



# Public Financial Management in Tanzania and Links to Family Planning Service Delivery

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ATTAINING SUSTAINABLE FINANCING FOR  
FAMILY PLANNING IN SUB-SAHARAN AFRICA

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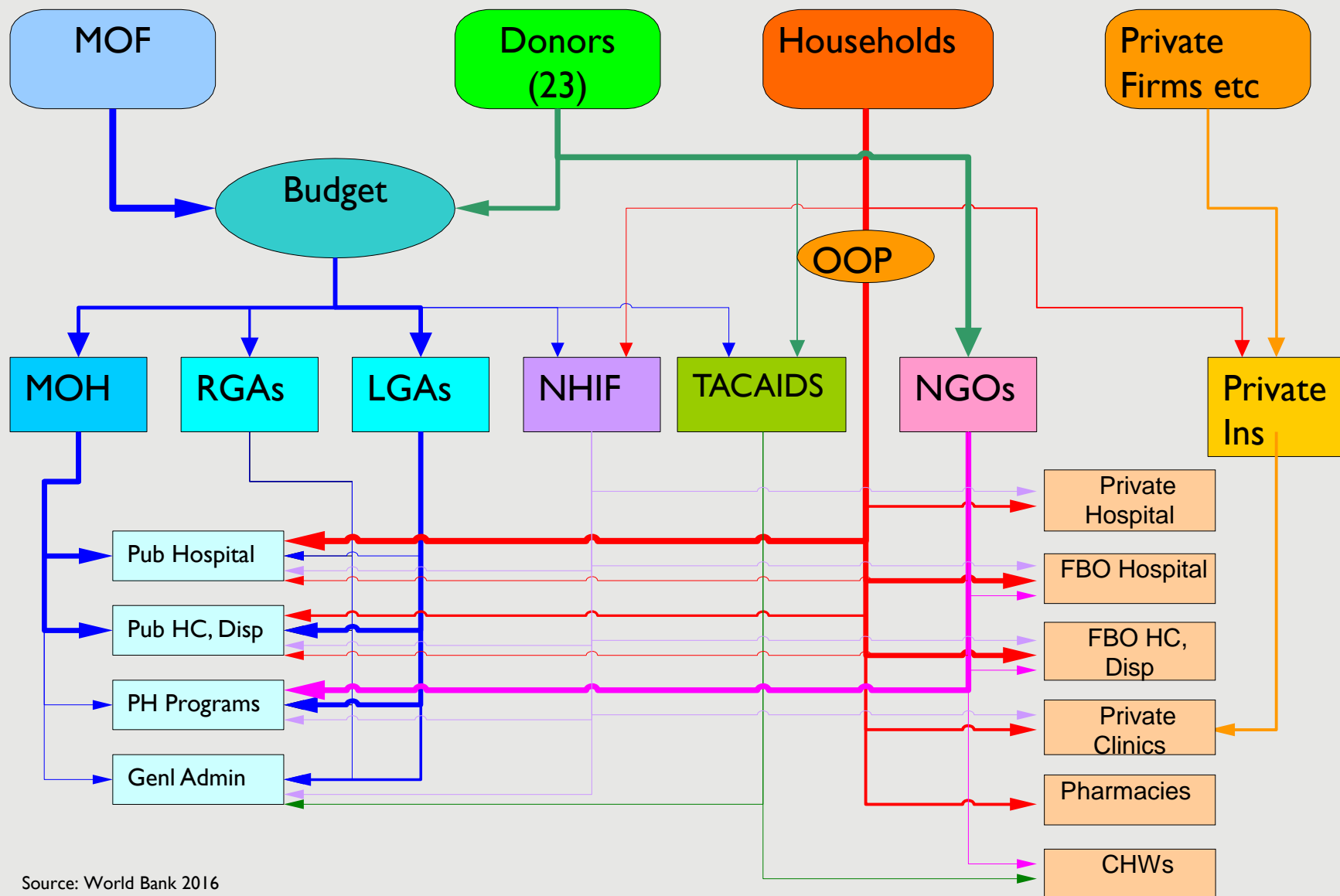
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MOE-2013

