

WHAT DO THE BUDGET GUIDELINES SAY ABOUT SOME KEY SOCIAL SECTORS?

Tanzania Budget 2007/2008: Pre-Budget Brief 4.07

The Issues

The annual budget process offers a valuable opportunity to assess how much priority national government places on different sectors. This pre-budget brief presents an analysis of national budget guidelines for financial year 2007/08, focusing on the key social sectors that most directly affect the lives of the poorest in society. In particular, we will look at the following three aspects of the budget allocations relating to the social sectors, and raise some important questions:

- **Overall Allocations to Key Sectors:** The Budget Guidelines indicate that education is a top priority for the Government, receiving almost twice as much as the health sector. The infrastructure, agriculture, and water sectors also appear set to receive significantly less than the education sector. Are the budget allocations to these critically important sectors sufficient to support a broad-based, equitable approach to poverty reduction?
- **Teachers and Health Workers Salaries:** The Budget Guidelines indicate that the total wage bill for civil servants is set to increase slightly, and will actually fall as a portion of the total budget. Will there be enough money to pay the salaries for all the teachers and health workers that are needed?
- **"Off-Budget" Funds:** The issue of off-budget funds provided by some donors to these social sectors makes meaningful budget analysis challenging and undermines the capacity of civil society and Parliament to hold government accountable.

OVERALL BUDGET ALLOCATIONS TO KEY SOCIAL SECTORS

One aspect of the annual budget that has a major impact on

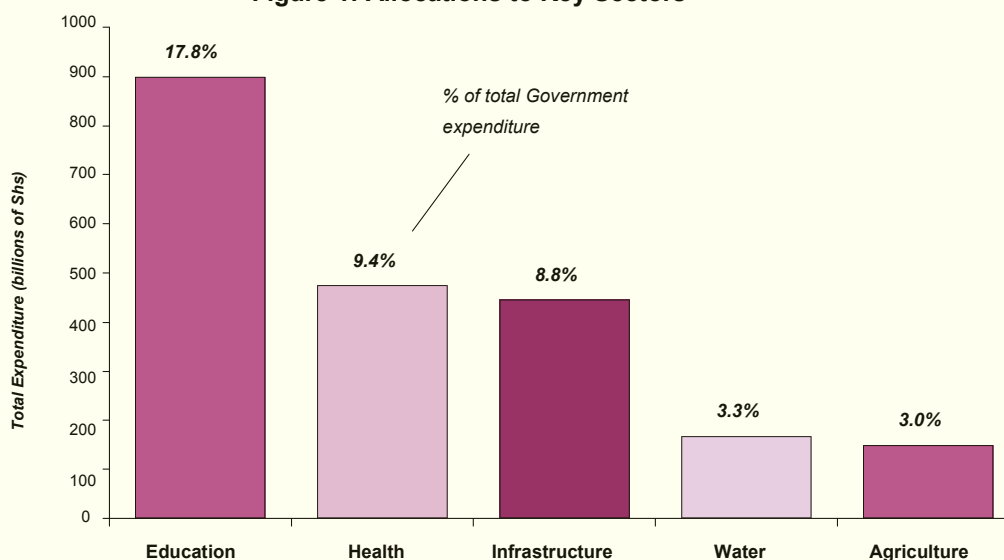
most Tanzanians is the allocations to key social sectors. Education, health, infrastructure, water, and agriculture are all sectors that affect the lives

and livelihoods of the poor on a daily basis. How much money will these sectors receive in 2007/08 and what can this tell us about the government's prioritization of these sectors?

The Budget Guidelines clearly indicate that Government places high priority on education. This sector appears set to receive about Tshs 900 billion, or nearly 18 percent of total Government expenditure. That is nearly twice the allocation to the health sector, and also significantly more than the infrastructure, water, and agriculture sectors.

This raises important questions about how resources are allocated to national priorities. Are the other key social services sectors adequately funded? Will the budget

Figure 1: Allocations to Key Sectors



Data sources: 2007/08 National and Local Government Budget Guidelines (Ministry of Finance).

NOTES:

1. Sector totals include MDA budgets and sectoral transfers to LGAs and represent best approximation based on publicly available information.

2. MDA budgets considered are: Ministry of Education and Vocational Training; Ministry of Health and Social Welfare; TACAIDS; Ministry of Infrastructure; Ministry of Water; and Ministry of Agriculture, Food Security and Cooperatives.

3. Sectoral grants to LGAs include Education Block Grant, PEDP Capitation Grant, PEDP Development Grant, Health Block Grant, Health Sector Basket Fund, HIV/AIDS Recurrent Transfer, Water Block Grant, Agriculture Block Grant, District Agriculture Development Programme, Roads Block Grant, and Road Fund.

