

Tanzania Mainland

Social Protection Expenditure and Performance Review and Social Budget

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and Performance Review and
Social Budget**

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This report is the Social Protection Expenditure and Performance Review (SPER) and Social Budget (SB) for Tanzania (Mainland). It focuses on five key issues with respect to the objective of extending social protection coverage in the country:

- Demographic, social and living conditions of households with a focus on the overall situation of poverty and key vulnerable groups;
- Working conditions and prevailing patterns of informality in the labour market,
- Coverage and performance of existing public social protection interventions;
- Current resource allocations to social protection within the current fiscal environment;
- Future trends in the Tanzanian social budget.

The analysis presented is a result of a joint effort between staff at the ILO Social Security Department in Geneva (Pauline Barrett-Reid, Florence Bonnet, Ann Drouin, Krzysztof Hagemejer, † Raphael Muturi), field office in Dar es Salaam (John Angelini, Urszula Lonc, Ansgar Mushi) and external consultants.

Georges Langis, Senior Actuary, under the supervision of Ann Drouin, prepared a detailed analysis of the contributory social security funds in Tanzania, the health care system and other public provisions; he developed the social budget model, analyzed the current social budget of Tanzania and prepared its projections under alternative assumptions.

Florence Bonnet prepared LFS 2005 datasets for analysis, developed the methodology and calculated the indicators of the degree of informality in the labour market (Annex D); in addition, together with Raphael Muturi, she produced a report on the findings from a survey of Tanzania NGOs engaged in social protection (Annex C).

Marilyn Kelly, Rose Ongara, Freddie Angeles Musika, Flora Nyagawa, Amina Hamis and Camilius B. N. Kassala prepared background analytical reports and/or direct inputs to the main report. Vivian Kiwale, Mark Vincent and Mariam Bakari were data collectors in NGO survey.

Christine Smith was responsible for editing the text and Irene Brown for typing.

The project team would like to express its sincere appreciation to the officials and staff in the various government agencies, social security organizations, employers' and workers' organizations, NGOs and others who provided their valuable time and information in support of social protection in Tanzania Mainland. In particular, the support of REPOA in completing the survey and DFID for continued support throughout the project.

Some of the country data on demography, economy and health status were extracted from publications of various international organizations, including ADB (Africa), ILO, IMF, MKUKUTA, REPOA, UNDP, World Bank and from government and other local sources in Tanzania Mainland. The team would like to thank these sources for their direct or implied permission to use those resources. Special thanks go also to those at the National Bureau of Statistics who originally worked on most of the surveys used, and shared and discussed the methodological questions with us.

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Abbreviations

ADB – Africa	African Development Bank
BoT	Bank of Tanzania
CCT	Conditional Cash Transfer
CDD	Community Driven Development
CHF	Community Health Fund
DFID	Department for International Development (UK)
DSW	Department of Social Welfare
DWCP	Decent Work Country Programme
GDP	Gross Domestic Product
GEPF	Government Employees Provident Fund
HIPC	Highly Indebted Poor Countries
IDA	International Development Association
ILFS	Integrated Labour Force Survey
ILO	International Labour Office
IMF	International Monetary Fund
LAPF	Local Authorities Pension Fund
MDGs	Millennium Development Goals
MKUKUTA	National Development and Poverty Reduction Strategy for Tanzania
MKURABITA	Tanzania property and business formalization programme
MKUZA	Zanzibar Strategy for Growth and Reduction of Poverty
MoHSW	Ministry of Health and Social Welfare
MoLYD	Ministry of Labour and Youth Development
MVC	Most Vulnerable Children
NAP	National Action Plan
NBS	National Bureau of Statistics
NGOs	Non Governmental Organizations

NHIF	National Health Insurance Fund
NSGRP	National Strategy for Growth and Reduction of Poverty
NSSF	National Social Security Fund
OECD	Organization for Economic Cooperation and Development
PAYG	Pay-As-You-Go
PER	Public Expenditure Review
PHC	Population and Housing Census
PORALG	President's Office Regional Administration and Local Government
PPF	Parastatal Pensions Fund
PSPF	Public Service Pension Fund
PSRB	Public Service Retirement Benefit Scheme
PWDs	People with Disabilities
SAS	Social Accounting System
SB	Social Budget
SPER	Social Protection Expenditure Review
SWS	Social Welfare Services
TASAF	Tanzania Mainland Social Action Fund
TDHS	Tanzania Mainland Demographic and Health Survey
TFR	Total Fertility Rate
TZS	Tanzanian Shilling
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WPP	World Population Prospects

Introduction

This report is an output of the first year of work of the ILO-DFID funded project “ILO Global Campaign for Social Protection and Coverage for All – As a Means to Reducing Poverty in Africa and Asia.” It sets out the current situation of existing social transfers within the social protection system in Tanzania Mainland. This will provide the foundation for future analysis of policy options and for any supporting social dialogue. It is hoped that it will be a useful contribution to ongoing work on social protection now being carried out in Tanzania Mainland within the MKUKUTA process and on the reform of contributory social protection schemes. The ILO supports national development plans such as MKUKUTA with its Decent Work Country Programmes (DWCP) which seeks to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity.

The report also contributes to the ILO Global Campaign on extending social protection; and builds on policy and analytical work jointly undertaken by the ILO, DFID and others, which indicates that a global minimum social protection package comprising basic child benefits, basic universal old age pensions and targeted social assistance would in some countries substantially reduce the poverty head-count, close the shortfall in consumption and cost no more than 3-4 per cent of GDP.

The quantitative aspects of the report reflect the ILO’s social protection modelling philosophy. In order to estimate the cost of a basic benefit package a model was first set up, which took into account country-specific information on demographic and macroeconomic developments as well as social protection scheme-specific information. This allowed projections to be made from a baseline year. Historical data for the various demographic and macroeconomic variables, including population projections, real and nominal gross domestic product (GDP), inflation, exchange rates, government expenditure and government revenue, wages and remuneration and other relevant socio-economic data were also used as a basis for the model. For social insurance and social welfare schemes, projections were made on the basis of the demographic and financial expenditure of each scheme in Tanzania Mainland using a cohort-based projection approach. Details of this approach are to be found in Annex B.

Social protection systems are usually made up of contributory and non-contributory schemes. A comprehensive picture of the formal schemes’ coverage, scope and

adequacy of benefits is available in subsequent chapters. Coverage by such schemes is generally limited to workers in formal employment, which is a small fraction of the working population in formal employment – 6.5 per cent and 1 per cent of the total population. Scope is limited to old age, death, survivors, invalidity, maternity and workmen's compensation and levels of benefits are low. There is an urgent need to restructure the formal social protection schemes. The majority of workers who work in the informal economy and their families are excluded from contributory schemes.

Non-contributory schemes are provided by the Government, international and national NGOs, donors, faith groups and by traditional indigenous practices (details are set out in Chapter 3). However, it proved difficult to obtain a comprehensive picture of numbers of the population covered, the scope and depth of provision. A small-scale survey was undertaken to try and arrive at some estimation of non-governmental provision (details are also to be found in Chapter 3 and Annex C). It is generally agreed that the coverage of these services and programmes is limited and that the quality of public health services needs to be significantly improved.

The report describes the demographic characteristics of the country in detail as they greatly influence the policy approaches needed to respond to these social protection challenges. The demography of Tanzania Mainland like many African countries is characterized by a youthful population, declining fertility, declining infant and under-5 mortality rates and a high prevalence of HIV/AIDS. In 2002, 44 per cent of the population was under 15 years of age and 4 per cent were aged over 64 years. This high youth dependency ratio has immediate implications for social protection for children notably regarding education, health care, income support and employment creation. At the same time the aging of the population has longer-term implications for the social protection system.

The rural-to-urban drift also has implications for social protection provision. Between 1978 and 2002 the proportion of urban dwellers nearly doubled. In Tanzania Mainland urban dwellers have higher unemployment rates than those in the rural areas and are likely to be unemployed for up to two years. There is an acute problem of youth unemployment. There is no unemployment benefit scheme in Tanzania Mainland and this has an immediate effect on the levels of poverty of those of working age who become unemployed, as well as the longer-term effect of increasing poverty in old age for those who have been in formal employment during most of their working lives. The majority of new entrants into the labour market are employed in the informal economy in self-employment, largely in agriculture.

Tanzania Mainland's economic and fiscal performance also affects the policy approaches available to meet the social protection challenges as it contributes to the available fiscal space within which options can be considered. These aspects are also addressed in detail in Chapter 1. Tanzania Mainland's economic performance has been strong with an average rate of growth of 6.3 per cent during 2006 and inflation averaged at 5.6 per cent 2005/6. But, it was higher for food items, which rose sharply from 7.2 per cent in December 2005 to 9.6 per cent in June 2006. Tanzania Mainland has continued to experience budget deficits despite an increase in revenue due to improved performance in tax revenue collection. Chapter 1 addresses the demographic, economic and social environment determinants of social protection in Tanzania Mainland. Chapter 2 describes the contributory social protection system and Chapter 3 the non-contributory social protection programmes. Chapter 4 contains Tanzania Mainland's Social Budget projections 2007-2020. Finally, Chapter 5 presents the conclusions.



1.1 Demographic, labour market, economic and social environment

This chapter considers the demographic, labour market and economic environment within which the social protection system exists. The description is not exhaustive, but presents the main features that may affect the social protection system.

1.1.1 *Structure of the population*

The demography of Tanzania Mainland resembles that of many African countries: a youthful population, declining fertility, declining infant and under-5 mortality rates, and a high prevalence of HIV/AIDS. These indicators are discussed below.

The latest Population and Housing Census (PHC) of 2002 shows that the population of Tanzania Mainland was 33,584,607, an annual growth of 2.9 per cent since the previous PHC of 1988. Table 1.1 shows the main population indicators by sex and age, and Figure 1.1 the population distribution in 2002.

In 2002, 44 per cent of the population was aged under 15 years and 4 per cent over 64 years, reflecting the youthfulness of the Tanzania Mainland population. Fourteen years earlier, those rates were 46 per cent and 4 per cent, respectively, demonstrating a reduction in the proportion of young people but a stable proportion of the elderly. This is also seen in the dependency ratios: in 2002 the youth dependency ratio was 0.853 and the elderly dependency ratio was 0.076. The overall dependency ratio shows that there were 929 persons aged under 15 years or over 64 years per 1000 persons in the active age range of 15-64 years.

The high youth dependency ratio (over twice that of most developed countries) has immediate implications for social protection for children, notably education, health care, income support and employment creation. The budgetary outlays required to maintain basic youth services are substantial.

In the longer term, the implications for social protection will be severe. It is well recognized that an ageing population and high age-dependency ratios can create severe financial problems for national governments. In developing countries, the future ageing

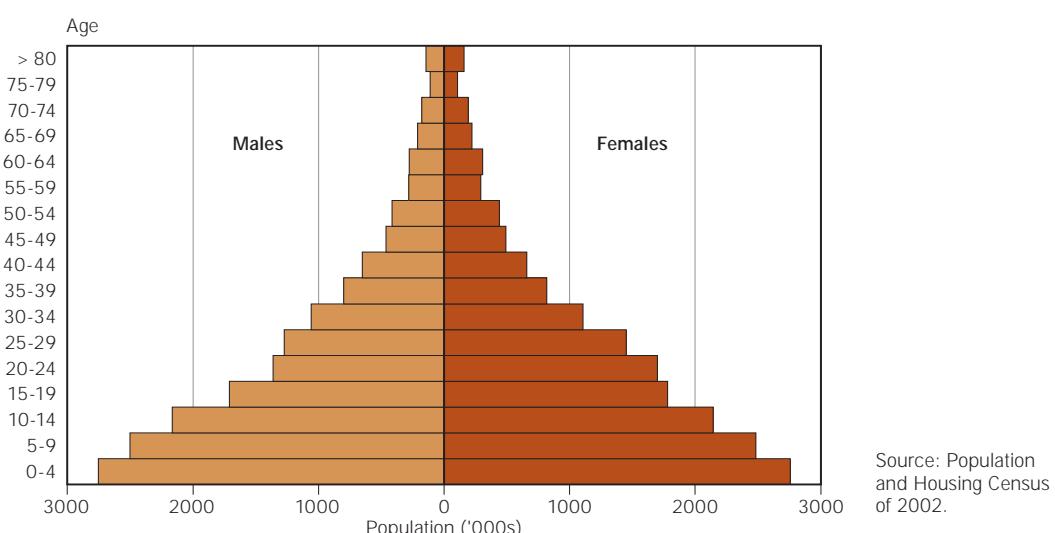
The demographic, economic and social environment determinants of social protection

Table 1.1 Demographic characteristics of Tanzania Mainland, 2002

Age – Distribution of the population (%)	Total	Male	Female
Under age 15	44.2	45.4	43.2
15-64	51.8	50.7	52.9
Over age 64	3.9	3.9	4.0
Total	100.0	100. 0	100.0
Sex-ratio (number of males to one female)			
Under age 15	1.005		
15-64	0.916		
Over age 64	0.940		
Total	0.955		
Dependency ratio			
Youth dependency ratio (ratio of persons under age 15 to persons aged 15-64)		0.853	
Elderly dependency ratio (ratio of persons aged over 64 to persons aged 15-64)		0.076	

Source: Population and Housing Census of 2002.

Figure 1.1 Population 2002



crisis will be much greater than that currently experienced by developed countries because youth dependency ratios are much higher in developing countries than they were in developed countries at their equivalent periods of development. Despite the impact of AIDS on the population's longevity, with further improvements in health, sanitation and development, the population pyramids in Tanzania Mainland show a significant ageing problem in the future.

A revised long-term strategy on ageing is urgently required, as such programmes generally take decades to have an effect and to become sustainable components of the national social protection system.

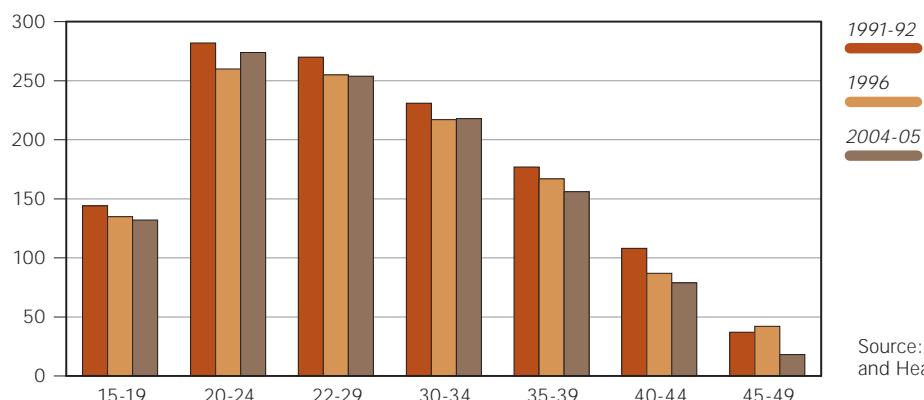
Over the whole population the ratio of males to females is 0.955 and the corresponding ratio for the elderly is 0.94, which indicates that in Tanzania Mainland women live longer than men, a fact further exacerbating the potential ageing problem in Tanzania Mainland: with women's lower lifetime earnings and their employment in the informal economy, this will result in lower retirement incomes for elderly women, making them a major vulnerable group.

1.1.2 Fertility rates

The fertility rate has decreased since 1991/92 for all age profiles except the 20-24 age group which showed a small increase, but the overall decrease has generally slowed since 1996 and has stabilized for the 30-34 and 35-39 age groups (see Figure 1.2). The decrease in fertility rate was higher for women aged 35 and over than for those aged under 35. On average, the decrease in the fertility rates for the latter was 6 per cent, while for women aged 35 and over it was 30 per cent. This trend suggests that in the longer term the age dependency ratio will increase and the youth dependency ratio will decrease.

Figure 1.2 Fertility rates

Age-specific fertility rates (per 1000 women)	1991-92 TDHS	1996 TDHS	2004-05 TDHS
15-19	144	135	132
20-24	282	260	274
25-29	270	255	254
30-34	231	217	218
35-39	177	167	156
40-44	108	87	79
45-49	37	42	18
TFR	6.3	5.8	5.7



Source: Tanzania Mainland Demographic and Health Survey (TDHS), 2004-05.

Life expectancy at birth and youth mortality rates

1.1.3

The Population and Housing Censuses of 1978, 1988 and 2002 show that life expectancy at birth in Tanzania Mainland has risen over time (see Figure 1.3). The combined life expectancy of both sexes was 44 years in 1978, 50 years in 1988 and 51 years in 2002. The pace of improvement in life expectancy was markedly different between the 1978-88 and the 1988-2002 periods. This is probably because of factors such as the effects of HIV/AIDS.

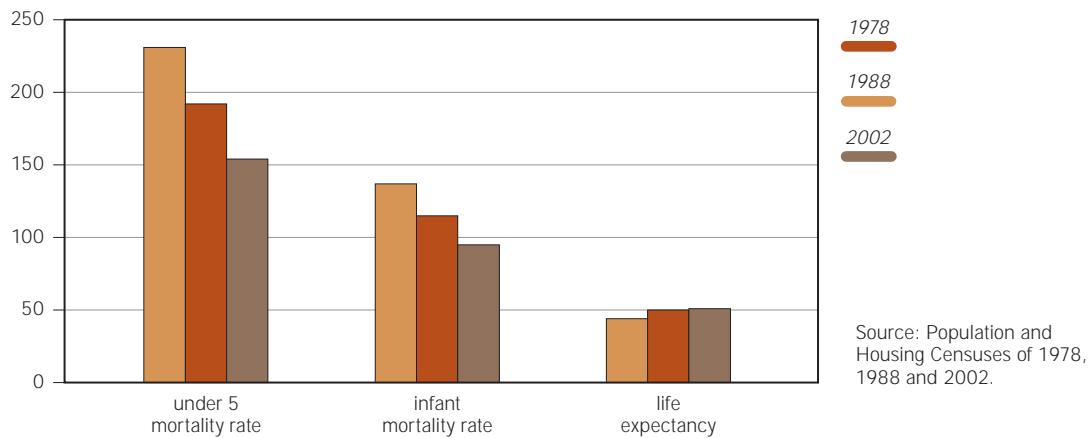
One has to remember, however, that while life expectancy is low at birth, it is not much lower than in developed countries when one reaches old age. Life expectancy at 55 is 20 years for women and 17 for men, while at 60 it is 16 for women and 14 for men. This indicates the importance of urgently introducing policies that will provide necessary income security for the elderly.

The reduction in the infant mortality rate and the mortality rate of the under-5s was fairly significant during the period 1988-2002. However, despite having decreased considerably, these indicators are still viewed as relatively high.

MKUKUTA has identified two targets with regard to mortality rates:

- the reduction of infant mortality from 95 (per 1,000 live births) in 2002 to 50 in 2010;
- the reduction of child (under-5) mortality from 154 (per 1000 live births) in 2002 to 79 in 2010.

Figure 1.3 Life expectancy at birth, infant mortality and mortality of the under-5s, 1978-1988-2002

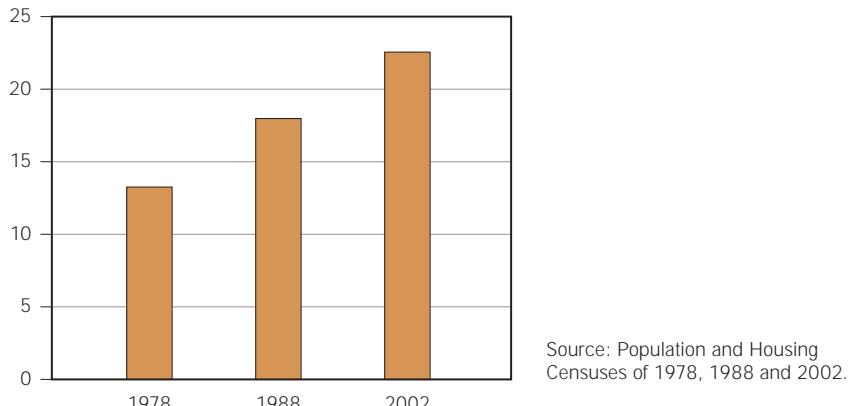


Urban versus rural population

1.1.4

The rural-to-urban drift in Tanzania Mainland reflects world wide trends whereby over 50 per cent of the world's population are now urban dwellers. Between 1978 and 2002 the proportion of urban dwellers increased from 13.3 to 22.6 per cent of the population, almost doubling in 24 years (Figure 1.4). This has a number of implications for social protection provision. In Tanzania Mainland urban dwellers have higher unemployment rates, are more likely to be unemployed for up to two years and are easier to target services on than those in the rural areas. They are more likely than

Figure 1.4 Urbanization rate, 1978-2002 (%)



those in rural areas to rely on public services than on the traditional and local social protection. The urban drift tends to weaken traditional social protection systems over time and more formal replacements need to be introduced to help meet the needs of urban dwellers.

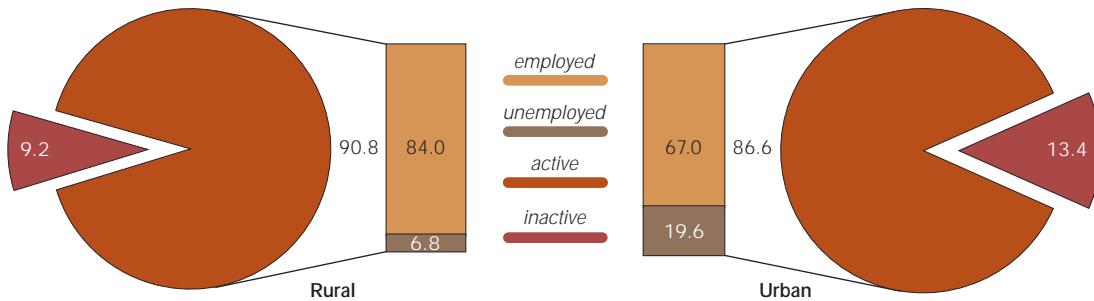
1.2 The labour market

According to the Integrated Labour Force Survey of 2006, 89.6 per cent of the total population aged over 14 years was economically active: 90.5 per cent of men and 88.8 per cent of women (18.8 million people were economically active and 2.2 million were economically inactive). Female labour force participation has increased significantly since the previous survey in 2001. Those who were economically active were either employed or unemployed.

The NBS Report of the Integrated Labour Force Survey 2006 uses two alternative definitions of unemployment: standard international definition and a national one. According to the standard definition only 3 per cent of the labour force was unemployed but with significant regional differences: 16.6 per cent in Dar es Salaam, 3.6 per cent in other urban areas and less than 1 per cent per cent in rural areas. The national definition classifies as unemployed people not only actively searching for work but also those available for work but not searching; and, those employed according to the international definition but either being temporarily absent from employment due to economic reasons (a marginal attachment to employment) or being underemployed.

According to this broader national definition nearly 12 per cent of the economically active (13 per cent of the female labour force) were unemployed: 31.5 per cent in Dar (40 per cent of the female labour force), 16.5 per cent in other urban areas (19 per cent of the female labour force) and 7.5 per cent in rural areas (7 per cent of the female labour force). Thus, although female labour force participation has increased, in urban areas a larger proportion of women than men is either unemployed or having temporary, precarious, and generally unsatisfactory types of employment.

Figure 1.5 provides an overview of economic activity of the population aged over 14 years in urban and rural areas. Although the great majority of the adult population is employed according to the standard international definition, most of them work in a highly informal environment with irregular incomes, in precarious conditions and

Figure 1.5 Labour market participation overview (national definitions)

Source: National Bureau of Statistics, Integrated Labour Force Survey, 2006.

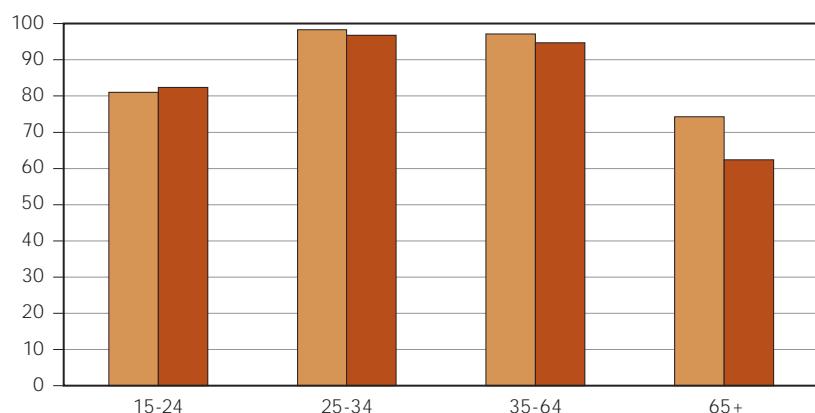
with no access to social protection. However, there are important differences with respect to the degree of informality of employment, especially in the urban areas. It is important to have an in-depth knowledge of the actual employment status of men and women working in the informal economy when one attempts to design social security policies to extend coverage. Annex D provides a detailed analysis of the informality of employment based on the the Integrated Labour Force Survey 2006 and applying ILO methodology.

For Tanzania Mainland, the labour force participation rates of men and women are high and quite similar except at aged 64 years and over, where the participation rate of men is noticeably higher than that of women (see Figure 1.6). The contrast is greater when we look at actual employment rates (see Figure 1.7).

Analysis of rural and urban differences in economic activity and employment rates shows that:

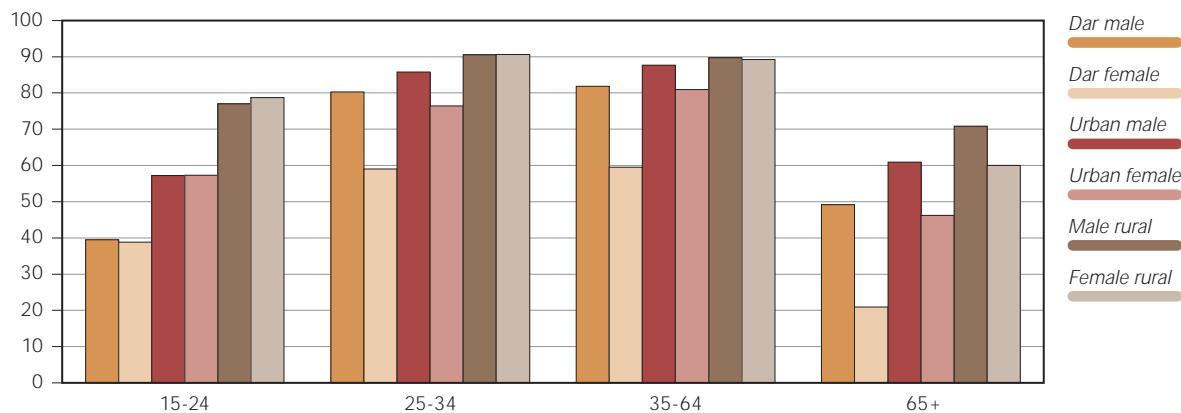
- People in rural areas enter the labour force earlier and leave it later than people in urban areas;
- the differences in actual employment rates between rural and urban areas are greater for women than for men in the age ranges 25-64; and
- female participation rates are higher in rural areas than in urban areas.

Between 2001 and 2006 the labour force increased by 2.8 million people. This means about 600,000 people enter the labour market every year. The share of waged and salaried employment has increased since 2001 (9.7 per cent of all employment in 2006 compared to 7.4 per cent in 2001). However, as the analysis in Annex D clearly shows

Figure 1.6 Labour force participation rates by sex and age, Tanzania Mainland (percentage)

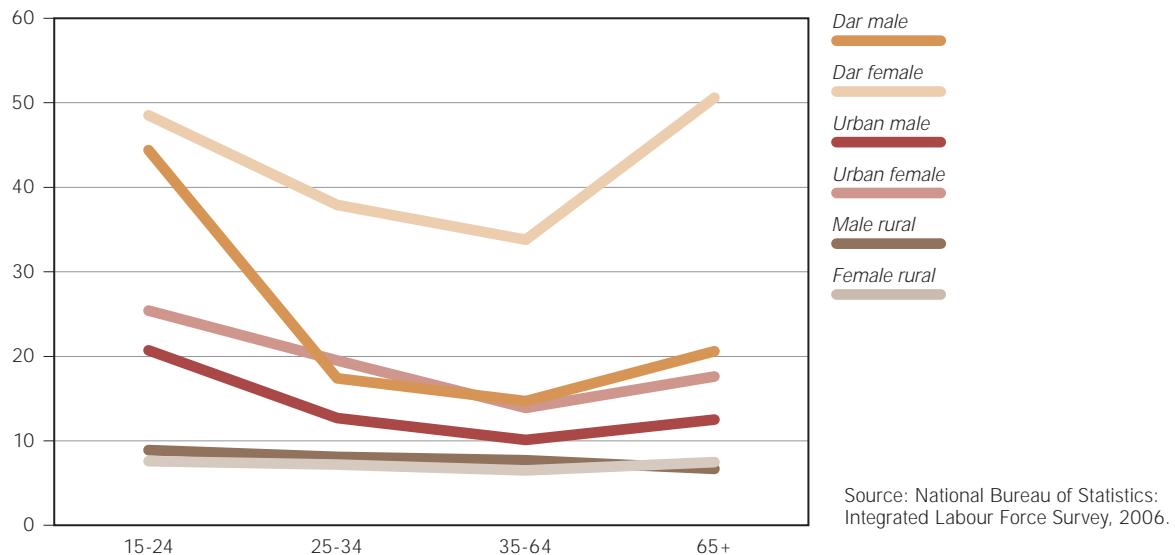
Source: National Bureau of Statistics: Integrated Labour Force Survey, 2006.

Figure 1.7 Employment rates by sex and age, urban and rural areas, Tanzania Mainland (percentage)



Source: National Bureau of Statistics: Integrated Labour Force Survey, 2006.

Figure 1.8 Unemployment rates, by sex and age and place of living (percentage)



Source: National Bureau of Statistics: Integrated Labour Force Survey, 2006.

many of those paid employees are working in the informal economy and thus have no access to any form of social protection. While the percentage of those working on their own farm or shamba decreased substantially according to the ILFS Report (from 84.2% in 2001 down to 66.7 per cent in 2005), the number of unpaid family workers increased substantially (from 3 per cent of all employed to nearly 14 per cent – partly due to a change in methodology). The proportion of those who are self-employed outside agriculture nearly doubled from 5.4 per cent in 2001 to 10 per cent in 2006.

Youth unemployment (age group 15-24) is particularly high in Dar es Salaam, where 44 per cent of economically active men and nearly 50% of economically active women are unemployed according to the broad national definition. In urban areas outside Dar Es Salaam youth unemployment is 25 per cent among women and 20 per cent among men.

In general, in urban areas women have a higher risk of being unemployed than men. Women in Dar es Salaam experience the highest unemployment rates across all age groups, including those who are still economically active in older ages. There was little difference in the male and female unemployment rates in rural areas across the

Table 1.2 Distribution of the employed population by sector of activity and income source (percentage of the total number of employed)

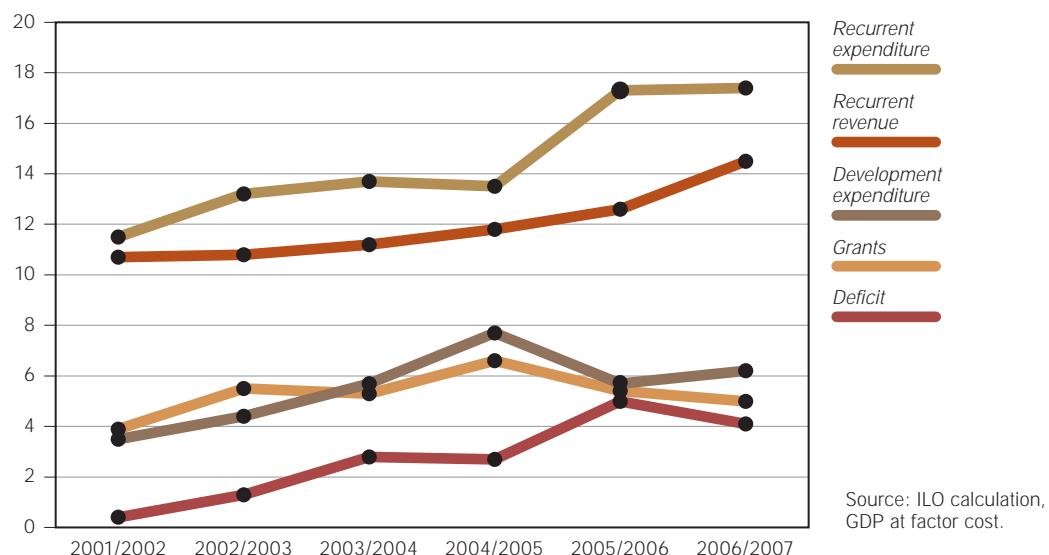
Status in employment	Central/local government	Parastatal organization	Private traditional agriculture	Private "informal" sector	Other private	Home duties	Total
Paid employees	2.6	0.4	0.0	0.1	7.3	0.2	10.5
Self-employed with employees	0.0	0.0	0.0	1.4	0.4	0.0	1.8
Self-employed without employees	0.0	0.0	0.0	8.5	0.6	0.0	9.1
Unpaid family helper (non-agric.)	0.0	0.0	0.0	0.2	0.4	2.9	3.5
Unpaid family helper (agric.)	0.0	0.0	7.9	0.0	0.0	0.0	7.9
On own farm or shamba	0.0	0.0	67.2	0.0	0.0	0.0	67.2
Total	2.6	0.4	75.1	10.1	8.6	3.1	100.0

Source: National Bureau of Statistics, Integrated Labour Force Survey 2006.

entire age range, but in urban areas, unemployment rates are higher than the average for workers over 64 years of age. As in many other African countries, older workers have very high labour market participation rates: they need to work as most of them are not entitled to any kind of social protection. However, ILFS data showed it was difficult for older workers to find work and when they were successful, the work was arduous and low paid. This is further evidence of the need to provide affordable retirement to all elderly men and women.

Table 1.2 shows the distribution of the employed population by employment status (that is if they are employees, self-employed or unpaid family workers) and by main sector of employment (public or private formal establishment, traditional agriculture or non-agricultural informal activity). The table shows that 75 per cent of all employed persons were employed in traditional agriculture (this percentage has decreased since 2001). Paid employees were only 10.5 per cent of the employed population. One-third of employees were employed by government and parastatal organizations, and two-thirds in the private sector.

Annex D analyzes in detail the proportion of employees in formal employment and the proportion that work under more or less informal arrangements. Persons with different employment status, different work environments and different degrees of formality of employment had very different access to social protection from government or from employers. The majority of those employed in the totally informal economy have some limited access to public health care services, but they have to rely on traditional and informal intra-family or intra-community networks for income support; whereas most employees in the public sector and some of those in the private sector have access to some regular social protection in the form of sickness and maternity benefits and pensions. There is no form of protection however in case of unemployment – even for those working in the formal economy. This fact coupled with high unemployment rate in urban areas explains why there is such a strong pressure on early withdrawals of funds from the pension funds – the issue is discussed widely in Chapter 4.

Figure 1.9 National Budget, as percentage of GDP**Table 1.3 Government finances**

Item	Actual				Provisioned	
	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Revenue						
Total revenue A+B	1422.8	1839.8	2156.0	2766.7	3036.0	3692.0
A. Recurrent revenue	1043.0	1217.5	1459.3	1773.7	2125.0	2739.0
Tax revenue	939.3	1105.7	1342.8	1615.2	1947.0	2529.0
Customs and Excise duties	402.2	458.3	575.4	680.0	453.0	766.0
Income taxes	220.6	276.0	366.7	465.5	554.0	714.0
Sales taxes VAT	216.1	259.7	325.5	402.1	803.0	832.0
Tax Refunds	–	–	–	(64.4)	–	–
Other taxes	100.4	111.7	123.5	132.0	137.0	219.0
Non-tax revenue	103.7	111.8	116.5	158.5	178.0	210.0
B. Grants	379.8	622.3	696.7	993.0	911.0	953.0
Expenditure						
Total expenditure	1466.1	1989.5	2516.9	3164.3	3873.0	4475.0
A. Recurrent expenditure	1121.5	1488.6	1780.1	2017.5	2920.0	3296.0
B. Development expenditure	344.6	500.9	736.8	1146.8	953.0	1179.0
Gross surplus (deficit)	(43.3)	(149.7)	(361.0)	(397.6)	(837.0)	(783.0)
Other items	4.8	(13.5)	(38.8)	(171.0)	(87.0)	(171.0)
Overall balance	(38.5)	(163.2)	(399.7)	(568.6)	(924.0)	(954.0)
Financing						
Total	38.5	163.2	399.7	568.6	924.0	954.0
Foreign financing	121.8	199.7	434.2	423.6	561.0	717.0
Domestic financing	(83.3)	(36.5)	(34.5)	145.0	363.0	237.0

Source: Bank of Tanzania, Economic Bulletin and IMF.

The macroeconomic environment¹

1.3

Overview

Over the past five years, Tanzania Mainland's economy has performed reasonably well with respect to the major economic indicators. Real GDP growth was sustained at an average of 6.3 per cent between 2000 and 2006. Inflation over the same period was 4.5 per cent but increased in 2006, reflecting increases in the price of food and non-food items. Stable inflation will be important for maintaining growth. The IMF in their Country Report No. 08/178 June 2008 identified this as a priority for the government. Donor assistance has risen substantially between 2001 and 2007 as a percentage of GDP: 6 per cent to 12 per cent. External debt has fallen as a percentage of GDP, whereas domestic debt has increased over the same period.

Where there has been a rising current account deficit financed largely by donor aid, the level of the reserve has remained satisfactory. Tax revenue has steadily increased from 1.946 b.tsh in 2005/2006 to 2.520 b.tsh in 2006/2007 and is projected to continue to increase.

Over the past five years, Tanzania Mainland has experienced national budget deficits despite an increase in revenue attributable to the improved performance in tax revenue collection for all major sources of taxation (see Table 1.3). Total central government revenue is estimated at 19.5 per cent of GDP for 2006/07, an increase of 4.9 percentage points compared with its level five years ago. This is mainly attributable to the increase in recurrent revenue, which rose in relation to GDP by 3.8 percentage points over the period. Grants (foreign aid) have increased by 1.1 per cent over the same period. Outlays have increased more than revenue over the past five years, which led to increased deficits, ranging from 0.4 to 4.1 per cent. See also Figure 1.9.

Total national debt (domestic and external) at the end of March 2007 stood at TZS 7,640 billion, representing a 15.8 per cent decline from its level in the preceding quarter; this was mainly a result of debt cancellation by the Africa Development Fund (ADF) under the Multilateral Debt Relief Initiative (MDRI). External debt currently amounts to 75.2 per cent of the total debt.

One of the key issues is the restoring of credibility and increasing public accountability, following the revelation of several instances of major weakness in financial governance.

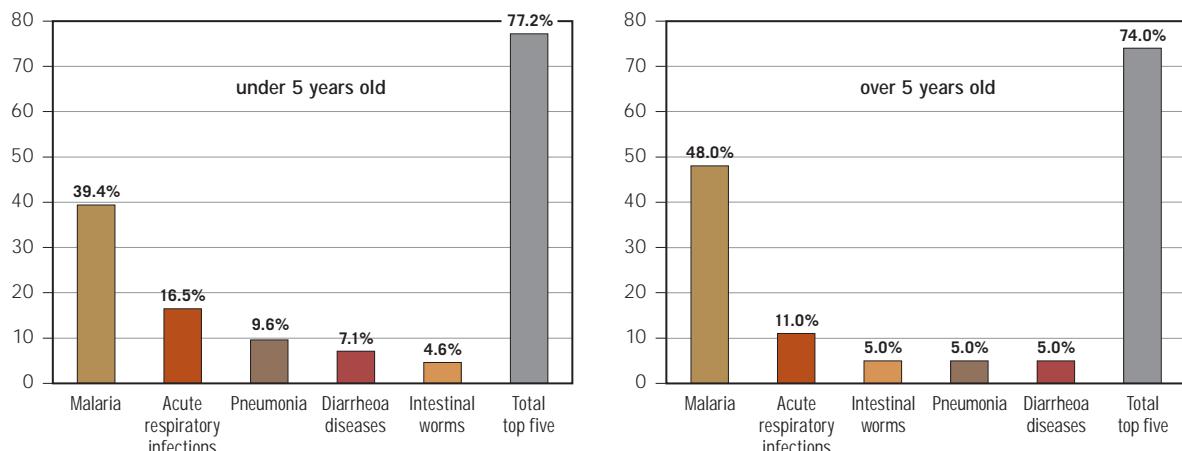
Health status

1.4

Malaria continues to be the major cause of morbidity in Tanzania Mainland. For the population aged under five years, 39.4 per cent of health diagnoses were attributed to malaria, while this figure is almost 50 per cent for the population aged over five years. The top five diseases diagnosed in 2004/05 accounted for about three-quarters of all diagnoses (Figure 1.10).

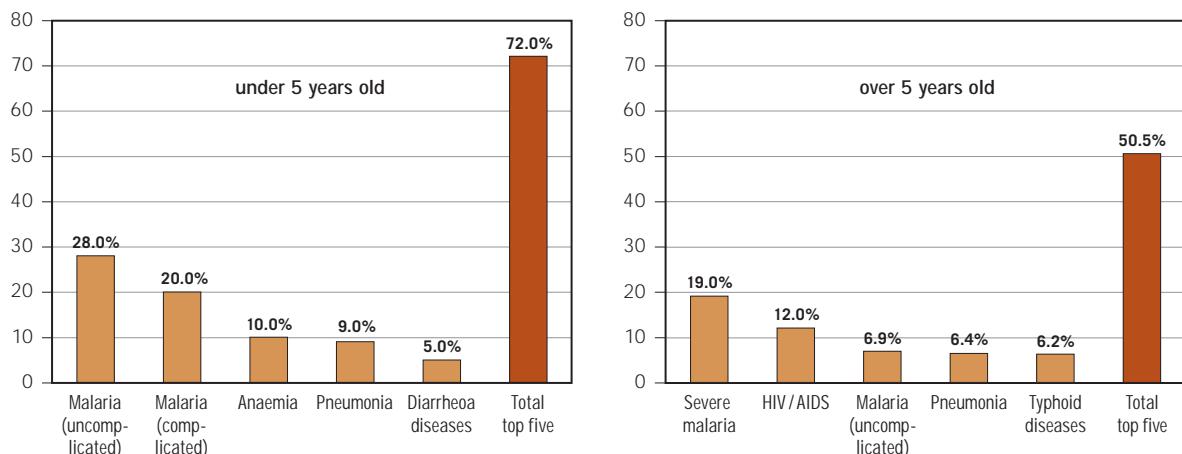
¹ Adapted from MPEE Macroeconomic Policy Framework for the Plan/Budget 2006/07-2007/08, June 2006.

Figure 1.10 Top five diseases, 2004/05 (percentage)



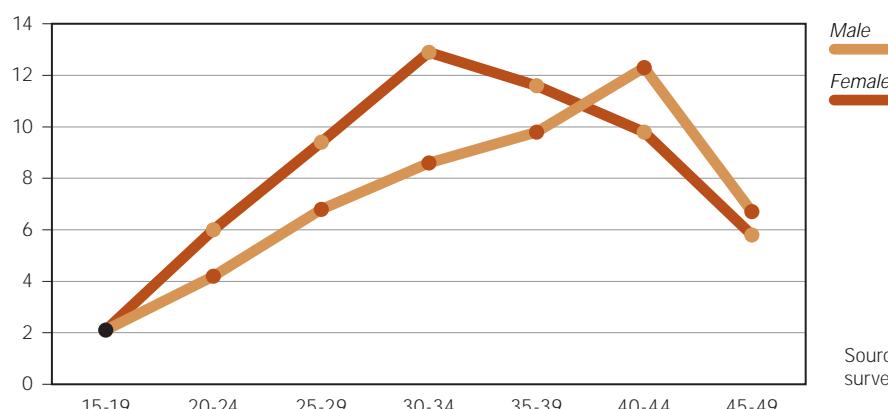
Source: Ministry of Health and Social Welfare, Annual Health Statistical Abstract (2006).

Figure 1.11 General population: Five causes of death, 2004/2005 (percentage)



Source: Ministry of Health and Social Welfare, Annual Health Statistical Abstract (2006).

Figure 1.12 HIV prevalence rate by age group and sex (per cent)



Source: Tanzania HIV/AIDS survey 2003/2004.

Figure 1.11 shows that the top five causes of death account for 72 per cent of all deaths among children aged under five, with malaria the most frequent cause. Malaria is the highest cause of death for the remainder of the population aged over five, too, but the rate is about 30 per cent lower in the broader population. HIV/AIDS is the second cause of death and mainly concerns the adult population (see Figure 1.12).

The highest mortality rates due to HIV/AIDS are to be found in the 30-44 age groups, which has significantly changed the population profile and mortality rates for these cohorts.

