

# **unnecessary expenditures**

**A BRIEF ON THE GOVERNMENT'S INITIATIVE  
TO REFOCUS EXPENDITURES**

Volume 2, July 2010

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## EXECUTIVE SUMMARY

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The provision of primary services is a great challenge in Tanzania since financial resources are scarce. Nevertheless, most people agree that the government's budget allocation and execution is inefficient. In this brief, we try to instance careless handling of public monies by focusing on a list of six budget items which we deem to be severely fraught with unnecessary expenditures. This list includes 'Training' (domestic and foreign), 'Allowances' (non-discretionary, discretionary, and in-kind), 'Travel' (in-country and out-of-country), 'Acquisition of New Vehicles', 'Fuel, Oil and Lubricants' and 'Hospitality Supplies and Services'.

In 2008, the Prime Minister Mizengo Pinda acknowledged the existence of unnecessary expenditures and announced efforts to increase control over and economize those expenditures. For this second edition of the brief on unnecessary expenditures, we have examined how far the government's statements are actually reflected by the figures of the last three budget books. We have, therefore, analyzed whether the aggregated amounts of unnecessary budget items have been cut. We also looked at disaggregated data to identify how each government institution has contributed to the overall level of unnecessary expenditures.

Our analysis of aggregated budget data shows that the grand total of unnecessary expenditures has indeed been reduced by about 20 percent. However, there is insufficient information to know whether this reduction has been driven by smart choices on the part of government, or why some areas have decreased while others have grown. While training and travel expenditures have been reduced, allowances have rocketed by more than 57 percent. Spending on new vehicles and hospitality supplies has been fluctuating considerably while the expenses on fuel, oil and lubricants have stagnated. Further disaggregation reveals that unnecessary spending varies enormously among government institutions. These inconsistencies have not been addressed by the Members of Parliament nor has the executive justified its course of action.

In conclusions, we must say that the government's commitments to stop unnecessary spending remain occasional and limited. Most of the considered budget items show a wide disparity between official announcements and actual spending. Furthermore, we find no consistent spending patterns among central and local government institutions. Our analysis raises more questions than it answers because of the opaque budget formulation and execution process, the untimely sharing of budget documents with Members of Parliament, and the limited skills of MPs to scrutinize and question budget and expenditures.

We are confident that the government would save a lot of money if it started to resolutely control unnecessary spending. We suggest diverting the saved amounts towards areas that would benefit the majority of the Tanzanian population like health and education. Furthermore, we advocate a more transparent budget process that would considerably facilitate broad engagement by citizens, members of Parliament, and CSOs.



# Introduction

Good governance implies the efficient delivery of public services that promote the well-being of the majority of the population. Unfortunately, the Tanzanian government lacks sufficient resources to render basic services satisfactorily. Nonetheless, there is widespread consensus that considerable amounts of public expenditures are unnecessary, due to their perceived negligible utility to the majority of Tanzanians.

Over the past three years, top government officials in Tanzania have acknowledged the problem of unnecessary expenditures across all administrative levels and have vowed to stop and reverse it. In order to demonstrate how public budgeting is characterized by unnecessary expenditures, Sikika has, for the second time, focused its budget analysis on a list of six expenditure items which are deemed to be either inefficient or non-essential. These are:

- Training (both foreign and domestic): too many workshops and trainings are held in expensive conference facilities or hotels. There are surely other venues which are more affordable.
- Allowances (non-discretionary, discretionary, and in-kind): current per diems over-compensate for additional expenses incurred by working out of the office.
- Travel (both in-country and out-of-country): many government officials needlessly travel on the same mission. The application of communications technology could eliminate those trips.
- Fuel, oil, and lubricants: unit costs are highly inflated and quantities are unrealistically high.
- Acquisition of new vehicles: government officials purchase mostly luxury cars instead of more affordable ones proportional to the status of our economy. Hospitality supplies and services: meals and beverages should be provided in moderation.

This brief describes how the central and regional budget allocations of these six expenditure items have changed during the last three fiscal years, and whether these changes are consistent with pronouncements by both the Minister of Finance and Economic Affairs and the Prime Minister. At the conclusion of our analysis, we offer suggestions what kind of actions the government should take. Our recommendations are only an initial attempt to provide solutions. Therefore, we would welcome a broad debate on alternatives for efficient and effective public budgeting. For the first time, this brief includes a detailed appendix summarizing all unnecessary expenditures by ministries and regions in Tanzania. The information is drawn from the government budget books Volumes II and III for fiscal years 2008/09 to 2010/11.

## BACKGROUND

In the October 2008 Joint Annual Health Sector Review Meeting, Sikika made a statement<sup>1</sup> regarding unnecessary expenditures by the Ministry of Health and Social Welfare. In November 2008, Prime Minister Mizengo Pinda announced his intention to cut unnecessary spending on

<sup>1</sup> Available at Sikika website [www.sikika.or.tz](http://www.sikika.or.tz)

allowances, seminars, and workshops. He established a directive that all ministries and regions are required to request a permit from the Prime Minister’s office before holding a seminar or workshop. In addition, he extended this policy by promising to reduce the procurement of expensive luxury cars and to redirect the savings toward programs and projects that have a more direct impact on rural areas, where about 80% of all Tanzanians live.

