Pro-employment budgeting in the United Republic of Tanzania: A country study
Pro-employment budgeting in the United Republic of Tanzania: A country study
Preface

The primary goal of the ILO is to work with member States towards achieving full and productive employment and decent work for all. This goal is elaborated in the ILO Declaration 2008 on Social Justice for a Fair Globalization which has been widely adopted by the international community. Comprehensive and integrated perspectives to achieve this goal are embedded in the Employment Policy Convention of 1964 (No. 122), the Global Employment Agenda (2003) and – in response to the 2008 global economic crisis – the Global Jobs Pact (2009) and the conclusions of the Recurrent Discussion Reports on Employment (2010 and 2014).

The Employment Policy Department (EMPLOYMENT) is engaged in global advocacy and in supporting member States in placing more and better jobs at the centre of economic and social policies and growth and development strategies. Policy research and knowledge generation and dissemination are essential components of the Employment Policy Department’s activities. The resulting publications include books, country policy reviews, policy and research briefs, and working papers.

The Employment Policy Working Paper series is designed to disseminate the main findings of research on a broad range of topics undertaken by the branches of the Department. The working papers are intended to encourage the exchange of ideas and to stimulate debate. The views expressed within them are the responsibility of the authors and do not necessarily represent those of the ILO.

Azita Berar Awad
Director
Employment Policy Department
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## Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CEB</td>
<td>Chief Executives Board</td>
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<tr>
<td>ECC</td>
<td>Employment Creation Committee</td>
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<td>HIV</td>
<td>Human Immune Virus</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>LGA</td>
<td>Local government Authority</td>
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<tr>
<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<tr>
<td>MKUKUTA</td>
<td>Mkakati wa Kukuza Uchumi na Kuondoa Umasikini Tanzania</td>
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<tr>
<td>MoLE</td>
<td>Ministry of Labour and Employment</td>
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<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<td>PMORALG</td>
<td>Prime Minister’s Office, Regional Administration and Local Government</td>
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Foreword

The Employment Policy Department of the International Labour Organization (ILO) leads ILO’s work on employment policy development and their articulation with national development frameworks.

In many countries, significant progress has been made in mainstreaming employment issues in national development plans. In addition, many countries have deepened their commitment to employment creation through setting ambitious employment targets and developing National Employment Policies (NEP). Although employment has gained ground, concerns emerge because employment targets that have been announced are not given the same treatment as other economic targets, and are not used to allocate resources in the national budget.

Mainstreaming employment in the national budget is challenging because of the multi-sectoral nature of employment and because of the various actors involved in generating employment. On one hand, integrating employment in budgets requires that Ministries in charge of employment have sufficient financial means to implement labour market policies and to coordinate the implementation of national employment policies with key productive ministries. On the other hand, sectoral ministries need to make employment a central and accountable target of their policies and budget and have thus to be sufficiently equipped to assess the impact of their policies on employment.

We call this approach pro-employment budgeting as it uses tools and methodologies with a common requirement to ensure that employment issues are mainstreamed in all budget documents and procedures, at the various stages of budget preparation, implementation and monitoring.

There is a growing demand from ILO’s constituents to strengthen their capacities to be in a better position to put employment at the core of the budgeting process and be better equipped to advocate for funds to implement national employment policies. ILO staff and constituents have an important role to play in ensuring that employment features high in the public budget. This in turn means that they must be able to make effective use of their country’s budgeting systems.

To respond to this growing demand for technical advice, the Employment Policy Department decided to launch a series of country studies to document how selected countries have undertaken actions for mainstreaming employment in their budgeting process. In Tanzania, an initiative has been taken in this direction. As one of the first initiatives of this kind, this experience is worth documenting for lessons learned and scaling up.

We hope that the lessons learnt can be useful for countries who wish to launch similar initiatives.

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Acknowledgements

This country study was written by Debbie Budlender based on a background paper prepared by Samuel Wangwe and Constantine George of REPOA, a Tanzanian think-tank on Research and Poverty Alleviation. Éléonore d’Achon and Claire Harasty of the ILO Employment Policy Department supervised the preparation of the country study and revised the final draft. Joseph Sitta Nganga of the Prime Minister’s Office and Flora Minja of the ILO in Dar es Salaam provided guidance and inputs.
Introduction

This case study tells the story of the Government of Tanzania’s implementation of pro-employment budgeting. It describes the approach and instruments used, the actors involved, the challenges faced, and the achievements to date.

Pro-employment budgeting is about integrating, or mainstreaming, an employment perspective in the planning and budgeting process of a country’s government. The approach aims to ensure, firstly, that policies of all relevant government agencies take employment concerns into account. Secondly, it aims to ensure that the agencies then allocate and spend funds in a way that allows effective implementation of the pro-employment policy.

Key guiding questions for pro-employment budgeting are as follows:

- Is employment promotion a priority issue in the preparation of the policies and budgets of government agencies?
- Does the Ministry of Finance consider employment promotion as a criterion when it decides on allocation of funds to different ministries and programmes?
- Are the activities funded by government agencies used in a way that optimises the impact on employment?
- Do the budget-related reports of government agencies include indicators related to employment creation?

Pro-employment budgeting is not simply about increasing the number and percentage of people in a country who are employed. It is also about ensuring that existing jobs and any new jobs that are created are in line with the International Labour Organisation’s concept of decent work. This means, among others, that the work is done under favourable conditions that the earnings are sufficient to allow workers and their dependents to live a decent life, and that workers’ rights are respected.

Pro-employment budgeting is not about constructing a separate budget for employment that is managed by the Ministry in charge of employment. Instead it is about how all relevant parts of the national budget can contribute to achieving employment targets.

Pro-employment budgeting is a relatively new approach world-wide. Tanzania is one of the first countries to test this approach. This report is therefore offered in the hope that it will be helpful to other countries that embark on a similar initiative.

