HP+ POLICY *Brief*
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Analysis of the Government of Tanzania's Ministry of Health, Community Development, Gender, Elderly and Children Budget, Fiscal Year 2016/17

Authors: Bryant Lee, Arin Dutta, Hope Lyimo

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Introduction

Since 2015, the USAID-funded Health Policy Plus (HP+) project has provided technical assistance and facilitated collaboration between budget advocacy stakeholders to influence the government of Tanzania's (GOT) budget allocation process. This effort, along with those of government and nongovernmental partners, resulted in a significant increase in GOT's contribution to the purchase and distribution of essential medicines and commodities in the fiscal year (FY) 2016/17 budget. This increase includes clearing a substantial portion of the amount owed by GOT to the Medical Stores Department (MSD) for procurement and supply chain management (PSM) expenses.[1] These results and others are discussed in more detail in this brief.

HP+ conducted a budget analysis to examine the GOT's final FY 2016/17 health sector budget. This analysis examines trends in budget allocations for health, as well as patterns of distribution, and builds on a prior analysis (Lee, et al., 2015a). Analysis findings may be used to advocate for efficient and effective budget allocations for HIV and essential medicines, and can be shared with decision makers from the Ministry of Health, Community Development, Gender, Elderly and Children (MOHCDGEC); the National AIDS Control Program (NACP); the Tanzania Commission for AIDS (TACAIDS); national- and district-level elected leaders; the media; and the public. A substantial resource gap is still anticipated for financing the *Health Sector Strategic Plan July 2015–June 2020* (*HSSP IV*), with estimates for the deficit ranging from TZS (Tanzanian shillings) 500 billion –2,500 billion annually, depending on realized income over the years (MOHSW, 2015). This has increased focus on establishing sustainable financing mechanisms that will help Tanzania reach the targets set out in the *HSSP IV* and move toward achievement of universal health coverage. A bill proposing the formation of a Single National Health Insurance Fund, which will require additional spending to establish the mechanism, is expected to be reviewed by Parliament in February 2017.

Results

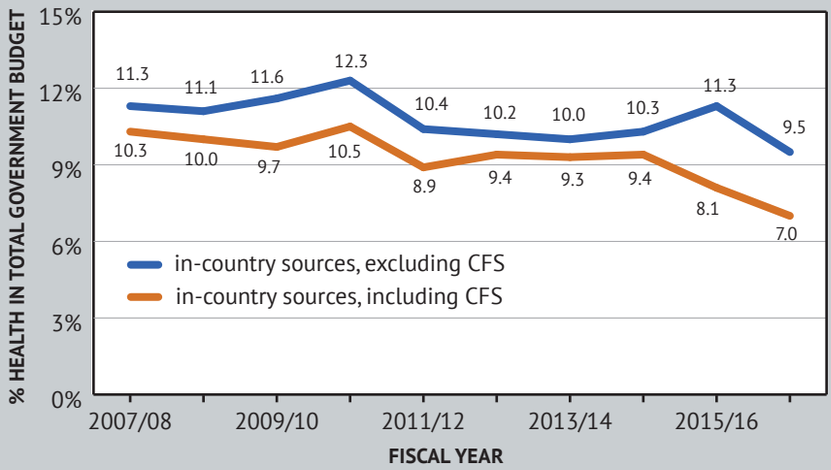
For FY 2016/17, the GOT has allocated TZS 2,055 billion to the health sector, or 9.5 percent of the national budget[2] exclusive of consolidated funds services (CFS) for mandatory debt repayments (7.0% inclusive of CFS). This estimate includes all on-budget funding from development partners, the budget for TACAIDS, allocations to local government authorities (LGAs), and estimated allocations for government contributions to the National Health Insurance Fund (NHIF). While the overall amount allocated to health, unadjusted for inflation, has gone up following an increase in the total GOT budget, this represents a decrease from the previous two years as a proportion of the overall budget. In FY

1. According to the director general of MSD, only TZS 20 billion of the repayment has been disbursed thus far in FY 2016/17. MSD is currently attempting to negotiate a fixed repayment schedule with the Treasury.

2. Calculations of health as a percentage of total government budget are made using total government budget figures exclusive of CFS for mandatory debt repayments, government contribution to pension funds, and other expenditures.

