WORKING DOCUMENT

THE UNITED REPUBLIC OF TANZANIA

GUIDELINES FOR THE PREPARATION OF ANNUAL PLAN AND BUDGET FOR 2016/17

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TABLE OF CONTENTS

GUIDELINES FOR THE PREPARATION OF ANNUAL PLAN AND BUDGET FOR 2016/17

1.0 INTRODUCTION

1. The Plan and Budget Guidelines (PBGs) for 2016/17 have been prepared based on the requirements of Section 21 of the Budget Act No. 11 of 2015. According to the Long Term Perspective Plan (LTPP), the 2016/17 annual plan has focuses on nurturing industrial economy. The PBG also embraces the 2015 Ruling Party Election Manifesto of the Fifth Phase Government and the recently adopted United Nations Sustainable Development Goals (SDGs). The implementation of the PBGs will address the core objectives of 2016/17 annual plan II with a theme of Economic Transformation and Industrialization for Human Development as aligned to the Tanzania Development Vision 2025.

2. In ensuring speedy and sustainable industrialization, the 2016/17 Development Plan will focus on the optimal use of country's comparative advantages which include agricultural resources, geo-economic position, tourism, availability of abundant labour (for labour intensive industries), domestic and regional markets and the availability of natural resources. Priority to develop country's industrial base will therefore be on natural resource based industry (agro-industries, agricultural inputs, textile, leather, chemical and pharmaceuticals, light manufacturing and mineral based industry); geographical location advantages based industry; labour endowment based industry; urbanization based industry; STI and ICT based industry; and human development. In order to ensure necessary conditions for the development of industry, priority will be given to: improvement of business environment; and the implementation of on-going projects under the FYDP I particularly infrastructure projects including reliable and affordable power.

3. To achieve efficient allocation and prudent use of scarce resources, the PBG for 2016/17 hinges on implementation of the Budget Act No. 11 of 2015 to provide guidance to Accounting Officers to prepare plans and budget effectively. In addition, it emphasizes on the use of Public Investment Management Operational Manual (PIM-OM)[1] as a principal guiding tool in the preparation of development projects. Therefore, Ministries, Independent Departments and Agencies (MDAs), Regional Secretariats (RSs), Local Government Authorities (LGAs) and other Public Entities (which includes parastatal, Government Agencies, and Public Social Security Schemes) are instructed to allocate resources into strategic interventions that will augment industrialisation and human development.

[1] Available at: www.mpango.go.tz

4. The PBG document is structured into six sections, namely: Introduction which forms a base of PBG; Current Budget Reforms; Preparation of Institutional Plans and Budgets; Instructions for Preparation of Plans and Budgets; Other Issues to be considered in budget preparation; Specific Instructions to RSs and LGAs; Monitoring, Evaluation and Reporting; and a Conclusion.

2.0 CURRENT BUDGETARY REFORMS

5. The Government has adapted various reforms in order to make the budget management more efficient, accountable and transparent. The main reforms include enactment of Budget Act and preparation of Programme Based Budget.

2.1 Budget Act

6. The Budget Act No. 11 of 2015 was enacted on 11th May, 2015 and came into operation on 1st July, 2015. The main objective of the Act is to ensure effective budget management and accountability. Therefore, all Accounting Officers are obliged to adhere to the Act and its Regulations during the preparation and implementation of their plans and budgets. The Government will continue to create awareness of this Act to stakeholders at all levels.

3.0 PREPARATION OF INSTITUTIONS' PLANS AND BUDGETS

3.1 Budget Committees

7. Pursuant to Section 18 of the Budget Act No.11 of 2015 and its Regulations, Accounting Officers are required to establish Budget Committees in their respective institutions and facilitate planning and budgeting preparation processes. Responsibilities of Budget Committees are stipulated under Regulation 17(3) of the Budget Act. The Committees are also obliged to perform other responsibilities and functions as explained in these Guidelines, Treasury Registrar's Circulars and other Government Circulars.

