

**SPEECH BY THE MINISTER FOR FINANCE AND
PLANNING, HON. DR. PHILIP I. MPANGO (MP),
PRESENTING TO THE PARLIAMENT THE
ECONOMIC SURVEY REPORT 2016 AND
THE NATIONAL DEVELOPMENT
PLAN 2017/18**

INTRODUCTION

1. Honourable Speaker, I beg your esteemed house now to receive, debate and deliberate on the Economic Survey 2016 and National Development Plan 2017/18. With this speech, I wish to submit the Economic Survey Report for 2016 and the National Development Plan for 2017/18. These documents form the basis for the Government budget for 2017/18 which will be submitted later today.

2. Honourable Speaker, I would like to start by thanking Almighty God for granting us good health and the opportunity to participate in the 7th session assembly of the 11th Parliament of the United Republic of Tanzania full of hope and dedication to continue nurturing our cherished national peace and harmony and to vigorously pursue our development goals. I also wish to thank you Honourable Speaker, Deputy Speaker and all Chairpersons of the Parliament for the great skill and wisdom you exemplified in leading discussions of the Sector Budgets. It is my hope that the civil, cordial and patriotic attitude observed during the discussions of sectoral plan and budget speeches will be sustained.

3. Honourable Speaker, may I take this opportunity to offer my condolences to you, to Honourable Members of Parliament and all citizens for the loss of our fellow legislators, the late Hon. Hafidh Ally Tahir Member of Parliament for Dimani Constituency under CCM and Hon. Dr. Elly Marko Macha under CHADEMA Special Seats. May I also use this opportunity to express my sympathy to all Members of Parliament who have lost their beloved ones. Likewise, I would like to convey my sympathy to all citizens who suffered various misfortunes this year, including the most recent accidents those took lives of 32 of our beloved children, two teachers and the driver from Lucky Vincent Nursery and Primary School in Arusha, and three pupils in Geita; two children and one of their parents drowning

in Kagera; and eight police officers who lost their lives while on duty in Rufiji district. May the Almighty God rest their souls in eternal peace.

4. Honourable Speaker, at the outset, I wish to commend His Excellency Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania and his deputies: Her Excellency Samia Suluhu Hassan, Vice President of the United Republic of Tanzania, and Hon. Kassim M. Majaliwa (MP), Prime Minister of the United Republic of Tanzania, for their firm commitment and stalwart leadership in making sure the basics of good governance are adhered to and their dedication of bringing about change towards fostering productivity in the execution of public duties, and socio-economic transformation of the country. Their exemplary leadership has been demonstrated in their unwavering stance in the fight against corruption, tax evasion, sloth and embezzlement of public resources and remindful emphasis on the importance and need for all citizens to work hard towards our development goals. These efforts merit the support of Honourable Members of Parliament and all citizens, so that we can attain our objective of becoming a middle income, semi-industrialized economy by 2025.

5. Honourable Speaker, allow me also to congratulate the new Members of Parliament who joined this house in this session, namely: Hon. Salma Rashid Kikwete as well as Hon. Dr. Gertrude Pangalile Rwakatare from CCM; and Hon. Dr. Catherine Ruge from CHADEMA. We welcome them to join their fellow Members of Parliament in execution of their core responsibilities of advising and supervising the Government with wisdom and adeptness it takes in the pursuit of this call and putting national interests and benefit of all Tanzanians afront. May I also congratulate all Honourable Members of Parliament who have recently been elected to represent our country in the East African Legislative Assembly. We expect

them to advance and wisely protect the interests of our country in the region.

6. Honourable Speaker, I am indebted to thank the Parliamentary Standing Committee for Budget under the Chairmanship of Hon. Hawa Abdulrahman Ghasia, Member of Parliament for Mtwara Rural Constituency; and Vice Chairman, Hon. Josephat Sinkamba Kandege, Member of Parliament for Kalambo Constituency, for their constructive guidance. Their patriotic instructions and counsel availed to us definitely helped in accomplishing preparations and significantly shaping the Economic Survey Report of 2016 and the National Development Plan of 2017/18 as state I am submitting them today.

7. Honourable Speaker, my presentation is divided into five (5) main sections. With the introduction, the second contains a review of the economic performance in 2016, being followed by the third which reviews the implementation of National Development Plan 2016/17. The fourth section outlines priority areas of the National Development Plan 2017/18, and the fifth and last section is for my concluding remarks.

ECONOMIC PERFORMANCE 2016

World Economy

8. Honourable Speaker, The world's economic rate of growth continued to witness a declining trend in 2016 against the previous years. In 2016, it grew by 3.1 percent compared with 3.2 percent in 2015. The decline being ascribed to a decline of growth in developed countries, which recorded 1.7 percent in 2016 compared to 1.9 percent in 2015, mainly due to a decline in world's market demand for goods and services as well as productivity and the rate of investment. The developing countries recorded 4.1 percent growth as it was during the preceding year. Attributed to a decrease in the

growth in China and Sub-Sahara African countries as a result of a decline in the world market commodity prices, especially for gold and petroleum as well as a decline in direct foreign investment and global market demand.

9. Honourable Speaker, in 2016, global inflation increased to an average of 2.9 percent compared to 2.8 percent in 2015. This was a result of loosened fiscal policies in some countries and spell of drought resulting from *La Nina* weather conditions. In developed countries average inflation increased from 0.3 percent in 2015 to 0.8 percent in 2016, whereas in developing countries of Asia, it increased from 2.7 percent to 3.1 percent, and in Sub-Sahara Africa, it increased from 7.0 percent to 11.4 percent.

Africa and Select Regional Economic Communities

10. Honourable Speaker, for Sub-Saharan Africa, the average economic growth declined from 3.4 percent in 2015 to 1.4 percent in 2016, mainly due to faced challenges in accessing loans from international financial markets, of which execution of a number of projects planned for during the period were distracted and delayed. This also caused by a significant decline in prices of raw products, particularly gold (Botswana and Tanzania) and petroleum (Angola, Equatorial Guinea and Nigeria) and the continued political instability in some countries (Burundi, Libya, Chad, South Sudan and DRC).

11. Honourable Speaker, similar declining trend of economic growth was recorded for the East African Community (EAC), whereby it declined from 6.5 percent in 2015 to 5.3 percent in 2016. This decline was mainly due to the continued fall in commodity prices and weak global economic growth and demand. Notwithstanding, the EAC remained ahead other African regional groupings in terms of economic growth. The trajectory growth rate for the region is 5.7 and 6.0 percent in 2017 and 2018 respectively. This forecast takes into

consideration growth boosting initiatives being undertaken towards revitalisation of their business environment, for example, establishing dedicated industrial parks for textile, leather products, agricultural products, and pharmaceuticals promotions.