The HIV/AIDS prevalence rate among women was estimated at 7.7 per cent, compared with 6.3 per cent among men. Figure 1.12 shows the prevalence rate varies by age with women having the highest prevalence rate aged 30-44 years and for men aged 40-44 years. With a prevalence rate of 10.9 per cent, the urban population faces a higher risk, compared with about 5.3 per cent in rural areas. Other data show that the prevalence of HIV increases with education level. HIV/AIDS infection rates are 9 per cent higher among persons with a secondary-school diploma, compared to 5 per cent among persons having no education.

Household incomes, income distribution and poverty

1.5

Table 1.4 shows the distribution of income and income levels in 2000/01. Employment in cash and non-farm self-employment provides the largest source of income in urban areas, whereas in the rural areas 60 per cent of income comes from agriculture. Greater diversity of employment activity often results in higher inequality of incomes, and this is confirmed in Table 1.5, where diversity in the urban areas is also accompanied by a higher Gini coefficient and greater income spread in the income deciles.

A higher Gini coefficient demonstrates higher income inequality. The Gini coefficient increased between 1991/92 and 2000/01 in Tanzania Mainland urban areas, and

Table 1.4 Households' income levels and distribution of income, 2000/01 (%)

Source	Dar Es Salaam	Other Urban	All rural	Tanzania Mainland
Employment in cash	41	24	8	12
Employment paid in-kind	1	0	1	1
Non-farm self employment	29	33	18	21
Agricultural income	2	20	60	51
Producers co-operatives	1	0	0	0
Interest & dividends	0	0	0	0
Rent received	2	1	0	1
Transfers	12	10	7	8
Other receipts	13	11	6	7
Total	100	100	100	100
Mean per capita Household (TZS) 2000/2001	40 767	30 426	14 134	17 928
Mean per capita Household (TZS of 2006)	53 481	39 915	18 542	23 519

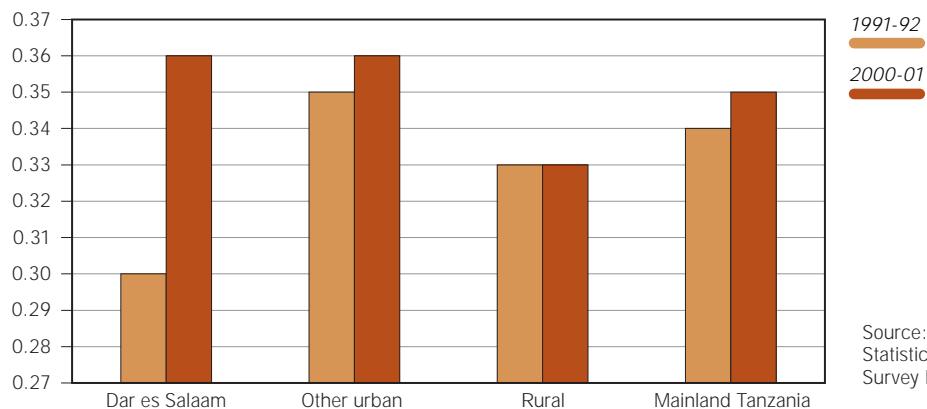
Source: Tanzania Mainland Household Budget Survey, 2000/01.

Table 1.5 Distribution of consumption of households by income level and Gini coefficient, 1991/92 and 2000/01

Quintile	Dar Es Salaam		Other Urban area		Rural areas		Mainland Tanzania	
	91/92	00/01	91/92	00/01	91/92	00/01	91/92	00/01
Q1 – poorest	7.8	6.7	7.1	6.7	7.2	7.1	7.0	6.9
Q2	11.9	10.4	11.3	11.2	12.3	11.9	12.0	11.4
Q3	15.1	14.5	15.3	15.5	16.4	16.1	16.0	15.6
Q4	21.9	20.0	21.0	22.1	22.6	22.7	22.1	22.0
Q5 – richest	43.3	48.4	45.3	44.5	41.6	42.2	43.0	44.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of Q5:Q1	5.60	7.20	6.40	6.60	5.80	5.90	6.10	6.40
Gini coefficient	0.30	0.36	0.35	0.36	0.33	0.33	0.34	0.35

Source: Tanzania Mainland Household Budget Survey, 2000/01.

Figure 1.13 Gini coefficient



Source: National Bureau of Statistics, Household Budget Survey Report, CSO, p. 83.

Table 1.6 Measures of poverty, 2000/01

Poverty Indicator	Dar Es Salaam	Other Urban	All rural	Tanzania Mainland
Poverty rate (headcount)				
Food	9.4	14.6	24.5	22.2
Basic needs	22.8	28.9	44.1	40.8
1\$/day	40.2	60.7	86.0	79.8
Poverty gap (as % of poverty line)				
Food	2.2	4.2	6.6	6.0
Basic needs	6.0	8.9	14.0	12.8
1\$/day	12.9	24.6	43.1	38.8

Source: Gassmann and Behrendt, 2006.

remained relatively stable in rural areas (see Figure 1.13). This higher income inequality is evident when analysing the level of consumption between the richest and poorest quintiles of the population. In Dar Es Salaam, in 2000/01 the richest quintile consumed 7.2 times more than the poorest quintile, as shown in Table 1.5. Table 1.6 shows different measures of poverty² for 2000/01.

In Tanzania Mainland, 22 per cent of the population live below the food poverty line and 41 per cent consume less than the basic needs' level. Urban dwellers face a significantly lower risk of living in poverty than in rural dwellers. Twenty-five per cent of the people in rural areas are food-poor. In Tanzania Mainland, those living in extreme poverty (below the food poverty line) experience on average a 6 per cent shortfall of this poverty line. The average consumption shortfall of the basic needs' poverty line is 13 per cent. (see Table 1.6).

² Franziska Gassman and Christina Behrendt: *Cash benefits in low-income countries: Simulating the effects on poverty reduction for Senegal and Tanzania*, Geneva, ILO, 2006.

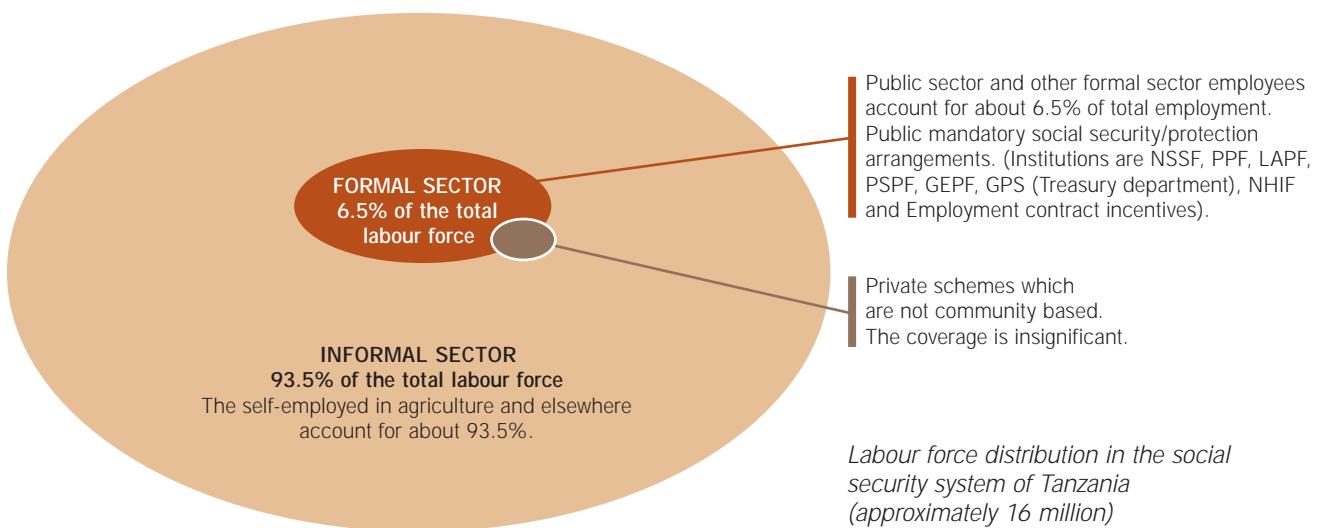


2

This chapter looks in detail at formal social protection provision in Tanzania Mainland. It is important to view such provision both as a preventative tool and as a tool for direct intervention in the fight to alleviate poverty. The chapter is therefore lengthy and detailed. It looks at health care, employment injury and pension provision. It refers to social security rather than social protection as this is the usual terminology used when addressing contributory schemes. It is important to note there is no unemployment insurance in Tanzania Mainland; and that it has become common practice for social insurance schemes to compensate for its absence by permitting full or partial withdrawal of accrued pension entitlements in the event of unemployment.

Social security in Tanzania Mainland is characterized by limited coverage in terms of membership, scope and access to benefits, where social security coverage is less than 1 per cent of the entire population and about 6.5 per cent of the formal working population. Almost the entire informal sector lacks coverage and has therefore limited resilience to economic shocks and is vulnerable to falling into poverty.

Figure 2.1 Overview of the social security system in Tanzania Mainland



The contributory social protection system of Tanzania Mainland

National health system

2.1

In Tanzania Mainland, health services are delivered mainly by public and non-public institutions, with the Government providing for 40 per cent of the hospitals, which represents about 55 per cent of the total available hospital beds in the country. Table 2.1 summarizes the health facilities in Tanzania Mainland in 2004.

During the 1990s the health system underwent several major changes: from the Government as sole provider to the private sector being allowed to operate and the introduction of user fees. Today, the health system in Tanzania Mainland is operated through a range of programmes including social assistance, compulsory health insurance, community health financing, and other mechanisms such as micro-insurance and private health insurance.

Capturing all of the expenditures and the sources of funding of the health system has proved to be difficult because of insufficient data. The following picture of the health system is drawn on the basis of available information. There are inherent uncertainties and areas not appropriately reported, but most of them are of lesser importance in the overall picture.

Table 2.1 Health facilities, 2004

Facilities	Health services ownership				
	Government	Voluntary agencies	Parastatal	Private	Total
Hospitals	87	87	8	37	219
Health centres	331	101	10	39	481
Dispensaries	3038	763	145	733	4679
Total	3456	951	163	809	5379

Source: Annual Health Statistical Abstract, MoHSW.

2.1.1 *Tax-financed health services*

The Government is the main provider of health services in Tanzania Mainland through several programmes, notably:

- the malaria control programme;
- the National Tuberculosis and Leprosy Control Programme; and
- programmes concerning HIV/AIDS and sexually transmitted diseases.

The Tanzania Mainland health system is administered by the Ministry of Health and Social Welfare (MoHSW) and the President's Office Regional Administration and Local Government (PORALG). The responsibility of MoHSW is to develop policies and human resources, to monitor disease patterns and to supervise health service quality. The PORALG is responsible for the implementation of health policies, for monitoring the use of funds and for administering human resources at regional and district levels. Use of funds must be approved by MoHSW. Regional and district hospitals are administered by the regional administration and local health centres and dispensaries are under local government authority.

The social health system is financed by revenues from taxation, donors and fees for service. Fee-for-service charges do not apply for the treatment of children under age five and diseases such as tuberculosis, AIDS, epidemics, leprosy, etc. This represent only about 2.5 per cent of total health expenditure.

Table 2.2 summarizes total government expenditure on the national social health system by source of financing.

In Table 2.2 expenditure shown under the Accountant General's Office for NHIF is the Government's contribution (employer) for its employees who are members of NHIF.

Recurrent expenditure refers to the cost of running hospitals and administering the health system, and includes staff salaries and other charges. These expenditures account for 60 per cent of total health expenditure. From 2002/03 to 2005/06, recurrent expenditure was financed through taxation, and over this period this taxation component averaged 85 per cent. The trend varied from 77 per cent in 2002/03 to 93 per cent in 2005/06.

Development expenditures include funds for the construction of hospitals or equipment, or other projects. Development expenditure represented on average 17 per cent of the total cost of the health system and ranged during the period 2002/03 to 2005/06 period between 13 to 22 per cent. Funds for development expenditure come largely from donors. During this period, the proportion of financing from donors was 81 per cent of development expenditure.

Figure 2.2 shows a summary of the health budget and the proportion of the recurrent and development budgets and the source of funding. The budget figures shown on the chart includes the amounts for all levels of administration in Tanzania Mainland including national, regional and local administrations. The NHIF contributions are also included in the total recurrent budget.

Donors contribute almost equally to the recurrent off budget and the development budget but the Government is the major provider for the recurrent or operating funds for the health sector.

Off-budget expenditure is also an important part of total expenditure. It is not included in planning documents or captured in official budget estimates. On average, during the period 25 per cent of total health expenditure concerns off-budget expenses. This amount fluctuated considerably during the period, from 18 to 32 per

Table 2.2 Government expenditures on health care, by source of financing, 2002/03-2006/07 (TZS 000,000)

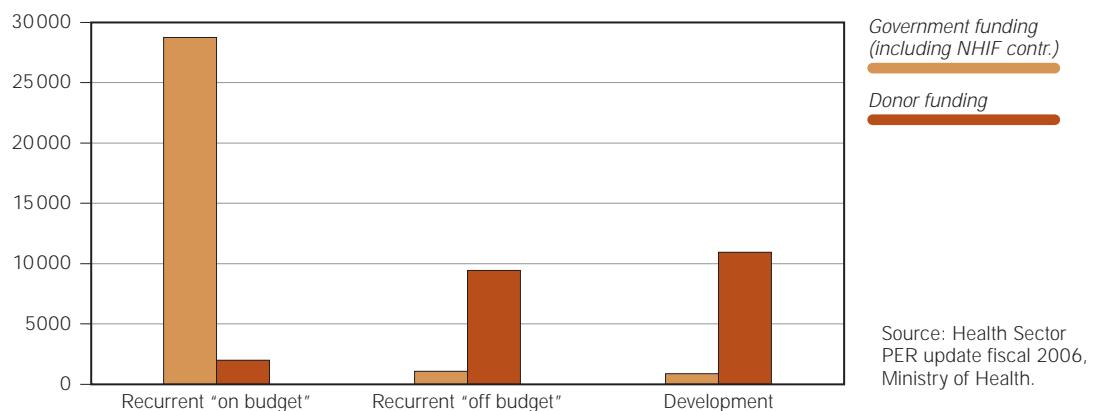
Item	2002/03 ^a	2003/04 ^a	2004/05 ^a	2005/06 ^b	2006/07 ^p
Recurrent budget					
Accountant General's Office	1346	3808	4205	20 457	30 000
NHIF	1346	3808	4205	20 457	30 000
Ministry of Health	72 318	87 076	128 341	180 306	202 628
Government funds	53 974	85 181	104 162	180 306	202 628
Donor basket fund	18 344	1 895	24 178		n/a
Regional administration	7 824	11 900	10 547	11 522	18 978
Government funds	7 824	11 900	10 547	11 522	18 978
Local government authorities	57 477	63 767	87 498	95 156	141 656
Government funds	43 548	46 487	68 800	75 081	119 414
Donor basket fund	13 930	17 281	18 697	20 075	22 242
Total Recurrent	138 965	166 551	230 591	307 440	393 262
Development budget					
Ministry of Health	29 026	41 435	47 532	90 863	85 841
Government funds	3236	3544	3090	5000	n/a
Donor basket fund	3645	5672		28 486	n/a
Foreign non basket	22 145	32 218	44 441	57 377	n/a
PORALG	0	339	4 480	19 838	41 633
Government funds		20	20	100	n/a
Donor basket fund		319	4460	19 738	n/a
Foreign non basket					
Regional administration	2482	2703	4030	5049	4238
Government funds	492	569	1134	1169	n/a
Foreign non basket	1991	2134	2896	3 880	n/a
Local government authorities	1703	2316	2357	2579	1470
Government funds	1703	2316	2357	2579	1470
Total development	33 211	46 794	58 399	118 329	133 182
Total on budget (recurrent + development)	172 177	213 346	288 989	425 770	526 444
Off-budget					
Cost-sharing	5858	7477	10 710	10 710	11 645
Health service funds – hospital	1509	2726	2698	2698	2832
Community Health Fund	4349	4752	8012	8012	8813
Foreign funds	46 479	40 348	122 912	94 483	95 000
Total off-budget	52 337	47 825	133 622	105 193	106 645
Grand Total (on-budget and off-budget)	224 514	261 171	422 611	530 963	633 089

Note: ^a actual; ^b budget; ^p provisional.

Source: Health Sector PER update fiscal 2006, Ministry of Health.

cent of health expenditure, and about 88 per cent of the off-budget expenditure was financed by donors. Domestic cost-sharing revenue is also included in the off-budget expenditure. Those amounts represent on average 2.5 per cent of total national health expenditure. The Public Expenditure Review noted poor record-keeping of this source of expenditure and financing.

Globally, over the period 2002-2006, 45 per cent of the national health system was financed by donor funding. This means that the development of an

Figure 2.2 Health budget 2005/06 (TZS millions)**Table 2.3 Government expenditure on health care in relation to total government expenditure, GDP and per capita, 2002/03-2006/07**

Item	2002/03	2003/04	2004/05	2005/06	2006/07
% of government expenditure ¹	8.7	8.5	9.1	11.0	11.0
% of GDP ²	2.4	2.5	3.5	3.8	4.0
Per capita, TZS ²	6640	7482	11 721	14 250	16 447

Notes: ¹ Per cent of government expenditure represented is calculated using "on-budget" expenses only.

² Per cent of GDP and per capita figures is calculated using the total "on" and "off" budget expenses.

Source: MOHSW, Bank of Tanzania and ILO calculations.

adequate health system depends significantly on the capacity and willingness of donors. It also presents some degree of unreliability in projecting health costs and budgeting, because of the potential fluctuations and the uncertainty of external funding from one year to the next.

Table 2.3 shows government spending on health care in proportion to government expenditure, GDP and per capita for the past five years. Government health spending in proportion to total government expenditure is 11 per cent, which is lower than the Abuja target of 15 per cent.¹ Currently, expenditure on health care in relation to GDP is 1.6 times its level of five years ago, which is an important increase. During this period, per capita expenditure increased by 150 per cent, but the actual amount spent per capita remained relatively low at USD 13.00.

2.1.2 Compulsory health insurance

In Tanzania Mainland, there are two social insurance funds offering health or medical coverage: the National Health Insurance Fund (NHIF), providing the main access to health services, after the state tax-financed health programmes; and the National Social Security Fund (NSSF).

¹ The Heads of State and Government of the Organization of African Unity at the African Summit on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases (held in Abuja in 2001) pledged to set a target of allocating at least 15 per cent of their annual budget to the improvement of the health sector.

NSSF

The Social Health Insurance Benefit (SHIB) of the NSSF was established in July 2005. One year after its introduction the scheme had about 9,000 members, representing about 3.4 per cent of the total active membership of NSSF. Enrolment varies significantly by region. For example, in July 2006 enrolment reached only 19 per cent in Mtwara. The low level of participation in Mtwara is surprising given that eligibility conditions are reasonably generous, with a three-month contributory qualification period and no out-of-pocket expenses for services. This low take-up of the SHIB scheme by members of the NSSF in other geographical areas (310,000 members) may be explained in various ways, eg, insufficient public information and the fact that some private-sector employers provide their own health coverage for their employees. NSSF is currently reviewing its health-care strategy in an effort to increase membership. No specific contribution rate is prescribed by law for the SHIB. Members covered by NSSF must go to an accredited health facility or provider in order to obtain health services. Financing of these accredited health facilities and health providers is through a capitation payment. A NSSF pensioner is also entitled to membership of the SHIB, but the contribution rate is 6 per cent of the gross pension.

Health benefits provided by NSSF include:

- outpatient services:** consultations, basic and specialized diagnostics, simple and specialized procedures, drugs on the National Drug List, referrals to a higher level and special hospitals; and
- inpatient services:** admission (overnight stay), consultations, simple and specialized procedures, drugs in the National Drug List, referrals to a higher level and specialized hospitals.

NHIF

The National Health Insurance Fund (NHIF) began operating in July 2001 and is currently, after the Government, the main provider of health services in Tanzania Mainland. As of June 2004, 242,580 active members were registered and including dependants a total of about 1 million people were covered. The NHIF is investigating new ways of extending membership such as offering coverage to old-age pensioners. Membership is compulsory for all public-sector employees and includes their dependants – the spouse and up to four children and/or legal dependants. A member must go to an accredited public or private health facility or provider to receive health services. Public sector employees may not opt out of the NHIF.

The NHIF was established in order to allow the Government to offset some of the national health costs through:

- payment of the employees' contributions;
- to allow public-sector employees greater choice in health care and its providers; and
- to improve the range of health services by fostering the development of private health providers.

It offers a wide range of benefits, including basic diagnostic tests, drugs, out-patient services, in-patient services and minor and major surgery. The contribution rate is 6 per cent of salary, shared equally between employers and employees or 6 per cent of a NSSF pension. The NHIF currently reimburses around 92 per cent of the amount of

claims, a significant increase over the starting rate of 50 per cent when the NHIF was launched. It was established on a fee-for-service principle, but it is now moving towards the capitation method in order to allow for the complexities of coverage and for better financial governance.

One of the primary findings of NHIF's own actuarial valuation of 30 June 2004 was that the scheme was in a sound financial condition. **However the present level of reserves is too high for a health insurance scheme. This should be reduced to a more reasonable level by improving the range of services or adjusting premiums.**

Table 2.4 shows the financial statement of the NHIF for the past three years, and some selected indicators. It is observed that:

- administrative expenses increased significantly during the period, from 6.3 to 8.7 per cent of total income;
- during the period, the actual required contribution rate to pay all expenses was 1.7 per cent, which is significantly lower than the 6 per cent currently collected in contributions;
- the reserve ratio (defined as the ratio of total assets at year-end to total expenditure of the previous year) increased considerably over the period, from 6.6 to 10.7. This is a high ratio for a health scheme providing short-term benefits and may be explained

Table 2.4 Financial overview of NHIF, 2003/04 to 2005/06 (TZS 000,000)

Item	2003/04	2004/05	2005/06
Total revenue income	21 938	28 610	37 256
Contribution income	20 310	24 670	29 847
Net investment income	1568	3501	6800
Other income	60	439	609
Total expenditure	5889	6944	8323
Benefit expenditure	3808	4205	4702
Administrative costs and other costs	2081	2739	3621
Administrative expenses	1372	2388	3226
Other charges	709	352	395
Surplus/deficit of the year	16 049	21 666	28 933
Assets at the end of the year	38 805	60 471	89 404
Selected indicators			
Number of contributors	242 580	275 865	295 205
Male	136 815	154 484	162 363
Female	105 765	121 381	132 842
% of members to employed population	1.6%	1.5%	1.7%
Actual contribution rate	6.0%	6.0%	6.0%
Ratio of total expenses to total earnings	1.7%	1.7%	1.7%
Reserve ratio	6.6	8.7	10.7
Investment return on assets	5.2%	7.3%	9.5%
Inflation rate	3.8%	4.2%	5.3%
Real investment return on assets	1.4%	3.1%	4.2%
Administrative expenses as % of total income	6.3%	8.3%	8.7%

Note: Financial data for 2005/2006 based on provisional financial statement.

by various factors such as under-utilization of health services, over-estimating the cost of health service at NHIF, etc.

- the average real rate of return on NHIF assets over the three years was 2.9 per cent.
- the effective personal coverage rate of the NHIF as a proportion of the total employed population was 1.5 per cent for the fiscal year 2003/04. Efforts are currently being made to increase this proportion.

Community Health Fund

2.1.3

The Community Health Fund (CHF) was established as an alternative to the fee-for-service schemes. Currently only 29 districts out of 72 have access to this programme and to the matching grants from the Ministry of Health and Social Welfare.² The conditions for full access to the matching grants includes having proper membership records, by-laws and functioning CHF institutional arrangements. A number of districts have not been able to meet these conditions. And even those districts receiving full matching grants have lower than expected membership levels. Currently less than 10 per cent of households have joined a community-based public health fund district-wide. At about 2 per cent of total spending, fee-for-service schemes such as community-based health represent a very small share of health spending, despite the popularity and rapid growth of these schemes over recent years.

The schemes are based on a prepaid amount according to individual or family contributory capacity instead of the payment of a fee for service. The level of prepaid contributions is determined by the local government authority. The funds are deposited in a CHF account administered by a Council Health Board. To encourage people to join, membership fees are matched one for one by a government contribution subsidy; this co-contribution seems to attract members and to ensure sustainability of the Community Health Fund. The amount accumulated by the Fund is used for specific purposes such as the purchase of medical supplies. The prepaid amount varies by district and ranges from TZS 5,000 to TZS 20,000.

The trend of enrolment differs from district to district. Some districts are slow to register new members and are poorly motivated. Though a full explanation for this trend is not yet available, it is clear that most households do not have enough information on CHFs. In most districts, the decision to initiate and set up a CHF has been a top-down process and this has led to a lack of community ownership.

Non-public mechanisms providing access to health care

2.1.4

Other types of schemes include micro health insurance and private health insurance. There is scarce information on the volume of premiums and expenses incurred by these other forms of health insurance. The total amount of private insurance premiums paid (other than for life insurance) reported in 2002³ (including health coverage) was

² Ministry of Health and Social Welfare budget speech 2007/08.

³ From the Annual Insurance Market Performance Report for the year ended 31 December 2002, Insurance Supervisory Department.

TZS 7,247,596,695. If these premiums are indicative of the actual degree of health protection offered by private insurance companies to the population, this implies that the private health insurance market accounts for less than 1 per cent of total expenditure on the national health system in Tanzania Mainland.

Micro health insurance schemes are normally sponsored by religious groups, informal groups and associations. Micro-insurance schemes in Tanzania Mainland, such as UMASIDA and VIBINDO, seek to strengthen informal-sector communities by providing them with better access to health care, improved quality of care, and ways of promoting comprehensive health care services at affordable prices.

Informal forms of insurance include funeral associations – *kufa na kuzikana*. Table 2.5 analyses the insurance groups and indigenous associations common in Tanzania Mainland with a focus specifically on insurance and with well-defined rules and obligations regarding membership, specific contributions and fines for deviant behaviour.

In Tanzania Mainland, 13 of the 20 organizations also offer hospitalization insurance. A cash fixed payment is usually required and relatives often have to help in providing care.

These informal arrangements are well monitored and enforced (from indigenous customary law to socially enforceable norms). There may be advantages in involving the funeral societies in broader developmental activities, given their organizational strengths, independence and inclusiveness. These funeral societies may make excellent grassroots organizations for channelling development activities and funds.

Table 2.5 Common elements in funeral groups in Tanzania Mainland

Membership	Founding members plus those who joined by application; payment of a membership fee; some groups have membership restrictions (eg, women, religion)
Insurance schedule	If funeral, payment is conditional on relationship of the deceased to a member.
Form of pay-out	In cash, in kind (food plus use of capital goods) and labour
Rules and regulations	Written rules, and book-keeping. Fines for non- or late payment or no show (in the case of labour contributions)
Governance structure	Elected Committee
Spread	Large number of groups per community, with some persons belonging to several groups

Source: Stefan Dercon, 2004.

2.2 Employment injury

The data on workers' compensation in Tanzania Mainland are too limited to allow an in-depth situational analysis of this crucial area of social protection. According to the Workmen's Compensation Ordinance of 1966 (as amended in 1983), employers in the private sector must buy private insurance cover for their employees against the risks of occupational injuries and diseases. The 16 insurance companies that provide employment injury insurance maintain a range of relevant data but they are not required to publish separate employment injury statistics, so such statistics are no longer included in most annual reports. The Insurance Regulator does not collect employment injury information, merely including it in the "other insurance" category.

The NSSF also offers employment injury insurance protection, although a very small number of claims are actually made - fewer than 15 claims were reported during the fiscal year 2005/06 (Table 2.6). This may be indicative of a culture of low take-up of Employment Injury Benefit protection, at least at the level of NSSF membership. As a rough guide, in developing countries⁴ it is reasonable to expect that 1 per cent of the covered population to be likely to suffer from work accident injuries in a given year. For NSSF, this would represent about 300 claims annually, compared with the low number of 15 mentioned earlier. Reasons for this low benefit take-up at NSSF could be the fact that the provision of employment injury insurance is relatively new at NSFF (coverage only started in 2002) and there is little public information and education amongst insured employees or employers.

There is limited knowledge from which to draw conclusions, as information on the number of accidents and their severity is not available. However, the distribution of accidents by occupation for the fiscal year 2004/05 is shown in Figure 2.3, with the majority of accidents occurring in the construction industry.

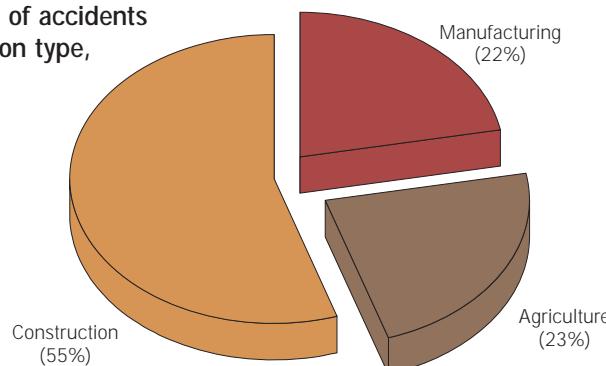
The Ministry of Labour and Youth Development (MoLYD) is responsible for administering employment injury protection for public servants.

The *Annual Health Statistical Abstract* (April, 2006) noted that there was very little information about employment injury. This suggests there is an urgent need for a system that will collect data on the work environment, including health statistics. Resolving this lack of information would allow the MoLYD to monitor Tanzania Mainland's employment injury system, a key component in a social security system.

Table 2.6 NSSF employment injury benefits

Temporary Disability Benefits	Permanent Disability Benefits	Survivor benefit	Funeral grant
The benefit is equal to 50% of the insured's average daily earnings and is payable for up to 26 weeks	The benefit is equal to 60% of the insured's average daily earnings, and is payable for up to 7 years. A constant-attendance allowance equal to 25% of the permanent disability benefit. Medical, surgical, hospital, and nursing care; prostheses; and the cost of medicines, appliances, and transportation up to predetermined ceilings	A lump sum equal to twice the deceased's average monthly earnings.	A lump sum of up to TZS 300 000 is payable to the person who paid for the funeral.

Figure 2.3 Distribution of accidents by occupation type, 2004/05



⁴ This percentage depends on the composition of the workforce in various sectors of activity.

2.2.1 Summary of pension schemes in Tanzania Mainland

This part of the chapter begins by setting out in a tabular form the characteristics and organization of formal pension provision (Table 2.7). It then sets out the Government's aims for such provision and its reform, and ends by examining each scheme in detail, highlighting problem areas. Table 2.8 presents a cross-sectional comparison of pension schemes in Tanzania Mainland, comparing the labour force covered, benefits provided, and qualifying conditions. The table includes government pensions before the 1999 Acts.

Table 2.7 Comparison of pension schemes, by selected characteristics

Item	NSSF	PPF	PSPF	GPS
Pension formula	$1/720 = (30\% + (1.5\% \times NE15)) \times APE$ Maximum RR. 67.5%	$1/600 \times N \times APE$ Maximum RR 66.6%	$1/540 \times N \times APE$ No strict limit on RR	$1/540 \times N \times APE$ (1999) $1/600 \times N \times APE$ (before) No limit on RR
Years of contribution to obtain maximum pension	40	33.3	30 if compared with other schemes	33.33 for the laws in force before 1999, and 30 for those in force after 1999.
Monthly contribution	10% employee 10% employer 20% total	15% employer 5% employée 20% total	15% employer 5% employée 20% total	Non-contributory
Number of benefits	7	4	4	2
Type of benefit	Short-term benefits: health care, maternity, employment injury and funeral grants. Long-term benefits: retirement pension, survivors' pension, invalidity pension	Long-term benefits: retirement pension, survivors' pension, invalidity pension Education benefit	Long-term benefits: retirement pension, survivors' pension, invalidity pension	Long-term benefits: Retirement pension, survivors' pension, gratuity
Mode of payment	100% of the pension as per calculations, paid as a monthly periodic payment	75% of the pension paid as a monthly periodic payment – 25% paid as commuted pension	50% of the pension paid on a monthly basis – 50% paid as commuted pension	50% of the pension paid as a monthly periodic payment – 50% paid as commuted pension. Prior to 1999, 75% of the pension paid on a monthly basis – 25% paid as commuted pension
Minimum pension	80% of the minimum statutory salary	TZS 21 000	TZS 20 750	TZS 20 750

Key

NE15: Number of years exceeding minimum qualifying contributing years which is 15 for NSSF.

APE: Average salary that is used to calculate the pension at retirement day.

N: Number of years or months contributed or worked in case of non-contributory scheme.

RR: Replacement Rate.

Table 2.8 Profile of social security institutions, Tanzania Mainland

Title	Year started	Coverage	Fund status	Current Active Members	Rate (%)	Contributions		Regulating Agency
						Total	Employees	
National Social Security Fund (NSSF)	1964	Private-sector workers	Current scheme for all employees except police/army and politicians	307 539	20	10	10	Ministry of Labour
Parastatal Pension Fund (PPF)	1978	Public- and private-sector workers	In 2002 eligibility extended to private-sector workers	64 072	20 negotiable after 2002	5	15	Ministry of Finance
Public Service Pension Fund (PSPF)	1999	Central government employees	Restricted to central government employees	233 420	20	5	15	
Local Authorities Pension Fund (LAPF)	1944	Local government employees	Restricted to local government employees	45 000*	20	5	15	PM Office Reg. Admin. And Local Government
National Health Insurance Fund (NHIF)	2000	Central government employees	Health insurance scheme for central government employees only		6	3	3	Ministry of Health
Government Employees Provident Fund (GEPF)	1942	Police, the military and government contract workers	Scheme for public-sector workers not yet appointed as permanent members	22 175	25	10	15	Ministry of Finance
Public Service Retirement Benefit Scheme (PSRB)	1999	Political service	Scheme for politicians subject to the Political Service Retirement Benefits Act, 1999	No data		0	On claim	Ministry of Finance

* We assume this total includes about 30,000 members covered through the non-contributory pension scheme.

The social security system can be divided into the following benefit categories:

- mechanisms providing protection in case of sickness and health-care benefits;
- social insurance or schemes that cover contingencies such as old age, invalidity and death (the pension system); and
- a component that obliges employers to protect their employees against accidents, such as workers' compensation for injury.

Table 2.9 Summary of benefit provisions by social security institutions, Tanzania Mainland

NSSF	PPF	PSPF	LAPF	GEPF	NHIF
Old-age, invalidity and survivors' pensions Minimum replacement is 30 per cent and maximum is 67.5 per cent of the average insurable monthly earnings. Initial lump sum equivalent to a monthly pension multiplied by 24 months. Special lump sum to non-qualifying members, which is equal to last contribution multiplied by the number of pension credits.	Old-age and disability benefits Commuted pension gratuity (CPG): this is a lump sum granted immediately on employee ceasing employment. Monthly pension is granted upon attainment of retirement age (55 years). Survivors' benefit Granted as for a monthly old-age pension for 36 months to the deceased member's dependants. Death benefit Granted as a lump sum to the administrator of the deceased's estate; it is either the deceased member's annual pensionable emoluments or a commuted pension gratuity.	Old-age, invalidity and survivors' pensions Amount payable equals $1/540 \times$ complete number of months of service \times last annual salary. Death benefit Amount payable is $1/540 \times$ complete number of months of service \times last annual salary $\times 5$	Withdrawal, retirement and survivors Lump sum which includes total contributions plus applicable interest rates.	Withdrawal, retirement, and survivors' benefits Lump sum based on total balances at the end of employment period: 50 per cent of balances paid to a summarily dismissed member. 100 per cent of balances paid to a member who resigned or retired from employment.	The NHIF provides medical coverage to government pensionable employees. Medical services are provided through accredited medical providers who have entered into agreement with the Fund.
Maternity benefits Replacement is 100 per cent of daily earnings for 12 weeks. Medical care for maternity-related diseases from 24th week of pregnancy up to 48 hours after childbirth.		Withdrawal benefit Amount payable includes employer's and employee's contributions.			
Employment injury Temporary disability benefit payable at 50 per cent of daily earnings for a maximum of 26 weeks. Permanent disability benefit payable at 60 per cent of the monthly insurable earnings for a maximum of 84 months. Assistance allowance is equivalent to 25 per cent of the benefits payable.	Education benefits Each child is granted an amount not exceeding 1/12 of the deceased member's annual pensionable emolument; payment is made directly to the school's bank account at the beginning of each academic year. Gratuity benefit Granted as a lump sum immediately employment ends to a member with fewer than 120 months of contributions.				
Funeral grants Refund of funeral costs at the rates determined by the Board at the time.					
Health insurance benefits Health care services to the insured person, a spouse and up to four children.	Withdrawal benefit Granted as a lump sum immediately employment ends.				

Ministry of Labour and National Social Security Policy

2.2.2

In 2003 the Ministry of Labour and Youth Development developed a National Social Security Policy which was translated in 2005 into a Draft Social Security Bill. The policy is expected to achieve the following outcomes:

- to widen the scope and coverage of social security services to all citizens;
- to harmonize the country's social security schemes in order to eliminate fragmentation and to rationalize contribution rates and benefit structures;
- to reduce poverty through improved quality and quantity of benefits offered;
- to institute a mechanism for good governance and sustainability of social security institutions through the establishment of a regulatory body;
- to establish a social security structure that is consistent with ILO standards but with due regard to the socio-economic situation in the country; and
- to ensure greater transparency and the involvement of the social partners in decision-making with respect to social security institutions.

Tanzania has seven social security institutions, of which six operate in Tanzania Mainland; the Zanzibar Social Security Fund (ZSSF) operates in Zanzibar. The profile of social security institutions in Tanzania Mainland is set out in Table 2.8. A summary of the benefit provision is shown in Table 2.9.

Workers in the informal sector include peasants, agricultural employees, and persons employed in small businesses, small-scale industries, fishing, etc. **No pension benefit arrangements exist in the informal sector. At best, some private arrangement is made. Thus, all of these workers depend to a very large extent on the extended family and clan for support during old age, invalidity and sickness. Unfortunately, for various reasons, including socio-economic and cultural reasons, the extended family support system is rapidly disintegrating. The 6.5 per cent of the labour force in the formal sector are catered for under a number of different pension schemes.**

Future formal social security strategies

2.2.3

The Social Security Regulatory Authority Act (2008) represents an important step towards implementation of the Social Security Bill (2003). The Act responds to the need for coordination and harmonization of social security provisions. As well as strengthening the existing social security schemes, it seeks to extend coverage to workers both in the formal sector and in the informal economy. The Government of Tanzania Mainland expects the Social Security Regulatory Authority to be a coordinating institution which spearheads the process of social protection/social security reform in the country. The Regulatory Body is currently being set up. It is hoped that this report – SPER and SB – will help in this task as it provides comparative baseline reviews of the status of the six existing social security funds. It is also hoped that it will be a useful input into the policy reform agenda through the tripartite partners.

2.3 The national pension system in detail

One characteristic of the pension system in Tanzania Mainland is that coverage is shared between five public pension schemes, each providing for a specific population group. Table 2.8 lists these pension schemes, the targeted population, the number of members and the year the scheme was established. **The national pension system in Tanzania Mainland has very limited coverage with only about 0.7 million active contributors in 2005/06.⁵** This low coverage can partly be explained by the significant proportion of persons working in the informal economy, but also by low compliance and limited legislative coverage of some occupations in the informal economy.

There is no universal pension scheme in Tanzania Mainland, though some pensioners receive their pensions directly from the Government. This is the case for ex-military personnel and civil servants who retired before July 1999 (civil servants covered under the Pension Ordinance of 1954 in which contributions were not levied from individuals and the Government assumed full liability for these pensioners). In January 2006, 54,510 persons received pensions directly from the Government involving a total cost to the Government of TZS 13.1 billion in January 2006. The average monthly amount was TZS 40,165. The Government has announced its intention to transfer the pensioners currently serviced by the Ministry of Finance to the pension and social security funds, in order to improve service delivery standards, because of the number of complaints about pension service delivery received by the MoF from pensioners.

Each pension scheme in Tanzania Mainland is administered by a Board of Directors. There is no uniform pension regulation in Tanzania Mainland. In fact, schemes report to different ministries: GEPF, PPF and PSPF report to the Ministry of Finance, NSSF to the Ministry of Labour, Employment and Youth Development and LAPF reports to the Prime Minister's Office Regional Administration and Local Government.

The range of benefits provided varies from one scheme to another in the Tanzania Mainland pension system (some schemes also offer short-term benefits not related to pensions) and there is no portability of benefits. This is an important issue in a globalized work environment and with increased workforce mobility.

Many studies have been made of the pension system. In the past, there have been attempts to harmonize the social security system to achieve simplification, integration of funds, common regulation and to find ways of extending social security coverage to groups not yet covered.

2.3.1 National Social Security Fund (NSSF)

The National Social Security Fund was established in 1997 when the then Provident Pension Fund (established in 1964) was converted into a pension scheme covering employees in the private sector. Some of the previous provident fund conditions were carried forward to the pension scheme and a member can still withdraw his/her contributions and accumulated interest, in case of unemployment. In terms of membership and income revenue, NSSF is the largest pension scheme in Tanzania Mainland; it has been extended to cover employees in the private sector (informal economy) on a

⁵ We suppose this number includes about 30,000 covered through non-contributory pension protection offered by the Government.

voluntary membership basis. The contribution rate is 20 per cent of gross salary, shared equally between employee and employer.

The benefits offered by NSSF are:

- old age;
 - pension and grant;
- survivors' benefit;
 - pension and grant;
- funeral grant;
- invalidity benefit;
 - pension and grant;
- withdrawals;
- maternity benefit;
- employment injury benefit; and
- health insurance benefits.

The NSSF allows members to opt at retirement either for a regular pension or for a lump sum of the balance accumulated in the Fund. This option is not provided for in the Act governing the NSSF but is a practice that emanated from pressure (by employees and the Government) to restore the lump-sum option that applied before the conversion of NSSF from a provident fund to a pension fund. **Offering lump sums can present a risk to life-long income during old age if the funds are not invested in a future income stream. Cultural practices such as reciprocity to family and others often leave members with inadequate funds to sustain their income in retirement.** The ILO's Social Security (Minimum Standards) Convention, 1952 (No. 102) stipulates that a social security benefit for loss of income (e.g. in old age) should provide for income support for the period of lost income by a periodic payment; for old age this means for life. More often than not, lump-sum payments do not satisfy this provision and in later life retirees often require continuing income support from the Government, family and other informal sources.

Another provision concerns withdrawal of accumulated benefits, which applies after six months of unemployment. This type of benefit provision is not peculiar to NSSF and is offered by other schemes. It exists to compensate for the absence of an unemployment insurance scheme or substantial redundancy and separation payments. The practice also places workers at greater risk of receiving an inadequate income during retirement. **In NSSF, withdrawal due to unemployment constitutes the bulk of annual withdrawals. In 2005/06, there were more than 36,000 withdrawals due to unemployment, representing about 80 per cent of all withdrawals for the year.**

Of the total investment portfolio of NSSF of about TZS 430 billion, 56 per cent is invested in fixed-income securities, 23 per cent in real estate and 21 per cent in equities. Of the fixed-income portfolio, 44 per cent is invested in government securities, 22 per cent in corporate bonds and the remaining 34 per cent in long-term loans.

In accordance with the Act governing the NSSF, an actuarial valuation was carried out on 30 June 2002. An actuarial valuation as of 30 June 2006 has been completed.

Table 2.10 shows the financial statements of NSSF for the past three years and some selected indicators. It can be seen that:

- withdrawals account for about 80 per cent of all benefits paid during a year;
- the ratio of total expenses to total earnings increased from 10.3 to 11.8 per cent over the period;

- the reserve ratio has reduced from 8.0 to 6.4;
- the ratio of administrative expenses to total income was 17.9 per cent in 2005/2006; the high level of administrative expenses is due in part to the level of administration required for the high withdrawal rate and for compliance;
- the average real return on the assets over the 3-year period was 2.2 per cent; and
- the proportion of the workforce covered by the scheme increased over the 3-year period.

Table 2.10 Financial statements of NSSF (TZS 000,000) and selected indicators

Item	2003/04	2004/05	2005/06
Total revenue income	96 912	125 771	153 736
Contribution income	79 985	97 480	126 967
Net investment income	16 927	28 291	26 769
Other income			
Total expenditure	41 250	57 886	75 028
Benefit expenditure	23 416	29 775	41 900
Pension benefits (total)	667	777	1033
old-age	666	775	1031
invalidity	–	–	–
survivors	2	2	2
Cash benefits (total)	22 536	28 664	40 400
age gratuity	1468	1878	4419
invalidity gratuity	46	44	43
survivor gratuity and funeral grants	1333	1852	2211
withdrawals	17 486	22 716	32 012
other (emigration, refund contributions, interest)	2204	2174	1715
Short-term benefits	213	334	467
maternity	198	175	283
health insurance	—	157	156
employment injury	14	2	28
Administrative costs and other costs	17 834	28 110	33 129
administrative expenses	17 049	17 611	27 468
other charges	785	10 499	5661
Surplus/deficit of the year	55 662	67 885	78 708
Net assets at the end of the year	331 171	399 056	477 764
Selected indicators			
Number of contributors	207 014	247 139	307 539
Male	153 741	184 502	230 435
Female	53 273	62 637	77 104
% of members to employed population	1.3%	1.5%	1.8%
Actual contribution rate	20.0%	20.0%	20.0%
Ratio of total expenses to total earnings	10.3%	11.9%	11.8%
Reserve ratio	8.0	6.9	6.4
Investment return on assets	5.7%	8.1%	6.3%
Inflation rate	3.8%	4.2%	5.3%
Real investment return on assets	1.9%	3.8%	1.0%
Administrative expenses as % of total income	17.6%	14.0%	17.9%

Note: Financial statement for 2005/2006 is provisional.

