



THE UNITED REPUBLIC OF TANZANIA



MINISTRY OF FINANCE

**QUARTERLY ECONOMIC REVIEW
AND BUDGET EXECUTION REPORT
FOR FISCAL YEAR 2013/14
JANUARY – MARCH 2014**

MAY 2014

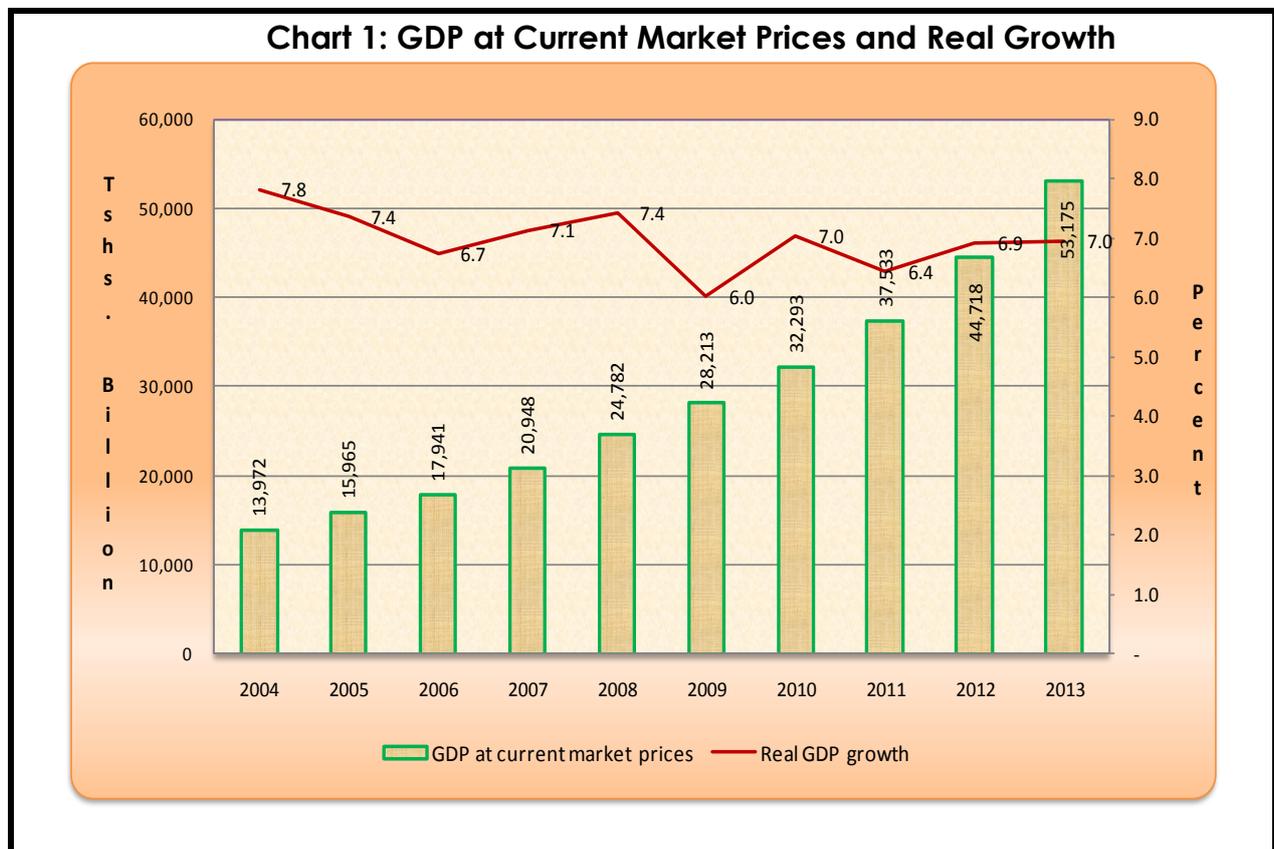
SUMMARY

- *In 2013, real GDP grew by 7.0 percent as projected compared to 6.9 percent in 2012. Economic activities that recorded higher growth rates in 2013 include communication (22.8%), financial intermediation (12.2%), construction (8.6%), trade and repair (8.3%), and manufacturing (7.7%).*
- *The overall budget performance for the third quarter of the year continued to experience un-realization of non-concessional loans as well as slow disbursement of foreign funds which contribute to the underperformance in locally financed development expenditure as well as foreign financed development expenditure. The summary of Central Government operations is presented in **Annex A**.*
- *Cumulative tax revenue collections from July 2013 to March 2014 were below estimates. All major tax categories performed well except for taxes on imports and domestic sales which performed at 88 percent and 87 percent respectively. Details of revenue in major tax components are presented in **Annex B**.*
- *Expenditure policies continued to focus on improving the management of public funds; increasing efficiency in the use and management of public funds with particular emphasis on areas that have potential for accelerating economic growth and reduction of income poverty. During the third quarter, total expenditure was broadly in line with revenues for the period. **Annex C** details the major categories of expenditure.*

1.0 RECENT MACROECONOMIC DEVELOPMENT

Real GDP Growth

1. In 2013, real GDP grew by 7.0 percent as projected compared to 6.9 percent in 2012. Economic activities that recorded higher growth rates in 2013 include communication (22.8%), financial intermediation (12.2%), construction (8.6%), trade and repair (8.3%), and manufacturing (7.7%). Despite the fact that communication sector recorded the highest growth, it only accounted for 2.4 percent share of the overall GDP in 2013, unlike agricultural sector which account for a quarter (24.5 percent) to overall GDP and employing three quarter of the population (73.4 percent) but growing at lower rate of 4.3 percent. Concerted efforts are therefore needed to address the challenges in the agricultural sector.



2. Growth in **agricultural activity** remained at 4.3 percent in 2013 as it was for 2012. This was on account of improved weather condition as well as Government efforts to supply subsidized inputs and farm implements timely. Production of traditional cash crops, particularly cotton tobacco and cashew nuts seem to have been boosted by lagged effect of continuous increase in world market price. Production of major food crops such as maize, paddy and sorghum increased in 2013 due to reasons mentioned. Agricultural activity accounted for 24.5 percent of GDP in 2013.

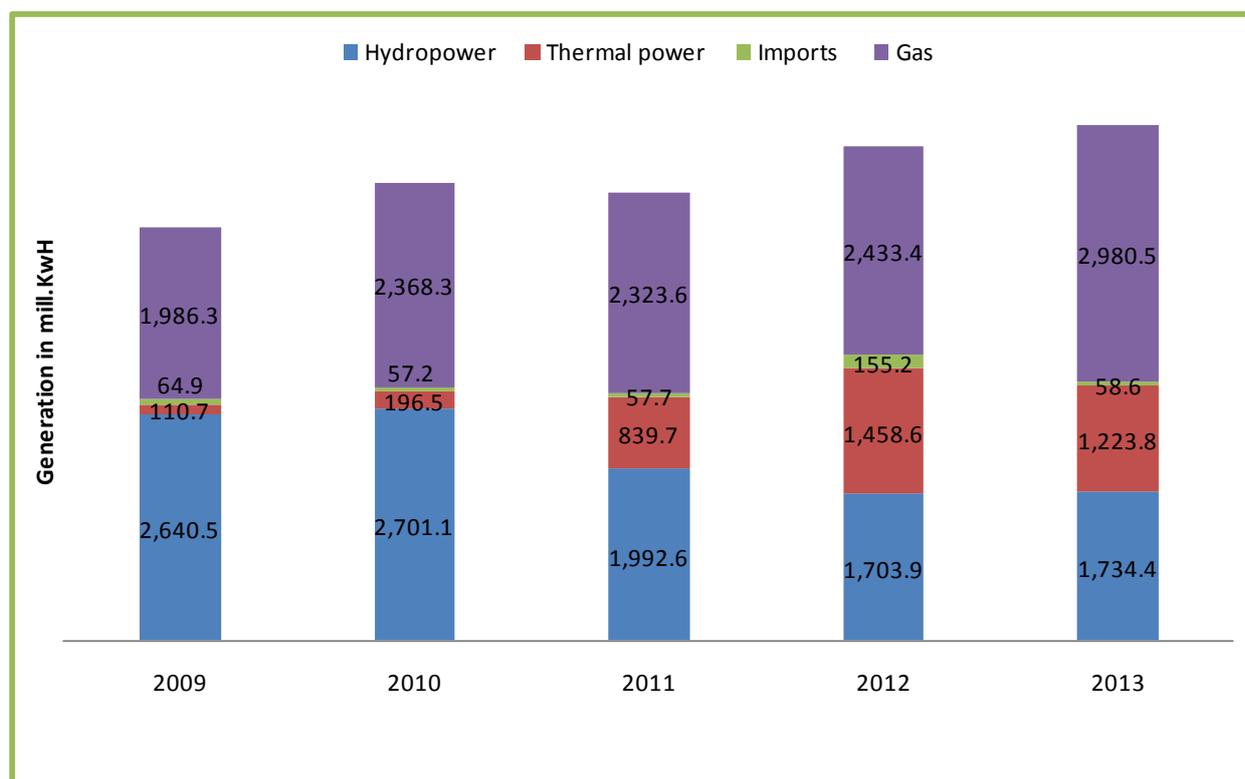
3. **Communication** recorded a growth rate of 21.8 percent in 2013 compared to 20.6 percent in 2012 largely on account of increase in the usage of mobile phone services. Growth in this activity has for the past decade surpassed that of all other activities by far, leading to a steady increase in its contribution to growth from 8.2 percent in 2003 to 13.3 percent in 2013. Despite this impressive increase in contribution to growth, the contribution of communication to total GDP has only increased from 1.3 percent to 2.4 percent in the same period.