USAID FROM THE AMERICAN PEOPLE
PEPFAR U.S. President's Emergency Plan for AIDS Relief
HP+ HEALTH POLICY PLUS

FIGURE 1: PERCENTAGE OF TANZANIA'S NATIONAL BUDGET ALLOCATED TO HEALTH



Source: MOFP, 2008-2015; MOFP, 2016.

2015/16, the health sector was allocated 11.3 percent (8.1% inclusive of CFS), compared to 10.3 percent (9.4% inclusive of CFS) in FY 2014/15 (see Figure 1). In 2001, the GOT committed to the Abuja Declaration, pledging to increase government funding for health to at least 15 percent of its total budget, but has yet to reach this target. Over the 10-year period from FY 2007/08–2016/17, Tanzania's proportional budget allocations to the health sector have averaged around 10.8 percent (denominator excluding CFS).

Box 1

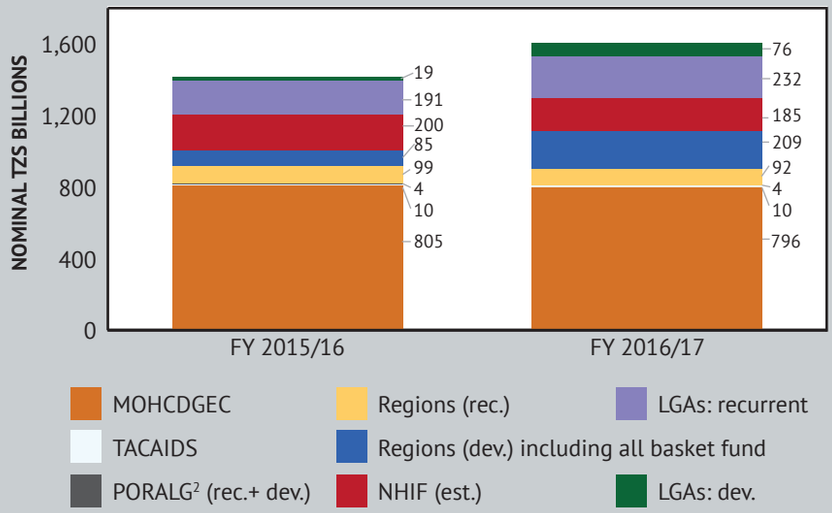
In Tanzania and other East African countries, the recurrent vote is the budget for regular and ongoing expenses such as salaries, utilities, and other operating expenses. The development vote is the budget for capital investments for specific projects, or special purposes that are non-recurring.

Allocations to Health in the FY 2016/17 Budget Books

Health allocations across budget votes (see Box 1) remained relatively flat from the previous year in most cases (see Figure 2).[3] Two exceptions were allocations to health in the development vote for regions, which increased from TZS 85 billion–209 billion, and health allocations in the LGA development vote, which increased from TZS 19 billion–76 billion. Although the aggregated MOHCDGEC vote remained stable, there were some significant changes internally within the vote (see Figure 3). The MOHCDGEC recurrent vote decreased by 23 percent, which can partly be attributed to President John Magufuli's austerity initiatives for cutting costs from unnecessary travel, meetings, workshops, and seminars; and limiting wastage on non-essential publications, national festivals, and commemorations (*Daily Nation*, 2016). President Magufuli also suggested measures to cut civil servant salaries of top executives, mandating that these leaders be paid no more the TZS 15 million per month, down from as much as TZS 40 million (*Kimboy*, 2016). Finally, the president continues to recommend the elimination of "ghost workers," a problem that the government estimates has reached 10,295 workers, costing the country TZS 11 billion annually (*Kayera*, 2016). A ghost worker is someone that is recorded on the payroll system, but does not actually work for the organization.

3. Note that all MOHCDGEC budget calculations are net of the budget allocation to Community Development, Gender, Elderly and Children.

