



policy forum

POST-BUDGET POSITION STATEMENT FOR FINANCIAL YEAR 2024/2025

Budget Credibility, Allocations and Expenditures for Improved
Social Services



1. Preamble

Policy Forum applauds the government's 4Rs reforms (Reconciliation, Resilience, Reform, and Rebuild) aimed at fostering a transformative political journey. These reforms include measures to attract foreign investments through economic diplomacy, address social and political divisions through inclusive policies, diversify industries, improve infrastructure, and enhance efficiency.

This document reaffirms our commitment to contributing to budget discussions and performance evaluations. Our analysis examines the credibility of the 2024/2025 budget allocations and expenditures to citizens who desire improved social services. We have highlighted key sectors including education, agriculture, water, health, and youth. This position paper also provides valuable insights into the Finance Act 2024 and Appropriation Act 2024, emphasising their alignment with the needs of the people.

2. An overview of the national budget for the Financial Year 2024/2025

The Tanzanian national budget for the fiscal year is TZS 49,365.7 billion and is structured across various sectors aimed at bolstering national development and ensuring effective governance. A significant portion of the budget is allocated to sectors such as Defence, Law, and Public Safety (5,493.5 billion TZS), reflecting a commitment to maintaining security and upholding the rule of law. Within this category, substantial investments are earmarked for Defence (3,323.5 billion TZS), Judiciary (465.9 billion TZS), and Public Safety (1,704.1 billion TZS), highlighting priorities in national security and judicial infrastructure.

Economic Development emerges as another pivotal focus area, with a substantial allocation of 10,290.7 billion TZS. This sector encompasses vital industries including Agriculture (1,938.1 billion TZS), Energy (1,883.7 billion TZS),

and initiatives aimed at fostering Industrial growth (110.8 billion TZS). These investments are designed to stimulate economic diversification and sustainable growth, addressing key challenges in food security, energy access, and industrialization.

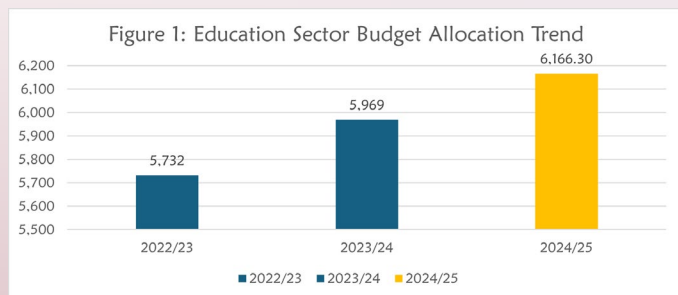
The budget also underscores a strong commitment to Human Capital Development and Social Services, with significant allocations towards Education (6,166.3 billion TZS) and Healthcare (2,540.1 billion TZS). These allocations encompass primary and higher education initiatives, healthcare facilities, and preventive health programs, reflecting the government's dedication to enhancing human capital and improving public health outcomes nationwide. Overall, the budget outlines a strategy aimed at promoting economic resilience, social welfare, and sustainable development across Tanzania.

3. Highlights from the selected sectors

3.1 Education Sector Budget Analysis: Recommendations for Aligning with International Commitments and National Plans

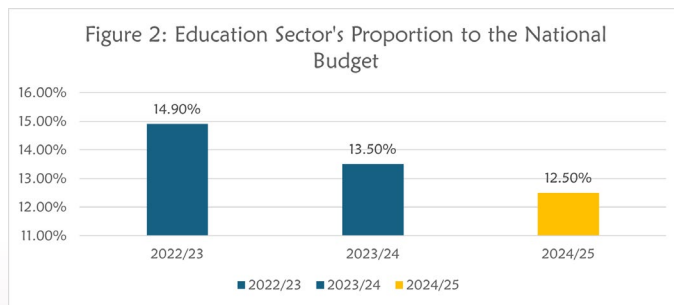
The approved Education Sector budget for the financial year 2024/25, approximately TZS 6.2 trillion, is a top government priority. This budget addresses key priorities within the education sector, including improving basic education and supporting the newly passed Education Policy (2023). It will review educational laws and regulations governing institutions such as COSTECH, TLSB, NECTA, VETA, TCU, NACTVET, TIE, and TEA to align them with the Education and Training Policy of 2014, the 2023 Edition, and relevant regional and international laws. Additionally, the government plans to enhance ICT use at all educational levels, review the Science and Technology Policy (1996), and establish the Talent Pool Program to develop innovative ideas among graduates.