Local Authority Pension Fund (LAPF)

2.3.2

LAPF began operating in 1944, and ceased doing so between 1972 and 1986, when it restarted as a result of the Government's decentralization policy. LAPF was a provident fund until July 2005 when it was converted into a defined-benefit pension scheme which offers retirement benefits similar to those of the Public Service Pension Fund (PSPF). LAPF covers local authority employees but is seeking ways of extending its coverage.

Benefits provided by LAPF are:

- old age;
 - pension and gratuity;
- death benefit;
- gratuity;
- invalidity benefit;
 - pension; and
- withdrawal for maternity, marriage, emigration and departure from service.

Of the total investment portfolio of LAPF of TZS 80.1 billion in June 2006, 65 per cent was invested in fixed-income securities, 28 per cent in real estate and 17 per cent in shares. Of the fixed-income portfolio, 84 per cent was invested in government securities, 7 per cent is invested in corporate bonds and 8 per cent in long-term loans.

Given the frequent changes made to LAPF operations and its organization, it has proved difficult to obtain a stable range of data to enable accurate projections. Much of the data has had to be reconstructed from archives and adjusted according to the periods of change.

Table 2.11 shows the financial statements of LAPF for the past two years and some selected indicators. The statements show that:

- a breakdown of benefits was not available, but it can be seen that benefits increased considerably over the two years, which explains why the ratio of total expenses to total earnings increased substantially from 8.3 to 13.5 per cent over the period. The high level of expenses also affected the reserve ratio, which decreased from 16.4 to 9.7;
- the ratio of administrative expenses to total income was 13.5 per cent in 2005/06, a decrease from the previous year;
- the average real return on the assets over the two years was 3.1 per cent; and
- the total number of active members is unavailable for the past two years; however, on 31 December 2003, 43,000 persons were insured, which represents about 0.3 per cent of the labour force. Of the total number of members, 42 per cent were women.

Table 2.11 Financial statements of LAPF (TZS 000,000) and selected indicators

Item	2004/05	2005/06
Total revenue income	18 092	23 326
Contribution income	12 808	15 345
Net investment income	5 272	7 969
Other income		
Total expenditure	5 329	10 326
Benefit expenditure	2 097	6 530
Administrative costs and other costs	3 232	3 796
administrative expenses	2 655	3 138
other charges	577	657
Surplus/deficit of the year	12 763	13 001
Net assets at the end of the year	87 414	100 415
Selected indicators		
Number of contributors *	n/a	n/a
Male	n/a	n/a
Female	n/a	n/a
% of members to employed population		
Actual contribution rate	20.0%	20.0%
Ratio of total expenses to total earnings	8.3%	13.5%
Reserve ratio	16.4	9.7
Investment return on assets	6.7%	8.9%
Inflation rate	4.2%	5.3%
Real investment return on assets	2.5%	3.6%
Administrative expenses as % of total income	14.7%	13.5%

Notes: * Number of active members estimated. Financial statement for 2005/2006 is provisional.

2.3.3 Parastatal Pension Fund (PPF)

The Parastatal Pension Fund was established by Act No. 14 of 1978 to provide pensions and related benefits to its members, who initially were workers in parastatal agencies. It is made up of two schemes:

- The Traditional Pension Scheme (TPS), which covers the employees of parastatal organizations and public institutions or private companies in which the Government owns shares or registered private companies not covered by any other social security fund.
- The Deposit Administration Scheme (DAS), which covers employees who do not qualify for membership of the Traditional Pension Scheme or employees already covered by any scheme who want a supplementary scheme. This scheme is a defined-contribution plan.

The contribution rates for the Traditional Pension Scheme are:

- 10 per cent of gross salary from the employee, and 10 per cent from the employer, or
- 5 per cent from the employee and 15 per cent from the employer.

The Deposit Administration Scheme's contribution rate is the same as that of the Traditional Pension Scheme. Contribution rates are flexible for members of the supplementary scheme.

Benefits offered under the traditional pension scheme are:

- old-age benefit;
 - pension and gratuity benefit;
- survivors' benefit;
 - pension and gratuity benefit;
- invalidity benefit;
 - pension and gratuity benefit;
- death benefit;
- withdrawal benefit; and
- education benefit.

The number of members of PPF has fallen considerably over time and this decrease is attributed to retrenchment of employees in the privatized public sector. However, over the past three years there has been a reversal of this trend. Table 2.12 shows the evolution of membership at PPF.

Of the total investment portfolio of PPF of TZS 260 billion in September 2006, 62 per cent was invested in fixed-income deposits, 20 per cent in real estate and 18 per cent in equities. Three-quarters of the fixed-income portfolio was invested in government bonds and bank deposits, and the remainder was invested mainly in long-term loans and corporate bonds.

An actuarial valuation must be carried out every five years. Since the most recent actuarial valuation was completed on 31 December 2002, an actuarial valuation is now due.

Table 2.13 shows the financial statements of PPF for the past three years and some selected indicators. The table shows the following:

- of the total benefits paid in 2005, 42 per cent concerned pensions (old age, survivors' and invalidity), while commuted pension payments represented 24 per cent and withdrawals about 21 per cent;
- between 2004 and 2006, the ratio of total expenses to total earnings decreased slightly from 10.1 to 9.6 per cent. The reserve ratio remained stable over the period;
- administrative expenses compared to the total income decreased considerably over the period, from 12.8 to 9.8 per cent;
- the average real return on the assets over the three-year period was 2.5 per cent; and
- active PPF membership as a proportion of the total labour force is about 4.4 per cent.

Table 2.12 PPF membership trends

Year	Total membership	Evolution
2002	56 000	-87.8%
2003	51 000	-9.8%
2004	52 933	3.8%
2005	56 644	6.6%
2006	64 072	13.0%

Source: PPF.

Table 2.13 Financial statements of PPF (TZS 000,000) and selected indicators

Item	2004	2005	2006
Total revenue income	53 512	75 914	86 418
Contribution income	42 971	52 845	63 834
Net investment income	10 857	21 306	20 391
Other income			
Total expenditure	21 662	26 218	30 553
Benefit expenditure *	14 800	17 160	22 114
Pension benefits (total)	5 649	7 210	
Cash benefits (total)	9 151	9 950	
commuted pension (old age and disability)	3 844	4 043	
invalidity gratuity	—	—	
death benefits	1 401	1 389	
withdrawals and gratuity and refund on contributions	2 491	3 674	
education and deposit administration	1 415	844	
Administrative costs and other costs	6 862	9 058	8 438
administrative expenses	6 385	8 519	7 948
other charges	477	539	491
Surplus/deficit of the year	31 851	49 695	55 866
Assets at the end of the year	214 781	264 476	320 341
Selected indicators			
Number of contributors	52 933	56 644	64 072
Male	39 374	n/a	n/a
Female	13 559	n/a	n/a
% of members to employed population	0.3%	0.3%	0.4%
Actual contribution rate	20.0%	20.0%	20.0%
Ratio of total expenses to total earnings	10.1%	9.9%	9.6%
Reserve ratio	9.9	10.1	10.5
Investment return on assets	5.6%	9.3%	7.2%
Inflation rate	4.1%	4.4%	6.2%
Real investment return on assets	1.5%	4.9%	1.0%
Administrative expenses as % of total income	12.8%	11.9%	9.8%

Notes: Provisional financial statement for 2006. * Distribution of benefits not available for 2006.

2.3.4 Public Service Pension Fund (PSPF)

The Public Service Retirement Benefits Act No. 2 of 1999 was enacted to provide for the establishment of the PSPF and to repeal some older laws, such as the Pension Ordinance of 1954 which was enacted to regulate retirement benefits to civil servants in Tanzania Mainland. PSPF started operating in July 1999 and for the first five years of its existence, no benefits were paid. Benefit payment started in July 2004.

PSPF is responsible for the payment of benefits to any civil servant who retires from service. The years of service taken into account in the pension formula includes the whole period the person was in government service, not just service since July 1999. This means that PSPF started operating with a potentially substantial unfunded liability. PSPF covers the permanent and pensionable employees of central Government and the contribution rate is 20 per cent of gross salary (5 per cent for employers and 15 per cent for employees).

Pensionable employees of the Government are those members who have contributed for more than 12 years to the Government Employees Pension Fund (GEPF). In such cases the member's accumulated contributions with interest are transferred from GEPF to PSPF. The amounts transferred and received by the respective scheme do not appear in the financial statements of either scheme. This is an obvious anomaly that should be made more transparent to demonstrate accountability and to reduce any possibility of fraud.

Benefits offered by PSPF are:

- old age;
 - pension and gratuity;
- death benefit;
- gratuity;
- invalidity benefit;
 - pension; and
- withdrawal for maternity, marriage, emigration and departure from service.

Of the PSPF investment portfolio about TZS 400 billion in September 2006, 79 per cent was invested in fixed income and 21 per cent in real estate. Of the fixed-income portfolio, 73 per cent was invested in government bonds, 20 per cent was invested in loans, and 7 per cent in corporate bonds.

An actuarial valuation must be carried out every five years and an actuarial valuation is currently under way.

Table 2.14 shows the financial statements of PPF for the past three years and some selected indicators. The table shows that:

- old-age gratuity is the major benefit payment category, currently accounting for about 88 per cent of the benefits paid in 2005/06;
- between 2003/04 and 2005/06, the ratio of total expenses to total earnings increased substantially, from 1.0 to 15.3 per cent. This substantial increase is the result of a full recognition of the past service of civil servants, which came into operation in 2004. **No assets have actually been transferred by the Government to the scheme to cover the unfunded liabilities that existed at the implementation of the scheme and to compensate for the full-service liability of civil servants.**
- The ratio of administrative expenses to total income is under 4 per cent for the period, which is relatively low by comparison with other schemes;
- the average real return on the assets over the three years was 3.5 per cent and
- the active membership of PPF as a proportion of the total labour force is about 1.3 per cent.

Table 2.14 Financial statements of PSPF (TZS 000,000) and selected indicators

Item	2003/04	2004/05	2005/06
Total revenue income	78 400	99 150	120 139
Contribution income	63 092	74 627	85 766
Net investment income	15 173	24 466	33 864
Other income			
Total expenditure	3 146	33 932	65 425
Benefit expenditure	–	30 609	61 542
Pension benefits (total)	–	590	2 804
old-age	–	588	2 743
invalidity	–	–	–
survivors	–	3	60
Cash benefits (total)	–	30 019	58 739
age gratuity	–	29 614	54 420
invalidity gratuity	–	101	314
survivors' gratuity and funeral grants	–	289	3 867
withdrawals	–	15	138
Administrative costs and other costs	3146	3 323	3 882
administrative expenses	2 723	2 898	3 453
other charges	423	425	429
Surplus/deficit of the year	75 254	65 218	54 715
Assets at the end of the year	276 055	341 274	395 988
Selected indicators			
Number of contributors	232 510	n/a	233 420
Male	116 255	n/a	116 710
Female	80 246	n/a	82 053
% of members to employed population	1.5%		1.4%
Actual contribution rate	20.0%	20.0%	20.0%
Ratio of total expenses to total earnings	1.0%	9.1%	15.3%
Reserve ratio	87.7	10.1	6.1
Investment return on assets	6.6%	8.3%	9.6%
Inflation rate	3.8%	4.2%	5.3%
Real investment return on assets	2.8%	4.0%	4.3%
Administrative expenses as % of total income	4.0%	3.4%	3.2%

Note: Financial statement for 2005/2006 is provisional.

2.3.5 Government Employees Pension Fund (GEPF)

GEPF covers non-pensionable government employees, i.e., those who are not eligible for membership of PSPF. The membership of GEPF mainly comprises non-pensionable police and prison officers. GEPF is a provident fund, which means that no pension is provided. At time of retirement, death, invalidity or employment termination, the GEPF provides for the refund of contributions paid plus accumulated interest to the member. Members of GEPF with 12 years of service become pensionable government employees and are transferred to PSPF and this process involves a transfer of accumulated contributions with interest to PSPF.

The contribution rate for members of GEPF is 25 per cent of gross salary, the largest contribution rate of any social security fund in Tanzania Mainland. The contribution rate is co-shared by employees (10 per cent) and employers (15 per cent).

Table 2.15 shows the financial statements of GEPF for the past three years and some selected indicators. The table shows that:

- between 2003/04 and 2005/06, the ratio of total expenses to total earnings increased from 1.6 to 6.7 per cent. This is the lowest level in comparison with other social security schemes in Tanzania Mainland. The main reason for this apparent low expenses ratio is that GEPF is a provident fund which is fully funded and makes one-off benefit payments, as opposed to the periodic monthly pensions paid by other social security funds.
- The reserve ratio was also relatively high at the end of the period, standing at 19.4 per cent;
- the ratio of administrative expenses in relation to total income fluctuated during the period and for 2006 it was 7.1 per cent;
- the average real return on assets over the three-year period was 4.5 per cent; and
- the active membership of GEPF as a proportion of the total labour force was 0.1 per cent, which makes GEPF the smallest scheme in terms of active membership in Tanzania Mainland.

Table 2.15 Financial statements of GEPF (TZS 000,000) and selected indicators

Item	2003/04	2004/05	2005/06
Total revenue income	4588	5929	7693
Contribution income	3805	4415	5119
Net investment income	783	1488	2575
Other income			
Total expenditure	245	678	1366
Benefit expenditure	16	72	726
Administrative costs and other costs	229	606	640
administrative expenses	229	555	549
other charges	–	51	90
Surplus/deficit of the year	4343	5251	6328
Assets at the end of the year	14 943	20 194	26 521
Selected indicators			
Number of contributors		18 027	22 175
Male		16 055	20 397
Female		1972	1778
% of members to employed population		0.1%	0.1%
Actual contribution rate	25.0%	25.0%	25.0%
Ratio of total expenses to total earnings	1.6%	3.8%	6.7%
Reserve ratio	61.0	29.8	19.4
Investment return on assets	6.3%	8.8%	11.7%
Inflation rate	3.8%	4.2%	5.3%
Real investment return on assets	2.5%	4.6%	6.4%
Administrative expenses as % of total income	5.0%	9.4%	7.1%

Note: Other charges for year 2004/05 and 2005/06 have been adjusted to reflect changes in assets.

2.4 Assessment of social security funds' performance

It is difficult to compare schemes in Tanzania Mainland because of the variations in fund operations, selected target groups, types and methods of benefit payments. For example, collecting contributions from a relatively small number of government ministries is easier than from a large number of private organizations of varying sizes and employment turnover rates. The other factor that creates most difficulties is the variance in data standards and the requirements and standard of regulation of the funds. However, some conclusions can be drawn from some of the indicators and, though somewhat subjective, they are based on the experience and understanding of the international and Tanzania Mainland national situation by the actuary who conducted the comparative studies on the funds for this review.

Without a coordinated social security policy and service delivery standards, it will remain difficult to provide a comparison or, indeed, regulation of the social security funds.

As a general observation, the costs of investing in Africa are much higher than those found in social security schemes in middle income and OECD countries. The reasons for this are varied and may relate to the relative sizes of the schemes, investment restrictions and relative productivity in the respective regions. Therefore, it is difficult to establish an international standard for performance measurement. Based on the observed investment performance, a benchmark indicator for the real rate of return on reserve (or assets) which includes all productive and non-productive assets such as cash, premium to be recovered, etc. should be around 3 per cent over the long term. **Based on other African funds, a real rate of return on the reserve of between 2 and 3 per cent would be satisfactory for a social security fund.**

Lower real investment returns when investing locally may contribute to economic growth or to finance public investment at a low cost. However, this is at the expense of future retirement incomes for members in the longer term and if the retirement income is to be preserved then other types of compensation need to be made – such as adjustments to the contribution rate.

It may be interesting to look at the reserve ratio, the total assets divided by the previous year's total expenses. Typical guidelines suggest this should be maintained at around three. This can be influenced by a number of factors. PSPF started operating as a partially unfunded scheme as existing civil service pensions were taken over by PSPF without a transfer of funds to cover the present value of accrued rights and pensions in payment. Thus total assets do not reflect the additional expenditure for these pensioners. This is reflected in PSPF's declining reserve ratio.

Administrative expenses are an indicator of the standing of a social security fund; actuarial experience has found that administrative expenses are generally much higher in Africa than elsewhere and the findings in Tanzania Mainland reflect this situation. Though there are no hard and fast rules on this ratio, at an Inter-African Conference on Social Security, targets were recommended for a number of indicators including the ratio of administrative expenses to contributions and this was recommended to be less than 15 per cent. As discussed above the client profile and benefits withdrawal rate in NSSF may contribute to the relatively high ratio of 20.3 per cent shown in Table 2.16.

Table 2.16 Comparison of administrative expenses

Scheme	Ratio of expenses to contributions
NSSF	20.3%
LAPF	18.8%
PPF	14.5%
PSPF	4.1%
GEPF	9.8%

Policy considerations relevant to the national pension system**2.5**

A number of policy issues arising from the previous analysis merit consideration and they are set out below.

Lack of measures to prevent and reduce poverty in old age**2.5.1**

The national pension system of Tanzania Mainland is limited and targeted specifically at the employed population which represents a very low percentage of the total labour force. This suggests that most people will not be able to meet their basic needs in old age other than through extended family support which is declining because of urbanization and globalization. Poverty in old age could increase (as the number of elderly will increase in the future as a result of improved medical care and the natural ageing trend) and the absence of adequate retirement income schemes.

Thus the feasibility of putting in place a universal pension for the elderly should be studied in more depth than has been possible in the illustrative costs set out in Chapter 4 of this report. It will be important to arrive at an approach that will be adequate, equitable and affordable. At the same time, if it wishes to achieve the MDG of halving poverty by 2015, the Government is encouraged to consider producing a framework that would balance the allocation of donor funding between economic and social imperatives.

Uncoordinated pension policy and lack of income support in case of unemployment**2.5.2**

It has long been recognized that a comprehensive pension policy framework is needed in Tanzania Mainland as existing pension coverage is low, uncoordinated and provides inadequate income replacement in old age. It is also proving to be difficult to extend pension coverage to all of those working in formal employment and into the informal economy.

The lack of an unemployment benefit was referred to earlier in the report and needs to be mentioned here once again because of how it impacts on long-term pension entitlements and contributes to the low level of pension benefits that individuals receive on retirement. It also creates internal scheme dysfunctions.

2.5.3

Uncoordinated benefit provision across existing schemes

The benefits offered by the various pension schemes vary considerably. There is no uniform core set of provisions surrounding the different pension schemes. This means for the same level of contribution paid an active worker could be entitled to different levels of benefit depending on which scheme he/she is affiliated to. Although such differences could be justified on the ground of varying eligibility conditions or for special reasons, there remain fundamental disparities in the costs of provisions across the schemes. This hinders the introduction of a coordinated policy.

2.5.4

Lack of portability

The existing legislative provisions and administration of the five public pension schemes in Tanzania Mainland differ to such an extent that it is not possible to currently put in place arrangements to allow portability of accrued rights across the schemes. **The lack of portability of pension rights between pension schemes is detrimental to the evolving need for labour force mobility.** This may be the result of an over-emphasis on the objective of allowing competition between schemes with a desired outcome of improved benefits for insured members. This competition has inevitably had a negative impact. Currently, the workforce is more mobile and it is reasonable to expect a person to be covered by more than one pension scheme during his/her active life. If a beneficiary has moved between employment and thus pension schemes over his/her working life, this lack of portability of benefit rights results in him/her being eligible on retirement only to a number of low pension benefits, rather than the higher benefit that would have been available if the individual had remained in one scheme throughout. This problem is further exacerbated by the prevailing practice of allowing withdrawals of contributions when unemployed, with the resulting effect of reduced or no pension entitlements at retirement.

2.5.5

Withdrawal benefits and cash benefits – negating the income replacement objectives of the pension system

Under the NSSF scheme, more than 90 per cent of those members reaching pension age are choosing to withdraw their account balances (accumulated contributions + interest) instead of receiving a lifetime pension. Withdrawals of contributions by members on becoming unemployed accounts for 80 per cent of the total expenditure of the scheme.

The situation is relatively similar in other schemes, where a high proportion of those reaching pension age choose to commute their entitlements on retirement which constitutes a form of cash withdrawal. For the PSPF and the LAPF, 50 per cent of pension entitlements are commuted at retirement, compared with 25 per cent in the case of PPF. The provisions that allow commuted pensions in Tanzania Mainland meet a real need that individuals face on reaching pension age of having outstanding capital expenditures such as school fees and housing which cannot be financed in any other way. These obligations reflect low levels of earnings during working lives and the failure of the general financial market to provide support loan facilities for workers.

Low pension rates

2.5.6

Table 2.17 shows the average monthly pension payable by each pension scheme and by the Government. In the case of LAPF, data are not available to complete the table since the pension scheme is new and GEPF does not make pension payments. For NSSF, the data for invalidity and survivor's pension have been omitted because there are very few cases (fewer than ten).⁶ Data are sourced from each pension scheme.

It should be noted that a huge number of beneficiaries receive the minimum pension. For both NSSF and the Government schemes, over 80 per cent of pensioners receive the minimum pension. Lack of portability, withdrawals as a result of employment termination, and commuted pensions largely explain this unfortunate situation.

Table 2.17 Scheme comparisons, numbers of pensioners and average monthly pension

PPF (June 2006)		
Type of pension	Number of pensioners	Average monthly pension (TZS)
Invalidity pension	257	47 563
Survivors pension	255	80 553
Old age pension	14 077	37 560
PSPF (June 2006)		
Type of pension	Number of pensioners	Average monthly pension (TZS)
Invalidity pension	58	80 041
Survivors pension	484	57 093
Old age pension	5849	85 825
NSSF (June 2006)		
Type of pension	Number of pensioners	Average monthly pension (TZS)
Old age pension	1277	52 904
Government (January 2006)		
Type of pension	Number of pensioners	Average monthly pension (TZS)
Total Pension	54 510	40 165

No indexation of pension

2.5.7

No scheme in Tanzania Mainland offers formal protection against inflation. For example, if retirement occurred ten years ago, the current purchasing power is 50 per cent less than in 1997. Indexing of pensions would increase workers' confidence in the benefits of the retirement component of the social security system. More importantly, indexation would protect older retirees from poverty. Without indexation, pensioners become poorer with age owing to the declining value of their fixed-income pensions. Preference for lump sums at retirement could also be partially explained by the lack of indexation.

⁶ People prefer to withdraw money.

2.5.8 *Lack of public information on the important role of social security*

There is a lack of awareness of the benefits provided by social security schemes, which may be due to limited marketing efforts by the social security funds, the Government and the social partners. Members of social security schemes are not always aware of their pension rights especially regarding employment injury insurance and other forms of short-term benefits. Better public education is needed. Schemes should formally notify members on a regular basis about their current status, contributions paid and their potential benefits – this is not standard practice in Tanzania Mainland.

2.5.9 *Financial governance of the national pension system*

Sound financial governance is critical in order to ensure optimal use of the financial resources available from various sources of funding. By establishing priorities in a national social protection strategy and through coordinated social expenditure programmes, the Government is more likely to be able to attract more international donor and community support. This will also improve the confidence of the investment community and stimulate economic development by foreign investors.

2.5.10 *Availability of data on pension schemes*

In order to monitor a social security system effectively, a clear picture of the system is essential. This requires comprehensive information about the contributors, pensioners and financial status of the social security schemes. In the course of this review it was found that access to data is difficult in terms of availability, format and standardization. Where data were readily available, they were often incomplete and often had to be specially generated. Resources should be devoted to increasing the quality of and access to data, so that better policy decisions can be taken, and improvements to investment outcomes and service delivery to beneficiaries can be made through accurate and timely information.

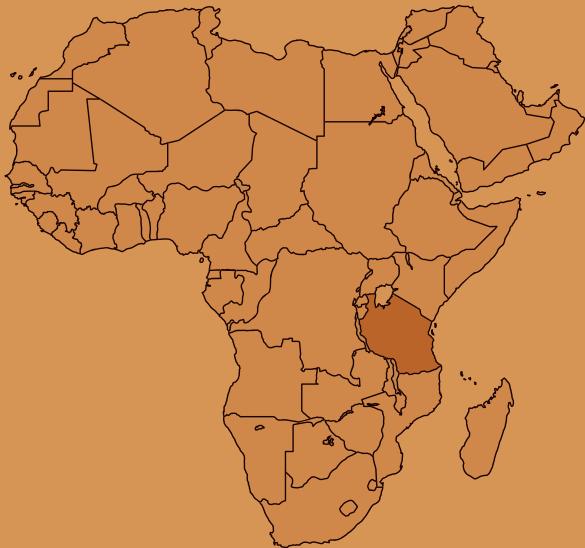
2.6 *The regulation and performance of pension funds in Tanzania Mainland*

The six public pension funds established by Acts of Parliament in Tanzania Mainland have already been described in detail. Each has been established for different employment categories and has different government departmental regulators. This has resulted in different regulatory requirements, investment guidelines and oversight, policies, levels of contribution, products and services and levels of supervision. As a result, there are systematic weaknesses in the performance of the funds such as:

- unfunded liabilities are estimated at 18 per cent and up to 25 per cent of GDP in some funds;
- the high cost of services when compared locally and internationally;

- inadequately regulated lending practices;
- inadequately regulated investment strategies;
- a wide variety of benefits provided by the different funds;
- early withdrawal options;
- the perception of erosion of pensions owing to the absence of indexation and to currency fluctuations;
- lack of independence of pension funds from political and commercial interference;
- lack of an independent regulator and regulation of funds;
- lack of investment limits; and
- the lack of exposure and accountability of funds to members, demonstrated by the failure to provide annual financial reports to members.

An act setting up a regulatory authority has been passed recently by the Government and it is hoped that the findings in this report will be a useful input into their methods of working and priorities.



3

In this chapter, consideration will be given in some detail to both formal and informal non-contributory social protection programmes, services and assistance for vulnerable groups in Tanzania Mainland. It has been very difficult to put together a comprehensive quantitative picture of non-contributory provision. This is a serious problem when trying to assess coverage, types of provision and adequacy of that provision. The focus of a large part of the chapter is on persons with disabilities and the elderly; and vulnerable children, who are currently estimated to account for between 10 and 12 per cent of the total population. A summary is also provided of the findings of an ILO survey of NGOs and international NGOs engaged in social protection in Tanzania Mainland, and the full report with data is published in Annex C.

Finally, there is the traditional social protection system of Tanzania Mainland, to which people turn to meet their basic needs and in emergencies, often when there is no other social protection available. Traditional sources of aid and protection are rooted in culture, custom and tradition, and are still much stronger in the rural areas than in urban areas – though the latter have evolved new forms of mutual aid adapted to urban conditions. There is not enough space here to do justice to the richness of these forms of aid and the ethnic, clan and extended family structures out of which they grow, and the resulting system of reciprocal relations and obligations. Hence, a working paper containing the material assembled on this important subject will be published separately.

Non-contributory social protection services in Tanzania Mainland ranges from health care services, to so-called income transfer programmes. Most services in this category are provided by the Department of Social Welfare (DSW) in the Ministry of Health. They are designed by the Government to support vulnerable groups by providing them with minimum income support and access to social services, such as education, health, employment and other basic needs. Welfare services provision is considered one of the national programmes contributing to a healthy and educated labour force.

Non-contributory social protection programmes

Social welfare services and programmes

3.1

The DSW collaborates with other stakeholders, including domestic and foreign NGOs. The level of services and support ranges from capacity building in knowledge and skills, to direct material support such as food aid, access to basic and essential needs, as well as small-scale emergency aid to start income-generating activities.

Generally, the social welfare services (SWS) place emphasis on provision to vulnerable groups in order to protect them from ill health and to meet the basic needs of the elderly, most vulnerable children (MVC), persons with disabilities and drug addicts. In most cases SWS have been established in urban areas, with little consideration for the majority of people in need in rural areas. Those eligible for SWS in rural areas are unable to receive them because of a lack of information and poor infrastructure, and they are too poor to afford the cost of traveling to service areas. **An integrated community-based welfare strategy is needed involving wide community participation, faith-based organizations, civil society and the private sector.**

Consequently, there is no clear policy on social welfare; rather, there are pieces of legislation through which some aspects of social welfare can be provided. Moreover, most of the laws governing social welfare services were enacted prior to or immediately after independence and have been overtaken by political, social and economic changes. At the moment, the Ministry of Health and Social Welfare is preparing a social welfare policy to cover all issues concerning the functions and direction of welfare programmes.

Thus coverage of social welfare services and programmes is limited and uncoordinated. A significant shortage of staff at sub-district level hampers effective implementation of social welfare programmes. The SWS delivery system needs to be changed and it needs to interface with traditional social institutions such as the family, NGOs and the community.

3.2 Services to persons with disabilities and the elderly

3.2.1 *Services to persons with disabilities*

Services to persons with disabilities (PWDs) were introduced in Tanzania Mainland by church missionaries in the 1950s. Initially the services provided education for the visually impaired, then for the physically impaired, the hearing impaired and the intellectually impaired. The first government school in the field of special education was opened in 1982. The church missionaries also established long-term care facilities for elderly people and leprosy patients. Medical rehabilitation services were established at the national and regional hospitals. After independence these services were incorporated into the Government's country-wide structure.

3.2.2 *The situation of persons with disabilities*

In the absence of reliable data on disability from the national population and housing census, the only data available are comparative figures derived from the WHO's formula estimating that one in ten, or 10 per cent, of a natural population are PWDs of various categories.

With a population of 34.4 million (Census, 2002), Tanzania Mainland is estimated to have 3.4 million PWDs distributed across all categories. Table 3.1 indicates the distribution of the PWDs with the major types of disability in Tanzania Mainland. The physically impaired category is the largest, followed closely by the visually and the hearing impaired.

PWDs in Tanzania Mainland face years of poverty and struggle, and many of them are finding it harder and harder to manage. Poverty is worse in rural areas (though not restricted to these areas) and PWDs exhibit the same characteristics as other poorer people, i.e., low incomes, insecure livelihoods, poor health and limited access to health-care education. They frequently become discriminated against and isolated in their community. Their number is increasing as a result of poor nutrition, disease, accidents and natural calamities.

Table 3.1 Distribution of the PWDs with the major types of disability in Tanzania Mainland

Type of Disability	No. of Individuals	Percentage
Physically impaired	967 932	28%
Visually impaired	933 363	27%
Hearing impaired	691 380	20%
Intellectually impaired	276 552	8%
Multiple impaired	138 276	4%
Others	449 397	13%
TOTAL	3 456 900	100%

Services to the elderly

3.2.3

According to the 2002 National Population and Housing Census, there were 1.9 million elderly people in the population of 34.4 million. The majority live in rural areas and work in the informal economy. Despite their age they continue to work to support their families until they find it physically impossible to continue. With the increasing impact of the HIV/AIDS pandemic, the elderly play a major role in caring for their children affected by the disease, and taking care of their orphaned grand children. **According to the available statistics, about 53 per cent of orphans in Tanzania Mainland are cared for by their grand parents.** Furthermore, elderly people make a valuable contribution to society as the guardians of tradition and cultural values.

Improved services to PWDs and the elderly in Tanzania Mainland

3.2.4

The role of the State, as compared to that of the individual, in meeting the problems of disability and ageing in society is a matter for debate. By and large, the Government has seen its responsibility to be the development of policies and guidelines and the provision of a suitable environment within which the different actors can operate. In this connection, the Government developed a National Ageing Policy (2003) and National Disability Policy (2004). The overall focus of these policies was to create opportunities for the development and participation of PWDs and the elderly in mainstream society. The policy also addressed the issue of equality in service provision and inclusion in poverty-reduction initiatives undertaken at different levels.

The Government is also comprehensively reviewing relevant legislation (the Disabled Persons Employment Act No. 2 of 1982 and Disabled Persons Care and Maintenance Act No. 3 of 1982). The Government also provides direct services to PWDs and the elderly, which are geared to achieve the following objectives:

- to ensure equal access to employment opportunities;
- to enhance the functional ability of people with disabilities;
- to ensure the provision of community-based care;
- to ensure early identification of children with disabilities; and
- to promote general welfare conditions.

Emergency aid programmes for PWDs and the elderly

3.2.5

These emergency aid programmes provide PWDs and the elderly with help with the basic amenities of life and with help to establish small-scale income-generating activities. They also assist school-children who are at primary or secondary-school and receiving vocational training, who are cared for in institutions for PWDs by providing school uniforms, paying fees, examination expenses, books, etc. Support also includes assistance in obtaining and paying for medical rehabilitation and medical support to vulnerable people.

For children with disabilities in need of medical rehabilitation, the Department bears the costs involved in a course of treatment if parents or guardians are too poor to do so. Mlali Rehabilitation Centre in Dodoma and CCBRT in Dar es Salaam disability hospital have been main providers of rehabilitation services to these children, even when funds were not guaranteed.

3.2.6 *Institutional care for PWDs and the elderly*

The Government runs and finances 17 facilities for PWDs and elderly people who have no relatives. Twenty-four other facilities are owned and financed by non-governmental organizations. The total budget for 2006/07 and estimates for 2007/08 for government institutions are provided in Tables 3.2 and 3.3. There are no clear statistical records for privately owned institutions. These institutions cater for people of different ages, including children whose parents/guardians are being cared for in these facilities. The statistics for 2006/07 indicate that 1,331 inmates were receiving benefits in government facilities. Services provided included food, shelter, medical care, and moral support to the inmates.

Table 3.2 Government budget allocation for programmes in fiscal year 2006/2007

Planned activities	Amount TZS
1. Direct support to vulnerable groups	
1.1 Provide technical and training materials to VTC for PWDs	20 000 300
1.2 Training of inmates in 5 remand homes , approved schools	8 000 000
1.3 Provide seed money to 300 PWDs who completed vocational training	50 000 000
1.4 Procure rehabilitation appliances	50 000 000
1.5 Support in education for 200 children from Kurasini and 17 homes, approved schools and remand homes	14 500 000
1.6 Provides 100 mothers with presidential bounty for having triplets.	12 750 000
1.7 Provide food, medical supplies and beddings to 4,475 vulnerable persons	400 000 000
1.8 Provide assorted technical aid to 100 PWDs	5 000 000
1.9 Provide emergence aid to 400 destitute people	44 200 000
1.10 Provide tricycles to 30 PWDs	6 000 000
1.11 Provide two PWDs with motor wheels	7 000 000
1.12 Provide 60 PWDs with artificial limbs	6 500 000
TOTAL	623 950 300

Source: DSW budget 2006/07.

Table 3.3 Government budget allocation (estimates) for programmes in fiscal year 2007/2008

Planned activities	Amount TZS
1. Direct support to vulnerable groups	
1.1 Purchase technical materials for vocational training and entrepreneurship skills for PWDs and other vulnerable groups in institutions	38 000 000
1.2 Procure food, medicines and clothes for vulnerable groups living in institutions and communities including:	347 750 000
1.2.1 Food and refreshments for 2000 people	332 000 000
1.2.2 Drugs and medicines for 700 people	8 750 000
1.2.3 Linen, bedding and towels	5 000 000
1.3 Provide support to vulnerable groups in institutions and others in the community	108 000 000
1.3.1 Uniforms (150 children), examination expenses (50 children), and fees (100 children)	10 500 000
1.3.2. Bounty for triplets	7 500 000
1.3.3 Emergency aid for the destitute	30 000 000
1.3.4 Strengthen poverty-alleviation capacity	60 000 000
TOTAL	493 750 000

Source: DSW budget 2006/07.

The National Ageing Policy and National Disabilities Policy place emphasis on the role of the family in caring for the needy and firmly state that institutional care must be considered only as a last resort.

Community-based care approach for PWDs and the elderly

3.2.7

This approach is recommended by both the National Disability and the National Aging Policies. The community-based care approach involves the family and community in taking care of vulnerable members of society, thus allowing people to remain in their homes and within their own communities. It also reduces the burden on residential care and enables more people to receive support.

Skills training for PWDs

3.2.8

Unfortunately, for many years PWDs were not integrated into the school system and therefore many of them lack a basic education. The only opportunity for PWDs to receive an education was via vocational training. This is undertaken by PWDs in government-owned facilities, with an annual enrolment capacity of 360 trainees (see Table 3.4). Non-governmental organizations and the private sector run a number of such skills-training programmes across the country. The aim of this programme is to help PWDs attain salaried work or self-employment. Given the competition for jobs in an environment of rising unemployment particularly amongst young people, such skills training for PWDs significantly reduces their dependency.

Table 3.4 Vocational and rehabilitation centers for PWDs in 2006/07

SN	Centre	No. of students	Region
1.	Yombo	64	Dar Es Salaam
2.	Singida	62	Singida
3.	Mtapika	2	Mtwara
4.	Mbeya	–	Mbeya
5.	Masiwani	9	Tanga
6.	Mirongo	65	Mwanza
7.	Luanzari	–	Tabora
Total		202	

Technical aids/assistance for PWDs

3.2.9

The majority of PWDs need some type of technical aid/s to help them with their mobility and enhanced functioning. These can be white canes, hearing aids, calipers, surgical boots, hats and glasses, peddle tricycles, typewriters and Braille machines. Unfortunately, due to their low incomes most PWDs are unable to obtain technical aids, and thus their participation in the mainstream community is minimal. Where programmes have been able to assist PWDs in obtaining these devices it has been shown that with their enhanced mobility they require less support and find it easier to participate in income-generating activities.

3.2.10 Resettlement programmes for PWDs

Resettlement of people with disabilities is undertaken following rehabilitation. Through this programme, young people and adults with disabilities who complete vocational training or have skills training in various undertakings are helped with working tools and capital so they can engage in productive work. This programme also includes PWDs and the elderly in care facilities, by empowering them with capital and skills training to engage in income-generating initiatives as well as providing them with shelter outside the institution, basic necessities for a specified period, and capital to start the intended initiative.

3.3 Programmes and services for vulnerable children

3.3.1 *Community-based care, support for and protection of the most vulnerable children (MVC)*

A vulnerable child is a person aged under 18 who is either currently experiencing or likely to experience a lack of adequate care, support and protection. The numbers of orphans and vulnerable children have been increasing dramatically because of HIV/AIDS. **The National Census of 2001 revealed that the proportion of vulnerable children in the total population is between 10 and 12 per cent. Forty-two per cent are orphaned because of HIV/AIDS; 53 per cent of these are cared for by their grandparents, mostly their grandmothers; 12 per cent are cared for by their older siblings. It is projected that by 2010 there will be 1,044,000 MVC in the country.¹**

The Most Vulnerable Children Community-based Programme which provides care, support and protection has been proved to be the best way to support MVC and their families so that they can realize their full potential and human dignity. The programme started in 2000, after a situation analysis/pilot had been carried out in six districts (Kisarawe, Magu, Musoma Rural, Karagwe, Bagamoyo and Makete). The situation analysis and the Rapid Assessment, Analysis and Action Planning carried out in 2004 identified the following categories of MVC: abused and neglected children, orphans, children living in institutions such as children's homes, child mothers, child domestic workers, children with disabilities, children living on the streets, children engaged in prostitution, children in conflict with the law, displaced children – due to war e.g. in neighbouring countries, or natural disasters, children caring for terminally ill parents over a long period of time and children who are heads of households.

Communities are helped to identify MVC and plan how to support, care for and protect them, using and mobilizing available local and external resources. As at July 2007, the programme had been implemented in 59 Councils, and had identified a total of 3,164 children (1,098 males and 2,023 females). They are supported with food, school uniforms, payment of school fees for those in secondary education and vocational training centers. Some of these children have been supported to reach higher levels of education.

The Global Fund Round IV allocates a total of USD 58 million to support MVC in the country, targeting 24 councils over a five-year period from 2006 to 2010. The Fund focuses on supporting MVC in gaining access to education,

¹ National Plan of Action for MVC.

Table 3.5 Projected numbers of MVC

Location	2007	2008	2009	2010
Rural	749 203	766 485	796 314	825 454
Urban	197 411	202 560	210 730	218 643
Total	946 614	969 045	1 007 044	1 044 096

Source: NPA: Projected numbers of children for the year 2010 by different vulnerability criteria and area of residence.

Table 3.6 Average annual cost per child for food and non-food items

Age group	Food cost in USD	Non-food items in USD
0-6 years	6.39	1.09
7-14 years	11.26	3.30
15-17 years	15.83	6.75

Source: NPA for MVC 2006-2010.

health, shelter and nutrition. Other stakeholders, including UNICEF, have been in the forefront of supporting and protecting these children.

A National Plan of Action (NPA) for MVC has been developed based on the RAAP and with reference to various other studies. The Plan will be implemented over a four-year period starting in 2007 to 2010, and will focus on six major actions and priorities, namely: policy and the service delivery environment; household and child-level care; protection and security; measuring the process; and resource mobilization. The Plan projected the following total numbers of MVC, based on vulnerability criteria and area of residence (Table 3.5).

The NPA also calculated by age group the average annual cost of supporting a child, for food and non-food items. (see Table 3.6).

The total cost of establishing a system of identification of and support for MVC is estimated at about TZS 50 million per district and TZS 6 billion for national coverage. The total cost over four years is estimated below.

Direct support	TZS 37.8 billion
Administrative /overhead cost@15%	TZS 5.7 billion
Total annual cost	TZS 43.5 billion

Institutional care for MVC

3.3.2

Institutions caring for MVC include children's homes, remand homes and approved schools. There are 73 registered children's homes operated by non-state actors, and one national children's home, Kurasini Children's home (see Annex E); five remand homes and one approved school (see Table 3.7). Institutional care helps children with all their basic needs and provides access to social services such as education and health. However, institutional care is considered the last resort, and community-based support has been encouraged.

Table 3.7 Number of juveniles supported in remand homes and approved schools, 2006/2007

SN	Remand homes and approved schools	Total no. of children		
		Female	Male	Total
1.	Dar Es Salaam remand home	142	10	152
2.	Tanga remand home	109	15	124
3.	Moshi remand home	131	8	139
4.	Arusha remand home	125	7	132
5.	Mbeya remand home	134	15	149
6.	Irambo Approved School, Mbeya	51	–	51
Total		692	55	747

3.4 Programmes and services for drug and alcohol addicts

Drug abuse and alcoholism have major effects on a person's productivity and can affect the development of national social and economic programmes. Many young people are found to be non-productive because of drug abuse. The social welfare services are necessary to protect them against drug abuse, with counselling services and referrals for medical treatment. When these individuals prove they have stopped taking drugs and are destitute they are supported with seed money to help them start their own income-generating activities.

Table 3.8 Persons supported at centres for the control of drug abuse, 2006/07

SN	Group	Male	Female	Total
1.	Children	24	8	32
2.	Young people	119	17	216
3.	Adults	32	17	49
Total		255	42	297

Source: DSW report, 2006/2007.

3.5 Challenges to and constraints on social welfare services and programmes

Social welfare services face the following challenges and constraints:-

- inadequate funding of programmes owing to low budgetary allocations;
- inadequate systematic and coherent data collection, monitoring and analysis;
- the social protection of vulnerable groups inadequately addressed;
- inadequate coverage of social welfare services;
- implementation of the National Strategy for Growth and Poverty Reduction does not involve PWDs or the elderly;
- inadequately coordinated provision of social welfare services by the different actors;
- inadequate human resources, especially a lack of social workers.

The role of stakeholders in social welfare services provision

3.6

NGOs, UN agencies, FBO, CSO and the private sector have become increasingly involved in social welfare services provision. For example, NGOs run vocational training centres and institutional care facilities, and are in the forefront in providing technical aid and seed money to enable PWDs and the elderly to participate in income-generation. And, disabled persons' organizations and older persons' organizations have been active in educating themselves and society about their problems and potential, and are developing into strong social movements. Annex C sets out in detail the results of an ILO survey.

Findings of a survey of NGOs engaged in social protection in Tanzania Mainland

3.7

In June 2007, the ILO carried out a two-month survey of NGOs providing social protection in Tanzania Mainland. The aim of the survey was to capture any available information and initiatives which in turn could be used in constructing the baseline for this SPER and SB. Though small and unrepresentative in statistical and scientific terms, the survey's findings are interesting in their own right, as there is currently little information available on social protection initiatives by non-governmental institutions in Tanzania Mainland. The findings also provide some indications of potential patterns in the organization, thematic focus and outputs of NGOs working in the field of social protection in Tanzania Mainland that deserve further exploration in the country context. A summary of the main findings is presented below. The full report is provided in Annex C.

Location and scale of operations

3.7.1

A large proportion of the NGOs surveyed were based in or near the coastal region (Pwani, Dar es Salaam, Arusha, and Kilimanjaro). In general, national and local/community/faith-based NGOs who responded operated on a smaller scale (reaching fewer beneficiaries) than international NGOs. The median beneficiary coverage of a nationally-based NGO was about 400 individuals, of a locally-based NGO about 1500 individuals, and of an internationally-based NGO about 20,000 individuals.