To follow up on the implementation of the Prime Minister’s directives, in April 2010 Sikika published the first edition<sup>2</sup> of this brief on the government’s efforts to refocus expenditures. The purpose of the brief was to inform the Tanzanian public about how the recurrent budget’s efficiency has improved between fiscal years (FY) 2008/09 and 2009/10. To take into account the recently passed budget, Sikika has updated and enriched its previous analysis with the budget estimates for FY 2010/11<sup>3</sup>.

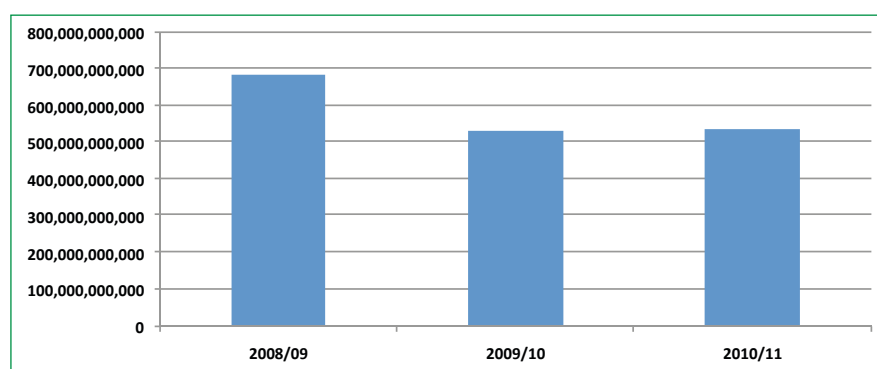
## Overall Unnecessary Expenditures

The analysis of the budget books reveals that the overall sum of unnecessary expenditures dropped significantly one year after the Prime Minister’s announcement in 2008. As illustrated in Figure 1 below, the sum of all unnecessary expenditures fell from 684 billion (bn) Tanzanian Shillings (TSh)<sup>4</sup> in FY 2008/09 to 530 bn TSh in FY 2009/10, which is a reduction of 22.4 percent. However, in the current fiscal year (2010/11) these expenditures will rise slightly to 537 bn TSh<sup>5</sup>. This development clearly contradicts the government’s stated commitment to spend its resources more wisely:

“The money will be invested in areas with economic value and meaningful returns on investment and not for paying allowances or seminars and workshops.”

*Minister of Finance and Economic Affairs Hon. Mustafa Haidi Mkulo (The Citizen, 22 May 2010).*

**FIGURE 1: Totals of ALL Unnecessary Expenditures (nominal TSh)**



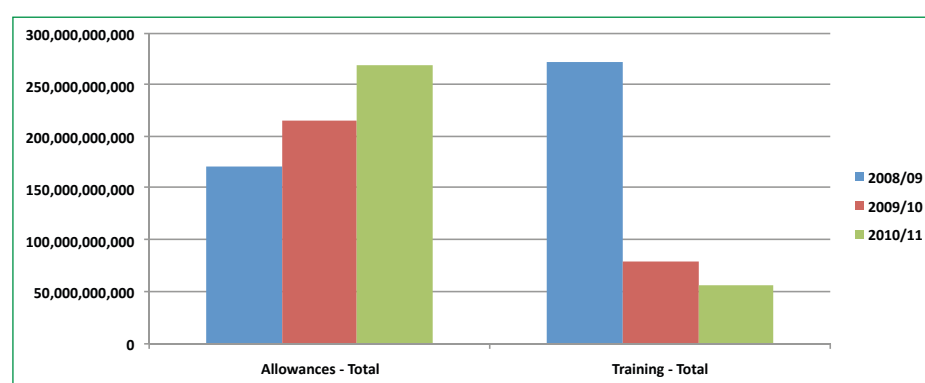
Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

<sup>2</sup> Available at Sikika website: [www.sikika.or.tz](http://www.sikika.or.tz) <sup>3</sup> Both the recurrent and development budgets are parts of the overall budget and contain allocations for unnecessary expenditures. The development budget is not sufficiently disaggregated. We therefore confined our analysis to the recurrent budget books (Volumes II and III). Since the FY 2010/11 recurrent budget accounts for 67 percent of overall expenditures, we consider our analysis to be fairly representative. <sup>4</sup> The figures are all expressed in nominal terms, thus they do not account for inflation. <sup>5</sup> Considering the \$220 million reduction in budget support from development partners, this amount equals 4.6 percent of the government’s overall budget, or alternatively, 111.8 percent of the Ministry of Health and Social Welfare’s budget in FY 2010/11.

# Expenditures on Allowances and Training

According to the 2008/09 budget, training expenses and allowances represented approximately two-thirds of all unnecessary expenditures (272 bn and 171 bn TSh, respectively). Thus any reduction in one of these two budget items would have a considerable effect on overall expenditures. Although the topics addressed in these trainings are of national interest, one may doubt whether they require such a substantial amount of funding.