4. The growth of **Financial Intermediation activity** recorded a growth of 12.2 percent in 2013 compared to 13.2 percent in 2012. This growth is on account of financial sector reforms and increased competition in the provision of financial services, particularly insurance services.

5. **Manufacturing activity** recorded a growth of 7.7 percent in 2013 compared to a growth rate of 8.2 percent in 2012. This performance was attributed to increase in industrial production of food processing, beverages, grain mills, textiles, and chemical products, as well as determined efforts by the Government to stabilize power supply coupled with the use of alternative sources of power by some industries.

6. **Electricity and Gas** recorded a growth rate of 4.4 percent in 2013 as compared to 6.0 percent recorded in 2012. The slowdown in growth was on account of decrease in thermal power generation as the Government focused much on investment in low cost hydropower and gas generation. Total electricity generated in 2013 (including imports and other local industries) increased to 6,013 million kWh from 5,771 million kWh generated in 2012, equivalent to an increase of 4.2 percent. Hydropower generation improved slightly for the period under review by 1.8 percent to 1,734 million kWh from 1,703 million kWh in 2012. The increase in hydropower generation was on account of availability of enough rainfall throughout the period under review. In addition, gas power generation went up by 22.5 percent to 2,980 million kWh in 2013 from 2,433 million kWh in 2012 following increased gas production from Songo Songo and Mnazi Bay plants. This increase in hydropower generation and gas compensated the decrease in thermal generated power which declined by 16.1 percent in 2013. Total imported electricity from outside the country was 58.6 million kWh in 2013 compared to 155.2 million kWh in 2012, equivalent to 62.2 percent decrease.

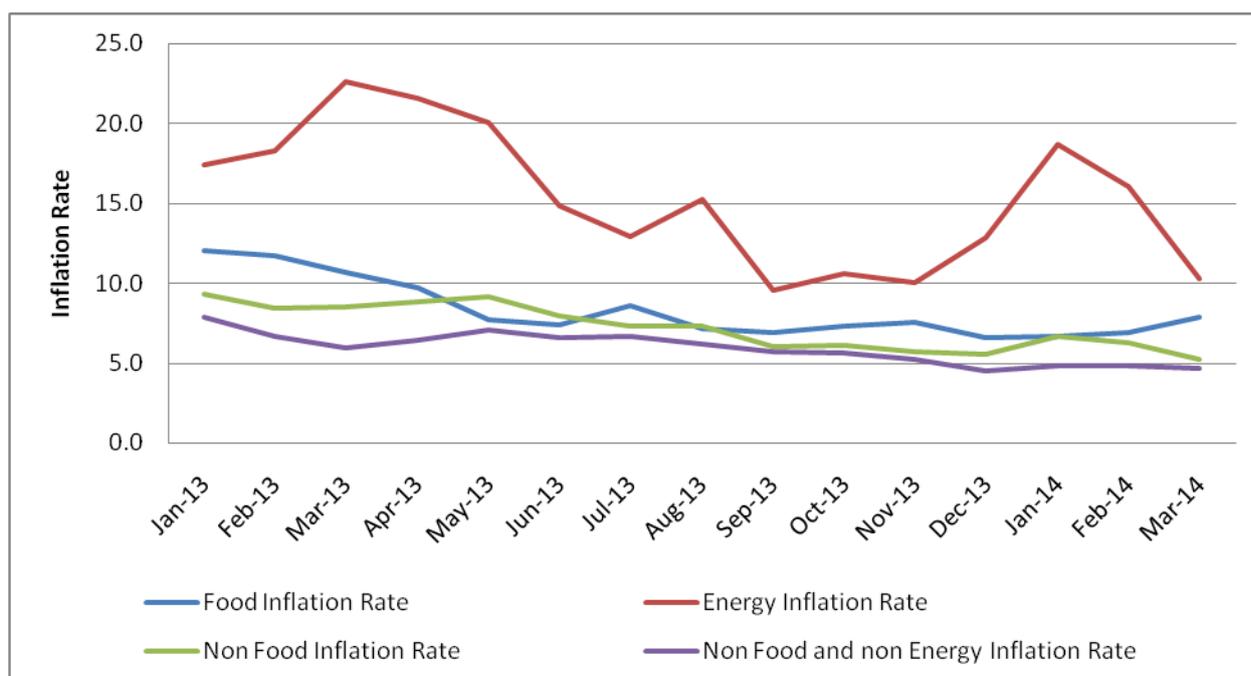
Chart 2: Electricity Generation in Million kWh for the Period 2001-2013



Inflation

7. The annual headline inflation rate has decreased to 6.1 percent for the quarter ended March 2014 from 9.8 percent recorded in the corresponding period in 2013. The decrease of inflation rate was largely on account of decline of speed of food prices during the period. The inflation rate which excludes food and energy decreased to 4.7 percent from 5.9 percent for the month of March 2013. Inflation rate on food consumed at home and away from home decreased to 7.9 percent from 10.7 percent during the corresponding period of 2013. On a monthly basis, the inflation rate increased at a lower rate of 0.6 percent in March 2014 compared to an increase of 1.4 percent in February 2014, mostly driven by higher prices of both food and non food items.

Chart 3: Price Movement from March 2013 – March 2014



Source: Ministry of Finance

External Trade

8. During the year ending March 2014, the current account deficit widened to USD 4,758.8 million compared with a deficit of USD 4,065.5 million recorded during the year ending March 2013. The widening of deficit was mainly attributed to increase in imports of goods and services coupled with a decline in current transfers. During the same period the value of exports of goods and services declined by 1.7 percent to USD 8,709.5 million compared to the amount recorded in the year ending March 2013.

9. During the year ending March 2014, the value of imports of goods and services amounted to USD 13,765.3 million, an increase of 6.6 percent compared to the amount of USD 12,909.0 million recorded in the year ending March 2013. The increase was attributed to the increase in oil, all other consumer goods and transport payments. The value of oil imported rose by 12.7 percent to USD 4,226.3 million during the period compared to USD 3750.1 million at the end of March 2013.