3.2 Roadmap for Plans and Budget Preparations

8. Following issuance of the Plan and Budget Guidelines and budget ceilings for the financial year 2016/2017, MDAs, RSs, LGAs and Public Entities are required to prepare their Medium Term Expenditure Frameworks (MTEFs) and submit to Ministry of Finance and Planning in the **third week of February 2016**. Local Government Authorities are instructed to prepare plan and budget estimates and submit to their respective Legislative Authorities and Budget Committees for discussion and approval by the **first week of February, 2016**. After LGAs budgets are approved,

they will be submitted to MoFP for final technical scrutinization. MoFP will consolidate the Votes' budget and submit them to the Sectoral Parliamentary Standing Committees for review and recommendations to the Parliament from the third week of March, 2016 to the first week of April, 2016. The budget estimates shall be submitted to the Parliament for discussion and approval from second week of April to fourth week of June, 2016. The 2016/17 budget implementation will start from 1st July, 2016.

3.3 Budget Scrutinization Process

9. Technical scrutinization will be conducted jointly by the MoFP, President's Office, Public Service Management and Good Governance (PO-PSMGG), President's Office – Regional Administration and Local Governments (PO-RALG) and the Office of the Treasury Registrar (OTR) in collaboration with other stakeholders. According to Section 22(1) and Section 68(a-e) of the Budget Act No. 11 of 2015, all Public Entities are instructed to submit their MTEFs to MoFP through their parent ministries for scrutiny and recommendations for adjustments. The parent ministries should guide institutions under their jurisdiction to prepare their MTEFs in line with these guidelines. Similarly, PO-RALG will guide RSs and LGAs to adhere to the instructions provided in the PBG.

10. Based on the above instructions for scrutinisation MDAs, RSs, LGAs and Public Entities are required to submit two (2) hard copies and an electronic copy of MTEF to MoFP and PO-RALG for technical scrutinization before submitting a signed MTEF copy to the same authorities. In order to enhance clarity and transparency during the entire exercise, the scrutinization process will be conducted basing on the following:

a) Review of the previous year (2014/15) budget implementation;
b) Review of revenue and expenditure performance up to mid-year for 2015/16; the challenges and measures taken to address them;
c) Adherence to MTEFs presentation format for 2016/17;
d) Adherence to ceilings provided by MoFP;
e) Submission of budget estimates through Strategic Budget Allocation System (SBAS) for MDAs and RSs, as well as Planning and Reporting Tool for LGAs (PlanRep); and
f) Adherence to instructions provided in this PBG, Budget Act No. 11 of 2015 and its Regulations, Treasury Registrar Act as well as other Government Circulars and instructions.

3.4 Budget Data Entry into the Integrated Financial Management System

11. According to the roadmap of budget preparation and scrutinization, all

Accounting Officers are required to:

a) Facilitate timely completion of data entry and ensure accuracy of data;
b) Adhere to the Government Finance Statistics (GFS) 2014 coding and project coding provided by MoFP;
c) Use appropriate standard units of measure especially those provided for in the SBAS and PlanRep; and
d) Ensure estimates of overheads such as rent, electricity, water and telephones are captured accurately.

4.0 INSTRUCTIONS FOR PREPARATION OF BUDGET

4.1 Resource Envelope and Medium Term Expenditure Framework

12. According to the medium term macroeconomic and fiscal policy objectives indicated in the budget frame, the budget for 2016/2017 is forecasted at Shillings 22,991.5 billion. This amount comprises total revenue of Shillings 15,801.2 billion, of which tax revenue is Shillings 14,106.6 billion, non-tax revenue Shillings 1,110.2 billion, and LGAs own sources Shillings 584.4 billion. The Government is projecting to mobilize a total of Shillings 2,107.4 billion from external sources in terms of loans and grants for financing development plan.

13. Given the challenges experienced through the General Budget Support (GBS) funding modality, the Government will recognise GBS funds once confirmed by individual Development Partners (DPs). In addition, the Government anticipates borrowing a total of Shillings 1,782.3 billion from external non concessional source to bridge the budget deficit.

14. With regard to expenditure component, the Government will spend a total of Shillings 22,991.5 billion in line with priorities set forth in the 2016/17 Development Plan. The recurrent expenditure is estimated at Shillings 17,091.5 billion, of which Shillings 6,651.5 billion is for wages and salaries. Development expenditure is estimated at Shillings 5,899.9 billion, of which local funds are Shillings 4,527.8 billion and foreign funds at Shillings 1,372.2 billion.

