



BUDGET ANALYSIS OF
THE GOVERNMENT OF
TANZANIA'S MINISTRY
OF HEALTH AND SOCIAL
WELFARE, FISCAL YEAR
2015/16

Brief

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Introduction

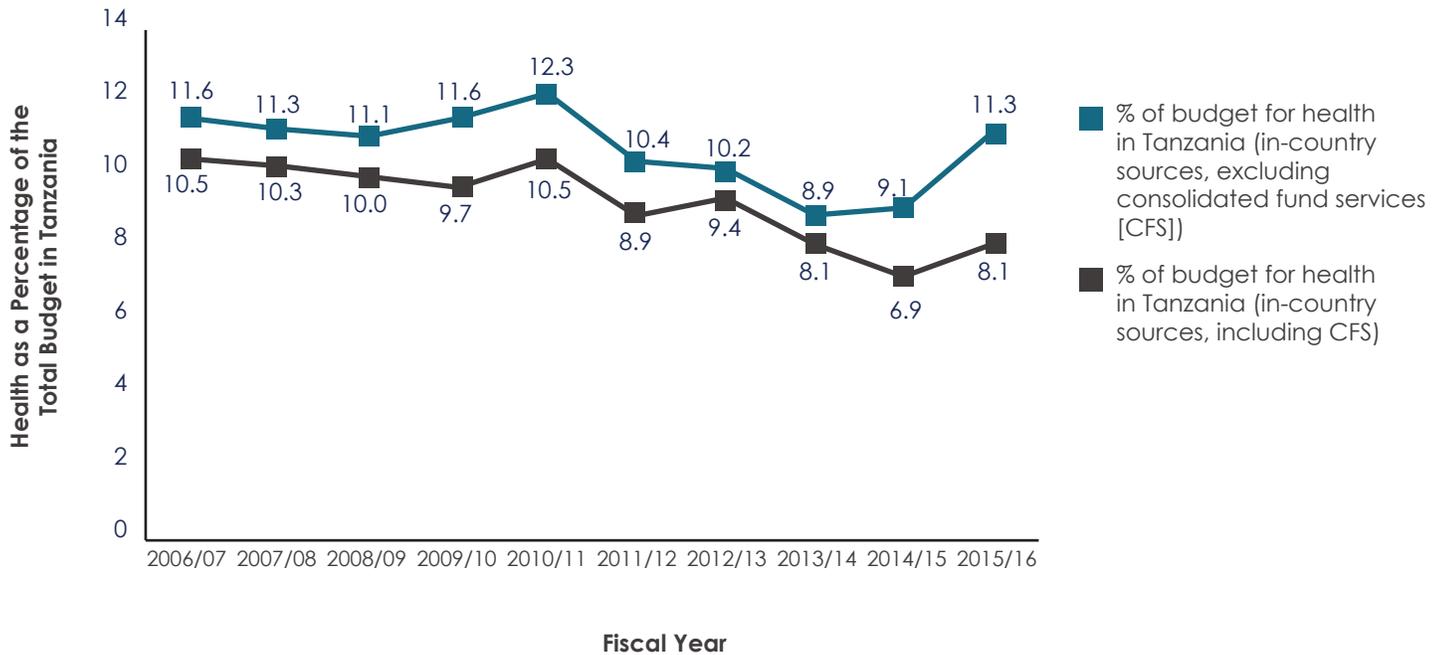
In 2001, the Government of Tanzania (GOT) committed to the Abuja Declaration, pledging to increase government funding for health to at least 15 percent of its total budget. However, as of 2015, the GOT has not been able to reach this target. In fiscal year (FY) 2015/16, the GOT allocated Tanzanian shillings (TZS) 1,821 billion to the health sector, or 11.3 percent of the national budget.¹ This estimate includes all on-budget funding from development partners, the budget for the Tanzania Commission for AIDS (TACAIDS), and estimated allocations to local government authorities (LGAs) and the National Health Insurance Fund (NHIF).

