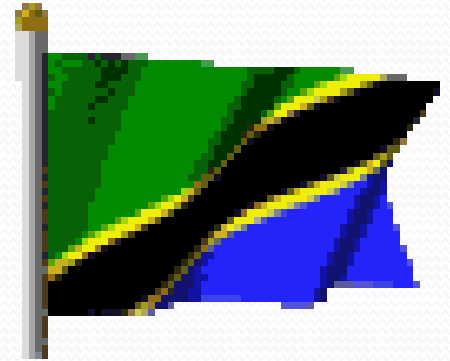
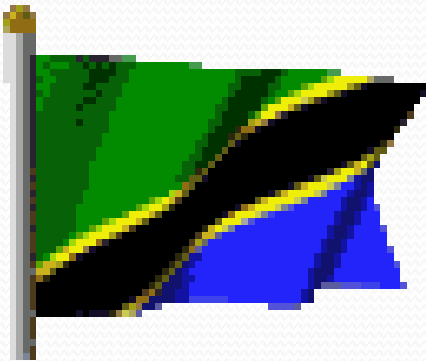


A REVIEW OF BUDGET EXECUTION FOR 2009/10 AND MEDIUM TERM EXPENDITURE FOCUS FOR 2010/11



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COMMISSIONER FOR BUDGET – 07TH DEC. 2010

PRESENTATION LAYOUT

- 1) INTRODUCTION
- 2) REVIEW OF 2009/10 BUDGET EXECUTION,
- 3) MEDIUM TERM EXPENDITURE FOCUS FOR 2010/11
 - a) Trends in Resources Allocation by MKUKUTA Clusters
 - b) Expenditure by Major Sectors and Physical Achievements
- 4) CHALLENGES
- 5) WAY FORWARD

1. INTRODUCTION

- As noted by CPAD in the first presentation, the budget preparation for 2009/10 and 2010/11 were based on the Plan and Budget Guidelines which aimed at achieving Vision 2025, MDGs, and MKUKUTA aspirations.
- The Budgets were prepared and executed through a participatory processes that involved many stakeholders including the following:
 - The Parliament – Provides guidance on setting priorities, scrutiny and approval;
 - Councilors - approves and oversee the implementation of LGAs budget;
 - DPs – Provides inputs' advise on the preparation of Guidelines, financing and evaluation through CWGs/PER

1. INTRODUCTION

- MDAs, RSs and LGAs – Prepares institutional MTEFs, budget implementation, monitoring and reporting; and
- NGOs, FBOs and CSOs – Provide oversight role as watchdog in budget execution

1. INTRODUCTION

- As highlighted by CPAD, Govt. Budget is divided in two parts i.e Revenue and Expenditure components.
- This presentation focuses on Expenditure component
- In 2009/10 the Govt. finalized the implementation of MKUKUTA I and in 2010/11 migrated to MKUKUTA II
- Resource allocation for 2009/10 and 2010/11 was based on MKUKUTA I and II respectively.

2: A REVIEW OF 2009/2010 BUDGET EXECUTION

- Since broad achievements and challenges were discussed last week during presentation of Rapid Budget Analysis, this presentation focuses on specific issues.
- The annual budget performance review for both financial and physical execution shows significant improvement.
- The MDAs, RSs and LGAs have continued to implement their budget following national priority interventions especially for MKUKUTA .
- The Government allocated for both recurrent and development 70.8 percent, 71.2 percent and 73.2 percent to MKUKUTA cluster strategies in 2008/09, 2009/10 and 2010/11 respectively.

2: A REVIEW OF 2009/2010 EXECUTION

- In terms of execution, the locally funded development budget continued to perform better than the foreign component.
- Overall execution for locally funded component shows that, in 2009/10 total releases was 113.4 percent and actual expenditure was 112.6 percent compared to 79.4 and 70.4 percent in 2008/09, respectively.
- On the other hand, foreign funded execution rate increased marginally from 50.8 percent in 2008/09 to 57.7 percent in 2009/10.

3. MEDIUM TERM EXPENDITURE FOCUS FOR 2010/11

The budget was prepared based on the following expenditure assumptions:

- The impact of the Global Economic Recession which affected the economy in 2009 will be contained;
- Sustaining MKUKUTA I achievements and realization of MKUKUTA II outcomes;
- There will be favourable weather condition;
- Implementation of Kilimo Kwanza;
- Enhancing Research and Development;

3.MEDIUM TERM EXPENDITURE FOCUS FOR 2010/11

- Improved implementation of D by D policy including the devolution of secondary education to LGAs;
- Sustaining achievements obtained in delivery of social services at all levels;
- To maintain political stability, peace and tranquillity; and
- Monitoring and Evaluation of effective use of public resources will be strengthened.

