Analysis of Budget Allocation and Expenditures on Agriculture, Mbarali District Council, Tanzania REPORT

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LIST OF ACRONYMS

A-CBG	Agriculture – Capacity Building Grant
ANSAF	Agricultural Non-Sate Actors Forum
ASDP	Agricultural Sector Development Programme
BRN	Big Results Now
CAADP	Comprehensive African Agricultural Development Programme
CG	Central Government
COS	Council Own Source
DADG	District Agricultural Development Grant
DADP	District Agricultural Development Plan
DAICOs	District Agricultural Irrigation Cooperative Officers
DCDO	District Community Development Officer
DED	District Executive Director
DG	Development Grant
DGs	Development Grant
DIDF	District Irrigation Development Fund
DLDF	District Livestock Development Fund
DPLOs	District Planning Officials
DPs	Development Partners
FAO	United Nations Food and Agriculture Organization
FYDP	Five Year Development Plan
GDP	Gross Domestic Product
GoT	Government of Tanzania

LAAC	Local Authorities Accounts Committee
LGA	Local Government Authority
LGCDG	Local Government Capacity Development Grant
LGPFA	Local Government Public Finance Act
MDC	Mbarali District Council
NBS	National Bureau of Statistics
PwDs	People with Disabilities
SAI	Sustainable Agricultural Intensification
SAIRLA	Sustainable Agricultural Intensification Research and Learning in Africa
TAFSIP	Tanzania Agriculture and Food Security Investment Plan
TDV	Tanzania Development Vision
T-NLA	Tanzania -National Learning Alliance
TZS	Tanzania Shillings
URT	United Republic of Tanzania
VICOBA	Village Community Banks
WRC	Ward Resource Centers
WYDF	Women and Youth Development Fund

1. INTRODUCTION

1.1Background

Tanzania is committed to achieve the development goals and targets set under the Comprehensive African Agricultural Development Programme (CAADP), and the subsequent Malabo Declaration to transform agriculture and end hunger by 2025. In fact, the National Development Vision 2025 clearly expresses the country's desire to attain food self sufficiency and food security by 2025, among other issues. The Government has formulated a number of policy and institutional frameworks to facilitate the attainment of these development objectives. The Five Year Development Plan (TFYP) phase II is an important framework that guides development planning while the Tanzania Agriculture and Food Security Investment Plan (TAFSIP) 2011/2012 – 2020/2021 identifies the investments needed to achieve the national food and agriculture sector development targets.[1]

TAFSIP identifies seven (7) priority investment areas in the sector including: (1) Irrigation Development, Sustainable Water Resources and Land Use Management; (2) Production and rural Commercialisation; (3) Rural Infrastructure, Market Access and Trade; (4) Private Sector Development; (5) Food and Nutrition Security; (6) Disaster Management, Climate Change Adaptation and Mitigation; and (7) Policy Reform and Institutional Support.[2] Other initiatives intended to increase agricultural production and productivity, and ensuring food and nutrition security include the Agricultural Sector Development Programme, (ASDP II), the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), Kilimo Kwanza, and Big Results Now (BRN).

Agriculture is the major source of livelihood of the Tanzania population, contributing 95% of food consumed and providing about 66.9% of employment to urban and rural population of which, 53% are women. In addition, the sector provides 65% of inputs to manufacturing industries, and accounts for about 29% of GDP and 30% of total exports, mostly traditional crops such as cashew nuts, tea, coffee, cotton and tobacco.[3] Despite its importance, agricultural production and productivity remains low which, results in food insecurity, diminishing incomes and raising poverty levels, particularly in rural areas. It is therefore important to acknowledge that investments in agriculture are crucial to addressing the country's most pressing challenges

[1] URT, Tanzania Agriculture And Food Security Investment Plan (TAFSIP) 2011-12 to 2020-21, October 2018

[2] Ibid.

[3] FAO, Country Programming Framework for United Republic of Tanzania, 2017-2020, p.1, Jan 2017 http://www.fao.org/3/a-bt133e.pdf

including food and nutrition insecurities, food import crisis[4], youth unemployment, and income poverty, to mention just a few. Besides, the sector is expected to lead the country's economic growth and transformation from a low productivity agricultural economy to a semi-industrialized one[5].

1.2 Rationale for the Study

Tanzania has more than 44 million hectares of suitable farming and grazing land. However, only 33% of the total arable land is cultivated and the practice of shifting cultivation, improper use of agro-chemicals and other poor farming methods have caused deforestation and degradation of both pastoral and farming land.[6] Farming is mainly characterised by small-scale subsistence production using hand held tools. According to reports from the National Bureau of Statistics (NBS), Tanzania's primary staple cereal crops are maize, rice, sorghum, millet and wheat.

The country has a young, fast growing population with an estimated total of around 52.5 million people in 2018.[7] With the annual growth rate of 3.1%, Tanzania's population is expected to reach 89.2 million people in 2035. (NBS, 2018)[8]. This poses a challenge to food and nutrition security and thus the need to intensify agricultural production. Currently, increasing demands are being made on land sources to enable the production of food to feed the fast-growing population as well as transform the economy to semi industrialisation. Investments in sustainable agricultural intensification (SAI) are particularly relevant to Tanzania in order to sustain agricultural production and productivity without depleting farm lands, water and other natural resources; limit chemical contamination, expand the supply of food; and strengthen livelihoods.

It is based on this understanding that the Tanzania National Learning Alliance (T-NLA) on Sustainable Agricultural Intensification was in established in 2017[9]. T-NLA a multi-stakeholders platform which is intended to generate and share evidence based research on sustainable agricultural intensification, build the capacity of stakeholders, policy dialogue and develop tools to enable the Government of Tanzania (GoT), private investors and other key actors to deliver more effective

[4] Tanzania spends about USD 420 million annually to import food with dairy, wheat and poultry taking the largest share of the food imports.

[5] Tanzania Five Year Development Plan

[6] Agricultural Sector Development Programme Document (ASDP, II)

[7]https://www.nbs.go.tz/nbs/takwimu/census2012/Tanzania_Total_Population_by_District-Regions-2016_2017r.pdf

[8] URT, National Population Projections, National Bureau of Statistics, February 2018, pp 55-65

[9] SAIRLA is a DFID-funded programme implemented in Burkina Faso, Ethiopia, Ghana, Malawi, Tanzania and Zambia. It is managed by WYG International and the Natural Resources Institute (NRI) at the University of Greenwich, UK.

policies and investments in equitable SAI. This initiative is part of the Sustainable Agricultural Intensification Research and Learning in Africa (SAIRLA) Programme, which is a UK Department for International Development (UKAid) funded programme that functions through research projects and social learning alliances.

Guided by its three priority thematic areas of equity, trade-offs and services, T-NLA works hand in hand with 5 SAIRLA research projects which are implemented in selected districts of Mbeya, Iringa, Mtwara and Tanga regions. The equity theme looks at how issues such as power relations, decision making and budgeting can be best incorporated into policies and practice to ensure the needs and interests of marginalised smallholders especially women and youth are properly addressed. With over 51% of the population being women, and over 65% being youth and children under 25 years, it only fair that Tanzania optimises on population dividend. Moreover, gender and youth mainstreaming is recognised by the government as a cross-cutting area which needs to be addressed at all levels, sectors, and in both technical and management areas. The ASDP II aims to contribute to this by: a) Undertaking both socio-economic and gender/youth analysis and b) Ensuring that gender and youth mainstreaming is operationalised in all ASDP II interventions[10]

The services theme is aimed at strengthening the quality of extension services and improve the interaction between farmers, extension officers and researchers whereas, the trade-offs theme allows stakeholders to explore the economic, environmental, food and nutrition security trade-offs driving both public and private investment decisions in the implementation of sustainable agricultural intensification (SAI) in Tanzania.