The education sector's budget for 2024/25 covers 12.5% of the national budget (TZS 49,365.7 billion), totalling TZS 6,166.3 billion, an increase of TZS 197.3 billion (3.31%) from FY 2023/24. This rise continues the upward trend in the education sector's budget, which has grown from TZS 5,732 billion in FY 2022/23 to TZS 5,969 billion in FY 2023/24, and now to TZS 6,166.3 billion for FY 2024/25. Figure 1 below elaborates on allocation trends for the past three years.



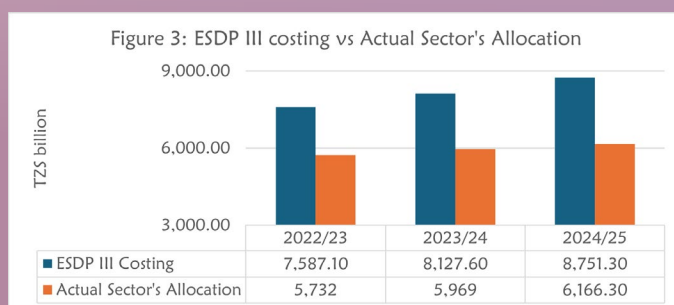
However, the proportion of the education sector's budget relative to the national budget has decreased over the past three years. It has dropped from 14.9% in FY 2022/23 to 13.5% in FY 2023/24 and now to 12.5% in the current FY 2024/25. While the nominal allocation for the sector is increasing, the declining proportion may impact the sector's purchasing power.

This trend is also contrary to the regional commitment made by Sub-Saharan African countries, including Tanzania, to allocate at least 20% of their national budget to education. According to the Incheon Declaration (2015), countries in Sub-Saharan Africa are advised to allocate at least 6% of their GDP or 20% of their national budget to the education sector to address the growing demands and challenges effectively. Figure 2 below, elaborates.

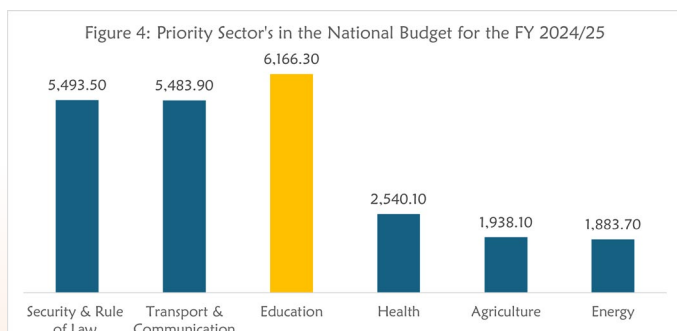


The allocated budget for the Education Sector in FY 2024/25 falls short of the proposed budget under the Third Education Sector Development Program (ESDP III). The government was supposed to allocate TZS 8,751.27 billion for FY 2024/25, but only allocated TZS 6,166.3 billion, a shortfall of TZS 2,584.97 billion, or 29.53%. If aligned with ESDP III, the education budget would be about 18% of the national budget, closer to the 20% recommended by the Incheon Declaration. This shortfall deprives the sector of substantial funds that could address key challenges and improvements.

For the past three years, education sector allocations have been below ESDP III projections, indicating a consistent denial of necessary funds. Figure three presents a comparative analysis of the ESDP III proposed budget versus actual education sector allocations.



