actionaid

TANZANIA FACTSHEET

February 2021

Financing the future: delivering SDG 4 in Tanzania

Progress on meeting SDG 4

In 2015, world leaders agreed to achieve 17 Sustainable Development Goals (SDGs) by 2030, including SDG4, aimed at ensuring **inclusive and equitable quality education for all.**

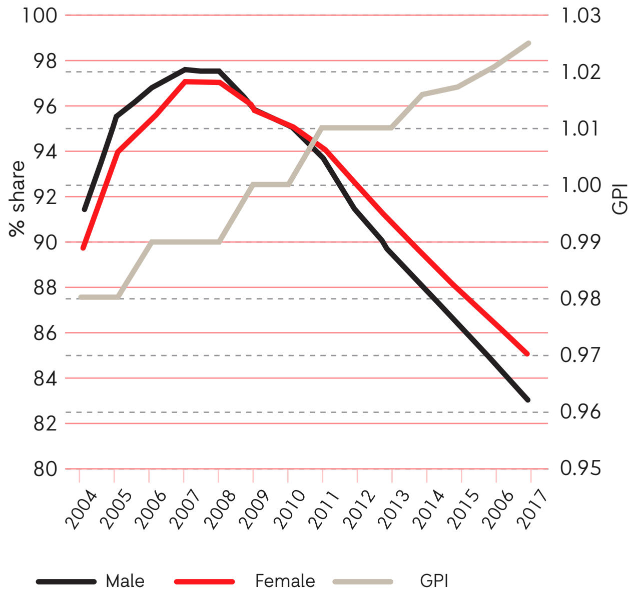
The first target under SDG4 is to ensure that all girls and boys complete free, equitable and quality primary and secondary education. **With just a decade to go, how is Tanzania doing against this commitment?**

- In 2007, Tanzania achieved near universal access to primary education (see figure 1),[1] but an estimated 3.5 million children and young people aged between 7 and 17 remain out of school.[2]
- Only around 80% of all children complete primary school. Almost 70% of children do not complete lower secondary whilst only 8% complete the final two years of secondary schooling.[3]

Tanzania has an unequal education system.

- Rural children are more likely to be out of school than urban children. There are wide regional disparities and 50% of out-of-school-children were located in the eight regions of Tabora, Dodoma, Geita, Kagera, Simiyu, Mwanza, Kigoma, and Morogoro.[4]
- Only 60% of the poorest children, compared to nearly 94% of the wealthiest complete primary school.
- Only 7% of the poorest children complete lower secondary and less than 1% finish upper secondary; compared to 60% and over 20% from the wealthiest, respectively.[5]
- Efforts to achieve greater equity in the education sector have led to near gender parity at primary level, but girls do less well at completing overall secondary education,

Figure 1: Net enrolment ratio and Gender Parity Index, 2004-2016



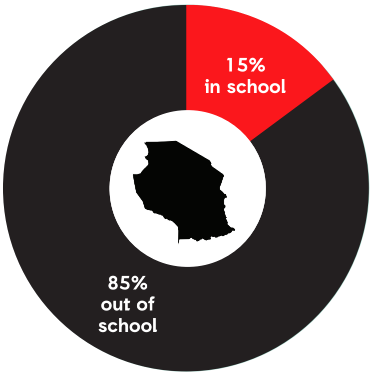
Source: *The United Republic of Tanzania.* (2016) Education Sector Development Plan (2016/17 – 2020/21).

according to the UN Gender Parity Index (GPI).[6]
- Multiple and intersecting disadvantages have the biggest impact:
  - Primary school-aged children from the poorest families are three times less likely to attend school than those from the wealthiest households.
  - Regional disparities double the inequality in rates of children in school and learning: poorer girls in the worst performing region, compared to boys from the best performing region have a gap of 57 points in learning the basics.[7]
- Children with disabilities are at a significant disadvantage.