12. Honourable Speaker, generally inflation rates in EAC member countries remained at single digit levels during 2016. Average inflation rate for Burundi was 5.6 percent, 6.3 percent for Kenya, 7.1 percent for Rwanda, 5.2 percent for Tanzania and 5.4 percent for Uganda. The inflation momentum continued during the first quarter of 2017, whereby in March 2017, it reached 21.1 percent in Burundi, 10.28 percent in Kenya, 13.0 percent in Rwanda, and 6.4 percent in Tanzania as was the same for Uganda.

13. Honourable Speaker, with regard to SADC region, economic growth declined from 1.9 percent in 2015 to 1.1 percent in 2016. This slowdown was attributed to power shortage and drought caused by effects of *La Nina* weather conditions. Even with this slowdown in the growth the Community ranked third best among African regional economic groupings and it is projected to grow at 1.4 percent during 2017. Inflation rate was estimated to be 10.5 percent in 2016 compared to 5.7 percent in 2015. This reversal is attributed to drought spell and dismal implementation of fiscal and monetary policies in some member countries. It is, however, projected levelize at an average of 8.7 percent in 2017 on account of stabilizing commodity prices, improved electricity supply, favourable oil import prices and improved weather conditions.

NATIONAL ECONOMY

GDP and Economic Growth

14. Honourable Speaker, in 2016, average real GDP growth rate was 7.0 percent, the same as was in 2015, albeit below

the projected 7.2 percent, as some economic activities fell short of projected targets. These include: agricultural sector which grew only by 2.1 percent as compared to projected 2.9 percent; trade and maintenance by 6.7 against 7.8 percent; food and accommodation services by 3.7 percent instead of 8.0 percent; and administrative services only by 2.1 percent as compared to 6.3 percent projection. Besides, some economic activities surpassed their targets in particular: information and communication 13.0 percent against projection of 12.1 percent; transportation and storage 11.8 percent against 8.0 percent; mining and quarrying 11.5 percent against 9.2 percent; and manufacturing 7.8 percent against 6.7 percent.

Sectoral Shares to GDP

15. Honourable Speaker, agricultural sector, broadly defined to include crops, livestock, forestry and fisheries, had 29.1 percent shares of GDP compared to 29.0 percent in 2015. Manufacturing and construction activities contributed 25.2 percent in 2016 against 24.3 percent in 2015. Service sector (including trade and repairs, transportation and storage, Hotel and accommodation, information and communications, finance and insurance, rental houses, health and education) accounted for 39.1 percent in 2016 falling from 40.0 percent recorded in 2015. The decline in the contribution of services sector and an increase in industrial activities is a testimony that concerted government efforts aimed at building an industrial economy are picking up pace with positive results in improved manufacturing sector production and productivity. Among other things, this achievement is reflective of continuous improvements in provision of infrastructure, particularly in energy and transportation.

GDP Per Capita

16. Honourable Speaker, for 2016, GDP was 103,744,606 million shillings, at current prices, whilst Tanzania Mainland population was estimated at 48,676,698 people, inferring

growth of per capita income to 2,131,299 shillings compared to 1,918,897 shillings in 2015, an increase of 11.1 percent. The per capita income averaged in USD increased rather at slow pace from USD 967.5 in 2015 to USD 979.1 in 2016, implying that more concerted efforts have to be taken for the desired middle income status target to be attained. As such, efforts to increase per capita income in dollar terms need to be stepped up, to entail increased productivity, value and volume of exports while improving access of basic essential goods from the domestic markets in view of reducing the amount of imports.

Inflation Trends

17. Honourable Speaker, in the past four years, the rate of inflation has continuously been declining and at single digit level. In 2016, the inflation rate averaged 5.2 percent compared to 5.6 percent in 2015. The decline is largely being attributed to: the downward trend of petroleum products' prices in the world market and within the country, stability of domestic food prices and effective implementation of fiscal and monetary policies. Though slightly increased to 6.4 percent in April 2017, yet within the target range of between 5 and 8 percent, alleged on delayed rain season which in turn gave rise to speculation on food shortages. Since the situation has changed with a number of regions receiving sufficient rainfall, as such, the speculation has faded and therefore inflation is expected to decline during 2017.

Trends on Interest Rate

18. Honourable Speaker, in 2016, interest rates on deposits and loans in commercial banks declined compared to previous years. Interest rates for time deposits declined from an average of 9.30 percent to an average of 8.78 percent. In addition, interest rates for one year deposits declined from an average of 11.16 percent in 2015 to 11.03 percent in 2016. Likewise, interest rates for time loans of up to a year declined from an

average of 14.22 percent to 12.87 percent. This trend was driven by an increase in competition among banks. As a result, the interest rate differential for a year term deposits and loans decreased to 1.83 percent in 2016 in comparison to 3.06 percent in 2015. In December 2016, interest rates in the interbank money market averaged 13.49 percent, in comparison to 7.29 percent in 2015. Interest rates on Government securities also fell to an average of 15.12 percent in December 2016 from 18.25 percent recorded during December 2015.

19. Honourable Speaker, still, a reversal was noted for the period ending March 2017 there was an increase in interest rates whereby for fixed deposits was at 10.89 percent. For annual deposits the rate was 12.03 percent and the average lending rate was 18.07 percent. Such increase of loans interest rates during the first quarter of 2017 reflects the precautionary measures undertaken by banks, including increased provisions for non performing loans and reduced profit projections. Whilst, increase in deposit rates was attributed mainly to stiff interbank competition to attracting deposits. Interbank lending rates over the period decreased to an average of 8.16 percent while the rate for treasury bills went down to an average of 14.52 percent.

Deposits in Commercial Banks

20. Honourable Speaker, deposits in commercial banks increased by 2.3 percent from 19,293.7 billion shillings in 2015 to 19,729.5 billion shillings in 2016. The private sector accounted for the bulk of about 97.1 percent of total as compared to 95.6 percent in 2015. At the same time, the ratio of foreign deposits to total deposits fell to 31.6 percent in 2016 from 32.8 percent in 2015. For the period of January to March 2017, deposits in commercial banks increased to 19,853.40 billion shillings, out of which private sector accounted for 96.4 percent.

Trend of Credit to Private Sector

21. Honourable Speaker, in 2016, credit to the private sector grew by 7.2 percent to 16,608.9 billion shillings from 15,492.7 billion shillings in 2015, albeit, below the growth rate of 24.8 percent in 2015 and amounted to 16.2 percent of GDP as compared to 17.1 percent in 2016 and 2015 respectively. Sector wise notable growth of credit was in agriculture, transport and communications, manufacturing, financial services and electronics, whereas in buildings and construction it declined sharply compared to their levels in 2015. Credit in mining and quarrying, trade, tourism, hotels and restaurants and personal loans improved, albeit, at a slower rate compared to the previous year. Loans allocated to business and personal activities accounted for about 21 percent and 18.6 percent respectively. Various reasons contributed to this development, including a decrease in liquidity in banks and the quality of assets of some banks, thus the precautionary measures taken to increasing provisions for non performing loans and reducing profit projections.