Despite the allocation challenges, however, the education sector ranks higher than other sectors allocations in the 2024/2025FY budget. Figure four below provides the ranks of sector allocation



Key Spending areas for the education sector's budget

The Education Sector's budget for FY 2024/25 has allocated its largest share of 71% to expenditures on Basic Education, which includes Pre-Primary, Primary, and Secondary Education sub-sectors. The allocation of 22% of the education sector to higher education facilitates its development, the total allocation of TZS 787.42 billion has been directed for the higher education students' loan board an average of 50% for the meals and accommodations of university and college students. The allocation of 1% of the sector budget to ICT and 3% to Technical education and vocational training might bring higher education sector productivity than the presence of much allocation to less productive education sector.

Education sector expenditures allocation

The education sector allocated a total amount of TZS 2,500 billion for development expenditures and a total amount of TZS 3,700 billion for recurrent expenditures the difference is due to the fact education sector accommodates the largest proportion of government human resources (teachers).

Education sector shortfalls and recommendations

- Failure to align with the international commitments and the national plan, the Incheon declaration for a bounded nation to allocate 20% of its budget in the education sector and that of ESDP III that directed a nation to allocate 18% of its budget.

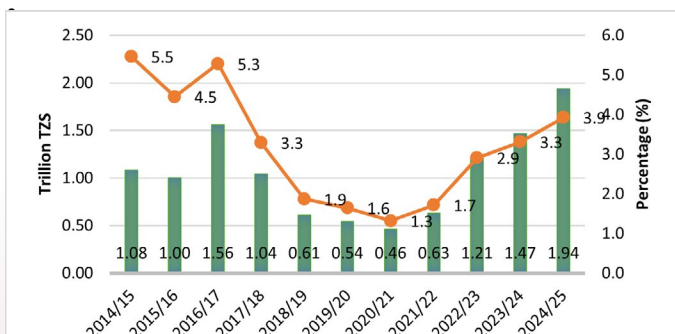
This failure has led to the low development of the education sector on the improvements in education in Tanzania society. The government allocates according to its commitments.

- The allocation of 50% of the high education sub-sector to the HESLB hinders the development of higher education where the high amount could be allocated to research and innovations rather than the high spending on the students' accommodations and meals, the government could introduce free education to all levels and allocates more funds to productive researches and innovations projects.
- The allocation of 1% to ICT and 3% to technical education and vocational training shows the less need for the government to advance in industrial and technological development where the global economy trends.

3.2 Agriculture Sector Trends 2016/17 to 2024/25: Timely Disbursements Needed

Agriculture is the mainstay of the Tanzanian economy, contributing 26.5% of the GDP, 100% of all food requirements, 65% of industrial raw materials and employing 65.6% of the population (MoA, 2024). The country has committed to allocate at least 10% of the government budget to agriculture and achieve an average annual sectoral growth of 6% in the Malabo Declaration of 2014 which is implemented through the Comprehensive African Agricultural Development Programme (CAADP). However, inadequate budget allocation and disbursement is still a persistent challenge that subsequently affects the sector's growth and transformation.

For the past four consecutive years, there has been a significant increase in the agriculture sector budget allocation. The share of the agriculture sector budget against the total national budget declined from 5.3% in 2016/17 to 1.6% in 2020/21 but gradually increased to 3.9% in 2024/25 as seen in Figure 5.



For 2024/25, the budget has increased by 31.8%, from 1.47 trillion TZS in financial year 2023/24 to 1.94 trillion TZS. The total budget estimate to the Ministry of Agriculture is 1.2 trillion TZS out of which 1.03 trillion TZS (82.7%) is for development expenditure and 215.92 billion TZS (17.3%) for recurrent expenditure. The total budget estimate to the Ministry of Livestock and Fisheries is 460.33 billion TZS, out of which 363.12 billion TZS (78.9%) is allocated for development expenditure and 97.22 billion TZS (21.1%) is allocated for recurrent expenditure.