3.MEDIUM TERM EXPENDITURE FOCUS FOR 2010/11

Medium term priority areas for 2010/11- 2012/13

During the medium term, the Government focus will be on:

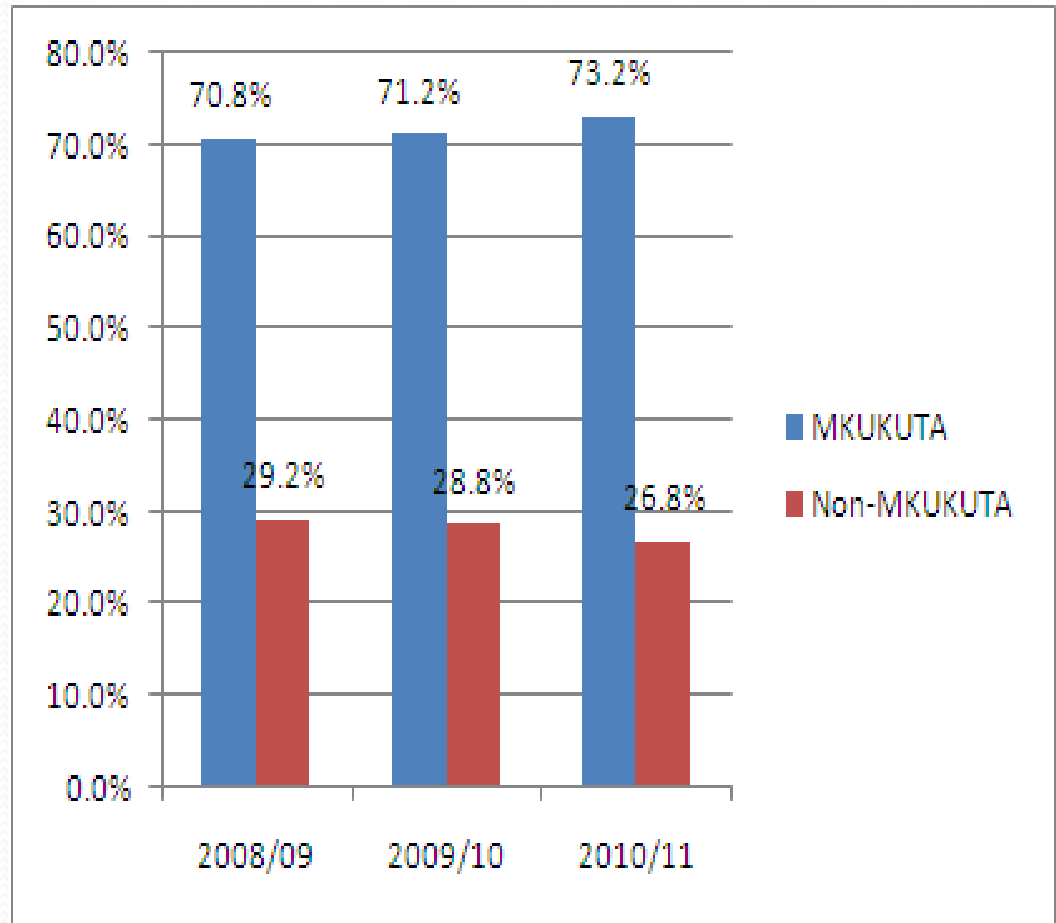
- Selected national priority areas that will bring quick results and accelerate economic growth. Basing on the country's main focus on transforming agriculture;
- the selected priority areas are considered to have a direct linkage to KILIMO KWANZA;

