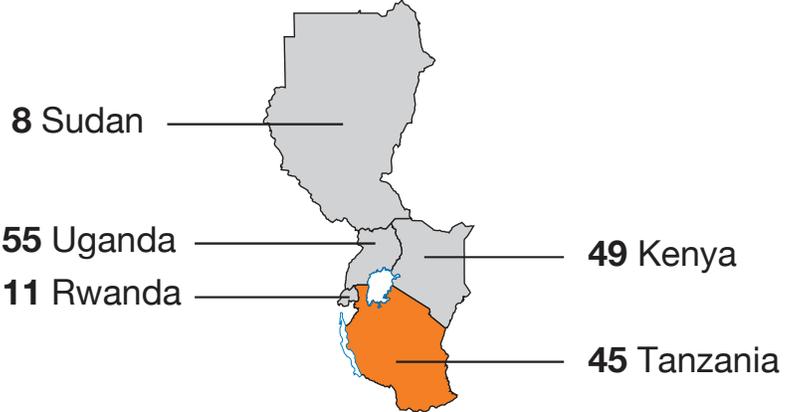
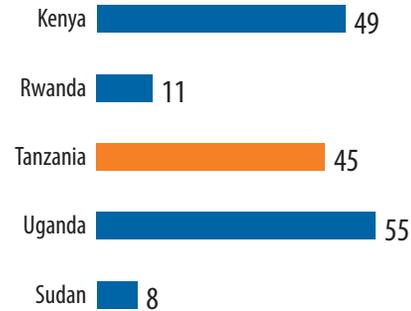




**Overall score: 45** (Out of 100) Provides some information to the public in its budget documents during the year.

### How Does Tanzania Compare to Its Neighbors?



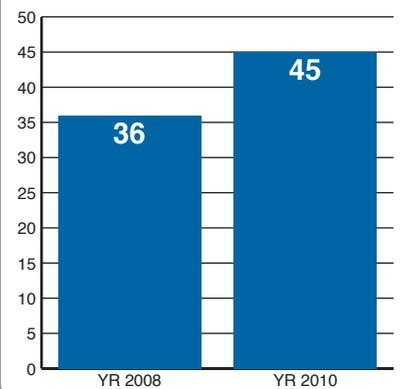
## Key Findings

The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Tanzania's OBI 2010 score is 45 out of 100, slightly higher than the average score (42) for the 94 countries surveyed, but lower than Eastern African countries such as Uganda (55) and Kenya (49). Tanzania's score indicates that the government provides the public with only some information on the central government's budget and financial activities assessed by the Survey. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

The last two years did see progress in Tanzania. Its OBI score increased from 36 in 2008 to 45 in 2010. This is largely because the government started publishing a more comprehensive Executive's Budget Proposal and Audit Report.

### OBI Scores Over Two Surveys



**Adequacy & Availability of Eight Key Budget Documents**

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Produced, Not Published
Executive's Budget Proposal	C	Published
Enacted Budget	E	Produced, Not Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Not Produced
Year-End Report	E	Not Produced
Audit Report	C	Published

\* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey related to each document. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Tanzania the Executive's Budget Proposal comprises four volumes that include a financial statement, revenue estimates, and recurrent and development expenditures by ministry and region. However, the information found in these documents is not sufficiently comprehensive. Major gaps in information are found in the following areas:

- The budget proposal lacks adequate disaggregated data on expenditure estimates that cover a multi-year period.
- The budget proposal lacks sufficient information that can help explain the relationship between the government's revenue and expenditure plans and its policy and macroeconomic goals. For example, it lacks a proper sensitivity analysis and does not show clearly how new policies, as distinct from existing ones, will affect expenditures. This information is important if the executive wishes to facilitate a broader debate about planned expenditures.
- The budget proposal lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's complete fiscal position.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Tanzania's Guidelines for the Preparation of Medium Term Plan and Budget Framework for 2009/2010-2011/2012 (Pre-Budget Statement) was produced for internal purposes but was not made publicly available until after the budget was passed.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Tanzania produces an Appropriation Act (Enacted Budget), but it is not made public.

**OPEN BUDGET SURVEY 2010**

**Tanzania**

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

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A **Citizens Budget** is a nontechnical presentation of a government’s budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government’s plans. Tanzania does not produce a Citizens Budget.

**In-Year Reports** provide a snapshot of the budget’s effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus can facilitate adjustments. Tanzania publishes Quarterly Budget Execution Reports (In-Year Reports) that provide significant information. Tanzania produces fairly comprehensive In-Year Reports, but they do not contain program-level detail.

A **Mid-Year Review** provides a comprehensive overview of the budget’s effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Tanzania does not produce a Mid-Year Review.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. Tanzania produces a Quarterly Budget Execution Report for the fourth quarter of the budget year which also includes some aggregate information on full-year budget performance. However, this report does not provide the information and analysis necessary to meet the definition of a Year-End Report, according to the OECD Best Practices for Budget Transparency.

An **Audit Report** is an evaluation of the government’s accounts by the country’s supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government’s bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Tanzania produces an Audit Report, but it is not sufficiently comprehensive. For example, no information on extra-budgetary funds is released.

### *Institutions of Accountability and Public Participation*

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Tanzania’s budget process can be made more open. This includes ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for public engagement in the budget process.

#### **Are oversight bodies effective in their budget role?**

Oversight Institution	Strength**
Legislature	Weak
SAI	Moderate

\*\* Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Tanzania's legislature is weak because it does not:

1. have full powers to change the Executive's Budget Proposal at the start of the budget year;
2. have sufficient time to discuss and approve a budget (it receives the budget less than six weeks before the start of the budget year); and
3. hold open budget discussions at which the public can testify.

According to the Open Budget Survey, budget oversight provided by Tanzania's SAI is inadequate because it does not:

1. have proper channels of communication with the public; and
2. issue reports on the follow-up steps taken by the executive to address audit recommendations for remedial action.

## Recommendations

### **Tanzania should:**

- publish its Pre-Budget Statement and Executive's Budget Proposal in a timely manner;
- begin to produce and publish a Citizens Budget, the Mid-Year Review, and the Year-End Report;
- improve the comprehensiveness of the Executive's Budget Proposal;
- provide opportunities for the public to testify at legislative hearings on the budget;
- increase the powers of the legislature to provide more comprehensive oversight; and
- publish a timetable of the entire budget process.