The report consists of five sections after this one:

- Employment in Tanzania presents some basic labour market statistics for the country;
- The policy background extracts key employment-related aspects of the country’s development vision and national strategy for growth and development, as well as of the National Employment Policy of 2008;
- The story of pro-employment budgeting describes the different stages of pro-employment budgeting in Tanzania to date;
- Reflecting on the experience highlights both achievements to date of pro-employment budgeting in Tanzania and limitations; and
- The way forward makes proposals of ways in which the process of pro-employment budgeting in Tanzania can be improved.
Employment in Tanzania

Tanzania’s 2014 Integrated Labour Force Survey estimated that, of the total population of 45.29 million, 23.91 million (53%) people were of working age, i.e. were aged 15-64 years. A further 1.8 million were aged 65 years and above. Just over half (52%) of those aged 15 years and above were female.

For the population aged 15 years and above, the employment rate stood at 77.8% in 2014 – 82.1% for males and 73.8% for females. The unemployment rate was 10.3% – 8.2% for males and 12.3% for females.

The above estimates reflect Tanzania’s definition of unemployment, which includes people who are marginally employed. Using the standard international definition, the employment rate was 82.2% – 86.7% for males and 78.0% for females. The standard unemployment rate was 5.2% – 3.0% for males and 7.4% for females.

There are good reasons why Tanzania has developed its own definition of employment and unemployment. While Tanzania’s employment rate is relatively high, employment may not be of high quality or provide adequate income. Only 13.9% of employed people were classified as paid employees – 18.0% of males and 9.7% of females.

Table 1 reveals that the majority (61%) of employed people were in agriculture, with a further 19% in the private informal sector and eight per cent having their main job in a private household. Combining these three categories, 87% of employed people were in jobs that were likely to be of poor quality and provide low incomes. As with most other indicators, women were worse off than men, with 91% of women in these three categories compared to 83% of men.

### Table 1. Type of employment by sex, 2014

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<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
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<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Government</td>
<td>4</td>
<td>3</td>
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</tr>
<tr>
<td>Parastatal</td>
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<td>Agriculture</td>
<td>59</td>
<td>62</td>
<td>61</td>
</tr>
<tr>
<td>Private informal</td>
<td>19</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Private other</td>
<td>12</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Household</td>
<td>5</td>
<td>10</td>
<td>8</td>
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<td>Total</td>
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Youth are also especially vulnerable in the labour market. Tanzania’s definition of youth covers the population from 15 to 34 years. The 15-24 year olds account for 31% of the employed population of the country, while the 25-34 year olds account for a further 24%. Youth as a whole thus account for 65% of the employed population.

Using the standard definition, in 2014 the unemployment rate for youth was 7.5% – 4.5% for males and more than double, at 10.4%, for females. Of the employed, 11.7% were under-employed. Together youth who were either unemployed or under-employed account for 18.4% of employed youth in the country – 15.8% of employed male youth and 20.8% of employed female youth.
The annual increase in the labour force is estimated at one million, while the increase in wage employment opportunities is around 40,000 annually. As seen above, the situation is particularly bad for youth. Working poverty and low labour productivity remain serious challenges. In addition to those who are unemployed, almost 31.5 per cent of the working population in 2012 was identified as working poor. A further problem is that the labour force continues to lack skills, with only three per cent categorized as skilled, 13 per cent as semi-skilled and 84 per cent as unskilled.

These indicators paint the picture of a country where many people who are working do so out of necessity, but where they and the country receive meagre returns for their efforts. It describes a country whose people could enjoy great benefit from implementation of an effective employment policy.
The policy background: Favourable to pro-employment budgeting

Vision 2025


Vision 2025 envisages attainment by 2025 of high quality livelihoods; peace stability and unity; good governance; a well-educated and learning society; and a competitive economy capable of producing sustainable growth and shared benefits. It envisages a strong, competitive and fast-growing economy (with eight per cent growth in gross domestic product annually), and transformation into a high-productivity agriculture that is well integrated into supportive industrial and services sectors.

On the employment side, Vision 2025 envisages developing human resources, quality education, professionalism, entrepreneurship, creativity and innovation. The Long Term Perspective Plan, which is an implementation framework for Vision 2025, stipulates that unemployment will be maintained below five per cent and that 90 per cent of graduates at different levels of education will be equipped with employable skills. It suggests that by 2025, 50 per cent of employed women and men will be employed in tourism and free zones, 20 per cent in agriculture and 30 per cent in all other sectors. This shows how productive sectors are expected to play a key role in creating productive employment.

National Strategy for Growth and Reduction of Poverty

Acceptance of the idea of pro-employment budgeting in Tanzania has been further encouraged by employment creation being identified as a priority agenda within the National Strategy for Growth and Reduction of Poverty 2010/11-2014/15 (known in Tanzania as MKUKUTA II), the Five Year Development Plan 2011/12-2015/16 as well as in the Big Results Now (2012-2015) initiative.

MKUKUTA II has three clusters of goals. The first cluster is growth for reduction of income poverty. This goal already, implicitly, signals the importance of employment. Within this cluster, both goal 2 and goal 3 are explicit about employment. Goal 2 is to reduce income poverty through promoting inclusive, sustainable, and employment-enhancing growth and development. Goal 3 is to ensure creation and sustenance of productive and decent employment, especially for women, youth and people with disabilities. These goals together thus capture both of the desired elements of pro-employment budgeting – that there be an increase in employment opportunities, and that the jobs created constitute decent work.

National Employment Policy

Tanzania’s National Employment Policy of 2008 was developed as Tanzania’s experimentation with pro-employment budgeting began. The policy aims to create a society engaged in sustainable decent gainful employment, capable of generating a decent income for the improvement of the quality of life and social wellbeing for Tanzanians, and to reduce poverty. Strategically the policy strives to (i) facilitate creation of gainful and freely chosen productive employment; (ii) stimulate labour productivity; and (iii) reduce unemployment and underemployment. The policy envisages enhancement of rural and urban employment
and aims to address the challenges of rural to urban migration, the informal economy and labour market information.

The National Employment Policy aims to promote equal access to decent employment by women and men, and acknowledges the particular challenges facing youth, people with disabilities, retired and retrenched worker, and other vulnerable groups. It links economic growth, poverty reduction and employment, identifies avenues for rural job creation, and explores opportunities for agri-business and farming enterprises as a way of more effectively managing rural-urban migration.

