



THE UNITED REPUBLIC OF TANZANIA

**SPEECH BY THE MINISTER OF STATE, PRESIDENT'S OFFICE,
SOCIAL RELATIONS AND COORDINATION HON. DR. MARY
MICHAEL NAGU (MP) PRESENTING THE STATE OF THE
NATIONAL ECONOMY 2014 AND ANNUAL
DEVELOPMENT PLAN 2015/16**

**PRESIDENT'S OFFICE, PLANNING COMMISSION
JUNE, 2015**

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INTRODUCTION

1. *Madam Speaker,* I beg to move that this esteemed House resolves itself into the Planning Committee to receive and discuss the the state of the National economy 2014 and the Annual Development Plan 2015/16. Along with this speech, I wish to submit the reports of the Economic Survey 2014 and the Annual Development Plan 2015/16. The reports that I am submitting are the basis for the Government budget 2015/16.

2. *Madam Speaker,* first of all I would like to thank the almighty God for enabling us to participate in the 20th meeting of the Parliament of the United Republic of Tanzania, which is the last Parliamentary budget meeting of the fourth - phase Government. May I also, thank you and the Deputy Speaker for your strong leadership which facilitated efficient deliberations by this esteemed House on National Development Plans since 2011/12. Thank you also for allowing me to deliver this speech today.

3. *Madam Speaker,* I would like to use this unique opportunity to congratulate His Excellency Dr. Jakaya Mrisho Kikwete, the President of the United Republic of Tanzania, who also doubles as, the Chairman of the Planning Commission, as well as Hon. Dr. Mohamed Gharib Bilal, Vice President, and Rt. Hon. Mizengo Kayanza Peter Pinda (MP), Prime Minister, for their able stewardship of the fourth – phase Government. Under their leadership, the national economy has improved remarkably, buttressed by effective management and oversight of implementation of national plans and programs, CCM Election Manifesto and various development strategies.

4. *Madam Speaker,* May I also extend my sincere gratitude to the Parliamentary Standing Committee on the Budget, under the chairmanship of Hon. Dr. Festus Limbu, Member of Parliament for Magu Constituency for their invaluable advice and guidance. We pledge to continue cooperating with the committee at various stages of preparation and implementation of national development plans.

5. *Madam Speaker,* allow me also to congratulate Hon. Dr. Grace Khwaya Pujah (MP) and Hon. Dr. Innocent Rwabushaija Sebba (MP) for being nominated recently as Members of Parliament by His

Excellency the President of the United Republic of Tanzania.

6. Madam Speaker, Allow me also to use this opportunity to express my condolences to you and all Members of Parliament, for the death of our beloved Members of Parliament, Hon. Salmin Awadh Salmin (MP) and Member of the House of Representatives for Magomeni constituency – Zanzibar, Hon. Capt. John Damiano Komba (MP) for West Mbinga constituency and Hon. Eugen Elishiringa Mwaiposa (MP) for Ukonga Constituency. Similarly, I wish to offer my condolences to their families, relatives and citizens of respective Constituencies. May the departed souls rest in eternal peace. In addition, I would like to use this occasion to share my sympathy with all Tanzanian citizens who were affected by various natural calamities during this financial year.

7. Madam Speaker, I am also obliged to thank the people of Hanang for their continued support in the course of serving my constituency, amid other national obligations. They love me and so do I. They have requested me to contest the parliamentary seat again and I have accepted their request in order to serve them for the next five years. My journey to serve them started in 2005. It is my hope that they will offer me another opportunity to serve them for a third term. I would also like to convey special thanks to my family, led by Prof. Joseph Tarimo Nagu for their patience and continued encouragement while performing my official duties. I am sure my work would have been extremely difficult without their love and support.

8. Madam Speaker, this speech is divided into four main parts: the first part briefly describes performance of the economy in the year 2014; the second part reviews the implementation of the Annual Development Plan 2014/15; the third part presents national strategic projects to be implemented as part of the Annual Development Plan 2015/16; and the fourth part summarizes financing of the plan, as well as the framework for coordination, monitoring and evaluation.

