

IS TANZANIA'S AGRICULTURE BUDGET ALIGNED WITH THE COUNTRY'S DEVELOPMENT PLANS?

INTRODUCTION

The agricultural sector in Tanzania is strategic for economic growth and poverty reduction. The implementation of its development activities is financed through the government's budget and development partners. Comprehensiveness and alignment of the agriculture budget with the country's development plans and programs is key for the realization of the desired public demands and needs. This policy brief debates the budget alignment with the development plans.



KEY FINDINGS

- There is alignment between the agriculture priority interventions under the Five-Year Development Plan (FYDP), and the budget and program.
- Between 2016/17 and 2020/21 the budget allocation for the agricultural sector declined by 70%.
- The share of the agriculture budget declined from 5.28% to 1.32% in the past five years and remained significantly lower than the amounts agreed in the Maputo and Malabo declaration stating a target of 10%.
- In the last three years, a resource gap was observed of 15 to 21% from the public sector to support the FYDP agriculture-based intervention.
- Between 2018/19 and 2020/21, the Agricultural Sector Development Program Phase II (ASDP II) has remained underfunded.
- A resource gap was observed during the same period (from 74.7 to 76.7%).

POLICY RECOMMENDATIONS

- Strengthen and support current existing dialogue platforms focused on agricultural stakes, and create awareness to enhance the participation and the inclusion of citizens in the preparation of the agricultural development plans and budgets.
- Adopt inclusive policies and approaches that will promote the use of agricultural budget to leverage private capital without compromising inclusion/ pro-poor budget agenda.
- Align annual agricultural sector budget allocations with FYDPs, the annual development plans, sector plans and programs.
- To attract youth in agriculture, there is a need to increase agriculture budget allocations in line with the National Youth Strategy.

1.CONTEXT

The agriculture sector in Tanzania is guided by the Tanzania Development Vision 2025 (TDV, 2025) which is implemented through National Five-Year Development Plans (FYDPs), sector and sub sector policies, strategies, and programs. According to the Ministry of Agriculture (2021), in the past decades agriculture sector has remained the major contributor of the country's Gross Domestic Product (GDP), provider of at least 65% of the raw materials for industries, source of livelihood to most of the Tanzanians and greatest employer of at least 58% of the labour force in which most are women. This makes agriculture a strategic sector not only for economic growth, but also for poverty reduction.

Tanzania has a potential of improving its macro-economic performance to become a semi-industrialized nation and reach the upper-middle income country status by 2025. AfDB (2017) argues that agricultural transformation is the key for industrialized economy, as its growth stimulates non-farm sectors growth. In this regard, an increase in quantity, proper allocations, and improvement in quality of investments in strategic areas/ sectors such as agriculture is important. Public investments channeled through the government budget system are key in leveraging private sector investments.

The government budget is an important tool for implementing policy decisions to achieve socio-economic objectives. It offers the mechanism for the determination, allocation, and utilization of resources among different needs and priorities to reach the government's objectives in the short, medium, and long terms. It also serves as a tool for economic and financial management, and accountability. Assessment on the alignment of agriculture sector government budget with the national and sector plans and programs is key in achieving country's development objectives and goals.