The policy foresees the opportunity for collaboration with the private sector, civil society organizations and other stakeholders to accelerate skills development of the rural labour force while promoting non-farm activities as alternative employment, especially in areas of low farming prospects. It also promotes labour-based rural infrastructural development, skills development and greater use of improved appropriate technology in farming and other rural activities as well as enhancing linkages between agriculture and industry.

These objectives can’t be achieved without the full engagement of all government ministries and world of work actors.

**Key actors**

The National Employment Policy describes the roles of a range of actors, including central government ministries, departments and agencies (MDAs); local government authorities (LGAs); employers’ and workers’ organizations; financial institutions; the private sector more generally; development partners; civil society organizations; academic, training and research institutions; and the mass media.

The Ministry of Labour and Employment (MoLE) is especially noteworthy as an actor as it bears the main responsibility for coordination and oversight of the National Employment Policy. The specific functions of MoLE are to promote employment creation and to safeguard labour standards and regulations. It is also responsible for provision of labour market information.

Other government agencies have functions that can impact employment. One of the main objectives of pro-employment budgeting is for these other agencies to recognise their roles and responsibilities. The social partners outside of government – and trade unions and organised business in particular – have a role in supporting government agencies to make good policy, and in monitoring budgeting and implementation so as to promote accountability of government.

Responsibilities in respect of employment promotion extend beyond central government agencies. The Decentralization Policy of 1998 envisages a local government system that is based on political devolution and decentralization of functions and finances within the framework of a unitary state. Within this system local government authorities (LGAs) are responsible for developing, monitoring, and coordinating employment creation initiatives in their areas of jurisdiction in the quest for full and productive employment. LGAs are expected to promote employment-intensive investments in sectors and areas with employment potential. They are also required to establish Employment Creation Committees (ECCs) that bring together all key stakeholders, including the social partners. Region and district ECCs have however been established only in Lindi, Mtwara and Morogoro regions and even in these regions, the committees have not been functioning well. Finally, LGAs are required to establish Focal Employment Desks to coordinate and report on the implementation of employment creation initiatives.
LGAs are, in addition, responsible for establishing a system of collection, analysis and dissemination of information on employment creation. This information is to be regularly disseminated and also fed into the national labour market information database. Finally, LGAs are expected to provide basic rural support services including rural roads, markets, skills training and business support to entrepreneurs in agricultural and non-agricultural activities.

An implementation strategy for the 2008 National Employment Policy has not yet been finalised and the institutional structures for its implementation at local level have remained weak. For example, the Employment Department structure does not go down to regions and districts. But the Policy has provided a vision and a concerted framework on employment-related interventions in Tanzania. As such this was an important first step in Tanzania’s experimentation with pro-employment budgeting.

The Vision 2025 and the National Strategy for Growth and Reduction of Poverty provided the basis for mainstreaming employment in other ministries’ policy frameworks. These are important entry points for employment budgeting.
The story of pro-employment budgeting in Tanzania

Beyond policy frameworks, political will from the highest level of government facilitated the establishment of employment budgets. In 2013, the then president of the country chaired a meeting of all ministers and permanent secretaries where they were urged to ensure that employment was prioritized in their respective agendas. A solid employment-centred national policy framework, supported by effective leadership from the President of the country sent a strong message to the government to give priority to employment issues in planning and budgeting.

The toolkit: A tool for enhancing the employment content of policies

The second step of the pro-employment budgeting process was about ensuring that employment objectives – as identified in the national employment policy and the national development plans – were effectively taken into account and translated in the various government policy documents. This step is important for pro-employment budgeting as budgets should reflect policies. Thus, until the policies adequately address employment issues, budgets are unlikely to do so.

In that context, the Ministry of Labour decided to use an existing tool to mainstream employment issues in Government’s policies: the UN Chief Executive Board toolkit.

This toolkit was developed by the ILO at the request of The High Level Committee on Programmes of the UN Chief Executives Board (CEB) to mainstream employment and decent work in all policy areas for which the various UN agencies are responsible. The toolkit is aligned with the four pillars of the decent work agenda, namely employment creation and enterprise development, social protection, standards and rights, and governance and social dialogue. The main body of the toolkit consists of self-assessment checklists for different areas within each of the four pillars. For employment creation and enterprise development there are 15 areas; for social protection six areas; for standards and rights six areas; and for governance and social dialogue two areas.

The checklist aims to highlight the linkages between decent work and the policy areas for which different government agencies are responsible. The intention is that government agencies use the checklist to assess their policy documents and programmes. In so doing, they should become aware of gaps and thus be in a position to improve the policies so that they better reflect the decent work agenda.

Each checklist has a short introduction explaining the policy area and a list of Yes/No questions. For example, the sectoral policy area has the following checklist questions:
These questions are intended to be asked of all ministries, in all sectors, to conduct assessments of the extent to which employment is taken into account in the various government policy documents, both at national and at decentralised level. It shows that employment should be a concern of all parts of government, not only the ministry with overall responsibility for employment. Its aims both at building capacities through the assessment exercise itself and at strengthening the employment dimension of the Government’s policies.

During the pilot phase, the core team found that application of the toolkit was challenging. The team felt that the yes/no option provided in the toolkit was too restrictive, and did not allow for a nuanced and accurate assessment. It also felt that the toolkit contained some questions which could be merged so as to reduce the number of questions and avoid unnecessary repetition. The team therefore tasked REPOA with “domesticating” the toolkit for use in Tanzania. The lessons learnt in the regions and from the pilot Ministries were particularly important for refining the toolkit to suit Tanzanian conditions. Changes made by REPOA during refinement included shortening, adjustment of checklists to fit the Tanzanian situation better, and translation into Swahili. Adaptations to achieve a better fit included questions relating to informal and home-based workers, and greater emphasis on rural employment.