Forms of assistance

3.7.2

Four general forms of assistance were identified: cash transfers, including cash grants for household consumption and income-generation; in-kind assistance, including provision of food, clothing, school uniforms, health-care support, malaria prevention, buildings and grants of farm animals; services, including advocacy, legal support, research and surveys; and capacity-building initiatives, including education, social counselling, training and awareness-raising activities. In aggregate, the last-mentioned capacity-building initiatives reached the greatest number of beneficiaries. Other forms of assistance, such as the provision of commodities (in-kind), legal and other services and cash transfers, were less popular yet reached significant numbers of beneficiaries.

3.7.3 *Areas of activity*

There was little substantive difference found in the NGOs' involvement in different areas of activity, such as health care, education or HIV/AIDS, in terms of total beneficiary coverage. However, health-care activities reached the most beneficiaries per institution.

3.7.4 *Targeting and coverage of different beneficiary groups*

The areas covered by the responding organizations were national, regional, district or local/ward. Those covering a district were found to have the most beneficiaries on average, followed by organizations operating regionally or nationally. Those covering a location/ward reported the fewest beneficiaries. The NGOs surveyed predominantly targeted their initiatives at community level. However, initiatives targeted at household level reached the largest beneficiary coverage per institution.

More women than men benefited from the NGO activities in almost every instance examined. This is encouraging as women are critically overlooked in existing forms of social protection in Tanzania Mainland. The tendency towards enhanced female coverage was most pronounced among focal/faith/community-based NGOs, which on average had twice as many female as male beneficiaries.

It was common for organizations to target different groups of beneficiaries simultaneously. Individual groups which corresponded to the greatest beneficiary coverage were persons incapacitated by disability or chronic illnesses (including people with AIDS) and women. Organizations targeting children, the elderly and the unemployed covered relatively few beneficiaries.

Comparing coverage of beneficiaries by age groups, organizations targeting the elderly corresponded to greater average coverage per institution than those targeting children or older economically active persons.

Particular sub-groups stood out as major beneficiaries of the NGO initiatives. Among children those of primary-school age (6-15 years) were the ones most commonly targeted. Among women it was those with no income and/or with HIV/AIDS. Among the disabled it was those who were economically active, while among the elderly it was those who were incapacitated (unwell).

3.7.5 *Funding sources and expenditures*

International donors were a key funding source for most of the NGOs: very few received any form of government support. Organizations financed by donors spent altogether much more compared with those financed from other sources. Possibly related is the finding that internationally-based NGOs on aggregate spent far higher amounts compared with national or locally-based NGOs.

Average per capita expenditure of cash transfer programmes was found to be substantially higher than that of non-cash programmes. This is consistent with the finding that average per capita expenditure of cash forms of assistance was much higher than for other forms of assistance.

The analysis of total programme expenditures for different groups of beneficiaries revealed that initiatives targeted at active-age adults reached greater expenditure

levels than those targeted at children and the elderly. This finding requires further analysis in light of the earlier finding that children and incapacitated (disabled or chronically ill) persons were the groups associated with greater levels of beneficiary coverage.

Community-based Conditional Cash Transfer Pilot: Tanzania Mainland Social Action Fund (TASAF)

3.8

The Tanzania Mainland Social Action Fund (TASAF) is implementing a pilot programme on community conditional cash transfers in three selected districts. The aim is to test how a conditional cash transfer (CCT) programme could be implemented through a social fund using a community-driven development (CDD) approach, and what systems may need to be in place to achieve positive results. The CDD approach has been shown to improve effectiveness and efficiency of service delivery, and many social funds rely on and build community capacity for delivery of a range of social and economic services.

Conditional cash transfer programmes provide grants to poor and vulnerable families, provided the families undertake specific family actions, usually investments in human capital such as keeping children at school or taking them to health centres on a regular basis. There is clear evidence that successful CCT programmes increase enrolment rates, improve preventive health care and raise beneficiaries' household consumption (Safety Nets Primer 2005).²

The community-based CCT is expected to transfer funds to beneficiaries for a three-year period, starting approximately in June 2008. Given the novel elements of this effort, a thorough evaluation is expected to inform future efforts in Tanzania Mainland and around the world about the ability of a CDD operation to deliver CCT benefits and investigate intra-village targeting capacity and performance.

² Community-based Conditional Cash Transfer Pilot Tanzania Social Action Fund (TASAF) project document 2007.



4

4.1 Introduction

This chapter concerns the Social Budget, which is a method of analysing and forecasting the revenue and expenditure of a social protection system. Social budgeting helps to inform the political decision-making process because:

- It helps one to see how a social protection system behaves and would behave financially in comparison to macroeconomic and general government budget developments; and
- It is a tool for analysing the impacts on incomes, expenditures and targeted population of modifications or new alternative policies regarding the social protection system.
- It is also a tool for inter-governmental co-ordination.

This chapter presents the assumptions, methodology and results of the Social Budget for Tanzania Mainland. The Social Budget is limited to describing the existing base line and projections based on it. This is an essential first step to being able to model future policy options. The reader will find some unavoidable duplication of information already presented in Chapters 1 to 3, as well as some new information.

Social budgeting comprises two basic components: a statistically and methodologically consistent compilation of the revenues and expenditures of a social protection system (the social accounting system – SAS); and their forecast under demographic, economic, actuarial and legislative assumptions (the Social Budget).

The design of the SAS follows three guidelines:

- 1) its methodology is close to the System of National Accounts;
- 2) it covers all social expenditures and their related revenues; and
- 3) it is structured – with respect to revenue – according to legal categories of flows of funds to the institutions and according to the economic sectors providing these funds (enterprises, private households, public sector, rest of the world); and – with respect to expenditure – by the institutions administering the social subsystems and by the social functions of the paid benefits.

Tanzania Mainland's Social Budget: Status Quo Projections 2005-2020

Analysis of future cost trends and impacts under the status quo scenario

In order to follow guideline (3), statistical practice has introduced types of revenue and expenditure which represent the smallest data category for the compilation of an SAS. Examples are different categories of contributions or subsidies paid to social institutions or different pension, health, employment or family related benefits. The exact contents of an SAS may vary from country to country, depending on the organization of the social protection systems, as well as the range of benefits offered.

The transition from the statistical base and its analysis (SAS) to forecasts (Social Budget) is done with the help of formal models, which can be time-series analysis models or micro- or macro-analytical system approaches or other well-established standard procedures.

In Social budgeting, a modular macro-approach has proved best in practice. It comprises the following interdependent model components, which can normally also be used stand-alone:

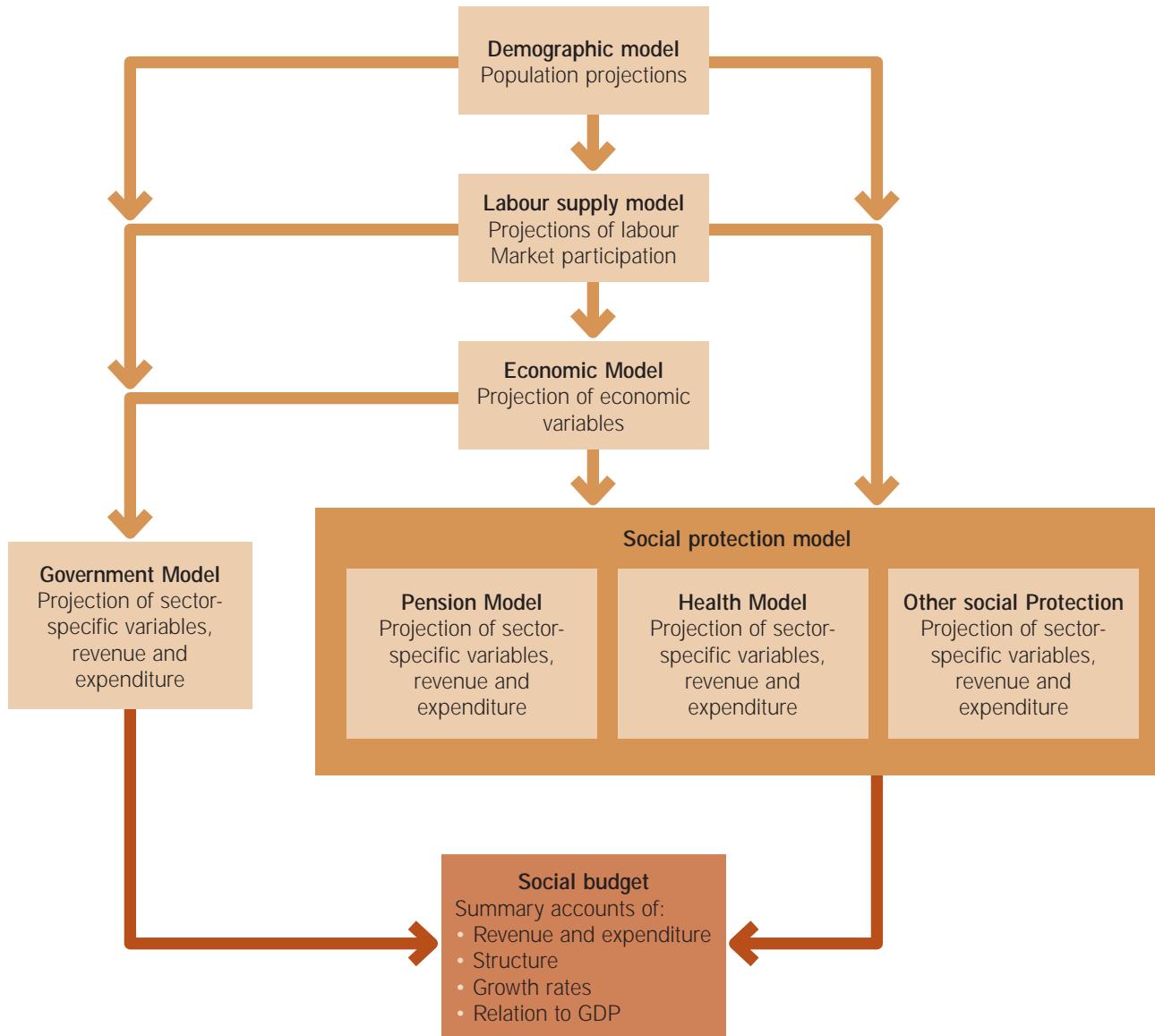
- 1) A demographic model, used for population projections by single ages and sex;
- 2) a labour supply model, allowing for projections of the labour force and contributors by single ages and sex;
- 3) an economic model, which projects Gross Domestic Product, primary incomes, prices, wages, labour productivity and a labour market balance;
- 4) a government budget model, describing revenue and expenditure of the different levels of public administration;
- 5) a social protection model, describing revenue and expenditure of pension system(s), health system(s) and other social subsystems (as, for example, unemployment benefit or social assistance benefit systems).

Figure 4.1 describes the structure of the ILO Social Budget model.

This generic methodology has been modified for Tanzania Mainland because:

- Data availability and data quality were not satisfactory and therefore it was not possible to establish a complete picture of the social protection system and it was not possible to make projections of some components of the system.

Figure 4. 1 Structure of the ILO Social Budget model



- Some elements of the SAS were difficult to project, e.g., grants, which represent a large part of the Government's revenue. For 2007/2008, grants are expected to represent 33 per cent of all government revenue.

It is also important to understand that this Social Budget is not an actuarial valuation of each social security fund in Tanzania Mainland.

The long-term projection of the Social Budget is based on a set of assumptions that tries to reflect a realistic vision of Tanzania Mainland's future socio-economic development. We use a 15-year period to forecast revenues and expenses. The population projection is consistent with other official forecasts when information is available. The scenario clearly has a "positive" rather than a "pessimistic" bias concerning future development. This approach was taken deliberately, mainly to outweigh possible criticisms that certain results for Tanzania Mainland's Social Budget might be the outcome of "too pessimistic" a view of its future development potential. Instead, the positively biased approach ensures that conclusions drawn from the calculations

can be considered “safe” in the sense of not mirroring an over-dramatic analysis of the Social Budget’s future.

Results of the basic scenario shown in this report are based on a status quo approach, which means that all current provisions of each social insurance fund are maintained for the future.

Demographic and economic assumptions and trends

4.2

Table 4.1 contains the most important variables influencing the future of Tanzania Mainland’s Social Budget. They were calculated, after proper adjustment to the case of Tanzania Mainland, with the ILO’s population, the economic and the labour supply models.

Demography

4.2.1

The population of Tanzania Mainland is currently estimated at around 36.1 million. Over the next 15 years it is expected to grow annually by a total number of around 1.4 million persons, an annual increase of 3.1 per cent. Over the next 15 years, the average age of the population will increase from 21.6 to 22.9 years. This development is accompanied by a process of declining fertility rates and increasing life expectancy. The slow ageing process is important for decisions to be taken in many policy areas, notably old age, health and education. But it is important to realize that at the end of the projection period, Tanzania Mainland’s population will be still a young population.

The ageing-induced burden of societies is frequently expressed in “dependency ratios”, which are defined as follows:

- Youth dependency ratio: Number of persons aged under 15 per persons aged 15-65,
- Elderly dependency ratio: Number of persons aged over 65 per persons aged 15-65,
- Total dependency ratio: Number of persons aged under 15 and over 65 per persons aged 15-65.

Figure 4.2 Demographic dependency ratios

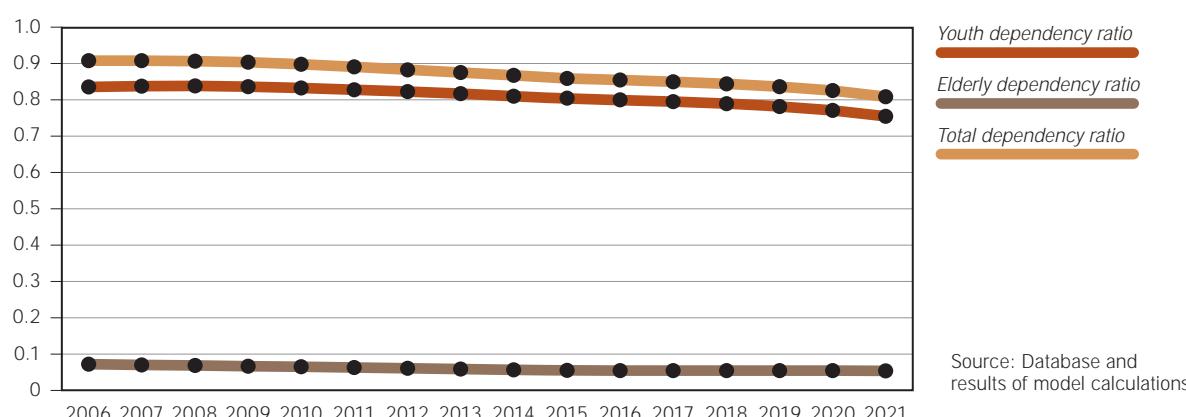


Table 4.1. The demographic, economic and labour market frame

	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2015/ 2016	2020/ 2021
Population (000)	36 057	37 261	38 494	39 759	41 031	42 305	50 389	57 715
Change over the previous year (%)		3.3%	3.3%	3.2%	3.1%	3.1%	2.9%	2.7%
Population < 15 years of age (000)	16 593	17 126	17 649	18 160	18 659	19 156	21 758	23 414
Share in the population (%)	46.0%	46.0%	45.8%	45.7%	45.5%	45.3%	43.2%	40.6%
Population between 15 and 70 years of age (000)	19 826	20 529	21 266	22 014	22 774	23 557	27 713	33 245
Share in the population (%)	55.0%	55.1%	55.2%	55.4%	55.5%	55.7%	55.0%	57.6%
Population >= 70 years of age (000)	730	732	743	761	784	807	833	967
Share in the population (%)	2.0%	2.0%	1.9%	1.9%	1.9%	1.9%	1.7%	1.7%
Population >= 60 years of age (000)	1 869	1 876	1 898	1 934	1 981	2 034	2 287	2 703
Share in the population (%)	5.2%	5.0%	4.9%	4.9%	4.8%	4.8%	4.5%	4.7%
Labour force (000)¹	17 924	18 554	19 218	19 897	20 589	21 306	25 166	30 108
Change over the previous year (%)		3.5%	3.6%	3.5%	3.5%	3.5%	3.4%	3.8%
Share in population >= 15 and < 70 (%)	90.4%	90.4%	90.4%	90.4%	90.4%	90.4%	90.8%	90.6%
Proportion women (%)	51.5%	51.4%	51.3%	51.2%	51.1%	51.1%	50.7%	50.4%
Number of employed (000)	17 031	17 630	18 261	18 905	19 563	20 244	23 929	28 643
Change over the previous year (%)		3.5%	3.6%	3.5%	3.5%	3.5%	3.4%	3.8%
Share in labour force (%)	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.1%	95.1%
Proportion women (%)	50.7%	50.6%	50.5%	50.5%	50.4%	50.3%	50.0%	49.6%
Contributors (000)	642	691	746	789	829	864	1 048	1 266
Change over the previous year (%)		7.7%	7.9%	5.9%	5.0%	4.2%	3.9%	3.7%
Share in population employed (%)	3.8%	3.9%	4.1%	4.2%	4.2%	4.3%	4.4%	4.4%
Proportion women (%)	31.1%	32.3%	32.2%	32.3%	32.4%	32.4%	32.8%	33.1%
Unemployment rate (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%
Men (%)	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.4%
Women (%)	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.3%	6.3%
GDP nominal (000 000 000 Tsh)²	16 857	18 930	21 347	23 961	26 646	29 320	46 577	74 930
Change over the previous year (%)		12.3%	12.8%	12.2%	11.2%	10.0%	9.7%	10.1%
GDP (in prices of 1992) (000 000 000 Tsh)²	12 475	13 351	14 354	15 466	16 575	17 666	24 209	33 594
Change over the previous year (%)		7.0%	7.5%	7.8%	7.2%	6.6%	6.5%	6.9%
Increase in real labour productivity per employee (%)	3.5%	3.4%	3.8%	4.1%	3.6%	3.0%	3.0%	3.0%
Increase in real wage per covered employees (%)	6.0%	5.4%	5.3%	5.1%	3.9%	3.0%	3.0%	3.0%
Inflation rate (%)	5.3%	5.7%	4.6%	4.0%	3.7%	3.2%	3.0%	3.0%
Interest rate nominal (T-Bills) (%)	10.8%	10.7%	9.1%	8.0%	7.3%	6.3%	6.1%	6.1%
Interest rate real (T-Bills) (%)	5.2%	4.8%	4.3%	3.9%	3.4%	3.0%	3.0%	3.0%

¹ Labour force 15- 70 years of age. ² GDP at market price.

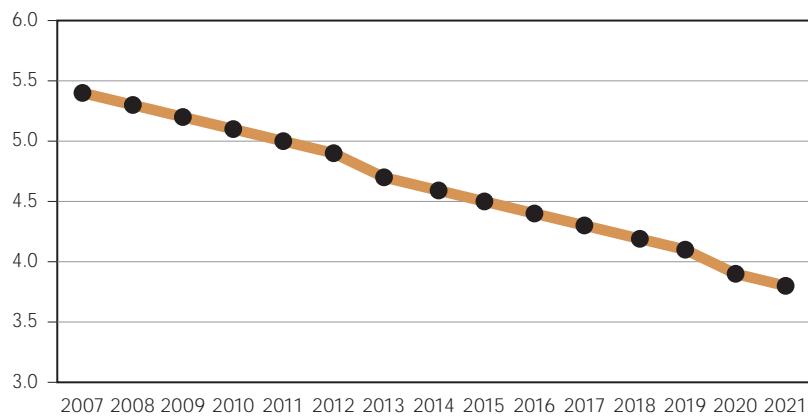
Source: Database and results of model calculations.

The total dependency ratio will decline from .9 dependants per one active person aged between 15-65 in 2006 to a one of .8 in 2015 (see Figure 4.2). Both the youth dependency ratio and the elderly dependency ratio will decrease. However, the largest decrease is due to the youth dependency ratio. The decrease in the total dependency ratio is attributable to the fact that many people will be entering working age during the projection period.

Fertility rate

As shown in Figure 4.3, fertility rates were 5.4 in 2007 and are expected to decrease to 3.8 by 2021. The decrease in the fertility rates used in the projection is in line with the one assumed in the projection of the National Bureau of Statistics.

Figure 4.3. Fertility rates, 2007-2021



Source: Database and results of model calculations.

Migration

The migration rate is on average .5 per cent over the entire projection period.

Mortality rates

Death rates per age used for the projections were derived from population projections by the United Nations and were chosen to fit the life expectancy in the 2006 World Population Prospect. Some adjustments have been made to take into account the level of infant mortality rates and under 5 mortality rates described in the Population and Housing Censuses of 2002. Table 4.2 shows life expectancy at various ages for men and women, while Table 4.3 shows a sample of the mortality rates used in the projection. Life expectancy in 2007 was established at 51.4 years for men and 53.6 years for women. This is expected to increase during the projection period reaching 56.5 years for men in 2021 and 58.7 years for women in the same year.

Table 4.2 Life expectancy at different periods of time, by age and sex

Year	Men			Women		
	At birth	At 20	At 60	At birth	At 20	At 60
2007	51.4	41.7	15.5	53.6	43.6	17.6
2014	54.0	42.9	15.5	56.3	44.8	18.0
2021	56.5	44.2	15.8	58.7	46.0	18.4

Source: ILO's calculations.

Table 4.3 Sample mortality rates, 2007 and 2021

Age	Males			Females		
	2007	2014	2021	2007	2014	2021
0	0.091	0.078	0.067	0.081	0.069	0.059
5	0.004	0.003	0.003	0.004	0.003	0.003
10	0.002	0.002	0.002	0.002	0.002	0.001
15	0.002	0.002	0.001	0.002	0.002	0.001
20	0.004	0.003	0.003	0.005	0.004	0.004
25	0.007	0.006	0.005	0.008	0.007	0.007
30	0.010	0.009	0.008	0.011	0.010	0.009
35	0.013	0.011	0.010	0.013	0.012	0.011
40	0.015	0.013	0.012	0.013	0.012	0.011
45	0.016	0.014	0.013	0.013	0.012	0.011
50	0.017	0.016	0.014	0.013	0.012	0.011
55	0.019	0.018	0.017	0.014	0.013	0.012
60	0.024	0.023	0.021	0.017	0.016	0.015
65	0.034	0.033	0.031	0.025	0.023	0.022
70	0.051	0.051	0.049	0.039	0.037	0.035
75	0.080	0.079	0.078	0.063	0.060	0.058
80	0.124	0.123	0.122	0.099	0.096	0.093
85	0.188	0.187	0.186	0.152	0.148	0.144
90	0.277	0.276	0.274	0.224	0.219	0.214
95	0.394	0.391	0.388	0.321	0.314	0.307
100	1.000	1.000	1.000	1.000	1.000	1.000

Source: ILO's calculations.

4.2.2 *Labour supply*

Labour market participation rates are an exogenous input to the labour supply model. Participation rates by age group and sex for 2006 to 2021 are derived using the ones observed in the last labour force survey of 2006.¹ Participation rates during working age are very high and are estimated to remain at this level throughout the entire projection period (see Figure 4.4). Use of constant labour participation rate assumptions by age throughout the period is also due to the absence of a long series of past experience permitting analysis in greater depth. Currently, available data on the labour force are for 2000/2001 and 2006.

4.2.3 *Labour demand; unemployment*

Unemployment rates are also exogenous inputs to the model. Even if there is a significant difference between unemployment rates in rural areas and urban areas, and that rural-to-urban migration is expected in the future, the unemployment rate for the projection period is kept constant at a level of 5.0 per cent. As with labour force participation rates, unemployment rates are derived using the last labour force survey of 2006. Figure 4.5 shows the unemployment rates by age and sex.

¹ To derive the participation rates, we used data transmitted by the National Bureau of Statistics. These data were grouped by age class of 10 years and sex.

Figure 4.4. Labour market participation by age groups and sex, 2006 to 2021 (per cent)

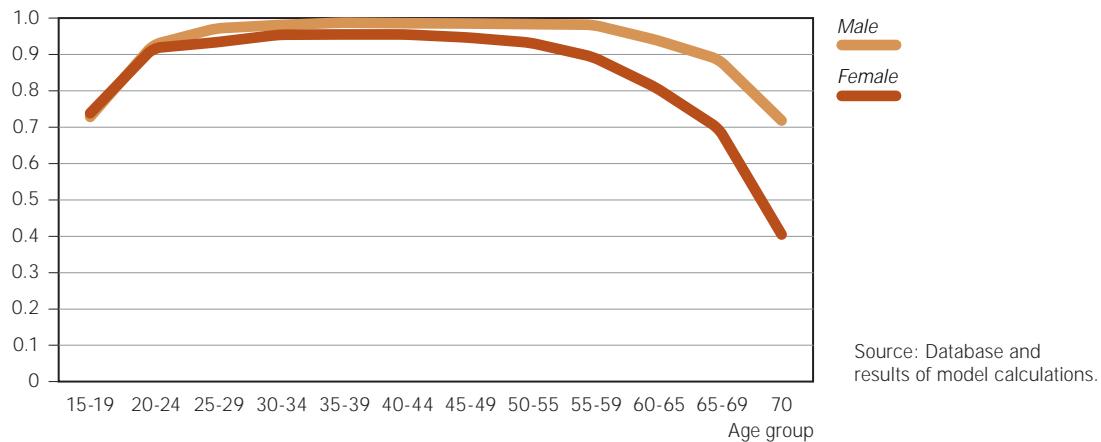
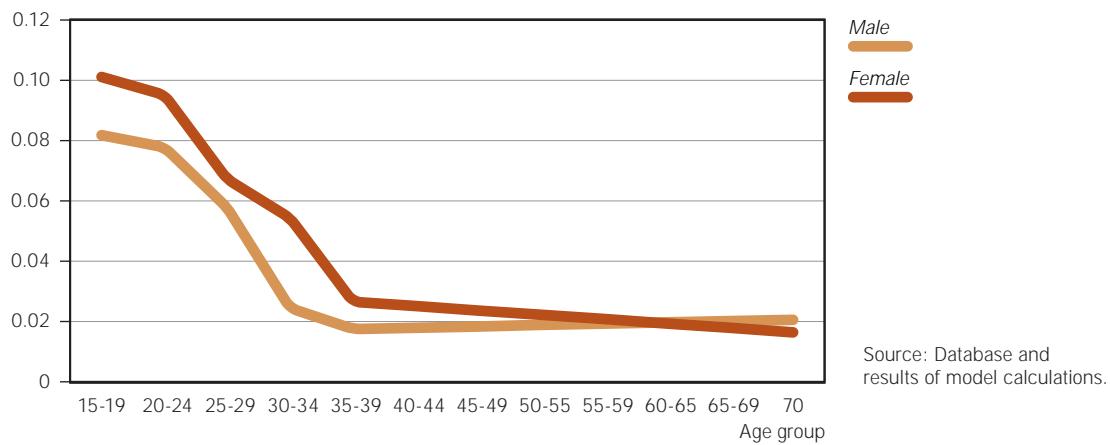


Figure 4.5 Unemployment rates by age groups and sex, 2006 to 2021 (per cent)



GDP and labour productivity; prices and wages

4.2.4

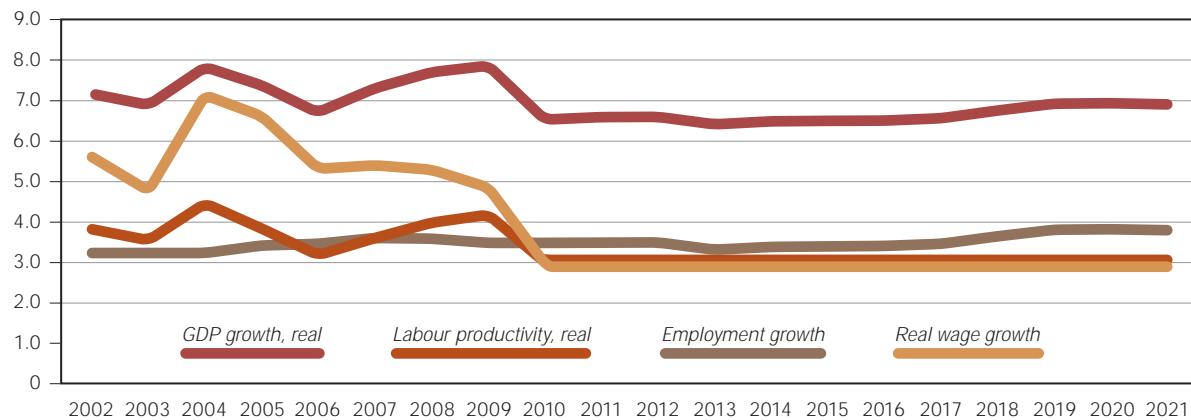
Over recent years, Tanzania Mainland's economic performance has been strong and characterized above all by strong real GDP growth and low inflation. In fact, over the past five years average real GDP growth and inflation were, respectively, 6.3 per cent and 4.5 per cent. Such economic performance is expected to continue in future.

For the first three years of the projections, GDP growth and inflation are equal to those used by the Bank of Tanzania in its budget projections. In our model, for 2010 onwards, real GDP growth is related to growth in employment and growth in real labour productivity. Annual employment growth is expected to be on average 3.5 per cent over the projection period and we estimate that real labour productivity growth will be constant at 3 per cent, the level observed over the past five years. With respect to price development, future inflation is expected to remain at low levels of 3 per cent per annum.

When considering the main sources of finance for contributory social protection, it is important to look at the future share of labour income as part of a country's domestic income. As shown in the National Accounts, compensation of employees was

6.3 per cent in 2000 and decreased to 5.7 per cent in 2005. Average compensation of employees increased in real terms on average at 4.3 per cent over those years, which was higher than the real labour productivity growth of 2.9 per cent. High salary increases for employees participating in social security funds have also been observed over recent years. For example, the annual real salary increase for the private sector was over 10 per cent. Future developments with respect to salary increases are difficult to assess. Actual development will very much depend on factors such as the cost structure of production, the cyclical behaviour of the economy, the inflationary environment, the bargaining power of trade unions and employers, and the level of remuneration in neighbouring countries. For the purposes of the Social Budget calculations, it was assumed that the real salary increase for those participating in a social security fund will be equal to the real growth in labour productivity, except for the first three years when it has been defined as 150 per cent, 133 per cent and 116 per cent of real growth in labour productivity. Figure 4.6 shows the main economic assumptions used in the Social Budget.

Figure 4.6 Main economic assumptions, 2006 to 2021 (per cent)



Source: Database and results of model calculations.

4.3 Tanzania Mainland's Social Budget

A social budget contains a projection of components of all revenue by sources, as well as expenditure over a certain period. The following social components are explicitly taken into account:

1. education,
2. health,
3. social insurance (pension funds and private health funds),
4. government welfare social services,
5. welfare programmes or non-contributory social assistance programmes run by NGOs.

Tanzania Mainland's Social Budget focuses more on the evolution of the social insurance funds, health and education because of data availability. The type of information available concerning other government social services and welfare programmes or non-

contributory social assistance programmes offered by NGOs does not permit the use of detailed projections such as those used for the social insurance funds. A projection period of 15 years is used. Two particular assumptions distinguish the Social Budget of Tanzania Mainland. Normally all government revenues are projected by source to give a picture of the way expenditure is financed. This approach holds when a significant proportion of revenue comes from internal financing (taxation). This is not the case for Tanzania Mainland. For example, for 2007/2008, 33 per cent of revenues are expected to come from donors. In such a situation, we have projected expenditure and assessed the Government will be able to match such expenditure with adequate revenue, whether from internal or external sources. In the base scenario, the recurrent domestic revenue of the Government is assumed to be increasing at the same rate of GDP. We also make the assumption that the proportion of financing by donors is increasing each year according to increases in GDP.

As in other African countries, Tanzania Mainland has received debt relief. It is impossible to project the amount of debt that will be relieved in the future. For the base scenario, we make the assumption that the Government is paying 100 per cent of the interest payment on the internal debt, which represents about 35 per cent of the national debt and 10 per cent of the interest payment on the external debt.

For the social insurance component, expenditures are subdivided into three categories:

1. long-term pension (old age, invalidity and survivors)
2. cash benefits (old age, invalidity, death/survivors and withdrawals)
3. short-term benefits (maternity, health and employment injury).

It is necessary to make a distinction between periodic pension benefit payments and one-off pension payments because there is a large proportion of cash benefit payments (withdrawals benefits, commuted pension benefits).

The income side of the social insurance budget distinguishes the following types of revenue:

1. social security contributions (employers and employees)
2. investment income
3. other income.

After all expenditure and revenue items were projected, the model calculated the overall balance of the Social Budget for every year. The results of the calculations are presented in absolute (nominal) terms and as percentage of GDP.

In the Social Budget, private-sector health expenditures are not considered because no data were available to permit plausible projections (in 2004/2005, about 60 per cent of the hospitals were run by NGOs). Whilst education is not part of social protection per se, it has a significant impact on poverty alleviation. Therefore, it was decided to include expenditure on education in the Social Budget.

4.3.1 *Projection methodology of each component of the Social Budget*

Central Government budget

Health expenditure

Health care expenditures will increase over the projection period due to:

- an increase in utilization of services;
- an increase in costs; and
- an increase in infrastructure and human capital consequent on attaining the Government's target.

The assumptions used are based on a study by the Ministry of Health and Social Welfare (MKUKUTA based MDGs costing for the health sub-sector). This study estimates the future costs in terms of human resources, infrastructure, and financial resources to meet the Millennium Development Goals (MDGs) as well the MKUKUTA targets by 2015 and 2010. Two scenarios were analysed: a high-cost scenario and a low-cost one. For the Social Budget, we used the results of the study as the basis of the projections and made the following adjustments:

1. We adjusted the results to reflect the demographic scenario used in the Social Budget. These adjustments increased the average annual growth rate of health expenditures by 1.5 per cent.
2. The results were converted to TZS from USD, the currency used in the study. We make the assumption that the exchange rate will not change during the projection period.
3. The study by MoHSW did not take into account the need to increase costs to reflect annual increases due to inflation and salary increases. We made appropriate adjustments to reflect the inflation and salary increases used in our base scenario. For the projection, we assumed that all medical unit costs will be increasing at a rate of 4 per cent higher than inflation.
4. We used the average results of the low-cost scenario and the high-cost scenario to determine our results.
5. We applied the average annual increase in health costs obtained by the preceding adjustments to the current cost (on-budget and off-budget).

For 2006/2007 and 2007/2008, health care expenditure estimates come from the budget of MoHSW and from the last Budget speech made by the Minister of Finance. From 2008/2009 onwards, health expenditures are projected using the methodology described above.

Total expenditure on health care for 2005/2006 was TZS 530,963 million (on-budget and off-budget). The expenditure on health care is expected to increase annually at a rate of 15.4 per cent (nominal terms) for the projection period. Such an increase is necessary to reach the MKUKUTA and Abuja target of 15 per cent (nominal terms) of annual budget² on health care in 2011/2012.

² The Heads of State and Government of the Organization of African Unity at the African Summit on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases (Abuja, 2001) pledged to set a target of allocating at least 15% of their annual budget to the improvement of the health sector

Education expenditure

Projected increase in education expenditure will increase over the projection period by three main factors:

1. increased numbers of pupils/students;
2. increase in the number of teachers necessary to reach the target (teacher:pupil ratio); and
3. increase in salaries and inflation.

Table 4.4 shows the 2005/2006 budget of the education sector and the number of pupils/students. Primary education accounts for the largest part of the budget, at 62 per cent of expenditure.

Changes in the numbers of pupils/students depend on many factors, such as demography, the increase in the number of pupils/students attending school, and government policies.

Table 4.5 shows the increase in the number of pupils/students and the projected increase in the size of the relevant population groups.

In 2005/2006, there were 52 pupils per primary-school teacher. A target of 45 pupils per teacher is expected to be reached in 2009/2010. For secondary schools, there were 29 pupils per teacher in 2005/2006; this proportion is expected to increase to 35 by 2009/2010.

Table 4.4 Budget of the education sector and number of pupils/students, 2005/2006

	Budget 2005/2006 (000 000 Tsh)	Number of pupils/students	Average cost (Tsh)
All Education Sectors	669 537	8 687 131	77 072
Primary & non-formal Education	418 455	7 959 884	52 570
Secondary Education	104 483	675 672	154 636
Teacher Education	8 540	21 824	391 312
Tertiary and Higher Education	138 059	29 751	4 640 511

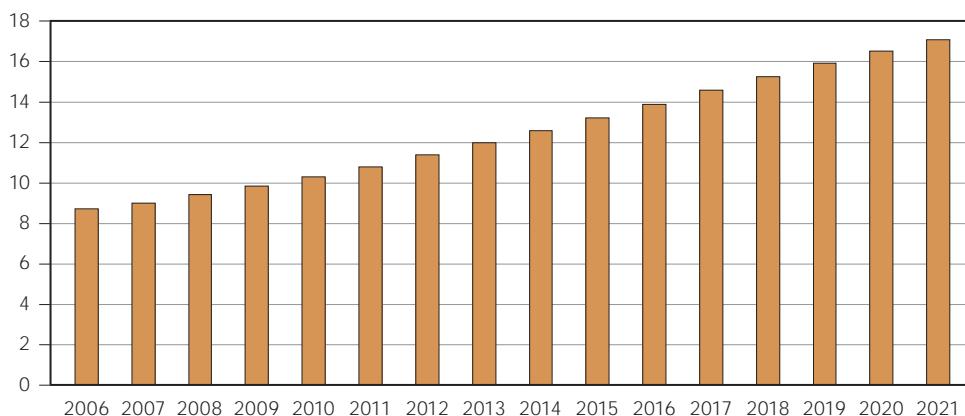
Source : BEST, Economic survey fo 2005.

Table 4.5 Annual increase in the number of pupils/students, 2005/2006 to 2020/2021

	Increase	
	Number of pupils/students	Underlying population in relevant age group
All Education Sectors		
Primary & non-formal Education	3.8%	3.11%
Secondary Education	10.8%	3.23%
Teacher Education	5.5%	
Tertiary and Higher Education	5.2%	3.20%

Source: ILO's calculations.

Figure 4.7. Number of pupils/students, all education sectors 2006-2021 (millions)



Source: BEST for year 2006 and author calculation.

As shown in Figure 4.7, the number of pupils/students in all education sectors is expected to double over the projection period.

The ILO estimates of the budget for 2007/2008 are based on the 14 June 2007 Budget speech by the Minister of Finance. Average expenditure per pupil/student is expected to increase at a rate of 7.5 per cent annually over the projection period. This increase in expenditure per pupil/student is driven by price inflation, increased salaries and an assumed increase in the teacher/student ratio.

Total expenditure on education for 2005/2006 was TZS 669537 million. Expenditure on education is expected to increase at a rate of 12.5 per cent annually for the projection period.

Government's social welfare programmes

This Social Budget explicitly takes into account three government social welfare programmes.

- TASAF
- services to people with disabilities and elderly
- programmes and services to vulnerable children.

For many years, the social welfare services' delivery system in Tanzania Mainland were guided by philanthropic motives, political goodwill or humanitarianism rather than being based on legislative provisions. This makes it difficult to project the future development of these programmes. Also, these programmes only represent a very small percentage of all government expenditure.

Tanzania Mainland Social Action Fund (TASAF)

We have little quantitative information concerning TASAF and it represents a small proportion of general government expenses. For 2006/2007, total expenditures amounted to TZS 63,884 million, which is about 1.4 per cent of the Government's budget. For the projection, we make the assumptions that the expenditure in real terms of TASAF will increase along with the total population increase plus 3 per cent. The additional 3 per cent keeps the ratio of TASAF expenditure to GDP almost constant over the projection period.

Services to persons with disabilities and the elderly (PWDs)

The budget allocation for this programme was TZS 624 million and TZS 494 million in 2006/2007 and 2007/2008, respectively. This programme is mainly aimed at people with disabilities who, according to WHO are estimated at 10 per cent of the population. The estimated cost for the first year of projection (2008/2009) is the average of the two preceding years and we make the assumptions that thereafter the allocated budget will increase in real terms at the same rate of population increase plus 3 per cent. The additional 3 per cent keeps almost constant the ratio of PWDs expenditure to GDP over the projection period.

Programmes and services to vulnerable children (MVC)

The total allocated cost for the four years ending in 2010 is USD 58 million. Table 4.6 shows the total number of vulnerable children expected over the next four years of the project.

According to the NPA the average cost for food and non-food items varies according to the age of the child. Table 4.7 shows the distribution.

Table 4. 6 Projected number of vulnerable children, 2006/2007 to 2009/2010

Location	2007	2008	2009	2010
Rural	749 203	766 485	796 314	825 454
Urban	197 411	202 560	210 730	218 643
Total	946 614	969 045	1 007 044	1 044 096

Source: National Costed Plan of Action for MVC (NPA).

Table 4.7 Average cost by vulnerable children, 2006/2007 to 2009/2010

Age group	Food cost in USD	Non- food item in USD
0-6 years	6.39	1.09
7-14 years	11.26	3.30
15-17 years	15.83	6.75

Source: NPA for MVC 2006-2010.

For the Social Budget projections, we assume that this programme is going to continue the same way in future and that the costs starting in 2010/2011 will grow according to changes in the number of children in each age group plus 3 per cent. The additional 3 per cent is necessary to keep the ratio of programme expenditure to GDP almost constant over the projection period.

In total, TASAF, PWD and MPV represent only 1.8 per cent of all government expenses at the start of the projection period, and according to our basic scenario, this share will decrease to 1.3 per cent by the end of the projection period. This decrease is due to the fact that government total expenditure is projected to increase faster than expenditure on the Government's social welfare programmes.

Pensions paid by the Government

The last item of the Social Budget is pensions paid by the Government for government employees. Very little information exists on pensioners currently receiving pensions from the Government. Incomplete information indicates that for 2005/2006, TZS 25 200 million were paid to approximately 54 510 pensioners. This amount represents 0.7 per cent of all government expenditure. In the Social Budget, the total amount of pensions paid is expected to increase annually at a rate (in nominal terms) of 15 per cent (3 per cent for the increase in population and 11.7 per cent in nominal terms for the increase in average amount), which is close to the past five years' experience. The size of the civil service increased in the past, therefore, our assumptions may be optimistic.

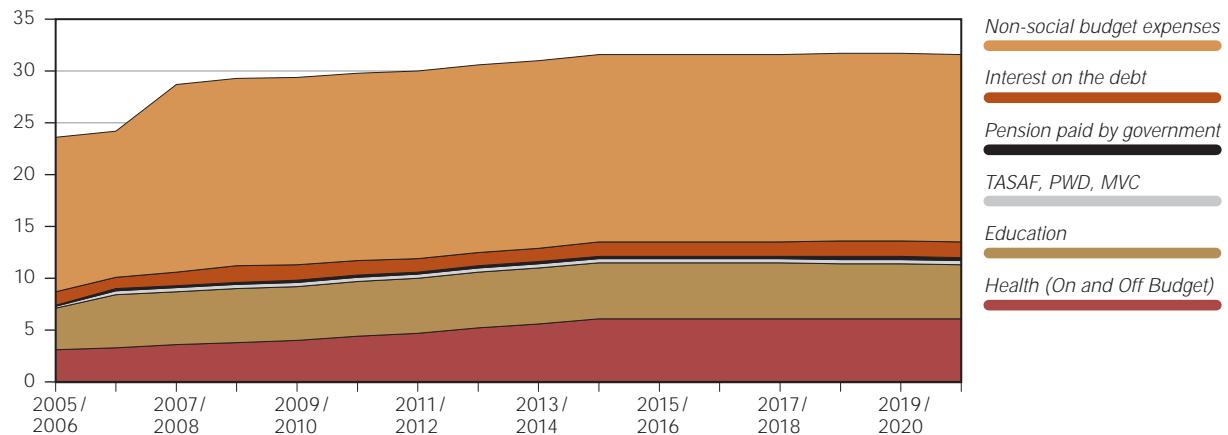
Other Central Government Expenditure

Central Government expenditure not covered by the Social Budget has increased over the past three years at a rate of 5.7 per cent over GDP. For 2007/2008, the Government expects to spend TZS 2,663 billion on other expenses. It is assumed that this expenditure will continue to increase at same rate as GDP.

As explained earlier, it is assumed that 100 per cent of interest on internal debt and 10 per cent of interest on external debt will be paid. Internal debt represents about 35 per cent the national debt for the year 2006/2007.

