

**SPEECH BY THE MINISTER OF FINANCE AND  
PLANNING, HON DR. PHILIP I. MPANGO (MP),  
PRESENTING TO THE NATIONAL ASSEMBLY  
THE ESTIMATES OF GOVERNMENT  
REVENUE AND EXPENDITURE  
FOR 2020/21**



## **PREAMBLE**

1. **Honourable Speaker**, I beg to move that the esteemed Parliament resolves to receive, debate and approve the Government's Revenue and Expenditure Estimates for the year 2020/21. This is the fifth national budget under the Fifth Phase Government under the leadership of His Excellency, Dr. John Pombe Joseph Magufuli, the President of the United Republic of Tanzania. The budget is presented in line with Article 137 of the Constitution of the United Republic of Tanzania of 1977, together with Section 26 of the Budget Act, CAP 439.

2. **Honourable Speaker**, the speech is submitted together with four volumes of budget books: Volume I provides Revenue Estimates; Volume II presents Recurrent Expenditure Estimates for Ministries, Independent Departments and Agencies; Volume III covers Recurrent Expenditure Estimates for Regional Secretariats and Local Government Authorities; and Volume IV is for Development Expenditure Estimates for Ministries, Independent Departments, Agencies, Regional Secretariats and Local Government Authorities. In addition, the Finance Bill 2020 and Appropriation Bill 2020 are part of this Speech.

# **I. REVIEW OF 2019/20 BUDGET IMPLEMENTATION**

## **Revenue Performance**

3. **Honourable Speaker**, in 2019/20 budget, the Government projected to collect 33.11 trillion shillings from both internal and external sources, up to April 2020 a total of 26.13 trillion shillings has been collected, equivalent to 92.4 percent of the annual target. The breakdown of resources mobilized up to April 2020 as compared to the target of the same period is as follows:

- i. Revenue collected by Tanzania Revenue Authority (TRA), was 14.63 trillion shillings, equivalent to 93.4 percent of the target;
- ii. Non-tax revenue amounted to 2.25 trillion shillings, equivalent to 80.0 percent of the target;
- iii. Local Government Authorities' (LGAs) own sources amounted to 571.12 billion shillings, equivalent to 89.7 percent of the target;
- iv. Grants and concessional loans disbursed amounted to 2.41 trillion shillings, equivalent to 94.5 percent of the target;
- v. Domestic borrowing including rollover amounted to 4.45 trillion shillings, equivalent to 103.8 percent of the target; and
- vi. External non-concessional borrowing amounted to 1.82 trillion shillings, equivalent to 78.7 percent of the target.

4. **Honourable Speaker**, during July 2019 to April 2020, revenue collected by TRA increased by 13.6 percent compared to the same period in 2018/19. The growth was attributed to: strengthening enforcement of tax laws and proper management of Electronic Fiscal Devices (EFDs) in order to curb tax evasion; provision of taxpayers' education and taxpayer services; and strengthening mineral control. In addition, taxpayers' compliance has increased as a result of improvement in provision of economic and social services including water, education, health, supportive infrastructure of roads, electricity and abolishing nuisance fees and levies to improve business and investment environment in the country.

5. **Honourable Speaker**, Government securities market performance has improved due to: increased liquidity in the commercial banks; continued listing of treasury bond at Dar es Salaam Stock Exchange; and public awareness to encourage their participation in investment in Treasury bills and bonds.

6. **Honourable Speaker**, the impressive performance of grants and concessional loans from Development Partners was attributed to Government's efforts in implementing the underlying principles stipulated in the Development Cooperation Framework (DCF). The Framework offers opportunity for dialogue that enables timely

disbursement of funds for implementation of development projects.

### **Expenditure Trend**

7. **Honourable Speaker**, the approved budget for 2019/20 was 33.11 trillion shillings, out of which, 20.86 trillion shillings was recurrent expenditure and 12.25 trillion shillings was development expenditure. During July 2019 to April 2020, the Government had released 24.85 trillion shillings equivalent to 92.4 percent of the period estimate. Out of that, 17.22 trillion shillings was recurrent expenditure, which included 5.83 trillion shillings for wages and salaries for public servants, 2.91 trillion shillings for Other Charges and 8.48 trillion shillings for Government debt service and other expenditures related to the Consolidated Fund Services.

8. **Honourable Speaker**, as of April, 2020 the Government had released 7.63 trillion shillings for implementation of development projects equivalent to 65.9 percent of the target. Out of which, 6.65 trillion shillings was domestic funds equivalent to 87.2 percent and 976.90 billion shillings was external financing equivalent to 12.8 percent. Further, 1.28 trillion shillings was directly disbursed to projects by Development Partners.

9. **Honourable Speaker**, allow me to present some achievements registered by the Government from July 2019 to April 2020 as follows:

- i. Construction of roads, railways and airports infrastructure projects of which 2.44 trillion shillings was disbursed;
- ii. Provision of loans to higher learning students, strengthening vocational training colleges and skills development for the youth amounting to 467.89 billion shillings;
- iii. Financing of implementation of urban and rural water projects whereby 346.01 billion shillings was disbursed;
- iv. Payment of a total of 315.20 billion shillings by the Government, whereby 85.6 billion shillings was advance payment for procurement of three new aircrafts, 14.67 billion shillings for strengthening Air Tanzania Company Limited and 214.93 billion shillings as final payment for two aircrafts Boeing 787-8 Dreamliner and Havilland Dash 8-400;
- v. Continued implementation of Julius Nyerere Hydropower Project at Rufiji River whereby 356.72 billion shillings was disbursed;
- vi. Continued implementation of Rural Electrification Project Phase III through Rural Energy Agency (REA) whereby 280.95 billion shillings was disbursed;
- vii. Continued provision of fee free basic education (primary to form four secondary education) whereby 211.28 billion shillings was disbursed;
- viii. Continued construction and rehabilitation of ships at major lakes whereby 53.49 billion shillings was disbursed;

- ix. Construction and rehabilitation of regional hospitals and health centres at district level whereby 35.73 billion shillings was disbursed. On the other hand, the Government disbursed 9.10 billion shillings to complete the construction of 364 primary school teachers' houses in hard to reach areas; and
- x. Financing of Constituency Development Catalyst Fund (CDCF) activities of which 11.0 billion shillings was disbursed.

### **Payment of Arrears**

10. **Honourable Speaker**, as of April 2020, the Government verified and paid 734.99 billion shillings to suppliers, contractors and employees, equivalent to 122.5 percent of the allocated budget. The amount paid included 327.62 billion shillings for contractors, 148.95 billion shillings for suppliers, 103.69 billion shillings for employees and 154.73 billion shillings for service providers and other arrears. This action has helped to boost liquidity, hence increased the money circulation in the economy.

### **Debt Sustainability Analysis**

11. **Honourable Speaker**, the Government continued to manage public debt in accordance with the Government Loans, Guarantees and Grants Act, CAP 134 to ensure its sustainability. The Debt Sustainability Analysis (DSA) which was conducted in December, 2019 confirmed that, the Government debt is sustainable in the short, medium and long



term. In the analysis, solvency indicators show that the ratio of present value of total public debt to GDP was 27.1 percent compared to the threshold of 70 percent; present value of external public debt to GDP was 16.3 percent compared to the threshold of 55 percent; and present value of external public debt to exports was 103.9 percent compared to the threshold of 240 percent.

12. **Honourable Speaker**, regarding liquidity indicators of the DSA, the results show that the ratio of external debt service to domestic revenue was 11.9 percent compared to the threshold of 23 percent; and external debt service to exports was 11.9 percent compared to the threshold of 21 percent.

### **Financial Sector Trend**

13. **Honourable Speaker**, for the period ending April 2020, the overall lending rate decreased to 16.91 percent from an average of 17.25 percent for similar period in 2019. Further, the annual lending rate decreased to an average of 16.37 percent from 16.94 percent. Despite these achievements, the lending rate is still higher than expectations. Therefore, the Government is committed to enhance regulatory role in order to ensure the lending rate is consistent with Government expectations.

14. **Honourable Speaker**, the liquidity level reached 32.7 percent in April 2020, which is above the minimum regulatory requirement of 20 percent.

Further, the quality of banking sector assets was maintained in the same level as in 2019. The ratio of Non-Performing Loans (NPLs) to gross loans decreased from 11.10 percent in April 2019 to 11.04 percent in April 2020. Credit to private sector continued to increase, reaching 19.7 trillion shillings in April, 2020 from 18.6 trillion shillings in April 2019, equivalent to an increase of 5.8 percent. The growth is consistent with the monetary policy stance which aims at increasing liquidity in the economy and implementing the Government plan to improve the business environment.

## **II. ACHIEVEMENTS OF THE FIFTH PHASE GOVERNMENT**

15. **Honourable Speaker**, in four years and seven months of the Fifth Phase Government leadership, commendable achievements have been realized through implementation of the CCM General Election Manifesto of 2015 and pledges made by His Excellency Dr. John Pombe Joseph Magufuli, the President of the United Republic of Tanzania. Notable achievements have been realized in various aspects including the economy, infrastructure, social services, minerals and management of national resources, land and environment as well as good governance.

## **Macroeconomic Performance**

16. **Honourable Speaker**, as I alluded to while tabling the economic survey speech, when the Fifth Phase Government came into power in 2015, the economy was growing at an average of 6.2 percent. The economy has been growing at an average of 6.9 percent during President Magufuli's administration. The growth has benefited from implementation of major economic infrastructures (construction, transport, electricity) and social services (health, education and water). The impressive GDP growth has led our country to be among ten largest economies in Africa, as reported by IMF (2019). In addition, GDP growth has resulted in increased Government revenue to finance development projects, improvement of social services and increase in economic opportunities.

17. **Honourable Speaker**, Inflation remained stable at a single digit level averaging 4.4 percent for the entire period of the Fifth Phase Regime, inflation rate easing to 3.4 percent in 2019. This was the lowest inflation rate ever recorded over a half century whereby 2.4 percent inflation was recorded in 1970.

The stability achieved in inflation is attributed to prudent management of fiscal and monetary policies, stable oil prices and availability of food in domestic markets and in neighbouring countries. It is on account of this stability that escalation of the cost of

living has eased and good investment has been created.

18. **Honourable Speaker**, foreign reserves in 2019/20 remained at satisfactory level to sustain importation of goods and services. The foreign reserves amounted to USD 5.3 billion during the period ending April 2020 sufficient to cover 6.1 months of imports of goods and services as compared to USD 4.4 billion, which was sufficient to cover 4.3 months of imports of goods and services in similar period in 2015. This was attributed to the increase in foreign investment and export of goods and services. In addition, the level of foreign reserve attained is above the country's target of 4.0 months of imports, as well as above the agreed East African Community (EAC) and Southern African Development Community (SADC) targets of 4.5 months and 6.0 months respectively.

## **Revenue**

19. **Honourable Speaker**, during the leadership of the Fifth Phase Government, domestic revenue increased to 18.5 trillion shillings in 2018/19 from 11.0 trillion shillings in 2014/15 equivalent to an increase of 69.1 percent. Tax revenue collection increased from a monthly average of 825 billion shillings in 2014/15 to an average of 1.3 trillion shillings in 2018/19 and further up to monthly average of 1.5 trillion shillings for the period of July, 2019 to April, 2020.

Tax revenue increased from 9.9 trillion shillings in 2014/15 to 15.5 trillion shillings in 2018/19 equivalent to 56.5 percent. Non-Tax revenue increased from 688.7 billion shillings in 2014/15 to 2.4 trillion shillings in 2018/19 and up to 2.25 trillion shillings for the first 10 months in 2019/20. As explained earlier, the increase in revenue is due to efforts made by the Fifth Phase Government in controlling revenue leakages by strengthening enforcement of the tax laws and use of Information and Communication Technologies (ICT) systems in revenue collection.

### **Electronic Systems.**

20. **Honourable Speaker,** the Revenue and Expenditure Policies of the Fifth Phase Government aimed at strengthening domestic revenue collection and ensuring discipline in public spending. In implementing those policies, the Government has developed and strengthened several financial management systems including the Government e-Payment Gateway System (GePGs), Electronic Fiscal Device Management System (EFDMS), Tanzania Customs Integrated System (TANCIS), Government Accounting System (MUSE), Government Assets Management Information System (GAMIS), Government Salary Payment Platform (GSPP), Tanzania National e-Procurement System (TANePS) and the Treasury Single Account (TSA).

21. **Honourable Speaker**, the systems that have been deployed have resulted in the following benefits:
- i. Controlling revenue leakages and simplifying access to information on revenue collection as well as simplifying payments for various Government services;
  - ii. Simplifying preparation of Government Financial Statements;
  - iii. Increasing efficiency in the management and control of Government assets;
  - iv. Improvement in management and timely payment of salaries to eligible employees;
  - v. Enhancing transparency in procurement processes and attain value for money in procurement of goods, services and works; and
  - vi. Improved liquidity in the Consolidated Fund, thus smoothening the implementation of various Government responsibilities.

22. **Honourable Speaker**, we take pride in stating that all these systems are home grown and are being managed by the Government experts, thereby saving the money that would have been spent on external vendors for developing and managing those systems.

### **Payment of Arrears**

23. **Honourable Speaker**, the Fifth Phase Government has continued to pay arrears owed to contractors, suppliers, service providers and public servants. Since the Government under the leadership of His Excellency Dr. John Pombe Joseph

Magufuli assumed power to the period ending April 2020, arrears for various claims amounting to 3.2 trillion shillings were paid. On the other hand, the Government paid 114.5 billion shillings as public servant arrears. The Fifth Phase Government intends to continue verifying and paying all arrears to service providers, suppliers, contractors and public servants in order to stimulate economic activities and controlling fraudulent claims without jeopardizing capital and performance of the private sector.

### **Social Services**

24. **Honourable Speaker**, in pursuing the Government's intention of integrating economic and human development, the Fifth Phase Government has taken deliberate steps in improving access to social services, including health, education and water in urban and rural areas.

25. **Honourable Speaker**, with regard to health sector improvement, up to April 2020, the following achievements were recorded: enhancement of health infrastructure through construction of 1,198 dispensaries, 487 health centres, 71 district hospitals, and regional referral hospitals for 10 regions and 3 zonal referral hospitals; increased budget for medicines, equipment, medical equipment and reagents from 31 billion shillings in 2015 to 269 billion shillings in 2019; and improved access to essential medicines in health facilities to 94.4 percent in 2019/20 from 36 percent in 2014/15.

Consequently, the improved health services in the country have resulted in reduction of patients referred abroad for further medical treatment by 95 percent and hence, saving approximately 20 billion shillings.

26. **Honourable Speaker**, the Government has continued to take various measures to improve access to clean and safe water in urban and rural areas including establishment of Water Fund. During the period of Fifth Phase Government, access to clean and safe water has increased to 70.1 percent in rural and 84 percent in urban areas. Further, the Government has constructed and rehabilitated 1,423 water infrastructures, of which 1,268 are in rural and 155 are in urban areas. Implementation of water projects costed 1.55 trillion shillings from 2015/16 to April 2020.

The improved access to clean and safe water has reduced time spent, especially by women, in fetching water and therefore participate in economic activities such as farming and business. In addition, accessibility to clean and safe water has reduced the outbreak of waterborne diseases, therefore reduce medical expenses and improve health and productivity of the labour force.

27. **Honourable Speaker**, achievements attained in education sector include: financing fee free basic



education, whereby 1.03 trillion shillings was spent from 2015/16 to 2019/20; construction and rehabilitation of learning and teaching infrastructure including classrooms, laboratories, libraries and dormitories; increased number of students who passed standard seven and form four examinations from 67.8 percent and 67.9 percent in 2015 to 81.5 percent and 80.6 percent in 2019, respectively; strengthening of higher learning institutions and vocational training colleges; strengthening higher education through provision of subventions to higher learning institutions and students' loans. Students' loans increased from 365 billion shillings in 2014/15 to 450 billion shillings in 2019/20. A total of 2.20 trillion shillings was spent for students' loans from 2015 to 2020 which made it possible for more students from low income families to acquire higher education. This effort has reduced the burden of the citizens to pay for education services, increased enrolment and improved students' performance at all levels.

### **Construction, Transport and Energy Infrastructure Construction**

28. **Honourable Speaker**, achievements realized in the area of construction include: continued construction of trunk, regional and districts roads to bitumen standard, whereby from 2015 up to April 2020, construction of 2,624.27 km of roads to bitumen standard were completed; construction of Mfugale flyover (Dar es salaam) and Furahisha bridge

(Mwanza), Magufuli bridge (Kilombero River) have been completed; construction of 1,298.44 km of trunk roads to bitumen standard are in progress; construction of Ubungo interchange is in progress and reached 77 percent; construction of eight lanes from Kimara to Kibaha (19.2 Km) has reached 80 percent; Further, construction of New Selander bridge (Dar es salaam - 1.03 km) including 5.2 km of approach roads has reached 38.2 percent; Kigongo - Busisi bridge (Mwanza) - 3.2 km and New Wami bridge (Wami River - 513.5 m) in Chalinze – Segera Road and 4.3 km of approach roads has reached 39 percent; and Ruhuhu bridge (Ruvuma) has reached 86 percent. These projects have costed a total of 7.63 trillion shillings from 2015/16 to April 2020. In addition, the implementation of these projects has stimulated various economic activities; improved access to social services including schools and dispensaries; saved travel time; and created employment opportunities.

29. **Honourable Speaker**, progress made towards improving ports services include: completion of berth number one to four and Roll on Roll off (Ro-Ro) and installation of Integrated Port Security System as well as inspection machines at Dar es Salaam Port; construction of 300 meters berth at Mtwara Port; rehabilitation of warehouse and berth number one and two at Tanga Port; completion of dredging at Tanga Port; and construction and rehabilitation of Lushamba, Ntama, Nyamirembe, Magarine berths

and Mwigobero wharf at Lake Victoria; Kagunga, Sibwesa, Kabwe, Lagosa and Kibirizi berths at Lake Tanganyika; and Ndumbi berth at Lake Nyasa. This has facilitated docking of large vessels and also improved revenue collection and reduced tax evasion.

30. **Honourable Speaker**, other achievements registered include, continue building of a new ship with carrying capacity of 1,200 passengers and 400 tons of cargo in Lake Victoria and floating dock; rehabilitation of MV Victoria and MV Butiama whereby a total of 111.7 billion shillings was spent from 2015/16 to April 2020. Likewise, the Government has completed building of one new ship with a carrying capacity of 200 passengers and 200 tons of cargo at Lake Nyasa; building of MV Kigamboni, MV Utete, Kigongo – Busisi, MV Sengerema, and Nyamisati - Mafia ferries; and rehabilitation of MT Sangara in Lake Tanganyika.