3.MEDIUM TERM EXPENDITURE FOCUS FOR 2010/11

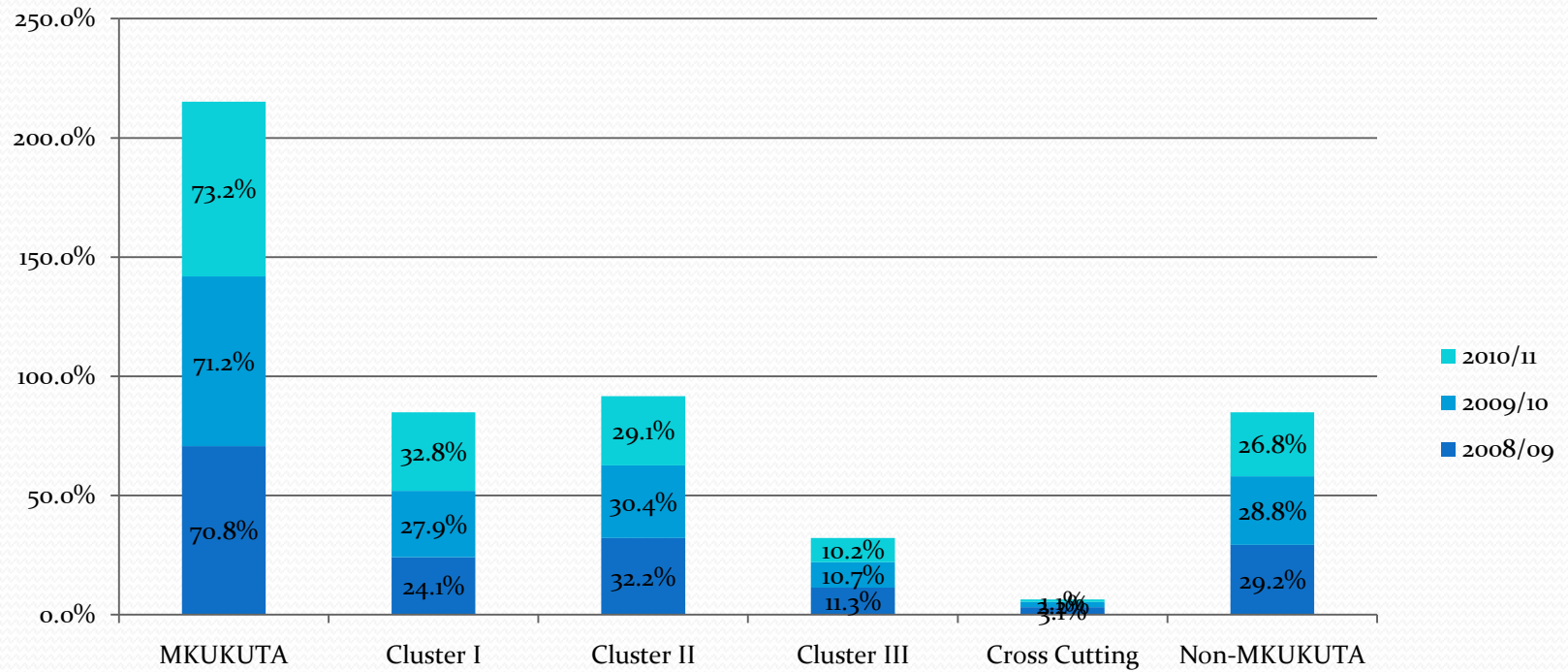
- The selected areas are Agriculture, Infrastructure and communication, Energy, Land management, and Manufacturing;
- Sustaining achievements obtained in delivery of social services at all levels; and
- Other areas will be funded according to their priorities which are expected to have multiplier effect to the economy.

3. a) Trends in resource allocation by MKUKUTA Clusters

- Resource allocation to MKUKUTA and Non-MKUKUTA
- The Government allocated for both recurrent and development
 - 70.8%, 2008/09
 - 71.2%, 2009/10
 - 73.2% , 2010/11

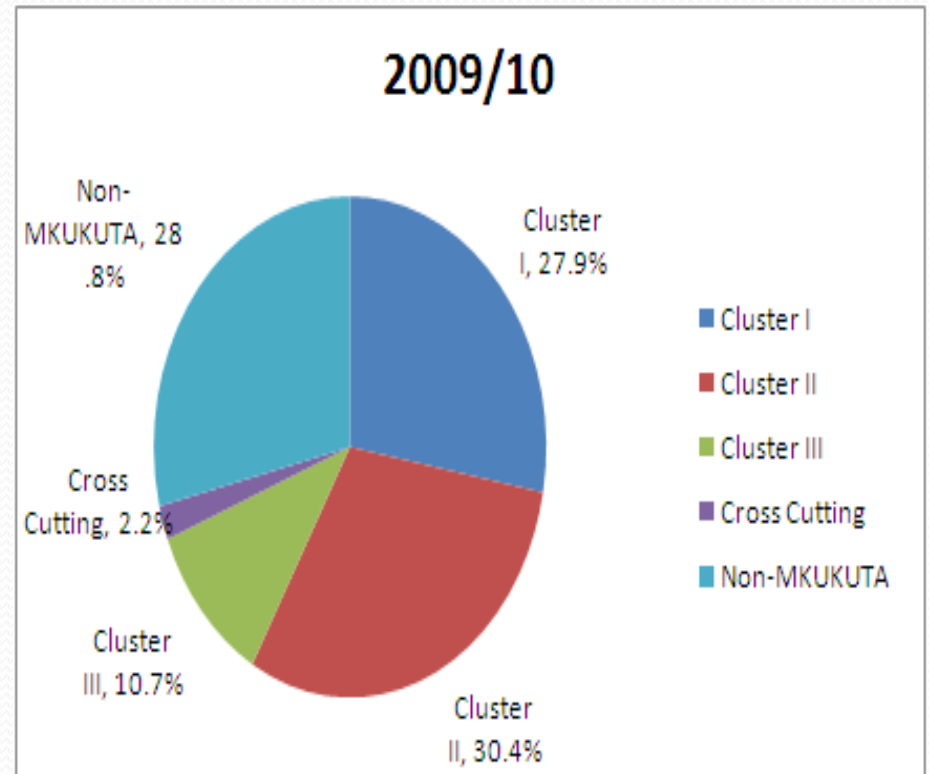
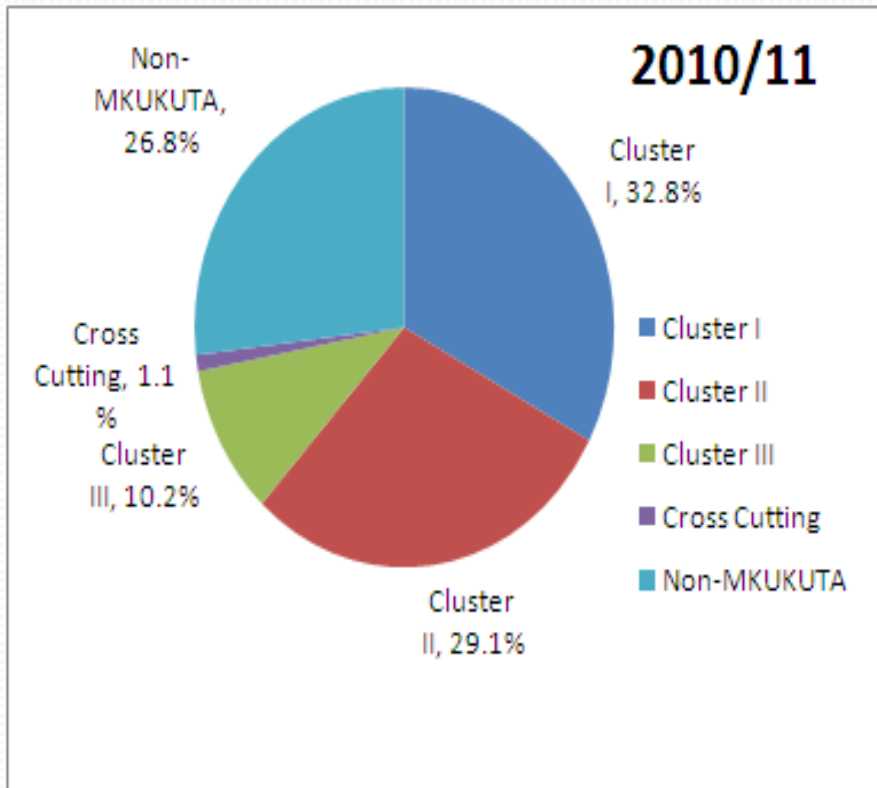


