policy forum

Budget Working Group 2020/21 Pre-Budget Position Statement: Adapting to New Realities in the Wake of COVID-19

1.Preamble

This submission from the Policy Forum (PF), a network of 76 Tanzanian 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 focuses on key public sectors namely; education, health, agriculture, youth and water and presents crucial concerns related to resource mobilisation, allocation, and execution and makes recommendations worth consideration in the Parliamentary deliberations. Being the final year of the Five-Year Development Plan (FYDP II 2016/17 to 2020/21), the submission takes stock of what has been accomplished across the education, health, agriculture, youth, and water sectors since the plan's inception and, humbly offers some issue worth considering in the formulation phase of the next development plan. The submission also puts forth other aspects that are in need of concerted interventions in relation to budgeting, planning or policy. This submission also comes at a time of uncertainty caused by the global COVID-19 pandemic that has resulted in unprecedented devastation and a worldwide economic standstill of which Tanzania is not invulnerable. The health, education agriculture and tourism sectors have taken a massive hit and livelihoods both in the formal and informal sectors have also been negatively affected. To this end, as active participants in Tanzania's poverty reduction and equity enhancement efforts using budget tools, we are obligated to adapt to changing times and ensure we contribute to mitigating the negative impacts of the pandemic on the socio-economic gains made in recent years as well as preserving their governance structures.

2. An Overview of the National Budget

The proposals released on 11th March 2020 by the Minister of Finance and Planning while highlighting the National Plan and budget ceilings for the financial year 2020/2021 indicate a 5% increase of the national budget from TZS 33,105.4 billion in 2019/20 to TZS 34,879.8 billion in 2020/21. For the period between 2016/17 and 2020/21 which is the second phase of the implementation of the National Five-Year Development Plan, the national budget has witnessed consistent growth as can be seen in the figure below.

Figure 1: Sources of Funding from 2016/17 to 2020/21

Year	Tax Revenue (bil)	Non-tax Revenue (bil)	Domestic & External Borrowing	Grants and Concessional loans (bil)	Total Budget (bil)
2016/17	15,105.1	3,358.4	5,374.3	5,701.8	29,539.6
2017/18	17,106.3	2,870.7	7,763.9	3,967.1	31,708.0
2018/19	18,737.0	2,158.8	8,904.7	2,676.6	32,477.1
2019/20	19,866.4	3,178.9	7,276.4	2,783.7	33,105.4
2020/21	21,140.7	2,924.8	7,939.9	2,874.4	34,879.8

Source: Statements by the Minister of Finance and Planning.

3. Domestic Resource Mobilisation

In recent years, there have been plausible efforts in enhancing the mobilisation of domestic resources. This has largely been a result of improved infrastructures that facilitate friendly payment of taxes. The first half of the 2019/20 budget performed quite well in terms of revenue collection. With the COVID-19 pandemic, it is obvious that revenue collection during the second half of the year will be highly affected.

Out of the TZS 33.11 trillion that was allocated during the financial year 2019/20, TZS 23.05 trillion was to be collected domestically. Further breakdown of this comprises of TZS 19.10 trillion, TZS 3.18 trillion, and TZS 765.5 billion as tax revenue, non-tax revenue and revenues from the councils, respectively.

The period between July 2019 and January 2020 witnessed revenue collection targets hitting high levels. The Tanzania Revenue Authority managed to collect TZS 10.62 trillion, which is about 97% of the target for that period which was TZS 10.96 trillion. More generally, domestic revenue collection between July 2019 to January 2020 stood at TZS 11.87 trillion which is equivalent to 92.3% of the target.

