SUMMARY OF BUDGET ISSUES IN SOCIAL SECTORS

ZANZIBAR

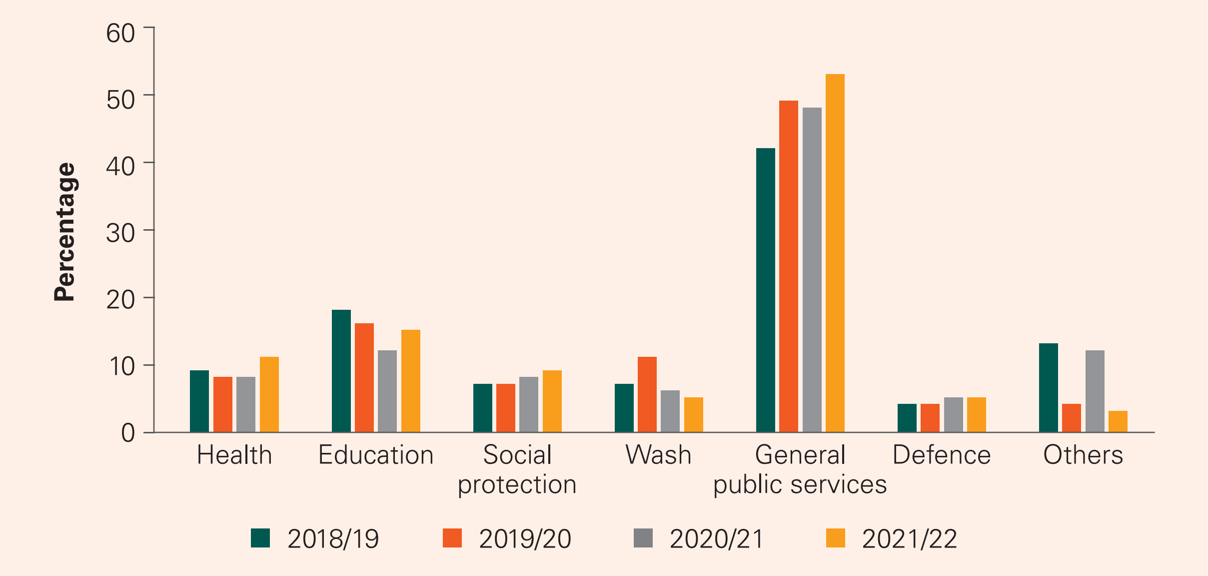
FY 2021/22

This paper summarizes the budget issues in selected social sectors (Education, Health, Water, Sanitation and Hygiene (WASH), and Social Protection and Welfare (SP&W)) in Zanzibar between FY 2017/18 and FY 2021/2022. The analysis focused on data obtained from the President's Office Finance and Planning (POFP), respective Ministries, Departments and Government Agencies.

Trends in budget allocation for selected sectors

Between FY 2018/19 and FY 2021/22, the budget allocation for social sectors in Zanzibar remained relatively constant at an average of 40 per cent of the total government budget (Figure 1).

Figure 1: Budget allocation trends for selected social sectors in Zanzibar between FY 2018/19 and FY 2021/22



Source: President's Office Finance and Planning (POFP)

Common budget issues in selected sectors (FY 2017/18 to FY 2021/22)

Factors such as low budget execution rates and challenges in mapping allocations vis-à-vis sector performance indicators were found to affect all the four sectors under review. This paper provides a brief illustration of the sector-specific issues that emerged during the analysis.

Education

With the introduction of decentralization by devolution (D&D) in 2017, Local Government Authorities (LGAs) were given the responsibility of delivering pre-primary and primary education. As a result, financial and human resources were directed to lower levels of government. Subsequently, unequal allocation of funds, gaps in availability of resources, and lack of clarity of roles and responsibilities within LGAs led to reversal of the D&D plan in the year 2021. The reversal meant that most of the education budget was allocated to the Ministry of Education instead of LGAs in the FY 2021/22 budget. Below is a summary of key highlights of the education sector.

Despite an increase of TSh 66 billion in nominal terms between FY 2017/18 and FY 2021/22, the sector allocation as a share of the government budget decreased from 18.3 per cent to 14.5 per cent, which is far lower than the 20 per cent allocation set in the Education for All (EFA) policy.

Despite an overall increase in the number of teachers working in the civil service between 2017 and 2021 (from 11,043 to 14,480), there are significant disparities in the distribution of teachers among districts. While the average pupil-to-teacher ratio (PTR) in primary schools is 39:1, it can range from as high as 81:1 in Micheweni district to as low as 26:1 in Kusini district.

The execution rate of foreign and local development budgets stood at 29 per cent and 57 per cent respectively, down from 94 and 63 per cent in FY 2018/19. Fluctuations in resource allocation, low execution of development partners' funding, untimely budget releases from the Treasury, procurement delays and insufficient human resources contributed to low execution rates of the development budget between FY 2018/19 and FY 2019/2020.