3. a) Trends in resource allocation by MKUKUTA Clusters



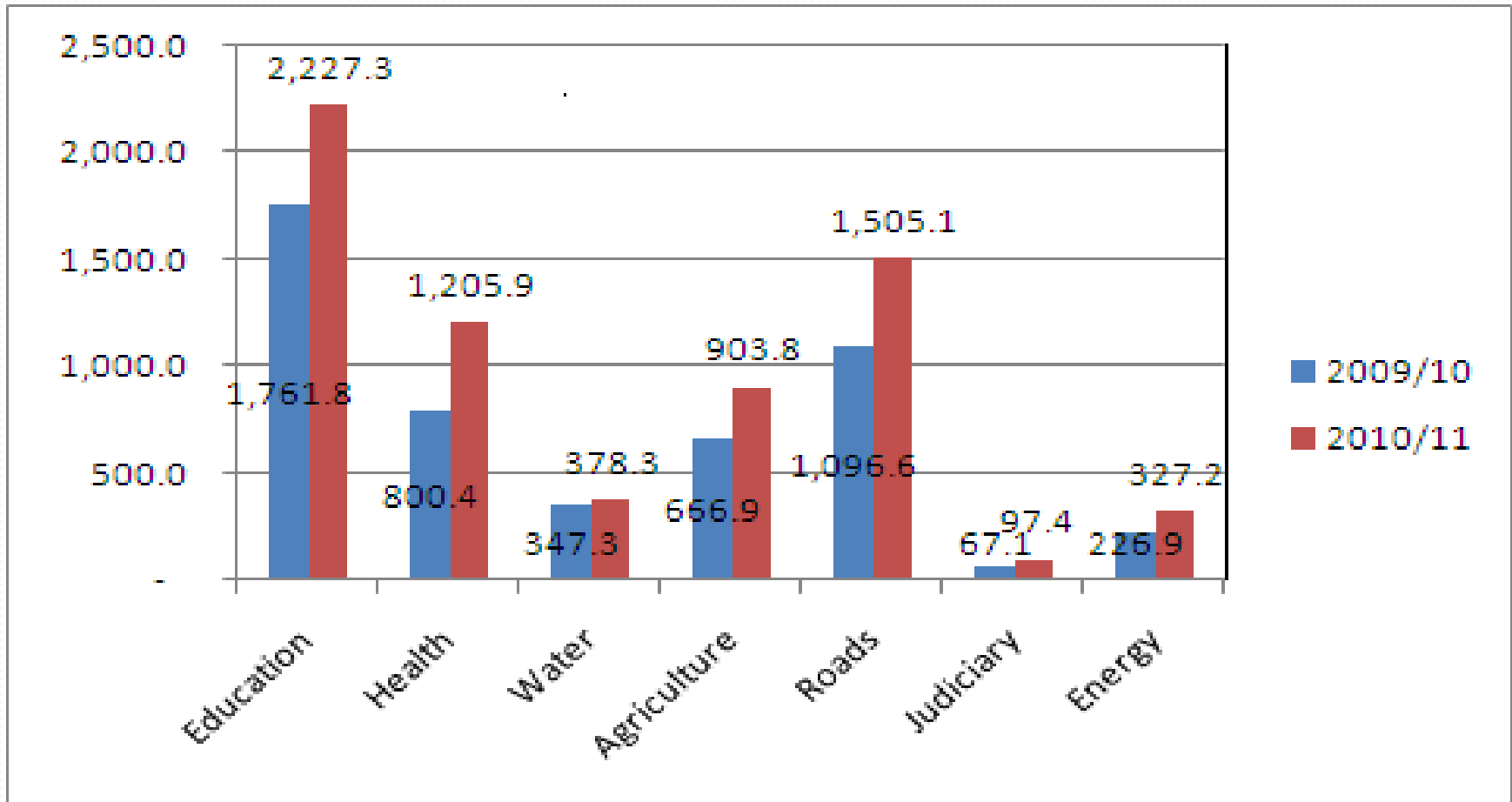
Resource allocation to MKUKUTA Clusters as a % of Total Budget