Raising-awareness and building capacities: a key step for changing mind-sets

In addition to using the UN toolkit to enhance sectoral ministries’ knowledge of the employment-friendliness of their policies, a lot of efforts have been put into running awareness-raising and advocacy initiatives among Government’s institutions. Raising awareness on pro-employment budgeting included sharing the substance of the national employment policy with actors beyond the ministry of Labour and explaining the pivotal coordination role of the Ministry of Labour in this process and making clear that employment is everyone’s business. This helped MDAs not only understand better employment issues, but also what they must do in their respective fields of responsibility to contribute to employment promotion.

Capacity-building also entailed challenging the understanding of the ‘employment neutrality’ of budgets and making visible to Government Departments the employment impact of their policies and budgets. Moreover, pro-employment budgeting is a new concept internationally. It was thus important that those expected to play a role in pro-employment budgeting understand what the concept entailed and what the exercise aimed to achieve.
The first formal session on pro-employment budgeting in Tanzania was held in Dar es Salaam. The aim of this and other early sessions was to raise awareness and promote understanding among key actors – both key decision-makers and those who would have practical roles to play – about the meaning and objectives of pro-employment budgeting. Within the structure of government departments and agencies, operational responsibility lies with civil servants at various levels of seniority. Raising awareness of decision-makers was important as they have the power both to shape policies and to determine what work their staff do. Raising awareness of the practitioners was important as they would be doing much of the technical work related to pro-employment budgeting.

The sessions also shared information on the employment situation in the country to encourage an understanding of the need for pro-employment budgeting. In addition, they started to disseminate the message that employment was not the responsibility only of MoLE. Instead, they highlighted the fact that a range of different government agencies could and should contribute to employment promotion.

The participants in the first session included MoLE officials, representatives from the Association of Tanzania Employers and Trade Union Congress of Tanzania, and experts from Sokoine University of Agriculture and the University of Dar es Salaam. ILO experts from Geneva facilitated the session, which served to introduce the idea of pro-employment budgeting to the social partners.

With ILO support, the MoLE subsequently facilitated an orientation forum for Directors of Policy and Planning in all ministries. These directors would subsequently be expected to play the role of experts in implementation.

A third session targeted other officers from the planning departments of ministries. These and subsequent capacity building sessions followed more or less the same format. The sessions included presentations that provided an overview of the employment and labour market issues at global, regional and national level. Key themes for the presentations were the focus areas of the National Employment Policy of 2008; labour market information in Tanzania; employment sector opportunities and challenges, the concept of mainstreaming, and use of the UN CEB toolkit.

Starting the pro-employment budgeting process with raising-awareness and training sessions was key to build a common vision on employment among stakeholders, bringing on board sectoral Ministries that are not familiar with those issues which fall outside their traditional mandate and area of concern.

A pilot phase in two regions...

In Tanzania pro-employment budgeting was first piloted in 2009/10 in two regions: Lindi and Mtwara. The regional and district administrations in these two regions appointed Employment Focal Officers to facilitate employment mainstreaming in regional planning. To build the required partnerships and ensure engagement of all actors at local level, the coordination of stakeholders was institutionalized through the establishment of Employment Creation Committees (ECCs). These were created both at the level of the Regional Administrative Secretary Offices and of the LGAs. They are composed of various government and non-government institutions as well as representatives of workers and employers organizations. A total of 12 committees were established – six in each of the two regions.

The second step was about building knowledge in the decentralized entities to enable them to adequately play their roles and efficiently take on their responsibilities. ECC members and Employment Focal Officers were oriented on the National Employment Policy as well as on application of the toolkit. Participants included officials from the two regional...
secretariats as well as officials from district, town and municipal councils. MoLE officials facilitated these sessions together with experts from the two universities. The orientation was followed by technical working sessions during which participants used the toolkit to assess their strategic plans and medium-term expenditure frameworks (MTEFs). The districts were subsequently assisted to mainstream employment in their medium-term expenditure frameworks.

The lessons learnt from the experience in Lindi and Mtwara were as follows:

- Reports on ECC meetings need to feature in Council meetings agenda to promote high-level commitment and attention of decision-makers that can inform their decisions on resource allocation;
- Budgets for the EECs need to be incorporated in the Councils’ annual budgets so that there are adequate funds for their activities;
- There is need for further sensitization of lower-level staff in the districts, and dissemination of the toolkit will assist in this respect;
- There is need to contain staff turnover so that the expertise of those who have been trained and have experience is not lost; and
- The MoLE needs to put in place a user-friendly labour market information system that will enhance capturing of employment statistics at all levels and facilitate informed planning and decision making.

The experience of piloting in these two regions was shared in subsequent rolling out of pro-employment budgeting. Subsequently, there were further sessions in which LGAs and Regional Secretariats from Dar es Salaam, Coastal and Morogoro regions learnt about and then implemented the toolkit. The lessons learnt in the regions were particularly important in refining the approach and the methodology to suit the needs of the stakeholders involved.

Pro-employment budgeting is not just a national concern. Pro-employment budget initiatives are particularly needed at local level, specifically in countries where regional employment disparities are significant. In addition, regional and local governments can respond more quickly and in a more focussed way when it comes to local employment challenges and needs.

... followed by piloting in key ministries

The government then gradually introduced an employment dimension into Ministries’ policies and budgets, starting with six pilot departments, namely the Ministries of Works; Industry and Trade; Home Affairs; Finance; Agriculture, Food Security and Cooperatives; and Prime Minister’s Office Regional Administration and Local Governments (PMO-RALG). These ministries were identified as among those with particularly important roles and responsibilities in respect of employment. The last-named is important as it is the responsible ministry for LGAs. The involvement of the Ministry of Finance in the pilot initiative highlighted the importance which the Tanzanian government attached to pro-employment budgeting. Each of the ministries appointed five officials to participate in the assessment sessions. The assessment teams focused their assessment on the ministries’ policy and development frameworks and the 2011/12 budgets. They also developed employment and decent work indicators for the 2012/13-2014/15 MTEF. The indicators were, wherever relevant, disaggregated by age group and gender. In addition, the teams established mechanisms to track the employment creation and decent work indicators at ministry and LGA level.