**FIGURE 2: Total Expenditures on ALLOWANCES and TRAINING (nominal TSh)**



Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

The analysis of both budget items draws a mixed picture. The greatest amount of the overall savings in the FY 2010/11 budget was due to the successful reduction of training expenses. During the last two consecutive years, these expenses have been continuously scaled down from 272 bn to 57 bn TSh. That is a remarkable reduction of 79.2 percent. We assume this is a result of the Prime Minister’s imposed directive requiring all ministries and regions to request a permit before they can hold a seminar or workshop.

However, the sum of all allowances has gradually risen to 269 bn TSh in 2010/11, which means that current expenses are 57.1 percent above the 2008/09 level. Due to this negative development, 45 percent of the savings from reduced training expenses have been cancelled out. Since the payment of allowances is partly related to the attendance of workshops and seminars we would expect parallel, instead of diverging, budget allocations. So we ask ourselves: “Where are the allowances going to be spent? Moreover, these findings contradict the government’s latest commitment to cut down on this kind of expenditure:

“Honorable Speaker, other measures that will be implemented during the next fiscal year include the [...] Substantial reduction and control of expenditure on allowances in Ministries, Independent Departments, Regions and Local Authorities in order to reduce unnecessary expenditure; [...]” *Budget Speech by the Minister of Finance and Economic Affairs Hon. Mustafa Haidi Mkulo to the National Assembly on June 10, 2010.*

After analyzing the aggregated budget expenditures, we investigated the disaggregated data in order to identify the ministries and regions which have successfully reduced their unnecessary expenditures over the last two fiscal years. To take into account the different sizes of budgets, we grouped the central and regional government institutions according to their percentage savings on each budget item. Based on the budget information we have accessed, the top and bottom three performers with regard to reductions in expenditures on allowances are presented in Table 1 below.

**TABLE 1: Expenditures on ALLOWANCES (nominal TSh)**

Governance Level	Rank	Institution	Total in TSh		Percentage Change 2008/2009 to 2010/2011
			Approved Collection 2008/2009	Approved Estimates 2010/2011	
Ministry, Department and Agency	1	Public Debt and General Services	4,000,000,000	307,320,000	-92.32
	2	Judiciary	4,133,592,800.00	1,856,757,500	-55.08
	3	Ministry of Lands Housing and Human Settlements Development	3,331,811,000.00	1,715,690,000	-48.51
	53	Ministry of Energy and Minerals	1,123,009,000.00	4,129,303,696	267.70
	54	Prime Minister	62,012,000.00	350,800,000	465.70
	55	Electoral Commission	389,090,600.00	27,372,858,000	6935.09
Region and Local Government Agency	1	Shinyanga Region	2,044,865,100	624,252,000	-69.47
	2	Mtwara Region	1,294,849,000.00	604,696,300	-53.30
	3	Kagera Region	916,864,500.00	613,508,400	-33.09
	19	Arusha Region	428,310,000.00	796,592,300	85.98
	20	Tabora Region	224,633,800.00	544,057,000	142.20
	21	Dar es Salaam Region	235,451,600.00	574,665,212	144.07

Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

Among central government institutions, the Department of Public Debt and General Services shows the greatest savings. Over the last two years, it cut down its spending on allowances by a remarkable 92.32 percent. At the bottom of this table is the Electoral Commission. Its spending on allowances is estimated to be 70 times higher than in FY 2008/09. On the lower administrative level, it is Shinyanga Region which has reduced its spending on allowances by almost 70 percent. At the bottom of the table are Tabora and Dar es Salaam Regions, which both increased their spending on allowances by more than 140 percent. These observed discrepancies among central and regional administrative levels require explanations from the responsible government officials. Further investigation is needed to understand the reasons for the increases in the poorly performing regions

and the decreases in the well-performing regions in terms of reducing spending on allowances.

Now we turn our focus to the efforts of individual institutions to cut training expenses, which are presented in Table 2 below.

The impressive aggregate reduction of training expenses mainly originates from the Ministry of Education and Vocational Training, which has cut its training expenses by 221 bn TSh. At the regional level, Dodoma Region is ranked first while Dar es Salaam Region comes in last place once again. We ask ourselves why so many MDAs and Regions have increased their training activities despite the government's efforts to control these expenditures.