9. Madam Speaker, allow me now to present in summary the Performance of the National Economy in 2014.

ECONOMIC PERFORMANCE IN 2014

Performance of the World Economy

10. Madam Speaker, according to the IMF's World Economic Outlook report of April 2015, global output grew at an average rate of 3.4 percent in 2014, the same as in 2013. This situation was contributed by: improved growth in developed countries from 1.4 percent in 2013 to 1.8 in 2014; slowdown of economic growth of emerging and developing economies from 5.0 percent in 2013 to 4.6

percent in 2014; slump of economic growth for sub-Saharan African countries from 5.2 percent in 2013 to 5.0 percent in 2014; political conflicts in various countries; fall in oil prices in the world market; and contractionary fiscal and monetary policies in various countries particularly in the Euro zone.

11. *Madam Speaker*, Global economic growth is projected to be 3.5 percent in 2015 and 3.8 percent in 2016. Economic growth in developed countries is expected to be 2.4 percent in 2015 and 2016. Similarly, economic growth in emerging and developing economies is expected to be 4.3 percent in 2015 and 4.7 percent in 2016. In addition, economic growth in sub-Saharan African countries is projected to be 4.5 percent in 2015 and 5.1 percent in 2016. In general, the World economy forecast for the year 2015 and 2016 indicates that economies in developed will continue to improve and that of emerging economies will slow down especially for countries with reliance on oil exports following a projected decline in world market oil prices.

Performance of the National Economy

• Gross Domestic Product

12. *Madam Speaker*, in 2014, GDP for Tanzania Mainland grew by 7.0 percent compared to 7.3 percent in 2013. GDP at current prices was 79.4 trillion shillings, equivalent to per capita income of 1,724,416 shillings (USD 1,038) compared to 70.9 trillion shillings in 2013 equivalent to a per capita income of 1,582,797 shillings (USD 948). Therefore, more efforts are required to attain USD 3,000 per capita income target as stipulated in Tanzania Development Vision 2025.

13. *Madam Speaker*, in 2014, fastest rates of growth were recorded in the following sub-activities: construction sector grew by 14.1 percent compared to 14.6 percent in 2013; transport and storage by 12.5 percent compared to 12.2 percent in 2013; financial services and insurance by 10.8 percent compared to 6.2 percent in 2013; and trade and repairs by 10.0 percent against compared to 4.5 percent in 2013. Nevertheless, agriculture sub-activities, which include crops, livestock, forestry and fishing grew by 3.4 percent compared to 3.2 percent recorded in 2013.

14. Madam Speaker, generally, from 2006 to 2014 GDP grew at an average rate of 6.4 percent. Despite the growth being below the target of 8 percent as stipulated in the Vision 2025, Tanzania's growth record has been outstanding and ranked among the top 20 fastest growing world's economies and had been above the sub-Saharan average growth rate of 5.2 percent.

15. Madam Speaker, an analysis of sectoral contribution to GDP in 2014 shows that, services had the highest share of 41.3 percent. Agriculture also continues to contribute strongly to the GDP, accounting for 28.9 percent. Manufacturing and construction combined account for 21.7 percent, of which manufacturing had 5.6 percent.

- **Inflation**

16. Madam Speaker, the headline inflation rate remained in single digit in 2014 and the first quarter of 2015. Inflation rate averaged 6.1 percent in 2014 compared to 7.9 percent in 2013. However, monthly inflation has been fluctuating. For instance, in January 2014 it was 6.0 percent increasing to 6.7 percent in August 2014, then declining to 4.8 percent in December 2014. During the same period, food inflation declined from 6.6 percent in January to 5.7 percent in December 2014. Energy inflation also dropped dramatically from 18.7 percent in January 2014 to 6.2 percent in December 2014. Moreover, headline inflation continued to decline to 4.3 percent by March 2015 before again rising moderately to 4.5 percent in April 2015.

