

**Social Protection:  
Assuring a Minimum Income  
for the Poorest in Tanzania**

**A study by**

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## List of Acronyms

ALMP	Active Labour Market Programmes
BAKWATA	Baraza Kuu la Waisilamu Tanzania
BNL	Basic Needs Poverty Line
BoT	Bank of Tanzania
CBOs	Community Based Organizations
CBTD	Community Based Targeting and Distribution
CBT	Community Based Targeting
CDI	Community Development Initiatives
CHAWATA	Chama cha Walemavu Tanzania
COASCO	Cooperative Audit and Supervision Corporation
CRDB	Cooperative and Rural Development Bank
DANIDA	Danish International Development Agency
DDC	District Disaster Committees
DMD	Disaster management Department
FAO	Food and Agriculture Organization
FPL	Food Poverty Line
FSIT	Food Security Information Team
GDP	Gross Domestic Product
GEPF	Government Employees Provident Fund
GoT	Government of Tanzania
HBS	Household Budget Survey
HIV/AIDS	Human Immunodeficiency Virus/Acute Immune Deficiency Syndrome
IFAD	International Fund for Agriculture Development
INGOs	International Non-Government Organizations
LAPF	Local Authorities Provident Fund
MFI	Microfinance Institutions
MOCDGC	Ministry of Community Development, gender and Children
MDGs	Millennium Development Goals
MOLYDS	Ministry of Labour, Youth Development and Sport
NDMP	National Disaster Management Policy
NGOs	Non-Governmental Organizations
NMB	National Microfinance Bank
NSSF	National Social Security Fund
OPML	Oxford Policy Management
PHDR	Poverty and Human Development Report
PMO	Prime Minister's Office
PMS	Poverty Monitoring System
PO-RALG	President's Office-Regional Administration and Local Government
PPA	Participatory Poverty Assessment
PPF	Parastatal Pension Fund
PRS	Poverty Reduction Strategy
PSPF	Public Service Pension Fund
PWP	Public Works Programme
REPOA	Research on Poverty Alleviation
RFSP	The Rural Financial Services Programme
RIA	Rapid Impact Assessment
ROSCAs	Informal rotating savings and credit associations
R&AWG	Research and Analysis Working Group
SACAS	Savings and credit associations
SACCOS	Savings and Credit Cooperative Societies
SCCULT	Savings and Credit Cooperative Union League of Tanzania (1992)
SELF	Small Enterprises Loan Facilities

SGR	Strategic Grain Reserve
SSP	Social Support Program
TANDREC	Tanzanian Disaster Relief Committee
TANROADS	Tanzania Road Agencies
TASAF	Tanzania Social Action Fund
TOR	Terms of Reference
TPB	Tanzania Postal Bank
TSh	Tanzanian Shillings
UK	United Kingdom
URT	United Republic of Tanzania
WFP	World Food Program

## **Executive Summary**

This report provides a review of one element of social protection in Tanzania. It examined, specifically, the dimension of social protection that deals with supporting household consumption/income through interventions at the level of the household and individual. This involved a review of poverty and vulnerability in Tanzania and of the expenditure and institutional arrangements of relevant programmes. It was decided that the review should prioritise breadth and as a result, it could not go into a great deal of depth. The findings must in some areas be considered provisional pointers for areas of further investigation.

### ***Poverty and vulnerability***

We begin by distinguishing poverty, which is falling below an acceptable level of welfare, from vulnerability, which commonly refers to the possibility of a decline in welfare in the future. The identification of 'vulnerable groups' can be different again. This work focuses on income poverty, measured by household consumption. The Household Budget Survey (HBS) provides information on the incidence of income poverty, showing it to be an overwhelmingly rural phenomenon. The data from the HBS can be used to estimate the nominal cost of lifting poor households above the poverty line (in 2000/01); this is some TSh 79 billion for the lower poverty line and around TSh 249 billion for the higher poverty line, without allowing for any administrative costs or leakage. These figures represent around 1.0 and 3.3 percent of GDP, and 8 and 25 percent of government recurrent expenditure, respectively. Financing and administering a public transfer programme of that scale would greatly stretch the capacity of Tanzania, suggesting that the immediate priority should be for limited, clearly defined objectives and beneficiaries and a well-targeted and efficient programme.

There is no comprehensive national information available on household vulnerability, in part because all households are vulnerable to some extent and there are no quantitative measures of difference in degree of vulnerability. The Participatory Poverty Assessment (PPA) identifies a number of groups that are deemed by respondents to be particularly vulnerable. According to the Census, these groups range in size from a few hundred thousand individuals (e.g. orphans who have lost both parents, the disabled) to many millions (e.g. women of childbearing age). Individuals in these categories are usually members of households that may vary widely in their socioeconomic status. In so far as can be determined from the HBS data, none of these characteristics would be sufficient on their own to accurately target transfers to poor households.

### ***Programme review***

The review of existing programmes focussed on four areas: food aid/ food security; public works with a large 'safety net' component; savings and insurance schemes; and welfare programmes. The decision to include or exclude certain programmes was not always self-evident and required an element of judgement. It was difficult to collect information on the activities, organisation and expenditure of non-governmental organisations and the focus has therefore been largely on the work of government and international organisations.

In **food aid**, the main actors at a national level are the Prime Minister's Office (Disaster Management Department) and the World Food Programme. In **public works**, the main actor is the Public Works component of the Tanzania Social Action Fund (TASAF). In **savings and insurance**, the review looked at programmes and organisations that promote access to savings facilities, and the pension funds. In **social welfare**, most information was obtained on government activities, particularly the Ministry of Labour, Youth Development and Sport. In many of these areas, local government and or non-government organisations also play an important role.

The review of each of the programme areas highlights a number of issues specific to that area (which are detailed in section 4 of the report), while recognising that all address complex problems and are constrained by limited resources. Across all four programme areas, the following issues stand out.

### **Institutional arrangements**

Social protection policy is divided across many actors. With so many institutional actors, close coordination is essential. A clear view of objectives and priorities is also essential, given the limited resources available. However, there is often a lack of institutional coherence and coordination. A start has been made with the development of the National Social Security Policy, but this needs to be moved forwards to consolidate progress in institutional and operational terms.

Operationally, there is often a lack of coordination between different programme areas of the social protection system. Different organisations are mandated to use different means of support and there is insufficient linkage and coordination between programmes and modalities. In particular, emergency food aid and TASAF tend to operate independently from other elements, at least at the national level. There is no overarching body to review the effectiveness of the various instruments and approaches. Myriad activities go on at various levels and with various objectives. There are numerous opportunities for a more complementary use of resources that are not taken.

Within particular programme areas, coordination is often more effective. For example, the emergency food aid programmes use the Food Security Information Team (FSIT) to coordinate food security assessments and response across government ministries, NGOs and development partners. Such coordination is not always the case, however, and there are examples of programmes undertaking similar activities that fail to coordinate effectively. In addition, roles and responsibilities at different levels of government within a single organisation are not always clearly differentiated in practice and are sometimes overlapping. For example, the social welfare offices at the regional and district level, both within the same ministerial structure, appear to be carrying out the same tasks.

There is a good deal of coordination between NGOs and Government in policy discussions and activities. The government has a mechanism for funding NGOs to carry out specific activities and for supporting NGO projects. The GoT acknowledges the key role that is being played by civil society, however, government policies seem to place over-reliance on NGOs and assume their capacity to undertake multiple activities. Many NGOs have a low internal resource base, which creates an over-reliance on donor funds. Further consideration is needed regarding the relative responsibilities and resources of the different actors.

Overall, social protection clearly suffers from the effects of its fragmentation. There is a need for an institutional structure which provides an effective and coherent lead

and facilitates coordination between the different actors. In the longer term, the objective may be to have all programmes, or at least all non-emergency programmes, operating from within a single ministry. In the short term, it must be recognised that large programmes are likely to remain in their current institutional homes and mechanisms must be found to facilitate coordination and coherence across this 'modular' structure. There is also scope for institutional reorganisation to improve focus around the main instruments of social protection within the Ministry of Labour, Youth and Sports Development and Ministry of Community Development, Gender and Children. Developing a social policy forum, possibly within the scope of the social security policy, may provide means for intersectoral dialogue.

A strong social protection focal point should provide leadership and coordination within the sector and could act as an advocate for social protection issues in other sectors.

### **Expenditure**

The budget for these areas, excluding savings and insurance, amounted to around TSh 28 billion in 2004/05. This represents a small share of total government expenditure – 1.5 percent of recurrent expenditure and 0.8 percent of total expenditure. This is around TSh 780 per capita annually – well under 1 USD. With the exception of 2003/04, when a large food aid programme was undertaken because of the drought, the share of social protection in government expenditure has declined over the past four years. This might reflect the fact that they are not priority sectors in the PRS and, possibly, doubts about their effectiveness. The food programmes represent the largest share of expenditure, even in non-drought years.

Social protection resources should be directed through an increasingly consolidated policy, budgetary and institutional framework. This might make it possible to increase financial flows and enter a virtuous spiral, with measurable improvements in welfare outcomes stimulating increased funding. One step in this direction might be the use of a common funding pool arrangement for external resources. This would provide a more strategic overview of resource use and enable them to be deployed more effectively. It should ideally be coupled with a long term – ten to fifteen year – commitment from external development partners.

A stronger social protection lead could also ensure that there is an effective social protection element in the use of other external financial resources, such as those for HIV/AIDS and environmental protection.

While the study focussed on public expenditure, other households are probably the most important source of support for most households in Tanzania. Although precise estimates are not possible, the HBS suggests that total gross household receipts from other households are substantially larger than the amounts spent by government and development partners on social protection.

### **Instruments**

There is limited information available to compare the different instruments being used in Tanzania. Programmes often do not collect comparable information and existing assessments are often quite limited. Nevertheless, the review did suggest some conclusions.

There is a case for increasing access to financial services, allowing households to save and facilitating remittances between households. This is an area of active support by government and development partners, although assessing their impact on welfare is difficult. Formal insurance mechanisms currently have low coverage.

They will doubtlessly become increasingly important as the formal economy expands, but they will not be able to provide social protection for the majority for a long time to come.

Welfare payments, principally the concern of MOLYDS and non-government organisations, reach only very limited numbers of beneficiaries. While important for individual beneficiaries, who may well be relatively disadvantaged, they are not currently able to have much impact on a national scale. The case for scaling up these interventions through existing channels is weak when the Ministry seems unable to monitor its current activities and outputs effectively.

The case for using food aid rather than other instruments seems, in general, to be weak. High logistic costs suggest it is not generally an appropriate development tool. The use of emergency food aid in times of drought may be more appropriate, but even this is open to doubt. There are no clear national criteria for deciding when and where it is appropriate to supply food aid rather than use other instruments. An in-depth, independent review on the appropriateness of the use of food aid in Tanzania is warranted, given the large share of public resources it absorbs.

Public works are the most difficult to evaluate, since much depends on the value of the infrastructure that is produced and on the extent to which the wage payments supplement the income of the poor. There is little data available on this in Tanzania. While the active community participation in the selection of projects is positive, there are concerns about the risks and benefits of using an essentially parallel, vertical programme to build infrastructure, rather than integrating social protection considerations into existing infrastructure programmes.

### **Beneficiaries**

Obtaining consolidated information on the number of beneficiaries from the various programmes is often difficult. What was obtained shows that coverage is usually limited, relative to the number of potential beneficiaries. Emergency food aid programmes, in years when emergencies are declared, are possible exceptions and may benefit over a million individuals for a limited period. Other programmes benefit many fewer individuals. The public works element of TASAF reported around 110,000 beneficiaries (participating in the work) by June 2004. There is no consolidated information available on the number of beneficiaries of each of the two Ministries dealing with social welfare, but it appears that they generally support very few individuals. Pension and insurance schemes have a similarly limited coverage. Overall, most of the population is untouched by any of the formal social protection activities.

One of the main problems with all existing programmes therefore, with the partial exception of emergency food aid, is one of coverage. Low coverage of large groups of potential beneficiaries is inherently inequitable. The case for more clearly defining beneficiary groups and scaling up a limited number of programmes to provide effective national coverage is strong.

In geographical terms, food aid and public works both specifically target rural populations. Other programmes are over-represented in urban areas. The distribution of programme activities by region is difficult to assess; the results of the poverty mapping exercise ought to provide useful information for the allocation of resources to regions and districts in future.

Most social protection activities make a systematic attempt to promote increased gender equity in their operations, although not all collect data on the sex of

beneficiaries. TASAF has managed to ensure half of the PWP participants are female, although only about one quarter of SACCOS members are women.

### **Information**

There is a serious lack of information on many of the key dimensions that should be used to assess social protection programmes. Depending on the programme, information may be missing on the value of benefits received; on coverage and leakage; on expenditure and its breakdown; on the socioeconomic status and gender of recipients; even, in some cases, on the number of recipients. Reporting, monitoring and evaluation are all areas that should be strengthened in future programme design.

A comprehensive sector review, with sufficient resources to examine in greater depth both expenditure and outputs and assess issues of efficiency and effectiveness, would be valuable.

## ***Options for social protection***

Finally, the report outlines a number of options for developing social protection in Tanzania and undertakes some simple simulation exercises to assess their effect on poverty. These provide only a 'broad-brush' overview of options to stimulate debate and more in-depth analysis. The options are assumed to supplement a number of existing core activities. These include the operation of a national food reserve, child protection services such as fostering and adoption; and emergency responses. It is assumed that resources for social protection would be directed through an increasingly consolidated and coherent policy, budgetary and institutional framework. It is also argued that increasing household access to financial services – particularly, secure savings mechanisms that may be used to smooth consumption – is an important objective. However, it would not be possible to model the impact of this with the approach used here.

A number of characteristics that should be reflected in social protection interventions are identified, and two scenarios are examined: one in which funding remains at levels similar to now (TSH 25 billion); another in which there is a fourfold increase in total resources to TSh 100 billion. This would be administratively demanding and would represent a substantial fraction of government expenditure (around 6 percent of total expenditure in 2001). It is assumed that it would not be possible to implement any sort of means tested (or proxy means tested) programme on this scale.

For the first scenario, the impact on poverty of two possible approaches is assessed: a universal pension, and community-targeted support to orphans and the elderly. It shows that current levels of resources are insufficient to have much impact on income poverty in the population as a whole. At these levels, there is a particularly strong case for identifying a relatively small, high priority group and delivering a highly targeted, coherent and efficient programme. The review of existing programmes has not presented such a picture.

For the second scenario, in addition to the above programmes, we examine the impact on poverty of programmes that include an investment objective in addition to poverty alleviation: public works and conditional cash transfers for primary school attendance. As would be expected, greater impact is possible when resources are increased: declines in the food poverty headcount of between 2.2 and 3.8 percentage points and in the basic needs headcount of between 2.1 and 4.5 percentage points

can be achieved; and in the depth of poverty of between 9 and 24 percent. Most individuals would remain in poverty, although declines in the depth of poverty can be appreciable.

Public works schemes have the least effect on poverty for a given total expenditure, and community based targeting appears to have the most. However, these findings are highly sensitive to the assumptions made and do not attempt to evaluate the value of other benefits from some of the options. In-depth work is required to more comprehensively assess the benefits and the costs of the various programme options.

Such a study could draw on additional reviews and studies undertaken in this area, some of which are proposed in this report (and listed in Appendix 5). It should take into account the institutional coordination and capacity issues identified here. It should feed into a policy dialogue around the priorities, objectives and financing of social protection options for the period of the National Strategy for Growth and Reduction of Poverty (NSGRP) and beyond.

# 1. Introduction

## Background

Within the context of Poverty Monitoring System (PMS), the Research and Analysis Technical Working Group (R&AWG) has been given mandate to set priorities for research and analysis and to coordinate their implementation (URT, 2001). In doing so, different stakeholders are involved either through suggestions from different studies or through different forums. During the poverty policy week of the October 2003 in which the preparation of the PRS II was launched following the completion of the PRS I, participants identified vulnerability and social protection as an area that needed further work.

The PPA tried to identify who are the vulnerable, where they are, and response options at their disposal. The second Poverty and Human Development Report (2003) described the extent to which major social protection and risk management programs and strategies have contributed to protecting vulnerable individuals, households and communities. However, there had not been attempts to look into different programs in terms of the way through which beneficiaries are targeted, expenditure of various transfer programs and the nominal cost of ensuring the minimum income for the poor. It was therefore felt that this gap would need to be filled.

Since capacity building is an important aspect of the R&AWG, a team of consultants from the Oxford Policy Management Limited (OPML) of the UK teamed up with a local researcher from REPOA to work on this study.<sup>1</sup> Members of the R&AWG provided guidance on the direction of the study.

## Objectives and scope of the work

Since social protection covers a number of different areas, the terms of reference identified the focus of the work to be an examination of the dimension of social protection that deals with **supporting household consumption/income levels through interventions at the level of the household and individual**. This included transfer payments, public works with a large 'safety net' component and micro-credit and insurance schemes. The activities to be undertaken included:

1. A thorough **review of poverty and vulnerability** in Tanzania including an **analysis of the HBS** in terms of the depth of poverty i.e. how much would it cost to ensure that every household had income sufficient to meet the basic needs poverty line as well as the food poverty line, geographically, and by other household characteristics. It should also examine the possibility of matching the groups identified in the PPA as being most vulnerable with households in the HBS, and how far poor households can be identified by

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<sup>1</sup> The team from OPML is comprised of Patrick Ward, Kendra Gregson and Mark Watson. Local researcher is Lucas Katera. Mr George Mkude served as a research assistant in this work. Ludovico Carraro undertook additional analysis of the HBS and Clare O'Brien did a review of the literature.

other characteristics.<sup>2</sup> It should examine the extent to which information on food consumption patterns and on transfers in the HBS data can be used to deepen the understanding of poverty and of existing social support mechanisms.

2. A detailed **situation analysis of the institutional arrangements** for this dimension of social protection. This should include: an understanding of the roles and responsibilities within and between Government departments, mechanisms for collaborative policy development, planning and funding; involvement of civil society and the organizational resource base built around them; and informal social networks that provide resources and social support, such as family, friends, neighbours, self-help groups, spiritual and customary networks, and their costs.
3. A **review of expenditure** on this dimension of social protection.
4. On the basis of the reviews in (1) to (3) above, provide practical **recommendations for the PRS on a coherent policy** and integrated institutional framework to guide an affordable, prioritised, sustainable and effective mechanism of social protection, which ensures a coherent, integrated and consolidated strategy to guide mainstreaming of social protection in various development processes, taking into account recommendations made in the PPA and gender dimensions.

These TOR were recognised to be ambitious, given the resources available. However, it was decided that the team should begin by working on this TOR, and conclude by identifying remaining gaps in the study and recommendations on how these could be taken forwards. While there was an unavoidable trade off between breadth and depth, it was felt to be more useful to try to take a broad overview, within which to identify the major issues, rather than to narrow the TOR too early and thereby risk not identifying major issues.

In the event, the work encountered the following major constraints and gaps:

1. There was something of a ‘boundary problem’ in defining which social protection schemes fell within the remit of the study, and in excluding other activities that may not be considered social protection but have some relevance. Less emphasis was put on micro-credit, more on savings, since credit is often supposed to be for investment purposes, although it is recognised that some of these boundary decisions could be somewhat arbitrary.
2. There are some limitations in the HBS that restrict what can be done appropriately in some areas of analysis. In-depth analysis of some issues would also require more time than was available under this study.

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<sup>2</sup> The groups identified include: children, especially orphans; childbearing women/ women with young children; widows; the elderly; the disabled; people with chronic illness; people living in households affected by HIV/AIDS; and destitute persons.

3. Because of the wide variety of actors and lack of consolidated information, it was not possible to undertake a comprehensive review of institutional arrangements and expenditure for all elements of social protection. It was necessary to focus on the larger and more formally constituted actors.
4. In fact, it was decided that the study should not seek to make extensive policy recommendations. There are already in existence various relevant government policies, some of which provide elements for an integrated framework for social protection. Rather, the report should focus on identifying some of the major policy, strategic and operational issues affecting current activities and outlining options for taking forward social protection.

The report is organized in six sections. This first section provides an introduction and describes the objectives of the work. Section two provides an overview of issues of poverty, vulnerability and key dimensions of social protection in general, while section three describes what is known about poverty and vulnerability in Tanzania. Section four reviews existing programs; section five draws together some of the main conclusions from the review. Section six outlines, very broadly, some options for taking forward social protection in Tanzania.

The report aims to provide an overview and to identify key issues. The trade-off between breadth and depth was felt quite acutely and, in some areas, the findings should be considered as provisional indications for future in-depth work rather than as definitive. It is hoped that it will act as a prompt to further dialogue and analysis.

## **2. Poverty, vulnerability and social protection**

This section outlines some generic issues on poverty, vulnerability and social protection. It begins by distinguishing poverty from vulnerability, and vulnerability from vulnerable groups. It goes on to consider key dimensions of social protection programmes.

### **Poverty**

The PHDR 2002 described poverty as: “households are below a socially defined minimum level of well being, usually manifest in hunger, sickness, powerlessness, illiteracy etc” (R&AWG, 2002). The measure of well being might be based on a measure of the household’s consumption level (income poverty) or on other measures such as literacy or health status.

This report deals only with income poverty, measured through household consumption. Households are poor if their consumption falls below a minimum level - the poverty line (expressed per ‘adult equivalent’). Households may move into or out of poverty over time. Households that remain in poverty over a long period are considered chronically poor. Others may suffer a temporary decline in their consumption levels but then recover, so their experience of poverty is transient.

Despite the definition based on households given above, poverty rates are normally calculated for individuals. However, since consumption is measured at a household level, differences in consumption levels between individuals within a household cannot usually be assessed. It is assumed that household consumption is distributed amongst household members in proportion to needs (based on an equivalence scale).

### **Vulnerability and vulnerable groups**

Vulnerability has been defined in different ways. Central to the concept, usually, is the idea of the *risk* of a decline in welfare, commonly in response to ‘shocks’ of some kind. For example, the PPA defined vulnerability as:

‘Vulnerability is the probability of suffering a decline in welfare’ (R&AWG, 2004)

Again, the measure of welfare can be either income/consumption levels, or another. In practice, most focus tends to have been on the former. An analysis of vulnerability should consider the causes of decline in welfare. These are commonly grouped into ‘idiosyncratic’ and ‘covariant’ factors – the former affecting particular individuals or households, while the latter affects larger populations simultaneously (see, for example, World Bank, 2001). It should consider the mechanisms by which such a decline may be prevented, or the chance of it occurring be reduced, and its impact mitigated in advance to reduce its effect on welfare if it does occur. It should also consider the way in which individuals and households cope with such declines when they occur. Exposure to such risks may be both a cause and a consequence of poverty.

Groups may be identified as ‘vulnerable’ in a number of different ways (Hoogeveen, Tesliuc et al. no date). It may be that they have a higher level of (perceived or actual) vulnerability in the sense given above – namely, that they are more likely to suffer a decline in welfare in the future, either because they are more at risk of certain shocks or less able to cope with the consequences. Where the measure of welfare is consumption poverty, in general one would then expect them to be (income) poor.<sup>3</sup>

Sometimes groups are identified as vulnerable in a more general sense: that they are already disadvantaged in a particular area (which might be a dimension of non-income poverty) or are particularly likely to suffer from the effects of a decline in welfare. It is useful to keep these distinctions clear.

### **The role of social protection and the focus of the study**

There is no consensus on the definition of social protection, and interpretations sometimes differ widely, but it is generally located within a framework of poverty and vulnerability. For example, Norton et al (2001) define it as:

'Social protection refers to the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society' (Norton, Conway et al. 2001, p. 21)

This report takes a relatively narrow focus. It examines, specifically, “the dimension of social protection that deals with supporting household consumption/income levels through interventions at the level of the household and individual.” The focus is on mechanisms that mitigate the impact of shocks and that assist households to cope with a low income: food aid and other transfers, public works, insurance and savings. It excludes certain dimensions of what is commonly considered as social protection as a result – some elements of labour market interventions, for example. It excludes the dimension of social protection that deals with access to basic social services such as health and education, including issues around user fees and their waiving. It also excludes a specific consideration of public and private investments to reduce the risks faced by households. More broadly, it excludes a consideration of some areas of activity that will eventually have the most impact on poverty and vulnerability. In the long term, economic growth is essential to lift households out of poverty, reduce their vulnerability to shocks and increase the capacity of the public sector to provide an effective safety net. However, the policies and investment that are necessary for such growth are outside the remit of this study.

It is reasonable to ask whether transfers to support consumption might be more effectively used by investing in growth or in risk-reduction. Transfers to the poorest for the purpose of supporting consumption might have both positive and negative effects on economic growth, and there may be a potential trade-off against the impact such resources would have if they were instead invested. A common argument is that cash transfers are not a core element of poverty reduction as there are many poor, there is a tendency of leakage of benefits to non-target groups and there may be adverse incentive effects on the labour supply. Ravallion (2003) argues however that a market economy can generate too much risk, and uninsured risk can perpetuate

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<sup>3</sup> It is conceivable that a group is identified as vulnerable to a particular shock which has not (yet) occurred and therefore they are more vulnerable but not poorer.

chronic poverty. A person needs a certain threshold of nutrition and basic needs to be able to be productive. The poor have few options for obtaining assets hence will remain with outmoded technology as they are less risky, and if borrowing is not an option then liquid wealth is required to protect consumption.

We do not address this debate. We assume that there are established social benefits to social protection and that there is both a moral and political case for its provision, as evidenced by existing government expenditure. This report focuses, rather, on the extent and nature of the problem to be addressed and the effectiveness with which existing resources are used.

### **Key dimensions of social protection**

An effective social protection programme considers all potential social protection instruments and their mutual effect on reaching those in need. It considers its ability to reach the poorest through targeting, the administrative mechanisms required and the capacity and effective use of all institutions and resources involved.

### **Types of social protection and their balance**

Insurance-based schemes are financed by contributions made by employees. The aims are to smooth life cycle consumption and enhance savings. It protects people against risks by ensuring that the status quo will be retained or regained in the case of shock. These schemes are linked directly to employment, and require that a person builds up funds within the system through regular employment. As such one challenge is to develop insurance mechanisms for the informal and rural sector.

Distinct from an insurance system, a social welfare system can be flexibly designed to respond to needs. Usually targeting specific beneficiary groups that have few options to gain adequate income, they aim to relieve deprivation and possibly include a longer-term objective to improve physical, human and social capital.

Instead of cash, welfare systems may use food and in-kind transfers. Food-based programmes are usually implemented with other goals in mind, related to dietary adequacy, nutrition and health, and to the increased use of services (Rogers and Coates 2002). As food is often within the domain of women, women are likely to have more control over the resource. Food programmes may be most appropriate when: (i) there is no food available (ii) to encourage the use of a particular type of food and (iii) where nutritional improvement is a major objective. In-kind goods may be provided where households have difficulties obtaining goods from the market to promote other aspects of a particular programme such as in income generation programmes.

Public works programmes provide temporary employment in labour intensive low-skilled jobs. It provides income transfers to poor households, and in the process builds necessary infrastructure which off-sets the trade off between public spending for income transfers and that for development (Subbarao 2003). The idea is to provide a cash income at times when households face a critical income shortfall. Key in the design is to set a minimal wage in order to attract those who are most desperate for the job and so as not to distort the existing labour market. The disadvantage is that for

those long-term unemployed this does not necessarily result in them getting gainful employment after the project ends.

The balance between the programmes is a key element, considering the risks faced and the individuals facing them, and the scope for support from all existing instruments. In Tanzania, public works and food transfers absorb the majority of income transfer resources with little focus on cash transfers. Although insurance does have resources, it reaches a low proportion of the population.