22. Honourable Speaker, for the period of January to March 2017, flow of commercial loans to private sector improved, where it increased by 77.4 billion shillings to 16,686.30 billion shillings. This encouraging improvement is an indication of a strengthening economy and improving participation of private sector especially in manufacturing, housing and construction, hotels and restaurants activities.

Capital Formation

23. Honourable Speaker, Tanzania is among the few African countries those have demonstrated economic stability for a significant period in terms of sustained high economic growth, low inflation rates and a stable trend of domestic currency. In turn this has enabled the country to attract significant flows of foreign capital. Capital formation, at market prices, in 2016 increased by 3.4 percent to 25,558,140 million

shillings from 24,717,206 million shillings recorded in 2015. However, the same when valued at 2007 prices declined by 4.3 percent to 13,140,451 million shillings in 2016 from 13,733,585 million shillings in 2015. As such, the ratio of capital formation to GDP at current prices declined to 24.6 percent in 2016 from 27.2 percent in 2015.

External Sector

24. Honourable Speaker, in 2016, trade in goods and services between Tanzania and the rest of the world improved compared to 2015. The value of exports increased from USD 8,918.1 million in 2015 to USD 9,285.6 million in 2016, equivalent to an increase of 4.1 percent. The value of imports declined from USD 12,528.2 million in 2015 to USD 10,772.3 million in 2016 equivalent to a decrease of 14.0 percent. The decline in value of imports was mainly due to a decrease in importation of goods and services, excluding capital goods for industrial activities and the decline in transport costs, Government related services and other business services.

25. Honourable Speaker, trade between Tanzania and the rest of the world continued to strengthen with diversified destinations. In 2016, most exports went to Switzerland (16.2 percent), India (12.4 percent), South Africa (12.2 percent), China (6.2 percent), Democratic Republic of Congo (5.6 percent) and Kenya (5.5 percent) to signify a change of concentration from traditional markets of the United Kingdom, Germany and Canada. Products exported to Switzerland and India included gold, oil seeds, gemstones and vegetables, while exports to Kenya included tea, maize, fabrics, vegetables and other cereals. Products sold to South Africa included gold, copper and tea. Thus, in spite of the developments, most of the exports were in their raw state and therefore fetched relatively lower values.

26. Honourable Speaker, imports were mostly from China,

India, United Arab Emirates, South Africa, Japan and Kenya, which in total accounted for about 60.6 percent of imports. Products imported from China included machinery and tiles, while those from United Arab Emirates were mostly petrol and sugar while from Japan and South Africa were dominantly motor vehicles and steel. The composition of import basket indicates that imbalance in local production being highly dependent on imports of parts, raw materials and machinery from abroad.

27. Honourable Speaker, in 2016, trade in goods and services though recorded a deficit of USD 1,489.5 million, it was yet an improvement as compared to a deficit of USD 3,594.7 million in 2015, representation of 58.6 percent improvement. The decrease in trade deficit was mainly due to an increase in income brought about by exports of goods and services and a decrease in imports. The overall balance of payments, which includes balances in trade, capital and financial accounts, recorded a surplus of USD 305.5 million in 2016 compared to a deficit of USD 199.1 million in 2015. For the period between January and March 2017, the value of exports of good and services was USD 2,224.8 million, contributed to mainly by an increase in value of traditional exports and some non traditional exports in particular tourism services, gold, vegetables and fruits. Imports of goods and services total to USD 2,203.6 million, resulting in a continued surplus in balance of goods and services.

Foreign Currency Reserves and Exchange Rate

28. Honourable Speaker, up to December 2016, foreign currency reserves were USD 4,325.6 million compared to USD 4,093.7 million recorded in December 2015, sufficient to cover a minimum of 4.2 months of importation of goods and services. As of March 2017, foreign reserve reached USD 4,482.6 million which was sufficient to cover a minimum of 4.3 months of importation of goods and services. The increase in foreign

currency reserve has helped in restoring local currency stability. However, in 2016, **the exchange rate** of the Tanzanian shilling against the US dollar depreciated by an average of 8.8 percent a USD being exchanged at 2,177.07 shilings. In March 2017, 1 USD was exchanged at an average of 2,223.9 Shillings compared to 2,172.6 Shillings at the end of 2016.

Social Welfare

29. Honourable Speaker, according to the 2012 Population and Housing Census, Tanzania has an average annual population growth of 2.7 percent. In 2016, Tanzania's population was estimated at 48,676,698 people. These estimations make Tanzania the fifth most populous country in Africa, after Nigeria, Ethiopia, Egypt and the Democratic Republic of Congo. The size of the population and its growth rate have been a challenge in the pursuit of poverty reduction and enhancement of service delivery. Taking into consideration the situation, the Government continued to implement policies aimed at lowering the active birth period and population growth rate by increasing and improving access to basic education for girls and thus period of schooling. Nevertheless, a large population could also be a grace when accompanied with continuous improvement skills, technological capability, entrepreneurship and ultimately effective market demand.

30. Honourable Speaker, Tanzania is fast urbanising, despite measures taken, resulting into a number of challenges associated with rapid urbanization. By 2016, about 30 percent of the population lived in urban areas. The population growth rate and rapid migration to urban areas inhibits the pace of improving access to decent houses as well as planned settlements and other services. In response to these challenges, the Government has continued strengthening the planning of residential areas, construction of affordable houses and has taken measures aimed at improving productivity and profitability particularly in agricultural activities including

strengthening access to extension services, availability of inputs, farm implements, markets, irrigation infrastructure and eliminating multiplicity of taxes and levies on agricultural activities. Measures have also continued to be undertaken for the purpose of creating a favourable environment for investment in general and manufacturing and trading in particular mainly in rural areas, with a view of expanding non-agricultural employment opportunities for the rural population. Trainings on technical skills have been enhanced for those who have migrated to urban areas in order to increase their employment and self – employment opportunities.

31. Honourable Speaker, on social welfare, there have been improvements in peoples' life as evidenced in the Human Development Report for 2016. The human development index (HDI) improved from 0.521 points in 2014 to 0.531 points in 2015. This index takes into consideration various social development indicators, especially, the life expectancy at birth, education and per capita income level. In view of this index Tanzania now stands the second on development of peoples' welfare in the East African region just after Kenya, which had 0.555 points during the period.