***TABLE 2: Expenditures on TRAINING (nominal TSh)***

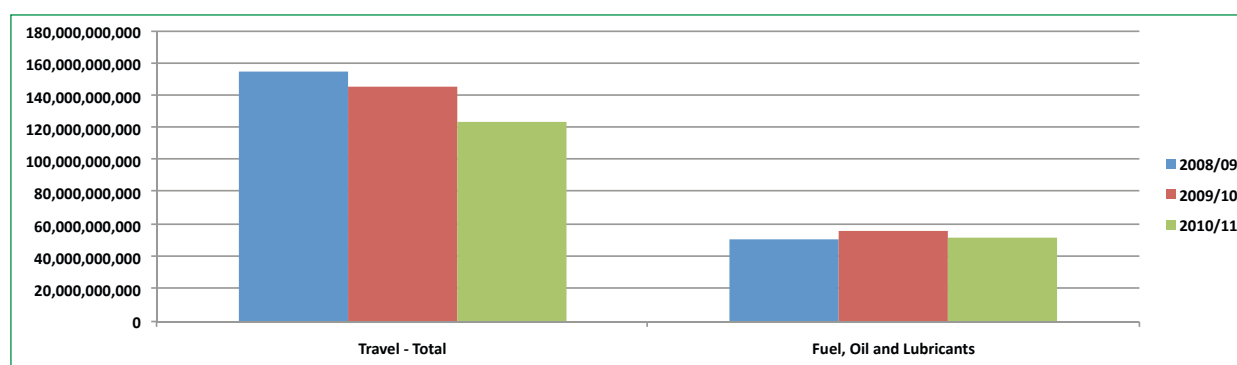
Governance Level	Rank	Institution	Total in TSh		Percentage Change
			Approved Collection 2008/2009	Approved Estimates 2010/2011	2008/2009 to 2010/2011
<b>Ministry, Department and Agency</b>	1	Ministry of Education and Vocational Training	231,745,516,500	11,154,692,600	-95.19
	2	Law Reform Commission	187,957,300.00	25,200,000	-86.59
	3	Ministry of Foreign Affairs and International Co-operation	3,858,751,750.00	741,567,080	-80.78
	52	Juciciary Service Commission	10,265,000.00	75,410,000	634.63
	53	President's Office - Publice Service Management	2,040,000.00	176,550,000	8554.41
	54	Electoral Commission	1,600,000.00	323,451,600	20115.73
<b>Region and Local Government Agency</b>	1	Dodoma Region	58,203,000	36,100,000	-37.98
	2	Rukwa Region	186,876,000.00	117,664,800	-37.04
	3	Arusha Region	124,902,000.00	96,193,400	-22.98
	19	Lindi Region	25,500,000.00	120,830,000	373.84
	20	Kigoma Region	26,645,690.00	143,420,000	438.25
	21	Dar es Salaam Region	5,200,000.00	88,194,448	1596.05

Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

# Expenditures on Travel, Fuels, Oils and Lubricants

The third largest amount of all unnecessary expenditures is for travel expenses both within and outside of the country. In FY 2008/09, the Tanzanian government spent 155 bn TSh on those budget items. Over the last two years, this sum has successfully been reduced to 124 bn TSh, which is a reduction of 19.8 percent. The development of expenditures on fuel, oil, and lubricants are less encouraging since they remained rather stable over the last few years. The spending for these items in 2010/11 is 1.4 bn, which is 2.7 percent above the 2008/09 amount of 51 bn TSh.

**FIGURE 3: Total Expenditures on TRAVEL and FUEL, OIL AND LUBRICANTS (nominal TSh)**



Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

Next, we look again at the disaggregated data. Among central and local government institutions, the three best and worst performers with regard to travel expenses and fuel, oil, and lubricants are presented in Tables 3 and 4, respectively. The Attorneys General Chambers contributed the most to the overall reduction of travel expenditures. The department managed to cut more than 31 bn TSh, or 94 percent, of these expenses. At the bottom of that table we find both the Electoral Commission and the President’s Office–Public Service Management once more. At the regional level, it is Kigoma Region which succeeded in almost halving its travel expenses. This is especially remarkable since this was the region that had the highest travel expenses in 2008/09. At the bottom of the table we find Kagera Region, which increased its spending on travel five-fold.

**TABLE 3: Expenditures on TRAVEL (nominal TSh)**

Governance Level	Rank	Institution	Total in TSh		Percentage Change
			Approved Collection 2008/2009	Approved Estimates 2010/2011	2008/2009 to 2010/2011
Ministry, Department and Agency	1	Attorney General's Chambers	33,112,445,500	1,834,261,000	-94.46
	2	Ministry of Home Affairs - Prison Services	11,880,184,000.00	1,198,770,000	-89.91
	3	Ministry of Communication, Science and Technology	5,169,251,853.00	1,015,893,368	-80.35
	49	Fire and Rescue Force	50,110,000.00	277,415,600	453.61
	50	President's Office - Public Service Management	106,238,000.00	700,275,000	559.16
	51	Electoral Commission	448,740,200.00	6,593,256,000	1369.28
Region and Local Government Agency	1	Kigoma Region	826,966,600	419,175,000	-49.31
	2	Mara Region	736,692,000.00	414,385,000	-43.75
	3	Manyara Region	589,226,400.00	508,880,000	-13.64
	19	Morogoro Region	178,278,000.00	395,155,000	121.65
	20	Singida Region	131,220,000.00	416,713,000	217.57
	21	Kagera Region	156,691,000.00	788,043,600	402.93

Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

**TABLE 4: Expenditures on FUEL, OIL AND LUBRICANTS (nominal TSh)**

Governance Level	Rank	Institution	Total in TSh		Percentage Change
			Approved Collection 2008/2009	Approved Estimates 2010/2011	2008/2009 to 2010/2011
Ministry, Department and Agency	1	Public Debt and General Services	3,300,000,000	202,500,000	-93.86
	2	Law Reform Commission	1,017,260,000.00	63,350,000	-93.77
	3	President's Office - Planning Commission	784,500,000.00	182,996,000	-76.67
	53	Ministry of Industry, Trade and Marketing	17,600,000.00	186,277,000	958.39
	54	President's Office - Public Service Management	17,460,000.00	237,283,023	1259.01
	55	Ministry of Energy and Minerals	56,866,789.00	833,981,000	1366.55

cont...