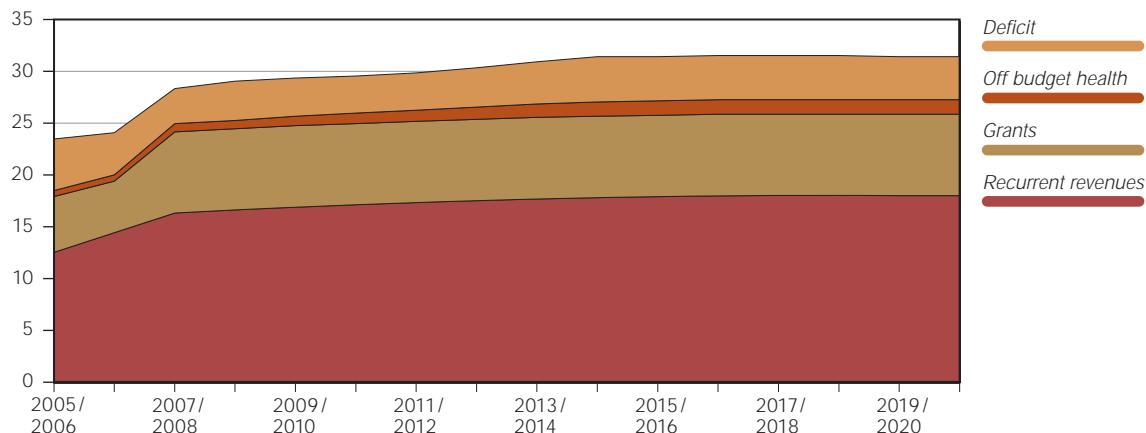
Figure 4.8 shows the evolution of the ratio of government expenditure to GDP for the projection period for all the categories mentioned above. At the start of the projection period, the ratio of government expenditure to GDP was 23.6 per cent in 2005/2006 and was expected to increase by 2007/2008 to about 28 per cent and to increase to 31.6 per cent fifteen years later. For the three budget years between 2005/2006 and 2007/2008 of the projection period we assumed the same expenditure as in the International Monetary Fund report of June 2008. The large increase in total Central Government expenditure comes from a substantial increase in the development expenditures which are closely related to the important increase in grants. In fact, donor funding is expected to increase from TZS 953 billion in 2006/2007 to TZS 1 695 billions in 2007/2008.

Figure 4.8. Projected ratio of Government expenditure to GDP 2005/2006-2020/2021 (per cent)



Sources: IMF for year 2005/2006 to 2007/2008 for total expenses and calculations by ILO.

Figure 4.9 Projected Ratio Central Government revenues in relation to GDP, 2005/2006-2020/2021 (per cent)



Sources: BoT for years 2001/2001 to 2004/2005 and IMF for year 2005/2006 to 2007/2008.

Central Government revenues

For 2006/2007 and 2007/2008 we assumed a total revenue figure of TZS 2,739 billion and TZS 3,502 billion, respectively. During the past five years, recurrent revenues, of which 91 per cent comes from tax revenues, have increased on average at a rate of 2 per cent over GDP growth. This is due, among other things, to greater efficiency in tax collection by the Tanzania Mainland Revenue Authority. We have assumed a 2 per cent increase above the rate of increase in GDP for recurrent revenues starting in 2008/2009. This decreases to 0 per cent by 2018/2019 and from then onwards the rate of increase in revenues is assessed to be the same as that for GDP. According to the 2007/2008 budget, grants are expected to account for 33 per cent of all budgeted revenue. It is assumed the rate of increase for grants is the same as for GDP.³ Figure 4.9 shows the evolution of government revenue in relation to GDP.

Tables 4.8 and 4.9 present results of the projections the central government budgets, respectively in minimal terms and as percentage of GDP.

Social insurance budget

4.3.2

To project the revenue and expenditure of each pension fund, the ILO-PENS model is used, adjusted as necessary to take into account the particularities of each fund (pension formulae, eligibility conditions, etc). For NHIF, a projection model was developed to take into account important parameters (number of beneficiaries, average amounts of benefits, increase in the use of medical services) and in the cost. Annex A presents a brief description of the ILO--PENS model used to project revenue and expenditure of the Fund. Annex B presents the assumptions used for the projection of each fund and the results of the financial projection. Projections are made for each social insurance fund on the basis of no change in the level of benefits or in the contribution rates. This is the current situation that is projected.

³ Off-budget health expenditure has also been included with grants.

Table 4.8 Central government budget, (000 000 Tsh), 2003/2004 to 2020/2021

	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010
Total Revenue (A+B)	2 155 976	2 766 684	3 036 000	3 692 000	5 212 000	5 903 522	6 636 834
A. Recurrent Revenue (tax and non-tax)	1 459 303	1 773 709	2 125 000	2 739 000	3 502 000	4 000 934	4 521 123
B. Grants	696 673	992 975	911 000	953 000	1 695 000	1 902 588	2 115 711
B. Others					15 000		
	28.42%	25.32%	29.00%	35.02%	29.66%		
Total Expenditure (C+D+E)	2 516 943	3 164 282	3 873 000	4 475 000	5 948 000	6 810 023	7 622 128
<i>C. Financing of socio-cultural services</i>	<i>715 328</i>	<i>801 231</i>	<i>1 123 091</i>	<i>1 566 925</i>	<i>1 764 363</i>	<i>2 034 623</i>	<i>2 338 842</i>
Health care (on-budget)	213 346	288 989	425 770	526 444	589 000	701 746	836 073
Education	487 729	504 745	669 537	958 819	1 086 100	1 235 207	1 396 144
Other social programs (TASAF, PWD, MVC)	14 254	7 497	27 784	81 662	89 263	97 670	106 625
<i>D. Pensions paid by Government</i>	<i>18 846</i>	<i>22 192</i>	<i>25 200</i>	<i>28 980</i>	<i>33 326</i>	<i>38 325</i>	<i>44 074</i>
<i>E. Other Expenses</i>	<i>1 782 769</i>	<i>2 340 859</i>	<i>2 724 709</i>	<i>2 879 096</i>	<i>4 150 310</i>	<i>4 737 074</i>	<i>5 239 212</i>
Financing debt	108 534	143 285	218 861	216 000	276 000	388 274	403 272
Other expenses	1 674 235	2 197 573	2 505 848	2 663 096	3 874 310	4 348 801	4 835 941
Current Surplus (Deficit)	(360 968)	(397 598)	(837 000)	(783 000)	(736 000)	(906 501)	(985 294)
Health care Off-Budget	47 825	133 622	105 193	106 645	169 651	202 125	240 816
Public debt, end of period			11 395 332	7 831 296	8 843 296	10 138 070	11 526 636
External Debt			9 069 113	5 078 373	5 734 626	6 565 623	7 465 732
Domestic Debt			2 326 219	2 752 923	3 108 670	3 572 448	4 060 905

Table 4.9 Central government budget, % of GDP, 2003/2004 to 2020/2021

	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010
Total Revenue (A+B)	16.53	18.48	18.01	19.50	24.42	24.64	24.91
A. Recurrent Revenue (tax and non-tax)	11.19	11.85	12.61	14.47	16.41	16.70	16.97
B. Grants	5.34	6.63	5.40	5.03	7.94	7.94	7.94
B. Others	—	—	—	—	0.07	—	—
Total Expenditure (C+D+E)	19.30	21.14	22.98	23.64	27.86	28.42	28.61
<i>C. Financing of socio-cultural services</i>	<i>5.49</i>	<i>5.35</i>	<i>6.66</i>	<i>8.28</i>	<i>8.27</i>	<i>8.49</i>	<i>8.78</i>
Health care	1.64	1.93	2.53	2.78	2.76	2.93	3.14
Education	3.74	3.37	3.97	5.07	5.09	5.15	5.24
Other social programs (TASAF, PWD, MVC)	0.11	0.05	0.16	0.43	0.42	0.41	0.40
<i>D. Government paying pension</i>	<i>0.14</i>	<i>0.15</i>	<i>0.15</i>	<i>0.15</i>	<i>0.16</i>	<i>0.16</i>	<i>0.17</i>
<i>E. Other Expenses</i>	<i>13.67</i>	<i>15.64</i>	<i>16.16</i>	<i>15.21</i>	<i>19.44</i>	<i>19.77</i>	<i>19.66</i>
Financing debt	0.83	0.96	1.30	1.14	1.29	1.62	1.51
Other expenses	12.84	14.68	14.86	14.07	18.15	18.15	18.15
Current Surplus (Deficit)	(2.77)	(2.66)	(4.97)	(4.14)	(3.45)	(3.78)	(3.70)
Health care Off-Budget	0.37	0.89	0.62	0.56	0.79	0.84	0.90
Public debt, end of period			67.60	41.37	41.43	42.31	43.26
External Debt			53.80	26.83	26.86	27.40	28.02
Domestic Debt			13.80	14.54	14.56	14.91	15.24

	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
7 375 279	8 168 007	9 026 869	9 959 135	10 978 511	12 088 189	13 297 341	14 626 506	16 095 458	17 726 221	19 520 577	
5 047 224	5 612 027	6 223 203	6 885 244	7 606 991	8 389 901	9 239 390	10 168 573	11 189 810	12 323 542	13 571 006	
2 328 054	2 555 979	2 803 666	3 073 891	3 371 520	3 698 288	4 057 951	4 457 933	4 905 647	5 402 679	5 949 571	
8 429 544	9 338 310	10 379 329	11 534 899	12 836 100	14 106 045	15 499 127	17 033 191	18 739 533	20 617 433	22 669 740	
2 660 103	3 025 675	3 443 767	3 917 201	4 464 597	4 903 362	5 380 659	5 896 156	6 462 939	7 075 075	7 732 859	
996 114	1 186 789	1 413 963	1 684 623	2 007 091	2 201 619	2 415 729	2 653 841	2 920 369	3 216 255	3 541 824	
1 546 918	1 710 776	1 889 729	2 079 508	2 290 004	2 518 336	2 763 890	3 021 732	3 300 249	3 592 873	3 899 474	
117 072	128 111	140 075	153 070	167 501	183 407	201 040	220 583	242 321	265 946	291 560	
50 685	58 288	67 031	77 086	88 649	101 946	117 238	134 824	155 048	178 305	205 051	
5 718 755	6 254 347	6 868 530	7 540 612	8 282 854	9 100 737	10 001 229	11 002 211	12 121 547	13 364 054	14 731 830	
397 454	412 071	460 111	514 532	576 473	647 455	725 854	812 584	908 568	1 014 996	1 132 726	
5 321 301	5 842 275	6 408 419	7 026 080	7 706 381	8 453 282	9 275 375	10 189 626	11 212 978	12 349 057	13 599 104	
(1 054 265)	(1 170 304)	(1 352 460)	(1 575 764)	(1 857 589)	(2 017 856)	(2 201 786)	(2 406 685)	(2 644 076)	(2 891 212)	(3 149 163)	
286 912	341 833	407 266	485 225	578 106	634 136	695 807	764 391	841 159	926 384	1 020 158	
12 978 355	14 560 730	16 373 302	18 463 598	20 897 660	23 562 970	26 490 611	29 709 880	33 262 524	37 168 733	41 450 622	
8 423 579	9 482 651	10 704 642	12 125 771	13 797 302	15 617 822	17 608 582	19 788 706	22 187 257	24 814 188	27 680 432	
4 554 776	5 078 079	5 668 659	6 337 826	7 100 358	7 945 148	8 882 028	9 921 174	11 075 267	12 354 545	13 770 189	

	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
25.15	25.37	25.56	25.73	25.86	25.95	26.02	26.05	26.05	26.05	26.05	26.05
17.21	17.43	17.62	17.79	17.92	18.01	18.08	18.11	18.11	18.11	18.11	18.11
7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94
—	—	—	—	—	—	—	—	—	—	—	—
28.75	29.01	29.40	29.80	30.23	30.29	30.33	30.34	30.33	30.30	30.25	
9.07	9.40	9.75	10.12	10.51	10.53	10.53	10.50	10.46	10.40	10.32	
3.40	3.69	4.00	4.35	4.73	4.73	4.73	4.73	4.73	4.73	4.73	
5.28	5.31	5.35	5.37	5.39	5.41	5.41	5.38	5.34	5.28	5.20	
0.40	0.40	0.40	0.40	0.39	0.39	0.39	0.39	0.39	0.39	0.39	
0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	
19.50	19.43	19.45	19.48	19.51	19.54	19.57	19.60	19.62	19.64	19.66	
1.36	1.28	1.30	1.33	1.36	1.39	1.42	1.45	1.47	1.49	1.51	
18.15	18.15	18.15	18.15	18.15	18.15	18.15	18.15	18.15	18.15	18.15	
(3.60)	(3.64)	(3.83)	(4.07)	(4.37)	(4.33)	(4.31)	(4.29)	(4.28)	(4.25)	(4.20)	
0.98	1.06	1.15	1.25	1.36	1.36	1.36	1.36	1.36	1.36	1.36	
44.26	45.23	46.37	47.69	49.22	50.59	51.83	52.92	53.84	54.63	55.32	
28.73	29.46	30.32	31.32	32.49	33.53	34.45	35.25	35.91	36.47	36.94	
15.53	15.78	16.05	16.37	16.72	17.06	17.38	17.67	17.93	18.16	18.38	

Figure 4.10 Evolution of the number of contributors by fund, 2005/2006-2020/2021 (thousands)

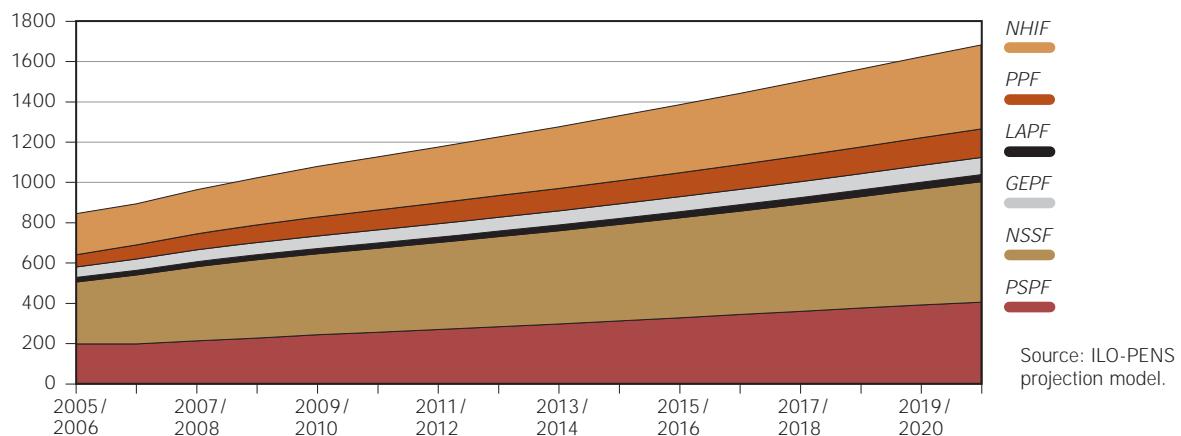


Figure 4.10 shows the number of contributors expected over the projection period. Globally, the number of contributors is expected to grow annually at a rate of 4.6 per cent, while the employed population will grow at 3.5 per cent for the projection period. In 2005/2006, the proportion of women who contributed was 31.1 per cent and it is projected to increase to 33.1 per cent 15 years later. We assume NSSF and PPF will increase the coverage of their schemes.

Contributions paid to the social insurance funds accounted for TZS 321 384 million for 2005/2006 (equivalent of 1.9% of GDP) and are expected to increase at an annual nominal rate of 12 per cent (nominal terms) to reach TZS 1 952 431 million in 2020/2021(equivalent of 2.6 % of GDP).

The Tanzania Mainland social insurance system is characterized by large amounts of benefit paid in the form of a cash benefit instead of as a periodic pension, e.g., the commuted pensions paid by LAPF, PSPF and PPF or the withdrawal benefits paid by NSSF or lump-sum benefit paid by GEPF. In 2005/2006, the cash benefits represented 87 per cent of all payments, while the portion of pension payment and short-term benefits was 9 per cent and 4 per cent, respectively. Short-term benefits included health benefits, maternity benefits and employment injury benefits. Almost all monies paid for short-term benefits come from NHIF.

No pension fund in Tanzania Mainland automatically adjusts its pensions in payment by the increase in either prices or wages. We have assumed that all pensions are indexed annually according to the Consumer Price Index. It is assumed the Government will have to change its policy on this matter some time in the future.

For 2005/2006, total benefits paid by social insurance funds accounted for TZS 134,807 million (0.8% of GDP). In 2020/2021, according to the projection, the level of benefits will be TZS 2,119,026 million (2.9% of GDP), an annual nominal increase of 20 per cent. The three following figures show the evolution of benefits according to different groupings. Figure 4.11 shows the evolution of benefits by large categories (pension type, cash and short term) while Figure 4.12 shows the share of benefits paid by type of benefit (old age, survivors, invalidity). In Figure 4.13 benefits paid during the projection period are presented, by social insurance fund.

Figure 4.11 Evolution of benefits paid, by large categories of benefits, per cent of GDP, 2005/2006-2020/2021

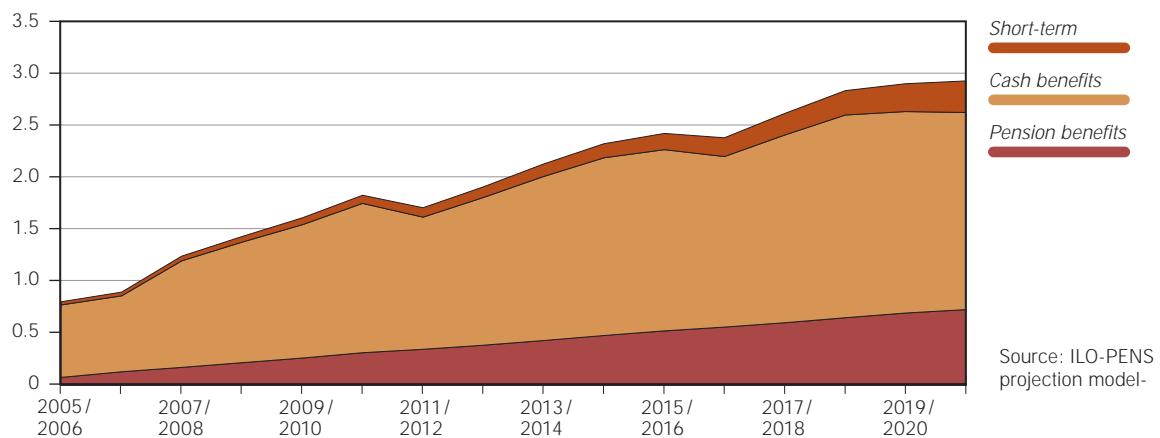


Figure 4.12 Share of benefits paid, by type of benefits (per cent of the total), 2005/2006-2020/2021

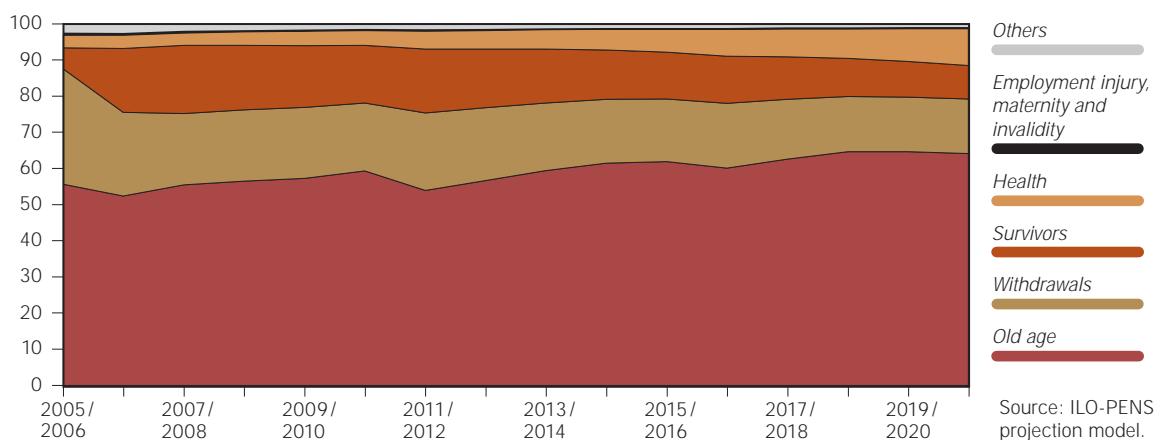
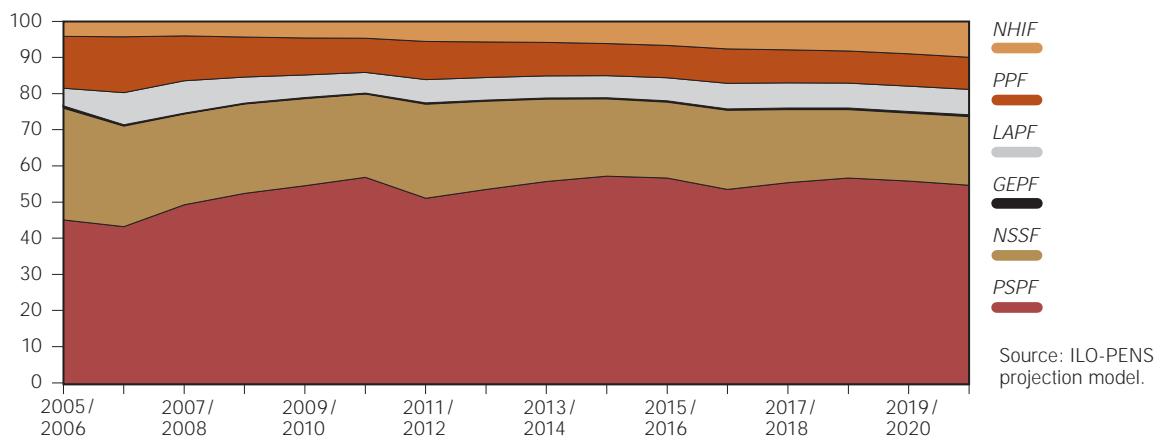


Figure 4.13 Benefits by social insurance fund, per cent of the total, 2005/2006-2020/2021

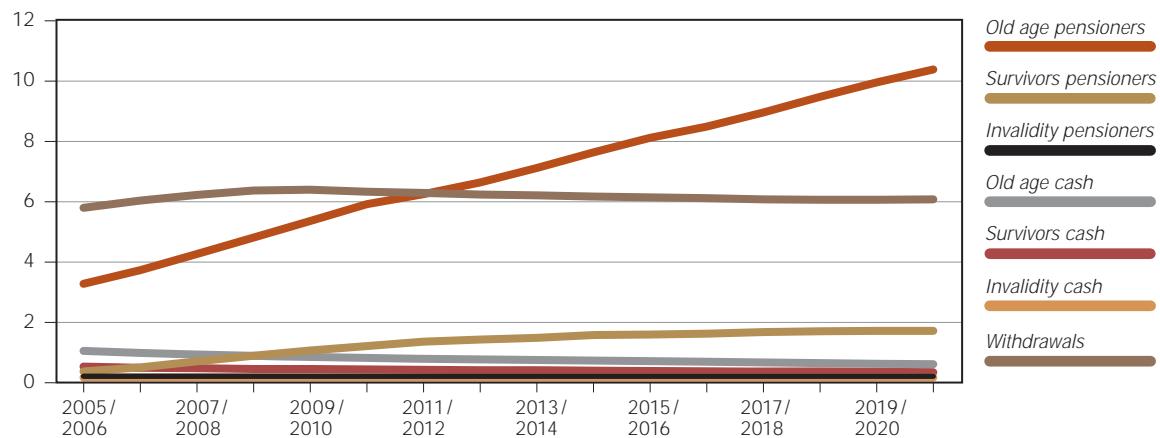


The following comments concern the preceding figures:

- Short-term benefit and periodic pension benefit payments are expected to grow faster in future than lump-sum cash benefit payments. For short-term benefit payments, the increase is driven mainly by NHIF, for which higher utilization rates of medical services are assumed. This is because the number of future beneficiaries is projected to grow considerably and this will increase expenditure. The NHIF will cover the retired population as from January 2008.
- Old-age pensions make up the largest amount of payments and will continue to do so as more people begin to receive their pensions.
- Survivor benefits are assumed to grow fastest during the first years of the projection period as people become more and more aware of their right to benefits and claim them. Fewer people are claiming survivor and death benefits than the mortality table suggests. This is often the case in developing countries, where people are not fully aware of their right to benefit.
- Withdrawals are assumed to grow a lower rate than periodic pension payments.

In order to help in understanding the evolution of the benefits paid by pension funds, Figure 4.14 presents the ratio of beneficiaries to contributors. Beneficiaries are divided into seven categories. Those who receive a pension (old age, invalidity and survivors), those who receive lump sum “cash benefits” (for PSPF, LAPF and PPF those who receive pension benefits are also receiving cash benefits owing to the existence of commuted pensions) and, finally, those who withdraw funds prematurely. The number of old-age pensioners will grow at the fastest rate, followed by survivors’ pensioners.

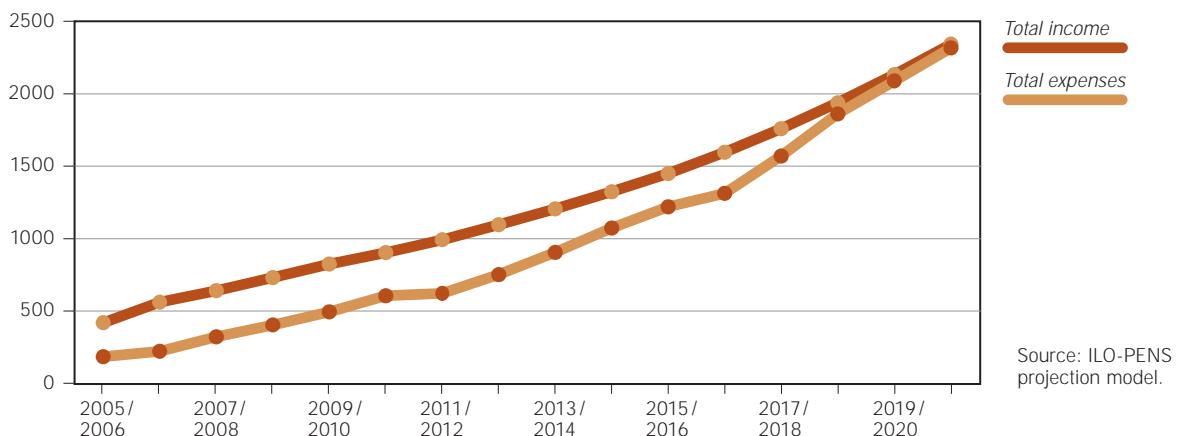
Figure 4.14 Evolution of the ratio of beneficiaries to contributors, per cent, 2005/2006-2020/2021



Source: ILO-PENS projection model.

Figure 4.15 shows the evolution of revenues and expenditures throughout the projection period for all of the social insurance funds taken together. At the end of the projection period, total expenditure (benefits + other cost) and total income (contributions + investment income) are almost equal. Other costs consist mainly of administrative costs. These costs are assumed to increase each year at the rate of inflation plus 1 per cent to take into account that the most important part of administrative costs

Figure 4.15 Revenues and expenditures, billion of TZS 2005/2006-2020/2021

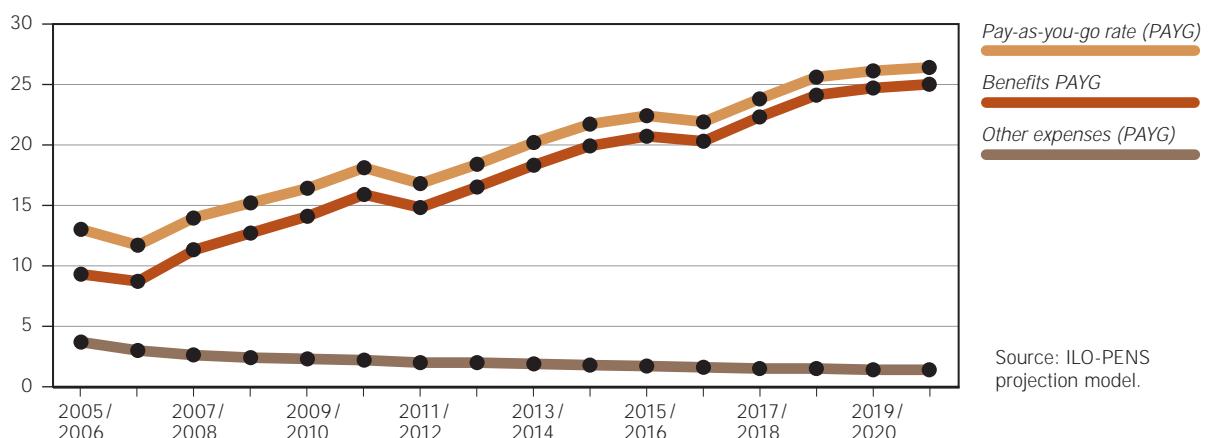


are staff costs that are expected to increase more than inflation. The rate of return from investments is assumed to equal the inflation rate plus 2.5 per cent.

To summarize the future financial situation of the social insurance funds, the following figures present the pay-as-you-go rate⁴ and the reserve ratio⁵ as indicators of the social insurance system in Tanzania Mainland.

Figure 4.16 addresses the first indicator and it can be seen non-benefit expenses are very high at the beginning of the projection (3.7 per cent of salary) and decrease over the projection period. This is due to the fact administrative cost are assumed to increase at a lower rate than salaries and insured population growth. We make the assumption that the social insurance funds will be administered more efficiently. If this does not occur, the PAYG rate will be higher, creating a deficit at the end of the projection period.

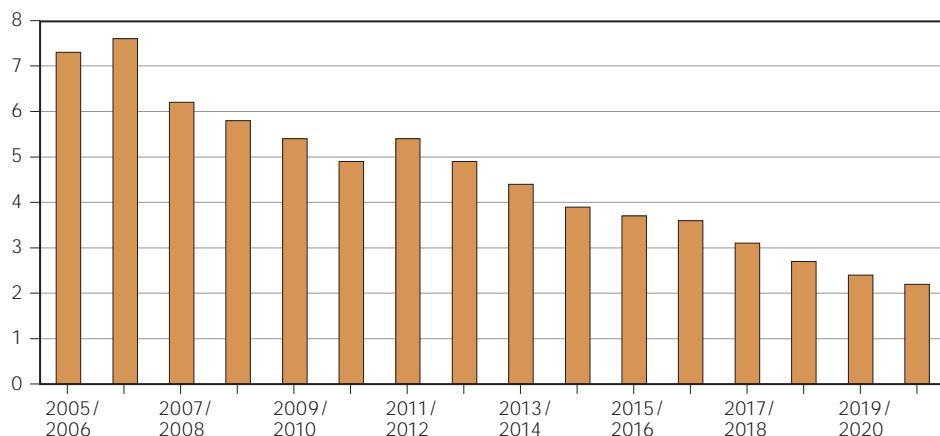
Figure 4.16 Pay-as-you-go rate of the social insurance system, (per cent of wage bill)



⁴ **Pay-as you-go rate:** The ratio of all expenses, including benefits, administrative and other costs, divided by total revenues. This ratio represents the necessary contribution rate required to pay all expenses during a year.

⁵ **Reserve ratio:** The ratio of the amount of assets at the end of the year to the previous year's total expenditure.

Figure 4.17 Reserve ratio of the social insurance system, 2005/2006-2020/2021



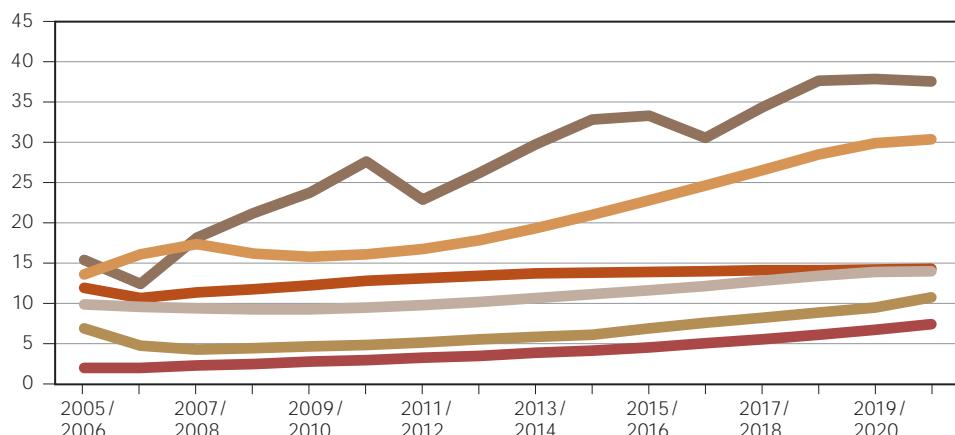
Source: ILO-PENS projection model.

The second indicator: the reserve ratio is expected to decrease (see Figure 4.17) during the projection period from 7.3 to 2.2, because expenditures are projected to increase faster than revenues. This is largely due to unfunded liabilities, accrued entitlements prior to 1999 for PSPF, which the Government is committed to funding. A similar situation probably exists for LAPF, but to a lesser extent. The next actuarial valuation of LAPF and PSPF to be done will provide new estimates of these unfunded liabilities.

Figures 4.18 and 4.19 shows the PAYG rate and the reserve ratio for each fund.

The PAYG rate for all schemes increases over the projection period, with a higher increase for PSPF and LAPF. The higher increase for these two schemes is due to the carrying over of members' accrued rights into these new schemes. Thus the schemes will reach maturity over a short period of time. The changes in the PAYG rate for PSPF is caused by fluctuations in the population retiring each year. This evolution of population combined with the fact that 50 per cent of the pension is commuted (this represents an important amount each year) makes the results less stable. NSSF represents the only fund where the PAYG rate stabilizes in the middle of the projection period. This is due to the fact that NSSF allows early withdrawals – like a provident fund (NSSF was a provident fund before 1998).

Figure 4.18 Pay-as-you-go rate (benefits and other expenses) for each fund, per cent, 2005/2006-2020/2021



Source: ILO-PENS projection model.

Figure 4.19 Reserve ratio of each insurance fund, 2005/2006-2020/2021

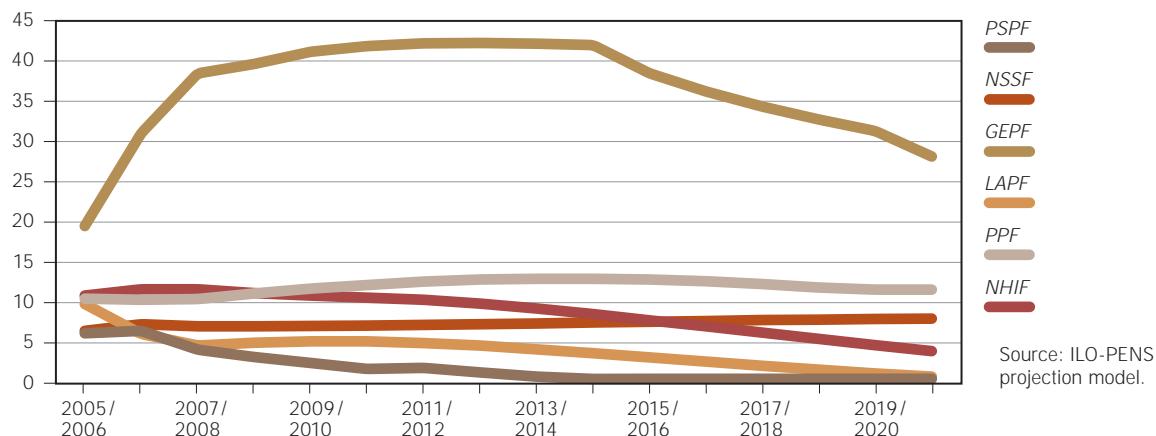


Figure 4.19 shows the reserve ratio for each fund. We can see that GEPF has the highest reserve ratio but a comparison with other funds can be misleading because GEPF is a pure provident fund. Currently, GEPF is in its accumulation phase. The reserve ratios of PSPF and LAPF are decreasing for the reasons explained earlier. Figure 4.19 also shows that NHIF has the second-highest reserve ratio at the beginning of the projection period. This is quite surprising because of the nature of this fund: NHIF pays short-term benefits and, normally, this kind of fund needs a much lower reserve ratio than a pension fund. NHIF is accumulating large reserves because the PAYG contribution rate is around 2 per cent, whereas a contribution rate of 6 per cent is deducted from salaries. The reserve ratio of NHIF will fall in future due to increased utilization and health costs. In addition, as from January 2008, Government retirees will be covered by the scheme. No contributions will be charged to most retirees for joining NHIF. This will create pressures on the active population.

Welfare programmes or non-contributory social assistance programmes run by NGOs

To obtain a complete picture of the social security system, welfare programmes and non-contributory social assistance programmes run by NGOs should be included in the Social Budget. During 2007, the ILO conducted a survey of Tanzania Mainland NGOs engaged in social protection. According to preliminary data, 149 NGOs have expenditure of about TZS 83 000 million, which is about 0.5 per cent of GDP. For the purposes of the Social Budget, we have made the assumption that this amount is constant in relation to GDP for the entire projection period.

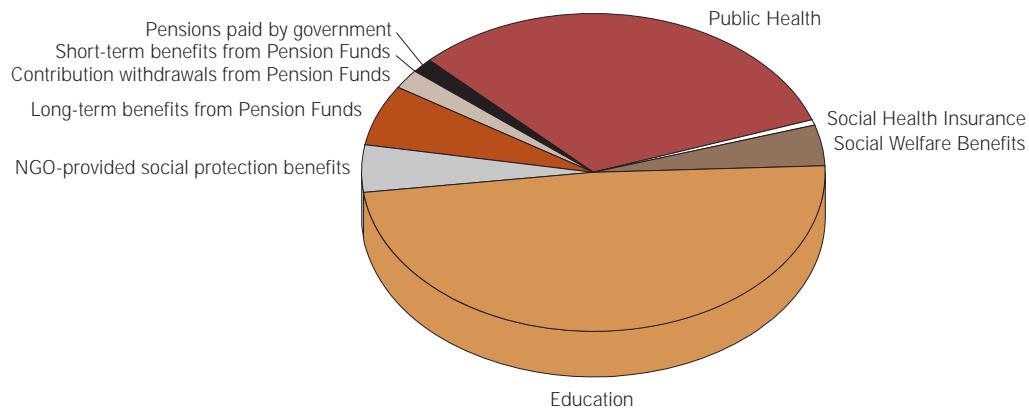
Results of projections: The Social Budget

4.4

In this section, results discussed previously are summarized and presented within the overall Tanzania Social Budget framework. The Tanzanian Social Budget for fiscal years 2003/2004 to 2006/2007 is shown in Table 4.10 and its expenditure structure on pie chart (Figure 4.20).

Table 4.10 Functional summary of Tanzania Mainland's Social Budget, per cent of GDP, 2003/2004 to 2006/2007

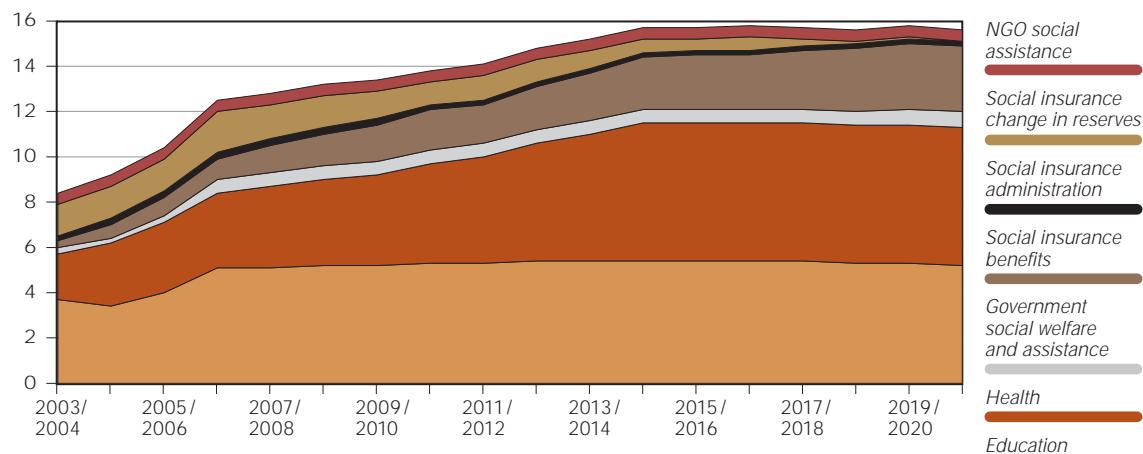
	2003-2004	2004-2005	2005-2006	2006-2007
EXPENDITURE				
1. Benefits paid by Pension Funds	0.539	0.813	1.070	1.140
1.1 Long-term benefits paid by Pension Funds	0.311	0.522	0.769	0.857
of which:				
Pension benefits				
Old -age	0.038	0.049	0.065	0.110
Invalidity	0.001	0.001	0.001	0.001
Survivors	0.001	0.001	0.002	0.012
Cash benefits	0.000	0.000	0.000	0.000
Old -age	0.061	0.237	0.380	0.357
Invalidity	0.000	0.001	0.002	0.002
Survivors and Death	0.021	0.024	0.045	0.145
Withdrawals	0.163	0.187	0.255	0.206
Others	0.025	0.022	0.018	0.022
1.2 Short-term benefits paid by Pension Fund	0.002	0.002	0.003	0.003
of which:				
Maternity	0.002	0.001	0.002	0.002
Health insurance	0.000	0.001	0.001	0.001
Employment injury	0.000	0.000	0.000	0.000
2. Government paying pension	0.145	0.148	0.149	0.153
3. Health	2.048	2.870	3.199	3.401
Government expenditure	2.003	2.823	3.150	3.344
Social insurance expenditure	0.045	0.046	0.049	0.057
Private expenditure N/A				
4. Social welfare assistance from government	0.109	0.050	0.165	0.431
5. Education	3.740	3.372	3.972	5.065
6. NGOs provided social protection	0.500	0.500	0.500	0.500
Total current social expenditure	7.082	7.754	9.055	10.691
Change of reserves	1.428	1.427	1.392	1.786
Pension insurance	1.305	1.282	1.220	1.599
Health insurance	0.123	0.145	0.172	0.186
Total social expenditure	8.510	9.180	10.447	12.477
INCOME				
Total income	8.510	9.180	10.447	12.477
Social security contributions	1.654	1.750	1.906	2.248
Pension insurance	1.498	1.585	1.729	2.052
Health insurance	0.156	0.165	0.177	0.196
Investment income	0.355	0.528	0.586	0.716
Pension insurance	0.343	0.505	0.546	0.671
Health insurance	0.012	0.023	0.040	0.045
Other income	0.004	0.008	0.018	0.019
Income from general revenues, NGO and donor funds	6.497	6.894	7.936	9.494

Figure 4.20 Social budget expenditure (per cent of GDP, 2006/2007)

Tables 4.11 and 4.12 show detailed projections of the Tanzanian social budget, in absolute amount and in per cent of GDP. Figure 4.21 presents the expected future development of the expenditure side of the social budget: expenditure on education, health, social insurance and government pensions and social assistance and welfare benefits.

Overall social expenditure will increase from 8.5 per cent of GDP to 15.6% of GDP in 2020/2021. If measured as percentage of the overall resource envelope (including central government budget, social security funds and resources devoted to social protection by NGOs), social expenditure would take 40 per cent of overall resources available in 2020/21, compared to one third in 2005/2006. This increase in social expenditure includes:

1. Increase in expenditure on education from nearly 4 per cent of GDP in 2005/2006 to 5.2 per cent of GDP (15% of the overall resources) in 2020/2021, due to the increase in the number of children and assumed significant improvements in the teacher/students ratio.

Figure 4.21 Projected social expenditure, per cent of GDP, 2003/2004-2020/2021

Sources :BoT for 2003/2004 to 2004/2005 and IMF for 2005/2006 to 2007/2008 and ILO calculations.