32. Honourable Speaker, the success of Tanzania are the result of concerted efforts by the Government to improve access to social services such as education, health, water and sanitation, and electricity in rural and urban areas. For example, the number of people who have access to electrical service increased to 67.5 per cent in March 2017 compared to 40 percent in April 2016. In urban areas, the number of people who have access to electricity increased to 97.3 percent in March 2017 compared to 63.4 in 2014/15; whilst in rural areas it reached 49.5 percent in March 2017 compared to 21.0 percent in 2014/15. In terms of access to water, the number increased from 21.9 million people in June 2016 to 22.95 million in March 2017. There has been also success in provision

of access to education, whereby enrollment of standard one pupils increased from 1.5 million in 2014 to 2.1 million in 2016. Similarly, there has been improvement in providing health services with the number of people who benefit from the National Health Insurance Fund (NHIF) services increasing from 3,377,023 in 2015/16 to 3,880,088 in March 2017. Beneficiaries of the Community Health Fund (CHF) have increased from 8,717,130 in 2015/16 to 9,573,906 in March 2017.

33. Honourable Speaker, apart from the reduction of basic needs poverty, the Government's intention is to ensure that the number of Tanzanians who either cannot certainly afford a single meal per day or live on one meal per day is reduced from the current level of 9.7 percent to 5.7 percent and 4.4 percent by 2020 and 2025 respectively. Measures taken to achieve this goal include strengthening production to ensure reliability of food at households, increasing employment opportunities in urban and rural areas, broadening and intensifying subsidization programme for poor households; facilitating with increased access to affordable loans schemes by entrepreneurs through youth, women, and small enterprises development funds.

34. Honourable Speaker, despite the notable progress made, poverty rates in rural areas are still high compared to urban areas. Rural poverty has declined marginally from 39.4 percent in 2007 to 33.3 percent in 2012, meaning that rural poverty though declining, is above the national average of 28.2 percent to imply that, the high rate of economic growth has not benefited the largest segment citizens, particularly in the rural area where most of them depend on farming, livestock keeping and fishing. And this is true because the productivity in and growth of these sectors, the basis for the livelihood and welfare of the rural population have stagnated below average for the entire period. The Government target is to reduce the average rural poverty from the current level of 33.3 percent to 19.7

percent and 15 percent in 2020 and 2025, respectively.

35. Honourable Speaker, income inequality as measured by Gini coefficient for Tanzania mainland has declined from 0.37 in 2006/7 to 0.34 in 2011/12. However, it has been observed that, income inequality is higher within Dar es Salaam and other urban areas compared to rural areas. This situation is attributed to differences in access to services, infrastructure, employment opportunities and the impact of environmental and climate change on the basic activities of the respective communities.

36. Honourable Speaker, according to the Tanzania Reproductive Health and Malaria Indicators Survey of 2015/16, infant mortality decreased from 51 deaths per 1,000 live births in 2010 to 43 deaths per 1,000 live births in 2015/16; under five mortality rate has decreased from 81 deaths per 1,000 live births in 2010 to 67 deaths per 1,000 live births in 2015/16. The decline in these indicators was a result of improved access to basic social services, including reproductive, maternal and child health services.

37. Honourable Speaker, detailed information on review of the economy in 2016 is availed in the Economic Survey Report 2016.

IMPLEMENTATION OF THE NATIONAL DEVELOPMENT PLAN 2016/17

Implementation of the National Development Plan 2016/17

38. Honourable Speaker, 2016/17 was the first year of implementing the National Five Year Development Plan 2016/17 - 2020/21. The plan emphasizes nurturing industrialization for economic transformation and human development. Taking that into consideration, the National

Development Plan for 2016/17 focused on four key priority areas:-

- (i) Promotion of growth and industrialization for economic transformation;
- (ii) Enhancement of human development;
- (iii) Improvement of enabling environment for business and investment; and
- (iv) Strengthening implementation effectiveness of the Plan.

39. Honourable Speaker, Detailed reviews of the National Development Plan 2016/17 are adequately dealt with during presentation of the sectoral budget by the respective Ministers, I will only focus on few development projects as follows:

Development Projects with Special Impetus:

40. Honourable Speaker, these are among the strategic projects which have been outlined in the National Five Year Development Plan 2016/17 – 2020/21. The recorded achievements on implementation of these projects are as follows:

- (i) **Construction of the Central Railway line to Standard Gauge:** signing of the contract to design and build the first phase of the project Dar es Salaam - Morogoro (205 Km) lot, was done and the contractor has started mobilization, including site preparations, construction of barracks, offices and renovation of the sleepers factory. The contractor has been advanced payment to the tune of 300 billion shillings as initial payment. The project inauguration ceremony conducted on 12th April 2017 being graced by H.E. Joseph Pombe Magufuli, the President of the United Republic of Tanzania. As for the remaining sections of the railway, and essentially the lot from Morogoro to Makutupora (336 Km) negotiation with a select contractor are on going along with mobilization of financing. The other lots, from Makutupora to Tabora (294 Km), Tabora to

Isaka (133 Km) and Isaka to Mwanza (249 Km) the processes of procuring contractors and securing funds are ongoing.

- (ii) Reviving Air Tanzania Company Limited:** so far two (2) aircrafts each with the capacity of carrying 76 passengers have been purchased and have started operating since October 2016. The process of procuring another four (4) aircrafts has been completed and advance payment of USD 56.89 million has been made to Bombardier (Canada) and Boeing (USA). One of the aircrafts is expected to be delivered in July 2017; two in June 2018; and the last one with the capacity of carrying 262 passengers is expected in July 2018.
- (iii) Mchuchuma Coal Mining and Liganga Iron Ore Mining - Njombe:** the preparations for construction for these projects have been completed, including securing funds for payment of compensation to project affected people. Sichuan Hongda (Group) Corporation Ltd, a partner company has allocated a total of USD 300 million as equity in these projects. An agreement has been reached for the investor to produce electricity under a BOO framework. Investment costs will not be included in power sales to TANESCO.
- (iv) Construction of Crude a Oil Pipeline from Hoima (Uganda) to Tanga (Tanzania):** a memorandum of Understanding (MoU) between the Governments of the United Republic of Tanzania and the Republic of Uganda, and an Intergovernmental Agreement (IGA) have been signed; Topographical Survey and onshore geotechnical survey at the location of Marine Storage Terminal were completed; Environmental and Social Impact Assessment was completed; the procurement of a consultant for conducting feasibility study for Chongoleani oil terminal

is in progress and the tender for seeking consultants to analyse soil condition has been announced.

(v) Improvement of Transportation in the Great Lakes: continuing with the process of procuring contractors for construction of new passenger and cargo ships in Lake Victoria and major renovations of Mv Victoria and Mv Butiama. In Lake Tanganyika, M/S LEDA SHIPYARD has been procured to renovate Mv Liemba. Construction of two cargo ships in Lake Nyasa has been completed.

(vi) Mkulazi Sugarcane Plantation and Sugar Factory: 2 billion shillings have been invested in this project. Activities undertaken include: soil testing; preparation of sugarcane seed nurseries; and the continuation of procedures for procurement of experts to conduct a feasibility study, an examination of sugarcane seeds, an environmental impact assessment and the construction of access roads to the project area.

