

THE PARADOX OF FINANCING EDUCATION IN TANZANIA “THE 2014/15 POST BUDGET BRIEF”

INVESTING IN EDUCATION

The 2014 ONE Campaign’s Data Report: “Fighting Poverty and Financing Africa’s Future” which has a longstanding tradition of holding leaders to account and monitoring both donor and African government commitments on development finance; reports that between 2010 and 2013, only 1 out of 33 countries in sub-Saharan Africa met the Dakar commitment to allocate 9% of GDP to education.

According to the report, although the overall financial resources including domestic government spending in Africa are growing rapidly, most African governments are not meeting their own commitments to allocate sufficient spending to key development sectors such as health, agriculture and education. On education, the report further indicates that only 10 countries met the UNESCO target of allocating 20% of their national budgets to education. So how does Tanzania fair in this assessment?

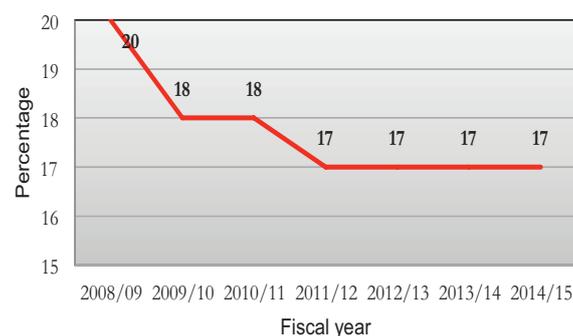
According to the 2014/15 Tanzanian national budget speech, the country’s budget for the fiscal year 2014/15 was Tsh. 19,853 billion; with Tsh. 3,465 billion set as education sector’s expenditure for that financial year. On average this is around 17% of the total national budget (Tsh. 19,853 billion): 3% less of the UNESCO’s target.

Though 17% would seem a good move towards the targeted 20%, the paradox is that for the past five years the proportion of education sector’s budget as a share of the national budget has been decreasing. This is to say that the Tanzania financing trend for education has been declining against UNESCO’s target instead of moving towards it. Kenya and Uganda are investing around 20 – 25% of their national budget in education.

Meanwhile Tanzania invests around 6% of the GDP in education, a trend which not only is against the Education for All (EFA) set and agreed goals but also is against the Dakar commitment and UNESCO’s global accepted target of investing 9% of

GDP in education. This may be a sign of underestimating the challenges that affect learning, and the broader consequences of poor education. The figure below shows the trend of Tanzania’s budget for education over the past five years.

Figure 1: Education sector’s budget as a proportion of the national budget



According to the figure above, Tanzania only once allocated 20% of its total budget to education, in 2008/2009; but since then the percentage of the education budget as proportion of National budget has been deteriorating.

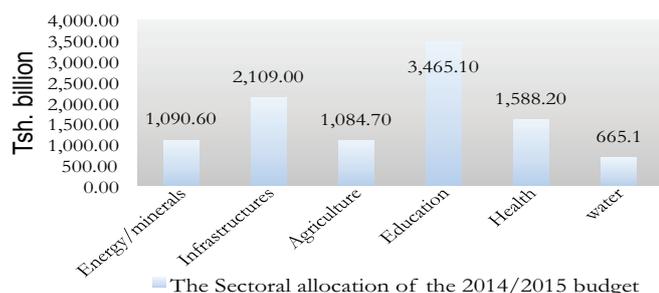
PRIORITIZING EDUCATION

According to the report, African governments must meet their own commitments to priorities spending on programmes and in sectors that make the largest contributions to poverty reduction including health, agriculture and education.

However, although Tanzania has failed to meet the UNESCO’s Dakar commitment to allocate 20% of the national budget into education, trends do show that education has been among the government’s priorities in terms of financial allocations.

In 2014/2015 for example the total education sector’s budget was Tsh. 3,465.1 billion. This amount makes the sector the recipient of the biggest share of the national budget amongst other ministries and sectors. The implication is therefore that in 2014/15 education is the government’s top priority in terms of monetary allocation. Figure 2 below explains.

Figure 2: The sectoral allocations for 2014/2015 fiscal year



The government of the United Republic of Tanzania launched the Big Results Now (BRN) initiative in 2013; a Programme where local efforts are merged to deliver on Development Vision 2025. Education was among the six sectors selected as priorities. For this it suffices to say that though the amount of investment can be debated, Tanzania has given priority to education as one of the potential routes to sustainable development.