10. On the other side, the value of traditional exports decrease by 5.3 percent to USD 870.5 million during the quarter ending March 2014 from USD 916.7 million recorded in the quarter ending March 2013. This was caused by a fall in export volumes and unit prices of some crops. The value of non-traditional exports declined by 4.4 percent to USD 3,852.8 million compared with USD 4,024.8 million in the year ending March 2013. The decrease was caused by low export values of all non-traditional goods with the exception of manufactured goods, other minerals and re-exports. The gold export went down by 11.0 percent to USD 1,749.1 million following a fall in export volume coupled with decline in unit export price by 19.9 percent to an average of USD 1,327.2 per troy ounce. Despite the decline, gold continued to dominate non-traditional exports.

11. During the year ending March 2014, the overall balance of payments recorded a surplus of USD 192.2 million compared to a surplus of USD 798.0 million recorded in the year ending March 2013. The surplus was explained by inflows in the form of capital grants, external borrowing and foreign direct investments that more than compensated the deficit in the current account. As at end March 2014, the stock of gross official reserves amounted to USD 4,620.4 million, sufficient to cover 4.5 months of projected imports of goods and services excluding those financed by foreign direct investment. In the meantime, the gross foreign assets of banks stood at USD 873.1 million.

Money Supply

12. The growth of extended broad money (M3) decelerated to 11.6 percent during the period ended March 2014 from 14.4 percent recorded in the year ending March 2013. This development was largely driven by the slowdown in the growth of net foreign assets (NFA) of the banking system and credit to the private sector. In the year ending March 2014, NFA contracted by 3.1 percent, compared with the growth of 16.1 percent recorded in March

2013, while credit to private sector grew by 16.4 percent compared with 21.1 percent.

Interest Rates Development

13. For the period of March 2014 overall time deposit rate decreased to 8.51 percent from 8.97 percent recorded in the corresponding period in 2013. On the other hand, overall lending rate rose to 16.63 percent in March 2014 from 16.04 percent recorded in March 2013. The 12 months deposit rate was 11.09 percent recorded in March 2014, whereas short term lending rate was 14.95 percent. The Margin between short-term lending and one-year time deposit rates widen to 3.86 percent during the quarter ending March 2014 compared with 2.71 percent during the corresponding quarter in 2013.

Exchange Rate

14. The Shilling depreciated slightly by 2.4 percent against the US dollar from an overall weighted average rate of shilling 1,594.4 per USD during the quarter ending March 2013 to shilling 1,634.3 per USD in the quarter ending March 2014. The depreciation of the shilling against the US Dollar was on account of general strengthening of the US Dollar against major.

2.0 REVENUE PERFORMANCE BY MAJOR SOURCES

15. The domestic revenue collections (including LGA's own sources) for the third quarter of the fiscal year 2013/14 amounted to Tshs. 2,544.0 billion, which is a performance of 87 percent when compared to the target of Tshs. 2,917.9 billion. The performance of revenue collected reflects a growth rate of 23 percent. Tax revenue collections were Tshs. 2,356.5 billion being 90 percent of the target to collect Tsh. 2,632.3 billion; Non-Tax Revenue collection amounted to Tshs. 136.8 billion against the target of Tshs. 189.8 billion equivalent to a performance level of 72 percent; and LGAs own sources of revenue collections were Tshs. 50.6 billion which is 53 percent of the target to collect Tshs. 95.9 billion.

16. Cumulatively, the actual revenue collections in the first three quarters (July, 2013 – March, 2014) were Tshs. 7,140.9 billion against the Target of Tshs. 8,659.3 billion which is an increase of 14 percent over collections made during the corresponding period in 2012/13. However, the overall budget performance from July, 2013 – March, 2014 was not satisfactory and as such several collection items encountered shortfall in their estimated outlays. The underperformance in tax revenue was due to decline in collections from oil and gas exploration activities, private sector salaries not raised to the expected taxable levels, decrease in gold price in the world market and delays in the application of SIMcard levy which was approved by the parliament. The shortfall in non-tax was largely attributed to delays in application of the new rates of hotel levy as passed by the parliament. In addition, delays in payment of dividends by some parastatals and failure by regulatory authorities to remit 10 percent of their gross incomes to the consolidated fund as required by the law.

17. Despite the indication of underperformance for the Fiscal Year 2014, the Government is striving to address such challenges by several interventions including strengthening tax administration in order derive effectiveness in

revenue collections and accounting especially utilization of Revenue Gateway, focused education and service to drive voluntary compliance, and promoting the use of EFD machine.

Performances of Major Tax categories

Taxes on Imports

18. The overall tax collections from Importation during the third quarter of the year 2013/14 amounted to TShs. 644.2 billion against the target of TShs. 826.1 billion, equivalent to a performance level of 78 percent. All components of taxes on imports performed below the target. Collections from Import duty were Tshs. 169.8 billion being a performance of 79 percent; Excise duty on petroleum Tshs. 131.1 billion which is a performance of 65 percent; excise duty on other goods Tshs. 29.6 billion being a performance of 85 percent; and VAT on non-petroleum imports Tshs. 313.6 billion which is a performance of 84 percent.

Taxes on Domestic sales

19. Generally, taxes on domestic sales during the third quarter performed below the targets. The actual collection for the period was Tshs. 528.1 billion against the target of collecting Tshs. 628.5 billion which is 84 percent performance level. The excise duty and the Value Added Tax actual collections of Tshs. 205.1 billion and Tshs. 323.0 billion as compared to the targets of Tshs. 249.1 billion and 379.5 billion which are 82 percent and 85 percent respectively. There has been a great challenge of effective use of EFD machines that could enhance revenue collections and accounting due to resistances from the taxpayer community.

Income Tax

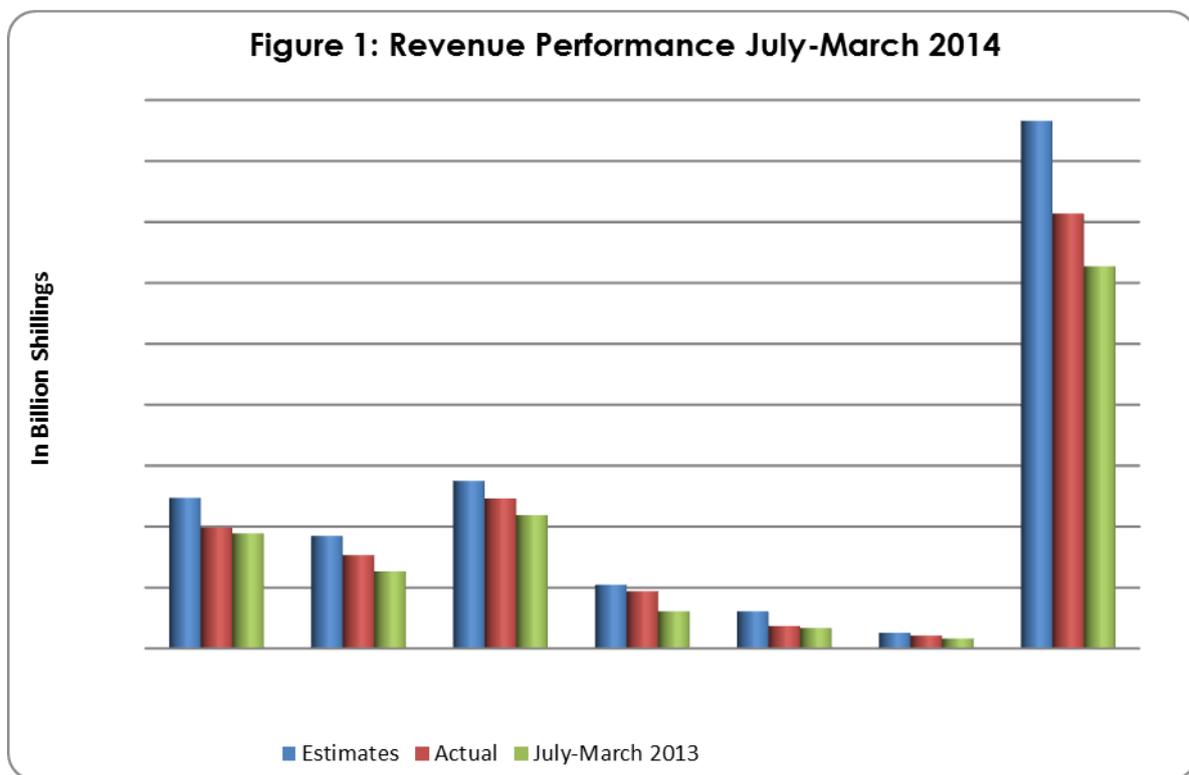
20. The Income tax collection during the third quarters amounted to TShs 976.4 billion compared to the target of Tshs. 940.4 billion which represents a performance level of 104 percent. Actual collections from PAYE, Corporate

and Parastatals, and Withholding taxes were Tshs. 423.9 billion; Tshs. 379.0 billion; and Tshs. 128.2 billion, these were performances of 100 percent, 129 percent and 84 percent respectively. There has been a great challenge of effective use of EFD machines that could enhance revenue collections and accounting due to resistances from the taxpayer community.