Region and Local Government Agency	1	Tabora Region	685,863,490	363,923,000	-46.94
	2	Shinyanga Region	447,669,400.00	337,122,000	-24.69
	3	Mara Region	291,967,000.00	228,276,500	-21.81
	19	Mbeya Region	258,304,000.00	453,340,000	75.51
	20	Morogoro Region	145,790,000.00	284,400,000	95.08
	21	Kilimanjaro Region	26,514,400.00	281,128,900	960.29

Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

Regarding expenditures on fuel, oil, and lubricants, the Department of Public Debt and Services has ranked first again. However, it is also important to mention the Law Reform Commission which has equally cut significantly on these expenses. At the bottom of the table one finds the Ministry of Energy and Minerals, whose expenses are more than 14-fold above the 2008/09 level. Tabora Region cut a remarkable 47 percent of its expenses while Kilimanjaro Region increased them by more than 10 times the 2008/09 level.

With the current information, it is difficult to determine the legitimacy of these costs. Therefore, we request the parliament and all related oversight bodies to investigate the usefulness of those expenditures.

## Expenditures on Vehicles and Hospitality Supplies

Tanzania is a poor country which depends heavily on external funding, yet its officials have not stopped purchasing inefficient luxury vehicles which consume large amounts of fuel.

“During fiscal year 2010/11, the Government plans to reduce procurement of new vehicles. The Government will also take measures to strengthen the capacity of the Government Procurement Service Agency (GPSA) to better coordinate procurement of Government vehicles, including identification of the type of vehicles to be procured in order to reduce the cost of procurement, running and maintenance.”

*Budget Speech by the Minister of Finance and Economic Affairs Hon. Mustafa Haidi Mkulo to the National Assembly on June 10, 2010.*

The Minister’s commitment to reduce the public procurement of vehicles is only moderately reflected by the aggregate budget figures. The aggregated 2010/11 estimate is 13.7 percent below that of the previous year. However, the current acquisition of vehicles still amounts to 15.3 bn TSh

and is thus only 1.4 percent below the FY 2008/09 expenditure level. Changes in expenditures on hospitality supplies and services are more disappointing. A promising 17.5 percent reduction of these expenses in FY 2009/10 has been counteracted by a 30 percent increase this year. The current estimate is 20 bn TSh, which is 3.6 percent above the 2008/09 level.

**FIGURE 4: Total Expenditures on ACQUISITION OF VEHICLES and HOSPITALITY SUPPLIES (nominal TSh)**



Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

Once more, we also take a look at the disaggregated data. Regarding the acquisition of new vehicles, the three best and worst performing ministries, departments, and regions are presented in Table 5 below. Both the Ministry of Infrastructure and Development and the Judiciary cut almost all of their expenses on new vehicles. This encouraging development has been counteracted by increased car purchases by other ministries. The Ministry of Finance and Economic Affairs increased its spending on new vehicles by more than 39 times the 2008/09 level. The Ministry of Home Affairs has increased its vehicle budget 131 times over the amount it spent two years before. At the lower administrative level, Dodoma Region was the only one which managed to cut its expenditures on new vehicles (-53.3 percent). Tanga Region has increased its expenditures exactly 80-fold. Based on the current non-transparent budget process, it is impossible to tell the reasons for the reduced or increased acquisition of vehicles. Again, there is no possibility to track those expenditures. Thus we rely on the official oversight bodies which are supposed to investigate the cost-effectiveness of these questionable expenditures.

**TABLE 5: Expenditures on the ACQUISITION OF VEHICLES (nominal TSh)**

Governance Level	Rank	Institution	Total in TSh		Percentage Change 2008/2009 to 2010/2011
			Approved Collection 2008/2009	Approved Estimates 2010/2011	
Ministry, Department and Agency	1	Ministry of Infrastructure and Development	280,000,000	8,098	-100.00
	2	Judiciary	104,800,000.00	46,000	-99.96
	3	State House	4,200,000,000.00	336,000,000	-92.00

cont...

<b>Ministry, Department and Agency (cont...)</b>	11	Prime Minister	80,000,000.00	476,000,000	495.00
	12	Ministry of Finance and Economic Affairs	12,459,000.00	490,000,000	3832.90
	13	Ministry of Home Affairs	800,000.00	105,000,000	13025.00
<b>Region and Local Government Agency</b>					
<b>Region and Local Government Agency</b>	1	Dodoma Region	60,000,000	28,000,000	-53.33
	2	Lindi Region	289,000,000.00	306,000,000	5.88
	3	Arusha Region	300,000,000.00	459,359,550	53.12
	4	Mara Region	101,800,000.00	220,400,000	116.50
	5	Tabora Region	45,000,000.00	255,000,000	466.67
	6	Tanga Region	4,000,000.00	320,000,000	7,900.00

Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

Over the last two years, the largest cuts in aggregated hospitality supplies and services originated from the Ministry of Education and Vocational Training. It reduced these expenses by remarkable 5.2 bn TSh (86 percent). At the bottom of the list we find the Electoral Commission and the Ministry of Home Affairs–Prison Services. The former’s expenses are about 41 times and the latter’s are 22 times higher than in 2008/09. It would certainly be informative to receive an explanation from each of these institutions for the significant increases in these expenses. At the regional level, Tanga has cut 80 percent of its expenditures on this budget item. In contrast to that success, Manyara Region increased its hospitality expenses by more than 12 times the 2008/09 level.