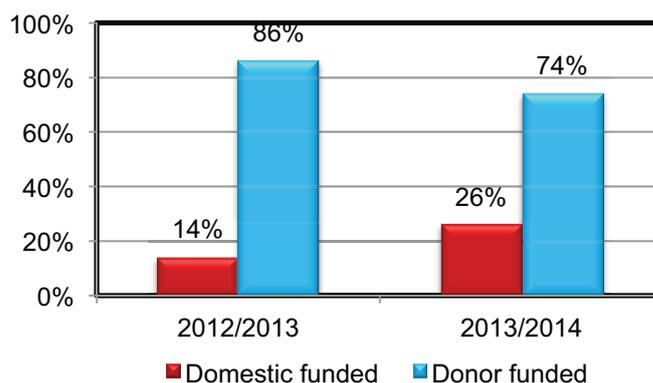
However, putting education amongst the top priorities does not necessarily make for commendable financing. The paradox has been on many aspects of the education budget; the sources of funds which to a great extent depend on donors, the proportion between recurrent and development expenditures, levels of disbursement and the expenditure management are among the challenges that face the education sector

For example in the 2014/2015 education budget, the government has allocated about Tsh 203.2 billion to implement Education Development projects for Primary and Secondary schools (PEDP III & SEDP II), but Tsh. 93.6 (46%) out of this is expected to be contribution from donors and 109.6 (54%) of the total will be raised from domestic revenues.

Basically, budget dependence has developed into a tradition in Tanzania; in 2012/2013 for example, the Ministry's actual development expenditure was Tshs. 59.5 billion where 8.4 (14%) billion was from internal sources and 51.1 (86%) was from external funds.

In 2013/2014 the development budget for Ministry of Education and Vocational Training (MoEVT) was Tsh. 72.5 billion of which only 18.8 (26%) billion was from domestic sources with the remaining 53.7 billion (74%) coming from donors. However in the 2014/2015 budget speech the Minister announced that around 71.1 billion for development expenditures is expected from same donors.

Figure 3: Education sector's funding sources

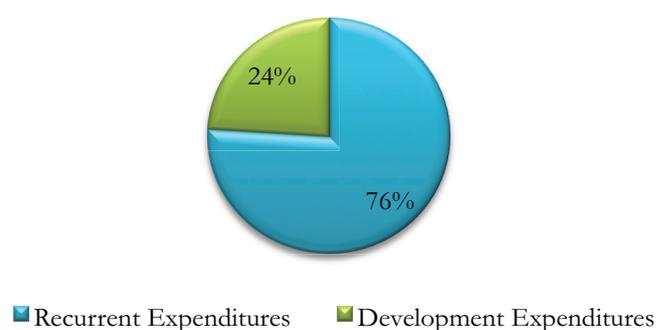


The paradox on donor's funding is delivery of the promises; in 2013/2014, for example, the Ministry only spent Tsh. 14 billion (19%) of the total Tsh. 72 billion developmental budget. According the Education Minister¹ poor disbursement of funds from donors was the basic reason for the under-spending. Donors had promised to contribute 53.7 billion to the budget but only gave 8.3 billion: just 15% of what had been promised.

One might therefore ask whether, if donors failed to deliver Tsh. billion 53.7 in 2013/14, what makes the government confident that they will deliver Tsh. 71.1 promised in 2014/15? With the nature of this dependence within financing, does it matter whether the sector is top or among the priority sectors?

It is important to understand that an assessment of the effectiveness of whether allocating 17% of the National budget or Tsh. 3,465 billion makes a good investment in education can be made by looking into the nature of allocations². It is a consideration that (out of the total sector's allocations above) Tsh. 2,656 billion (76%) of the total budget) was set aside for recurrent expenditure and only Tsh. 809 billion (24%) of the total education budget was allocated for development expenditure.

Figure 4: Education sector's proportion of recurrent and development expenditures in Fiscal Year 2014/2015



1 Hon. Shukuru Kawambwa MOEVT, addressing the parliament in 2014

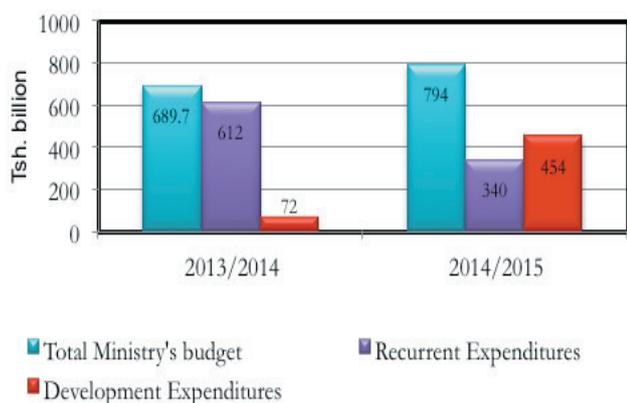
Budget experts classify this as bad investment in favor of allocations that has more development spending than other expenses. For an investment to be smart, capital expenses need be balanced or to be more than administrative spending. These aspects are essential in telling whether the amount and nature of allocations will successfully address the challenges affecting teaching and learning in the country.