Development budget allocation

The total estimated allocation for the agriculture sector development budget has increased by 44.8%, from 964.17 billion TZS in 2023/24 to 1.396 trillion in 2024/2025. According to the Ministry of Agriculture, it has increased from 767 billion TZS in 2023/24 to 1.03 trillion TZS in 2024/25 whereby To the crops subsector (Vote 043), it has increased from 465.7 billion TZS in 2023/24 to 700 billion TZS in 2024/25, To irrigation (Vote 005), from 299.96 billion TZS to 331.90 billion TZS, While Cooperative Development (Vote 024), it has decreased from 2.17 billion TZS in 2023/24 to 830 million TZS in 2024/25.

In the Ministry of Fisheries and Livestock, it has increased from 196.34 billion TZS in 2023/24 to 363 billion TZS in 2024/25.

The overall trend for development budget allocation in the agriculture sector has been improving as depicted in Figure 6, except for cooperatives development (vote 024), whose budget has decreased by about 61.9%, from 2.17 billion in 2023/24. Moreover, cooperative development had no development budget allocation for six consecutive years from 2016/17 to 2020/21. Nonetheless, despite the increase allocation, sufficient and timely disbursements to implement development projects has been a persistent challenge in the sector.

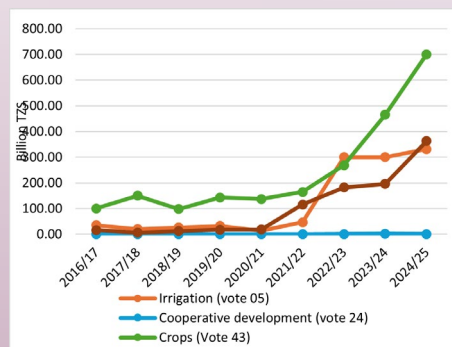


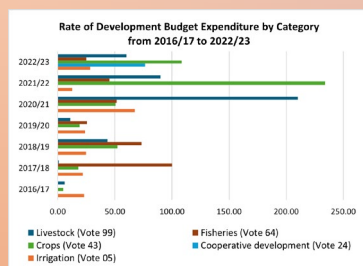
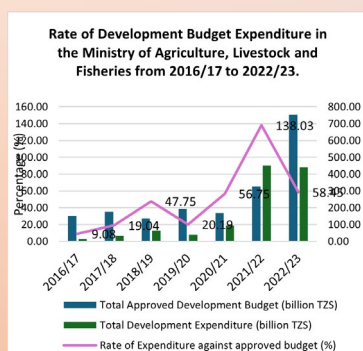
Figure 6: Development budget allocation by category from 2016/17 to 2024/25. (Source: MoF data)

Development Budget Disbursement and Expenditure: Low Disbursement Rates

By April 2024, only about 53% of the 2023/24 total approved budget for development to the Ministry of Agriculture, and the Ministry of Livestock and Fisheries had been disbursed (MoA, 2024; MLF, 2024). This indicates a substantial delay or inefficiency in the allocation of funds intended for developmental purposes within these ministries.

In the Crop (Vote 043), Cooperative Development (Vote 024), and Irrigation (Vote 005) subsectors, only 522.16 billion TZS out of the approved 767.84 billion TZS was disbursed. This represents approximately 68% of the allocated funds, indicating a shortfall in funding disbursement crucial for agricultural development.

In the Fisheries (Vote 064), 81.21 billion TZS (60.4%) out of 134.41 billion TZS was disbursed, showing a slightly better but still inadequate disbursement rate. In the Livestock subsector (Vote 99), 12.43 billion TZS (20%) out of 61.92 billion TZS was disbursed. A similar trend has been seen in 2022/23 and from 2016/17 to 2020/21 whereby the rate of development budget expenditure has been below 60% as seen in Figure 3. Figure 4 shows development expenditure by category. The trend underscores systemic challenges in effectively utilizing allocated funds for agricultural and livestock



development, indicating challenges such as bureaucratic delays, inefficiencies in financial management, or challenges in project implementation.