**TABLE 6: Expenditures on HOSPITALITY SUPPLIES AND SERVICES (nominal TSh)**

Governance Level	Rank	Institution	Total in TSh		Percentage Change 2008/2009 to 2010/2011
			Approved Collection 2008/2009	Approved Estimates 2010/2011	
<b>Ministry, Department and Agency</b>	1	Ministry of Education and Vocational Training	6,004,400,000	835,425,000	-86.09
	2	Ministry of Health and Social Welfare	2,429,139,900.00	376,738,000	-84.49
	3	Ethics Secretariat	50,000,000.00	11,250,000	-77.50
	50	Ministry of Livestock Development and Fisheries	21,140,000.00	166,260,000	686.47
	51	Ministry of Home Affairs - Prison Services	39,537,700.00	893,730,000	2160.45
	52	Electoral Commission	63,406,400.00	2,624,190,000	4038.68

cont...

Region and Local Government Agency	1	Tanga Region	139,051,000	27,889,512	-79.94
	2	Mtwara Region	110,143,298.00	61,207,000	-44.43
	3	Lindi Region	152,966,700.00	87,155,440	-43.02
	19	Mara Region	44,323,000.00	99,245,000	123.91
	20	Ruvuma Region	17,643,595.00	103,087,200	484.28
	21	Manyara Region	7,560,000.00	92,663,000	1125.70

Sources: Tanzanian Budget Books for the years 2008/09, 2009/10 and 2010/11 Vol. II and III.

## Conclusions

According to the recurrent budget figures of the last three fiscal years, we find evidence that the government has made efforts to reduce unnecessary public spending. However, this budget analysis points to a serious disparity between fiscal policy pronouncements and actual budgeting. It also demonstrates the Parliament's inability to hold the government accountable effectively. As a result, concrete reductions of unnecessary expenditures in line with government commitments remain largely elusive, with the exception of reduced expenditure on training and travel which needs further explanation.

While we commend the Prime Minister's decision to directly control seminars and workshops, which has resulted in a remarkable 79 percent reduction of spending in this area, his criteria for approval of these activities have not been made publicly available. This is a clear illustration of the arbitrary nature of public budgeting in Tanzania and the ineffectiveness of Parliament to influence it. The Prime Minister approves budget estimates for certain items within the Cabinet and then defends them in Parliament, while being fully aware that they are unnecessary.

Most ministries and regions have cut unnecessary expenditures on particular budget items, but they have also increased unnecessary expenditures on other items. Is this because they are not required to request permits from the Prime Minister to spend money on these other items? However, if there were efficient government budgeting and effective budget oversight by the Parliament, the requirement to request a permit from the Prime Minister would not be necessary to reduce unnecessary expenditures.

It appears that budget cuts and increases happen arbitrarily. While the Ministry of Education managed to significantly cut expenditures on seminars, the Ministry of Health – which has almost the same operational structure (but fewer staff members) – increased expenditures on the same. Kigoma Region, which is far from government headquarters in Dar es Salaam and Dodoma, managed to cut its spending on travel by 49 percent. Dar es Salaam Region increased its travel spending by 121 percent. These types of disparities make little sense and thus call into question the government's commitment to reduce unnecessary expenditures as well as the effectiveness of parliamentary budget oversight and the budgeting process itself.

The ministers' budget speeches have not been helpful explaining the reduction or increase of unnecessary expenditures in their ministries. Members of Parliament have only generally complained about unnecessary expenditures without any reference to specific budget figures. This kind of intervention has not attracted any concrete response from ministers in the Parliament. During the last budget session in June 2010, the Minister of Finance and Economic Affairs presented increased allocations for allowances while also making a commitment to cut down on the same. This raises doubts about the government's credibility.

## Recommendations

When the government executes the FY 2010/11 budget, it should match its words with actions by reducing and controlling unnecessary expenditures, although these expenditures have already been approved by the Parliament. In the FY 2011/12 budget, the government must do the same by drastically reducing unnecessary expenditures – across all ministries, departments, and regions – on seminars, travel, allowances, hospitality, fuel, and new vehicle purchases. We would specifically recommend addressing the following points:

- Workshops and seminars only target a small number of individuals and have a minor beneficial impact on the majority of Tanzanian citizens. They should therefore be organized in a more cost-effective manner. Many workshops and seminars can be held during office hours using existing office conference facilities.
- Urgently cut spending on allowances. At the moment they act as an incentive to government employees instead of covering the basic costs incurred by working away from the office.
- To reduce travel expenses, cut down on the number of people who travel on the same mission. Hire competent staff at the local level to reduce follow-up by the central government. Harness the Internet and other telecommunication technologies in order to reduce travel expenditures significantly.
- Stop purchasing new vehicles. Sell the most expensive ones and replace them with moderately-priced, fuel-efficient vehicles. This includes the extravagant BMW and Mercedes Benz fleets of the State House. The 15.3 billion TSh that the government has allocated for the acquisition of new vehicles is enough to build more than 100 dispensaries in remote areas. This could bring about a significant improvement in delivering services to citizens, especially in rural areas.
- Divert the funds that have been saved due to the reduction of unnecessary expenditures towards increasing the salaries of lower and middle-level civil servants. This could help to improve the provision of public services such as health care and education. For example, the Trade Union Congress of Tanzania's (TUCTA) demand that the government increases the minimum salary to 160,000 TSh per month has not been addressed by the government, on the grounds that it does not have enough funds to pay the proposed salary to these workers. Given the number of workers, this salary would apply to 350,000; The government could

adhere to TUCTA's demands by allocating about 670 billion TSh per year. This action would help to improve the living conditions and morale of these civil servants, which would improve the provision of public services such as health care and education.

“We had demanded that the lowest salary should be pegged at 315,000/-. We agreed to go down to 160,000 but the government maintained that it could afford 135,000/-, but this is still very little.” *The Trade Union Congress of Tanzania (TUCTA) Acting Secretary General, Mr. Nicholas Mgaya (Daily News, 9 August 2010).*

- Reduce unnecessary hospitality expenditures. It is immoral and inhumane if the government overspends on such items while pregnant women are dying due to the lack of delivery kits in hospitals and clinics.
- In the health sector, there are many urgent issues that could be addressed by targeted funding. For example, the Ministry of Education and Vocational Training has reduced expenditures on hospitality supplies and services by more than 5 bn TSh. This saved amount could be used to purchase more than 5,000 delivery beds, which would reduce the number of pregnant women who deliver on the floors of hospitals and clinics.
- A more transparent budget process is required for stakeholders to be able to meaningfully analyze public budgets in order to help improving budget efficiency in the future. Access to information is therefore a prerequisite to this.

# Annexure I:

## Totals of Unnecessary Expenditures (normal Tsh)

Rank	Vote	Institution	TOTAL UNECESSARY EXPENDITURES		Percentage Change 2008/09 to 2010/11
			Actual Collection 2008/09	Approved Estimates 2010/11	
1	20	Public Debt and General Services	7,300,000,000	509,820,000	-93.02
2	22	Ministry of Education and Vocational Training	265,173,226,503	27,577,946,100	-89.60
3	46	Attorney General's Chambers	35,380,052,600	5,968,244,000	-83.13
4	16	Law Reform Commission	1,590,267,300	661,177,500	-58.42
5	59	Ministry of Communication, Science and Technology	6,937,076,242	3,078,716,992	-55.62
6	68	Judiciary	8,085,359,082	4,419,570,000	-45.34
7	40	State House	6,096,236,800	3,401,940,000	-44.20
8	27	Registrar of Political Parties	1,826,452,005	1,076,434,800	-41.06
9	14	Fire and Rescue Force	2,044,795,000	1,454,843,600	-28.85
10	90	Land Court	727,923,800	551,515,000	-24.23
11	49	Ministry of Water and Irrigation	4,630,008,494	3,539,764,000	-23.55
12	66	President's Office - Planning Commission	3,820,560,000	2,939,041,000	-23.07
13	44	Ministry of Industry, Trade and Marketing	3,340,372,000	2,716,050,256	-18.69
14	29	Ministry of Home Affairs - Prison Services	29,051,803,100	23,839,095,000	-17.94
15	98	Ministry of Infrastructure and Development	4,690,776,200	4,050,725,000	-13.64
16	64	Commercial Court	683,950,000	593,700,000	-13.20
17	41	Ministry of Constitutional Affairs and Justice	1,933,273,950	1,678,675,000	-13.17
18	94	Public Service Commission	2,545,765,500	2,295,639,700	-9.83
19	31	Vice Presiden's Office	3,332,046,455	3,024,022,100	-9.24
20	23	Accountant General's Department	14,448,481,120	13,155,910,570	-8.95
21	38	Defence	20,199,556,600	18,679,733,630	-7.52
22	43	Ministry of Agriculture, Food Security and Cooperatives	8,844,891,100	8,212,555,722	-7.15
23	33	Ethics Secretariat	1,198,518,799	1,113,699,420	-7.08
24	55	Commission for Human Rights and Good Governance	1,372,779,570	1,305,625,700	-4.89
25	65	Ministry of Labour, Employment and Youth Development	2,702,420,900	2,691,059,800	-0.42
26	48	Ministry of Lands Housing and Human Settlements Development	5,199,468,000	5,220,537,500	0.41
27	51	Ministry of Home Affairs	2,403,623,263	2,467,370,700	2.65
28	52	Ministry of Health and Social Welfare	15,605,222,794	16,127,122,816	3.34