2.SUMMARY OF FINDINGS

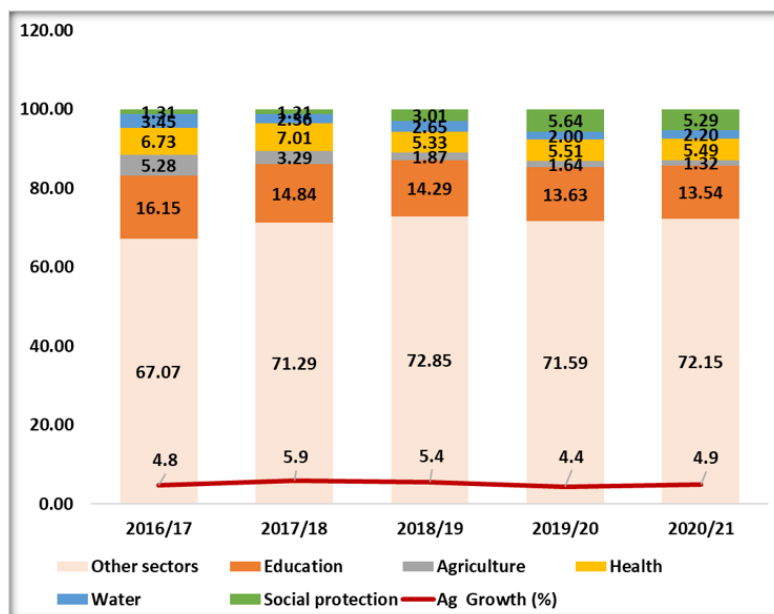
2.1 ALIGNMENT OF FYDPS, AGRICULTURE BUDGET, AND PROGRAM PRIORITY INTERVENTIONS

Long-term plan, sector budget and program priority interventions are set to guide mobilization, allocation, and utilization of resources among different needs. Findings showed that, FYDPs key interventions for agriculture sector, agriculture budget priorities and Agriculture Sector Development Program Phase II (ASDP II) components are aligned and contribute to the TDV, 2025.

2.2. AGRICULTURE BUDGET ALLOCATIONS VERSUS GLOBAL AGRICULTURAL PLANS

Between 2016/17 and 2020/21, the total government budget allocations for the agriculture sector declined by 70% from TZS 1,560 billion to TZS 459.7 billion. The same trend is observed in its budget share to the total government budget which declined from 5.28% to 1.32% during the same period (Figure 1).

FIGURE 1: GOVERNMENT BUDGET ALLOCATION BY SECTOR (%)



SOURCE: MOFP AND BOT DATA

Therefore, Tanzania is far from the target of 10% agreed in the Maputo and Malabo's declaration. Since the budget share reflects the size of the sector, Tanzania has been challenged to reach an annual agricultural sector growth of at least 6% as per the Maputo and Malabo declaration. For the past five years the sector has been growing at an average of 5.1% annually.

2.3. AGRICULTURE BUDGET AND FYDPS RESOURCE REQUIREMENTS

While there was alignment with agriculture budget priorities, FYDP agriculture based key interventions remained underfunded. The 2nd FYDP (FYDP II) resources requirements for agriculture sector stood at 2,716.67 billion TZS in 2016/17 and was projected to decrease to TZS 2,281.3 billion in 2020/21. About 58.6% of the total FYDP II resource requirements were supposed to come from public sector through allocation of 40.2% of its projected annual government budget for the same.

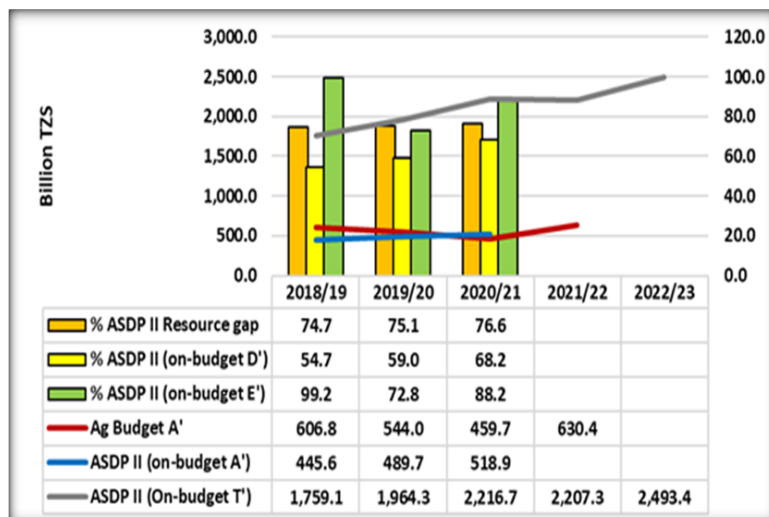
Using 100% of the annual agriculture budget to finance FYDP II interventions, an over funding of 4 to 16% is observed in public investments between 2016/17 and 2017/18, and an underfunding of 15 to 21% in the three subsequent years. Only four (4) out of ten (10) FYDP II agriculture interventions were fully funded, four (4) partially funded and the remaining two (2) interventions received no funding during the same period.