Other taxes

21. During the third quarter under review, actual collections from other taxes were Tshs. 344.0 billion against the target of Tshs. 3345.8 billion which is 99 percent performance level.

Details highlighting performance by major revenue categories are on figure



3.0 EXPENDITURE BY CATEGORY

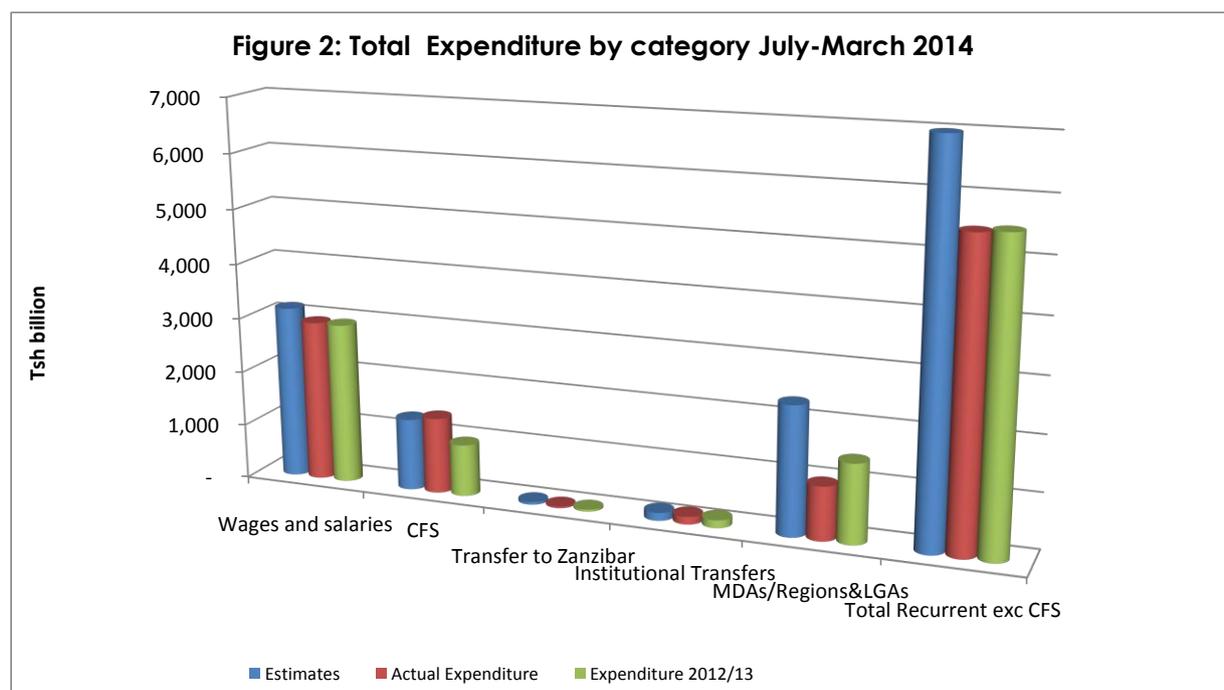
22. Expenditure policies continued to focus on improving the management of public funds; increasing efficiency in the use and management of public funds with particular emphasis on areas that have potential for accelerating economic growth and reduction of income poverty. During the third quarter, total expenditure was broadly in line with revenues for the period.

23. Total expenditure for the third quarter of the year 2013/14 amounted to Tshs 2,980.8 billion, being 82 percent of the estimates for the period. Expenditure was higher when compared to the corresponding period in 2010/11 by 42 percent. Cumulative expenditure from July 2012 to March 2013 amounted to Tshs. 8,888.8 billion equivalent to 85 percent performance against the estimates.

24. The recurrent expenditure excluding CFS, for the quarter under review was Tshs 1,695.9 billion being 85 percent of estimates and 20 percent increase when compared to the same period in 2012/13. Government wages and salaries for the third quarter was Tshs 966.1 billion which performed at 102 percent of estimates and 21 percent higher when compared to the same quarter previous year.

25. Total interest payments for the third quarter was Tshs. 206.3 billion, comprised of Tshs. 148.1 billion and Tshs. 58.3 billion for domestic and foreign interest payment respectively. Cumulative interest payments from July 2012 to March 2014 were 119 percent of the estimates of Tshs. 405.8 billion for the period. Domestic interest payments were 144 percent of estimates on account of high market interest rates on Government securities than budgetary projections. The overall interest payment from July 2013 to March 2014 was 82 percent above payments in the corresponding period of the preceding year.

26. **Chart 4** depicts the expenditure performance for major recurrent expenditure categories for the period of July 2012 to March 2013.



27. Total development expenditure for the third quarter was Tshs 875.3 billion, being 68 percent of budget estimate. Of this amount, locally financed development expenditure was Tshs 392.0 billion while foreign financed development expenditure was Tshs 483.3 billion being 56 percent and 84 percent respectively. Total development expenditure for the period of July 2012 to March 2014 was Tshs. 2,764.8 billion which was 78 percent of estimate and 9 percent above when compared to the same period the year earlier. Fund releases for locally financed development expenditure continue to be made based on submission of certificates for most of infrastructure projects. **Annex c** represents a detailed analysis of expenditure performance by categories.

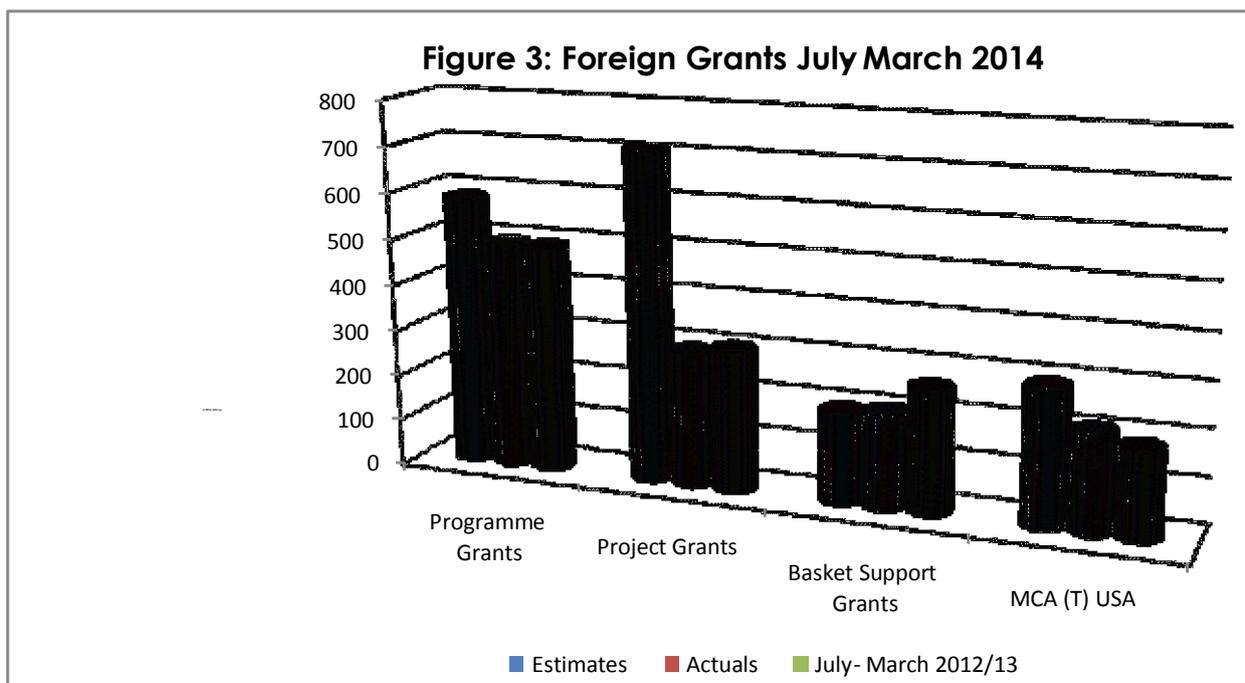
4.0 GRANTS AND FINANCING BY COMPONENT

28. The Government continued to collaborate with Development Partners to ensure that all grants and loans are timely disbursed for implementation of the government budget.

