



policy forum

Policy Forum's 2021/22 Pre-Budget Position Statement The State of 2021/2022 Budget: Towards a Competitive and Industrialized Nation for Human Development

1. Preamble

This submission from the Policy Forum (PF), a network of over 60 Tanzanian Non-Governmental Organizations (NGOs) brought together by their interest in public money accountability, is a continuation of efforts to contribute to the budget process, discourse and performance. Compiled by its Budget Working Group, the submission recognises the government's ambition to improve human development and it focuses on key public sectors such as health, education, agriculture, water and youth. It also presents crucial concerns related to resource budget allocation and execution and makes recommendations worth consideration in Parliamentary deliberations.

The year 2021/22 marks the first year of implementation of the Third Five Year Development Plan (FYDP III 2021/22 to 2025/26) themed '*Realising Competitiveness and Industrialisation for Human Development*'. The submission takes stock of the current situation in the selected sectors, and humbly offers some issues worth considering in the implementation of the 2021/22 budget as well as other long government plans.

To this end, as active participants in Tanzania's poverty reduction and equity enhancement efforts using budget tools, we are obliged to adapt to changing times and ensure we contribute to mitigating the negative impacts of COVID-19 pandemic on the socio-economic gains made in recent years as well as preserving their governance structures.

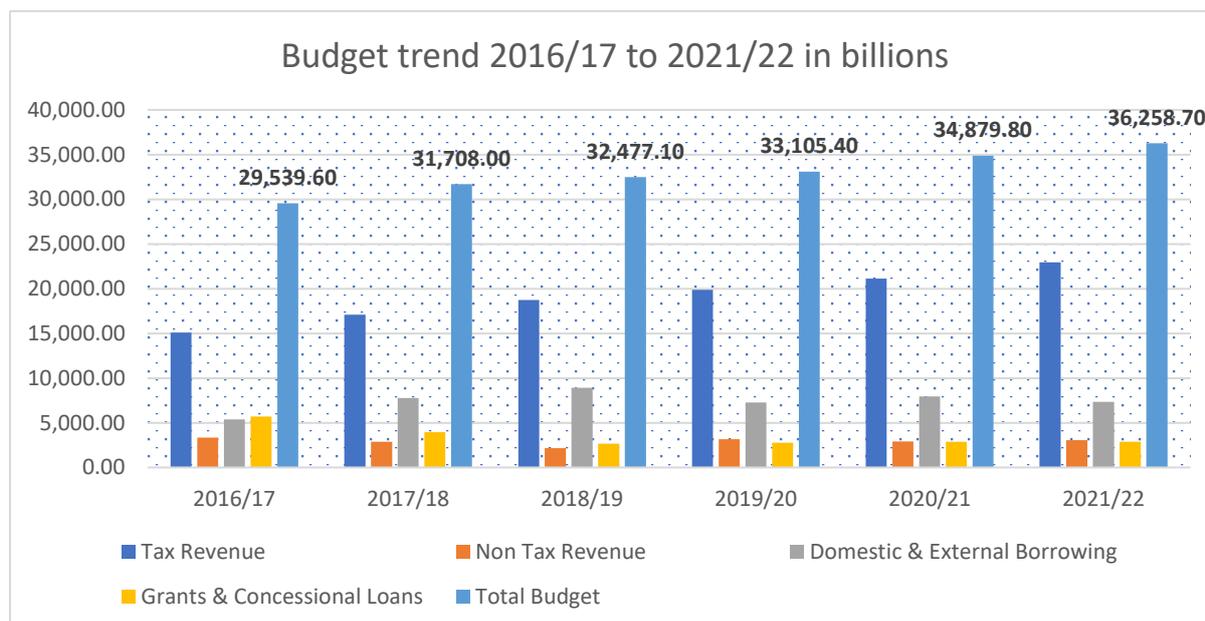
2. An Overview of the National Budget

While the budget for 2020/21 saw an increase of 5%, the budget for 2021/22 sees an increase of 4% rising to TZS. 36.3 trillion from TZS. 34.9 trillion in 2020/21. This is according to the proposal released on 11th March 2021 by the Minister of Finance and Planning while highlighting the National Plan and Budget ceilings for the financial year 2021/2022. Of the total budget, TZS. 23.0 trillion which is 63% is allocated for recurrent expenditures and the remaining TZS. 13.3 trillion is for development expenditures.

It is important to note that of the TZS. 23.0 trillion allocated for recurrent expenditures, TZS. 10.7 trillion (about 30% of the recurrent budget) is intended to service the national debt which stands at TZS. 59 trillion as of December 2020. Therefore, with the national debt aside, recurrent budget is TZS. 13.0 trillion and development budget is TZS. 13.3 trillion.

