

Beyond the Numbers: Evaluating the Development Impact of Budget Execution in Tanzania's Public Projects (2014/15-2023/24)

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Abstract: This study evaluates the ten-year development impact of budget expenditure in Tanzania's public investments, using audit reports by the Controller and Auditor General (CAG) as the primary source of information. Although budgetary expenditures on development projects have increased significantly from FY 2014 right up to FY 2023/24, translating such investments into tangible public services and infrastructures has been inconsistent. Through the analysis of audit trends, this paper reveals persistent shortcomings in terms of underspending, unsupported spending, poor implementation of audit recommendations, and value-for-money. These are systemic problems and indicate deep-rooted shortcomings in financial controls, procurement management, and institutional accountability.

The study also considers the evolving governance context, primarily the goal of the newly published Tanzania Development Vision 2050, which underscores the need for efficient, transparent, and accountable public finances management. The suggestions involve the institutionalization of results-based budgeting, strengthening of audit enforcement arrangements, integration of value-for-money guidelines, and stakeholder engagement innovation beyond existing Citizen Report formats.

The findings are beneficial to policymakers, development practitioners, researchers, and citizens who desire to link public expenditure to more effective delivery of services and national development targets. Such linking of budget expenditure and development impact is indispensable for Tanzania to achieve inclusive and sustainable development, concludes the paper.

Key words: Project outcomes, Value for Money, Project Governance.

I. Introduction

Public spending is at the core of Tanzania's socio-economic development, with huge budgetary spending every year on infrastructure, health, education, agriculture, and other important sectors. National planning frameworks such as the Five-Year Development Plans (FYDPs) and sector programs aim to translate this spending into tangible impact. Despite improved budgeting planning and more development spending, it remains challenging to guarantee that spent funds always translate to effective delivery of services and measurable outcomes.

The Controller and Auditor General (CAG) plays a critical role in assessing the financial and programmatic soundness of public expenditure through annual audits that focus on compliance, value-for-money, and procurement compliance. While such audits are important for capturing aspects of budget absorption and control weaknesses, they often fail to meaningfully link financial performance with real service delivery outcomes. For example, widespread budget absorption may continue to co-exist with under-delivery of physical infrastructure such as classrooms, water points, or roads.

This misalignment of spending and outcomes raises elementary questions to public expenditure management, particularly in light of Tanzania's UN Sustainable Development Goals (SDGs), Vision 2025, and the recent establishment of Tanzania Development Vision 2050, emphasizing responsive, accountable, and result-based governance. The demand for evidence-based analyses quantifying financial and development effects is therefore paramount.

This study addresses that gap by examining whether budget execution has translated into tangible development outcomes in Tanzania's public projects from 2014/15 to 2023/24. Using a decade of CAG audit evidence, it analyzes sector-specific patterns, identifies implementation bottlenecks, and evaluates the role of audit recommendations in enhancing development effectiveness. Specifically, the research explores:

1. The extent to which budget execution in key sectors has improved service delivery outcomes;
2. Mismatches between financial performance and development results across sectors and time; and
3. The effectiveness of audit recommendations in resolving barriers to impact.

The findings aim to contribute to academic discourse, policy dialogue, and institutional learning, strengthening accountability in Tanzania's public financial management.

II. Literature Review

Public Financial Management and Development Outcomes

The link between sound public financial management (PFM) and development effectiveness is firmly established in both policy and academic literature. Strong PFM systems entrench fiscal discipline, sustain control over resources, and enhance service delivery through the alignment of expenditure to strategic priorities (World Bank, 2021). Effective budget execution is key to translating approved plans into development outcomes on the ground, particularly in low- and middle-income countries where institutional capacity gaps are dominant (Allen et al., 2013). In Tanzania, reforms under the Public Financial Management Reform Programme (PFMRP) have sought to strengthen budget credibility, transparency, and accountability. Yet, REPOA (2022) and IMF (2023) evaluations indicate ongoing execution-stage challenges, most notably in converting expenditures into sector-level results in water, agriculture, and education.