Table 4.11 Functional summary of all social revenue and expenditure, (000 000 Tsh), 2003/2004 to 2020/2021

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
EXPENDITURE							
1. Pension Fund (with administrative expenses)	70322	121765	180369	215860	311696	389363	474212
1.1 Long-term benefits paid by Pension Fund	40572	78200	129638	162166	254861	329528	411347
of which:							
Pension benefits							
Old-age	5007	7409	10968	20917	29914	41708	55852
Invalidity	145	172	182	271	297	329	368
Survivors	155	216	353	2323	4844	8299	12224
Cash benefits							
Old-age	7930	35435	64026	67551	116860	152045	190017
Invalidity	46	145	357	296	466	565	676
Survivors and Death	2788	3536	7657	27526	45241	53210	61372
Withdrawals	21191	27983	43018	39082	52220	67518	84144
Others	3311	3304	3077	4199	5018	5853	6694
1.2 Short-term benefits paid by Pension Fund	213	334	467	584	754	950	1184
of which:							
Maternity	198	175	283	341	404	460	509
Health insurance	0	157	156	223	326	462	644
Employment injury	14	2	28	20	24	27	31
2. Government paying pension	18846	22192	25200	28980	33326	38325	44074
3. Health	267060	429555	539286	643871	772943	922788	1101022
Government expenditure	261171	422611	530963	633089	758651	903871	1076889
NHIF (with administrative expenses)	5889	6944	8323	10782	14293	18917	24133
Private expenditure N/A							
4. Social assistance from government	14254	7497	27784	81662	89263	97670	106625
5. Education	487729	504745	669537	958819	1086100	1235207	1396144
6. NGOs	65197	74842	84287	94650	106735	119807	133228
Total current social expenditure	923407	1160597	1526463	2023840	2400065	2803161	3255305
Change of reserves	186264	213556	234625	338004	318382	325777	329509
Pension insurance and short term benefits	170215	191890	205692	302744	278276	280871	279305
Health insurance	16049	21666	28933	35260	40106	44906	50204
Total social expenditure	1109671	1374153	1761088	2361845	2718447	3128938	3584813
INCOME							
Total income	1109671	1374153	1761088	2361845	2718447	3128938	3584813
Social security contributions	215683	261908	321384	425517	512126	591265	669852
Pension insurance + short term benefits	195373	237238	291537	388454	468309	540048	610771
Health insurance	20310	24670	29847	37062	43817	51217	59081
Investment income	46253	79100	98825	135540	129116	139178	153889
Pension insurance + short term benefits	44685	75599	92025	127110	119184	127331	139509
Health insurance	1568	3501	6800	8430	9933	11847	14380
Other income	538	1258	3108	3589	3129	3614	4113
Income from General revenues	847196	1031887	1337771	1797199	2074076	2394881	2756959

2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
579152	589871	710226	853921	1009270	1140452	1214964	1448624	1710367	1904373	2090133
513366	521114	638273	778466	929943	1056781	1126339	1354236	1609127	1794858	1970358
73552	88736	108152	133431	164593	199854	235561	281190	337740	399982	465697
414	467	529	601	681	770	866	973	1089	1211	1335
16349	20571	25203	30228	35543	41019	46928	53555	60770	68030	74898
244698	207967	274297	356041	442673	499173	496578	638734	795980	877945	944006
794	909	1044	1184	1326	1466	1604	1752	1885	1998	2105
69343	76071	84292	92195	99477	106091	112571	119813	125069	127860	129649
100683	117993	135422	154423	174150	195663	218105	242535	269140	298392	331097
7533	8400	9334	10363	11499	12745	14124	15684	17456	19440	21570
1484	1882	2403	3123	4102	5437	7261	9769	13237	17992	24591
557	610	655	720	794	878	972	1082	1209	1320	1479
893	1235	1707	2358	3260	4505	6229	8623	11957	16593	23026
34	37	41	45	49	54	59	65	71	78	86
50685	58288	67031	77086	88649	101946	117238	134824	155048	178305	205051
1312837	1564880	1865528	2224076	2651944	2917879	3212117	3541757	3913586	4329113	4789677
1283026	1528622	1821229	2169847	2585198	2835755	3111536	3418232	3761528	4142639	4561982
29811	36258	44298	54228	66746	82124	100581	123524	152059	186474	227694
117072	128111	140075	153070	167501	183407	201040	220583	242321	265946	291560
1546918	1710776	1889729	2079508	2290004	2518336	2763890	3021732	3300249	3592873	3899474
146599	160952	176549	193565	212307	232884	255532	280719	308912	340210	374648
3753263	4212878	4849138	5581226	6419675	7094904	7764781	8648238	9630483	10610821	11650543
297669	369430	344563	300087	249538	228805	282928	188685	76538	43017	26215
244212	312160	283218	235547	182870	161524	216838	126940	23387	3571	6754
53457	57270	61345	64540	66667	67281	66090	61745	53151	39446	19462
4050932	4582308	5193700	5881313	6669213	7323709	8047709	8836923	9707020	10653838	11676759
4050932	4582308	5193700	5881313	6669213	7323709	8047709	8836923	9707020	10653838	11676759
742443	819433	903041	993991	1095464	1207129	1329574	1464665	1614262	1776877	1952431
676443	745738	820772	902430	993371	1093408	1203143	1324302	1458627	1605036	1763494
66000	73695	82269	91561	102092	113721	126432	140363	155635	171840	188937
159620	171108	190556	208243	223516	237049	261004	287511	315198	346564	380192
143331	152367	168401	182393	193707	203050	222638	244684	267929	295030	324773
16290	18741	22155	25850	29809	33999	38366	42827	47268	51534	55419
4569	5019	5490	6003	6574	7204	7894	8657	9503	10424	11419
3144300	3586748	4094614	4673077	5343659	5872328	6449236	7076090	7768058	8519974	9332716

Table 4.12 Functional summary of all social revenue and expenditure, % of GDP, 2003/2004 to 2020/2021

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
EXPENDITURE							
1. Benefits paid by Pension Fund	0.539	0.813	1.070	1.140	1.460	1.625	1.780
1.1 Long-term benefits paid by Pension Fund	0.311	0.522	0.769	0.857	1.194	1.375	1.544
of which:							
Pension benefits	0.041	0.052	0.068	0.124	0.164	0.210	0.257
Old-age	0.038	0.049	0.065	0.110	0.140	0.174	0.210
Invalidity	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Survivors	0.001	0.001	0.002	0.012	0.023	0.035	0.046
Cash benefits	0.270	0.470	0.701	0.732	1.030	1.165	1.287
Old-age	0.061	0.237	0.380	0.357	0.547	0.635	0.713
Invalidity	0.000	0.001	0.002	0.002	0.002	0.002	0.003
Survivors and Death	0.021	0.024	0.045	0.145	0.212	0.222	0.230
Withdrawals	0.163	0.187	0.255	0.206	0.245	0.282	0.316
Others	0.025	0.022	0.018	0.022	0.024	0.024	0.025
1.2 Short-term benefits paid by Pension Fund	0.002	0.002	0.003	0.003	0.004	0.004	0.004
of which:							
Maternity	0.002	0.001	0.002	0.002	0.002	0.002	0.002
Health insurance	0.000	0.001	0.001	0.001	0.002	0.002	0.002
Employment injury	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2. Government paying pension	0.145	0.148	0.149	0.153	0.156	0.160	0.165
3. Health	2.048	2.870	3.199	3.401	3.621	3.851	4.132
Government expenditure	2.003	2.823	3.150	3.344	3.554	3.772	4.042
Social insurance expenditure	0.045	0.046	0.049	0.057	0.067	0.079	0.091
Private expenditure N/A							
4. Social assistance from government	0.109	0.050	0.165	0.431	0.418	0.408	0.400
5. Education	3.740	3.372	3.972	5.065	5.088	5.155	5.240
6. NGOs	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Total current social expenditure	7.082	7.754	9.055	10.691	11.243	11.699	12.217
Change of reserves	1.428	1.427	1.392	1.786	1.491	1.360	1.237
Pension insurance	1.305	1.282	1.220	1.599	1.304	1.172	1.048
Health insurance	0.123	0.145	0.172	0.186	0.188	0.187	0.188
Total social expenditure	8.510	9.180	10.447	12.477	12.735	13.058	13.454
INCOME							
Total income	8.510	9.180	10.447	12.477	12.735	13.058	13.454
Social security contributions	1.654	1.750	1.906	2.248	2.399	2.468	2.514
Pension insurance and short term benefits	1.498	1.585	1.729	2.052	2.194	2.254	2.292
Health insurance	0.156	0.165	0.177	0.196	0.205	0.214	0.222
Investment income	0.355	0.528	0.586	0.716	0.605	0.581	0.578
Pension insurance and short term benefits	0.343	0.505	0.546	0.671	0.558	0.531	0.524
Health insurance	0.012	0.023	0.040	0.045	0.047	0.049	0.054
Other income	0.004	0.008	0.018	0.019	0.015	0.015	0.015
Income from General revenues	6.497	6.894	7.936	9.494	9.716	9.995	10.347

2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
1.975	1.832	2.011	2.206	2.377	2.449	2.377	2.580	2.768	2.799	2.789
1.751	1.619	1.808	2.011	2.190	2.269	2.204	2.412	2.605	2.638	2.630
0.308	0.341	0.379	0.424	0.473	0.519	0.554	0.598	0.647	0.690	0.723
0.251	0.276	0.306	0.345	0.388	0.429	0.461	0.501	0.547	0.588	0.622
0.001	0.001	0.001	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002
0.056	0.064	0.071	0.078	0.084	0.088	0.092	0.095	0.098	0.100	0.100
1.443	1.278	1.428	1.587	1.717	1.750	1.649	1.814	1.958	1.948	1.906
0.835	0.646	0.777	0.920	1.043	1.072	0.972	1.138	1.288	1.290	1.260
0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
0.237	0.236	0.239	0.238	0.234	0.228	0.220	0.213	0.202	0.188	0.173
0.343	0.367	0.384	0.399	0.410	0.420	0.427	0.432	0.436	0.439	0.442
0.026	0.026	0.026	0.027	0.027	0.027	0.028	0.028	0.028	0.029	0.029
0.005	0.006	0.007	0.008	0.010	0.012	0.014	0.017	0.021	0.026	0.033
0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002
0.003	0.004	0.005	0.006	0.008	0.010	0.012	0.015	0.019	0.024	0.031
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.173	0.181	0.190	0.199	0.209	0.219	0.229	0.240	0.251	0.262	0.274
4.478	4.861	5.283	5.745	6.246	6.265	6.285	6.308	6.334	6.362	6.392
4.376	4.749	5.158	5.605	6.088	6.088	6.088	6.088	6.088	6.088	6.088
0.102	0.113	0.125	0.140	0.157	0.176	0.197	0.220	0.246	0.274	0.304
0.399	0.398	0.397	0.395	0.394	0.394	0.393	0.393	0.392	0.391	0.389
5.276	5.315	5.352	5.372	5.393	5.407	5.408	5.382	5.342	5.280	5.204
0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
12.801	13.087	13.733	14.417	15.119	15.233	15.193	15.404	15.588	15.595	15.549
1.015	1.148	0.976	0.775	0.588	0.491	0.554	0.336	0.124	0.063	0.035
0.833	0.970	0.802	0.608	0.431	0.347	0.424	0.226	0.038	0.005	0.009
0.182	0.178	0.174	0.167	0.157	0.144	0.129	0.110	0.086	0.058	0.026
13.816	14.235	14.709	15.192	15.707	15.724	15.747	15.740	15.712	15.658	15.584
13.816	14.235	14.709	15.192	15.707	15.724	15.747	15.740	15.712	15.658	15.584
2.532	2.546	2.557	2.568	2.580	2.592	2.602	2.609	2.613	2.611	2.606
2.307	2.317	2.324	2.331	2.339	2.348	2.354	2.359	2.361	2.359	2.354
0.225	0.229	0.233	0.237	0.240	0.244	0.247	0.250	0.252	0.253	0.252
0.544	0.532	0.540	0.538	0.526	0.509	0.511	0.512	0.510	0.509	0.507
0.489	0.473	0.477	0.471	0.456	0.436	0.436	0.436	0.434	0.434	0.433
0.056	0.058	0.063	0.067	0.070	0.073	0.075	0.076	0.077	0.076	0.074
0.016	0.016	0.016	0.016	0.015	0.015	0.015	0.015	0.015	0.015	0.015
10.724	11.142	11.596	12.071	12.585	12.608	12.619	12.604	12.573	12.522	12.455

2. Increase in the expenditure on health care from 3.2 per cent of GDP in 2005/2006 to 6.4% of GDP in 2020/2021. Such a substantial increase would have to take place in order to achieve the targets specified in MKUKUTA. In this scenario, by 2013/2014 health expenditure is expected to exceed education expenditure. However, such an increase will actually take place only if matching additional resources on the revenue side of the social budget will be made available.
3. Increase in expenditure on pension benefits paid (including early withdrawals) from the pension funds from 0.9 per cent to 3 per cent of GDP over 15 years.

In 2005/2006, the surplus of the social security fund (or the change in reserves) represented 1.4 per cent of GDP. This amount is expected to decrease considerably in future, to reach 0.0 per cent of GDP at the end of the projection period. The reason for this decrease is the large deficit that PSPF and LAPF will incur if the Government does not meet its obligations.

In summary, during the period from 2005/2006 to 2020/2021, total social expenditures are projected to increase by 7.1 percentage points of GDP, including:

- education, increase by 1.2 percentage points;
- health care, increase by 3.2 percentage points;
- government social welfare programmes, increase by 0.3 percentage points;
- pension benefits, increase by 2.1 percentage points;
- social insurance administrative expenses, decrease by 0.2 percentage points and
- social insurance change in reserves, decrease by 1.4 percentage points of GDP.⁶

Thus, the structure of general Government expenditure will change. At the end of the projection period, the public health system will consume 16 per cent of the total budget. At the same time, the share of education will decline slightly from almost 15 per cent in 2005/2006 to 14 per cent in 2020/2021. The shares of social insurance fund expenditures will decrease from 9.4 to 8.1 per cent.

Non-contributory social assistance: how to reach those in need?

Currently, existing social assistance programmes represent only 7 per cent of all social protection expenditure (including health). Taking into account such programmes are aimed at alleviating poverty, and close to 40 percent of the Tanzania population is classified as poor, this allocation is certainly far from sufficient. Unless there is a substantial policy change, this expenditure will not increase and will remain over time at a level close to 1per cent of GDP .

Although a thorough analysis of policy options to extend social protection coverage will be the subject of the second phase of our project, it is by no means too early to begin consideration of the policy developments which will be needed to address poverty and the needs of vulnerable groups. We therefore present a set of initial and approximate estimates to illustrate the scale of additional financing that would be needed.

We looked at the future costs of three hypothetical benefits targeted at three specific groups of beneficiaries:

⁶ This means that there are no longer current surpluses in the social insurance accounts.

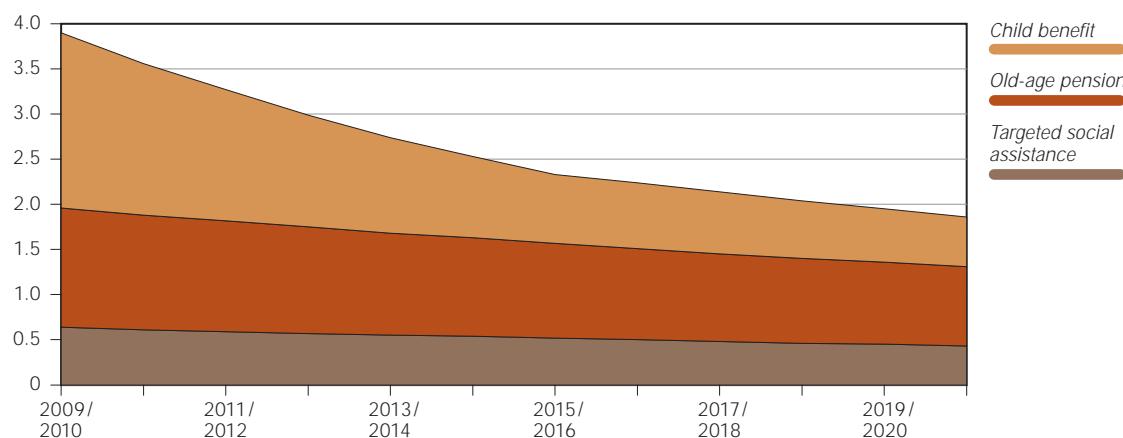
- a targeted social assistance scheme: vulnerable households and covering 10 percent of all households. We have assumed that this scheme and other simulated schemes will cover 100 per cent of the target group in the first year (2009). We have assumed about 30 per cent of GDP per capita, on monthly basis, as a benefit per household and adjusted annually for inflation (estimated to be 15,000 TZS per household per month in 2009);
- a universal pension for all persons aged 60 and over, starting with a monthly amount of 15,000 TZS in 2009;
- a child benefit paid to the first child for seven years, 7,500 TZS per month.

If fully implemented in 2009, such a targeted social assistance scheme would cost (without taking into account administration and delivery) 169 billion TZS. A pension for the elderly would cost 352 billion TZS – nearly twice as much due to a much greater number of beneficiaries. It is assumed for child benefit that in the first year of implementation all families with children will receive the benefit (at the level for one child); whereas, from then onwards claims will be paid only upon the birth of the first child. At the start the number of beneficiaries and the cost would be significantly higher than the two other programmes but would decrease quickly over the following years. Figure 4.22 shows benefit costs of all three hypothetical schemes until 2021 presented as percentage of GDP per capita.

These results should not be treated as policy recommendations, which should be developed as a result of a national debate involving all the stakeholders. These results illustrate that by allocating resources equivalent in the longer run to just over 1.8 per cent of GDP, it would be possible to build the foundations of a social protection system.

However, it is recognized that at the present and expected level of donor dependency, this would probably require budgetary reallocations rather than additional expenditure.

Figure 4.22 Costs of benefits provided by hypothetical non-contributory schemes, 2009/2010-2020/2021 (per cent)





5

This report has sought to present the results of the Social Protection Expenditure and Performance Review (SPER) and Social Budget (SB) for Tanzania Mainland, undertaken in the framework of the ILO-DFID partnership on extending social protection and coverage for all as a means to reducing poverty. It has sought to describe the existing situation in Tanzania Mainland for social protection generally and to undertake a number of status quo projections and to offer some preliminary options. It is also possible to draw conclusions from the preceding analysis, which sheds some light on the issues, which will need to be considered as part of the next stage of the project.

The demographics of a country are usually the main driver for indicating areas which will need to be addressed when putting together future policy options. Tanzania has a youthful population, declining fertility, declining but still high infant and under-fives mortality rates, a high prevalence of HIV/AIDs and an ageing population. The Social Budget shows that these trends hold for the 15-year projection period. This indicates that the national social protection framework will need to give priority to young and elderly people if the country wishes to reduce the number of citizens living in poverty in the short and medium terms. The mortality figures also show preventative health measures for malaria, tuberculosis and respiratory diseases as well as to HIV/AIDs need to be strengthened and that this would bring significant improvement in the mortality figures.

While labour participation rates are high, there are high levels of unemployment of young people living in urban areas, and under-employment across all groups is increasing in rural areas. This suggests that employment creation is not keeping pace with population growth and the number of new entrants into the labour market; and, this is at a time of GDP growth at above 6 per cent. A coordinated social protection/employment strategy is needed to harness this human potential for growth and to ensure a stable and more equitable society.

Conclusions

Contributory and non-contributory schemes

Social security coverage in terms of numbers, scope and adequacy is low for both contributory and non-contributory provision. This is contributing to present levels of poverty for those in the informal sector and, in particular, the most vulnerable children, adults (disabled) and the elderly; as well as those who become unemployed or who reach pension age in the formal sector. There is also poor coordination between the different formal schemes and between the contributory and non-contributory types of provision. There is an urgent need for a strategic framework to be drawn up which encompasses and logically integrates these two types of provision and makes recommendations for restructuring of the provisions of the formal schemes. Particular reference needs to be made to the practice of early contribution withdrawals on unemployment, which is often followed by a change in employment and only rudimentary forms of old-age income security in the form of lump-sum pension payments. This must not be looked at in isolation from the need for an unemployment benefit scheme of some type.

Options

A key issue is the affordability of existing and future provision and whether fiscal space can be found for a minimum set of social protection benefits in order to reduce the poverty head count and narrow the poverty gap.

Although a thorough analysis of policy options to extend social protection coverage will be the subject of the second phase of our project, it is by no means too early to begin consideration of the policy developments which will be needed to address poverty and the needs of vulnerable groups. We have therefore presented a set of initial and approximate estimates to illustrate the scale of additional financing that would be needed.

We looked at the future costs of three hypothetical benefits targeted at three specific groups of beneficiaries:

- a targeted social assistance scheme: vulnerable households and covering 10 percent of all households. We have assumed that this scheme and other simulated schemes will cover 100 per cent of the target group in the first year (2009). We have assumed about 30 per cent of GDP per capita, on monthly basis, as a benefit per household and adjusted annually for inflation (estimated to be 15,000 TZS per household per month in 2009);
- a universal pension for all persons aged 60 and over, starting with a monthly amount of 15,000 TZS in 2009;
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If fully implemented in 2009, such a targeted social assistance scheme would cost (without taking into account administration and delivery) 169 billion TZS. A pension for the elderly would cost 352 billion TZS – nearly twice as much due to a much greater number of beneficiaries. It is assumed for child benefit that in the first year of implementation all families with children will receive the benefit (at the level for one child); whereas, from then onwards claims will be paid only upon the birth of the first child. At the start the number of beneficiaries and the cost would be significantly higher than the two other programmes but would decrease quickly over the following years.

These results should not be treated as policy recommendations, which should be developed as a result of a national debate involving all the stakeholders. These results illustrate that by allocating resources equivalent in the longer run to just over 1.8 per cent of GDP, it would be possible to build the foundations of a social protection system. However, it is recognized that at the present and expected level of donor dependency, this would probably require budgetary reallocations rather than additional expenditure.

Key findings

There are five key findings:

- The demographics show there is a need to give high priority to developing a social protection framework addressing the needs of the young and elderly people if the country is serious in wishing to reduce the numbers of its citizens living in poverty.
- The labour market is highly informalized with high youth unemployment rates in urban areas.
- Coverage by both contributory and non-contributory schemes is low, and benefits are inadequate. There is a lack of overall coordination.
- The contributory schemes are not fulfilling the role of social security schemes and need to be reformed.
- Tanzania is highly dependent on donor funding for its social expenditures: 33 per cent of all budgeted revenue.

Way forward

- The results on informality of employment should feed into policy discussions on the extension of social protection coverage, together with a job creation strategy targeted at youth.
- There is scope to extend coverage by existing contributory and non-contributory schemes.
- Consideration needs to be given to the potential of increasing endogenous fiscal space through enhanced tax revenues, given recent improvements in tax administration and revenues.
- There is a need to carefully align government and donor priorities given the level of planned increases in expenditure on health and education. These planned increases may need to be revisited if the intention is to reduce the number of people living in extreme poverty in a reasonable time frame.
- There are significant government pension liabilities. A financing plan needs to be drawn up to look at timing of government financial commitments and how this affects the affordability of minimum benefit levels and possibly any overall benefit restructuring strategy.
- A minimum package of universally acceptable benefits would be affordable – targeted social assistance, a universal old age pension and a child benefit would cost just over 1.8 per cent of GDP in the longer term.
- The next stage of the project needs to address the composition of a comprehensive social protection system and its funding.

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Annex A

Description of the pension projection model

This Social Budget projection makes use of the comprehensive methodology developed by the Financial, Actuarial and Statistical Services of the ILO for reviewing the long-term actuarial and financial status of national pension funds. The projection was undertaken by modifying the generic version of the ILO modelling tools in order to fit the situation of each fund. These modelling tools include a population model, an economic model, a labour force model, a wage model, a long-term benefits model and a short-term benefits model.

Modelling the demographic and economic developments

A1

The use of the ILO actuarial projection model required the development of demographic and economic assumptions related to the general population, economic growth, the labour market and the increase and distribution of wages. Other economic assumptions relate to the future rate of return on investments, the indexation of benefits and the adjustment of parameters, such as the maximum insurable earnings and the future level of flat-rate benefits.

The selection of projection assumptions took into account the recent experience of Tanzania Mainland and the pension funds to the extent that this information was available. The assumptions were selected to reflect long-term trends rather than giving undue weight to recent experience. For the detailed description of the demographic and economic assumptions, see Chapter 1 and Annex B.

Active population

A1.1

The projection of the labour force, i.e. the number of persons available for work, is obtained by applying assumed labour force participation rates to the projected number of persons in the general population. An unemployment rate is assumed for the future and aggregate employment. It is calculated as the difference between labour force and

unemployment. The model assumes movement of participants between the groups of active and inactive insured persons.

In the model, the active population is projected starting with most current data on active participants, and applying appropriate mortality, disability and retirement rates. The assumption concerning mortality rates was derived using United nations Population Division: *World Population Prospects: The 2006 revision*.

A1.2 *Economic growth and inflation*

Inflation rates are exogenous inputs to the economic model. Real rates of economic growth, and labour productivity increases were derived using the ILO economic projection model.

A1.3 *Salaries*

Based on an allocation of total GDP to capital income and to labour income, a starting average wage is normally calculated by dividing the wage share of GDP by the total number of employed persons. In the medium term, real wage development is checked against labour productivity growth. In specific labour market situations, wages may grow faster or slower than productivity. The real wage increase is assumed to gradually converge to real labour productivity. It is expected that wages will adjust to efficiency levels over time. Wage growth is also influenced by an assumed gradual annual increase of the total labour income share of GDP over the projection period which is concomitant with the assumed GDP growth.

Wage distribution assumptions are also needed to simulate the possible impact of the social protection system on the distribution of income, for example, through minimum and maximum pension provisions. Assumptions on the differentiation of wages by age and sex are established, as well as assumptions on the dispersion of wages between income groups. Average earnings which are used in the computation of benefits are also projected.

A2 Modelling the financial development of the social insurance fund

The projection addresses all income and expenditure items of the long-term (pension) benefits. Projections for pensions are done for each sex separately.

A2.1 *Purpose of pension projections*

The purpose of the pension model is twofold. First, it is used to assess the financial viability of the long-term benefits branch. This refers to the measure of the long-term balance between income and expenditures of the fund. In case of imbalance, a revision of the contribution rate or the benefit structure is recommended. Second, the model may be used to examine the financial impact of different reform options, thus assisting policy makers in the design of benefit and financing provisions. More specifically, the pension model is used to develop long-term projections of expenditures and insurable earnings under the fund, for the purpose of:

- assessing the options for building up a contingency or a technical reserve;
- proposing schedules of contribution rates consistent with the funding objective;
- testing how the system reacts to changing economic and demographic conditions.

Pension data and assumptions

A2.2

Pension projections require the demographic and macroeconomic framework already described and, in addition, a set of assumptions specific to the social insurance fund.

The database as at the valuation date includes the insured population by active and inactive status, the distribution of insurable wages among contributors, the distribution of past credited service and pensions in payment. Data are disaggregated by age and sex.

Fund-specific assumptions such as disability incidence rates and the distribution of retirement by age are determined with reference to scheme fund provisions and the scheme's historical experience. The data and assumptions specific to each pension fund are presented in detail in Chapter 2.

Pension projection approach

A2.3

Pension projections are made following a year-by-year cohort methodology. The existing population is aged and gradually replaced by successive cohorts of participants on an annual basis according to the demographic and coverage assumptions. The projection of insurable earnings and benefit expenditures are then performed according to the economic assumptions and the scheme's provisions.

Pensions are long-term benefits. Hence the financial obligations that a society accepts when adopting financing provisions and benefit provisions for them are also of a long-term nature: participation in a pension scheme extends over the whole adult life, either as contributor or beneficiary, i.e., up to 70 years for someone entering the scheme at the age of 16, retiring at the age of 65 and dying some 20 or so years later. During their working years, contributors gradually build entitlement to pensions that will be paid even after their death, to their survivors.

The objective of pension projections is not to forecast the exact progression of a scheme's income and expenditures, but to verify its financial viability. This entails evaluating the scheme with regard to the relative balance between future income and expenditures.

Annex B

Description of principal assumptions used for each scheme and results of the projection

This Annex shows the principal assumptions used for each scheme. Under each table there is a description of the source of the information. The meaning of each description is:

Name of the source: the data used was the one transmitted to the ILO, who performed no calculations.

Name of the source, calculations by the ILO: the data was transmitted to the ILO, who did some calculations to adjust the information.

Estimations by the ILO: no data was transmitted to the ILO, who made reasonable assumptions given the circumstances.

Name of the source, calculations and estimations by the ILO: partial data was transmitted to the ILO, who did some calculations to adjust and complete the information.

The assumptions concerning inflation, employee population growth, salary increase and mortality rates are the same as those described in Chapter 2, except where otherwise specified.

Results of the projection of each fund are also shown in this section.

LAPF

Principal assumptions:

- Compared to other scheme, first year of projection is year 2007/2008 and approximations have been done for the year 2006/2007.
- Initial covered population: see Table LAPF.1.
- Initial distribution of average annual earnings: see Table LAPF.2.
- Initial distribution of average account: see Table LAPF.3.
- Initial distribution of average length of service: see Table LAPF.4.
- Insured population growth: the same as the growth of the total population in Tanzania Mainland.

- Mortality rates: based on the mortality rates of the population of Tanzania Mainland adjusted in the following way:
 - 60% of those mortality rates from age 15 to 55. The adjustment factor with the increase in age to attain 100% at age 100.
- Invalidity rates: based on assumptions done in an African country and adjusted to fit the past experience of the scheme.
- Withdrawals rates: 0.1% from age 15 to 59.
- Retirement age: 60.
- Interest rate credited on the account: inflation + 2%.
- Return on the fund invested: inflation + 2.5%.
- Expenses: 4.9% of salary at the beginning of the projection period increasing according the inflation rate + 1% throughout the projection period.
- Initial population of pensioners: see Table LAPF.5.1 and Table LAPF.5.2.
- Results of the projection are shown in Table LAPF.6.1, Table LAPF.6.2 and Table LAPF.6.3.

Table LAPF.1 Distribution of active members by age and sex, June 2007

Age	Males	Females	Total
15-19	–	–	–
20-24	23	80	104
25-29	210	723	933
30-34	1 224	3 898	5 121
35-39	2 543	6 508	9 052
40-44	4 849	8 647	13 496
45-49	5 864	8 011	13 875
50-54	4 483	4 189	8 673
55-59	3 516	2 557	6 073
60-64	–	–	–
65-69	–	–	–
Total	22 713	34 613	57 326

Source: LAPF, calculations and estimations by the ILO.

Table LAPF.2 Distribution of annual earnings by age and sex, June 2007, TZS

Age	Males	Females
15-19	1 206 565	1 430 073
20-24	1 533 732	1 617 910
25-29	1 858 308	1 824 270
30-34	2 128 225	2 022 419
35-39	2 343 484	2 212 356
40-44	2 504 084	2 394 083
45-49	2 610 026	2 567 599
50-54	2 661 714	2 732 904
55-59	2 667 868	2 872 132
60-64	–	–
65-69	–	–
Average	2 546 276	2 422 407

Source: LAPF, calculations by the ILO.

Table LAPF.3 Distribution of account by age and sex, June 2007, TZS

Age	Males	Females
15-19	171 799	205 973
20-24	559 981	636 232
25-29	875 759	943 930
30-34	1 057 757	1 097 102
35-39	1 153 291	1 166 406
40-44	1 209 676	1 206 095
45-49	1 274 226	1 263 957
50-54	1 394 258	1 386 814
55-59	1 617 085	1 623 425
60-64	–	–
65-69	–	–
Average	1 308 477	1 246 598

Source: LAPF, calculations and estimations by the ILO.

Table LAPF.4 Average past contribution years for active insured persons, June 2007

Age	Males	Females
15-19	0.4	0.4
20-24	1.2	1.2
25-29	1.9	1.9
30-34	4.1	4.1
35-39	9.6	9.6
40-44	15.2	15.2
45-49	18.9	18.9
50-54	21.3	21.3
55-59	23.1	23.1
60-64	–	–
65-69	–	–

Source: LAPF, calculations and estimations by the ILO.

Table LAPF.5.1 Distribution of pensioners by age, male, June 2007, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	—	—	—	—		
20-24	—	—	—	—		
25-29	—	—	—	—		
30-34	—	—	—	—		
35-39	—	—	—	—		
40-44	—	—	—	—		
45-49	—	—	—	—		
50-54	—	—	—	—		
55-59	—	—	—	—		
60-64	368	1 000 000	—	—	N/A	N/A
65-69	—	—	—	—		
70-74	—	—	—	—		
75-79	—	—	—	—		
80-84	—	—	—	—		
85-89	—	—	—	—		
90-94	—	—	—	—		
95-99	—	—	—	—		
Average	368	1 000 000	—	—		

Source: estimations by the ILO.

Table LAPF.5.2 Distribution of pensioners by age, female, June 2007, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	—	—	—	—		
20-24	—	—	—	—		
25-29	—	—	—	—		
30-34	—	—	—	—		
35-39	—	—	—	—		
40-44	—	—	—	—		
45-49	—	—	—	—		
50-54	—	—	—	—		
55-59	—	—	—	—		
60-64	332	1 000 000	—	—	N/A	N/A
65-69	—	—	—	—		
70-74	—	—	—	—		
75-79	—	—	—	—		
80-84	—	—	—	—		
85-89	—	—	—	—		
90-94	—	—	—	—		
95-99	—	—	—	—		
Average	332	1 000 000	—	—		

Source: estimations by the ILO.

Table LAPF.6.1 Projection of incomes and expenses of LAPF according to current provisions of the scheme, 2005/2006 – 2020/2021

Years	Income (000 000 TZS)			Expenses (000 000 TZS)			Surplus (Deficit)	Reserve (end year)	PAYG (%)	Reserve Ratio
	Contributions	Investment Earnings	Other Income	Benefits	Administrative Expenses					
2005/2006	15 345	7 969	12	6 530	3 796	13 001	100 415	13.5	9.7	
2006/2007	23 797	8 427	19	15 036	4 050	13 157	113 572	16.0	6.0	
2007/2008	32 248	8 220	26	23 541	4 277	12 676	126 249	17.3	4.5	
2008/2009	36 364	8 440	30	24 716	4 491	15 627	141 876	16.1	4.9	
2009/2010	40 424	9 141	33	26 992	4 704	17 902	159 778	15.7	5.0	
2010/2011	44 308	9 443	36	30 519	4 904	18 365	178 142	16.0	5.0	
2011/2012	48 428	10 016	39	35 452	5 100	17 931	196 074	16.7	4.8	
2012/2013	52 890	10 942	43	41 897	5 304	16 674	212 748	17.8	4.5	
2013/2014	57 747	11 759	47	50 187	5 516	13 849	226 597	19.3	4.1	
2014/2015	63 053	12 380	51	60 387	5 737	9 360	235 957	21.0	3.6	
2015/2016	68 814	12 714	56	72 475	5 966	3 143	239 100	22.8	3.0	
2016/2017	75 063	12 668	61	86 460	6 205	-4 873	234 227	24.7	2.5	
2017/2018	81 840	12 142	67	102 385	6 453	-14 790	219 437	26.6	2.0	
2018/2019	89 231	11 020	73	120 756	6 711	-27 144	192 293	28.6	1.5	
2019/2020	97 257	9 244	79	138 806	6 980	-39 205	153 088	30.0	1.1	
2020/2021	105 926	6 886	86	154 517	7 259	-48 877	104 211	30.5	0.6	

Table LAPF.6.2 Projected number of insured persons and beneficiaries (Pension type benefits), 2005/2006 – 2020/2021

Years	Numbers of active members and beneficiaries					Demographic ratio (%)			
	Actives	Old age	Invalids	Deaths	Withdrawals	Old age	Invalids	Deaths	Withdrawals
2005/2006	52 864	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006/2007	57 326	700	0	0	0	1.22	0.00	0.00	0.00
2007/2008	59 210	2 069	23	499	52	3.49	0.04	0.84	0.09
2008/2009	61 104	2 996	33	502	55	4.90	0.05	0.82	0.09
2009/2010	63 002	3 831	43	507	57	6.08	0.07	0.80	0.09
2010/2011	64 934	4 639	54	512	59	7.14	0.08	0.79	0.09
2011/2012	66 899	5 473	66	519	60	8.18	0.10	0.78	0.09
2012/2013	68 868	6 382	78	526	62	9.27	0.11	0.76	0.09
2013/2014	70 876	7 400	90	532	64	10.44	0.13	0.75	0.09
2014/2015	72 946	8 554	103	539	67	11.73	0.14	0.74	0.09
2015/2016	75 040	9 863	115	546	69	13.14	0.15	0.73	0.09
2016/2017	77 156	11 333	128	552	72	14.69	0.17	0.72	0.09
2017/2018	79 293	12 969	140	558	74	16.36	0.18	0.70	0.09
2018/2019	81 491	14 777	152	563	77	18.13	0.19	0.69	0.09
2019/2020	83 723	16 719	163	568	79	19.97	0.19	0.68	0.09
2020/2021	85 951	18 706	173	573	81	21.76	0.20	0.67	0.09

Table LAPF.6.3 Breakdown of benefits paid, 2005/2005 – 2020/2021 (000 000' TZS)

Years	Pension			Cash benefits				TOTAL
	Old age	Invalids	Survivors	Old age	Invalids	Death	Withdrawals	
2005/2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6 530
2006/2007	1 202	4	0	11 472	73	2 240	44	15 036
2007/2008	1 883	7	0	17 962	114	3 507	68	23 541
2008/2009	3 071	14	0	17 474	134	3 933	89	24 716
2009/2010	4 280	23	0	18 025	157	4 393	114	26 992
2010/2011	5 561	34	0	19 752	182	4 849	141	30 519
2011/2012	6 995	46	0	22 753	208	5 279	171	35 452
2012/2013	8 676	60	0	27 006	235	5 717	203	41 897
2013/2014	10 693	76	0	32 751	262	6 167	236	50 187
2014/2015	13 144	95	0	39 951	291	6 624	283	60 387
2015/2016	16 122	115	0	48 519	318	7 078	322	72 475
2016/2017	19 717	137	0	58 379	343	7 517	367	86 460
2017/2018	24 016	161	0	69 503	366	7 930	410	102 385
2018/2019	29 119	186	0	82 297	384	8 300	470	120 756
2019/2020	35 049	213	0	94 023	399	8 605	517	138 806
2020/2021	41 679	241	0	102 781	410	8 840	566	154 517

GEPF

Principal assumptions:

- First projection year: 2006/2007.
- Initial covered population: see Table GEPF.1.
- Initial distribution of average annual earnings: see Table GEPF.2
- Initial distribution of average account: see Table GEPF.3.
- Withdrawal rates: see Table GEPF.4.
- Insured population growth: the same as the growth of the total population in Tanzania Mainland.
- Mortality rates: taken into account implicitly in the withdrawal rates.
- Invalidity rates: taken into account implicitly in the withdrawal rates.
- Retirement age: 60.
- Interest rate credited on the account: inflation +2 per cent.
- Return on the fund invested: inflation +2.5 per cent.
- Expenses: 3.4 per cent of salary at the beginning of the projection period increasing according the inflation rate +1 per cent throughout the projection period.
- Initial population of pensioners: none since GEPF is a provident fund.
- Results of the projection are showed in Table GEPF.5. and Table GEPF.6.

Table GEPF.1 Distribution of active members by age and sex, year 2005/2006

Age	Males	Females	Total
15-19	39	7	46
20-24	659	89	748
25-29	3 372	357	3 728
30-34	5 233	476	5 708
35-39	5 695	520	6 215
40-44	3 307	206	3 513
45-49	1 373	55	1 428
50-54	464	29	493
55-59	178	26	204
60-64	68	12	80
65-69	–	–	–
Total	20 387	1 777	22 164

Source: GEPF, calculations and estimations by the ILO.

Table GEPF.2 Distribution of annual earnings by age and sex, mid year 2005/2006, TZS

Age	Males	Females
15-19	1 024 323	1 024 323
20-24	1 045 072	1 045 072
25-29	1 065 330	1 065 330
30-34	1 146 092	1 146 092
35-39	1 201 842	1 201 842
40-44	1 265 189	1 265 189
45-49	1 333 377	1 333 377
50-54	1 780 936	1 780 936
55-59	1 988 246	1 988 246
60-64	2 374 976	2 374 976
65-69	–	–
Average	1 200 547	1 190 228

Source: GEPF, calculations by the ILO.

Table GEPF.3 Distribution of account by age and sex, mid year 2005/2006, TZS

Age	Males	Females
15-19	216 742	216 742
20-24	549 476	549 476
25-29	950 926	950 926
30-34	1 187 233	1 187 233
35-39	1 312 947	1 312 947
40-44	1 382 615	1 382 615
45-49	1 450 788	1 450 788
50-54	1 572 015	1 572 015
55-59	1 800 844	1 800 844
60-64	2 191 825	2 191 825
65-69	–	–
Average	1 232 975	1 199 813

Source: GEPF, calculations and estimations by the ILO.

Table GEPF.4 Average withdrawal rates by age and sex, constant for the projection period

Age	Males (%)	Females (%)
15-19	0.0	0.0
20-24	0.0	0.0
25-29	0.3	0.3
30-34	0.6	0.6
35-39	1.0	1.0
40-44	1.3	1.3
45-49	1.5	1.5
50-54	1.8	1.8
55-59	2.0	2.0
60-64	21.7	21.7
65-69	100.0	100.0

Source: GEPF, calculations and estimations by the ILO.

Table GEPF.5 Projection of incomes and expenses of GEPF according to current provisions of the scheme, 2005/2006 – 2020/2021

Years	Income (000 000 TZS)			Expenses (000 000 TZS)				PAYG (%)	Reserve Ratio
	Contributions	Investment Earnings	Other Income	Benefits	Administrative Expenses	Surplus (Deficit)	Reserve (end year)		
2005/2006	5 119	2 575	0	726	640	6 328	26 521	6.7	19.4
2006/2007	6 118	2 422	0	413	682	7 444	33 965	4.5	31.0
2007/2008	6 963	2 661	0	383	721	8 520	42 486	4.0	38.5
2008/2009	7 851	3 020	0	557	757	9 558	52 043	4.2	39.6
2009/2010	8 728	3 530	0	732	793	10 733	62 777	4.4	41.2
2010/2011	9 566	3 888	0	951	826	11 676	74 452	4.6	41.9
2011/2012	10 456	4 385	0	1 206	859	12 775	87 227	4.9	42.2
2012/2013	11 419	5 114	0	1 505	894	14 135	101 362	5.3	42.3
2013/2014	12 467	5 921	0	1 845	929	15 615	116 976	5.6	42.2
2014/2015	13 613	6 812	0	2 230	967	17 228	134 204	5.9	42.0
2015/2016	14 856	7 785	0	2 968	1 005	18 668	152 872	6.7	38.5
2016/2017	16 205	8 841	0	3 736	1 045	20 265	173 137	7.4	36.2
2017/2018	17 668	9 986	0	4 599	1 087	21 968	195 105	8.0	34.3
2018/2019	19 264	11 228	0	5 562	1 131	23 799	218 904	8.7	32.7
2019/2020	20 997	12 571	0	6 644	1 176	25 749	244 653	9.3	31.3
2020/2021	22 868	14 007	0	8 448	1 223	27 205	271 858	10.6	28.1

Table GEPF.6 Projected number of insured persons and beneficiaries (Pension type benefits), 2005/2006 – 2020/2021

Years	Actives	Beneficiaries	Demographic ratio (%)
2005/2006	22 164	581	2.62
2006/2007	22 897	259	1.13
2007/2008	23 650	210	0.89
2008/2009	24 406	245	1.00
2009/2010	25 164	264	1.05
2010/2011	25 936	286	1.10
2011/2012	26 720	308	1.15
2012/2013	27 506	331	1.20
2013/2014	28 308	352	1.24
2014/2015	29 135	373	1.28
2015/2016	29 971	430	1.44
2016/2017	30 816	472	1.53
2017/2018	31 669	513	1.62
2018/2019	32 547	551	1.69
2019/2020	33 438	591	1.77
2020/2021	34 328	665	1.94

PSPF

Principal assumptions:

- First projection year: 2006/2007.
- Initial covered population: see Table PSPF.1.
- Initial distribution of average annual earnings: see Table PSPF.2.
- Initial distribution of average length of service: see Table PSPF.3.
- Insured population growth: no population growth is assumed for the first year to match the estimated contribution revenue of PSPF for the first projection year. For the rest of the projection period:
- For teachers, the population growth is the one necessary to reach MKUKUTA's Primary Pupil/teachers ratio of 45. A target Pupil/teachers ratio of 35 is also assumed for secondary school. The average increase is 5.1 per cent per year over the projection period. For non-teachers' population, we assumed the same as the growth of the employed population in Tanzania Mainland.
- Mortality rates: based on the mortality rates supplied by the actuarial department of PSPF.
- Invalidity rates: based on the invalidity rates supplied by the actuarial department of PSPF.
- Withdrawals rates: 0.05 per cent per year.
- Retirement age: starting at age 45, but the majority retires at age 60.
- Return on the fund invested: inflation + 2.5 per cent.
- Expenses: 0.9 per cent of salary at the beginning of the projection period increasing according the inflation rate +1 per cent throughout the projection period.
- Initial population of pensioners: see Table PSPF.4.1. and Table PSPF.4.2. In addition to numbers presented in Tables PSPF.4. there are also 260 orphans receiving an average annual pension of TZS 282 263.
- Results of the projection are showed in Table PSPF.5.1, Table PSPF.5.2 and Table PSPF.5.3.

Table PSPF.1 Distribution of active members by age and sex, June 2006

Age	Males	Females	Total
15-19	5	6	10
20-24	49	121	169
25-29	2 128	3 024	5 151
30-34	9 829	11 976	21 805
35-39	17 781	13 046	30 827
40-44	20 439	13 863	34 302
45-49	31 706	22 437	54 143
50-54	22 095	12 446	34 542
55-59	11 888	4 916	16 804
60-64	788	217	1 005
65-69	–	–	–
Total	116 708	82 052	198 760

Source: PSPF.

Table PSPF.2 Distribution of annual earnings by age and sex, June 2006, TZS

Age	Males	Females
15-19	1 610 882	1 559 054
20-24	1 610 882	1 599 798
25-29	1 640 796	1 660 668
30-34	1 878 731	1 896 270
35-39	2 292 896	2 435 012
40-44	2 911 340	3 098 478
45-49	3 552 625	3 551 498
50-54	4 016 150	3 882 899
55-59	4 500 145	4 223 917
60-64	4 765 746	4 272 001
65-69	–	–
Average	3 264 240	3 073 709

Source: PSPF, calculations by the ILO.