The current study seeks to gather pertinent information related to agricultural sector budgetary allocations and expenditures in one of SAIRLA research project districts, namely Mbarali District Council (MDC). The main objective is to inform local government officials, councillors and other stakeholders about MDC spending priorities, budget performance and challenges, and propose interventions that could lead to a more equitable allocation of resources and sector transformation.

1.3 The Specific Objectives and Purpose of the Study

This study aims to:

i. Identify the amount of budget allocated to agriculture for the last five years i.e. 2013/14 through to 2017/2018 for each of the council's four main sources;

[10] Agricultural Sector Development Programme Document (ASDP, II)

ii. Assess how the funds allocated for agriculture development were spent;

iii. Find out whether the GoT guidelines on 20% and 10% budget allocation from the Council's own revenue sources are going to agriculture and special development fund for youth and women respectively;

iv. Establish the amount of funds allocated to youth and women for agricultural related activities and how this was used; and

v. Provide recommendations on how to improve the planning and budget policies and practices in Mbarali DC.

Findings from the study will be used to advance T-NLA's social learning agenda for improving policies and investments in SAI at the local and national levels.

1.4 Scope of the Study

This study examines agricultural sector budget trends in Mbarali District Council for the period of five years - from 2013/14 to 2017/18. It shows the percentage share of agriculture in the council budget and compares the amount of funds allocated to support sector development with other key sectors such as education, health, rural roads and water. Moreover comparisons are made between recurrent and development budgets as well as the approved budget (revenue) and the amount of funds that were actually disbursed from different sources (i.e. central government, council own revenue sources and development partners) to support agricultural development.

Based on amounts of funds released, the study analyses how the money was spent and the corresponding activities in each financial year. In particular, the analysis assesses District Agricultural Development Plan (DADP) allocations and expenditures under DADP respective components of the District Agriculture Development Grant (DADG); Agricultural Capacity Building Grant (ACBG); and Agricultural Extension Block Grant (AEBG). The analysis also includes other agricultural development grant windows such as District Irrigation Development Fund (DIDF) and District Livestock Development Fund (DLDF).

Furthermore, based on government guidelines for planning and budgeting at Local Government Authorities (LGAs), the study assesses whether the sector receives 20% allocation from council own sources (COS) to promote agricultural production and productivity, and contribute to reduction of poverty and food insecurity in Mbarali district and beyond. Similarly, the study examines whether 10% of LGAs own revenue resources has been allocated for women and youth development, the type of activities that the funds were spend on, and who benefited from the budget allocation.

Finally, the study report suggests strategic actions to be taken by MDC to deliver budgets that will enable smallholder producers especially women and youth to access and benefit from MDC budget and thereby transform agriculture.

2. THE STUDY APPROACH AND METHODOLOGY

The information in this analysis report was mainly obtained through checklists, interviews and desk review of reports shared by relevant departments at MDC such as the Council Medium Term Development Plans and Budgets, Quarterly performance reports, and LAAC reports for the period under study. In addition to this, the consultant reviewed various documents related to food and agriculture sector in Tanzania; including the National Agricultural Development Policy of 2013[11], Tanzania Development Vision 2025, Tanzania Agriculture and Food Security Investment Plan (TAFSIP), National Five Year Development Plan phase II, the Agricultural Sector Development Programme phase II, and planning and budget guidelines developed by the Ministry of Finance and Planning, and research reports to mention just a few.

In order to get additional information, face to face interviews were held with relevant officials from District Agricultural Irrigation Cooperative Office (DAICO), District Planning Office (DPLO), and Community Development Office. The Local contact person at the district played a significant role in ensuring easy access to budget documents and MDC officials.

The study was conducted for seven days, spread between December 10th, 2018 and January 10th, 2019, and covering three phases as follows:

- Phase 1: Preparatory activities including review of previous budget analysis report for Mbarali DC, clarification meeting with the local consultant, review of checklist, setting interview appointments with MDC officials and courtesy visit to the District Executive Director (DED).

- Phase 2: Data collection which involved gathering the needed information through interviews and feedback/clarification meetings with relevant staff at MDC.

  Phase 3: Report writing which involved data analysis, interpretation and preparation of draft analysis report for submission to T-NLA Facilitation Team

[11] http://www.tzdpg.or.tz/fileadmin/documents/dpg_internal/dpg_working_groups_clusters/cluster_1/agriculture/2._Ag_policies_and_strategies/National_ag_policies/1._2013_NATIONAL_AGRICULT

and SAIRLA management. A final report incorporating comments and inputs from stakeholders will be submitted soon after getting comments.

3. KEY FINDINGS

Tanzania signed the CAADP Compact in July 2010, which signifies country's official commitment to allocate 10% of the national budget to agriculture, and attain 6% growth rate per annum. Since then, attempts have been made by the government to increase public investments to the sector. The Planning and Budget Guidelines for LGAs for example, instruct all local government authorities in Mainland Tanzania to allocate 20% of revenue from council own sources to agriculture. Additionally, the guidelines require each LGA to set aside 10% of their COS to support women and youth development projects, including those related to agriculture. The following sections examine the extent to which budgetary allocations and expenditures in Mbarali DC reflect this government commitment.

3.1 Agricultural Budget Trends in Mbarali District Council

Generally, the agriculture budget in Mbarali district has been fluctuating over time, leading to difficulties in achieving the targets set in MDC District Agriculture Development Plans (DADPs). During 2013/14 fiscal year, allocation to agriculture was 804 millions, which is equivalent to 2.9 percent of the total LGA budget in absolute nominal terms, but it declined to 1.3 percent in 2014/15. Two years later, in 2015/16 and 2016/17 there was significant increase in the agriculture budget to 7.1 percent and 10.1 percent respectively. After that there was no increment at all (See Table 1 below).[12]

According to interviewed LGA officials, small and unpredictable budgetary allocations have been the main reason for failure in initiating and completing some of agricultural projects which could have enormous benefits to smallholder farmers in Mbarali DC such as intensive production and processing of horticulture commodities.

[12] The budget figures presented in this section are nominal budget figures.

Table 1: Trend of nominal total budget and allocation to agriculture, Mbarali District Council 2013/14 -2017-2018

Financial Year	Total MDC budget in Millions TZS	Total MDC agric. Budget in Millions TZS	% increase in agric. budget	Agric. budget as % of council budget	% change in the allocation
2013/14	27,599.3	804.0		2.9	
2014/15	40,729.6	519.4	-35.4	1.3	-1.6
2015/16	49,123.9	3,503.3	574.5	7.1	5.8
2016/17	21,075.9	2,130.0	-39.3	10.1	3.0
2017/18	21,075.9	520.1	-75.6	2.9	-7.2

Source: MDC District Planning Department

In order to find out the main reason for unpredictable allocations, the analysis compared budget figures at the national level with those of Mbarali DC during the study period. Central Government (CG) is the main source of finance for local governments and therefore sectoral allocations at the national level are likely to affect the flow of funds down to the LGAs. The study finds that on average the CG accounts for over 80% of total financial disbursements (i.e. actual amounts of funds received) to the council. Figure 1 below indicates the share of agriculture in the national budget as well as the MDC budget for the past five years.