Audit Evidence and Budget Execution Gaps

Supreme Audit Institutions (SAIs) are critical in promoting accountability in public spending. Performance audits and value-for-money assessments provide evidence on whether government programs achieve intended outcomes efficiently (INTOSAI, 2016). In Tanzania, the Controller and Auditor General (CAG) has consistently reported weaknesses in procurement, planning, fund disbursement, and monitoring systems factors contributing to delays and incomplete projects despite high financial absorption. Lakin and Umarji (2018) note that while CAG findings inform parliamentary oversight, they are underutilized in driving systemic reforms or improving project design when outcomes fall short. This is particularly problematic in sectors with significant annual investment but stagnant progress on key indicators.

International Experience and Best Practices

Worldwide, a number of nations have enhanced the development impact of budget implementation through consolidated planning, results-based budgeting, and performance-informed audits. In Uganda, the Auditor General's Office connects budget audits with service delivery metrics at the district level. India has embraced social audits and citizen scorecards to bridge the gap between public expenditures and community outcomes (Singh & Sarma, 2021). Kenya's National Treasury consolidates budget implementation data with program outcomes through e-procurement and the Integrated Financial Management Information System (IFMIS). These models show that impact-focused audit frameworks and cross-sector learning can reinforce accountability, inform reforms, and increase public investment effectiveness.

Policy Anchors: TDV 2050 and Accountable Development

Tanzania's own Tanzania Development Vision 2050 (TDV 2050) reiterates the imperative of responsible governance and citizen-focused service delivery, pledging to "...develop an efficient, accountable, and effective public administration system in the delivery of services for improved people's welfare." This policy document emphasizes the necessity of assessing not just the spending of funds but also their impact on measurable betterment of people's lives, and places public audit evidence as an instrument of transformational policy discourse and performance measurement.

Gaps in Existing Research

While Tanzania has a wealth of audit information, there are limited peer-reviewed studies that use CAG evidence to systematically examine the relationship between budget execution and development outcomes. The available research is often concentrated on macroeconomic trends or individual-project case studies with minimal incorporation of audit reports. This research fills that void with a long-term, audit-based examination of sectoral and national development effects spanning a decade.

III. Methodology

This study adopts a qualitative document analysis design, and the Controller and Auditor General (CAG) of Tanzania Annual General Reports on Development Projects for ten financial years (2014/15–2023/24) constitute the primary data source. The reports provide longitudinal, authoritative information on financial performance, budget execution, audit outcomes, and the progress of implementation of audit recommendations. Particular focus was placed on sections (Chapter 3 or 4, depending on the year) that provide sectoral expenditure data, financial irregularities, and systemic impediments to project delivery.

To contextualize audit evidence, complementary policy documents—Tanzania Development Vision 2050 (TDV 2050), Five-Year Development Plans II and III, and sector performance reports on education, health, agriculture, and water—were analyzed. Additional inputs were derived from literature by REPOA, the IMF, the World Bank, and peer-reviewed articles, which served as triangulation to validate and enrich audit-based findings.

The research employed a mixed deductive–inductive reasoning. Analysis began with the theoretical expectation in PFM literature that good budget execution relates to improved development outcomes. Audit evidence was then analyzed inductively to test this assumption across sectors and over time. Four analytic dimensions guide the inquiry: (i) budget absorption rates, as gauged by a comparison of approved versus actual expenditures; (ii) nature and frequency of audit findings, e.g., unsupported expenditures, idle balances, delayed disbursements, and procurement breaches; (iii) the extent to which intended development outcomes such as

classrooms completed, boreholes, or road kilometers paved were achieved; and (iv) trends in the adoption of audit recommendations by entities audited.