## **Institutional issues**

### **The welfare mix**

Social protection programmes may be provided by the government, non-governmental and the private sector. Theoretically the advantage of administering a benefit through a government organisation is that there is direct accountability to the state, it can facilitate the equity of the system across the country, and can be harmonized with other government policies. The advantages of using a third sector organisation is its knowledge of the beneficiaries, however the main disadvantages are questions about the sustainability of the organisation, security of funding, and the trade-off in its accountability to the funding agency distinct from its clients. In addition, third sector organisations may target a specific group of people to the exclusion of others. The private sector has some of the same disadvantages as the third sector, focussing only on its clients and is dependent on its ability to maximize profit.

### **Incentives**

The individuals in the institutions, and the institution itself, have incentives and disincentives for being involved in delivering a social protection programme. In assessing the effectiveness of a system, consideration should be given to the people responsible for delivering the service and the ability of the institutions to adapt and adjust the design of the programme. The service providers require technical knowledge and equipment to administer the programme. In situations of low wages, civil servants with the required skills may exit the system to be in the private sector. For both the individual and the institution there are financial incentives to consider (de Neubourg 2002).

### **Organisational structure and functioning**

Tanzania is adopting a policy of decentralisation of government powers from national to lower levels, with a particular emphasis on increasing the role of district authorities. Some ministries such as the Ministry of Community Development, Gender and Children (MOCDGC) have moved further forward with decentralization while others such as the Ministry of Labour, Youth Development and Sports (MOLYDS) have not decentralised so extensively.

In addition, there are numerous organisations operating in social protection. It is important to understand how they connect with each other in order to use resources effectively to deliver social protection. It is important to consider the differentiation of roles and tasks and the effectiveness of their integration both within and between organizations (Axelsson (2002)).

## **Financing**

Financing for public social protection programmes can come from general revenues, earmarked taxes and contributions. In the case of Tanzania public sector funding is partially met by international development partners through direct budgetary support, pooled sector specific financing and the funding of vertical projects and programmes. Direct contributions most clearly connect with schemes where contributions from employees and possibly employers and the state are directed to a specific insurance or provident fund. Local taxation can be an effective mechanism to generate revenues to respond to local needs, but may be fragmented and constrained by central restrictions. In addition a weak administrative capacity may limit revenue raising efforts (Klugman 1997).

Third sector providers are also important. Funding may come from an outside donor or the government. These may be in the form of grants (e.g. matching grants), credits, revenue generated from other activities such as in a food monetization program. There may also be revenue generated by voluntary donations either by individuals or other organizations.

In many developing countries, development partners and IFIs provide a large fraction of the resources for social protection programmes. In these cases, the future sustainability of programme costs, and the extent to which government is prepared to depend on external financing over the medium term, are major issues.

A substantial fraction of the finance for social protection comes from none of these sources, but in intra- and inter-household transfers. This is discussed further in section 3.

The cost of administering and implementing the programme as a fraction of total programme cost is one measure of efficiency, although it varies widely depending on what is being provided. Programmes providing food or services may have overhead costs well in excess of 25 percent, while at the other extreme insurance programmes may have costs of one to three percent.

## **Targeting and the Selection of Beneficiaries**

Targeting a benefit should result in efficient use of the resources to increase the incomes of the poor. To measure the success of targeting, consideration is given to errors of exclusion and errors of inclusion. Errors of exclusion mean that some people in need of assistance will end up without a benefit, while errors of inclusion mean that there is a waste of resources, since some individuals who are not in need of assistance receive it. It is expected that in any program there will be targeting errors. At the outset consideration should be given to which errors are more likely in a program and the strategies to reduce them.<sup>4</sup>

Different methods of targeting benefits include:

- Categorical targeting, where a benefit is provided to a specific socially defined group of people;
- Means-testing, where a benefit is provided to a person or household that has less than a predetermined level of income.

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<sup>4</sup> This section draws on Coady, D. et al. (2002).

- Proxy means testing, where a set of readily observable indicators correlated to poverty are used to identify poor households.
- Conditional cash transfers, which require a specific action or behaviour of a person or household, such as sending a child to school, as a requirement for receiving the benefit.
- Geographical targeting, where resources are directed particularly at a specific area.
- Community-based targeting, where a group of community members select beneficiaries, commonly on the basis of pre-defined broad criteria or categories.

## **Equity and Equality**

Increasing equity is one of the central concerns of social protection. A social protection system would reflect the extent to which a society aims for redistribution. In that regard, the coverage, efficiency and targeting effectiveness of the existing programmes are all highly relevant to equity considerations. There are also a set of equity dimensions within this framework.

Gender is one of these. Women have generally been at a disadvantage in accessing cash and may be indirectly discriminated against in social protection systems. They may have limited access to social benefits, and to property and inheritance. The key social protection mechanism is labour, with work providing the greatest proportion of household income and therefore protection against risk. Carer's responsibilities, often falling on women, (e.g. motherhood, caring for relatives not able to work) result in their absence from the labour market and reduce directly earned income and participation in insurance mechanisms, where these exist. Studies often show that the receipt of a cash benefit by the female in the household will result in a greater amount of the benefit going to household requirements such as nutrition, health and education rather than delivering the same resources via the father (Conning and Kevane 2001), and that there are greater poverty mitigation effects (Tabor 2002).

Another dimension concerns life-cycle issues—how effectively do social protection programmes meet needs at different stages of the life cycle, including the particular needs of children, the elderly and during the particular demands of child-bearing and child rearing? Different ages require different types of social protection, and different delivery instruments.

The geographical distribution of benefits is a third dimension – both regional and urban/rural. This is partly a question of targeting – identifying where the poor are and ensuring that benefits reach those areas in proportion to need.

These various dimensions of social protection programmes were considered in the review of programmes in section 4. We return to some of the issues in section 5.

### 3. Poverty and vulnerability in Tanzania

This section examines what is known about income poverty and vulnerability in Tanzania.

#### Income poverty

The main source of quantitative information on income poverty is the Household Budget Survey. It shows that, in 2001, some 19 percent of individuals were below the food poverty line (FPL) and 36 percent were below the higher, basic needs poverty line (BNL). Around 6.1 million individuals were below the FPL and 11.6 million individuals below the BNL (using revised population estimates). Poverty is highest in rural areas and this, coupled with the larger rural population, means that the overwhelming majority of the poor live in rural areas (around 88 percent). It is clear that resources intended to mitigate poverty must be largely directed at rural areas.

The HBS showed a strong (inverse) relationship between poverty levels and the education of the household head. It also showed that larger households and households with larger numbers of dependants are more likely to be poor. Female-headed households were no poorer than male-headed households. Households that depend on agriculture and the sale of livestock were also more likely to be poor.<sup>5</sup> Poor households are less likely to have access to a protected water source, a toilet or an electricity connection and to utilise health and education services.

The HBS also examined the extent of income poverty in each region. Large variations in poverty levels were found between the regions - shown in Appendix 1. However, there are quite wide sampling errors around these estimates and they should be treated with some caution.

It is possible to calculate the (theoretical) cost of lifting households above the poverty line using the HBS data (Table 3.1). This is simply the sum of the extent to which individuals in poverty fall below the poverty line. For 2000/01, these calculations suggest that the poorest, in aggregate, fall around 79 billion TSh below the food poverty line. In theory, a perfectly precise, cost free transfer of this amount to the appropriate households ought to lift all households above the food poverty line. The amount increases rapidly as higher poverty lines are considered; around 249 billion TSh would be required to lift all households above the basic needs poverty line. These figures represent around TSh 13,108 and 21,594 per individual below the poverty line, respectively. As would be expected, most of the 'gap' is in rural areas.

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<sup>5</sup> As part of this analysis, the authors examined how much the ranking of different groups was affected by varying the adult equivalence scale and economies of size that are used in the poverty analysis. In general, geographical differences are largely unaffected. Differences in poverty levels according to household demographic parameters – including household size and age-composition - are more affected but in general retain the same order over reasonable ranges of the scale parameters.

**Table 3.1: Nominal annual cost of lifting poor households above the poverty line (2001 prices)**

	Food Poverty Line		BN Poverty Line	
	Cost	Share	Cost	Share
	Million TSh	%	Million TSh	%
Dar es Salaam	2,831	3.6	10,500	4.2
Other urban	10,899	13.9	33,605	13.5
Rural	64,960	82.6	204,470	82.3
Total	78,689	100.0	248,575	100.0

Source: authors' analysis of the HBS (2000/01) and 2001 population data derived from the 2002 Census

Note that the aggregate poverty gap is approximate, since it is calculated using averages of the number of adult equivalents per individual in each of the urban/rural regional strata.

These are approximate and quite 'theoretical' numbers, since they make no allowance for the costs that would be incurred in transferring the resources to these individuals, or for the inevitable leakage of transfers to non-poor households. However, they provide a useful context with which to view current social protection expenditure. In aggregate they are, respectively, 1.0 and 3.3 percent of GDP in 2001 (Table 3.2). These are relatively small proportions by comparison with some other countries, probably largely as a consequence of the relatively low poverty lines that are used in the HBS – particularly the food poverty line.

These figures represent between 10 and 31 percent of government recurrent expenditure (in 2001/02) and between 6 and 20 percent of total expenditure. Total actual expenditure on social protection in 2001/02 represented about Tsh 4,808 per person below the food poverty line, and Tsh 2,508 below the basic needs poverty line, well below the average gap per person below the poverty line. Financing and administering a public transfer programme of the scale necessary to lift all individuals above the poverty lines would, in the short term, be well beyond the capacity of Tanzania to sustain, even allowing for the contributions of development partners. This suggests that the immediate priority should be for a clearly defined, well-targeted and efficient social protection programme.

**Table 3.2: Poverty gap as a share of GDP and government expenditure on social protection (2001)**

	Food Poverty Line	Basic Needs Poverty Line
Average gap per person below the poverty line (TSh)	13,108	21,594
Share of GDP (%)	1.0	3.3
As a share of 2001 Government recurrent expenditure (%)	7.8	24.6
As a share of 2001 Government total expenditure (%)	4.8	15.3

Source: authors' analysis of the HBS (2000/01), 2002 Census

It is possible to examine the distribution of the aggregate poverty gap by region – given in Appendix 1. It is a function of the population of the region and the magnitude of the poverty gap within each region. If these estimates were sufficiently precise, they might provide a valuable indication for the distribution of social protection budget allocations to each region. However, similar caveats apply to these as to the poverty head count estimates – namely, that there are substantial sampling errors around them. The poverty mapping work should be used to cross check these figures.

With greater certainty they could play a role in budget allocation and the assessment of the regional distribution of existing programme benefits.

### **Vulnerability and vulnerable groups**

In practice there is no comprehensive, quantitative information on the degree of vulnerability of households or individuals in Tanzania. The identification of vulnerable households or vulnerable groups is qualitative (eg Tanzanian Participatory Poverty Assessment) or semi-qualitative (e.g. vulnerability assessment for food security, Disaster Vulnerability Assessment). However, the concern in this study is not to address vulnerability *per se*. It is to identify the extent to which transfers can be used to mitigate existing poverty. The question, therefore, is if the existing analyses of vulnerability, and the identification of vulnerable households and groups that have been undertaken, provide an appropriate basis for the targeting of transfers to address poverty.

The Tanzania Participatory Poverty Assessment (PPA) analyses some of the factors that bring households into poverty and prevent their escape from it (Research and Analysis Working Group 2002). The PPA defines vulnerability as the likelihood of future declines in welfare. It identifies a set of impoverishing forces that tend to reduce people's level of welfare, distinguishing sudden, unpredictable shocks from ongoing, chronic stresses. It also recognises that individuals are not simply the victim of these forces, but react to them in a variety of ways. The extent to which they can effectively respond to them depends on the assets that they have – human, social, political, natural, physical and financial capital. It also depends on the extent to which they can deploy these assets, which is affected by a set of 'limiting factors' in their environment. It recognises that most households are vulnerable to some degree – but the degree of vulnerability varies.

The PPA identified a range of impoverishing forces. These included environmental, economic, governance, health (including HIV/AIDS), lifecycle and cultural factors. Other studies have identified the importance of environmental, economic and health shocks on welfare. The policies that address these factors, and their impact on welfare, cover many of the development aims of the Government and responsibilities spread across various ministries. They go well beyond the area of concern of this study. The PPA also identified particular social groups that are more vulnerable. They were identified as 'social groups with the least freedom to act', since they suffer more constraints on the extent to which they may respond to shocks and stresses. The groups identified on this basis were: children (especially orphans); childbearing women/women with young children; widows; the elderly; people with disabilities; people with chronic illnesses; people in HIV/AIDS affected households, and destitute persons. Young people are also identified as a group with limited power and control over resources.

There are other approaches to defining and assessing vulnerability in Tanzania. The most relevant to this study is that used in the food security assessments undertaken under the framework of the Food Security Information Team.<sup>6</sup> These assessments are

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<sup>6</sup> There have also been two national Disaster Vulnerability Assessments conducted on behalf of the Disaster Management Department of the Prime Minister's Office. These are of less relevance here since their purpose is essentially to review disaster preparedness.

undertaken in districts that are expected to have poor harvests and are based on a consideration of the anticipated food production of farming households and their reported capacity to cope with a poor harvest. They result in a recommendation to provide (or not) food aid and seeds to assist needy households. They do not produce generalisations about categories of individuals or households that are vulnerable – the analysis is more location- and time-specific. A detailed discussion of this process is given in section 4.

In this section, we focus on the identification and characteristics of the vulnerable groups identified in the PPA. Table 3.3 presents estimates of the number of individuals in each category, or the most similar group, where these can be obtained. They are taken from the 2002 Population and Housing Census wherever possible.

**Table 3.3: Estimates of the number of individuals in various vulnerable groups**

Group	Estimate of number	Source
Children (0-14)	14,803,723	Census
Elderly (65+)	1,317,937	Census
Youth 15-19	3,489,233	Census
Youth 15-24	6,547,605	Census
Women 15-49	8,245,388	Census
Widows (all)	1,001,792	Census
Widows (women only)	863,658	Census
Orphans– children under 18, lost mother (only)	372,732	Census
Orphans – children under 18, lost father (only)	1,031,501	Census
Orphans – children under 18, lost both parents	185,961	Census
Disabled	663,391	Census
Usually unable to work, 15+	846,058	Census
Currently unable to work, 15+	1,013,149	Census
Chronically ill	1,038,217	HBS 2000/01
HIV+	1,600,000	UNAIDS

Notes: Women 15-49 (unsmoothed), widow and widower figures include Zanzibar. The number of chronically ill is taken from the HBS and is the proportion of individuals who missed more than two of the previous four weeks of school or work due to illness applied to 2002 Census.

Some of the identified vulnerable groups are large – particularly children and women in childbearing age. According to the census, double orphans (children who have lost both parents) form the smallest group, followed by the disabled, who constitute almost 2 percent of the population, although this figure is lower than in some comparable populations. The number of individuals who were unable to work because of illness, age or disability was higher. There are many more female widows than widowers because, in part, men are more likely to re-marry. The HIV survey that was recently completed ought to give much more reliable information on HIV prevalence and its impact on households.

### Assessing the poverty status of identified ‘vulnerable groups’

For some of the groups identified as vulnerable, the HBS can be used to examine the degree to which these individuals are concentrated in poorer households. It is important to remember that consumption is measured at a household level and so differences between individuals within a household cannot be assessed. This means that the HBS data cannot be used to assess if particular types of individuals are poor, but only if they are disproportionately present in poor households.

Table 3.4 shows the distribution of individuals by consumption level and by age group, by marital status and by ‘chronic illness’. It is clear that children and the elderly are more likely to be living in poor households, although the association is quite weak. There is no apparent overall association with widowhood, either male and female or female only, or with illness. The lack of association with illness might be due to lower levels of self-reporting in poorer households, as has often been found.<sup>7</sup>

**Table 3.4: Distribution of members of vulnerable groups according to household consumption level**

Decile	Children Under 15	Adult	Elderly 65+	Widows- all	Widows female	With chronic illness
Poorest	11.1	9.0	10.2	10.8	10.7	9.5
2 <sup>nd</sup>	10.8	9.2	11.3	10.2	9.5	11.3
3 <sup>rd</sup>	10.6	9.5	10.9	10.2	10.6	9.7
4 <sup>th</sup>	10.5	9.4	10.4	7.5	7.5	8.9
5 <sup>th</sup>	10.8	9.5	8.6	9.7	9.6	9.0
6 <sup>th</sup>	10.1	10.0	9.1	10.4	11.1	9.2
7 <sup>th</sup>	9.3	10.5	9.8	9.3	9.7	8.0
8 <sup>th</sup>	9.8	10.4	8.6	11.7	11.6	11.9
9 <sup>th</sup>	8.9	10.7	12.4	9.8	9.0	12.6
Richest	8.0	11.8	8.8	10.5	10.8	9.9
Total	100	100	100	100.0	100.0	100.0

Source: authors' analysis of the HBS (2000/01), 2002 Census

None of the characteristics examined here show a sufficiently high concentration of vulnerable individuals within poor households for the single characteristic to be used as a basis for targeting transfers aimed at income-poor households. To do so would imply very high levels of leakage of the benefit to non-poor households. However, this cannot be considered conclusive, since we have no quantitative information on the distribution of consumption within households. The PPA showed that the distribution of power and resources within households is often far from equal, so it is possible that particular individuals are poor within an apparently better-off household.

<sup>7</sup> The share (by value) of household consumption that is home produced, while lower in higher deciles, did not show a strong relationship with poverty in the poorest deciles.

Unfortunately, this reflects the limits of the use to which the HBS data can be put.<sup>8</sup> It is also not possible to undertake this type of analysis for all the identified vulnerable groups because not all are identified in the HBS, although it is possible to use an extension of poverty mapping methods to estimate poverty levels in other groups, with some caveats about the validity of such an approach (Hoogeveen 2004).

While the analysis above does not provide evidence that any of these characteristics can be used for targeting resources, two other dimensions should be considered. The first is to remember that it tells us nothing about any disadvantage they may suffer on non-income poverty measures. The second is that it is possible that certain groups suffer more from a particular level of household income poverty. One aspect of this is intra-household distribution mentioned above. The other is a question of the impact of income poverty on particular groups. The effect of poverty on the development of children is an example. These characteristics might then be seen as a basis for targeting resources *given that* a household is poor, rather than as a proxy for identifying poor households, for which they do not appear to be suitable.

### **Proxy means testing and geographical targeting**

Another means of identifying poor households might be based on proxy means testing. This uses a set of observable household characteristics to identify poor households. Work on the proxy predictors suggested that it might be possible to correctly classify some 70 to 80 percent of households by their poverty status using proxy information (Ward, Owens et al. 2002). Such an approach has been applied in sub-populations in at least two cases (EDI Ltd. 2004). Ongoing work on poverty mapping and on the analysis of proxy predictors for the HIV and Agricultural Survey will provide geographically disaggregated poverty estimates and will assess the errors around predicted consumption levels for individual households. While unlikely to be used routinely, this approach might be used to cross-check community based targeting mechanisms.

### **Household reports on sources of support**

According to the PPA, mutual support between households is the predominant means of social protection in Tanzania. It describes various ways in which this occurs, including remittances to relatives, assistance to poor households to meet particular costs, clan-based support systems and other religious and secular mutual assistance groups and community-based orphanages. These mutual assistance networks have difficulty in coping with shocks that affect large populations. Moreover, PPA participants reported that they were weakening due to an increasing requirement for cash and, possibly, the effect of the HIV epidemic.

The Household Budget Survey 2000/01 collected information on household income.<sup>9</sup> It is difficult to collect accurate information on household income, but it is nevertheless useful to

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<sup>8</sup> Differences between men and women are particularly likely to be obscured by an analysis such as that in Table 3.4 and the tabulation was not undertaken. In fact, individual expenditure records were also completed in the HBS, at least in urban areas. A sub-sample of these records might conceivably be used to look at questions of intra-household distribution.

<sup>9</sup> Information was collected in two ways – using recall over the previous 12 months and in the diary that recorded the details of household income and expenditure for one month. Of the two, the annual data appears to be more reliable and this is presented in this section. In addition, a substantial anomaly in the

examine what the data shows about household income from unearned sources – that is, transfers from other households and from the formal insurance and welfare systems. It is possible that the information on formal systems, particularly food aid, is under-recorded.

Such information shows, as might be expected, that transfers from other households – gifts and receipts – are much more common than formal benefits (Table 3.5). Some 5 percent of households received any kind of formal benefit, while remittances and gifts reached 11 and 24 percent respectively. Together, informal receipts constitute around 84 percent by value of all gross receipts from these sources. The HBS also shows that about one percent of households report making contributions to social security or pension funds; even in urban areas this proportion is only around two percent.

Proportionately, formal benefits are more likely to reach households in Dar es Salaam, while informal transfers reach other urban and rural households. Poor households are proportionately less likely to have received any type of transfer, but nevertheless benefit appreciably from these transfers. It should also be remembered that some households that were classed as non-poor might have been lifted above the poverty line by the transfers.

Table 3.5: Percentage of households receiving transfers by type of transfer, location and poverty status

	Formal benefits	Remittances	Gifts	Any
Dar es Salaam	9.4	7.7	22.6	33.3
Other urban	4.5	12.5	26.6	34.5
Rural	4.5	10.9	23.3	30.5
Non-poor	5.2	11.5	25.7	33.2
Poor	3.9	9.4	18.5	26.1
Total	4.9	10.9	23.8	31.3

Source: Authors' analysis of HBS (2000/01).

For households that receive transfers, their value is often appreciable, with a mean transfer of about TSh 4,500 in total from all three sources (Table 3.6), although median values are much lower, with a median for the total of TSh 1,667. As a whole, they constitute on average around 11 to 12 percent of household consumption – similar fractions for poor and non-poor households, although the absolute value for poor households is lower. The skew in the distribution means that grossing up these figures to provide national totals might not be very accurate, but they suggest some TSh 40 to 100 billion in gross annual household receipts from these sources, most of which comes from inter-household sources, suggesting that inter-household transfers are larger in total value than all government expenditure on social protection (see section 4). Net transfers are substantially lower, though variations over time in the flows might partly be acting to smooth consumption during short-term difficulties.

Table 3.6: Mean value of transfers received per household / TSh per month

	Formal benefits	Remittances	Gifts	Total

coding of some income sources was found, in that an income code for receipts in cash often seemed to have units for in kind items recorded. There is also an apparent inconsistency between the frequency of givers and receivers of remittances and gifts, suggesting that these two categories may not have been very effectively distinguished. However the combined level of the two categories is more consistent. There are also commonly large differences between median and means for a variable, indicating the presence of some large values in the distribution. All the estimates presented in this section should be treated with some care. More in-depth analysis of household income data, including transfers, would be valuable.

Dar es Salaam	13,056	8,436	9,064	11,773
Other urban	13,038	5,510	5,750	8,128
Rural	2,172	2,605	2,406	3,092
Non-poor	5,820	3,885	3,777	5,178
Poor	2,371	1,699	1,901	2,314
Total	5,064	3,376	3,384	4,533

Source: Authors' analysis of HBS (2000/01).

## 4. EXISTING PROGRAMMES

### 4.1 An overview of the programmes

This chapter reviews the main areas of social protection currently operating in Tanzania. This section provides an overview of the programmes, while subsequent sections discuss each area in detail. Four areas are considered in this review.

- Food aid: The main actors in this area are the Prime Minister's Office (Disaster Management Department) and the World Food Programme, although local government and NGOs are actively involved in implementation (section 4.2);
- Active labour market programmes – the main one being the Public Works component of the Tanzania Social Action Fund (TASAF) (4.3);
- Savings and insurance – including pension funds and programmes that support access to savings mechanisms (4.4);
- Social welfare programmes undertaken by government, religious organisations, NGOs and CBOs (4.5).

Chapter 5 brings together the main conclusions that come out of this review.

One objective of the study was to review expenditure on social protection. It only proved possible to collect sufficient information on expenditure by government and some development partner programmes.<sup>10</sup> It was not possible to collect comprehensive information on expenditure by non-government organisations, although some individual organisations proved exceptions.

### Expenditure

Expenditure on current public sector social transfers and welfare services is presented in Table 4.1 below. It does not include expenditure on savings and insurance schemes.

Although it has varied from year to year depending on the scale of drought support, on the whole expenditure on these programmes represents a small share of total government expenditure – around one to two percent of recurrent expenditure, and less than one percent of total expenditure by 2004. This is around TSh 780 per capita annually – well under 1 USD. With the exception of 2003/04, when a large food aid programme was undertaken because of the drought, expenditure has declined as a share of government expenditure over the past four years. This might reflect the fact that they are not priority sectors in the PRS and, possibly, doubts about their effectiveness.

The food programmes represent the largest share of total social protection expenditure, even in non-drought years.

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<sup>10</sup> The Ministry of Community Development, Gender and Children plays a role in monitoring child rights and in administering development funds for women and youth, and so has been included, although it does not administer transfers *per se*.

**Table 4.1 Social Welfare Expenditure in Tanzania (T Sh Millions)**

	2001/02 Actual	2002/03 Actual	2003/04 Estimate	2004/05 Budget
<b>Food Security Expenditure</b>				
GoT Min of Agriculture and Food Security Prog 50 (incl Strategic Grain Reserve) and Prime Ministers Office/Disaster Management Dep't	4,240.7	3,920.8	18,960.7	8,373.5
GoT food security as a % of total GoT expenditure	0.26%	0.19%	0.70%	0.24%
WFP (PRRO)	11,206.6	10,548.1	23,408.6	8,388.2
GoT and WFP expenditure on food security	15,447.3	14,468.9	42,369.3	16,761.8
GoT and WFP food security spending as a % of total GoT expenditure	0.95%	0.69%	1.57%	0.49%
<b>Social Welfare Expenditure</b>				
Min of Community Development, Gender and Children (total)	3,453.9	3335.9	3,967.6	4,121.3
Min of Labour, Youth Development and Sports (relevant programmes)	2222.1	2116.9	2274.6	2,567.1
GoT Social Programmes combined	5,676.1	5,452.8	6,242.2	6,688.4
GoT Social programmes as a % of total GoT expenditure	0.35%	0.26%	0.23%	0.20%
<b>Tanzania Social Action Fund (TASAF) Expenditure</b>				
Estimated expenditure on social protection	4,275.0	4,275.0	4,275.0	4,275.0
Notional % of total GoT expenditure	0.26%	0.2%	0.16%	0.12%
<b>Total Social Protection Expenditures</b>				
Combined social protection expenditure	25,398.5	24,196.8	52,886.5	27,725.1
Combined SP expenditure as a % of total GoT expenditure	1.56%	1.15%	1.96%	0.81%
Combined SP expenditure as a % of GoT recurrent expenditure	2.51%	2.00%	3.57%	1.51%

Notes: WFP figures exclude refugee support programmes; TASAF social protection expenditure is estimated at 28.5% of total TASAF expenditure and assumes equal annual disbursements.

## Beneficiaries

Obtaining consolidated information on the number of beneficiaries from these programmes is also often difficult. There is no information available from the Disaster Management Office on the number of recipients of government food aid in recent years. WFP reports that it provided emergency food aid for 2.4 million people between December 2000 and May 2004; other schemes had provided for around 44,000 direct beneficiaries between the beginning of the programme (2002) and December 2004. It is not known how many individuals benefit from price stabilisation interventions.

There is no consolidated information available on the number of beneficiaries of each of the two Ministries dealing with social welfare, though limited piecemeal information obtained from different units suggest that many sections provide support to very

limited numbers of individuals. It was not possible to collect consolidated information on the number of individuals supported by non-government actors.

The public works element of TASAF reported around 110,000 beneficiaries (participating in the work) by June 2004.