### **Transport**

31. **Honourable Speaker**, in the improvement of transport infrastructure, the following achievements were recorded: commencement of construction of historic project - Standard Gauge Railway Line (SGR) from Dar es Salaam to Morogoro section (300Km) and Morogoro to Makutupora section (422Km), whereas a total of 170 billion shillings and USD 1.5 billion have been spent. Implementation of this project has enabled creation of 13,177 employment and engagement of 640 local contractors. Other

achievements include: resumption of railway cargo services from Dar es Salaam Port to Uganda; completion of rehabilitation of Dar es Salaam to Moshi railway (558.8Km), which is now operational; and completion of rehabilitation of Tanga to Korogwe railway (84Km); Other ongoing projects include: rehabilitation of Moshi to Arusha railway (86Km) by upgrading rail bars from 45 to 60 pounds have reached 42 km equivalent to 48.8 percent; and rehabilitation of Dar es Salaam to Kilosa railway (283Km) and Kilosa to Isaka railway (687Km).

**32. Honourable Speaker**, regarding air transport, several achievements have been attained as follows: revamping of Air Tanzania Company Limited (ATCL) whereby 11 new aircrafts were procured. Up to April 2020, eight aircrafts worth 1.27 trillion shillings were delivered and commenced operations in domestic and international routes and initial payment of 85.7 billion shillings for the remaining three new aircrafts have been made; and completion of Terminal III building at Julius Nyerere International Airport (JNIA) which costed 722.1 billion shillings. The terminal has capacity of serving six million passengers per annum. Further, three civil aviation radars have been installed in JNIA, Kilimanjaro International Airport (KIA) and Mwanza Airport; rehabilitation of KIA and Dodoma Airport have been completed; and construction and rehabilitation of various regional airports are at different stages of implementation which costed 445.9 billion shillings.

## **Energy**

33. **Honourable Speaker**, with regard to implementation of energy infrastructure projects, notable achievements include: Commencement of construction of an historic project of Julius Nyerere Hydropower (2,115 MW) at Rufiji River whereby a total of 1.42 trillion shillings have been spent; continue with implementation of Kinyerezi I Extension Power Plant (185 MW), Kinyerezi II (240 MW) with a total cost of 1.22 trillion shillings; continue with implementation of mega power transmission projects of North West Grid Extension 400 kV (Mbeya – Sumbawanga – Mpanda – Kigoma – Nyakanazi), 220 kV (Makambako - Songea), 400 kV (Singida – Arusha – Namanga), 400 kV (Rufiji – Chalinze – Kinyerezi and Chalinze – Dodoma), 220 kV (Rusumo – Nyakanazi), 220 kV (Geita – Nyakanazi) and 220 kV (Bulyanhulu – Geita).

34. **Honourable Speaker**, in ensuring access to electricity in rural areas, the Government has continued to implement rural electrification projects through Rural Energy Agency (REA), whereby, up to April 2020, a total of 9,112 villages out of 12,268 in Mainland Tanzania were electrified compared to 2,118 villages in 2015. The total amount spent in the implementation of this project from 2015/16 up to April 2020 is 2.27 trillion shillings. Implementation of these projects has benefited rural population and 11,128 institutions including education, health, water and religion as well as trade services.

35. **Honourable Speaker**, I would like to emphasize that construction and rehabilitation of supportive infrastructure projects in construction, transport and energy sectors as pointed out, will enable our nation to have a robust and competitive economy. Moreover, these projects have become a source of employment and income for Tanzanians. These projects will also enhance efficiency in access to services and stimulating the development of towns and other sectors such as agriculture, industry, tourism and trade as well as widening the revenue base for the Government.

### **Minerals**

36. **Honourable Speaker**, there have been notable achievements in the mining sector including: amendment of various mining investment laws and agreements leading to the establishment of Joint Venture Company known as Twiga Minerals Corporation Limited between the Government (16% shares) and Barrick Gold Corporation Company (84% shares); and payment of compensation amounting to USD 100 million equivalent to 250 billion shillings from Barrick Gold Corporation Company as initial settlement of the agreed amount of USD 300 million equivalent to 750 billion shillings. Further, the amendment of mining laws has facilitated the commencement of negotiations between the Government and major mining companies in order to acquire 16 percent of shares on free carry basis. Likewise, the Government

established 28 markets and 25 mineral sales centres; completion of construction of four centres of excellence in Bukoba, Handeni, Bariadi and Musoma; completion of two model gold smelters in Lwamgasa and Katente; completion of *One Stop Centre* at Mirerani; strengthening of mineral control and reduction of mineral smuggling mainly due to construction of 24.5 Km wall around the Tanzanite mine at Mirerani; and increase in mineral revenue collection from 196.0 billion shillings in 2015/16 to 470 billion shillings from July 2019 to April 2020.

### **Investment and Business Environment**

37. **Honourable Speaker**, the Government has continued to implement the Roadmap for Improvement of Business and Investment Climate and Blueprint for Regulatory Reforms to Improve the Business Environment in order to ensure the identified business and investment constraints are eliminated to attract more investment in the country. In implementing the action plan, different measures have been taken including abolishing 114 fees in the agriculture, livestock and fisheries sector in 2017/18, abolishing 5 fees that were charged by the Occupational Safety and Health Agency; 54 different nuisance levies and fees in various sectors in 2018/19; establishment of One Stop Border Posts (OSBPs) between Tanzania and neighbouring countries which strengthen trade; establishment of the One Stop Service Centre (OSSC) that expedite service delivery to customers; streamline the

functions of Tanzania Bureau of Standards (TBS) and Tanzania Medicines and Medical Devices Authority (TMDA) to remove duplication. Implementation of these measures has strengthened business environment in the country as confirmed by the World Bank – Ease of Doing Business Report of 2020, which shows that Tanzania position has improved to 141 from 144 in 2019.

### **Industrial Sector**

38. **Honourable Speaker**, the industrial sector has continued to grow during the first term of the Fifth Phase Government, whereby, up to April 2020, a total of 8,477 new industries of large, medium and small categories were established, hence creating 482,601 employment. The increase in new industries which commensurate with the increase in production capacities has led to increase in the supply of locally manufactured goods. For instance, installed cement production capacity has increased from 4.7 million tonnes in 2015 to 9.1 million tonnes in 2019. Further actual cement production has increased to 6.5 million tonnes in 2019 compared to 3.3 million tonnes produced in 2015. Actual demand in 2019 was 4.8 million tonnes implying that cement production was sufficient to meet domestic demand and export the surplus. Out of 25 steel industries, 16 industries have capacity of producing 1.083 million tonnes per annum compared to actual demand of 295,000 tonnes per annum. Generally, increase in industries has led to availability of



markets for agricultural, livestock and fisheries products, which are used as industrial raw materials as well as essential commodities for domestic and international markets.

### **Agriculture, Livestock and Fisheries**

39. **Honourable Speaker;** achievements recorded in agriculture sector includes: expansion of Irrigation area from 461,326 hectares in 2015 to 694,715 hectares in 2020; expansion of food crops storage capacity by National Food Reserve Agency (NFRA) and Cereals and other Produce Board of Tanzania from 371,000 tonnes in 2015 to 621,000 tonnes in 2020; expansion in major cash crops production from 796,502 tonnes in 2015/16 to 1,144,631 tonnes in 2018/19; increase in the value of exports of horticulture products from USD 412 million in 2015 to USD 779 million in 2018/19 and establishment of crop insurance aiming at protecting farmers from the impact of natural calamities and climate change as well as collateral for accessing loans.

40. **Honourable Speaker;** achievements attained in the livestock sector include: increase of land reserved for grazing to 2.82 million hectares in April 2020 from 1.4 million hectares in 2015. This has resulted into reduction of conflicts between farmers and pastoralist. Further, the livestock sector has managed to secure loans from Tanzania Agricultural Development Bank (TADB) amounting to 22 billion

shillings whereas there was no loan secured from this Bank in 2015. Furthermore, completion of construction of meat processing industries including Tan Choice Limited, Elia Foods Overseas Limited, Binjiang Company Limited as well as Galaxy Milk Processing Industry with a capacity to process 75,000 litres per day.

41. **Honourable Speaker;** achievements recorded in the Fisheries sector include: Improvement in management and control of fisheries resources; increase in fish catch from 387,543 to 448,467 tonnes; increase in number of Nile Perch from 417,936 tonnes in 2015 to 816,964 tonnes in 2020; increase in the value of fish exports to an average of 692 billion shillings per annum from 379 billion shillings; revamping of Tanzania Fisheries Corporation – TAFICO; control illegal fishing by more than 80 percent in fresh water, and 100 percent dynamite fishing along the coast. Further, the Government has continued to promote investment in aquaculture and has increased the fish farmers from 18,843 to 26,474 in 2020.

## **Land**

42. **Honourable Speaker,** achievements attained in land sector include; decrease in land disputes; increased pace in surveying of farms and plots; construction of National Land Information Centre and installation of Integrated Land Management Information System whereby, files with a total of

728,370 registered title deeds, surveyed land, and ownership information have been digitalized, which enabled issuing of digital title deeds; and strengthening provision of land services by establishing Region Land Offices in all regions and land offices in 185 Local Government Authorities. These measures have intensified security in land ownership and improved efficiency in revenue collection whereby land rent revenue increased to about 100 billion shillings in 2019/20 from 54.55 billion shillings in 2014/15.

### **Tourism, Natural Resources and Environment**

43. **Honourable Speaker**, some achievements in these areas include establishment and upgrading of wildlife, forestry and beekeeping reserve areas to enhance conservation and promote tourism from 15 reserves in 2015 to 22 reserves in 2020. Further, the Government has continued to provide awareness and various guidelines to the public on importance of environmental conservation in the country for the benefit of present and future generations.

### **Good Governance, Defence and Security**

44. **Honourable Speaker**, efforts taken by the Government in combatting corruption and illicit drug abuse and trafficking include: strengthening of PCCB; establishment of High Court Corruption and Economic Crimes Division and Drug Control and Enforcement Authority, resulting into notable achievements in saving public funds, prohibit illicit

traffic in narcotic drugs and psychotropic substances; establishment of sober houses; instil discipline, integrity and accountability in various areas including public services, business and enhance efficiency in revenue collection and public expenditure. According to the 2019 Transparency International Report, Tanzania ranked 96 out of 180 countries in the world compared to a rank of 119 in 2015. Under Fifth Phase Government, unity, peace and tranquillity continued to prevail thus allowing citizens to perform their duties peacefully. Likewise, Government has continued to improve residence for police, security and defence forces. Further, the Fifth Phase Government, has continued to maintain and strengthen the Union between Mainland Tanzania and Zanzibar. In addition, Judiciary has continued to be strengthened through improving courts and court infrastructure; increasing number of judges and other staff.

### **Facilitation of the Parliament**

45. **Honourable Speaker**, the Government recognizes the key roles played by the Parliament and ensures that it is facilitated to fulfil its obligations. The Government has been timely providing all the required information as well as release of funds for execution of parliamentary functions

## **Poverty Status**

46. **Honourable Speaker**, income and non-income poverty continued to decline; whereby basic needs poverty has declined from 28.2 percent in 2011/12 to 26.4 percent in 2017/18. The poverty incidence declined in both urban and rural areas with a decline of 15.8 percent and 31.3 percent, respectively from 21.7 percent and 33.3 percent. In addition, the level of poverty depth declined from 6.7 percent in 2011/12 to 6.2 percent in 2017/18 and poverty severity declined from 2.3 percent to 2.1 percent during the same period. Household monthly expenditure increased from an average of 258,751 shillings to 416,927 shillings.

47. **Honourable Speaker**, the decline in poverty was mainly due to efforts taken by citizens and their Government in combating income and non-income poverty. Government efforts include: investment in supportive infrastructure in production and business activities in order to improve the economy and per capita income; management and improvement of the financial sectors; to increase availability and accessibility to primary services such as health, education, water and electricity especially in rural areas; and implementation of Productive Social Safety Nets Program through Tanzania Social Action Fund (TASAF) in order to increase income in the poor households and enable them to acquire basic needs. Progress in the implementation of TASAF III includes: registration of 1,084,018

households with 5,217,985 members in 9,785 villages and streets in 159 Local Government Authorities (LGAs) in Mainland Tanzania and 34,490 households with 196,301 members in 204 Shehia in Zanzibar. Subsidies in form of conditional cash transfers amounting to 968.73 billion shillings have been provided, of which 935.94 billion shillings in Mainland Tanzania and 32.79 billion shillings in Zanzibar. Moreover, 8,384 projects have been implemented which have created temporary employment for 230,738 households in Mainland Tanzania and 251 projects have created temporary employment for 14,555 households in Zanzibar. Further, 47 projects for improvement of infrastructure in education, health and water sectors in Mainland Tanzania and eight projects in education and health sectors in Zanzibar have been completed.

48. **Honourable Speaker**, on behalf of the Government, I would like to congratulate all Tanzanians (businessmen, Industrial owners, workers and famers) who responded to our President's call on tax compliance to support remarkable achievements.

### **III. THE SOCIAL AND ECONOMIC IMPACTS OF COVID-19**

49. **Honourable Speaker**, COVID-19 started in China at the end of 2019, and spread rapidly to countries throughout the world. COVID-19 is not only a health crisis, but also an economic crisis accompanied with disruption on demand and supply chain. Many nations have faced the following challenges: high rate of infections to its citizens; high death rates; heavy burdens on their health care systems; and shortage of medical equipment, medication and health workers. On the economic front, the IMF projects the economy for sub-Saharan African countries (SSA) to fall from the earlier estimate of 3.6 percent to negative 1.6 percent in 2020, with 60 percent of countries estimated to have a negative growth as a result of impacts of the COVID-19 outbreak. The tourism and oil driven economies are expected to be more affected by the pandemic.

50. **Honourable Speaker**, in response to this pandemic, countries have taken wide range of measures, including: curfew and bans on mass mobility; halting international flights; shutting down borders; domestic transportation restrictions; and evacuation operations. Economic measures taken by countries include: easing taxes and loan burdens on businesses; postponing payment of taxes particularly income tax and value added tax for enterprises; cash support to low income households;

and financial support to companies most affected in terms of funding and credit support. The pandemic also led to closure of some production and business activities which led to laying off workers and reducing salaries by private sector.

51. **Honourable Speaker**, the G20 proposed to bilateral official creditors to grant debt relief to low-income countries including Tanzania. This arrangement involves suspending debt services from May to December 2020 and use the savings to mitigate the impact of COVID-19 pandemic and rescuing the economy. The Government has started dialogues with creditors in order to benefit from this opportunity. Further, the Government is in discussions with various International Financial Institutions to access financing for combating COVID-19 pandemic to stabilize the economy. In these discussions, on 10<sup>th</sup> June 2020, the IMF Board approved a debt relief of USD 14.3 million under the Catastrophe Containment Relief Trust (CCRT) and potentially up to USD 25.7 million. On behalf of the Government, I would like to extend my appreciation to the IMF for this support to combat the effect of COVID-19. Ongoing discussions with other institutions include: The World Bank through the Pandemic Emergency Financing Facility (PEF) – USD 3.98 million; the Republic of South Korea (Economic Development Cooperation Fund - ECDF through Korea Exim Bank) – USD 501,169; BADEA USD 1.7 million; budget support through European Union



COVID-19 Response Package - Euro 27 million; and emergency financing under the IMF Rapid Credit Facility (RCF) where the Government can access up to SDR 198.9 million equivalent to USD 272 million as Balance of Payment support. Moreover, the African Development Bank has pledged concessional loan of USD 50 million as budget support to be used in line with Government priorities.

52. **Honourable Speaker**, economic analysis for the period January to April 2020 indicates that, the impact of COVID-19 for Tanzania is modest compared to most countries. This has been contributed by vision and courage of His excellency Dr. John Pombe Joseph Magufuli, the President of the United Republic of Tanzania who emphasized citizens to work hard amid the COVID-19 pandemic, without ignoring the guidelines from health professionals. His Excellency also emphasize the need for citizens to protect themselves and remain fearless as well as praying to the God. In summary, the assessment shows that, some areas have been less affected or the effects are yet to be seen. Areas not affected include:

- a) Domestic revenue increased by 8.2 percent to 6.8 trillion shillings for the period of January to April 2020 compared to 6.3 trillion shillings in the same period in 2019;
- b) Food crops production continued to flourish whereby food self-sufficiency reached 118 percent in 2019/20;

- c) Value of gold export doubled to USD 631.0 million in April 2020 from USD 323.4 million in April 2019 due to increase in export earnings and rise in price in the world market;
- d) The banking sector has remained strong based on key indicators of capital adequacy, quality of assets, liquidity and profitability for the period ending April 2020. Overall, the liquidity continued to be above the regulatory requirement of 20 percent, whereby the ratio of Liquid Assets to Demand Liabilities reached 32.7 percent in April 2020;
- e) Marginal decline in Non-Performing Loans (NPL) from 11.10 percent in April 2019 to 11.04 in April 2020.
- f) Foreign reserves reached USD 5.3 billion in April 2020 sufficient to cover 6.1 months of imports of goods and services compared to USD 4.4 billion which was sufficient to cover 4.3 months in the same period in 2019;
- g) Turnover at Dar es Salaam Stock Exchange has started to increase after a fall during March 2020 associated with a decrease in foreign investors participation due to COVID-19 pandemic; and
- h) The country has adequate fuel reserve to cover average demand of 40 days for all types of fuel products.

53. **Honourable Speaker**, apart from the impact on health which includes illness, deaths, need for more

doctors and health workers as well as health centres and increased cost for equipment, medical equipment, medicine and reagents, there are areas which have been identified to be affected though not all effects are associated with COVID-19. Some of these areas are as follows:

- a) **Macroeconomics:** The preliminary Government assessment shows that real GDP growth rate for 2020 will decline from the initial projection of 6.9 percent to 5.5 percent. This is associated with various factors including COVID-19, heavy rains which led to floods and destruction of transportation infrastructure and delayed implementation of some of projects;
- b) **Air Transport and Tourism:** A total of 21 international airlines cancelled 632 flights to Tanzania since 20<sup>th</sup> March 2020. This has caused a deterioration of some economic activities, especially tourism and services such as transportation of tourist, accommodation, food, beverages and entertainment. Furthermore, some hotels were closed leading to layoff of employees. Likewise, the country halted international flights leading to revenue losses. For instance, Tanzania National Parks Authority (TANAPA), Ngorongoro Conservation Area Authority (NCAA) and Tanzania Wildlife Management Authority (TAWA) have been significantly affected by loss of revenues following sharp decline in tourism due to COVID-19 in the respective countries of origin;

- c) **Transport and Transportation:** decline in transit goods due to shutdown of borders and restricting cross border trade;
- d) **Traditional Exports:** world market Price of traditional exports particularly cotton, cashew nuts, coffee, and tea declined due to fall in demand;
- e) **Sports, Arts and Entertainment:** The Government suspended sports, arts and entertainment activities as a step towards reducing congestion to curb the spread of COVID-19;
- f) **Business:** Wholesale and retail businesses declined, especially importation from China, India and some European Countries;
- g) **Government Revenue:** Tax and non-tax revenues from the most COVID-19 affected areas declined especially revenue from tourism, VISA fees, hotel levy, entrance fee from sports and entertainment; and
- h) **Credit to Private Sector:** Growth of credit to private sector declined from 10.6 percent in year ending April 2019 to 5.8 percent in the similar period in 2020.