NOTE: All of the data in this brief should be treated with caution, as the Budget Guidelines provide only preliminary indications of what is expected in the coming financial year.

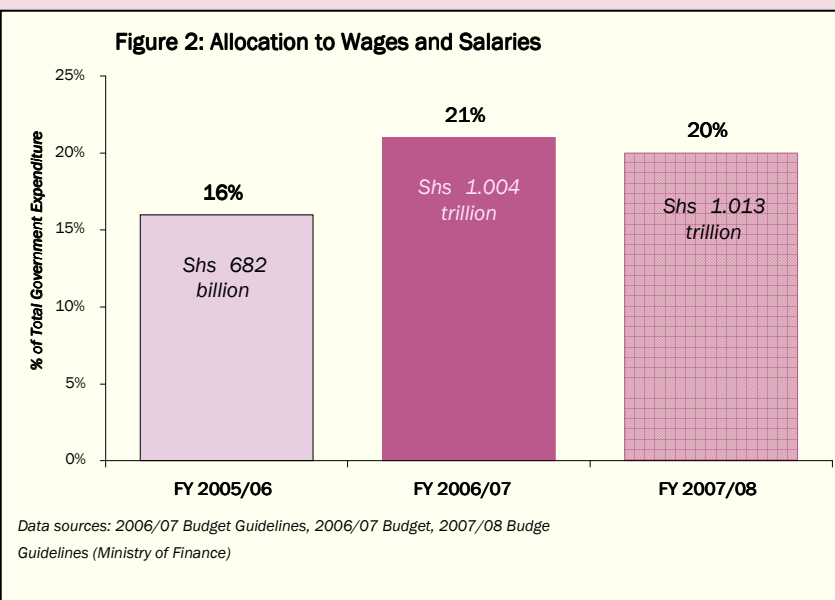
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include enough money to provide water and sanitation services, for example, to rural areas if only 3 percent of total Government resources is allocated to the water sector? How do the sector allocations align with MKUKUTA, the overall policy framework for poverty reduction, which promotes broad-based, equitable growth?

WHAT ABOUT SALARIES?

Last year's budget included Shs 1.004 trillion to pay civil servants, or 21 percent of total Government expenditure in that year – this represented a 47 percent increase over the previous year (FY 2005/06), when the total wage bill was Shs 682 billion, or 16 percent of total Government expenditure. This year the wage bill only increases slightly – to Shs 1.013 trillion – and actually falls as a proportion of total Government expenditure, as shown in Figure 2.

Tanzania faces a shortage of teachers and health workers. Furthermore, the Pay Reform Commission recently recommended that civil servants be paid more. Will the 2007/08 budget address these issues?



The Budget Guidelines do not show a breakdown of the allocation to wages and salaries for specific workers like teachers and health workers. Thus it is difficult to know how many of these important social servants are expected to be employed in the coming year, and how much they will be paid.

Note: Limitations of the available data

It should be noted that the budget guidelines are not a comprehensive picture of all government expenditure for the year ahead. While the data is reasonably comprehensive for national ministries, it is impossible to know from the budget guidelines exactly how much local government authorities will allocate to each sector, or how much each ministry will spend on different components of their work. For example, the Local Government Capital Development Grant (LGCDG), which plays an important role in public service development, is not broken down by sector. There are also significant off-budget funds (see below) that are not included in the available data, and some donors may provide funds that are not yet included in the budget.

“OFF-BUDGET” FUNDS

Finally, in these sectors which attract significant funding from donor agencies, there is an issue of off-budget funds. Particularly in health and HIV/AIDS, some donors continue to provide large amounts of funds that do not appear in these budget figures. This is despite a general trend towards donors providing more funds as general budget support without specifying which ministry or sector they should be put towards. The effect of off-budget funds is that some sectors and sub-sectors will be receiving substantially more than appears to be the case. But it is almost impossible to know exactly how much more and exactly where the extra money is going.

This makes it very difficult for civil society groups, parliamentarians, the media and the public in general, to conduct meaningful analyses of the national budget. It also does not give a clear picture of the amount allocated for

social sectors because a large amount of money does not show on budget. This undermines the capacity of ordinary citizens to hold their leaders and government accountable.



This leaflet was prepared and edited by the Budget Working Group of Policy Forum.



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Policy Forum strives to enhance and augment the voice of ordinary citizens in national policy processes while advocating for poverty reduction, equity and democratization in Tanzania.

Our work has three main areas of focus: local governance, public money and active citizen voice.

Making Policies Work for People in Tanzania!