(vii) Construction of Liquefied Natural Gas Plant in Lindi. Progress made includes: allocation of land for the project at Likong'o Lindi; formulation of a technical team for negotiation; the preparation of terms of reference, the reviewing of relevant documents related to the project (policies, laws, treaties, rules and Government strategies); and the initiation of negotiations with companies involved in the project on issues to be considered during the preparation of the Host Government Agreement (HGA).

(viii) Development of Special Economic Zones

a. Kurasini Logistic Hub: payment of compensation of 101.04 billion shillings to 1,019 people; advertisement of the area in December 2016 where three Chinese

companies have already shown interest to construct industrial sheds.

b. Bagamoyo Special Economic Zone: payment of compensation amounting to 26.66 billion Shillings to 1,155 out of 2,273 project affected people for 2,339.6 hectares of land.

c. Mtwara Special Economic Zone: 10 out of 110 hectares set aside for Mtwara SEZ were declared as Freeport Zone and preparations for the construction of infrastructure, particularly roads are ongoing.

Formation of a Formidable Base for Development of an Industrial Economy

41. Honorable Speaker, encouraging signs have started to emerge in the pursuit of building an industrial economy. These include very positive response by the private sector establishing various industries in several regions of the country. In the Coastal Region, for instance, a total of the 82 new industries have been established. The newly established and inaugurated industries in this region include: two (2) Tywford Tiles industries (Chalinze); Goodwill Ceramic for manufacturing marble tiles (Mkuranga); Kiluwa Steel Industries Ltd (Mlandizi) which has started production; Global Factory Packaging (Mailimoja) which is in operation; and Bakhresa Food Product Ltd for fruit juices (Mkuranga) which has been inaugurated and has started operation; Elyven Agric Co. Ltd (Bagamoyo); Sayona Fruits Juice factory (Mboga); and KEDS Tanzania Co. Ltd (Kibaha).

42. Honorable Speaker, the Government has been instrumental in facilitating these private sector investment initiatives in various ways including: facilitating the acquisition of land; construction of supportive infrastructure; issuing of building permits; and providing requisite other fiscal and non - fiscal incentives. Local Government Authorities, in their respective areas, have also responded positively, supporting

and cooperating with investors by allocating industrial areas for investment and even directly participating in establishing industrial factories. For instance, Maswa district in Simiyu region has established a chalk factory by the name of Maswa Youth Enterprises Ltd. I would like to use this opportunity to commend all Local Government, district and regional leaders who have responded positively to the Government's call by creating enabling investment environment and embracing private sector investment in their respective areas. Let me urge leaders in other districts to emulate this good example by ensuring that conducive environments are created for enticing private sector investments in their jurisdictions.

43. Honourable Speaker, the Government through its Public Entities has also responded adequately to this call by investing in development of industries. For instance, the Social Security Funds and particularly PPF and NSSF are jointly investing in sugarcane farming and eventually a sugar refinery plant in Mkulazi and Mbigiri (Morogoro) while LAPF is also constructing a modern abattoir at Kwamakunganya - Morogoro. The National Development Corporation (NDC) is in collaboration with the Private Sector in erecting textile industries and a motor vehicle assembling plant as well as a tractor assembling plant at its TAMCO industrial area in Kibaha. Other initiatives include: reviving the General Tyre Factory (Arusha); soda ash extraction and beneficiation plant (Engaruka Valley); and joint investment by NDC and TCIMRL of China in Mchuchuma and Liganda.

Infrastructure Development and Enabling Environment

44. Honourable Speaker, reliable infrastructure is a pre-requisite for building an industrial economy. As such, the Government is implementing a number of projects aiming to improve infrastructure conditions and services to support the industrialization process. These projects include: construction of Kinyerezi II power generation plant (240 MW); expansion of

Kinyerezi I power generation plant (185 MW); construction of 400 kV, Iringa – Singida – Shinyanga transmission line (670 km), 220 kV Makambako – Songea (250 km) and 400 kV, North West Grid (Mbeya – Sumbawanga – Mpanda – Kigoma – Nyakanazi, 1,148 km); power distribution to rural and district headquarters (REA Turnkey Phase III) where 146,831 customers, equivalent to 58.7 percent of the target have been connected; and rehabilitation of the central railway line and starting the construction of the new central railway line to standard gauge. In the roads sub – sector, projects include the completion of Namtumbo – Tunduru (193 km) and Tunduru – Mangaka –Mtambaswala (202.5 km) sections of Masasi – Songea – Mbambabay road; Dodoma – Babati (261 km); Bagamoyo – Msata and lower Ruvu Bridge; and Kilombero bridge in Ifakara – Mahenge road. The construction of Kidahwe – Kasulu – Kibondo – Nyakanazi road is ongoing with 16.4 percent of the work undertaken; and the construction of TAZARA flyover and Ubungo Interchange has commenced.

Integrating Economic growth and Human Development

45. Honourable Speaker, with respect to fostering human development, the Government has continued to implement its policy of providing free basic education, improving the teaching and learning environments which includes completing the construction of hostels in the University of Dar es Salaam; provision of loans and subsidies to higher learning students; completion of the construction a teaching hospital of the Muhimbili University of Health and Allied Sciences-Mloganzila Campus; and completion of rehabilitation of ten teachers' colleges. In improving skills and training, the Government has completed the preparation of the National Employment Policy of 2017, and Apprenticeship and Internship Guidelines. The Government has also entered into an agreement with TOOKU Garment and Mazava Fabric industries to provide training on industrial tailoring and innovation skills. Other areas that have been implemented include expansion of infrastructure for clean

and safe water in rural and urban areas; health services; and surveying of residential plots.

46. Honourable Speaker, other areas that have been implemented include those industrial and economic activities which can afford many people with employment and broad participation, including: putting in place long and short term programs aiming to enhance surveying and allocation of lands particularly for agricultural purposes; completion rehabilitation of 106 warehouses in Iringa, Mufindi, Mbeya, Songea, Kalambo, Mbozi, Momba and Njombe District Councils; and importation of 231,140 tones of fertilizers.

47. Honourable Speaker, the first phase with regards to relocating central Government entities and functions to Dodoma Capital City has been successfully completed whereby interim office buildings and residences for high government leaders for have been secured. TBA and Dodoma Municipal are continuing with the rehabilitation of residential houses and offices provisioning. Moreover, the Government through Dodoma Municipal is continuing to survey land for residential and office purposes. A special programme to enable provisioning of residential plots to civil servants has been prepared. The National Housing Corporation is constructing 300 new residential houses. The same are expected for completion by September 2017. The Government is also negotiating with local and foreign private companies from Switzerland, China and Zimbabwe that have shown interest in investing in construction of water infrastructure in Dodoma. Public Entities such as TBA, TANESCO, SUMATRA, TEMESA, TANROADS, TTCL and Dodoma Municipal have completed the initial roadmaps for provision of necessary infrastructure to enhance Government functioning.