Agriculture sector shortfalls and recommendations

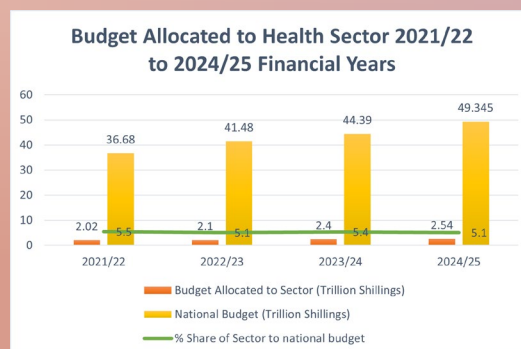
- Increase public investments in the agriculture sector to at least 10% of the government budget as committed in the Malabo Declaration.
- Address systemic challenges in utilizing allocated funds for agricultural and livestock development. These challenges suggest bureaucratic delays, inefficiencies in financial

management, and obstacles in project implementation that need to be tackled comprehensively.

- Promote smallholder producers' access to potential opportunities (finance, technologies, extension services, markets) for agribusinesses expansion and improving their livelihood, particularly by facilitating accessibility to financial capital to smallholder farmers at LGAs level including the intended youth and women beneficiaries in the 100 LGAs where BBT will be implemented.

3.3 Health sector: disbursements and Alignment to International Commitments remain a challenge

The health sector's total budget amounts to 2.540 trillion shillings, reflecting a 6% increase from 2.4 trillion shillings in 2023/24. According to the Health Sector Strategic Plan V Cost Framework (2021/22-2025/26), an annual budget of approximately 10.1 trillion shillings was projected for 2024/25. However, the current allocation of 2.565 trillion shillings for this Financial Year falls significantly short of that projection.



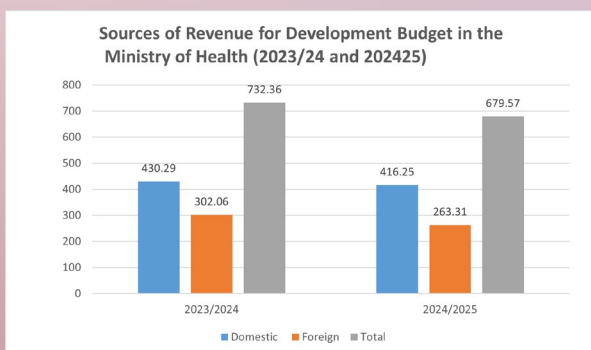
Source: MoF, Policy Forum, Citizen Budget, 2021/22-2024/25

Allocation and Distribution of the health sector

In the 2024/25 financial year the amount of 1.311 trillion shillings equivalent to 52% of the sector budget has been allocated to the Ministry of Health, Departments and Agencies and 1.229 trillion shillings equivalent to 48% of the total sector budget has been allocated to LGA for health sector related activities.

TZS 632.26 billion of the 1.311 trillion for the Ministry equivalent to 48% was allocated to recurrent expenditure while 679.57 billion shillings equivalent to 52% of the total Ministry budget was allocated to the development expenditure budget.

In 2024/25 the government has continued with the positive trend of relying more on domestic sources of revenue for financing development projects which is a good step towards reducing dependence on such a sensitive sector. For example, in 2024/25 a total of 416.25 billion shillings (61%) of the ministry development budget is expected to be sourced from domestic revenues and 263.31 billion shillings (39%) will be sourced from foreign sources compared to 430.29 billion shillings (69%) and 302.06 billion shillings (31%) respectively indicated in 2023/24.



Source: Ministry of Health Budget Speech 2023/24 and 2024/25

However, the review of the 2023/24 implementation report indicated that delayed disbursements remain a major challenge, especially for the Ministry of Health which could be a limiting factor in the effective implementation of the current budget, especially the development budget. For example, the Ministry of Health had only received an average of 68% of the total budget, which was 1,235,316,516,000 by the end of March 2024, instead of at least 75% while the disbursement for the development budget of TZS 732,364,607,000 was only 59% as of March 2024.