As stated earlier, the budget for 2021/22 is the first year of implementing the Third Five Year Development Plan which runs until 2025/26. Given the great ambitions of the plan that aim to foster human development, it is imperative that the government sets realistic allocations matching with its efforts to mobilise revenues. With the uncertainties of the Coronavirus pandemic, the slight increase in budget is welcome but it is worth considering the performance of last year in terms of revenue collection. The consistent growth of the budget as can be seen in figure 1 suffers from challenges related to actual collections and disbursements.

Figure 1: Sources of Funding from 2016/17 to 2021/22



Source: Statements by the Minister of Finance and Planning presented to the National Assembly.

3. Highlights from Selected Sectors

3.1 Health: Curbing Maternal Mortality in Tanzania: Does the Budget allocation and disbursement respond to the needs and targets?

In promoting health sector development, among other things, the Government of Tanzania has continued to improve health infrastructure, access to medical equipment, immunisations and medicines in health facilities in the country. Tanzania is making efforts to address the sectoral needs by encouraging greater investment where in 2020/2021, 17 pharmaceutical, medical and protective equipment industries were established¹. Additionally, there is a significant increase in number of dispensaries from 4,922 in 2015 to 6,120 in 2020, health facilities from 535 in 2015 to 710 in 2020, District Council Hospitals from 77 in 2015 to 179 in 2020² and yet some referral and specialized hospital construction projects are be completed.

Despite the achievements registered in the health sector, Tanzania is still experiencing challenges in maternal and child health especially during delivery process that among others is mostly caused by limited scale of maternal and child health services and inadequate infrastructures. There is a significant decrease of maternal mortality during childbirth from 432 deaths per 100,000 live births in 2015/16 to 321 deaths per 100,000 live births in 2019/20. Tanzania is off-track to meet health sector target of 250 (2020/21), 220 (2025/26) and goal 3 of SDGs of less than 70 maternal mortality rate per 100,000 live births.

¹ Budget Speech for Prime Minister's Office for Financial Year 2021/2022
<https://www.parliament.go.tz/uploads/documents/whatsons/en/1617872755-HOTUBA%20YA%20WAZIRI%20WA%20FEDHA.pdf> accessed 20 April 2021

² 3rd FYDP 2021/22 – 2025/26 (Proposal)
<https://www.parliament.go.tz/uploads/documents/whatsons/en/1617872755-HOTUBA%20YA%20WAZIRI%20WA%20FEDHA.pdf> accessed 20 April 2021

Health related issues have been given primary attention in the global, regional and national plans and strategies regardless of the implementation and achievements at hand. Globally, the SDG number 3 focuses to ensure healthy lives and promote well-being for all at all ages. Amongst others, the goal has set at least two specific targets to reduce the number of maternal deaths over time;

- i. Reducing the global maternal mortality ratio to less than 70 per 100, 000 live births by 2030,
- ii. End preventable deaths of new borns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1000 live births.

The Fourth Health Sector Strategic Plan 2015-2020 (HSSP IV) among others has specifically emphasized on quality improvement of primary health care services, delivering a package of essential services in communities and health facilities and equitable access to services in the country by focusing on geographic areas with higher disease burdens and by focusing on vulnerable groups in the population with higher risks. Likewise, the National Health Policy 2017 is consistent with implementation of the National Development Vision 2025, the Sustainable Development Goals 2030; and the Health Sector Strategic Plan 2015 – 2020. A related policy objective underpins to improve reproductive, maternal, newborn, child and adolescent health services through;³

- Ensuring provision of quality health services to reproductive, maternal, newborn, child and adolescents and
- enhancing reproductive, maternal and newborn emergency services.