The members of the assessment teams were selected by the permanent secretaries of each ministry. Two teams (Agriculture, Food Security and Cooperatives; and Industry and
Trade) were composed only of participants from the policy and planning departments while the teams of the other ministries included participants from other departments. The teams which had participants from departments which drove policy and budgeting generally performed better. In addition, the experience revealed that selecting participants from human resource departments was insufficient as these departments are concerned only with government employees. The overall lesson was that ministries need guidance on the selection of the assessment team members.

The teams assessed a total of 31 policies, as follows:


- Ministry of Works: Construction Industry Policy, Roads Act, Transport Sector Investment Programme, and MTEF;


- Prime Minister’s Office-Regional Administration and Local Government: Rural Development Policy, Policy Paper on Local Rural Development Policy, Policy Paper on Local Government Reform, Local Government Reform Programme II, and MTEF for 2010/11;

- Ministry of Agriculture, Food Security and Cooperatives: National Agriculture Policy of 2011, the Agricultural Sector Development Program (ASDP), and the Accelerated Food Security Programme.

The following examples point to some of the findings of the assessments in respect of the four pillars. The examples highlight where the sectoral assessment teams found that policies already addressed employment issues, as well as cases where there were gaps and silences.
Employment creation and decent work in central government policies

Employment creation and enterprise development

The Ministry of Finance assessed MKUKUTA II, the National Micro-Finance Policy of 2000 and the Macroeconomic Policy Framework for the Medium Term Plan/Budget 2010/11-2012/13. These documents mention employment creation and decent work in varying degrees, but only MKUKUTA II has specific provisions regarding employment creation. Intervention packages named include promoting employment-intensive investments, business development services, skills training for enhancing employability, improvement of the labour market information system, implementing affirmative action in employment creation, effective enforcement of labour laws and standards, and boosting industries to generate income and creation of productive and decent jobs, especially for women, youth and people with disability. MKUKUTA also envisages scaling up the role of the informal economy through formalization.

Key employment targets in MKUKUTA include reduction of working poverty from 36 per cent in 2007 to 20 per cent in 2015, and reduction of unemployment from 10 per cent in 2008 to 5 per cent by 2015.

The Ministry of Works assessed the Construction Industry Policy. The policy was found to support the socio-economic sectors, for example through development of the road network for the agricultural sector. It more directly encourages employment through promotion of use of labour-based technology. The policy also provides for training of workers in new technologies to enhance productivity and income. However, the policy does not address the distribution of productivity gains, or the impact of investment on the number or quality of jobs created.

In the Ministry of Industry and Trade, the Sustainable Industrial Development Policy and the small and medium enterprises development policies were found to have employment creation as a core objective.

Within agriculture, the National Agricultural Policy and other policy documents recognize the importance of enterprise development to promote private sector investment and create jobs. The policy highlights employment creation at the agro-processing stage but does not fully recognize the potential for employment creation throughout the full value chain, from production to the final consumers.

Social protection

Goal 6 of MKUKUTA-11 envisages provision for adequate social protection and rights to vulnerable groups of people such as orphans, vulnerable children, people with disabilities, the elderly, people living with HIV and AIDS and long-term illnesses, youth, former inmates, and people disabled due to accidents, wars and conflicts.

The Construction Industry Policy acknowledges the need to address the negative effects of construction activities at workplaces by establishing sustainable social protection measures and payment of a living wage to motivate workers.

The Rural Development Policy emphasizes effective implementation of the microfinance policy to enable poor people in rural areas to access financial services in difficult times and improve their livelihoods across all seasons.

The National Agricultural Policy mentions social protection in relation to support for vulnerable groups and employees infected and affected by HIV and AIDS, the need to develop a subsidy programme to support farmers to access modern inputs, and provision of food during droughts and other disasters.

Standards and rights

The assessment teams found little evidence of provisions in this area apart from the Sustainable Industrial Development Policy providing for education of workers on their rights and obligations.

Governance and social dialogue

Cluster 3 of MKUKUTA II was found to address good governance and accountability so as to create a favourable environment for economic growth. The Construction Industry Policy was found to include provisions for promotion of good corporate governance principles as well as auditing of all major public-financed projects so as to curb corruption. However, the policy makes no mention of consultation with workers. In contrast, the Sustainable Industrial Development Policy highlights the importance of social dialogue, and its role in achieving adherence to labour standards and the achievement of fair, productive and competitive market economies.

The National Agricultural Policy emphasizes facilitation of equal access to land for women and men, and adherence to performance standards and regulations. It also notes the importance of involving social partners and promoting social dialogue.
Building a strong partnership between employment and finance ministries

A pro-employment budgeting process requires cooperation between budget experts and employment experts, with collaboration between the Ministry of Finance and the authorities responsible for employment playing a particularly important role. In Tanzania, the overall coordination and facilitation was done by the Ministry of Labour and Employment (MoLE). However, the Ministry of Finance played a leading role in introducing and institutionalizing the initiative. Its involvement made it easier to attract the attention and gain the buy-in of other ministries that might have been critical of a new initiative that adds workload and does not serve them directly, but another Ministry.

Partnership also extends to players outside government, including external experts. In Tanzania, the piloting was technically facilitated by the Research on Poverty Alleviation Institute (REPOA), a national think-tank. The experts from REPOA were central to building capacity of the selected sectoral Ministries and Local Government Authorities. REPOA also played an important role in refining the toolkit. A draft of the revised toolkit was circulated to key stakeholders for further inputs before the final prototype Tanzanian toolkit was finalised. Once finalised, the prototype toolkit was formally adopted, and copies were printed and disseminated to stakeholders to assist them in their further work on pro-employment budgeting.

The experience of Tanzania shows that collaboration with external experts might be necessary to support the Ministry of Employment when launching pro-employment budgeting initiatives. They can usefully complement the skills and expertise available in the Ministry of employment and facilitate the development of the necessary tools.

International organisations can also contribute, particularly during the early stages of pro-employment budgeting initiatives, by stimulating political interest, raising awareness, providing technical assistance and financial support. In Tanzania, the ILO played that role providing arguments and useful references such as the UN CEB Toolkit; assisting with the employment policy process and the integration of employment in national frameworks; providing research information as well as technical and financial assistance to fund the pilot in the regions and the Ministries. The piloting exercise was supported both financially and technically by the ILO.

