

THE 2021/2022 BUDGET: A CALL FOR AN INCLUSIVE AGRICULTURE BUDGET

Brief 2.21

Executive Summary

This brief aims at assessing the levels and priorities of the 2021/22 Government budget on agriculture with a special focus on the aspect of inclusion especially of marginalized groups. Among the key findings include a significant budget increase from TZS 460 billion in 2020/21 to TZS 630 billion in 2021/22 representing an increase of 27%. As a share of the national budget, the budget for agriculture has slightly increased from 1.3% in 2020/21 to 1.7% in 2021/22. This share is however, still below the 10% Comprehensive African Agriculture Development Programme's (CAADP) commitment on government spending in agriculture. In addition to the challenge of inadequate allocation, there are also delays in disbursement of funds.

The rate of growth of the sector is also not encouraging. The growth rate increased from 4.4% in 2019 to 4.9% in 2020. Again, this rate is below the 6% CAADP growth rate recommended. Also notable is that the budget is silent on gender aspects in most of the key strategic areas such as access to loans through the National Agriculture Inputs Fund and therefore questioning inclusivity of the smallholder producers most of whom are women.

Therefore, the following are among the key recommendations to enhance the sector's inclusive growth; the Government should consider increasing budget allocation to the agriculture sector and ensure timely disbursement of allocated funds; the Government should reflect on its priorities in the sector to make sure that they marginalized groups like women

are considered in every intervention. There should be deliberate efforts that target small holder farmers. Also, the Government should consider enforcing 20%, 15% and 5% reinvestment from LGA's revenue collected from crop, livestock and fisheries, respectively back to the subsectors to enhance their performance.

Problem Statement

For years, agriculture has been less prioritized by the Government in terms of budget allocation and disbursement compared to other economic sectors like transport and energy. Even though, the 2021/22 sector's share in the national budget has increased to 1.7% from 1.3% in 2020/21, the share is still far below the 10% CAADP's commitment. Among others, the low budget allocation and disbursement

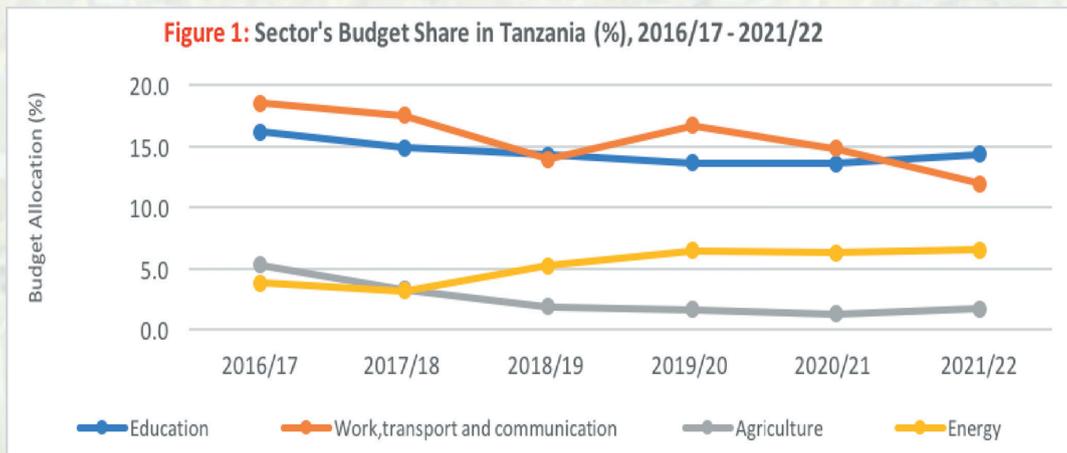
especially for the development projects has negatively impacted the sector's growth rate. The sector grew by 4.9% in 2020 compared to 4.4% growth rate in 2019. Again, this rate is below the 6% CAADPs target. Additionally, gender aspects do not come out explicitly in this budget and thereby posing a potential challenge on women and other marginalized groups' inclusion in strategic interventions in the sector.