Between them, these programmes therefore reach a limited number of individuals: temporary food aid is the largest, reaching millions for a limited period. Pension and insurance schemes have a similarly limited coverage, with only around 700,000 members in total, according to figures provided (Table 4.2). Overall, most of the population is untouched by any of the formal social protection activities.

Table 4.2: Pension and provident funds

<b>Scheme</b>	<b>Number of members</b>	<b>Number of pensioners / beneficiaries</b>
National Social Security Fund	364,543	35,865 (provident fund) 2,116 (pensioners)
Local Authorities Provident Fund	Est. 42,000	--
Parastatal Pension Fund	72,755	12,113
Public Service Pension Fund	207,845	729
Government Employees Provident Fund	17,001	75

Note: figures are for most recent year available and are sometimes approximate. Sources given in section 4.4.

## 4.2 Food Security and Food Aid

### Overview

Government policies towards agriculture and food security have changed in recent years: the focus has been on liberalization, restructuring to facilitate private sector-led agricultural development, decentralization of most support activities to a district level and introduction of a new policy to improve land tenure.

The national food security policy embraces a wide range of interventions to improve food security, including a range of investments and reforms. In keeping with the focus of this study, we concentrate only on the programmes that are aimed at directly supporting household consumption. This is, above all, the food aid that is provided in years of drought, but also includes food for work and school feeding programmes. We do not address the range of preventive measures that are covered in the agricultural sector and rural development strategies.

Institutional responsibility for food security rests with two organisations:

- The Disaster Management Department (DMD) of the Prime Minister's Office
- The National Food Security Department of the Ministry of Agriculture and Food Security (MAFS);

These organisations are overseen by the Tanzanian Disaster Relief Committee (TANDREC), an inter-ministerial committee tasked with determining the national response to disasters and overseeing relief operations. The DMD can draw on the expertise of the Food Security Information Team (FSIT), which undertakes needs assessment and includes representatives of the public sector, the UN and other development partners and civil society. Key responsibilities in terms of assessment of individual needs and food distribution rest with local government. Districts have District Disaster Committees chaired by the District Commissioner and including both officials and civil society representatives. This DDC collates information provided at village and wards levels concerning food security and needs.

In terms of food supply, the Government's main instrument is the operation of a Strategic Grain Reserve (SGR) with ring-fenced financing, through which the Government can purchase maize for distribution at times of shortage. In principle, the SGR carries sufficient reserves to bridge the gap between a shortage being identified, and the delivery of additional imported maize. The SGR releases grain at market prices – both as part of the normal turnover of stock and in response to underproduction as identified by the DMD. It also releases subsidized maize in response to DMD directive (in fact, DMD purchases the maize). This maize is sold to beneficiaries at a subsidized price of TSh 50 per kg, about one third of the typical market price.

The process of needs assessment and the public sector response to those needs has been progressively refined with external support. In particular a new National Disaster Management Policy (NDMP) (URT, 2004) was prepared in 2004 which envisages a much more holistic approach encompassing prevention, preparedness, response, recovery and rehabilitation. In parallel with this the new National Food Security Policy (NFSP) takes account of the linkages between Government policies and production.

Other actors use food as a relief and development instrument, World Food Programme (WFP) being the most significant. WFP activities are coordinated by the Prime Minister's Office. It is currently in mid-way through a five-year country strategy for Tanzania, which includes:

- a food for work programme run in conjunction with IFAD;
- a supplementary feeding programme mainly targeting vulnerable children at primary school age, and
- a pilot programme to support HIV/AIDS patients with supplementary food.

In addition to these regular country activities WFP mounted appeals for Emergency Food Aid Programme in 2001 and 2003 in response to the GoT's request for support. In 2003/04 this provided food, principally maize on a "food for farming" basis, with the intention of enabling small farmers to stay on the land and replant for the following season. It also included a small seed inputs component. Both elements had to be scaled back in 2003 due to shortfalls in donations. The seeds component, undertaken in conjunction with FAO, was also scaled back and was handicapped because seeds were received late and distributed in a manner that was not clearly linked to needs.

In addition WFP has a large refugee-feeding programme for camps housing refugees from the Great Lakes conflict. The refugee-feeding programme is largely insulated from support to Tanzania, as it uses other funding sources, and lies outside Tanzania's social protection needs and mechanisms. There are some linkages to mention: it does draw on resources purchased in-country (some food and transport), thereby creating additional demand and potentially competing for services of commercial haulers.

### **Institutional issues**

There is a good deal of coordination within the emergency food aid system. In particular, the FSIT joint evaluation and single recommendation to DMD on food aid requirements should ensure that key stakeholders – government, development partners and civil society – work within a consistent framework and to a common objective. It ensures that district level information and the opinions of regional and district stakeholders are integrated into the process. It should also allow the food aid directed through the two different channels to be coordinated: in particular, the areas targeted for food aid were supposed to receive subsidised government food first, followed by the free food for farming. Civil society, local government and the community were involved in both the assessment and the distribution of food aid, although in different ways.

Operationally, this did not always work as well as intended. The DMD revised the target districts and villages somewhat in isolation from the FSIT system. Delays in the receipt of food meant that sometimes both subsidised and free food were received at similar times, causing confusion to beneficiaries, or subsidized maize went to some villages while free food went to a neighbouring village within the same district. The two different channels used different targeting mechanisms, with the result that the final distribution of food did not follow the original recommendations on targeting the most vulnerable areas. There was also some level of conflict reported between the district and village level distribution mechanisms, with some government officials complaining of exclusion from the distribution of WFP food (FSIT/PMO/WFP 2004). Beneficiaries for WFP-supplied food were selected using community based targeting, which has been found elsewhere to be relatively effective at reaching the poor.<sup>11</sup>

In a wider perspective, the bodies that deal with food security and food aid tend to operate in isolation from other elements working in social protection. While 'vulnerability' is central to the identification of food aid recipients, the analysis of vulnerability tends to focus largely on food production, food markets and food stocks. There is both a conceptual and institutional isolation from the more general analysis of household welfare and vulnerability, and from considering the range of possible instruments that might be used to respond to a (potential) decline in household consumption. Food aid is treated largely as a stand-alone instrument, and not integrated with other schemes such as the direct labour programme run under TASAF or the social protection activities of the Ministry of Labour, Youth Development and Sports or Ministry of Community Development, Gender and Children. There is little practical coordination and no sharing of information on beneficiaries. In the longer perspective, the goal must be to achieve a linked social protection approach that

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<sup>11</sup> In both Albania's and Uzbekistan's cash benefit programmes, community based targeting was found to more accurately target the poor than could be expected through other targeting methods (Alderman, H. (2002); Coudouel, A., et al. (1998).

integrates the various instruments to provide necessary but contained support to the most needy.

Other operational issues include budgeting and financing. The GoT budget allocations work on the basis that there will be no crisis, and therefore there is only a nominal budget provided to DMD to facilitate transportation of maize from the SGR to districts. District budgets are similarly constrained, and there is a perception that emergency distribution within districts in 2003/04 was undertaken late as a result of funding constraints. A further problem is that collection of fees from sales of maize at a subsidized price has been poor, and such cost recovery should be tied in more closely with other elements of the decentralization process. Transport constraints are also important. Tanzania has a relatively small commercial transport contracting operation, and there are reports that delays occurred in 2003 in finding suitable transporters. There is a risk that Government, WFP and private traders all compete for the same transport resources at times of need.

### **Expenditure, benefits and beneficiaries**

Expenditure by Government and WFP on food aid programmes for 2003/04 was 42.4 billion Tsh – some 1.6% of government recurrent expenditure. This was much higher than usual because of the emergency response to the drought – in 2001/02 and 2002/02 it averaged around 15 billion TSh each year.

In 2003/04, emergency food aid was recommended initially for 1,939,698 people, with a recommendation that they receive a total of 77,489 Mt of food for variable periods, partly in subsidised maize from GoT and partly in free maize from WFP. This food was to be distributed in a total of 46 districts (FSIT/PMO/WFP 2003).

In the event, the actual distributions differed from plans. WFP received less food than requested and reduced the scope of coverage – distributing some 29,068 MT to 1.2 million individuals. Average receipts per person were, therefore, 24kg. GoT supplied close to the pledged 32,000 Mt (31,098 Mt is recorded in the district-wise data supplied by DMD).<sup>12</sup>

The WFP school feeding programme fed a total of 155,000 beneficiaries since the beginning of the country programme; WFP has supported 36,229 direct beneficiaries under the food for work scheme, and 8,000 direct beneficiaries under the HIV/AIDS programme.

Using budgeted figures, the school feeding programme envisaged feeding of 67,500 pupils at selected primary and pre-primary schools and a further 7,500 students at selected primary boarding schools. According to the WFP's budget, total costs including overheads come to US\$15.560 million over five years or some US\$3.1million per annum. This represents some US\$41.70 per child per year. Programme coverage as a percentage of primary enrolment is very low: the GoT's Education Sector Development Programme estimates that there are some 6.08 million potential pupils in the 7-13 age cohort. Although school feeding programmes have been found to improve attendance rates elsewhere, a programme reaching only 1 to 2

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<sup>12</sup> The DMD is unable to supply information on the number of beneficiaries that received this maize, so it is not possible to calculate the average amount supplied per beneficiary.

percent of those in the right age band, and at a cost which preclude scaling up to meet the needs of all of those children below the food poverty line, appears to be impractical.

### **Distribution, targeting and impact of emergency food aid**

The system for identifying beneficiaries for emergency food aid is complex, and there is little documentation on the systems or the methods used. The following description has been gathered largely from interviews.

The Ministry of Agriculture and Food Security calculates anticipated national crop production levels each year, and identifies districts that are likely to be food insecure, based on predicted yields. This is calculated for 12 basic food crops using information on the area planted and rainfall data from a sample of villages, together with assessments of expected yields by regional and district level officials. Predicted food production is compared with an estimate of need based on population. This identifies districts with an expected deficit of food crop production, which are then visited by a team that undertakes a 'vulnerability assessment', evaluating the extent to which households have other sources of income/livelihoods and stocks that can mitigate the effect of low food production. The vulnerability assessments are coordinated by the Food Security Information Team. They collect information at district, village and household level.

Districts are divided into agro-ecological zones and wards are mapped to each zone. Zones are then classified according to production level (<30%, 30-60%, >60% of normal crop production) based on the reports of district officials. Information is also collected on the availability of food crops in the market, food and livestock prices, condition of pasture, water, livestock and seed stocks. In a couple of villages representing each zone, the team speaks with a number of opinion leaders and records: the number of households, the reported food situation and availability of main food crops, food and livestock prices, condition of pasture, water, livestock and seed stocks, occurrence of extreme hardship and coping strategies. Villagers then divide households into better off/medium/poor and interviewers conduct group interviews with a number of household members from the medium and poor categories. The household questionnaires are completed with 'average' information from this group. This includes information on the food sources, number of meals per day and income sources and how they compare to normal levels; it also includes information on expenditure in last two weeks in broad categories and expectations of income and food sources over the forthcoming 6 months. An estimate of how long each type of household will be able to cope in the face of production shortages is derived from this information and this is generalised to the entire agro-ecological zone. Food aid recommendations are derived from this and presented to the PMO by FSIT.

This approach has the benefit of collecting standardised information in a uniform manner across the various districts. It also keeps data collection and processing to a manageable volume so that recommendations are timely. Working in the FSIT framework, it allows a number of stakeholders to come to a consensus on food aid requirements. However, it has a number of drawbacks. It is, ultimately, a qualitative,

judgement-based approach since there is no determined way of combining the various strands of information. It also depends on a relatively small number of observations to generalise to an entire zone. It is recognised that households may have a variety of income sources, even amongst those that are classed as poor, and that it is very difficult to capture the diversity amongst households. Work has been done in some regions on a more in-depth livelihood analysis, but it is expensive and time consuming to do this thoroughly, and potentially not feasible in an emergency situation. Respondents may also have an incentive to falsify information in the interest of obtaining food aid.

In practice, the distribution to districts and villages did not always follow the recommendations made by FSIT. WFP food was delivered to a smaller number of districts than recommended (30) because of its receipt of less maize than it had requested. Within those districts, it is believed to have been delivered to the recommended villages. GoT subsidised food was distributed to more districts than had been recommended – around 71 in total – with large variations between the amounts originally recommended and the amounts provided to each region. Within the recipient districts, it was delivered to some villages that had not been originally recommended and some of the targeted villages received little. The changes were explained to be due to the failure of the vuli rains in some areas. Additional requests for food aid were submitted by the district authorities, outside of the usual FSIT framework, and the DMD undertook some verification of these requests. As a result, there is some scepticism about the rigour with which the standard approach was applied and the extent to which political factors might therefore have influenced the final distribution.

The selection of beneficiary households within the villages differed between GoT and WFP food. The former was distributed through the local government system, in which the district authorities liaised with the village government, who identified the needy in consultation with neighbourhood heads. This identification included categories that are particularly at risk such as the elderly, orphans, and the disabled, together with a consideration of each household's source of livelihoods. This approach seems to have identified many households as needy and the food was shared widely – it 'did not last beyond a week in many cases.' The Rapid Impact Assessment (RIA) also found that beneficiaries were not always the poorest and better off households often purchased the food (FSIT/PMO/WFP 2004).

WFP food was supposed to be allocated to households using community based targeting and distribution (CBTD), in which community members identify the most needy beneficiaries in the village. These beneficiaries are then supposed to receive a full ration. However, communities had little training on how to assess eligibility in a consistent manner and too much is left to interpretation. While the CBTD process was undertaken, the RIA reports that beneficiaries then re-distributed much more widely once they had complied with the mandated CBTD process. It also reports conflict and resentment amongst non-recipients where this had not happened. This suggests that the principle of highly targeted food rations was often not widely accepted in practice.

These findings suggest that the extent to which both types of food aid could effectively target the poorest was limited. While some leakage is inevitable, the RIA, although usefully highlighting the issues, was unable to quantify this. It also provides

little information on the impact of the food aid on beneficiary households. Although it concludes that the food aid was successful in preventing the deterioration of livelihoods and nutritional status and the adoption of extreme coping mechanisms, this is mostly presented in terms of a reported 'desirability score', which is difficult to assess. It appears that some quantitative household-level information on the use of the food aid and on coping strategies was collected, though this is not systematically presented, making any independent assessment of impact difficult. It is also difficult to see how the subsidised food, if it really did cover only one week of consumption, could have had much impact on the welfare of any household. Given that WFP food distribution excluded some of the districts that were originally recommended for food aid, information on household welfare in the excluded districts might have provided valuable comparison data with which to assess the impact of the aid, but such a systematic comparison does not seem to have been done. A more rigorous assessment of the impact of the emergency programme is warranted, given the large amount of public money that went into it.

The team was not able to locate any information on the effectiveness of the market-priced maize releases.

### **Issues Arising: Food Aid as a Social Protection Mechanism**

The food aid system has achieved a relatively high degree of coordination amongst different actors – central and local government, development partners, non-government organisations and the community. When an emergency is declared, it has demonstrated that it can reach large numbers of individuals in the face of substantial logistical challenges, and as a result has a larger population coverage than other programmes.

There is a move from the narrow focus on food for relief purposes to acknowledgement of the holistic role of food production and security in social and development terms, and it is recognised that food security issues should be an integral part of the wider poverty reduction debate. However, as outlined above, the bodies that deal with food security and food aid tend to operate in isolation from other elements working in social protection. The analysis of vulnerability and poverty that they undertake tends to focus largely on agricultural production related shocks, rather than the wide set of factors that may impact on household welfare. The analysis undertaken begins with an assessment of expected food production levels. In areas where production is expected to be low, it results in an assessment of whether food aid should be provided and, if so, how many households should be given food aid. There are no generally defined criteria about *under what conditions* food aid is an appropriate response, rather than an alternative instrument – either in terms of the degree of anticipated production shortfalls (what constitutes 'an emergency'), or in terms of alternative income sources or local market conditions. The information that is collected is not geared to assessing whether food aid is the appropriate instrument for that community, but rather whether it should be provided or not.

There are some recognised benefits to the use of food aid as an instrument to support household consumption. These include the risks of transporting and distributing cash as an alternative and a perception that women and children are more likely to benefit from food than cash transfer. There are also some well-known disadvantages to its

use, recognised both internationally and within Tanzania. These include the high logistic and transaction costs relative to the value of the transfer; its relative lack of liquidity, meaning that households cannot use it to meet other needs that they might have that could be met with cash; and possible distortionary effects on local markets. The Household Budget Survey shows that, even in rural areas, over half of all food consumed (by value) is purchased. This suggests that many areas have effective food markets, reducing the case for the provision of food as a commodity.

This study was not in a position to make any definitive statement about the appropriateness of the use of food aid in Tanzania over recent years. However, international experience suggests that a set of criteria can be identified by which to make this judgement.<sup>13</sup> It is recommended that a systematic review be undertaken to specify the circumstances and locations in which food aid is an appropriate instrument, within the context of social protection as a whole. Food aid distribution should then be recommended and delivered, if appropriate, against these stated criteria. Any food aid that is provided should be delivered within a coordinated social protection framework. Where it is concluded appropriate, the issue of the appropriate food mix and its nutritional effectiveness needs to be considered. The pricing of food aid needs to be consistent with ensuring that it reaches the most vulnerable without distorting the market.

Such a review should also consider the role of food aid in development, as opposed to relief. Given the high transaction costs outlined above, it is not clear that food is a suitable instrument for development objectives, either as food for work or in the form of school feeding programmes. This question should be addressed systematically in the review.

It should also assess the validity of the analytical framework and the reliability of the information that is used to make food security/food aid assessments. At present, there is little attempt to cross-check or validate the information system that is used: from the production estimates which begin the process to the final definition of beneficiaries and recipients. Those inside the system tend to work within a largely consensual paradigm, which outsiders may not share.<sup>14</sup> There is a responsibility to demonstrate that public resources, constituting a large part of social protection expenditure, are being directed appropriately.

Monitoring and evaluation should be strengthened as part of this. This could begin with the computerisation of administrative records at the DMD to enable it to keep track of disbursements and beneficiaries over time. It should also improve the quantitative, household-level assessment of who benefits from food aid, how much they benefited, and its impact on welfare.

### **4.3 Labour Market Programmes**

#### **Overview**

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<sup>13</sup> See Rogers, B. L. and J. Coates (2002).

<sup>14</sup> This emphasises the need for an 'external' view of the system in any review.

Active labour market programmes (ALMPs) schemes are a long established instrument of social protection, whose origins lie in the major job creation programmes undertaken in the USA and Europe in the 1930s in order to create employment and economic activity and thereby to assist in broadening income distribution. Particular interventions can include the provision of employment services, training, public works, wage and employment subsidies and assistance to encourage self-employment.<sup>15</sup>

Research suggests that public works programmes “can be an effective short term safety net but public works do not improve future labour market prospects for participants.”<sup>16</sup> In these circumstances, especially in a predominantly agricultural economy where not all land is currently being utilized such as Tanzania, it is important to be clear about the purpose of ALMPs and to understand what role such programmes may have in alleviating poverty. Furthermore such programmes should be assessed in terms of their operational effectiveness and opportunity cost: do they represent an appropriate tool for targeting the poorest and most vulnerable in Tanzania? Is it an appropriate mechanism for delivering needed cash? The main public works programme in Tanzania is the Public Works Element of TASAF.

### **TASAF**

In Tanzania the main ALMP is a World Bank financed project, the Tanzania Social Action Fund. This is a four-year, US\$60million project covering 40 districts. It was started in November 2000 and is drawing to completion before the end of 2004. A successor project, TASAF II is expected to be approved before the end of 2004, which is expected to run for five years, and will be expanded to cover all Districts. It is budgeted to cost US\$150million, comprising US\$120m of World Bank soft finance with the remainder being a contribution by the GoT.

The main objective of TASAF I is to: *“increase and enhance the capacity of communities and stakeholders to prioritize, implement and manage sustainable development initiatives and, in the process to improve socio-economic services and opportunities. This will lead to poverty reduction by a) providing extra resources for the creation of community assets at the village level (eg schools, bridges, clinics, water points etc); b) targeting incomes to the very poor households working on public assets like roads, forest lots and small dams, and c) addressing institutional development issues at the community level, districts and central Government for sustainable poverty reduction interventions”.*

In institutional terms, TASAF sits outside the main Ministry structures, and is operated by its own project staff overseen by a National Steering Committee. Its Executive Director has links to a Liaison Officer in the President’s Office and to a focal point in PO-RALG, given the central role of District and local Government. Focal points also exist in the other sectoral Ministries. By creating a structure which sits outside the main Ministry structures, there is a tacit acknowledgement that TASAF is a mechanism which is to be used for disbursing finance rather than to build sustainable institutional capacity at the central Government level. At the local level,

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<sup>15</sup> This study did not address other elements of government intervention in labour markets, including labour market policy, which falls under the remit of the MOLYDS. Some information on its activities is given in Appendix 4.

<sup>16</sup> Betcherman, G. et al. (2004).

however, the resources made available under TASAF may contribute to capacity building by creating a focus for community engagement.

TASAF I works through three windows:

- Community Development Initiatives (CDI);
- Public Works Programme (PWP);
- A pilot Social Support Program (SSP).

Of these three windows, the largest by volume and by expenditure is the CDI fund. As of June 2004, 1,338 sub-projects of the total of 1,704 were funded under the CDI window. The remainder comprised 305 PWP sub-projects and 61 SSP sub-projects.

The CDI component of TASAF was designed to support communities' development initiatives. Its main objective is to enhance community participation in the development of sustainable initiatives. It aims to improve accessibility to basic-socio-economic services in education, health, water supply and social economic infrastructure. The majority of CDI sub-projects, a total of 781, concerned education facilities (mainly school construction, accommodation for teachers etc) whilst 315 are health related (mainly dispensaries); 215 concern water (such as the provision of water points) and 15 relate to economic infrastructure (such as roads, markets, godowns etc).

The PWP component of TASAF is a safety net initiative "seeking to provide temporary wage employment to the members of the poorest targeted households in the communities of the 40 TASAF supported districts". Project documents<sup>17</sup> envisage the provision of temporary wage employment to 32,800 people at a cost of US\$12,909,196, at some US\$ 393 per capita. The target for the labour content was set at 40%. This is comparable to public works programmes in other countries which focus on road construction (Subbarao, 2003). The actual number of beneficiaries was much higher at almost 112,000, although information concerning the number of days of employment created is not readily available. The latter would be a better measure of output and would assist with the assessment of cost-effectiveness.

The Social Support Program (SSP) "supports vulnerable and marginalized groups by funding initiatives to improve their standard of living that are implemented in collaboration with relevant agencies (NGOs, CBOs) who are capable of supporting such groups". Communities are required to pair up with these organisations to apply for resources to fund priority activities such as HIV/AIDS awareness and support for the vulnerable. Whilst the initial focus of support was on those affected by HIV/AIDS, the reach of the pilot programme was subsequently expanded. It focuses on four districts on a pilot basis with a total of 2,715 direct beneficiaries including orphans, widows, the elderly and the disabled. Coverage is therefore very low, and this report focuses on the PWP.

### **Institutional Issues**

TASAF operates outside the usual line ministry structure and links with other ministries, and other elements of social protection, are quite limited at the national

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<sup>17</sup> See for example the June 2004 TASAF quarterly report.

level. It does not have routine national coordination mechanism with food aid programmes or with the MoLYD and MoCDGC. Since implementation takes place at the district level, the district authorities are expected to coordinate these different activities.

The relationship between TASAF public works and other labour-intensive works programmes requires further examination. For example TANROADS and District authorities are tasked with improving and maintaining the road network. Such work is inherently labour intensive, especially routine maintenance such as clearing vegetation, maintaining drainage systems and repairing culverts. In such cases local unskilled employment is generated which may contribute to social protection objectives. A recent study showed that labour based techniques had higher economic returns, together with a positive impact on employment and incomes, suggesting that enhancing its use in routine maintenance would be justified (K & Associates Professional Services and Daima Associates, 2003). It is unproven whether the labour content of, say, the public works component of TASAF is more or less efficient at utilizing unemployed labour than these construction programmes.

Different parts of the World Bank appear to be promoting different solutions in Tanzania. For example a new form of contracting is envisaged for TANROADS by the World Bank which will enable the 2000-plus small contracts currently being issued each year to be greatly reduced. It is envisaged that prime contractors will be appointed who will be tasked with maintaining roads at particular standards, and who would be allowed to sub-contract to small local contractors to undertake the actual maintenance activities. Overall this may be expected to result in consolidation within the industry and may reduce the number of local job-creation opportunities. This strategy, being adopted based on experience in Chad and elsewhere, may be inconsistent with the objectives and modalities of programmes such as TASAF.

### **TASAF's Cost Effectiveness as a Transfer Mechanism**

As may be seen from Table 4.3, the value of the wage transfers under the TASAF's public works component is estimated to be T Sh 4,650.1 million accruing to 111,925 people. This works out at a transfer of T Sh 41,547 per person. With a daily wage rate of around TSh 1,000, this suggests that the average worker has contributed 41.5 days of labour. This is a total of 4,644,887 days of input or some 18,500 person years (assuming an average of 250 working days per annum) or 222,000 person months.

For comparison, India's nationwide programme of Jawahar Rojgar Yojna generated 800 million person days annually, with employment provided per person per year varying between 15 to 30 days, while other schemes in Central America generated much fewer (Table 4.3 and Subbarao 2003).

*Table 4.3: Scale of operations of Public Works Programmes in selected Countries: Programs implemented under Social Investment Funds (mid 1980s to early 1990s)*

County and Programme	Employment Generated / person months
Bolivia, FSE	731,000
Honduras, ZIF	140,000
El Salvador, FIS	55,4000
Peru, FONCODES	24,500
Panama, FES	28,000

Nicaragua, FISE	73,000
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Source: Subbarao (2003, 2)

The intention was that 40% of expenditure should be on the wage element of the PWP. Overheads have accounted for 25% of total costs to June 2004. Other non-wage benefits of the public works programme include construction of over 2000 kms of earth/gravel roads, construction of market places and bus stands etc. These value in excess of US\$6 million.

Whether this is a cost-effective manner of transferring funds depends largely on the benefits from the schemes constructed. Where health or education sub-projects facilities are constructed, the bulk of their life cycle costs and benefits should accrue from their use. The cost effectiveness and cost-benefit of the project in aggregate or its individual sub-projects is difficult to establish and there is little information available.

If construction costs are comparable to those of TANROADS contracts or district feeder road maintenance contracts, then this justifies the approach. However, it is not clear that it has substantial advantages over other contracts using labour intensive techniques.

Furthermore the GoT's sectoral investment plans for education and health, whilst acknowledging the need for major school building programmes, do not focus on the preferred mechanisms to construct the additional infrastructure. Whilst some schools are being built under TASAF, many others are being constructed under conventional school building programmes.

There is also a risk that communities are given support under TASAF to build facilities that, although desirable at a community level, may not be consistent with efficient resource allocation in terms of the operating Ministries, although the definition of projects within the district development plan ought to prevent this if it is operating effectively. Many developing countries have faced similar problems as a result of self-help initiatives, leading to the need for eventual rationalization of facilities. There are reports of health centres being built which are not then staffed and equipped, creating frustration on the part of communities.

Could PWP be used to scale up assistance? The larger it becomes the more critical it is that it should be fully integrated into sector Ministries priorities. There are trade-offs between community ownership and the rational allocation of scarce economic resources. This suggests that it would be preferable to integrate the labour intensive works concept into more of the GoT's other programmes rather than manage it as a parallel, vertical project.

### **Beneficiary Selection, Distribution and Impact: PWP**

The wage rate is a key issue for direct labour schemes such as TASAF. An important principle is that such programmes should not disrupt the operation of local labour or self-employment markets. Clearly it would be undesirable if such programmes led to competition for labour and for example, encouraged people to stop farming and work on TASAF projects. This would distort economic development by drawing workers

from a sustainable market-based income source. It is therefore important that the wage rate is set at a level which is sufficiently low to be self-targeting. In such circumstances people who have other income generation opportunities will not be attracted to working under TASAF.