Development of planning and budgeting tools

While the toolkit aimed at assessing to what extent sectoral policy frameworks had an employment content, the next step was about developing budgets that are aligned on the identified priorities. Rather than simply making a general call for employment responsiveness, MoLE, the Ministry of Finance and the Planning Commission collaborated to develop various tools to be used by MDAs and LGAs in budget preparations as well as in reporting on budget implementation.

The actors chose to amend the budget guidelines and reporting forms, so as to ensure that the principles, procedures and technical instructions that guide the preparation of and reporting on the national budget include employment criteria. The objective was to develop user friendly and specific forms and instructions on how this can be done.

The tools became part of the national planning process. Forms 15A and 15B shown below were annexed to the guidelines for the preparation of annual plan and budget for 2015/16. Form 15A was to be used at the planning stage, while Form 15B was for the execution stage, when agencies must report against their plans.
Form No. 15a – Framework for Mainstreaming Employment Creation in Sector Development Plans – Planning Level

Financial Year: ..........................................................
VOTE NO: .............................................................
VOTE NAME: ..........................................................
SUB-VOTE NAME: ..................................................
PERIOD COVERED: ..................................................
Objective: .............................................................

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment Opportunities (Project Name)</th>
<th>Project code</th>
<th>Target Description</th>
<th>Activities code and description</th>
<th>Total approved budget (Tshs)</th>
<th>Name of Region (for the project)</th>
<th>Name of District (for the project)</th>
<th>Total planned number of jobs to be created</th>
</tr>
</thead>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of jobs to be created segregated by sex and age group</th>
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</thead>
<tbody>
<tr>
<td>Male</td>
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</tr>
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</tr>
<tr>
<td>35-60</td>
</tr>
<tr>
<td>61+</td>
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<tr>
<td>Total</td>
</tr>
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Specific Instruction to Sector Ministries, Independent Departments and Agencies (MDAs), Regional Secretariats (RS) and Local Government Authorities (LGA)

This form should be filled once a year during the preparation of annual budget and submitted to the Permanent Secretary, Ministry of Labour and Employment and Permanent Secretary, Treasurer

15° as per Section 5(a) and (b) of the Employment and Labour Relations Act No. 6 of 2004
**Form No. 15b – Framework for Mainstreaming Employment Creation in Sector Development Plans – Execution Level**

<table>
<thead>
<tr>
<th>Financial Year:</th>
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<tbody>
<tr>
<td>VOTE NO:</td>
<td>...........................................................................</td>
</tr>
<tr>
<td>VOTE NAME:</td>
<td>...........................................................................</td>
</tr>
<tr>
<td>SUB-VOTE NAME:</td>
<td>...........................................................................</td>
</tr>
<tr>
<td>PERIOD COVERED:</td>
<td>...........................................................................</td>
</tr>
<tr>
<td>Objective:</td>
<td>...........................................................................</td>
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</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment Opportunities (Project Name)</th>
<th>Activities code and description</th>
<th>Total approved budget (Tshs)</th>
<th>Actual Release (Tshs)</th>
<th>Name of Region (for the project)</th>
<th>Name of District (for the project)</th>
<th>Total planned number of jobs to be created</th>
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<th>Female</th>
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</thead>
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</table>

**Number of jobs to be created segregated by sex and age group**

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-35</td>
<td>36-60</td>
</tr>
</tbody>
</table>

**Specific Instruction to Sector Ministries, Independent Departments and Agencies (MDAs), Regional Secretariats (RS) and Local Government Authorities (LGA)**

This form should be filled quarterly and submitted to the Permanent Secretary, Ministry of Labour and Employment as per Section 5(a) and (b) of the Employment and Labour Relations Act No. 6 of 2004.

As can be seen the tools require that during the planning phase MDAs and LGAs indicate at activity/project level the number of jobs to be created and associated budgets.

Subsequently, during the execution stage, MDAs and LGAs are required to use Form 15B to report on employment created on a quarterly basis to MoLE and the Ministry of Finance. The numbers for both the targets and actual performance must be disaggregated by sex and age group. The forms identify the budget vote and sub-vote that is expected to deliver the target number of jobs, as well as the specific activities. This implies that government agencies must complete a separate form for each sub-vote of their budget that they expect to contribute to job creation.

Coordination of reporting in MDAs was assigned to the Employment Focal Officers. PMO RALG, Regional Administration Secretaries and LGAs were assigned the function of monitoring employment at the level of local governments.

One could argue that focusing on the number of jobs created may not be meaningful in a context such as Tanzania with a relatively low rate of unemployment and a high share of working poor, informal and vulnerable workers. The choice for targets and indicators on the number of jobs created was the need to keep it simple to track and monitor so that every Government’s agency becomes accountable for employment creation. In the same vein, the forms developed were kept concrete and easily applicable by budgeting actors who are not familiar with employment issues.
In addition to inclusion of these two forms, the 2015/16 guidelines identified specific priorities for employment sectors, namely implementation of programmes to promote youth employment; conducting labour and employment surveys; and implementing reforms in social security schemes.

**Replication beyond the pilot agencies**

With the revised tool in place, MoLE coordinated guidance on pro-employment budgeting for MDAs and LGAs that had not been part of the pilot. This was done through the budget guidelines (which included the new planning and reporting tools shown above) and frequent reminders issued by MoLE. In addition, in November 2014 at the Regional Commissioners’ forum in Dodoma, MoLE signed a memorandum of understanding with all Regional Commissioners in Tanzania mainland to strengthen job creation and reporting at regional and local government level. The memorandum was accompanied by a declaration and plan of action. These focused, in particular, on addressing under- and unemployment among youth.