3. a) Trends in resource allocation by MKUKUTA Clusters



MKUKUTA Allocation in 2009/10 and 2010/11

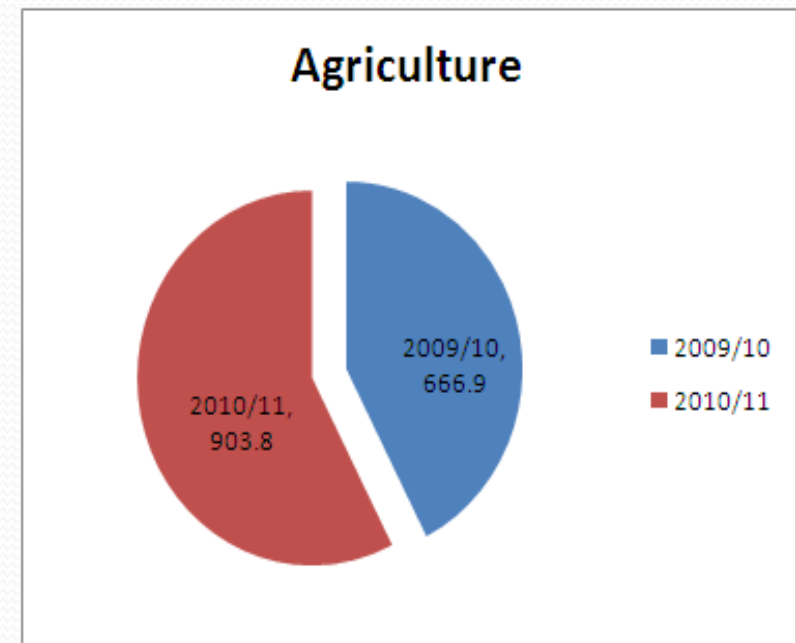
3. b) Expenditure by Major Sectors and Broad Achievements (amount in Tsh million)



3. b) Expenditure by Major Sectors and Broad Achievements

- **Agriculture:**

- The expenditure trends has been increasing from Tshs. 288.5 billion in 2008/2009 to Tshs. 666.9 billion in 2009/2010 and Tshs. 903.8 billion in 2010/2011.
- The increase has been contributed by government's commitment in implementing Kilimo Kwanza initiatives since 2009/2010 budget.



3. b) Expenditure by Major Sectors and Broad Achievements

- **Physical Achievements:**
 - Construction and modernizing irrigation infrastructure schemes.
 - Construction of dams in the semi-arid districts in the country for irrigation purposes
 - Implementing input support measures.
 - Strengthening Research and Development
 - The expansion of Agricultural Extension services through continued implementation of ASDP



The use of tractor in Kilombero



Irrigation scheme in Monduli District

3. b) Expenditure by Major Sectors and Broad Achievements....