4.2 Indicative Budget Ceilings for the Medium Term

15. Ceilings for the preparation of budget estimates will be provided to all votes based on the budget frame of these guidelines. Therefore, the ceilings for individual votes will be determined by using criteria as stipulated in these guidelines. There will be **no budget provision outside the set ceilings** with the exception of the circumstances prescribed under Section 37 of the Budget Act No. 11 of 2015. Therefore, Accounting Officers should adhere to the approved budget ceilings for 2016/17.

4.3 Revenue Enhancement Strategies

16. The Government intends to put in place strategies and measures to enhance revenue collection. All revenue will be collected by the Ministry of Finance and Planning. Therefore, MDAs, RSs, LGAs, and PIs shall collect and submit all their revenue to the Consolidated Fund and will be refunded as per approved budget. This is applicable also to all public institutions which are currently under the retention schemes. In order to achieve this objective, Accounting Officers are instructed to create conducive environment that will enhance revenue collection by:

a) Identifying all potential sources of revenue as part of comprehensive revenue collection strategies;
b) Ensuring the use of mass valuation method and collection of property tax based on value of properties in urban councils (Cities, Municipalities and Town Councils), district headquarters and townships authorities. In addition, all unvalued property must pay a flat-rate property tax under interim arrangement;
c) Land use survey and mapping should be undertaken for issuance of title deeds;
d) Formalizing informal businesses and broadening tax base;
e) Reviewing fees, levies and charges to attract compliance with public services;
f) Ensuring the use of electronic system in collection of taxes, fees, levies, and charges in order to curb revenue leakages;
g) Awarding contracts to suppliers, contractors and service providers who use Electronic Fiscal Devices (EFDs); and
h) Avoiding entering contracts with tax exemption clauses without prior approval by the Minister of Finance.

17. In addition to the above measures, Accounting Officers are required to ensure all estimated and collected revenues are presented in the prescribed format. Pursuant to Budget Act No. 11 of 2015; Accounting Officers are required to ensure all revenues collected are remitted to the Consolidated Fund.

4.4 Resource Allocation Criteria

The Government expenditure estimates are grouped into two categories namely; Recurrent and Development expenditure as follows:

4.4.1 Recurrent Expenditure

a) Personal Emoluments (PE)

18. The allocation will be based on the existing employees, promotions, new employees to be recruited and statutory deductions. While preparing PE estimates, Accounting Officers are required to abide by the instructions issued by PO-PSMGG. Public Entities should abide by OTR’s instructions. In doing this, they should observe

the following:-

i. Using validated human resource information to prepare PE estimates for the existing staff and estimation of new employees based on the staff establishment approved by the PO-PSMGG;
ii. Using the Human Capital Management Information System (HCMIS) format to prepare the PE budget estimates;
iii. Determining the required staffing level by undertaking an assessment of the existing and the approved staffing levels and submit information to PO-PSMGG through the HCMIS justifying the required staffing level by 31st December, 2015;
iv. Acting allowances for vacant management positions awaiting formal appointments are part of PE and should not be budgeted under other charges to avoid double counting. Payment of acting allowances will be made through the payroll. Nevertheless, acting allowances for reasons such as absence of the incumbent due to illness, leave, and travel will continue to be paid under the other charges budget;
v. Gratuity contributions for employees under contractual terms and statutory contributions such as PSPF, LAPF, NSSF, GEPF, NHIF, PPF and ZSSF should be correctly estimated under employers social contributions; and
vi. Undertake manpower audits to rationalize and redistribute employees accordingly.