54. **Honourable Speaker,** initial measures taken by the Governments to contain COVID-19 pandemic include: closure of schools, colleges and universities, while teachers in government schools and universities continue to receive their salaries; control of unnecessary travels; distribution of equipment

and medical equipment such as thermometers, ambulances and Personal Protective Equipment; provision of awareness to communities on symptoms and how to protect themselves against COVID-19; construction and rehabilitation of isolation centres; cancellation of some expenditures planned in 2019/20 budget in particular travels and trainings abroad and national festivals and allocated these funds to fight COVID-19.

55. **Honourable Speaker**, as at May 2020 the Government had released 19.5 billion shillings for COVID-19 interventions. Out of that, 500 million shillings initially budgeted for the Union Commemoration Day was directed to the Revolutionary Government of Zanzibar, and 14.3 billion shillings from Global Fund which was previously allocated for malaria, Tuberculosis and HIV. Further, various stakeholders continued to fight COVID-19 by providing financial support and in kind. Up to May 2020, various stakeholders had contributed 3.4 billion shillings to the Emergency Fund whereas the Government received equipment, medical equipment and health commodities with a value of 3.3 billion shillings for protection against COVID-19 spread. Sincerely, the Government thank all internal and external stakeholders who contributed in terms of finance and equipment in fighting COVID-19 pandemic.

56. **Honourable Speaker**, Government's priority was to protect health staff and the public against COVID-19 pandemic. Thus, the Government strategies to contain the pandemic in the health sector include: financing basic requirements for health service providers; increasing the number of doctors and health service providers; promotion of traditional medicines instead of relying on modern medicines only; as well as strengthening traditional health research institutions. Further, the Government has operationalized a new laboratory with five machines of 1,800 samples testing capacity per day; and employed 1,000 health staff.

### **Economic Response Strategies**

57. **Honourable Speaker**, in response to evaluation of COVID-19 effects and follow up on transmission trend, the Government has taken various socio-economic measures to support most affected sectors. These include:

- a) Granting tax reliefs which I will explain shortly in the tax measures section of this speech. The aim is to facilitate availability of equipment, medical equipment, medicines and reagents at affordable cost and promote production of the products and other commodities in the country;
- b) Enter into special agreement with some airlines to export flowers, vegetables, as well as fish fillets abroad directly from Mwanza airport and Kilimanjaro International Airport.

- c) Financing expenditures for Tanzania National Parks Authority (TANAPA), Ngorongoro Conservation Area Authority (NCAA) and Tanzania Wildlife Management Authority (TAWA) which were mostly affected by COVID - 19 as well as destruction of tourism and conservation infrastructure due to heavy rains. These institutions will receive subventions from the Government budget to cover their operational costs for employee's salaries, other charges as well as development expenditure.
- d) To reopen the Tanzania's air space and resume commercial, relief, diplomatic and emergency flights;
- e) To reopen and promote tourism sector by issuing tourism guidelines. Tourists have started arriving in the country by charter planes and through arrangements with other airlines;
- f) Expediting payments of claims and verified arrears to contractors, public servants, suppliers and service providers, whereas 1.145 trillion shillings was paid for the period of July, 2019 to April, 2020. Out of this amount, 916.4 billion shillings was paid in March, 2020. Furthermore, 173.7 billion shillings was paid as VAT refunds during the same period equivalent to 148 percent of the target of 117.4 billion shillings. The aim is to increase liquidity, hence money in circulation in the economy; thus, enabling contractors, businessmen and

- suppliers to continue operating during the COVID-19 pandemic;
- g) Reducing the discount rate by the Bank of Tanzania from 7 percent to 5 percent. The measure intends to provide more space for banks to borrow from the BOT at lower interest rate and thus reducing lending rates to customers;
  - h) Lowering the Statutory Minimum Reserve (SMR) requirement by the Bank of Tanzania from 7 to 6 percent. This measure is expected to increase liquidity in the banking sector and thus enabling banks to provide more credit to the private sector;
  - i) Instructing Mobile Money Operators to reduce transactions cost to customers by increasing the daily transaction limit from 3.0 million shillings to 5.0 million shillings and increase daily balance from 5.0 million shillings to 10.0 million shillings. This measure will encourage customers to use digital payments platforms for transactions, thereby reducing congestion in banking premises;
  - j) Instructing banks and other financial institutions to thoroughly assess financial difficulties experienced by borrowers due to COVID-19 in respect of loan repayments, re-negotiate the possibility of loans restructuring and agree with borrowers on loan rescheduling. The Government through Central Bank will provide regulatory flexibility to banks and other



financial institutions that will carry out loan restructuring in a transparent and impartial manner. I would like to congratulate some banks such as Exim Bank, which have announced loan rescheduling to their customers whose businesses were affected by COVID-19 and I urge other banks to follow the suit;

- k) Emphasizing public and private sectors to use electronic systems in conducting various activities such as virtual meetings, data collection, training, financial transactions and health service systems;
- l) Further strengthening TASAF and widening of low-cost loans accessibility to small and medium enterprises (SMEs); to ensure Local Government Authorities set aside 10 percent of gross revenue for women, youth and people with disabilities as required by law;
- m) Following the decrease in the spread of COVID-19, the Government allowed reopening of colleges, higher learning institutions and schools for form six students from 1<sup>st</sup> June, 2020; and
- n) Allowing the resumption of all sports activities.

### **Opportunities Arising from COVID -19**

58. **Honourable Speaker**, despite the COVID-19 impact, there are also opportunities associated with the pandemic, which include: increased in the use of digital channels in various activities such as video

conferencing (Parliament); electronic financial transactions; use of traditional medicines; manufacturing opportunities, opportunities to export food crops to the regional markets; reduction of transport and manufacturing costs due to fall in oil prices. Further, key lesson learned from this pandemic is the importance of using strategies suitable for our localities instead of copying strategies from other countries. Likewise, COVID-19 has reminded us on the importance of ensuring self-sufficiency and reduce dependency on imports by increasing production.

59. **Honourable Speaker**, despite the impact of COVID-19 to the national economy as well as measures taken, notwithstanding the promising relief of COVID-19, I urge Tanzanians to continue adhering to the precautions as advised by health professionals. Further, I would like to assure that; the Government will not reduce financing for development projects for 2020/21 due to COVID-19.

#### **IV. FISCAL POLICIES – 2020/21**

##### **Macroeconomic Policy Targets**

60. **Honourable Speaker**, this is the final year of the implementation of the National Five-Year Development Plan 2016/17–2020/21 with the theme: “**nurturing industrialization for economic transformation and human development**”. Therefore, this budget has been prepared in

consideration of the main objective of the Plan which compels the Government to ensure enabling environment for investment and business. This includes improvement in economic infrastructure, friendly tax and financial policies, better regulatory framework, availability of land, work permits and skilled labour force and continue emphasizing the importance of agriculture in an industrial led economy. Further, this budget has taken into account the importance of enhancing mobilization of domestic revenue to facilitate construction and rehabilitation of infrastructure and financing of other priority expenditure and Government operations. Likewise, as agreed by the EAC Partner States, the budget theme for 2020/21 is ***stimulating the economy to safeguard livelihoods, jobs, businesses and industrial recovery.***

61. **Honourable Speaker,** preparation of this budget has taken into consideration the prevailing situation including effects of COVID-19 on various sectors of our economy; severe destruction of transport and transportation infrastructures in rural and urban areas as well as crops such as grapes, maize and paddy due to heavy rainfall across the country. Despite challenges, the budget has considered emerging opportunities particularly falling oil prices, rising gold prices and the opportunities of producing health related products in the domestic industries in combating COVID-19. The

effect of COVID-19 pandemic has compelled the Government to allocate more resources in the research in medicine, virology and development of domestic industries.

62. **Honourable Speaker**, the preparation of this budget has taken into account the 2020 General Election. Thus, the budget has allocated adequate resources for election expenditure with a view to strengthening democracy and good governance. Further, this budget will foster great development achieved in the field of social services and economic infrastructure particularly ensuring that national strategic projects continue to be implemented as envisaged.

63. **Honourable Speaker**, based on the key assumptions in the preparation of this budget as alluded earlier, macroeconomic targets for 2020/21 budget are as follows:

- (i) Real GDP growth is projected to slow down to 5.5 percent from the initial projection of 6.9 percent in 2020 compared to the actual growth of 7.0 percent in 2019. This decline is due to heavy rainfall which destroyed transport infrastructure and impact of COVID-19 pandemic to our trading partners;
- (ii) Containing inflation at a single digit between 3.0 to 5.0 percent in 2020/21;

- (iii) Domestic revenue is projected at 14.7 percent of GDP in 2020/21 from the likely outturn of 14.0 percent in 2019/20;
- (iv) Tax revenue is estimated at 12.9 percent of GDP in 2020/21 from the likely outturn of 12.1 percent in 2019/20;
- (v) Government expenditure is projected at 22.1 percent of GDP in 2020/21;
- (vi) Budget deficit (including grants) is estimated at 2.6 percent of GDP in 2020/21 which is below the target of 3.0 percent of macroeconomic convergence criteria as agreed in the East Africa Community (EAC); and
- (vii) Maintain foreign reserve sufficient to cover at least four months of imports of goods and services.

### **Policy and Strategies to Increase Revenue**

64. **Honourable Speaker**, in 2020/21, the Government will continue emphasizing on domestic revenue collection. Key areas for consideration include strengthening revenue administration through implementation of the following measures:

- (i) Continue improving business and investment environment including rationalizing and reducing tax rates, fees and levies;
- (ii) Tanzania Revenue Authority (TRA) to widen tax base and create friendly environment with taxpayers;
- (iii) Strengthening the Office of Treasury Registrar to collect more dividends and contributions from

public institutions to the Consolidated Fund Services;

- (iv) Strengthening and capacitate Tax Revenue Appeals Tribunal (TRAT) and Tax Revenue Appeals Board (TRAB), to fast-track tax objections and appeals;
- (v) Strengthening enforcement of tax laws in order to address tax evasion challenges and minimize revenue leakages; and
- (vi) Emphasizing the use of ICT systems so as to strengthen domestic revenue collection including Local Government Authorities' own source.

65. **Honourable Speaker**, in addition to measures taken to improve domestic revenue collection, the Government will continue with public awareness programs across the country to sensitize investment in Government securities; and continue listing Treasury bonds in the Dar es Salaam Stock Exchange. Further, the Government will continue implementing the Development Cooperation Framework (DCF) to facilitate accessibility of grants and concessional loans; and borrowing from Export Credit Agencies (ECAs) which offer relatively reasonable terms.

### **Expenditure Policies**

66. **Honourable Speaker**, Expenditure Policies for 2020/21 will include the following:

- i. Maintaining discipline and increase efficiency in the use of public funds;
- ii. Ensuring fiscal deficit does not exceed 3 percent of the GDP in line with East African Community macroeconomic convergence criteria;
- iii. Allocating funds to priority areas which stimulate economic growth;
- iv. Ensuring ongoing projects are given priority prior to committing to new ones;
- v. Controlling accumulation of arrears; and
- vi. Enhancing the use of ICT in transactions and in the Government operations.

### **Priority Areas for 2020/21**

67. **Honourable Speaker**, the budget for 2020/21 is the fifth and the last in the implementation of the National Five-Year Development Plan 2016/17 – 2020/21. Implementation of this budget focuses on priority areas which stimulate economic transformation and human development.

### **Rehabilitation of Infrastructure Damaged by Floods and Fight against COVID-19**

68. **Honourable Speaker**, the year 2019/20 is ending with unexpected circumstances resulting from the destruction of transport infrastructure caused by heavy rains/floods across the country as well as COVID-19 pandemic. The Government is compelled to allocate more resources to rehabilitate roads, bridges, railways and other infrastructure damaged by floods. Likewise, the Government will

allocate more resources to the health sector in order to fight against the COVID-19 and support other most affected sectors.

### **Flagship Projects**

69. **Honourable Speaker**, the Government will continue to finance the implementation of various strategic projects including: construction of central railway line to standard gauge; construction of Julius Nyerere Hydropower Project (2,115 MW); strengthening Air Tanzania Company Ltd; facilitate construction of Crude Oil Pipeline Project from Hoima (Uganda) to Tanga (Tanzania); continue with the construction and rehabilitation of railways, roads, bridges, airports, ports, ships in major lakes and ferries; and strengthening of electricity and gas production, transmission and distribution infrastructure including expediting rural electrification. Likewise, the Government will continue strengthening Special Economic Zones; and mass training of professionals in the field with specialized skills.

### **Social Services**

70. **Honourable Speaker**, in social services, projects to be implemented aim at enhancing accessibility of services in health, education and skills, clean water and sanitation. On education, the Government will continue with implementation of fee free basic education, improvement of teaching facilities and learning environment in primary and



secondary schools, teachers and vocational colleges and universities which comprises of ICT systems, strengthening the vocational education and training, provision of loans to students of higher learning institutions and improving water services, health and sanitation education in schools.

71. **Honourable Speaker**, on health services improvement, activities to be implemented include: procurement and distribution of medicine, equipment, medical equipment and reagents; construction of regional and zonal referral hospitals, district hospitals, health centres and dispensaries; improving access to health services through universal health coverage; and employing various health professionals.

72. **Honourable Speaker**, the Government will continue to improve access to clean and safe water services in urban and rural areas. To achieve that the Government will continue strengthening the Rural Water Fund; continue construction and rehabilitation of water distribution infrastructure; developing water resources in the country; improving quality of water laboratory services; and strengthening sanitation services and environmental management so as to minimize the effects of climate change.

## **Agriculture and Industry**

73. **Honourable Speaker**, in ensuring industrial based economy, the focus will be on projects that utilize significant amount of local raw materials including agriculture, mining and natural gas in order to promote value chains. The projects include building of a Natural Gas Processing Factory, establishment and development of Special Economic Zones and industrial clusters, processing industries in agriculture, livestock and fisheries, minerals beneficiation, strengthening mining markets and sustainable management of forest resources. In this area, the Government will continue to implement the Agricultural Sector Development Program Phase II (ASDP II) including improving irrigation and market infrastructures and access to agricultural inputs and extension services; strengthening market competition in line with Fair Competition Laws and Regulations; and enforce the Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Act, 2017.

74. **Honourable Speaker**, Other strategies in agricultural sector include: Promoting the use of ICT for agricultural services such as markets, farm inputs and extension; strengthening farmers' cooperative unions including cooperative payment systems; introduce systems to safeguard domestic agricultural producers against imported agricultural products such as wheat, barley and distilled grape

juice in order to assure farmers sustainable markets and effective production.

### **Other Important Areas**

75. **Honourable Speaker**, the Government will continue to improve the livelihood of poor households through implementation of Productive Social Safety Net Program through TASAF, whereby during the second term of the third phase (2020 – 2023) a total of 2.03 trillion shillings will be spent. In this phase, implementation will cover all 185 local authorities in Mainland Tanzania and all 11 district councils of Zanzibar. Out of the planned expenditure, 1.22 trillion shillings, equivalent to 60 percent will be directed to development projects in 16,596 villages and streets in Mainland Tanzania and 388 Shehia in Zanzibar. Consideration will be given to able bodied persons from poor households whereby 1.2 million jobs will be created and offer work skills and knowledge to targeted people.

76. **Honourable Speaker**, in terms of improving business and investment environment, the Government will continue to allocate and develop supportive infrastructure in investment areas. In addition, the Government will continue to implement Action Plan for Blueprint for Regulatory Reforms to Improve the Business Environment by continuing to reduce the taxes and charges by eliminating the overlapping of responsibilities among Government

Agencies dealing with business and investment issues.

77. **Honourable Speaker**, apart from Productive Social Safety Net Program under TASAF Phase III, there are other programs that will be jointly implemented by Mainland Tanzania and Zanzibar which include South West Indian Ocean Fisheries Governance and Shared Growth Project (SWIOFish), Climate Change Programme which aims at conserving environment along the coast and Ecosystem-Based Adaptation for Rural Resilience (EBARR) which aims to increase resilience to climate change in rural community by strengthening ecosystem resilience in Mvomero (Morogoro), Simanjiro (Manyara), Kishapu (Shinyanga), Mpwapwa (Dodoma) na Kaskazini A (Kaskazini Unguja). Shehia which will benefit from the project from Kaskazini A include Matemwe Kijini, Matemwe Jugakuu and Matemwe Mbuyutende.

78. **Honourable Speaker**, the National Development Plan 2020/21 presented earlier today, outlined the priority areas that the Government will implement in the 2020/21 budget.

## **VI. REFORM OF THE TAX STRUCTURE, FEES, LEVIES AND OTHER REVENUE MEASURES**

79. **Honourable Speaker**, I propose to make amendments to the tax structure that will include amendments to the tax rates, levies and fees imposed under various laws and also administration procedures on Government revenue collection. These amendments take into account Government intention to continue maintaining the tax structure which is stable and predictable. Furthermore, the amendments are intended together to promote economic growth particularly in the industrial sector, increase employee's income and increase Government revenue. In addition, the amendments aim to strengthen the availability of medical equipment. However, the Government is continuing to implement the Blueprint for Regulatory Reforms to improve the Business Environment which was approved in 2017/18 by reviewing various levies and fees imposed by Ministries Departments, Agencies and Regulatory Authorities with a view to abolish some of them and reduce or harmonise those which are charged by more than one organization. Currently, a total of 144 of levies and fees have already been abolished. The proposed amendments will cover the followings 15 tax areas:

**(a) The Value Added Tax, CAP 148**

80. **Honourable Speaker**, I propose to make amendments to the Value Added Tax Act, CAP 148 as follows:

- (i) To exempt Value Added Tax on Agricultural Crop Insurance. This measure is intended to reduce cost on agricultural crop insurance and enable farmers to insure their agricultural crops from unforeseen tragedies such as droughts and floods; and
- (ii) To amend the Value Added Tax Act to enable exporters of raw products to recover input tax and enhance competitiveness of the products in the international markets as well as abide to the VAT destination principle.

The Value Added Tax measures altogether are expected to reduce Government revenue by 46 million shillings.

**(b) The Income Tax Act, CAP 332**

81. **Honourable Speaker**, I propose to make amendments to the Income Tax Act CAP 332 as follows:

- (i) To increase the minimum threshold of employment income not liable to tax from Tshs. 170,000/= per month to Tshs. 270,000/= per month (which is equivalent to Tshs. 2,040,000/= per annum to Tshs. 3,420,000/= per annum) and adjust subsequent income

brackets accordingly as indicated in table No. 1b. This measure aims at providing tax relief to employees. This measure will reduce Government revenue by 517.2 million shillings.

