

Brief Report on the Discussion of the 2005/2006 Budget at the UNICEF Resource Centre on 10 June, 2005

The UNICEF Resource Centre was full to capacity and still more people streamed in to form crowds at the back of the room. The considerable turnout was a reflection of how well-publicized the event was, as well as perhaps a heightened public awareness, concern, and interest regarding the direction our country was headed. There were representatives from the Government, donor agencies, civil societies, media groups, and the private sector, and they were all here to discuss the implications of the recently announced 2005/2006 Tanzanian budget.

The facilitator was Gertrude Mugizi, the Policy Forum Secretariat, and the key speakers were Marjorie Mbilinyi from TGNP, Chilanga Asmani from Save The Children, and Rakesh Rajani from HakiElimu.

The presentations were centred on the effect of the budget on the three major clusters of poverty reduction outcomes as referred to by the National Strategy for Growth and the Reduction of Poverty (NSGRP) or MKUKUTA. The major clusters are: Growth and Reduction of Income Poverty (addressed by Marjorie Mbilinyi), Quality of Life and Social Well-being (addressed by Chilanga Asmani), and Governance and Accountability (addressed by Rakesh Rajani).

The key points that emerged from Cluster 1: Growth and Reduction of Income Poverty

- The budget prioritizes the corporate sector over the poor and common man.
- The proposed tax scheme favours the wealthy
- The government should adopt a minimum wage of Tshs 200,000 for both the public and private sector
- The tax structure needs to be modified: the middle class should not be subjected to more than 20% tax, and the very rich should be taxed in proportion to their earnings
- The budget's strategy to enhance employment and sustainable livelihoods is unclear
- Plans to strengthen micro-credit and micro-finance are commendable, but the high interest rates related are a concern
- The government must support SMEs in the formal and informal sector

The key points that emerged from Cluster 2: Quality of Life and Social Well-being

- The state of human resource in the health sector is in crisis – more than 60% of staffing needs are unmet
- 20,000 workers needed in the next 5 years
- Equitable access to health care services is required
- 40% of the USD 10 per child capitation grant has not reached school levels
- Incentives and an improvement in teaching conditions needed

The key points that emerged from Cluster 3: Governance and Accountability

- It is essential to critically dissect the budget to fully ascertain its implications
- The NSGRP is at the core of poverty reduction and growth, therefore the *whole* budget should have been allocated to it.
- Will the 8% allocated to governance issues cover all sectors?
- Is it a value-for-money budget?
- Economic growth has been almost fully driven by tourism and mining – sectors that only benefit a small minority

The discussion that followed expanded on many of the above points and brought them into many different contexts such as the plight of the overlooked rural populace, single-women households, those afflicted with HIV/AIDS, orphaned children, private business owners, and teachers.

A representative from the Confederation of Tanzanian Industries (CTI) stated that there is a common misconception amongst the general public that the interests of privately-run businesses conflict with those of the majority poor, when in fact they share a common vision and that is to see the number of wealthy citizens rise. The subsequent increase in household disposable income will benefit both parties, as businesses will enjoy an increase in consumer spending and households will be financially better-off on the whole. He also called for initiatives to encourage businesses in Tanzania, both local and international, to buy locally produced goods and services.

A member of Youth Action Volunteers (YAV) also spoke of the need for key policy makers and actors to have spokespeople and a visible presence in rural areas in order for future budgets and policies to reflect the needs and circumstances of people in those areas. He said that this lack of representation at key levels of government and other decision making processes is the reason why the situation for many rural dwellers has hardly changed over the years.

Another participant emphasized the need for teachers to be well-trained, better remunerated, and more carefully selected in order for quality education to truly exist. She added that if teachers feel that they are genuinely being taken care of and valued, especially those in rural schools, this will foster feelings of commitment, enthusiasm, and a love for teaching among them.

Lastly, a number of people also called for greater accountability from the Government because discrepancies in actual budgetary allocation and other expenditures have come to light in the past but have rarely been addressed or acted upon by the Government. The question of transparency or the lack of it in many Government processes was also discussed at length chiefly because its effects cut across a variety of sectors but also because it turns out that the budget speech actually produced more questions than answers.