4. Trends in Selected Sectors

Education

Enacting Emergency Learning Protocols and Budgeting for Quality Education for All during the COVID-19 Dilemma

Unfortunately, this Year's education budget statement is issued in the middle of the global COVID 19 pandemic that has caused a total closure of all schools and schooling activities. The government and other education stakeholders are discussing a rather a new concept to us, 'Distance/home schooling' as an alternative to formal schooling. While home schooling sounds like an ideal solution during this time in history, it is largely a new notion in the country. Home schooling requires accessibility to internet services. In Tanzania, only 46% of the population has access to the internet. This, therefore, poses serious challenges to most of the pupils from families that do not currently have access to the internet. The Budget Working Group, therefore, recommends to the government to take immediate emergence learning protocol that will issue guidance to avoid double standards in the delivery of quality education. More specifically, we recommend the following to the policymakers where the discussions of the 2020/21 education sector budget are concerned:

Improved partnership between the Central Government and the Local Government

The existing set up indicates that girls and boys are exposed and will respond to risks of being out of school differently. Indeed, children have been sent back home and are roaming around on the streets as the stay at home policy is not being enforced. If there was good citizen engagement, village and street governments, together with the community including parents could have constituted an enforcement mechanism for stay home policy or in finding less risky alternatives for kids to spend the excess energy on.

The 2020/21 budget should reflect lessons from the global pandemic 'COVID-19' effects

We anticipate that the Government during its 2020/21 education sector budget will consider serious investment in technology and modern facilities that can facilitate alternative learning platforms against the traditional physical attendance to classrooms as an emergence protocol. In China for instance, despite the outbreak of COVID 19 and the country lockdown, education continued regardless of school closures, taking place through internet and distance learning. We urge the government to consider engaging with the private sector for concerted efforts to heavily invest in this area.

Tackling Violence against school children when at home

According to UNDP's report on Sexual and Gender Based Violence during the Ebola Crisis in Sierra Leone, 2015, sexual violence to minors' cases was mostly recorded in 2014 during the Ebola crisis more than previous years. It should be remembered that schools were closed at this time; and since each government institution was concentrated in handling the outbreak, some key institutions didn't function to their full potential including those related to medical and justice services hence exposing most minors to violence. It is our call to government to balance the equation between service provision to tackle the COVID-19 crisis and strengthening mechanisms of protecting schoolboys and girls while at home.

Health

Tanzania has had a shortage of health professionals before this pandemic making any impact on the health sector more resounding. The World Bank Group Report on Africa's Pulse of April 2020, Volume 21, states that the widespread sustained community transmission could prove difficult to manage in Sub-Saharan Africa, given the region's weak health systems, including understaffed medical personnel (doctors, nurses, and midwives) and the lack of hospital beds and equipment, which could lead to a high level of deaths. Therefore, the Government is advised to recruit more health staff during this COVID-19 outbreak to make the health sector more efficient to overcome the pandemic. This means short-term fiscal policy should aim at redirecting government expenditure to increase the capacity of the health system to provide adequate and affordable medical attention to the people affect-