Development Budget Implementation Review

48. Honourable Speaker, in 2016/17, the Government

planned to spend 11,820.503 billion shillings for development activities, whereby, 8,702.697 billion shillings were expected from domestic sources and 3,117.805 billion shillings from foreign sources. Up to April 2017, the total amount disbursed was 4,516.7 billion shillings equivalent to 38 percent of the development budget. This amount includes disbursements to Local Government Authorities. Development funds disbursed include 3,608.9 billion shillings from domestic sources and 907.8 billion shillings from foreign sources. The small amount of development funds released versus the target was attributed to various reasons including delay in securing loans and grants due to prolonged negotiations with Development Partners (DPs) and commercial lenders; and interest rate hikes for commercial loans in the global financial markets which led the Government to defer borrowing. However, projects with specific sources of finance such as Rural Electrification Agency (REA), Tanzania Education Authority (TEA), Road Fund, Higher Education Students' Loan Board (HESLB), Water Fund and Railway Infrastructure Fund, funds were disbursed as allocated in the budget.

49. Honourable Speaker, the Government is undertaking various initiatives in order to ensure effective implementation of the plan including continuing to dialogue with DPs to ensure that grants and concessional loans are released as pledged; strengthening domestic revenue collection; and improving the business and investment environment in order to attract private sector investments. The Government is in the final stage negotiations with Credit Suisse Bank to secure a 500 million dollars loan for financing development projects.

Development Budget Implementation Challenges

50. Honourable Speaker, implementation of the 2016/17 Development Plan and Budget faced a number of challenges including disbursement trends of readily available areas for investment and weak project preparations where some projects

had to be revised or renegotiated in order to ensure that projects were viable and national interest were protected.

- (i) **Disbursement of Funds:** although revenue collection from domestic sources has been increasing, there have been delays in realising of foreign concessional and commercial loans due to prolonged negotiations with the lenders and DPs.

There have been delays in the completion of procedures and negotiations required to reach agreements with lenders. However, in 2016/17, a deliberate decision to defer borrowing was made following the borrowing rates from international lenders increasing from an average of 6 percent to 9 percent.

Various measures have been taken to address this challenge. With further strengthening of domestic collections, the emphasis is make sure that available funds are directed to productive projects; improving business environment in order to attract private sector investment including small investors particularly by making available soft loans and investment areas; and streamlining rules, regulations, procedures and reducing fees, taxes and charges associated with investment and business operations. In addition, the government will continue to negotiate with financial institutions including banks to secure loans to finance the implementation of development projects.

- (ii) **Readily available areas for Investment:** weak implementation of some development projects has resulted from land conflicts and incompleted compensation payments. Further, it was observed that in some areas, the compensation costs were inflated. This necessitated a review of the process in order to verify costs and thus

projects take-off was delayed. Measures taken by the Government to address the challenges include increasing the pace of establishing EPZs, SEZ and industrial parks at the regional levels. Furthermore, Councils have also been instructed to allocate areas for investments particularly for industries, small and medium businesses. Public Entities with land for investment such as NDC have used it to enter into investment partnerships/ joint ventures with the private sector.

- (iii) **Shortfalls in project preparations:** to improve the preparation of development projects the Government prepared the Public Investment Management – Operational Manual to provide guidance in project preparation and management. Measures have also been taken to transform Tanzania Investment Bank into a Development Finance Institution in order to facilitate securing of long term loans and attracting other domestic and foreign banks to finance public projects through leveraging and syndication.

51. Honourable Speaker, details on implementation of development projects are explained in the National Development Plan 2017/18 (**Chapter Three**).

NATIONAL DEVELOPMENT PLAN 2017/18

The Plan Preparation Context

52. Honourable Speaker, the National Development Plan 2017/18 is the second in the implementation of the National Five Year Development Plan, 2016/17 – 2020/21. The emphasis is put on effective implementation of the Five Year Plan targets particularly on-going projects which started in 2016/17.

53. Honourable Speaker, preparations of the National Development Plan 2017/18 took into consideration the following: Tanzania Development Vision 2025; the National Five

Year Development Plan 2016/17 - 2020/21; sectoral, regional policies and strategies (EAC, SADC and African Union) including the Africa Agenda 2063; the 2030 Agenda for Sustainable Development; and the CCM Election Manifesto of 2015. The plan has also taken into consideration national, regional and international economic trends for 2016 and 2017 projections, and the plan implementation conditions and challenges for 2016/17.

Public Engagement in the Preparation of the Plan

54. Honourable Speaker, the preparation of this Plan has involved various stakeholders including Government Ministries, Departments, Agencies, Research and Higher Learning Institutions, the Private Sector and Development Partners. Honourable Members of the Parliament discussed the framework of the National Development Plan 2017/18 during the fifth Session of the 11th Parliament where they gave constructive comments and contributions that significantly helped in the preparations of this Plan. Specific contribution by Honourable Members of Parliament include, among others: the need to prioritise the construction of the central railway line to standard gauge; the need to improve business and investment environment; the importance of fully implementing the health policy of constructing dispensaries and health centres in every village and ward respectively; improving availability of medicines and medical supplies; developing industrial areas particularly EPZ/SEZ areas; implementation of the Coal mining - Mchuchuma and Iron Ore mining in Liganga–Njombe project; improving higher education and increasing the scope of providing loans to students; improving the road infrastructure; and the programme for climate change adaptation.

55. Honourable Speaker, comments and recommendations from other stakeholders observed in this Plan include: strengthening monitoring and evaluation of the Plan; enhancing the mechanism of securing long term concessional loans;

improving ports and energy infrastructure; and improving provision of basic social services particularly education, health, water, urban planning, housing and settlement, and environmental conservation.

Macroeconomic Targets and Objectives for 2017/18

56. Honourable Speaker, macroeconomic targets and objectives for 2017/18 are as follows:-

- (i) Growth of Real GDP from 7.0 percent in 2016 to 7.1 percent in 2017;
- (ii) Controlling inflation rate and maintaining it at a single digit;
- (iii) Increase of domestic revenue collections (Central Government and Local Government Authorities) to 16.5 percent of GDP;
- (iv) Increase tax revenue collection to 14.2 percent of GDP;
- (v) Government spending projected at 24.9 percent of GDP;
- (vi) Budget deficit including grants is projected at 3.8 percent of GDP;
- (vii) To maintain adequate foreign exchange reserves to cover a minimum of four months of importation of goods and services; and
- (viii) To maintain stability of the Tanzanian Shilling.

