

Policy Brief No. 02.10

Allowances, Seminars, Vehicles and Travel:

**A brief on the government's
initiative to refocus expenditure**

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ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
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Introduction

The efficient and effective allocation and use of public resources is a prerequisite to good governance. Good allocation of resources can lead to better delivery of services, while misallocation of resources ultimately leads to poor provision of services. For over three years, Sikika has been conducting budget analysis and sharing the findings with Members of Parliament (MPs), in particular the Social Services Committee.

This brief presents a summary of the findings from Sikika's analysis of allocations for seminars, allowances, purchase of vehicles and travel, based on the 2008/09 and 2009/10 budget books. Sikika focused on these allocations because we believe that if the government reduces the budget for such items (which benefit relatively few people), it can reallocate these funds to the provision of essential social services, such as health and education. Fair remuneration of civil servants can also be achieved.

"These days every department holds seminars, workshops, and then there is something called 'incentives within the department.' These things cost a lot of money and at the same time we say that our government is poor. Is this really the case?"

- Mizengo Pinda, 'Pinda awakomalia wanaopenda makongamano' [Pinda opposes those who like seminars] (Habari Leo, 18 November 2008)

During President Mkapa's administration, efforts were made to control government spending by shedding 'unnecessary' purchases of cars and controlling spending on seminars and workshops¹. The current administration is facing a similar challenge. In November 2008, Prime Minister Mizengo Pinda announced his intention to

¹ *'Marufuku ya Pinda kuhusu semina isiishie jukwaani.'* [Pinda's restriction on seminars should not be restricted to the podium] (Mwananchi, 19 November 2009)

ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus expenditure

reduce the government's expenditure on workshops and seminars. He immediately put in place a requirement that all ministries and regions need to request a permit from the Prime Minister's office before they can hold a seminar or a workshop. One month later, the Prime Minister followed this directive by targeting the procurement of cars: the government would reduce the amount of money that it spends on buying cars for civil servants, especially luxury vehicles.

Sikika decided to analyze available budget data to see if Prime Minister Pinda's directive has had any impact. To do this, we analyzed the budget estimates for 2008/09 and 2009/10 (the "budget books" ²) that were debated in the Parliament last year. It is important to note that we were not able to analyze actual expenditure, as this information was not publicly available. We understand that fluctuations in aid flows and tax revenues can lead to considerable differences between estimates and actual expenditure. Neither did our analysis take into account budget revisions made throughout the year, as this information was also not publicly available.

According to Prime Minister Pinda, the money that would be saved by reducing spending on vehicles and seminars would be redirected towards programs and projects that have a direct impact on citizens, such as initiatives that target the 80% of Tanzanians living in rural areas. By March 2009, the government claimed to have saved 50 billion shillings during the financial year as a result of this initiative, and committed to direct the cost savings towards agricultural services and mitigate the effects of the global financial crisis ³.

² The budget books that have been referred to are found in the Bunge website: <http://www.bunge.go.tz>

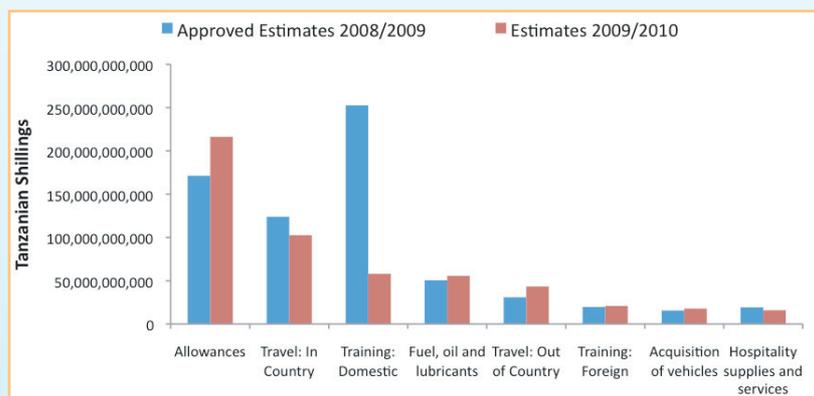
³ '50bn/- Saved in Cost-cutting.' (Daily News, 27 March 2009)

ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus
expenditure

Unnecessary Expenses

Analysis of the budget books indicates that the government reduced its overall allocation for travels, meetings, vehicle purchases, trainings, fuel and hospitality by 153 billion shillings from a total of 683.7 billion shillings in 2008/09 to 530.3 billion shillings in 2009/10. This represents a reduction of 22%. However, as demonstrated in Figure 1 below, the savings were uneven across all the indicated categories. Although the budgets decreased for domestic training, in-country travel, and hospitality, they have increased for allowances, international travel, fuel, vehicle purchases, and foreign training.