For analytical clarity, sectors were grouped into three functional clusters: (i) Infrastructure (roads, energy), (ii) Social Services (education, health), and (iii) Productive Sectors (agriculture, water). Findings were synthesized thematically and supported by visual representations.

IV. Results and Discussion

Results

Budget Implementation Trends Summary (2014/15-2023/24)

The CAG audit report analysis reveals significant disparity in the rates of budget execution throughout the decade. While aggregate budget absorption was, on average, better in the later years (2020/21-2023/24), underperformance was consistent in certain sectors, particularly infrastructure and water. In FY 2022/23, for example, the total approved development budget was TZS 13.65 trillion, but only TZS 9.06 trillion (66.4%) was spent. The identical trend was observed in FY 2021/22, with a 67.5% rate of execution.

Sectoral Performance and Service Delivery Outcomes

Infrastructure projects like road and bridge construction consistently received the largest budgetary allocations but also experienced some of the most egregious implementation delays. In FY 2022/23, out of 1,499 on-going infrastructure projects reviewed, 236 (15.7%) were not implemented at all or completed late due to procurement delays, non-availability of funds, and contractor underperformance.

In health and education sectors, projects performed relatively better in financial implementation but poorly in achieving quality and output indicators. For example, FY 2021/22, while more than 80% of the funds were released to build health centres and school buildings, most facilities did not have equipment, personnel, or water supply, thus constraining functionality.

Projects in the water sector demonstrated systemic issues throughout the entire timeframe. There were repeated reports of boreholes and water points being finished but not functional because of technical failures, no power connections, or mismanagement at the community level. The trend is indicative of a lack of strength in project sustainability planning even as budget execution records demonstrated "completion."

Nature of Audit Findings: Recurrent Financial Irregularities

A review of the audit reports across the ten-year period reveals persistent and systemic financial management irregularities within Tanzania's development project implementation. One of the most common findings relates to unsupported expenditure, which continues to undermine financial accountability and transparency. For instance, in the 2022/23 financial year alone, unsupported expenditures amounted to TZS 135.69 billion (Figure 1). These irregularities were often the result of missing payment vouchers, absence of documentary evidence such as delivery notes or completion certificates, and non-submission of inspection and verification reports. Such weaknesses suggest not only internal control failures but also gaps in documentation and oversight mechanisms.



Figure 1: Unsupported Expenditure (TZS Billion)

Another common problem revealed is the incidence of idle or unused funds. In a number of financial years, especially those with donor-funded or externally funded projects, huge amounts were either left in bank accounts without implementation or returned to the Treasury at the close of the fiscal year. This inefficiency postponed vital service delivery and was responsible for the buildup of unfinished projects despite budget allocations. Furthermore, ineffective contract management became a persistent issue, particularly in infrastructure and health sector project. This comprised the utilization of single-source procurement contrary to public procurement regulations,

delayed mobilization of contractors, and situations where payments were made for incomplete or defective works. Cumulatively, these irregularities signify weaknesses in project governance and call for enhanced financial discipline, better contract oversight, and stronger internal audit controls within MDAs and LGAs.

Implementation of Audit Recommendations

Notwithstanding repeated discoveries, the execution of audit suggestions has been incomplete and lopsided. For instance, in FY 2022/23, just 37% of past audit suggestions had been completely executed by MDAs and LGAs, demonstrating sluggish institutional responsiveness (Figure 2). This has prompted the repeat of comparative review issues year in and year out.