1. UNICEF. (2018). Tanzania Education Budget Brief. Retrieved from https://www.unicef.org/esaro/UNICEF-Tanzania-2018-Education-Budget-Brief-Mainland.pdf
2. UNICEF (2018) Global Initiative on Out of School Children: Tanzania Country Report. https://www.unicef.org/tanzania/media/596/file/Tanzania-2018-Global-Initiative-Out-of-School-Children-Country-Report.pdf
3. Completion was 28% in 2016 (latest available year). UNESCO Institute of Statistics and Global Education Monitoring Report, SDG 4 Databook 2019. UiS data is based on the United Republic of Tanzania DHS 2015-16 household survey/
4. UNICEF (2018), Global Initiative on Out of School Children: Tanzania Country Report https://www.unicef.org/tanzania/media/596/file/Tanzania-2018-Global-Initiative-Out-of-School-Children-Country-Report.pdf
5. The wealthiest quintile has a completion rate of 94%, the poorest completion of upper secondary is 0.6% (in 2016 (latest available year). UNESCO Institute of Statistics and Global Education Monitoring Report, SDG 4 Databook 2019. United Republic of Tanzania DHS 2015-16.
6. The gender parity index (GPI) is the ratio of female to male values of a given indicator. If the female value is less than or equal to the male value, adjusted gender parity index (GPIA) = GPI. If the female value is greater than the male value, GPIA = 2 - 1/GPI. This ensures the GPIA is symmetrical around 1 and limited to a range between 0 and 2. A GPIA equal to 1 indicates parity between females and males. In 201 in Tanzania this is very close to equal at primary at 1.03 (in fact with girls completing more than boys). See: The United Republic of Tanzania. Ministry of Education, Science and Technology. (2016) Education Sector Development Plan (2016/17 – 2020/21). At upper secondary girls do less well (0.7). Based on 2015 data from UNESCO Institute of Statistics and Global Education Monitoring Report, SDG 4 Databook 2019.
7. UNESCO and Global Monitoring Report (2018). Handbook on Measuring Equity in Education

Government data for 2018/19 shows that a total of 60,404 children with disabilities were enrolled in school[8] representing around 15% of the estimated 400,000 children with disabilities across the country.[9]

Children with disabilities in/out of school.



SDG target 4.c commits to substantially increasing the supply of qualified teachers, because "teachers *are a fundamental condition for guaranteeing quality education*".[10] The government of Tanzania have set their own target of a pupil classroom ratio (PCR) of 40:1 at primary level, yet:

- The PCR was 77:1 in 2017 nationally. Only one region (Kilimanjaro) meets the stipulated norm of 40:1, or indeed even comes close. Only one other region (Njombe) has a PCR of less than 50:1. Geita, Katavi and Mwanza have PCRs of over 100:1.[11]
- In the 2018/19 school year, the average pupil-teacher ratio in government primary schools was 54:1, up from 47:1 in 2017. This varies greatly by region, with the lowest average in Kilimanjaro at 37:1, and regional ratios exceeding 70:1 in Geita, Simiyu and Shinyanga, with the highest in Katavi at 83:1.[12]
- There are significant teacher shortages, with the ESDP for 2017-2020/21 estimating that to reach a 'realistic' target PCR of 60 at primary level around 47,229 new teachers and 44,982 new classrooms were needed.[13]

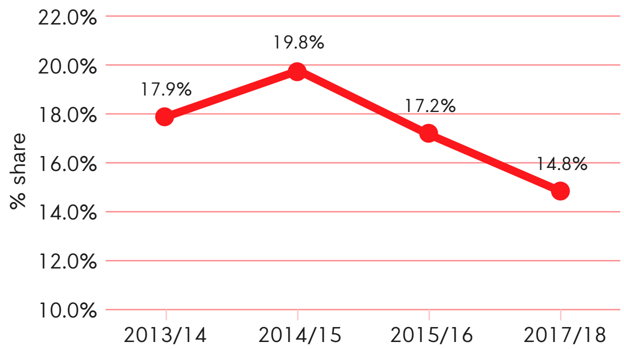
The most important change in the sector in recent years, has been the introduction of free lower secondary and pre-primary education. It led to an immediate increase of 38% in pre-primary enrolment. Enrolment in year 1 [the first year of secondary education] increased by 45% as fees were dropped.