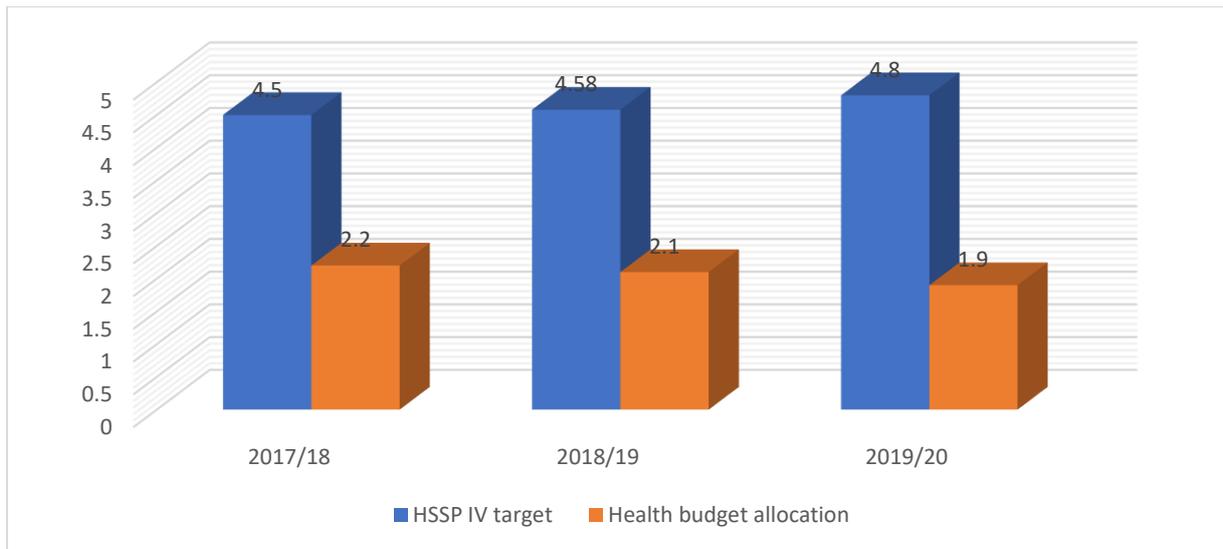
Health Budget

The analysis which covers the past three financial years; 2018/2019, 2019/2020 and 2020/2021, has taken into consideration the trend of budget in line with maternal mortality related challenges.

As shown in figure 2, budget allocations in 2017/18 through 2019/20 in the health sector have been less than targeted budget by the Health Sector Strategic Plan IV 2015 – 2020 that intended to extend maternal services to reach under-served areas and under-served groups and to meet the quality standards for primary and referral care.

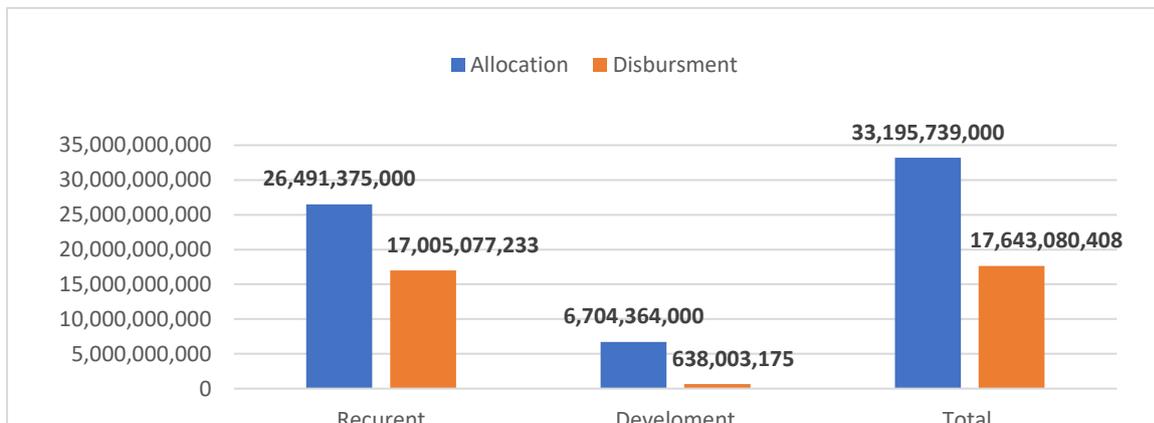
³ URT, Ministry of Health, Community Development, Gender, Elderly and Children: The National Health Policy 2017, pg. 25

Figure 2: Health budget Allocations Against the HSSP IV Targets (figures in trillions)



With scarce resources, the government has not been able to adequately disburse the budget allocated for the financial year 2020/21. The figure below shows a huge difference between allocated budgets and disbursed budgets as compared to the elapsed time and remaining time in the financial year 2020/21. While only 53% of the budget was disbursed, 10% of the budget set for development was disbursed and disbursement for recurrent expenditure accounted for 64% of the budget allocated to it.

Figure 3: Budget Allocations and Disbursement until February 2021 Vote 53



3.2 Education: Addressing Key Challenges in the Education Sector is Important

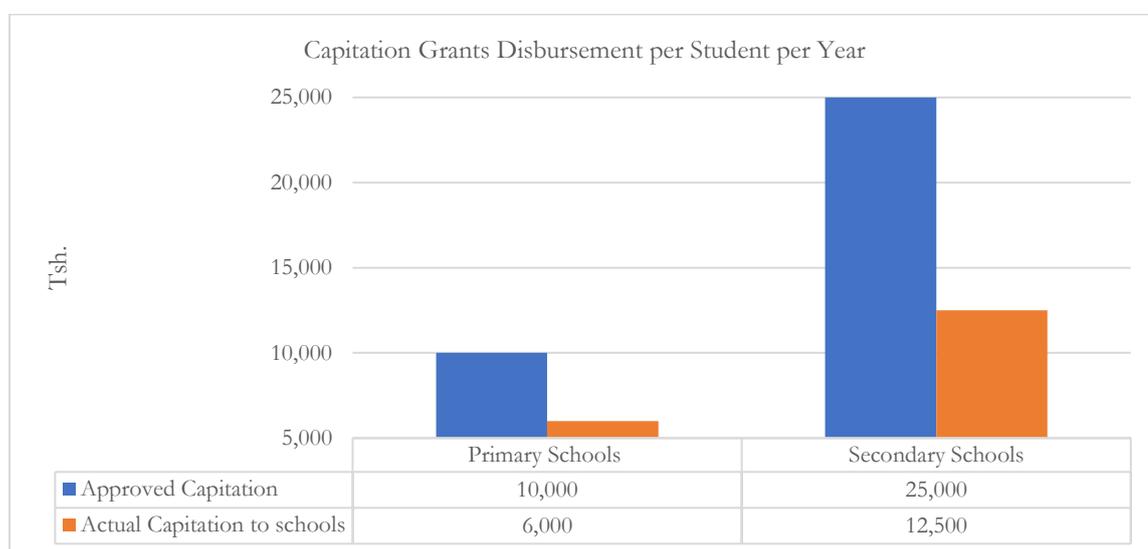
Recent efforts and commitment by the Government of Tanzania in providing and improving Education Sector through the Ministry of Education (MoEST) and Presidents Office, Regional Administration and Local Authorities (PO-RALG) cannot be overemphasised. The commitment to provide basic fee-free education for instance, has led to increased enrolment in primary and secondary schools which is an attainment of key education indicator, 'accessibility'. At the primary school level for example, the number of pupils has increased from 8.2 million in 2016 to 10 million in 2020. This increase in primary level, is expected to also lead to increased enrolment at the secondary school level from 2.6 million in 2020 to 4.5 million in 2024 (BEST 2020).