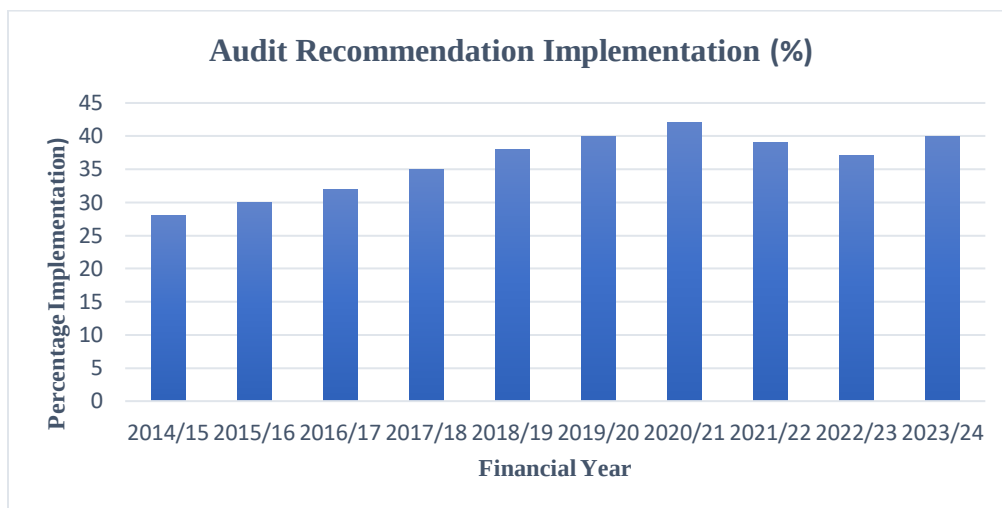


Figure 2: Implementation of the Audit Recommendation

Budget Implementation and Development Effectiveness Relationship

The review shows that high budget execution levels do not always result in development impact. In most cases, projects registered full or near-full disbursement of funds but did not attain output or outcome expectations because of mismanagement, inadequate planning, or insufficient post-completion maintenance plans. The mismatch is especially notable in sectors where performance is not exclusively financial, including health and water.4.2 Discussion

Budget Execution, Development Outcomes, and Institutional Deficiencies

Ten years of audit data demonstrate a chronic gap between budget execution rates and real development outcomes in the public sector in Tanzania. While financial absorption has increased moderately, this has not always resulted in service delivery or completed infrastructure. The quality, efficiency, and timing of spending have a profound impact on results, as demonstrated by unfinished schools, unfurnished health centers, and inoperable water schemes. These results support literature that espouses results-oriented budgeting and fiscal discipline as central to development impact (Simson & Welham, 2014).

Recurring irregularities: unsupported charges, delayed procurement, and dormant funds; indicate deep-seated public financial management weaknesses. The fact that they persist indicates poor accountability, lack of enforcement of financial controls, and incomplete roll-out of risk-based auditing throughout MDAs and LGAs. Identical trends in other Sub-Saharan African nations portend that in the absence of reform in internal audit systems, contract monitoring, and procurement transparency, these issues will persist (Andrews, 2013).

Audit Recommendations, Accountability, and Value-for-Money

Audit recommendation implementation levels are low, averaging less than 40%, reflecting institutional inertia and weak enforcement mechanisms. Notwithstanding formal reporting to Parliament, few feedback loops mean that audit findings do not feedback to inform systemic change, and some MDAs still receive allocations even after repeated violations. International best practices like effective Public Accounts Committee follow-ups in Kenya and Ghana, underscore the value of political will, sanctions, and consolidated tracking systems. Tanzania could use a modern, user-friendly audit recommendation implementation tracking platform to facilitate timely corrective action.

Even where projects are being finished, Value for Money (VfM) concerns still exist. In public investment, VfM is the optimal utilization of resources to achieve desired outcomes effectively, efficiently, and economically in a manner that benefits are sustainable and equitably distributed (NAO, 2011; OECD-DAC, 2019). Evidence from the audit reports recognizes cases of overpricing, procurement fraud, and poor workmanship, all of which undermine the returns on public investment.

Incorporating VfM frameworks within project design, implementation, and audit processes—as done by Supreme Audit Institutions (SAIs) in the UK and South Africa—has the potential to substantially strengthen both performance and public trust. The newly

introduced Tanzania Development Vision 2050 provides a critical policy window for institutionalizing these principles, with the government committing to greater efficiency, productivity, and financial accountability within public service delivery.