Source: UNICEFBudget brief 2017/18 https://www.unicef.org/tanzania/media/1236/file/UNICEF-Tanzania-2018-Education-Budget-Brief.pdf

Financing SDG 4 requires allocating a SHARE of at least 20% of the budget and 6% of GDP to education

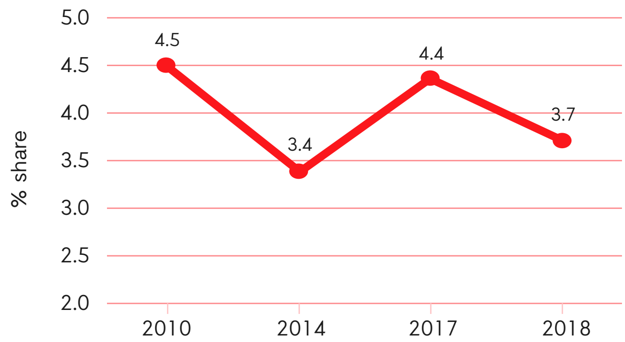
To finance SDG 4 the UN recommends that at least 15-20% of budget or 4-6% of GDP be allocated to education. Tanzania's allocations have been very close to this target share of the budget in 2015 but have subsequently been declining. At present, both the GDP and share of the budget fall below the recommended levels (see Figure 2 and 3). Tanzania needs to work harder to maintain shares at a sustainable required level to meet SDG 4 – around or above the upper end of the benchmarks.

Figure 2: Tanzania share of the budget on education, 2013-2018



Based on data from MoFP, Integrated Financial Management Information System (IFMIS) *preliminary outturns

Figure 3: Tanzania share of GDP to education, 2010-2018*



* missing years 2011, 12, 13 Source: UNESCO Institute of Statistics

8. United Republic of Tanzania (2019) Education Sector Performance Report 2018/2019
9. Idem
10. https://sdg4education2030.org/the-goal
11. The United Republic of Tanzania. Ministry of Education, Science and Technology. (2018). Programme Document Application for the Global Partnership for Education (GPE) Teaching and Learning Education Support.
12. United Republic of Tanzania (2019) Education Sector Performance Report 2018/2019
13. The United Republic of Tanzania (2018) Education Sector Development Plan 2016/17 – 2020/21: Tanzania mainland, updated July 2018
14. UNESCO and GEMR (2018). Handbook on Measuring Equity in Education

Spending must be SENSITIVE to achieve SDG 4 targets on quality and equity

Is the spending fair or equitable?

- Less funds are spent on the poor: overall the poorest receive less than 20% of public expenditure spent on richest. This is relatively equitable at primary level, but more unequal at secondary level and highly pro-rich at tertiary level due to the low rates of completion and progression of poorer children in the public education system.[14]
- The capitation grant, while an attempt to help address local priorities and tackle inequalities has reportedly resulted in greater inequalities between schools (e.g. schools in rural versus urban settings).[15] It is currently being reviewed to better address equity, which is welcome.

Box 1. Does recurrent and capital spending allow for equity and quality?

To achieve SDG4, budgets need to expand to pay for one-off capital projects, such as building of schools, and increase recurrent costs, which constitute the major item in education, as they pay for teachers. A UN SDG4 costing estimated that to achieve quality and equity, roughly 84% should be spent on recurrent/operating costs - with 75% of that going to wages and salaries - and 14% on capital/development projects.[16]

In Tanzania, around 76% of the total education budget is currently going towards recurrent spending; this share has been decreasing in recent years falling from 84% in FY 2015 and 94% in 2011, suggesting that Tanzania has been able to manage a balance between recurrent and capital spend, while expanding fee-free education to secondary and pre-primary (see figure 1 above) levels. The government has prioritised the improvement of pupil-qualified teacher ratios (which requires increasing recurrent expenditure) as well as the teaching and learning environment (e.g. classrooms, desks, latrines/toilets) and infrastructure (classrooms, teacher housing) which require increased development/capital spending.[17]

Funding these priorities presupposes the need for increased spending on both recurrent and capital costs, which will constitute an ongoing challenge in the context of a growing debt burden that threatens the fiscal space (see below) as well as caps on public sector wage expansion both of which may threaten efforts to improve equity and quality.[18]

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Reaching SDG4 will require governments to grow their budgets overall...