Figure 1: Spending on allowances and related items 2008/09 and 2009/10



Source: 2008/09 and 2009/10 Budget Books

"Seriously, these things must raise suspicions in citizens. You know the ordinary citizen can't believe it when she hears that you have used 26 million shillings to improve knowledge on raising chickens or combating AIDS. Is there really no other way to get this training done without you organizing a seminar and paying yourselves this much money?"

ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus expenditure

- Mbeya Rural District Commissioner Leonidas Gama. 'Semina ufugaji kuku zatumia mil. 26' [Chicken farming seminars cost 26 million] (Tanzania Daima, 22 April 2009)

By far the greatest savings in the current budget resulted from the decrease in the domestic training allocation by 77% from 252 billion shillings in 2008/09 to 58 billion shillings in 2009/10. This represents a reduction of 195 billion shillings and makes up the bulk of the government's cuts in 'unnecessary expenses.' Likewise, the government managed to save 22 billion shillings by reducing the in-country travel budget and 3.3 billion by reducing hospitality expenses. Among the ministries, the best performers in reducing in-country travel budgets are shown in Table 1:

Table 1: Best Performers - In-Country Travel Budgets

Rank	Ministry or Department	2008/2009	2009/2010	Decrease
1	Attorney General's Office	32,756,341,300	1,179,937,000	31,576,404,300
2	Ministry of Education and Vocational Training	20,853,980,100	6,914,750,060	13,939,230,040
3	Ministry of Home Affairs - Prisons Services	11,775,084,000	10,868,050,000	907,034,000

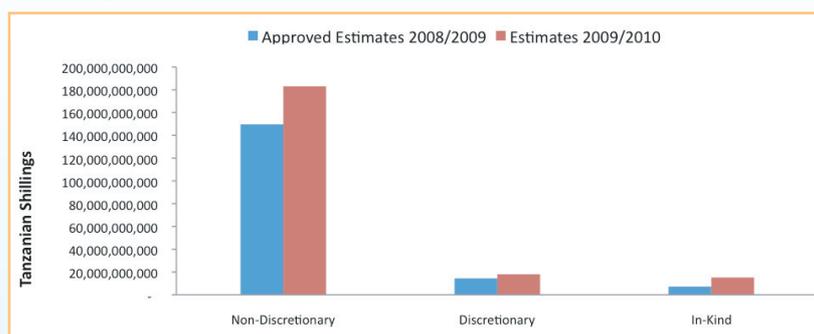
Source: 2008/09 and 2009/10 Budget Books

Low salaries and high allowance incentives are two problems that have been identified as contributing to the popularity of travel and seminars. According to a September 2009 brief by the non-governmental organization Policy Forum, "... when allowances are only loosely related to actual costs incurred and when they are high relative to basic salaries, they become an incentive instead of a reimbursement. And when allowances become an incentive, the pursuit of allowances is likely to induce and reward behaviour that is counterproductive to the provision of quality services by public servants."⁴

⁴ Policy Forum, September 2009. 'Reforming Allowances: a win-win approach to improved service delivery, higher salaries for civil servants and saving money.' Policy Brief 9.09, Dar es Salaam.

**ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus
expenditure**

Figure 2: Spending on allowances for fiscal years 2008/09 and 2009/10



Source: 2008/9/10 Budget Books

As Figure 2 shows that non-discretionary allowances have increased significantly between 2008/09 and 2009/10. During the same period, overall spending on allowances increased from 171 billion shillings to 216 billion - a difference of 45 billion shillings, and by far the largest increase of all the budget items surveyed here. The biggest spenders in this category are shown in Table 2:

Table 2: Big Spenders - Budgets for Allowances

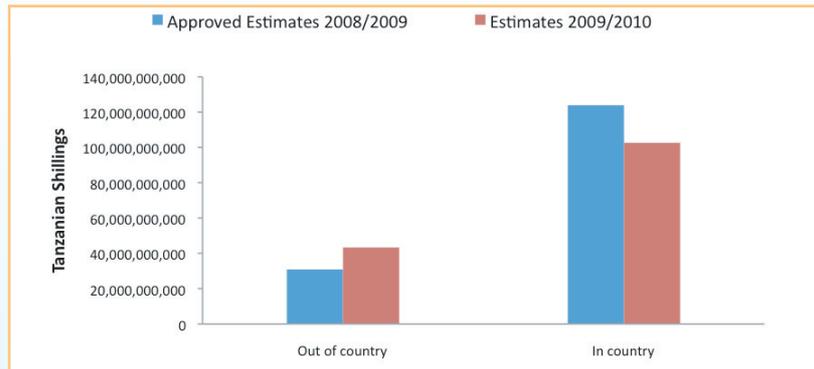
Rank	Ministry or Department	2008/2009	2009/2010	Increase
1	The National Service	14,923,955,000	28,568,378,400	13,644,423,400
2	Ministry of Home Affairs - Police Force	21,774,850,000	27,719,492,000	5,944,642,000
3	The National Assembly Fund	21,372,756,500	26,892,753,500	5,519,997,000

Source: 2008/09 and 2009/10 Budget Books

The allowances for the National Service have doubled in size over the course of the past fiscal year, while the Police Force and the National Assembly have increased their allowances by over 5 billion shillings each.

**ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus
expenditure**

Figure 3: Spending on travel for fiscal years 2008/09 and 2009/10



Source: 2008/09 and 2009/10 Budget Books

While the budget for in-country travel dropped by 21 billion in the 2009/10 budget estimates, the smaller budget for international travel increased by 40% from 31 billion in 2008/09 to 43 billion in 2009/10. Likewise, the budget for fuel, oil and lubricants increased by 10% from 51 billion shillings in 2008/09 to 56 billion shillings in 2009/10. In this category, the majority of the increase is found in the budgets for the security forces, as shown in Table 3:

Table 3: Fuel, Oil and Lubricants

Rank	Ministry or Department	2008/2009	2009/2010	Increase
1	Ministry of Home Affairs - Police Force	7,342,900,000	11,368,618,000	4,025,718,000
2	Defence	7,695,274,100	7,695,271,900	-2,200
3	Ministry of Home Affairs - Prisons Service	1,540,230,500	2,592,150,000	1,051,919,500

Source: 2008/09 and 2009/10 Budget Books

ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus expenditure

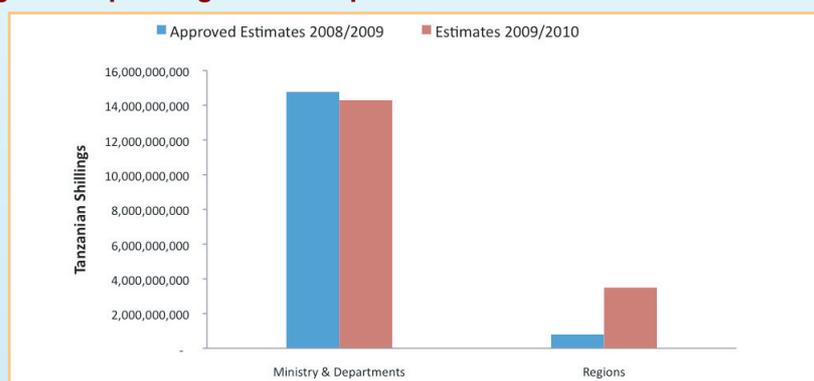
What has the government done so far?

"I was in India recently and I was surprised that ministers are using very ordinary vehicles. Here it is different: although we are very poor, we are competing in buying the most expensive vehicles. Ministers, Members of Parliament, Permanent Secretaries, Regional Commissioners, Municipal Directors and administrative officers are driving luxury vehicles."

- Prime Minister Mizengo Pinda. 'Pinda pours out scorn on lust for big cars' (Daily News, 28 September 2009)

In spite of the above statement, which came a year after the Prime Minister's first remarks on the government's plan to reduce its vehicle purchase budget, the government did not perform well in reducing its spending on cars. When the Prime Minister complains in public about spending on luxury vehicles, in the same manner citizens do, it highlights the difference between his words and the government's actions on this issue. Compared to the previous year's budget, the budget for 2009/10 shows a 2.2 billion shilling increase in the allocation for new vehicles.