Though falling short of the Abuja Declaration target, the FY 2015/16 allocation represents an increase in the public sector health budget over the previous two years, during which the health sector was allocated 8.9 percent (FY 2013/14) and 9.1 percent (FY 2014/15), respectively (see Figure 1, page 2). Over the 10-year period from

2006 to 2015, Tanzania's health sector budget allocations have averaged around 10.8 percent.

The USAID- and PEPFAR-funded Health Policy Project (HPP) conducted a budget analysis to examine the GOT's final FY 2015/16 health sector budget. HPP's analysis examined the trends in budget allocations for health, patterns of distribution, and funding sources. Findings from this analysis may be used to advocate for efficient and effective budget allocations for HIV and essential medicines, and can be shared with key stakeholders, including decisionmakers from the Ministry of Health and Social Welfare (MOHSW), the National AIDS Control Program (NACP), TACAIDS, national- and district-level elected leaders, the media, and the public. A substantial resource gap is anticipated for financing the *Health Sector Strategic Plan July 2015 – June 2020 (HSSP IV)*, with estimates ranging from TZS 500 billion to TZS 2,500 billion annually, depending on realized financing over the years.² This has increased focus on establishing sustainable financing mechanisms

Figure 1: Percentage of Tanzania’s National Budget Allocated to Health³



that will help the country reach the targets set out in the *HSSP IV* and move toward its goal of achieving universal health coverage.

Allocations to Health in the FY 2015/16 Budget Books

In most cases, health allocations that can be verified from the budget books and subsidiary analyses have increased across budget votes from the previous year. However, this growth has been uneven across votes (see Figure 2, page 3). Within these verifiable elements, the biggest increase (44%) was seen in the MOHSW development vote,⁴ which rose from TZS 306 billion to TZS 442 billion. Notably, only 15 percent of the MOHSW development vote is domestically financed.⁵ The MOHSW recurrent budget for regular and ongoing expenses remained flat, increasing by 2 percent after accounting for salary adjustments. The regional hospital budget (recurrent) also increased substantially, rising 19 percent from TZS 86 billion to TZS 103 billion. The overall TACAIDS budget was reduced by 29 percent, from TZS 9.8 billion to TZS 7 billion.

Development Budget Analysis

Foreign funds in the development votes for the MOHSW and the Prime Minister’s Office–Regional Administration and Local Government (PMO-RALG) increased by 38 percent between FY 2014/15 and FY 2015/16, from TZS 264.5 billion to TZS 375 billion. However, the foreign component of allocations for LGAs declined (see Figure 3, page 3). The PMO-RALG development vote has up to four lines for health, 56 percent of which are funded by the health basket fund (HBF) and the rest by the World Bank. The HBF is a funding mechanism initiated in 1999 as part of the GOT’s decision to pursue a sector-wide approach in the health sector. The basket is funded by a number of development partners, who pool un-earmarked resources to support implementation of the *HSSP IV*. In the MOHSW development vote, 33 percent of FY 2015/16 funds are HBF and the rest are from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). The TACAIDS development vote is entirely funded by foreign development partners: 48 percent from the Global Fund, 36 percent from the National Multi-sectoral Strategic Framework (NMSF) grant, and 16 percent from other sources (Canada,