In the long term, Tanzania requires additional public funds to meet SDG4. However, given the increasing fiscal pressures on the budget this is likely to constitute an ongoing challenge unless new revenues are raised.

In 2010, the UN estimated that a minimum of 20% tax-to-GDP ratio would be needed to deliver on the

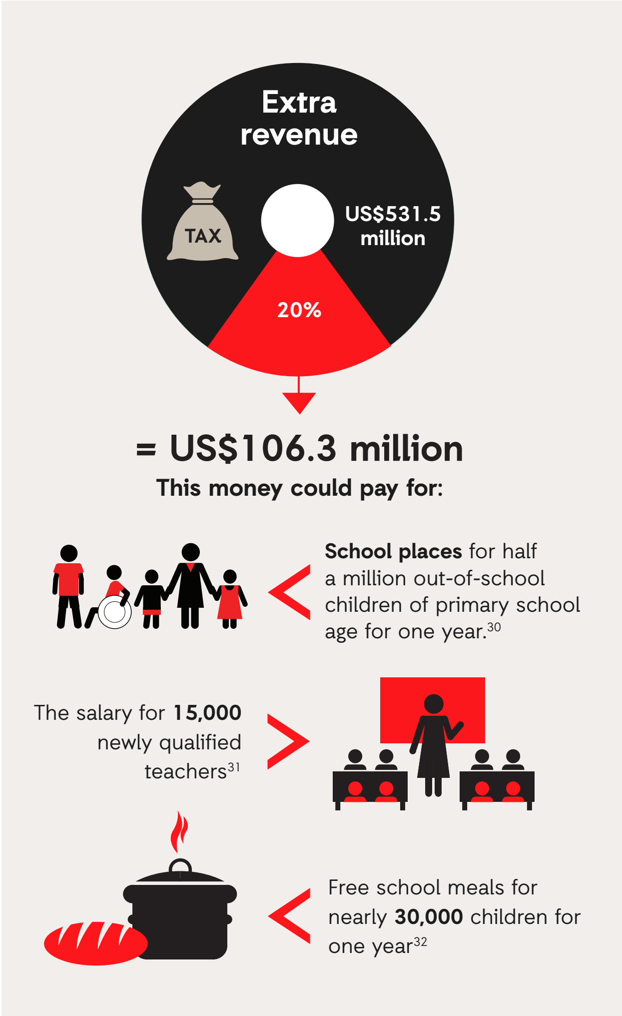
15. Save the Children, STIPRO, Policy Forum. Education Budget Analysis 2018/19.
16. This suggests that the recurrent to capital split should be 84% to 11%, respectively, and within that the recurrent needs to have 25% for non-salary items to ensure quality (text books etc) equity (extra per pupil recurrent costs for poorest), as well as cover teachers' salaries
17. UNICEF (2017) Education Budget Brief.
18. Jubilee Debt Coalition. Website March 30 2020 https://jubileedebt.org.uk/blog/tanzania-refuses-release-of-imf-debt-risk-analysis
19. UNDP (2010), What will it take to achieve the Millennium Development Goals? An International Assessment http://www.oecd.org/dac/gender-development/45604012.pdf

MDGs.[19] More recently, research from the IMF and World Bank[20] indicates that tax-to-GDP ratios lower than 15% are insufficient to finance even the most basic state functions.[21] In spite of gradual efforts to increase revenue collection, at 11.8% Tanzania's tax-to-GDP ratio is well below this benchmark and indeed, well below the average tax-to-GDP ratio of 17.2% for sub-Saharan Africa.[22]

