

**CLOSING STATEMENT BY  
THE MINISTER OF FINANCE, HON. MUSTAFA HAIDI  
MKULO (MP), AT THE CLOSE OF THE 2010 ANNUAL  
NATIONAL POLICY DIALOGUE MKUKUTA/PER/GBS),  
8<sup>TH</sup> DECEMBER, 2010**

***Hon. Ministers;***

***Hon. Regional Commissioners;***

***Hon. Members of Parliament;***

***Hon-District Commissioners;***

***Permanent Secretaries;***

***Regional Administrative Secretaries;***

***Excellencies Ambassadors and High  
Commissioners;***

***Heads of Development Cooperation;***

***Representatives of the Civil Society;***

***Members of the Media;***

***Invited Guests;***

***Ladies and Gentlemen:***

It is with great pleasure that I take this opportunity to officially close this Annual National Policy Dialogue event for 2010. I would like to thank you all for attending this year's important event since I officially opened the event on 2<sup>nd</sup> December 2010. Indeed, you have been open and active in your participation. The meeting has indeed been very productive and successful in addressing our development challenges; that is the need to register high and broad-based growth that translates into meaningful reduction of poverty.

This has been made possible due to the high level commitment and participation by the Government and Development Partners, as well as Non State Actors. Special thanks go to those who in one way or another made the event successful. The collaborative effort by the Permanent Secretary - Ministry of Finance and

other Permanent Secretaries, DPG Co - Chair Mr. Alberic Kacou, Chair of the Development Partners - PRBS group, Minister Councilor, Mr. Svein Baera of Norway and his team, Cluster Working Group leaders, and the joint Secretariat (GBS, PER and MKUKUTA/MKUZA). These have been a force behind this success.

I also take this opportunity to thank Hon. Ministers, Members of Parliament, Regional Commissioners and District Commissioners, Regional Administrative Secretaries and District Executive Directors for their effective participation in this event.

**Excellencies, Ladies and Gentlemen,**

This year's five days event is special in that it launched Phase II of MKUKUTA/MKUZA. Participants had the opportunity to discuss among others, the status of MKUKUTA I and MKUZA I implementation, achievements and challenges; overview of MKUKUTA

II priority areas 2011-2015 was thoroughly discussed and mapped out monitoring and evaluation system to gauge performance of MKUKUTA II implementation. Presentations were also made on preliminary results of the Demographic and Health Survey; a study on safety nets; preliminary rapid budget assessment; medium term strategy and cross cluster MTEF; and 2010 PAF implementation. In addition, stakeholders discussed key issues related to: accelerating pro-poor growth in the context of Kilimo Kwanza; improving Business environment to stimulate investment and growth; anticorruption, equity and efficiency-opportunities and challenges; budget implementation strength and challenges; and financial management at central and LGAs. Participants also found time to deliberate on the way forward. Commentaries from DP representatives and non-state actors were also presented and have been very useful.

In the course of your deliberations you have

noted a number of areas where the Government has made significant progress in MKUKUTA I implementation, particularly on improving and expanding key socio-economic infrastructure. There are also key pending challenges in our desire to attain higher rates of growth which will translate into meaningful poverty reduction to ordinary Tanzanians. This will be the focus during implementation of MKUKUTA II / MKUZA II. MKUKUTA II has identified priority areas namely; Agriculture Sector, Livestock Development and Fisheries; Industrial Sector; Financial Sector; Minerals Sector; Tourism Sector; Infrastructure, i.e., Transport Sector, Energy Sector and Water Sector.

It is gratifying to note also the impressive progress in a number of PAF actions with many agreed actions achieved and rated satisfactory. Challenges still remain in few areas, which will be addressed appropriately.

