

# Social Protection in Tanzania

Workshop Report

4 February 2004

Research on Poverty Alleviation (REPOA), Dar es Salaam

With technical inputs from ILO

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### 1. Introduction:

Professor Joseph Semboja, Executive Director of REPOA, facilitated this half-day meeting attended by 30 participants from a range of Government Ministries, civil society organisations and development partners (Annex 1, participant list).

The meeting was held to discuss the way forward for PRS work on social protection for the most vulnerable in Tanzania, and to consider the option of a Social Budgeting exercise. The original PRS (2000) expresses the commitment of Government to giving specific attention to vulnerable groups through its programmes and those of its development partners. However, data and information were limited when the PRS was originally formulated. During PRS implementation (2000-2003) substantive progress has been made in building our knowledge about who are the most vulnerable in Tanzania, the nature of their vulnerability, and the ways in which they cope. The Participatory Poverty Assessment (PPA) and various commissioned papers by the Research and Analysis Working Group have deepened our understanding. More still needs to be done, and in the process of our learning we will need to distinguish between ex-post and ex-ante.

Among those most vulnerable in Tanzania are HIV-AIDs patients and orphans, the disabled, and the elderly. Many of these people need assistance urgently. Some concrete strategies exist (i.e. TASAF) but there is need for a more comprehensive and coherent approach to the issues. There must be a strategy for the way forward. Social Budgeting has been proposed in some quarters, and it may be useful. The reason for this discussion is to advise whether this is a useful next step in the context of Tanzania. Feasibility and sustainability are key elements to consider.

### 2. Social Budgeting Framework (Dr.K. Hagemeyer, ILO)

Details of the workshop presentation are provided in Annex 2. In summary, social budgeting is a tool which can help to assess affordability of different options in addressing vulnerability. Its usefulness links closely to national budgeting and Public Expenditure Review processes. In broad terms policy options could focus on universal,

categorical, and/or means tested eligibility and benefits. The ILO presenter stressed that data gaps should not be an excuse for doing nothing, and that given the increased data availability in Tanzania there appears to be fertile ground for such an analysis.

### **3. Discussion**

The following provides a brief thematic summary of the main points raised in discussion.

#### **The Context: the need for further depth and breadth**

Participants raised concerns about the current break down of community systems of support for the most vulnerable, while equally emphasizing community knowledge about who the most vulnerable are and their circumstances. The causes of breakdown are complex although the significance of the HIV-AIDs pandemic was stressed. UNICEF cited the absolute destitution of 10% of children in 6 Districts as evidence that some communities are not able to cope solely with own resources. It was noted that when the PRS began in 2000 some opinion leaders were of the view that community systems were strong enough to cope with the most vulnerable through ‘social safety nets’. But this is now strongly questioned; we know that there are many people who are not supported. Some communities can help the vulnerable, but some cannot. The case was made that we need to be much more explicit about what should be done, what it will cost and what institutional arrangements could work best. We need to investigate what systems exist and, and what is not there. Then we can decide more clearly what is nationally suitable to the budget.

#### **Basic services and failing exemptions**

Participants suggested caution when considering new national schemes for social protection. There was general agreement that health and education should be considered part of social protection provision in any social budgeting analysis. Participants further argued that the next most crucial question is how we can achieve ‘free basic health care for all’. We may need to define ‘basic’ provision, clarify its costs and examine the budget for potential space/re-prioritisation. This is not, however, the only challenge because we do not yet understand thoroughly the reasons that the health and education budgets barely reach local communities: PER evidence makes it clear that this is the case, but the reasons and potential detailed improvements need further clarification. Management, information and communications were cited as key elements, but it was agreed that improvements are likely to be difficult and messy. Indeed this argument was reinforced by research in the health sector (albeit a small sample) illustrating that exemptions are not benefiting the poor, but more often benefit the rich. Decisions appear to frequently be based on social hierarchy: discretionary powers are given to the more powerful.

#### **Finance: aligning, identifying public & non-public, and making projections**

The discussion emphasized the importance of aligning any potential work on social budgeting with the Public Expenditure Review process. Without this it will be difficult to concretely make a case for any type of social protection (whether universal or targeted). In Tanzania many argue that we can’t afford to expand social protection, but we need to have a more careful look at existing costs, schemes and sector priorities. Participants also

encouraged a medium term view of costs and provision, as well as the need to examine contingent liabilities<sup>1</sup> (evidenced in the NSSF pension situation). In general there seemed limited appetite for focusing on projections for national redistributive schemes at this point in time; however interesting new information was cited about non-contributory pension schemes and their poverty reducing impact in Brazil and South Africa<sup>2</sup>. This was counterbalanced by costings done by the private sector which cited non-contributory pensions as clearly unaffordable in Tanzania. Overall, there is need to bring this information together and to cost public and private, formal and non-formal social protection schemes. Indeed participants requested clarity about where private sector and community contributions would be placed within any Social Budgeting exercise. The case was made to include the costing and beneficiary numbers of the 27 schemes reviewed in commissioned research, with the expectation (from some participants) that the likely substantial total administrative cost of these could be rationalised. In addition, some participants made the case that formal schemes of social protection be considered as just one subset, and that market based schemes, self-insuring and mutual help schemes also be considered. The question as to whether TASAF should be considered 'social protection' was posed.