The memorandum did not explicitly mention budgets. Nevertheless, it laid a good basis for taking pro-employment budgeting forward. Such official and explicit agreement is useful to reinforce the commitments made as indicated in the Budget Guidelines, to hold local governments accountable for employment as well as bring all actors to the table when they are reluctant and see it as outside their mandate. It did explicitly name the National Employment Policy. It also committed to ensuring that job creation “becomes a priority agenda and permanent session at the Regional Advisory Committees” and that coordination desks on employment issues would be established at regional and district levels.

MDAs and LGAs now know that the Ministry of Finance and Planning Commission will, when scrutinising the draft annual budgets they have submitted, assess whether they have mainstreamed employment in their programmes and plans. Further, when there are revenue or cash shortfalls, the potential for job creation is one of the factors considered when deciding which sectors to prioritize for release of budgeted funds.

**Creation of employment opportunities**

Table 2 shows the number of jobs or employment opportunities created in the period 2011-2014. The information in the table was compiled by MoLE from diverse sources. It shows the total number of opportunities created climbing steadily between 2011 and 2013, but then falling back in 2014. The number of public sector jobs reaches its peak even earlier, in 2012. In contrast to the overall pattern, there is a substantial increase in opportunities from government development projects in 2014.
<table>
<thead>
<tr>
<th>Sectoral</th>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Total</th>
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<tr>
<td>Employment in the public sector</td>
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<tr>
<td>Education sector</td>
<td></td>
<td>29 258</td>
<td>43 362</td>
<td>36 073</td>
<td>36 071</td>
<td>44 764</td>
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<tr>
<td>Health</td>
<td></td>
<td>5 951</td>
<td>8 820</td>
<td>1 221</td>
<td>3 452</td>
<td>29 444</td>
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<tr>
<td>Other sectors</td>
<td></td>
<td>3 080</td>
<td>4 565</td>
<td>2 321</td>
<td>5 274</td>
<td>15 240</td>
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<tr>
<td>Sub total</td>
<td></td>
<td>38 289</td>
<td>56 747</td>
<td>49 615</td>
<td>44 797</td>
<td>189 448</td>
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<tr>
<td>Development projects implemented by government</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Agriculture</td>
<td></td>
<td>9 017</td>
<td>122 980</td>
<td>130 974</td>
<td>154 560</td>
<td>417 531</td>
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<tr>
<td>Works</td>
<td></td>
<td>59 792</td>
<td>1 033</td>
<td>32 132</td>
<td>107 527</td>
<td>200 484</td>
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<tr>
<td>Energy sector</td>
<td></td>
<td>268</td>
<td>380</td>
<td>453</td>
<td>378</td>
<td>1 479</td>
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<tr>
<td>Community projects</td>
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<td>34 561</td>
<td>50 246</td>
<td>8 686</td>
<td>9 455</td>
<td>102 948</td>
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<tr>
<td>Sub total</td>
<td></td>
<td>103 638</td>
<td>174 639</td>
<td>172 245</td>
<td>271 920</td>
<td>722 442</td>
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<tr>
<td>Private sector</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small &amp; medium enterprises</td>
<td></td>
<td>9 946</td>
<td>2 436</td>
<td>7 192</td>
<td>6 524</td>
<td>26 098</td>
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<tr>
<td>Investments through export processing zones</td>
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<td>15 100</td>
<td>9 254</td>
<td>26 381</td>
<td>16 911</td>
<td>67 646</td>
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<tr>
<td>Investments through Tanzania Investment Centre</td>
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<td>82 834</td>
<td>59 010</td>
<td>149 594</td>
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<td>Telecommunications</td>
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<td>86 702</td>
<td>13 619</td>
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<td>Other sectors</td>
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<td>211 970</td>
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<td>414 652</td>
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<tr>
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<td>166 005</td>
<td>408 756</td>
<td>257 323</td>
<td>1 018 048</td>
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<td></td>
<td>327 891</td>
<td>397 391</td>
<td>630 616</td>
<td>574 040</td>
<td>1 929 938</td>
</tr>
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</table>

Source: MoLE internal document, 2016

MoLE plans to review the National Employment Policy of 2008, after which it hopes to propose legislation that will provide more focused guidance to all stakeholders. This would take pro-employment budgeting a step forward, as provisions with budget legislation can provide opportunities if not incentivize Government agencies to act on employment including pro-employment budgeting.
Reflecting on the experience

Budget is the most important governmental instrument, because without funds policies cannot be successfully implemented. The composition of public expenditure and the manner in which resources are allocated and managed will affect the actual implementation of the employment policy. This is why pro-employment budgeting is key.

Pro-employment budgeting is an innovative and ambitious initiative. It requires major changes in thinking and in practice. It requires to open up the budget process to a large group of actors; it calls for a re-prioritisation of employment issues and necessitates the matching of employment objectives with resource allocations.

The Government’s efforts in respect of pro-employment budgeting have resulted in some important achievements. The following summarizes the lessons learnt as well as the success factors and major outcomes of the Tanzanian experience:

Political commitment at all level is required to change the perspective and recognise that employment is core to all activity. Presidential support as well as official agreements such as the Memorandum of understanding signed between the MoLE and Regional Commissioners can play an important role in that respect.

- A supportive policy framework should also be in place. The pro-employment mainstreaming process that was piloted starting in 2010 has put employment and decent work high on the policy and budgeting agenda in Tanzania. Employment has been recognized as a cross-cutting issue that requires collaborative efforts across institutions. Since its initiation in 2008, the pro-employment budgeting initiative has contributed to the inclusion of employment and decent work in varying degrees in policies and plans such as MKUKUTA II, the five-year development plan, and the government’s Big Results Now initiative.

- Shifting thinking and attitudes is the first step. In that perspective, in Tanzania, a lot of effort has been put in building-capacities: more than 120 officials in ten ministries, five regions and 30 LGAs have been trained. Capacity-building activities provided an opportunity for officials to become familiar with employment issues. This proved to be essential for staff who either do not consider employment to be an issue in their area of work or who hold to the position that the impact of their Department budget is employment neutral. The pilot was important for raising awareness and for re-examining assumptions - including on the pivotal coordinating role of the Ministry of Labour in this process and making clear that employment is everyone’s business-, which is an important starting point for the work toward pro-employment budgeting.