# Tanzania's PFM system challenges – budget formulation

- Good process for formulating and submitting budgets BUT
  - No needs assessment/use of service delivery data to guide allocation
  - Inadequate definition of priorities in constrained budget environment
  - Local governments and service delivery points formulate plans and budgets before they receive budget ceilings
- Input-based line item budgets funding public facilities can be problematic if low budget level doesn't fund all services provided in health facility
  - No prioritization - Not clear to provider what services funded and not funded
  - No matching of financing to service outputs

# Tanzania's PFM system – fragmentation in funds flow

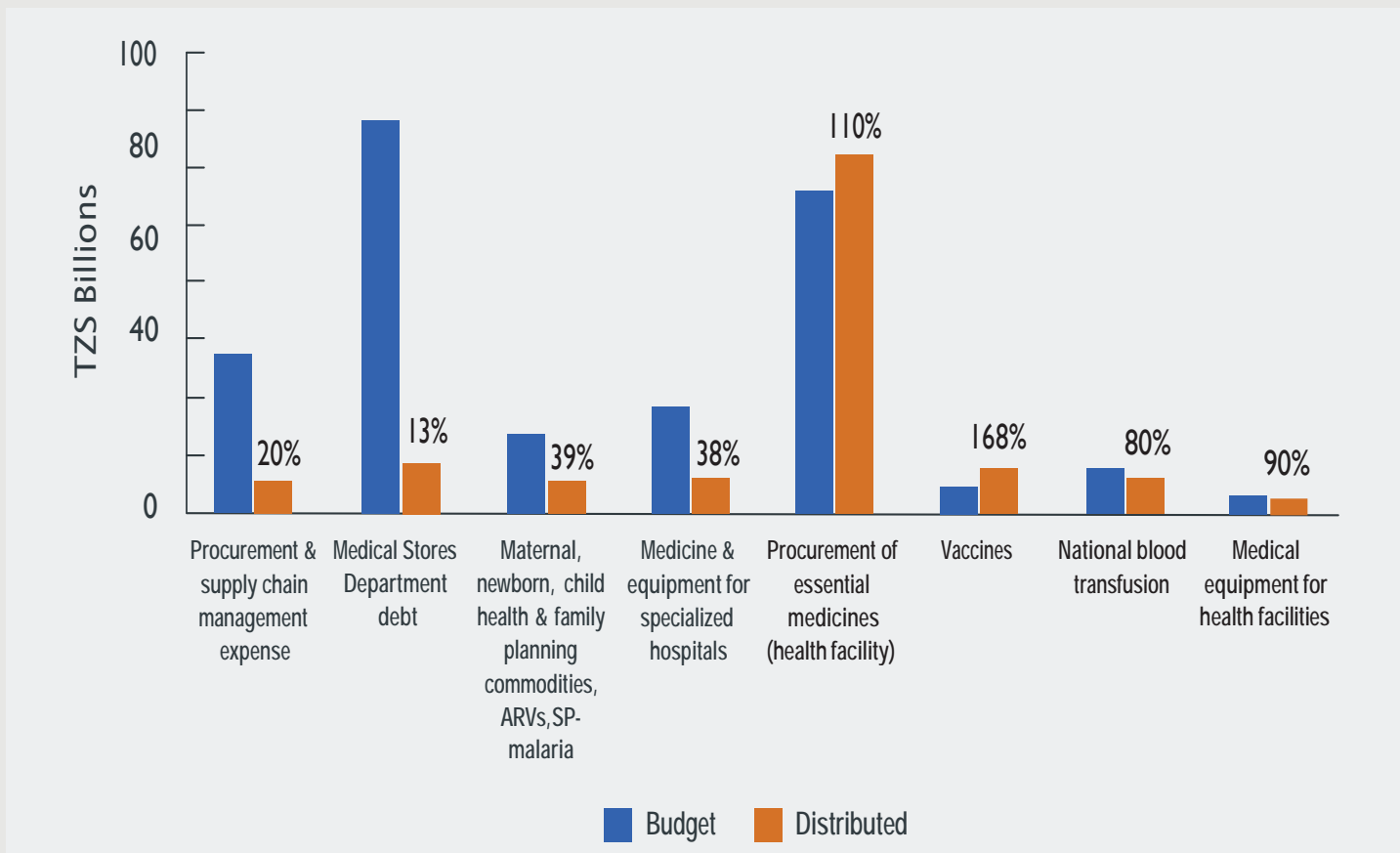


Source: World Bank 2016

# Tanzania's PFM system challenges - execution

## 2016/17 Budget Release for the TZS 251.1 Billion Allocated to the Pharmaceuticals Budget

5



# Tanzania PFM system challenges - execution

DESCRIPTION	2014/15			2015/16			2016/17		
	BUDGET ESTIMATES	BUDGET RELEASE	%	BUDGET ESTIMATES	BUDGET RELEASE	%	BUDGET ESTIMATES	BUDGET RELEASE	%
Government of Tanzania Budget	17,194	14,603	85%	22,495	20,275	90%	29,540	23,635	80%
MOHCDGEC (Vote 52)	659	475	72%	780	423	54%	797	454	57%
TACAIDS (Vote 92)	11	6	58%	11	7	65%	11	7	66%

Source: MOFP 2015-2017

# Tanzania's PFM system challenges – monitoring and reporting

- Service providers and service outputs do not exist within Tanzania's financial management systems. Very difficult to connect expended funds to actual services delivered.
- Inadequate monitoring and reporting of expenditures makes it easy to move money intended for health to other sectors – not transparent.
- Rigid PFM systems and expenditure caps along line items – difficult reallocate based on needs.
- All expenditures utilizing government revenue occur at the local government level on behalf of service delivery points.
  - Little autonomy at service delivery level to manage inputs to produce outputs.

## Solution: Create an intersection between PFM and health financing to improve service delivery

Financial management and control improved:

- LGA level: strengthen PFM systems, reduce qualified audit opinions
- Service provider level: introduce Facility Financial Accounting and Reporting System