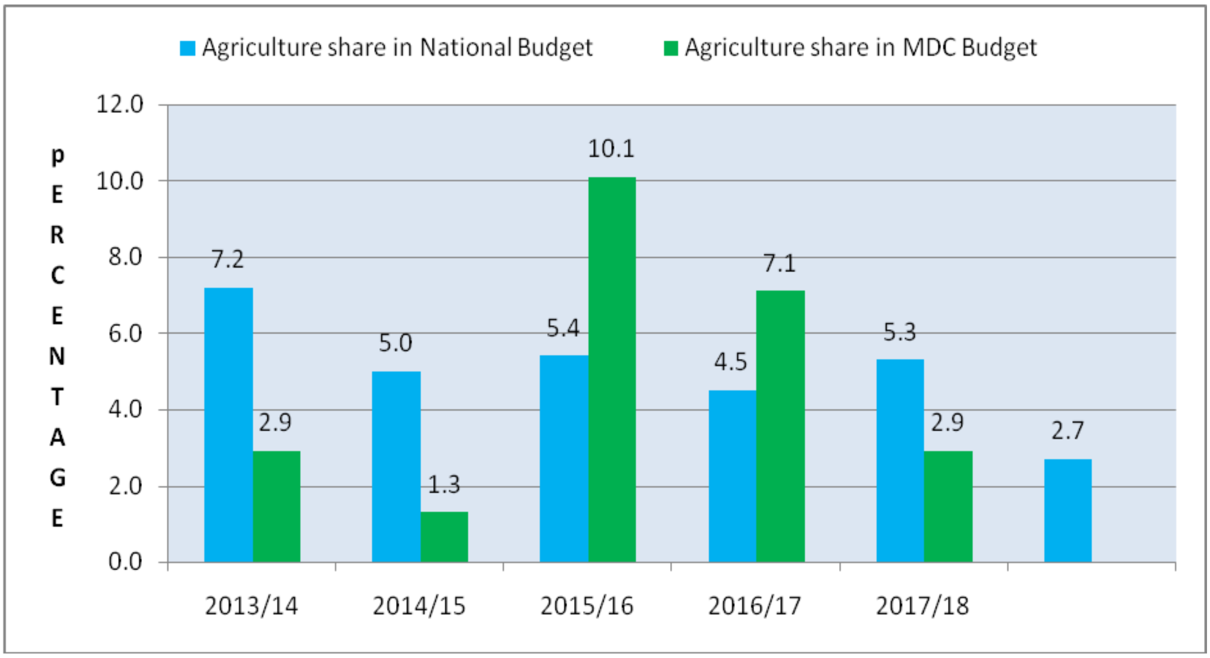
The results depict some similar trends. The percentage share of agriculture in the national budget also dropped from 7.2 percent in 2013/14 to 5 percent in 2014/15. Then there was a small increment to 5.4 percent in 2015/16 but it dropped by nearly one percent to 4.5 percent in 2016/17, and the fluctuations continued. One observation worth noting is that despite a slight increase in agriculture share of the national budget in 2015/16, sectoral allocations in Mbarali DC increased significantly – from 1.3.1% in 2014/15 to 10.1% in 2015/16, which is beyond the national target of 10%. Available information shows that this increment was due to allocations from Big Results Now (BRN) Fund[13].

As could be seen, national budget allocation to agriculture was substantially reduced to 2.7 percent in fiscal year 2018/19 (See Figure 1: Agriculture Budget Share of the National Budget and MDC Budget, 2013/14-2017/18 below).

[13] The Big Results Now! (BRN) programme was launched in early 2013. It was a transformational government programme which sought to adapt the successful Malaysian approach to economic development and improving service delivery

The Source financing for the Total MDC Budget by Year is presented in Table 2. This study noticed that total disbursements for FYs 2016/17 and 2017/18 were smaller than expected, however it was not possible to validate this information due to lack of relevant reports.

Figure 1: Agriculture Budget Share of the National Budget and MDC Budget, 2013/14-2017/18



Source: ANSAF Budget Analysis Report, 2018 and Computation by Author

Table 2: The Sources of Total MDC Budget, 2013/14- 2017/18

Financial Year	Amounts of Total Disbursements in TZS Millions			
	Council Own Sources	CG Transfers	Development Partners	Total Disbursements
2013/14	1,396.8	18,239.2	3,006.3	22,642.3
	6.17%	80.55%	13.28%	100.00%
2014/15	2,141.0	23,521.4	3,346.2	29,008.7
	7.38%	81.08%	11.54%	100.00%
2015/16	2,670.2	25,692.6	4,077.6	32,440.4
	8.23%	79.20%	12.57%	100.00%
2016/17	2,980.8	3,707.4	4,729.3	11,417.6
	26.11%	32.47%	41.42%	100.00%
2017/18	2,556.8	2,287.3	4,772.7	9,616.7