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Rank	Vote	Institution	TOTAL UNECESSARY EXPENDITURES		Percentage Change
			Actual Collection 2008/09	Approved Estimates 2010/11	2008/09 to 2010/11
29	30	President's Office and Cabinet Secretariat	4,205,968,400	4,384,349,900	4.24
30	60	Industrial Court of Tanzania	373,047,700	397,150,000	6.46
31	57	Ministry of Defence and National Service	1,779,059,000	1,897,515,700	6.66
32	42	The National Assembly Fund	34,499,836,600	37,071,926,000	7.46
33	34	Ministry of Foreign Affairs and International Co-operation	30,250,159,664	34,397,381,355	13.71
34	96	Ministry of Information, Culture and Sports	2,223,260,900	2,671,818,612	20.18
35	97	Ministry of East African Cooperation	2,589,547,000	3,165,167,400	22.23
36	92	TACAIDS (Tanzania Commission for AIDS)	888,466,000	1,092,036,000	22.91
37	15	Commission for Mediation and Arbitration	500,162,800	624,690,000	24.90
38	21	The Treasury	9,041,021,100	11,537,569,000	27.61
39	53	Ministry of Community Development, Gender and Children	2,722,039,026	3,493,237,015	28.33
40	50	Ministry of Finance and Economic Affairs	9,403,305,750	14,230,124,000	51.33
41	69	Ministry of Natural Resources and Tourism	7,264,444,582	11,676,806,600	60.74
42	25	Prime Minister	1,390,740,000	2,264,788,000	62.85
43	91	Anti Drug Commission	334,759,500	551,298,000	64.68
44	26	Vice President	852,240,000	1,451,667,000	70.34
45	12	Judiciary Service Commission	366,885,000	625,890,000	70.60
46	93	Immigration Department	4,488,015,000	8,006,958,000	78.41
47	99	Ministry of Livestock Development and Fisheries	4,398,619,060	7,948,860,000	80.71
48	28	Ministry of Home Affairs - Police Force	39,355,810,000	71,161,191,000	80.81
49	37	Prime Minister's Office	3,103,714,000	5,941,592,400	91.43
50	39	National Service	17,143,149,000	33,301,031,723	94.25
51	45	National Audit Office	5,309,808,488	11,805,952,500	122.34
52	56	Prime Minister's Office - Regional Administration and Local Government	2,832,393,410	7,047,581,004	148.82
53	58	Ministry of Energy and Minerals	4,272,950,189	10,846,940,496	153.85
54	32	President's Office - Public Service Management	718,503,300	2,738,939,319	281.20
55	61	Electoral Commission	1,557,259,400	39,379,730,800	2428.78
	<b>18</b>	<b>High Court</b>	<b>0</b>	<b>4,390,417,400</b>	<b>NA</b>
	<b>19</b>	<b>District and Primary Courts</b>	<b>0</b>	<b>3,596,743,980</b>	<b>NA</b>
		<b>Total Ministries &amp; Departments</b>	<b>653,030,072,046</b>	<b>500,049,889,110</b>	<b>-23.43</b>

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Rank	Vote	Institution	TOTAL UNECESSARY EXPENDITURES		Percentage Change
			Actual Collection 2008/09	Approved Estimates 2010/11	2008/09 to 2010/11
1	83	Shinyanga Region	3,096,565,000	1,650,234,200	-46.71
2	80	Mtwara Region	2,084,572,298	1,636,987,400	-21.47
3	74	Kigoma Region	1,573,150,800	1,471,083,000	-6.49
4	77	Mara Region	1,704,513,800	1,713,671,150	0.54
5	82	Ruvuma Region	1,494,236,285	1,626,925,212	8.88
6	76	Lindi Region	1,410,905,285	1,570,025,390	11.28
7	72	Dodoma Region	1,287,900,000	1,497,000,840	16.24
8	86	Tanga Region	1,570,253,095	1,843,105,312	17.38
9	85	Tabora Region	1,592,198,624	1,887,008,400	18.52
10	71	Coast Region	1,511,902,570	1,804,822,220	19.37
11	95	Manyara Region	1,315,947,000	1,633,473,162	24.13
12	75	Kilimanjaro Region	1,231,309,000	1,644,197,300	33.53
13	70	Arusha Region	1,702,170,800	2,328,999,410	36.83
14	89	Rukwa Region	1,359,158,400	1,867,090,800	37.37
15	87	Kagera Region	1,468,708,700	2,101,021,800	43.05
16	81	Mwanza Region	1,593,809,400	2,347,452,800	47.29
17	78	Mbeya Region	1,086,238,000	1,638,924,633	50.88
18	79	Morogoro Region	943,737,400	1,517,570,720	60.80
19	73	Iringa Region	1,280,516,500	2,135,119,300	66.74
20	84	Singida Region	899,010,530	1,578,805,900	75.62
21	88	Dar es Salaam Region	510,454,447	1,353,938,308	165.24
		<b>Total Regions</b>	<b>30,717,257,934</b>	<b>36,847,457,257</b>	<b>19.96</b>
		<b>Total Ministries, Departments, Regions &amp; LGA</b>	<b>683,747,329,980</b>	<b>536,897,346,367</b>	<b>-21.48</b>