Figure 2: Allocations to Health Across Budget Votes (Verified in Budget Books)⁶

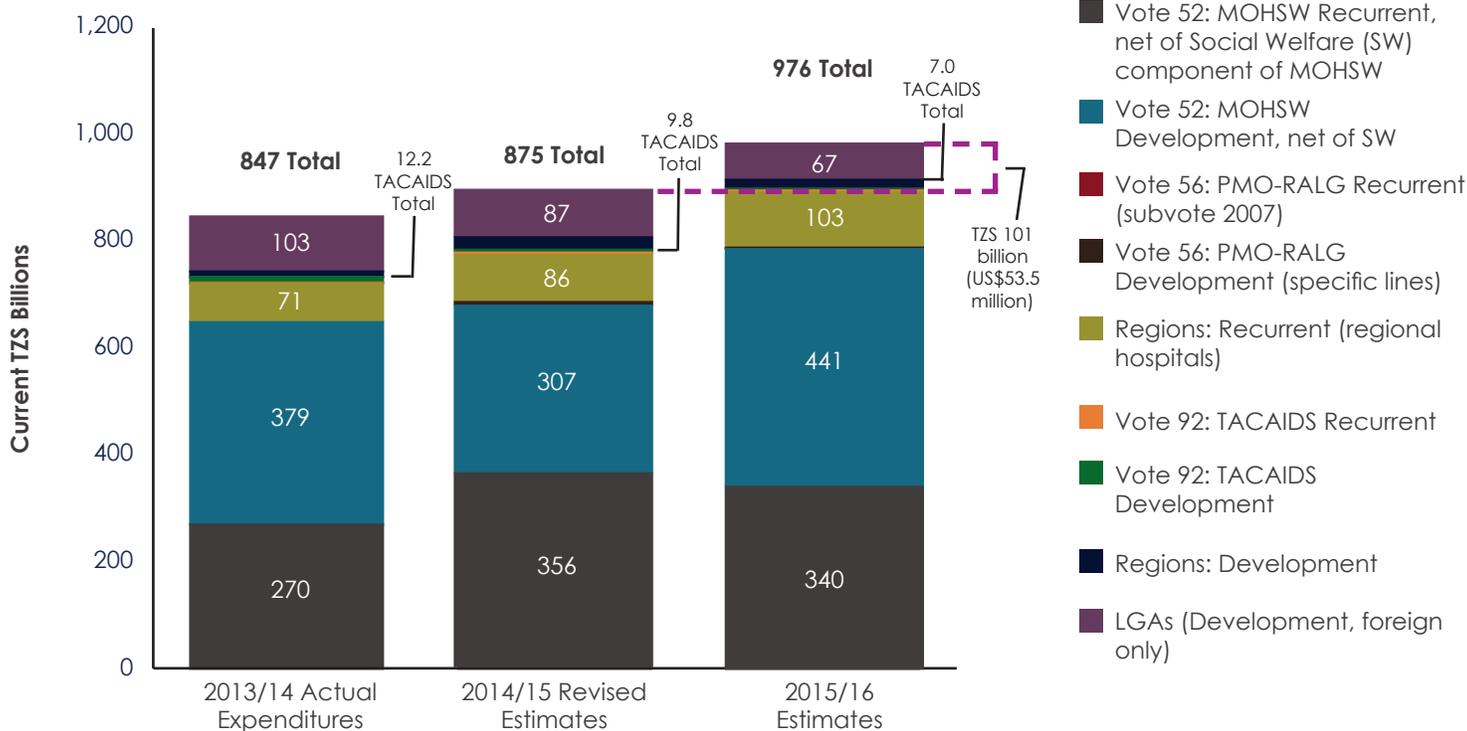
