Public Services (without Debt Services)	5,562.05	15.2
Debt Services	8,834.82	24.1
Defence, Public order and Safety	3,532.72	9.6
Economic Development	8,330.67	22.7
Agriculture	630.36	1.7
Minerals	66.73	0.2
Energy	2,385.95	6.5
Works, Transport and Communication	4,377.54	11.9
Natural Resources, Environment and Tourism	556.63	1.5
Industry and Trade	291.88	0.8
Labour and Youth skills Development (Job Creation)	21.59	0.1
Social Development	1,853.41	5.1
Housing and Community Development	1,291.75	3.5
Water	706.21	1.9
Lands, Housing and Human Settlement	104.20	0.3
Community Development	426.60	1.2
Information Sports and Culture	54.74	0.1
Total	36,681.90	100.0

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What are your ideas, questions, thoughts or comments on the 2021/22 government budget?

Do you need more information other than provided in this booklet? YES NO
If "YES", What kind of information do you need?

Is there anything more you would like to know regarding the budget?

To what extent was this booklet useful? Very Useful Moderate Not useful

If Not Useful, please explain

Was the booklet easy to read and understand? Very Easy Moderates Not Easy

If it was Not Easy, please explain

How did you get this booklet (tick appropriate)?

- Ministry of Finance and Planning website
- Policy Forum website
- Government Institutions
- Other (Please mention)

Post OR deliver this leaflet to:

***The Government Budget Management Division,
Ministry of Finance and Planning,
Mtumba Government City,
40468 Dodoma,
P.O. Box 2802, Dodoma.***

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