The project design reflected this and suggested that the labour scheme would be self-targeting, by setting the wage rate so that only the poorest would seek employment. TASAF undertake wage surveys to set a local wage rate, but faces pressures (common in such schemes) to provide a decent wage. The rate has been in the range of TSh 800 to T Sh 1,200 per day, or a little under US\$1 per day. This does not seem to have been so low as to limit the supply of labour. As a result, participation in the scheme has had to be rationed through a community based selection procedure. There is clearly a risk that relatively transient projects with rationed access will provide only a short-term, one-off injection of cash rather than any sort of long-term floor for the poorest households.

The project design also suggested that the labour scheme would be seasonal, so that it provided an income for the most needy at periods of low demand for labour. However this does not appear to have been the case in practice.<sup>18</sup>

Targeting at a district level of TASAF I resources appears, with hindsight, to have been rather arbitrary. In theory it was based on a needs appraisal in which equity considerations (ie the degree of poverty) was to account for 50% of the evaluation; 30% was linked to population and 20% to area. However, in practice the selection process appears to have been rather more ad hoc, with districts selected for trial pilots remaining on the list for full implementation. Districts that were undertaking the first stage of local government reform were also prioritized, although these were unlikely to be the poorest. The allocation of the number of districts to be included in each region was more poverty-oriented, based on a scoring formula including a number of social indicators. However, a comparison of regional PWP resource share with regional poverty gap share shows no clear relationship (see Appendix 1).<sup>19</sup>

The latest progress report (to June 2004) (TASAF Management Unit 2004) provides a set of indicators of performance against targets (Table 4.4).

**Table 4.4: Selected Indicators of Performance**

<b>Project Outputs</b>	<b>Output Indicators</b>	<b>End of Project Target</b>	<b>March 2004 Actual</b>
Output 1: Community sub-project implemented	Number of communities reached	444	1482
	% of women on CPC	50%	50%
Output 2: Safety net to support vulnerable groups initiated and implemented	Number of communities reached	36	581
	Beneficiaries reached	32,800	111,925
	% of women benefiting	40%	46.2%

<sup>18</sup> This same critique was made in an earlier PWP in Tanzania where the programme wage was higher than the market wage for unskilled labour. In addition that the public works programme operated during the agricultural season reducing both the transfer and the stabilization benefits to the poor (Teklu in Subbarao 2003).

<sup>19</sup> It is important to note the limitations to the poverty gap share as a 'gold standard' outlined in section 2, however.

<b>Project Outputs</b>	<b>Output Indicators</b>	<b>End of Project Target</b>	<b>March 2004 Actual</b>
Output 3 Capacity of implementers and communities to manage projects is enhanced	Number of implementers trained	840	22,230
	Number of beneficiaries trained	40,000	111,925
	% of women trained	50%	51%
Output 4: Awareness and information to Communities and stakeholders is improved	% of increase attendance in awareness meetings	30%	Declared not measurable
	% of women in CPCs	50%	50%
	% of population aware of TASAF	30%	Declared not measurable
Output 5 Institutional capacity to administer the fund is established	Days to produce report after target date	7 days	15 days
	Days within which to effect disbursement after application	30 days	15 days

Source: TASAF Management Unit 2004

TASAF has covered a far larger number of beneficiaries than was planned. It has also managed to exceed its target for the inclusion of women. It is not clear how has it overshot so much regarding the number of communities and beneficiaries. However, these measures of performance are largely process based rather than outcome or impact based. As such, it is difficult to establish the effect that the programme is having at a community and household level.

TASAF has conducted community service delivery surveys that make an assessment of the infrastructure and reported welfare levels of programme and non-programme villages in TASAF districts, using village focus groups. For Morogoro, these suggest that the villages where TASAF operates are somewhat more disadvantaged than non-selected villages.

A beneficiary assessment has also been undertaken by independent consultants (DVI, 2003), although most of this assessment concerns the modalities of operation, and perceptions about the process, rather than the final impact of the programme. It showed that most recipients reported using their earnings for household consumption purposes and that they considered them to have improved household welfare. It did not report the total number of days worked nor the aggregate amounts earned by each beneficiary. Nor did it attempt to assess the consumption level of participant households to assess the degree to which the poorest households were reached. There was no baseline data and no comparison with non-TASAF 'control' households. The study would have been considerably strengthened by a formal sampling strategy and a weighted analysis. With these limitations, it is difficult to assess the extent to which the PWP can be said to have had an impact on poverty in the districts or villages where it operates. Given the resources allocated to TASAF, the popularity of similar social funds in other countries and the possibility of its future expansion in TASAF II, a stronger evaluation would have been valuable.

## **TASAF II**

There is already some provisional information available about the likely format and activities of TASAF II. It is envisaged that under TASAF II, a stronger link will be established with Village Councils. These will be required to open bank accounts and

transfers of resources will take place direct to this level. A small management fee will be paid direct to Village Councils. This is a significant change because these councils have their own legal identities, distinct from the districts. District administrations are still expected to be paid a fee of some 7.5% for supervisory activities, but clearly their role will be different and perhaps less pivotal. This may be envisaged as a means of minimizing operational delays but at the risk of further isolating TASAF from mainstream government. It seems inconsistent with the decentralization policy, which promotes the increasing transfer of powers to district authorities. It is important that it does not remove a district sanction over the creation of infrastructure with unsustainable recurrent costs.

There is a welcome emphasis on the development of savings in TASAF II. It is also envisaged that TASAF II will become more involved in irrigation schemes, which may have a higher capital cost but can produce longer term benefits by increasing agricultural potential. It should be noted that the WFP/IFAD food for work programme, which particularly targets irrigation schemes, has not been very successful with a low uptake and slow project completion rate. This may be due to the intrinsic shortcomings of a scheme which provides benefits in the form of food rather than cash; equally administrative constraints or other design issues may have had an adverse impact. It is recommended that the reasons should be reviewed and their relevance considered in the context of TASAF II design. It is unclear whether TASAF II will have a larger or more limited social protection dimension.

### **Issues arising from TASAF's Public Works Programme**

TASAF has exceeded many of its operational targets and reached an appreciable number of poor communities. There are a number of key issues that arise around TASAF PWP. The information is not immediately available to answer them; some additional information might become available on the programmes ending, but other would require specific, sometimes extensive studies in their own right. Key issues include:

- Whether such a programme could reasonably be expanded in such a way that it would provide an effective general safety net for the poorest, providing ongoing and reliable livelihoods, at least at times of low demand for labour, given the existing costs;
- The articulation of the programme with other labour intensive government activities to provide overall coherence;
- Administrative and input costs relative to the value and utility of the infrastructure produced, and whether this justifies the additional costs of the programme compared to a pure transfer programme;
- The extent to which it can be effectively targeted at the poorest, and whether self-targeting can actually be effective.

## **4.4 Savings and Insurance**

### **Overview**

This section focuses in particular on two elements of income smoothing:

- Saving mechanisms, and their security and reliability;

- Insurance mechanisms, including national insurance schemes.

This study has undertaken a limited review of access to a means of saving – as a means of coping with income shocks - but has avoided reviewing the full range of micro-credit schemes because they generally fall outside the parameters of the study.<sup>20, 21</sup>

Savings mechanisms must be viewed in the context of the overall financial reform measures which have been undertaken in Tanzania over the past decade, which have led to the restructuring of loss-making institutions and closure of loss-making branches. One consequence of this has been that access to formal banking institutions has actually diminished, especially in rural areas. Whilst the overall financial system is in a much more healthy condition, these reforms have come at a price in terms of potentially increasing the vulnerability to shocks of parts of the rural economy because it is more difficult to save, except through the informal SACCOS which are subject to limited regulation and may not prove to be secure.

### **Institutional Framework – Banking**

Until the early 1990s the financial sector in Tanzania was controlled by parastatal banks. The two banks which were most active in rural areas were the Cooperative Rural Development Bank (CRDB) and the National Bank of Commerce (NBC). Financial sector reform was initiated in 1991 with the Banking and Financial Institutions Act. This liberalized interest rates, initiated the process of restructuring and privatization of state owned financial institutions, strengthened the regulatory role of the Bank of Tanzania and eliminated the system of formal credit allocation controls. The CRDB was privatized in 1997 and NBC was sub-divided into a commercial bank and the National Microfinance Bank.

National Microfinance Bank (NMB) has an extensive branch network with liquid assets in excess of T Sh 150 billion (US\$150 million) and about 750,000 depositors representing about 18% of the banking system. Having operated under a MoU for several years, the NMB has only recently begun to expand its loan portfolio, based largely on a model of small-scale loans to individuals. Its 12,000 borrowers account for only 1.5 percent of total bank credit, and it is believed that there is considerable potential for this bank, with its current business strategy, to grow into an important source of credit as well as an institution providing savings and transfers. It is earmarked for privatization and may most appropriately be sold to a strategic investor who wishes to maintain or expand its many branches across the country.

Tanzania Postal Bank (TPB) has an agency contract with the parastatal postal service. It provides a limited range of services including deposit taking and making transfers. However in many regards it appears to have failed to respond to the potential pent-up demand for a secure savings mechanism. Whilst its own network is limited, the link

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<sup>20</sup> This section draws on, amongst other sources, Randhawa and Gallardo (2003) and Economic Research Bureau (2004). It also reflects the findings of the 2003 Joint World Bank / IMF Financial Sector Assessment for Tanzania undertaken August 2003.

<sup>21</sup> Note that the MCDGC and the MLYDS both operate micro-credit schemes, the former for women, with a budget of about TSh 400 million per year, and the latter for youth. Their activities were beyond the remit of this study.

through post offices to the public, especially in smaller urban areas, should give it tremendous potential as a savings institution. It is often used as a way to transfer funds to students living away from home and other small domestic transactions largely catering for the better off. However as the experience of the Indian Post Office demonstrates, which has over 100 million savers, there is immense potential to expand financial services in a low cost manner to rural areas through post office-based banking mechanisms. Furthermore a number of countries have expanded the provision of financial services through post offices by contracting out management to external institutions. This can prove to be an effective means of scaling up and introducing new technologies at minimal risk.

## Savings

Households may save in non-monetary forms, but secure, accessible services for cash savings ought to be an important mechanism to help poor households cope with income shocks.

The main savings mechanisms for low income households in Tanzania are:

- Informal rotating savings and credit associations ROSCAs (“upatu”);
- Savings and credit associations (SACAS);
- Savings and credit cooperative societies (SACCOS);
- Regional and rural commercial banks (including the Post Office Bank).

There is no comprehensive information on numbers of individuals utilising each, but SACAS and SACCOS are believed to have the largest coverage of formal organisations.

The HBS 2000/01 showed very limited access to savings services, even informal services, particularly in rural areas (Table 4.5).

**Table 4.5: Access to Financial Services in Tanzania: HBS 2000/01**

% of households with any member who:	Non-poor HHs	Poor HHs	Rural population	Whole population
Operates a saving/current account	8.0	2.1	3.8	6.4
Participates in an informal savings group	4.4	2.2	2.8	3.8
Participates in any non-bank formal savings group	2.1	1.4	1.3	1.9

Source: National Bureau of Statistics, 2002 and authors’ analysis of HBS

Access declined over the 1990s as a consequence of the rationalization of the banking network as part of the overall financial restructuring of the system. It was found that banks were an average of 38km away from rural households. The HBS also suggests banks were more important than SACCOS and SACAS, although with the increase in the number of SACCOS this situation may be changing. These findings are broadly supported by the PPA, which found that access to commercial credit was limited and that SACCOS still have had only a limited impact to date. Borrowing from family, workmates and friends was found to be more common. Rotating group savings - upatu – were important, particularly for women, but often have limited capital, which is made available over short time periods.

Overall, options for secure saving as a means of smoothing consumption are extremely limited in Tanzania, relative to other countries with comparable per capita income levels.

### **Institutional framework**

There are several relevant policies and laws, including:

- National Micro-finance Policy;
- Cooperative Societies Act (1991);
- The Land Act (1999);
- The National Disaster Management Policy (2004).

The National Micro-Finance Policy acknowledges the need for financial services for the low-income population and that these services must be an integral part of the national financial system. There are, however, inherent tensions between the need to encourage self-reliance and self-regulation, which are important attributes in building capacity from the bottom-up, and the scope to extend formal financial services downwards to reach the rural population. These are not necessarily mutually exclusive, but there is currently a large “missing middle” which is not currently being reached.

Recent reforms might have been expected to change this situation. Certainly in urban areas there has been a major growth in banking activities and a broadening of the number of both domestic and foreign banks operating. However much of this banking activity concerns trade finance and has no direct linkage to social protection objectives. Indeed it may draw out finance from the rural economy. Furthermore the legislative reforms have been less benign than may be expected, given the broad thrust of the Government’s development policies.

The Land Act of 1999, in particular, is often cited as a constraint in terms of restricting the capacity of individuals and organisations to use land and other physical assets as collateral when borrowing. Many financial institutions see this as a key constraint in terms of expanding services in rural areas. Whilst the Land Act results in the perception of higher risk to lenders, therefore reducing the willingness of formal financial institutions to make loans, it must similarly impact on the coverage of means to save, since financial institutions must consider both aspects of the equation when appraising the viability of extending services. This may be constraining the expansion of banks such as NMB and Akiba to rural areas.

Overall Tanzania has exceptionally low lending rates and a high degree of liquidity in the financial system. To a large extent this reflects historic precedent. It was not possible for most Tanzanians to take on large debts, whether for investment or consumption purposes.

SACCOS are an important part of the strategy for expanding access to financial services. The national apex organisation for SACCOS is the Savings and Credit Cooperative Union League of Tanzania (1992) Ltd (SCCULT). It represents and supports member SACCOS, of which there are currently 571, and has zonal offices covering two regions each. Information from SCCULT/Min Cooperatives and

Marketing shows that there are 1,509 registered SACCOS in total, with 217,000 members and total capitalisation of T Sh 28.3 billion (Table 4.7).

Whilst the Bank of Tanzania (BoT) has overall responsibility for national microfinance policy, SACCOS must register with the Ministry of Cooperatives and Marketing under the Cooperative Societies Act of 1991. SACAS are registered with the Ministry of Home Affairs under the Associations Ordinances of 1954. Regulation of SACCOS currently lies with the Ministry of Cooperatives and Marketing but the BoT has the power to extend its regulatory powers to cover SACCOS. At present neither of them has the resources to provide the monitoring mandated in the Cooperative Societies Act of 1991. COASCO (Cooperative Audit and Supervision Corporation) provides an accounting and external audit service. Recognising the lack of information on micro-finance organisations, BoT was mandated to develop a national database, although this has not yet been developed. Generally SACAS are subject to a much weaker regulatory framework.

SCCULT coordinates with other actors in microfinance and this includes advising the Rural Financial Services Programme (as a board member) and providing training for SELF. It is now administering the Agricultural Inputs Trust Fund for the Ministry of Agriculture and Food Security worth T Sh 1.3 billion with the intention of providing access to this credit for poorer farmers via SACCOS. SCCULT is working with the Ministry of Community Development, Gender and Children on the promotion of women's SACCOS and with a number of NGOs. It has no current links with TASAF, limiting the scope for an integrated approach to social protection in these two areas.

SCCULT has been promoting the expansion of SACCOS, encouraging them to increase the membership base; increase capitalisation; pay interest on savings and deposits; charge a higher real interest rate on loans; and to make provisions for bad debt.

SCCULT is providing a limited insurance scheme to cover cases of default. It acknowledges that many SACCOS are undercapitalised and cannot meet the demand for loans and as a response to this SCCULT is now providing credit to SACCOS (via AITF), effectively providing wholesale finance in support of the SACCOS community based activities.

The Rural Financial Services Programme (RFSP) is overseen by the Prime Minister's Office. It was developed by the International Fund for Agricultural Development (IFAD) in collaboration with the Government of Tanzania and was launched in late 2000. It has the mandate to support the development of accessible micro-finance in rural areas. It provides training and advice to SACCOS in 4 regions (21 districts) and aims to empower local communities to access micro-finance and works with the BoT in extending the regulatory and supervisory network. The objective is for 500 supported MFIs to eventually reach the stage of being able to access credit commercially. It collaborates with SCCULT and with micro-finance programmes such as Pride and SELF, although supported MFIs do not yet meet SELF criteria for loans.

Given its institutional home and modalities, it is not evident that the RFSP is integrated as well as it might be with other financial deepening initiatives. It is

understood that it has no links with labour or welfare programmes and there may be a potential overlap in terms of local government loans to women and youth.

**Table 4.6: Information on SACCOS and Selected Support Programmes**

Organisation	No of MFIs supported/ affiliated	Total no of members of MFIs	Total value of shares, deposits & savings	Total value of loans issued to date	Total value of outstanding loans
			Million TSH	Million TSH	Million TSH
All SACCOS	1,509	217,248	28,357	30,615	19,450
<b>Support programmes:</b>					
SCCULT	571	93,132	17,887	N/A	15,736
RFSP	124	25,172	563	854	N/A

Note that there are other financial services programmes that have not been included in this table, particularly micro-credit. Sources: SCCULT, Ministry of Cooperatives and Marketing and RFSP.

### **Distribution, Targeting and Impact**

HBS data show that poor households are less likely to make use of any kind of saving mechanism (Table 4.5). The differences are smallest for the non-banks and informal mechanisms, however.

SACCOS do reach rural areas, though they are proportionately overrepresented in urban areas, relative to the distribution of population: 39% of SCCULT-affiliated were identified as being urban in the 2003 review undertaken by Randhawa and Gallardo (2003). They are also concentrated in certain, particularly better off regions: nearly 50% of all SACCOS are found in five regions: Dar es Salaam, Kilimanjaro, Iringa, Mbeya and Kagera. Nationally, only 26% of members of all SACCOS are female.<sup>22</sup>

### **Issues Arising: Savings**

It is clear that for many people in rural areas, there are few opportunities to save in a secure manner. This makes it particularly difficult to protect against the volatility of crop prices or against crop failure. One consequence of this is that the Government has to play a larger role, in terms of assisting at times of drought or food scarcity, and that private markets, which can help to compensate for local food scarcity, are less able to fill the gap than would otherwise be the case. Improving access to savings should help to reduce this. Strengthening financial services should also support long distance transfers of resources between households, likely to be of increasing importance as the urban economy takes off.

Security through savings can take both cash and non-cash forms. Whilst this section mainly focuses on savings through financial means, it appears that the potential for saving in non-cash forms, such as in community managed warehouses, has not been fully explored in Tanzania<sup>23</sup>. However non-cash forms, such as food storage, are often limited by high wastage rates.

<sup>22</sup> Data provided by SCCULT.

<sup>23</sup> See for example Larson, D. et al. (2004).

The expansion of secure savings mechanisms must be linked to creation of an appropriate environment for lending, because both are provided by similar institutions. Therefore, the logic of focusing on savings as a social protection instrument must be conceptual: in operational terms policy decisions concerning savings must be embedded in a coherent overall financial services strategy.

In practice there seems to be an ambivalent attitude towards the regulation of SACCOS. It is acknowledged that if regulation is tightened and minimum standards and accounting practices are applied more rigorously, this may act as a disincentive to the establishment and operation of SACCOS. Furthermore, steps to encourage SACCOS to combine in order to achieve critical mass may undermine their informal accountability, which is crucial to their success. A key management issue is to address how to expand coverage without increasing the risk of default.

From the perspective of the individual or household, failing SACCOS may result in the loss of all savings and it is impossible to hedge against this risk at present. Poor members, especially those in rural areas who may have no choice of SACCOS within reach, are therefore particularly vulnerable. A coherent approach to reduce vulnerability of households as part of a social protection strategy should therefore address coverage and choice as well as the regulatory environment.

At present insufficient is known about access to SACCOS. It is desirable that the BoT should establish a database of SACCOS, as mandated, and that this should be designed in a manner which facilitates cross-referencing to other data sources in order to assess coverage on a geographic and socio-economic basis.

The cooperative movement in Tanzania was ultimately unsuccessful because poor accountability and the lack of effective sanctions meant that service standards dropped whilst the government remained responsible for liabilities. There is a risk that targeting large financial resources on capacity development for SACCOS may similarly produce few long term welfare benefits. It is important to acknowledge that training is an input rather than a result in itself. There needs to carefully assess the impact of training and similar inputs provided under support programmes, and its direct impact on their coverage, sustainability, effectiveness and on the welfare of their members.

A strategy must be developed which tackles the problem of a “missing middle” in financial services. Even with the expansion of banking such as Akiba and the National Microcredit Bank (NCB) in rural areas, large parts of the country are likely to be underserved for the foreseeable future. Coverage of bank accounts in the formal banking system is low –less than 10% of the adult population. To move this up towards a more typical ratio of 30%, a new modality is required. One option to consider is the development of a dynamic contracted-out, Post Office Savings institution, which could achieve the full potential, currently not being realised of the Post Office Bank. It is recommended that this be explored through a dedicated study, drawing in expertise from the Indian Sub-Continent and the South African experience.

## ***Insurance***

The total labour force of Tanzania is estimated at 15.5 million. Of those employed, approximately 81% are engaged in the agricultural sector (Research and Analysis Working Group 2003) and some 2% are within the public sector (NBS, 2002), a proportion that has been decreasing since 1993. Coverage of formal social security systems is low: one estimate is of 5 percent of the working population contributing to formal social security (van Ginneken 1999), while the HBS found around one percent of households reporting making these contributions.

The types of formal insurance available include old age and disability insurance, workman's compensation, and health insurance.<sup>24</sup> There are no formal unemployment insurance schemes in the country. With the majority of the workforce being in the informal sector, there are few opportunities for the self-employed to be insured. During this assessment no micro insurance funds were identified, however apparently there are micro insurance funds for health, and burial societies (Kamuzora 1999; Steinwachs 2002). No insurance schemes tailored to workers in particular employment were identified.

## **Institutional framework**

### **Retirement and Disability Insurance Schemes**

There are six different formal retirement and disability insurance schemes in Tanzania:

- National Social Security Fund (NSSF)
- Local Authorities Provident Fund (LAPF)
- Parastatal Pension Fund (PPF)
- Public Service Pension Fund (PSPF)
- Government Employees Provident Fund (GEPF)
- Politician's Pension Fund<sup>25</sup>

Each scheme is based on contributions of 20% of the wage with the division being either an equal division of 10% each for the employer and employee or 15% for the employer and 5% for the employee. Each of the Funds cater to a defined employer group that is mandated to register its members. There is some room within the definition of eligibility for employers to choose which fund to contribute to, leading to competition between the funds for members. NSSF, LAPF, and PPF are also open for voluntarily membership, with the full contribution being made by the employee, although only if the person is regularly employed or part of an "association".<sup>26</sup>

Upon registration every member receives a unique ID number. This number is common to each Fund and is not used for any other purpose, nor is the numbering system common across the funds.

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<sup>24</sup> Health Insurance is not covered in this paper, as it is not within the scope of this assignment.

<sup>25</sup> The Politicians Pension Fund is not examined in this report.

<sup>26</sup> See Annex 3 for an overview of each fund.

## National Social Security Fund<sup>27</sup>

With 364,543 members, making it the largest fund in these terms, this Fund is open primarily to private sector workers. Although theoretically it is able to accept informal workers and those who are self-employed, in practice those outside of the formal sector or formal organisations are not members. It has approximately 1,000 voluntary members. For the majority of voluntary members there is a low level of compliance in paying contributions.

Established in 1997 as the successor to the Provident Fund, it allowed for a five year transition from the provident fund to a pension system. Although the deadline has passed, this transition has not occurred with many members continuing to withdraw funds according to the Provident Fund regulations. Of the total payments under the provident fund in 20003/04 of TSh 18,278 million (Table 4.7), some Tsh 15,891 million was a withdrawal benefit to 32,503 members under retirement age. This raises actuarial issues that should be addressed.

**Table 4.7: Pension Recipients and Payments, NSSF, 2003/04**

Number of beneficiaries (provident scheme)	35,865
Number of beneficiaries (pension scheme)	2,116
Payments under provident scheme (Million Tsh)	18,278.2
Payments under pension scheme (Million Tsh)	674.8

Source: (Department of Benefits Administration, NSSF, 2004); also administers TTCL fund for 642 pensioners

The Fund provides seven benefits plus the option to withdraw as under the Provident Fund system (Table 4.8). The health insurance coverage has not yet begun.

**Table 4.8: Benefits and Beneficiaries under the pension scheme 2003/3004**

	Actual Payments (Tsh millions)	Number of beneficiaries
Old Age Pension, Initial and Special Lump Sum	496.59	935
Invalidity Pension	0.36	1
Survivors Pension and Initial Lump Sum	1.01	3
Maternity	161.01	1010
Funeral Grant	15.09	147
Employment Injury	0.74	20
Health Insurance	0	0
<b>TOTAL</b>	<b>674.8</b>	<b>2,116</b>

Source: (Department of Benefits Administration, NSSF, 2004)

The current law is based on the division of payments into 12% for long term benefits, 6% for health insurance, 2% for injury and maternity benefits. The fund reports a large difference between income and expenditure, with payouts of almost 20 billion per year while contributions alone were 80 billion Tsh. Of the Fund's income, 15% is spent on administration, the maximum amount indicated in the legal framework. This is explained to be due to the number of local offices, which cover all regions and a number of districts. Some 20 percent of staff members are dedicated to inspection.

<sup>27</sup> (1997). National Social Security Fund Act. **No. 28.**, (1997). National Social Security Fund Act - Regulations. **No. 28.**

The NSSF also manages the Telecommunication Fund, which serves previous east African community employees of the TTCL, with 642 pensioners.

Pension claims are the responsibility of the member. For each type of benefit there is a corresponding procedure. For example, for disability this is to be determined by a medical board. In practice it is carried out by the governments “chief medical officer” for those who work within the government, and for private company employees the officer simply informs the person to have their own privately arranged examination. There is no rulebook guiding the disability assessment. For the Employment Injury Benefit it appears that the “stump method” is used.<sup>28</sup> For payment, the claimant must go to the regional office monthly, with the exception of old age and permanent disability pension which the claimant would receive from the post office.

### **Local Authorities Provident Fund<sup>29</sup>**

The LAPF is open to the employees of local government and local government loans bodies. This allows for some “interpretation” of the distinctions between LAPF members and PSPF members. It has around 42,000 members and 114 different employer organisations (Table 4.9). A fund of TSh 40.6 billion is invested mostly in fixed deposit and real estate.

With the restructuring of local government and the resulting downsizing, one issue facing the Fund is the retrenchment of workers and corresponding LAPF members withdrawing funds at the same time. For example, in June 2004 2.1 billion was withdrawn as 826 employees left LAPF as part of the retrenchment. In response the Fund is currently proposing to restructure itself as a pension fund, and intends to complete this during the coming year. It views this reform as a way to encourage membership. It is also considering offering loans to its members. Loans were a service provided in the past, stopped due to the 98% default rate. One option for the loans being explored is to provide loans to informal groups, who would also be members of the Fund. It is also looking at residential housing for its members.

**Table 4.9: Members, contributions and benefit payments, LAPF, 1999/00 – 2003**

ITEM	1999/00	2000/01	July-Dec 2001	2002	2003
Number of members	34,143	40,667	40,667	--	42,000
Contributions (Million TSh)	5,068.1	5,606.1	2,752.4	8,983.6	
Benefit payments (Million TSh)	823.8	361.6	162.8	615.9	635.3

Source: LAPF. Note shift to calendar years

The benefits provided are terminal benefits (old age; termination of service; termination of appointment on medical grounds, abolition of office or other cause; death). Contributions are processed through the bank. Claims are sent to the employer who deposits the cheque in their bank account and then the employer writes a cheque the following day to the employee. Complaints have been received by the claimants of not receiving their full amount. The Fund is currently planning to conduct a feasibility

<sup>28</sup> The ‘stump method’ is the process of assessing the level of disability through a medical diagnosis that compares a person’s level of disablement with someone of the same age and sex who is “normal”. The loss of function is then expressed as a percentage score.

