



BUDGET CYCLE IN TANZANIA


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The Budget Cycle in Tanzania

Date	Main Activities / Processes	Actors
Nov - Dec	<p>Formulation of Budget Policy and Resource Projections</p> <ul style="list-style-type: none">-Macroeconomic Review by the Budget Guidelines Committee-Assessment of Performance of Previous Budget Assumptions and Targets-Economic Growth Rate-Rate of Inflation-Government Finance-Sectoral Performance especially those under PRS	<p>National Budget Committee (MoF, PO-PP, PSM, PO-RALG</p> <ul style="list-style-type: none">-Sectors-PER Forum-Donors

The Budget Cycle in Tanzania

Date	Main Activities/Processes	Actors
	<ul style="list-style-type: none">✦ Projection of GDP;✦ Resource Projections/Budget Frame• Expenditure Objectives and Priorities – Sectoral level;■ Set Resource Ceiling both at Sectoral and Institute level.	



Date	Main Activities/Processes	Actors
Dec/ January	Issuance of the Budget Guidelines and draft Cabinet paper for discussion and review by cabinet Secretariat, Inter-Ministerial Technical Committee (IMTC) and then the Cabinet.	-BG Committee -Cabinet Secretariat -IMTC -Cabinet



Contents of the Budget Guidelines


- ✦ Macroeconomic and Sectoral Performance Review;
- ✦ Priority Sector Objectives and targets
- ✦ Budget Frame
- ✦ Sectoral and Vote Expenditure ceilings
- ✦ Procedures for Budget Preparation and Submission and formats by Ministries, Independent Departments, Regions and Local Government.

Revenue and Expenditure Estimates by Ministries, Regions and LGAs

Date	Main Activities/Processes	Actors
Jan. To March	<ul style="list-style-type: none">✦ Past and Current budget performance review✦ Preparation of detailed plans and targets;✦ Identify activities and costing of inputs;✦ Prepare a three performance based budget – MTEF Submission of Draft budget estimates to MoF for scrutinization	-MDAs -Development -Partners

4. Finalization of Budget Preparation


Date	Main Activities/Processes	Actors
April to May	<ul style="list-style-type: none">✦ Scrutiny of MDAs estimates by Ministry of Finance✦ Donor/Government Consultation✦ PER Consultative Meeting✦ Submission of estimates to Cabinet Secretariat IMTC and then Cabinet.✦ Approval of the Budget Frame and Expenditure	<p>MoF, Po-PSM, Po-P&P,</p> <ul style="list-style-type: none">-Development Partners-NGOs and Politicians-MDAs-Cabinet Secretariat



Date	Main Activities/Processes	Actors
April to May	<p>Proposal by Cabinet</p> <ul style="list-style-type: none">• Computerization of the Budget Data• Printing of the Budget Books by the Government Printer	<p>-IMTC</p> <p>-Cabinet</p> <p>-Government Printer</p>

5. Budget Authorization by Parliament


Date	Main Activities/Processes	Actors
June to July	<p>➤ The major events during Parliamentary debates and authorization for the Government Budget are as follows:</p> <ul style="list-style-type: none">• Review and discussion of sectoral plans & Budgets by Parliamentary Committees• Presentation of a Public Speech on macroeconomic performance and projections by the Minister for Planning and Privatization;▪ Presentation of the Government Budget	<p>-Parliamentary Committee- - Ministries</p> <p>-Po – P&P</p>



Date	Main Activities/Processes	Actors
	<p>Proposals to Parliament by the Minister for Finance through a budget speech;</p> <ul style="list-style-type: none">■ Parliamentary debates/discussions on Ministerial estimates submitted by each Minister responsible■ Parliamentary approval of estimates by passing the Appropriation Bill.■ Parliamentary approval and passing the Finance Bill that empowers the Minister for Finance to raise the money and finance the Budget	<p>Minister MoF</p> <p>Sector Ministers</p>

6. Budget Execution

Date	Main Activities/Processes	Actors
July to June	<p>➤ Main activities are:-</p> <ul style="list-style-type: none">• Release of funds by the Ministry of Finance;• Collection and Accounting for revenue collections by Tanzania Revenue Authority (TRA) and other MDAs. Accounting Officers are appointed as Receivers of Revenue and also accountable for expenditure in accordance with the Public Finance Act, 2001.	<ul style="list-style-type: none">-MoF-TRA-MDAs-Development Partners



Date	Main Activities/Processes	Actors
	<ul style="list-style-type: none">▪ Delivery of Services and Project Implementation by institutions. This involves both government institutions and Development Partners. Donors are required in some cases to release funds and award of contracts;▪ Maintenance of proper accounts for control and Accountability▪ Reporting on budget performance (both financial and physical and evaluation);▪ Project inspection and expenditure monitoring.	