<b>Table No. 1a. Current Rates</b>		
<b>No.</b>	<b>Total Income</b>	<b>Rate Payable</b>
1	Where the total income does not exceed 2,040,000/=	NIL
2	Where the total income exceeds 2,040,000/= but does not exceed Tshs.4,320,000/=	9% of the amount in excess of Tshs. 2,040,000/=
3	Where the total income exceeds 4,320,000/= but does not exceed 6,480,000/=	Tshs. 205,200/= plus 20% of the amount in excess of 4,320,000/=
4	Where the total income exceeds 6,480,000/= but does not exceed 8,640,000/=	Tshs. 637,200/= plus 25% of the amount in excess of 6,480,000/=
5	Where the total income exceeds 8,640,000/=	Tshs.1,177,200/= plus 30% of the amount in excess of 8,640,000/=
<b>Table No. 1b. Proposed Rates</b>		
<b>No.</b>	<b>Total Income</b>	<b>Rate Payable</b>
1	Where the total income does not exceed 3,240,000/=	NIL
2	Where the total income exceeds 3,240,000/= but does not exceed Tshs.6,240,000/=	9% of the amount in excess of Tshs. 3,240,000/=
3	Where the total income exceeds 6,240,000/= but does not exceed 9,120,000/=	Tshs.270,000/= plus 20% of the amount in excess of 6,240,000/=
4	Where the total income exceeds 9,120,000/= but does not exceed 12,000,000/=	Tshs. 846,000/= plus 25% of the amount in excess of 9,120,000/=
5	Where the total income exceeds 12,000,000/=	Tshs.1,566,000/= plus 30% of the amount in excess of 12,000,000/=

- (ii) To increase the minimum threshold of Primary Cooperatives Societies liable to income tax from Tshs. 50,000,000/= to Tshs. 100,000,000/= per annum. This measure aims to provide tax

the relief to Primary Cooperatives Societies including SACCOS since they have small capital;

- (iii) To exclude income derived by Special Economic Zone operators who produce 100 percent for local supply from the list of exempt amounts on the basis of equity principle of taxation to all producers, both in special economic zone and those outside the zone and who produce for local supply;
- (iv) To allow 100 percent deduction of the contributions made to AIDS Trust Fund. Furthermore, I propose contributions made to Government for fighting against COVID-19 pandemic to be allowable deduction for the period until the Government announces the end of the Pandemic. This measure intends to promote those contributions in order to fight against these diseases;
- (v) To give powers Minister responsible for Finance to exempt income tax on strategic projects with total Income Tax not exceeding 1 billion shillings (1,000,000,000/=) during the implementation period without seeking Cabinet approval. This measure aims at fast tracking the implementation of such projects. Tanzania Revenue Authority will advise Minister



responsible of Finance accordingly before granting exemption on those projects;

- (vi) To charge Capital Gain Tax on net gains from realization of license or concessional right on reserved land. This measure aims at widening tax base and increase Government revenue;
- (vii) To charge Withholding Tax at a rate of 10 percent on commission paid to Bank and digital payment agents. This measure intends to bring equal treatment to all Bank operators, digital payment agents and mobile money agents; and
- (viii) To amend sections 3, 4, 6 and 69 of the Income Tax Act in order to provide clear definition of the words “*beneficial owner*”; “*representative assesses*” and “*business connection*”. This measure aims at fulfilling the requirements of the country to join the global forum for exchanging tax information in order to combat tax avoidance and evasion of multinational companies. This measure intends to address transfer pricing between affiliated companies.

The Income Tax measures altogether are expected to reduce Government revenue by 514.0 million shillings.

**(c) The Excise (Management and Tariff) Act, CAP 147**

82. **Honourable Speaker**, the Excise Tax (Management and Tariff) Act, CAP 147 Section 124(2), provides for annual adjustments of the specific excise duty rates of non-petroleum products indexing to cater for inflation and other key macroeconomic indicators. However, due to the impact of COVID-19 pandemic which affected production of some industrial goods, I propose not to amend the specific excise duty rates for all non-petroleum products on account of the low level of inflation and Government's objective of building an industrial economy by promoting investment in the industrial Sector and increase its contribution to the GDP.

83. **Honourable Speaker**, I propose to amend the Excise Tax (Management and Tariff) Act, on the following:

- (i) To charge excise duty rate of 844 shillings per kilogram of imported powdered beer with HS Code 2106.90.90. This measure aims at widening tax base; and
- (ii) To charge excise duty rate of 232 shillings per kilogram of imported powdered juice with HS Code 2106.90.90 to widen tax base as well.

The Excise Duty measures on non-petroleum products altogether are expected to increase Government revenue by 45.8 million shillings.

**(d) The Tax Administration Act, 438**

84. **Honourable Speaker**, I propose to amend sections 27, 44, 50, 51, and 52 of the Tax Administration Act, CAP 438 in order to ensure efficient and effective procedure in the determination of objections. The measure is intended to set time limit of 30 days for the taxpayer to submit documents to the Commissioner as well as time limit of six months for Commissioner to determine the objection. Currently, the Act does not provide time limits on taxpayers to submit the documents and the Commissioner to determine the objection.

**(e) The Local Government Finance Act, CAP 290**

85. **Honourable Speaker**, I propose to amend sections 6, 7 and 9A of Local Government Finance Act, CAP 290 to empower the Minister responsible for Local Governments to collect Service Levy (0.3 percent of turnover) from the telecommunication companies on behalf of the Local Government Authorities and distribute the collected amount to the respective Councils within fourteen days from the date of collection. The Minister will prepare Regulations to guide the manner of collection and distribution of revenue by using a formula based on the proportions collected from the telecommunication companies in each Local Authority. This measure aims at resolving disputes between Local Government Authorities and telecommunication companies and ensure that every

Council to fairly benefit from Service levy collection from telecommunication operators.

**(f) The Public Finance Act, CAP 348**

86. **Honourable Speaker**, I propose to amend section 11 of the Public Finance Act, CAP 348 in order to include Tanzania Investment Centre (TIC), Tanzania Fertilizer Regulatory Authority (TFRA), Government Procurement Services Agency (GPSA) and National Identification Authority (NIDA) on the list of the Agencies/Institutions that contribute dividends or 15 percent of their gross turnover to Consolidated Fund.

This measure is expected to increase Government revenue by 5.89 billion shillings.

**(g) The Treasury Register Act, CAP 370**

87. **Honourable Speaker**, I propose to amend section 10A(1) of the Treasury Register Act, CAP 370 by removing the words “*not financed through Government Budget*” in order to allow Treasury Register Office to collect 70 percent of the excess revenue from the Government Parastatals, Institutions and Agencies which have surplus revenue. This measure aims to enhance controls in public funds management.

**(h) The Motor Vehicle (Tax Registration and Transfer) Act, CAP 124**

88. **Honourable Speaker**, I propose to amend the Motor Vehicle (Tax Registration and Transfer) Act, CAP 124, by introducing Special Registration Number for Motor Vehicle (e.g. T. 777 DDD) fee at the rate of Tshs. 500,000/= . This measure aims at enabling customers to be allocated with their preferred registration number of available at the moment.

This measure is expected to increase Government revenue by 200 million shillings.

**(i) The Mining Act, CAP 123**

89. **Honourable Speaker**, I propose to amend section 49(2); 54(2)(b); 56(2); 73(1); 80(1) and 82(1) of the Mining Act, CAP 168 in order to introduce new section which requires the applicant for new or renewal of mining license to have Taxpayer Identification Number (TIN) and Tax Clearance from Tanzania Revenue Authority. This measure aims at promoting tax compliance.

**(j) The Vocational, Educational and Training Act, CAP 82**

90. **Honourable Speaker**, I propose to amend section 14 of the Vocational, Educational and Training Act, CAP 83 by reducing Skills Development Levy from 4.5 percent to 4 percent in order to relieve employers from cost of employment. This measure is

expected to reduce Government revenue by 42,073 million shillings.

**(k) The Electronic and Postal Communication Act, CAP 306**

91. **Honourable Speaker**, I propose to amend section 26 of the Electronic and Postal Communication Act, CAP 306 in order to exclude Companies owned by Government by 100 percent or 25 percent or more from being listed in stock exchange. I also propose to exclude telecommunication tower leasing companies from compulsory listing in the stock exchange as they are not telecommunication operators. This measure is aimed at protecting shares owned by the Government from dilution once listed.

**(l) The Land Act, CAP 4**

92. **Honourable Speaker**, I propose to amend the Land Act, no. 4 of 1999 by adding section 29A immediately after section 29 which will set mandatory requirement to any person with a surveyed land and a plan approved by Ministry responsible for Land, to apply to the Commissioner for Lands for a right of occupancy within 90 days from the date of approval. This measure is intended to discourage land occupancy without Certificate of Occupancy.

**(m) The East African Community Customs Management Act, 2004**

93. **Honourable Speaker**, the Pre-Budget Consultations of the Ministers and Cabinet Secretary of Finance of the EAC Partner States which was held on 13<sup>th</sup> May, 2020 through Video Conference facility proposed to effect changes in the Common External Tariff (CET) rates and the East African Community Customs Management Act (EAC-CMA), 2004 for year 2020/21. The proposed changes are aimed at ***“Stimulating the economy to safeguard livelihoods, jobs, businesses and industrial recovery.”***

94. **Honourable Speaker**, the Ministers and Cabinet Secretary for Finance proposed to effect new changes in the Common External Tariff (CET) for year 2020/21 as well as agreed to continue with the implementation of some measures that were effected during the financial year 2019/20.

**i. The proposed new changes in the Common External Tariff are as follows:**

- a. Grant Duty Remission at a duty rate of 0 percent for one year on raw materials used by domestic manufacturers of items used specifically for diagnosis, prevention, treatment and management of the COVID-19 pandemic including Mask, sanitizer, ventilators, Personal Protective Equipment (PPE). This measure aimed at promoting

domestic production of these items and supporting the efforts of managing the pandemic;

- b. Stay application of the EAC-CET rate of 10 percent and apply a duty rate of 0 percent for one year on Cash Registers, Electronic Fiscal Devices (EFD's) and Point of Sale (POS) machines for use of Government revenue collection falling under HS Codes 8470.50.00 and 8470.90.00;
- c. Grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on packaging materials falling under HS Code 4819.50.00 used by domestic manufacturers of UHT milk. The measure is intended to reduce production costs to local manufacturers of UHT milk and affordable to consumers;
- d. Grant Duty Remission at a duty rate of 0 percent instead of 10 percent for one year on corks falling under HS Code 4503.10.00 used by local manufacturers of wines domestically. The measure is intended to reduce production costs to manufacturers of local wine, create more employment and promote grapes farming;



- e. Stay application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on importation of Ceramic tiles falling under HS Codes 6907.21.00; 6907.22.00 and 6907.23.00 in order to protect local manufacturers of these products and create more employment;
- f. Stay application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on importation of tea, whether or not flavoured under HS Code 09.02. This measure is aimed at protecting local tea processors and promote growth of an employment in agricultural sector;
- g. Stay application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on Sacks and bags, of jute or other textile bast fibres of a tariff heading 53.03 falling under HS Code 6305.10.00. The intention is to protect local manufacturers of sisal bags, promote employment in sisal farming and increase Government revenue;
- h. Stay application of the EAC CET rate of 0 percent and apply a duty rate of 10 percent for one year on importation of cocoa powder falling under HS Code 1805.00.00 in order to promote cocoa farming, create more

employment and increase Government revenue;

- i. Grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on Packaging materials falling under HS Codes 7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90; 3920.30.90 and 48.19 used by local processors of coffee. This measure is intended to promote value addition on coffee product, reduce processing costs and promote employment in coffee farming;
- j. Grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on sacks and bags of polymers of ethylene falling under HS Code 3923.21.00 used by domestic cashew nuts processor. This measure is intended to promote value addition on cashew nuts products, reduce processing costs of cashew nuts and promote employment in cashew nuts farming; and
- k. Grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on Packaging materials falling under HS Codes 3920.30.90; 6305.39.00 and 7217.90.00 used by domestic processors of cotton link. The measure aims at attracting investment

in cotton link processing to add value on locally grown cotton.

**ii. Measures that were effected during 2019/20 and will continue to be implemented in 2020/21 are as follows:**

- a. Grant Duty Remission and apply a duty rate of 0 percent instead of 25 percent on raw materials used to manufacture Baby Diapers under HS code 3506.91.00 Hot Melt Adhesive; PE film HS Code 3920.10.90, Empty bag for Baby Diapers HS Code 6305.33.00, Plastic cask HS Code 3926.90.90; and apply 0 percent instead of 10 percent on Super Absorbent Polymer HS Code 3906.90.00, Wet strength paper HS Code 4803.00.00, Non-woven HS Code 5603.11.00, Polyethylene laminated Nonwovens HS Code 5903.90.00, Spandex HS Code 5402.44.00 and Dust free paper HS Code 4803.00.00. The beneficiaries of the duty remission are manufacturers of the products. The measure is intended to reduce production costs, make available at affordable price to consumers, create more employment and increase Government revenue;
- b. Grant a Duty Remission and apply a duty rate of 0 percent instead of 25 percent for one year on the equipment and appurtenant

used for polishing and heat treatment of Gemstones falling under HS Codes 3606.90.00; 6804.10.00; 6813.20.00; 7018.90.00; 7020.00.99; 8202.20.00; 8202.99.00; 8203.20.00; 8205.10.00; 8423.89.90; 8513.10.90; and 9002.19.00. This measure is intended to create value addition on gemstones, employment creation and increasing Government revenue;

- c. Grant Duty Remission and apply a duty rate of 0 percent instead of 10 percent on papers under HS Codes 4805.11.00 and 4805.19.00 and a duty rate of 10 percent instead of 25 percent on papers under HS Code 4805.24.00 and 4805.25.00 for one year used as raw materials for manufacturing of packaging materials for export of horticulture products. These paper products are not manufactured locally by Mufindi Paper Mills. The measure will reduce production costs to relieve horticultural farmers from importation of these packaging materials at high cost;
- d. Grant Duty Remission on agricultural seeds packaging materials at duty rate of 0 percent instead of 25 percent falling under HS codes 3923.29.00; 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90; 7607.19.90 to local producers

of agricultural seeds for one year. These are essential requirements for preserving the quality of agricultural products. The measure will reduce the costs of seed producing entities in the country and hence seeds will be available at an affordable price;

- e. Stay application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on roasted coffee for one year (HS Code 09.01). This measure is aimed at protecting local industries, and create more employment in agricultural sector;
  
- f. Stay application of EAC CET rate of 10 percent and apply a duty rate of 10 percent or USD 125/MT whichever is higher for one year on flat-rolled products of iron or non-alloy steel and Flat-rolled products of other alloy steel of width of 600mm or more. The referred products are those under HS Codes 7209.16.00; 7209.17.00; 7209.18.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7225.50.00 and 7226.92.00. The intention is to protect local industries against unfair competition from imported subsidized products, employment creation and addressing the challenge of under-invoicing and undervaluation;

- g. To impose an import duty of 25 percent or USD 250 per metric ton whichever is higher instead of 25 percent or USD 200 per metric ton for one year on Flat-rolled products under HS codes 7210.41.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00 and 7210.90.00. in order to protect domestic producers of Flat-rolled products in the region;
- h. Stay application of EAC CET rate of 10 percent and apply a duty rate of 10 percent or USD 250/MT whichever is higher for one year falling under HS Code 7212.60.00. so as to protect domestic industries and employment while addressing issues of under-invoicing and under-valuation;
- i. Stay application of EAC CET rate of 25 percent or USD 200/MT and apply a duty rate of 25 percent or USD 250/MT whichever is higher for one year on Flat-rolled products of iron or non-alloy steels falling under HS Code 7212.30.00; 7212.40.00; and 7212.50.00. The measure is intended to protect local industries, and employment. As well as address issues of under-invoicing and under-valuation;
- j. Stay application of EAC CET rate of 25 percent or USD 200/MT whichever is higher

and apply a duty rate of 25 percent or USD 250/MT whichever is higher for one year on reinforcement bars and hollow profiles. The measure is targeted on products under HS codes 7213.10.00; 7213.20.00; 7213.99.00; 7214.10.00; 7214.20.00; 7214.30.00; 7214.90.00; 7214.99.00; 7215.10.00; 7215.50.00; 7215.90.00; 7225.90.00; 7225.92.00; 7225.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00. The objective of this measure is to protect local manufacturers of reinforcement bars in the region and enhancing competitiveness of domestically produced iron and steel products;

- k. Stay application of EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on Horticultural products under HS Codes 0603.11.00; 0603.12.00; 0603.13.00; 0603.14.00; 0603.19.00; 0604.20.00; 0604.90.00; 0701.90.00; 0702.00.00; 0703.10.00; 0703.20.00; 0706.10.00; 0710.10.00; 0710.21.00; 0710.22.00; 0710.30.00; 0714.10.00; 0714.20.00; 0804.30.00; 0804.40.00; 0804.50.00; 0805.10.00; 0805.40.00; 0805.50.00; 0806.10.00; 0807.11.00; 0807.20.00; 0808.10.00 and 0808.20.00. This measure is intended to protect local

farmers and promote employment in horticultural products;

1. Stay application of the EAC-CET rate of 0 percent and apply a duty rate of 10 percent on Monofilaments of PVC Profiles under HS Codes 3916.10.00; 3916.20.00 and 3916.90.00) for one year. In order to increase Government revenue;
- m. Stay of application of the EAC-CET rate of 10 percent and apply a duty rate of 25 percent for one year on papers under HS Code 4804.11.00; 4804.21.00; 4804.29.00; 4804.31.00 and 4804.41.00. These are papers produced by Mufindi Paper Mills. Which needs protection in order to enhance competitiveness of locally produced papers and paper products;
- n. Grant Duty Remission and apply an import duty of 10 percent instead of 35 percent on Wheat Grain falling under HS Code 1001.99.10 and 1001.99.90 for one year. This measure takes in account that the level of production is not sufficient in the EAC region to satisfy the demand in order sustain industries and ensure food security;
- o. Grant Duty Remission and apply a duty rate of 0 percent instead of 25 percent for one



year on printed Aluminium Barrier Laminates under HS Code 3920.10.90. in order to reduce production costs and promote competitiveness of domestic industries producing toothpaste;

- p. Grant Duty Remission and apply a duty rate of 0 percent instead of 10 percent for one year on RBD Palm Stearin falling under HS Code 1511.90.40. in order to ensure availability of RBD Palm Stearin for stand-alone soap industries;
- q. Grant Stay of application of the EAC-CET rate and apply a duty rate of 25 percent or USD 1.35 per kilogram of safety matches under HS Code 3605.00.00 whichever is higher for one year. There is sufficient capacity to produce this product in the EAC region, hence there is a need to protect the Local industries by addressing the issue of under invoicing or under valuation;
- r. Stay application of EAC CET rate of 25 percent and apply a duty rate of 25 percent or USD 350/MT whichever is higher for one year on nails, tacks, drawing pins, corrugated nails, staples other than those of heading 83.05 falling under HS Code 7317.00.00. The objective of this measure is to protect local producers of these products

against imported cheap or under invoiced products;

