

BRIEF REPORT ON THE 7:30 BREAKFAST DEBATE – JUNE 26TH 2008

“IS WHAT YOU SEE WHAT YOU GET? TRANSPARENCY & ACCOUNTABILITY IN THE BUDGET PROCESS”

To what extent does the general public have access to quality information on the budget process? Are they in a position to engage in a public dialogue with government and parliament?

Although the government has made strides in previous years in opening up parts of the budget process, there are concerns that the budget information provided needs to drastically improve as it is too complex for a lay audience. This is coupled with release of information that is not always accurate and reporting that is often spread across a number of different formats which are not necessarily comparable. Moreover, on the demand side, there is concern that the general public, civil society and members of parliament are not adequately taking advantage of the existing opportunities to hold government to account with regards to the execution of the budget.

Policy Forum and HakiElimu dedicated last month's debate to the issue of transparency & accountability in the budget process. The presentations were done by Miss. Gertrude Mugizi of the Policy Forum Budget Working Group and Shireen Mahdi of the Donor Partner Group. Mr. Albanie Marcossy facilitated during this session.

Miss Gertrude Mugizi started by describing the composition of government resources which entailed domestic revenue, donor funds, debt relief and other resources. She then touched on public debt and noted that in comparison to the 2007/08 budget, this year's had shown an improvement from a debt of 10% last year down to 9%. On Government spending, she said recurrent and development expenditure was 54% and 36% last year respectively, while this year there was a slight dropout to 53% and 35% respectively.

But is what we see what we get? Public accountability in terms of engagement in the budget process is determined by supply side factors and demand side factors. The supply side factor refers to the quality and presentation of budget information made available by government and the process by which the budget is formulated, implemented and audited. The demand side refers to the way in which the public, members of parliament and civil society position themselves to take advantage of the opportunities to hold government to account for the budget.

She further explained on how to improve budget information and oversight. She said the budget literature which although is rich in background, did not depict clearly the connection between policy priorities and figures (i.e. there was a high level of detail but no narrative and what is approved is highly aggregated). She also mentioned a constitutional issue: Parliament approves the budget but this power is negated by Article 90(2)b of the Constitution which allows the President to dissolve Parliament if it refuses to pass the budget.

What should be done? She said that we need to open up the budget process and enable citizens and their elected representatives to know what Government is doing on their behalf. This should be combined with efforts to engage the public in a debate on national priorities and to monitor the flow of funds and implementation of plans. Efforts should also go into providing feedback and putting pressure on systems to work and demanding explanations and justification for decisions and actions taken on the public's behalf. She also urged parliament, if need be, to change expenditures and revenues aspects of the budget and refuse its passage without fear of being dissolved.

The second presentation on local government budget execution was done by Shireen Mahdi which focused on the progress and challenges faced by authorities at that level in Tanzania. She started by looking at local government spending in 2006/07 and noted that the LGA budget shows a total under-spending of 25%, mostly in the development budget which is much higher than the central

government's at -15%. Reallocation between council budgets within the year was also found to be significant.

With regards to the timeliness of budget execution during the year, it was found that there was a large variability in the execution of expenditure and weak performance in the first quarter. For instance, in agriculture expenditure at LGAs in 2006/07, only 6% of development budget was spent in the first quarter. For the grant transfers by district in 2006/07, the first quarter saw expenditure performance varying significantly between councils and even more widely between councils for the development budget.

There is also some complexity in transferring funds from central government to LGAs though in 2007, more funds were flowing directly to the LGAs. For instance, the financial year for 2006/07 and 2007/08 saw the estimated percentage of total LGA budget channelled through central votes as being 18% and 7% respectively. But LGAs still had to manage many transfers, procedures, reports, planning processes, audits etc.

In conclusion, she said that the way resources are distributed has meant that certain areas remain extremely poor, failing to attract and retain key personnel and limiting their access to contractors (and goods). But what is the most equitable solution? She said that the budget process faces major execution challenges hence there are no easy answers. However, improving budget execution (vertical and horizontal) at the local level requires a coordinated effort with local government, the public service and finance arms of government all working together.

Comments and Questions from Plenary Discussion:

Table 1:-

- If we do not know what is happening at the ground it is difficult to relate it to the budget process.
- Personal allowances seem to be extremely high.

Table 2:-

- Allocation formula in the LGA is not addressing equity.
- Budget guidelines are complicated - something needs to be done to simplify them.

Table 3:-

- Transparency need to be encouraged

Table 4:-

- Fiscal discipline in terms of expenditure needs to be taken into consideration.

Table 5:-

- Complexities make it difficult to execute the budget at local government level.
- Weak execution of the budget is due to weak capacity of LGAs.
- Poor execution of the LGAs is also a delay and unequal distribution of budget resource in the local level.

Table 6:-

- The issue of under-spending is all about the capacity of LGAs.

Response to the Comments:

- Those who are planning the budget are quite different from those who are executing it.
- The issue of LGAs' under-spending – the government is too centralized and that is why the money does not go in time.
- There is no connection between what is planned for next year and what was accomplished in the previous year's budget.
- We should as CSOs make the government more accountable for the money that was misused.
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Mr. Marcossy Alban from policy forum closed the discussion and welcomed the participants to the other next month brake fast debate.