Need to Increase Schools Capitation Grants

Fee Free Basic Education is implemented by the government through direct support of schools using capitation grants. The current capitation rates are TZS. 10,000/= per primary school pupil per year and TZS. 25,000/= per each ordinary level secondary school student per year. It is important to note that these rates have been used since 2002 when the government was implementing Primary and Secondary Schools Education Development Programmes (PEDP & SEDP); and have not changed ever since despite the changing inflation and falling of Tanzanian shilling purchasing power.

Recent guidelines however, regarding the provision of capitation in schools; have reduced the amount that goes to schools by 40% for primary and 50% for secondary schools. To this effect, primary schools receive only TZS. 6,000 per pupil while secondary schools receive TZS. 12,000 only per student. Basically, this amount is insufficient. Take for instance, a primary school with 300 to 400 students will receive an average of TZS.150,000 to TZS.200,000 per month to carter for all monthly administrative costs and purchasing of teaching materials such as chocks, examination costs etc.

Figure 4 Capitation Grants Disbursement per Student per year



Addressing Shortage of Classrooms

Implementation of fee-free education has increased the number of pupils in primary schools which will in turn increase enrolment in secondary schools. The number of pupils in primary schools has increased from 8, 222,667 in 2016 to 10,024,815 in 2020. During this enrolment expansion, government invested little in expansion of schools' infrastructures, specifically classrooms, toilets and administrative buildings. Currently, primary schools have a shortage of 82,200 classrooms leaving the pupil classroom ratio at 1:75 instead of the recommended 1:45(BEST, 2020).

Secondary schools currently have a shortage of 4,647 classrooms. In the coming four years, from 2021 to 2024, there will be a shortage of around 41,833 classrooms because of the increased primary school pupils in 2016 mainly in Standard I and II, who will complete Standard VII in 2021 and 2022, respectively. Also, those who began their primary education in 2017 and 2018 are expected to complete in 2023 and 2024 and join secondary school. By considering the number of students who will join Form I between 2021 and 2024, there will be a total increase of about 1.8 million students, which is an average of 450,000 per year.

While aware of the government's plan through PO-RALG to construct around 3,268 classrooms during the financial year 2021/2022 to address the challenge of infrastructure in primary schools, it should be noted that this is only 4% of the prevailing shortage of 82,200 classrooms. It is therefore important that a significant amount of resources is allocated to cater for this shortage.

Addressing Shortage of teachers in Schools

According to Basic Education Statistics in Tanzania (BEST, 2020), there is a deficit of 50,993 teachers in primary schools. The statement issued by the Minister of Finance in March 2021, discloses that in the period of July 2020 to January 2021, a total of 13,529 vacancies were made available to teachers. This employment will reduce to a great extent the prevailing shortage of primary and secondary teachers to 37,464. Although the deficit remains to be high, according to BEST, the number/ratio of teachers to students is a big challenge, especially for pre-primary classes where the ratio is 1:169 and primary school classes have the ratio of 1:61 instead of the recommended 1:45.

We are aware that according to BEST, the ratio of Arts teachers in secondary schools is good. The procedure used in 2019 to transfer secondary school teachers to primary schools is a short-term solution (temporary). For a long-term solution, the Government must allocate a budget to employ new teachers to replace those who were transferred. There must be a critical consideration in 2021-2024 due to an increase of 1,882,500 students, which means 41,833 teachers will be required. Considering this increase, the Government has to employ 10,458 teachers per year between 2021-2124 to meet the demand of 41,833 teachers.

Improving Quality Assurance in Primary and Secondary Schools.