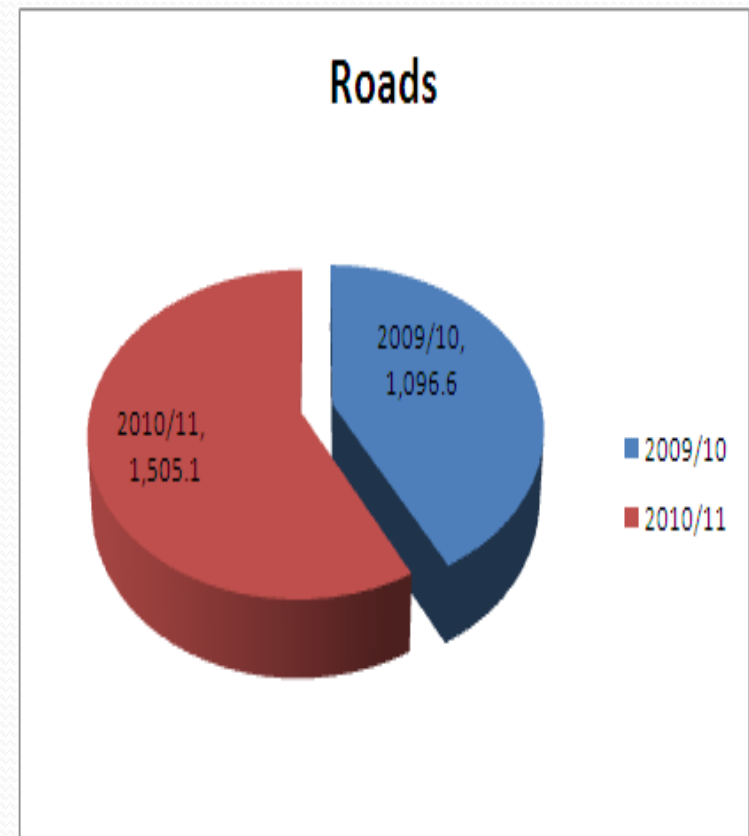
- Construction and rehabilitation of livestock infrastructures e.g. dams, cattle dips, abattoirs and livestock markets
- Improving fish infrastructure including fish receiving stations and cold storage facilities



3. b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Road**

- Road infrastructures remain to be among the key sectors facilitating economic growth and poverty reduction
- The allocation has continued to increase from Tshs 947billion in 2008/2009 to Tshs 1,097billion in 2009/2010 and Tshs 1,505bn in 2010/2011 budget.
- The increase in expenditure budget for road sector aims at scaling up efforts in expanding road infrastructure network so as to access social and economic services.



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

Roads Physical Achievements:

- Completion of construction of major roads including Dodoma-Manyoni-Singida road sections; Geita-Usagara road; Kidahwe-Malagalasi-Tabora road, Mbwemkulu-Mingoyo road, Kagoma-Lusahunga road; Sumbawanga-Mpanda-Nyakanazi road; and Mbeya- Makongorosi.
- Construction of Tanga-Horohoro road; Sumbawanga -Kasesya; Isaka-Lusahunga; and rehabilitation of regional roads.
- Construction and rehabilitation of airports e.g. Songwe and Mwanza.
- Also, the Government has continued to maintain roads and bridges such as Unity Bridge linking Tanzania and Mozambique in the South.

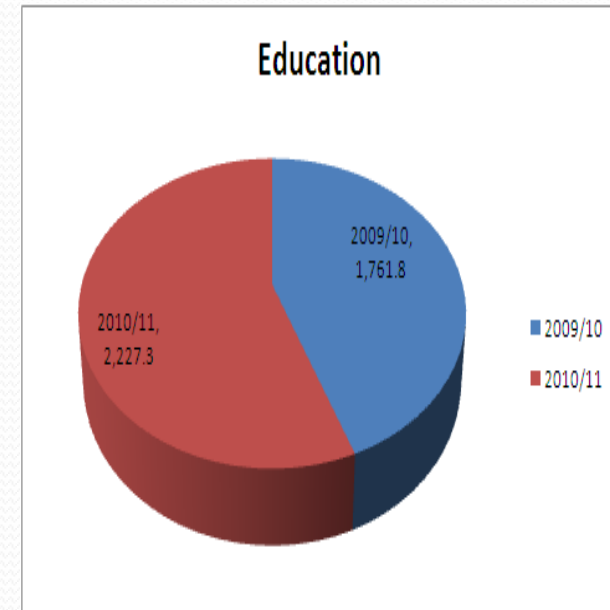


The Unity Bridge in Southern Tanzania

3.b) Expenditure by Major Sectors and Broad Achievements cont.....

Education

- The sector expenditure budget has shown an impressive trend reaching Tshs.2,227.8 billion (19⁰% of total budget) in 2010/2011
- Secondary education has increased by highest share compared to primary and tertiary education, where the emphasis is focused in improvement of teaching and learning materials as well as infrastructures and human resources for science subjects.
- In 2010/2011, about 60 percent of sector budget is allocated to LGAs which is 4 percent increase as compared to 2009/2010 budget



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Physical Achievements.**
- During the period under review, the government continued to finalize review of the Education and Training Policy with a view to address the current labour market demand.
- The Government has continued to improve and construct educational infrastructure e.g. construction of the Dodoma University.