19. It is important to recognize that, for new recruitments in the 2016/17, priority will be given to the sectors with shortage of employees. These sectors are: education (teachers for science, mathematics, english and laboratory technicians); health; agriculture and energy (oil and gas). New recruitment in other sectors will depend on the availability of resource and vacancies arising due to attrition reasons.

b) Consolidated Fund Services (CFS)

20. CFS will solely be used for servicing Government debts and paying employees' contributions to social security funds. This expenditure will be budgeted by the Ministry of Finance and Planning. This is in compliance with section 47 of the Budget Act No. 11 of 2015.

c) Contingency Fund

21. The Government has established a contingency fund to finance urgent and unforeseen events as provided for under Section 35 of the Budget Act No. 11 of 2015. Pursuant to Budget Regulation 23 of 2015, one percent of the total budget estimates will be allocated to the contingency fund by the Ministry of Finance and Planning.

d) Other Charges (OC)

MDAs, RSs and LGAs

22. Accounting Officers should ensure that, first charge expenditure which include protected items are fully estimated and submitted to MoFP for scrutiny and financial allocation thereof. They are further reminded to allocate adequate funds to core functions as per instruments establishing their institutions. In addition, review their Strategic Plans (SPs) to align with 2016/17 development plan, other Government strategies and the Ruling Party Election Manifesto 2015. RSs and LGAs, should ensure that they prepare General Planning Schemes (GPS)/Masterplans and Profiles and integrate them with their SPs as strategy to address urban unplanned settlements.

4.4.2 Intergovernmental Fiscal Transfers

23. The Government will continue to provide resources to LGAs in the form of grants to meet their obligations of ensuring quality service delivery. These Grants will be provided in form of Block Grants, Local Government Development Grant (discretional) and other forms of development funds. The ceilings will be determined by the annual performance of LGAs and resource allocation formula. In preparing their plans and budgets, LGAs are instructed to consider undermentioned issues:

i. The capitation grant for primary schools will continue to be Shillings 10,000 per enrolled pupil per annum, including pre-primary pupils and those in special day schools. Forty percent (40%) of the Capitation grant will continue to be used to purchase books in bulk centrally and the remaining 60 percent will budget for by the LGAs own source;
ii. The capitation grant for secondary schools will continue to be Shillings 25,000 per enrolled day and boarding student per annum. Fifty percent (50%) will be used to purchase books in bulk centrally, while LGAs have to budget for the remaining fifty percent (50%) for other operational expenses;
iii. The criteria for allocating the budget for school meals will continue to be at an average of Shillings 540,000 per annum (i.e. Shillings 2,000 x 270 school days) per student enrolled in registered boarding primary and secondary schools; and
iv. Costs related to primary school examinations (STD IV and VII) as well as secondary school examinations (Form II, IV, and VI) should be based on realistic budget estimates.

4.4.3 Development Budget

24. MDAs, RSs, LGAs and Public Entities are instructed to adhere to priority areas indicated in 2016/17 Development Plan and use PIM-OM in preparation of public investments and projects. Local Government Development Grant will be allocated by considering the criteria indicated in the revised Local Government Implementation Guide. Specifically they are required to ensure that:

a) The ongoing infrastructure projects are given priority so that they are completed before embarking on new projects or unless stipulated in the Annual Development Plan for 2016/17;
b) Outstanding commitments to contractors, suppliers and service providers are settled;
c) Strategic projects are given priority in the allocation of development budget;
d) Proposals for new projects from MDAs, RSs and LGAs are submitted to MoFP for scrutiny and endorsement, prior to inclusion in the budget;
e) All projects to be considered for financing must be submitted with feasibility study and Environmental and Social Impact Assessment; and
f) The procedures for securing loans for new and on-going projects are in line with the Government Loans, Guarantees and Grants Act No. 30 of 1974 (as amended 2004). For the LGAs, loans scrutiny should be in line with the Local Government Finance Act No. 9 of 1982 (as revised 2002) and the Budget Act No. 11 of 2015 sections 60(4) and 62(b) which requires borrowing by Local Governments and extra-budgetary Agencies to obtain prior approval of the Finance Minister.

25. For the Donor funded programmes and projects, MDAs, RSs and LGAs are required to prepare development budget based on confirmed foreign resources, and ensure that:-

a) Counterpart funds for new and on-going projects are available;
b) All donor funded projects (including direct, reimbursable and cash categories) are reflected in the budget estimates; and
c) MDAs budget submissions to MoFP for both ongoing and new projects are supported by signed agreements.