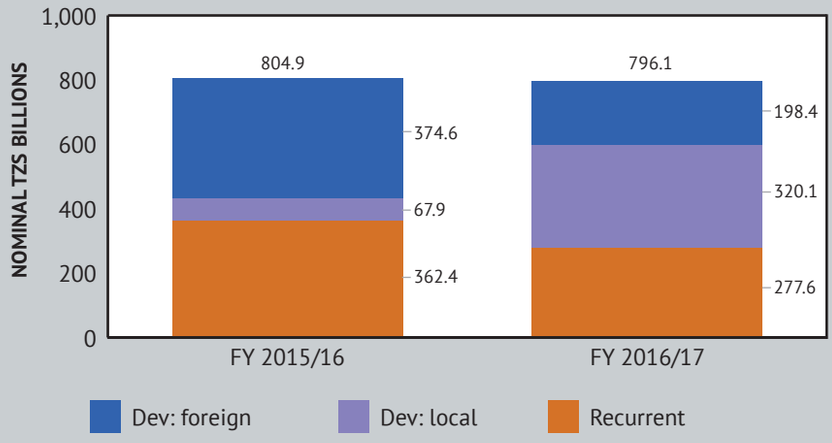
FIGURE 2: ALLOCATIONS TO HEALTH ACROSS BUDGET VOTES[1]



1. NHIF estimate based on GOT 2016/17 NHIF target of TZS 381.7 billion, disaggregated to only public employer contributions. The ratio between the number of public and private employers is determined using FY 2013/14 data.
2. President's Office Regional Administration and Local Government.

Source: MOFP, 2016.

FIGURE 3: DISAGGREGATION OF MOHCDGEC BUDGET VOTES



Source: MOFP, 2016.

Box 2: Breakdown of MOHCDGEC Development Vote (domestic)

Within the domestic allocation to the MOHCDGEC development vote is a substantial new allocation (TZS 251.5 billion) for health supplies, infrastructure, and commodities under a sub-budget line for Pharmaceutical Services (see Figure 4). While there have been domestic allocations to commodities in previous years, including FY 2015/16, these allocations have been relatively small and under the Preventive Services and Curative Services sub-budget lines. Within the Pharmaceutical Services sub-budget line, TZS 85.12 billion is allocated for the repayment of the accumulated amount owed by GOT to the MSD for PSM costs (see Figure 5). Initial expectations were that funds for this repayment would come from outside the health budget, but this was not found to be the case when the budget books were released. Due to the lack of information, it is unclear whether this allocation will be enough to clear the entire accumulated obligation to MSD as of July 1, 2016. An additional TZS 35 billion has been allocated to cover future PSM expenses during FY 2016/17, which may include clearing any remaining amount owed to MSD. Clearing this amount and having the GOT allocate enough money to fund a fully functional supply chain management system—without displacing funds from other areas in the health budget—were both high-priority goals for stakeholders in the budget advocacy process.

FIGURE 4: DISAGGREGATION OF MOHCDGEC DEVELOPMENT VOTE (DOMESTIC)