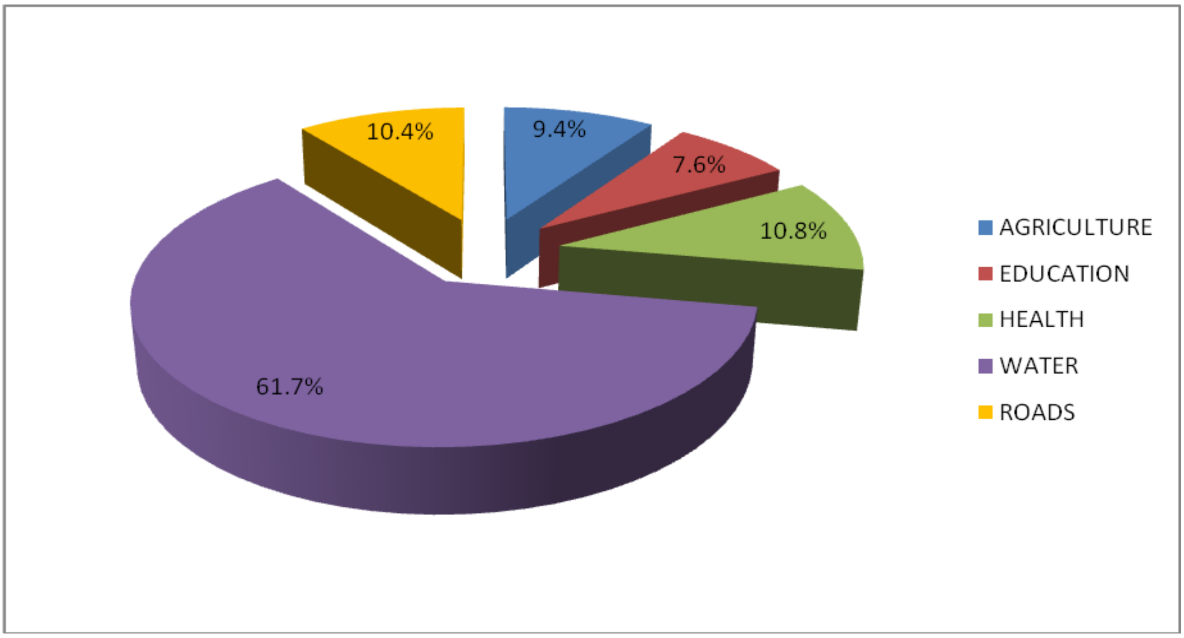
	26.59%	23.78%	49.63%	100.00%

Source: MDC, December 2018

3.2 Allocations to Agriculture and Other Key Sectors by Mbarali DC

This section compares budget allocation to agriculture with other key sectors, namely education, water, health and rural roads. This is important in order to establish the extent to which Mbarali District Council prioritise the sector in its budget spending. A comparative analysis shows that of the five key sectors, agriculture holds the fourth position for cumulative budget covering a period between 2013/14 to 2017/18 (Figure 2.) The sector that received the biggest share of the council budget is water (61.7%), followed by Health (10.8%) and Rural Roads (10.4%)[14] Agriculture is the major economic activity in Mbarali and therefore increased investments to the sector has the potential to impact on development in other sectors as well.

Figure 2: MDC Cumulative Budget by Sector, 2013/14 - 2017/18



Source: Planning Department, Mbarali District Council

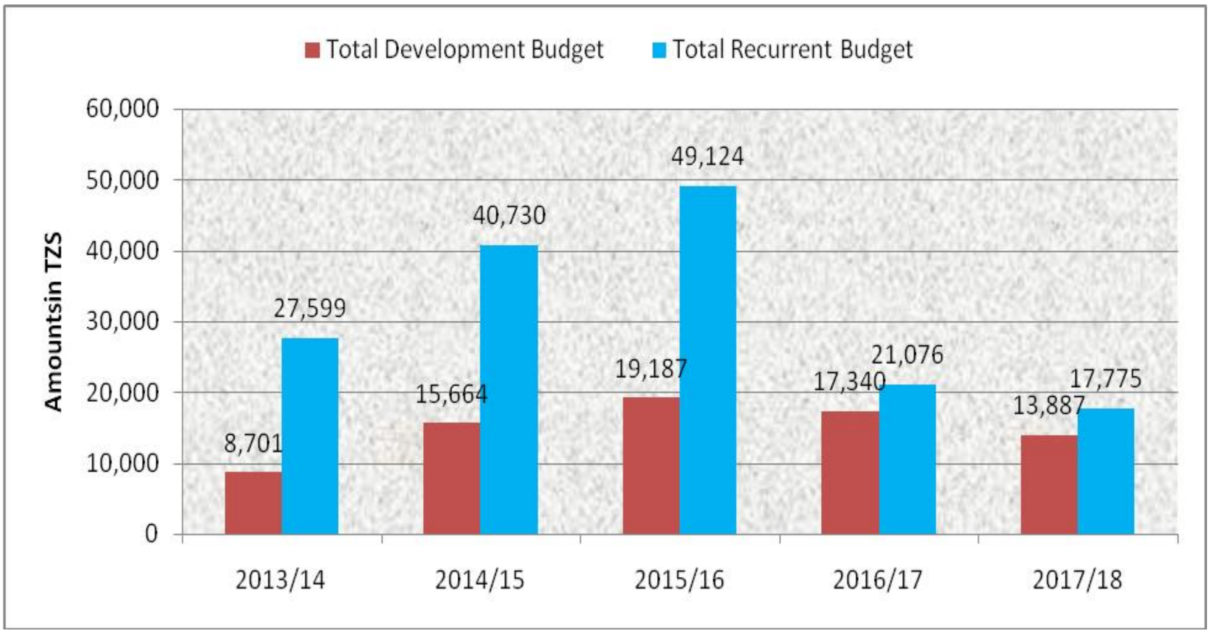
[14] These budget figures exclude allocations to Rural Roads in fiscal year 2017/18. All activities related to rural roads now managed by newly government institution other LGAs.

3.3 Allocations to Recurrent and Development Budgets for Mbarali DC

As is the case with other LGAs in Tanzania, the MDC budget is composed of recurrent and development budgets. The former covers the cost of personnel emoluments (i.e. salaries and allowances for government staff) and other charges (e.g purchase of fuel, car maintenance, purchase of working gears etc) while the latter caters for development costs such as construction of schools, health centres, irrigation schemes, agriculture mechanisation etc. In the context of agriculture, it is the development budget that is expected to directly contribute to increased agricultural production and productivity thereby reducing hunger and income poverty at the local level.

Disaggregation of the entire MDC budget into development and recurrent components for the past five years shows that a portion of council budget (cumulative) is allocated to recurrent activities (52.2%) as compared with development budget (47.8%). This demonstrates the challenges with implementing the fifth phase government's commitment to reducing unnecessary administrative expenses in order to increase funding on development interventions that have better outcomes for poor people (Figure 3). However, based on available data, the study could not establish the proportion of agricultural budget that went to recurrent and development activities.

Figure 3: Budgetary Allocations to Recurrent and Development Activities in TZS Millions



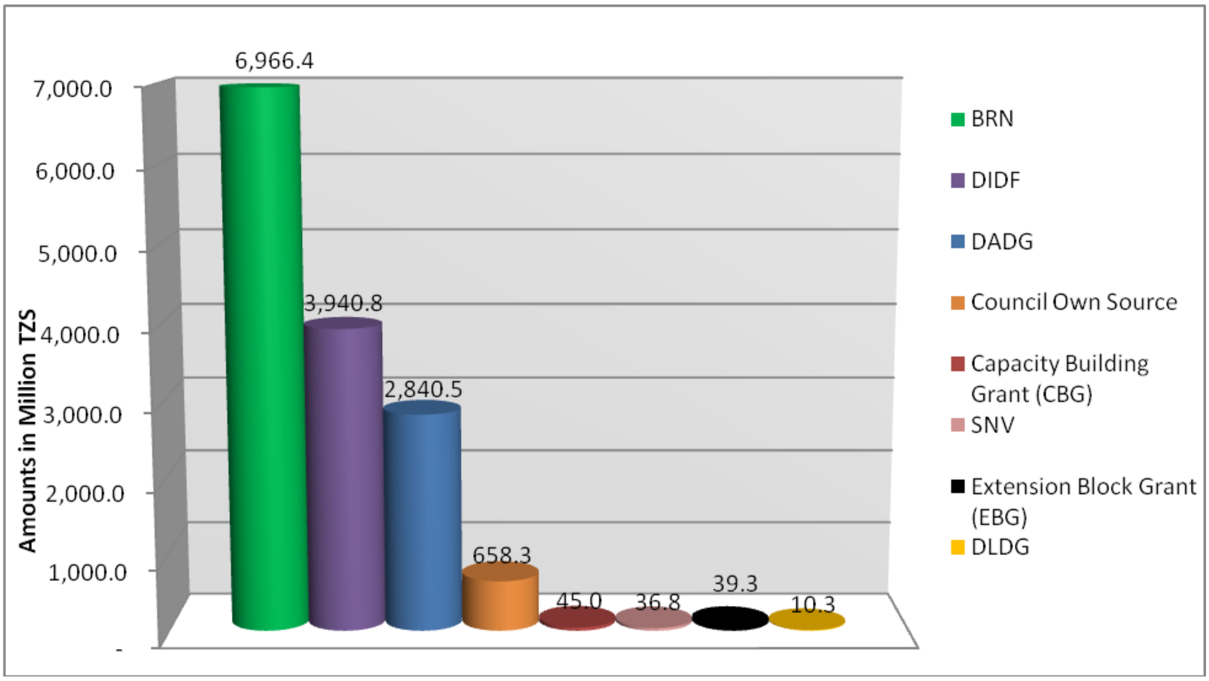
Source: Planning Department, Mbarali District Council