- s. Stay application of the EAC-CET rate of 25 percent and instead apply a duty rate of 35 percent for one year on sausages and similar products under HS Code 1601.00.00. in order to protect domestic industries which produce similar products in the region;
- t. Stay of application of EAC-CET rate of 25 percent and apply a duty rate of 35 percent for one year on chewing gum under HS Code 1704.10.00. as there is sufficient production in the EAC region;
- u. Stay of application of import duty rate of 25 percent and apply a duty rate of 35 percent on other sugar confectionary /sweets under HS Code 1704.90.00 for one year. With the intention to protect local industries in the region and promote employment as there is sufficient capacity to produce such products;
- v. Stay of application of the import duty rate of 25 percent instead apply a duty rate of 35 percent on chocolates under HS Code 18.06 for one year. So as to protect local production as there is sufficient capacity to produce in the region;

- w. Stay of application of the duty rate of 25 percent instead apply a duty rate of 35 percent for one year on Biscuits under HS Code 19.05 to protect local production and promote employment in the region;
- x. Stay of application of the EAC-CET rate of 25 percent instead apply a duty rate of 35 percent for one year on tomato sauce HS Code 2103.20.00 as there is sufficient production to meet the demand in the country;
- y. Stay of application of the import duty rate of 25 percent instead apply a duty rate of 60 for one year on mineral water falling under HS Code HS Code 2201.10.00. as there is sufficient capacity to produce this product in the country;
- z. Stay of application of the duty rate of 25 percent instead apply a duty rate of 35 percent for one year on meat and edible offal under chapter 2. with the view to protect and promote domestic processing and value addition;
- aa. Continue with an import duty of 25 percent on crude edible oil (including sunflower oil, palm oil, groundnuts oil, olive oil, maize corn oil etc.) for one year under HS code

1507.10.00; 1508.10.00; 1511.10.00;  
1512.11.00; 1513.11.00; 1514.11.00;  
1514.91.00; 1515.11.00; 1515.21.00;  
1515.30.00. The objective of this measure is to continue promoting production of edible oils by using locally produced seeds, create both employment and increase income to the farmers;

bb. Stay of application of the EAC-CET rate of 25 percent and instead apply a duty rate of 35 percent for one year on semi refined, refined/ double refined edible oils (for example sunflower oil, palm oil, ground nuts oil, olive oil, maize corn oil etc). The referred edible oil falls under HS Code HS codes 1507.90.00; 1508.90.00; 1509.90.00; 1510.00.00; 1511.90.10; 1511.90.30; 1511.90.90; 1512.19.00; 1512.29.00; 1513.19.00; 1513.29.00; 1514.19.00; 1514.99.00; 1515.19.00; 1515.29.00; 1515.50.00; and 1515.90.00. This measure is aimed at and promoting domestic processing of edible oil in the country using locally grown seeds and save foreign exchange used in the importation of edible oil;

cc. Stay of application of the duty rate of 0 percent and instead apply a duty rate of 10 percent for one year on Gypsum Powder

under HS Code 2520.00.00. so as to protect local producers and promote production of gypsum powder by using the locally available gypsum;

- dd. Continue with import duty rate of 35 percent instead of 100 percent on sugar for domestic consumption. Which will be imported under special permits to cover the sugar gap in the domestic market;
- ee. Stay application of the duty rate of 35 percent or USD 0.40 per kilogram whichever is higher and instead apply a duty rate of 35 percent for one year on worn clothes to protect local manufacturers of finished textile products and make them competitive; and
- ff. To provide Duty Remission on selected list of raw materials and industrial inputs for the manufacturers of textiles and footwear (Harmonized list). The objective of this measure is to accelerate the industrialisation process in the textile and Leather sector and creating employment opportunities.

95. **Honourable Speaker,** The Ministers responsible for Finance and the Cabinet Secretary

also agreed to make amendments in the EAC-Customs Management Act, 2004 as follows:

- i. To amend item 20 to Part B of Fifth Schedule of the East African Community Customs Management Act 2004 to include exemption of customs duties on supplies for diagnosis, prevention, treatment, and management of epidemics, pandemics and health hazards as recommended by the competent authority in the Ministry responsible for Health. This measure is intended to make it cheaper and reduce the costs exemption to facilitate the diagnosis, prevention, treatment, and management of such pandemics whenever they arise;
- ii. To amend Item 15 (a) to Part B of the Fifth Schedule to include imported implements by person or entity engaged in Horticulture, Aquaculture, Agriculture or Floriculture in order to promote growth of Horticulture, Aquaculture, Agriculture or Floriculture sectors in the country; and
- iii. To amend Item 15 (b), Part B of the Fifth Schedule to include fertilized eggs for incubation imported by person or entities engaged in poultry farming this economic activity.

The Import Duty measures altogether are expected to reduce Government revenue by 208.04 million shillings.

96. **Honourable Speaker**, I propose to increase the valuation of imported *Kitenge* from the current Valuation of USD 0.40 per meter to USD 1 per meter. The aim of this measure is to discourage under invoicing and under declaration done by some of the unfaithful importers to Revenue Authority.

**(n) Implementation of the Blueprint for Regulatory Reforms to improve Business Environment by amending various fees and levies**

97. **Honourable Speaker**, the Government is continuing to implement Blueprint for Regulatory Reforms to improve the Business Environment by abolishing or reducing rates total of sixty (60) fees and levies that were charged by Ministries Departments, Agencies and Regulatory Authorities. This is a continuous to improve the Business Environment, taking into consideration process as well as the impact of COVID-19 Pandemic. The specific proposed amendments include the following:

**i. Fair Competition Commission**

I propose to amend section 60 of the Fair Competition Act which deals with penalties from failure to comply with competition rules in order to include gross revenue obtained only in

Tanzania instead of global gross revenue. This is meant to reduce the severity of the penalties to be payable by the multinational companies;

**ii. Business Registration and Licensing Agency (BRELA)**

I propose to amend the Companies Act in order to remove the requirement of statutory endorsement from Commissioner for Oath to demonstrate compliance of registration or renewal of the Company. This measure will reduce bureaucracy as the provision under section 14(4) of the Act covers all the necessary requirements for the Declaration of Competence;

**iii. Sugar Board of Tanzania (SBT)**

I propose to reduce import Levy charged by SBT on industrial sugar from 2 percent of CIF value, or 2 percent of USD 460 (equivalent to USD 9 or more) per metric ton, whichever is higher to USD 7.5 per metric ton on imported sugar;

**iv. Occupational Safety and Health Authority (OSHA)**

(a) Abolish Occupational Safety and Public Health Training fees of Tshs. 250,000/= for each participant since the provision of public education on Safety and Health is core obligation of OSHA;



- (b) Abolish inspection fees which is charged 80 percent of administration fee as the registration fee itself as a base has already been abolished; and
- (c) Reduce Accident Investigation fees from Tshs. 500,000/= on each expert who conducts investigations to Tshs. 120,000/= on each expert but the gross amount should not exceed Tshs. 1,000,000/=.

**v. Fire and Rescue Force**

I further propose to amend Fire and Rescue Act, CAP 427 by reducing the following fees:

- (a) Reduce certificate of competence fees on dealers of Fire and Rescue equipment from Tshs. 500,000/= to Tshs. 200,000/;
- (b) Reduce fire and rescue inspection fees on mining areas with an area of less or equal to 2,000 square metre from Tshs. 6,000,000/= to Tshs. 100,000/;
- (c) Reduce fire and rescue inspection fee on mining areas with an area between 2,001 to 4,000 square metre from Tshs. 6,000,000/= to Tshs. 150,000/;
- (d) Reduce fire and rescue inspection fees on mining areas with coverage area between

4,001 to 9,000 square metre from Tshs. 6,000,000/= to Tshs. 200,000/=;

- (e) Reduce fire and rescue inspection fees on gas deposit with less than or equal to 10 tons from Tshs. 2,000,000 to Tshs. 1,500,000/=;
- (f) Reduce fire and rescue inspection fees on Gas cylinder shops with less than or equal to 100 square metre from Tshs. 100,000/= to Tshs. 40,000/=;
- (g) Reduce fire and rescue inspection fees on mini- super market, retail and whole sale shops from Tshs. 40,000/= to Tshs. 20,000/=; and
- (h) Reduce fire and rescue inspection fees on Mini Hydro with less than 10 Megawatt from Tshs. 6,000,000/= to Tshs. 200,000/=.

Furthermore, I propose to amend Fire and Rescue Force Act by introducing new fees and levies as follows:

- (a) Charge fire and rescue inspection fees Tshs. 2,000,000/= on gas deposit between 11 to 20 tons;

- (b) Charge fire and rescue inspection fees between Tshs. 40,000/= and Tshs. 50,000/= on Micro lending institution which were previously termed as financial institution respective of area coverage.

These measures aim at reducing cost of doing business to traders/producers and promote tax compliance.

**vi. Ministry of Livestock and Fisheries**

**(a) Livestock Sector**

98. **Honourable Speaker**, I propose to effect changes in the Fees and Levies charged to the Livestock sector as follows:

- (i) Abolish movement Permit fee of Tshs. 5,000/= on for skin within and outside the district;
- (ii) Reduce export and import permit fees on livestock and products as indicated in Table 2 and 3:

**Table No. 2: Export Permit fee for Livestock and their Associated Products (Shillings)**

No.	Livestock/Product	Unit	Current Fee	Proposed Fee
1	Cattle	Each	30,000	25,000
2	Sheep/Goat	Each	7,500	5,000
3	Beef	1 Kg	150	100
4	Animal feed	1 Ton	20,000	10,000
5	Table Eggs	1 Trey (30 eggs)	1,000	100

**Table No. 3: Import Permit fee for Livestock and their Associated Products (Shillings)**

No.	Livestock/Product	Unit	Current Fee	Proposed Fee
1	Mule/Donkey	Each	10,000	5,000
2	Camel	Each	10,000	5,000
3	Beef	1 Kg	5,000	4,000
4	Animal feed	1 Ton	20,000	10,000

(iii) Increase export and import permit fees for Livestock, wild animals and their associated products as shown in Table 4 and 5:

**Table No. 4: Export Permit fee for Livestock and their Associated Products (Shillings)**

No.	Livestock/Product	Unit	Current Fee	Proposed Fee
1	Horse	Each	30,000	50,000
2	Dog/Cat	Each	20,000	50,000
3	Camel	Each	30,000	50,000
4	Wild animal	Each	30,000	50,000
5	Semen	Per Straw	1,000	2,000

**Table No.5: Import Permit fee for Livestock and their Associated Products (Shillings)**

No.	Livestock/Product	Unit	Current Fee	Proposed Fee
1	Horse	Each	10,000	50,000
2	Dog/Cat	Each	30,000	50,000
3	Table Eggs	1 Trey (30 eggs)	2,500	5,000

(iv) Increase Compoundment /Quarantine fees from shilling 200/= to 500/= per Goat or Sheep;

(v) Impose New export and import permit fees for Livestock and their associated products as shown in Annex 5;

- (vi) Charge movement permit fee of Tshs. 20,000/= on horns, hooves and bones from cattle, goat and sheep within and outside the district,
- (vii) Charge movement permit fee of Tshs. 5,000/= on animal feeds within and outside the district;
- (viii) Charge movement permit fee for on-transit Livestock and their associated products to other countries as shown in *Annex 6*.

**(b) Fisheries Sector**

99. **Honourable Speaker**, I propose to effect changes in the Fees and Levies charged by Fisheries sector as follows:

- (i) Abolish Loyalty of USD 0.4 per kilogram of targeted fish catches from Deep Sea fishing;
- (ii) Reduce export License fee on Fish and their associated products from Fresh water as shown in Table 6:

**Table No. 6: Export License Fee on Fish and Fishery Products from Fresh Water (US\$)**

No.	Fish/ Product	Citizens (USD)				Non-Citizens (USD)	
		Small Scale		Large Scale		Large Scale	
		Current fee	Proposed fee	Current fee	Proposed fee	Current fee	Proposed fee
1	Nile Perch with or without Head and	2,000	1,000	2,200	1,200	Prohibited	2,500

No.	Fish/ Product	Citizens (USD)				Non-Citizens (USD)	
		Small Scale		Large Scale		Large Scale	
		Current fee	Proposed fee	Current fee	Proposed fee	Current fee	Proposed fee
	Gutted whole						
2	Fish Fillet and Steak	1,000	Prohibited	Prohibited	1,000	Prohibited	2,500
3	Dried Dagua & Halochromic (furu)	1,000	250	1,700	500	Prohibited	2,000
4	Dried Nile Perch Fish, Dry fish from other water bodies (Smoked, fried and sun dried)	500	500	700	700	Prohibited	2,000
5	Fish Skin	1,000	750	1,200	1,000	2,000	2,000
6	Dried and Frozen Fish Maws	2,500	1,200	2,700	1,500	Prohibited	5,000
7	Fish Head, chest, Off-cuts and Frames	1,000	750	1,200	1,000	Prohibited	2,000
8	Fish meals and Fish oil	1,000	500	1,200	1,000	Prohibited	2,000
9	Dry Fish (Kayabo, Ng'onda)	1,000	750	1,200	1,000	Prohibited	2,000
10	Aquarium fish	1,000	1,000	1,200	1,200	Prohibited	Prohibited
11	Dried Dagua in L. Tanganyika	1,500	250	1,800	500	Prohibited	2,500
12	Dried, Fresh and Frozen Fish (Migebuka)	800	400	1,000	500	Prohibited	2,000
13	Dried Dagua in L. Nyasa	1,000	250	1,200	500	Prohibited	2,000

- (iii) Reduce import License fees on Fish and fishery products from Marine water as shown in Table 7.

**Table No. 7: Import License Fee on Fish and Fishery Products from Marine Water (US\$)**

No.	Fish/Product	Citizen (USD)				Non- Citizen (USD)	
		Small Scale		Large Scale		Large Scale	
		Current fee	Proposed fee	Current fee	Proposed fee	Current fee	Proposed fee
1	Frozen Octopus	2,500	500	2,700	1,000	5,001	2,000
2	Live Lobster	2,500	500	2,700	1,000	500	Prohibited
3	Frozen Lobster Whole	2,500	500	2,700	1,000	5,000	2,500
4	Frozen Lobster Tail	2,500	500	2,700	1,000	5,000	2,500
5	Live Crabs	2,500	500	2,700	1,000	5,000	Prohibited
6	Frozen Crabs	2,500	500	2,700	1,000	5,000	2,500
7	Frozen Prawns Headless	2,500	500	2,700	1,000	5,000	2,500
8	Frozen Prawns Head On	2,500	500	2,700	1,000	5,000	2,500
9	Frozen Squid/Cuttle	2500	500	2700	1,000	5,002	2,000
10	Sea shells	500	300	700	350	1,000	Prohibited
11	Cowries	500	300	700	350	1,001	Prohibited
12	Sardines Dried marine	1,000	250	1,200	500	Prohibited	2,000
13	Others	1,500	750	1,700	1,000	2,500	2,000

- (iv) Reduce export Loyalty on fish and fishery products as shown in Annex 7;

- (v) Increase export License fee on Shark fins/jaws from USD 2,700 to USD 5,000 in order to protect the species;
- (vi) Charge export License fee on Fish Maws and Shell cover as shown in Table 8.

**Table No 8: Export License Fee on Fish and Fishery Products**

No.	Fish/Products	Citizen		Non- Citizen	
		Small scale (US\$)	Large scale (US\$)	Large scale (US\$)	scale
1	Other fish Maws	300	500	2500	
2	Shell cover (all types except prohibited species)	300	350	Prohibited	

- (vii) Charge a fee of Tshs. 30,000/= Health Certificate (QA/APP/02) for export fish and fishery products in order to maintain international market standard;
- (viii) Charge export permit fee on fish and fishery products as shown in Table 9.

**Table No. 9: Export Permit for Fish and Fishery Products**

Na.	Fish/Products	Unit	Proposed Fee (Shillings)
1	Live Crab	Each	100
2	Live Lobster	Each	100
3	Live Aquarium Fish wild caught	Per Piece	200



**vii. Ministry of Natural Resources and Tourism**

100. **Honourable Speaker**, I propose to effect changes in fees and levies charged on various services provided by National Museums of Tanzania as shown in *Annex 8*. This measure is intended to reflect the current value as the current fees and levies were lastly reviewed and amended in year 2002.

**viii. Outdoor Advertisement**

101. **Honourable Speaker**, I propose to Amend the Local Government Finance (Fees for Billboards, Posters and Hoarding) Order 2019, by reducing Outdoor Advertising fee from Tshs. 10,000 to Tshs. 4,000 on Motor Vehicles promoting own products used for distribution in order to improve business environment.

This measure is expected to reduce Government revenue by 1,250 million shillings.

**(o) Non-Tax Revenue Collection system from Tourism and Forest Sector**

102. **Honourable Speaker**, in order to strengthen collection system of non-tax revenues from tourism and forest industry, I propose the collection of non-tax from these industries be managed by the Ministry of Finance and Planning through Tanzania Revenue Authority and be deposited in consolidated fund. The implementation of this measure will require amendments of Tanzania Revenue Authority Act, CAP 339, Ngorongoro Conservation Act, CAP 284, National Park Act, CAP 282, and Wildlife Conservation Act, through Finance Bill, 2020. In doing so, I propose the following:

- (i) Give powers to Tanzania Revenue Authority to collect non tax revenues which are currently collected by Tanzania National Park Authority (TANAPA), Ngorongoro Conservation Area Authority (NCAA), and Tanzania Wildlife Management Authority (TAWA);
- (ii) To require all non-tax collection from these sources be deposited in consolidated fund instead of current retention system; and
- (iii) To allocate funds to these authorities or agencies through Government budgetary allocation system instead of current practice.



**(p) Minor Amendments in Tax Laws and Others**

103. **Honourable Speaker**, I propose to make minor amendments to various Tax Laws and other Laws in order to ensure their smooth and effective implementation. The amendments will be effected through the Finance Bill 2020 and Government Notices.

**(q) Effective Date for Implementation of New Revenue Measures**

104. **Honourable Speaker**, unless otherwise stated, the new measures shall take effect on 1<sup>st</sup> July, 2020.

**VII. BUDGET FRAME FOR 2020/21**

105. **Honourable Speaker**, consistent with macroeconomic and fiscal policy objectives for 2020/21, the budget frame shows that a total of 34.88 trillion shillings will be mobilized and spent. Total domestic revenue (including LGAs own sources) is estimated at 24.07 trillion shillings, equivalent to 69.0 percent of the total budget. Out of that amount, the Government plans to collect tax revenue amounting to 20.33 trillion shillings, non-tax revenue 2.92 trillion shillings and revenue from LGAs own sources 815.0 billion shillings.

106. **Honourable Speaker**, the Government plans to borrow 4.90 trillion shillings from the domestic market. Out of that amount, 3.32 trillion shillings is for rolling over of maturing treasury bills and bonds and 1.59 trillion shillings equivalent to 1.0 percent of

GDP is new borrowing for financing development projects. Further, 3.04 trillion shillings is expected to be borrowed from external non concessional sources in order to speed up the implementation of infrastructure projects.