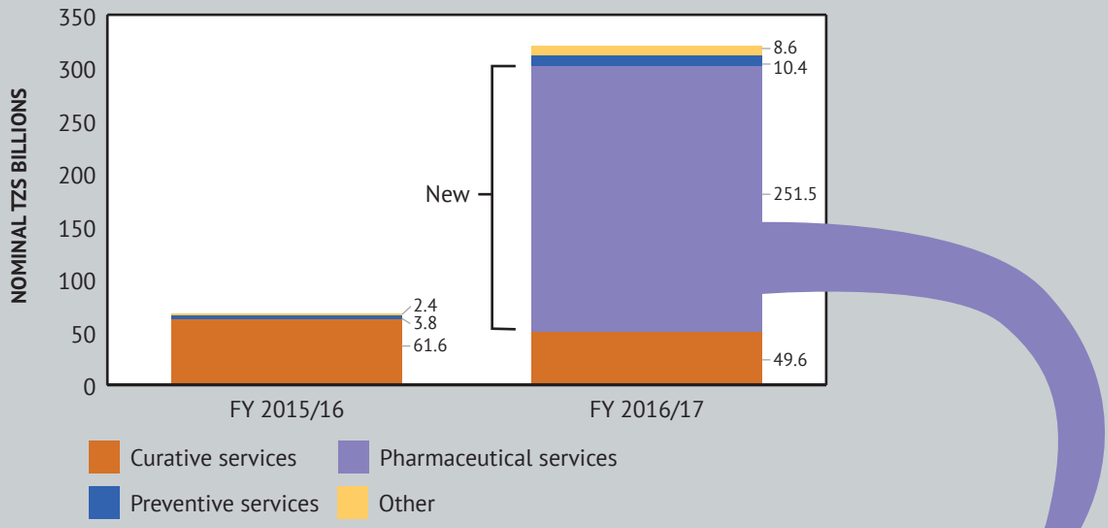
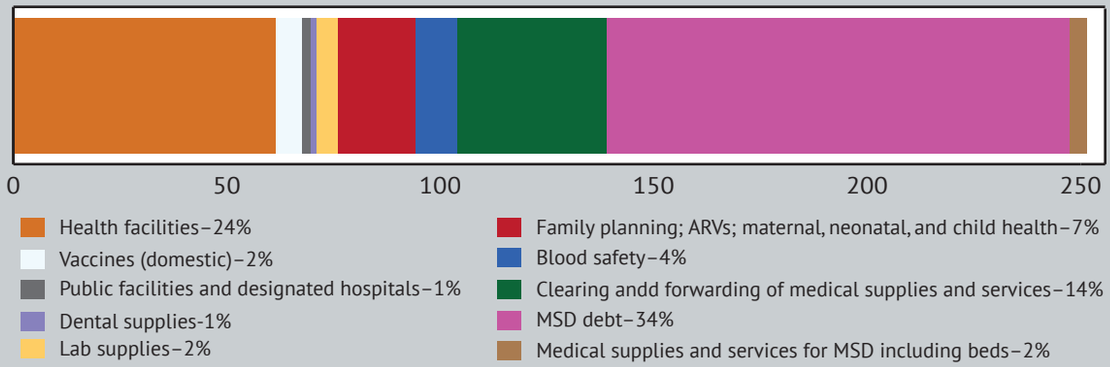


FIGURE 5: DISAGGREGATION OF MOHCDGEC DEVELOPMENT VOTE, PHARMACEUTICAL SERVICES



Source: MOFP, 2016. The breakdown of the Pharmaceutical Services sub-budget line was provided by the chief pharmacist from MOHCDGEC.

The foreign allocation to the MOHCDGEC development vote also decreased by 47 percent, largely due to a planned phase-down in agreed grant funding on existing New Funding Model grants totaling nearly TZS 200 billion from the Global Fund to Fight AIDS, Tuberculosis and Malaria. The implementation period for these grants ends on December 31, 2017. Meanwhile, the domestic allocation to the MOHCDGEC development vote increased by 372 percent, from TZS 67.9 billion–320.1 billion. A deeper analysis of this increase can be found in Box 2.

Summary

Tanzania's total FY 2016/17 allocation to the health budget increased in nominal terms from the previous year by roughly 9 percent from TZS 1,818 billion–2,055 billion, but decreased as a percentage of the overall GOT budget from 11.3–9.5 percent (8.1–7.0% inclusive of CFS).

- The total recurrent budget for MOHCDGEC, PORALG, TACAIDS, and regions (local and foreign) decreased by 33 percent.
- Using the same scope, the development budget increased by 39 percent (see Table 1 for breakdown).
- In FY 2016/17, the domestic development budget increased by 189 percent from the previous year. Included in this increase was a new allocation of TZS 10 billion for HIV antiretroviral drugs (ARVs) (see Box 3 on HIV).

Meanwhile, foreign funds from donors going into the health basket decreased by 40 percent in FY 2016/17 from the previous year. Overall, recent trends in the composition of the GOT health budget have shown growth in the domestic share over the last three years, from 62–82 percent (see Figure 6).