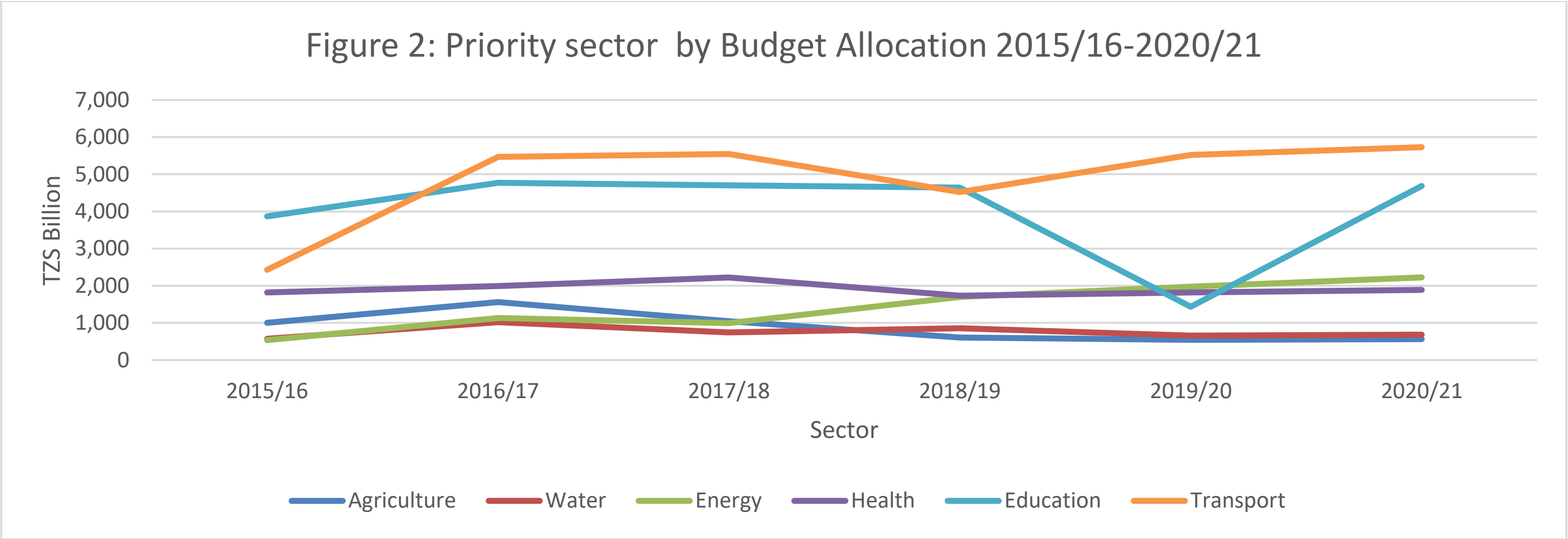


Figure 2: Priority sector by Budget Allocation 2015/16-2020/21

Source: MoFP, Budget Guideline and Citizens Budget

ed by the COVID-19 pandemic. (Loayza and Pennings 2020). Tanzania might reach the virus crisis proportions as testing capacity, intensive care unit (ICU) space and personnel, ventilators, and personal protective equipment will be stretched past the breaking point. Hence, we recommend the government procure enough personal protective equipment and to increase testing capacity including strengthening infrastructure.

Tanzania is already confronting multiple health challenges, including HIV/AIDS, tuberculosis and Non-Communicable Diseases meaning millions of people may be immunocompromised and more at risk of serious complications from this respiratory virus. Hence, the government is advised to develop an adoption plan to continue addressing existing health challenges while responding and contain the COVID-19 outbreak.

In Tanzania some of the areas such as Lake, western and southern zones have high rates of malaria this may make people more vulnerable to infection and may confuse diagnosis since high fever can be a symptom of both malaria and COVID-19. Therefore, Government is advised to address the confusion by building the capacity of the provider on the diagnosis of COVID-19 and Malaria as the Community Transmission has become evident in Tanzania, we recommend the government to set up field hospitals for the outburst of cases that will arrive at the peak of the epidemic. This must be very simple such as tents in the school or covered sheds in the bush.

Tanzania might reach food insecurity if they will opt for the total lockdown and this will be due to livelihoods loss, the availability and access of essential items and in the end, it will result in increasing cases of malnutrition. The World Bank report explains the learning from quarantines and panic during the Ebola virus disease outbreak in Sierra Leone, for example, led to a spike in hunger and malnutrition. The suffering worsened as restrictions on the movement led to shortages at harvest time, even as other farmers were unable to bring their products to market resulting in negative impacts on food and nutrition security particularly for vulnerable populations, including children, women, the elderly, and the poor. Government is advised to avoid total lockdown and if they will opt for the total lockdown, we recommend allocating fund for food distribution to the affected households and increasing budget allocation for nutrition services from TZS 1000 per child to TZS 3000.

Agriculture

Transformation in the agriculture sector is key to promoting an industrial economy which is an aspiration of the fifth Government. The sector has for a while now remained the leading contributor to the economic growth of the country. Despite its significant contribution to the economy, the agriculture sector has not been given priority compared to other sectors such as transport, education, and health in terms of budget allocation and disbursements (see figure 2 below). The sector is therefore faced with several challenges ranging from inadequate budget allocations, low levels of disbursement, inconsistency in data, and also inconsistency in project implementation.