- **Exchange rate**

17. Madam Speaker, Tanzania shilling depreciated against USD reached shillings 1,653.1 on average in 2014 compared to shillings 1,598.6 in 2013. During the period ending March 2015, one USD was selling at an average of shillings 1,786.3. The depreciation of the shilling was due to: appreciation of USD as a result of improved stability of the American economy; growing demand of foreign currency required to service import bills of goods and services for ongoing investments in various sectors of the economy; and the fact that size and value of exports continue to fall short of the import bill.

- **External Sector**

18. Madam Speaker, the value of goods and services exported increased by 2.8 percent, from USD 8,459.7 million in 2013 to USD 8,769.3 million in 2014. The value of goods and services imported was USD 13,623.2 million in 2014 compared to USD 13,517.6 million

in 2013. Thus, balance of trade had a deficit of USD 4,853.9 in 2014.

- **Foreign Reserves**

19. Madam Speaker, during the period ending December 2014, the stock of foreign reserves declined to USD 4,383.6 million compared to USD 4,676.2 million for the corresponding period in 2013. As by March 2015, the stock of foreign reserves was USD 4,064.8 million, which is sufficient to cover import of goods and services for 4.0 months.

- **Government Revenue and Expenditure**

20. Madam Speaker, domestic government revenues, including Local Government revenues for the July 2014 to April 2015 period was shillings 8.641 trillion, equivalent to 86 percent against the estimate revenues of shillings 9.991 trillion for the review period. The observed trend is mainly attributable to a short fall in tax and non tax revenues collection partly caused by reluctance by some taxpayers to use Electronic Fiscal Devices, delays in submission of revenue from LGAs and decreased value of taxable imports of goods and services. Government expenditure for the corresponding period was shillings 14.121 trillion out of which, recurrent and development expenditures were shillings 11.543 trillion and shillings 2.578 trillion respectively.

- **National Debt**

21. Madam Speaker, up to March 2015, the stock of national debt amounted to USD 19.48 billion, an equivalent of 35.01 trillion shillings compared to USD 18.67 billion (30.6 trillion shillings) during the corresponding period in 2014. The main reason to the increase in debt stock was increases in interest and new loans taken to finance infrastructure development projects, especially transport and energy.

- **Trends in Poverty Indicators**

22. Madam Speaker, the Household Budget Survey 2011/12 results for Tanzania Mainland indicate that, basic needs poverty declined from 39 percent in 1991/92 to 35.6 percent in 2000/01 and further to 33.6 percent in 2007 and to 28.2 percent in 2011/12. The report also reveals even further decline in food poverty from 21.6 percent in 1991/92 to 18.7 percent in 2000/01 and to 11.3 percent in 2007 and further to 9.7 percent in 2011/12.

23. Madam Speaker, in rural areas, basic needs poverty declined from 40.8 percent in 1991/92 to 39.4 percent in 2007 and continued

declining to 33.3 percent in 2011/12. Basic needs poverty in urban areas (excluding Dar es Salaam) declined from 28.7 percent in 1991/92 to 22.7 percent in 2007 and continued to decline to 21.7 percent in 2011/12. In the case of Dar es Salaam basic needs poverty declined from 14.1 percent in 2007 to 4 percent in 2011/12.

24. Madam Speaker, it is apparent that for the period of five years between 2007 and 2011/12 poverty incidence declined significantly by 6.1 percent compared to only 1.4 percent recorded in 15 years between 1991/92 – 2007. This trend indicates that sustained economic growth (average of 6.4 percent per year) for the last two decades has begun to pay-off in terms of reduction of rural poverty.

25. Madam Speaker, a detailed account of the state of the economy is found in the Economic Survey, 2014 and the Annual Development Plan chapter one (**Page 1- 8**).

REVIEW OF THE IMPLEMENTATION OF THE ANNUAL DEVELOPMENT PLAN FOR 2014/15

26. Madam Speaker, let me now briefly discuss the status of implementation of the Annual Development Plan 2014/15, for the period ending May 2015.

National Strategic Projects

27. Madam Speaker, activities implemented in the **railway** sub-sector include: procurement of 13 locomotive engines of which whereby 7 have been received; 22 new coaches were received and are now in operation as Deluxe trains; 197 new wagons, 17 break vans and 25 ballast hopper wagons have also been received.