Figure 4: Spending on the acquisition of vehicles



Source: 2008/09 and 2009/10 Budget Books

ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus expenditure

As shown in Figure 3, the allocation for vehicle purchases in the regions increased significantly. While the central government was able to keep its new car budget stable, the allocation for new cars for regional and local government went up from less than one billion to 3.4 billion in the course of one year. In 2009/10, Dar es Salaam region alone was allocated 500 million shillings for new cars, followed by Arusha with 350 million shillings and Rukwa with 335 million shillings.

Conclusion

The Prime Minister's concern about extravagant expenditure, particularly on vehicles and seminars, is welcome. There is evidence that the government has made efforts to reduce government spending on these and related items such as domestic training and travel. An overall reduction of 153 billion shillings between 2008/09 and 2009/10 overshadows the 2 billion shilling increase in the budget for buying vehicles (see Table 4). The government should be congratulated for such a significant reduction in allocations to these areas of the budget. However, budget data for seminars needs to be disaggregated so that citizens can hold the Prime Minister to account and abide by his commitment to reduce the expenditure in this area.

Furthermore, upon closer inspection, it is apparent that funds can be moved around in the budget in creative ways: while some ministries are making dramatic cuts in their in-country travel budgets, other ministries have made equally dramatic increases in allowances, as shown in the following table:

**ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus
expenditure**

Table 4: Budget allocations for allowances and related items

	2008/2009	2009/2010	Change in allocation	% change
Allowances	171,293,509,151	216,302,420,432	45,008,911,281	26
Travel: In -Country	123,910,939,383	102,613,176,065	-21,297,763,318	-17
Training: Domestic	252,643,068,986	57,941,045,301	-194,702,023,685	-77
Fuel, oil and lubricants	50,517,523,376	55,630,517,735	5,112,994,359	10
Travel: Out of Country	30,880,474,056	43,328,934,763	12,448,460,707	40
Training: Foreign	19,694,221,830	20,863,310,800	1,169,088,970	6
Acquisition of vehicles	15,568,213,500	17,783,904,100	2,215,690,600	14
Hospitality supplies and services	19,239,379,698	15,874,382,380	-3,364,997,318	-17
TOTAL	683,747,329,980	530,337,691,576	-153,409,638,404	-22

Source: 2008/09 and 2009/10 Budget Books

In addition to unnecessary spending on allowances and travel, it is important to take into account the other ways by which the national budget is inflated. For example, the Controller and Auditor General discovered 325,574,300 Tanzania shillings were paid to ghost workers by the Ministry of Health and Social Welfare alone in 2007/08.⁵

⁵ 'Why frugality remains elusive.' (Daily News, 29 September 2009)

ALLOWANCES, SEMINARS, VEHICLES AND TRAVEL:
A brief on the government's initiative to refocus expenditure

Recommendations

In the 2010/11 budget, the government must match its words with actions by drastically reducing expenditure - across all ministries and regions - on seminars, travel, allowances, hospitality, fuel and new vehicle purchases. Specifically, we would recommend the government to:

- Reallocate budget for allowances to pay lower and middle level civil servants so that public services such as healthcare and education would improve
- Seek other ways to achieve objectives than workshops and seminars since these only target few individuals with less impact but high cost
- When it is very necessary, a limited number of trainings should be organized in a cost-effective set-up so as to cut down on expenditure. Trainings can be held during office hours using office facilities.
- Reduce the cost of traveling by cutting down on the number of people who travel on one mission; hire competent staff at local level to reduce follow ups by central government, and make efficient use of internet and telecommunications.
- Stop acquiring any new vehicles and sell the most expensive ones. This includes the extravagant BMW and Mercedes Benz fleets in the State House.
- Reduce activities relating to hospitality expenditures as we are too poor to spend so much on such items while pregnant women are dying from lack of delivery kits.
- Redirect part of overall savings from all unnecessary expenditures to health care and education. We are yet to see reduction in maternal mortality in Tanzania which is now at 578 deaths out of 100,000 live births. Perennial shortages of medicines and medical supplies at all levels of health care facilities have been a longstanding challenge for the government. Health facilities are staffed at an average of 32% for more than ten years now.

*This brief was prepared and issued by Sikika
(formerly known as Youth Action Volunteers).
Sikika works to ensure government accountability
regarding effective use of public resources for health
services.*



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