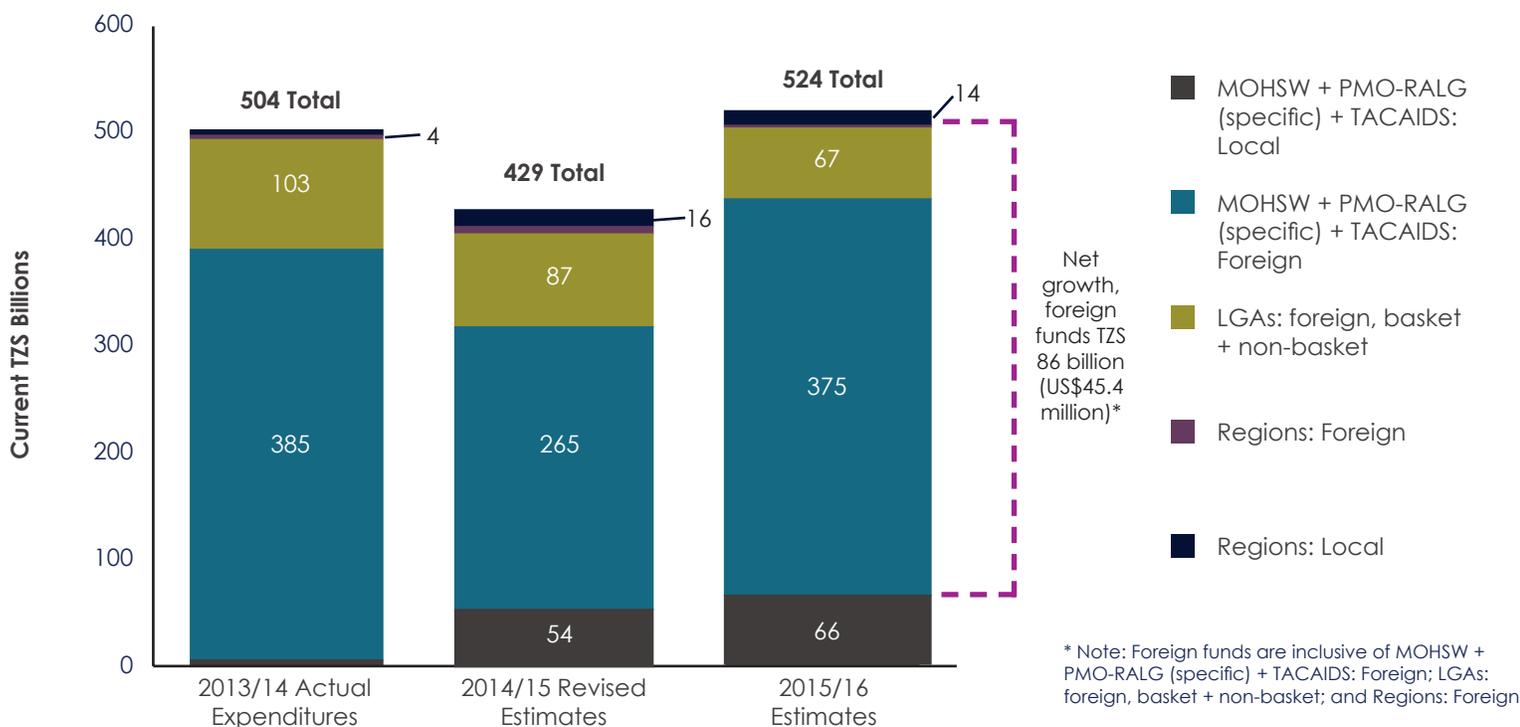
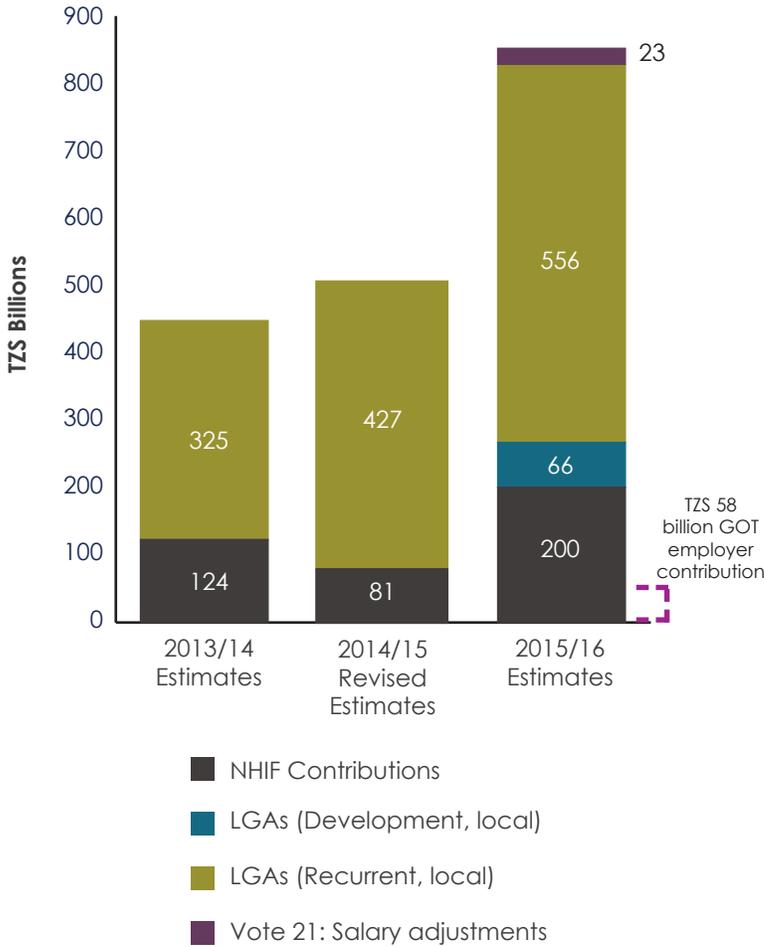