28. Madam Speaker, in the **road sub - sector**, progress made include: - upgrading of 504.6 km of trunk road to bitumen standard against the annual target of 539 km, and rehabilitation of 87.8 km of bitumen standard against the target of 165 km. Some of the roads which have been completed include:- Tunduma – Sumbawanga (223.2 km); Isaka – Ushirombo (132 km); Korogwe – Handeni – Mkata (120.3 km); Ndundu - Somanga (60 km); and Migori – Dodoma (164.7 km) along the Iringa – Dodoma road. Furthermore, the rehabilitation of Itoni – Mkiu – Liganga and Mchuchuma road has been completed to gravel standard.

29. Madam Speaker, with regard to construction of **bridges**, progress made include: Construction of Mbutu bridge – Tabora (99 percent), Kigamboni bridge - Dar es Salaam (88 percent), Kavuu bridge

– Rukwa (40 percent), Kilombero bridge – Morogoro (26 percent), Lukuledi II bridge - Mtwara (25 percent) and Sibiti bridge - Singida (22 percent).

30. Madam Speaker, with regard to **Ports**, achievements made include: completion of evaluation of technical proposal for supervision services, deepening and strengthening of berths 1 - 7 and construction of Roll on – Roll off (RoRo) berth at Dar es Salaam port; completion of valuation report for compensation at Mbengani port, Bagamoyo; and opening of bid for construction of four additional berths at Mtwara port.

31. Madam Speaker, in the **energy sector**, planned power projects are at different stages of implementation: Kinyerezi I project has been completed by 88 percent. Associated works that are being undertaken in parallel include the construction of substations, power transmission lines, engineering workshop, administrative buildings and access roads within the project site area; other energy projects include: compensation for Makambako – Songea power line is at the final stages of completion; and the construction of 400 kV Iringa - Shinyanga power line has started.

32. Madam Speaker, implementation of **water projects** include: construction of 684 new water projects, expansion and rehabilitation of 241 water projects in rural areas; laying of pipes at Lower Ruvu from Bagamoyo to Dar es Salaam has been completed by 54.43 km out of the total 55.93 km equivalent to 97 percent; and expansion of the catchment area at Ruvu Darajani and construction of water treatment plants at Mlandizi are ongoing and the work progress is 64 percent on the Upper Ruvu project.

33. Madam Speaker, as regards the **agriculture sector**, activities that have been implemented include: Cadastral surveys in 9 nucleus farms of Mpanga - Ngalamila, Lukulilo, Bagamoyo, Kasulu, Muhoro, Tawi, Kitengule, Mkulazi and Pangani; and issuing of land title deeds for Bagamoyo, Kitengule, Mkulazi and Lukulilo farms whereby three farms have already secured investors except Mkulazi farm.

34. Madam Speaker, for **paddy irrigation schemes**, the status is as follows: construction of 19 irrigation schemes with a total of 9,531 hectares and 69,681 beneficiaries has reached 40 percent; two private service providers (RUDI and UNIQUE) have been engaged for 30 irrigation schemes; and the construction of 2 warehouses in Mlele District (Katavi) under the Collective Warehouse Marketing Scheme (COWABAMA) have been completed.

35. Madam Speaker, in the **livestock sub-sector**, the Government continued to improve secondary livestock auction markets by rehabilitating Pugu (Ilala), Lumecha (Songea), Kirumi (Butiama) and

Nyamatala (Misungwi) auction markets. Similarly, construction of the road surrounding Kizota (Dodoma) auction market, rehabilitation of staff quarters and installation of a weighbridge have been completed. Furthermore, Busega, Igunga and Kiteto districts have identified and set aside grazing land of 42.5 hectares to be used as demonstration for livestock keepers field on production, harvesting and storage of pastures. Moreover, Government has imported artificial insemination equipment including 9 cylinders and procured pasture seeds.