Applying Audit Evidence to Development Impact

Audit reports can serve as effective diagnostic instruments of strategic planning if interpreted beyond compliance. Yet, their effectiveness is lessened if they are under communicated or underused by policymakers. NAOT's Citizen Reports represent an advance, yet more stakeholder outreach, especially to Parliament, media, CSOs, and local communities, is necessary to make audit findings induce informed discussion and reform.

V. Recommendations

Enhance Results-Based Budgeting and Planning Frameworks

In order to guarantee that public expenditure translates into physical development results, the Government of Tanzania needs to entrench results-based budgeting in all MDAs and LGAs. This includes tying budgetary allocations to outputs and results that are clearly set, and monitoring performance through quantifiable indicators. The Ministry of Finance, in liaison with the President's Office-Regional Administration and Local Government (PO-RALG), needs to update planning guidelines to include service delivery results in project appraisals and mid-term reviews.

Strengthen Internal Controls and Procurement Monitoring

Recurring audit irregularities like unsupported expenditure and weak contract management call for immediate reforms in internal control mechanisms. Internal audit Units need to be capacitated with contemporary risk-based auditing instruments and be compelled to report quarterly compliance to both NAOT and sectoral Permanent Secretaries. The Public Procurement Regulatory Authority (PPRA) also needs to scale up audits of high-value development contracts and enhance real-time procurement monitoring using digital platforms.

Institutionalize Audit Recommendation Tracking and Suctions

One of the crucial institutional reforms required is enforcing the implementation of audit recommendations. NAOT's Audit Recommendation Implementation Tracking System (ARITS) must be mandatory for all audited entities and aligned with national budgeting systems. NAOT must also publish quarterly implementation bulletins, and Parliament's Public Accounts Committees (PAC and LAAC) must hold ministries and LGAs to account for outstanding issues. Sanctions, such as withholding of funds or disqualification from procurement approvals must be imposed for recidivists.

Integrate Value-for-Money (VfM) Principles into Project Life Cycles

Government should introduce a consistent Value-for-Money framework across the public investment management process from planning and procurement to post-execution audit. This would involve mandatory VfM reviews at the feasibility stage and post-completion review. NAOT should engage sector ministries in the development of VfM audit tools, especially in infrastructure, health, education, and water projects where inefficiencies are highest.

Strengthen Institutional Capacity in Financial and Project Management

Continuing professionalization of financial controllers, project managers, and auditors is important. Government, in liaison with universities and international agencies (such as AFROSAI-E, the World Bank, and PMI), should offer competency-based training in financial accountability, project risk management, and performance auditing. Special emphasis needs to be placed on capacity gaps at the local government level, where audit findings are most frequent.

VI. Conclusion

This research sought to assess the development effectiveness of budget implementation in Tanzania's public projects through an analysis of ten years of audit evidence from the CAG. The results show that while there have been progressive increments in budget appropriations, the development outputs registered have not always reflected the resources spent. Underspending, repeated audit irregularities, low adoption of audit recommendations, and value-for-money issues persist and weaken public sector performance and public trust in government.

The findings refer to systemic fragilities in planning, financial management, procurement, and oversight. Specifically, the weak translation of budget execution into service delivery outcomes echoes structural and institutional constraints that need to be overcome if Tanzania is to achieve the full ambitions of its Development Vision 2050. As the Vision puts it, realizing inclusive and sustainable development demands a public sector that is "efficient, transparent, accountable, and results-oriented" (TVD 2050, p. 28).

The paper concludes that maximizing the developmental effect of public expenditures requires not just technical change in financial and audit systems but also cultural change in favor of performance, learning, and accountability. The CAG's reports contain a rich source of evidence to inform such reforms-if they are utilized by Parliament, policy-makers, civil society, and citizens themselves.

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