107. **Honourable Speaker**, Development Partners are expected to contribute grants and concession loans amounting to 2.87 trillion shillings, equivalent to 8.2 percent of the Government budget. Out of the amount, 2.46 trillion shillings will be channelled through Projects financing; 138.3 billion shillings through Basket financing; and 275.5 billion shillings through General Budget Support (GBS).

108. **Honourable Speaker**, in 2020/21, the Government plans to spend 34.88 trillion shillings for recurrent and development **expenditure**. Out of that amount, 22.10 trillion shillings is allocated for recurrent expenditure, equivalent to 63.0 percent of the total budget and 12.78 trillion shillings for development expenditure. Recurrent expenditure includes 10.48 trillion shillings for servicing Government debt, 7.76 trillion shillings for wages and salaries and 3.74 trillion shillings for Other Charges (OC), including 481.9 billion shillings as LGAs expenditure from own sources.

109. **Honourable Speaker**, development expenditure is estimated at 12.78 trillion shillings, equivalent to 37 percent of the total budget, comprising 10.04

trillion shillings from internal sources and 2.74 trillion shillings from external sources. Out of that amount, 2.10 trillion shillings has been allocated for Standard Gauge Railway project; 1.60 trillion shillings for Julius Nyerere Hydropower Project at Rufiji River; 823.7 billion shillings for Railway, Water and REA Funds; 490 billion shillings for Higher Education Students' Loans; and 298.1 billion shillings for Fee Free Basic Education. Further, the Government has set aside 600.0 billion shillings for payment of verified arrears for employees, service providers, suppliers and contractors in roads, water and energy.

110. **Honourable Speaker**, consistent with my explanation above, the budget frame for 2020/21 is as shown in **Table A**.

**Table A: Budget Frame for 2020/21**

		Millions Shillings	
<u>Revenue</u>			<b>2020/21</b>
<b>A.</b>	<b>Government Domestic Revenue</b>		<b>23,250,582.3</b>
	(i) Tax Revenue (TRA)	20,325,779.9	
	(ii) Non Tax Revenue	2,924,802.4	
<b>B.</b>	<b>LGAs own source</b>		<b>814,961.0</b>
<b>C.</b>	<b>External Grants and Concessional Loans</b>		<b>2,874,372.2</b>
	(i) General Budget Support	138,323.3	
	(ii) Projects Loans and Grants	2,460,506.1	
	(iii) Basket Loans and Grants	275,542.8	
<b>D.</b>	<b>Domestic &amp; External Non Concessional Loans</b>		<b>7,939,877.5</b>
	(i) External Non Concessional Borrowing	3,035,630.0	
	(ii) Domestic Non Concessional Borrowing (0.9% of GDP)	1,588,169.2	
	(iii) Domestic Non Concessional Borrowing (Rollover)	3,316,078.3	
	<b>TOTAL REVENUE (A+B+C+D)</b>		<b>34,879,793.0</b>
<u>Expenditure</u>			
<b>E.</b>	<b>Recurrent Expenditure</b>		<b>22,100,538.0</b>
	o/w (i) National Debt Service		<b>10,476,832.4</b>
	- Domestic Interest	1,630,668.6	
	- Domestic Amortization (Rollover)	3,316,078.4	
	- External Amortization	2,463,280.6	
	- External Interest	1,239,913.9	
	- Government Contribution to Pension Funds	1,299,181.3	
	- Other Expenditure under CFS	527,709.6	
	(ii) Wages and Salaries		<b>7,762,389.5</b>
	(iii) Other Charges		<b>3,741,137.2</b>
	- Payments of Verified Arrears	200,000.0	
	- LGAs Expenditure (Own Source)	481,869.6	
	- MDAs Operational Costs	3,059,267.6	
<b>F.</b>	<b>Development Expenditure</b>		<b>12,779,255.0</b>
	(i) Domestic Financing		<b>10,043,206.1</b>
	o/w payments of Verified Arrears	400,000.0	
	o/w Standard Gauge Railway (SGR) project	2,100,000.0	
	o/w Hydropower Project - Rufiji River	1,600,000.0	
	o/w LGAs Expenditure (Own Source)	333,091.4	
	o/w Other Development Projects	5,610,114.7	
	(ii) Foreign Financing		<b>2,736,048.9</b>
	<b>TOTAL EXPENDITURE (E+F)</b>		<b>34,879,793.0</b>
	<b>BUDGET DEFICIT AS PERCENTAGE OF GDP</b>		<b>2.6%</b>

Source: Ministry of Finance and Planning

## VIII. VOTE OF THANKS

111. **Honourable Speaker**, in a very special way, I would like to start my vote of thanks by giving consolation and expressing my condolences to my fellow Tanzanians who faced different calamities and loss of lives, starting with the Parliament for the loss of our fellows, Hon. Rashid Ajali Akbar, former Member of Parliament (CCM) for Newala - Rural constituency, Hon. Rev. Dr. Getrude Pangalile Rwakatare, former Member of Parliament Special Seat (CCM), Hon. Richard Mganga Ndassa, former Member of Parliament (CCM) for Sumve Constituency, and Hon. Ambassador Dr. Augustine Philip Mahiga, Member of Parliament (CCM) and former Minister for Constitutional and Legal Affairs. I would like to thank them for their contribution to the nation, may their souls rest in eternal peace, Amen! Further, I would like to express my condolences to the families, relatives and friends who lost their beloved ones as a result of various calamities including the COVID-19 pandemic. Let me use this opportunity to thank all who are in the frontline fighting the pandemic, including: medical doctors and health attendants; the Government coordination team; and various stakeholders who in one way or another have contributed financial support and equipment. Furthermore, I would like to take this opportunity to thank all religious leaders for their prayers on national peace, unity and solidarity.



112. **Honourable Speaker**, I would also like to thank my fellow citizens of Buhigwe and Kasulu Districts and Kigoma Region at large, for nurturing me to be a hard worker. Further, I would like to thank citizens of Nzinje (Zuzu) and Mayamaya villages for warmly welcoming me and my family to Dodoma. Lastly, I thank my family in particular my beloved wife Mbonimpaye, for her prayers and comfort which enables me to smoothly fulfil my responsibilities. I am also grateful to my children, grandchildren, relatives and family friends for their patience, blessings and encouragement.

113. **Honourable Speaker**, I would like to thank my fellow leaders and staff from the Ministry of Finance and Planning for their support towards achieving my responsibilities and their hard work in discharging their duties including preparation of the national budget. Specifically, I would like to thank Hon. Dr. Ashatu K. Kijaji, Deputy Minister for Finance and Planning and Member of Parliament for Kondoa Constituency. I urge the citizens of Kondoa to once again vote for her to represent them to the next Parliament. I thank Mr. Doto M. James, Permanent Secretary to the Treasury and Paymaster General, and Deputy Permanent Secretaries: Ms. Amina Kh. Shaaban, Mr. Adolf H. Ndunguru and Ms. Mary N. Maganga and all staff of the Ministry of Finance and Planning. I remind you to continue working hard. I appreciate and may God bless you. Further, I would like to thank, Prof. Florens D. Luoga, Governor of the

Bank of Tanzania for his diligent management of Financial Sector, as well as Deputy Governors, Dr. Yamungu Kayandabila, Dr. Bernard Kibesse and Mr. Julian Banzi. Furthermore, I would like to thank Dr. Edwin Mhede, Commissioner General of the Tanzania Revenue Authority (TRA) and his Deputy Commissioner General Mr. Msafiri Mbibo for unprecedented record in tax revenue collection. In addition, I would like to thank the CPA(T). Charles E. Kichere, the Controller and Auditor General for his excellent work in auditing of major parastatal organisations using local expertise for the first time and CPA(T). Athumani S. Mbuttuka, Treasury Registrar for exceptional record in collection of dividends and contributions from public institutions to the Consolidated Fund. I extend my appreciation to Dr. Albina A. Chuwa, Statistician General for remarkable supervision of NBS.

114. **Honourable Speaker**, I would like to express my appreciation to our Development Partners for their continued cooperation and support to the implementation of various development projects and programmes in our country. In 2020/21 budget, the Development Partners are expected to contribute 2.87 trillion shillings, to support the Government budget. In a special way I would like to recognize them individually as follows: Belgium, Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Netherland, Norway, Poland, South Korea, Sweden, Switzerland, United Kingdom

and United States of America. Moreover, there are International Organizations which are: African Development Bank, World Bank, Arab Bank for Economic Development in Africa (BADEA), Global Fund, Kuwait Fund, Abu Dhabi Fund, European Union (EU), European Investment Bank (EIB), OPEC Fund for International Development, Global Environmental Facility (GEF), Alliance for a Green Revolution Africa (AGRA), Geothermal Risk Mitigation Facility (GRMF), Nutritional International Organization, Climate Development Special Fund, Africa Legal Support Facility (ALSF), Dignity, Global Agriculture and Food Security Program (GAFSP) and United Nations (UN) which include: UNICEF, IFAD, UNDP, UNFPA, FAO, UN Women, WFP, UNCDF and UNEP. I would also like to recognize our good cooperation with the International Monetary Fund (IMF). It is our expectation that technical assistance and the amount of funds pledged by our friends will be honoured and disbursed on time. The Government commits that the funds will be utilized for the intended purposes.

115. **Honourable Speaker**, let me take this opportunity to thank the Chief Secretary Hon. Eng. Ambassador John William Kijazi, Honourable Ministers, Attorney General, Hon. Prof. Adelardus Kilangi, Regional Commissioners, Deputy Ministers, Permanent Secretaries, Clerk of the National Assembly Mr. Stephen Kagaigai, Chief Court Administrator Mr. Mathias Kabunduguru, Deputy

Permanent Secretaries, and all Officials from Ministries, Independent Departments, Agencies, Regions, Local Government Authorities, Public Institutions and Corporations for their job well done in serving the citizens in their areas of jurisdiction and cooperation given to me and my colleagues in the Ministry of Finance and Planning in discharging our duties.

116. **Honourable Speaker**, I would also like to thank and congratulate Honourable Mashimba Mashauri Ndaki, the Chairperson of the Parliamentary Standing Committee for Budget, and the Member of Parliament for Maswa West Constituency for his dedication in leading this Committee. I thank all members of the Budget Committee. I appreciate their valuable opinions and advice that helped in strengthening the implementation of Government budget and the National Development Plan as well as improving the 2020/21 budget estimates. I urge the citizens in their respective Constituency to once again vote for those with green attires.

117. **Honourable Speaker**, I wish to congratulate and thank all heads of defence and security organs, commanders and soldiers for their patriotism and work discipline. Let me recognize them starting with Chief of Defence and Security Forces General Venance Salvatory Mabeyo, Inspector General of Police Simon Nyakoro Sirro, Commissioner General of Prisons Suleiman Mungiya Mzee, Commissioner

General of Immigration Dr. Anna Peter Makakala, Commissioner General of Fire and Rescue John William Hasunga, Director General of Intelligence and Security Services Diwani Athuman Msuya, Director General of the Prevention and Combating of Corruption Bureau Brigadier General John Julius Mbungu, Acting Commissioner General of Drug Control and Enforcement Authority James Wilbert Kaji. Their strength and competence to manage our defence and Security Organs has given confidence to Tanzanians to undertake their socio-economic activities.

118. **Honourable Speaker**, I would like to express my sincere appreciation to Dr. Bashiru Ally Kakurwa, the Secretary General of the Chama cha Mapinduzi (CCM) for his outstanding performance and upholding the Party's principles in unifying and defending the rights of the poor. In addition, I congratulate the Secretariat of the National Executive Committee (NEC) for continued oversight of the implementation of the 2015 CCM Election Manifesto that led to outstanding results mentioned earlier.

119. **Honourable Speaker**, I wish to use this opportunity to congratulate the former Presidents of the United Republic of Tanzania, Hon. Ally Hassan Mwinyi, Hon. Benjamin William Mkapa and Hon. Dr. Jakaya Mrisho Kikwete and their spouses for their remarkable contributions to our country's economic

and social development. The nation continues to benefit from their prudence and wisdom in pushing forward our nation's development.

120. **Honourable Speaker**, I also thank you personally, Honourable Job Yustino Ndugai, Speaker of the National Assembly of the United Republic of Tanzania and the Member of Parliament of Kongwa Constituency and Honourable Dr. Tulia Ackson, the Deputy Speaker for leading the Parliament wisely and creatively transforming the Parliament digitally. In addition, I strongly congratulate Honourable Professor Ibrahim Hamis Juma, Chief Justice of Tanzania, and Honourable Dr. Eliezer Feleshi, Principal Judge of the High Court of Tanzania for their excellent leadership of the Judiciary.

121. **Honourable Speaker**, I would like to express my sincere appreciation to the spouses of our senior leaders. In a special way, I thank Mwalimu Janet Magufuli, Mr. Ameir Hafiz Ameir, Mama Mwanamwema Shein, Mwalimu Mary Majaliwa, Dr. Fatuma Ramadhan Mganga, and Mama Marina Papadopoulos Juma for encouraging our National Senior Leaders to carry out their responsibilities calmly.

122. **Honourable Speaker**, I would like to congratulate and thank Honourable Kassim Majaliwa, Prime Minister of the United Republic of Tanzania and the Member of Parliament of Ruangwa

Constituency, for his excellent leadership in undertaking Government activities. He is hardworking, gentle and humble such that when chairing the Ministers working sessions refers us as “my fellow ministers”. I beg citizens of Ruangwa to unanimously vote for him in the next General Election. Further, I would like to thank Honourable Ambassador Seif Ali Iddi, the Second Vice President of Revolutionary Government of Zanzibar for his excellent work and advice to the President of Revolutionary Government of Zanzibar. I would also like to congratulate His Excellency Dr. Ali Mohamed Shein, President of Zanzibar and Chairman of the Revolutionary Council for his integrity and wise leadership which have brought unity, harmony and socio-economic development to the people of Zanzibar. We wish him all the best after his tenure. Likewise, I extend my sincere gratitude to Her Excellency Madam Samia Suluhu Hassan, the Vice President of the United Republic of Tanzania for her wisdom and competence which demonstrate her as a role model in women leadership, which has largely contributed to the achievements obtained in building our nation and strengthening our Union.

123. **Honourable Speaker**, before concluding my speech, allow me to give my testimony about His Excellency Dr. John Pombe Joseph Magufuli, the Fifth Phase President of the United Republic of Tanzania. My apology in advance if some of what I am about to say will displease him. I have decided to

say it openly for records and for Tanzanians to understand the kind of President we have, so as to help us all to understand and fulfil our obligations to the nation.

124. **Honourable Speaker**, Dr. John Pombe Joseph Magufuli is a strong and visionary leader. He is highly talented in making the impossible to happen. He is the leader fully aware that for a country to succeed in bringing positive changes, we must get rid of business as usual habits. The Commander in Chief, Dr. John Pombe Joseph Magufuli knows that no pain no gain and this is the basis of his slogan “HAPA KAZI TU”. He is a strong and confident leader who allows no room for small dreams and has guts to conquer the fear of failure. He has been inspiring Tanzanians to change and build confidence through his own words “Tanzanians are capable and we are not poor!”

125. **Honourable Speaker**, President Magufuli has been fighting bribe and corruption, since the beginning of his reign. He has fought the fraudulent practices in all sectors of the Government such as: salaries and allowances to ghost staff; loans to ghost students in higher learning Institutions; and fake claims on agricultural inputs and VAT refunds. President Magufuli has been keenly monitoring with facts about everything going on in all areas of administration. President Magufuli has been ruthlessly firing careless and corrupt officials in the



Government and even in the ruling party (**CCM**). It is clear to me that President Magufuli is a believer in the philosophy of Peter Ferdinand Drucker (although I am not sure if our President read the writings of this expert) that “it is the duty of the executive to remove ruthlessly anyone and especially any manager who consistently fails to perform with high distinction, to let such a man stay on corrupts others”.

**126. Honourable Speaker**, His excellency, has continued to instil discipline in public spending within Government Ministries, Independent Departments and Agencies and LGA’s by: limiting international travel for public servants, even himself has not travelled outside Africa since he assumed power; cancelling some of National’s festivals and reallocating the funds to areas in need; and banning unnecessary allowances on seminars and workshops conducted in hotels and rented halls. In addition, he reduced leaders’ entourage to medical treatment or taking health check-ups overseas, while leaving Muhimbili National Hospital and referral hospitals in shambles. You will also recall that he took the unexpected step that shocked many people and even led them criticize the President when he decided to take the First Lady to the National Hospital for treatment where she was hospitalized for several days instead of taking her overseas.

127. **Honourable speaker**, President Magufuli is a Commander with unshaken stand evidenced even during the peak of crises as at times of the perceived liquidity constraint (“vyuma vimekaza”) complaints, also at times of edible oil scarcity and recently in his administration when others insist taking lock down measure to fight COVID-19 pandemic, to the surprise of many, President Magufuli allowed Tanzanians to continue working while taking precautionary measures advised by health professionals as they continue with prayers. In addition, as a Commander in Chief, he has continued to trust National Defence Force, strengthen its capacity and engage them in the implementation of various strategic projects for our country’s economic development.

128. **Honourable Speaker**, during his tenure, President Magufuli has continued to rely on God in performing his duties and directed the leaders he appoints and the general public to do the same. He has shown humility and generosity in various areas by: contributing in construction of houses of worship (mosques and churches); assisting in collecting offerings in the church; participating in funerals including those related to opposition leaders; serving tea and bites at the State House in Dar es Salaam and Chamwino for his guests; drinking coffee or buying products and fruits from vendors. Our President is sympathetic and touched by the cries of the weak or the oppressed citizens and he takes

action promptly. It is in that sense; our President has visited the prisoners to see the real situation in the prisons and listen to them and made the decision to release large number of prisoners and inmates. He has also continued with his forgiving heart even to those who mocked and reviled him.

129. **Honourable Speaker**, our President is the most patriotic citizen who carries the vision and revives the dreams of the late Mwalimu Julius K. Nyerere, the father of the nation. He started by fighting against corruption and tax evasion existed at the Port and TRA, efforts which increased collection of tax revenue from the monthly average of 825 billion shillings before his regime to 1.5 trillion shillings per month in 2019/20. Further, he directed review of contracts in mining and crucial services such as communication and enacted the Natural Wealth and Resources (Permanent Sovereignty) Act 2017, to safeguard natural resources for the benefit of the nation. The President also, instructed construction of 24.5 km perimeter wall surrounding Tanzanite Mines in Mirerani and establishment of Mineral Market Centres. Moreover, he decided to implement the resolution of the meeting of the National Executive Committee of TANU held on 30<sup>th</sup> August to 1st September, 1973 of relocating Government administrative capital from Dar es Salaam to Dodoma.

