



The MoHSW's Budget Proposal 2013/14

From Sikika's Perspective

More Money for Ministry of Health

In the fiscal year 2013/14, the Ministry of Health and Social Welfare plans to spend TSH 748.3 billion (bn). This is an increase of TSH 172 billion (+30%) compared to the previous fiscal year's approved budget of TSH 576 bn. This is a signal that the government takes the poor condition of the public health system more seriously.

MoHSW Budget 2011/12, 2012/13 and 2013/13

Expenditure	Actual 2011/12	Approved 2012/13	Estimate 2013/14	Change (%) 2012/13 to 2013/14
Recurrent Expenditures	244,225,269,223	292,708,555,200	276,973,352,000	-5.4%
Personal Emoluments	33,482,365,866	37,523,164,400	36,857,572,000	-1.8%
Other Charges	213,236,889,207	260,704,872,800	245,715,961,000	-5.7%
<i>Transfers*</i>	149,821,422,738	184,762,388,000	167,071,335,263	-9.6%
<i>Allowances</i>	9,927,243,721	10,271,348,066	11,503,772,545	12.0%
<i>Travel</i>	1,741,023,984	1,732,914,000	3,814,536,036	120.1%
<i>Medicines</i>	26,271,275,151	30,863,281,000	33,144,080,000	7.4%
<i>Others</i>	25,475,923,613	33,074,941,734	30,182,237,156	-8.7%
Development Expenditures	262,188,244,820	283,446,029,000	471,282,941,000	66.3%
Local	9,850,000,000	19,142,638,000	36,100,000,000	88.6%
Foreign	252,338,244,820	264,303,391,000	435,182,941,000	64.7%
Total of Vote	506,413,514,043	576,154,584,200	748,256,293,000	29.9%

* Transfers include grants, subsidies and social benefits.

Sources: Volume 2 Estimates for 2013/14, pp. 303-311, and Volume 4 Estimates 2013/14, pp. 92-95.

This large budgetary increase originates from a moderate reduction (-5%) of recurrent expenditures, which amount to TSH 277 bn, and from a significant rise (+66%) of development expenditures that come to TSH 471 bn. The large amount of capital

investments is going to strengthen the public health system to cope with with high burden of diseases and ailments.

Most of the Recurrent Budget not Spent by Ministry

The recurrent expenditure budget comprises of Personal Emoluments (basic salaries), holding at around TSH 37 bn, and Other Charges, which are slightly going down to TSH 246 bn. It is worth noting that the lion's share (68%) of the Other Charges is to be transferred to other institutions like hospitals, medical universities and faith-based organizations. We are concerned regarding the lack of information on how the transferred funds are going to be spent by those agencies.

We recognized that the Ministry is raising the budget for Medicines by 7% to TSH 33 bn to address the drug shortages that we had to observe across the whole country during the last year.

Unnecessary Expenditures Remain Problematic

We are concerned regarding steadily increasing allowances. They account for TSH 11.5 bn, which is one-third of the budget for Medicines! If one excludes the transfers to other institutions from Other Charges, nearly every seventh Shilling is used to facilitate various activities that are not compensated by basic salaries.

Before the budget preparation started, the Ministry of Finance instructed all Ministries through official budget guidelines to take "austerity expenditure measures" by strictly controlling foreign travels. The surging travel budget (+120%) is an issue that prompts an explanation by the Minister for Health why the Ministry does not adhere to the budget guidelines in this particular case.

Health Development Budget Remains Donor-Dependent

The development budget is financed by both domestic and foreign funds. The Tanzanian Government raised its domestic contribution by remarkable 89% and our Development Partners also increased development funding by 65%. However, the development of the health sector remains highly donor-dependent as 92% of those funds come from overseas. While the increase in foreign aid is basically good news for all Tanzanians, experience has taught that the development budget has never been fully implemented. In the fiscal years of 2009/10, 2010/11 and 2011/12, the planned development expenditures were 261, 448 and 365 billion Tanzanian Shilling, respectively, but the actual expenditures did never exceeded THS 262 bn. We, therefore, hope that the budget plans are put into action more efficiently in the coming fiscal year.

Another issue of concern is the sustainability of those development expenditures. Large capital investments entail recurrent expenditures in the future, and these have to be

financed using domestic funds. To ensure the sustainability of the added capacities, the Government needs to anticipate the entailed recurrent expenses that will have to be met in the following years.

New Hope in the Fight against HIV/AIDS

Due to the large increases of development funding, Preventive Services will become the biggest development programme with an allocation of TSH 306 bn; that is 138% more than in the current fiscal year. The majority of those additional funds (+TSH 137 bn) will be used for the HIV/AIDS Control Programme. This money will be useful to provide ARVs to HIV-positive people and to ensure that pregnant women have access to HIV-testing and counselling. Also, additional TSH 46 bn have been earmarked to strengthen the control communicable diseases.

Sikika's Conclusion and Recommendations

- **Strengthen the budget execution process**

Our budget analysis for the Ministry of Health and Social Welfare indicates that the Government has taken the last year's complaints about neglecting the development budget seriously. Consequently, the Ministry proposes in its budget proposal for the fiscal year 2013/14 to invest more into the health of its citizens. However, this venture may face obstacles as the development budget of the fiscal year 2010/11 also amounted to TSH 448 bn of which only 55 percent (TSH 247 bn) were actually implemented. The Ministry should provide a plan how it intends to resolve the problems during the budget execution stage so that the prevention of HIV/AIDS and other communicable diseases can gain stronger momentum.

- **Ensure compliance with the budget guidelines**

The Ministry of Finance has, once more, issued budget guidelines that instruct all government agencies to take austerity measures. But we observe that the Ministry of Health has more than doubled the allocation for foreign travels contradicting the government's policy to control unnecessary spending. For that reason, the Minister of Health should explain to the Paymaster-General, the Members of Parliament, and the public why the Ministry does not follow the budget guidelines in this particular case.

- **Provide more information on grants and subsidies**

About TSH 167 bn of the Ministry's budget are going to be transferred to other institutions in form of grants, subsidies and social benefits. The budget books only indicate the nature of the receiving institutions without elaborating on how those funds will be spent. Therefore, the Minister needs to supply the public with additional information about the intended use of those monies.