Table PSPF.3 Average past years for active insured persons, June 2006

Age	Males	Females
15-19	1	1
20-24	2	2
25-29	4	4
30-34	7	9
35-39	13	14
40-44	22	23
45-49	26	29
50-54	28	32
55-59	36	34
60-64	38	41
65-69	—	—

Source: PSPF.

Table PSPF.4.1 Distribution of pensioners by age, male, June 2006, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	—	—	—	—	—	—
20-24	—	—	—	—	—	—
25-29	—	—	—	—	—	—
30-34	—	—	—	—	—	—
35-39	17	245 736	—	—	—	—
40-44	30	309 060	1	553 872	—	—
45-49	161	318 196	1	332 448	—	—
50-54	617	420 373	7	1 177 783	4	240 000
55-59	849	832 027	14	841 671	14	261 297
60-64	3 066	1 266 359	8	1 850 543	16	358 089
65-69	3	7 148 056	—	—	32	498 540
70-74	—	—	—	—	40	693 726
75-79	—	—	—	—	15	972 089
80-84	—	—	—	—	3	1 250 372
85-89	—	—	—	—	—	—
90-94	—	—	—	—	—	—
95-99	—	—	—	—	—	—
Average	4 743	1 040 384	31	1 152 211	124	5 837 281

Source: PSPF, calculations by the ILO.

Table PSPF.4.2 Distribution of pensioners by age, female, June 2006, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	—	—	—	—	—	—
20-24	—	—	—	—	—	—
25-29	—	—	—	—	—	—
30-34	—	—	—	—	—	—
35-39	7	221 765	—	—	—	—
40-44	14	451 109	1	240 000	2	240 000
45-49	31	375 664	5	617 270	26	264 159
50-54	116	431 243	10	781 027	41	311 735
55-59	204	828 303	10	790 829	80	509 748
60-64	734	1 159 168	1	945 168	95	686 658
65-69	—	—	—	—	87	1 076 725
70-74	—	—	—	—	29	1 358 568
75-79	—	—	—	—	—	—
80-84	—	—	—	—	—	—
85-89	—	—	—	—	—	—
90-94	—	—	—	—	—	—
95-99	—	—	—	—	—	—
Average	1 106	984 938	27	740 373	360	720 042

Source: PSPF, calculations by the ILO.

Table PSPF.5.1 Projection of incomes and expenses of PSPF according to current provisions of the scheme, 2005/2006 – 2020/2021

Years	Income (000 000 TZS)			Expenses (000 000 TZS)				PAYG (%)	Reserve Ratio
	Contributions	Investment Earnings	Other Income	Benefits	Administrative Expenses	Surplus (Deficit)	Reserve (end year)		
2005/2006	85 766	33 864	508	61 542	3 882	54 715	395 988	15.3	6.1
2006/2007	127 064	50 365	973	73 938	4 186	100 278	496 266	12.3	6.4
2007/2008	150 220	35 740	404	131 735	4 420	50 209	546 475	18.1	4.0
2008/2009	175 592	35 187	472	181 709	4 641	24 900	571 376	21.2	3.1
2009/2010	202 553	34 510	545	236 615	4 862	-3 869	567 507	23.8	2.4
2010/2011	226 273	30 152	609	308 023	5 068	-56 058	511 449	27.7	1.6
2011/2012	252 652	27 143	680	283 927	5 271	-8 722	502 727	22.9	1.7
2012/2013	282 049	25 242	759	364 887	5 482	-62 318	440 408	26.3	1.2
2013/2014	313 907	19 959	844	464 094	5 701	-135 085	305 323	29.9	0.6
2014/2015	350 011	10 582	942	570 864	5 929	-215 259	90 064	33.0	0.2
2015/2016	389 878	-2 254	1 049	646 848	6 166	-264 341	-174 276	33.5	-0.3
2016/2017	433 455	-6 352	1 166	659 176	6 413	-237 319	-411 595	30.7	-0.6
2017/2018	481 217	-9 536	1 294	822 592	6 669	-356 286	-767 881	34.5	-0.9
2018/2019	533 575	-13 109	1 435	1 004 777	6 936	-489 812	-1 257 694	37.9	-1.2
2019/2020	589 133	-14 647	1 585	1 116 126	7 214	-547 269	-1 804 963	38.1	-1.6
2020/2021	647 747	-15 766	1 742	1 215 293	7 502	-589 071	-2 394 034	37.8	-2.0

Note: The financial projection does not take into account the amount of money the Government owed to PSPF for the value of accrued liabilities in respect of pre July 1999 service. This amount was estimated at 916 863 million Tshs in June 2003.

Table PSPF.5.2 Projected number of insured persons and beneficiaries (Pension type benefits), 2005/2006 – 2020/2021

Years	Numbers of active members and beneficiaries					Demographic ratio (%)			
	Actives	Old age	Invalids	Deaths	Withdrawals	Old age	Invalids	Deaths	Withdrawals
2005/2006	198 763	5 849	58	1 093	23	2.94	0.03	0.55	0.01
2006/2007	198 760	8 536	67	2 341	99	4.29	0.03	1.18	0.05
2007/2008	213 262	11 423	76	3 854	107	5.36	0.04	1.81	0.05
2008/2009	228 136	15 032	85	5 462	114	6.59	0.04	2.39	0.05
2009/2010	244 089	19 126	94	7 085	122	7.84	0.04	2.90	0.05
2010/2011	256 400	23 942	103	8 710	128	9.34	0.04	3.40	0.05
2011/2012	269 857	27 155	112	10 298	135	10.06	0.04	3.82	0.05
2012/2013	283 963	31 248	121	11 855	142	11.00	0.04	4.17	0.05
2013/2014	297 894	36 317	130	13 390	149	12.19	0.04	4.49	0.05
2014/2015	313 090	42 183	139	14 874	157	13.47	0.04	4.75	0.05
2015/2016	328 732	47 994	147	16 284	164	14.60	0.04	4.95	0.05
2016/2017	344 495	52 664	155	17 597	172	15.29	0.04	5.11	0.05
2017/2018	360 500	58 450	162	18 807	180	16.21	0.05	5.22	0.05
2018/2019	376 777	65 256	169	19 913	188	17.32	0.04	5.29	0.05
2019/2020	392 128	71 948	175	20 881	196	18.35	0.04	5.32	0.05
2020/2021	406 393	78 353	180	21 683	203	19.28	0.04	5.34	0.05

Table PSPF.5.3 Breakdown of benefits paid, 2005/2006 – 2020/2021 (000 000' TZS)

Years	Pension			Cash benefits				TOTAL
	Old age	Invalids	Survivors	Old age	Invalids	Death	Withdrawals	
2005/2006	2 743	0	60	54 420	314	3 867	138	61 542
2006/2007	8 888	65	1 793	42 462	124	20 265	341	73 938
2007/2008	14 233	79	3 498	81 334	200	31 983	406	131 735
2008/2009	21 773	96	5 793	115 568	242	37 759	478	181 709
2009/2010	31 652	115	8 500	151 821	286	43 684	557	236 615
2010/2011	44 609	137	11 585	201 346	330	49 385	630	308 023
2011/2012	54 730	161	15 005	159 071	366	53 890	705	283 927
2012/2013	68 488	188	18 788	216 502	418	59 717	786	364 887
2013/2014	86 749	218	22 961	287 654	469	65 168	875	464 094
2014/2015	109 706	251	27 485	362 033	515	69 901	974	570 864
2015/2016	135 220	286	32 297	403 645	556	73 759	1084	646 848
2016/2017	159 254	324	37 346	383 163	595	77 288	1204	659 176
2017/2018	190 956	365	42 628	505 251	645	81 412	1336	822 592
2018/2019	231 087	407	48 068	639 705	677	83 353	1480	1004 777
2019/2020	274 969	448	53 485	702 256	685	82 650	1633	1116 126
2020/2021	321 666	488	58 720	751 235	678	80 711	1794	1215 293

PPF

Principal assumptions:

- First projection year: 2007.
- Initial covered population: see Table PPF.1.
- Initial distribution of average annual earnings: see Table PPF.2.
- Initial distribution of average account: see Table PPF.3.
- Initial distribution of average length of service: see Table PPF.4.
- Insured population growth: 18 per cent, 10 per cent, 8 per cent, 7 per cent and 5 per cent respectively for the first five years of projection and the same growth rates of the employed population in Tanzania Mainland thereafter.
- Mortality rates: based on the mortality rates of the population of Tanzania Mainland adjusted in the following way:
 - 60 per cent of those mortality rates from age 15 to 55. The adjustment factor with the increase in age to attain 100 per cent at age 100.
 - Invalidity rates: based on assumptions done in an African country and adjusted to fit the past experience of the scheme.
 - Withdrawals rates: 1.3 per cent from age 15 to 59.
 - Retirement age: 60.
 - Interest rate credited on the account: 0 per cent.
 - Return on the fund invested: inflation +2.5 per cent.

- Expenses: 2.8 per cent of salary at the beginning of the projection period increasing according the inflation rate + 1 per cent throughout the projection period.
- Initial population of pensioners: see Table PPF.5.1 and Table PPF.5.2.
- Results of the projection are showed in Table PPF.6.1, Table PPF.6.2 and Table PPF.6.3.

Table PPF.1 Distribution of active members by age and sex, 2006

Age	Males	Females	Total
15-19	–	–	–
20-24	678	516	1193
25-29	1 977	1 204	3 181
30-34	2 978	1 445	4 423
35-39	6 978	3 044	10 022
40-44	7 126	3 060	10 186
45-49	9 438	3 796	13 234
50-54	7 943	2 251	10 194
55-59	10 134	2 024	12 158
60-64	–	–	–
65-69	–	–	–
Total	47 252	17 340	64 591

Source: PPF.

Table PPF.3 Distribution of account by age and sex, 2006, TZS

Age	Males	Females
15-19	–	–
20-24	1 920 913	1 920 913
25-29	3 004 133	3 004 133
30-34	3 628 446	3 628 446
35-39	3 956 158	3 956 158
40-44	4 149 576	4 149 576
45-49	4 371 005	4 371 005
50-54	4 782 752	4 782 752
55-59	5 547 121	5 547 121
60-64	–	–
65-69	–	–
Average	4 477 582	4 235 533

Source: estimations by the ILO.

Table PPF.2 Distribution of annual earnings by age and sex, 2006, TZS

Age	Males	Females
15-19	–	–
20-24	1 864 556	1 864 556
25-29	2 895 819	2 895 819
30-34	3 875 925	3 875 925
35-39	4 427 950	4 427 950
40-44	4 617 015	4 617 015
45-49	4 939 700	4 939 700
50-54	5 613 441	5 613 441
55-59	5 537 580	5 537 580
60-64	–	–
65-69	–	–
Average	4 865 460	4 631 915

Source: estimations by the ILO.

Table PPF.4 Average past contribution years for active insured persons, 2006

Age	Males	Females
15-19	–	–
20-24	1.5	1.5
25-29	2.8	2.8
30-34	4.5	4.5
35-39	6.3	6.3
40-44	7.7	7.7
45-49	8.9	8.9
50-54	10.0	10.0
55-59	11.0	11.0
60-64	–	–
65-69	–	–

Source: estimations by the ILO.

Table PPF.5.1 Distribution of pensioners by age, male, 2006, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	—	—	—	—	—	—
20-24	—	—	—	—	—	—
25-29	—	—	—	—	—	—
30-34	—	—	—	—	—	—
35-39	—	—	—	—	—	—
40-44	—	—	—	—	—	—
45-49	—	—	—	—	—	—
50-54	—	—	211	698 918	—	—
55-59	1 660	804 639	—	—	—	—
60-64	3 875	652 194	—	—	—	—
65-69	3 363	474 728	—	—	—	—
70-74	2 668	340 147	—	—	—	—
75-79	435	271 603	—	—	—	—
80-84	—	—	—	—	—	—
85-89	—	—	—	—	—	—
90-94	—	—	—	—	—	—
95-99	—	—	—	—	—	—
Average	12 002	540 399	211	698 918	—	—

Source: estimations by the ILO.

Table PPF.5.2 Distribution of pensioners by age, female, 2006, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	—	—	—	—	—	—
20-24	—	—	—	—	—	—
25-29	—	—	—	—	—	—
30-34	—	—	—	—	2	1152 935
35-39	—	—	—	—	18	1152 935
40-44	—	—	—	—	38	1152 935
45-49	—	—	—	—	64	1152 935
50-54	—	—	53	698 918	66	1152 935
55-59	293	293	—	—	81	1152 935
60-64	684	684	—	—	—	—
65-69	593	593	—	—	—	—
70-74	471	471	—	—	—	—
75-79	77	77	—	—	—	—
80-84	—	—	—	—	—	—
85-89	—	—	—	—	—	—
90-94	—	—	—	—	—	—
95-99	—	—	—	—	—	—
Average	2 118	540 399	53	698 918	268	1152 935

Source: estimations by the ILO.

Table PPF.6.1 Projection of incomes and expenses of PPF according to current provisions of the scheme, 2006- 2021

Years	Income (000 000 TZS)			Expenses (000 000 TZS)			Surplus (Deficit)	Reserve (end year)	PAYG (%)	Reserve Ratio
	Contributions	Investment Earnings	Other Income	Benefits	Administrative Expenses					
2006	63 834	20 391	2 193	21 653	8 578	56 187	320 663	9.5	10.6	
2007	85 384	26 973	1 902	30 540	9 110	74 609	395 273	9.3	10.0	
2008	98 648	27 928	2 198	35 529	9 565	83 679	478 952	9.1	10.6	
2009	112 611	33 737	2 509	40 654	10 043	98 160	577 111	9.0	11.4	
2010	126 157	37 295	2 810	47 399	10 495	108 368	685 480	9.2	11.8	
2011	138 340	40 340	3 082	54 282	10 915	116 565	802 045	9.4	12.3	
2012	149 653	46 932	3 334	62 059	11 352	126 508	928 553	9.8	12.6	
2013	161 823	54 068	3 605	71 078	11 806	136 612	1 065 165	10.2	12.9	
2014	175 273	61 755	3 904	81 810	12 278	146 844	1 212 008	10.7	12.9	
2015	190 042	70 009	4 233	93 991	12 769	157 523	1 369 532	11.2	12.8	
2016	206 254	78 850	4 595	107 927	13 280	168 492	1 538 024	11.8	12.7	
2017	224 141	88 285	4 993	124 194	13 811	179 414	1 717 438	12.3	12.4	
2018	244 176	98 264	5 439	144 958	14 363	188 558	1 905 996	13.0	12.0	
2019	266 589	108 794	5 939	166 662	14 938	199 722	2 105 718	13.6	11.6	
2020	291 300	120 033	6 489	187 573	15 536	214 714	2 320 432	13.9	11.4	
2021	318 440	132 277	7 094	204 872	16 157	236 782	2 557 214	13.9	11.6	

Table PPF.6.2 Projected number of insured persons and beneficiaries (Pension type benefits), 2006- 2021

Years	Numbers of active members and beneficiaries					Demographic ratio (%)			
	Actives	Old age	Invalids	Deaths	Withdrawals	Old age	Invalids	Deaths	Withdrawals
2006	64 072	14 120	264	268	n/a	22.04	0.41	0.42	n/a
2007	76 218	15 991	261	393	660	20.98	0.34	0.52	0.87
2008	83 840	17 494	248	659	809	20.87	0.30	0.79	0.97
2009	90 859	18 735	236	672	912	20.62	0.26	0.74	1.00
2010	96 988	19 770	225	846	1 002	20.38	0.23	0.87	1.03
2011	101 952	20 632	216	896	1 077	20.24	0.21	0.88	1.06
2012	105 511	21 422	207	944	1 108	20.30	0.20	0.89	1.05
2013	108 999	22 193	199	984	1 159	20.36	0.18	0.90	1.06
2014	112 684	22 990	191	1 013	1 193	20.40	0.17	0.90	1.06
2015	116 505	23 848	184	1 026	1 241	20.47	0.16	0.88	1.06
2016	120 465	24 808	177	1 029	1 292	20.59	0.15	0.85	1.07
2017	124 623	25 928	170	1 091	1 336	20.80	0.14	0.88	1.07
2018	129 160	27 243	166	1 195	1 384	21.09	0.13	0.93	1.07
2019	134 073	28 709	162	1 332	1 439	21.41	0.12	0.99	1.07
2020	139 188	30 183	159	1 429	1 501	21.68	0.11	1.03	1.08
2021	144 461	31 526	157	1 505	1 565	21.82	0.11	1.04	1.08

Table PPF.6.3 Breakdown of benefits paid, 2006- 2021 (000 000' TZS)

Years	Pension			Cash benefits				TOTAL
	Old age	Invalids	Survivors	Old age	Invalids	Death	Withdrawals	
2006	7 630	185	309	6 330	0	1 768	3 550	1 880 21 653
2007	10 129	192	744	12 007	47	2 401	2 740	2 281 30 540
2008	12 643	191	1 942	11 913	54	3 018	3 060	2 708 35 529
2009	15 191	191	3 065	11 805	64	3 589	3 547	3 201 40 654
2010	17 958	193	4 375	12 665	78	4 267	4 151	3 712 47 399
2011	20 969	196	5 141	13 867	93	4 935	4 860	4 221 54 282
2012	24 408	201	5 972	15 624	111	5 570	5 433	4 741 62 059
2013	28 329	209	6 829	17 718	130	6 167	6 378	5 318 71 078
2014	32 960	219	7 663	20 834	150	6 777	7 246	5 960 81 810
2015	38 393	231	8 403	24 414	172	7 411	8 303	6 665 93 991
2016	44 866	245	8 978	28 652	194	8 085	9 473	7 433 107 927
2017	52 569	261	10 108	33 319	212	8 809	10 615	8 301 124 194
2018	61 975	280	11 654	40 071	231	9 589	11 851	9 306 144 958
2019	72 782	303	13 643	45 584	252	10 425	13 225	10 446 166 662
2020	84 513	328	15 325	49 284	276	11 334	14 791	11 720 187 573
2021	94 094	348	16 892	51 387	306	12 319	16 531	12 995 204 872

¹ Include benefits for education and deposit administration.

NSSF

Principal assumptions:

- First projection year: 2006/2007.
- Initial covered population: see Table NSSF.1.
- Initial distribution of average annual earnings: see Table NSSF.2.
- Initial distribution of average account: see Table NSSF.3.
- Initial distribution of average length of service: see Table NSSF.4.
- Insured population growth: 11 per cent, 8 per cent, 5 per cent, 4 per cent and 4 per cent respectively for the first five years of projection and the same growth rates of the employed population in Tanzania Mainland thereafter.
- Mortality rates: based on the mortality rates of the population of Tanzania Mainland adjusted in the following way:
 - 60 per cent of those mortality rates from age 15 to 55. The adjustment factor with the increase in age to attain 100 per cent at age 100.
 - Invalidity rates: based on assumptions done in an African country and adjusted to fit the past experience of the scheme.
 - Withdrawals rates: see Table NSSF.5.
 - Retirement age: 60.
 - Interest rate credited on the account: 1 per cent.

- Return on the fund invested: inflation + 2.5 per cent.
- Expenses: 5.3 per cent of salary at the beginning of the projection period increasing according the inflation rate throughout the projection period.
- Initial population of pensioners: see Table NSSF.6.1. In addition to numbers presented in Table NSSF.6.2, there are also 2 orphans receiving an average annual pension of TZS 119 520.
- Results of the projection are shown in Table NSSF.7.1, Table NSSF.7.2 and Table NSSF.7.3.
- Projection of maternity benefits:
 - Amount paid in the year 2005/2006 adjusted to take into account the expected number of births, an increase in utilization rate of 5 per cent per year and the increase in salary.
- Projection of employment injury benefits:
 - Based on the average frequency rate and amount of the last three years and taking into account increase in the insured population and salary.
- Projection of health benefits:
 - At the beginning of the projection period it is assumed that 40 500¹ persons are covered (members + dependants) the average cost is TZS 5 500 per person covered. During the projection period:
 - the population covered increases at the rate of the increase in the members' population + 15 per cent;
 - the average cost of medical services increase by:
 - inflation + 5 per cent to take into account increase in health services;
 - 7.5 per cent to take into account increase in utilization of health services.

Table NSSF.1 Distribution of active members by age and sex, 2005/2006

Age	Males	Females	Total
15-19	252	219	470
20-24	12 218	7 117	19 335
25-29	36 689	16 959	53 647
30-34	46 824	18 393	65 217
35-39	40 264	13 747	54 011
40-44	29 958	8 830	38 788
45-49	24 637	5 946	30 583
50-54	16 813	3 278	20 091
55-59	13 386	1 732	15 118
60-64	5 483	610	6 093
65-69	3 913	273	4 186
Total	230 435	77 103	307 538

Source: NSSF.

Table NSSF.2 Distribution of annual earnings by age and sex, June 2006, TZS

Age	Males	Females
15-19	867 830	756 945
20-24	1 096 363	982 813
25-29	1 646 484	1 608 977
30-34	2 295 798	2 022 923
35-39	2 666 177	2 228 749
40-44	2 793 644	2 295 433
45-49	2 901 562	2 639 759
50-54	3 285 512	3 162 996
55-59	3 345 244	3 595 580
60-64	3 345 244	3 653 374
65-69	3 345 244	3 653 374
Average	2 505 138	2 057 399

Source: NSSF, calculations by ILO.

¹ If we make the assumption that there are 4.5 persons covered per family, that means that 9 000 contributors are covered.

Table NSSF.3 Distribution of account by age and sex, June 2006, TZS

Age	Males	Females
15-19	146 085	169 405
20-24	158 702	165 064
25-29	425 519	453 295
30-34	893 883	896 398
35-39	1 372 560	1 415 624
40-44	1 700 760	1 696 101
45-49	1 907 054	2 031 575
50-54	2 339 307	2 688 633
55-59	2 400 858	3 166 435
60-64	2 221 877	2 289 848
65-69	1 701 505	1 726 427
Average	1 316 035	1 143 208

Source: NSSF, calculations by ILO.

Table NSSF.4 Average past contribution years for active insured persons, 2006

Age	Males	Females
15-19	0.6	0.6
20-24	0.8	0.9
25-29	1.6	1.8
30-34	2.8	3.5
35-39	4.1	5.2
40-44	4.8	6.1
45-49	5.4	6.6
50-54	5.8	7.0
55-59	6.0	7.2
60-64	6.0	6.4
65-69	5.8	6.5

Source: NSSF, calculations by ILO.

Table NSSF.5 Sample leaving rates (used for unemployment and retirement)

Age	Male (%)	Female (%)
15	17.4	11.0
20	17.6	11.4
25	17.9	12.0
30	18.3	12.8
35	15.3	11.1
40	12.9	8.8
45	11.8	7.8
50	11.6	8.7
55	11.5	10.1
60	16.4	15.2
65	19.0	18.1
69	100.0	100.0

Source: estimations by the ILO.

Table NSSF.6.1 Distribution of pensioners by age, male, June 2006, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	–	–	–	–	–	–
20-24	–	–	–	–	–	–
25-29	–	–	–	–	–	–
30-34	–	–	–	–	–	–
35-39	–	–	–	–	–	–
40-44	–	–	–	–	–	–
45-49	–	–	2	398 400	–	–
50-54	–	–	–	–	–	–
55-59	64	2 149 889	–	–	–	–
60-64	396	692 274	–	–	–	–
65-69	377	483 998	–	–	–	–
70-74	195	427 813	–	–	–	–
75-79	82	422 667	–	–	–	–
80-84	39	408 038	–	–	–	–
85-89	6	709 725	–	–	–	–
90-94	2	398 400	–	–	–	–
95-99	–	–	–	–	–	–
Average	1161	631 569	2	398 400	–	–

Source: NSSF.

Table NSSF.6.2 Distribution of pensioners by age, female, June 2006, TZS

Age	Old-age		Invalidity		Survivors	
	Number	Average Amount	Number	Average Amount	Number	Average Amount
15-19	–	–	–	–	–	–
20-24	–	–	–	–	–	–
25-29	–	–	–	–	1	159 360
30-34	–	–	–	–	–	–
35-39	–	–	–	–	–	–
40-44	–	–	–	–	1	398 400
45-49	–	–	–	–	–	–
50-54	–	–	–	–	–	–
55-59	6	2 452 264	–	–	–	–
60-64	58	602 686	–	–	–	–
65-69	36	594 475	–	–	2	398 400
70-74	12	398 400	–	–	–	–
75-79	3	398 400	–	–	–	–
80-84	1	398 400	–	–	–	–
85-89	–	–	–	–	–	–
90-94	–	–	–	–	–	–
95-99	–	–	–	–	–	–
Average	116	667 628	–	–	4	338 640

Source: NSSF.

Table NSSF.7.1 Projection of incomes and expenses of NSSF according to current provisions of the scheme, 2005/2006 – 2020/2021

Years	Income (000 000 TZS)			Expenses (000 000 TZS)					PAYG (%)	Reserve Ratio
	Contributions	Investment Earnings	Other Income	Benefits	Administrative Expenses	Surplus (Deficit)	Reserve (end year)	PAYG (%)		
2005/2006	126 967	26 769	0	41 900	33 129	78 708	477 764	11.8	6.4	
2006/2007	156 866	42 215	0	47 267	35 348	116 467	594 230	10.5	7.2	
2007/2008	186 862	45 112	0	66 921	37 327	127 726	721 957	11.2	6.9	
2008/2009	214 611	49 853	0	85 405	39 193	139 866	861 822	11.6	6.9	
2009/2010	239 682	56 813	0	104 165	41 055	151 275	1 013 098	12.1	7.0	
2010/2011	264 047	61 031	0	124 516	42 799	157 762	1 170 860	12.7	7.0	
2011/2012	290 205	67 187	0	144 241	44 511	168 640	1 339 500	13.0	7.1	
2012/2013	318 675	76 603	0	165 819	46 292	183 168	1 522 668	13.3	7.2	
2013/2014	349 760	86 843	0	189 019	48 144	199 441	1 722 109	13.6	7.3	
2014/2015	384 037	98 052	0	212 662	50 069	219 358	1 941 467	13.7	7.4	
2015/2016	421 712	110 374	0	238 969	52 072	241 045	2 182 512	13.8	7.5	
2016/2017	463 221	123 913	0	268 167	54 155	264 812	2 447 324	13.9	7.6	
2017/2018	509 418	138 817	0	299 853	56 321	292 061	2 739 385	14.0	7.7	
2018/2019	561 175	155 263	0	335 460	58 574	322 404	3 061 789	14.0	7.8	
2019/2020	618 705	173 448	0	374 158	60 917	357 079	3 418 868	14.1	7.9	
2020/2021	682 082	193 490	0	420 470	63 354	391 748	3 810 616	14.2	7.9	

**Table NSSF.7.2 Projected number of insured persons and beneficiaries
(Pension type benefits), 2005/2006 – 2020/2021**

Years	Numbers of active members and beneficiaries					Demographic ratio (%)			
	Actives	Old age	Invalids	Deaths	Withdrawals	Old age	Invalids	Death	Withdrawals
2005/2006	307 539	4 236	52	1 853	36 211	1.38	0.02	0.60	11.77
2006/2007	341 753	3 927	66	2 613	40 799	1.15	0.02	0.76	11.94
2007/2008	369 532	4 161	76	2 839	45 492	1.13	0.02	0.77	12.31
2008/2009	388 476	4 566	86	3 004	49 247	1.18	0.02	0.77	12.68
2009/2010	402 478	4 649	96	3 124	51 777	1.16	0.02	0.78	12.86
2010/2011	417 000	5 107	105	3 214	53 371	1.22	0.03	0.77	12.80
2011/2012	432 076	5 189	115	3 301	55 162	1.20	0.03	0.76	12.77
2012/2013	447 305	5 528	125	3 395	56 902	1.24	0.03	0.76	12.72
2013/2014	462 835	5 731	135	3 483	58 786	1.24	0.03	0.75	12.70
2014/2015	479 104	5 861	146	3 563	60 681	1.22	0.03	0.74	12.67
2015/2016	495 990	6 087	157	3 648	62 690	1.23	0.03	0.74	12.64
2016/2017	513 626	6 411	169	3 734	64 741	1.25	0.03	0.73	12.60
2017/2018	532 517	6 683	181	3 820	66 940	1.26	0.03	0.72	12.57
2018/2019	553 043	6 989	193	3 915	69 323	1.26	0.03	0.71	12.53
2019/2020	574 838	7 211	206	4 019	71 951	1.25	0.04	0.70	12.52
2020/2021	597 448	7 581	219	4 129	74 742	1.27	0.04	0.69	12.51

Table NSSF.7.3 Breakdown of benefits paid, 2005/2006 – 2020/2021 (000 000' TZS)

Years	Pension			Cash benefits				Short term benefits		Other benefits	TOTAL	
	Old age	Invalids	Survivors	Old age	Invalids	Survivors/Death	Withdrawals	Maternity	Health	Unemployment	Others	
2005/2006	1 031	0	2	4 419	43	2 211	32 012	283	156	28	1 715	41 900
2006/2007	1 947	13	4	4 448	76	2 936	35 140	341	223	20	2 119	47 267
2007/2008	2 413	19	2	5 604	101	7 042	48 462	404	326	24	2 524	66 921
2008/2009	2 947	27	3	7 144	130	8 215	63 091	460	462	27	2 899	85 405
2009/2010	3 346	37	4	7 935	162	9 368	78 892	509	644	31	3 237	104 165
2010/2011	3 919	49	7	10 334	197	10 507	94 454	557	893	34	3 566	124 516
2011/2012	4 323	62	10	11 397	233	11 650	110 764	610	1 235	37	3 920	144 241
2012/2013	4 619	76	15	14 119	271	12 990	127 022	655	1 707	41	4 304	165 819
2013/2014	5 344	92	20	16 360	313	14 387	144 656	720	2 358	45	4 724	189 019
2014/2015	6 067	110	26	18 064	359	15 858	162 888	794	3 260	49	5 187	212 662
2015/2016	6 882	130	32	20 476	410	17 506	182 400	878	4 505	54	5 696	238 969
2016/2017	7 872	152	39	24 051	463	19 319	202 754	972	6 229	59	6 256	268 167
2017/2018	8 946	177	46	27 285	519	21 272	224 957	1 082	8 623	65	6 880	299 853
2018/2019	10 155	204	53	31 151	582	23 409	249 090	1 209	11 957	71	7 579	335 460
2019/2020	11 316	234	61	34 232	650	25 725	275 591	1 320	16 593	78	8 356	374 158
2020/2021	13 048	267	69	39 654	726	28 273	304 629	1 479	23 026	86	9 212	420 470

NHIF

Principal assumptions:

- First projection year: 2006/2007.
- Initial covered population: see Table NHIF.1.
- Initial distribution of average annual earnings: see Table NHIF.2.
- Insured population growth: the same as PSPF
- Return on the fund invested: inflation +2.5 per cent.
- Expenses: 0.75 per cent of salary for the entire projection period.
- Increase in cost of services provided: see Table NHIF.3.
- Results of the projection are shown in Table NHIF.4.1, Table NHIF.4.2 and Table NHIF.4.3.
- Number of retired eligible for coverage: retired from PSPF (starting in 2008).
- Average cost of a retired compared to active : 3 times.

Table NHIF.1 Distribution of active members by age and sex, March 2007

Age	Males	Females	Total
15-19	–	–	–
20-24	86	173	259
25-29	2 543	1 791	4 334
30-34	7 041	9 982	17 023
35-39	13 190	15 836	29 026
40-44	17 105	16 423	33 528
45-49	27 213	24 612	51 825
50-54	27 394	14 653	42 047
55-59	18 824	3 108	21 932
60-64	3 046	1 035	4 081
65-69	–	–	–
Total	116 442	87 613	204 055

Source: NHIF.

Table NHIF.2 Distribution of annual earnings by age, March 2007, TZS

Age	Males and Females
15-19	–
20-24	1 586 250
25-29	1 510 749
30-34	1 753 547
35-39	2 154 236
40-44	2 704 498
45-49	3 295 888
50-54	3 581 965
55-59	4 129 496
60-64	3 848 224
65-69	–
Average	3 027 161

Source: NHIF, calculations by ILO.

Table NHIF.3 Increase in the cost of services provided, 2006-07 – 2020-21

	2006-07 (%)	2007-08 (%)	2008-09 (%)	2009-10 (%)	2010-11 (%)	2011-12+ (%)
Registration Fee						
Increase in utilisation	15.0	14.0	13.0	12.0	11.0	10.0
Increase in average cost	15.7	13.6	12.0	10.7	9.2	8.0
Current Basic Diagnostic Test						
Increase in utilisation	15.0	14.0	13.0	12.0	11.0	10.0
Increase in average cost	15.7	13.6	12.0	10.7	9.2	8.0
Outpatient care						
Increase in utilisation	15.0	14.0	13.0	12.0	11.0	10.0
Increase in average cost	15.7	13.6	12.0	10.7	9.2	8.0
Inpatient care						
Increase in utilisation	10.0	9.0	8.0	7.0	6.0	5.0
Increase in average cost	15.7	13.6	12.0	10.7	9.2	8.0
Surgical minor						
Increase in utilisation	10.0	9.0	8.0	7.0	6.0	5.0
Increase in average cost	15.7	13.6	12.0	10.7	9.2	8.0
Surgical major						
Increase in utilisation	10.0	9.0	8.0	7.0	6.0	5.0
Increase in average cost	15.7	13.6	12.0	10.7	9.2	8.0
Pharmaceutical						
Increase in utilisation	10.0	9.0	8.0	7.0	6.0	10.0
Increase in average cost	15.7	13.6	12.0	10.7	9.2	8.0

Table NHIF.4.1 Projection of incomes and expenses of NHIF according to current provisions of the scheme, 2005/2006 – 2020/2021

Years	Income (000 000 TZS)			Expenses (000 000 TZS)				PAYG (%)	Reserve Ratio
	Contributions	Investment Earnings	Other Income	Benefits	Administrative Expenses	Surplus (Deficit)	Reserve (end year)		
2005/2006	29 847	6 800	609	4 702	3 621	28 933	89 404	1.7	10.7
2006/2007	37 062	8 430	549	6 149	4 633	35 260	124 664	1.7	11.6
2007/2008	43 817	9 933	649	8 815	5 477	40 106	164 770	2.0	11.5
2008/2009	51 217	11 847	759	12 515	6 402	44 906	209 676	2.2	11.1
2009/2010	59 081	14 380	875	16 748	7 385	50 204	259 880	2.5	10.8
2010/2011	66 000	16 290	978	21 561	8 250	53 457	313 336	2.7	10.5
2011/2012	73 695	18 741	1 092	27 046	9 212	57 270	370 606	3.0	10.2
2012/2013	82 269	22 155	1 219	34 015	10 284	61 345	431 951	3.2	9.8
2013/2014	91 561	25 850	1 357	42 783	11 445	64 540	496 491	3.6	9.2
2014/2015	102 092	29 809	1 513	53 985	12 762	66 667	563 158	3.9	8.4
2015/2016	113 721	33 999	1 685	67 909	14 215	67 281	630 439	4.3	7.7
2016/2017	126 432	38 366	1 873	84 777	15 804	66 090	696 530	4.8	6.9
2017/2018	140 363	42 827	2 080	105 979	17 545	61 745	758 275	5.3	6.1
2018/2019	155 635	47 268	2 306	132 604	19 454	53 151	811 426	5.9	5.3
2019/2020	171 840	51 534	2 546	164 994	21 480	39 446	850 872	6.5	4.6
2020/2021	188 937	55 419	2 799	204 077	23 617	19 462	870 334	7.2	3.8

**Table NHIF.4.2 Projected number of insured persons and beneficiaries
(Pension type benefits), 2005/2006 – 2020/2021**

Years	Actives	Retired	Potential beneficiaries	Ratio beneficiaries/ Actives Old.
2005/2006	204 055		919 688	4.5
2006/2007	204 055		919 688	4.5
2007/2008	218 943	11 306	1 015 055	4.6
2008/2009	234 214	14 909	1 092 890	4.7
2009/2010	250 592	19 008	1 176 955	4.7
2010/2011	263 231	23 823	1 245 953	4.7
2011/2012	277 046	27 073	1 316 348	4.8
2012/2013	291 528	31 164	1 391 844	4.8
2013/2014	305 831	36 227	1 468 967	4.8
2014/2015	321 431	42 090	1 553 934	4.8
2015/2016	337 490	47 901	1 640 840	4.9
2016/2017	353 673	52 574	1 725 460	4.9
2017/2018	370 104	58 347	1 813 949	4.9
2018/2019	386 815	65 134	1 906 237	4.9
2019/2020	402 575	71 794	1 993 918	5.0
2020/2021	417 220	78 157	2 075 829	5.0

Table NHIF.4.3 Breakdown of benefits paid, 2005/2006 – 2020/2021 (000 000 TZS)

Years	Registration fees	Current basic diagnostic test	Outpatient care	Inpatient care	Surgical	Pharmaceutical	Retired	TOTAL *
2005/2006	543	415	1 892	1 203	272	377		4 702
2006/2007	722	553	2 517	1 531	346	479		6 149
2007/2008	1 005	768	3 535	2 047	460	637	363	8 452
2008/2009	1 363	1 040	4 831	2 663	595	824	1 199	11 316
2009/2010	1 812	1 380	6 481	3 399	755	1 045	1 877	14 871
2010/2011	2 310	1 757	8 325	4 156	919	1 271	2 822	18 739
2011/2012	2 892	2 197	10 500	4 987	1 098	1 589	3 783	23 264
2012/2013	3 619	2 747	13 231	5 982	1 311	1 987	5 137	28 878
2013/2014	4 515	3 424	16 613	7 150	1 560	2 476	7 045	35 738
2014/2015	5 643	4 275	20 894	8 561	1 861	3 092	9 659	44 326
2015/2016	7 047	5 332	26 245	10 238	2 217	3 857	12 975	54 935
2016/2017	8 782	6 638	32 892	12 216	2 635	4 802	16 812	67 965
2017/2018	10 928	8 252	41 128	14 548	3 128	5 969	22 025	83 954
2018/2019	13 581	10 247	51 335	17 298	3 708	7 412	29 024	103 581
2019/2020	16 803	12 669	63 751	20 471	4 377	9 164	37 759	127 235
2020/2021	20 699	15 598	78 747	24 108	5 145	11 283	48 498	155 579

* The category of "Retired" is not included in the total figure, as it is already included under the other categories.

Annex C

Report on findings from a survey of Tanzania NGOs engaged in social protection

Introduction to the survey, methodology and data issues

Survey context

A questionnaire was sent out by post to non-governmental institutions active in the field of social protection in Tanzania; 150 completed questionnaires were returned.

Description of questionnaires

Four distinct types of questionnaire were used in the survey. Two of these accounted for the vast majority of responses (144/150).

Questionnaire Type 1a, responded to by 56 institutions, was the most comprehensive and required information to be provided separately about the institution and the programmes being operated. The institution part required information such as contact details, location of headquarters and any branches or sub-offices, role or thematic focus, type (national/local community/faith-based/international, etc.), sources of funding, target groups, and a summary of specific programmes operated. The programme part required more specific information about individual programmes, which were to be reported as either “cash transfer” or “generalized insecurity assistance” (or more generally non-cash) type programmes. Under either of these classifications and on the basis of a defined range of target groups/sub-groups and domains/sub-domains (children, women, elderly, disabled, education, etc.), detailed information was then to be provided on coverage location, level of assistance, timeframe of assistance, number of beneficiaries (including breakdown by sex), payment modalities (in the case of cash transfer programmes) or form of in-kind assistance (in the case of non-cash programmes), methods of selecting beneficiaries, and programme expenditures.

Questionnaire Type 1b, responded to by 3 institutions, is to all intents and purposes identical to Type 1a, except for a question on “total budget” added in the programme-summary part.

Questionnaire Type 2, responded to by 88 institutions, was the most summarized, required far fewer categorical or multiple-choice responses, and omitted many questions asked in the first type (while adding one or two others). The institution part of this questionnaire required information about the name of the institution, type (LNGO, INGO, faith-based, etc.), contact details, source of funding, and number of branches. The programme part was likewise brief and adopted an open-ended format where the institution could indicate the project (programme) title, coverage areas, implementing partners, targeting unit (individual, household or community), start and end of project, total number of beneficiaries (broken down by sex), “targeting methodology”, total budget (broken down into direct and indirect costs), types and average costs of commodities distributed (in case of in-kind assistance), and amounts and frequency of any cash transfers.

Questionnaire Type 3, responded to by 3 institutions, can be described as an intermediate version with the institutional part identical to that in Type 1a and the programme part identical to that in Type 2.

Some limitations result from this variation in the type of questionnaires as:

- They do not cover the same set of questions or differ in the formulation of questions
- They refer to different levels of analysis: by target group and/or domain of intervention: children, women, disabled, old people, HIV, education and health with no distinction of the information given by programme.

The main limitation is the question of comparability and in some cases the ability to analyse only a subset of the institutions or programmes sampled.

Survey methodology, data issues and implications for analysis

The following are some key issues limiting analysis of the information collected from the survey.

- Representativeness:** the results presented in the report are representative only for the NGOs, CBOs and other institutions which responded to the survey and cannot be extrapolated to the whole country. This first limitation results from the absence of a random sample selection.
- The small size of the ‘sample’** resulted in some of the categories examined as the ‘independent variable’ having very few cases from which to draw for analysis, for example only 14 institutions in the group of ‘International NGOs’.
- Since it is not known how exactly the survey was carried out, and in particular whether or not the questionnaires were completed in a standardised way (for example individually, in a common setting, with the assistance of an enumerator, etc.), it is not possible to take into account differences in the survey which could have affected the responses. Some of the questionnaires were filled directly by institutions (“auto-filled”) and some with the assistance of an enumerator. In addition two different teams were involved in the process. Based on these elements we can assume that the standardizations and the consistency of training and method of data collection could not be guaranteed.

- There was a high proportion of missing or incomplete responses, closely linked to the mostly open-ended question format, which made it even more difficult to compare results from the already quite limited data set.
- Many of the categories used in the multiple choice questions were not self-evident, for example in classifying institutions as either “National” or “Local”, and it is clear looking at the pattern of responses that not all institutions understood these terms to mean the same thing. The use of a combination of horizontally overlapping and hierarchically ordered categories for different target groups also posed problems to the analysis, as some of the institutions only indicated general level target groups (e.g. “women”) while others were very specific in their responses. This problem is also related to the general presentation of the questionnaire, which was quite dense, and could have been mitigated by the involvement of enumerators helping to complete the questionnaires.
- Language also seemed to pose a problem as some questions were not clearly understood, for example the question about “targeting methodology” for which a large part of the responses were inappropriate.
- For financial information in particular: some clearer indications about unit (thousands, million, etc.), reference period (monthly, yearly, etc.) and currency.
- And more generally, a lack of precision in the formulation of questions.

Levels of analysis

Based on the different questionnaire formats and the responses it was possible to organise and thereafter make comparisons from the data on three levels.

- Institution level: this was the most standardized level, allowing limited comparisons across most cases as all the questionnaire responses contained basic information about the institution and its operations.
- Programme or target-group level but only for sub-samples according to the questionnaire format: although some questionnaires contained detailed responses about programme activities and target groups, information was less standardized on this level owing to the different questionnaire formats and the varying levels of detail provided in the responses. Non-standardization was mitigated to some extent by recoding original responses into new, composite-level categories which were then comparable across most the cases.

Altogether responses concerning 150 institutions and 346 programmes were recorded. The average number of programmes operated by an institution was three. Owing to the questionnaire format programme data was not available for 23 of the institutions. *All the analysis carried out below is on the basis of institutional-level data.* Comparisons have been carried out for several grouping categories (‘independent variables’) such as:

- type of institution (national, local/faith/community-based, international);
- type of programme (cash transfer, non-cash transfer);
- form of assistance (cash, in-kind, services, capacity-building);
- principal target group (children, women, elderly, unemployed, disabled);

- age group (recoded; children, active-aged, elderly);
- level of targeting (individual, household, community);
- domain of activity (education, healthcare, HIV/AIDS);
- source of funding (donor, membership, national membership, government, etc.).

In some cases the same categories were examined as the ‘dependent variable’.