29. During the third quarter, the Government received total grants amounting to shilling 85.6 billion, equivalent to 19.3 percent of the estimate of shilling 443.8 billion for the period and significant lower than what was realised in the corresponding quarter of 2012/13. Total grants received from July 2013 to March 2014 were Tshs 1,210.2 billion equivalent to 67.4 percent of the estimate but the amount was 4 percent lower than what was realized in the corresponding period in 2012/13. This was a result of delay in disbursement of funds from DPs; delays in the progress report of the projects from Ministries, Departments, Government Institutions, Regional, and Local Governments; slow pace in the implementation of projects; and extended procurement.

30. During the quarter under review total estimated programme grants was Tshs 40.5 billion, however nothing has been realised. During July 2013– March 2014, a total of Tshs. 495.5 billion was realised from programme grants equivalent to 84.5 percent of Tshs. 586.1 billion budgeted.

31. During the period of January – March 2014 project grants received amounted to Tshs 8.8 billion being 3.7 percent of the estimates. Cumulative total project grants up to March 2014 stood at Tshs 294.8 billion equivalent to 41.3 percent of the estimates. Basket support grants for the third quarter amounted to Tshs 76.8 billion and equivalent to 115.5 percent of the estimates. Cumulative basket grants received during July 2013 to March 2014 amounted to Tshs 206.3 billion representing a 103.4 percent of the estimates. Millennium Challenge Account (MCA-T) support for the period of July 2013 to March 2014 amounted to Tshs 213.6 billion and equivalent to 72.1 percent of the estimates



32. The overall deficit after grants in the first three quarters was Tshs 1,250 billion equivalent to 52.9 percent of Tshs 2,363.2 billion estimated for the period.

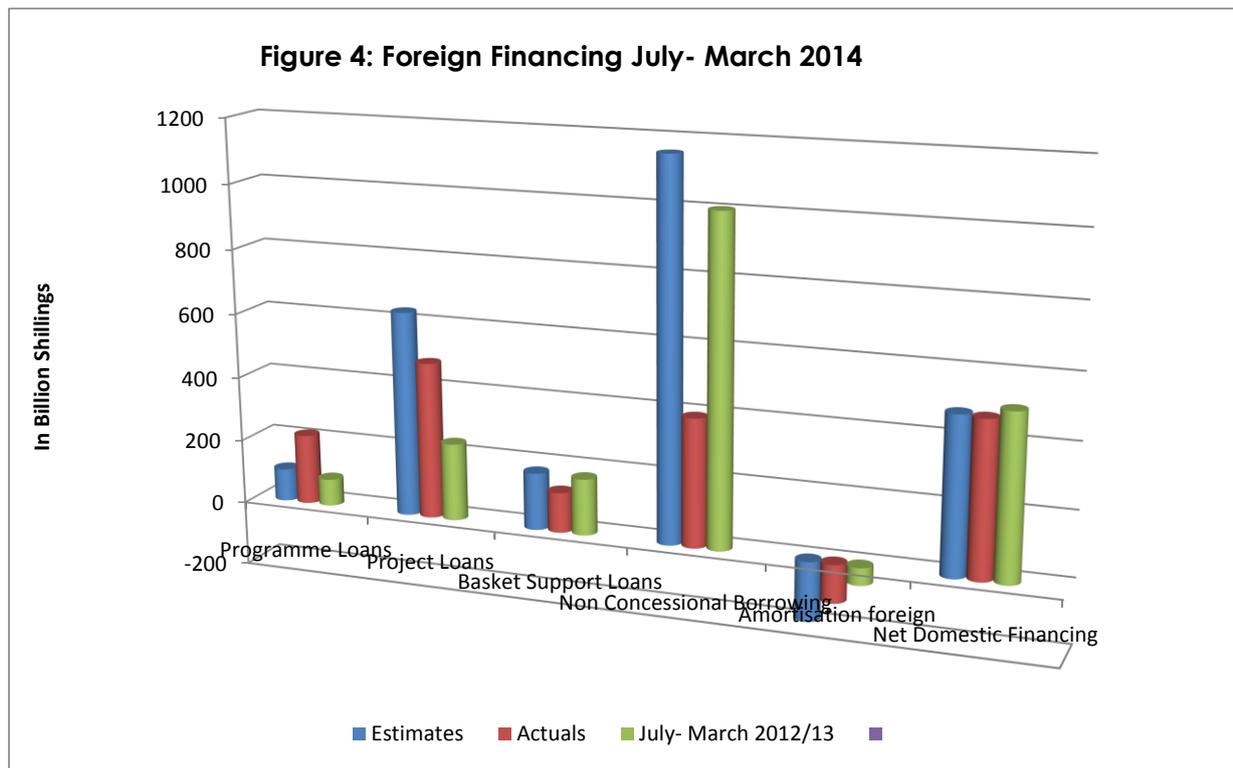
33. During the period of July 2013 – March 2014 total net financing for the reached Tshs 1,574.1 billion, being 66.6 percent of the estimates during the period. Foreign loans contributed to net amount of Tshs 1,099.5 billion, while domestic financing amounted to Tshs 474.6 billion mainly contributed by banking borrowing. The total net financing in the third quarter reached Tshs 330.9 billion, being 39.3 percent of the estimates during the period.

34. Foreign programme loan financing during July 2012 to March 2013 totalled Tshs 216.2 billion which is 214.9 percent of the estimated amount of Tshs 100.6 billion. During the quarter under review project loans and basket support loans amounted to Tshs 8.2 billion compared to the budget estimate of Tshs 211.1 billion. Foreign amortization for the quarter was Tsh 40.2 billion compared to the estimates of Tshs 54 billion.

35. In 2013/14, the government planned to borrow 1156.4 billion, equivalent to USD 700 million from non-concessional sources to finance various

development projects. During the period of July 2013 - March, 2014, Tshs 394.1 billion equivalent to 34.1 percent was obtained. Out of this amount, USD 238.75 million was from Credit Suisse Bank and HSBC for financing various development projects of the government and USD 83 million was from Citi Bank to finance power generating projects run by TANESCO.

36. During the period of July 2013 to April 2014, the Government borrowed from domestic market a total of Tsh. 1787.2 billion. Out of which, Tshs 1,242.8 was for rolling over matured government securities and Tshs 544.4 billion was utilized to finance development project. Figure 4 below presents a summary of financing by components during the first three quarters of fiscal year 2011/12.