3.4 Major Sources of Agriculture Financing in MDC

The Local Government Finance Act, 1982 describes the main sources of revenues for LGAs in Tanzania which includes Central Government (CG) transfers, contributions from Development Partners, Local borrowing and the LGA Own revenue resources, also referred to in this report as Council Own Sources (COS). The latter includes revenue, among others collections from land rent, produce cess, service levy, hotel levy, forest produce cess, stand bus fees, tender application fees, sale of plots and other various licenses, fees and charges. According to MDC Officials at DAICOs office, despite the variety of sources, produce cess has remained the main source of the council own revenue, contributing to more than 80% of COS over the past five years. This study could not establish the exact amount of total own sources that went to agriculture due to lack of access to relevant reports.

Transfers from CG to finance district agricultural development plans (DADPs) are mainly allocated through three financing components namely: (1) District Agricultural Development Grant (DADG); (2) Agriculture Capacity Building Grant (A-CBG); and (3) Extension Block Grant (EBG). DADG funds are intended to support actual investment in agriculture such as farm equipment and machinery, construction of irrigation schemes, market structure storage facilities, seeds, and agro chemicals. Whereas, A-CBG grants are meant to support training and capacity building of farmers and EBG supports extension service system and agriculture advisory services at the local government level. Other financing windows available in some districts include District Livestock Development Fund (DLDF), District Irrigation Development Fund (DIDF) and Contribution from Development partners. Figure 4 presents budgetary allocations from different sources of funds to support agriculture development activities in Mbarali district between 2013/14 and 2017/18. Budgetary allocations by year are attached in **Appendix 2.**

Figure 4: Agriculture financing by source for Mbarali DC



Source: Compiled by Author

The analysis finds that the total cumulative budget of TZS 14.5 billion allocated over the past five years to support agriculture the biggest proportion came from BRN (47.9%) followed by DIDF (27.1%), DADG (19.5%) and Council Own Revenue Sources (4.5%). The rest of the sources contributed less than 1% of the total allocations. These findings entail that the sector has been largely dependent on transfers from the central government, which have been highly unpredictable especially in recent years. Reportedly, most transfers from CG are received during the third and fourth quarters (February –May) and thereby delaying implementation of planned activities for the first and second quarters. LGA officials at DAICO's office further revealed that the GoT guidelines on 20% allocation of COS to finance agriculture are not followed. The council only allocates minimal resources to agriculture, most of which is used to cover administrative costs (OC).

It is important to note that there is inconsistency in the information collected from DAICOs and DPLOs office regarding financial allocations from Development Partners to support agriculture. While records from DPLO showed that there were no allocations from DPs to finance the sector, available information at DAICOs office present a different story. As indicated earlier, the district was allocated a total of TZS 6.9 billion in 2015/16 from the World Bank funded BRN grant window. Similarly, in 2016/17 a sum of TZS 94.8 million from BRN plus TZS 36.8 million from SNV were allocated to agriculture respectively. The district planning office is the main source of official information at the LGA level and therefore there is a need to strengthen the reporting and record keeping system at the department.

3.5 Comparison of Approved Agricultural Development Budget, Actual Receipts and Expenditures

This section compares the approved agricultural development budget for (i.e. budget figures approved by parliament), the actual amount of funds disbursed from different sources and how much was actually spent on agriculture development activities between fiscal years 2013/14 - 2017/18. In principle, there should be a match between the three components for any budget to be implemented effectively.

Data from DADP Quarterly Performance Reports for the period under review reveals that the deficit between the approved budget and actual receipts has been consistently increasing over time except for 2015/16 fiscal year (see Table 3). Graphic presentation of the difference between approved budget and disbursements is provided in Figure 5**.**

Table 3: Comparison of Approved Budget for Agricultural Development with Actual Disbursements in MDC, 2013/14 -2017/18

Year	Approved Budget	Actual Receipts	Deficit	Actual receipts as percentage of Approved Budget	Expenditures	Expenditure as percentage of Actual Receipts
2013/14	336,574	72,860	-263,714	21.6%	72,860	100.0%
2014/15	413,026	35,000	-378,026	8.5%	35,000	100.0%
2015/16[15]	4,347,717	1,465,000	-2,882,717	33.7%	1,465,000	100.0%
2016/17	1,267,184	74,752	-1,192,432	5.9%	74,752	100.0%
2017/18	525,120	27,520	-497,600	5.2%	27,520	100.0%
2018/19	681,518	7,262	-674,256	1.1%	7,262	100.0%

Source: Department of Agriculture Irrigation and Cooperatives, MDC

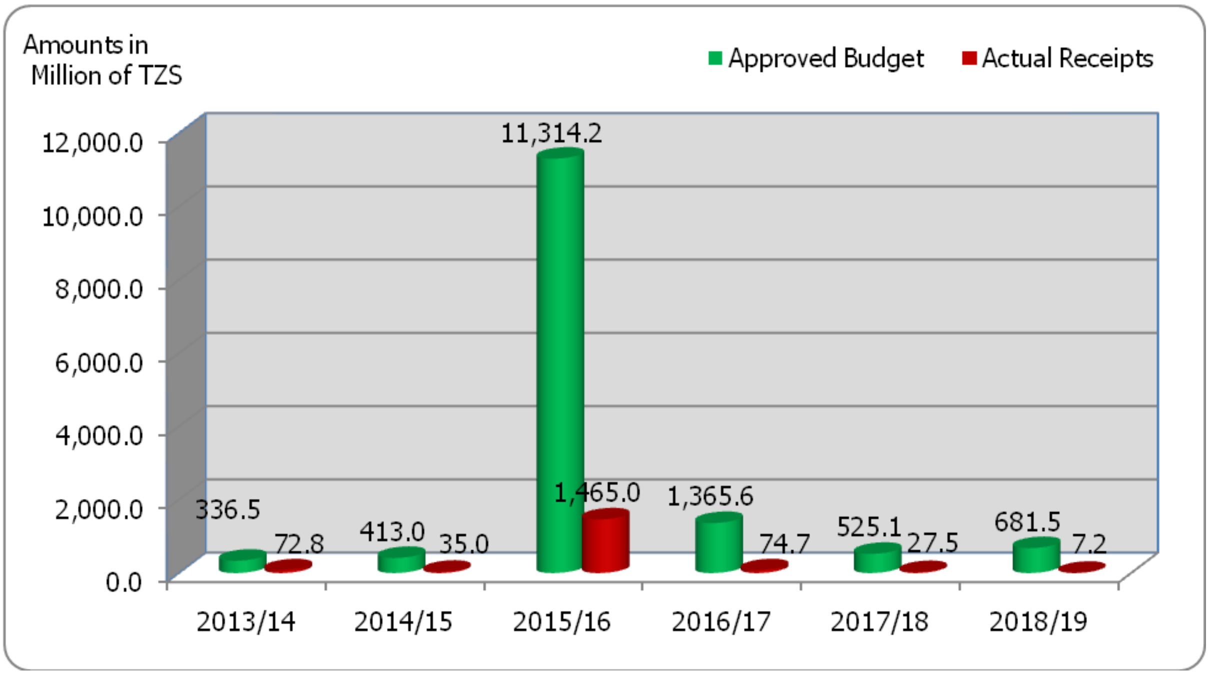
In 2013/14, only 21.6% of the budget was received. While this increased to 33.7% in 2015/16, in 2017/18 the LGA received only 5.5% of the total approved DADP

[15] The budget figures for 20115/16 and 2015/16 exclude allocations from BRN and SNV since the funds were not directly disbursed to the council. Financial reports from the Ministry of Agriculture and SNV were not available for review.

budget. Worse still in 2018/19 the LGA only received 1% of the approved DADP funds up until the end of the first two quarters of fiscal year i.e. December 2018.