For the past five years, budget disbursement to the agriculture sector has been below 50% of the approved allocations. This to a large extent affects the implementation of different development projects in the sector, making it difficult for the sector to fully support other sectors including the provision of raw materials to the industrial sector. Low budget allocation to the sector has additionally made it difficult for modern agricultural practices to be applied in the sector.

Trend of sector budget implementation status

Figure 3 below shows that despite the emphasis by the Africa Union Commission (AUC) through the Malabo Declaration that each member state has to allocate at least 10 percent of its national budget to the agriculture sector; Tanzania over time has not made the sector a priority in terms of investments. There is little commitment by the government as measured by the total sector budget against the total national budget. This implies that the production of agricultural products will be affected and translate into food insecurity and a low supply of raw materials to industries. To ensure that the agriculture sector contributes substantially to the economy in terms of GDP and job creation, the government in collaboration with other key stakeholders (development partners and private sector) in 2016/17 came up with a well-structured plan (ASDP II) to guide sector investments. However, analysis has revealed the following findings, which indicate doubt on the relevance of the agriculture sector:

- The disbursement in the year 2018/19 was Tsh81.3 billion, equivalent to 34 percent of the approved budget fund of TZS237.2 billion.
- The total approved fund in the year 2019/20 was about TZS252.1 billion of the total TZS2, 538.6 billion required. Out of approved funds for the year 2019/20, only about Tsh166.9 billion were allocated for the program implementation,

equivalent to 66 percent.

- For the year 2020/21, the public financing to ASDP II is set at TZS78.28 billion, whereas DPs and the private sector have not yet revealed their supports to the program.

Sector projects implementation at the ministerial level

The commitment of the government for the year 2019/20 through Vote 43 was TZS 208.045 billion, where the recurrent was 30.98 percent against 69.02 percent for development. The disbursement up to February 2020 indicates that recurrent expenditure was 55 percent, while development expenditure was only 14.92 percent. The disbursement for internal against foreign fund was 7 percent and 24 percent respectively. In 2020/21, the budget has been plugged at TZS 202.504 billion, 2.66 percent below the 2019/20 budget. The recurrent expenditure has increased slightly to 32.21 percent, while development declined to 67.79 percent, which is 1.81 percent lower than the 2019/20 development expenditure budget.

Livestock sub-sector is an unleashed potential area, where if the existing government plans are implemented effectively, the sub-sector could contribute substantially towards national income and job creation. The analysis revealed that there is little investment, which hampers sector development. The main challenge lies in resources allocation and disbursement of funds, for instance, out of TZS31.8 billion allocated to the livestock sub-sector in 2019/20, TZS3 billion was set for development expenditure, but only TZS204.1 million, equivalent to 7 percent was released. In 2020/21, the budget has increased by 1 percent to TZS32.1 billion, whereas development expenditure has increased by 68.7 percent to TZS5.1 billion. The most important areas where there are little investments include but not limited to; research, marketing and extension services. Also, it was noted that not much attention is put into Tanzania Livestock Master Plan (TLMP) implementation because there is a peanut budget and so far, there is no fund released up to February 2020.

Some of the key issues in the agriculture sector including but not limited to:

Agricultural development requires strategic investment in the key areas that would accelerate transformation. The notable areas that need deliberate efforts from the government include irrigation, marketing, inputs, extension advisory services, research, knowledge resources centres, credits to farmers (esp. women and youth), and rural infrastructure (roads and electrification) to the high agriculture potential areas.

However, there have been challenges such as lack of focus and constant resource allocations to these areas which affect sectoral growth and development. The statistics indicate that there is a decline in allocation to those key areas. For example, funds allocated to irrigation projects in 2017/18 was TZS 38.8 billion, which declined to TZS 32.5 billion in the year 2019/20. Extension advisory services suffer most from the resources (finance and human capital) allocation.