<sup>29</sup> (2000). Local Authorities Provident Fund, Act. **No. 6.**

study of alternative methods of payment directly to the claimant, potentially through the bank or post office.

With its headquarters in Dodoma, the Fund is planning to expand the number of local offices from its one zonal office in Dar es Salaam to four additional regions. These offices are to be responsible for registration, collection of contributions, and payment of benefits. Each is also to have some authority over investments. In total the fund has 72 staff members.

### **Parastatal Pension Fund**

Established in 1978 this Fund provides pensions to those employed with parastatal organisations with the option to also accept the private sector, self-employed and others. In addition, for those parastatal organisations which are privatised the firm is obliged to continue as a member of the PPF. This results in some confusion between this fund and the NSSF as both are open to the private sector. Like the other Funds there is no possibility for an irregular employee to join the fund, however the person can join a “deposit administered fund” which can also be used as a supplementary pension. Farmers can join but only if united as a group such as in a registered association. For example in September 2004 approximately 1,400 tea growers from Rungwe district joined the PPF after they formed an association (Mwakisyala 2004).

With privatisation there has been extensive arrears in contribution payments, as those companies being privatised did not pay the contributions and the debt was not taken on by the buyer. This debt was eventually covered by the Ministry of Finance.

Currently there are over 300 contributing employers (Parastatal Pension Fund, 2004). There are some 72,755 individual members with around TSh 3 billion being contributed each month. Benefit payments in 2003 were 1.6 billion. Benefits provided include old age pension, death benefit, survivors, disability pension, education benefit, and surrender pay (meaning a person who was dismissed from the firm). One benefit that is specific to this fund is the education benefit. This benefit is paid to the children (up to 4 children) of a member who dies before retirement, and covers some of the schooling costs for the children from nursery to secondary school.

With the headquarters in Dar es Salaam, the PPF had 126 employees in 2002 (Parastatal Pension Fund 2004). It has 5 zonal offices responsible for: facilitating fund activities; registration of members; answering members questions. Contributions may be paid to the zonal or headquarters. The contributions can be received in cheque, bank transfer, or cash. Doctors also report to the zonal offices in disability cases. As with the other funds, there is no standard rulebook for disability assessment.

Unlike the other Funds claim forms are filled in by the employer rather than the employee. The initial payment and gratuity payments are sent to the employer who gives it to the employee. For old age, survivors, and disability payments the monthly benefits are sent directly to a person’s bank account, and for the education benefit the funds are sent directly to the school. The fund is in the process of being computerized, which has not occurred with the other funds.

### **Public Service Pension Fund and Government Employees Provident Fund**

These two funds are closely linked. The GEPF<sup>30</sup> reports 17,001 members; it is for government employees who are not pensionable or permanent. An example is a police officer who must be in the police service for twelve years before becoming a permanent employee. During the 12 years this person would be covered by GEPF, after which s/he would be a member of the PSPF. Once a person is eligible for PSPF the contributions are transferred to the PSPF. GEPF absorbed a number of earlier pension schemes such as the African Civil Service Provident Fund and the Tanganyika Railways Provident Fund. It has assets of around TSh 20.6 billion in 2004/05 (Table 4.10).

**Table 4.10: Assets of the GEPF (TSh Millions)**

Year	2001/02	2002/03	2003/04	2004/05
Value	6,807.3	10,024.1	14,666.5	20,578.1

Source: GEPF

The PSPF<sup>31</sup> serves all permanent and pensionable government employees employed in Tanzania and employees of executive agencies. It reports 207,845 members and had assets of almost TSh 86 billion in 2000/01 (Table 4.11). Currently the Fund is re-registering all of its members in a cross-country campaign. This will include photos and ID cards. Unlike the other funds it distributes its money through the use of smart cards.

**Table 4.11: Financial data, PSPF, 1999/00—2000/0, (TSh billions)**

	1999/00	2000/01
Total contributions	34.80	44.90
Total investment income earned	1.68	5.16
Total operating expenses	0.03	0.59
Accumulated Fund	36.45	85.95

Source: (Public Service Pension Fund 2001)

### **Workman's Compensation**

Workman's compensation is regulated under "Workmen's Compensation Ordinance Cap 263 (1966, and amendment act 17 of 1983). Under the auspices of the Ministry of Labour, Youth Development and Sports, it is noted within the labour reform as in urgent need of amendment, primarily because of the low benefit level of a maximum of 108,000 Tsh as a lump sum benefit for permanent disability. Partial disability is assessed following a "stump method" type assessment noted in the law's attached schedule, and there is an additional schedule of occupational diseases. Temporary disability benefits are also included (International Social Security Association 2003). Private sector employers are expected to take out insurance with a recognized company. In the public sector, the Ministry of Labour, Youth Development and Sports is responsible for making payments to government employees.

### **Issues arising: insurance**

The MLYDS has noted social security as one of its key areas for this next phase of the labour reform, specifically highlighting membership transferability between funds, the

<sup>30</sup> (1942). The Provident Fund (Government Employees) Act Chapter 51. **Cap 51 R.E. 2002.**

<sup>31</sup> (1999). Public Service Retirement Benefits Act. **No. 2.**

size of premiums paid and the differing benefits. The National Social Security Policy (2004) highlights issues of coverage, portability, the need for investment guidelines and minimum standards.

Within the area of formal insurance, the main issues are as follows:

*Lack of portability of funds* - The structure of Tanzania employment has been changing, with increased movement out of the public sector (with retrenchment) and between sectors. With a set time required of contributions for each fund, if a person changes scheme, s/he possible would only receive a gratuity rather than a pension. Areas to be explored are the mechanisms for members to be able to move from one fund to another, while carrying their number of years of contribution.

*Payment methods* - Each fund has a slightly different system for receiving contributions and paying benefits. For contributions this may be a payment in cash at the pension office, a bank transfer, or by cheque. Each fund has a different mode of delivery of the benefit. The NSSF delivers pensions through the post office, and for all other benefits the person must go to the pension office. For PSPF payment is made at a bank via a Smart Card. For LAPF the payment is delivered to the employer and for PPF the initial payments are made via the employer as are subsequent payments with the exception of pensions which are delivered via a person's bank account. There are even examples of the pension fund hand delivering the benefit to the person's residence. Direct delivery of cash and the involvement of many actors leaves room for mismanagement of funds. This has already been identified as a problem by the LAPF. Leaving responsibility with the claimant to pick up a benefit at the pension office, in person, also raises questions of access. It is suggested that the payment system be examined to ensure clear accountability, including exploring the use of bank transfers or the post office system. It is also suggested that PSPF experience with administering the system through smart cards be evaluated. The cost to both Fund and to the employer needs to be considered. Anecdotal evidence suggests that for small employers it is more cost effective to deliver cash to the pension office than even to write a cheque.

*Arrears* - All of the funds except PPF have arrears in payments of contributions and charge 5% compounded interest. The full extent of the arrears is not known, however each fund notes this as an issue highlighting that the cost of prosecution could be higher than the benefit to the Fund.

*Membership* - Competition between the Funds appears to hinge on membership, and which fund is "entitled" to serve which employer group. This is particularly evident between the NSSF and PPF, and between the LAPF and PSPF. With the changing status of some of the employers and the movement of employees, there appear to be unclear boundaries between the funds. The value of having so many funds, and of having access divided to such an extent by employer/sector may need to be reviewed.

*Disability* - Each of the funds offer some form of disability pension, or ability to withdraw funds due to disability, either temporary or permanent. However within and across the funds there is no standard assessment mechanism. This means that a person performing the same job in a different place may be examined in a different manner and provided with a different benefit. In addition there does not appear to be a clear

monitoring mechanism for the doctors conducting the assessment. The Workman's Compensation insurance clearly indicates that the "stump" method is to be used yet reform in this area in other countries now considers the social model of disability. The current schedule is out-dated and has not been adjusted with medical advancements. This is also found within the occupational diseases section which continues to refer to e.g. telegraphist's cramp open to those who operate Morse-key telegraphs. Reform of disability assessment procedures is a long process. Although it may be desirable, the extensive time and resources required should be balanced against the number of claimants for disability benefits. As the reform of the Workman's Compensation Act is currently under process, looking at invalidity pensions at the same time may be worthwhile. In addition, it may be advantageous to look at this area in cooperation with the Department of Social Welfare that is in the process of reforming the "Disabled Persons (Employment) Act 1982" and the "Disabled Persons (Care and Maintenance) Act 1982. Although reviewing disability for different purposes, it would be beneficial to coordinate approaches to reach a common national definition of disability.

*Gender* - Formal insurance systems are designed based on regular full time employment with few absences from the workplace. Carer's responsibilities (e.g. motherhood, caring for relatives not able to work) result in absence from the labor force, and therefore the time period over which contributions are made. Being absent from the workforce generally results in fewer opportunities for pay advancement and so women tend to benefit less from these schemes, although indirect coverage is available through their husbands. For those who live in polygamy there are additional disadvantages since each woman is regarded as having a separate household (Steinwachs 2002: 14). Within the funds there are provisions for a woman to withdraw funds if she is going to marry and withdraw from the work force.

*Coordination* - The NSSF, PSPF and the National Health Insurance Fund are affiliated members of the International Social Security Association. However, there is no forum in Tanzania in which the pension funds can communicate with each other. Each of the Funds visited noted this issue, as has the Ministry of Labour, Youth Development and Sports. Many of the issues identified here might be addressed in such a forum. Work on the National Social Security Policy, although it covers more than insurance, may also provide a forum in which this could be taken forward.

There is also little coordination between the pension funds and other institutions. For example, there are also no institutional modes of communication with other government bodies on areas of common interest. e.g. reporting on employers not paying the minimum wage. At the regional level there is no form of communication with the regional authorities to facilitate a clear understanding of the purpose and limits of the fund (e.g. it is not a place where government cash benefits without insurance can be paid). Although this does not necessarily require the establishment of a formal body, it highlights the need to open other communication channels.

*Regulations* - Beyond a communication forum there is also a need to have a pension regulatory forum. With the same level of mandatory contribution, yet different levels of benefits, some employers are mandated to insure their employees with a particular scheme. Within the National Social Security Policy (2003) there is an expectation that benefits would be guaranteed by the government. This could leave a risk of the

expansion of benefits offered, with little control over the ability of the Funds to deliver. As highlighted by the same policy, regulations are required for minimum standards and investment guidelines.

*Other Issues* - Within the scope of the assignment no evaluation of the sustainability of the system in maintaining six funds was carried out. In addition no evaluation was conducted of having the high level of contributions, nor on the type of investments made. Potentially this is one area that may be examined for its harmonization with other social protection systems.

Aside from these 'internal' issues around the operation of the funds, the main concern from a social protection perspective is that such a small fraction of the population benefit from them. There are few structured opportunities for informal workers to participate in the regular pension systems. In the longer term, the coverage of funds will need to expand to enable more individuals to benefit. They are not, however, able to provide any sort of general social protection mechanism in the immediate future.

In so far as the survey could correctly distinguish different sources of assistance, the HBS suggests that, of the five percent of those surveyed that report receiving formal benefits, most of these households received social assistance grants rather than insurance or employment-based benefits (Table 4.12), although the mean value of reported receipts from insurance and employers was higher (Table 4.13). Note however that these reports might include some lump sum payments, since there are some large values reported (and the medians are substantially lower). They are also unlikely to capture assistance received in kind, including food aid.

Table 4.12: Percentage of households reporting receiving formal welfare and benefits in the last twelve months

	Non poor	Poor	Total
Accident, injury, sickness, disability benefits	0.6	0.9	0.7
Family allowances from employer	0.6	0.2	0.5
Social assistance grants	4.0	3.0	3.7
Pension schemes	0.2	0.1	0.2

Source: Authors' analysis of Household Budget Survey (2000/01)

Table 4.13: Mean value of formal welfare and benefits (monthly Tsh per recipient household)

	Non poor	Poor	Total
Accident, injury, sickness, disability benefits	4,346	1,509	3,361
Family allowances from employer	11,166	2,230	10,363
Social assistance grants	3,092	1,885	2,827

Source: Authors' analysis of Household Budget Survey (2000/01)

## 4.5 Welfare

### Overview

Financial and in-kind grant support is provided by both government and non-governmental organisations. Government programmes are primarily within the

Ministry of Labour, Youth Development and Sports department of social welfare.<sup>32</sup> International non-governmental organisations (INGOs), local non-governmental organisations (NGOs) and community-based organisations (CBOs) also provide support directly or channelled through the government. For non-public sector organisations this is generally in-kind support, with the material provided being an integral part of the organisations overall programming. Regional and district government administrations are encouraged to mobilize support by facilitating connections between the potential beneficiaries and the NGOs and INGOs.

The HBS suggests that social assistance grants were the most common form of formal assistance received, and both poor and non-poor households have benefited from these payments (Table 4.12). Households that received assistance from these sources reported receiving an average of around TSh 2,800 per month in social assistance payments.

#### *Ministry of Labour, Youth Development and Sport – Department of Social Welfare*

Three section in this department provide benefits to various recipients and in a multitude of ways, some of which are listed in Table 4.14. The number of recipients of each activity is typically small.

Due to scarcity of funds the programmes are not publicly promoted. In general funds are provided for activities that are deemed to critically influence whether a person is able to interact with the community. For example, mobility aids are provided for those requiring aids to allow them to work. School support is provided for those children who would not be able to attend school otherwise. Housing and resettlement is provided in cases where a person would be on the street without support. All amounts are provided on a one-time lump sum basis. Alternatively, rather than providing cash the ministry may purchase the required good or facilitate its access.<sup>33</sup>

Benefit access begins with the application of the beneficiary to the regional or district social welfare office, where an assessment process is conducted. This would include gathering some basic information on the person and her/his support networks, assessment of the reason support is requested and a home visit. If the funds are to be used for income generation an assessment of the feasibility of the venture may be conducted. If the person is deemed as “in need” and there are no other resources that can be accessed locally, the case may be forwarded to the appropriate sub-section of the Ministry. The sub-section reviews the application and makes a selection. The criteria for selection vary. For example in the Rehabilitation section consideration includes criteria such as gender and other sources of income. In the Family, Children and Day Centres section “urgency” of the case is primary. Those not selected remain on the wait list. Funds are forwarded to the recipient via the Regional Social Welfare office. As all programmes work through the Regional and District Social Welfare offices, this minimizes the possibility of ‘double-dipping’ (receiving multiple benefits from different programmes) in this department.

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<sup>32</sup> However, it is likely that some other ministries have small welfare programmes, although during this assessment only the ones within this department were considered.

<sup>33</sup> For example during the assessment one department was in the process of sending out “builders” to deliver materials and support construction of housing.

**Table 4.14: Income Support from the Department of Social Welfare**

<b>Section</b>	<b>Target group</b>	<b>Purpose / programme</b>	<b>Number of recipients</b>	<b>Total funds / Tsh (and period covered by funds)</b>
Family, child welfare and day care services	Orphans in primary and/or secondary school	Support for the primary and secondary school education	Not known	Not known
Family, child welfare and day care services	Persons with HIV/AIDS	Income generation	Not known	Not known
Probation Services	Children under the probation services in the Dar es Salaam region	Resettlement, education, seed money, usually in kind	36 (2003/04)	4,100,000 (2003/04)
Rehabilitation	Persons with disabilities	In-kind donations of items	51 items (2003)	1,230,000 (2003)
Rehabilitation	Persons with disabilities	Business creation – micro-credit.	155	280,875,000 (2004)
Rehabilitation	For persons who work with persons with disabilities	Vocational training in sign language for teachers, school and college fees	6	600,000 (2000/01 to 2003/04)
Rehabilitation	Community	Renovation of buildings to facilitate physical access		
Rehabilitation	Persons with disabilities	Resettlement after training through either facilitating employment or provision of working tools	43	5,586,000 (2000/01 to 2003/04)
Rehabilitation	Persons with disabilities	Mobility aids	45	8,412,000 (2000/01 to 2003/04)
Rehabilitation	Persons with disabilities	Income generation, capital for small businesses	95	13,562,500 (2000/01 to 2003/04)
Rehabilitation	Persons with disabilities	Payment of hospital bills, medical assistance	13	1,450,000 (2000/01 to 2003/04)
Rehabilitation	Persons with disabilities	Transport/fare	6	520,000 (2000/01 to 2003/04)

Note: The programmes listed are only those for which information was available during the field visit. It is expected that there are numerous additional programmes. Source: interviews in MOLYDS.

Locally the Regional and District Social Welfare Offices may also access support from other organisations. As an example in 2003/04 the Dodoma regional office obtained tricycles for persons with disability, and 185 credits for cooperatives of persons with disabilities. The role of the social welfare office is in facilitating the connection with other organisations, and it also follows-up to ensure the goods were actually received.

Some of the activities of the Rehabilitation Section are in response to the Disabled Persons (Employment) Act (1982) which establishes the ministries roles in facilitating access to training courses for persons with disabilities, and provisions for enabling registered disabled persons to obtain employment or engage in self-employment. The section is currently proposing to amend this Act as well as the Act on Care and Maintenance of Disabled Persons (1982).

## **Other Government Offices**

Beyond the ministerial channels welfare benefits may be accessed from other government and parastatal organisations. The regional Advisor for Social Welfare may assist a person in receiving a cash grant from the RAS, or even in accessing credits or loans. At the district level (in at least one district) each department has some funds to distribute. For example, the education department may provide funds to primary school students for books and paper if the pupil cannot afford them, while a family may be able to access food from the agricultural department. Benefit funds may be divided between the different departments with no mechanism for coordination. In terms of parastatal organisations, one local pension office noted that it occasionally provides money to elderly who visit the office with a specific need such as to buy medicine, and often these requests are a result of referral from other government bodies.

## **Third Sector Organisations<sup>34</sup>**

There are more than 2,000 NGOs registered in Tanzania. Although there are no consolidated records of the extent of income transfers provided by these organisations, it appears that the support is often provided in kind and it is directly linked to their programmes. For example, CHAWATA aims to support persons with disability to be more independent. As part of its projects, therefore, it provides support to income generation activities (welding, handicraft) carried out by persons with disabilities. For the majority of NGOs funding is from external donors. The NGOs often coordinate with the MOLYDS at both local and national levels.

For faith based organisations direct assistance to the poor is often within their guiding principles. Funding may be external, or internally generated. For example, CARITAS Tanzania supports 120 orphans and 570 persons with disabilities with school fees and material needs, while the Catholic Church itself supports 1,116 orphans and 1,697 persons with disabilities. BAKWATA provides grants to single women who have no possibility of earning income, with applications made directly through the local mosque. Numerous other organisations supply in-kind goods such as agricultural supplies, clothing, school supplies, medicine, orthopaedic aids, etc. Much of this type of support takes place at a local level and there is no consolidated information available on its overall magnitude.

### **Direct support through social services**

Both government and non-governmental organisations provide a range of social services directly to vulnerable groups. The government runs 17 long-term care facilities for the elderly and disabled, 5 remand homes, 1 children's home and various training centres through the MOLYDS. In total there are approximately 4,475 people in these institutions. There is no consolidated information on the expenditure on running them as costs are included in various budget lines. They often receive low levels of finance for running costs (for example 126 Tsh/person/month for food) and low levels of professional staffing.

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<sup>34</sup> For more information on third sector welfare provision see Lерисse, F. et al. (2003).

The Ministry of Labour, Youth Development and Sports is also responsible for licensing the residential settings and day care centres run by non-governmental organisations. Of those, there are 57 children's homes. The Ministry provides limited financial support to these children's homes, at 2,600 Tsh/child/year. There are 24 NGO institutions for the elderly registered with the MOLYDS, all run by faith based organisations. Although the government is also required to support these homes financially, it has not done so recently due to lack of funds.

### **Issues Arising: Welfare**

*Coverage, Beneficiary Identification and Targeting* – Despite the lack of consolidated information on the activities of non-government organisations, it is clear that the scale of welfare support provided is well below the number of individuals that might potentially require these services. Section 3 showed that there are hundreds of thousands of disabled people and double orphans, perhaps 1.6 million individuals who are HIV-positive and over 6 million individuals below the food poverty line. While it would be neither possible nor desirable to provide welfare support to all of these individuals, the scale of many of the activities seems to be so small that they cannot be expected to have any real impact. A clarification of the objectives of these activities, given this, would be valuable.

Where programmes must provide benefits to a small fraction of all potential beneficiaries numbers, then the selection of these beneficiaries to reach the most needy becomes particularly important. For public sector programmes, beneficiaries must first present themselves at the government office. Administrative selection, including a home visit, ought to be a reasonably good (if expensive) way of identifying those most in need. However, potential beneficiaries must have some resources to be able to access the office, either directly or through other social networks and beneficiaries will tend to be predominantly from urban areas, near where the offices are located. As there are 21 regional and 23 district social welfare offices, a large number of potential beneficiaries are excluded from accessing any benefit simply due to location. One of the issues facing the local offices is the absence of transport and therefore inability to conduct any comprehensive field outreach.

Once the person has come forward for assistance the social welfare office and ministry identify the person who requires assistance. It might be possible for the MOLYDS to develop more explicit categorical targeting criteria to assist with this process. The National Social Security Policy (2003) notes means-testing as the standard it aims for, however this method is expensive to implement, requires extensive administration and monitoring, and is best used in areas where there is extensive formal employment and administrative data.

*Fragmentation and coordination* – There are multiple, small-scale activities being undertaken by various departments both within and between Ministries, many of which provide similar services or support similar client groups. This is potentially less effective and less efficient.

For example, each of the sections in the Department of Welfare in the MOLYDS undertakes entirely separate activities for income generation for different beneficiaries groups (HIV/AIDs infected, person with disability). There are also separate housing

provisions made by both the rehabilitation and the probation sections. There is little coordination between the disability support provided by the MOLYDS and that provided as training by the Ministry of Community Development, Gender and Children or with the credit and enterprise support provided by that Ministry. Funds are provided for schooling from various offices, including the Ministry of Education. This is sometimes accompanied by confusion about the roles of different actors.

This may reduce the effectiveness of support - there is no case management procedure to assess comprehensively the most appropriate response to a beneficiary's needs across the range of services. It is also potentially inefficient - a person can potentially receive funds from various departments for the same purpose, resulting in double-dipping. As a minimum, there are a number of areas across and within government departments which would benefit from improved coordination. In light of the myriad of overlaps between the different programmes, and the responsibilities of the different offices, it would be useful to systematically assess what each office is providing at the district, regional and national level and to share this information systematically. This could assist with clearly delineating the responsibilities between the different government bodies. At the district level the development of an inter-sectoral case-management forum would be beneficial; it could include the introduction of a referral system. Technical working groups may also be useful to pull together common information on best practises for implementing different types and aspects of welfare programmes. Within the Department of Social Welfare, one pending question is whether it would be beneficial to unite the various benefits within a section and manage them in an integrated manner.

More fundamentally, a review might demonstrate scope for a rationalisation of the various functions and services both within and across ministries, with a view to providing more cost-effective support to beneficiaries. This ought to be considered in the context of the overall resource envelope and the services that can be provided within it. It might also consider if there are other services that ought to be provided – including ones less centred on income generation – and look at staff capacity, training and retention issues.

*Reporting* - There are no standard reporting formats for welfare benefits either between the regional and district offices for social welfare and the MOLYDS, nor within the different sections of the ministry. This makes it difficult to know the total extent of welfare provision even by the ministry itself. Often, the information is present but it is not compiled. There is also no consolidated information on the extent of support provided by non-government organisations. The development of a simple consolidated reporting mechanism, perhaps through one of the NGO forums, would help give a more comprehensive view of the sector and of the (clearly important) role played by non-government organisations.

*Role of NGOs* - Although the above review of government and non-governmental programmes is far from complete, even with the limited information obtained in the review it is clear that third sector organisations are playing a very important role. For example, just CARITAS and the Catholic Church provide more direct support to orphans and disabled than does the Government. This raises concerns about the sustainability of their intervention, since it is often dependent on donor priorities, given the limited government support.

## 5. Key issues in existing programmes

This section draws out some of the principal issues arising from a consideration of the different programmes in section four. It is recognised that all face complex problems and resource constraints and comments should be viewed in this light.

### Policy objectives and institutional arrangements

Poverty reduction is central to the PRS and the government's development objectives. This study took as its central concern the transfer of resources to the poorest households with the objective of maintaining their consumption, just one element of poverty reduction. A number of programmes and organisations undertake these types of activities. They have somewhat different roles, but it is nevertheless striking how differently the issues are conceptualised and addressed.

In line with earlier work, the study has found a number of policies with laudable aims, but little institutional coherence or coordination between the different actors and instruments being applied. This begins with a degree of policy fragmentation, with social protection policy divided across many actors including:

- The Prime Minister's Office
- Ministry of Labour, Youth Development and Sports<sup>35</sup>
- Ministry of Community Development, Gender and Children<sup>36</sup>
- Six pension funds and their corresponding line ministries,
- The Ministry of Agriculture and Food Security;
- Regional and district administrations;
- Semi-autonomous agencies such as TASAF.

With so many institutional actors, close coordination is essential. A clear view of objectives and priorities is also essential, given the limited resources available. A start has been made to improving coordination, notably in the development of the National Social Security Policy. This is a positive example of introducing a more comprehensive approach to policy making, but needs to be moved forward to consolidate this progress in institutional and operational terms. A strategic approach will enable policy discussions to be consolidated into prioritized actions. It will also help to maximize the effectiveness of the use of social protection resources.

There is a good deal of coordination between NGOs and Government in policy discussions (e.g. regarding the PRS II), and activity coordination (e.g. district level meetings between the district authorities and NGOs). The government also has a mechanism for funding NGOs to carry out specific activities (e.g. caring for orphans) and for supporting NGO projects (e.g. providing NGO offices).

Operationally, there is often a lack of coordination between different programme areas of the social protection system. Different organisations are mandated to use different means of support – food, public works etc – and there is insufficient linkage and coordination between programmes and modalities. In particular, emergency food

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<sup>35</sup> See Annex 5 for a review of the Ministry structure.

<sup>36</sup> See Annex 5 for a review of the Ministry structure.

aid and TASAF tend to operate independently from other elements, at least at the national level. Given this fragmentation, there is no overarching body to review the effectiveness of the various instruments and approaches being used. Myriad activities go on at various levels and with various objectives. Programme reviews are undertaken within the framework of the particular implementing body and so a systematic comparison of the different programmes and instruments is difficult.

Different programmes use different mechanisms for implementation and there are opportunities for a more complementary use of resources. For example both TASAF and the food aid programmes use similar mechanisms for identifying beneficiaries, yet there is little cross referencing of the beneficiary lists. Similarly, various government departments provide support for children to continue their education, yet each department identifies a person in a different way (e.g. including a home visit, only to those who are orphans, to those who are potential young offenders, etc.). The result is that the person may be “examined” numerous times with little follow-through. Such duplication is particularly inefficient in an environment where resources are so constrained. Both TASAF with its CDI component and the MCDGC have the same objective with community mobilization and providing the community with the tools to carry this out, yet there is no coordination between them. TASAF SSP component is intended to support vulnerable individuals, yet there is no link with the MLYDS nor its local offices.