MDC officials at DAICO's office revealed that the huge deficit is due to completion of ASDP phase one in 2012. The programme was jointly funded by the government and development partners and thereby provided reliable funding which enabled all LGAs in Tanzania to implement their DADPs. The official also revealed that despite the big delays in disbursements from central government and other sources, the LGA was able to spend all funds received from the different sources in the past five years. Recently, the government has launched ASDP phase 2 which it is expected to improve the flow of funds from CG down to the LGAs.

Figure 5: Comparison of Approved Budget for District Agricultural Development Plans with Actual Receipts and Disbursements, 2013/14 -2017/18



Source: DAICO's Office

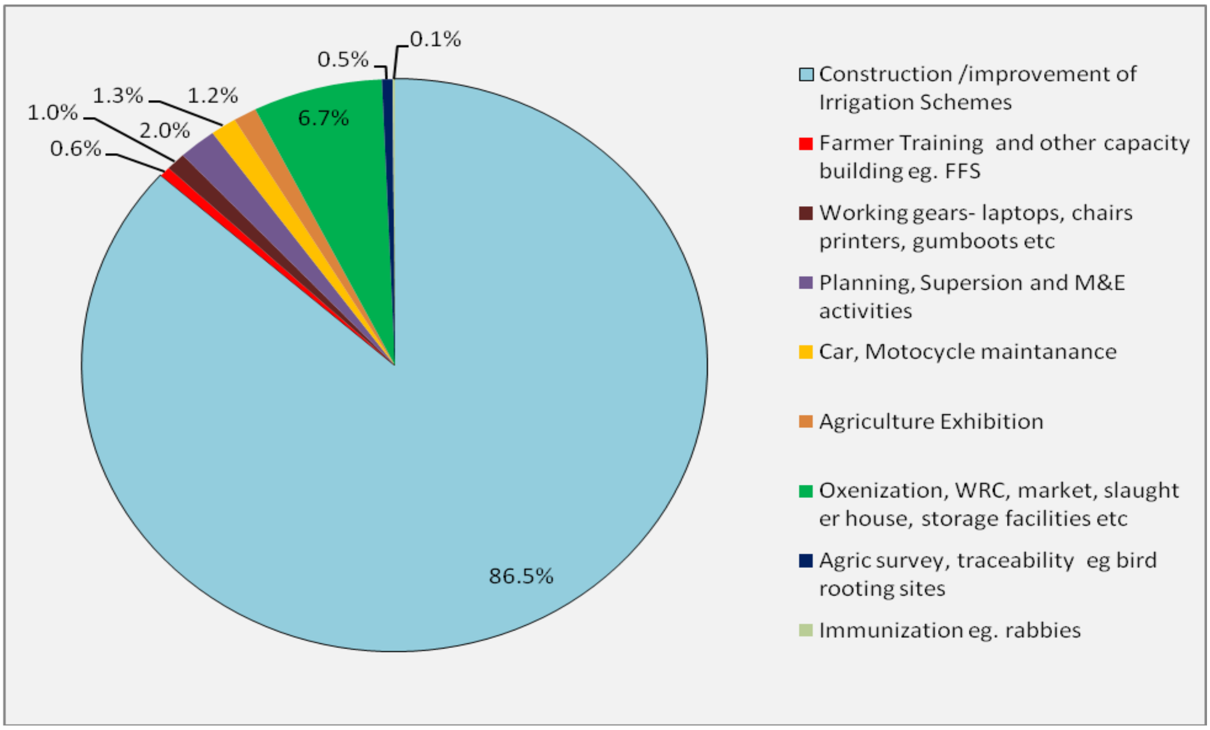
3.6 Agricultural Spending Priorities

As is noted in section 3.4 above, Mbarali District Council has received funding from different sources to support implementation of DADP, DIDF and DLDF activities during the study period. This section attempts to show how the funds were spent across the different financing windows for the past five years (cumulative). The results indicate that huge sums of agriculture finances (86.5%) are going into construction and improvement of irrigation schemes. The second priority spending area is construction/maintenance market facilities; ward resource centers (WRC), oxenization center and other facilities (6.7%) whereas planning, supervision and M&E activities (2.0%) takes the third position. The rest of the activities only received about 1% of all funds or less (see Figure 6).

Paddy production is the main food and cash crop in Mbarali District, making it to be one of the main paddy producers in Mbeya region and in the country at large. The production of paddy largely depends on irrigation thus; more investment in irrigation schemes could be needed. Other crops produced in the district include maize, sweat potatoes, sorghum, sunflower, cassava, beans, groundnuts and vegetables.

Given the current financing situation at the LGA, perhaps there is a need to assess how the budget that goes to irrigation schemes can be spent more strategically on interventions that will ensure sustainability of the irrigation schemes. Currently, conservation agriculture initiatives are implemented in few villages such as Mapogoro, Mwendamtitu and Msesule.

Figure 6: Key spending areas in agriculture, 2013/14-2017/18



Source: DAICO's Office and computation by Author

3.7 10% Allocation to special fund for Women and Youth and its contribution to Agriculture

In Mbarali District, women (51.5%) and youth (32%) constitute the majority of the population.[16] The National Youth Development Policy, 2007 defines youth as young men and women from the ages of 15 to 35 years. As such, improving youth and women's access to finance and other productive capital is essential to improving production and productivity while reducing poverty and eradicating hunger. For the past five years, the government of Tanzania has emphasized on the need for all LGAs to allocate part of their own sources revenue to support women and youth development projects in their respective areas.