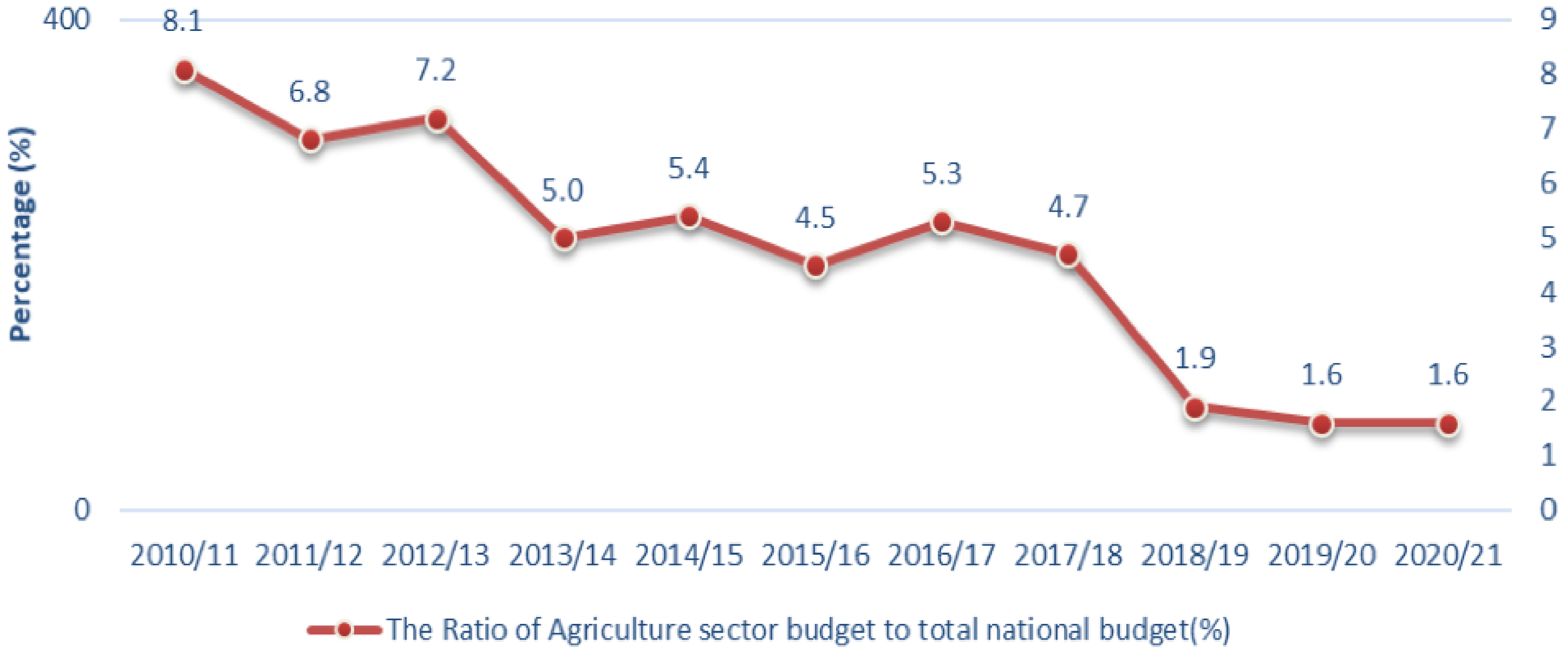
The implementation of priorities in the agriculture sector lack continuation from the previous financial years. This situation has led to the abandonment of some projects. The CAG report 2017/2018 shows inadequate project management and abandonment of projects for a long time leading to incomplete projects worth TZS 52,429,796,288 in 46 LGAs. We urge the government to make sure that they continue funding the existing incomplete projects instead of coming up with new projects at times leading to loss of money.

Inconsistency of data presented by different government organs and institutions. Data discrepancy or differences have an adverse impact when it comes to planning and resource allocation. For example, In May 2019 the Minister of Agriculture presented statistics that showed the total area of irrigated land is 475,052 hectares, which differ from the figure provided by the Controller and Auditor General report which was released in March 2019 regarding Performance Audit on Management of construction activities on irrigation projects indicating a total irrigated area to be 461,326 hectares by March 2019.