36. Madam Speaker, with regards to the **fisheries** sub – sector guidelines for fishermen and fish producers’ subsidy have been prepared which will enable them get subsidy to contributing 60 percent of fishing input costs. In addition, the Government continued to strengthen Machui (Tanga) centre by constructing 2 fish ponds and completed the fish fingerling production hatchery building, establishment of 2 fish breeding centers at Mwamapuli – Igunga (Tabora) and Nyengedi (Lindi) and strengthening similar centers of Luhira (Ruvuma) and Kingolwira (Morogoro).

37. Madam Speaker, in the **manufacturing sector,** the progress made include: completion of compensation of residents of Mchuchuma and Liganga project sites; payment of 7 billion shillings compensation to people living in Bagamoyo port and industrial area; and installation of machinery and infrastructure for Kibaha Biolarvicide plant is at the final stage. With respect to Mabibo EPZA industrial park which has room for 16 industries, 13 industries have been completed out of which 6 are operational and 2 are on trial run.

38. Madam Speaker, with regards to **private sector owned industry,** progress made include: commencement of production at Jaelong cotton and sunflower oil industry (Shinyanga); Dahong textile industry (Shinyanga); Meru Tanneries (Arusha); and construction of Dangote cement factory (Mtwara).

39. Madam Speaker, in the area of **human resource development,** progress made include: financing of 159 students enrolled in oil and gas fields at different levels whereby 124 students are financed by the Government and 35 students by donor countries. Furthermore, the Government sponsored 99,590 students out of which 2,117 are pursuing diploma courses in education specialized in Science and Mathematics. Similarly, the Government provided student loans for 1,793 higher education students in medicine, dentistry and veterinary medicine equivalent to 94.3 percent of the target set.

40. Madam Speaker, in the **financial sector** the achievements made include: capitalization of Tanzania Agricultural Bank by shillings 60 billion; capitalization of Tanzania Investment Bank to the tune of

shillings 212 billion of which, shillings 152.2 billion is from the Government and 59.8 billion from profit accumulated TIB issued loans amounting to shillings 413 billion; and Tanzania Women's Bank capital was increased to shillings 8.75 billion and has continued to provide loan services, with a total of 25,557 women beneficiaries equivalent to 89 of all borrowers compared to percent and 3,159 men, equivalent to 11.

41. Madam Speaker, with regards to **tourism services**, achievements reached include: completion of detailed design for the construction of Utalii House phase II and improvement of the levy collection system (tourism, hunting and photographing). In addition, revenue from tourism sector increased from USD 1.81 billion in 2013 to USD 1.98 billion in 2014.

42. Madam Speaker, in the **trade sector**, progress made include: payment of compensation of shillings 53 billion for the construction of Kurasini Logistic Centre; amendment of the law governing the warehouse receipts system and training stakeholders; establishment of the *Tanzania Merchantile Exchange plc* company that will manage and run agricultural products market and sensitize people to use opportunities at regional and international markets levels. Moreover, the Government continued to improve the business environment thus attracting private investments.

43. Madam Speaker, detailed information on the implementation of the development projects in 2014/15 is provided in Chapter two of the Annual Development Plan (**Page 9 to 54**).

Challenges and Way Forward

44. Madam Speaker, despite the achievements made, the implementation of development projects faced the following challenges: inadequate funds for implementation of development projects; build up arrears to contractors particularly in infrastructure construction projects (roads and airports); limited monitoring and evaluation of development projects; and inadequate information on private sector participation in the implementation of development projects.

45. Madam Speaker, Steps to be taken to address these challenges include: improving tax collection and broadening the tax base by encouraging the use of *Electronic Fiscal Devices* (EFD); and encourage private sector participation in the implementation of development projects. Furthermore, the Government through President's Delivery Bureau will continue to monitor and evaluate BRN projects. On the other hand, President's Office, Planning Commission in collaboration with respective sectors will continue to monitor strategic projects for economic growth.

