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In an attempt to reduce wasteful government spending, Sikika launched a campaign with a coalition of Tanzanian civil society organizations to monitor “unnecessary expenditures” used for slush funds in ministry budgets. Their expenditure tracking and budget analysis exercises combined with technical assistance and engagement with government officials helped bring this issue to the attention of the national government, including the Prime Minister, as well as the general public.

The following case study illustrates how open budget tools can be used to challenge the rampant abuse of discretionary allowances by government officials. This is a summary of a more in-depth study prepared by Peter Bofin as part of the Learning Program of the IBP’s Partnership Initiative. The PI Learning Program seeks to assess and document the impact of civil society engagement in public budgeting.

Download a PDF of the complete case study at <http://internationalbudget.org/wp-content/uploads/LP-case-study-Sikika.pdf>

TANZANIA: CHALLENGING THE WIDESPREAD ABUSE OF SLUSH FUNDS

In November 2008, Tanzanian Prime Minister Mizengo Pinda ordered government ministries to reduce expenditure on workshops, allowances, seminars, and luxury vehicles. This order, however, was more than a routine effort to reign in spending; it went to the heart of the patronage politics that undermine the country’s civil service.

With discretion over these budget lines often given to mid-level bureaucrats with little accountability or oversight over how they are spent, these resources have routinely been abused in Tanzania, constituting a kind of “slush fund” that has been used to reward lower-level officials for their loyalty to their superiors, rather than to the law, policies, or regulations.

Importantly, the order was also not a spontaneous act by the Prime Minister, but a response to rising pressure led by a civil society organization, Sikika, which uses budget analysis and advocacy to influence health policy and improve health service delivery.

Sikika’s achievements and setbacks in this campaign offer valuable lessons for other organizations that wish to use budget analysis tools to challenge rampant or entrenched problems in government spending.

THE ISSUE: TANZANIA’S TRANSPARENCY PROBLEM

The Open Budget Index is an independent, comparable assessment of government budget transparency, participation, and accountability in countries around the world. In 2008, when Sikika was beginning its campaign, Tanzania scored just

35 out of a total score of 100, ranking the country 52nd in an 85-country survey.

That score reflects a budget process that is closed, unlikely to produce good budget and policy choices, and is prone to allocations that could be described as wasteful or unnecessary. Of the eight key budget documents that should be made public in every country – like the Executive’s Budget Proposal, a user-friendly Citizens Budget, and an Audit Report – only four were available in Tanzania in 2008.

This opaque environment has permitted multiple forms of malfeasance and misuse of public funds, especially the abuse of funds given on a discretionary basis, such as per-diems and travel allowances for trainings and workshops, and department budgets for vehicles and fuel. How widespread is the problem? It is difficult to say, but evidence suggests abuse is rife.

The annual report by Tanzania’s national Controller and Auditor General regularly identifies a range of questionable budget figures, including expenditures without receipts or other means of documentation, unclaimed salaries, and other dubious payments. The amounts concerned for the Ministry of Health and Social Welfare, the ministry of greatest concern to Sikika, have recently been as high as US\$5.9 million for a single fiscal year.

Anecdotal evidence from another government ministry points to how travel allowances were distributed to hundreds of staff at the end of the year for trips that were never made. Consider that total allowances made to civil servants in Tanzania totalled about US\$165 million in the 2010-2011 fiscal year (about 16.2 percent of wages) and it easy to imagine the potential magnitude of the problem.

The issue, however, is also important in Tanzania because the abuse is so flagrant. The distribution of bogus or unnecessary

perks to government employees is part of a system of patronage that compromises and corrupts all levels of government.

As Sikika set out to challenge the practice, it was not merely aiming to reign in profligate government spending but to challenge a system that wrests control of public resources from citizens.

THE CAMPAIGN

The Health Equity Group is a coalition of four civil society organizations (CSOs), including Sikika, with a remit to focus on issues affecting maternal and child health. In 2006 it started to issue an annual Health Sector Budget Analysis. Principally drafted by Sikika, the analysis is presented each year at the annual Health Sector Review — an exercise bringing together government, donors, and CSOs.

Sikika's Health Sector Budget Analysis had an unexpected impact in its third year. Of the 15 issues presented, the call for reduced expenditure on training, vehicles, and seminars caught the attention of the Prime Minister.

The following month, the Prime Minister announced curbs on expenditure on workshops and seminars across the government – not just in the health sector. In the future, he said, such activities would need the approval of his office. This was followed a month later by an announcement of further cutbacks on spending for new vehicles, especially luxury cars.