In 2016/17 fiscal year, the mandatory requirement was five percent of LGA own resources but the percentage was raised to 10% in 2017/18. In fact, the guidelines for preparation of plans and budget for Local Governments clearly instruct that 4% of the COS allocation should go to women, another 4% to youth and the remaining 2% to people with disabilities (PwDs).[17]

Furthermore, the guidelines require LGAs to monitor implementations of the special development funds in order to achieve the expected results. The women and youth development funds are managed by LGA Community Development Department with support from community development officers stationed at the ward and village levels. The special development fund provides soft loans to women, youth, and PwDs economic groups to enable them to engage in productive activities.[18]

Findings of this study revealed that during the period between 2013/14 and 2017/18, Mbarali district council allocated a total of TZS 526.8 million which is equivalent to 4.5% of total council proper own resources.[19] From 2013/14 through 2015/16 there was no budgetary allocation towards women and youth development fund (WYDF), but beginning 2016/17 fiscal year, the council allocated 9.5% of its own sources to women and youth. The same applies to 2017/18, where the council allocated 9.5% of total COS to the special fund. These findings show that for the last two years, MDC allocations to WYDF were slightly less than the 10% requirement

[16] Mbarali District Socio-Economic Profile, 2015

[17] URT, Guidelines For The Preparation Of Plans And Budget 2018/19 Ministry Of Finance And Planning November, Ministry of Finance and Planning, November 2017

[18] Previously, beneficiaries of Women and Youth Development Funds were required to repay the full loan amount plus 10% interest rate but interest rate has been removed beginning 2018/19 fiscal year which means that they will only pay back the loaned amounts.

[19] Proper own source excludes all restricted sources such as collections from user fees, school fees, NHIF etc. Example school fees are collected by LGA but they cannot be used for any other purposes than school expenses.

(see **Table 4**). There is a need to sustain LGA own revenue collection in order to allocate sufficient funds especially now that LGAs revenue sources have become narrower.

Table 4: Budgetary Allocations to Women, Youth and people with Disabilities

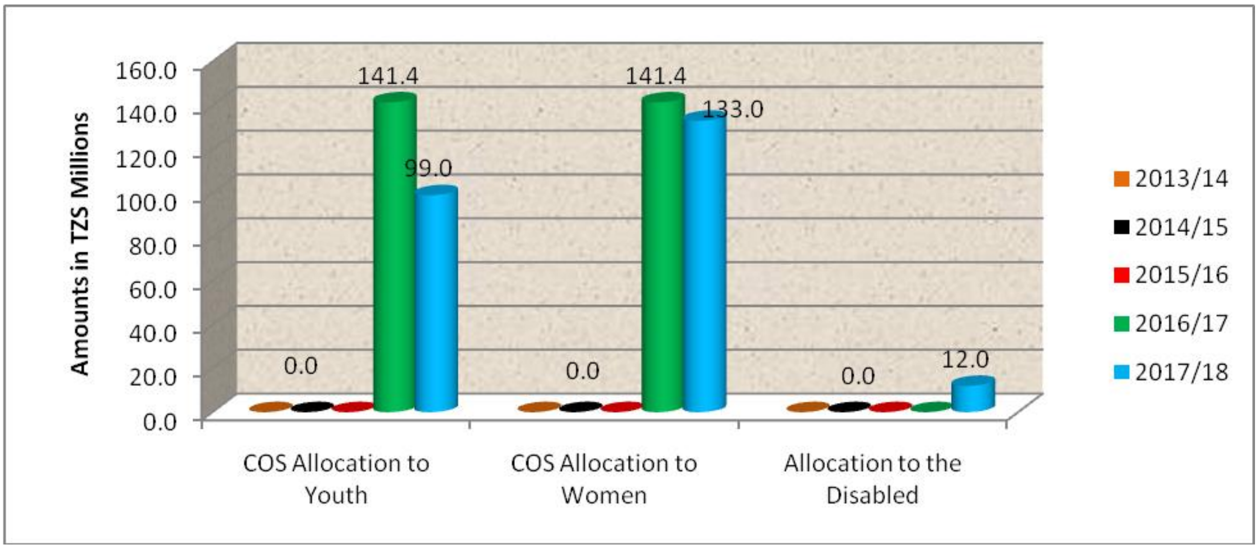
Financial Year	Total Proper Own Source	COS Allocation to Youth	COS Allocation to Women	Allocation to the Disabled	Total Allocation to WYDF	% of own source that went to WYDF
2013/14	1,396.8	0	0	0	0	0.0%
2014/15	2,140.9	0	0	0	0	0.0%
2015/16	2,670.2	0	0	0	0	0.0%
2016/17	2,980.9	141.4	141.4	0	282.8	9.5%
2017/18	2,556.8	99.0	133.0	12.0	244.0	9.5%
Total	**11,745.7**	**240.4**	**274.4**	**12.0**	**526.8**	**4.5%**

Source: Department of Community Development, MDC

Recently, the Central government has taken away some important sources of funds from local authorities including property tax, billboards and parking fees. This move will most likely reduce own source collections in the majority of LGAs. Moreover, it was observed that scant resources are disbursed at district to cover OC leading to a bigger portion of COS being spent on facilitating council operations, especially transport and meeting allowances for councilors.

Further analysis indicates that in 2016/17, allocations to WYDF were equally shared between women and youth i.e. TZS 141.4 million each. However, LGA officials at Community Development Department revealed that in addition to Council Own Sources, the youth received a total of TZS 11,500,000 in 2015/16 and TZS 33,200,000 in FY 2016/17 from the Prime Minister's Office (PMO), making youth the majority beneficiary of the special development fund. In 2017/18, the amount of COS allocated to youth was reduced to TZS 99 million against TZS 133 million and TZS 12 million allocated to women and PwD respectively (see Figure 7). These findings indicate that the GoT guidelines on distribution of the special fund are not properly observed. Even so, women constitute over 50% of the population and thus it is only fair that they are allocated more resources. Reportedly, a total of 49 youth, 98 women, and 3 PwDs economic groups benefited from the special youth and women development fund since 2016/17 FY.

Figure 7: Distribution of 10% Own Source by Specific Groups



Source: DCDO Office, Mbarali District

The analysis also assessed where the funds were spent during the entire period that the special funds were operational, and whether they have had any contribution to agriculture. It was revealed that about 70 percent of the funds were spent on projects related to paddy production and processing. Other areas that the funds were spent on include: simsim production and horticulture (10%); poultry and livestock especially goat keeping (10%), transport service i.e. Bajaj and Bodaboda (5%); and entertainment, and other entrepreneurial activities such as building materials, basket making etc (5%). Based on this breakdown, it is very clear that the agricultural sector is prioritised in MDC special funds for women, youth and people with disabilities.

However, observations from interviews with officials at DAICO's office indicate that there is minimal collaboration between the department of community development and the department of agriculture in management of the special development funds. The former has been solely in charge of soliciting project proposals, identifying and selecting the suitable groups to implement the projects, supervision and monitoring projects implementation. Given that a significant part of the fund is spent on agriculture related projects improving consultations and collaboration between the two departments is likely to lead to more successful implementation of the projects. For example, agricultural officers/extension staff at district and sub district levels can support the fund by providing advisory services to members of the beneficiary groups involved in agriculture related projects.

MDC officials at DCDO further revealed a number challenges facing the department in managing the fund, including lack of funds to facilitate supervision, monitoring and evaluation activities, higher demand for loans as compared to district's ability to provide the loans and lack of commitment on the part of beneficiaries to pay back the loans. Reportedly, there is some evidence of fraud especially on the part of youth when it comes to loan spending, as it was for instance noted by one official "…*in some cases, the loans are used for unintended purposes which lead to financial losses to the council. Examples, in one youth group, the treasurer run away with all the money (TZS 4,000,000/=) leaving the other group members empty handed."*

4. CONCLUSIONS AND RECOMMENDATIONS

This budget study analysed agriculture budget allocations for Mbarali District Council (MDC) over the past five years i.e. 2013/14 to 2017/18. The main challenge faced is that some budget data is scarcely available because the majority of LGA officials at DPLO and DAICO office do not have access to the relevant financial reports. Moreover, the available budget data is scattered, inconsistent and not presented in a format that will allow easy understanding of the information provided. However, this report has managed to extract some useful information from budget reports made available to the consultant; interviews with relevant LGA officials; and review of research and policy documents related to agriculture in Tanzania.

