

**TANZANIA GENDER NETWORKING PROGRAMME (TGNP)  
PRESS RELEASE**

**INFLATED BUDGETS AND GROWING INEQUALITIES IN TANZANIA**

**A Puzzling Budget**

Many Tanzanians expected that the government would adopt radical strategies this year to confront the major challenges faced by the government and the people. These include the growing inequalities in access to basic social services and livelihoods and the escalating class divide between the rich and the poor, the plunder of natural resources by foreign and national investors with the active collaboration of top government leaders; donor dependence/control; and the steady increase in corruption and financial mismanagement at all levels of government. Has the 2008/2009 budget met these expectations? As will be seen below, our answer is no. This budget is more of the same.

**Revenue**

The government's efforts to increase domestic revenue and to reduce donor dependence are well-taken, but who bears the major burden of taxation? The efforts to shift donor funding from project and sector to general budget support are also positive, so long as there is more transparency and accountability at every level in how these resources are used – and that cross cutting issues such as gender, HIV&AIDS and disability are not forgotten.

We praise government for reducing donor dependency from 42% last year to 34% in this year's budget, but that is still more than one third of our budget. And how positive is it that 62% of the development budget depends on donor funds, given the contending priorities which fall within it?

Some 62% of total revenue will come from taxation, and a large portion of that will be taxes paid by salaried women and men working in the formal sector – the majority of whom are overtaxed. We call for a major reduction in tax rates at every level, starting at 10% for incomes between Tshs 100,001 and 360,000; 20% for incomes between Tshs 720,000 and 3,000,000; and a new line of 30-40% for those earning more than Tshs 3,000,000. Alternative resources will be gained if the government increases the target 3% from non-tax revenues to at least 6%, in line with public and Parliamentary demand.

The budget speech outlines the difficulties arising from donor dependence, including delayed payments and funding levels which are below earlier promises. However, the most negative outcome of donor dependence/control remains the undue influence of donors in policy/budget making processes, and their imposition of free market macro economic policies on our government.

**Expenditures**

Proposed expenditures – Tshs 7.1 trillion – are simply too high. The government needs to seriously reduce the number of ministries and ministers and ensure that every civil servant is truly value added and not a burden on the tax payer. More resources are needed instead for trained, qualified and motivated 'line workers' who actually provide services to the people, namely the teachers, nurses, laboratory technicians, agriculture extension agents, and so on. Another way to reduce unnecessary expenditures is to stop the major losses arising from financial mismanagement and outright corruption. What is needed is a **national expenditure authority**, similar to the Tanzania Revenue Authority, to oversee all expenditures – and even more important, to stop the *ufisadis*.

Some 14% of the budget will service debt – the other side of donor dependence. Increasing resources, reportedly, will be shifted from the central sectoral government ministries [52% in the budget] to the regional [2%] and district [19%] government authorities – ostensibly to enhance service delivery to the people. However, past Controller and Auditor General reports have documented the high levels of financial mismanagement and corruption found in LGAs, on a par if not higher than many MDAs. What concrete steps will be taken to ensure that LGAs are more accountable, first to the people who are the generators of wealth and the taxpayers? Along with central government ministries as well?

One last question: What is the 8% going to ‘special expenditures’ for – we don’t want more *ufisadis*?

### **Priority Sectors**

We endorse the government’s decision to allocate nearly two thirds of the entire budget (64%) to six priority sectors, education, infrastructure, health, agriculture, water and energy. However, people need to question how these scarce resources will be allocated within each sector? Who will benefit? Who will be excluded? And most important, what steps will be taken to correct the severe inequalities found in access to quality services in each?

Here we will focus on **agriculture**, including livestock-keeping, given its significance in reaching the goal of full employment/livelihoods for all and inclusive broadbased economic growth [see our article in *The Citizen* 11<sup>th</sup> June 2008]. We advocate a people-centred approach based on the inclusion and transformation of the smallscale peasant sector where the majority of women and men are employed, rather than the large scale agriculture strategy adopted thus far. Through self-organised cooperatives, this strategy would require massive public resources to support peasant-oriented research, extension, credit, markets, producer subsidies and price supports. In order to free female labour, specific steps will be needed to reduce the burden of unpaid work which women [mostly] carry out in providing food, water, fuel, child care and nursing the ill and elderly, through technological inputs and the adoption of social service public works and community service schemes. Major resources can be invested in improved transport at the village level, so as to reduce the burden of head loads and enhance farm-market linkages. At the same time, national industrialization strategies can be implemented which strengthen linkages with agriculture, in providing farm inputs and equipment, on the one hand, and absorbing crops as raw materials and food on the other.