Implementing 'fee-free' policy has contributed to increased enrolment in schools and to a great extent, has reduced the challenge of dropout due to lack of school fees or various contributions. According to BEST, enrolment in primary schools has increased from 91.3% in 2015 to 110.3% in 2019. In secondary schools, enrolment increased from 36% in 2016 to 43.9 % in 2020, and the number will double in 2022-2024, where the number of Form I students will grow from 562,000 in 2017 up to 1,083,600 in 2022. This number will continue to increase up to 1,276,100. The increasing number of students is supposed to go with specific strategies and emphasis for the Government to monitor the quality of education.

In the FY 2017/2018 there were 1,081 Quality Assurers for primary schools, while the actual need is 1,541 Assurers. For sometimes now, lack of adequate human and financial resources has affected the quality assurance department not to perform at its best. For example, in the FY 2020/2021, the department planned to conduct quality assurance in 4,700 primary schools instead of 18, 152, and 1,200 secondary schools instead of 5,072.

3.3 Water: Improve rural women and girls' access to water and sanitation

Tanzania population is estimated to be about 60 million people and is anticipated to hit 90 million by 2035. In this situation WASH demands and challenges are expected to rise if not met and solved respectively. As of April 2020, 70.1%(rural) and 84% (urban) of the Tanzania population have access to an improved source of safe water, and only 30% of Tanzania population has access to improved sanitation.

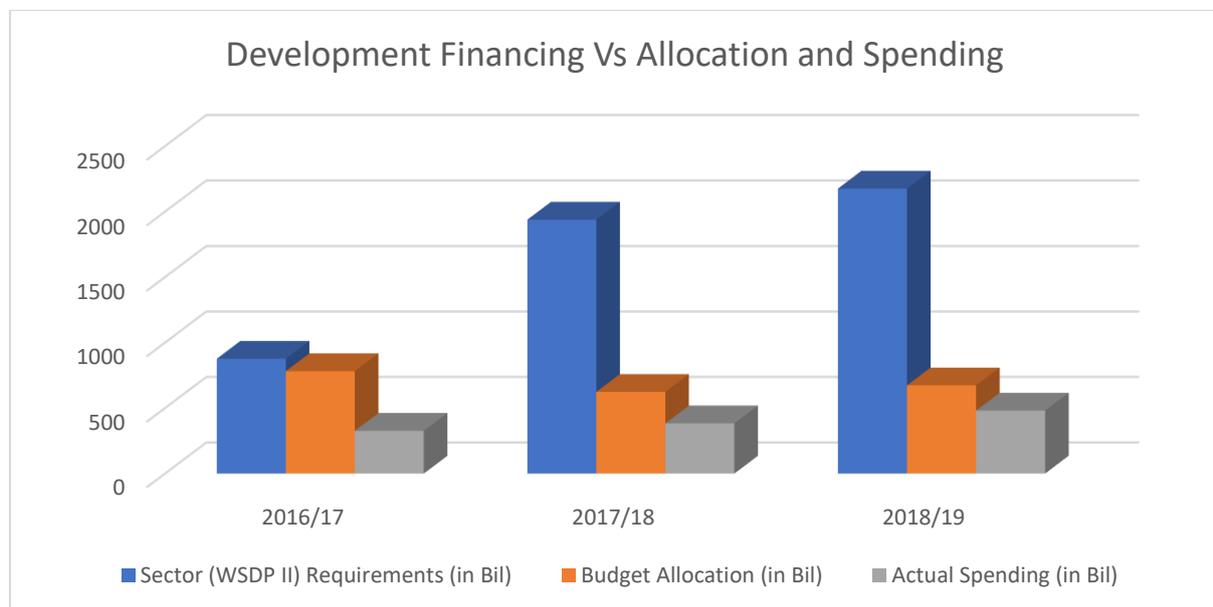
Traditionally, women and children bear the weight of fetching water from far-flung sources hence exposing them to violence. Efforts towards improving the management of the world’s finite water resources and extending access to safe drinking water and adequate sanitation, often overlook the central role of women in water and sanitation.

For adolescent girls, the absence of privacy and dignity owing to lack of improved sanitation facilities have negative impacts on health, safety and self-esteem. There is growing evidence that inadequate WASH facilities which limit school enrolment, attendance, early dropout and affects performance and completion of education coupled with stress, shame, embarrassment, confusion and fear.

In bringing about gender equality the Government has in place the Tanzania National water policy of 2002 which recognises the importance of gender sensitivity and equality in implementation of water supply program, by ensuring active and effective participation of women and men in the interventions. Moreover, the National Development Vision 2025 that states among other things the attainment of gender equality and the empowerment of women in all socio-economic and political relations, and culture by the year 2025.

We would like to commend the efforts in place by the Government in establishing projects that aspire to end the challenges facing women, children particularly girls in as far as WASH is concerned. Specifically, the Government places prominence in monitoring the development of the projects to ensure that they yield the intended results. However, despite the zeal articulated by the policies seeking to address the setbacks, the water sector budget has been varying each year ranging from approximately 2% to 4% annually within the five years or the average of 3% which is contrary to the proposed allocation of 5.5% of the national budget by the Water Sector Development Programme II (WSDP II). The figure below demonstrates:

Figure 5 Development Financing Vs Allocation and Spending.