#### **4. Conclusions:**

The Chairman concluded with the following summary:

There are certain agreements where we seem to have consensus. First, the current exemption systems are not working (there are institutional problems, capacity constraints, and gaps in information and communication). Even if we could do targeting it does not work; even if we had adequate services the poor are unable to access them. Secondly, the way forward would seem to be to define and cost basic services for all. As a signatory and advocate of Human Rights Conventions, we are obliged in Tanzania to ensure these rights are accessible. Only then can we have a discussion about levels and detail. We have come some distance in education, by defining access up to Standard 7. Every child has a right to that level yet the challenge remains to further define other basic services.

Finally, there is also the need to take stock of existing schemes. There are informal systems of support, yet many orphans for example are not well cared for due to the breakdown in support structures either because of monetarisation or because the problem is simply too large (i.e. HIV/AIDs). It is important that services are provided; there has to be partnership at the local level. If we can take stock of the existing schemes, and consider what really needs to be done the gap may not be so large. The PER process should play a large part in this.

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<sup>1</sup>an accounting term which refers to the likely economic/financial obligations to an entity, resulting from past events. These are usually reported in entity's financial statements as footnotes. Examples are claims from ongoing litigation against an entity, product liability claims, etc.

<sup>2</sup> Helpage International and IDPM, "Non-contributory pensions and poverty prevention: a comparative study of Brazil and South Africa", 2003.

# Annex 1: Participant List

Wednesday February 4, 2004

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**ILO Persons**

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## Annex 2: Social Protection: what can Tanzania afford?

The following Overhead projections were presented at the workshop by ILO.

### Summary

Social budgeting methodology developed by the ILO is a tool which can help to assess affordability of different options in addressing vulnerability.

### Poverty and vulnerability in Tanzania

Thanks to all the recent surveys and research one knows already quite well:

- Who is poor
- Who is most vulnerable and in high risk of falling into poverty
- What are the main reasons of poverty and vulnerability
- Why existing mechanisms and institutions supposed to prevent risks, mitigate them or help to cope with them – so often fail

### Most vulnerable groups

- The PPA revealed that among the most vulnerable are: orphans and working children, disabled living with long-term illness, elderly
- Available informal social protection arrangements often fail, formal social protection arrangements are not present or insufficient.

### Existing formal social protection arrangements in Tanzania

- Free basic education access, supply, quality problems
- Health care services with different access possibilities for different groups to different services
- Social insurance type provisions (with a limited scope) for employees in the formal sector – government employees, private sector workers, parastatals
- 27 various social protection schemes identified by *Study on Social Protection Programmes on Vulnerability, R&AWB (Larise/Mmari)*
- Community-based health insurance schemes and community-based welfare schemes?
- Other?

### Types of statistical data needed

(for each social protection scheme)

Challenges

- Costing policy options requires precise formulation with respect to:
- Who and under what conditions beneficiaries will be eligible?
- What is the amount or value of benefits to be provided?
- Data necessary to estimate the initial number of beneficiaries may also be a challenge

### Option 1: Universal

All people have a right to benefits

- **Advantages:** easiest to administer, effective
- **Disadvantages:** expensive, not necessarily targeted to poor or vulnerable (this can be corrected by the tax system)
- **Tz example:** primary education
- **New example:** pension benefits

### Option 2: Categorical

Groups characterized by criteria other than purely demographic

- **Advantages** - potentially better targeted to the poor and vulnerable
- **Disadvantages** - administratively intensive to verify, potential beneficiaries often bear burden of proof of eligibility, sometimes stigmatizing, space for corruption
- **Tz example** - ?
- **New example** – transfers to child headed households, free health care for HIV/AIDS orphans

### Option 3: Means-tested

Eligibility depends on a specified level of income or assets

- **Advantages** - if effective, allows the poorest to be reached
- **Disadvantages** - income or assets are more difficult to verify than in other entitlement approaches
- Tz example – ?
- **New example** - transfers to disabled living below the poverty line