NATIONAL DEBT

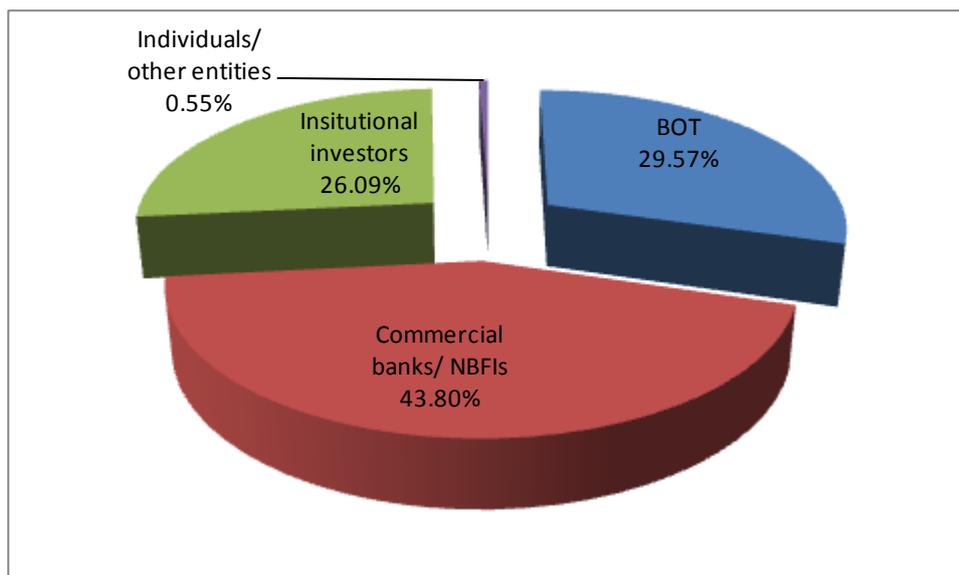
37. National debt is guided by Government Loans, Guarantees and Grants Act No. 30 of 1974 as amended in 2004 and National Debt Strategy. As at end March, 2014 National debt stock which comprised of Public debt and private external debt stood at shilling 30,563 billion compared to shilling 23,673.5 billion

as at end March, 2013 equivalent to an increase of 29 percent. Out of the which, public debt stock was shilling 26,832.4 billion and private external debt stock was shilling 3,730.6 billion. Public external debt comprises loans from multilateral organizations, development partners and commercial banks as at end March, 2014 amounted to shilling 18,997.6 billion while domestic debt which constitutes treasury bonds and bills stood at 7,834.8 billion. The increase of debt stock was due to new borrowing for financing expenditure projects particularly infrastructure.

38. Concessional multilateral loans have been the major source of external financing; this has resulted in the majority of external debt 65.5 percent being from multilateral sources followed by commercial and export credits accounted 24.8 per cent whereas as bilateral debt constituted 9.7 percent, at end March, 2014.

39. Domestic debt market is underdeveloped and is dominated by few participants with commercial bank and other Banks holding 43.8 per cent of the total central domestic debt as of end March, 2014 followed by Bank of Tanzania holds 29.57 which mainly special bonds and stocks. Non Bank Financial institutions (Pensions funds and insurance companies) is the third holding 26.08 percent of the total and individuals and private entities holds 0.55 percent of the total domestic debt.

Chart 4: Domestic Debt by Holder category



National Debt Sustainability

40. In order to ensure that the public debt continue to be sustainable; the Government conducted Debt Sustainability Analysis (DSA) in annual basis to assess ability of the country to services its debt short, medium and long term. In September, 2013 the Government conducted Debt Sustainability Analysis using international standard indicators. The results of DSA exercise conducted in September, 2013 indicate that, the public debt is still sustainable. Based on this analysis, all indicators are below the international debt sustainability threshold. The indicators includes the following the ratio of present value of external debt to GDP was 24.8 percent compared to the threshold of 50 percent; ratio of present value of debt to domestic revenue was 121.2 percent compared to threshold of 300 percent; ratio of external debt service to export was 3.34 compared to threshold of 25 percent; and ratio of public debt including government guarantees to MDA to GDP was 35.58 percent compared to threshold of 74 percent.

5.0 OUTLOOK TO END OF THE YEAR

LIKELY OUT TURN TO JUNE 2014

41. Given continued efforts by the Government to improve and stabilize power supply including the ongoing construction of the gas pipeline from Mtwara to Dar es Salaam and implementation of economic policies under the FYDP1, the overall performance of the economy in 2014 and beyond is expected to be buoyant. Other strategies/policies to be implemented to support the growth in the medium term include ASDP, MKUKUTA II, Southern Agricultural Corridor of Tanzania (SAGCOT), implementation of Special Economic Zones; and infrastructure development (Dar es Salaam Rapid Transport System, roads, railways, and ports). Further, continuing financial sector reforms and expansion of economic activities will drive rapid development in financial services. Expansion of regional trade in line with the implementation of EAC common market and other integration efforts. Based on those assumptions, GDP is projected to increase to 7.2 percent in 2014 and progress upwards in the medium term.

42. The Bank of Tanzania (BoT) will continue to implement its reserve money program targeting framework with a view to keeping core inflation at single digit levels. Going forward, inflation is projected to ease down to around 9.5 percent by end June, 2013. This is based on expected good rains which will improve food supply in the Eastern African region; stabilization in global oil prices and recently observed exchange rate stability.

43. The exchange rate will remain market determined and the BoT will continue to participate in the foreign exchange market for liquidity management purposes and to smooth out short-term fluctuations in the exchange rate, while maintaining an adequate level of international reserves. However, the increase in inflation in trading partner' countries; instability in Euro

capital market; increase in expenditures to cater for the importation of emergency power plants; increase in the demand for diesel to run the power plants; delay in the disbursement of non-concessional borrowing as well as grants; among others will continue to exert pressure on the USD against the Shilling.

44. Despite the challenges encountered in attaining revenue collection targets in the first three quarters of 2013/14 with ongoing tax administrative measures, revenue target for the full year is likely to be achieved. The target for non-tax revenue and LGAs own sources may not be achieved as the collection systems have not been transformed and that there is a lack of integrated and interfaced Systems of collecting non tax revenue. Thus, revenue to GDP ratio is projected at 18 percent in June 2014. Foreign grants and loans are expected to be below estimates due to deterioration in the external fund release.

45. Expenditure will be adjusted in line with available resources while protecting key expenditure items including investment spending taking into account the anticipated shortfall in foreign resources. Debt service is expected to be higher than budget estimates due to rising domestic interest rates.

46. The Government has made progress in raising funds from external non-concessional borrowing. To end June 2014, the Government is expected to meet the ENCB ceiling of USD 700 million.