In the first year of WSDP II implementation, the Ministry of Water decided to temporarily abandon some activities pending the resources situation to improve while rendering highest priority to water supply and sanitation projects. Outcome of this prioritisation is evidenced through increased accessibility and coverage. While the expected annual share of resources for water resources management in WSDP II was 25%, annual allocations have been declining reaching 6% in FY 19/2020.

Annual approved budgets against WSDP II requirements.

WSDP II plans vs actuals	16/17	17/18	18/19	19/20
Annual approved budget against WSDP II requirements.	89%	32%	31%	43%

During the period (FY 14/15 - FY 19/20), total accounted receipts from all sources (local, foreign and other) amounts to TZS. 1.99 Trillion. This is 54% of approved allocations for the period.

3.4 Youth: Curbing Youth Unemployment in Tanzania

In Africa, 10 to 12 million youth enter the workforce each year although only 3 million formal jobs are created whilst the impact of the enduring COVID-19 pandemic is highly expected to worsen the trend.

Considering the population of Tanzania which has increased more than four times from 12.3 million in 1967 to 55.9 million in 2019 where the average annual growth rate according to the 2012 Population and Housing Census is 3.1% which also stipulates 77% of Tanzanians are below the age of 35 and 19% are between 15-24 years. Yet, unemployment is higher amongst young women (14.3%) compared to young men of the same age (12.3%).⁴

Through the Local Government Finance Act, 2018 the government came up with a commendable law which emphasizes on economic empowerment to address unemployment through access of loans to vulnerable groups to eradicate poverty by engaging in private enterprises.

In 2018 accordance to the amendment of Local Government Finance Act, chapter 290 section 37A, loans amounting to 10 percent of Local Councils' revenue are now issued interest free from July 2018 based on the distribution of 4% for Youth, 4% for Women and 2% for People with disabilities.

This section aims at examining the implementation of the said Act through scrutinizing the budget allocation versus disbursement to the PO-RALG and how much young women are accessing the funds to initiate or expand business, hence improving their livelihood. Before the Act, in the Financial Year 2017/18, the Youth and Women Development Fund were allocated TZS. 61.6 billion shillings which is 10% of the Council's internal revenue for 18,233 group loans. As of February 2018, an amount of TZS. 15.6 billion shillings was disbursed to 8,672 Women and Youth groups equivalent to 25% of the Budget allocated.

As of February 2019, a total of TZS. 13.2 billion shillings out of TZS. 54.08 billion shillings equivalent to 24.4% has been given as loans to 5,628 groups out of that TZS 8.04 billion shillings have been given to 3,835 women's groups, TZS. 4.7 billion shillings have been given to 1,606 youth groups and TZS. 415.96 Million Shillings have been issued to 187 groups of persons with disabilities. (Budget Speech PMO-RALG 2019/2020).

⁴ 2012 National Census

In the financial year 2020/21, a total of TZS. 64.5 billion was allocated by all Councils in the country for loans to 18,244 groups of women, youth and persons with disabilities. Of this amount, TZS. 25.8 billion was allocated for 8,223 women's groups, TZS. 25.8 billion for 6,966 youth groups and TZS. 12.9 billion for 3,055 groups of persons with disabilities.

As of February 2021, a total of TZS. 26.81 billion equivalent to 41.61% of the target of TZS. 64.46 billion had been disbursed to 5,973 groups of women, youth and people with disabilities. In addition, the PO-RALG has revised the implementation guidelines for the empowerment of 10% of local council revenue for women, youth and people with disabilities by reducing the number of members who can form a group from 10 to five (5) members where in the case of persons with disabilities a group may be composed of at least two (2) persons; use part of the reimbursement funds for group monitoring and evaluation; entrepreneurship training; leadership; financial management and reporting.

In the 2018-2019 CAG report, assessment made on the performance of Women, Youth and People with Disabilities revolving fund noted that 115 LGAs did not contribute total amount of TZS. 9,930,902,514 to the fund; and also, in 111 LGAs due loans issued to women, youths and people with disabilities amounting to TZS. 13,794,359,981 which had not been recovered.⁵

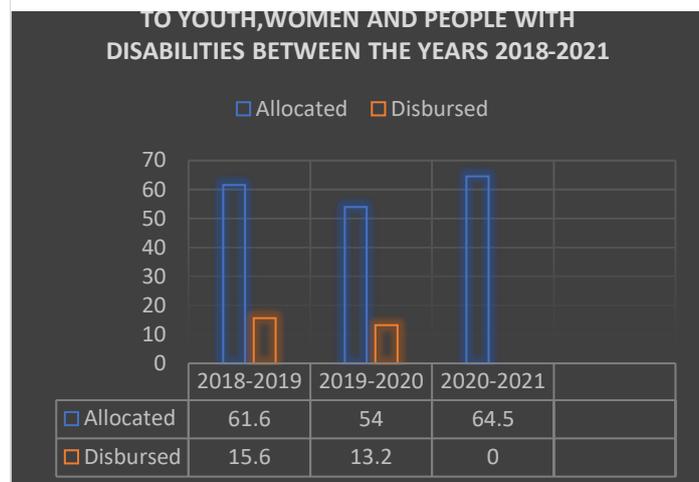
While in the year 2019-2020, 82 LGAs did not contribute 10% of their own source revenues aggregate amount of TZS. 5,720,140,159, and whereby TZS. 27,790,189,049 had not been recovered.