Government Budget Priorities Versus Agriculture Growth Rate

For the past five years (2016/17 to 2020/21), the share of national budget allocated to the agriculture sector has

been mostly declining from TZS 1,560 billion which was 5.3% of the 2016/17 budget to TZS 460 billion which is 1.7% of the 2021/22 national budget as can be seen in figure 1. Other sectors like transport and education have been receiving the lion's share in the national budget. See figure number 2.

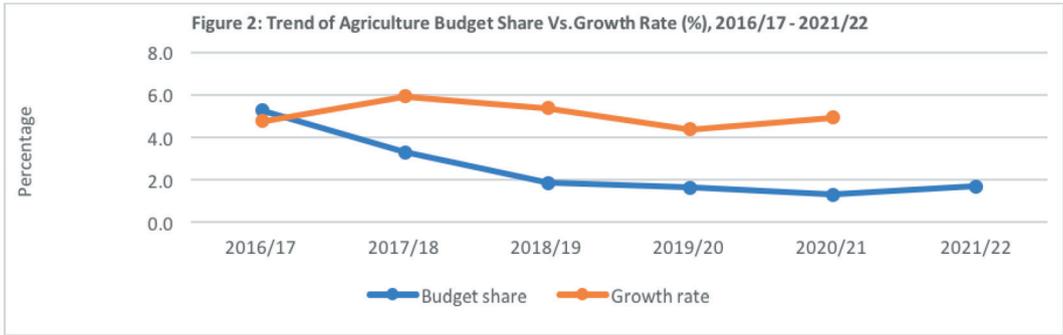
Agriculture sector plays a great contribution towards Tanzania's economic development as it contributes to 26.6 % of Gross Domestic Product. Agriculture is also a source of 65% of total employment in Tanzania. This is according to the Third National Five-Year Development Plan.



Source: MoFP - Citizen Budgets

The 2021/22 budget shows a significant increase of the agriculture budget compared to other sectors under assessment. For example, agriculture budget increased by 37.0% from TZS 460 billion in 2020/21 to TZS 630 in 2021/22, while education budget increased by only 11.3% from TZS 4,722 billion in 2020/21 to TZS 5,257 billion in 2021/22, and energy

by only 8.6% while transport declined by 15.1%. However, despite the small increase in other sector's budget, the sectors still hold higher budget compared to that of agriculture sector hence less impact on their part. The low allocation has been negatively impacting the sector's growth over the years, despite the growth reaching 4.9% in 2020 from 4.4% in 2019 (Figure 2).



Source: MOFP

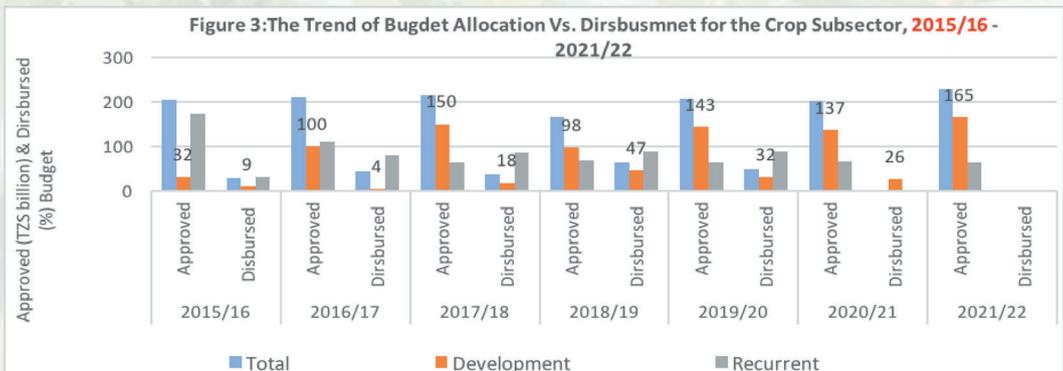
However, the rates are still considered low since Tanzania is yet to achieve the 6% CAADP sector’s growth rate target and since agriculture employs more than 65% of the Tanzania population mainly women living in rural areas engaging in agriculture activities especially in a small scale, hence the situation indicates slow pace of the sector’s transformation.