Access to equal and good quality education depends more on physical investments like infrastructure, books, libraries, laboratories and friendly learning environments. But as we have seen, only 24% of the sector's finance is directed to this substantial area while 76% is allocated towards recurrent expenditures. Allocating more on recurrent than development expenditures would mean addressing minor challenges. This is true because major constraints in education in Tanzania require more allocation to development projects than recurrent.

THE MINISTRY'S BUDGET

MoEVT's budget seem to have increased from Tshs. 689.7 billion in 2013/2014 to Tshs. 794 billion in 2014/2015. Out of this 794 billion, 454 billion is allocated for Development and 340 billion for recurrent expenditures. Development expenditures has increased from Tshs. 72 billion allocated in last fiscal year to 454 billion this year, while recurrent expenditures has dropped from 612 billion set aside last year to Tsh. 340 in 2014/15.

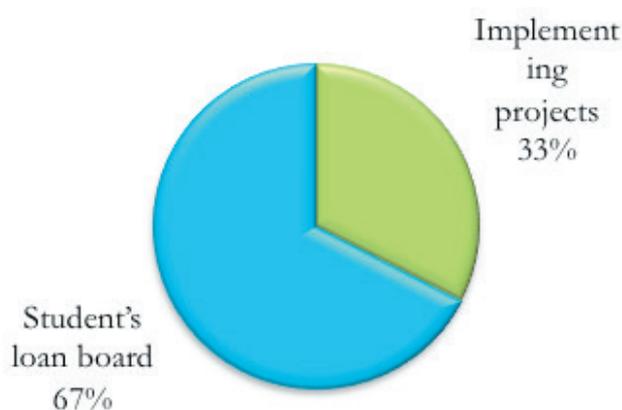
Figure 4: Education Ministry's Budget Allocations



However, caution is needed before applauding these approved figures. Although there is an increase in figures, in fact the Ministry's development budget has been cut. The apparent increase is more a procedural outcome than actual increase. It is the result of shifting Sub vote 7001 from Higher education - 270900 which in 2013/14 and was treated as recurrent expenditure, which has now been moved to sub vote 1003 (Policy and Planning, Development spending) in 2014/15.

According to budget estimate books, a total of Tsh. 306 billion out of 454 billion set for development expenditures goes to the Higher Education Loans Board as students' loans. This is 68% of the total MoEVT's development budget. Therefore, in reality only 33% of the total development budget (Tsh. 148 billion) is left for implementing the ministry's development projects in 2014/15. Whether students' loans should be treated as investments or not is open to discussion, because the loans are interest-free and reclaiming the money has been rather ineffective

Figure 5: Ministry's development expenditure proportion



CONCLUSION

Basically the education sector in Tanzania faces serious challenges which need urgent attention. A few to consider are: the increasing number of teachers' grievances, delays and inadequacy in disbursing capitation grants to schools, lack of funds earmarked for pre-primary education, budget constraints for schools' inspection department, lack of transparency and accountability in the education budget, and inadequate investments.

- 2 The nominal value versus real value of allocation, and the ration between sectors's recurrent versus investment spending.
- 3 Refer also speech Alternative budget Speech by shadow minister for education

It is thus evident that the prevailing education financing custom of depending on donors, favoring recurrent at the expense of development expenditures and ignoring global commitments will mean stagnation of the sector and a future population being unable to realize their full potential.

Appropriate financing should not only aim to put education amongst the priority sectors in

budgets, but also look into effectiveness of the allocations. While we urge the government to continue prioritizing education in both allocations and disbursements, we also recommend reduced donor dependence and improved performance management.

Further to that, this brief calls for the commitment of our donors supporting our budget once pledges have been made.

This policy brief was prepared by: Hakielimu, a member of the policy forum Budget Working Group.



Hakielimu
P.O.Box 79401
Dar es Salaam, Tanzania
Tel: +255 22 2151852/3
Email: info@hakielimu.org
Website: www.hakielimu.org



Plot 14, Sembeti Road
Mikocheni B, P.O. Box 38486
Dar es Salaam, Tanzania
Phone: +255 22 2780200
Email: info@policyforum.or.tz
Website: www.policyforum.or.tz