Within particular programme areas, coordination is often more effective. For example, the emergency food aid programmes use FSIT to coordinate food security assessments and response across government ministries, NGOs and development partners. Such coordination is not always the case, however, and there are examples of programmes undertaking similar activities that fail to coordinate sufficiently. For example numerous organisations, including three subsections in the Department for Social Welfare, the Regional Administration Secretariat and its sections, plus other INGOs and NGOs, all have funds to support vulnerable individuals in income generation in the same geographical area. However, there are no clear beneficiary identification mechanisms nor consolidated lists of recipients. A person potentially could receive the same benefit from various sources.

Roles and responsibilities at different levels of government within a single organisation are not always clearly differentiated in practice and are sometimes overlapping. For example, the social welfare offices at the regional and district level, both within the same ministerial structure, appear to be carrying out the same tasks, that designated on paper as a role of the Regional Social Welfare Office.

Effective delivery of a social protection system also needs to consider the incentives for delivery. Types of incentives can be simple such as a conducive office environment. In the offices of the Department of Social Welfare and its field offices there are few resources, including typewriters, while other offices such as TASAF have computers, photocopiers and cars. This affects the time it takes to do a simple task and may also determine whether some particular activities can be carried out at all; for example, it is difficult to do any counselling if there is no appropriate and private space.

The GoT acknowledges the key role that is being played by civil society, however, government policies seem to place over-reliance on NGOs and assume their capacity to undertake multiple activities. Many NGOs have a low internal resource base, which creates an over-reliance on donor funds. Further consideration is needed regarding the relative responsibilities and resources of different actors, both in the public and civil society sectors.

Overall, social protection clearly suffers from the effects of its fragmentation. There is a clear need for an institutional structure which provides an effective and coherent lead in social protection and facilitates coordination between the different actors. In the longer term, the objective may be to have all programmes, or at least all non-emergency programmes, operating from within a single ministry. In the short term, it must be recognised that large programmes are likely to remain in their current institutional homes and mechanisms must be found to facilitate coordination and coherence across this 'modular' structure. One element might be a common financing pool. There is also considerable scope for institutional reorganisation to improve focus around the main instruments of social protection within the Ministry of Labour, Youth and Sports Development and Ministry of Community Development, Gender and Children. In the short term, developing a social policy forum, possibly within the scope of the social security policy, may provide means for intersectoral dialogue.

Social policy forums could be located at the national or at the district level. Examples of thematic areas identified during this assignment included the need for a place to discuss regulations for social insurance schemes and fund portability. Within social assistance there were questions regarding beneficiary identification for each of the programmes. At the local level there may also be a place for the development of case management forums across the departments. Currently potential beneficiaries are referred in an ad hoc manner. Having a case management review team, individuals may be assessed with a strategic look as to which available service may best address the client's needs. It may also assist in monitoring beneficiaries and ensuring a coherent approach to a family/individual across service providers (including addressing any double dipping for cash benefits).

A strong social protection focal point could provide both leadership and coordination within the sector and could act as an advocate for social protection issues in other sectors. Section four emphasised that social protection issues and opportunities arise in other sectors – for example, in routine road construction and maintenance. A properly conducted assessment of the costs and benefits of incorporating social protection elements into such areas might increase impact at a small marginal cost.

### **Expenditure and financing**

Expenditure on these programmes represents a small share of total government expenditure – around one to two percent of recurrent expenditure, and less than one percent of total expenditure by 2004. This is around TSh 780 per capita annually – well under 1 USD. Overall, expenditure has declined as a share of government expenditure over the past four years.

Those Ministries that have core social protection responsibilities such as the Ministry of Labour, Youth Development and Sports Development and Ministry of Community Development, Gender and Children, have a declining share of the budget. The areas

being cut back the most are the small financing (transfer) schemes operated by these Ministries. It is possible to surmise that there is little confidence that these small schemes can achieve their objectives, with low coverage, low funding, and fragmentation.

Strengthening the design, coordination and implementation of social protection mechanisms might reverse this trend. With an incisive social protection strategy, transparent and focused funding mechanisms, lower transaction costs and institutional coherence, it should be possible to increase financial flows. Furthermore, it should be possible to enter a virtuous spiral, with measurable and monitored improvements in welfare outcomes stimulating increased funding if the Government and development partners become convinced that social protection can be made to work effectively in a Tanzanian context. There is substantial evidence that where there is a clear, credible vision, such as with the goal of achieving universal primary education, additional external resources can be galvanized to meet the financing gap.

One option is a social protection common pool fund, which might provide a useful financing vehicle to achieve some of these objectives. It would facilitate a coordination of existing resources and a more coherent assessment of how they are deployed. This is discussed further in section 6. It would need strong technical leadership to be effective.

There are additional financial resources, such as Global Fund resources available for tackling HIV/AIDS, and the various funds available to target environmental degraded, such as wildlife protection and forests/biodiversity. A stronger social protection lead could ensure that there is an effective social protection element in the use of these resources.

### **Instruments, targeting and the selection of beneficiaries**

Section four identified some strengths and limitations of existing instruments. However the extent to which the different instruments used in Tanzania can be compared is limited in two ways. Firstly, some instruments that have been included in this review are intrinsically difficult to compare with others. For example, increasing access to reliable savings mechanisms in rural areas appears to be an appropriate long term strategy, helping households to smooth their consumption. However, it is difficult to evaluate the returns on investing in such development in comparison with the immediate impact of direct transfers. Secondly, other instruments ought to be more easily comparable, but the information is simply not available. This is partly a consequence of the fragmentation of activities outlined above: comparable information is not collected. In addition, the assessments that have been undertaken are often quite limited, even in their own terms.

This makes it difficult to come to firm conclusions about the choice of instruments. There is a strong case for ensuring that, in future, major activities are properly evaluated within a common overall framework. This is important both in making decisions about the choice of instruments and in evaluating whether *any* instrument is warranted. Resources will not be provided if social protection measures cannot be demonstrated to be effective.

Some tentative conclusions can be reached about existing instruments on the basis of limited information. There is a strong case for increasing access to financial services, allowing households to save and facilitating remittances between households. This is an area of active support by government and development partners, although assessing their impact on welfare is difficult. Formal insurance mechanisms currently have low coverage. They will doubtlessly become increasingly important as the formal economy expands, but they will not be able to provide social protection for the majority for a long time to come. Welfare payments, principally the concern of MOLYDS and non-government organisations, reach only very limited numbers of beneficiaries. While important for individual beneficiaries, who may often be some of the most disadvantaged in society, they are not able to have much impact on a national scale.

The case for using food aid rather than other instruments seems, in general, to be weak. High logistic costs suggest it is not generally an appropriate development tool. The use of emergency food aid in times of drought may be more appropriate, but even this is open to doubt. There are no clear national criteria for deciding when and where it is appropriate to supply food aid rather than use other instruments. An in-depth, independent review on the appropriateness of the use of food aid in Tanzania is warranted, given the large share of public resources it absorbs.

Public works are the most difficult to evaluate, since much depends on the value of the infrastructure that is produced and on the extent to which the wage payments reach the poor. There is little data available on this in Tanzania. While the active community participation in the selection of projects is positive, there are serious questions about the risks and benefits of using an essentially parallel, vertical programme to build infrastructure, rather than integrating social protection considerations into existing infrastructure programmes.

There is generally little information available about the socioeconomic status of beneficiaries or about how much they benefit, or more general measures of coverage and leakage. Major programmes should undertake a more systematic evaluation of the effectiveness of the targeting methods used. This should include a consideration of both household and higher level (village, district and regional) selection criteria. The use of PCA or proxy-based measures of household consumption should be explored as a means of assessing benefit incidence. The collection of programme coverage data in the next HBS would also help to address these issues in the future. Programmes should also identify acceptable levels of error and their relative importance.

### **Distribution and equity**

The main issue in equity is one of coverage. Programmes with low coverage of beneficiaries, for example due to limited geographical localisation, will tend to be inherently inequitable since by definition many potential beneficiaries are excluded. This is an issue for many of the programmes examined, with the possible partial exception of emergency food aid. Emergency food aid was, in theory, directed in reasonable quantities to the districts that required it, although the issues around the identification of these areas have already been outlined. The case for more clearly defining beneficiary groups and scaling up such programmes to provide effective national coverage is strong. A related issue is duplication: some programmes have

been identified as potentially providing multiple, similar benefits to the same recipient simply due to lack of coordination, with obvious equity implications.

There is a limited amount of information available to make a systematic review of the distribution of the benefits of the different programmes against other criteria.

### Geographical

In geographical terms, the HBS showed poverty to be overwhelmingly concentrated in rural areas, with around 87% of the poor being in rural areas. Programmes must reach the rural population if they are to have any prospect of providing services to the poor. Food aid and public works both target rural populations specifically and are assumed to have been effective in reaching them, although neither collects data specifically to monitor this issue. Formal insurance programmes predominantly operate in urban areas. The HBS shows that utilisation of formal savings mechanisms is low in rural areas; SACCOS reach rural areas, though they are proportionately overrepresented in urban areas, compared to population: 39% of SCCULT-affiliated were urban in 2003 review. Welfare services also tend to be operative in urban areas and surrounding villages with little outreach to the more distant places.

The regional distribution of social protection benefits is variable. Assessing the regional distribution of benefits against a measure of need based on poverty estimates carries risks because of the level of uncertainty in those measures. In addition, food aid was distributed in response to specific, localised shocks and cannot be sensibly compared with such estimates. Other longer term programmes (eg TASAF public works) do not seem to show much relationship between the value of the share of the total benefits of the programme going to a region and regional poverty measures. Formal financial services are generally concentrated in more developed regions, as are the informal services provided by SACCOS.

The selection of districts for programme activities in some instances seems to have been rather arbitrary, and not likely to have selected the poorest. Poverty mapping should provide district level estimates of poverty rates for an assessment of the distribution of benefits at district level. The extent to which geographical distribution and community targeting mechanisms are able to produce an equitable distribution of resources at a national level should be assessed.

### Gender

Most social protection activities make a systematic attempt to promote increased gender equity in their operations. Almost half of participants in TASAF PWP are female, although there is no information on the actual value of benefits received by gender. Other programmes have had less success. Nationally, only 26% of members of all SACCOS are female, although women are active members of *upatu*.

The programme of the Department of Social Welfare, Rehabilitation Section specifically includes gender as one of their criteria for identifying beneficiaries of cash benefits. There is no data on the gender dimension of some other programmes e.g. formal sector insurance coverage by gender or food distribution by gender,

although the delivery of food is argued to specifically place income support in the hands of women.

### **Information, monitoring and evaluation**

One emerging theme is the weakness of information available on many of the key dimensions that should be used to assess social protection programmes. This is the case even for large, relatively high budget programmes that ought to have ensured the implementation of high quality monitoring and evaluation systems as part of their design. Depending on the programme, information may be missing on the value of benefits received; on coverage and leakage; on the socioeconomic status and gender of recipients; even, in some cases, on the number of recipients.

There should also be a more systematic evaluation of the effectiveness of the targeting methods used. This should include a consideration of both household and higher level (village, district and regional) selection criteria. The use of proxy measures of household consumption should be explored as a means of assessing benefit incidence.<sup>37</sup> The collection of programme coverage data in the next HBS would also help to address these issues in the future. Further analysis of the Census and of the HIV/AIDS survey will also inform policy and programming.

Reporting, monitoring and evaluation are all areas that should be strengthened in future programme design. It is an integral part of ensuring that programmes are meeting the objectives that they are funded to achieve.

A comprehensive sector review, with sufficient resources to assess in greater depth both expenditure and outputs for the sector, would be valuable. This could build on this work and examine issues of efficiency and effectiveness in more detail. It could also inform a review of institutional arrangements. An outline of areas where additional studies might be useful is given in Appendix 5.

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<sup>37</sup> There is one interesting example of an evaluation of micro-finance initiatives in DSM and Coast using a PCA proxy measure to show that recipient households were generally better off than non-recipients (Ernst and Young, no date).

## 6. Options for Discussion

The previous section has highlighted some of the main conclusions from a review of existing social protection schemes. This section considers a number of options for developing social protection in Tanzania. These provide only a 'broad-brush' overview of the options, given the limitations of the study. They are intended to stimulate debate and a more in-depth analysis of options.

These options are not intended to replace all other existing social protection mechanisms. It is assumed that certain elements of social protection would be continued in all cases. These include:

- retention of national food reserves in order to provide a national food security buffer;
- continued support for child protection services such as fostering and adoption;
- a distinct emergency response mechanism
- support to refugees, organized and funded by international organizations.

It is assumed that resources for social protection would be directed through an increasingly consolidated and coherent policy, budgetary and institutional framework.

One option for moving in this direction might be the use of a common funding pool arrangement for external resources. This would provide a more strategic overview of resource use and enable them to be deployed more effectively. It might bring in additional external resources and be 'protected' under the PRS. It could be designed with specific 'windows' so that funds could be ear-marked to particular mechanisms or recipient groups. It would ideally be coupled with a long term – ten to fifteen year – commitment from external development partners.<sup>38</sup>

A set of characteristics can be identified from the literature, and from the analysis of existing programmes in Tanzania, that could usefully be reflected in the design of any social protection programme. They include:

- *Demonstrating effective results in reaching the poorest in an affordable manner*, showing an impact on the identified target groups through rigorous monitoring and evaluation. Amongst other things, programmes must have sufficient coverage of target groups to ensure they can have an impact.
- *A transparent and equitable basis for allocating benefits.*
- *Consistency with economic growth objective to ensure* the signals given to the private sector (both formal and informal) are positive and to strengthen individuals' and communities' abilities to participate in productive activities wherever possible.
- *Affordable.* Expensive schemes that cannot be scaled up to national level are not useful. Benefits and administrative costs must be defined on this basis.

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<sup>38</sup> Such funds are already well established for other sectors in Tanzania and so could be developed quite quickly.

- *Fiscally sustainability and predictability.* At an aggregate level, there is a political choice to be made about the extent to which the government wants to depend on external assistance for financing social protection. In practice, high levels of external financing are already supporting government expenditure, some of which is going towards social protection. Financing for social protection must be predictable and there are potential risks from changes in the policies of external actors over which the government has no control. Development partners should be prepared to make *long term* commitments to providing finance for social protection.
- *Monitored and minimized transaction costs.* The costs of some existing social protection programmes are high. Improved instruments must be developed with lower transaction costs. Social protection instruments can be designed to have progressively lower transaction costs as more is known about targeting and more efficient modalities are identified and implemented.
- *Supportive of family and community structures:* Immediate and extended family structures have always formed the basis of informal social protection mechanisms in Tanzania, especially in rural areas where the incidence of poverty is highest. These family structures are already under stress due to greater mobility, social change and, most especially, the devastating consequences of HIV/AIDS. Social protection measures must acknowledge the changing dynamics of family structures in Tanzania and act to strengthen their role and not undermine their importance. Some existing work with communities is already seeking to do this.
- *Contribute to empowering the poor in Tanzania, not disempowering them.* They must take account of issues of gender, age, access and recourse and particularly protect the most vulnerable. The state already has statutory obligations, for example concerning adoption, and so has a core role in this area. Social protection mechanisms need to avoid being condescending and must respect human rights and dignity, something which is particularly important when designing targeting methodologies.
- *Have cross-sectoral coherence.* They must be fully consistent with and supportive of key sectors including health and education (human capital); agriculture, water and natural resources (natural capital). Most social protection targeting and implementation activities must by definition be at a decentralized level, necessarily increasing the number of institutional actors. This will entail much greater cross-cutting coherence than is currently evident. The PRS revision process, currently underway, is the natural vehicle to facilitate this.
- *Extend financial services.* This allows households to save and to make transfers between one another. In addition, any social protection transfers based on cash benefits would require effective, secure and comprehensive payment transfer mechanisms. One option, discussed previously, might be strengthening the capacity of the Post Office as a payment service.

## Options:

What can be achieved depends on the resources available more than anything else. The level of funding depends on both political and technical factors. Two scenarios can be considered.

- Scenario 1: funding remains at levels similar to now –we use a figure close to the total expenditure in 2000/01 to examine this approach (TSh 25 bln).
- Scenario 2: a substantial increase in resources is made available: we consider a fourfold increase in total resources to TSh 100 bln, somewhat larger than the total poverty gap in 2000/01 using the food poverty line, though well below that for the basic needs poverty line. This would be a substantial fraction of government expenditure, around 6 percent of total expenditure in 2001.

In both cases, the use of these figures is approximate since we make no attempt to adjust for costs of continuing some of the existing activities. Their use is illustrative. Where possible, we combine these approximate 'budgets' with information on the numbers of eligible individuals and the HBS data to make some simple broad comparisons between different options.<sup>39</sup>

We assume that the benefits are provided as cash transfers. Other instruments of the same value – for example food or food stamps – would be possible. The case for such alternatives would need to be made. We also assume that the implementation of a large scale means tested, or proxy means tested, beneficiary identification programme would not be practical in Tanzania in the near future.

## Scenario 1: With existing resources

Current levels of expenditure on social protection are well below even the nominal cost of lifting households above the food poverty line. Current expenditure represents approximately TSh 4,800 per annum person below the food poverty line or 2,500 TSh per annum per person below the basic needs poverty line. To have any impact, therefore, these resources must be focussed much more narrowly, on a specific target group. The issue is how these resources should be directed and to whom?

This involves clearly identifying the most needy groups from within the poor. Existing policies identify some particular groups, though without always providing a clear set of criteria on which these groups are selected. The first step should be to explicitly identify criteria, a process that depends on social priorities, empirical information and the extent to which criteria can be operationalised. They might include:

- individuals excluded from livelihood opportunities
- individuals excluded from the usual family/social support mechanisms, or in locations where support mechanisms are unable to function
- individuals that suffer disproportionately from the effects of poverty: for example, the impact it may have on child development
- individuals/households reaching a level of poverty that forces them to disinvest and to enter a cycle of increasing poverty, or to engage in dangerous or degrading activities

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<sup>39</sup> More details of the assumptions made and the limitations to the analysis presented in this chapter can be found in Appendix 4.

These sorts of criteria are commonly applied, implicitly or explicitly, but a clear statement would be valuable, given the limited resources available.

Two options are considered here:

1. A universal non-contributory pension to the elderly
2. Transfers to the orphans and the elderly directed at the poorest through community-based targeting.

These aim to direct resources at individuals who cannot benefit from the labour market, minimizing (short-term) disincentives to self-help. They rationalize the current diverse activities into support for a few, clearly defined groups for whom support is likely to be politically acceptable. They are likely to have relatively low administrative costs which will maximise the proportion of resources going to beneficiaries.

- **Option 1: Non-contributory pension**

Non-contributory pensions have been introduced into a number of African countries and it is likely that Tanzania will introduce one at some point as part of the development of a welfare state. In other countries where they have been introduced, evaluations of their impact have generally been positive. Barrientos et al (2003) in comparing non-contributory pensions in Brazil and South Africa found that these are effectively a cash transfer to poor households, with the majority of elderly sharing the pension within the household and even to relatives in other households. The schemes were found to reduce the probability of poverty by 21% in Brazil and 11% in South Africa. Children living with elderly relatives were also found to benefit. Another advantage is that it is fairly simple to identify the beneficiaries, although proving a person's age may impose some complications. However, since a pension is paid to all elderly, there will be extensive 'leakage' of benefits to the non-poor.

HBS data show that about 19 to 20 percent of benefits paid as a universal pension would reach households below the food poverty line; about 36 to 40 percent would go to households under the basic needs poverty line (Table 6.1). The level of benefit that can be paid to each individual under such a scheme is also low: a little over TSh 1,000 per month if paid to all individuals aged 60 and above, reaching TSh 2,700 if paid to age 70 and above. The impact on aggregate poverty measures would be small. A universal pension does not seem to be an efficient way to use such limited resources. Targeting only the poorest ten regions does not substantially change this picture (Appendix 4).

Table 6.1: Benefit levels and impact of a universal pension using existing funds.

Target group	Number of individuals	No in poor households	Percentage of recipients in poor households	Value of transfer per recipient / TSh per month	Coverage: % of poor households covered	% of total expenditure going to poor households	Decline in poverty headcount (% points) <sup>40</sup>	% decline in P1
<b>Food poverty line</b>								
60+	1,772,101	347,311	19.6	1,117	32.4	18.6	1.1	5.6

<sup>40</sup> The decline in the poverty headcount presented in these tables is the decrease in percentage points e.g. the scenario in the first line of this table shows a decline from 18.7 to 17.6 percent in poverty - 1.1 percentage points. However, the decline in P1, the depth of poverty, is given as a share of its initial value e.g. on the first line of the table P1 declines from 10.5 to 10.1, a decline of 4.2 percent in its value.

65+	1,167,270	221,131	18.9	1,696	23.0	18.0	0.8	5.4
70+	731,101	150,133	20.5	2,707	15.7	19.5	1.0	5.3
<b>Basic needs poverty line</b>								
60+	1,772,101	667,264	37.7	1,117	29.6	35.8	0.9	3.5
65+	1,167,270	446,591	38.3	1,696	21.3	36.3	0.8	3.5
70+	731,101	305,038	41.7	2,707	15.3	39.6	0.8	3.7

Note: Measures are based on the food poverty line. The number of individuals in a given age group is calculated from the HBS for consistency with the rest of the analysis. The exact figures from the Census are different (see Table 3.3). Source: authors' analysis of HBS (2000/01).

- **Option 2: Community-based targeting to orphans and the elderly**

The HIV epidemic is producing large numbers of orphans, who have lost one or both parents, and who are proving an increasing burden on families and communities. There is a strong case for social protection to prioritise support to these children, to ensure that they develop and are educated to become productive members of the population. A targeted scheme aimed at orphans might also incorporate some transfers to the poorest elderly individuals on the basis of their being largely outside the workforce. The NSGRP identifies orphans, highly vulnerable children and the elderly as priorities.

Such an approach would combine categorical and community-based targeting. A group of community members or a community leader is responsible for identifying beneficiaries. It assumes that local knowledge of families' living conditions may be more accurate than what a means test conducted by a government social worker or proxy means test could achieve (Coady, Grosh et al. 2002). This approach has been used in a number of schemes in Tanzania – including the selection of children for support by SATF; and community based targeting is used in the distribution of food aid. It has also been used with some success elsewhere. It was found to be successful in Albania and Uzbekistan, for example (Alderman (2002), Coudel et al (1998)), and is being implemented in Zambia (Schubert, 2004).

Resources could be allocated to districts in proportion to estimates of the number of orphans (from the Census) and poverty levels (from the poverty mapping exercise). Communities could be given some broad additional criteria (for example, for the elderly, additional criteria could be (i) living alone (ii) no family support nearby (iii) unable to work). The criteria could then be further refined at the village or ward level. There are some risks that resources might be captured by local elites or that marginalized groups are excluded. There would need to be a regular review of beneficiary eligibility as circumstances may change, and a monitoring procedure that cross checks the socioeconomic status of beneficiaries to reduce the risk of diversion of funds to ineligible households. Funds could be transferred through the post office.

It is difficult to model the effect of such transfers on overall poverty levels, since there is currently no information on the distribution of orphans by household socioeconomic status. This should become available with the further analysis of the Census and the analysis of the HIV/AIDS survey. For illustrative purposes, it is possible to examine the effect of directing resources at orphans and the very poorest elderly, assuming that they live in poor households that have a similar distribution of consumption levels as do other poor households. If resources were directed at all orphans and the very poorest elderly (those below the food poverty line), there may be in the order of 1.2

million potential beneficiaries.<sup>41</sup> This would translate to around TSh 1,648 per individual per month – very low. If CBT can target these to basic-needs poor households with 60% accuracy, then a decline in the poverty headcount of around 1.2 to 1.3 percent might result (Table 6.2).

Table 6.2: Benefit levels and impact of community based targeting of orphans and the elderly

Number of individuals	No in poor households	Percentage of recipients in poor households	Value of transfer per recipient / TSh per month	Coverage: % of poor households covered	% of total expenditure going to poor households	Decline in poverty headcount (% points)	% decline in P1
<b>Food poverty line</b>							
1,201,131	335,735	28.0	1,648	41.7	26.6	1.2	8.0
<b>Basic needs poverty line</b>							
1,201,131	720,678	60.0	1,648	39.9	57.0	1.3	5.4

Note: The number of individuals in a given age group is calculated from the HBS for consistency with the rest of the analysis. Source: authors' analysis of HBS (2000/01).

Overall, it does not appear to be possible to have much impact on overall income poverty with existing levels of expenditure on social protection, whichever means are selected. It would be possible to have an impact on the welfare of selected smaller, high priority groups, however, for example double orphans.

## Scenario 2: With a substantial increase in resources

There are technical questions around the level of resources that should be allocated to social protection. There are potential trade-offs between transfers for current consumption, as against the long term poverty reduction effects of investment. There are also arguments that non-savings-based social security may reduce incentives to work and to save, although the case has also been made that social protection may allow poor household to invest in higher risk, higher return activities and improve growth (Ravallion, 2003). In practice, public allocations will reflect social and political factors, and the extent to which the poor are able to demand assistance from government, as much as rational calculation on returns. Here we examine some options if expenditure levels were four times the 2000/01 level, at 100 billion TSh.

Such an increase in expenditure makes it possible to consider some options that make little sense under current expenditure levels.<sup>42</sup> Some of these can combine social protection and investment objectives, potentially reducing the tradeoff between the two.

Three contrasting options are considered. These are:

1. Unconditional cash transfers to demographically defined groups outside the labour force – the elderly or orphans.

<sup>41</sup> This assumes that a lower age cutoff than 18 years is used for orphans, giving around one million eligible orphans in total.

<sup>42</sup> Under current expenditure levels, a conditional cash transfer for primary students, for example, would provide low level of payments and have little impact on poverty. Public works schemes on this scale also have little impact on poverty (see Appendix 5).

2. Public works schemes focused on the development of economic infrastructure
3. Use of conditional cash transfers to encourage attendance and completion of primary school.

- **Option 1: Unconditional transfers to vulnerable demographic groups who are not part of the labour force**

### 1a. Non-contributory pension

If these funds were used for a non-contributory pension then the benefits paid could increase substantially – between TSh 4,467 and 10,828 per person per month, depending on the age cutoff. The distribution of recipients remains the same, but the larger value of the transfer increases the impact on poverty. A decline in the poverty headcount of around 2.2 to 2.9 percentage points is the result, together with a correspondingly larger decline in the depth of poverty (Table 6.3).

Table 6.3: Benefit levels and impact of a universal pension with increased funds.

Target group	Number of individuals	No in poor households	Percentage of recipients in poor households	Value of transfer per recipient / TSh per month	Coverage: % of poor households covered	% of total expenditure going to poor households	Decline in poverty headcount (% points)	% decline in P1
<b>Food poverty line</b>								
60+	1,772,101	347,311	19.6	4,467	32.4	18.6	2.7	17.7
65+	1,167,270	221,131	18.9	6,782	23.0	18.0	2.2	15.7
70+	731,101	150,133	20.5	10,828	15.7	19.5	2.4	13.4
<b>Basic needs poverty line</b>								
60+	1,772,101	667,264	37.7	4,467	29.6	35.8	2.9	12.2
65+	1,167,270	446,591	38.3	6,782	21.3	36.3	2.7	11.2
70+	731,101	305,038	41.7	10,828	15.3	39.6	2.9	10.7

Note: The number of individuals in a given age group is calculated from the HBS for consistency with the rest of the analysis. Source: authors' analysis of HBS (2000/01).

### 1b Transfers to orphans and the elderly directed at the poorest through community-based targeting.

This is the same as the options discussed previously, but the resource envelope is larger. If the criteria remained the same, this would allow a transfer of around TSh 6,500 per month – an appreciable contribution to household costs (Table 6.4). The same provisos discussed above apply, namely that some strong assumptions have to be made, but illustrative results suggest that this could produce a decline in the headcount of around 3.8 to 4.5 percentage points, for the food and basic needs poverty lines respectively. A substantial decline in the depth of poverty is seen, particularly for households below the food poverty line.

