Introduction

Access to high-quality healthcare for all has become a major policy priority in Tanzania, highlighting the need for the country to establish sustainable financing mechanisms for health and increase domestic resource mobilization.

- **Sustainable financing mechanisms:** Within Tanzania, a proposal to amend legislation for the National Health Insurance Fund and the Community Health Fund, the country’s two largest health insurance schemes, is expected to be considered in early 2018. If passed, this legislation would make enrollment into these schemes mandatory for formal sector workers and could create a pathway to more stable and predictable funding, allowing for the scale-up and maintenance of critical health programs.

- **Domestic resource mobilization:** Globally, financing for health from international donors has leveled off and even declined in some cases (IHME, 2017). While Tanzania did not see a drop in donor funding for fiscal year (FY) 2017/18, some of its vertical disease programs, especially HIV, rely heavily on financing from external donors such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) and the U.S. President’s Emergency Plan for AIDS Relief (PEPFAR). As Tanzania aims to achieve ambitious objectives such as the global 90-90-90 targets for HIV and AIDS by 2020, the resource needs for such vertical programs will only increase. Increased government contributions to health will be needed to ensure critical commodities and services are consistently available.

Meanwhile, Tanzania’s current Health Sector Strategic Plan IV has reached the midterm of its implementation, but realized government revenue to fund the plan and other social-sector objectives did not meet initial projections. Mobilizing and pooling other sources of funds for the health sector remains difficult and there will be continued delays in adopting the country’s National Health Financing Strategy into policy. Substantial resource gaps remain to finance the full implementation of the plan, estimated at 21,945 billion Tanzanian shillings (TZS) from 2015–2020 (MOHSW, 2015).

Given these complexities and competing national priorities, there is a need to engage stakeholders on domestic budget advocacy for health and develop outcome-oriented advocacy messages that will resonate more with the Ministry of Finance and Planning to justify increased proportional allocations to the health sector in the overall Government of Tanzania budget (see HP+’s policy note, *Beyond Abuja: A Primer on Approaches for Timely and Targeted Health Budget Advocacy*).1

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1 This policy note can be found at: [http://www.healthpolicyplus.com/pubs.cfm?get=7144](http://www.healthpolicyplus.com/pubs.cfm?get=7144).
Since 2015, the Health Policy Plus (HP+) project, funded by the U.S. Agency for International Development (USAID) and PEPFAR, has provided technical assistance and facilitated collaboration between budget advocacy stakeholders to influence the Government of Tanzania’s process for budget allocation to health. As part of this work, HP+ has conducted budget analyses to examine the government’s final health sector budgets from 2015 through 2017 (Lee et al., 2015; Lee et al., 2016). This current analysis for FY 2017/18:

- Examines trends in budget allocations for health across different government institutions and the share of domestic sources versus on-budget (or direct) external support in health-related allocations
- Builds on prior analyses from the previous two years
- Provides evidence to advocate for efficient and effective budget allocations for HIV and essential medicines

## Results

For FY 2017/18, the Government of Tanzania has allocated TZS 2,222 billion to the health sector—7.0% of the national budget inclusive of consolidated funds services (CFS) or 10.0% exclusive of CFS. This estimate includes all on-budget funding from development partners, the budget for the Tanzania Commission for AIDS (TACAIDS), health allocations to regions and local government authorities (LGAs), and an estimate for government contributions to the National Health Insurance Fund. Driven by an increase in on-budget external financing, the overall amount allocated to health, unadjusted for inflation, has gone up following an increase in the total government budget. However, this represents no increase from the previous year as a proportion of the overall budget. In FY 2016/17 the health sector was also allocated 7.0% of the government budget (9.5% exclusive of CFS) (see Figure 1).