130. **Honourable Speaker**, Our President Dr. John Pombe Joseph Magufuli has dared to implement flagship projects founded by the late Father of Our Nation including: construction of Julius Nyerere Hydropower Project at Rufiji River (2115 MW); promoting industrial led economy; construction of Standard Gauge Railway; revamping of ATCL through procurement of 11 new aircrafts as well as construction of airports; construction of trunk and regional roads to bitumen standard as well as large bridges; procurement of new passengers and cargo ships as well as rehabilitation of old ships, ferries and expansion or improvement of ports along the coastline and major lakes; provide fee free basic education (primary to form four secondary education) and increasing students' loans in higher learning institutions; rural energy electrification project (REA) whereby as of now 9,112 villages (74.3 percent) out of 12,268 have been connected with electricity in Mainland Tanzania; and continued to fight against diseases, which is among the major enemies of the nation, by improving health services as presented in the economic survey speech earlier today.

131. **Honourable Speaker**, our President has scientific intelligence of questioning doubtful issues including the accuracy of the tests for crude edible oil and COVID-19. He has also been a role model in honouring Swahili language, thus promoting it to become one of the official languages in the SADC.

132. **Honourable Speaker**, His Excellency President Magufuli, is a leader who urges Tanzanians to maintain unity and emphasize that development has no political affiliation. His Excellency President Magufuli has relentless work ethic. My fellow Ministers are well aware of his late-night calls from 2:00 a.m. to 5:00 a.m.! This has made some of us to change the sleeping time! This reminded me of the words of His Excellency Shimon Peres, the former Prime Minister of Israel, to his Ministers that “during the war, an Israel Minister shouldn’t sleep. It is a Minister’s duty to stay awake”.

133. **Honourable Speaker**, lastly but not least, our President is active and enthusiastic on sports development. You all know him at his best, don’t ever try his push-ups! You also remember that he invited our National Youths’ Under-17 Team and their coaches to the State House in Dar es Salaam to instil patriotism and inspire them to win. In addition, I believe you haven’t forgotten the day His Excellency Magufuli was at the National Stadium watching the derby between Simba SC and Young Africans and witnessed Simba SC defeated by 1-0, the goal scored by Bernard Morrison! It seems Honourable Prime Minister, and you Honourable Speaker even the Honourable Deputy Speaker, played your cards well by not showing up at the Stadium!

134. **Honourable Speaker**, this is my testimony about His Excellency Dr. John Pombe Joseph

Magufuli, the President of the Fifth Phase of the United Republic of Tanzania and the National Chairman of the Chama Cha Mapinduzi, and my testimony is valid. The question I would like every Tanzanian to ponder is, are we fulfilling our responsibilities to the nation? and then take appropriate action. With all due respect, may I call upon all Tanzanians who have registered for the upcoming General Election in October 2020, to vote for Dr. John Pombe Joseph Magufuli who has been unique and a role model in Africa, as our thanks to him for his relentless work ethics so that he takes our country to the new heights in the second phase of five years. My fellow Tanzanians, you should not forget to give a good number of Parliamentarians and Councillors to our president who have the ability to withstand integrity and the motto of *HAPA KAZI TU*, and if it pleases you my fellow citizens of Buhigwe Constituency and our Party, I request you to support me as your servant! Let me tell you the truth my fellow Tanzanians, the President has been a precious icon for Tanzania and his leadership is a great opportunity of which if not well utilized, it will take us a long time to achieve a better Tanzania we all wish to have. Your Excellency President, I know that you are following this speech, I am short of good words to express my sincere gratitude for giving me a great honour to serve the nation in your government and guiding me well in my service. May the Almighty God bless you, protect you and grant peace to you and your family.

## VIII. CONCLUSION

135. **Honourable Speaker**, this is my last speech in this Parliament which highlights trends of Government Budget implementation in 2019/20, notable achievements and deliberate measures that the Government plans to implement in 2020/21.

136. **Honourable Speaker**, I have been privileged and honoured to be the Minister of Finance and Planning in our country for four years and five months, I have only one thing to tell Tanzanians, **“THANK YOU VERY MUCH”!**

I appreciated because most Tanzanians within and outside the Government have encouraged me to remain bold in discharging my duties for the betterment of Tanzania. However, as a human being I am indeed not perfect. I am grateful to those who posed challenging ideas on economic policies and budget implementation with constructive motives. I would like to apologize to whoever was offended by me in the course of executing my responsibilities. However, for those who had personal interests and who considered me as their obstacle, I believe they have understood me and may God forgive them. For the good work done, I am not worthy of praise alone because we have done them together. As a note of farewell, I would like to point out two issues as follows:

- i) Whoever will be appointed to this position, should firmly: be humble; God fearing; protect the national interests and the rights of the vulnerable people; overcome corruption enticements; abide by laws, regulations and procedures for revenue collection, borrowing, receiving of grants, allocation of financial resources; and managing the Government expenditure with a view to achieve productivity. In addition, the incumbent should be carefully to follow up on the national and world economic developments in order to take appropriate actions or advice on economic plan and policy that can take Tanzania forward. In doing this, the person should use expertise and experiences, cooperate and value technical advice from within the Government and relevant institutions. Further, it is important for the person to be attentive to the needs of the private sector and Parliament advice.
- ii) Tanzania is on the verge of economic war that we must win. There is no substitute for victory! It is important to be alert, be aware of our internal and external enemies, understand the techniques they are using and prepare ourselves strategically, including proactively exploiting opportunities and venturing with our sincere friends in a manner that benefits both sides. We have the ability, reasons and desire to fight and win the war. However, in order to win, the first



condition is that we must maintain our unity and integrity to eagerly protect the national interest. The second condition is that, starting in the second term of the Fifth Phase Government, there must be a bold decision to allocate significant budgetary resources to invest in modern science and technology as well as identifying and nurturing talents and expertise particularly in our defence forces, research institutes, vocational colleges and higher learning institutions. It is high time for our nation to awaken untapped innovative minds of Tanzanians particularly the youth. I strongly believe that, a leader who is capable of carrying this agenda forward is the scientist Dr. John Pombe Joseph Magufuli. Further, it is important for the private sector to participate in investing in science and technological development as well as exploiting the opportunities associated with investments in productive and service sectors. I am convinced that God is on our side if we continue to have trust on Him. I assure you that I will be proud to continue serving our nation in public or private sector as God directs me.

137. **Honourable Speaker**, I would like to conclude my last speech of Government Budget by sincerely thanking God for His kindness and faithfulness. On the day I called Him, He answered me, He made me

bold and energized me. I will continue to praise Him at all times. Let us praise God together.

**GOD BLESS AFRICA, GOD BLESS TANZANIA.**

**Honourable Speaker,** I beg to move.

Annex 1: Domestic Revenue Collection Trend: 2014/15 - 2020/21								Tshs Million
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21
	Actual	Actual	Actual	Actual	Actual	Budget	Likely	Budget
<b>Total domestic revenue (including LGAs own source)</b>	<b>10,957,765</b>	<b>14,139,230</b>	<b>16,639,933</b>	<b>17,944,887</b>	<b>18,527,293</b>	<b>23,045,337</b>	<b>21,146,768</b>	<b>24,065,543</b>
<b>A. Tax Revenue</b>	<b>9,908,996</b>	<b>12,525,378</b>	<b>14,126,590</b>	<b>15,191,421</b>	<b>15,511,330</b>	<b>19,100,933</b>	<b>17,614,960</b>	<b>20,325,780</b>
1. Import duty	748,961	880,296	998,164	1,109,205	1,201,045	1,342,611	1,297,942	1,473,805
2. Excise Duty	1,742,721	2,144,395	2,106,442	2,199,900	2,370,414	2,840,525	2,618,798	3,002,765
3. Value added tax	2,488,066	2,992,835	3,912,674	4,425,968	4,736,876	5,947,525	5,139,247	6,029,967
4. Income tax	3,716,685	4,594,971	5,117,862	5,157,106	5,072,402	6,399,526	6,109,113	7,029,831
5. Other taxes	1,212,563	1,912,880	1,991,449	2,299,242	2,130,594	2,570,746	2,449,860	2,789,413
<b>B. Non-tax revenue</b>	<b>1,048,769</b>	<b>1,613,852</b>	<b>2,513,343</b>	<b>2,753,466</b>	<b>3,015,963</b>	<b>3,944,405</b>	<b>3,531,809</b>	<b>3,739,763</b>
1. Parastatal dividends & Contributions	161,234	388,551	893,935	803,502	682,331	947,047	757,638	1,055,638
2. Ministries and regions	527,451	799,449	1,107,690	1,408,464	1,674,534	2,231,874	2,008,687	1,869,164
3. LGAs own source	360,084	425,852	511,718	541,499	659,098	765,483	765,483	814,961
<b>Source:</b> Ministry of Finance and Planning								

Annex 2a: Budget Frame for 2014/15 - 2020/21								
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2019/20	Tshs Million
	Actual	Actual	Actual	Actual	Actual	Budget	Likely	2020/21
								Budget
<b>I. TOTAL RESOURCES</b>	17,488,626	22,543,664	25,417,791	26,610,843	28,962,515	33,105,410	30,902,361	34,879,793
Domestic revenue	10,597,681	13,622,182	16,128,215	17,403,388	17,868,195	22,279,855	20,381,285	23,250,582
LGAs Own Sources	360,084	425,852	511,718	541,499	659,098	765,483	765,483	814,961
Programme loans and grants	757,016	291,381	342,785	247,285	125,396	272,813	455,680	138,323
Project loans and grants	1,154,909	1,186,982	1,857,399	2,030,492	1,737,817	2,311,404	1,748,334	2,460,506
Basket support Loans	163,177	161,842	104,991	71,078	44,281	34,746	74,153	79,005
Basket support Grants	127,637	86,199	168,984	117,165	175,861	164,713	212,435	196,538
MCA (T) USA	0	0	0	0	0	0	0	0
Non-Bank Borrowing/ roll over	2,064,756	3,005,789	4,615,670	4,835,199	3,718,008	3,460,218	3,460,218	3,316,078
Bank Borrowing (Financing)	799,776	2,299,151	1,300,000	869,200	3,037,177	1,499,774	1,487,678	1,588,169
Adjustment to Cash	408,786	1,010,781	-838,731	-978,745	451,858	0	0	0
Non-Concessional borrowing	1,054,803	453,504	1,226,760	1,474,282	1,144,822	2,316,404	2,317,095	3,035,630
<b>II. TOTAL EXPENDITURE</b>	17,488,626	22,543,664	25,417,791	26,610,843	28,962,515	33,105,410	30,902,361	34,879,793
Recurrent Expenditure	13,778,397	18,204,111	18,144,967	18,995,074	20,468,676	20,856,808	20,856,808	22,100,538
CFS	4,724,910	6,480,906	8,643,560	9,532,987	9,113,538	9,721,127	9,721,127	10,476,832
Debt service	3,552,426	5,047,764	7,234,530	8,133,063	7,701,842	7,862,578	7,862,578	8,649,941
CFS Others	1,172,484	1,433,142	1,409,030	1,399,924	1,411,696	1,858,549	1,858,549	1,826,891
Recurrent Exp. (excl. CFS)	9,053,487	11,723,205	9,501,407	9,462,087	9,663,058	11,135,681	11,135,681	11,623,706
o/w Wages and Salaries	4,617,648	5,627,497	5,599,246	5,544,384	5,699,188	6,524,588	6,524,588	6,583,033
Parastatal PE	637,711	925,760	767,901	783,292	960,385	1,034,386	1,034,386	1,179,357
LGAs Own Sources	170,627	170,340	251,484	216,600	349,322	460,539	460,539	481,870
Other Charges	3,627,501	4,999,607	2,882,775	2,917,811	2,654,163	3,116,167	3,116,167	3,379,447
Development Expenditure	3,710,228	4,339,553	7,272,824	7,615,768	8,493,838	12,248,602	10,045,554	12,779,255
Local	2,264,506	2,904,530	5,141,451	5,397,034	6,535,879	9,737,739	8,010,632	10,043,206
Foreign	1,445,722	1,435,023	2,131,374	2,218,735	1,957,959	2,510,863	2,034,922	2,736,049
GDPmp	88,476,352	101,355,820	113,553,411	122,835,229	133,119,208	146,153,713	144,243,016	157,767,884

Source: Ministry of Finance and Planning

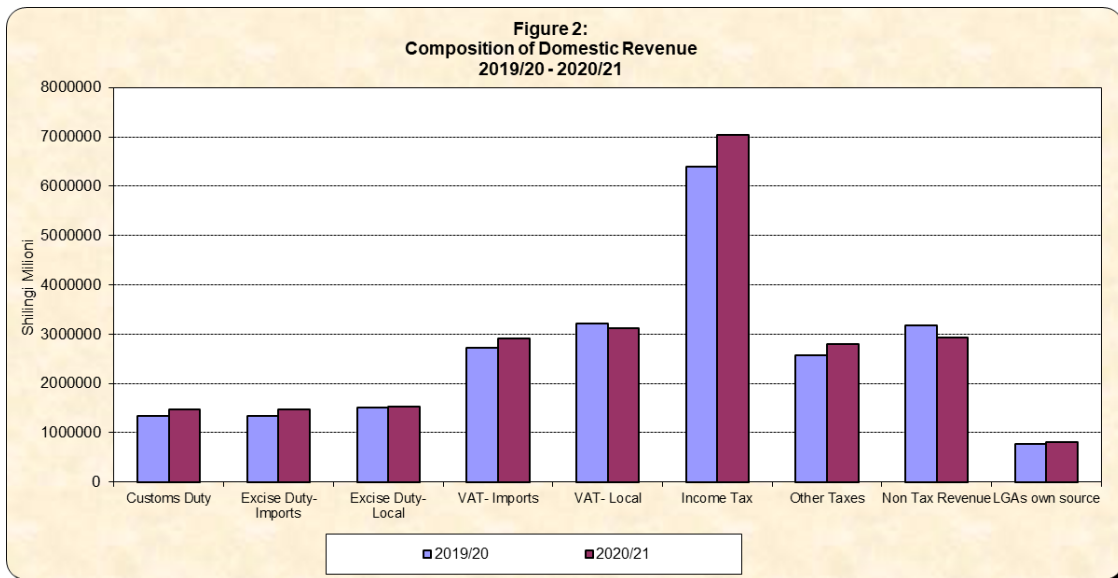
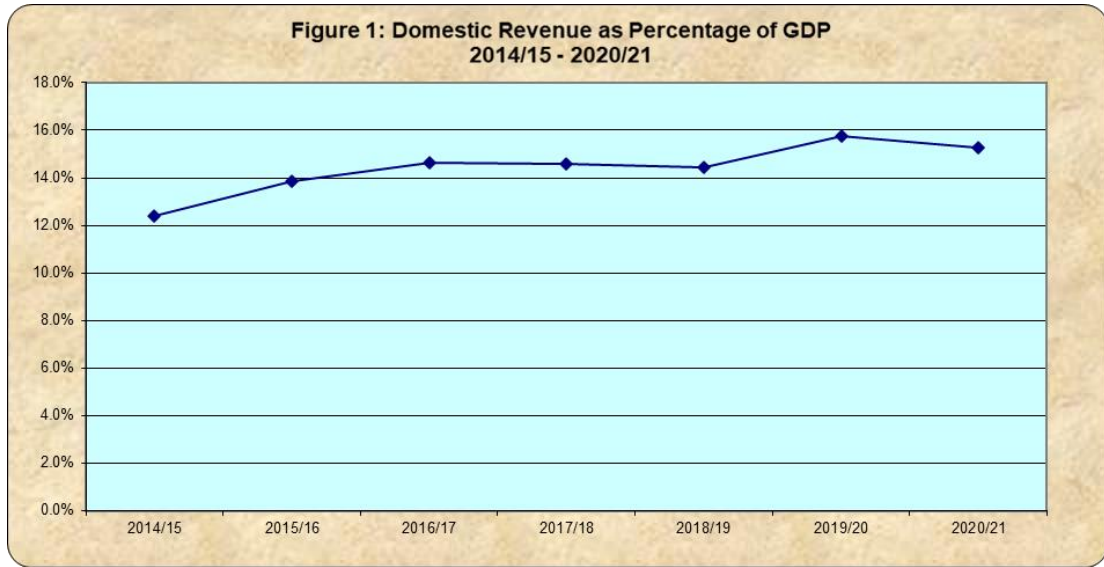
Note: All Statistics are before the impacts of COVID-19

Annex 2b: Bud+A51:l85get Frame 2014/15 - 2020/21 as Percentage of GDP								
	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Budget	2019/20 Likely	2020/21 Budget
<b>I. TOTAL RESOURCES</b>	19.8%	22.2%	22.4%	21.7%	21.8%	22.7%	21.4%	22.1%
Domestic revenue	12.0%	13.4%	14.2%	14.2%	13.4%	15.2%	14.1%	14.7%
LGAs Own Sources	0.4%	0.4%	0.5%	0.4%	0.5%	0.5%	0.5%	0.5%
Programme loans and grants	0.9%	0.3%	0.3%	0.2%	0.1%	0.2%	0.3%	0.1%
Project loans and grants	1.3%	1.2%	1.6%	1.7%	1.3%	1.6%	1.2%	1.6%
Basket support Loans	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
Basket support Grants	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
MCA (T) USA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Bank Borrowing/ roll over	2.3%	3.0%	4.1%	3.9%	2.8%	2.4%	2.4%	2.1%
Bank Borrowing (Financing)	0.9%	2.3%	1.1%	0.7%	2.3%	1.0%	1.0%	1.0%
Adjustment to Cash	0.5%	1.0%	-0.7%	-0.8%	0.3%	0.0%	0.0%	0.0%
Non-Concessional borrowing	1.2%	0.4%	1.1%	1.2%	0.9%	1.6%	1.6%	1.9%
<b>II. TOTAL EXPENDITURE</b>	19.8%	22.2%	22.4%	21.7%	21.8%	22.7%	21.4%	22.1%
Recurrent Expenditure	15.6%	18.0%	16.0%	15.5%	15.4%	14.3%	14.5%	14.0%
CFS	5.3%	6.4%	7.6%	7.8%	6.8%	6.7%	6.7%	6.6%
Debt service	4.0%	5.0%	6.4%	6.6%	5.8%	5.4%	5.5%	5.5%
CFS Others	1.3%	1.4%	1.2%	1.1%	1.1%	1.3%	1.3%	1.2%
Recurrent Exp. (excl. CFS)	10.2%	11.6%	8.4%	7.7%	7.3%	7.6%	7.7%	7.4%
o/w Wages and Salaries	5.2%	5.6%	4.9%	4.5%	4.3%	4.5%	4.5%	4.2%
Parastatal PE	0.7%	0.9%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%
LGAs Own Sources	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%
Other Charges	4.1%	4.9%	2.5%	2.4%	2.0%	2.1%	2.2%	2.1%
Development Expenditure	4.2%	4.3%	6.4%	6.2%	6.4%	8.4%	7.0%	8.1%
Local	2.6%	2.9%	4.5%	4.4%	4.9%	6.7%	5.6%	6.4%
Foreign	1.6%	1.4%	1.9%	1.8%	1.5%	1.7%	1.4%	1.7%