2.4 BUDGET COMPREHENSIVENESS AND ALIGNMENT WITH THE AGRICULTURAL SECTOR PROGRAM

The agricultural Sector Development Program Phase II, ASDP II (2018/19 – 2027/28), has been developed to propel the country's economic development and guide the implementation of prioritized key interventions for the long- and medium-term policy framework. A successful implementation of ASDP II requires a total of TZS 13,819.1 billion (for the first five years of the program) with 77% of public investments and 23% of private investments. In 2018/19, ASDP II annual resource requirement stood at TZS 2,284.5 billion and was expected to increase to TZS 3,238.2 billion in 2022/23.

ASDP II is an overall agricultural program that guides all public and private investments. When compared to the overall agricultural sector budget allocations, there is a mismatch between the two. As shown in Figure 2, a surplus of TZS 161.2 and 54.3 billion is observed in 2018/19 and 2019/20, and a deficit of TZS 56.7 billion in 2020/21. Both the agricultural sector and ASDP II budget allocations remained far below the ASDP II public sector resources requirement target. During the same period, an ASDP II resource gap from 74.7 to 76.7% was observed. Government disbursement of the allocated funds increased from 54.7% to 68.2%, while utilization of disbursed funds declined from 99.2% to 88.2%.

FIGURE 2: AGRICULTURE SECTOR GOVERNMENT BUDGET EXPENDITURE AND ASDP II RESOURCE REQUIREMENTS



KEY: T': TARGET; AND A': ALLOCATION. D': DISBURSEMENT, AND E': EXPENDITURE

SOURCE: MOFP DATA, URT (2017, 2020A, 2020B)

2.5. AGRICULTURE BUDGET AND NATIONAL YOUTH STRATEGY

The Government of Tanzania - through its National Strategy for Youth Involvement in Agriculture NSYIA (2016 – 2021) - has been promoting youth empowerment (15 to 35 years) to fully participate in agriculture development and contribute into country's economic growth. However, its commitment mismatches with the resources mobilized, allocated and spent in the sector. As shown in Table 1, in the past five years, only TZS 3 billion was allocated in 2016/17 to support youth employment.

TABLE 1: AGRICULTURE BUDGET TO SUPPORT YOUTH (IN BILLION TZS, 2016/17 TO 2020/21)

2016/17	2017/18	2018/19	2019/20	2020/21
3	-	-	-	-

2.6. IMPLICATION OF RESULTS ON INCLUSIVITY AND ACCOUNTABILITY

Agriculture contributes 25% of the GDP and employs 65% of the population. 90% of the land is cultivated by the small holder farmers majority who are women. Results showed low budget allocated and disbursed allocation to the sector declining from 5.28% in 2016/17 to 1.32% in 2020/21. While there are strategies and policies supporting young men and women, the dedicated resource allocation is low, making agriculture not attractive to youth. When agricultural plans are not aligned with the budget allocations, there is a danger that issues which are budgeted do not or partially meet the peoples' demands and needs.

This situation is challenging inclusion and accountability of the public institutions to the citizens.

Boosting resource allocation to the agricultural sector is key in achieving an agricultural led industrialization. To ensure sustainable and inclusive agricultural investments that will bring economic transformation, there is a need to involve citizens in the government budget process, especially youth which accounts for 34.7% of the population (female youth accounting for 26.1%).

3. CONCLUSION

Overall, the results showed that there is alignment between the FYDPs, agricultural sector budget and the program priorities which contributes to the Vision 2025. However, in the past five years, the budget allocated to the agricultural sector, the FYDP agriculture interventions and the ASDP II mismatched, and the real expenditure remained very low compared to the targets. Budget share allocation to the sector declined from 5.28% in 2016/17 to 1.32% in 2020/21. Tanzania has never reached the agreed Maputo and Malabo Declaration's target of 10% budget allocation to the agricultural sector.

PRINCIPAL RESEARCHER

Prof. Marcellina Mvula Chijoriga is a retired Professor in Finance and Business Management who had served at the University of Dar es Salaam Business School (UDBS) for 36 years. She is a seasoned trainer, researcher and consultant for public and private enterprises. She had served in a number of Boards/Institutions including the Tanzania Revenue Authority and IMF. She is currently the Chief Executive Officer of LOGIMAC Ltd. Company.