Alignment with Regional and National Frameworks

On the other hand, the share of the sector budget to the national budget has remained below 6% for four consecutive years from 2021/22 to 2024/25. Even though the Abuja declaration suggests that the African Union states allocate 15% of their national budget to the health sector, Tanzania has failed to reach the target of declaration in its national budget allocation even in the current fiscal year, with the current year share of the 5.1% (2024/25), lower compared to 5.4% (2023/24).

The Health Sector Strategic Plan V Cost Framework projected an annual budget of around 10.1 trillion shillings for 2024/25. However, this year's allocation is only 2.565 trillion shillings—far below the projection. If the government redirected some of the 190 billion shillings planned for purchasing new vehicles for LGAs to healthcare financing, it could better align with international framework commitments and boost the health sector budget.

Tanzania's annual population growth rate is about 3.2%, but the health sector budget hasn't kept up! For the past four years, it has stayed between 2.02 trillion and 2.54 trillion shillings, and its share of the national budget has been stagnant at around 5.1% to 5.5% since 2021/22.

Recommendations

We urge the government to ensure timely disbursement of the development budget to avoid delay in implementation which in turn slows down the attainment of sector development objectives.

The amount allocated for the implementation of the Universal Health Coverage Act is still low. As of 2023, only 15% of Tanzanians (8% under the NHIF and 7% under CHF and private health insurance schemes)

were enrolled in health insurance schemes which is too small. Additionally, several implementation challenges need to be addressed to ensure the sustainability of the UHC program including timely payment of claims to accredited service providers. To address these challenges, the government may need to increase resource allocation to the UHC fund.

We recommend that the government consider blocking a certain percentage of the national budget to finance universal health to speed up the implementation of UHC program considering there are still many households who cannot afford to enrol in the current schemes due to their economic situation.

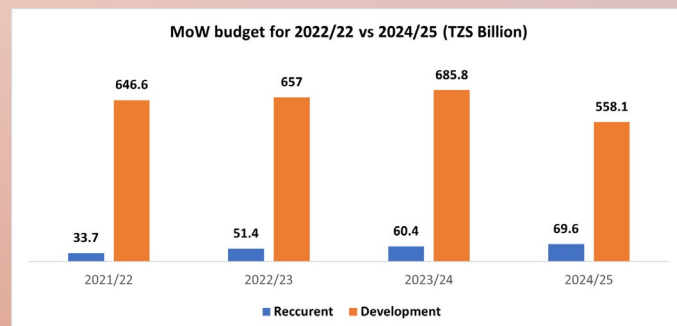
We observed that in 2023/24 the government trained a total of 87 health workers at different levels to provide supportive services to people with disabilities however this number is very small given the number of health facilities (more than 695 health centres) in the country especially at the LGA level where a majority of PWDs are served. We urge the government to invest in ensuring primary health care maternal health facilities are accommodative of different types of disabilities for pregnant women with disabilities.

3.4 Water crucial for supporting other sectors

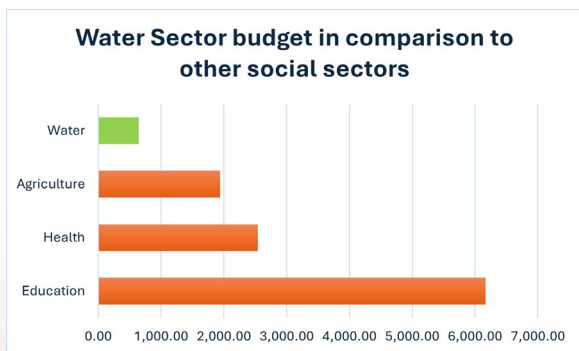
Water is considered a crucial resource for socio-economic development as it influences every aspect of human life. For the financial year of 2024/25, the water sector was allocated TZS 641.9 billion. The Ministry of Water (MoW) which is a key Ministry when it comes to the water sector was allocated TZS 627.7 billion down from TZS 756.2 billion from the previous FY of 2023/24 (a TZS 128.5 billion decrease). Of the TZS 627.7 billion, distributed in the recurrent expenses of TZS 69.6 billion and the development expenses allocation of TZS 558.1 billion. This includes the funding of the water sector development plan III (WSDP III)