Table 6.4: Benefit levels and impact of CBT, public works and conditional cash transfers.

Target group	Number of individuals	No in poor households	Percentage of recipients in poor households	Value of transfer per recipient / TSh per month	Coverage: % of poor households covered	% of total expenditure going to poor households	Decline in poverty headcount (% points)	% decline in P1
<b>Food poverty line</b>								
CBT	1,201,131	335,735	28.0	6,591	41.7	26.6	3.8	24.0
Public works	1,333,333	394,966	29.6	2,500	47.6	11.8	2.7	13.5
CCT: Std 2-4	2,756,352	590,459	21.4	2,872	55.6	20.4	3.3	22.9
CCT: Std 3-7	4,208,426	947,093	22.5	1,881	72.2	21.4	3.0	24.5
<b>Basic needs poverty line</b>								
CBT	1,201,131	720,678	60.0	6,591	39.9	57.0	4.5	17.6
Public works	1,333,333	800,000	60.0	2,500	45.4	24.0	2.1	9.1
CCT: Std 2-4	2,756,352	1,152,749	41.8	2,872	51.9	39.7	3.9	15.2
CCT: Std 3-7	4,208,426	1,824,148	43.3	1,881	66.7	41.2	3.8	15.8

Note: CCT simulations are based on assuming making a payment to all children of the appropriate age group. See 4 for further details. Source: authors' analysis of HBS (2000/01).

- **Option 2: Public works schemes focused on the development of economic infrastructure**

The review of existing programmes highlighted the need to increase the social protection element of existing infrastructure investment programmes. However, there may still be scope for targeting additional resources for infrastructure development at the poorest districts using a dedicated fund. This represents another option.

Labour intensive techniques have been widely analysed and found, in many circumstances, to be cost effective. The objective would be to integrate social protection with the creation of economic infrastructure, increasing market-derived incomes in the longer term.

Assessing the costs and benefits of a public works scheme such as TASAF is not simple, since it depends on the value of the infrastructure produced and the marginal cost of targeting wages at poorer households. This information is not available for TASAF. Here, we have assumed that the entire cost of the public works programme is social protection expenditure (ie entirely discounting the value of the infrastructure) and that the direct benefit to participants is their wages. This tends to underestimate the benefits of the expenditure, since it would be possible to remove the investment element and consider only the remainder as social protection expenditure. On the other hand, the value of alternative labour forgone by participants is not removed, tending to overestimate the value to participants. This makes the figures presented very approximate and less comparable with those presented for the transfer payments.

These figures suggest that public works have the lowest impact on the poverty headcount and the depth of poverty of all the options considered, largely as a consequence of the high proportion of the expenditure that goes on the non-labour inputs.

Assessing the marginal costs of integrating social protection elements into existing infrastructure programmes is more difficult and we have not attempted this here. It

should be remembered that this might be the most cost effective way to implement labour-based social protection on a national scale.

- **Option 3: Use of conditional cash transfers to encourage attendance and completion of primary schools.**

This approach combines social protection elements with the improving human capital, contributing to the achievement of social sector objectives as well as increasing household incomes. It increases the consistency of social protection and other policy goals, using them to achieve a step change in social welfare.

The NSGRP sets ambitious targets for social sector attainment in both health and education. Much of the focus in education is on supply side improvements. Enrolment has increased substantially since the abolition of fees, suggesting costs were a factor in low enrolment. The Government's targets for education now include further raising the gross primary enrolment rate and increasing the transition rate to secondary schools. Those who have completed primary education are more receptive to public health messages concerning family planning, HIV/AIDS prevention, and immunization, and are more likely to send their own children to school. This suggests that a conditional transfer aimed at encouraging children to enroll, attend and complete primary school would be appropriate.

Such approaches have been used successfully elsewhere – for example, increasing attendance in Mexico, Brazil and Bangladesh; they may also reduce the incidence of child labour. In the short term, they will only reduce poverty if the value of the transfer is more than the value of any income forgone had the child been working, although of course child protection objectives should not be measured solely in terms of financial costs and benefits. A payment based on primary school attendance would be more effective at reducing poverty than one paid for secondary school attendance, since secondary school attendance remains concentrated in the urban and better off population. The benefit should be paid to the mother: benefits paid to women have been found to result in a greater amount of the benefit going to household requirements such as nutrition, health and education rather than delivering the same resources via the father (Conning and Kevane 2001) and that there are greater poverty mitigation effects (Tabor 2002)

A conditional payment based on primary school attendance would probably be easier to implement than conditional payments around health service utilization, since the latter requires effective registration of the target population to avoid the situation where parents put forward their children for immunization on multiple occasions; however, 'smart cards' have been used to overcome the problem elsewhere.

Table 6.4 presents a simulation of the effects of making conditional payments for attendance in Standards 2 to 4 or, as an alternative, 3 to 7. They would act as an incentive for children to enroll and to continue attending school. Payments would be between 1,800 TSh and 2,800 TSh per child per month. The impact of payments of this magnitude on attendance and dropout would need to be assessed, as would the capacity of the education system to absorb the additional pupils.

Such a scheme would have the highest coverage of poor households – well over half would be reached. The payments would reduce the poverty headcount by some 3 to 4 percentage points, and the depth of poverty by some 15 to 24 percent. These declines are appreciable; although they are generally lower than the effect of

community targeted transfers, because of higher leakage to the non-poor, they would be expected to bring additional benefits in terms of human capital development.

The effect on poverty is calculated on the assumption of making a payment to all children in the appropriate age for the relevant standards, i.e. it is a measure of the maximum effect that the payments would have, assuming that all eligible children enrol and attend in response to the scheme. An alternative, based on actual enrolment reported in the HBS, is presented in Appendix 4. It has a lower impact on poverty, although it is likely that the differentials in enrolment between poor and less poor households, which would produce this reduction, have declined since the HBS was undertaken due to the abolition of primary school fees.

## ***Conclusions***

This section has tentatively examined some options for social protection mechanisms to reduce income poverty. It can only be considered illustrative, as a comprehensive comparison of the various options is beyond the scope of the study; comparisons were also constrained by the limited availability of information. It is intended to stimulate debate and encourage a more detailed analysis.

It has shown that the level of resources allocated to social protection at present is insufficient to have much impact on income poverty in the population as a whole. At these levels, there is a good case for a highly targeted, coherent and efficient programme to maximize the resources that reach the poorest and most disadvantaged. The review of existing programmes in earlier sections of the report did not present such a picture.

Greater impact is possible when resources are increased. With annual expenditure of around TSh 100 billion, declines in the food poverty headcount of between 2.2 and 3.8 percentage points and in the basic needs headcount of between 2.1 and 4.5 percentage points can be achieved; and declines in the depth of poverty between 9 and 24 percent. These are appreciable, though they would still leave the majority of households in poverty.

Using the simple comparisons made here, public works schemes have the least effect on poverty for a given total expenditure, and community based targeting appears to have the most, although it has not been possible to undertake a comprehensive comparison of the different options.

These conclusions provide a tentative basis for further work. This should assess more comprehensively the benefits and the costs of the various programme options, including their administrative costs. It would include valuing the infrastructure investment element of public works and estimating the anticipated impact of CCT on attendance. The study could draw on any additional reviews undertaken in this area, and small-scale studies might be used to supply missing critical information. It should also consider the institutional coordination and capacity issues identified in this study. Such work should feed into a policy dialogue around the priorities, objectives and financing of social protection options for the period of the National Strategy for Growth and Reduction of Poverty (NSGRP) and beyond.

**Appendix 1: Regional poverty estimates and distribution of the poverty gap by region**

Region	Estimated population 2001		% of individuals below FD poverty line	% of individuals below BN poverty line	No of people below FP line	Share	No of people below BN line	Share	Distribution of poverty gap – FPL (Million TSh)	Share	Distribution of poverty gap – BNL (Million TSH)	Share	Share of TASAF PWP expenditure
Dodoma	1,645,305	5.1	13%	34%	215,535	3.6	564,340	4.9	2,127	2.7	8,455	3.4	6.8
Arusha	1,252,522	3.8	25%	39%	567,631	9.5	877,453	7.6	8,703	11.1	23,673	9.5	3.9
Kilimanjaro	1,338,689	4.1	11%	31%	148,594	2.5	419,010	3.6	1,196	1.5	7,320	2.9	2.1
Tanga	1,591,100	4.9	11%	37%	181,385	3.0	580,751	5.0	1,985	2.5	8,771	3.5	2.2
Morogoro	1,704,949	5.2	14%	29%	231,873	3.9	501,255	4.4	2,011	2.6	8,735	3.5	4.7
Pwani	860,580	2.6	27%	46%	235,799	3.9	397,588	3.5	3,286	4.2	10,377	4.2	6.6
Dar es Salaam	2,418,610	7.4	8%	18%	181,396	3.0	425,675	3.7	2,831	3.6	10,500	4.2	2.1
Lindi	765,876	2.4	33%	53%	255,037	4.2	405,914	3.5	3,888	4.9	11,371	4.6	7.6
Mtwara	1,093,432	3.4	17%	38%	183,697	3.1	415,504	3.6	3,268	4.2	11,099	4.5	6.4
Ruvuma	1,082,964	3.3	27%	41%	296,732	4.9	447,264	3.9	2,679	3.4	10,225	4.1	3.9
Iringa	1,449,726	4.5	10%	29%	149,322	2.5	418,971	3.6	1,707	2.2	7,247	2.9	2.4
Mbeya	2,006,356	6.2	8%	21%	156,496	2.6	413,309	3.6	2,060	2.6	8,080	3.3	5.2
Singida	1,056,741	3.2	28%	55%	294,831	4.9	583,321	5.1	4,592	5.8	13,097	5.3	4.6
Tabora	1,663,236	5.1	9%	26%	148,028	2.5	432,441	3.8	2,022	2.6	7,942	3.2	6.6
Rukwa	1,104,977	3.4	12%	31%	130,387	2.2	342,543	3.0	952	1.2	4,392	1.8	8.0
Kigoma	1,627,824	5.0	21%	38%	340,215	5.7	610,434	5.3	3,864	4.9	11,308	4.5	4.7
Shinyanga	2,719,410	8.4	22%	42%	598,270	10.0	1,142,152	9.9	6,309	8.0	22,432	9.0	7.2
Kagera	1,972,156	6.1	18%	29%	345,127	5.7	564,037	4.9	2,913	3.7	10,112	4.1	8.4
Mwanza	2,848,752	8.8	30%	48%	860,323	14.3	1,364,552	11.9	12,987	16.5	33,284	13.4	4.6
Mara	1,325,751	4.1	36%	46%	482,574	8.0	604,543	5.3	9,309	11.8	20,154	8.1	1.8
Manyara	1,008,955	3.1											
<b>Total</b>	<b>32,537,913</b>	<b>100.0</b>			<b>6,003,252</b>	<b>100.0</b>	<b>11,511,058</b>	<b>100.0</b>	<b>78,689</b>	<b>100</b>	<b>248,575</b>	<b>100</b>	<b>100</b>

Note: Manyara was classed as part of Arusha in the implementation of the HBS. Source: authors' analysis of the HBS (2000/01), Census data and TASAF programme reports.

**Appendix 2: Overview of Pension and Disability Insurance Funds**

	National Social Security Fund	Local Authorities Provident Fund	Parastatal Pension Fund	Public Service Pension Fund	Government Employees Provident Fund
<b>GENERAL FRAMEWORK</b>					
Legal Framework	National Social Security Fund Act (1997) National Social Security Fund (Employment Injury Benefits) Regulations (2002)	Local Authorities Provident Fund (Acts Supplement) No. 3 (2000) Local Authorities Provident fund Regulations (2000)	Parastatal Pensions Act 14 (1978), Parastatal Pensions (Amendment) Act (2001)	Public Service Retirement Benefits Act No. 2 (1999)	Provident Fund (Government Employees) Act Cap 52 (2002)
Type of Fund	pension fund	provident fund	pension fund	pension fund	Provident fund
Benefits provided	retirement pension, invalidity pension (permanent), survivors pension, funeral grants, maternity benefits, employment injury benefit (temporary and permanent), health insurance benefit	retirement, termination of services, termination on medical grounds/abolition of office or other cause, death	old age pension, old age gratuity, death benefit, survivor pension, survivor gratuity, pension on medical grounds,, disability gratuity, education benefit, surrender pay	old age pension, invalidity pension, death gratuity, survivor's pension, funeral grant, withdrawal. (Withdrawal is open for women who marry and withdraw from the workforce, maternity if the women then gives up gainful employment, emigration from Tanzania)	Gratuity on old age or disability retirement, satisfactory completion of contract, abolition of office, with consent of the Government other than by dismissal, and in the case of a female for retirement due to marriage. In addition, interest free loans for construction materials, education and health expenses, small businesses and other income generating activities.
Persons eligible	private sector employees, self-employed, non-pensionable employees in the government service and parastatal organisations, and others declared by the Minister of Labour	employees of the local government authority, Local Government Loans Board, Local authorities Provident fund and any institutions owned by a local government authority	employees of parastatal organisations (compulsory) and optional for employees of the private sector, self-employed. Privatised parastatal employees and the firm obliged to	employees of government or executive agencies who are permanent workers or pensionable	Employees of the government who are not eligible for pension or gratuity, members of the police force, fire and rescuer service until s/he is pensionable

	National Social Security Fund	Local Authorities Provident Fund	Parastatal Pension Fund	Public Service Pension Fund	Government Employees Provident Fund
			continue membership		
number of members (approximate)	364,543	Est. 42,000	72,755	207,845	17,001
number of pensioners / beneficiaries	2,819 pensioners 35,865 withdrawals under provident fund rules		12,113	729	75
Contribution rate (employer/employee)	10%/10%	15%/5%	15%/5%, or can be negotiated internally at 10%/10%	15%/5%	10% /10%
contribution period	180 months		10 years	180 months	
minimum/maximum/average benefit	minimum pensions - 33,400 Tsh/month average 44,514.40 Tsh/month	minimum payment - 500,000 Tsh average payment - 1 million Tsh maximum payment - 2 million Tsh	minimum pension - 21,000 Tsh/month Average Pension - 34,426 Tsh (August 2004) Maximum pension - 1.5 million Tsh/month		minimum pension - 20,250 Tsh/month
replacement rate	retirement - 30% of average monthly earnings calculated from the best 5 years from the last 10 years of employment plus 1.5% of average monthly earnings for every 12 months of contributions to maximum of 67.5% earning	interest fixed per annum by the Board of Directors	2/3s of the highest 5 years (not necessarily consecutive years) from the entire working life		
<b>FINANCES</b>					
contributions	80 billion/year (approximate)	6.2 billion (2002)	Reported 3 billion/month (approximate)	44.9 bln	

	National Social Security Fund	Local Authorities Provident Fund	Parastatal Pension Fund	Public Service Pension Fund	Government Employees Provident Fund
payment total	20 billion/year (approximate), 38.11 million paid in Sept. 2004	615 million (2002)	1.6 billion/year (approximate for 2003)		
<b>ORGANIZATION</b>					
Responsible ministry	Ministry of Labour, Youth Development and Sports	Ministry of Local Government	Ministry of Finance	Ministry of Finance	Ministry of Finance
administrative offices	Central office in Dar es Salaam, 23 regional offices covering 21 administrative regions, 31 District offices	Central office in Dodoma, 1 zonal office in Dar es Salaam	Central office in Dar and 5 zonal offices		

Notes: information for various years from 2000 onwards, using most recent year available; cells are blank where the information could not be obtained.

### ***Appendix 3: Ministry Structure***

There are two ministries within the Tanzanian government that play a key role in the social protection system. These are the Ministry of Labour, Youth Development and Sports, and the Ministry of Community Development, Gender and Children. There are also substantial social protection activities are mapped to the Ministry of Finance, the Prime Minister's Office and the President's Office.<sup>43</sup> Vertical connections between the state level ministry and the regional, district, ward and village levels may be either direct through the ministries own offices or through the President's Office for Local Authorities and Regional Administration.

#### ***Ministry of Labour, Youth Development and Sports***

The Ministry of Labour, Youth Development and Sports (MLYDS) is divided into four departments and three directorates:

- Department of Social Welfare
- Department of Labour
- Department of Employment Promotion
- Department of Administration and Planning
- Directorate of Youth Development
- Directorate of Sports

There is also a direct reporting line from this ministry to the National Social Security Fund.

Over the past two years a number of government policy documents have been developed under the leadership of this ministry. Specifically:

- National Social Security Policy (January 2003)
- National Ageing Policy (2003)
- National Disability Policy

The Ministry is not part of the decentralization programme and has maintained offices for social welfare at the regional and district level directly supported by the ministry.

#### **Department of Social Welfare**

The department of social welfare is divided into three sections:

- Family Welfare, Child Welfare and Day Care Centre Services
- Probation
- Rehabilitation

The Department has established thirty-three residential institutions, which currently house approximately 2,200 residents. It is also responsible for licensing residential institutions that have been established by NGOs. There is easy referral from the Ministry to these institutions. The NGO institutions are also responsible for reporting to the ministry monthly. The entire department only has 268 trained social workers, including those at the local level.

The Family Welfare, Child Welfare and Day Care Centre Services focuses on statutory family and child welfare interventions such as foster care, adoption, custody issues, orphaned and abandoned children. These areas, particularly foster care, are increasing in importance. Although extended family care is the norm and is commonly implemented informally, with the increase in the number of orphans the department aims to ensure that the necessary safeguards are in place. The principle legal frameworks governing their activities are the marriage law, adoption law and children's homes act. It will also place children in residential settings. Apart from support to the one state child care institution based in Dar es Salaam, it is responsible for licensing residential institutions for children and day care centre services. This section also offers lump sum benefits for the education of orphans, to support orphans in secondary school, and for income generation projects for HIV/AIDS affected persons with children.

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<sup>43</sup> Specifically the GEPF, PSPF, and PPF pension funds are within the Ministry of Finance, TASAF is connected with the President's Office, and food drought programmes are within the Prime Minister's office.

The Probation Services Section addresses the issues of truancy, “delinquents” (meaning children who are “acting out” but have not had any direct contact with law enforcements), children in conflict with the law, and street children (both those in and of the street). For each of these areas it connects directly with the schools. There are five remand homes and one “school” for young offenders. It is in the process of building an additional home. The section offers one time cash benefits to its “beneficiaries”, prioritising street children and reformed drug addicts. The funds are used for resettlement, school, and seed funds for income generation.

The Rehabilitation Section is responsible for persons with disabilities and the elderly. Policies governing its activities include the National Aging Policy (2002) and the National Disability Policy (2003). Its primary responsibility is to act as policy advisors distinct from being implementers. It is in the process of initiating reforms for the legal frameworks “Disabled Persons Employment Act” (1982) and the “Disabled Persons Care and Maintenance Act” (1982) Like the other sections it does provide some one time cash assistance for employment support after training (either through direct employment or provision of working tools), mobility aids (primarily for those who would not be able to access the work place without them), direct assistance for income generation, direct payment for hospital bills and for home adjustment (for accessibility). In addition it does have external support for supporting persons with specific types of disability and has a loan programme (with 15% interest however with low repayment these are accepted as grants), and vocational training (e.g. for sign language teachers). In total the sector supports 17 long term care facilities for elderly and disabled. It has a strong emphasis on family and community based services with residential care being an option of last resort. It also monitors 24 NGO residential institutions. It was this section that headed the team developing the National Social Security Policy. Issue identified in this section is training.

#### **District and Regional Social Welfare Offices**

The Department for Social Welfare has a network of offices and the regional and district level. Within every region there is a regional office for social welfare. It is responsible for:

- Initiating the procedures for licensing of the NGO residential institutions and day care centres, and receiving their monthly reports
- Initiating all legal procedures for residential care, foster care, adoption, etc.
- Facilitating contact with other organisations in order to meet the needs of the clients
- Communicating with the other districts and providing services
- Providing counselling services
- Carrying out the inspections of the institutes
- Initiating any cash benefit applications including a social investigation, home visits, assessment of needs

The district offices have the same responsibilities with the primary distinction being that the regional office compiles all the district reports and is to provide a supportive technical role to the district offices if required. Ideally each of these “local” offices have one or two social workers on staff.

These are the roles on paper however in practise there are few district offices (in only 23 out of 113 districts). Therefore both the district and regional offices may “split” a region between them, each covering designated districts. The key issue however is the lack of funds. A quarterly payment is designated from the ministry for certain supplies, with no funds for other office requirements. This may include no funding for transport to visit other districts or even villages within the district. As a result the offices cater to those who can enter the office looking for services, with limited outreach into the community. Its key role is in processing statutory social cases and facilitating connections with other organisations and with other public offices. For example they will provide the necessary paper work for an orphan to attend school. If they find a child working they communicate directly with the regional labour office.

An example of the activities in one region is as follows (for year 2003)

- Facilitated 185 loans from the Cheshire Foundation for cooperatives formed by persons with disabilities
- Requested 12 bicycles for persons with disabilities and received three

- In 2002 saw 9 families and in 2003 18 families with domestic disputes, Of the 27, 10 cases were sent to court and 17 were resolved
- In 2002 had 20 marriage cases and in 2003 had 4 cases. Of the 25 cases 10 were resolved and 4 are still in process
- Were 25 cases on abandonment of which 20 were solved (re-adopted) and 5 were not
- Facilitated custody payments (father gives money to the regional office which passes the money to the mother)

Where there is no district office the regional office and the Department establish contacts with the districts through the District Community Services Department

### **Department of Labour**

Within this department there are three sections:

- Labour relations
- Dispute prevention and resolution
- Social security

In 2001 the Ministry of Labour, Youth Development and Sports established a tripartite task force to reform the labour policy and legislation. In its first phase it examined:

- collective labour relations;
- dispute prevention and resolution;
- employment standards, and
- labour market institutions.

The result of this phase was the Employment Labour Relations Act No. 6 (2004) and Labour Institutions Act No. 7 (2004), both passed April 2004, and published in June 2004. According to the Ministry these laws promote competitiveness, include the ILO core conventions, promote bi-partite and tripartite dialogue, and establish transparent and expeditious dispute resolution mechanisms. Within the Ministry ongoing work focuses on putting in place the appropriate regulations, rules, codes and guidelines for the implementation of the laws, and further training to support their implementation.

The second phase will focus on:

- employment promotion (labour market information, macro-economic policy affecting employment, skills development and employment services);
- occupational health and safety;
- workers compensation (with particular focus on reform of the workers' compensation law); and,
- social security (with particular focus on the reform of the social insurance system).

This work is supported by DANIDA. One result is that the department itself is under a process of reform. For example the placement of first and second instance decisions for labour disputes used to be within the regional labour office and ministry offices, however there is now a new role for the court system. Within the social security section a primary focus of their work is reform of the workers' compensation laws. This law governs both private and public sector employers, with the main criticism of the current law being a low replacement rate for public sector employees (with the claims ranging from 108,000 Tsh to 83,000 Tsh). The primary focus of the department is on developing the necessary legal frameworks.

### **Department of Employment Promotion**

This is a newly formed department from what was previously part of the Department of Labour. It is responsible for labour market information, macro economic policy, skills development and employment services. Within employment services its focus is on developing job brokerage services, particularly within the private sector.

### **Regional Labour Offices**

The Ministry also has regional offices for labour. These offices are to:

- Administer the labour law
- Handle the initial complaints procedures
- Industrial health
- Monitor wage and benefit payments (e.g. workers' compensation, minimum wage, overtime, severance pay, etc.)
- labour inspection

Like the Social Welfare Office the department has few funds and therefore is limited in the extent of inspections and more responds to direct requests in the office. Previously these offices were used for job brokerage activities and there was a registration of job seekers however this has ended.

### **Department of Youth Development**

There was insufficient time to obtain information on the department during this work.

#### ***RAS Offices***

Within the decentralisation process, through the President's Office for Local Authorities and Regional Administration there are regional offices which then follow through to district, ward and village offices. Within the regional offices there is an "Advisor on Labour Matters to the Regional Administrative Secretariat" and an "Advisor on Social Welfare to the Regional Administrative Secretariat". In neither case are there formal linkages with the Ministry of Labour, Youth Development and Sports and its regional offices.

The advisor on Labour Matters advises the regional secretariat on labour matters. Although under the labour commissioner it only communicates with this office through the RAS. The officer follows policy directions within the labour area and advises on specific issues that would be faced in the given region. As the RAS often has more funds than the Regional Office for Labour the officer may also support the regional office by conducting field visits and inspections if in a given area. There is no communication between this office and TASAF or the Community Development Department.

The advisor on Social Welfare is to provide technical social work advice to the district offices for social welfare. The task is not to directly work with clients but to refer potential clients to the appropriate office. In areas where there is no district office the advisor often works with the Community Development officer within the District administration. This may involve lobbying these officer to provide credits/micro loans to individuals that are "vulnerable". In the one region visited the officer spent six days in the field every two months.

#### ***Ministry of Community Development, Gender and Children***

This Ministry has five departments and three units:

- Community Development department
- Gender Development department
- Child Development department
- Policy and Planning department
- Administration and Personnel department
- Accounts and Audit units
- Information, Communication and Education unit

The focus of this ministry is centred around the achievement of basic human rights. It is responsible for identifying and developing responses to policy issues and building the capacity of all people who are working in these areas (those in and out of this ministry).

Key social protection policies that have been developed under the leadership of this ministry include:

- Community Development Policy
- Policy on Child (1996). This policy is currently being updated to include HIV/AIDs and MDGs.
- Policy on Gender (1997, revised 2000)

Under development is the Policy on Family

### **Community Development**

This department has four sections:

- Self-help
- Community development policy
- Appropriate technology
- Community development institutions
- Folk development colleges

The self-help section is staffed by four people and is responsible for motivating and promoting communities to carry out common activities for the communities' welfare such as building school buildings, repairing water supply tools, constructing sanitation facilities. There are funds from the ministry which support these initiatives

The community development policy section has three staff and is responsible for monitoring the implementation of the community development policy and provides technical assistance to the field for its implementation. This section also comments on government policy from the perspective of community development, with specific focus on policy implementation

The appropriate technology section provides information to the villages on appropriate technology, its use and where it can be procured. It also provides appropriate technology training for community development officers in the region, district, villages and wards.

The community development institution section is responsible for 4 community development institutes. One of the institutes also offers advanced diplomas in community development, gender, and planning and participation. Approximately one-half of those trained are those who are already in-service with the other half being direct entrants. The cost of the course is 150,000 Tsh/year/student. This is approximately one-third of the total cost, with this being paid by the ministry.

There are 58 Folk Development Colleges. These colleges offer 1 day to 2 year courses offering courses in areas such as carpentry and masonry. The purpose is to equip people for employment. The college also offers the same courses in the villages. In the college in Dar es Salaam day courses are also provided to persons with disabilities. These training courses are not connected with the section of rehabilitation in the Ministry of Labour, Youth Development and Sports, nor with its employment promotion section. The Colleges are also open as conference and training centres for use by other ministries and organisations.

### **Gender Development**

This department has three sections:

- Women's issues
- Gender section
- Advocacy and gender

The section of women's issues is responsible for the follow-up to the Beijing Conference, reporting on UN Conventions regarding gender, and preparing reports for international meetings regarding gender.

The gender section is responsible for mainstreaming gender in the regions and districts. There is a gender focal point in each ministry, as well as in every district and region.

The advocacy and gender section is responsible for the "Women Development Fund". Partly funded by UNIFEM, it has an annual revenue of 400 million Tsh, not including the 5% which is to be received from the districts, nor the 10% interest charged. Although it is not directly connected with other loan and savings programmes, it does encourage the women to join SACCOs. In addition it is through the same structure at the district level that these credits and the credits for youth within the Department of Youth Development in the MOLYDS are programmed. There are separate bank accounts for both programmes.