It has been observed that since 2013/14 fiscal year, the agricultural sector budget in Mbarali DC has been unpredictable which made it difficult for the council to implement their district agricultural development plans effectively. Despite the political commitment by GoT to allocate more budgets to agriculture commensurate to CAADP resolution, most of the allocation is just on paper, in reality scant resources are disbursed from the central government to the LGA to facilitate implementation of DADPs. The deficit between approved budget and actual disbursement has been increasing enormously and disbursement to the sector is characterised by delays of funds.

It has also been revealed that agriculture contributes significantly to the MDC own source of fund but does not receive the allocation it deserves from council own fund. DADP funds and grants from DIDF and DLDF are largely spent on construction and maintenance of irrigation schemes with little or no allocation to capacity building and sustainability issues.

Allocation of budget to special development fund for women and youth has been increasing in line with GoT budget guidelines for LGAs, and has taken equity issues into consideration. However, this budgetary increase might not result in the intended goal unless several issues are resolved including embezzlement of funds; lack of entrepreneurial and financial management skills; and poor M&E mechanism for youth and women development fund.

In order to address some of these challenges, some LGA officials in Mbarali recommended that:-

1) The government allocates at least 5% of the special fund to support supervision and M& E activities. At the moment, all allocations are directed to beneficiary projects.

2) The Government to consider providing non-monetary loans such as tractors, planters, harvesting machines, improved seeds, storage equipment, processing machines, fertilisers and other inputs that will add value to what the beneficiaries are already doing in order to enhance production and productivity. Recently, a loan committee composed of different LGA staff has been created but there is a need to sustain its operations.

3) Provision of loans and other forms of financial support to women and youth to be accompanied by training and coaching on entrepreneurial skills by capable training institutions or trainers to enable beneficiaries to use the funds appropriately. For example, VICOBA trainers have the ability to provide step by step practical skills using adult learning methodologies. Thus, allocation to special funds should also include capacity building component

Based on the findings of this study, the report recommends that:

4) Government and Non State Actors to increase allocation to the agriculture sector's budget, especially the development budget, including addressing challenges with the disbursement of the development budget.

5) The Government needs to reinforce Budget guidelines on 20% COS allocation to agriculture. Currently, no actions are taken against non-compliant LGAs

6) Capacity building of community development personnel at the district, ward and village levels is needed to enable them to monitor implementation of projects at the local levels effectively. This can be done through the provision of professional trainings, transport and other working gear.

7) Monitoring and Evaluation are important aspects of any project or programme as they enable thorough identification of successes, challenges and lessons learned during implementation phase. Also, it facilitates the development of sound improvement action plans. This study identifies a need for better coordination and mainstreaming of M&E activities for youth and women development funds into the activities of different departments working with

youth, women and PwDs. Also, it emphasises the need to set aside budget to support these activities.

8) Reporting and record keeping practices at MDC are improved so that it becomes easier for newly recruited LGA staff and other stakeholders to access and/or provide comprehensive data on budget allocations and expenditures. Important information such as MDC's Own Sources expenditures for FYs 2013/14, 2014/15 and 2015/16 is missing.

5. REFERENCES

Mbarali DC Comprehensive Agricultural Development Plan Queartely Progress Reports 2015/16

Mbarali DC Taarifa ya Utekelezaji wa Maagizo ya Kamati ya Kudumu ya Bunge ya Hesabu za Serikali za Mitaa, 2012/13– 2014/15, Vol.1, October 2016

Mbarali DC Taarifa ya Utekelezaji wa Maagizo ya Kamati ya Kudumu ya Bunge ya Hesabu za Serikali za Mitaa, 2015/16 – 2017/18, Vol.1, October 2018

6. APPENDICES

Appendix 1: List of people met

1. Daniel Kamwela, District Agriculture Irrigation and Cooperative Officer (DAICO)
2. Christus Filbert Mwageni – Youth Development Officer and Coordinator of Youth Development Fund.
3. Roman Kessy – Community Development Officer
4. Zabron Abely, Community Development Officer
5. Winfrida Mali, Community Development Officer
6. Jamson Mwailana, Agriculture Crop Officer – DAICO'S Office
7. Jeremiah Mwakafwinga, Stastician, DPLO Office
8. Remigius Mdetele, Local Consultant

Appendix 2: Agricultural Spending in Mbarali DC, 2013/14 - 2017/18

YEAR	BUDGET CATEGORY	Amounts in TZS		
		APPROVED	ACTUAL RECEIPT	EXPENDITURE
2013/2014	DADG	269,796	72,860	72,860
	Capacity Building Grant (CBG)	41,434		
	Extension Block Grant (EBG)	25,344		
	DIDF	-		
	DLDG	-		
	Council Own Source	-		
	DPs	-		
	TOTAL	**336,574**	**72,860**	**72,860**
2014/2015	DADG	413,026	35,000	35,000
	Capacity Building Grant (CBG)	-		
	Extension Block Grant (EBG)	-		
	DIDF	-		
	DLDG	-		
	Council Own Source	-		
	DPs	-		
	TOTAL	**413,026**	**35,000**	**35,000**
2015/2016	DADG	336,574	-	-
	Capacity Building Grant (CBG)	-	-	-
	Extension Block Grant (EBG)	-	-	-
	DIDF	3,940,798	1,430,000	1,430,000

YEAR	BUDGET CATEGORY	Amounts in TZS		
		APPROVED	ACTUAL RECEIPT	EXPENDITURE
	DLDF	10,345	-	-
	BRN (World Bank)		-	-
	Council Own Source	60,000	35,000	35,000
	TOTAL	**4,347,717**	**1,465,000**	**1,465,000**
2016/2017	DADG	892,733	27,650	27,650
	Capacity Building Grant (CBG)		-	-
	Extension Block Grant (EBG)	3,611	6,460	6,460
	DIDF	-	-	-
	DLDG	-	-	-
	BRN		-	-
	SNV	36,840	-	-
	Council Own Source	334,000	40,642	40,642
	TOTAL	**1,267,184**	**74,752**	**74,752**
2017/2018	DADG	318,781	-	-
	Capacity Building Grant (CBG)	-	-	-
	Extension Block Grant (EBG)	13,949	-	-
	DIDF		-	-
	DLDG		-	-
	BRN		-	-
	DPs		-	-
	Council Own Source	192,390	27,520	27,520
	TOTAL			

YEAR	BUDGET CATEGORY	Amounts in TZS		
		APPROVED	ACTUAL RECEIPT	EXPENDITURE
		525,120	**27,520**	**27,520**
2018/2019	DADG	609,622	-	-
	Capacity Building Grant (CBG)	-	-	-
	Extension Block Grant (EBG)	-	-	-
	DIDF	-	-	-
	DLDG	-	-	-
	BRN	-	-	-
	DPs	-	-	-
	Council Own Source	71,896	7,262	7,262