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**ECONOMIC AND SOCIAL RESEARCH FOUNDATION  
(ESRF)**



**POST BUDGET DISCUSSION  
FORUM**

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## **TANZANIA GENDER NETWORKING PROGRAMME (TGNP)**

### **IS THE 2006/2007 BUDGET PRO-POOR AND GENDER SENSITIVE?**

#### **TIME FOR A NEW ALTERNATIVE BUDGET FRAMEWORK<sup>1</sup>**

**[22.6.06]**

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<sup>1</sup> This Budget Review Position Paper has been prepared collectively by TGNP staff, drawing on comments and issues raised by participants in the Pre-Budget Analysis and Post-Budget sessions of the Gender and Development Seminar Series (GDSS) on 14<sup>th</sup> and 21<sup>st</sup> June 2006, respectively, as well as the contents of the Policy Forum Pre-Budget Briefs # 1.06, 2.06 and 3.06 which were jointly prepared by members of the PF Budget Working Group [including TGNP], and issues raised at the Launching of these Briefs on 12<sup>th</sup> June, 2006 at Maelezo, Dar es Salaam. We also want to express our appreciation to budget analyses provided to us by other organizations and grassroots groups, including “Wafeministi wa Kimapinduzi”, Kata ya Mzimuni, Magomeni.

## INTRODUCTION

This is the first budget under the new government led by Hon. Jakaya Kikwete, and provides us with the means to examine the extent to which the government intends to implement its campaign manifesto promises. We congratulate Hon. Zakia Meghji (MP), who is the first woman Minister of Finance, and brings with her substantial experience in the women's movement.

The President has emphasised the need for the government to promote a radical improvement in the welfare of all Tanzanians, rural and urban, women and men, young and old. Special focus has been given on two goals: to build a 'modern self-sustaining economy' and to 'empower the people so that they can participate in economic activities and in eradicating poverty'. These are praise-worthy goals – what do they mean in practice, however, in terms of resource allocation and prioritization? For our organization and partners with whom we work at the grassroots and national level, *maisha bora* means policies which are pro-poor, equitable and just, with a special focus on the needs and demands of women and girls. *Maisha bora* also depends on full participation of all citizens in making decisions about resource mobilization and allocation. This is the lens through which we analyse the national budget for 2006/2007.

As we analyse this year's budget, we recognize the harmful impact of drought, the surge in world petroleum prices and the crisis which has emerged in energy and in food security in the country, especially over the last year. These challenges, however, also reflect the degree to which our economy is not self-sustaining and has become increasingly dependent on the global market as a price taker rather than a price maker. In other words, it is important to analyse deep structural causes for economic and social problems, in order to come out with viable medium and long-term solutions.

Empowerment of the people is linked to their increased participation in decision-making about resource mobilization and allocation at all levels, and the access of every adult woman and man to the means to achieve a viable livelihood, which includes quality health, education, and water, along with affordable energy, transport, and land.

Analysis of the budget, therefore, ought to begin with a critical examination of the entire budget formulation process, beginning with the establishment of budget guidelines. We wish to begin by acknowledging the major steps taken by the government, and the Ministry of Finance and the Ministry for Planning, Economy and Empowerment in particular, to increase open dissemination of information on policies, budgets and expenditures to the public, and to involve civil society organizations in key policy and expenditure fora, including the recently completed Public Expenditure Review. We believe that CSO participation in these fora and the other advocacy work that they do, including information sharing to the public, have made a difference in providing alternative views on development issues, and enhancing government accountability to its citizens. The mass media are included as one of the significant actors in civil society in disseminating the views of different groups in society on policy and budget issues. Here we wish to make particular mention of the Gender Budget Initiative led by Tanzania Gender Networking Programme and involving members of Feminist Activist Coalition, and the policy/budget work carried out by members of the Policy Forum. It would be gratifying if the government had made more mention of CSO contributions to the budget process in the Budget Speech.

However, we join hands with other organizations and a growing number of Parliamentarians in calling for a complete transformation of the current ‘way of doing things’. More of a balance is needed between listening to the views of the commercial private sector and those of grassroots women and men in rural and urban areas – this goes to government as well as the mass media. The Budget Guidelines, which provide the parameters within which all sectoral budgets are designed, ought to be a matter of public debate. Parliamentary sub-committee budget sessions ought to start during the Budget Guidelines period, and become open public hearing sessions, as in South Africa. More institutionalized and regularized mechanisms need to be established to involve more CSOs on a regular basis in key policy and budget making processes, including PER.

Through a full participatory budget process of decision-making that begins with village/neighbourhood budget assemblies, all citizens can participate in deciding what the main priorities should be for development and social-wellbeing.<sup>2</sup> These priorities would be used to guide the allocation of resources at the district and national level, within the framework of MKUKUTA. Government technocrats and other experts would participate in this process, beginning at the local level, but they do not lead nor define it.

This review begins with a short summary of the main points and questions we are raising. The third section provides an analysis of the ‘Economic Survey for 2005 and Proposals for the Medium Term Plan and Expenditure Framework for 2006/07 – 2008/09’, that was presented to Parliament by the Minister for Planning, Economy and Empowerment, Hon. Dr. Juma Ngasonywa. This provides the context in which to understand the proposals on revenue and expenditures that are provided in the Budget. The sections which follow provide commentary on different segments of the Budget for 2006/2007.

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<sup>2</sup> The ‘*kupanga ni kuchagua*’ adult education campaign in the late 1960s provides an example of early efforts in this direction in Tanzania. Brazil has successfully established participatory budget processes on the basis of budget assemblies in all of its major municipalities, and participatory planning has also been developed in Bolivia and parts of India.

## SUMMARY OF MAIN POINTS AND QUESTIONS:

1. The economy has been beset by six major crises, according to our analysis of the Economic Survey as well as the Budget: (1) the continued crisis of livelihoods and incomes for the majority of Tanzanian women and men; (2) declining agriculture, including livestock-keeping, thereby augmenting the crisis of livelihoods and income for the majority of Tanzanian women and men; (3) the crisis in health, as shown by the continued high maternal mortality rate and the gap of more than 25,000 health workers; (4) the power crisis; (5) the crisis in sustainable infrastructure which benefits poor and rich alike in both rural and urban areas, including roads, affordable transport and appropriate facilities to support smallscale production and trade in both urban and rural areas, along with health and well-being; and (6) the governance crisis, as exemplified by the continued high level of corruption and the lack of strong mechanisms to ensure accountability and transparency among civil servants and political leaders (annual Auditor General's report and the recent PEPFAR reports to Public Expenditure Review meeting in May 2006).

Combined together, these crises lead to a deepening of the economic and trade crisis, including high inflation rate and the growing trade imbalance between imports and exports. They have a particularly devastating impact on the income and well-being of the poor, and women in particular. The poor lack the means to cushion themselves against prevailing impoverishment, let alone economic and other shocks

2. Revenue remains highly dependent on external donors, thus limiting the autonomy of the government and the nation. What is the most sustainable way of increasing domestic revenue, so as to become more independent: expanding the tax base of the economy *as it is*? or deepening and expanding economic development at all levels – thus providing a greater volume of goods and services to be taxed? And providing sustainable livelihoods for all women and men?
3. The decline in proportion of budget going to debt servicing is welcome. However, the major increase appears to have gone to the Energy sector, for the purchase of two power generators. Who will benefit, given that only 11% of the population have access to electricity? Similarly, a large portion of the proposed expenditure in the Infrastructure sector is going to roads- but which kind of infrastructure? Rural roads on which the poor depend to get their goods and services to market? Or roads and airports and ports to connect the huge mines and plantations to their markets outside of the country?
4. The increase in salaries is highly welcome, and corresponds to popular demand over the last ten years or more. However, we need to ask, who will benefit from the major salary increase, top management and professional bureaucrats and technocrats or the low and middle level cadre who provide the vital services needed by the poor? Will a progressive salary structure be used to guide the increases, such that workers at the bottom and middle of the salary scale benefit proportionately more, given their extremely low salaries to start with? Does the increased wage bill also reflect a substantive step to fill the growing gap in health workers [some 25,000 or more], teachers and other service delivery workers?

What mechanisms have been adopted to ensure gender parity in the process of employment, promotions and salary increases? Geographical and urban-rural equity, whereby more staff allocations are made to disadvantaged districts, along with incentives and support systems, including the drugs, books and other equipment needed to provide quality health, education and other services?

5. Only 48% of the budget is allocated to MKUKUTA targets, according to the Budget Digest. In what way do the other 52% of the budget contribute to develop a strong self-sustaining environment, and to people's participation and empowerment?
6. What are the specific steps being taken to promote gender equity in all sectors, to reduce the growing gap between the few well-to-do Tanzanians and expatriates, and the poor majority, and between the advantaged and disadvantaged districts? Here we wish to highlight the following recommendations: (1) free primary health care for all; (2) free ARVs and medication for opportunistic diseases for all PLHAs; (3) delivery of quality water services to all, without subsidy [subsidies benefit the wealthy and big business sector]; and (4) free basic education for all, up to Form IV level.

## **STATE OF THE ECONOMY**

The Economic Survey for 2005 focuses mainly on the performance of those segments of the economy that produce and/or trade in goods and services within the market. This automatically leaves out of consideration the substantial amount of unpaid work which is carried out, largely by women and children, in the 'care' economy – to produce, store and prepare the food which is consumed in the household; to raise children, care for the ill and elderly, and acquire fuel and water for family use. Yet, the entire economy depends on the care economy, to reproduce human beings [human labour in economic terms] in a biological and social sense. The care economy depends heavily on the work of women and children. Yet, the care economy has been left to cope with the added stress caused by drought and HIV&AIDS, without any kind of substantive public support.

In addition, we wish to recommend that, in the future, the State of the Economy be expanded to become the 'State of the Economy, Livelihoods and Wellbeing of the People'. Drawing on the data which is available from the MKUKUTA monitoring framework, including the *Poverty and Human Development Report*, and official surveys carried out such as the Tanzania Demographic and Health Survey 2004/2005 and the 2002 Census, the government will be in a position to examine performance in reducing infant, child and maternal mortality, for example, and reducing inequities in access to health, education and water according to gender, age, income and geographical location. The survey can report, in other words, on performance in all three clusters of MKUKUTA, growth/income, social well-being and governance. Broad-based economic growth is ultimately dependent upon positive achievements in all aspects of our society and economy.

A good measure of society's well-being is the health of its population. We commend the government, and donor partners, for their support to health interventions which have contributed to a substantial decrease in infant and child mortality rates: IMR fell from 88 deaths to 68 deaths of infants under age one per 1,000 live births during the period from

1996 to 2004-5, and U5MR fell from 137 to 112 per 1,000 live births during the same period [Tanzania Demographic and Health Survey 2004/5 hereafter TDHS 2004/05]. However, anaemia and malnutrition levels of children have remained very high. More importantly, there are substantial regional and district variations in infant and child mortality rates, as well as to access to quality health care, health and nutrition for children, and major differences according to urban-rural location and mother's education. What is the government doing to reduce inequities in access to good nutrition, safe water, and quality health services, and to increase access for all to free primary health care?

Maternal mortality rates have actually increased in absolute terms: an average of 24 women die every day in Tanzania in the process of child-bearing, or some 578 women out of every 100,000 live births [THDS 2004/05]. How can we explain such a crisis in maternal health? One explanation is the failure of the government to provide adequate resources to maternal health facilities. Only four out of ten mothers have access to trained birth attendants at the time of delivery. That is a national figure – there are major inequalities depending on where a mother lives: in rural areas, only 39% of rural women have professional assistance, compared to some 80% of urban women; and there are major differences according to district and income level as well.

The major causes of this crisis in maternal health are the cost of health care, which includes cost sharing as well as other charges [under the table in many cases]; distance to health facility and transport costs; and the lack of enough trained health care workers and suitable equipment for emergency care. We are alarmed at the seeming lack of priority given to this issue, as shown in the silence about it in the Budget Speech, and the fact that budget allocations to health have actually declined [see below].

The health and well-being of young adolescent women is of special concern, because of their higher vulnerability to HIV&AIDS infection – a significant part of the health crisis. Some 26% of Tanzanian girls are already pregnant or mothers by the age of 19 years – more so in certain areas like the Southern Zone (36%) and the Lake Zone (35%), compared to a low of 9% in Zanzibar and 18% in Eastern and Northern Zones. What is the issue? Many of these children are 15 or 16 years or younger, and not physiologically ready for child-delivery, thus causing damage to their health and bodies, including fistula. Young teenagers who get pregnant are also being exposed to HIV&AIDS infection. Moreover, the data is an indication that a substantial proportion of young women are being denied the opportunity to continue their education, to have an independent livelihood of their own and to become a full-fledged citizen – instead, they are locked into patriarchal marriage, often with an older man twice their age.

What steps are going to be taken by the new government to protect the rights of young girls and women, to increase the marriage age, and to empower girls and women economically and socially so that they are not forced to depend on oppressive marriage structures for their livelihoods?

The growing trade imbalance as shown by the growing gap between import and export rates is alarming. We believe that this imbalance reflects the failure of the export-led liberalization and privatization strategies adopted to provide real sustainable development. Instead, a few export enclaves have been established, based on extractive industry such as mining and tourism, which have very limited linkages with the rest of the

economy. Hence, gold provides the highest share of exports, but contributes very little to GDP.

According to the analysis of contributions to the Gross Domestic Product (GDP), nearly all sectors showed increased growth *with the exception of agriculture*. Indeed, the survey goes on to document a decrease in the growth rate of agriculture, from 5.8% in 2004 to 5.2% in 2005, arising from a decline in production within the crop and livestock sub-sectors. We do not agree with the explanation given in the Survey, namely that this reflects economic diversification. Instead, one would have expected agriculture to grow, along with the other sectors, if there were strong backward and forward linkages between, say, manufacturing and tourism and agriculture.

## **KEY ISSUES IN THE NATIONAL BUDGET**

### **Composition of Revenue and Expenditure**

**Revenue:** The government is committing itself to increase domestic revenue by 19.1% in nominal terms, compared to last year, [assuming an inflation rate of 6.9%, then domestic revenue will have a real increase of 11.4%] which is highly positive, so as to ensure a more sustainable basis for national ownership and autonomy. Nevertheless, the share of revenue coming from donor funds, *including debt relief*, has risen to 45.9% [39% external grants and concessional financing; 6.9% debt relief under MDRI], while domestic revenue has risen slightly to 50.7%, leaving the rest from other sources – thus the budget remains heavily dependent on donor funding.

The Budget Speech has two potentially contradictory aims when it comes to its relationship with donor partners: “The main aim .. is to ensure that the Government leads and assumes ownership of our development agenda, rather than the Development Partners..”, in part by ensuring that “more external resources pass through the Government budget system”. This corresponds to the demands that have been made by gender activists and many others in civil society. At the same time, the Ministry of Finance aims for increased foreign assistance.

We support the government in demanding more foreign assistance from the developed nations of the world, not only as a moral obligation within the so-called community of nations, but also because the wealth and development of the advanced capitalist nations has depended on the exploitation of the resources of Tanzania and the rest of Africa – in the past on the basis of slavery and colonialism, and today on the basis of unfair trade and post-colonial relations. Hence, we call on all donor institutions to increase the share of their financing which is in the form of grants, rather than loans, including the World Bank.

However, we wish to question the politics of donor funding, and the terms and conditions of foreign assistance. Foreign assistance should not, for example, increase the debt of the nation. There should not be conditionalities attached to assistance, such as the present insistence that the government retain the present neo-liberal macro-economic framework. Moreover, however commendable it is that the G8 countries have agreed to provide Tanzania with debt relief, what do we give up in exchange? What does it mean, that the IMF has decided that Tanzania no longer needs IMF financing, and instead, will adopt a new facility called “Policy Support Instrument” (PSI)? To us, it appears that the IMF,

along with the World Bank, will continue to be highly involved in designing the macro economic policy framework for Tanzania, and that we will continue to have no choice as a country but to keep the Structural Adjustment, neo-liberal policies that are currently in place. This macro economic framework may have supported the increase in aggregate growth figures, but as the government itself acknowledges in its own *Poverty and Human Development Reports*, at the cost of increased inequality of incomes and social well-being of the people.

The efforts planned to expand the tax base are also commendable. We hope that these will include a radical revision of the present tax exemption policy, however. As noted in the recent Public Expenditure and Financial Accountability Review Mission [PEPFAR] draft report to this year's Public Expenditure Review session on 13<sup>th</sup> May, in 2004/2005 tax exemptions were the equivalent of some 22.8% of total tax revenue. The main beneficiaries of tax exemptions included large investors in mining, donor supported projects and diplomatic missions as well as faith-based organizations and NGOs.

In spite of the increased contribution to be made by excise taxes, income tax and VAT remain the top sources of revenue. We urge the government to adopt a more progressive income tax structure, one which taxes the wealthy, reduces the relative tax on the salariat middle-class including teachers, health workers and the like, and does not tax the poor. VAT tax regimes also need to be reviewed to ensure that they do not become a major burden on the poor. For example, grassroots groups are calling for a removal of all taxes on kerosene, and arguing that the abolition of taxes for airplane fuel will benefit the government leaders and the wealthy, not the poor.

The government also intends to move forward with the 'formalisation' programme [MKURABITA] whereby businesses in the unregulated sector of the economy will be encouraged to get land titles in order to be able to use their land as loan collateral for banks, and to regularize their operations according to the law. The major goal of MKUTABITA, however, is to expand the tax revenue coming from the informal sector.

Moreover, it will be important to track which actors will be 'captured' in the informal economy, the wealthy producers and traders or the low and middle income people struggling to survive in an increasingly hostile environment? At present, investors have praised Tanzania for providing them with the most friendly environment in Africa, because of the enormous profits that they are able to extract, at the expense of the government and the people. This has to change. The people are calling for a radical shift in investment and tax exemption policy, so as to ensure that local investors are given priority in key and/or sensitive sectors, and that the big investors – national and foreign – provide a bigger share of the proceeds with the government and the people through taxation, royalties where relevant and non-tax revenues. Investment policy also has to include specific conditionalities, same as in the developed countries, to ensure that manufacturers and service delivery facilities use local raw materials and intermediate goods and services and employ local women and men. While recognizing the tentative steps taken in this direction by the government, as shown in the Budget Speech, a more substantive change is needed to ensure that the Tanzanian economy returns into the hands of Tanzanian women and men.

## **Expenditures:**

First, there is a substantive increase in proposed expenditures, from Tshs 4.17 trillion last year to Tshs 4.85 trillion in this financial year. Moreover, government expenditures have escalated very rapidly during the last five years: climbing from 1999/00 when it first reached the Tshs 1 trillion mark [actually Tshs 1,262, 347/]. What does this rapid expansion in government expenditure mean? To what extent has it contributed to a major reduction in poverty, an expansion in people's livelihoods and welfare, or creating the foundation for real participatory decision-making at all levels? Judging from the *Poverty and Human Development Report* of 2005, there has been very little positive impact in reducing poverty. Some 36% of Tanzanians were still living below the poverty line in 2000/01, only 3% less than the 39% estimated in 1991/92, using the Household Budget Surveys (HBS) of those years. The major decline in poverty was found in Dar es Salaam, with only minimal changes in rural areas, such that 39% of the rural population lived below the poverty line in 2000/01.

Poverty is a result of inequalities in income and welfare, and is associated with the high levels of infant, child and maternal mortality rates that have been analysed above.

Some 64% of the 2006/2007 budget has been allocated to recurrent expenditure, as compared to 36% for development expenditure, reflecting a slight increase for development allocations compared to last year's budget (33%). Recurrent expenditure includes 21% for wages and salaries, which has substantially increased in line with the government's decision to increase wages and salaries of civil servants, as well as to increase the number of health workers, teachers, and other service workers [Budget Digest]. What steps have been taken to ensure gender parity and equity in district and urban-rural distribution of service workers and other civil servants?

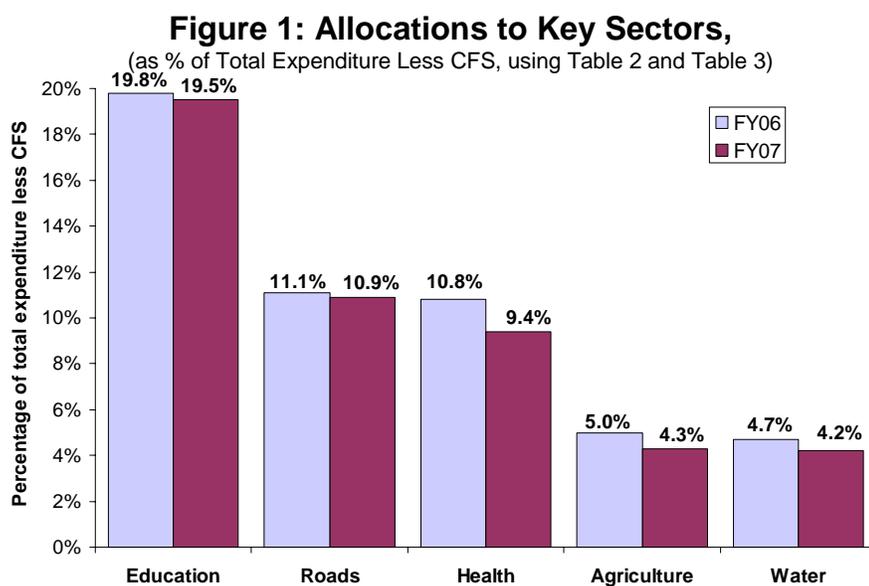
From the point of view of gender activists, it will be important to monitor who benefits from salary increases, the top management at ministry and district headquarters or the actual teachers, health workers and agriculture extension agents who provide the services needed by the people? Will a progressive and weighted approach be used which ensures that the bulk of salary increases are awarded to workers at the bottom and middle of the occupational structure, thereby reducing the enormous gap in salaries between the managerial and top professional level and those lower down? Specific steps are also needed to eradicate the gender discrimination which causes, consciously or not, the gap in wages between women and men who are doing similar work and have similar education and work experience backgrounds?

Another 39% of recurrent expenditure is allocated to goods, services and transfers, representing a decline of 5% [Budget Digest]. More information is needed to clarify the extent to which these items noted will actually reach the end user, be she/he be the health worker or the patient, the teacher or the pupil, the extension agent or the farmer/livestock-keeper, the technician and the water consumer, etc. We are especially concerned about ensuring that drugs, equipment and care reach all PLHAs, including ARVs when called for. Special initiatives are needed to address the needs of children, who have been neglected in ARV regimes adopted thus far.

Similar questions have been asked concerning development expenditure. On the one hand, should development expenditure not receive more resources, so as to help support real growth in the production of goods and services by Tanzanians, which meet the needs and demands of a rapidly growing domestic market, as well as opportunities in the global market? On the other hand, who will be the main beneficiaries of the development priorities that have been set by this budget?

Using figures in the Budget Digest, a comparison is made in Figure 1 in key sectoral allocations between last year's and this year's budget, as a percentage of total discretionary expenditure. The sectors examined here are significant priorities from the point of view of gender activists and grassroots groups: education, roads, health, agriculture and water. The funds for Consolidated Fund Services, which is the money that the Government is required to spend each year, primarily to service the debt, has been removed. Given the significant reduction in debt service payments this year, the government now has more choice about how to use the money at its disposal. However, its choices do not respond to the priorities which gender activists and grassroots groups have, according to our analysis. Keeping in mind that there has been an absolute increase in funding to all sectors, here we are interested in the relative proportions of the total budget going to these sectors. There has been a *decrease* in all of the key sectors: education, health, water, agriculture and roads.

How can this decrease be explained, given the government's stated commitment to the goals of MKUKUTA, Millenium Development Goals and vision 2025? How does the government rationalize priority given instead to energy, for example, which will benefit some 11% of the population with subsidized electricity while excluding the majority?



Data source: 2006/07 Budget Digest, Tables 2 & 3 (Ministry of Finance)

### Economic Empowerment

Much attention is given in the budget speech to improvement in the business and financial environment, including the restructuring of the Bank of Tanzania. This may be fine in the

short-term, but is this the foundation for sustainable economic growth and sustainable livelihoods for all? Nowhere in the speech is there the design of a coherent livelihoods and employment strategy which ensures that every adult woman and man has the means to support themselves and their families in a dignified way. Instead, there are separate strategies such as micro-credit and formalization. To what extent will the MKURABITA formalization process support real empowerment, especially of poor women and men producers and traders? More is needed than land titles, loans and resulting debt, however, including an expanded domestic market, a radical increase in the purchasing power of ordinary Tanzanians, and a dynamic research and development sector which highlights the requirements of the micro-small enterprise sector.

We welcome the government's initiative to set up a committee with CEOs of banks to examine how to promote more credit and other services to the people, and to address the bias towards "large-scale expatriate customers" – but this is likely to benefit the growth of middle-class entrepreneurship, and not eradicate poverty nor reduce gender, class and geographical inequality. The focus throughout the budget speech is on small and medium enterprises, and not the really low income 'micro' enterprises on which the majority of Tanzanians rely for their incomes. These are the kinds of people who will benefit from MKURABITA as well, so long as they do not go bankrupt and lose their land as collateral to their creditor!

More sustainable economic development and empowerment depends on substantive support to sustainable employment (public/private) and specifically to agriculture and livestock-keeping, focusing on women and men smallholder producers in particular. Along with many other observers, we are alarmed at the relatively small allocation being made to agriculture and livestock-keeping, including the associated sectors related to it. The increase in subsidies for farming and livestock-keeping is laudable, however – although it will be crucial to track who the end beneficiary will be, the large or smallscale producer?

Similar questions can be raised with respect to the strategy to enhance village borders – are these meant to protect the interests of villagers as they expand in population and in economic activities from encroachments from outside? Or are they some kind of 'enclosures' that fence villagers in, and demarcate 'open' areas for investment by wealthy producers, land speculators and big companies? Similarly, the budget speech calls for regulation of grazing land of livestock-keepers so as to reduce environmental damage. Why are livestock-keepers solely identified as the source of environmental damage, rather than the big logging companies, the big irrigation farmers, and all who use chemical fertilizers and pesticides?

To genuinely enhance economic empowerment, the strategic choice would rather be setting priority/strategic sectors under which to effect empowerment by increasing respective budgetary allocations. For many people, education is viewed as a priority sector for empowerment broadly defined, along with health, food security and water.

Empowerment, to gender activists, also means more power in decision-making at every level in society for women and children, in particular, along with other marginalized groups. We therefore call for more coherent strategies on how to empower women and children, and to abolish those structures, systems and laws which disempower them. In this regard, special efforts are needed by government and civil society alike to combat the

growing violence in society, including sexual harassment, rape and domestic violence which particularly targets women and children. The issue of violence is integrally connected with that of HIV&AIDS.

## **MKUKUTA**

MKUKUTA was developed with more consultation with civil society than is found for other macro-economic frameworks such as Poverty Reduction Growth Facility. Real steps have been taken to develop gender-balanced pro-poor targets, which, if implemented through this Budget, would have a positive impact on the livelihoods and well-being of poor people, women and other marginalized groups. Hence, it is important to monitor what kind of support is actually going to be provided to ensure that these targets are implemented.

Whereas MKUKUTA is correctly highlighted in the text of the Budget Speech, only 48% of the total budget is actually allocated to MKUKUTA clusters, according to the Budget Digest 2006/2007 (p.7), actually less than the 50% allocation last year. This is questionable, given that MKUKUTA is supposed to set the overall framework for development. Where is the remaining 52% resources going? In what way do they support the development of a sustainable economy and empowerment of the people?

The three clusters of MKUKUTA provide the framework within which allocations have been made to the MKUKUTA segment of the budget. The largest share, some 45.8%, has been allocated to growth and incomes [cluster I], some 35.8% to social services/well-being [cluster II], and 18.4% to governance [cluster III]. This can be interpreted in different ways, all depending on which part of the population will benefit from the resources allocated in each case. For example, what proportion of the resources allocated to growth will go to reach the low income small producer and trader? Will the two huge power gas generators in the energy sector benefit the low income producer/consumer or the big corporations and the wealthy families, both in the short and the long run? What steps are being taken to promote mass rural electrification, on the basis of hydropower, coal and gas as well as alternative solar, wind and biogas technology within the reach of ordinary women and men? To what extent will kerosene provide a viable energy source for the majority of the poor?

Similarly, a major share of the budget is going to infrastructure – but which kind of infrastructure? Rural roads on which the poor depend to get their goods and services to market? Or roads and airports and ports to connect the huge mines and plantations to *their* markets outside of the country?

## **Governance and Safety**

We welcome the increased attention going to governance compared to the past. There is a real need to invest more in the democratization of local government structures, so as to ensure that all women and men can participate meaningfully in making decisions on resources and policies, beginning at the local level. Is this where the bulk of the governance allocation will go? What measures are being taken, for example, to abolish backward laws with respect to marriage, inheritance and divorce that are used to oppress and exploit women and girls? Cluster 3 of MKUKUTA has highlighted the rights of the poor and vulnerable groups to justice, freedom from domestic violence and sexual abuse

– what concrete strategies have been adopted to implement these targets? How many resources?

We commend the government's plans to enhance financial accountability, including the tracking of expenditures at local government level, and the call for district councils to report revenue and expenditures to the public on a monthly basis. This will be all the more fruitful if there is an increase of civil society organizations involved in budget analysis and expenditure tracking at the community, district, and national level, and they are welcomed in their endeavours, including the media themselves. The government needs to institutionalize CSO involvement more systematically at all levels, beginning at the village and district level.

Governance also concerns safety, which is a major gender and pro-poor issue. What steps will be taken to reduce the exceedingly high levels of sexual abuse and rape which are experienced by children and women in and out of their homes? To increase safety on the streets and in the farms and neighbourhoods so that children and women can walk safely day or night?

## **CONCLUSION**

The Policy Forum Budget Working Group, of which TGNP is a member, has prepared three Pre-Budget Analysis Briefs, "*Your money ... whose choices?!*" which have been widely circulated and reported on in the media. TGNP believes that the basic concerns that were raised in the briefs remain valid. Of particular importance is the question, what proportion of the budget will reach the end user, be it the teacher, health worker, agricultural extension agent or water technician providing services, or the student, the ill, the woman farmer or livestock keeper and the child in need of safe clean water?

In addition, TGNP has added points and questions at the beginning of this review paper which concern the neo-liberal macro economic framework adopted, which sets opportunities and constraints to the Budget itself. While recognizing government efforts to take into account the needs of the poor, the expected impact may be nullified by this framework [which includes the export-orientation; ultra-liberalization of trade and financial services; preferential treatment to big investors, often foreign; cost sharing in health; commercialization of water; etc]. We call on the government and civil society to develop an open public debate on alternative macro-economic framework which truly provides the basis for sustainable people-centred development, and participation by all women and men, children and marginalized groups in the decision-making process.