by allocating a total amount of TZS 1.7 billion (vote 49, Sub Vote 1003), TZS 8.2 billion for monitoring and coordination, and TZS 510.6 billion (81% of the MoW budget) for Water Supply and Sanitation Division (Sub Vote 3001) including National Water Fund with a budget of TZS 175.9 billion.

Looking at the Ministry of Water budget allocations over four years from FY 2021/22 to FY 2024/25, the development budget consistently received the bulk of the funding, peaking at TZS 685.8 billion in FY 2023/24. However, there is a notable decrease in the development budget to TZS 558.1 billion in FY 2024/25 (see chart below). Conversely, the recurrent budget saw a steady increase, rising from TZS 33.7 billion in FY 2021/22 to TZS 69.6 billion in FY 2024/25. This shift indicates an emphasis on maintaining ongoing operations alongside development projects.



Looking at the Water Sector's budget allocation in comparison to other social sectors like Agriculture, Health, and Education, it is significantly lower. This implies a potential policy gap in addressing water-related challenges (See chart below). While substantial investments in Education, Health, and Agriculture are crucial, the relatively small budget for water may hinder efforts to ensure adequate water supply, sanitation, and infrastructure. This could impact public health, agricultural productivity, and overall quality of life, suggesting a need for balanced budgetary prioritization to foster comprehensive socio-economic development.



Water sector shortfalls and recommendations

The disproportionately low budget for the Water Sector compared to Agriculture, Health, and Education suggests a policy oversight. Policymakers should consider increasing funding for water infrastructure and services to ensure adequate supply and sanitation. This reallocation is essential for improving public health, supporting agricultural productivity, and enhancing overall socio-economic well-being.

One of the challenges that may arise due to the reduction of the development expenditure is a halt or decrease in the implementation of planned projects. For example, the Water supply project from Kiwira River to Mbeya city is expected to benefit 1.5 million residents of Mbeya and is estimated to cost a total of TZS 99.6 billion. But the allocated amount for the project in the year 2024/25 budget is only TZS 222 million which is less than 1% of the total cost, the continued decrease in development expenditure will greatly impact the completion of the said project due to its projected completion by March 2025.

Problems with the water projects systems under CBWSOs, that many of the water projects under CBWSOs fail before the expected time and even the others provide 0% of the results of their implementations, this is due to a lack of adequate human resources to run the projects and lack of accountability to leaders and citizens on the contributions of the water services that led to the death of the projects before their lifespan.

3.5 Labour, Youth, Employment, and PWDs Sector: Enhance coordination and integration across various programs to effectively empower the youth sector

For the fiscal year 2024/25, the total budget of the youth subsector under the economic development sector has been allocated TZS 38,267,796,000, an increase of approximately 10.38% from the previous financial year. Although the subsector budget focuses on the critical areas to enhance service delivery, promote social welfare, and boost economic productivity, it makes up only approximately 0.37% of the economic development sector (TZS 10.29 trillion). The table below shows the allocation distribution:

Category	Amount	%
Recurrent Expenditure - Personnel Emoluments	13,137,540,010	34
Recurrent Expenditure - Other Charges (OC)	10,638,868,000	28
Development Expenditure - Local	12,629,011,000	33
Development Expenditure - Foreign	1,862,376,990	5
	38,267,796,000	