TARGETS AND PRIORITIES OF THE ANNUAL DEVELOPMENT PLAN 2015/16

46. Madam Speaker, before presenting the Annual Development Plan for 2015/16, let me emphasize that, the National Development Plan for 2015/16 took into account the priority areas as identified in the Tanzania Development Vision 2025, and the Five Year Development Plan (2011/12 - 2015/16). In addition, this plan builds on the Strategy for Growth and Reduction of Poverty - NSGRP II, Millennium Development Goals (2015), Post 2015 development agenda, Plan and Budget Guidelines for 2015/16, recommendations provided by members of the Parliament in November 2014 on the draft framework of the Annual Development Plan, CCM Election Manifesto (2010 - 2015) as well as sectoral policies and strategies.

47. Madam Speaker, allow me to summarize the key areas which were recommended by the Parliamentary Standing Committee on the Budget to be considered in the formulation of the Plan. The areas include: managing inflation and depreciation of the shilling; scaling up efforts to reduce income poverty; construction of a new central railway line of standard gauge; increase electricity supply particularly in rural areas; improve rural water supply services; improve irrigation; improve livestock and fishing sectors; accord priority to education and health services; and improve the business environment for private sector investment. I wish to assure your esteemed House that these areas have been duly addressed in the Annual Development Plan for 2015/16.

Policy Targets and Issues

48. Madam Speaker, the main targets of the Annual Development Plan 2015/16, are:

- i. Maintaining peace, stability, unity and strengthening good governance;
- ii. Poverty reduction;
- iii. Sustaining macroeconomic stability;
- iv. Value addition;
- v. Increasing capacity for storage of food grains and strengthening crop market;
- vi. Attracting more tourists and promoting domestic tourism; and
- vii. Improving private sector participation in implementation of development projects.

49. Madam Speaker, key issues of focus in the Annual Development Plan 2015/16 include:

- i. Completion of ongoing development projects particularly BRN projects;
- ii. Ensuring food security;
- iii. Improving the business environment;
- iv. Developing human resource skills especially in oil and gas, science, technology and innovation; and
- v. Mitigating effects of climate change.

PRIORITY PROJECTS, 2015/16

(i) Strategic Projects

50. Madam Speaker, activities to be implemented in **railway** sub sector include: locking-in an investor to start construction of new central railway of standard gauge (mm 1435); improvement of TAZARA railway and associated infrastructure; finalization of detailed design and identifying an investor for the construction of the proposed Mtwara - Mbamba Bay railway; and improvement of Dar es Salaam commuter train infrastructure.

51. Madam Speaker, with regards to **roads**, the Government will continue implementing ongoing projects, particularly construction of roads that have the potential to unleash economic benefits by linking production and markets in the areas of agriculture, livestock, mining and tourism.

52. Madam Speaker, with respect to **ports**, the Government will continue to improve related infrastructure and procure equipment for handling cargo especially at Dar es Salaam, Tanga and Mtwara ports. Similarly the Government will finalize preparations for construction of new ports at Mbegani (Bagamoyo) and Mwambani (Tanga). In addition, the priority will be given to improving the lake ports of Mwanza, Kigoma, Kasanga (Rukwa), and Itungi (Mbeya).

53. Madam Speaker, in the **energy** sector, rural electrification projects will continue to be given high priority. Other priority projects include: construction of Kinyerezi I and II gas power plants; and Kiwira, Mchuchuma and Ngaka coal projects. For electricity transmission, projects to be implemented include: construction of 400kV North – West Grid; 400kV Iringa – Shinyanga; 400kV North – East Grid; 220kV Makambako – Songea; and conducting feasibility study for construction of transmission line from Mchuchuma to Liganga.

54. Madam Speaker, with regard to **rural and urban water supply**, the Government will continue to implement the 10 village water

project in each Council, drilling of wells and dams, expansion and rehabilitation of rural water infrastructure. Similarly, emphasis will be given to improving clean water and sanitation services in Dar es Salaam by completing Upper Ruvu, Lower Ruvu projects, Kimbiji and Mpera boreholes and construction of Kidunda dam projects. In addition, priority will be given to rehabilitation of national water projects infrastructure of Chalinze (Pwani), Handeni Trunk Main (Tanga), Masasi – Nachingwea (Mtwara), Mugango - Kiabakari (Mara), Makonde (Mtwara), Maswa (Simiyu) and Wanging'ombe (Njombe). Furthermore, the Government will increase access to water services in other towns by expanding infrastructure and new sources of water particularly in Mtwara – Mikindani, Tabora, Dodoma, Kigoma, Lindi, Sumbawanga, Babati, Kiteto and Arusha.