Priority Projects for 2017/18

57. Honourable Speaker, based on macroeconomic objectives and targets, priority for 2017/18 will be on Flagship projects earmarked in the Plan. These projects are expected to deliver higher multiplier effects as envisaged in Tanzania Development Vision 2025 and the plan itself. Most of these projects were initiated in 2016/17, and therefore will be undertaken as ongoing projects. In this regard, the following projects will be implemented: construction of central railway line to standard gauge; reviving Air Tanzania Company Limited by acquiring four new aircrafts; Iron ore and Coal mining projects in Liganga and Mchuchuma; establishment of special

economic zones; Liquefied Natural Gas (LNG) plant; and Mkulazi Sugarcane Plantation and Sugar Factory. Detailed implementation objectives in these projects for 2017/18 have been outlined in the National Development Plan 2017/18 (**Chapter Four**).

58. Honourable Speaker, other priority projects will focus on the following areas:

- a) Interventions for Fostering Economic Growth and Industrialization:** Development of TAMCO Industrial Area – KIBAHA; reviving General Tyre plant – Arusha; Soda - Ash Project - Engaruka Valley, Arusha; Strengthening National Entrepreneurs Development Fund (NEDF); development of small industrial areas in Morogoro, Dar Es Salaam, Mbeya, Mwanza, Kigoma and Mtwara; and construction of SIDO offices in newly established regions. Other priorities will be on development of tanneries, strengthening value chain from cotton to clothing and domestic production of pharmaceuticals and medical supplies. With this objective, the Government will keep on encouraging private sector investment, particularly in industries that use locally produced raw materials including meat, milk, water, forestry, limestone, gypsum, gemstones, food crops and fruits. Moreover, the Government will continue strengthening its institutions to invest in industries that need investment through PPP.
- b) Interventions for Fostering human development:** projects in this area will focus on improving **Education and Vocational training** by: financing free basic education; expanding loans and subsidies to higher learning student; purchasing equipments and facilities for students with special needs; expansion and rehabilitation of Dodoma regional library and construction of five VETA colleges in Geita, Simiyu, Njombe, Rukwa and Kagera Regions. On **Health and Social Development:** measures will be

undertaken to improve Regional and Referral Hospitals; ensuring availability of modern equipment; strengthening availability of medicine, medical supplies and reagents in hospitals, health centres and dispensaries; strengthening of preventive measures on communicable diseases; and prevention of new cases of HIV, especially among youth.

Water Projects: expansion and improvement of rural water supply; improvement of water services in Dar es Salaam City; implementing Lake Victoria – Kahama, Nzega, Igunga, Tabora to Sikonge Water project; construction, rehabilitation and expansion of rural and urban water infrastructure; implementing Ruvuma – Mtwara – Mikindani Water project; constructing and strengthening water sources and forests, planting trees, water harvesting, and putting emphasis on renewable technology and environmental conservation. Other measures include expanding access to clean water, environmental conservation and strengthening climate change adaptation.

- c) Creating Conducive Business Environment for Enterprise:** the Government will continue making concerted efforts to expand economic infrastructure especially, on on-going projects which include: rehabilitation of railway infrastructure; construction of roads and bridges projects including Kidahwe – Kasulu – Kibondo – Nyakanazi, Manyoni – Tabora – Uvinza, Tabora – Koga – Mpanda; Construction of TAZARA flyover and Ubungo Interchange; Construction of Selander Bridge and Bus Rapid Transit infrastructure (Phase II, III and IV). Port projects include: improvement of Dar es Salaam, Mtwara, Tanga, and Great Lake Ports (Victoria, Tanganyika and Nyasa); construction of Bagamoyo and Ruvu dry ports. Air transport projects: continuing with construction of terminal III at Julius Nyerere International Airport; expansion of Kigoma, Tabora and Mwanza airports; construction and rehabilitation of Geita, Sumbawanga, Shinyanga, Mtwara,

Musoma, Iringa and Songea airports; and rehabilitation of Kilimanjaro International Airport.

- d) Strengthening implementation effectiveness of the Plan:** the Government will continue providing capital to domestic development banks (TIB and TADB) as well as using the banks for concessional and long term loan for investors. This will also involve projects for development and administration of land use; strengthening urban planning; development of housing and settlement; and instituting a framework that will ensure the country benefits from regional and international cooperation; and improving good governance and rule of law.

The Government will continue to create an enabling environment to catalyse private sector participation and development, especially, domestic private sector in industrialization. The Government will continue improving principles, procedures and institutional frameworks for business management and investment. In view of these undertakings, the Government will do the following;

- (i) Establish policy, procedures and legal frameworks that will catalyse private sector participation either by direct investment or through PPP;
- (ii) Set aside areas for investment in order to curb bottlenecks in land acquisition including allocating Special Economic Zones (SEZs) and Export Processing Zones (EPZs) and establishing the requisite social and economic infrastructure and lease to investors at affordable price;
- (iii) Construction of supportive infrastructure such as roads, power, water and railway in areas for investment;
- (iv) Administering implementation of rules and regulations and ensuring existence of peace and stability;
- (v) Strengthening special catalytic funds for example SAGCOT Catalytic Fund and PPP Facilitation Fund;

- (vi) Improvement of service delivery to investors including establishing a one stop centre at TIC, Dar es Salaam port and one stop border posts; and
- (vii) Establishing a mechanism to facilitate availability of long term loans at low costs, including increasing capital in special development banks (TADB and TIB).

e) Moving of the Government to the Capital City, Dodoma: in 2017/18, the Government will continue with the implementation of its objective of moving core Government entities and functions to the Capital City, Dodoma. Ministries have been instructed to allocate funds within their budgets to finance the directive. The Prime Minister's office will continue to play its coordinating role and ensure that land for office and residential buildings is available in line with Dodoma's Land Use Plan.

59. Honourable Speaker, in response to the Government bid to build an industrial economy, Social Security Funds have demonstrated willingness to invest in industrial projects in various locations in the country for year 2017/18. Some of the projects expected to be implemented include the revival of: a sugar factory in Dakawa Morogoro; Karanga Prison shoe making factory in Moshi; Urafiki textile factory in Dar es Salaam; Morogoro Canvas Mill factory; Tea factory in Lushoto Tanga; Kilimanjaro machine tools factory (KMTC), Kilimanjaro and the Cashew factory in Tandahimba Newala. Similarly, social security funds also intend to establish new factories in various locations in the country which include: the construction of a pharmaceutical factory; hospital equipment factory including oxygen gas production; construction of a grapes processing plant at Chinangali Dodoma; and grain processing and oil factories; and production of starch from cassava and sweet potatoes in factories in Lindi.

60. Honourable Speaker, detailed information on the

priority projects is outlined in the National Annual Development Plan 2017/18 (Chapter Four).

Risks to Implementation of the Plan

61. Honourable Speaker, there are number of risks which could affect the implementation of development projects. Such risks could be either internal or external. Internal risks are mainly inadequate funds and differences in the setting and sequencing of priorities, action and cash flow plans among implementing institutions. External risks include: regional and global economic shocks; natural calamities; effect of climate change; and technological changes.