In all these issues, key messages have come out which the Government will consider and take steps to address them in the course of implementing MKUKUTA II. Some of the key messages are:

- a) Need to re-examine the Dialogue Structure to make it more productive;
- b) Need to refine criteria for assessing performance in the PAF;
- c) Need to accelerate resource mobilisation from all sources (Government; private sector, and other non-state actor organisations), for financing agreed priority areas;
- d) Continue maintaining GBS as Government's preferred aid delivery mechanism;
- e) Improving the Business Climate;
- f) Maintaining the momentum shown in recent investigation and prosecution of petty and grand corruption cases;

- g) Need to establish clear linkages between the macro and micro levels, to facilitate translation of macroeconomic achievements to the grassroots or micro levels;
- h) Need to promote value addition in various productive sectors, in particular agriculture production by transforming and modernizing agriculture so that it contributes much more effectively to the Government effort towards employment creation and poverty reduction;
- i) Enhancing Equity and efficiency in Service Delivery by addressing the remaining challenges in Pay reform; and
- j) Address remaining challenges in the area of public finance management.

**Excellencies, Ladies and Gentlemen,**

I am quite convinced that this year's Annual National Policy Dialogue has been very productive in that it has allowed open and constructive dialogue between all parties; and has facilitated assessment of critical issues in achieving the national development agenda.

The focus on growth and poverty reduction, including renewed attention on the important social indicators, is especially relevant given the current challenges emanating from the Global Financial Crisis. It is my expectation that the Government and Development Partners will continue to engage in constructive dialogue to address PAF outstanding issues. I understand that the 2011 PAF is being discussed and will soon be finalized. It is the Government's view that we will further take steps to enhance efficiency in our dialogue including making sure that the next PAF is simplified, implementable and focuses on promoting growth and poverty reduction. It should be a manageable PAF. I would thus advise not to load it unduly.

Before I conclude, I wish to take this opportunity to make clarifications on some statements that appeared in one of our Daily papers that reported on the proceedings of this meeting. Quoting Mr. Svein Baera,

the Norwegian Minister Councilor as its source, the paper claimed that the deficit in the Government Budget was caused by the lack of adequate consultations between the Government and Development Partners and poor budget process.

I was here when Mr. Svein Baera delivered his statement in the meeting. I don't recall hearing anything close to what the papers reported. Nevertheless, I will respond to those claims. Meetings like this one, which are held every year are a clear testimony to the consultations taking place and these are not the only consultations taking place between the Government and the Development Partners. We all know that! On behalf of the Government I wish to commend our partners for the tireless efforts in helping the Government in improving our consultative process.

The paper further claimed that the Government had

presented to Parliament a budget that was different from the one agreed with IMF. On this one, I wish to say that, in accordance with the provisions of the PSI Program we have with the IMF, they provide advice, usually on preliminary Budget numbers around March/April every year. You may wish to note then, that while by that time the Budget preparation process would have started, the budget numbers would not have been firmed yet, as we approach the end of the fiscal year. The working numbers around March/April are raw and indicative, and the IMF knows that! The budget numbers that go to Parliament are finer and takes account of all data and information availed after March/April. It is thus not true that the Government prepared two different sets of its budget as insinuated by the paper. I wish to reiterate the fact that the Government and IMF concluded PSI review and the Board has approved it as reflected in the IMF's press statement issued on December 6, 2010.

Finally, the paper claimed that the Government had failed to put in place a strategy that would facilitate prioritization of expenditures in the event of revenue shortfalls. Let me state that the Government has a strategy in dealing with all budget imbalances, including revenue shortfalls, unexpected expenditure requirements as well as development partner's support shortfalls. It should be noted that budget imbalances are not caused by just revenue shortfalls. All these situations have been experienced and measures have been taken to address them as appropriate. We continue to implement the cash budget system and occasional budget cuts are done on activities with lesser priority. The mid-year review that is done annually after the second quarter, provides valuable data and information on how the budget is being executed, and thus guides the Government in taking measures aimed at balancing the budget.

I hope this settles the concerns and / or misconceptions expressed in the paper.

**Chairman:** I now have the pleasure and honour to declare that the 2010 Annual National Policy Dialogue is officially closed.

**I THANK YOU ALL FOR YOUR KIND ATTENTION  
AND WISH YOU A MERRY CHRISTMAS AND A  
HAPPY NEW YEAR 2011**