55. Madam Speaker, in the **agricultural sector**, priority projects will include: increasing production of quality seeds; agricultural research; and rehabilitation of infrastructure facilities in agricultural training colleges. Likewise, the Government will finalize the construction of irrigation infrastructure of 10 schemes under DASIP and 10 schemes in other irrigation zones in Dodoma, Tabora, Mtwara and Kilimanjaro; water dams especially in Chemba - Kondo, Gidabahabieg - Hanang, Tarime and Ngorongoro; and continue with the construction and maintenance of food storage facilities in Makambako and Songea.

56. Madam Speaker, in the case of **livestock development**, priority will be given to the following activities: improving water and pasture infrastructure; strengthen heifers production farms; strengthen artificial insemination centers; continuing with construction and rehabilitation of livestock auction markets; increasing the availability of veterinary inputs; and the construction of training and services centers to livestock keepers. With regard to **fisheries**, activities that will be implemented include: construction of a fishing harbour; strengthening fisheries research; and increasing the availability of fishing gear to improve fish production.

57. Madam Speaker, with respect to the **manufacturing** sector, focus will be given to: payment of compensation to people affected by Mchuchuma and Liganga projects; completion of detailed design of the iron mining and factory at Liganga; seek investors for developing Engaruka soda-ash project; and to finalize the construction of the power station and waste water treatment ponds for Kibaha Biolarvicide factory. Also, in the Mabibo EPZA industrial park, the Government will ensure that all completed industries are operational.

58. Madam Speaker, as regards to **human resource development**, focus will be on: implementation of education projects under BRN; provision of training in specific fields such as oil and gas; construction

of the Muhimbili University of Health and Allied Sciences, Mloganzila Campus; establishment of Julius Nyerere University of Agriculture, Science and Technology - Butiama; improvement of infrastructure at Mbeya University of Science and Technology; and develop vocational education training. Moreover, the Government will continue to provide loans to students in various universities within and outside the country.

59. Madam Speaker, in the **financial and trade services sector**, the Government will: continue to recapitalize the Tanzania Agricultural Development Bank (TADB), Tanzania Investment Bank (TIB) and Tanzania Women's Bank (TWB) in order to enable them to widen their services; and implement the financial sector reform program. Likewise, the government will finalize payment of compensation and site clearance for construction of Kurasini Logistic Centre. In addition, the Government will keep on improving the business environment to attract private sector to invest in tourism, trade and financial sectors.

(ii) Other Key Projects for Economic Growth and Poverty Reduction

60. Madam Speaker, other key projects that are important to spur economic growth and poverty reduction will be implemented in the following sectors: water and air transport, community development, forestry, wildlife, labour and employment, land, housing and human settlement, minerals, trade and markets, good governance, national identification, regional and international cooperation, weather, environment and climate change.

Participation of Private Sector

61. Madam Speaker, in strengthening the participation of the private sector in implementing the Annual Development Plan 2015/16, the Government will: direct more financial resources on specific projects that leverage or attract private sector investment; continue to improve the business environment as recommended by the BRN lab; and facilitate partnerships in law enforcement between the Public Sector and the Private Sector. In addition, the Government will continue with programs to empower citizens through the formalization of small business entrepreneurs and development of SACCOS and Village Community Banks (VICOBA). Likewise emphasis will be put on formalization of resources through formalisation of informal sectors (MKURABITA).

62. Madam Speaker, the detailed information on priority areas of ADP 2015/16 is provided in Chapter three of the Annual Development Plan (**Page 55 to 81**).