This is increasingly important given that debt servicing is also sucking away precious revenues – in 2019, 19.5% of government revenues were being allocated to debt servicing.[23]

Tanzania should focus on increasing revenue by 5%. International studies[24] suggest that increasing tax-to-GDP ratios by 5% in the medium term (3-5 years) is an ambitious, but reasonable target.[25] **ActionAid has estimated that if Tanzania did this, it could lead to an astonishing US$6.4bn by 2023.[26]** If the government were to allocate just 20% of new tax revenues, as per international benchmarks, this could increase the education budget by US$1.2bn – **nearly two-thirds of the 2019 education budget.[27]**

However, this must be done progressively. The Tanzanian tax system is characterized by large tax exemptions, deductions and incentives, targeted at multinational companies, which severely limits the country's tax-raising potential. One area of focus for raising new funds progressively must be corporate tax exemptions. Indeed, the IMF noted that "90% of investment in Tanzania would be made, without the incentives" indicating that these are largely unnecessary.[28] Yet in 2016 alone ActionAid estimated that the Government of Tanzania lost an estimated US$531.5m each year to tax harmful incentives and tax treaties.[29] **What if just 20% of this was spent on education (as per international benchmarks) instead?**

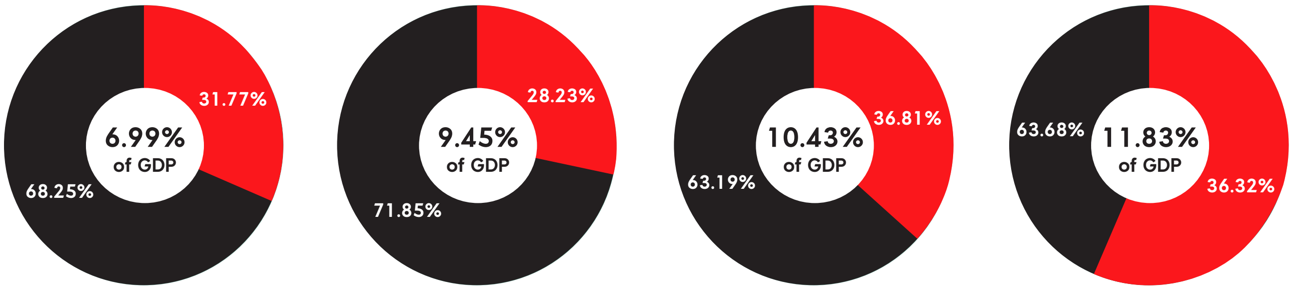


Progressive and regressive taxes in Tanzania

Between 2007 and 2017, there has been very little improvement in the tax-to GDP ratio in Tanzania. In addition, there is an overreliance on indirect taxes, versus direct taxes – suggesting more needs to be done to relieve the tax burden on the poorest.* However, some studies have suggested that Tanzania's overall tax systems is relatively progressive, and that even their indirect taxes are more progressive than most.[33]