A year later, the Ministry of Finance followed up with a new set of Budget Guidelines that sought to scale down expenditures on vehicles, seminars, employment allowances, travel, and government hospitality – precisely the areas that Sikika had highlighted.

Sikika resolved to monitor the Prime Minister's commitment, though this turned out to be a challenging task given the lack of publicly available budget information. In the absence of a Mid-Year Review or even a Year-End Report, Sikika issued its first monitoring report by looking at the planned expenditures on these items in the 2009 budget.

Sikika developed a framework for tracking “unnecessary expenditures” that aggregated figures from six expenditure categories that are commonly used across ministries and departments:

1. Training (overseas and domestic)
2. Allowances (discretionary, nondiscretionary, and in-kind)
3. Travel (domestic and overseas)
4. Fuel, oil, and lubricants
5. Purchase of new vehicles
6. Hospitality

Whilst not all of the spending in these categories is (strictly speaking) unnecessary, Sikika reasoned that expenditures in

these areas provided a useful proxy for monitoring the government's efforts to reduce wasteful and abusive practices.

Sikika analyzed budgeted amounts rather than actual expenditures, which is also problematic given that budget plans are seldom implemented according to plan in Tanzania; actual spending is commonly affected by delays in aid flows and budget reallocations, which can constitute as much as 12 percent of the overall budget. However, the absence of timely figures on actual expenditures gave Sikika no choice in this regard. In spite of these shortcomings, Sikika's framework itself has seldom been challenged.

The analysis revealed that between 2008-09 and 2009-10, overall allocations to the six categories decreased by 22 percent. This reduction was maintained in 2010-11. Yet when broken down, it became clear that reductions were only being made to the training budgets, while allocations to allowances, vehicle purchase, international travel, and fuel and lubricants increased from the previous year. The decline in allocations to training continued, making for a cumulative decline of almost 80 percent over the two financial years leading up to 2010-2011. Yet the trend in increased allowances continued, with a cumulative increase of over 57 percent over the two years.

In sum Prime Minister Pinda's directive was taken seriously with regard to training and ignored for other areas where wasteful and abusive spending has been rampant.

At first, Sikika did not publish the results but used them in a discrete behind-the-scenes lobbying campaign. The organization submitted the analysis of government spending to the Ministry of Finance and a more specific analysis on the Health Sector Budget to the Ministry of Health and Social Welfare. It later targeted MPs, including members of the Social Services Committee and prominent MPs from all parties. These efforts often gleaned enthusiastic responses in private, but did not lead to any public action.

Then something happened that forced Sikika to alter its strategy. An MP from an opposition party (and a future presidential candidate), Willibrod Slaa, used Sikika's data to raise the issue of hospitality expenses. But because the challenge came from a prominent opposition figure, Sikika's efforts were later depicted as merely part of Tanzania's partisan politics, and the credibility of the organization was momentarily shaken.

Sikika quietly returned to its analysis of the budget in subsequent years and went public again in 2010 with a much more robust set of data and a short document aimed at journalists and other opinion makers entitled “Allowances, Seminars, Vehicles, and Travel: A Brief on the Government's Initiative to Refocus Expenditure.”



TACTICS FOR CHALLENGING THE ABUSE OF GOVERNMENT SLUSH FUNDS IN TANZANIA

- Developing a framework for tracking “unnecessary expenditure” – a term that resonated in the current political debate.
- Tracking these expenditure types in its annual budget analysis, and releasing regular briefing notes for use by journalists and other advocates.
- Using budget analysis to do behind-the-scenes lobbying with government officials and MPs, and providing technical support.

News coverage followed, focused mainly on the issue of allowances. “Government uses TZS 176 mil for allowances” and “Government shooting itself in the foot on allowances” were two of the headlines that resulted from the report.

Sikika’s impact on public awareness and discourse has since continued. The phrase “matumizi yasiyo ya lazima” or “unnecessary expenditures” – which Sikika wielded as part of its advocacy campaign – has become a focal point of debates around the three budgets enacted since the campaign began. Brandished by editors in newspaper headlines and repeated by the hosts of television shows and those calling in to radio shows, these words became shorthand for people’s frustrations with government waste in a time of belt tightening. Clearly Sikika struck a nerve.

Other CSOs and international donors have also cited Sikika’s evidence in their own campaigns for improved transparency in government spending and greater fairness in the compensation of civil servants.