5.0 OTHER ISSUES TO BE CONSIDERED DURING BUDGET PREPARATIONS

5.1 Controlling Accumulation of Arrears

26. To avoid accumulation of arrears, Accounting Officers are required to comply with Section 52(1) of the Budget Act No. 11 of 2015 and Paymaster General's Circular No. 4 with Ref. No. CBA.187/355/01/15 of 31st December, 2014. In this regard, Accounting Officers are instructed to undertake the following:

a) Priority in budgeting for verified arrears;
b) Ensure that no more arrears are created;
c) Arrears should be included in the financial statement; and
d) Committing all financial obligations through IFMS.

5.2 Contingent Liabilities

To manage and control the contingent liabilities from public corporations, all Accounting Officers are instructed to closely monitor contracts that may lead to creation of contingent liabilities.

5.3 Cost Reduction Measures

27. Respective Accounting Officers should continue with cost reduction measures in all areas under their jurisdictions. During budget preparation they are instructed to:

a) Refrain from budgeting for unnecessary expenditure (national ceremonies, sitting allowance, printing of t-shirts, caps, bags, diaries, calendars, foreign travels and overseas short term training) as directed by the fifth phase government instead funds be directed to finance core functions of the institutions;
b) Ensure use of government and institutions facilities in conducting meetings including board meetings, trainings and seminars;
c) Ensure use of Government entities for procuring services such as insurance, courier, advertisement, transport etc.;
d) Disposing of government's, parastatals' and institutions' assets shall follow the Paymaster General's Circular and instructions;
e) Ensure that all commercially viable public entities such as TANESCO, TAZARA, TRL, ATCL, RAHCO, TEMESA, GPSA, Weight and Measures Agency (WMA), Tanzania Cereal Board, Tanzania Prison Services, etc. are operating profitably and not dependent upon government subvention;
f) Review procedures for procuring food for schools and prisons to accommodate measures that reduce costs including procurement from:

National Food Reserve Agency (NFRA), Cereals and Other Produces Board and local area markets;

g) Control operational costs emanating from public utilities such as use of energy saving technologies and ensure that ring-fenced funds for utilities are solely used for the intended purpose;
h) Install water meters and pre-paid electricity meters (LUKU) in order to control expenditure of public utilities;
i) Conduct periodic utilities (water, telephone and electricity) audits to avoid unnecessary expenditure;
j) Ensure that salaries are paid to eligible employees who are physically present at the working stations;
k) Ensure the use of IFMS generated LPOs to minimize accumulation of arrears;
l) Continue with payment of arrears emanating from contractual obligations after verification by the Internal Auditor General as per Paymaster General's Circular No. 4 with Ref. No. CBA.187/355/01/15;
m) Use mortgage facility to acquire office buildings for Consulates and Embassies instead of renting;
n) All procurement of goods and services should be made in bulk from producers or manufacturers;
o) Utilize internal competent staff and retired public servants in areas where they could be used instead of other experts;
p) Ensure payment of entitlements including allowances to board members and staff of Government institutions and Public Entities are effected in accordance with Public Finance Act of 2001 (as revised in 2004), respective establishment Acts and Regulations, and in line with the Government Circular No. SHC/B.40/6/21 of 28th March, 1994;
q) Limit foreign travel and delegation, and ensure approval by State House;
r) All Accounting Officers should continue adhering to Government Circular No. CAC.134/213/01/K/114 of 26th September, 2012 which prohibits procurement of imported furniture;
s) Procurement of motor vehicles shall be done centrally through GPSA after obtaining permit from the Prime Minister's Office (PMO); and
t) Submit list of existing vehicles, plants and equipment indicating the make, year of manufacture and status (running condition).

5.4 Exchange Rate

28. All budget items should be denominated in Shillings. However, budget components using foreign currency, estimation should be established by converting the foreign currency at an average indicative exchange rate of 1 USD to **Shillings 2,227.9** for 2016/17.

5.5 Mainstreaming Cross-cutting Issues into Plans and Budgets

29. The 2016/17 budget will continue to emphasize on the need for all actors to integrate cross-cutting issues into their plans and budgets and ensure its implementation. To achieve this objective, all MDAs, RSs, LGAs and Public Entities are urged to make budgetary allocations for implementation of priorities for cross cutting interventions, including gender issues, construction of user friendly infrastructure for physically challenged people, nutrition, environment and climate change, HIV and AIDS, and Sustainable Development Goals (SDGs).