Figure 3: Development Budget Breakdown: Analysis across Votes⁷



Box Figure: Allocations to Health (Unverified by Budget Books)⁸



Box: Expected but Not Definitive Allocations to Health (Unverified by Budget Books)

HPP, together with the MOHSW, conducted an analysis of expected GOT domestically funded budget allocations to LGAs and the NHIF. However, this analysis is not definitive and cannot be officially verified, as the budget volumes did not include the FY 2015/16 Comprehensive Council Health Planning budget or the disaggregated NHIF contribution. Therefore, NHIF contribution estimates in this brief are based on the Rapid Budget Analysis conducted by MOHSW.⁹ Based on this set of analyses, GOT allocations to LGAs for the recurrent budget are expected to increase by 30 percent, from TZS 427 billion in FY 2014/15 to TZS 556 billion in FY 2015/16 (see Figure at left). Most of this growth can be attributed to personnel emoluments and other charges. Contributions to the NHIF are also expected to rise sharply—from TZS 81 billion to TZS 200 billion (147%). Act of Parliament No. 8 of 1999 requires the GOT to contribute 3 percent of its employees’ salaries to the NHIF—estimated at TZS 58 billion in FY 2015/16, compared to TZS 45 billion in FY 2014/15.¹⁰

the United Nations Development Programme). For LGAs, the foreign component is 90 percent HBF, with the remainder coming from the World Bank and the United Nations Children’s Fund.

Commodity Budget Analysis

Commodity procurement from domestic funds declined substantially (43%) between FY 2014/15 and FY 2015/16, dropping from TZS 67.7 billion to TZS 38.5 billion (see Figure 4 on page 5). This trend is alarming considering that, from 2016 to 2020, the cost to meet the demand for drugs and commodities for reproductive maternal, neonatal, child, and adolescent health will more than double per year.¹¹ The GOT is also highly dependent on donor funds to implement

various HIV and AIDS services. For example, the government is relying on TZS 279.9 billion from the Global Fund for the procurement of antiretrovirals in FY 2015/16.¹² In response to this donor dependence, Parliament approved an amendment of the TACAIDS Act of 2001 to establish the AIDS Trust Fund (ATF) as an innovative financing mechanism to generate resources for HIV and AIDS. Establishing the ATF and other sustainable sources of health financing is an important element of the NMSF for HIV and AIDS.