7. Monitoring and Control

Date	Main Activities/Processes	Actors
July to June	<p>Basically, monitoring, control and evaluation focus on:-</p> <p>(i) Accountability to ascertain appropriateness of expenditure and revenue and their conformity to the authorities through financial reports;</p> <p>(ii) Management assistance for providing management with information of performance.</p>	<p>-Parliament</p> <p>-Auditors</p> <p>MoF</p> <p>Po-P&P</p> <p>VPO</p> <p>PER Forum</p>




Mechanisms for control and monitoring are essentially:-

- Periodic reporting and follow-up. Specific formats have been issued for budget monitoring and follow-up;
- Internal Audit;
- Parliamentary Control
- Budget Reviews and Adjustments;
- Project Inspection.



PER AND PRS ACTIVITIES

- ✦ PER Process - The development partners and Government agreed to strengthen PER process by taking positive steps to internalize the process and to:-
 - Conduct PER on an annual basis and integrate the PER process into the budget cycle;
 - Prioritize development expenditures among and within sectors and ensure their consistency with the Medium Term Expenditure Framework;
 - Seek to achieve full coverage of budgeting and accounting of donor financed expenditures in the context of PER by the end of FY 2000
 - Achieve full integration of recurrent and development budgets taking into account sector investment priorities and their long-term recurrent implications.

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- ⚡ **Timing – PER** reviews are conducted, as of now, in all PRS sectors. Studies are carried out almost throughout the financial year by consultants. The main inputs from the PER process are fed into the Budget Cycle during preparation of the annual budget and sector MTEF. The key inputs from the PER process are incorporated in the budget guidelines. During the implementation of the budget some interventions from PER can also be done to improve budget performance.

A decorative header featuring a yellow horizontal bar. A green line starts from a black sphere with four green dots on the left, curves upwards and then downwards to the right, ending in a loop. The background on the left is a light yellow pattern of small icons including wind turbines, gears, and arrows.

🔦 Poverty Reduction Strategy (PRS)

- 🔦 **Timing** – PRS has its own policy objectives or desired outputs to be attained and the timing normally is consistent with the Annual Budget Cycle. However, the PRS targets for each PRS Sector are the basis of resource allocation. As PRS progress reports are completed and targets updated, the results feed into the PRS sector annual budgets and MTEFs. Allocation of government resources is focused on poverty reduction. Also the annual budget provides resources to carryout PRS progress reports and poverty monitoring.



Emerging PER Cycle

Month	Activity
June	Prepare Work Programme
July	Sector Work Identification
August	Finalise TORs; Contracting
September	Execute Analytic Work
October	Execute Analytic Work
November	Provide Inputs into BG



Emerging PER Cycle (Cont.)

Month	Activity
December	Provide Inputs to BG
January	Finalise Sector PER / Sector MTEFs
February	Sector Specific Consultations; External Evaluation
March	Inputs into Draft Fiscal Frame
April	Main Consultative Meeting
May	AOB




Role and interconnection between Budget Guidelines MTEF, Local Government Budget Guidelines and District Plans

National Budget Guidelines


Objectives

- ✦ To provide information to Ministries, Independent Departments, Regions and Local Government for preparation of their own plans and budgets;
- ✦ To give highlights on macroeconomic performance;
- ✦ To provide sectoral and Ministerial resource ceilings;
- ✦ Give procedures, dates, formats for preparation and submission of budget proposals from the sectors.



Medium Term Expenditure Framework (MTEF)

- ✦ This is used as a resource management tool for planning and budgeting by all MDAs. It has a three year time dimension.
- ✦ **Key features of MTEF**
 - Three year time frame
 - Based on an institutional perspectives
 - It is performance based;
 - It is activity based
- ✦ **Local Government Budget Guidelines and District Plans**
 - These are instruments that govern the planning and budgeting at District or Local level;
 - They are drawn from the National Budget Guidelines in that they are not expected to contradict each other.
 - Details will be presented by my colleague.



Harmonizing the PER, PRS and the Budget Cycle

Limitations

- ✘ Delays in submission of the PER sector inputs to the Budget Guidelines Committee;
- ✘ Unrealistic demand for resources which do not match with capacity limitations and resource availability;
- ✘ Delays in contracting some of the sector studies through the PER process;
- ✘ Delays in finalisation of the PRS studies to feed into the budget process;
- ✘ Inadequate resources to meet the demands of the sectors to address issues of poverty.

Proposed solutions

- ✦ Improve capacity for sector PER working groups;
- ✦ Prioritization of activities
- ✦ Early contracting of consultants to undertake various studies under the PER management;
- ✦ Thorough Review of Previous PER, PRS reports to assess their impact on poverty
- ✦ Have one year interval between one cycle of PRS and the next 3 year PRS. This will give adequate time for impact assessment of the previous PRS.