Unfortunately, the sustained media pressure and growing alliance of advocates on this issue have not led to any significant victories in the two years following the Prime Minister’s directive and the Ministry of Finance’s follow up. This illustrates the need for a strategy to identify and target the specific procedures within the budget process that need to change, as well as the key offices and individuals who can make these changes.

CHANGES DUE TO THE CAMPAIGN

The important reductions in the training budgets allocated to government ministries and departments appear attributable, at least in part, to Sikika’s efforts. Sikika, however, is only one of many actors seeking a more rational allocation of government funds in Tanzania. Others include international aid donors, the offices of the President and the Prime Minister, and fellow civil society organizations. As such, Sikika’s precise contribution to recent progress on budget transparency in Tanzania is difficult to assess.

Donors in Tanzania have been working on the issue of salaries and allowances since at least 2008, and the Norwegian Agency for Development Cooperation (NORAD) commissioned a study in 2009 on the impact of allowances in three countries, including Tanzania. On the government’s side, mounting interest in public service pay issues led to the establishment in 2006 of the Presidential Commission on Public Service Salary Enhancement by President Kikwete.

As its unique contribution, Sikika has undoubtedly helped to keep the matter in the public eye through its engagement with the media, and it has assisted others in making more informed and evidence-based claims. Other civil society organizations have used Sikika’s analysis in their own appeals, including the Trade Union Congress of Tanzania. Sikika’s work has also helped MPs to analyze budget proposals and to feel confident in proposing budget revisions to the Ministry of Health and Social Welfare. And unlike the international donors or government officials, Sikika has been able to raise the issue of wasteful spending as a matter of accountability and public interest, rather than as a technical challenge (though politicization also brings new risks).



OUTCOMES OF THE CAMPAIGN TO CURTAIL WASTEFUL SPENDING IN TANZANIA

- Prime Minister Pinda decried levels of expenditure on seminars and workshops, referring to what was most likely Sikika’s figures.
- Ministry of Finance issued a new set of Budget Guidelines that sought to scale down expenditure in areas highlighted by Sikika’s analysis.
- MPs indicated that Sikika’s analysis helped them to engage more effectively on budget issues.
- The Trade Union Congress of Tanzania cited Sikika’s analysis in its demand for a minimum wage in 2009.

It is fair to say that Sikika’s work, though not carried out in isolation, has been crucial to the progress made in Tanzania against wasteful spending of discretionary funds by government staff, but as more time passes since its early achievements, many of Sikika’s supporters are wondering whether the campaign now requires a renewed strategy.

CONCLUSIONS

Sikika is one of the few CSOs in Tanzania to provide consistent, comparable, and reliable budget analysis to the media and decision makers, principally through its annual Health Sector Budget Analysis. By maintaining a focus on the Prime Minister's commitments year after year, Sikika has played a valuable role in ensuring that such commitments are taken seriously. In this, Sikika played to its strengths — the ability to provide rigorous budget analysis and to keep the issue in the public eye. Still, Sikika might reconsider its advocacy strategy to ensure continued impact.

The importance of addressing budget processes explicitly

Annual allocations are the result of an ongoing process of preparation, allocation, expenditure, and review. Sikika's publications on unnecessary expenditures have been rich in budget data and represent deep familiarity with the budget books. Yet the final allocations that are presented to Tanzania's National Assembly represent just one stage of that process. Sikika's focus on the high-level allocations has drawn national attention, though it might also extend its campaign to influence other key stages in the budget process.

The importance of strategic change agents

The focus in the unnecessary expenditure campaign on media, MPs, and trade unionists led to considerable activity and coverage. Deepening its understanding of the power and incentives of both individuals and institutions could greatly strengthen Sikika's political position and its alliances. It might also help to identify likely opponents. Sikika has recognized this in its recent drive to help establish a Parliamentary Budget Office. It has been central to the process and was instrumental in ensuring that the proposal came from a multi-

party group of MPs rather than just the opposition, as was originally proposed.

The importance of alliances and broader constituencies

Alliances with key actors with access to information and channels of influence could also benefit Sikika's campaign. Such wider networks of influence might improve Sikika's access to decision makers. For example, Sikika's efforts have been strengthened by support from the Parliamentary Budget Office initiative, and its message has been amplified by several other CSOs. Sikika could also build upon its own grassroots networks more effectively to motivate for change in the system of allowances and related expenditures.

Sikika's technical analysis, its targeted advocacy, and its media engagement have brought the widespread misuse of public funds to the fore in Tanzania and have elicited responses from the highest officials. Still, meaningful change, especially against entrenched interests, often requires a sustained effort; with some early victories, Sikika's campaign is off to a remarkable start.

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