Before enactment of the Act in 2017/18 allocation was TZS. 61.6 billion while three years after in 2020/21 allocation was TZS. 64.5 billion. This shows that there is an increase in allocation by only TZS. 3.1 billion. This is insignificant increase compared to the number of unemployment people in the country. On part of disbursement if compared in 2017/18 was TZS. 15.6 billion was disbursed while in 2020/21 disbursement was TZS. 26.8 billion. Here disbursement was nearly doubled. Therefore, the government should increase enforcement of the Act by imposing practical penalties to District Directors who do not comply. This may start by a research as to why there is such situation.

3.5 Adequate Agriculture Financing in Respond to the Need of Women Small-Scale Famers

In Tanzania mainland 50.5% of economically active population (labour force) are females and 49.5% are males, of these 55.8% are youth⁶. Agriculture sector plays a great contribution towards Tanzania's economic development as it contributes to 28.6% of Gross Domestic Product. Agriculture is also a source of employment to 69.9% of women in

Figure 6 Comparison between allocated and disbursed funds.



⁵ [https://www.nao.go.tz/uploads/mamlaka za serikali za mitaa kwa mwaka wa fedha 2018-2019.pdf](https://www.nao.go.tz/uploads/mamlaka%20za%20serikali%20za%20mitaa%20kwa%20mwaka%20wa%20fedha%202018-2019.pdf)

⁶ ILFS, 2014

Tanzania. Despite women being the most productive segment of the population, they do not benefit from the efforts they invest in agriculture⁷.

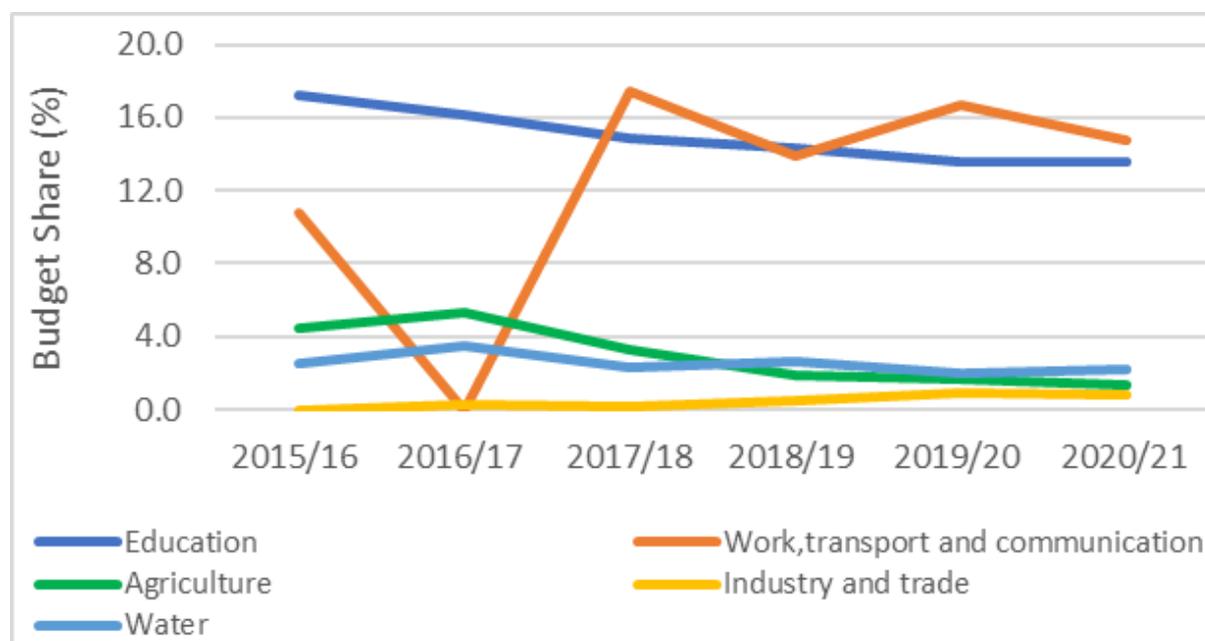
For quite some years now, agriculture sector has been crippled with inadequate financing, climate change challenges, difficulties in accessing extension services, poor post harvesting infrastructures, to name a few. Due to societal culture that in many ways undermines the rights of women especially when it comes to property ownership including land, women have been adversely affected by the challenges in the agriculture sector compared to men.