Conclusion

In summary, Tanzania’s total FY 2015/16 health budget (verifiable and unverifiable) is TZS 1.82 trillion. While there has been modest growth of TZS 101 billion in

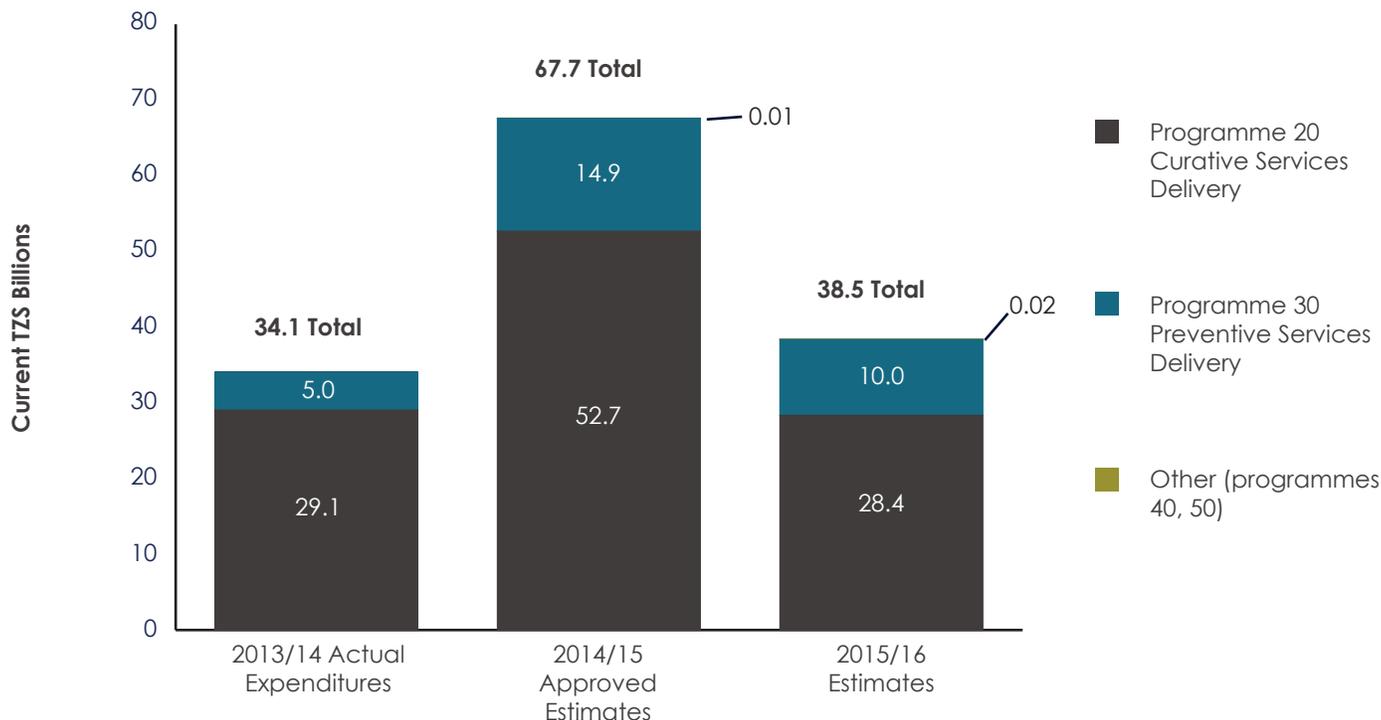
the verifiable aspects of the health budget between FY 2014/15 (revised budget estimate) and FY 2015/16, 85 percent of this increase can be attributed to increases in foreign allocations in development budget votes. Proposed HBF funding increased slightly from TZS 119 billion in the revised FY 2014/15 budget estimate to TZS 187 billion.¹³ Of the remaining 20 percent increase in the verifiable health budget that is domestically funded and attributed to the GOT, almost all is accounted for by the increase in the recurrent budget for regional hospitals. It is important to note that, based on the approved estimates for FY 2014/15 versus the most recent budget, there is no evidence of an increase in GOT commitments for commodities.

The total verifiable increase in the health budget between FY2014/15 and FY 2015/16 was 12 percent in nominal terms. Due to a sharp depreciation in the TZS, the value of dollar-denominated contributions from the Global Fund, World Bank, and HBF are inflated in FY 2015/16 allocations. Comparing June 2015 exchange rates with the previous four quarters, the TZS has depreciated 29

percent against the U.S. dollar. Separately, the effect of inflation must be taken into account when making real comparisons. The total health budget has increased by a more modest 5 percent in real terms, after accounting for an average inflation rate of 6.2 percent since 2014–2015.