Annex A: Summary of Central Government Operations July -March 2014

Billion Shillings

	Budget Estimate	January - March 2014			Jan - March 2012/13 Actual	Year on year % change	July - March 2014			July - March 2012/13 Actual	Year on year % change
		Estimate	Actual	Percent of Estimate			Estimate	Actual	Percent of Estimate		
Total Domestic Revenue	11,538	2,918	2,544	87%	2,061	23%	8,658	7,141	82%	6,272	14%
Tax Revenue	10,395	2,632	2,357	90%	1,882	25%	7,792	6,562	84%	5,773	14%
Taxes on Imports	3,296	826	644	78%	603	7%	2,474	1,987	80%	1,889	5%
Taxes on Domestic Sales	2,464	629	528	84%	432	22%	1,848	1,536	83%	1,265	21%
Income Tax	3,682	940	976	104%	698	40%	2,753	2,462	89%	2,189	12%
Other taxes	1,388	346	344	99%	213	62%	1,043	939	90%	611	54%
Net refunds	(434)	(109)	(136)	125%	(64)	112%	(326)	(362)	111%	(181)	100%
Non tax revenue	759	190	137	72%	121	13%	608	366	60%	339	8%
LGAs own source	383	96	51	53%	58	-13%	258	213	82%	161	32%
Total Expenditure	16,711	4,269	3,069	72%	3,106	-1%	12,818	9,601	75%	8,969	7%
Recurrent expenditure (Excl. CFS)	9,285	2,298	1,940	84%	2,046	-5%	6,990	5,459	78%	5,500	-1%
Wages & salaries(Central & Local Gov't)	4,246	1,091	985	90%	837	18%	3,155	2,932	93%	2,493	18%
Goods and services and Transfers	5,039	1,207	954	79%	1,209	-23%	3,835	2,527	66%	3,007	-18%
TRA	174	43	43	100%	43	0%	130	130	100%	130	0%
Parastatal wages	517	124	144	117%	129	12%	393	425	108%	389	9%
Retention scheme	302	75	26	35%	58	-54%	226	120	53%	167	-28%
Other goods and services	4,046	965	740	77%	979	-24%	3,084	1,853	60%	2,321	-20%
Development Expenditure	5,645	1,573	644	41%	676	-5%	4,519	2,758	61%	2,521	9%
Domestic	2,953	900	335	37%	392	-15%	2,500	1,222	49%	1,341	-9%
Foreign	2,692	673	309	46%	284	9%	2,019	1,536	76%	1,179	30%
Interest payment	998	216	238	110%	180	32%	707	714	101%	447	60%
Domestic	620	153	164	107%	122	34%	508	529	104%	324	63%
Foreign	377	63	74	117%	58	27%	199	185	93%	123	50%
CFS (Other)	783	181	247	136%	203	21%	602	670	111%	501	34%
<i>Overall Deficit (before grants)</i>	(5,173)	(1,352)	(525)	39%	(1,044)	-50%	(4,159)	(2,460)	59%	(2,696)	-9%
Grants	2,390	444	86	19%	213	-60%	1,796	1,210	67%	1,260	-4%
Programme	777	40	-	0%	30	-100%	586	495	85%	493	0%
Project	952	238	9	4%	50	-83%	714	295	41%	308	-4%
Basket grants	266	67	77	115%	75	3%	200	206	103%	269	-23%
MCA (T) - USA	395	99	-	0%	59	-100%	296	214	72%	190	12%
<i>Overall Deficit (after grants)</i>	(2,783)	(908)	(439)	48%	(831)		(2,363)	(1,250)	53%	(1,436)	
Expenditure Float	-	-	-	-	-	#DIV/0!	-	(611)		(351)	74%
<i>Adjustment to cash & other items</i>	-	-	16		(243)	-107%	-	286		(163)	-276%
Overall balance	(2,783)	(908)	(423)	47%	(1,074)	-61%	(2,363)	(1,574)	67%	(1,950)	-19%
Financing	2,783	908	423	47%	1,074	-61%	2,363	1,574	67%	1,950	-19%
Foreign (net)	2,231	843	331	39%	1,037	-68%	1,883	1,100	58%	1,446	-24%
Programme loans	386	-	96		-		101	216	215%	83	160%
Project loans	844	211	8	4%	69	-88%	633	483	76%	239	102%
Basket loans	234	59	-	0%	32	-100%	176	124	70%	174	-29%
Non-Concessional Borrowing	1,156	627	267	43%	953		1,156	394	34%	1,004	-61%
Amortization	(390)	(54)	(40)	74%	(17)	143%	(183)	(117)	64%	(53)	119%
Domestic (net)	552	65	92	142%	38	(7)	480	475	99%	504	-6%
Bank Borrowing	497	58	219	374%	(201)	-209%	432	510	118%	238	114%
Non-Bank Borrowing	55	6	(126)	-1947%	238	-153%	48	(35)		265	-113%
Borrowing/Roll over	1,148	(54)	(40)	74%	77	-152%	(183)	(117)	64%	911	-113%
Amortisation of contingent debt	-	-	-	-	-		-	-		-	
Domestic amortisation/Rollover	(1,148)	54	40	74%	(77)	-152%	183	117	64%	(911)	-113%

Source: Ministry of Finance

ANNEX B

Revenue Performance July - March 2014

Billion Shillings

	Budget Estimates	January- March 2014			Jan-March 2012/13 Actual	Year on year % change	July - March 2014			July-March 2012/13 Actual	Year on year % change
		Estimates	Actual	Percent of estimate			Estimates	Actual	Percent of estimate		
Revenue (Including LGAs own sources)	11,537.5	2,917.9	2,544.0	87%	2,061.3	23%	8,658.3	7,140.9	82%	6,272.4	14%
Revenue (Excluding LGAs own sources)	11,154.1	2,822.1	2,493.4	88%	2,003.4	24%	8,400.1	6,927.9	82%	6,111.4	13%
Tax Revenue	10,395.4	2,632.3	2,356.5	90%	1,882.3	25%	7,792.5	6,561.6	84%	5,772.9	14%
Taxes on Imports	3,296.0	826.1	644.2	78%	603.2	7%	2,473.6	1,986.5	80%	1,889.2	5%
Import Duty	860.1	215.6	169.8	79%	124.3	37%	645.5	549.3	85%	444.0	24%
Petroleum	801.2	200.8	131.1	65%	167.6	-22%	601.3	403.3	67%	467.9	-14%
Excise	801.2	200.8	131.1	65%	167.6	-22%	601.3	403.3	67%	467.9	-14%
Others	1,634.7	409.7	343.2	84%	311.3	10%	1,226.9	1,034.0	84%	977.3	6%
Excise	139.9	35.1	29.6	85%	18.9	57%	105.0	95.2	91%	54.4	75%
VAT on Non-Petroleum imports	1,494.8	374.6	313.6	84%	292.4	7%	1,121.9	938.8	84%	922.9	2%
Taxes on Domestic Sales	2,464.0	628.5	528.1	84%	432.3	22%	1,848.4	1,535.7	83%	1,264.9	21%
Excise	967.8	249.1	205.1	82%	135.0	52%	720.9	551.5	76%	420.2	31%
Value Added Tax (VAT)	1,496.3	379.5	323.0	85%	297.3	9%	1,127.5	984.2	87%	844.7	17%
Income Tax	3,682.0	940.4	976.4	104%	698.0	40%	2,752.9	2,461.8	89%	2,189.1	12%
PAYE	1,700.0	423.8	423.9	100%	345.4	23%	1,274.6	1,184.1	93%	1,014.2	17%
Corporate and Parastatals	1,169.4	302.2	379.0	125%	211.9	79%	870.9	839.1	96%	748.6	12%
Individuals	83.3	22.8	25.9	113%	20.1	29%	62.3	64.8	104%	41.6	56%
Withholding Taxes	583.1	152.0	128.2	84%	96.7	33%	436.0	291.4	67%	271.7	7%
Rental Tax	82.5	22.1	12.7	57%	14.8	-14%	61.4	62.2	101%	46.2	35%
Other Income	63.7	17.5	6.8	39%	9.2	-26%	47.7	20.2	42%	66.9	-70%
Other Taxes	1,387.6	345.8	344.0	99%	213.0	62%	1,043.2	939.5	90%	610.8	54%
Business Skill Development Levy	209.5	51.6	58.6	113%	45.3	29%	157.5	150.6	96%	130.5	15%
Fuel Levy and transit fee	699.8	175.4	197.6	113%	116.8	69%	525.2	527.2	100%	326.8	61%
Stamp Duty	13.4	3.3	3.5	105%	1.5	123%	10.1	5.8	57%	5.3	8%
Departure Service Charges	45.9	11.3	11.2	100%	10.9	3%	34.7	31.7	91%	29.3	8%
Motor vehicle taxes	201.7	49.5	36.7	74%	35.2	4%	152.7	109.1	71%	103.9	5%
Treasury Voucher Cheque	43.2	10.8	2.4	22%	3.3	-29%	32.4	8.2	25%	14.9	-45%
The Use of Telecommunication Traffing	38.0	9.8	0.0	0%			28.4	10.9	38%		
Transer to REA	136.1	34.1	34.2	100%	0.0		102.1	96.0	94%	0.0	
Refunds	-434.2	-108.5	-136.1	125%	-64.2	112%	-325.6	-361.9	111%	-181.2	100%
Refunds - VAT	-400.8	-100.2	-127.4	127%	-63.9	99%	-300.8	-341.1	113%	-176.6	93%
Refunds - other	-33.4	-8.4	-8.7	104%	-0.3	2989%	-24.8	-20.8	84%	-4.6	356%
Non Tax Revenue	758.6	189.8	136.8	72%	121.1	13%	607.7	366.4	60%	338.5	8%
Parastatal Dividends	122.0	30.5	15.2	50%	10.4	46%	91.5	32.8	36%	25.2	30%
Other Treasury collections	4.4	1.1	0.0	0%	13.1	-100%	3.3	0.1	4%	14.3	-99%
Ministries and Regions	614.7	153.8	115.0	75%	93.8	23%	499.7	318.9	64%	288.6	11%
TRA Non Tax	17.5	4.4	6.6	151%	3.9	72%	13.1	14.6	111%	10.4	40%
LGAs own source	383.5	95.9	50.6	53%	57.9	-13%	258.2	213.0	82%	161.0	32%