Agriculture is the engine of growth and poverty reduction in Tanzania. The sector, however, is underperforming due to the fact that women who are often crucial resources in agriculture economy face constraints that reduce their productivity. Agriculture provides 65.5% of employment, 65% of raw materials to the industrial sector and 30% of export earnings and provides employment to 82% of the total Tanzanian rural population, ensures food security and national security in general produce 70% of the country food requirements⁸.

It has been shown that women and youth are potentially the most productive segments of the population, yet they suffer from marginalisation and are often the most vulnerable segments of the population. The gender gap in agricultural productivity in Tanzania is 30%. This is due to women and men farmers not facing the same productivity conditions.

Among the three major economic sectors and considering the multiplied effect of the agriculture sector, agriculture must receive the closest attention. Our labor productivity in agriculture barely improved in the recent years because budget has been low and fluctuating over a period of time.

Figure 7 Budget Priorities



Source: MoFP – Citizen Budgets, 2020

Large discrepancies exist between planned and actual expenditure, the review show there is large discrepancies between planned and actual budget execution far exceeding

⁷ Integrated Labour Force Survey (ILFS) Analytical Report, (2014

⁸ Agricultural National Sample Census of 2007, 2012.

accepted international standards developed under Public Expenditure and Financial Accountability, and the budget allocation is also below Malabo commitment of 10% of the total share of the national budget be directed to agriculture Sector.

Climate change has serious effect in four dimensions of food security, food availability, food accessibility, food utilization and food systems stability. Women farmers currently account for 45-80 per cent of all food production in developing countries depending on the region⁹. In the context of climate change, traditional food sources become more unpredictable and scarcer. Women face loss of income as well as harvests—often their sole sources of food and income. Related increases in food prices make food more inaccessible to poor people, in particular to women and girls whose health has been found to decline more than male health in times of food shortages¹⁰.

The role of credit in the contribution to food productivity levels cannot be overemphasised. In fact, the lack of capital and access to affordable credit is cited by smallholder farmers as the main factor behind the low productivity in agriculture (Salami et al, 2010). For rural households, when it comes to demand for credit, Kibaara (2005/06) shows that majority of them seek credit for farming purposes as they derive their livelihood from farming. Further access to agricultural credit according to Kibaara (2005/06) is skewed towards the more productive agro-ecological zones and households in the high potential areas.

Agricultural extension includes the provision of farmers with knowledge, information, experiences and technologies needed to increase and sustain productivity and for improved wellbeing and livelihoods (NRI, 2011). Tanzania extension guideline of 2012 requires to have extension officers in every village to boost productivity of the sector. Data shows there is shortage of the extension officer in Tanzania that contributed to low productivity.

Financial Year	Available No. of Extension officers	Required No. of Extension officers	Deficit/Gap
2018/2019	8,756	20,374	11,618
2019/2020	7,307	20,374	13,067
2020/2021	6,704	21,288	14,584

Our Key Recommendations

We urge the government to:

1. consider strengthening domestic revenue contributions through enrolment of citizens into Community Health Fund (CHF) to increase financing to the budget. In addition, we recommend the regional office to set aside a certain percent of the CHF into Medicine Revolving Fund (MRF) to act as Buffer stock to procure medicines where gaps exist.
2. increase allocation in development budget of the health sector to ensure availability of essential medicines and medical supplies including availability of delivery kits, medicines, building of maternal homes and improve emergence services like ambulance for referral.
3. ensure availability to adequate human resources in the social sectors like health and education.
4. ensure timely disbursement and monitoring expenditure of funds to effectively implement core functions of water resource management. This can be aided by the establishment of a gender strategy in water and sanitation sector.

⁹ Tanzania National Climate Change Strategy, 2012

¹⁰ SEI 2010: The Economics of Climate Change in the United Republic of Tanzania

5. ensure more effective mainstreaming of gender in the water sector particularly in ensuring that the strategic and practical gender needs differ with gender disaggregated lens particularly for schoolgirls from Primary to High academic level and mainstream this into a nationwide program supported with adequate staffing and budget.
6. ensure provision of loans on higher economic productivity sectors through diversification, technological upgrading, and innovation, including through a focus on high value added and labor-intensive sectors to reduce unemployment to young women and men.
7. ensure prior preparation of the youth groups before loans are issued. This will help them with capacity building with regards to their businesses they are planning to start or support.
8. set practical policies and systems that will enable young people to graduate from 4% lending scheme to join microfinance institutions to expand access to finance for their enterprises.
9. develop innovative strategies to improve access to credit and agricultural services for marginalized farm populations. This requires strategic investment in public goods and programs that benefit marginalized populations. These include rural infrastructure, education and health services and programs such as credit, subsidized inputs, information and extension.
10. ensure availability of updated and disaggregated data to the public.