Budget Allocation Versus Disbursement

As elaborated earlier, the 2021/22 agriculture budget is characterised by an increase of the share in the national budget. For example, looking at the three related ministries: Ministry of Agriculture (MoA) with 28% budget increase from TZS 229.84 billion in 2020/21 to TZS 294.16 in 2021/22;

Livestock under the Ministry of Livestock and Fisheries (MLF) with 22.9% budget increase from TZS 38.9 billion to TZS 47.8 billion and Fisheries under MLF with 249.9% budget increase from TZS 34.7 billion to TZS 121.4 billion.

However, even though, in recent years, the Government through these ministries has been allocating more than half of the budget towards the development budget but less than 50% has been disbursed hence compromising the pace and quality of implementing the sector’s development projects. Taking an example of the MoA under the crop subsector, vote 43 shows that, between 2015/16 and 2020/21 less than 50% of the approved budget to support the crop subsector development projects has been disbursed (Figure 3).



Priorities of the Agriculture Sector Budget

This year, agriculture budget has largely prioritised key areas such as training, extension services, crop development, cooperatives, irrigation, veterinary health services, pasture and investment promotion, amongst others. However, there is still low allocation in some of the key strategic areas such as research and development hence questioning achievement of some of the regional and national development agenda. For example, the following were among observations in 2021 budget

- Budget allocated to support research in both crop and irrigation (TZS 11.64 billion) equivalent to 0.07% of the 2020 subsector's GDP (TZS 17.2 trillion at constant price), which is below the CAADP/Malabo recommendations of each African country to allocate 1% of the subsector's GDP to support research and development. This will likely affect the quality of decisions made.
- Levels of interventions not effectively touching some of the marginalized groups like women in rural areas. For example,
 - Budget allocated for the revival of 34 Ward Agricultural Resource Centres (WARC) partly aiming at enhancing access to extension services. Despite the good intentions of this initiative, it may still pose a potential distance challenge to women involved in agriculture especially those living in the interior as they might still
- Inadequate budget allocated to support climate change mitigations. Irish Aid (2016) reported that more than 70% of all natural disasters in Tanzania are climate change related and are linked to recurrent droughts and floods. Therefore, the fact that agricultural development heavily depends on the environmental resources, such as land, forestry, air and water, sufficient investment in climate mitigation is crucial. However, this year's MoA and MLF budgets have not prioritised climate change hence exposing vulnerable population like that of women in rural areas engaging in agriculture with no social protections like agriculture insurance to face challenges of climate in agriculture including low harvests hence decreased income.
- Silence of the budget on some key intervention areas like finance. For example, apart from the 10% Women, Youth and People with Disabilities Fund, the 171.9% increase of loans for agricultural tools and inputs through National Agricultural Inputs Fund from TZS 1.39 billion in 2020/21 to TZS 3.78 billion in 2021/22 is silent on gender hence posing a potential challenge of vulnerable groups like women in rural areas to access these

loans. Additionally, this year's agriculture related budget has less coverage of financial institutions like the Tanzania Agricultural Development Bank (TADB) to enhance access to finance through that channel.

Conclusion and Recommendations

The 2021/22 agriculture budget shows a significant increase; however, the share is still below the 10% CAADP commitment which negatively impact the 6% CAADP target on the sector's growth rate. Despite the Covid-19 pandemic, agriculture sector still grew by 4.9% in 2020 from 4.4% growth in 2019. More still needs to be done to lessen the impacts of COVID -19 challenges and achieve some of the key goals that are yet to be attained.

To this end, the brief presents these key recommendations for consideration by policy makers;

1. Increase budget allocations and ensure timely disbursement especially for the development projects.

2. Need for the government to prioritise key strategic areas like climate change.

3. Budget process to be gender and age sensitive for inclusion purposes which will in turn lead into an inclusive growth of the sector.

4. To address the sector's budgetary challenges, the Government needs to consider enforcement of the 20%, 15% and 5% reinvestment from the LGA revenue collected from crop, livestock and fisheries, respectively back to the subsectors as a means to partly carter for the unanticipated effect of covid-19 pandemic in revenue collection.

5. The Government, through different reforms including those in the financial sector, needs to enhance access to financial services especially in rural areas where the majority of women farmers reside







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