There is a great deal of pressure coming from donors and the corporate private sector to adopt a different, capital intensive strategy based on large scale farmers and corporate agriculture, which this budget speech seems to endorse [cf on the need for large scale irrigation farming]. This is a recipe for disaster – formerly self employed farmers will become near-landless farm workers, as in Turiani sugar cane country! Their children will float to nearby towns to become bar workers, sex workers, domestic servants, *wamachinga* and *mama nitilies* – until they are picked up by the town militia! Is this the future which the government is offering to villagers in Tanzania? Will they accept it, or will they erupt the way their sisters and brothers have in Kenya and South Africa?

**Water and Sanitation:** The government’s intention to reduce the budget for water by some 40%, from 5% last year to 3% this year is shocking – we call for a popular outcry to demand more, not less, resources to water. Right now the majority of rural people are excluded from access to safe, clean water and improved sanitation, as compared to urban dwellers. According to PHDR 2007, only about one fifth of rural households had access to piped and protected water, respectively, in 2005 compared to two thirds of urban mainland households with access to piped water, and

another 12% protected water. Moreover, less than half of all Tanzanian households [47%] have access to improved sanitation, 47 years after independence [PHDR 2007 p. 46]! Water is a major priority for girls/women, not only because they are the main providers of water at household level, forced to walk miles toting water on their heads, but because of their responsibilities for cooking, nursing, cleaning and other domestic work as a result of the gender division of labour.

**We also advocate:**

- a mass electrification campaign so as to ensure that all families in both rural and urban areas have access to electricity and the benefits derived from it – 10% coverage is intolerable, more than 47 years after independence
- increased investment in maternal and newborn health, including (1) dramatic increase in the number of trained birth attendants and other health workers in all rural and urban health facilities; (2) free delivery kits to all expectant mothers with no charge, **in practice**, as according to policy; (3) availability of emergency obstetric care services for all; and (4) accessibility of transport and referral systems for all, rich and poor alike, in both rural and urban areas
- a balanced investment strategy for education to ensure that all Tanzanian girls and boys have access to **quality public education**, beginning at the pre-school level up, regardless of whether they are rich or poor, female or male, or live in rural villages or town, in place of the present dual system of low cost inferior education for the poor majority -- a return to colonial 'native' education – and high cost education for the rich minority.

**Cross-Cutting Issues**

Why is the budget silent about HIV&AIDS, women, youth, disability, the environment and other priority cross-cutting issues? These need to be given specific attention and highlighted, so as not to be lost in the 'new financial architecture' of general budget support.

**Income Redistribution**

Gender activists call for stronger income redistribution strategies to address the income inequalities in both urban and rural areas. The most recent Poverty and Human Development Report 2007 [hereafter PHDR 2007] documents that one fourth of the total population was living in poverty in 2007, as measured by per capita household consumption. Where are the specific strategies to reduce *income inequality*, which is the real source of poverty?

**Employment and Livelihoods**

In the Budget, there is no coherent strategy to enhance employment and sustainable livelihoods. According to PHDR 2007 [p. 11], unemployment is much worse in urban areas, for everyone, but especially for women and young people. Some 40% of women in Dar es Salaam and 19% in other urban areas are unemployed, compared to 23% and 14% respectively of men.

Another aspect of employment, is the large amount of unpaid work carried out by women more than men in the home, as shown by the recent time use data in the Integrated labour Force Survey. This work needs to be valued in the National Accounts and included in GDP, and specific policies/strategies developed to provide more resources so as to reduce the amount of unpaid labour spent on basic care activities such as child care, cooking, water and fuel provision, nursing ill/elderly, and the like.

We call for (1) a **full employment/livelihoods strategy**, backed up by an (2) innovative public works programme which includes social service delivery, such as provision of home based care –

largely the work of unpaid female labour in the family. This will depend upon major resource support to improved agriculture for peasant producers, with major investments in infrastructure and communications in the rural areas; and a development strategy based on the promotion of both the domestic and the export market. We also call for an immediate stop to the bomoa bomoa campaign, which has denied countless women and men their right to a livelihood, and robbed them of their means of production/trade, without providing any viable alternative.

### **Decision Making Structures**

The budget speech highlights here and there the important role of the private sector in contributing to the achievement of budget goals – but little or nothing is said about civil society organizations, including grassroots and national level advocacy organizations, with the exception of faith based organisations’ support for service delivery. Significant steps have been taken to open up space for NGOs in the budget formulation process – now we look forward to the development of real participatory budgeting and tracking at all levels, involving all citizens – the most powerful way to ensure that this is indeed a people’s budget.

**Signed,**

**Usu Mallya  
Executive Director  
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