5.6 Good Governance and Rule of Law

30. The Government will continue to implement cross-cutting reforms that are necessary to improve governance, service delivery and accountability to support the attainment of 2016/17 development plan's objectives. These reforms include: Public Service Reform Programme (PSRP), Local Government Reform Programme (LGRP), Legal Sector Reform Programme (LSRP), Public Financial Management Reform Programme (PFMRP), Second Generation Financial Sector Reforms Programme (SGFRP), Business Environment Strengthening for Tanzania (BEST/Road Map) and National Anti-Corruption Strategy and Action Plan. Other reforms are: Anti-Money Laundering, Open Government Partnership, Africa Peer Review Mechanism (APRM) and National Human Rights Action Plan 2013 – 2017. Responsible institutions should re-design their programmes and allocate resources for implementation of planned activities accordingly.

5.7 Employment and Economic Empowerment

31. In 2016/17, the Government will continue to support economic empowerment initiatives through Economic Empowerment Fund, Youth Development Fund, Women Development Fund, National Economic Empowerment Fund, SELF, and Presidential Trust Fund (PTF). The Government will develop a mechanism to allocate and manage shillings 50 million for every village in order to support employment and economic empowerment at community level. These initiatives will facilitate establishment of agro-processing industries and micro - enterprises which will create jobs and generate more incomes particularly for youth and women. Likewise, the Government will continue with the implementation of Youth Employment Creation

Programme (2014/15 – 2016/17). To that end, MDAs, RSs, Public Entities and LGAs should identify interventions with job creation opportunities and prepare reports for submission to the Prime Minister's Office, Policy, Parliament, Labour, Employment, Youth and Disables. Further, the Prime Minister's Office will review the performance of aforesaid Empowerment Funds with a view to harmonising and improving their effectiveness.

5.8 International and Regional Cooperation

32. Tanzania is a member of the United Nations (UN), African Union (AU), Southern African Development Community (SADC) and East African Community (EAC) and has signed and ratified several international and regional conventions, agreements and protocols. The SADC is a free trade area which is in the process of establishing a customs union. The EAC, which is a common market, has recently signed and ratified a protocol for establishing a monetary union. The Government in collaboration with other EAC partner states will proceed with the implementation of 10 years Action Plan towards East African Monetary Union. To enable effective participation in the regional and international groupings and exploit their benefits, priority will be given to negotiating for Trade and Investment Partnership Agreement with the United States of America, Economic Partnership Agreement with European Union, and establishment of a Tripartite Free Trade Area for EAC, COMESA and SADC.

33. In view of the above, MDAs RSs and LGAs are instructed to:-

a) Submit all commitments for eligible international, regional organizations contributions and transfer to Zanzibar to MoFP for consolidation, centralized budgeting and payment;
b) Mainstream EAC, SADC and other integration issues into their plans and budget pertaining to their areas of jurisdiction;
c) Play an oversight, monitoring and coordinating roles in the implementation of various agreements and treaties under their respective sectors, signed between Tanzania and other countries as well as regional and international agreements;
d) Create awareness to the public in collaboration with other stakeholders on the opportunities available within the EAC and SADC so as to utilize them; and
e) Sectoral ministries to take initiatives to exploit available financing opportunities pooled under the international and regional cooperation arrangements.

5.9 Management of Public Properties

34. Accounting Officers should continue to allocate funds, for surveying, mapping, demarcating and formalising all public properties including Government plots and land for open spaces, industrial areas, schools, colleges, universities, military and security organs, hospitals and dispensaries and farms so that they are issued with land title deeds. In addition, they are required to set funds for land compensations and resettlement prior to acquiring land for investment in accordance with the Land Act No. 4 of 1999. The Ministry of Lands, Housing and Human Settlements Development (MLHHSD) in collaboration with LGAs through PO-RALG will issue land title deeds to those institutions that have properly fulfilled those conditions.