### Figure 1. Percentage of Tanzania’s National Budget Allocated to Health


1 Calculations of health as a percentage of total government budget are made using total government budget figures inclusive of consolidated funds services, which includes mandatory debt repayments, government contribution to pension funds, and other non-discretionary expenditures.
In 2001, the Government of Tanzania committed to the Abuja Declaration, pledging to increase government funding for health to at least 15% of its total budget, but has yet to reach this target. Over the 10-year period from FY 2008/09 to FY 2017/18, Tanzania’s proportional budget allocations to the health sector have averaged around 8.9% (denominator including CFS).

### Allocations to Health in the FY 2017/18 Budget Book

Changes in health allocations varied across sections of the budget, referred to as budget votes (see Box 1), from the previous year (see Figure 2). These types of shifts can be driven by external factors. For instance, health as a part of the President’s Office Regional Administration and Local Governments (PO RALG) vote increased by 316%, driven primarily by a TZS 15 billion on-budget grant contribution from the World Bank for primary health care development. The TACAIDS votes decreased by 41% overall, and included an allocation of TZS 3 billion for the AIDS Trust Fund, the same amount that was allocated to the trust fund in each of the past two years.

#### Box 1. Definition of Budget Votes

In Tanzania and other East African countries, the recurrent vote is the budget for regular and ongoing expenses such as salaries, utilities, and other operating expenses. The development vote is the budget for capital investments for specific projects, or special purposes, that are non-recurring.

#### Figure 2. Allocations to Health across Budget Votes

![Figure 2. Allocations to Health across Budget Votes](image)

Source: MOFP, 2015-2017; MOHCDGEC, 2017a

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1 Note that all Ministry of Health, Community Development, Gender, Elderly and Children budget calculations are net of the budget allocation to community development, gender, elderly, and children.
Meanwhile, the aggregated health-related allocations to regions remained relatively flat, while health allocations to LGAs decreased by 15%.

For the Ministry of Health, Community Development, Gender, Elderly and Children (MOHCDGEC), the aggregated vote increased by 35% from the previous year to TZS 1,078 billion (see Figure 3). The MOHCDGEC recurrent vote increased by 5% from the previous year, which is significant given that President John Magufuli’s administration imposed strong austerity initiatives in 2016/17 to cut costs from non-essential travel, meetings, etc. The domestic allocation to the MOHCDGEC development vote increased by 5% from the previous year (see Box 2 for a deeper analysis). Meanwhile, the foreign on-budget component in the MOHCDGEC development vote increased by 127%, driven largely by a significant increase of TZS 184.5 billion from the previous year in on-budget contributions from the Global Fund. Foreign contributions to the health basket fund within the MOHCDGEC development vote increased by TZS 2 billion or 27%. The health basket is a funding mechanism initiated in 1999 as part of the Government of Tanzania’s decision to pursue a sector-wide approach in the health sector. The basket is currently funded by six development partners, who pool un-earmarked resources to support implementation of the Health Sector Strategic Plan IV at the primary health care level. Contributions to the health basket across all budget votes increased by TZS 19 billion, or 16%, from the previous year (see Table 1).

![Figure 3. Disaggregation of the MOHCDGEC Budget Vote](image)

**Table 1. Development Vote Allocation Trend**

<table>
<thead>
<tr>
<th>Development Allocation in TZS billions (USD millions)</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>Change**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Tanzania (domestic)</td>
<td>147 ($72)</td>
<td>350 ($172)</td>
<td>363 ($178)</td>
<td>4%</td>
</tr>
<tr>
<td>Health basket (foreign)</td>
<td>81 ($40)</td>
<td>123 ($60)</td>
<td>142 ($70)</td>
<td>16%</td>
</tr>
<tr>
<td>Foreign (non-basket)</td>
<td>387 ($190)</td>
<td>254 ($125)</td>
<td>426 ($209)</td>
<td>67%</td>
</tr>
</tbody>
</table>

* Exchanges rates were calculated using the period exchange rate from www.ofx.com.  ** Change indicated is for 2016/17 to 2017/18.
Box 2. Breakdown of the MOHCDGEC Development Vote (Domestic Source)