Other notable issues raised by Controller and Auditor General (CAG) in 2018/19 audit reports that have an impact on the agriculture projects include the Insufficient release of funds to the development projects and long outstanding unspent project balances; and LGAs failure to allocate to the development projects from own sources.

About 60 percent of district councils assessed on compliance with budget guideline indicated that over 50 percent of their revenue comes from agriculture and livestock contribution, however, expenditures to agriculture and livestock sub-sector have been much lower than the directed rates of 20 percent and 15 percent to the agriculture and livestock sub-sector respectively. Review of the Statement of Comparison of Budget, Actual Amount and Capital Expenditure(CAPEX) revealed that 44 LGAs collected own revenue from internal sources amounting to TZS 98,556,221,765,

Figure 3: The Government Budget Allocation to Agriculture as Percentage of Total National Budget (%)



Budget Working Group 2020/21 Pre-Budget Position Statement: Adapting to New Realities in the Wake of COVID-19

but only TZS 29,001,220,234 equivalent to 48% was transferred to development account leaving TZS 30,592,410,877 equivalent to 52% unallocated. (Source CAG 2017/2018).

Policy Statements

- Ensure that the sufficient resources are set aside and released timely in order to make the planned agriculture projects and programmes goals are met and achieved their targets.
- Identify and prioritize the strategic investment areas where the scarce resources can be allocated for high impact realization to smallholder producers (SHPs).
- Find mechanisms of lessening the expenditure burdens associated with implementation of many un-budgeted activities directed by high political officials that to large extent end up chopping out the agriculturebudget.

YOUTH PRE-BUDGET VIEWS NEED FOR EMBARKING INTO STRATEGIC SKILLS DEVELOPMENT

Our pre-budget analysis focuses on Human Development on the part of skills' development which favours youth development in the industrialized society. As it is known, the youth are a key resource in the economy of the country. However, the lack of enough skills hinders them from taking great part in fostering industrialization.

Luckily the Guideline for Preparation of Plans and Budget 2020/21 cited employment and skills development as one of core components of human development. Skills development is identified as a prerequisite for increasing employment opportunities. Similarly, the guidelines insist on the need to strengthen the Youth Development Fund and promoting creativity and entrepreneurship spirit.

It is generally noted that the government continues to focus on reducing youth unemployment. It has to be further noted that the war against poverty will be achieved when many people particularly the youth are engaged in inclusive meaningful production. Societies need to properly include women in production from household to national production levels. This also includes ownership of means of production and the real ownership of the produce. This always has positive effects on household economy . However, statistics shows that women (youth) 14.6% do not enjoy employment opportunities compared to their counterpart men (youth) which is 8.9%.

We further appreciate the commendable work done by the government to register 1.55 million small entrepreneurs on which 31.02 billion was collected. The regions with bigger number are Dar es Salaam (11.6%), Arusha (6.4%), Mwanza (5.3%) and Mbeya (5.2%). We now see this as an opportunity to offer them Inclusive Business Services (IBS) to foster their business development. IBS services may include financial literacy and loaning, business and gender training, BDS. This move could include opening a special window for individuals to be offered loans under special vulnerable groups' fund at the LGAs.

Recommendations

1. As it has been noted that the informal sector is the big employer in the country, there is a need to improve the formalization of the sector and upgrade the working environment for the sector so that it can offer decent jobs for workers.

2. We believe that skills development is the key to boost meaningful production. The current skills development focuses much on potential employees. There is a need to strengthen the skills development initiatives that target those who are employed to improve efficiency and cope with technological changes.
3. Due to the fact that youth services are provided in different sectors, we recommend increasing the effectiveness of the Ministry/department responsible for youth services to deliver youth-friendly services in a more coordinated way. This will help to spread the information on the availability of youth opportunities. Also, it will make youth able to access information on available opportunities.
4. We, however, expect that the government will take action to include entrepreneurship training as a must before youth access loans. This will help for loans to produce intended results and boost youth enterprises.