TABLE 1: DEVELOPMENT SPENDING TREND

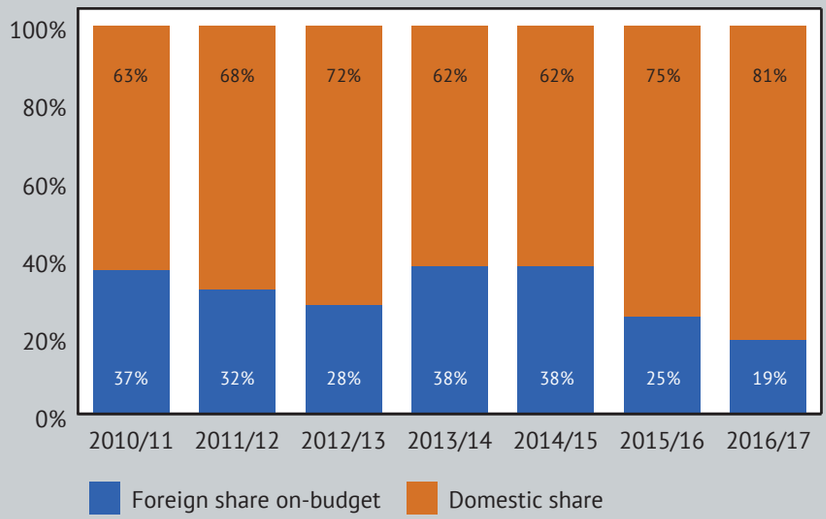
Development Spending (TZS billions)			
	2015/16	2016/17	Change
GOT domestic	146.9	425.2	189%
Health basket (foreign)	191.3	115.7	-40%
Foreign (non-basket)	276.6	271.6	-2%

Source: MOFP, 2016.

Box 3: Domestic Financing for HIV

The TZS 10 billion in new funds to cover procurement of ARVs (includes PSM cost) is significant because it represents a first-time contribution by GOT for this kind of purchase. Furthermore—assuming that 85 percent of the supplies managed by MSD can be attributed to vertical programs (National Audit Office, 2014), with HIV accounting for 14 percent of vertical programs (GOT, 2015)—an additional TZS 14.3 billion from the new budget allocations intended to repay the amount owed to MSD and for future PSM costs can be attributed to the delivery of HIV commodities and drugs. While these new allocations are encouraging, they remain insufficient to cover GOT's forecasted PSM obligation for HIV in FY 2016/17, estimated at TZS 42.1 billion (NACP, 2016). Lastly, the AIDS Trust Fund (ATF) received an allocation of TZS 3 billion for FY 2016/17, or the same amount that the ATF received the previous year. Although domestic resource mobilization (DRM) for HIV improved in FY 2016/17, Tanzania continues to rely heavily on foreign donors for HIV programming. More sustainable financing is needed to fund important interventions, such as the scale-up of HIV and AIDS testing and treatment, especially given the NACP's ambitious plans to meet the UNAIDS 90/90/90 fast-track treatment target: having at least 81 percent of all people living with HIV on treatment by 2020. Tanzania's financing needs for HIV programming will continue to increase in the short term.

FIGURE 6: COMPOSITION OF GOT HEALTH BUDGET



Source: MOFP, 2008-2015; MOFP, 2016.

Conclusion

In September 2015, the United Nations and the GOT jointly committed to 17 Sustainable Development Goals (SDGs) over the next 15 years. One of these goals is to ensure healthy lives and promote well-being for all people of all ages. There are 13 targets under the SDG for health, one of which is the achievement of universal health coverage—including financial risk protection; access to high-quality essential healthcare services; and access to safe, effective, high-quality, and affordable essential medicines (United Nations, 2016). These SDGs further highlight the need for DRM and innovative, sustainable financing mechanisms for health. The total five-year cost of the *HSSP IV* is estimated at TZS 21,945 billion, with available resources projected to cover only 59 percent if new financing mechanisms (such as a single national health insurer or tax reforms) are not established (MOHSW, 2015). GOT's allocation to health as a percentage of the overall budget has remained relatively flat over time. Comparatively, the Ministry of Education was allocated 22.1 percent of the overall budget in FY 2016/17. While this percentage is significantly higher than the allocation to health, it has also remained static in recent years: 24.0 percent in FY 2015/16 and 22.0 percent in FY 2014/15 (MOFP, 2014–2016). There are indications that tax collection has improved dramatically since President Magufuli came into office in November 2015, thanks to his efforts to increase revenue collection (HPP, 2015B). Compared to FY 2014/15, tax collection increased nominally by 26 percent in FY 2015/16 (TRA, 2016). This increased fiscal space presents an opportunity for the GOT to allocate more of its budget to social sectors such as health and education. As a result, Tanzania can progress toward meeting its newly committed SDG targets, including the achievement of universal health coverage.

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CONTACT US

Health Policy Plus
1331 Pennsylvania Ave NW, Suite 600
Washington, DC 20004
www.healthpolicyplus.com
policyinfo@thepalladiumgroup.com

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