62. Honourable Speaker, the Government in collaboration with stakeholders has been taking deliberate efforts to address the risks by: reducing budgetary dependence through properly aligning revenue sources and Government expenditure; improving the business environment to enable private sector to contribute effectively to the implementation of development projects; and to continue with public advocacy to increase community and private sector participation.

FINANCING THE PLAN 2017/18

Public Sector

63. Honourable Speaker, in 2017/18, the Government has allocated 11,999.6 billion shillings for implementing development projects, equivalent to 38 percent of the total budget. Out of the total amount, 8,969.8 billion shillings are local funds and 3,029.8 billion shillings are foreign funds. Allocation of funds for development projects has increased from 11,820.5 billion shillings in 2016/17 to 11,999.6 billion shillings in 2017/18. The increased amount is 1.2 percent higher than the Government target of allocating 11.80 trillion shillings for development projects annually. To ensure that the allocated development budget will be executed

as planned to facilitate the timely implementation of development projects, the Government will strengthen collection efforts from traditional sources particularly by identifying and collecting taxes from new sources and improving the tax system in some areas in order to increase efficiency.

Public Corporations

64. Honourable Speaker, in the history of our country and other developing countries, public corporations have an important role to play towards the implementation of development projects in the country. Therefore, the Government has directed those entities to finance the implementation of development projects through their revenue and/ or loans that will be borrowed under the consent of the government.

Private Sector

65. Honourable Speaker, as it has been revealed that in 2016/17, the private sector, both domestic and foreign, has received with great enthusiasm, the Government call to invest in areas other than agriculture and mining sectors. The Government through Tanzania Business Council will continue to work on improving the business environment. Also, in order to promote and encourage partnerships between private and public sectors, the Government will strengthen the PPP Facilitation Fund with the aim of financing feasibility studies for PPP projects. The Government anticipates that this will result in increased private investments through public-private partnerships. The Government has also made a deliberate decision to remove nuisance taxes in agriculture and small businesses to encourage and attract investments in these areas. Moreover, the Government has taken measures to ensure that land for investments is accessible. Emphasis is also put on improving access to soft and long term loans for investors through improving development financing banks.

66. Honourable Speaker, detailed information on financing the Plan is outlined in the National Development Plan 2017/18 (Chapter Five).

Monitoring, Evaluation and Reporting

67. Honourable Speaker, one of the implementation challenges of the Development Plan is weak in project monitoring. This is particularly due to the challenge of raising adequate funds and shortage of skilled and experienced staff in monitoring and evaluation.

68. Honourable Speaker, the Government has deliberately decided to strengthen this area by instituting a training system and apprenticeship which will expedite the strengthening of expertise in planning, preparation, management, monitoring and evaluation of development projects. Let me use this opportunity to instruct all Accounting Officers to allocate funds for monitoring and evaluation as part of the costs of implementing respective projects.

69. Honourable Speaker, measures have also been taken to streamline monitoring and evaluation tools. This includes preparation and training on the use of the Public Investment Management – Operational Manual. To date 422 officers from Ministries, Departments, Regions, Districts and Councils have been trained. For 2017/18, the training will be provided to officers responsible for monitoring and evaluation to familiarise them with the basics of preparing, coordinating and evaluating development projects. In addition, the Government through the Planning Commission will develop a National Project Databank in order to strengthen access to information for monitoring and evaluation.

70. Honourable Speaker, in order to strengthen the criteria for monitoring and evaluating the implementation of development projects, the Government, through the Planning

Commission will coordinate the Implementation Strategy for the National Five Year Development Plan. This process will help to improve access to information for monitoring and evaluation to assess respective projects based on implementation criteria intended for the relevant period.

71. Honourable Speaker, detailed explanations on monitoring, evaluation and reporting are outlined in the National Development Plan 2017/18 (Chapter Six).

SUMMARY AND CONCLUSIONS

Summary

72. Honourable Speaker, the industrialisation agenda has so far illicited encouraging and positive investment responses from both the public and private sectors. This public optimism should be encouraged and sustained through making every effort to improve the business and investment environment. Thus, efforts to review policies, laws, regulations and institutional frameworks will continue to be strengthened to ensure that we create a system that truly reflects this commitment. Since a large proportion of industries that will be set up will consume significant amounts of locally available raw material more emphasis will be geared toward increasing productivity and quality of domestically produced raw material in order to meet the demand of a dynamic market.

73. Honourable Speaker, there is a rapid change in terms of lifestyle and social expectations, especially among the youth. These expectations can only be met if they can be employed or embark on productive self-employment activities. In the circumstances, the Government is obligated to continue to expand investment opportunities, be it public or through partnership with the private sector. Recognizing this fact, the Government requires a significant cooperation and engagement with the private sector. This cooperation should be broad and

comprehensive, covering all aspects, starting from identification, planning, implementation to monitoring and evaluation of the implementation process. In doing this, emphasis will be put on strengthening cooperation with the private sector through regular meetings and dialogues sessions through Tanzania Business Council (TNBC).

74. Honourable Speaker, the fifth phase Government announced from the very beginning its commitment to ensure that available resources are used for the benefit of all Tanzanians and to conduct this oversight in a transparent and responsible fashion. The Government has clearly shown the intention to strengthening revenue collections through reviewing tax collection management systems and frameworks, and widening the tax base including, through registration of new tax payers. The use of technology has been emphasized in order to reduce human errors in collecting, storing and keeping records of funds and therefore increase revenue collection. All these measures will foster economic prosperity and better implementation of the Development Plan.

75. Honourable Speaker, economic achievements attained in the implementation of the plan have been contributed by various local and foreign stakeholders including the private sector, the general public and development partners. On behalf of the Government, I thank all these partners for their contributions.

76. Honourable Speaker, before winding up my speech, I would like to thank the Deputy Minister of the Ministry of Finance and Planning, Hon. Dr. Ashatu K. Kijaji (MP), Ministers and Permanent Secretaries of Ministries, Heads of government departments and institutions for their cooperation during the preparation of the Economic Survey Report 2016 and the National Development Plan for 2017/18. I would like to convey special thanks to all officials from the Ministry of Finance and

Planning led by Mr. Doto James, the Permanent Secretary for the tireless efforts they put into preparing Economic Survey 2016, the National Development Plan for 2017/18 and this Speech.

Conclusion

77. Honourable Speaker, I would like to thank Members of Parliament and all citizens for listening. This speech together with Economic Survey report 2016 and the National Development Plan 2017/18 are available on the websites of the Ministry of Finance and Planning at www.mof.go.tz and www.mipango.go.tz.

78. Honourable Speaker, after the explanations on the State of the Economy and the Development Plan, I hereby request the Honourable Members of Parliament to receive, debate and approve the Economic Survey Report 2016 and the National Development Plan for 2017/18.

79. Honourable Speaker, I beg to move.