Admin. Block at Dodoma University

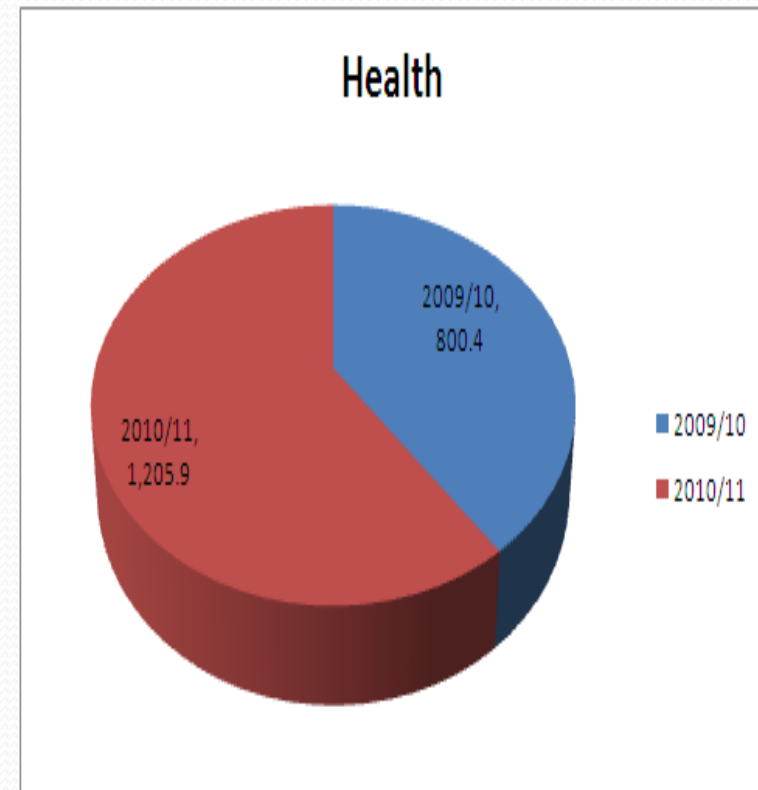
3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- Other achievements recorded include increase of enrolment at all levels of education.
- Further, the number of students accessing loans from the HESLB has increased from 55,687 in 2007/08 academic year to 58,841 in 2009/10 academic year.
- Gender parity in secondary education recorded significant progress



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Health:**
- Expenditure Budget;
- In 2010/2011 the Government has allocated Tshs.1,205.9 billion, compared to Tshs. 787.2 billion in 2009/10.
- The increase is mainly driven by additional resources in foreign funding to the sector especially in development budget



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Physical Achievements:**
 - Improving health infrastructure in 13 Regional Hospitals and Muhimbili National Hospital;
 - Enhancing staff capacity through training;
 - Enacting various laws for improving the quality of health services
 - Increased immunization and malaria control countrywide contributed to the improvement of child and maternal health
 - Controlling endemic diseases by providing preventive education to communities.



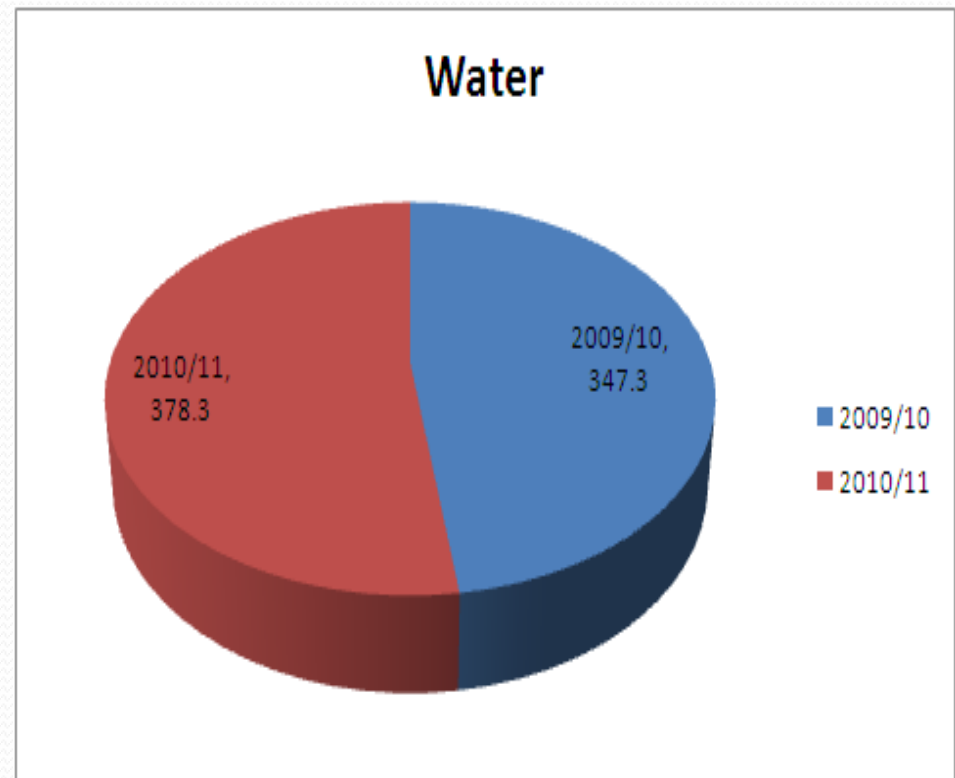
Immunization of Children



Out-patient building at Muhimbili Hospital

3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Water:**
- Expenditure Budget;
- sector budget has increased from Tsh. 347.3 billion in 2009/2010 to Tsh. 378.3 billion in 2010/2011.