5.10 Public Private Partnerships

35. The Public Private Partnership (PPP) is one of the financing modalities for development projects. There have been achievements in implementing PPP framework, notably, the ammendment of the PPP Act 2014 and the implementation of some projects such as DART. In order to scale up implementation of PPP projects, priority will be given to projects currently under feasibility studies: Dar – Chalinze toll road; manufacture of pharmaceuticals and medical supplies, and Kinyerezi III gas fired elecricity generation plant. Respective MDAs, RSs, LGAs and Public Entities are required to complete studies to enable these projects implemented under PPP framework. In order to facilitate formulation of PPP projects and building institutional capacity, the Government will continue to capitalize the PPP Facilitation Fund.

36. All MDAs, RSs, LGAs and Public Entities intending to partner with private sector should conduct thorough feasibility studies before engaging private partners to implement such projects. Accounting Officers are required to:

a. Create conducive environment to promote private sector participation;
b. Integrate PPP projects into their sectoral strategies and plans; and
c. Identify projects that can attract private sector investment and submit to PPP centre for scrutiny in accordance with PPP Act. In the case of RSs and LGAs, projects proposals should be submitted to PO-RALG for scrutiny and approval before submitted to PPP centre.

37. PMO will be required to establish and operationalize the PPP Centre and prepare and disseminate criteria and guidelines for accessing PPP Facilitation Fund for feasibility studies. In addition, PMO in collaboration with the MoFP will provide a mechanism for ensuring all MDAs, LGAs and Public Entities integrate PPP projects into their sectoral strategies and plans.

6.0 SPECIFIC INSTRUCTIONS TO RSs AND LGAs

38. In the preparation of 2016/17 Plans and Budget, RSs and LGAs are obliged to consider the following:-

a) Maintain peace , order and tranquility in their respective areas of jurisdictions;
b) Conduct statutory meetings (Village Assemblies, RCC, DCC and Inter-Council Fora) to enhance good governance and accountability at all levels;
c) Review and strengthen implementation of Decentralization by Devolution policy within their areas of jurisdictions for improved service delivery focusing on empowering lower levels (Wards and Villages);
d) Prepare Regional and Councils Strategic Plans and Profiles in line with 2016/17 development plan, PO-RALG instrument, and the Ruling Party Election Manifesto 2015;
e) Strengthen sustainable land use planning, village and urban planning, land survey and demarcation of plots for small, medium and heavy industrial and agricultural development and construction of infrastructure for water systems, schools, health facilities, bus stands, markets, and recreation centres;
f) Establish and formalize demarcations of areas for agriculture, pastoralism, residential, game and forest reserves, water sources and investments in all councils to avoid unnecessary conflicts and costs for land compensation and resettlement;
g) Implement e-Government initiative in the RSs and LGAs in order to improve service delivery. This includes use of e-payments and efforts for harmonization of the existing systems such as I-Tax, LGRCIS, IFMS PlanRep, LGMD, CDR, CFR and HCMIS to enhance management of revenue collection, M&E and reporting of development activities;
h) Improve environmental hygiene by strengthening institutional capacity in proper solid waste management – collection centres, transfer and dumpsites (landfill); and infrastructures for street lights, public toilets and drainage systems;
i) Strengthen Council and Regional Health Management Teams to ensure availability of upgraded health care services in Councils, Regional and Referral Hospitals including specialized care services; strengthening the quality of health and nutrition services and increase access to nutrition services at the community and facility level;
j) Strengthening monitoring and evaluation at all levels to ensure proper implementation of programmes and projects;
k) Strengthen own source revenue collection and ensure that 60 percent is allocated for development activities. The own source revenue should be properly reported in Form No. 4 of the MTEF;

l) Continue with construction/rehabilitation and equipping regional and district commissioners’ offices and residences, regional and district administrative secretaries’ residences, divisional secretaries’ offices, wards and village offices. The construction should include 149 senior Government employees houses contracted to Tanzania Building Agency (TBA) and ensure consideration are made for physically challenged people. Priority should be given to completion of buildings which are at advanced stage;

m) Construct, rehabilitate, maintain and equip social and economic infrastructure, especially in the sectors of education, water, health, agriculture, livestock, fisheries, and roads, in line with national standards;