New intersection contributes to improving both financial management and service delivery including citizen ability to access services to which they are entitled

Support shift to **direct facility financing and output-based payment**

- for public sector services:
- Buy the right thing
  - Increase efficiency and reduce waste
  - Incentivize and stimulate desired service delivery improvements
  - Increase transparency



# PFM improvements linked to service delivery

- Addition of facility codes and service outputs to planning, budgeting, and financial reporting systems
  - Budgets and plans go down to facility level
  - Can more easily monitor equity in expenditures across facilities
  - Budget ceilings entered into planning system BEFORE planning begins so local governments can match actual budgets to plans and priorities
- Interoperability of financial and service delivery information systems to enable Tanzania to better prioritize and link funds to actual services
- Disbursement of general revenue funds directly to facilities based on budget neutral, output-based payment adjusted for equity
- Funds sent to facility level not bound by rigid PFM rules – ability to make service delivery decisions based on need
- Facility level financial management and accounting system rolled out nationwide in health and education sectors to track funds sent to service delivery points (intersection between financing and PFM)
- Improvements to intergovernmental fiscal transfer system to increase timeliness and predictability of transfers





# PFM systems improvements key to budget advocacy

## Key roles of MOF

- Raise revenue
- Prepare annual fiscal budget
- Issue regulations for its execution
- Report to parliament on effective use of funds

## What does MOF need to make the decision to increase funding

- Confidence there is sufficient and effective oversight
- Evidence funds are spent well (and fully!)
- The ability to use existing information systems (rather than relying on special studies) to link budgets and expenditures to actual services delivered

MOF understanding the importance of family planning interventions is only part of the puzzle!



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