### **Child Development**

This department has two sections:

- Child development
- Family development

The child development section reports on UN regulations for mainland Tanzania and Zanzibar combined. It has a key role in monitoring child rights, particularly with reference to the Convention on the Rights of the Child. It also monitoring the development of children in residential care centres. This monitoring is carried out separately from that done by the MOLYDS.

The family development section is currently preparing the “Policy on Family”. Its work focuses on harmful traditional practises. It is also responsible for population issues as affects family life as indicated in the “Population Policy” prepared by the Ministry of Planning

### **Sub-national Community Development Offices**

The ministry communicates with the decentralized structure through the Presidents Office for Local Authorities and Regional Administration (PO-RALG).

In each region there is an Advisor for Community Development for the RAS. With regards to this body the ministry plays an advisory role, distinct from a direct role. At the district there are District Community Development Officers, employed by the district, and there is an officer in every district. For the “Women Development Fund”, the money is transferred directly to a bank account at the district level, distinct from the “general” district account, however administratively it is processed through the POLARG system. The ministry’s role with relation to the district is for follow-up and supervision, however again it is not direct. There are assistant community development offers in approximately one-half of the wards, and in the future the ministry hopes to have a community development person in every village. The activities at each level correspond to the ministry activities, with the Women Development Fund, taking up a large proportion of the local staff capacity at the district level.

#### Appendix 4: Comparison of options for reducing income poverty.

The models used the Household Budget Survey 2000/01 data, the total budget, and (where necessary) assumptions about the percentage of beneficiary households that are poor to model the impact of various alternative programmes on poverty. All schemes are modelled under two scenarios: for all regions, for the ten poorest regions – the latter as a rough approximation of district-based targeting using poverty mapping and other census/routine data.

The 10 poorest regions are taken to be: Mara, Mwanza, Singida, Mtwara, Kigoma, Arusha, Pwani, Rukwa, Lindi, Ruvuma.

The models make the following assumptions:

A. That all transfer schemes except the public works have a 5% administrative cost ie 95% of the expenditure reaches the beneficiaries.

B. For conditional payments for attendance at primary school, two scenarios are compared. One assumes that the payment is made to all households with children of the appropriate age, on the assumption that in the longer term children will enroll. Given that children from poor households enroll less, it represents a maximum impact. The other looks at the impact of payments based on actual enrolment in each standard in the HBS data. Since enrolment differentials are likely to have declined, and would presumably do so further if a stipend of this sort were introduced, this is likely to represent a minimum impact.

C. Assumptions for the community based targeting scheme:

1. The transfer per beneficiary is calculated from (95% of) the budget divided by the national number of potential beneficiaries.
2. The poor below the basic needs line among the beneficiaries is taken to be 60%, in line with the public works model (below) and broadly consistent with other source (eg 50% in Alderman (2002), though the figure is highly variable). The proportion below the food poverty comes from the simulation.
3. Effects on P0 and P1 are computed by randomly selecting an appropriate proportion of the poor, based on the number that can be covered (from the budget) and the percentage of beneficiaries expected to be poor. A fixed ratio of orphans to elderly is maintained, assuming that there can be more than one elderly person but only one orphan per poor households

D. Assumptions in the public work scheme option:

1. That 40% of the expenditure goes to hire unskilled labour
2. That each beneficiary works for 30 days in a year for 1000 TSh per day
3. The number of beneficiaries is calculated dividing the budget by the amount paid to each worker.
4. The poor among the beneficiaries is taken to be 60%. This is in line with what reported by Coady, Grosh and Hoddinot (2004) for projects that use self-selection based on public work.
5. The proportion of beneficiary poor households is calculated considering that there is only one beneficiary per household
6. Effects on P0 and P1 are computed by randomly selecting an appropriate proportion of the poor, based on the number that can be covered (from the budget) and the percentage of beneficiaries expected to be poor. No account is made for foregone earnings in the beneficiary household (although these generally vary from 0.25 to more than half of the wage paid - Coady, Grosh and Hoddinot (2004)).

Table A4.1: Impact of various schemes on poverty defined by food poverty line, using current expenditure (TSH 25 bln).

	Target group	Number of individuals	Number of these recipients in poor households	Number of recipients in non-poor households	Percentage of individuals in poor households	Monthly value of transfer per individual TSh	Coverage rate (% of poor households covered by the scheme)	% of total expenditure going to poor households	New P0	Absolute decline	Impact on poverty headcount (decline in percentage points)	New P1	% decline P1
<b>1</b>	<b>Conditional transfer to children in primary school</b>												
<i>Mainland Tanzania</i>													
1a	Std 2-4 – by age	2,756,352	590,459	2,165,893	21.4	718	55.6	20.4	17.5	1.2	6.6	4.3	6.5
1b	Std 3-7– by age	4,208,426	947,093	3,261,333	22.5	470	72.2	21.4	17.4	1.3	7.0	4.3	6.7
1c	Std 5-7– by age	2,354,999	556,045	1,798,954	23.6	840	53.4	22.4	17.5	1.1	6.1	4.3	6.7
1a	Std 2-4– by enrolment	2,426,411	439,340	1,987,071	18.1	816	37.7	17.2	18.0	0.6	3.5	4.4	5.4
1b	Std 3-7– by enrolment	3,239,380	611,230	2,628,150	18.9	611	47.0	17.9	17.9	0.8	4.4	4.4	5.4
1c	Std 5-7– by enrolment	1,684,676	322,555	1,362,121	19.1	1,175	31.0	18.2	18.1	0.6	3.3	4.4	5.4
<i>Only in the poorest 10 regions</i>													
1a	Std 2-4 – by age	1,176,034	374,638	801,397	31.9	1,683	34.2	30.3	17.6	1.1	5.7	4.2	9.3
1b	Std 3-7– by age	1,800,731	595,825	1,204,906	33.1	1,099	43.6	31.4	17.5	1.2	6.2	4.2	9.3
1c	Std 5-7– by age	1,018,098	347,263	670,835	34.1	1,944	31.7	32.4	17.8	0.9	4.7	4.2	9.3
1a	Std 2-4– by enrolment	1,012,614	280,771	731,843	27.7	1,955	23.5	26.3	17.8	0.8	4.5	4.3	7.8
1b	Std 3-7– by enrolment	1,357,165	376,787	980,378	27.8	1,458	29.3	26.4	17.9	0.8	4.2	4.3	8.0
1c	Std 5-7– by enrolment	711,220	198,200	513,020	27.9	2,783	19.6	26.5	18.1	0.6	3.2	4.3	8.0
<b>2</b>	<b>Unconditional transfer to elderly</b>												
<i>Mainland Tanzania</i>													

	all elderly: 60+	1,772,101	347,311	1,424,790	19.6	1,117	32.4	18.6	17.6	1.1	5.7	4.4	5.6
	all elderly: 65+	1,167,270	221,131	946,139	18.9	1,696	23.0	18.0	17.9	0.8	4.1	4.4	5.4
	all elderly: 70+	731,101	150,133	580,969	20.5	2,707	15.7	19.5	17.7	1.0	5.2	4.4	5.3
<b>Only in the poorest 10 regions</b>													
	all elderly: 60+	761,225	211,431	549,793	27.8	2,600	18.8	26.4	17.9	0.8	4.3	4.3	7.4
	all elderly: 65+	498,353	123,115	375,238	24.7	3,971	12.8	23.5	18.1	0.6	3.3	4.3	6.6
	all elderly: 70+	306,374	77,638	228,736	25.3	6,460	8.3	24.1	18.0	0.7	3.9	4.4	5.7
<b>3</b>	<b>Public works scheme</b>	333,333	90,876	242,457	27.3	2,500	10.6	10.9	17.95	0.7	3.91	4.49	2.91
		333,333	121,309	212,024	36.4	2,500	14.5	14.6	17.91	0.8	4.12	4.42	4.43
<b>4</b>	<b>CBT for poorest in defined categorical groups :</b>												
		1,201,131	335,735	865,396	28.0	1,648	41.7	26.6	17.53	1.2	6.16	4.25	8.01

Table A4.2: Impact of various schemes on poverty defined by basic needs poverty line, using current expenditure (TSH 25 bln).

	Target group	Number of individuals	Number of these recipients in poor households	Number of recipients in non-poor households	Percentage of individuals in poor households	Monthly value of transfer per individual TSh	Coverage rate (% of poor households covered by the scheme)	% of total expenditure going to poor households	New P0	Absolute decline	Impact on poverty headcount (decline in percentage points)	New P1	% decline P1
<b>1</b>	<b>Conditional transfer to children in primary school</b>												
	<i>Mainland Tanzania</i>												
1a	Std 2-4 – by age	2,756,352	1,152,749	1,603,603	41.8	718	51.9	39.7	34.7	1.0	2.8	10.1	4.2
1b	Std 3-7– by age	4,208,426	1,824,148	2,384,278	43.3	470	66.7	41.2	34.7	1.0	2.9	10.1	4.3
1c	Std 5-7– by age	2,354,999	1,038,419	1,316,580	44.1	840	49.3	41.9	34.8	0.9	2.6	10.1	4.3
1a	Std 2-4– by enrolment	2,426,411	943,369	1,483,043	38.9	816	40.6	36.9	34.8	0.9	2.5	10.1	3.8
1b	Std 3-7– by enrolment	3,239,380	1,277,612	1,961,768	39.4	611	48.1	37.5	34.9	0.8	2.3	10.2	3.7
1c	Std 5-7– by enrolment	1,684,676	651,594	1,033,082	38.7	1,175	29.6	36.7	34.8	0.9	2.4	10.2	3.6
	<i>Only in the poorest 10 regions</i>												
1a	Std 2-4 – by age	1,176,034	580,455	595,579	49.4	1,683	25.7	46.9	35.0	0.7	2.0	10.0	4.8
1b	Std 3-7– by age	1,800,731	940,555	860,177	52.2	1,099	33.8	49.6	34.9	0.8	2.2	10.0	5.1
1c	Std 5-7– by age	1,018,098	545,456	472,642	53.6	1,944	24.9	50.9	35.0	0.7	2.0	10.0	5.1
1a	Std 2-4– by enrolment	1,012,614	491,031	521,583	48.5	1,955	20.6	46.1	35.0	0.7	1.9	10.1	4.6
1b	Std 3-7– by enrolment	1,357,165	650,848	706,317	48.0	1,458	24.9	45.6	35.0	0.7	2.0	10.1	4.5
1c	Std 5-7– by enrolment	711,220	328,401	382,819	46.2	2,783	15.3	43.9	34.9	0.8	2.3	10.1	4.1
<b>2</b>	<b>Unconditional transfer to elderly</b>												
	<i>Mainland Tanzania</i>												

	all elderly: 60+	1,772,101	667,264	1,104,837	37.7	1,117	29.6	35.8	34.8	0.9	2.4	10.2	3.5
	all elderly: 65+	1,167,270	446,591	720,679	38.3	1,696	21.3	36.3	34.9	0.8	2.3	10.2	3.5
	all elderly: 70+	731,101	305,038	426,064	41.7	2,707	15.3	39.6	34.9	0.8	2.3	10.2	3.7
<b>Only in the poorest 10 regions</b>													
	all elderly: 60+	761,225	360,380	400,845	47.3	2,600	15.4	45.0	35.2	0.6	1.5	10.1	4.4
	all elderly: 65+	498,353	234,338	264,015	47.0	3,971	11.1	44.7	34.9	0.8	2.2	10.1	4.1
	all elderly: 70+	306,374	149,330	157,044	48.7	6,460	7.6	46.3	34.9	0.8	2.3	10.1	4.0
<b>3</b>	<b>Public works scheme</b>												
		333,333	200,000	133,333	60.0	2,500	11.2	24.0	35.4	0.4	1.0	10.3	2.4
<b>4</b>	<b>CBT for poorest in defined categorical groups :</b>												
		1,201,131	720,678	480,452	60.0	1,648	39.9	57.0	34.4	1.3	3.6	10.0	5.4

Table A4.3 : Impact of various schemes on poverty defined by food poverty line, with increased expenditure (TSH 100 bln).

	Target group	Number of individuals	Number of these recipients in poor households	Number of recipients in non-poor households	Percentage of individuals in poor households	Monthly value of transfer per individual TSh	Coverage rate (% of poor households covered by the scheme)	% of total expenditure going to poor households	New P0	Absolute decline	Impact on poverty headcount (decline in percentage points)	New P1	% decline P1
<b>1</b>	<b>Conditional transfer to children in primary school</b>												
	<i>Mainland Tanzania</i>												
1a	Std 2-4 – by age	2,756,352	590,459	2,165,893	21.4	2,872	55.6	20.4	15.4	3.3	17.5	3.6	22.9
1b	Std 3-7– by age	4,208,426	947,093	3,261,333	22.5	1,881	72.2	21.4	15.7	3.0	16.2	3.5	24.5
1c	Std 5-7– by age	2,354,999	556,045	1,798,954	23.6	3,362	53.4	22.4	15.4	3.3	17.8	3.5	24.0
1a	Std 2-4– by enrolment	2,426,411	439,340	1,987,071	18.1	3,263	37.7	17.2	16.0	2.7	14.5	3.8	18.4
1b	Std 3-7– by enrolment	3,239,380	611,230	2,628,150	18.9	2,444	47.0	17.9	15.9	2.8	15.0	3.7	19.5
1c	Std 5-7– by enrolment	1,684,676	322,555	1,362,121	19.1	4,699	31.0	18.2	16.2	2.5	13.3	3.8	18.2
	<i>Only in the poorest 10 regions</i>												
1a	Std 2-4 – by age	1,176,034	374,638	801,397	31.9	6,732	34.2	30.3	15.4	3.3	17.8	3.3	28.8
1b	Std 3-7– by age	1,800,731	595,825	1,204,906	33.1	4,396	43.6	31.4	15.2	3.5	18.6	3.2	30.7
1c	Std 5-7– by age	1,018,098	347,263	670,835	34.1	7,776	31.7	32.4	15.6	3.1	16.6	3.3	28.6
1a	Std 2-4– by enrolment	1,012,614	280,771	731,843	27.7	7,818	23.5	26.3	16.1	2.6	13.7	3.6	22.5
1b	Std 3-7– by enrolment	1,357,165	376,787	980,378	27.8	5,833	29.3	26.4	15.8	2.9	15.3	3.5	23.8
1c	Std 5-7– by enrolment	711,220	198,200	513,020	27.9	11,131	19.6	26.5	15.8	2.8	15.2	3.6	21.4
<b>2</b>	<b>Unconditional transfer to elderly</b>												
	<i>Mainland Tanzania</i>												

	all elderly: 60+	1,772,101	347,311	1,424,790	19.6	4,467	32.4	18.6	16.0	2.7	14.4	3.8	17.7
	all elderly: 65+	1,167,270	221,131	946,139	18.9	6,782	23.0	18.0	16.5	2.2	11.6	3.9	15.7
	all elderly: 70+	731,101	150,133	580,969	20.5	10,828	15.7	19.5	16.3	2.4	12.6	4.0	13.4
	<b>Only in the poorest 10 regions</b>												
	all elderly: 60+	761,225	211,431	549,793	27.8	10,400	18.8	26.4	16.1	2.6	14.0	3.7	19.8
	all elderly: 65+	498,353	123,115	375,238	24.7	15,886	12.8	23.5	16.7	2.0	10.5	3.9	15.3
	all elderly: 70+	306,374	77,638	228,736	25.3	25,840	8.3	24.1	17.0	1.7	9.3	4.2	9.8
<b>3</b>	<b>Public works scheme</b>												
		1,333,333	394,966	938,367	29.6	2,500	47.6	11.8	16.0	2.7	14.6	4.0	13.5
<b>4</b>	<b>CBT for poorest in defined categorical groups :</b>												
		1,201,131	335,735	865,396	28.0	6,591	41.7	26.6	14.9	3.8	20.1	3.5	24.0

Table A4.4 : Impact of various schemes on poverty defined by basic needs poverty line, with increased expenditure (TSH 100 bln).

	Target group	Number of individuals	Number of these recipients in poor households	Number of recipients in non-poor households	Percentage of individuals in poor households	Monthly value of transfer per individual TSh	Coverage rate (% of poor households covered by the scheme)	% of total expenditure going to poor households	New P0	Absolute decline	Impact on poverty headcount (decline in percentage points)	New P1	% decline P1
<b>1</b>	<b>Conditional transfer to children in primary school</b>												
<i>Mainland Tanzania</i>													
1a	Std 2-4 – by age	2,756,352	1,152,749	1,603,603	41.8	2,872	51.9	39.7	31.8	3.9	10.9	8.9	15.2
1b	Std 3-7– by age	4,208,426	1,824,148	2,384,278	43.3	1,881	66.7	41.2	31.9	3.8	10.7	8.9	15.8
1c	Std 5-7– by age	2,354,999	1,038,419	1,316,580	44.1	3,362	49.3	41.9	32.3	3.5	9.7	8.9	15.6
1a	Std 2-4– by enrolment	2,426,411	943,369	1,483,043	38.9	3,263	40.6	36.9	32.2	3.6	9.9	9.1	13.3
1b	Std 3-7– by enrolment	3,239,380	1,277,612	1,961,768	39.4	2,444	48.1	37.5	32.1	3.7	10.2	9.1	13.8
1c	Std 5-7– by enrolment	1,684,676	651,594	1,033,082	38.7	4,699	29.6	36.7	32.7	3.0	8.3	9.2	12.5
<i>Only in the poorest 10 regions</i>													
1a	Std 2-4 – by age	1,176,034	580,455	595,579	49.4	6,732	25.7	46.9	33.1	2.6	7.3	8.8	17.0
1b	Std 3-7– by age	1,800,731	940,555	860,177	52.2	4,396	33.8	49.6	32.9	2.8	7.8	8.6	18.2
1c	Std 5-7– by age	1,018,098	545,456	472,642	53.6	7,776	24.9	50.9	32.5	3.2	8.9	8.7	17.7
1a	Std 2-4– by enrolment	1,012,614	491,031	521,583	48.5	7,818	20.6	46.1	32.6	3.2	8.8	9.0	15.0
1b	Std 3-7– by enrolment	1,357,165	650,848	706,317	48.0	5,833	24.9	45.6	32.8	2.9	8.1	8.9	15.3
1c	Std 5-7– by enrolment	711,220	328,401	382,819	46.2	11,131	15.3	43.9	33.3	2.4	6.7	9.2	13.1
<b>2</b>	<b>Unconditional transfer to elderly</b>												

<b>Mainland Tanzania</b>													
	all elderly: 60+	1,772,101	667,264	1,104,837	37.7	4,467	29.6	35.8	32.8	2.9	8.2	9.3	12.2
	all elderly: 65+	1,167,270	446,591	720,679	38.3	6,782	21.3	36.3	33.0	2.7	7.7	9.4	11.2
	all elderly: 70+	731,101	305,038	426,064	41.7	10,828	15.3	39.6	32.8	2.9	8.1	9.4	10.7
<b>Only in the poorest 10 regions</b>													
	all elderly: 60+	761,225	360,380	400,845	47.3	10,400	15.4	45.0	33.1	2.7	7.4	9.2	12.8
	all elderly: 65+	498,353	234,338	264,015	47.0	15,886	11.1	44.7	33.3	2.4	6.7	9.4	10.7
	all elderly: 70+	306,374	149,330	157,044	48.7	25,840	7.6	46.3	33.4	2.3	6.4	9.6	8.5
<b>3</b>	<b>Public works scheme</b>												
		1,333,333	800,000	533,333	60.0	2,500	45.4	24.0	33.6	2.1	5.9	9.6	9.1
<b>4</b>	<b>CBT for poorest in defined categorical groups :</b>												
		1,201,131	720,678	480,452	60.0	6,591	39.9		31.2	4.5	12.6	8.7	17.6

## Appendix 5: Addressing the lack of information in social protection

This study has identified the lack of information as a serious problem in policy formulation and in monitoring and evaluating existing programmes. Although the problem is general, this appendix brings together a number of areas identified in the body of the report where forthcoming or additional work could improve the information available. They include:

1. **A full ‘sector review’ of social protection.** With sufficient time, a more comprehensive assessment of expenditure and outputs should be possible, building on this study. It should also address the institutional issues identified here and recommend practical steps to improve coordination and effectiveness. It might also be used as a means to encourage existing programmes to strengthen monitoring and evaluation.
2. **An analysis of social protection options** that assesses the costs and benefits of the alternatives more fully, drawing on additional information provided by a full sector review. Additional small scale studies might be used to provide important missing information – for example, valuing the infrastructure produced under public works programmes and possibly assessing beneficiary incidence. If possible, it would be useful to extend the analysis to cover areas that could not be modelled here, for example, the extension of financial services.
3. **A separate, independent review** of the appropriate circumstances for the use of food aid and of the information used in food security assessments.
4. Use of the forthcoming **poverty mapping results** to evaluate the geographical distribution of existing programmes. Analysis of the core poverty module in the HIV and agricultural surveys might also assess the extent to which it could be used to undertake **proxy means testing** to assess the incidence of benefits as part of monitoring/evaluating particular programmes.
5. **Analysis of the HIV survey** to assess the impact of HIV and its relationship with income poverty.
6. **Further analysis of the HBS** might be used to cross-check and deepen the analysis of household income, including transfers, presented here. It might also be possible to examine the issue of seasonal variations in poverty, food sources (home produced vs purchased) and income.
7. Considering the information useful for social protection in the **design of the next Household Budget Survey**. As a minimum, this should include a consideration of how the HBS can be used to measure programme incidence. The advantages and disadvantages of using a panel design for the next HBS should also be considered. This would allow some quantitative assessment of poverty dynamics and of the importance of different factors in changes in household welfare over time. An alternative might be a separate panel survey.

8. Analysis and dissemination of **existing panel survey data** (undertaken in Kagera) for the same ends.

## Appendix 6: Persons Met

NAME	POSITION	ORGANISATION
Tasilo Mahuwi	Executive Director	FISEDA, DSM
Emanuel E. Mbwambo	Accountant	TANGO, DSM
Yacoub M. Kidula	Director of Operations	National Social Security Fund
Jeanne Ndyetabura	Child welfare officer, family, child welfare and day care services section	Ministry of Labour, Youth Development and Sports, Department of Social Welfare
Mr. Kameka	Commissioner	Ministry of Labour, Youth Development and Sports, Department of Social Welfare
Yasin Kigembe	Director	District/Regional National Social Security Fund, Dodoma
Mr. Kirimba	Regional benefit officer	District/Regional National Social Security Fund, Dodoma
Suzan Dibya	District Executive Director	Dodoma Rural District
Juma I. Ramadhani	District Planning Officer	Dodoma Rural District
Muhamed Issa	Regional social welfare officer	Regional Office for Social Welfare, Dodoma Region
Hawa Mtui	Deputy social welfare officer	Regional Office for Social Welfare, Dodoma Region
Maria Mathias	Member of staff	Regional Office for Social Welfare, Dodoma Region
Ms. Kitundu	Secretary	Regional Office for Social Welfare, Dodoma Region
Ms. Sankara	Member of staff	Regional Office for Social Welfare, Dodoma Region
Mr. Swaleh	Accounts clerk	Regional Office for Social Welfare, Dodoma Region
Evelyn Kusenta	Acting deputy director	Local Administration Provident Fund (head office, Dodoma)
Josiah Mshuda	Director	DONET, Dodoma
Andrew Sigira	District coordinator of TASEF	TASAF, Dodoma
Amani Amede	Head of community development department	Dodoma Rural District Community Development Department
Stella Manga	Community development officer	Dodoma Rural District Community Development Department
Sunday Bukuku	Community development officer	Dodoma Rural District Community Development Department
Melonia Shushu	Community development officer	Dodoma Rural District Community Development Department
Recho Lugeye	Community development officer	Dodoma Rural District Community Development Department
Stanley Gonduje	Supporting officer of the district for emergency food	Dodoma Rural District Department of Agriculture
Elizabeth Kitundu	District Rural Financial Services Co-ordinator	Dodoma District Rural Financial Services
Wage Karoli	District Treasury Officer	Dodoma Rural District Community Development Department

Mr. Malisa	Advisor on labour matters to the Regional Administrative Secretariat	Dodoma Regional Administration Secretariat
Ms. Magembe	Advisor on social welfare to the Regional Administrative Secretariat	Dodoma Regional Administration Secretariat
Vincent Nkalao	Student	Roman Catholic Diocese Dodoma
Joshu Mnonjela	Programme manager	REDESA, Dodoma
Tumanini Msihi (and others)	Village executive officer	Village Council, Buigiri Village, Dodoma Rural District
Yohana Maile	Village executive officer	Village Council, Chinangali II Village, Dodoma Rural District
Kamao Marwa Kisasi	CCM chair person, member of village council	Village Council, Chinangali II Village, Dodoma Rural District
Hussein B. Msangi	Director of pension services	Parastatal Pension Fund, DSM
Anthony Ndadavala	Pension manager	Parastatal Pension Fund, DSM
Yusuf M. Ngororo	Pension manager	Parastatal Pension Fund, DSM
Howa Wenga	Principal labour officer, currently acting assistant labour commissioner for the social security section	Ministry of Labour, Youth Development and Sports, Department of Labour
Bart Kalksma	Associate Expert	ILO
Evelyn Kamote	Acting head for Family, Children and Day Care Centres Section	Ministry of Labour, Youth Development and Sports, Department of Social Welfare
Margaret Lejimba	Assistant commissioner for Probation Services Section	Ministry of Labour, Youth Development and Sports, Department of Social Welfare
Enock Mbise	Principal social welfare officer	Ministry of Labour, Youth Development and Sports, Department of Social Welfare
N'nyapule R.C. Madai	Assistant commissioner for Rehabilitation Section	Ministry of Labour, Youth Development and Sports, Department of Social Welfare
Daniel Masunzu	Senior Social Welfare Office	Ministry of Labour, Youth Development and Sports, Department of Social Welfare
Gaudin R. Mrugaruga	Senior Labour Officer	Ministry of Labour, Youth Development and Sports, Department of Employment Promotion
Valerie Leach	Advisor	UNICEF
Mr. Maganga	Operations officer	Public Service Pension Fund
Damien Msangi	Chief executive director	GEPF
Judy D. Iaziuga	Assistant director of Women Development Fund, Advocacy and Gender, (HESAWA)	Ministry of Community Development Gender Development and Children
Joseph P. Shiyo	Assistant director-DMD	Prime Minister's Office
Mgeni Baruani	Senior Officer-DMD	Prime Minister's Office
Albert Ngondo	Director-SGR	Ministry of Agriculture and Food Security
Sofia. E. Kaduma	Director-National Food Security	Ministry of Agriculture and Food Security
Mshaweji Abdul	Executive Secretary	SCCULT, DSM

Mr Salema	Director - CDI	TASAF, DSM
Mr Mwachumu	Program Engineer-PWP	TASAF, DSM
Zuhura Nuru Mdungi	IEC Specialist	TASAF, DSM
J. M. V. Temba	Director, Policy Planning and National Response	TACAIDS, DSM
Beatrice Mgya	Grant Manager	SATF, DSM
Ernest Tarimo	Finance and Administrative Manager	SATF, DSM
Abiah N. A. Kaaya	Project Manager	SELF, DSM
Juvenali Kisanga	Program Officer, VAM	WFP, DSM
Moses O. Mwampeta	Assistant Commissioner -Regional and LGAs -Government Budget	Ministry of Finance
Gerald Chauvet	Counsellor (Development)	Canadian High Commission
Gerald T Runyoro	Country FEWS NET representative	FEWS NET
Nginya Mungai Lenneiye	Sr Social Protection Specialist	World Bank

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