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Physical Achievements:**

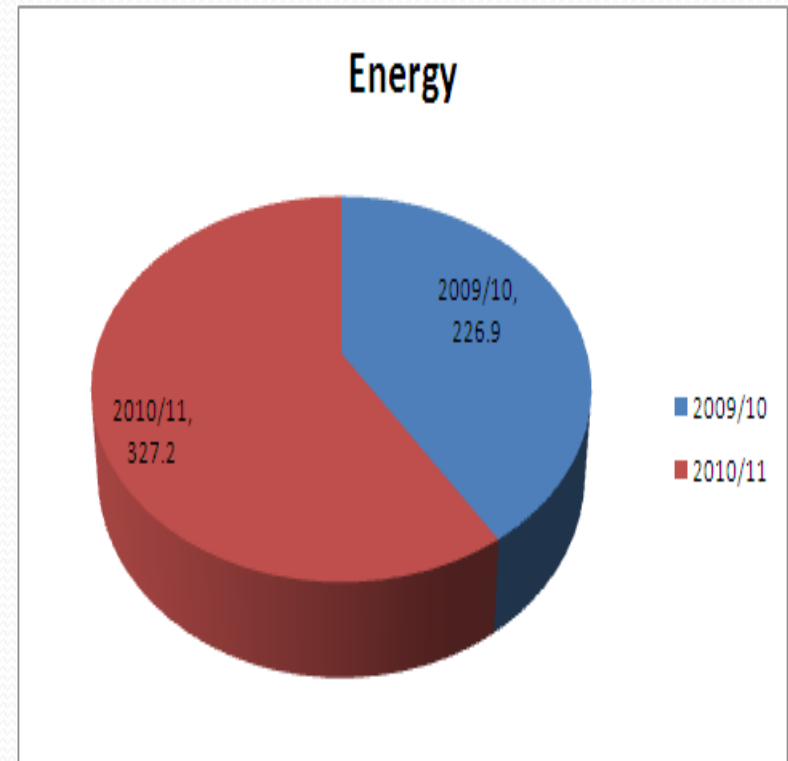
Key achievements recorded as part of implementation of Water Sector Development Programme (WSDP) include:

- Water supply coverage in urban areas increased from 78 percent in 2008/09 to 84 percent in 2009/10.
- In rural areas, the Government continued to construct new shallow wells/boreholes. As a result of these key initiatives, the proportion of the population with access to clean and safe water in rural areas increased from 53.1 percent in 2008/09 to 58.7 percent as 2009/10



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Energy**
- In the year 2010/11 the allocation for energy sector increased to Tsh 327.2 billion compared to Tsh 285.5 billion allocated in 2009/10.



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

- **Physical Achievements.**
 - Completion of electrification of Mkinga, Kilindi, Uyui, Bahi and Kilolo District Headquarters.
 - Continue with exploration of natural gas;
 - The Government is also at forefront in developing new and renewable energies by implementing several projects including solar power.
 - Implementation of Rural Energy Master Plan
 - Strengthen, expand and interconnect power plants to national grid



3.b) Expenditure by Major Sectors and Broad Achievements cont.....

Detailed information about budget allocation, execution, and medium term focus is obtained in various documents including:

- The Budget Background and Medium Term Framework (BBMTF);
- Budget Digest;
- MKUKUTA Annual Implementation Report;
- Budget Books Volume I-IV;
- Quarterly Budget Execution Reports;

All these documents are available in the MoFEA's website (www.mof.go.tz).

4:CHALLENGES

However, in the course of executing budget, key challenges have continued to surface including the following:

- Continued expansion of socio-economic infrastructure poses a maintenance challenge;
- Timely accounting for D-Fund;
- Establishing alternative sources of power supply and improving dilapidated infrastructure in generation, transmission and distribution;
- Expanding state of road network to match with increasing traffic jam in urban areas;
- Increasing access of water coverage to majority of population;
- Enhancing efforts to attract innovative commercial agricultural investments;

4:CHALLENGES.....

- Promoting agro-processing capacity, agricultural production incentives and marketing information;
- Changing livestock keepers' attitude from traditional to commercial livestock farming techniques;
- Enhancing capacity of local construction industry and participation of local contractors in road maintenance;
- Timely release and execution of foreign development funds;
- Enhancing capacity of qualified procurement officers to comply with procurement regulations on time,
- Timely accessing community contributions in development projects e.g TASAF, DADPs, water projects.

5:WAY FORWARD

- To address the aforesaid challenges, the Government has adopted among others, MKUKUTA II which focuses mainly on sharper prioritization of interventions aligning with scarce resources.
- The strategy includes enhancing MDAS, Regions and LGAs capacity in the area of planning, effective implementation and quality service delivery.

5:WAY FORWARD...

As important stakeholders of this process, we welcome your valuable inputs as way forward for improving resource mobilization, budget formulation and execution.

ASANTENI SANA