- Changing mindset is key, but the ultimate goal is to change what Government agencies do in a way that impact employment creation. This requires adding new processes and tools to put pro-employment budgeting into practice. Without solid and tested material it is impossible to proceed with capacity-building activities. In that context, the toolkit was key to train government officials and conduct assessments of the extent to which employment is taken into account in the various policy documents, both at national and decentralized levels. In addition, as from 2011/12, planning and budgeting guidelines have informed MDAs and LGAs of the need to identify and implement interventions that can promote employment opportunities. Practical and concrete planning and reporting forms were developed so as to be usable by all budget officials. It has also been recognized that local suppliers are important creators of employment. Since financial year 2013/14 national budget guidelines cite employment creation as a key concern and include a reporting format for MDAs and LGAs on employment creations.
- A strong partnership between the Ministry of Employment and the Ministry of Finance is necessary as the latter is in a position to make change in the budget tools and procedures. It has the mandate to check sectoral Ministries’ submissions against the instruction of the budget guidelines as well as the political influence to mobilise support to pro-employment budgeting, compared to the Ministry in charge of employment which usually has limited influence and resources.

- Partnerships with national research institutes are a must. Academics and national think tanks can make valuable contribution, in particular with providing technical expertise, training Government officials or developing methodologies. In Tanzania, the partnerships built with REPOA, and with universities at local levels, played a key role in that regard.

- Pro-employment budgeting should be implemented in a progressive, pragmatic and flexible manner. In Tanzania, the pilot phase started with some regions and key Ministries which have the highest employment potential. It was further extended only in a second stage when the toolkit was finalized and the approach refined. The approach taken was also pragmatic. For example, the reporting is focused on one indicator only which is the number of jobs created. Even if not perfect, starting with simple actions allows actors to progressively engage in the process and play their role.

The above are important achievements. However, further work is needed before pro-employment budgeting has a clear impact on employment in Tanzania, when the efforts result in reductions in unemployment, under-employment, the number of women and men who work but have inadequate incomes or excessive hours of work, the number in vulnerable employment such as own-account or unpaid family workers, and the number in informal employment. More needs to be done going forward to try to ensure that pro-employment budgeting achieves its objectives of creating more and better jobs for all.
Going beyond the pilot

For the Tanzanian initiative to work over the long-run, it will have to be implemented as a continuous process of establishing benchmarks, setting objectives, monitoring outcomes and adjusting the pattern of resource allocation accordingly.

There are several steps that might assist in moving forward to achieving these objectives.

Firstly, more use could be made of the work that MDAs and LGAs are required to do. In particular, a range of stakeholders should be analysing the reports that government agencies submit every quarter on what has been achieved in terms of employment creation. These stakeholders include the MDAs themselves, the MoLE and Ministry of Finance to whom the information is requested, and the social partners. The information could also be compiled and presented to parliament on an annual basis for their consideration. As noted above, the forms identify the sub-votes and activities that are seen as linked to the planned and achieved budget numbers. Examination of what has happened in terms of employment creation at a sub-vote level – or even below that level – could help identify which policies and programmes are most effective. Future budget allocations could then favour such policies and programmes. If the forms and reports are not used, there is a danger that MDA officials will not take the work involved in compiling them seriously.

Having said that, there is the risk of pro-employment budgeting becoming a mechanical, routine work for the ministerial officials without changing the mindsets of the staff engaged in the exercise. The challenge will be to go beyond providing employment instructions towards providing specific direction to budget officials on how exactly they can go about mainstreaming employment in their policies and budgets. Promoting ownership will also require sustained training efforts. It will also require taking into account that within line ministries there are different responsibilities relating to formulating budgets, compiling figures, developing programmes and making decisions. Therefore, building an adequate level of employment expertise should become an integral part of policy making and interventions will have to continue taking into account technicians such as planners, statisticians and budget staff, but also to fully involve more senior officials that make the real decisions.

Secondly, the focus could be expanded beyond the number of jobs created to cover other aspects – and in particular how allocated budgets contribute to improvement of existing jobs and creation of good quality new jobs. MDAs could be required to report on these aspects in both quantitative and discursive terms.

Thirdly, the ECCs need to be complemented by a system which provides a realistic picture of the employment situation in the country. At present, Tanzania’s labour market information is dated and has many gaps. An improved labour market information system would facilitate better planning and budgeting. It would also allow meaningful comparison between the job creation and improvement reported by the MDAs in their budgets and quarterly reports with information obtained through other means.

Fourth, the Planning and Budget Guidelines Committee could be expanded to include MoLE. This would allow the ministry’s expertise to inform the drafting of the guidelines each year.

Fifth, Tanzania is in the process of reviewing its 2008 national employment policy. This time, it is essential that the policy be translated into an operational action plan to clearly identify the specific role and responsibilities of each government department and agency. The degree to which the employment policy will be made operational – as measured by
whether an implementation strategy is in place with benchmarks, targets and indicators so as to track progress – will determine the success of the pro-employment budgeting initiative. The objectives set at national level will also need to be localised to ensure that regional and local entities can also contribute.

Sixth, pro-employment budgeting initiatives involve activities and processes that involve both government and non-government actors. This is about promoting participation by all relevant players, since not only national and local authorities, trade unions, employers’ organizations, NGOs and researchers must rally to enable effective implementation of employment mainstreaming at all level of the budgeting process. Those actors are in a core position to question Governments on budgetary matters and make sure employment is put on top of the agenda. They should hence be fully involved in the future.

Finally, in order to ensure coordination of all actors, a sound coordination mechanism should be put into place. Such a framework is needed at national level to steer the NEP process and also to coordinate the pro-employment budgeting initiative. At local level, pilot LGAs established Employment Creation Committees to coordinate and report on the implementation of the employment creation initiatives at their level. However, this has proved to be difficult to maintain. ECC should be merged with existing structures to avoid overlap and ensure sustainability.
Bibliography


Employment Working Papers

The Working Papers from 2008 are available at:

www.ilo.org/employment/Whatwedo/Publications/working-papers

Employment Policy Department

For more information visit our website:
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