20. https://blogs.worldbank.org/governance/getting-15-percent-addressing-largest-tax-gaps
21. https://www.worldbank.org/en/results/2019/09/09/mobilizing-tax-resources-to-boost-growth-and-prosperity-in-sub-saharan-africa
22. OECD (2019) Revenue Statistics in Africa 2019
23. ActionAid (2020) Who Cares for the Future: finance gender responsive public services
24. See a discussion of this and the relevant background studies in ActionAid (2020) Who Cares for the Future: finance gender responsive public services. https://actionaid.org/publications/2020/who-cares-future-finance-gender-responsive-public-services
25. It is important to note this calculation does not look at the mechanisms for achieving the 5% increase (i.e. which tax reforms are pursued). For ActionAid any future revenue generation should be done with a focus on progressive and gender-responsive tax reforms, so that any new taxes do not hurt the poorest and most vulnerable, but rather fall to those most able to pay. Our analysis above shows that there are ways to achieve this 5% increase progressively.
26. ActionAid, 2020, Who Cares?
27. Total education budget was taken from Global Spending Watch (GSw) 2019 converted to USD$ this was US$1.97bn – see source sheet
28. Committee of Experts on International Cooperation in Tax Matters Twelfth Session Geneva, 11-14 October 2016 Agenda item 3 (b) (vii) Tax Incentives: A presentation from the IMF. https://www.un.org/esa/ffd/wp-content/uploads/2016/10/12STM_CRP6_TaxIncentives.pdf
29. ActionAid (2018). Make it Count for Girls: Why Tanzania should re-invest amounts lost to tax incentives in girls' education. See https://actionaid.org/sites/default/files/publications/tanzania_policy_brief.pdf
30. A recent UNICEF study on OOSC in Tanzania estimated that there are 3.5 million OOSC children in Tanzania, of which 2.5 million at primary level, of which 2.5 at primary level. Thus half a million is a 3rd of all primary-age OOSC. There is no 2016 data in UiS per pupil spending is US$92 from 2014 (latest year available).
31. This calculation is an estimate used for advocacy purposes. It is based on information on current teachers' salaries obtained through a combination of methods such as direct observations and informal conversations within the researchers' private and social networks. TZS converted using average TZS to US$ exchange rates for 2020.
32. Gelli and Daryanani (2013). Are School Feeding Programs in Low-Income Settings Sustainable? We took the figures from this 2013 study (2008 figures) and allowed for inflation to get an estimate of school meals in 2016 (US30). See data source sheet for more information.
33. Based on the fiscal incidence study by the Commitment to Equity project. See Stephen D. Younger, Flora Myamba and Kenneth Mdadila (2016). CEQ Working Paper 36. http://www.commitmentoequity.org/wp-content/uploads/2017/05/CEQ-WP36-Fiscal-Incidence-in-Tanzania-3-Jan-16-2016.pdf

Figure 3: Tax over time (2000-2017) and by direct and indirect ratio.



***Note:** Direct to indirect taxes can be a useful proxy for how regressive or progressive a tax system is: an overreliance on indirect taxes tends to highlight a more regressive tax regime (i.e. an overreliance on VAT, which often hits the poorest hardest), while a greater reliance on direct taxes tends to be more progressive (as this includes tax on corporate taxes or on income taxes for those in the more formalized sectors).*

A Call to Action

With only 10 years to go before 2030 and with increasing pressure on public spending due to the global economic downturn resulting from the Covid-19 pandemic, spending on education must be prioritized.

ActionAid calls on the government of Tanzania to safeguard education spending and take the following measures needed to fully finance quality, inclusive public education and achieve SDG 4:

1. Increase the **SHARE** of the budget allocated to education, by either meeting or exceeding UNESCO's benchmarks of 20% of national budget and/or 6% of GDP.

2. Increase the **SIZE** of the overall budget, maximising the availability of resources for investment in public education by:
- Mitigating the effect of macro-economic policies that limit the amounts available for public spending (e.g. by reducing debt servicing and limiting austerity policies)
- Setting an ambitious (but realistic target) to increase the tax-to-GDP ratio by 5% in the medium term (3-5 years) and 20% in the long term through progressive domestic resource mobilisation including:
  – Ending harmful incentives;
  – Reviewing tax and royalty agreements in the natural resource / extractive sector, in particular;
  – Closing loopholes which enable tax avoidance and evasion in the private sector;
  – Promoting and enforcing fair corporate tax;
  – Promoting and enforcing progressive taxes on personal income and wealth.

3. Increase the **SENSITIVITY** of national education budgets by:
- Focussing on equity in public expenditure to redress inequality and tackle discrimination (e.g. stipends children with disabilities; increased investments in incentives for teacher postings in poor rural areas).
- Developing nation-wide equity funding formulae which explicitly addresses disadvantage and inequality.

4. Enhance the **SCRUTINY** of national education budgets by:
- Actively encouraging scrutiny of education budgets and expenditure to promote transparency and accountability and ensure funds arrive on time and are spent effectively (especially in disadvantaged areas) e.g. by enabling or formalising civil society oversight.

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