Source: Ministry of Finance

Expenditure by Category July - March 2014

Billion Shillings

	Budget Estimate	January - March 2014			Jan-March 2012/13 Actual	Year on Year % Change	July - March 2014			July-March 2012/13 Actual	Year on Year % Change
		Estimate	Actual Expenditure	Percent of Estimate			Estimate	Actual Expenditure	Percent of Estimate		
Total Expenditure	16,711.0	4,269.4	3,068.7	72%	3,105.7	-1%	12,817.6	9,601.1	75%	8,968.5	7%
Recurrent Expenditure (Excl. CFS)	9,284.8	2,298.5	1,939.8	84%	2,045.9	-5%	6,989.7	5,459.4	78%	5,500.1	-1%
Wages and salaries	4,246.2	1,091.2	985.4	90%	985.4	0%	3,155.0	2,931.9	93%	2,931.9	0%
Goods, services and transfers	5,038.6	1,207.2	954.3	79%	1,060.4	-10%	3,834.7	2,527.5	66%	2,568.2	-2%
TRA	173.9	43.5	43.5	100%	43.5	0%	130.4	130.4	100%	130.4	0%
Fuel Levy	699.8	175.4	197.6	113%	116.8	69%	525.2	527.2	100%	326.8	61%
Transfer to HESLB - SDL	139.7	34.4	34.4	100%	26.4	30%	105.0	80.8	77%	79.1	2%
Transfer to HESLB -BUDGET	166.3	-	-		-		166.3	125.0	75%	-	
Parastatal wages	517.0	123.5	144.0	117%	128.9	12%	393.5	424.7	108%	389.1	9%
Retention scheme	302.0	75.5	26.4	35%	57.7	-54%	226.5	119.9	53%	166.5	-28%
Other goods and services	3,040.0	754.9	508.4	67%	830.3	-39%	2,287.8	1,119.6	49%	1,882.1	-41%
Transfer to Zanzibar (BGS)	32.6	3.5	11.8	332%	0.7	1589%	32.6	13.5	41%	21.9	-38%
Transfer to Zanzibar (PAYE)	21.0	5.3	5.3	100%	5.3	0%	15.8	15.8	100%	15.8	0%
TANESCO (IPTL- Capacity Charge)	18.0	4.5	-	0%	4.5	-100%	13.5	9.0	67%	13.5	-33%
Treasury Voucher Scheme	36.0	9.0	9.0	100%	9.1	-1%	27.0	23.1	86%	25.3	-8%
Other charges	2,932.4	732.6	482.4	66%	816.0	-41%	2,198.9	1,058.1	48%	1,821.4	-42%
Development Expenditure	5,645.0	1,573.0	644.2	41%	676.4	-5%	4,519.1	2,758.0	61%	2,520.7	9%
Domestic	2,952.9	900.0	335.1	37%	392.0	-15%	2,500.0	1,221.8	49%	1,341.3	-9%
Foreign	2,692.1	673.0	309.1	46%	284.4	9%	2,019.1	1,536.2	76%	1,179.4	30%
o/w basket grants	266.1	66.5	90.0	135%	74.5	21%	199.6	243.2	122%	268.7	
o/w basket loans	234.4	58.6	19.5	33%	31.5	-38%	175.8	-	0%	173.6	-100%
o/w MCA (T)- USA	0.0	98.7	-		58.9	-100%	296.1	213.6		190.3	12%
Interest	997.7	216.5	237.9	110%	180.0	32%	706.7	714.1	101%	446.7	60%
Domestic	620.3	153.2	163.6	107%	121.8	34%	507.6	529.2	104%	323.7	63%
Foreign	377.4	63.2	74.3	117%	58.3	27%	199.0	185.0	93%	123.0	50%
CFS others	783.5	181.5	246.8	136%	203.3	21%	602.2	669.6	111%	501.1	34%

Source: Ministry of Finance

Foreign Grants and Financing July - March 2014

Billion Shillings

	Budget Estimates	Jan - March 2014			Jan - March 2012/13 Actual	Year on year % change	July - March 2014			July - March 2012/13 Actual	Year on year % change
		Estimate	Actual	Percent of estimate			Estimate	Actual	Percent of estimate		
Overall deficit before grants	(5,173.5)	(1,351.5)	(524.7)	38.8%	(1,044.3)	-49.8%	(4,159.3)	(2,460.2)	59.1%	(2,696.1)	-8.8%
Grants	2,390.2	443.8	85.6	19.3%	213.4	-59.9%	1,796.0	1,210.2	67.4%	1,260.3	-4.0%
Programme	776.9	40.5	0.0	0.0%	29.8	-100.0%	586.1	495.5	84.5%	493.2	0.5%
Project	952.4	238.1	8.8	3.7%	50.2	-82.5%	714.3	294.8	41.3%	308.1	-4.3%
Basket Support	266.1	66.5	76.8	115.5%	74.5		199.6	206.3	103.4%	268.7	
MCA(T) - USA	394.8	98.7	0.0	0.0%	58.9	-100%	296.1	213.6	72.1%	190.3	12%
Overall deficit after grants	(2,783.3)	(907.7)	(439.1)	48.4%	-830.9	-47%	(2,363.2)	(1,250.0)	52.9%	-1,435.9	-13%
Expenditure Float	0.0	0.0	0.0		-0.4	-100%	0.0	-610.6		-351.2	74%
Overall Balance	(2,783.3)	(907.7)	(439.1)	48.4%	(1,074.4)	-59%	(2,363.2)	(1,860.6)	78.7%	(1,950.0)	-5%
Financing	2,783.3	907.7	495.2	54.6%	1,074.4	-54%	2,363.2	1,574.2	66.6%	1,950.0	-19%
Foreign (net)	2,231.0	842.8	330.9	39.3%	1,036.8	-68%	1,882.9	1,099.5	58.4%	1,446.4	-24%
Programme (Loans)	386.2	0.0	95.9		0.0		100.6	216.2	214.9%	83.3	160%
Project (Loans)	844.5	211.1	8.2	3.9%	69.2	-88%	633.3	482.6	76.2%	238.7	102%
Basket Support	234.4	58.6	0.0	0.0%	31.5	-100%	175.8	123.6	70.3%	173.6	-29%
Non-Concessional Borrowing	1,156.4	627.0	267.0	42.6%	952.6	-72%	1,156.4	394.1	34.1%	1,004.1	-61%
Amortisation Foreign (outflow)	-390.4	-54.0	-40.2	74.5%	-16.5	143%	-183.2	-116.9	63.8%	-53.4	119%
Domestic (net)	552.3	64.9	164.4	253.1%	37.6	2.0	480.3	474.6	98.8%	503.6	0.7
Bank Borrowing	497.1	58.5	290.8	497.5%	-200.9	-245%	432.3	509.5	117.9%	238.4	114%
Non-Bank Borrowing	55.2	6.5	-126.4	-1946.6%	238.5	-153%	48.0	-34.9	-72.7%	265.2	-113%
Borrowing/Roll over	1,147.6	387.5	309.6	79.9%	77.2	301%	996.9	1,242.8	124.7%	911.3	36%
Amortisation of contingent debt	0.0	0.0	0.0		0.0		0.0	0.0		0.0	
Domestic amortisation/Rollover	-1,147.6	-387.5	-309.6	79.9%	-77.2	301%	-996.9	-1,242.8	124.7%	-911.3	36%
Source: Ministry of Finance											