A deeper budget analysis is needed to determine how well budget allocations are in alignment with government priorities for specific health programs, including HIV and AIDS, and whether there is a need to reprogram funds to support high-impact and high-priority programs. Regardless, Tanzania clearly continues to rely heavily on foreign donors for its development vote. More sustainable financing is needed to fund important interventions, such as the scale-up of HIV and AIDS testing and treatment, especially as it is unclear what funding levels can be counted on from development partners going forward. Given the NACP’s ambitious plans to meet the UNAIDS 90-90-90 fast-track treatment target of 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. The total five-

Figure 4: Domestic Resources for Commodity Procurement¹⁴



year cost of the *HSSP IV* is estimated to be TZS 21,945 billion, with available resources only projected to cover 59 percent of the cost if new financing mechanisms such as a single national health insurance or tax reforms are not established.¹⁵ This highlights the need for domestic resource mobilization and innovative, sustainable financing mechanisms for health.

Notes and References

¹ Calculations of health as a percentage of total government budget are made using total government budget figures exclusive of consolidated fund services (CFS) for mandatory debt repayments.

² Ministry of Health and Social Welfare. 2015. *Health Sector Strategic Plan July 2015 – June 2020*. Dar es Salaam: Government of Tanzania.

³ Ministry of Finance, Tanzania. 2015. *FY2015/16 Budget Volumes (as passed by National Assembly): Volume IV (Development Budget Book)*. Dar es Salaam: Government of Tanzania.

⁴ Note that all Ministry of Health and Social Welfare budgets are net of the budget allocation to Social Welfare.

⁵ Ministry of Finance, Tanzania. 2015. *FY2015/16 Budget Volumes (as passed by National Assembly): Volume IV (Development Budget Book)*. Dar es Salaam: Government of Tanzania.

⁶ Ibid.

⁷ Ibid.

⁸ HPP and MOHSW Analysis (not definitive, unverified by FY2015/16 Budget Books); and Ministry of Health and Social Welfare. 2015. *Public Expenditure Review 2014/15 Preliminary Data*. Dar es Salaam: Government of Tanzania.

⁹ Ministry of Health and Social Welfare. 2015. *Public Expenditure Review 2014/15 Preliminary Data*. Dar es Salaam: Government of Tanzania.

¹⁰ Ministry of Finance, Tanzania. 2015. *FY2015/16 Budget Volumes (as passed by National Assembly): Volume II (Recurrent Budget Book: Ministries, Independent Departments,*

and Executive Agencies— MDAs) and Volume III (Recurrent Budget Book: LGAs/Regional). Dar es Salaam: Government of Tanzania.

¹¹ Dutta, A., K. West-Slevin, C. Barker, and E. Leahy-Madsen. 2015. “Maternal, Newborn, and Child Health in Tanzania: Costs and Impacts of the One Plan II.” Washington, DC: Futures Group, Health Policy Project.

¹² Ministry of Finance, Tanzania. 2015. *FY2015/16 Budget Volumes (as passed by National Assembly): Volume IV (Development Budget Book)*. Dar es Salaam: Government of Tanzania.

¹³ Ibid.

¹⁴ Ministry of Finance, Tanzania. 2015. *FY2015/16 Budget Volumes (as passed by National Assembly): Volume II (Recurrent Budget Book: Ministries, Independent Departments, and Executive Agencies— MDAs) and Volume III (Recurrent Budget Book: LGAs/Regional)*. Dar es Salaam: Government of Tanzania. All values for “medical supplies and services” derived from the MOHSW recurrent budget. Food/hospitality or educational supplies are not included.

¹⁵ Ministry of Health and Social Welfare. 2015. *Health Sector Strategic Plan July 2015 – June 2020*. Dar es Salaam: Government of Tanzania.

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