Similar to FY 2016/17, the FY 2017/18 domestic allocation to the MOHCDGEC development vote contains a substantial allocation of TZS 260 billion for health supplies, commodities, and equipment under the sub-budget line for pharmaceutical services (see Figure 4). Within this sub-budget line, TZS 70 billion is allocated for the repayment of the accumulated amount owed by the Government of Tanzania to the Medical Stores Department (see Figure 5), estimated by the Medical Stores Department at TZS 156 billion as of July 2017. An additional TZS 13 billion has been allocated to cover future procurement and supply chain management expenses during FY 2017/18. Clearing the Medical Stores Department debt and having the government allocate enough money to fund a fully functional procurement and supply chain management system—without displacing funds from other areas in the health budget—continue to be high-priority goals for stakeholders in the budget advocacy process. Similar to the previous year, TZS 10 billion in domestic funding was allocated for the procurement of antiretroviral drugs in FY 2017/18.

Figure 4. Disaggregation of MOHCDGEC Development Vote (Domestic)

<table>
<thead>
<tr>
<th></th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
<th>FY 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curative services</td>
<td>62</td>
<td>50</td>
<td>62</td>
</tr>
<tr>
<td>Pharmaceutical services</td>
<td>252</td>
<td>10</td>
<td>260</td>
</tr>
<tr>
<td>Preventative services</td>
<td>4</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
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Source: MOFP, 2015-2017
Figure 5. Disaggregation of the FY 2017/18 Pharmaceutical Services Budget Line (Totaling TZS 260 Billion within the MOHCDGEC Development Vote)

Conclusion

Tanzania’s total FY 2017/18 budget allocation to the health sector increased in nominal terms from the previous year by 8.1%, from TZS 2,055 billion to TZS 2,222 billion, but remained flat as a percentage of the overall government budget at 7.0% (increased from 9.5% to 10.0% exclusive of CFS). Additionally:

- The total recurrent budget for MOHCDGEC, PO RALG, TACAIDS, regions, and LGAs decreased by 4% from the previous year.
- The development budget increased by 30% from the prior year (using the same scope).
- The domestic development budget increased by 4% from the previous year. Similar to FY 2016/17, there was a substantial allocation for the procurement and delivery of essential medicines and commodities in FY 2017/18.
- Foreign funds from donors going into the health basket increased by 16% in FY 2017/18 from the previous year and non-basket foreign funds grew by 67%.
- With the increase of on-budget foreign funds, the composition of the Government of Tanzania health budget showed a decrease in the domestic share compared to last year, from 82% to 74% (see Figure 6).
Adjusted for inflation, the Government of Tanzania’s budget allocation for health increased for FY 2017/18 by 2.7% in real terms from the previous year and 3.8% overall since 2015 (TNBS, 2017). Purely domestic allocations decreased by 6.9% from the previous year, but have increased by 8.6% overall since 2015 in real terms. The past two years saw significant progress made towards more adequate funding for critical components of the health system, such as the purchase and delivery of essential medicines. However, the health budget as a percentage of the overall government budget remained relatively flat. This shows that allocation gains made in one area of the budget may be offset by reductions in other areas of the health budget. It is also an indication that as the Government of Tanzania improves revenue collection and the overall government budget continues to grow, health is not gaining ground proportionally compared to other social sectors in the priority-setting process.

Lastly, it is important to note that in FY 2016/17, budget allocations to health did not always actualize into real health expenditure. For example, disbursements made for Medical Stores Department debt repayment and procurement and supply chain management expenses only accounted for 15% of the original related budget allocations (Lee et al., 2017). This finding highlights the need to improve budget release and execution to benefit domestic resource mobilization for health and HIV by unlocking resources that have been approved, but are not being expended as necessary. This is an important part of the domestic resource mobilization agenda because it increases the ability of MOHCDGEC to produce defensible budget requests.

References