Source: Ministry of Finance and Planning

Annex 3: External Loans and Grants 2016/17 - 2020/21							
							Tshs Million
		2016/17	2017/18	2018/19	2019/20	2019/20	2020/21
		Actual	Actual	Actual	Budget	Likely	Budget
<b>General budget Support</b>	Grants	190,303	247,285	0	146,822	329,690	138,323
	Concessional Loans	152,482	0	125,396	125,990	125,990	0
	<b>Total</b>	<b>342,785</b>	<b>247,285</b>	<b>125,396</b>	<b>272,813</b>	<b>455,680</b>	<b>138,323</b>
<b>Baskets Funds</b>	Grants	168,984	117,165	175,861	164,713	212,435	196,538
	Concessional Loans	104,991	71,078	44,281	34,746	74,153	79,005
	<b>Total</b>	<b>273,975</b>	<b>188,243</b>	<b>220,142</b>	<b>199,460</b>	<b>286,588</b>	<b>275,543</b>
<b>Projects</b>	Grants	733,208	566,198	285,340	896,987	601,385	614,461
	Concessional Loans	1,124,190	1,464,294	1,452,477	1,414,416	1,146,949	1,846,045
	<b>Total</b>	<b>1,857,399</b>	<b>2,030,492</b>	<b>1,737,817</b>	<b>2,311,404</b>	<b>1,748,334</b>	<b>2,460,506</b>
	<b>Grand Total</b>	<b>2,474,159</b>	<b>2,466,020</b>	<b>2,083,355</b>	<b>2,783,676</b>	<b>2,490,602</b>	<b>2,874,372</b>
<b>Source:</b> Ministry of Finance and Planning							

<b>Annex 4: National Debt and Its Trend</b>			
<b>NEW EXTERNAL AND DOMESTIC BORROWING (SHILLINGS MILLION)</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>1. Total of New External and Domestic Borrowing (a+b)</b>	<b>10,499,963.8</b>	<b>8,851,548.7</b>	<b>9,864,927.2</b>
<b>(a) New Domestic Borrowing</b>	<b>5,793,668.6</b>	<b>4,959,992.2</b>	<b>4,904,247.5</b>
(i) New Domestic Borrowing (Rollover)	4,600,000.0	3,460,218.0	3,316,078.4
(ii) Net Domestic Financing	1,193,668.6	1,499,774.2	1,588,169.2
<b>(b) New External Borrowing</b>	<b>4,706,295.1</b>	<b>3,891,556.6</b>	<b>4,960,679.7</b>
(i) Concessional Projects Borrowing	1,285,735.9	1,449,162.5	1,925,049.7
(ii) Concessional General Budget Support	309,501.0	125,990.5	0.0
(iii) Non - Concessional	3,111,058.2	2,316,403.6	3,035,630.0
<b>(c) Amortization of Domestic Debt</b>	<b>6,013,631.0</b>	<b>4,899,168.0</b>	<b>4,946,747.0</b>
(i) Principal - Rollover	4,600,000.0	3,460,218.0	3,316,078.4
(ii) Interest Payments	1,413,631.0	1,438,950.0	1,630,668.6
<b>(d) External Debt Services</b>	<b>2,359,320.0</b>	<b>2,963,410.0</b>	<b>3,703,194.5</b>
(i) Interest	689,667.00	987,312.0	1,239,913.8
(ii) Principle	1,669,653.00	1,976,098.0	2,463,280.6
<b>(e) Net Domestic Debt Increase (a-c(i))</b>	<b>1,193,668.6</b>	<b>1,499,774.2</b>	<b>1,588,169.2</b>
<b>(f) Net External Debt Increase (b-d(ii) /1)</b>	<b>3,036,642.1</b>	<b>1,915,458.6</b>	<b>2,497,399.1</b>
<b>2. Net Increase on Domestic and External Debt (e+f)</b>	<b>4,230,310.8</b>	<b>3,415,232.7</b>	<b>4,085,568.3</b>
/1 The increase does not include future disbursement from existing loans.			
Source: Ministry of Finance and Planning			





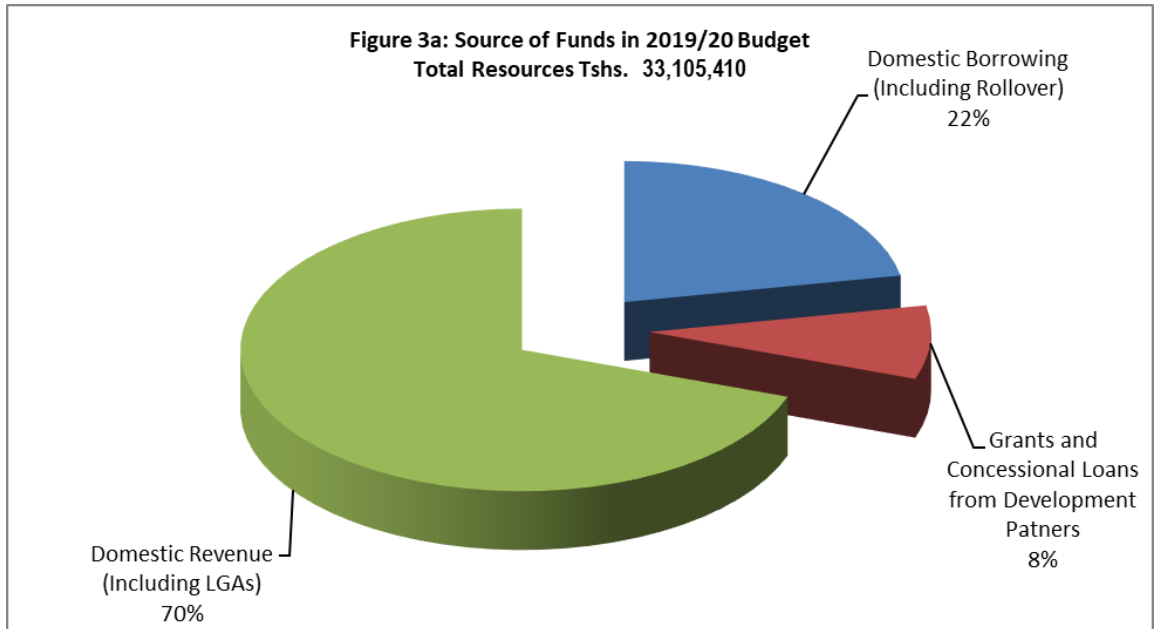
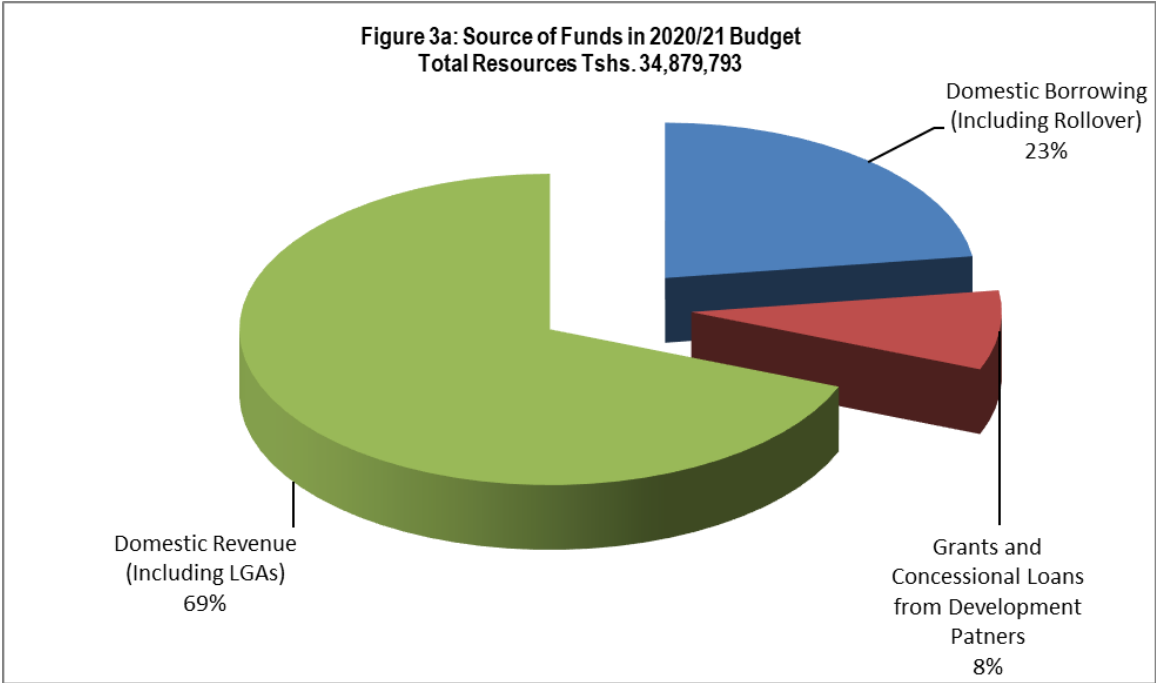


Figure 4a: Government Expenditure, 2020/21  
Total Tshs. 34,879,793

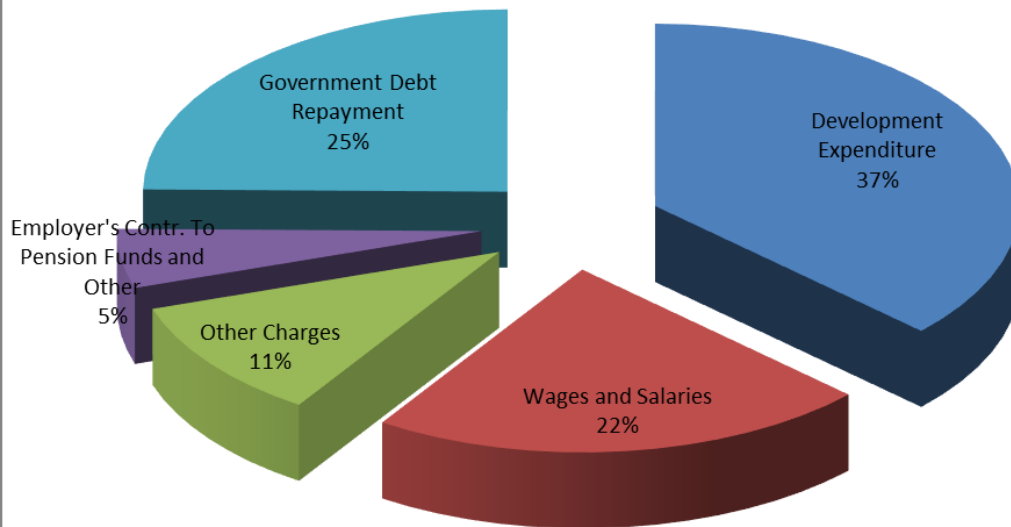
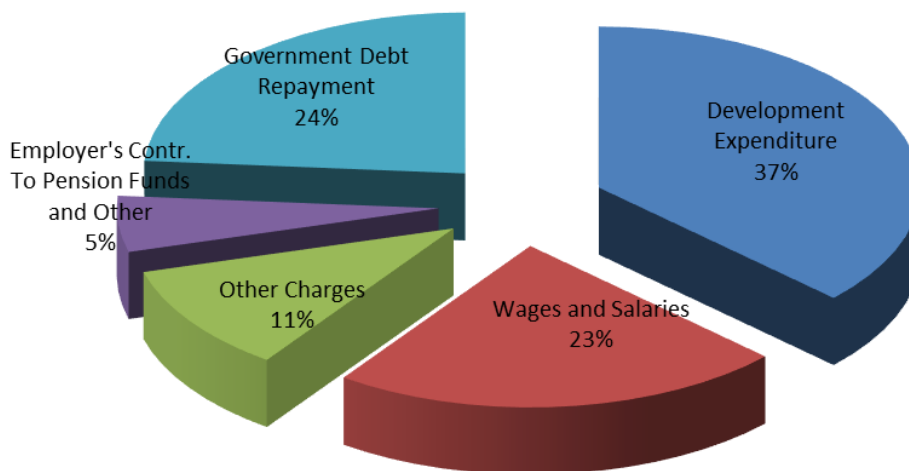


Figure 4b Government Expenditure 2019/20  
Total Tshs. 33,105,410



## **Annex 5**

### **Export and Import permit fees for Livestock and their associated products (shillings)**

<b>No.</b>	<b>Livestock/Product</b>	<b>Unit</b>	<b>Import fee</b>	<b>Export fee</b>
1	Rabbits	Each	500	5,000
2	Sexed Semen	Per Straw	2,000	2,000
3	Laboratory specimen	Per Permit	5,000	100,000
4	Sheep/Goat meat	Per kg	4,000	50
5	Pig meat	Per kg	4,000	20
6	Wild animal meat	Per kg	4,000	500
7	Donkey meat	Per kg	5,000	1,000
8	Sausage	Per kg	4,000	50
9	Bull-whip/testicles/tender	Per kg	150	150
10	Other meat product	Per kg	1,000	150
11	Sausage casing	Per Permit	50,000	0
12	Condensed milk	Per litre	2,000	100
13	Skimmed milk	Per litre	2,000	100
14	Yoghurt	Per litre	2,000	50
15	Powdered milk	Per kg	2,000	100
16	Cheese/ghee/butter	Per kg	2,000	20
17	Bile	Per Permit	100,000	300,000
18	Organic manure	Per ton	5,000	5,000
19	Laboratory reagents and equipment	Per Permit	100,000	100,000
20	Incubators	Per Permit	50,000	10,000
21	Vitamins/ salt/ blocs/ amine acids and other additives	Per ton	10,000	10,000
22	Live stocks identification items (ear tags, etc)	Per Permit	50,000	NIL
23	Gallstones	Per Permit	10,000	300,000
24	Extension of overdue permit	Per Permit	50,000	50,000
25	Animal urine	Per Permit	5,000	5,000
26	Honey	Per Permit	200,000	100,000
27	Dog/cat for genetic material and research purpose	Each	5,000	3,000
28	Poultry for genetic materials and research purpose	Each	200	1,000
29	Ornament of animal origin	Per Permit	20,000	20,000

## Annex 6

### On-transit fee for Livestock and their associated products to other countries (shillings)

No.	Livestock/Product	Unit	Fee
1	Cattle	Each	2,500
2	Sheep/goats	Each	1,500
3	Pigs	Each	1,500
4	Horse/Mule/Donkeys	Each	2,500
5	Dog/cat	Each	1,000
6	Camel	Each	2,500
7	Poultry adult/Guinea fowls	Each	200
8	Commercial day old chick	100 chicks	1,000
9	More than 100 tray of table eggs	30 eggs tray	500
10	More than 10 trays of parent stock hatching eggs of hatching eggs	Each	1,000
11	Turkey	Each	1000
12	Parrot/falcon/Ostrich	Each	15,000
13	Wild birds	Each	500
14	Rabbits	Each	500
15	Amphibians/Reptiles/Insercts	Permit	20,000
16	Laboratory animals	Permit	30,000
17	Wild animals	Each	1,000
18	Trophies	Permit	30,000
19	Meat /meat products of more than 50 kg	Kilogram	50
20	Sausage/minced meat/ other meat products	Kilogram	50
21	Bile	Permit	50,000
22	Bull-whip/testicles/tendons	Permit	200,000
23	Milk	Lita	500
24	Yoghurt	Lita	2,000
25	Powdered milk	Kilogram	4,000
26	Chees /ghee	Kilogram	2,000
27	Hides	Per piece	500
28	Skin	Per piece	100
29	Cattle/Goat/Sheep horn tips /Hooves/ bones	Tone	10,000
30	Feathers/Wool/Hairs	Permit	20,000
31	Animal feeds	Tone	10,000
32	Organic manure	Tone	5,000
33	Embryos	Each	500
34	Semen	Straws	50
35	Specimen	Permit	20,000
36	Laboratory reagents/equipments	Permit	300,000
37	Livestock identification Items(ears tangs, etc)	Permit	200,000

**Annex 7****Export Loyalty on Fish and Fishery Products**

<b>No.</b>	<b>Fish/Product</b>	<b>Current Fee (US\$)</b>	<b>Proposed Fee (US\$)</b>
1	Fillets	0.24	0.2
2	Without heads and gutted Nile Perch (H&G)	0.25	0.21
3	Whole gutted Nile Perch (H & G)		0.25
4	Fish skin		0.15
5	Dagaa-Victoria	0.2	0.16
6	Dagaa-Tanganyika	1	0.5
7	Dagaa-Nyasa	0.3	0.16
8	Dried Haplochromines	0.16	0.16
9	Dry Fish	0.3	0.3
10	Dry Fish (Kayabo, Ng'onda)		0.3
11	Fresh Fish (Migebuka)	0.5	0.3
12	Dry Fish (Migebuka)	0.4	0.2
13	Nile Perch Fish Steaks	0.24	0.2
14	Dried Nile Perch	0.3	0.2
15	Sea shells		0.075
16	Prawns headless		0.9
17	Prawns headon		1.2
18	Others	1	0.2
19	Fresh water shell		0.01
20	Shell cover (all types except prohibited spp)		0.3
21	Dry Fish maws	5% of market price	4% of market price
22	Fresh Fish maws	5% of market price	4% of market price
23	Other fish Maws		0.5

## Annex 8

### National Museums of Tanzania Fees for Admission, Research, Museums Services or any related charges.

Na.	Service	Current Fee/Charge (Shilings)	Proposed Fee/Charge (Shilingi)
<b>Residents and Citizens from EAC Countries</b>			
1.	Museum entrance fee		
	i) Adult	1,500	2,500
	ii) Students	500	1,000
2.	Museum entrance fee in Group		
	i) 1-15	5,000	10,000
	ii) 16-30	7,000	15,000
	iii) 31-50	10,000	20,000
3.	School project	2,000	2,500
4.	Research fee	9,000	15,000
5.	Library /studying	1,000	2,000
6.	Still picture /Video shooting – educational	130,000	300,000
7.	Commercial still picture /Video shooting	260,000	500,000
8.	Library services / Archival pictures	2,000	5,000
9.	Temporary Exhibition Halls	500,000	600,000
10.	Public Addressing System - PA	250,000	300,000
11.	Exhibition Panel	10,000	20,000
12.	Special reservation to see original hominids		20,000
13.	Conference Room	700,000	750,000
<b>Foreigners Outside EAC Countries</b>			
<b>1.</b>	Museum entrance fee		
	i) Adults	6,500	12,000
	ii) Student	2,600	6,300
<b>2.</b>	Museum entrance fee in Group		
	i) 1 – 15	19,500	30,000
	ii) 15 - 30	20,000	35,000
	iii) 30-50	30,000	55,000
3.	Research fee	\$200	\$300 per month
4.	Library services / Archival pictures		20,000
5.	Music system	250,000	300,000
6.	Visit Original Homide (zinj)	\$15	\$30 per head