5. COVID-19

The World Bank report explains the fiscal measures taken by the Government of Tanzania to enhance preparedness and its containment capacity including measures to strengthen detection and surveillance capacity at points of entry such as airports and border-crossing sites, and training of medical staff on case management, risk communication, and community engagement. The plan focuses on critical priorities and amounts to US$77 million. The government has provided initial resources for its financing and is working with development partners to secure more financing. But the report shows a gap in the government not taking Monetary and Macro-Financial measures like other countries such as Rwanda, Uganda, and Kenya. We, therefore, argue for the government of Tanzania to take necessary Monetary, and Macro-Financial measures like other countries to mitigate the impact of COVID 19 on the entire economy. As stated above, the unprecedented crisis of the COVID-19 pandemic has negatively impacted both businesses and livelihoods through halt of gatherings causing close of businesses and uncertainty of whether they are to return in the near future. This, in turn, creates insecurities for employees. Policymakers may need to consider whether certain fiscal tools are appropriate for the Tanzanian context in helping safeguard people and businesses from solvency challenges. These may include:

1. Tax payment flexibility: Businesses adversely affected by the COVID-19 could gain temporary relief in this regard. Tax payment deadlines could be deferred for two months to provide liquidity to the private sector and allow retention, reopening, and recovery. Beneficiaries could be those from most affected sectors like tourism, transport, and agriculture.
2. Pension access: Employees put out of work due to businesses closed due to containment measures could benefit by being allowed to access a portion of their pension savings from their pension schemes to offer temporary relief during the period of unemployment.
3. Government credit guarantees and additional loans: Through the banking system, viable SMEs could get relief from cash flow stress caused by the COVID-19 slowdown by being able to access credit at partial guarantee (60-70%). This fiscal tool can help a section of the business community stay afloat and in turn help the economy stabilize.
4. Loan repayment adjustments: Businesses and self-employed individuals in sectors hard-hit by the crisis or with serious repayment difficulties related to it should be allowed to reschedule their loan repayments or defer payments for a limited period (3 months).

6. Summary of our Key Policy Recommendations

i. The Government should invest in technology and modern facilities that can facilitate alternative learning.
ii. The Government to ensure there is a robust education response program with sound coordination and collaboration among all actors and invest to ensure education sector COVID 19 contingency plan is developed and rolled out timely.
iii. Ensuring caregivers and parents/guardians are oriented on their supportive roles such as good parenting and creating a conducive home learning environment to enable children to effectively learn through distance learning modalities.
iv. Mobilizing and allocating enough resources to design and implement strategies to facilitate children's return to school once schools re-open. Such resources should as well cater for education recovery strategies for teachers and other education personnel, inter alia.
v. Ensuring technical resources and funding is available to continue with the implementation of the National Plan of Action to End Violence Against Women and Children as the budget guideline instructions including a responsive increase to VAWC services delivery and support to parents as part of COVID-19 response.
vi. In particular, the Government should ensure that very young children are not separated from caregivers as part of COVID-19 health responses and that alternative temporary care arrangements are made if caregivers enter treatment centres.
vii. Consider allocating resources for health actors to be trained to provide basic Mental Health Psychosocial Support (MHPSS) responses throughout COVID-19 prevention and response activities and District Social Welfare Officers should be assigned to health facilities to provide specialized care and follow up.
viii. The government should ensure that age-appropriate MHPSS are mainstreamed throughout the COVID-19 response strategy and that specialized support is available for patients and families of those who are unwell including grief support services.
ix. Explore with Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDGEC) possibility for expanding mobile test centres or availability of rapid testing services targeting as a matter of urgent to elders, pregnant women and under 5 years old and especially those already with other underlying conditions like HIV/AIDS.
x. Need to explore how TASAF can be made more relevant for cushioning need families in particular poor female household families during and after COV- ID-19.
xi. As it has been noted that the informal sector is the big employer in the country, there is a need to improve the formalization of the sector and upgrade the working environment for the sector so that it can offer decent jobs for workers.
xii. The government should invest more in the social sectors in this wave of COVID-19.