Health

The government's spending pattern indicates prioritization of a curative approach over prevention. As observed in the education sector, reversal of the D&D plan in the year 2021 resulted in most of the health budget being allocated to the Ministry of Health. During FY 2018/19 and FY 2019/20 most of the expenditure went into purchasing drugs and other medical supplies (37 per cent) and paying for medical services abroad (46 per cent). A change in policy that saw Zanzibar sending patients to Mainland Tanzania for specialized care and treatment instead of overseas led to a drop in medical expenses from 13 per cent of the total budget in FY 2016/17 to 3 per cent in FY 2020/21. Below is a summary of key highlights of the health sector.

There was an increase in nominal budget allocation from TSh 87 billion to TSh 205 billion between FY 2017/18 and FY 2021/2022. The sector share of the total budget increased from 8 per cent to 11.2 per cent over the same period, while remaining below the 15 per cent target set by the Abuja Declaration. Part of this increase is due to the reversal of decentralization, which saw the return of primary health care back to the Ministry of Health.

- In FY 2021/22, there was a higher allocation for curative care services (58 per cent) as compared to preventive care services (17 per cent). In the long term, this could undermine the achievement of Vision 2050's health objective of providing reliable primary health services to citizens as well as impose a huge burden on the health-care system in the future.
- Between FY 2018/19 and FY 2019/20, there was an increase in the overall budget execution rate from 70 per cent to 83 per cent. Nonetheless, challenges related to the execution of development partner budgets persist. In FY 2017/18, FY 2018/19 and FY 2019/20, the execution rates were only 5 per cent, 3 per cent and 23 per cent respectively.

Social Protection and Welfare (SP&W)

SP&W in Zanzibar is implemented by different stakeholders. The analysis covered four main categories of SP&W, which include social insurance, social assistance, labour market programmes, and social welfare services. There is no legal instrument that obligates stakeholders to implement different provisions of the social protection policy. Key budget highlights of the SP&W sector include the following.

- Between FY 2018/19 and FY 2021/22, the government increased allocation to SP&W sector nominally by TSh 77 billion. Out of this allocated amount, TSh 35 billion was allocated to social insurance, representing an increase of 55 per cent during the period, while TSh 42 billion was allocated to social welfare and assistance, representing an increase of 139 per cent during the same period.
- The period from FY 2018/19 to FY 2021/22 was characterized by a decrease in the share of the recurrent budget from 52 per cent to 23 per cent due to a gradual increase in the share of the development budget.
- The social protection and welfare budget as a percentage of the government budget increased from 7.1 per cent to 9.3 per cent between FY 2018/19 and FY 2021/22.
- Limited coordination and harmonization of funds for social welfare and assistance programmes across different government institutions restrict the visibility of the sector's performance, which may result in underfunding of the sector.
- There is limited on-budget support provided by development partners to the sector. In FY 2021/22, the only on-budget foreign development funding for the sector relates to the Productive Social Safety Net – Phase 2 (PSSN II) programme.
- The budget for the sector was characterized by low allocations to 'Other Charges' and execution rates. This mostly affected the Department of Elders and Social Welfare (DESW), youth and disability programmes.

Water, Sanitation and Hygiene (WASH)

The former Ministry of Land, Housing, Water and Energy (MLHWE) was split into the Ministry of Water, Energy and Minerals (MWEM), and the Ministry for Land and Housing. MWEM and the Zanzibar Water Authority (ZAWA) are the key implementers of the WASH budget for Zanzibar. MWEM is responsible for policy implementation, while ZAWA is responsible for managing water reservoirs and ensuring availability of clean and reliable water.

Sanitation and hygiene are undertaken by different implementers, which include the President's Office, Regional Administration, Local Governments and Special Departments (PORALGSD), Ministry of Education and Vocational Training (MoEVT), Ministry of Health, and the Second Vice President's Office (Disaster Management). Key highlights of the WASH sector including the following.

Between FY 2018/19 and FY 2021/22, the budget to the water sector increased by TSh 65 billion in nominal terms. This translates into a 70 per cent increase in the share of the water sector as a portion of the general government budget.

In FY 2020/21 and FY 2021/22, the proportions of recurrent budget were 9 per cent and 6 per cent of the sector budgets respectively. On average, 80 per cent of the water budget was allocated to the foreign development category. While this is indicative of development partners' willingness to invest in the sector, it requires a proportional allocation of domestic resources to ensure the maintenance and upkeep of facilities.

During FY 2018/19 and FY 2019/20, the execution rate of the Ministry's recurrent funds exceeded 100 per cent. The increase notwithstanding, this was accompanied by low utilization of local development funds, which dropped from 75 per cent to 32 per cent over the same period. Data available from the POFP indicates a zero per cent execution in FY 2018/19 and FY 2019/20 and suggests gaps in data reconciliation.

Revenue collection for water supply by ZAWA lags behind the target and appears to be declining, reaching 43 per cent in FY 2020/21. As a result, ZAWA is increasingly reliant on government subsidies. In FY 2020/21, ZAWA received 43 per cent of its total income in the form of government subsidies.

Due to the fragmented nature of the sector and lack of a separate vote for WASH, it was challenging to determine the sector budget for the purpose of this analysis and to assess the adequacy of funds being directed to sanitation and hygiene activities.