vaccines, pistolets, animal feeds, etc; (3) per-diems, extra-duty and other allowances for LGA staff; (4) fuel and transport; (5) office equipment and consumables such as computer supplies, printing and photocopying, consultancy and contracts works; (6) fuel and transport such as diesel, petrol, air travel tickets, car hire, ground travel, etc; (7) training and publication comprising such items as tuition fee, leaflets/publications, conference facilities, etc; (8) food and refreshments; and (9) maintenance/renovation, and general procurement.

It is obvious that a significant amount of funds is spent on indirect costs, whereas the funds allocated to District Agricultural Development Grants (DADG) is not enough to transform the sector. Further analysis indicated that the poorest regions in Tanzania received 15.1% of the budget, whereas the intermediary poor and economically better regions received 44.3% and 40.4% respectively. Although such allocations might have been influenced by the regional potentiality in agriculture, if not well coordinated it might exacerbate inequalities among regions.

**A comparison of nominal and real agricultural sector budget allocation trends**

The graph portrays a big gap between the nominal and real figures of the budget allocations in the agricultural sector. For example for financial year 2011/12, the gap is over 40%. The interpretation of this is that there will be a reduction in interventions which will compromise quality on the overall.

Whereas the sector budget has been growing over the last two decades, Tanzania has not attained the Africa Union 2003 Maputo Declaration which suggests that 10% of the total national budget to be allocated to agriculture.

**Conclusions and Recommendations**

- The poorest regions receive the least help - meaning that if plans are not well articulated and well managed, the approach bears implications on equity and poverty reduction among regions;
- The current level of investment across Tanzania is not enough to transform agriculture as recommended by 2003 Maputo Declaration of the African Union;
- The government’s aim of putting 65% of agricultural funding into development grants for investment is being thwarted by the operation of the LGA structure and the timing of grants, which means that a significant proportion of development funds for investment go into “indirect costs” rather than to help farmers;
- The government through Tanzania Investment Bank and or proposed Tanzania Agricultural Development Bank (TADB) should devise a mechanism which will ensure that conditions on collateral and other securities do not inhibit smallholder farmers to access loans;
- In order to give increased impetus to the Kilimo Kwanza resolve, LGAs should allocate a significant portion of funds from their own sources to agricultural interventions;
- For the sake of regional balance, there is a need to consider the poverty level of regions in the allocation of PMORALG funds;
- A uniform method for preparing budgets should be adopted by all LGAs to make budget tracking easier;
- Detailed budget allocations at LGA and national level should be public good documents, accessible for stakeholders interested in budget tracking.

This policy brief was prepared by ANSAF, a member of the Policy Forum Budget Working Group.

ANSAF is a network of CSOs, companies (local and international) and smallholder farmers’ which works to promote learning, sharing best practices, increased investment in agriculture and policy dialogue with key decision-makers. Policy forum is a network of over 100 CSOs working on poverty reduction, equity and democratization with a focus on governance and accountability.