FINANCING OF THE ANNUAL DEVELOPMENT PLAN 2015/16

63. Madam Speaker, financing the implementation of the annual development plan 2015/16, will require shillings 5,979.7 billion, of which shillings 4,317.5 billion is from domestic sources and shillings 1,662.2 billion from foreign sources. This envisaged that, a large part of domestic sources will be directed to priority areas of infrastructure (roads, railways, ports, irrigation, water and ICT), agriculture, industry, education and health. Furthermore, the Government will also finance development projects through other sources of funding like Public – Private Partnerships (PPPs) and attract private sector investment in priority areas of the Plan.

64. Madam Speaker, detailed information on financing of the Plan is presented in Chapter four of Annual Development Plan (**Page 82 to 84**).

MONITORING AND EVALUATION

65. Madam Speaker, the Government through the Planning Commission will continue to monitor and evaluate national strategic projects in collaboration with relevant sectors. Likewise, the President's Delivery Bureau (PDB) will regularly monitor key performance indicators of BRN projects. While, the Prime Minister's Office, Regional Administration and Local Government (PMO-RALG) will coordinate monitoring and evaluation of projects at the level of regional secretariats and local government authorities.

66. Madam Speaker, detailed information on monitoring and evaluation of implementation of the plan are set out in Chapter five of Annual Development Plan 2015/16 (**Page 85 to 91**).

CONCLUDING REMARKS

67. Madam Speaker, after presenting the state of the national economy for 2014, expectations and review of implementation of the Annual Development Plan 2014/15, it is clear that the Government has made significant progress in implementing various development programs/projects. I would like therefore on behalf of Government to congratulate all citizens for their valuable contribution that led to the major achievements that I have laid out in my speech. I would also like to congratulate the private sector and continue to urge them to increase their participation in the implementation of this plan.

68. Madam Speaker, it is with no doubt that development cannot be achieved solely by depending on government investment efforts. I implore the private sector and all Tanzanians to play their part and invest in priority development projects. Surely, these investments will gradually reduce budgetary dependency. I urge my fellow Tanzanians to work hard and increase efficiency and productivity because planning by itself is not enough to bring the desired results if we do not work whole heartedly and dedicatedly. Let's remember that development does not depend on government alone but is a collaborative effort whereby if private sector and community fully participate, we will get the real value of our resources. Development of any country depends on effective planning.

69. Madam Speaker, once again I would like to congratulate His Excellency Dr. Jakaya Mrisho Kikwete, the President of the United Republic of Tanzania for the significant achievements recorded during his reign. During his leadership, Tanzania has been among the 20 fastest growing economies in the world (an average of over 7 percent) and is about to graduate to low middle income country status. During the past 5 years, the pace of poverty reduction in the country has drastically improved for the first time in the past 20 years. On the other hand, Tanzania is now among the 10 best destinations of Foreign Direct Investment due to the political stability, stable market economy, large market of about 50 million people and abundant natural resources. Likewise, the President has significantly contributed towards achievement of the Millennium Development Goals especially with regard to reduction of child and maternal mortality. I am convinced that we all agree that to plan is to choose, and that we choose what to implement based on resources at our disposal.

70. Madam Speaker, before winding up my speech, I want to sincerely thank Hon. Saada Mkuya Salum (MP) – Minister for Finance for her support and cooperation during the entire period of preparation of the Annual Development Plan. Similarly, I would like to thank all Ministers and Permanent Secretaries, the Governor of the Bank of Tanzania, the Chief Executive Officer of the President's Delivery Bureau, the Director General of the National Bureau of Statistics and the Commissioner General of Tanzania Revenue Authority for their superb cooperation. I would also like to thank the staff of the President's Office, Planning Commission led by the Executive Secretary, Dr Philip I. Mpango, as well as staff from Ministry of Finance led by the Permanent Secretary Dr. Servacius B. Likwelile for efficient preparations of the Economic Survey, Annual Development Plan and this speech.

71. Madam Speaker, finally I want to thank all Members of Parliament and fellows Tanzanians for listening. This speech, the Economic Survey and the Annual Development Plan 2015/16 are available on the POPC website www.mipango.go.tz

72. Madam Speaker, I now ask your esteemed House to consider and endorse the Economic Survey for 2014 and the Annual Development Plan for 2015/16.

73. Madam Speaker, I beg to move.