Policy Alignment and Programs for Youth Sector Empowerment

Build a Better Tomorrow (BBT) Program and associated initiatives: The Tanzanian government has launched several initiatives to empower young people through self-employment opportunities that span various ministries. One of the flagship programs is the Build a Better Tomorrow (BBT) Program, initiated by Her Excellency Dr. Samia Suluhu Hassan, through the Ministry of Agriculture. This program aims to empower youth and women by enabling them to create jobs for themselves and others. The Ministry of Agriculture, in collaboration with the Prime Minister's Office for Labor, Youth, Employment, and People with Disabilities, continues to implement this directive, focusing on youth and women's empowerment in the agricultural sector. To address youth unemployment and enhance participation in the agriculture sector,

the Agricultural Investment Trust Fund (AGITF), another government initiative, will allocate 10 billion TZS for Block Farms, with additional potential funding of 130 million USD from the AfDB (TZS 347.7 billion). The Ministry aims to create 3,000,000 new jobs for youth and women by 2030, by increasing low-interest loans for agricultural ventures from 2 billion TZS in 2023/2024 to 10 billion TZS in 2024/2025.

The government also plans to increase the focus on agribusiness training. Through the BBT program, 1,000 youth will receive training in agricultural ecology and the BBT Agricultural Extension Entrepreneurship Scheme will involve 300 youth in the production of crops such as cotton, cashews, tobacco, and coffee. Additionally, The Tanzania Agriculture Development Bank (TADB) will support 24 agricultural projects, build the capacity of 1,450 smallholder farmers in financial education, strengthen 16 women and youth groups, and launch campaigns to encourage youth participation in agriculture. Investing in digital systems, the Ministry will promote agricultural technologies like IoT, AI, wireless sensors, and data analysis, aiming to enhance service delivery and encourage innovative agricultural practices among youth and women.

Tanzania Climate-Smart Dairy Transformation Project (T-CSDTP): The Ministry of Livestock and Fisheries is also playing a crucial role in youth economic empowerment and supports the Building a Better Tomorrow-Youth Initiative for Agribusiness (BBT-YIA). The budget shows that for FY 2024/2025, TZS 460.3 billion has been allocated up from the TZS 196.3 billion approved for the 2023/24 financial year, reflecting a TZS 166.8 billion or 85% increase. Of the TZS 460.3 billion, TZS 363.1 billion will be directed towards development expenditure.

Under this Ministry, the Tanzania Climate-Smart Dairy Transformation Project (T-CSDTP), set to run for the next five years to target 600,000 people in the dairy value chain, will train 58,000 youth in cattle husbandry, build 5,000 animal sheds, and supply 17,000 cattle. Efforts in cattle fattening will include the development and management of pastures, with 4,800 cattle being channelled to the youth.

The Livestock and Fisheries Ministry intends to develop the empowerment of fishermen by purchasing 450 boats and fishing tools, using funds from the IMF extended credit facility (ECF).

Moreover, the Finance Act mandates Local Government Authorities (LGAs) to allocate 4% of their revenue from their own sources to provide loans to young people, amounting to 227 billion TZS for FY 2024/25. Starting in July 2024, loan disbursement for groups of women, youth, and people with disabilities will be reinstated through banks in 10 pilot municipalities, aiming to economically empower youth through various entrepreneurial activities.

Recommendations

Strengthen Inter-Ministerial Collaboration and Coordination: Strengthen the interministerial coordination in Tanzania involving the Ministry of Agriculture, the Ministry of Livestock and Fisheries, the Prime Minister's Office Youth Department, and other stakeholders through the Agriculture Transformation Office (ATO) which aims to support the implementation and monitoring of the Agriculture Masterplan. This will help reduce the duplication of efforts and ensure comprehensive and integrated policy implementation.



Facilitate Access to Markets and Value Chains: Develop infrastructure and support systems to connect youth and women Agri-entrepreneurs to markets. Promote value-addition initiatives and link them to larger agricultural value chains. This will help increase the profitability of agricultural ventures, encourage sustained participation, and boost economic impact.

Tailor Support for PWDs: Design specific programs and support mechanisms tailored to the needs of people with disabilities, ensuring they have equitable access to training, funding, and employment opportunities. This will ensure that PWDs are not left behind and will leverage their potential for economic contribution.

Prepared by:

