

Demystifying the Budget Process  
in Tanzania:  
A Seminar to Promote Civil Society Advocacy

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Hakikazi Catalyst  
Arusha

Organized by  
Tanzania Natural Resource Forum\*

Facilitated by  
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\* The Tanzania Natural Resource Forum was formerly known as the Wildlife Working Group.

## Introduction:

The main purposes of this seminar were to raise awareness and stimulate advocacy around Tanzania's budgeting process. The budget is an area of government process that continues to mystify a large majority of civil society and thus remains a hurdle for civil society to effectively hold government accountable on both issues of finance and policy implementation. Budget documents can be difficult to obtain and understand resulting in the majority of Tanzanians remaining very alienated from government spending. This seminar hoped to build on the knowledge of its participants about understanding budgets and their impacts. Of particular importance was creating not only an understanding of how the budget works at either the national or local level, but also of how these macro and micro budget processes fit together, particularly in regards to monitoring national policy and strategy at local level. Budget advocacy is one of the weakest areas of civil society in Tanzania, and represents one of the missing links

The meeting was facilitated by Emmanuel Kallonga of Hakikazi Catalyst. Over two days the seminar presented material and facilitated discussion on the following points.

- Macro budget time frames and guidelines
  - Where do the guidelines come from? What drives budgets?
- Public Expenditure Review (PER) & Medium Term Expenditure Framework
  - What are these? How do they fit into the budget cycle?
- Macro- Micro links: National budget relevance to village level governance
- Basic budget analysis tools: National level and introduction to local monitoring tools
- Entry points for budget analysis and advocacy

While budget advocacy comes last on this list, it was the major underlying aim of this event; the rest of the seminar was intended to provide an introduction to the knowledge and tools needed to conduct effective budget advocacy. All in all these two days provided an introduction to the importance of budgets to policy and poverty reduction in particular, and to basic tools of budget analysis and monitoring.

## The Importance of Budgets to Policy Advocacy

Elizabeth Singleton from the Tanzania Natural Resource Forum (TNRF) gave a presentation about the background of TNRF's interest in budgets, the importance of budgets to policy implementation, and the need for budget advocacy. TNRF had been actively involved in the consultations for the review of Tanzania's Poverty Reduction Strategy (PRS). This process reflected a new commitment towards participation and inclusion on the side of government. The new PRS, known as the National Strategy for Growth and Reduction of Poverty, is a comprehensive document compiling diverse strategies for all sectors to tackle poverty reduction and stimulate economic growth. However, the challenge still remains for this new strategy to be financed and implemented. The finance and the implementation of the NSGRP will depend largely on the budget for poverty reduction activities and the monitoring system.

This raises the question of how the budget and monitoring fit together both in theory and in practice. In theory, a poverty monitoring system should be set up and timed to influence budget guidelines and allocations. Ideally, sectors should be rewarded in their budget requests if they have efficiently and effectively achieved the outcomes set for them in national

strategy, and in turn, in sector plans. However, in order for this to be realized monitoring needs to fit into a rational sequence of budget activities.

There are many tools available for poverty monitoring, such as the Poverty and Human Development Report, the Participatory Poverty Assessment, and the government's own reporting system, but the issue remains of how this type of feedback can be incorporated effectively into the budget cycle so that it has an impact on both budget guidelines and allocations. If the new PRS is to be implemented in sector plans, and thus their budgets, should be structured around the PRS outcomes. The amounts budgeted to a particular plan or strategy are a true measure of government's commitment. Through the course of the five years of the new PRS budget approvals should, to some degree, be contingent on each sector's accomplishments and compliance with the new PRS targets.

Knowledge of the PRS and how it is being financed and implemented is important not only directly to poverty reduction, but for all sectors because the PRS should guide all other sector plans and strategies. This makes it a key advocacy tool for all of civil society. But, as with any policy, its effectiveness and the level of government's commitment to it can be gauged by the budget. For example, the new PRS has strategy to strengthen village land tenure, but if money is not budgeted to the Ministry of Lands to support the issuance of Certificate of Village Land, then it could be said that government is not serious about achieving that goal. However, if civil society knows what both the policy and the budget say, then government can be held accountable. It has long been said that whoever holds the money, holds the power. So, in many ways knowledge about budgets is key for civil society's power to hold government accountable. If sector budgets become tied to outcome achievement, grass roots monitoring becomes incredibly important. Only with a complete set of information about what the policy says, what the budget has allocated, and, finally, how those funds are being used on the ground can really keep government on track.

## 5 Key Points:

Emmanuel Kallonga, the lead facilitator, summarized five important points about the importance of budgets for policy implementation and to civil society advocacy.

- ❖ Budgets form a mechanism to implement poverty policy.
  - Knowledge, transparency, accountability are all critical components to a budget process.
    - This depends on civil society's knowledge of policy and plans as well as their budgets.
- ❖ Monitoring effectiveness of sector plans and their budgets is critical to government accountability and improving the efficacy of future budgets.
- ❖ Calendar of budget cycle and SWAP (Sector Wide Approach) needs to be rational and integrated with monitoring.
- ❖ Quality feedback from civil society needed and needs to be encouraged by government
  - Civil society needs to bring research and findings on sector effectiveness to the appropriate government channels.
- ❖ Advocacy to influence plans and budgets needs to come from a broad base of civil society.

## Participant Engagement:

Participants were asked to fill out cards with their expectations from the seminar, fears about addressing the subject matter, and their existing levels of knowledge. The results from these cards were tabulated into the lists below and presented back to the entire group.

### Expectations

- Gain knowledge about budget process
- Unveil importance of budget to work on the ground
- Strengthen networks through building relationships
- How to monitor budgets
- How to influence budget
- Increased advocacy on budgets
- Share experiences on budgeting
- Participation in budgeting processes
- Link between PER, MTEF and Budget
- Tools for budget analysis
- Link between NRM and Budget
- Potentially form a budget working group in TNFR/WWG

### Fears

- Not enough time to cover everything
- Immediate fear of “budget” and all it entails
- Lack of math skills/ability to make calculations
- Budgets never practically used at grass roots
- Complexity of budget overwhelming
- Lack of attendance/interest/compensation
- Language barrier – lack of comfort for participants to engage

### Knowledge level

- Minimal knowledge
- Average knowledge – (all want to know more!!)
- Knowledge is power

## Group Work Session 1:

In order to begin thinking about budgets and civil society’s role the participants were asked the following questions: How can the participants from village or district level utilize budgets to measure impact of poverty reduction strategies?

### Group 1:

1. Stakeholders participation in preparations of budget
2. Expenditure should be as per agreed plans
3. Stakeholders follow-up on periodic basis, e.g. 3 months
4. Planning budget/calendar should be known to all stakeholders
5. Feedback should be as per agreed time table “standardized feedback”
6. Influence plans and budget to meet communities needs; make budget more “pro-poor”
  - Influence change
  - Need hard evidence

### Group 2:

1. To demystify the budgets at local level, make them simple and accessible
  - Need to understand PRS/NSGRP
  - To encourage dialogue at community level
  - Relate the budget with issues at the grassroots level
2. Monitoring effectiveness
  - Build the local community capacities to develop tools for data collection
  - Data collection and sharing
3. To understand the calendar and frame.
  - Educate the local community on the calendar
4. Develop strategic networking – top down and across the board.

### **Group 3:**

1. Communities should be involved to identify their needs and priorities
2. Bring awareness on budgeting and capacity to be engaged in budgeting process
3. Community need to get feedback
4. Systematically identifying who is responsible to rise awareness on budget
5. Information should flow all sides and in all directions
6. To rise awareness to CSO on responsibility and right of participation on the budgeting process

### **Group 4:**

1. There is no participation, transparency and accountability during budget preparation and implementation (top down approach)
2. Budget does not touch the life of common people
3. Calendar is not time bound as it is donor dependent
4. There is no feedback, we need feedback
5. CSOs need to have permanent seats in decision-making bodies in all levels, in order to influence plans and budgets.

### **Group 5:**

1. Empowerment of communities to participate in budgets and polices at their individual levels
2. Involvement and understanding of communities so that monitoring can be carried out effectively
3. More understanding needed of processes. Breakdown to simple language
4. Quality standardized feedback will come once empowerment/involvement/transparency/understanding are realized.
5. Feedback can be used as a tool for advocacy to influence change for accountability
  - Hard evidence
    - Knowledge
    - Action
    - Change

### **Additional Points from Discussion in Plenary:**

- CSO capacity to advocate for change is weak
- Lack of accountability due to weak institutional set up for monitoring
- Political will to encourage accountability is lacking
- How to enforce roles/responsibilities for budget tracking and responsibility – accountability
- Capacity to analyze budgets lacking by many

- Lack of power/knowledge for CSOs and communities to engage in budget process—need empowerment and knowledge
- Economic literacy lacking among many citizens, even civil society leaders
- Ownership of budget by people lacking—no correlation between taxes paid and budget allocations
- Need to conduct more research on budget monitoring
- Need to change the mind set about the ability of the average citizen’s ability to effect change
- Courage to challenge government often lacking
- Understanding of the Constitution is not wide spread
- Access to information restricted under outdated legislation from socialist days
- Role of elected officials in budgets minimized at national level- Parliament is merely rubber stamp approval at this point in time
- Lack of interest from CSOs and communities to engage, often scared by complexity of budgets

## Why the Interest in the Budget?

The national budget is the most important economic policy instrument for government. It reflects the government’s social and economic policy priorities. No policy or plan can be implemented without funding, and thus the budget is the key to implementation of any government policy. A well-balanced budget reflects stability of a government to both collect funds and disperse them effectively. A functioning budget system is vital for formulation of sustainable fiscal policies and facilitates economic growth.

Additionally, budgets are not just a tool for upper level government, they affect all the citizens of a country. Indeed, the budget tends to have the most impact on the poorest of the poor, for when a health care program is properly funded it helps the poor access health care, but when budgets are cut it is the poor who have the fewest alternative options. The poor rely on a budget that meets their needs. Budget allocations and performance affect the livelihoods of all Tanzanians by affecting the social services on which all rely, such as health, education, and the justice system.

The poorest of the poor are most affected by budget cuts, having no other alternative to public services.

Due to this importance, civil society’s understanding of and involvement in the budget process is critical, but relies on the following:

- How a budget is formulated,
- How it becomes law, and
- How it is implemented.

In order to fully understand how budgets work and how effective they are, one needs to be aware of the figures of the budget, but the policies which they are supporting. This means that true understanding of a budget depends on information from the district, regional, and national levels about how well budgets are performing.

**INPUT** = Resources put in to produce results

**OUTPUT** = Results produced by inputs

**OUTCOME** = Changes in Quality of Life Due to Outputs

Measuring budget performance is based on three pieces of information: the inputs, the outputs, and the outcomes. Inputs are the resources that are put in order to produce results, such as money, but also labor and time. Outputs are the results produced by the inputs into a program. Outcomes are the changes in the quality of life in society or a community due to the outputs. For example, if classrooms are built as an output due to the inputs of money, labor, and planning, then

improved quality of education is the expected outcome. ***It is critical to measure the performance of budgets not only by results and outputs, but also the overall outcome.***

This introduction to how budgets are formed raised the important question of if the budget approval becomes a law, and it is not properly executed, who is responsible for prosecuting that violation of the law? At the present time, no one is being held responsible for the effective implementation of the budget. In general, there is a lack of **accountability** for the budget. In the current environment citizens lack an understanding of their roles and responsibilities, as well as those of government. Indeed, participation in the budget process is a constitutional right in Tanzania, but silence reigns as most people do not understand their Constitutional rights to engage in government processes. Due to this current perception that Government processes are solely the territory of Government there is a lack of ownership by the people of those processes. But in actuality, the budget comes from the Government Treasury, which comes from taxes people pay. The discussion concluded that due to the status quo

- ❖ **Corruption persists due to lack of transparency and accountability in the implementation of the budget**
- ❖ **Citizens lack the knowledge and the power to hold government responsible;**
- ❖ **Tanzanians lack the mindset that government is responsible to the people;**
- ❖ **It is the people's duty to hold government accountable.**

Citizens need to be better educated about their roles in a democracy and how they can fulfill them. However, it was pointed out that civic education will only happen if people/organizations/institutions are specifically tasked with carrying out education and empowerment activities.

## Financing Poverty Reduction

A brief overview of the considerations that are made is designing a budget was given. First of all, budgets are constantly and continuously under review. Budget allocations can be changed at any time by the Ministry of Finance. This is due to the fact that revenue collection and tax enforcement are highly variable, and if more or less revenue is collected than expected, budget allocations will need to be appropriately adjusted. This is called **cash basis management**. Incredibly significant for revenues is the variability in

Budget can be influenced by:

- Lower revenues than expected;
- Increased inflation;
- Fluctuations in foreign aid;
- Cost sharing;
- And stakeholder consultation.

sourcing external (donor) funds. The amount of **foreign aid** is not predictable or guaranteed. The **fiscal balance** (if revenues are equal to expenditure) is informed by the Public Expenditure Review process and the Medium Term Expenditure Framework. These reports are needed to keep the budget balanced. Another factor for budget fluctuations is **cost sharing** and co-financing. The levels to which communities and individual are expected to pay for services has an impact on budget allocations. For example, if individuals are expected to share in their health costs than the budget for the health sector will be reduced. The process of decentralization also has impacts on budgets. When the government withholds powers that are meant to be decentralized it has the potential to change revenue flows. For example, Districts have lost the majority of their ability to raise funds, but are still expected to provide services. This is called **attendant decentralization**. Lastly, budgets intervention and allocations can be influenced by **stakeholder consultation**, but this could be donors, civil society, or other parts of government.

Besides the above scenarios that can change the overall national budget, there are circumstances that effect **finance envelopes**, or budgets for particular sectors. Depending on macro economic growth, political will, and average levels of donor support positive or negative concession could be made to any sector's budget—meaning either budget increases or cuts. If GDP increases more than anticipated, there will be more government revenue than expected. This could lead to increases in a sectors budget at any point in the budget cycle.

In addition to the amount allocated for a particular finance envelope, the composition of that finance envelope, how money is allocated within the sector, can be affected by numerous factors. Priority interventions are set based on the recurrent cost implications for that particular investment. **Recurrent costs** are costs like salaries and operating expenses that have to be paid every year. This is different than **development costs**, which represent capital investments. For any investment there are implications of increased recurrent costs. For example, building a new school does not just need the funds for building, but also the funds for new teachers, supplies, education inspectors, etc. These types of considerations have an impact on how funds are allocated within a sector. Input from previous PER and MTEF can influence these decisions. For instance, the Health PER for 03/04 influenced the decision made to increase spending on health to US\$9 per person.

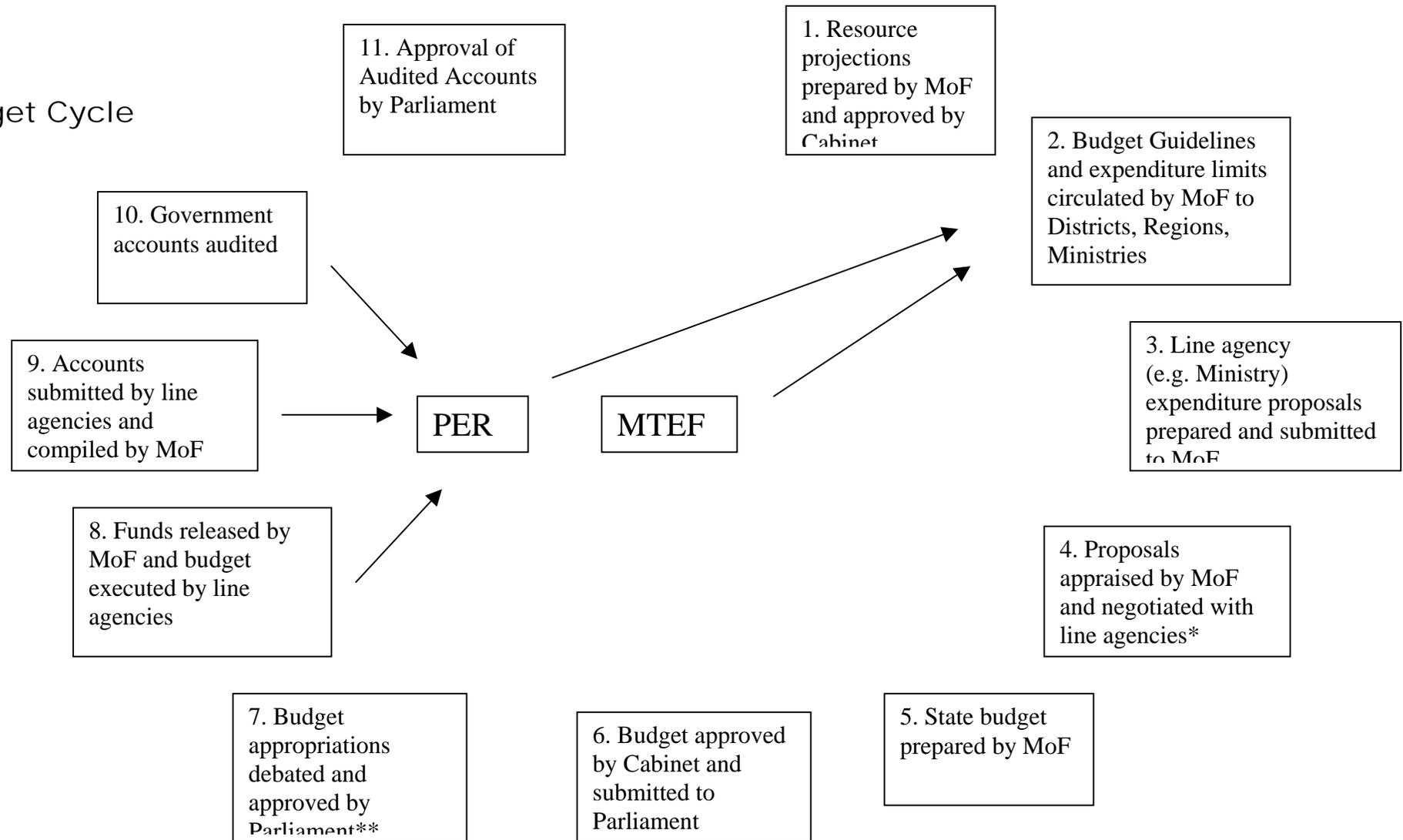
Several real life examples of how budget cuts or alterations can affect the average Tanzanian were discussed. Discussion was held on the education, health, judiciary, and local government reform programs.

#### Box 1. The Education Experience

The education sector has experienced serious impacts from budget changes. At one point government had pledged \$10 per child for primary education to support the abolishment of primary school fees. This figure was eventually reduced to \$2 due to lack of available funds. This significant decrease in funding allocations has serious impacts on both outputs and outcomes, including:

- An influx in students without proper facilities to accommodate
- Reduced quality of education,
- Failure to build new or improve existing facilities,
- Increased drop out rates;
- And, Reduced Credibility of Government in the eyes of the people.

# Budget Cycle



\* Negotiations are critical to budget allocations.

\*\* Budget debate and approval often cursory.

The budget cycle is a year long, annual process; meaning different parts of government are always working on the budget. This means that there are numerous opportunities for civil society to engage in the budget formation and implementation. However, civil society engagement in budget processes has been weak to date. Public Expenditure Review's are becoming increasingly open to civil society engagement. However, budget advocacy needs to be thought about and planned strategically. See Group Work Session 2.

The Minister for Finance is required by to present the Budget Speech by the 20<sup>th</sup> June each year. With this speech there are three accompanying documents.

- (i) Appropriation Bill – explains all of the budget allocations
- (ii) Finance Bill – proposed a tax scheme
- (iii) Statistical annexes – Explains the debt and repayment structure

All of these documents play a critical role in the budget. After these are presented by the MoF, Parliament is supposed to have seven days of debate before passing the budget. However, depending on the timing of the Budget Speech there may be more or less quality debate.

The presentation of the budget cycle raised the critical issue of “How can people working at micro level influence the budget process effectively?” This was discussed in Group Session 2. and the results can be found in Annex 1. Small groups brainstormed ways for individuals and CSOs to get involved and impact the budget process.

## Medium Term Expenditure Framework (MTEF)

Medium Term Expenditure Framework (MTEF) is a projection over 3 years that seeks to do the following:

1. Cost programs
2. Seek commitments from Donors
3. Harmonize foreign aid
4. Influence Sector strategies

The Secretariat for MTEF is located in the Presidents Office –Planning and Privatization. The MTEF is supposed to set objectives to be achieved, analyze trends and compare priorities over time, work with the Auditor General, and evaluate the Recurrent versus Development Budgets. Currently, Tanzania spends the large portion of its budget on recurrent expenditures, making little investment into development.

## Public Expenditure Review (PER)

The methodology of the Public Expenditure Review process was pioneered by the World Bank in the 1980s as an attempt to get governments of developing countries to focus on critical issues that needed consideration before the Bank would loan them money. The first PER was conducted in 1997 on a very secretive basis, as part of the conditionality matrix, but over time the PER has become a tool to promote accountability and participation in the government budgeting process. Civil society is increasingly encourage to take part in PERs, which are generally meant to gauge the efficiency and effectiveness that governments are allocating and spending money in given sectors.

The basic principles of the PER are to create budget incentives for action within sectors and to track the fiscal balance by reviewing both revenues and expenses for each sector.

Essentially a PER audits where money is coming from and where it is going. The three key issues that a PER wished to address are the following:

- Fiscal discipline for balancing revenue and expenditure
- Efficiency of allocations among competing programs within a sector
- Operational efficiency in Government institutions

Achieving fiscal discipline depends on actual allocations and expenditures correlating to the budget, which in turn is in line with available revenue. All of this also needs to be related to the public debt and required debt payments. Essentially, the government needs to balance its finances just as any individual one- making sure all bills are paid and needs met with the available money.

Fiscal Discipline is achieved when  
 $Revenues = Expenditure$

Unfortunately, on the scale of a government fiscal discipline is often not achieved for some of the following reasons:

- Cost of collection of revenue exceeds expectation, thus diminishing net revenue;
- Inflation increases;
- Unexpected external influences: fuel prices, natural disasters, etc.;
- Failure to meet predicted economic growth;
- Dependency on donor funds that may not be received;
- Unrealistic planning and budgeting;
- And, inflated and unrealistic budget requests.

**Allocative efficiency** is accomplished when government reaches its policy objectives by distributing resources based on effectiveness of public program. This requires government to have the capacity to shift resources from old to new priorities and shift resources from less effective efforts to proven methods. The PER is a tool for measuring this effectiveness, in essence making sure a country is “getting the most bang for its buck.” To do this the actual costs it takes for a program to achieve its targets is compared with the expected costs. If a program takes more money to achieve its objectives, the program may not be as efficient as it could be. If a program uses less than expected then it is being efficient and deserves to keep receiving funds. A PER is an essential instrument for rationalizing public expenditure and to do this it asks the following questions:

- Is a given government intervention/expenditure necessary?
- What is the best intervention to use when considering costs and benefits?
- What is the fiscal cost of intervention? In the short term? Long term?
- What are the performance indicators? Are they being reached?
- What is realistically achievable?

How is civil society involved in setting priorities for government spending?

However, when evaluating government priorities the question is inevitably raised: Who sets priorities? Where is civil society voice in making these decisions? Looking at the budget will determine where government priorities are, and those priorities may be different than those expressed in policies.

Looking at **operational efficiency** means looking at the relationship between inputs, outputs and outcomes to determine the level of efficiency by which sectors are using their resources, which includes not only money but also human resources, to accomplish their outputs and outcomes. Basically, are resources being used to maximize the possible outputs?

The PER process is governed by the PER Macro Sub-Group in the MOF. Massive amounts of information are relayed at these meetings, and in order for civil society to effectively engage in the process they need to have appropriate human resource dedicated to processing the information. Below the Macro Group, each sector has a PER Working Group. It is easier for CSOs to engage in these sector Groups to influence the methodology and scope of PERs.

Figure 1. PER and Budget Time Tables

Month	PER Activities	Budget Process
July		Discussion of Budget in Parliament and approval
August	PER WG develops PER work program-sets prospectus for year	
September		Work on budget guidelines by guidelines committee
October		
November	PER main mission for external evaluations	Issuing of budget guidelines to Ministries, Districts
December	Initial work on sector PERs to feed into budget guidelines	
January	Finalization of sector PERs, external evaluation and cross-sectoral work to feed into MTE and budget	Preparation of sectoral budget submissions and MTEFs
February		
March		
April		Preparation of Budget by MoF
May	PER Consultative Meeting	Presentation of Budget to Parliament
June		

While it can be difficult for CSOs to engage in the PER process, CSOs have a lot of potential influences such as:

- Increased accountability on sector ministries;
- Improved information flow on budgets and sector plans;
- Improved decision making in Ministry of Finance (MOF) and within sector ministries;
- Including donor funds in PER which could improve donor harmony;
- Improved sector planning; and,
- Increased capacity of all involved.

### Getting Started on Budget Work

When getting started in budget advocacy remember that the budget is really about policy- every budget number must have a policy rationale. Also, remember that every budget is going to include trade offs. There are always limited resources and choices have to be made between policy goals. This means that every budget will have

Holding Government accountable leads to better governance

weaknesses. However, this said budget advocacy can lead to better budget outcomes because participation promotes public debate and consensus about trade offs, increases accountability, and increases stability by increasing public awareness about the budget.

The more civil society can hold government accountable for the budget the better government's decision-making will have to be. Government will have to become more responsive to the needs of the electorate. Accountability can be achieved through having:

- Strong financial management systems,
- Strong financial management legislation,
- Independent auditor general,
- A strong parliament,
- An active civil society, and
- A strong media.

Government must make a commitment to transparency by making information available

Accountability, however, cannot be achieved without transparency. In a democracy, citizens have the right to information on the affairs of their elected government. Transparency is conducive to better decision-making in government, and is a pre-requisite for effective participation by legislatures and civil society. Government must make a commitment to transparency a support institutions that disseminate accurate information in a comprehensive, timely, and useful manner.

Civil society has a critical role for promoting participation, accountability, and transparency. Below are some of the ways CSOs can do this.

- Increase understanding to create basis for participation
- Bridge information gap by sharing knowledge
- Empower people to start asking critical questions
- Build interest in policy issues
- Change mindset about challenging government
- Lobby for role in decision making, find a way for civil society to be represented
- Try to engage and collaborate with government
- Be an example by promoting accountability
- Give feedback to communities from all levels of government and vice versa
- Clearly define channels of information flow so that people know where to raise concerns and bring feedback
- Network. One single NGO cannot manage, collaboration is essential to have one strong voice.

## Tools for Budget Analysis

In analyzing macro budgets there are many simple tools that can be used to demystify budgets and extract useful information.

### ❖ Calculate the Share of GDP<sup>1</sup> (Gross Domestic Product)

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<sup>1</sup> It has already been stated that failing to meet targeted GDP growth rates can lead to budget cuts. This raises the question of who sets GDP targets. Most government targets, including financial ones, are heavily influenced by donors. This influence has serious impacts on development and should be carefully considered by civil society.

Knowledge about growth of the economy is important for budget analysis. The official source of information for economic data is the Economic Survey, which is available from the government bookshop. Each District calculates its own GDP and these can be useful tools for District level analysis.

❖ **Year to year change of sector percentages of the total budgets**

Knowing the budgets trends can indicate how much of a priority a particular sector is to government. How much of the total budget does that sector receive and has the percentage been growing or decreasing?

❖ **Annual average growth rates**

What is the average growth over years- are we regressing or progressing?

❖ **Real growth rates (adjusted for inflation)**

Adjusting for Inflation, or the cost of living, can have major impact on allocation values and growth.

❖ **Per capita spending**

Within an envelope, or sector, how much is being spent per capita or per person. While a sector may seem to be allocated a large amount of money, when divided amongst the total population the sums may seem much smaller.

❖ **Previous year levels**

Comparing absolute numbers from year to year can indicate government's commitment to a given sector.

Once analysis is done it is critical to disseminate the findings to the relevant stakeholders in an accessible way. Generally it is better to make findings short in length, stay away from technical language, use charts and graphs, and do not overwhelm the reader with too many numbers and complicated calculations. Findings must be accurate and distributed in a timely manner to try to influence change in the budget.

The following Budget Summary was used to practice some of the tools above.

SUMMARY OF LOCAL AND FOREIGN FUNDS FOR MINISTRIES AND DEPARTMENTS 2004\2005

VOTE	DESCRIPTION	ESTIMATE (LOCAL)	ESTIMATES (FOREIGN)	2004/2005 ESTIMATES
23	Accountant General's Department	218,949,000	11,080,900,000	11,299,849,000
24	Ministry of Cooperatives and Markets	169,300,000	3,897,519,000	4,066,819,000
28	Ministry of Home Affairs –Police Force	5,300,000,000		5,300,000,000
29	Ministry of Home Affairs – Prisons Services	2,900,000,000		2,900,000,000
30	President's Office and Cabinet Secretariat	3,000,000,000	31,331,254,100	34,331,254,100
31	Vice President's Office	671,699,700	10,371,371,700	11,043,071,400
32	President's Office-Public Service Management	400,000,000	35,591,600,000	35,991,600,000
37	Prime Minister's Office	2,000,000,000	10,319,010,000	12,319,010,000
40	Judiciary	2,700,000,000		2,700,000,000
41	Ministry of Justice and Constitutional Affairs	300,000,000	4,133,455,000	4,433,455,000
42	Office of the Speaker	1,899,913,000		1,899,913,000
43	Ministry of Agriculture and Food Security	6,436,433,200	22,661,008,300	29,097,441,500
44	Ministry of Industry and Trade	200,000,000	1,362,649,000	1,562,649,000
45	Exchequer and Audit Department	209,298,100	1,408,606,600	1,617,904,700
46	Ministry of Education	2,441,281,900	103,159,002,000	105,600,283,900
47	Ministry of Works	84,519,000,000	99,730,658,600	184,249,658,600
48	Ministry of Lands and Human Settlements Development	600,000,000	73,000,000	673,000,000
49	Ministry of Water and Livestock Development	31,196,856,000	73,372,663,200	104,569,519,200
50	Ministry of Finance	2,360,000,000	14,160,820,000	16,520,820,000
52	Ministry of Health	3,552,448,200	87,663,305,400	91,215,753,600
53	Ministry of Community Development, Gender and Children	600,000,000	267,993,200	867,993,200
54	Radio Tanzania			
56	Ministry of Regional Administration and Local Government	270,000,000	141,054,747,200	141,324,747,200
57	Ministry of defense and National Service	45,010,000,000		45,010,000,000
58	Ministry of Energy and Minerals	5,199,552,300	41,698,382,400	46,897,934,700
60	Industrial Court of Tanzania		251,815,000	251,815,000
61	Electoral Commission		6,317,700,000	6,317,700,000
62	Ministry of Communication and Transport	1,850,000,000	17,415,541,900	19,265,541,900
64	Commercial Court		152,500,000	152,500,000
65	Ministry of Labor, Youth Development and Sports	15,000,000,000	40,338,811,000	55,338,811,000
66	President's Office – Planning and privatization	600,000,000	14,098,297,800	14,698,297,800
68	Ministry of Science, Technology and Higher Education	2,192,436,300	11,838,014,500	14,030,450,800
69	Ministry of Natural Resources and Tourism	1,136,586,300	17,833,913,100	18,970,499,400
92	Tanzania Commission for AIDS		22,441,668,800	22,441,668,800
	<b>Total Ministries Department</b>	<b>222,933,754,000</b>	<b>824,026,207,800</b>	<b>1,046,959,961,800</b>

## Practice Exercises (see Annex 3)

Some basic exercises were conducted to practice some of the basic analysis tools. Below are some additional tools.

- Make a chart showing nominal amounts of spending
- Calculate sectors share of total country budget for each year—explain what is happening in words
- Compare sectors share to other sectors to determine priorities
- Calculate sectors share of the social services budget
- Convert sectors allocation to real terms—is allocation keeping up with inflation?
- Calculate annual real growth rate for the sector for each year.
  - o When considering inflation, is the allocation really increasing or decreasing?
- Approved Estimates- confirmed that revenue is enough

## 5 Starting Points for budget analysis

In order to conduct effective budget analysis and advocacy a specific topic needs to be chosen. Here are five ways to narrow down one's focus:

- By Social sector: health, education
- By demographic group: people with disabilities, pastoralists
- By government program: early childhood development program
- By issue: HIV/AIDS, sexual abuse
- Using policy documents as a benchmark, including PRS

Here are a few other things to consider when formulating advocacy question:

- Building relationships/networks,
- Global policies,
- Institutional arrangements,
- Agree on bench marks,
- Formulate specific questions.

Once a topic has been chosen, here are ten steps to follow for conducting analysis.

1. Gain clarity about the main question you would like to address through applied budget research.
2. Set boundaries that show what will fall inside and outside the scope of the research. Set limitations.
3. Construct a methodology that is geared to shed light on your research question in keeping with the scope of the project
4. Put in place a creative methodology when it is impossible to locate and track specific expenditure- use a proxy
5. Identify clear and measurable impact indicators
6. Establish access channels to adequate data sources to track indicators over time
7. Repeat/ recheck consideration of the casual links between inputs, outputs, outcomes. -  
- Check causality vs. correlation
8. Build skills on both quantitative and qualitative data gathering
9. Facilitate stakeholders support in order to gain access to information—build networks
10. “Bounce Back” your findings
  - o Identify control site to make comparisons
  - o Inform and engage relevant authorities- don't surprise government.

Based on these analysis guidelines, participants brainstormed a list of potential research topics for budget analysis and tools they felt they still needed to be able to conduct effective budget advocacy. Annex 4 shows four examples of designing a budget advocacy research project.

### **Budget Advocacy Issues**

1. Assess the levels of budget support in each natural resource sector (forestry, wildlife, etc) to developing capacity for CBNRM
2. Assess the level of budget support going to Districts for natural resource management.
3. Assess District budget for contributions/support of natural resource management at ward and village level
4. Assess budget support to development of small and medium enterprises as a poverty reduction tool
5. Analyze distribution and equity of natural resource revenues by natural resource sector (forestry, etc)
6. Assess revenues from tourist hunting and compare to government expenditure on anti-poaching and habitat maintenance in hunting areas – perhaps focus case study areas?
7. Compare natural resource revenues to expenditure
8. Measure community benefits from natural resources by valuing livelihood benefits from forest products, wildlife, range lands
9. How much have been spent on upgrading teachers in 2003
  - What was the budget?
  - What was the need?
  - How many attended training?
10. Community awareness and participation in budget formulation/tracking
11. Government expenditure on its credit schemes as a PRS
12. Why are teachers complaining about their salaries and allowances?
13. Is cost sharing and health sector effective?
14. Why is agriculture sector not contributing as much to GDP as it should?
15. Corruption is an evil. Why does it still exist?

### **Additional Tools**

- Sub vote analysis – what do codes mean? , Where do you find line item break down?
- How to relate budget items to outputs on the ground? – District budget break down
- General advocacy tools – entry points, engagement, strategy
- Who supports village level budget advocacy – training, transport, stationary
- Practical experience comparing budget to policy
- More detail on PER and MTEF?
- Policy analysis skills
- PRBS? How does this fit into the budget?
- Links to global economic theory/ forces – globalization impact on Tanzania budget
- Economic literacy: GDP, inflation, per capital, spending – demystifying, gross vs. net, real vs. nominal, explain from the beginning
- Appropriation bill
- PIMA
- PRA
- Education and training policy

- PPA (participatory Poverty Assessment)

## Micro Level Budget Advocacy: An Introduction

Social accountability is a growing rhetoric in the development sphere around the world. Social accountability is about using different tools to help make governments accountable to their people.

There are four popular methods of social accountability:

- ❖ Independent budget analysis
  - Evaluates the implications of government budgets for stakeholder groups
  - Raises overall level of budget literacy amongst general public
  - Informs legislatures and policy makers
- ❖ Participatory Budget and Public Expenditure Tracking
  - Tracks inputs only
  - Using civil society to collect information
- ❖ Participatory Performance Monitoring
  - Monitoring of performance focused on selected sectors and issues as chosen by communities—not CSO
  - Uses tools:
    - Community Scorecards
    - Citizen report card
    - Participatory Rural Appraisal
- ❖ Community based monitoring and evaluation
  - Requires institutional arrangements with government, like REPOA
  - MOU with government

## Annex 1. Group Work - Session 2

### Methods for Civil Society to Promote and Engage in Budget Advocacy:

<b>Activities</b>	<b>Strategy</b>	<b>Actors</b>
Attend parliament as observers	<ul style="list-style-type: none"> <li>▪ Learn process + protocol</li> </ul>	<ul style="list-style-type: none"> <li>▪ Network of CSO</li> </ul>
Attend Public Hearings of Parliamentary comm..	<ul style="list-style-type: none"> <li>▪ Work with SUNY program on parliament capacity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Network of CSO</li> </ul>
Develop relations with District council – cultivate relationships	<ul style="list-style-type: none"> <li>▪ Utilize existing networks (TNRF) build in budget committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Network and appropriate alliances</li> </ul>
Developing relationships with policy makers	<ul style="list-style-type: none"> <li>▪ Develop strategy foe engagement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Individual, CSO, Networks</li> </ul>
Engage in PER <ul style="list-style-type: none"> <li>▪ Feedback</li> <li>▪ Disseminate</li> <li>▪ Monitor</li> </ul>		
Popularize/Disseminate budget information <ul style="list-style-type: none"> <li>▪ Guidelines</li> <li>▪ Act</li> </ul>	<ul style="list-style-type: none"> <li>▪ Encourage information sharing through networks</li> </ul>	<ul style="list-style-type: none"> <li>▪ Networks – Dissemination Hakikazi, NPF</li> </ul>
Host CSO forum to engage policy makers in discussion	<ul style="list-style-type: none"> <li>• Budget incorporated into grassroots work + advocacy</li> </ul>	<ul style="list-style-type: none"> <li>• Networks</li> </ul>
Village Council Assembly Meeting	<ul style="list-style-type: none"> <li>• Use to educate and empower</li> </ul>	<ul style="list-style-type: none"> <li>• NGO commitments</li> </ul>
Ward Development Committee	<ul style="list-style-type: none"> <li>• Use to educate and empower</li> </ul>	
Creating awareness on budgeting process	<ul style="list-style-type: none"> <li>• Community meetings</li> <li>• Workshops/Seminars</li> </ul>	<ul style="list-style-type: none"> <li>• CSO's, District planners, Communities</li> </ul>
Encourage participation of CSO's/communities in budget preparation	<ul style="list-style-type: none"> <li>• Participation in WDC;s, sectoral, comities, full council</li> </ul>	<ul style="list-style-type: none"> <li>• CSO's, Councilors</li> </ul>
Analyze various policy documents and budgets	<ul style="list-style-type: none"> <li>• Translation of the policies to simple languages</li> <li>• Community meetings, workshops/seminars</li> </ul>	<ul style="list-style-type: none"> <li>• CSO's, Networks</li> </ul>
Establish linkage with key TNRF/NPF/TEN/MET	<ul style="list-style-type: none"> <li>• Networking collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• CSO's</li> </ul>
Building capacity of grassroots and awareness of budget procedures	<ul style="list-style-type: none"> <li>• Workshops, training, community meetings, publications</li> </ul>	<ul style="list-style-type: none"> <li>• Civil societies</li> <li>• Communities</li> <li>• Community leaders</li> </ul>
Identify priorities of community needs	<ul style="list-style-type: none"> <li>• Participatory meetings (collection of information)</li> </ul>	<ul style="list-style-type: none"> <li>• Civil societies</li> <li>• Communities</li> <li>• Community leaders</li> </ul>
Lobby for a CSO permanent seat in decision making bodies from village level to national level	<ul style="list-style-type: none"> <li>• CSO to form coalition</li> </ul>	<ul style="list-style-type: none"> <li>• CSO's</li> </ul>
Requirement of feedback of regular information on budget	<ul style="list-style-type: none"> <li>• Lobby Government for information</li> <li>• Regular meetings at District and National level</li> </ul>	<ul style="list-style-type: none"> <li>• CSO's</li> </ul>
Link with NPF/TGNP/TEN/MET	<ul style="list-style-type: none"> <li>• Networking</li> </ul>	<ul style="list-style-type: none"> <li>• CSO's</li> </ul>

## Annex 2: Group Session 3- Budget Advocacy Practice

### Mining

Information needed	Mineral policy, mining law, land law, MTEF, PRS, PHDR, PPA, census, economic survey, GDP, sector development plan (MSDP)
Benchmarks	Past budgets, other sectors, other countries with mining sectors
Questions	<ul style="list-style-type: none"> <li>- Is the budget adequate to implement the policy?</li> <li>- Who benefits from budget support?</li> <li>- What does budget support? Types of activities? Corporate vs. artisanal?</li> <li>- How has budget support increased correlated to mining contributions to GDP? – Compared to other sectors</li> <li>- Who is setting the budget, i.e. whose needs are reflected?</li> </ul>
Solutions from budget	<ul style="list-style-type: none"> <li>- Calculate real growth</li> <li>- Compare priority as to other sectors</li> <li>- Sub votes – where funds are going</li> <li>- What areas/activities not receiving funds?</li> </ul>
Findings	<p>No long reports!</p> <ul style="list-style-type: none"> <li>- Presentation to ministry and donors and policy makers (use charts + graphs, Pictures/images)</li> </ul>

### Water

Information needed	<ul style="list-style-type: none"> <li>▪ Water policy, vision 20 – 25/MDG, Demographics of water in Tanzania, figures from previous years, water technology, figures and budgets, other sectors linkage e.g. natural resources, burning issues and community needs.</li> </ul>
Benchmarks	<ul style="list-style-type: none"> <li>▪ Rural and urban</li> <li>▪ Number of people being provided with clean, safe water</li> </ul>
Questions	<ul style="list-style-type: none"> <li>▪ What funds have been allocated to communities/District for water?</li> <li>▪ Is water a priority for the government in terms of real growth?</li> <li>▪ How many water schemes have been implemented/rehabilitated in past 3 years?</li> <li>▪ Have committees been formed as per water policy to maintain water sources?</li> <li>▪ How many people have access to clean, safe water?</li> </ul>
Solutions from budget	<ul style="list-style-type: none"> <li>▪ Find out from sector budget and District allocation, disbursement of funds</li> <li>▪ Find out from calculations, compare years</li> <li>▪ Find out from maintaining and feedback in communities</li> <li>▪ Monitoring and feedback and see budget has followed policy</li> <li>▪ Monitoring and feedback, check allocation of budget has</li> </ul>

	been used correctly budget tracking
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### **Malaria**

Research question	<ul style="list-style-type: none"> <li>▪ Rate of contamination</li> <li>▪ Is malaria a priority in this area and in health plan</li> </ul>
Information needed	<ul style="list-style-type: none"> <li>▪ Number of people died last 2 years</li> <li>▪ Number of patient within 2 years</li> <li>▪ MTEF</li> <li>▪ Sector survey report of last 2 years</li> <li>▪ Last year budget</li> </ul>
Bench/analysis	<ul style="list-style-type: none"> <li>▪ Doctor's report</li> <li>▪ Home visiting</li> </ul>
Question	<ul style="list-style-type: none"> <li>▪ What are the total expenditure for this case for the last 2 years</li> </ul>
Budget analysis	<ul style="list-style-type: none"> <li>▪ How much was allocated for malaria treatment and prevention <ul style="list-style-type: none"> <li>- Drugs</li> <li>- Mosquito Nets</li> <li>- Home visits</li> </ul> </li> </ul>
Finding presentation/feedback	<ul style="list-style-type: none"> <li>▪ Meetings</li> <li>▪ Report (written)</li> <li>▪ Media – news paper</li> </ul>

### **Natural Resources**

Research question	<ul style="list-style-type: none"> <li>▪ How much the government invest on conservation of natural resources</li> </ul>
Information needed	<ul style="list-style-type: none"> <li>▪ Budget allocation</li> <li>▪ Conservation policy</li> <li>▪ Natural resource policy</li> <li>▪ Community involvements and benefit sharing</li> </ul>
Bench/analysis	<ul style="list-style-type: none"> <li>▪ Allocation to other sectors</li> <li>▪ Real Demand and community priorities</li> <li>▪ Reports on conservation</li> </ul>
Question	<ul style="list-style-type: none"> <li>▪ Is their transparency in spending</li> <li>▪ Who is accountable</li> <li>▪ How the community was involves in the whole process of preparing the budget/</li> <li>▪ Is the budget adequate?</li> </ul>
Budget analysis	<ul style="list-style-type: none"> <li>▪ By comparing actual spending against allocations</li> </ul>
Finding presentation/feedback	<ul style="list-style-type: none"> <li>▪ Meetings with the communities</li> </ul>

## Annex 4: Participants

NAME	ORGANISATION	POSITION	ADRESS
1.Sally Caper	Instituto Oikos	Director-Tanzania	P.O. Box 8342, Tel, 2544106 Cell, 0744-890440 Email:officetz@istituto-oikos.org
2.Elikarimu G.Gayewi	Ujamaa Community Resource Trust (UCRT)	Coordinator	P.O.Box 15111 Arusha Tel, 2502300 Cell, 0748-606582 Email: hilbagidos@yahoo.com
3.Stella A.Mollel	Women's Economic Groups Coordinating Council (WEGCC)	Programme Officer	P.O. Box12272 Arusha Tel, 2500176 Cell, 0744-481548 Email: <a href="mailto:wegcc@habari.co.tz">wegcc@habari.co.tz</a> <a href="mailto:samollel@yahoo.com">samollel@yahoo.com</a>
4.Godfrey Tolla	RECODA	Community Worker	P.O. Box 10633 Arusha Tel, 2508402 Cell, 0744-378059 Email: <a href="mailto:recodat@yahoo.com">recodat@yahoo.com</a>
5.Albert M.S Megiroo	Child Hope Co Ltd/Meru Education Network	Executive secretary	P.O. Box 12227 Arusha Cell, 0741-504667 Email: <a href="mailto:amegiroo@yahoo.com">amegiroo@yahoo.com</a>
6.Essau Erasto	Tanzania Pastoralist Hunters and Gathers Organization	Finance Manager	P.O. Box 12568 Tel, 2505799 Cell, 0744-037467 Email: <a href="mailto:eerasto@yahoo.com">eerasto@yahoo.com</a>
7.Ezekia E.Muhubiri	PAMOJA/UMRU-NGO	Executive Secretary	P.O. Box 6436 Moshi Tel, 027-2754048 Cell, 0744-469089 Email: <a href="mailto:gft2000@yahoo.com">gft2000@yahoo.com</a>
8.Rhoda E. Msemu	SHIME	Member	P.O. Box 58 Moshi Tel, 027-2538103 Cell, 0744 or 0748-761981 Email: <a href="mailto:rmsemu@yahoo.com">rmsemu@yahoo.com</a>
9.Essore Maregeri Essore	Same Network of NGO/CBOs (SANGO)	Coordinator	P.O. Box 108 Same Tel, 027-2758097 Cell, 0744-446256 Email: <a href="mailto:sango-40@hotmail.com">sango-40@hotmail.com</a> <a href="mailto:essorem@yahoo.com">essorem@yahoo.com</a>
10.Benjamin Sungura	Grumeti Reserves	Village chairman	Po box 1, Issenye Serengeti Email: (use VIP-Arusha-Burka)
11.Emmanuel Youze	Monduli NGO-Net work	Chairperson	P.O. Box183 Monduli Tel, 027-2538103 Cell, 0744-420139 Email: <a href="mailto:e-you2001@yahoo.com">e-you2001@yahoo.com</a> <a href="mailto:monet@hotmail.com">monet@hotmail.com</a>
12.Amani M.Mhinda	TMWDO/HAKIMADINI (MERERANI)	Programmes Head	P.O. Box 12536 Arusha Cell, 0748-408819 Email: <a href="mailto:tmwdhq@hotmail.com">tmwdhq@hotmail.com</a>
13.Bernadette Bachubila	Hakikazi Catalyst	Community Governance Manager	P.O. Box 781 Arusha Tel.2509860 Cell, 0744369812 Email: <a href="mailto:hakikazi@cybernet.co.tz">hakikazi@cybernet.co.tz</a>
14.Julieth Muchunguzi	Hakikazi Catalyst	Programme Officer- Research & statistics	P.O.Box 781 Arusha Tel, 2509860 Email: <a href="mailto:hakikazi@cybernet.co.tz">hakikazi@cybernet.co.tz</a> <a href="mailto:jmuchunguzi@yahoo.com">jmuchunguzi@yahoo.com</a>
15.Allan Nswilla	Hakikazi Catalyst	Public Engagement Manager	P.O. Box 781 Arusha Tel, 2509860 Cell, 0744-268012 Email: <a href="mailto:hakikazi@cybernet.co.tz">hakikazi@cybernet.co.tz</a>
16.Elizabeth Singleton	Tanzania Natural Resource Forum (WWG)	Coordinator	C/O WCST, P.O. Box 2160 Arusha Cell, 0744-678875 Email: <a href="mailto:wwg-arusha@yahoo.com">wwg-arusha@yahoo.com</a>