n) Submit MTEFs and new project proposals to PO-RALG for preliminary scrutinisation, advice and further guidance before submitting the same to MoFP;

o) Implement activities with carried over funds in compliance with the Section 29(3) of the Budget Act No. 11 of 2015 and Regulations 21 and 22 of the Budget Regulations of 2015;

p) Support people with disabilities and special needs including protection of children’s rights and most vulnerable children;

q) Mainstreaming gender, environment, HIV and AIDS, anti-corruption, SDGs and pro-poor policy data in plans and budgets;

r) Establish and strengthen rural water management entities such as Community Owned Water Sources Organization (COWSO)to ensure sustainability of clean water supply;

s) Strengthen management of marketing oriented extension services delivery and ensuring compliance with D by D; and promotion of private sector participation in agriculture and industrial sector development;

t) Re-investing in major sources of revenue so as to ensure sustainability of own source revenues collection. Based on the contribution of revenue in Local Government especially in produce cess, LGAs should allocate 20 percent for agriculture; 15 percent for livestock and five percent for fisheries out of the 60 percent allocated for development;

u) Conducting mass valuation and update Valuation Rolls and Registers for property tax of both urban and rural councils;

v) Improving business environment by establishing one stop center for issuance of building permits, business licenses, inspection of buildings construction, survey and issue title deeds;

w) Strengthening food and cash crops production to stimulate agro-processing industries and ensure food security;

x) Promoting SMEs, SACCOS, VICOBA and other social economic groups to generate employment, enhance productivity and improve welfare; and

y) Facilitating development of Export Processing Zones and Special Economic Zones sites by finalizing compensations, resettlements and developing basic infrastructure and facilities.

7.0 MONITORING, EVALUATION AND REPORTING

39. Monitoring and Evaluation (M&E) plays a significant role in the execution of plans and budget. In recognition of this, the Government has mainstreamed M&E functions across MDAs, RSs, LGAs including establishment of M&E sections under the Policy and Planning Divisions and building capacity in that area. Inspite of these initiatives, M&E functions and performance reporting across the Government is still facing a number of challenges including:

a) The whole of Government M&E coordination framework;
b) Adequate staffing for M&E sections;
c) M&E knowledge and skills mix;
d) Adequate financing for M&E; and
e) Balancing focus of M&E sections to include evaluation functions.

40. In addressing the challenges the Government will continue to strengthen institutional capacity for undertaking M&E functions effectively across the Government. Accounting Officers are instructed to allocate adequate funds for M&E activities.

7.1 Performance Reporting

41. Pursuant to section 55(4) of the Budget Act No. 11 of 2015 and Regulation 30(5) of its Regulations, All the Accounting Officers are required to submit quarterly progress reports to MoFP within 30 days after the end of each quarter.

With regard to Annual Performance Report, Accounting Officers are required to prepare comprehensive report on the achievements realised for the period under review. The achievements should be linked to the performance indicators and annual targets. The review should include performance and challenges on: revenue collection; expenditure; and existing strength in respect of human resources and manning levels. Annual Performance Reports should be prepared and submitted to MoFP not later than 15th October after end of financial year.

Quarterly and annual performance reports in hard and soft copy should also be submitted to MoFP, PO-PSMGG, PMO, PO-RALG (for RSs and LGAs) and OTR (for Public Entities).

CONCLUSION

42. The expectation of the Government in the implementation of priorities

outlined in the PBG for 2016/17 will be determined by commitment of MDAs, RSs, LGAs and Public Entities in complying with the instructions given herein. Together with these Guidelines, Accounting Officers are obliged to comply with the Budget Act No. 11 of 2015 and its Regulations. They should allocate resources to scale up implementation of priority areas earmarked in the 2016/17 Development Plan which focus on industrial transformation and human development. The plans and budget should also take on board the aspirations of the Ruling Party Election Manifesto 2015 and other Government initiatives geared towards achieving Sustainable Development Goals as well as the aspirations of Tanzania Development Vision 2025. Accounting Officers are required to track implementation of plans and budget so as to realize value for money and accountability.