

BRIEF REPORT OF THE 7 :30 BREAKFAST DEBATE – JUNE 24TH 2011

THE 2011/2012 GOVERNMENT BUDGET: DOES IT ADDRESS WHAT PEOPLE EXPECT?

A budget can be used as an instrument for the implementation of economic, social development policies and objectives.

On Wednesday 8th June 2011, the Minister for Finance and Economic Affairs, Honourable Mustafa Haidi Mkulo MP presented the Budget for the forthcoming fiscal year. The financial year for the budget may be 13.5 trillion shillings.

The 2011/12 budget considers the following priorities: Electricity, Water, Transport and transportation infrastructure (railways, ports, roads, airports, and national optic fibre), Agriculture and irrigations and Job creation in the private and public sectors.

That is why Policy Forum dedicated its June 2011 debate on the 2011/12 Government Budget, The debate is titled: **The 2011/12 Government Budget: Does it address what people expect?**

The debate included two presentations: - One was done by Mr. Florian Schweitzer from SIKIKA and the other was done by Usu Mallya, the Executive Director of Tanzania Gender Networking Programme.

The Debate was facilitated by Alex Ruchyahinduru from Policy Forum.

The first presentation was done by Mr. Florian Schweitzer, who started by giving an outline of his presentation which was Budget Allocations 2011/12 (Sources and Application of Funds), Unnecessary Expenditures (budget policy, budget books) and his conclusions and recommendations. He said that in the fiscal years 2009/10, 2010/11 and 2011/12 there is an increase in budget allocations for the recurrent and development budget.

He further pointed out that, on basis of fund application more money flows to Regional Agencies than in MDA's, the trend also shows that there is an increase in terms of allocation for recurrent and development budget.

He said that, Tanzania depends more on foreign aid than in local aid while more funds are allocated to MDA's for developmental activities. On basis of sector allocations changes the June 8th 2011 budget speech by Mofea shows that the prioritized sectors of 2011/12 fiscal years are Infrastructure, Energy and Minerals, Water, Education, Agriculture and Irrigation, Health respectively.

The second part of his presentation was about Unnecessary Expenditure. He defined unnecessary expenditure as any public practice where taxpayer's money is spent lavishly or ineffectively.

He gave out some examples of unnecessary expenditures as training, allowances, travel, hospitality supplies and services, fuel, oil and lubricants and acquisition of new vehicles.

He went on to say that, the government will continue to control expenditure by suspending procurement of all kinds of vehicles, scale down various allowances, cut down fuel costs, reduce the number of internal and external trips, ensure that seminars and workshops are curbed.

Mr. Florian concluded by saying that, in total unnecessary spending has been stagnating in both 2010 and 2011, regions clearly outperform MDA's and budget process is not transparent enough therefore the public should be engaged on budget issues. Some of his recommendations were as follows: public documents should be made public, parliamentary budget oversight should be strengthened, divert saved funds towards the social sector i.e health, education and clear criterias for economy and value for money should be developed.

After this Presentation the Facilitator welcomed the second presenter Ms.Ussu Mallya to begin her presentation.

Ms. Ussu Mallya started by saying that, budget doesn't just happen, there is a context or something which pushes it to happen things like increased global prices for food and petroleum products etc. This budget addresses what priority issues are addressed this in the forthcoming fiscal year.

She said that, the issue is who is to provide for these resources hence if we cant afford we will have to borrow leading to more debts, that is high debt is equal to less resources. The government has declared its intention to acquire money from foreign donors.

She suggested that the following should be cut down in the budget, unnecessary expenses, allowances, inflated size of government itself, donor dependency which has oonly been reduced by 10% only, she said that from our own resources such as gold alone we would be better off. Things like SACCOS, VICOBA and cooperatives should be provided to the people so as to empower them.

She said that, the taxing system at the end of the day should ask on the implications of taxing the poor, what about tax exemptions to big companies. On the issues of priority sectors, she said that, to what extent have the citizens engaged in choosing these priorities, this years priorities do they provide for the poor?, these priorities should be extended to the rural areas, that is those women in the rural areas should be considered, rural roads should be improved so as to reach small scale producers.

She continued by saying that, last year a lot of form four and form six had failed but the budget does not put education a priority.

She concluded by saying that, our country is very rich, the government should endure ways to exhaust its own resources, invest and promote small scale industries mostly owned by women and equitable access and use of resources for all.

The discussant of the event was Dr. Damian Gabagambi, a Lecturer of SUA who suggested that, it is very dangerous in a situation like this where a country has failed to identify the key drivers of economic development. We should ask ourselves why South Eastern Asian countries have developed than those South Saharan countries.

He went on to express his concern over the constant shifting of priorities and warned that this will not do any good to the nation for instance last year it was agriculture and this year infrastructure hence we keep on coming with overlapping programmes such as Kilimo Kwanza, SAGCOT, Is this budget pushing us to what S.E Asian countries did.

He said that, if we look at MKUKUTA we find that everything is a priority, there should be certain sectors which should be made a priority. Programs such as donors are just money traps.

Comments and Questions from Plenary Discussion:

- Tanzania should not depend much on donor funds, if it does there will be a disbursement hence no development.
- When will the government be serious about the major sectors such as energy and minerals, for instance things like electricity is a big issue in our country at the moment, what is its way forward?
- Why sectors such as infrastructure and agriculture can't be used to increase employment opportunities in our country.
- Things like inflation and exchange rates should be factored in.
- Huge amounts of money or Tanzanian wealth goes outside our country instead of benefiting the local people.
- It is evident that when the government gets funds it uses it contrary to its objectives.
- People's views are not so much implemented.
- If health, education sectors are not a priority could there be a linkage on the remaining sectors?
- There are no strategies to protect small scale farmers from effects of small growth of agriculture and its declined contribution to the GDP.

- Taxation should not only be used as a revenue tool, it should also be focused to be used as a development tool.
- In future it is important that we have a pre-budget session where we interact with the government on budget issues.
- What should be the way forward?

Respond to the comments and Questions:

- There are opportunities of moving forward, firstly by tracking this budget and to continue to raise our voices through writing articles (publications) so as to push forward their priority sectors.
- Donors can also play a major role in the development process.
- Tanzania as a country has an opportunity this year to use the constitution making process strategically by prioritizing the country's priority sectors or to put in place in its vision.
- There are opportunities moving forward but the challenge is there are only few.

Mr. Alex Ruchyahinduru closed the discussion and he welcomed again participants for the next 7:30 Breakfast Debate.

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