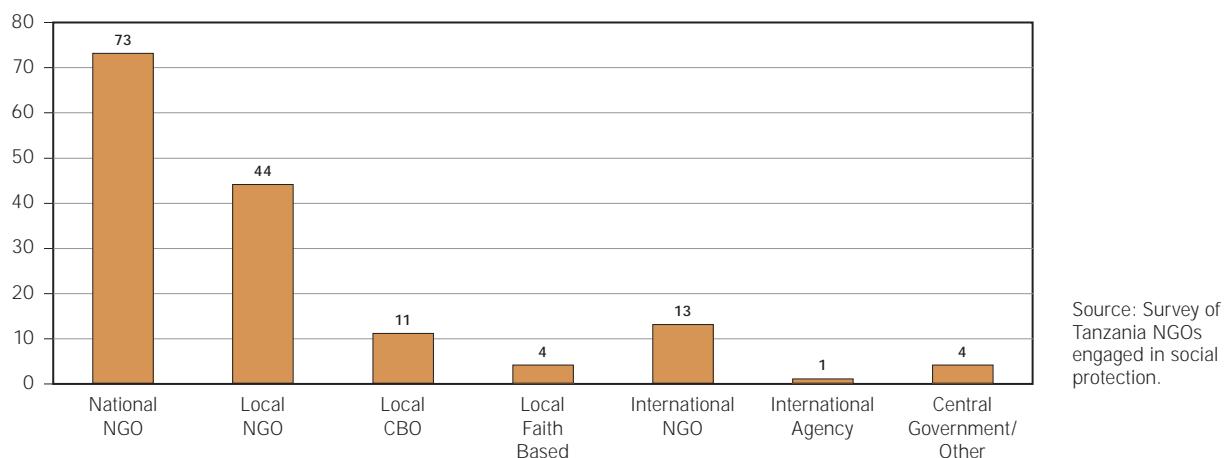
General findings

In this section institutions are compared according to their type, their area coverage, their sources of funding, the types of programmes they operate, the forms of assistance they provide, and target groups.

Types of institutions

132 locally-based NGOs and another 14 internationally-based NGOs responded to the survey. Among locally-based NGOs, 11 reported being community-based and five faith-based. One programme of the central Government and three other institutions, which were impossible to identify, have been excluded from the analysis (bringing the maximum number of cases analysed to 146). Figure 1 presents the breakdown.

Figure 1. Distribution of institutions by type (absolute numbers)



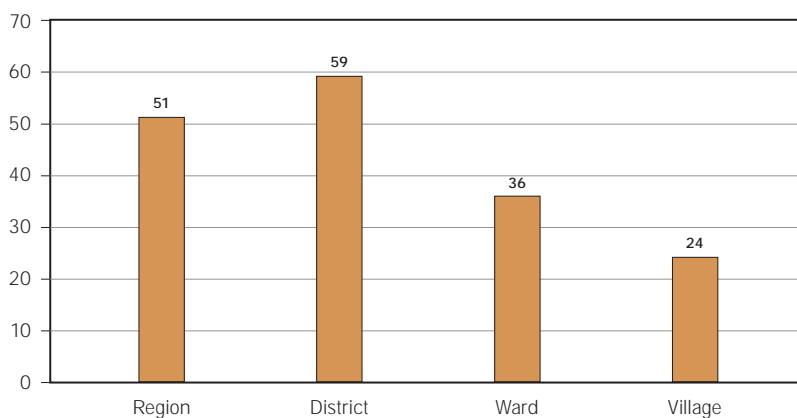
Area coverage

In different versions of the questionnaire institutions were asked whether they had any branches or sub-offices, their number¹ and location.² Although it is not clear what exactly was understood from these questions, i.e. whether a branch or sub-office

¹ In questionnaire type 2.

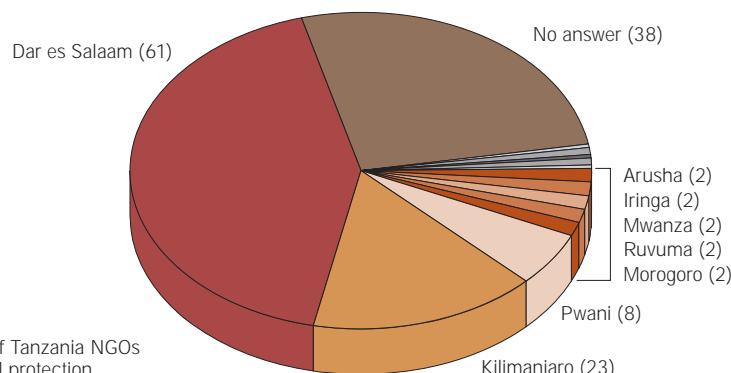
² In questionnaire type 1a.

Figure 2. Distribution of institutions by branch or sub-office location (absolute numbers)



Source: Survey of Tanzania NGOs engaged in social protection.

Figure 3. Distribution of institutions by headquarters location (absolute numbers)



Source: Survey of Tanzania NGOs engaged in social protection.

location implied a specific area of coverage, most of the institutions responded indicating that they had at least one branch or sub-office. 51 institutions reported having a branch covering a region, 59 a branch covering a district, 36 a branch covering a ward, and 24 a branch covering a village (Figure 2).

From contact information provided by the institutions about their headquarters, the highest concentration of the NGOs was found to be based in Dar es Salaam (61), followed by Kilimanjaro region (23) and Coast/Pwani region (8) (Figure 3). In 38 cases, responses were not sufficiently clear to ascertain the institutions' headquarters.

Sources of funding

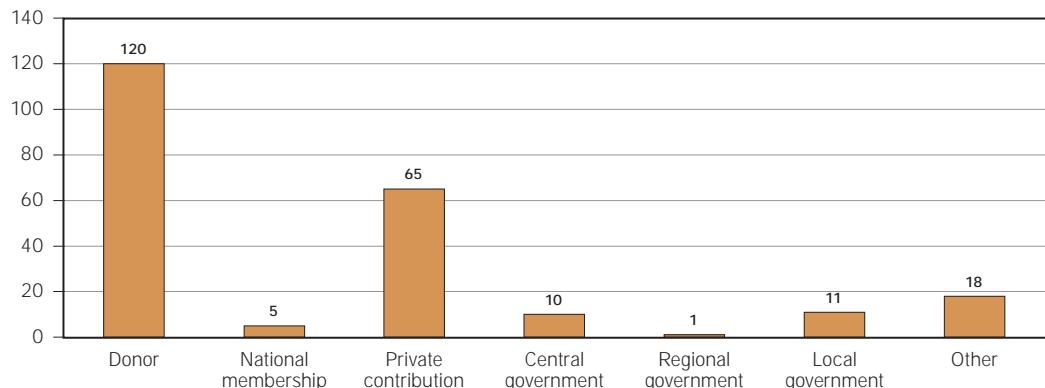
Responses about the type of institution were recoded into three categories against which sources of funding were then analysed: national NGOs, local/faith/community-based NGOs, and international NGOs (including the sole international agency).³ National NGOs were found to have the greatest diversity in terms of funding sources.

Looking at the funding sources for all the institutions, donor aid was found to be the favourite with 120 institutions reporting it as a funding source. Private

³ Recoding was also necessary because the choices provided for this question varied in the different questionnaire types.

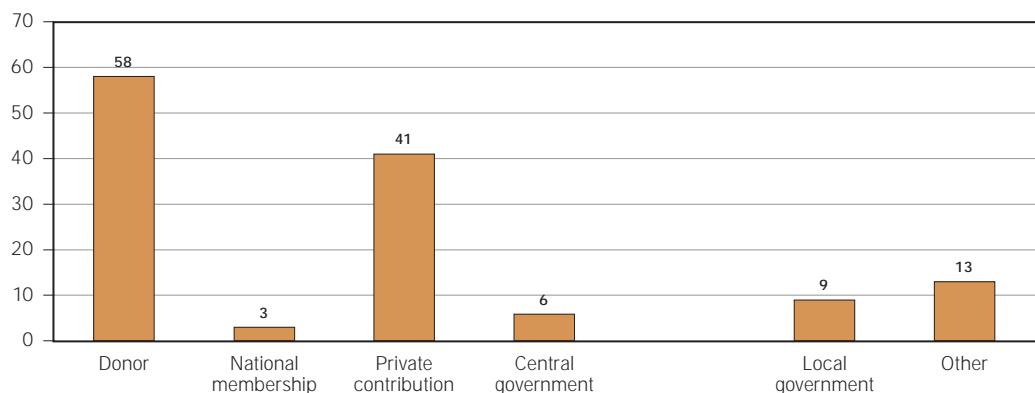
Figures 4-7 Distribution of institutions (all and by type of institutions) by sources of funding (absolute numbers)

Figure 4. All institutions (146 institutions) – multiple responses



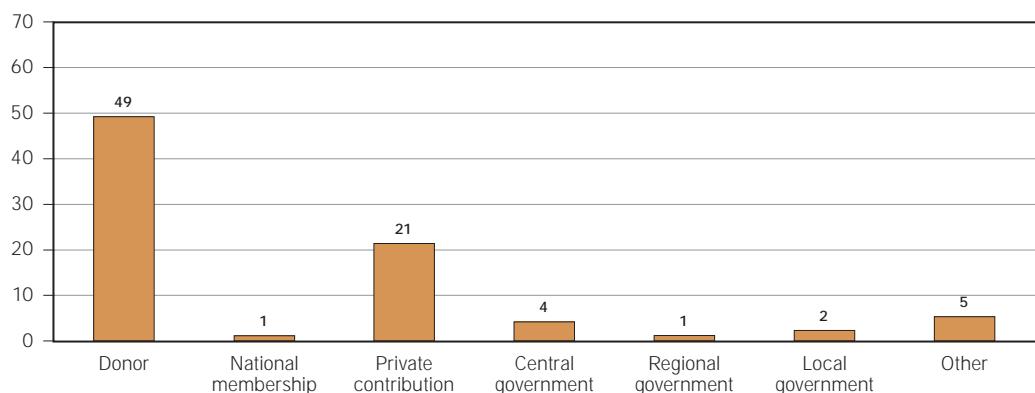
Source: Survey of Tanzania NGOs engaged in social protection.

Figure 5. National NGOs (73 institutions) – multiple responses



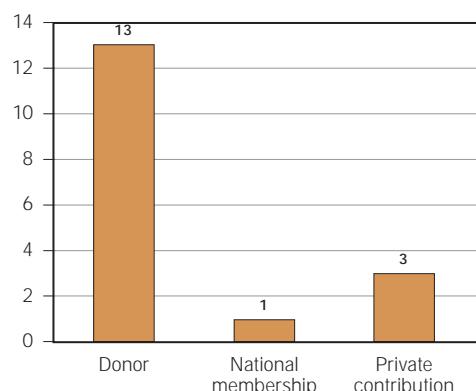
Source: Survey of Tanzania NGOs engaged in social protection.

Figure 6. Local/Faith/Community-based NGOs (58 institutions) – multiple responses



Source: Survey of Tanzania NGOs engaged in social protection.

Figure 7. International NGOs (14 institutions) – multiple responses



Source: Survey of Tanzania NGOs engaged in social protection.

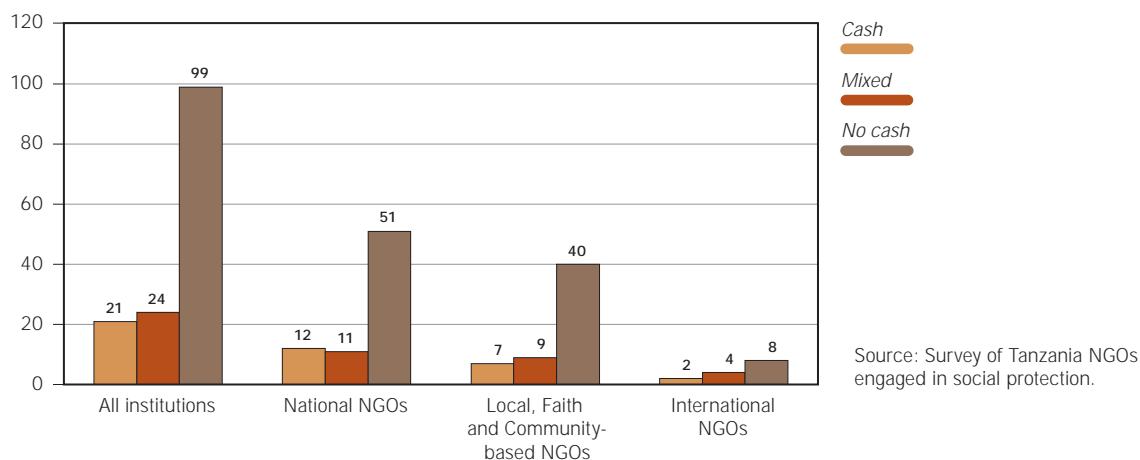
contributions were the next-favourite with 65 institutions reporting it as a funding source, while government funding (from all levels) came a distant third with 22 of institutions reporting it as a funding source. Except for some minor variations, this pattern was maintained within the three institutional categories (Figures 4-7).

Types of programmes

Institutions were compared according to whether they operated only cash programmes, a mix of cash and non-cash programmes, or only non-cash programmes.⁴ More than half of the institutions (99) were found to operate strictly non-cash programmes while a minority (45) operated cash programmes to some degree (Figure 8).

The above findings were consistent across the institutional categories, although a somewhat higher proportion of international compared to other types of NGOs reported operating cash-transfer programmes.

Figure 8. Distribution of institutions by type of programmes (self-declaration) and type of institutions (absolute numbers)



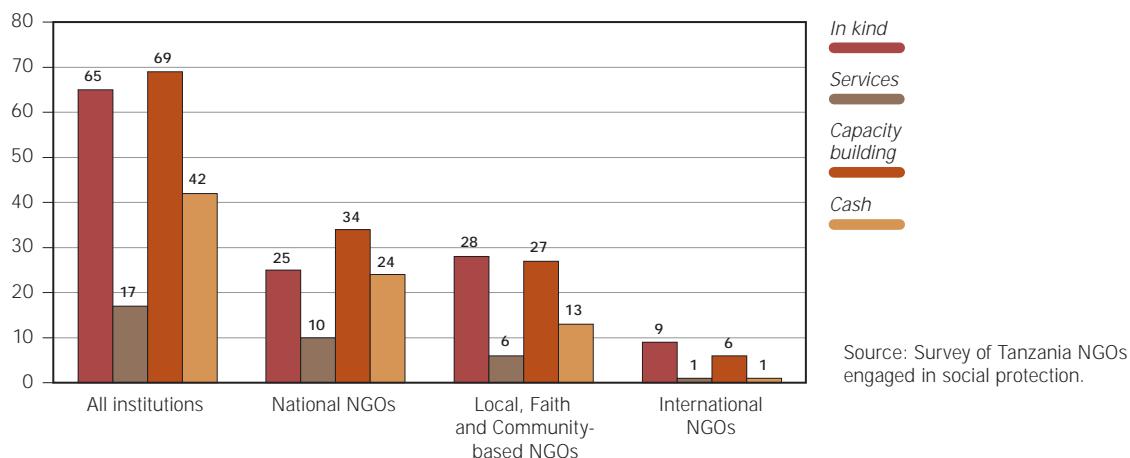
Forms of assistance

The above analysis of types of programmes operated by the institutions can be combined with an analysis of the main forms of assistance provided. Four general forms were distinguished: cash transfers—including cash grants for household consumption and income-generation; in kind assistance—including provision of food, clothing, school uniforms, health care support, malaria prevention, buildings and grants of farm animals; services—including advocacy, legal support, research and surveys; and capacity building— including education, social counselling, training and awareness-raising activities.

In general it was found that close to half (69) of the institutions supported capacity building through educational and training activities. A slightly lower number of institutions (65) provided in-kind assistance in form of food, clothing, shelter and

⁴ These results are based on self-declaration on the type of programme and not on a recoding from the description of the assistance provided resulted in the categorization – cash, kind, services and capacity-building.

Figure 9. Distribution of institutions by main form of assistance (absolute numbers)



health care, while less than a third of the institutions (42) provided assistance in cash form. A minority of the institutions (17) indicated that they provided assistance in form of legal or other (non-tangible) services. The pattern of capacity-building, in-kind, cash and services (in that order) dominating the provision of social assistance was maintained within the institutional categories, although there were different emphases on cash versus in-kind assistance across the categories (Figure 9).

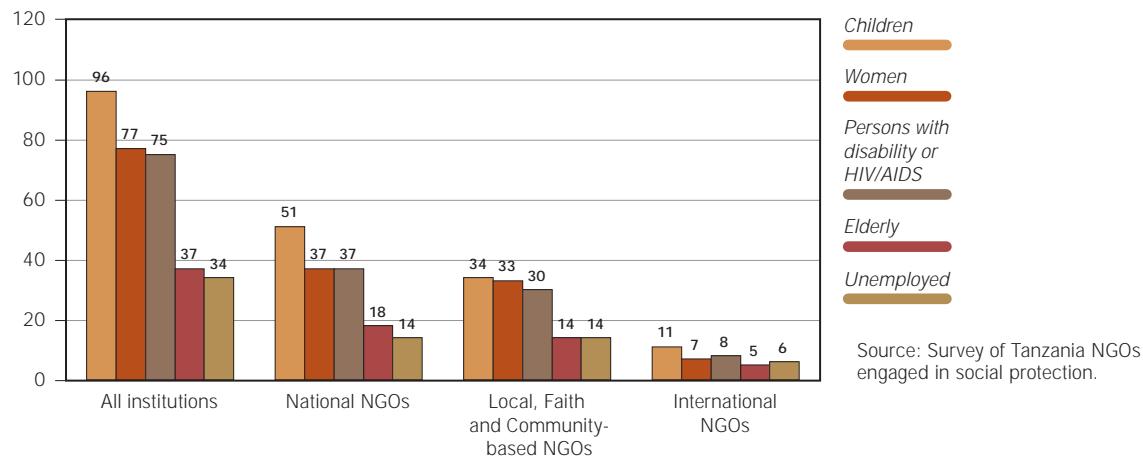
One conclusion that could be reached from the above analysis would be that the majority of institutions supported non-cash forms of social assistance, with a particular focus on capacity-building measures, while the degree of popularity of cash transfer programmes tended to depend on the type of institution (and possibly, by extension, access to funding and other capacity constraints).

Target groups

Institutions were asked to indicate whom they targeted in their activities from among five principal groups: children, women, disabled persons/with chronic illness, the unemployed and elderly persons. Additional sub-groups were defined under each of these main groups on the basis of age, HIV/AIDS status, household situation and economic activity. For example under the group women were sub-groups such as “widowed with no income or HIV/AIDS or both”, “elderly women in defined locations that expose them to vulnerability”, “primary carers for HIV/AIDS or disabled persons”, etc. Thus none of the answer sets was designed to be mutually exclusive but rather all were designed in order to capture - on an aggregate level⁵ – different characteristics of those targeted by the institutions/programmes.

⁵ Because of the different questionnaire formats and the overarching design it was in most cases impossible to determine whether different target groups simultaneously indicated by an institution came under the same programme, whether they referred to the same individuals (for example when the sub-group “widowed women with no income or HIV/AIDS or both” was indicated alongside the group “unemployed”) and which if any connections existed between different target groups clearly referring to different individuals (for example “children” and “older carers”). At the same time overlaps in the responses and omissions when a main target group was indicated instead of a more specific one, or vice versa, means that the data is non-comprehensive and figures reported are only an indication, but not a true measure, of actual numbers of institutions targeting one or the other group.

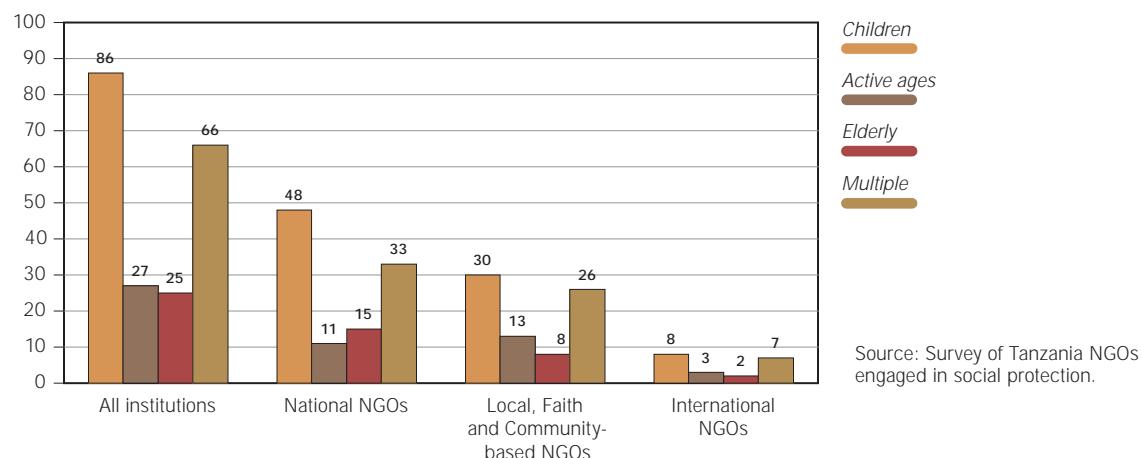
Figure 10. Distribution of institutions by target groups and type of institutions – multiple answers (absolute numbers)



Children, women, and persons with a disability/chronic illness were found to be the three most widely targeted groups. Of the institutions surveyed, two-thirds reported targeting children, around half reported targeting women and persons with a disability/chronic illness, while close to a quarter reported targeting the elderly and unemployed (Figure 10).

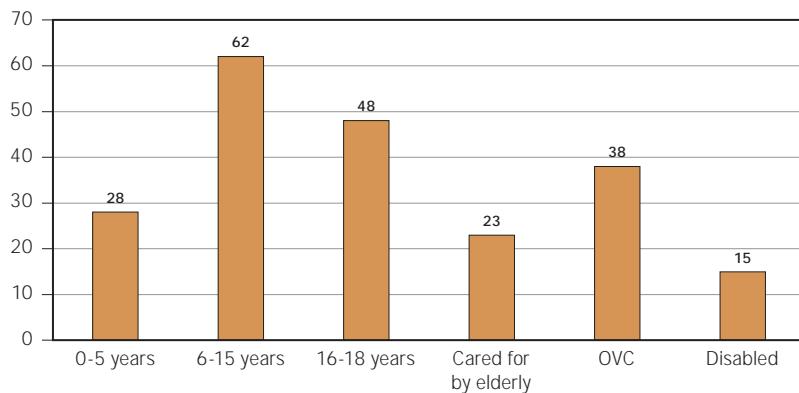
Using the same question-set, target groups were analysed according to their age, with three exclusive groups of “children”, “active age-adults” and “elderly persons” defined, as well as a fourth category “multiple age” when categorical targeting was not specific. Based on this classification it was found that the majority of the institutions surveyed targeted children while fewer reported targeting active-age or elderly persons. On the other hand, at least half of the institutions reported targeting multiple groups (Figure 11).

Figure 11. Distribution of institutions by age groups and type of institutions (absolute numbers)



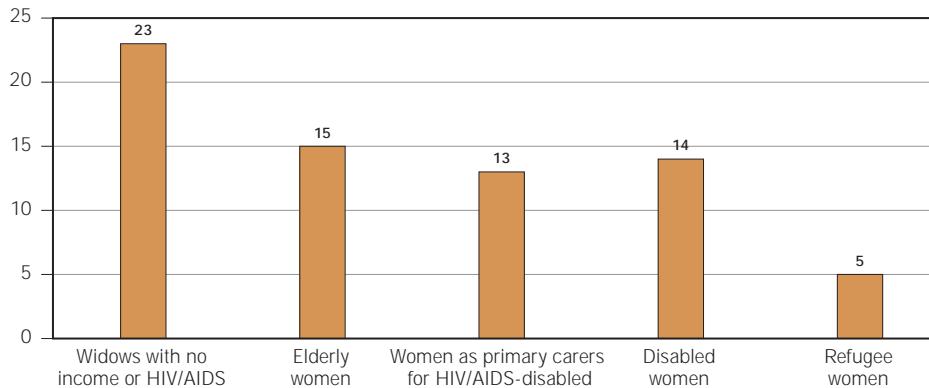
Further analyses of the principal target groups (children, women, the elderly, disabled/chronically ill and unemployed) according to age and other characteristics are presented in Figures 12-15.

Figure 12. Distribution of institutions targeting children by detailed groups or sub-categories of children (absolute numbers)



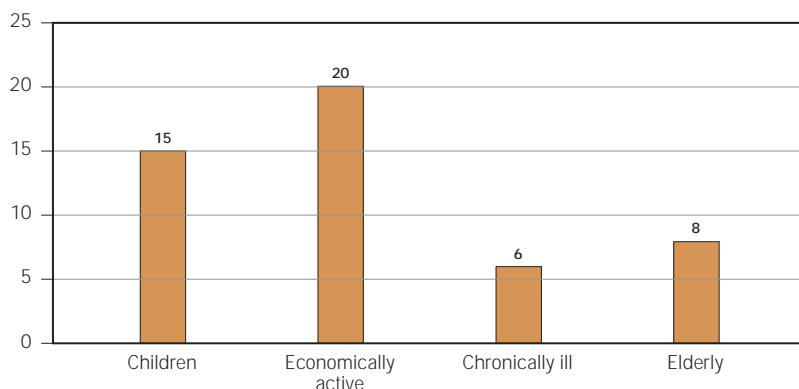
Source: Survey of Tanzania NGOs engaged in social protection.

Figure 13. Distribution of institutions targeting women by detailed groups or sub-categories of women (absolute numbers)



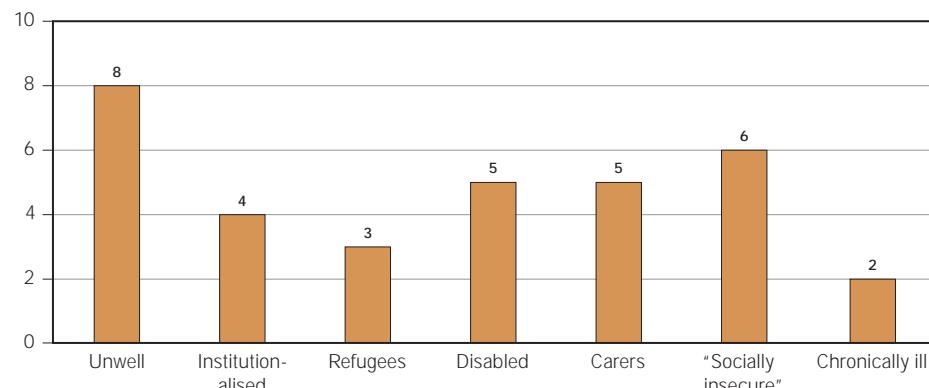
Source: Survey of Tanzania NGOs engaged in social protection.

Figure 14. Distribution of institutions targeting disabled by detailed groups or sub-categories of disabled persons (absolute numbers)



Source: Survey of Tanzania NGOs engaged in social protection.

Figure 15. Distribution of institutions targeting elderly by detailed groups or sub-categories of elderly persons (absolute numbers)



Source: Survey of Tanzania NGOs engaged in social protection.

Coverage of beneficiaries

This section examines beneficiary coverage – also distinguished by sex - both in terms of total numbers covered and on an average basis per institution. With the institution remaining as the basis of analysis, numbers of beneficiaries covered are compared according to the institution types, area coverage, domains of activity, forms of assistance, levels of targeting and target groups.

Notes:

- i. One striking case has been excluded from the analyses provided below – the Tanzania Red Cross Society, which reported close to 17 million beneficiaries for one of its programmes.
- ii. Beneficiary coverage by forms of assistance, domains of activity and target groups: since in some questionnaires some data was not specific to one category but rather to a programme encompassing several categories, it is not possible to really attribute one total number of beneficiaries covered to a specific category. The only kind of analysis that we can do at present is to say that among institutions covering one category (exclusively or with others), the total number of beneficiaries is less or more than in institutions covering another category (specifically or not).
- iii. Male and female beneficiaries: total numbers of beneficiaries reported are in most cases larger than the sum of males and females because some of the institutions did not distinguish the number of individual beneficiaries by sex. The sex ratio in beneficiary coverage, defined in terms of the ratio of number of females to number of males covered, is discussed wherever applicable.

By type of institution

Table 1 shows the total number of beneficiaries covered by the different types of institutions. A comparison across the categories shows that local/faith/community-based NGOs covered the most beneficiaries, followed by national NGOs and the international NGOs, in that order.

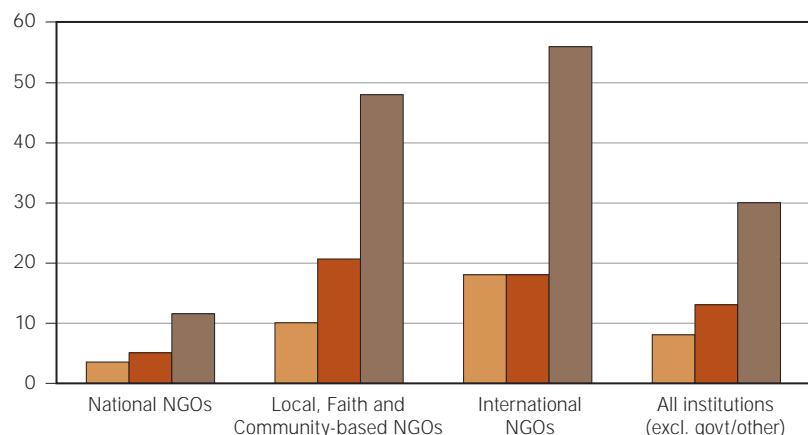
Table 1. Total numbers of beneficiaries by type of institution

Type of institution	Total	Male	Female	No. of institutions
National	747 627	227 522	337 602	68
Local/Faith/Community based	2 563 961	451 876	985 041	53
International	676 472	183 560	181 141	12
All Institutions	3 988 060	862 958	1 503 784	133

Source: Survey of Tanzania NGOs engaged in social protection.

Figure 16 shows the average number of beneficiaries per institution by type of institution and by sex. On average, the highest number of beneficiaries was found among the international NGOs (56,372), followed by the local/faith/community-based NGOs (48,376) and the national NGOs (10,994).

Figure 16. Average number of beneficiaries per institution by type of institution (thousands)

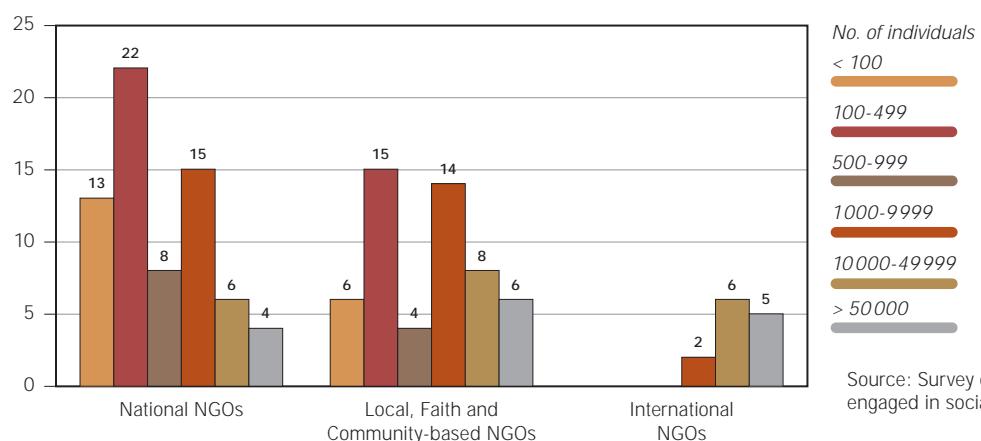


Male
Female
Total¹

¹ Data disaggregated by sex was not always available and hence the total figure is different to the male and female figures added together.

Source: Survey of Tanzania NGOs engaged in social protection.

Figure 17. Distribution of beneficiaries by institution type



No. of individuals
< 100
100-499
500-999
1000-9999
10000-49999
> 50000

Source: Survey of Tanzania NGOs engaged in social protection.

An examination of beneficiary coverage by sex reveals that, except for the category of international NGOs, most institutions had on average more female than male beneficiaries. The tendency towards female coverage was most pronounced among the local/faith/community-based NGOs, which on average had twice as many female compared to male beneficiaries.

Figure 17 shows the number of institutions catering to different sizes of beneficiary groups according to institution type. Based on this presentation, the national and local/faith/community-based NGOs seem to have catered to varying sizes of beneficiary groups, while the few international NGOs surveyed seem to have catered predominantly to large groups of 10,000 or more individuals.

Median values of individuals covered by the different institution types, presented in Table 2, support the above findings.

Table 2. Mean and median beneficiaries by type of institution

Institution type	No. of institutions	Mean per institution	Median per institution	Standard deviation
National NGOs	68	10 994	358	42 408
Local/Faith/Community-Based NGOs	53	48 376	1 486	192 577
International NGOs	12	56 372	18 951	83 481

Source: Survey of Tanzania NGOs engaged in social protection.

By area coverage

Figure 18 presents the average number of beneficiaries per institution according to the area coverage of the institution, reported as ‘national’, ‘regional’, ‘district’ or ‘local/ward’. Comparing the categories, institutions which reported covering a district were found to have the most beneficiaries on average, followed by institutions which reported covering a region or operating nationally, while institutions which reported covering a location/ward reported the fewest beneficiaries on average (Figure 18).

Comparing total coverage of beneficiaries across the categories, institutions operating on a district level covered the most beneficiaries, at close to 3.5 million in total, while institutions covering other geographical areas (a region, location/ward or even ‘nationally’) covered far fewer beneficiaries in aggregate (Figure 19).

Figure 18. Average number of beneficiaries per institution by area coverage (thousands)

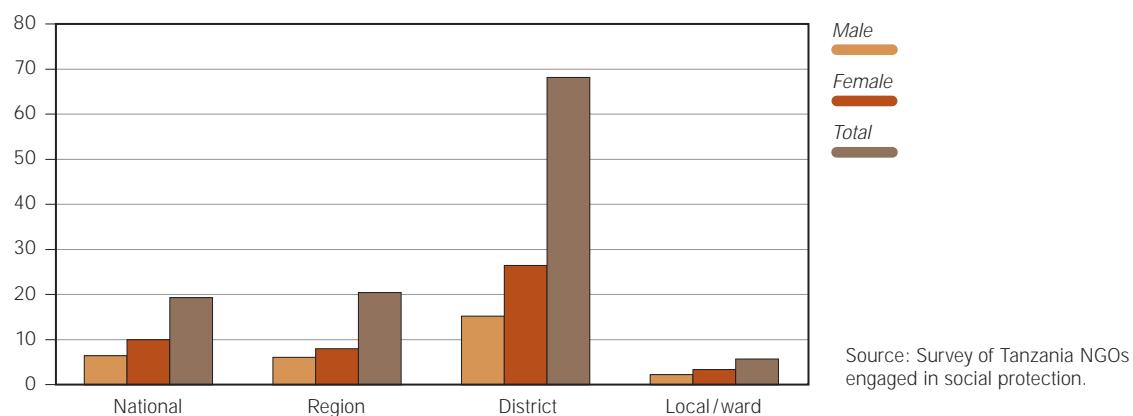
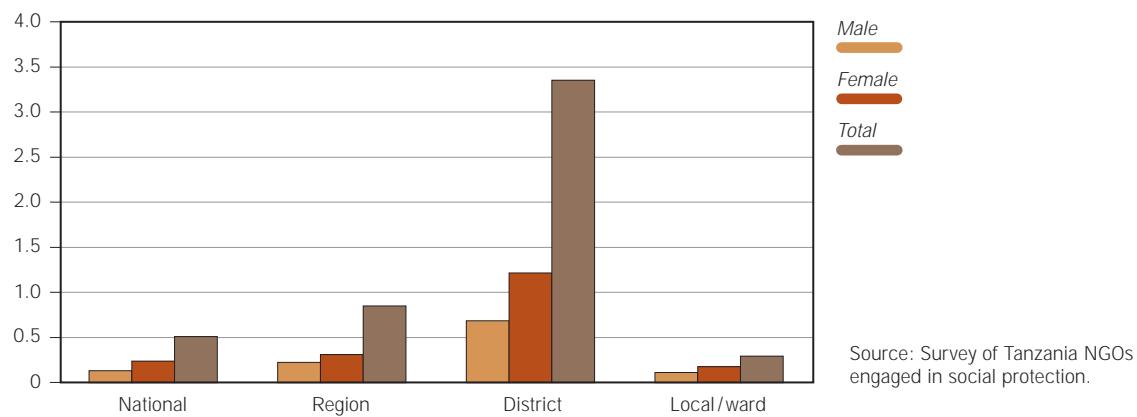


Figure 19. Total number of beneficiaries by area coverage (millions)



By targeting level

Table 3 shows total numbers of individuals covered according to the targeting level (individual, household or community), by sex, and the corresponding number of institutions considered in the analysis.

A comparison of the number of institutions active at a particular level of targeting reveals that the community followed by the individual and then the household, in that order, were the preferred levels for targeting of social protection.

A comparison of total numbers of beneficiaries covered at a particular level of targeting shows that most beneficiaries were covered at the level of the community, almost half this number at the level of the household, and a much smaller proportion at the level of the individual.

Table 3. Total number of beneficiaries by level of assistance

Targeting level	Total	Male	Female	No. of institutions
Individual	1 276 326	115 153	146 328	66
Household	1 316 120	440 155	861 210	22
Community	3 011 008	862 477	1 489 006	85

Source: Survey of Tanzania NGOs engaged in social protection.

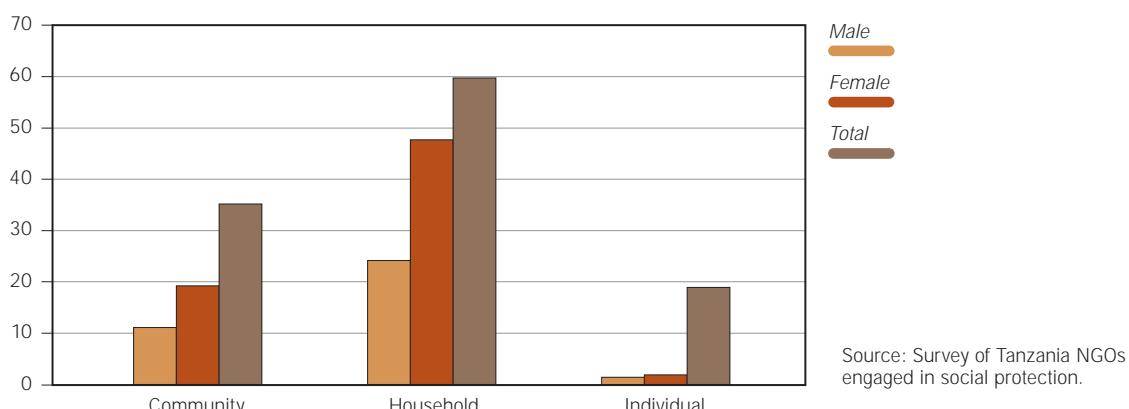
Figure 20 shows average numbers of individuals covered per institution according to the targeting level and by sex. In contrast to the above findings on aggregate coverage, it can be seen that on average most beneficiaries were covered where the household was the unit of targeting and the fewest where the individual was the unit of targeting.

Comparing the sex ratio of beneficiaries across the targeting levels reveals that more females than males were covered at each targeting level, with a tendency to female coverage most evident at the household level where on average twice as many female than male beneficiaries were covered.

Taken together, the above results of comparing levels of targeting with total and average numbers of beneficiaries could be interpreted as suggesting that, controlling for the popularity of certain levels of targeting among the institutions, initiatives targeted at the household level were most effective in terms of covering larger numbers of individuals, while those targeted at the individual level were least effective in the same terms.

It might be interesting to relate these findings to the analysis about forms of assistance and types of programmes operated.

Figure 20. Average number of beneficiaries per institution by targeting level (thousands)



By form of assistance

Table 4 shows the total numbers of beneficiaries covered corresponding to different forms of assistance and by sex. A comparison of aggregate coverage across the categories shows that institutions engaged (exclusively or otherwise) in capacity building covered the most people, followed by institutions providing in-kind forms of assistance, with institutions providing cash forms of assistance covering far fewer people in total.

Table 4. Total number of beneficiaries by form of assistance

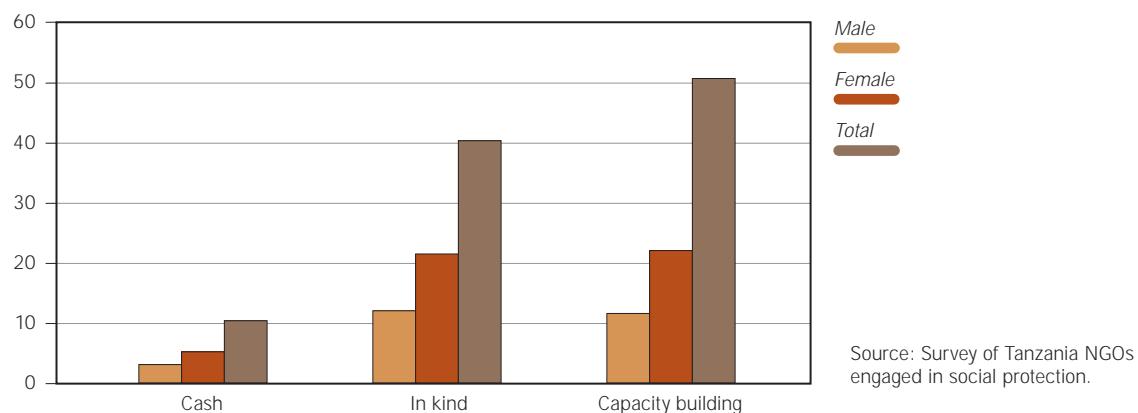
Domain	Total	Male	Female	No. of institutions
Cash	456 808	136 238	214 985	42
Services	1 017 599	7 608	10 733	14
In kind	2 480 934	659 618	1 179 063	61
Capacity building	3 155 701	681 029	1 277 928	62

Source: Survey of Tanzania NGOs engaged in social protection.

Figure 21 shows average numbers of beneficiaries per institution according to the form of assistance provided and by sex. Comparing the categories it can be seen that institutions providing assistance (exclusively or otherwise) in form of capacity building reached the largest number of beneficiaries on average, followed by institutions providing (exclusively or otherwise) in-kind forms of assistance, and those providing (exclusively or otherwise) cash forms of assistance.

A tendency to female coverage was evident in all three categories, with institutions engaged in capacity building having almost two female beneficiaries for every male beneficiary.

Figure 21. Average number of beneficiaries per institution by form of assistance (thousands)



By domains of activity

Table 5 presents total numbers of beneficiaries covered according to the domain of activity and by sex. A comparison reveals that institutions active (exclusively or otherwise) in education had the most beneficiaries, followed by those active in HIV/AIDS and Health Care, in that order.

Table 5. Total number of beneficiaries by domain of activity

Domain	Total	Male	Female	No. of institutions
HIV/AIDS	1 603 746	555 880	1 029 858	51
Education	1 981 962	649 842	1 229 662	44
Health care	1 829 581	511 554	965 350	24

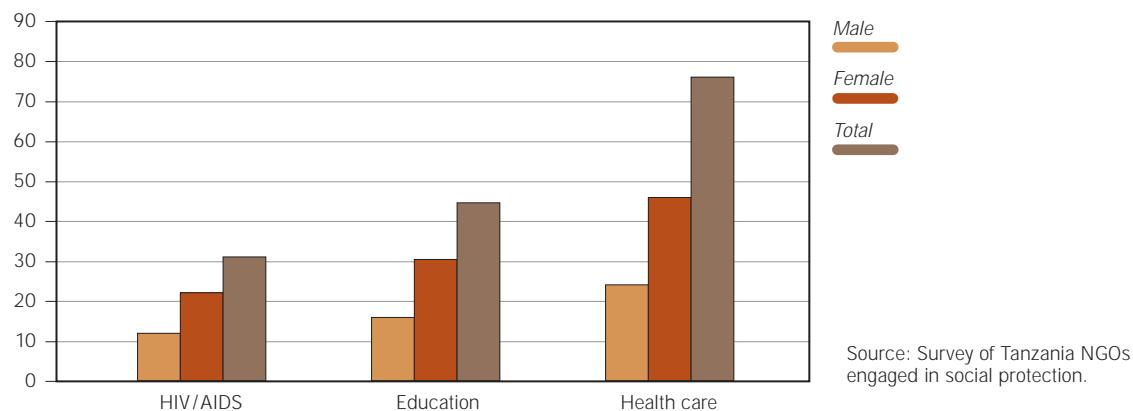
Source: Survey of Tanzania NGOs engaged in social protection.

Comparing average numbers of beneficiaries per institution across the domains (Figure 22) on the other hand reveals that institutions (exclusively or otherwise) active in the area of healthcare covered the most beneficiaries on average, followed by institutions active in education and institutions active in the area of HIV/AIDS.

Looking at the different results after comparing total and average numbers of beneficiaries across the domains, it can be concluded that, controlling for the number of institutions active in a particular domain, institutions active in the domain of health care were the most likely to cover the most beneficiaries in a given instance, with coverage levels of institutions active in education and HIV/AIDS following in that order.

Comparing coverage by sex reveals similar tendencies towards female coverage across the domains with almost two females for every male covered.

Figure 22. Average number of beneficiaries per institution by domain of activity (thousands)



By target groups

Table 6 shows the total numbers of beneficiaries for institutions as a whole according to their principal target groups⁶ indicated by the institutions. A comparison of aggregate coverage within the groups reveals that institutions (exclusively or otherwise) targeting disabled/chronically ill persons covered the most beneficiaries, followed by institutions targeting women and institutions targeting children, in that order. Compared to these three main target groups, institutions targeting the unemployed and elderly persons covered relatively few persons in total.

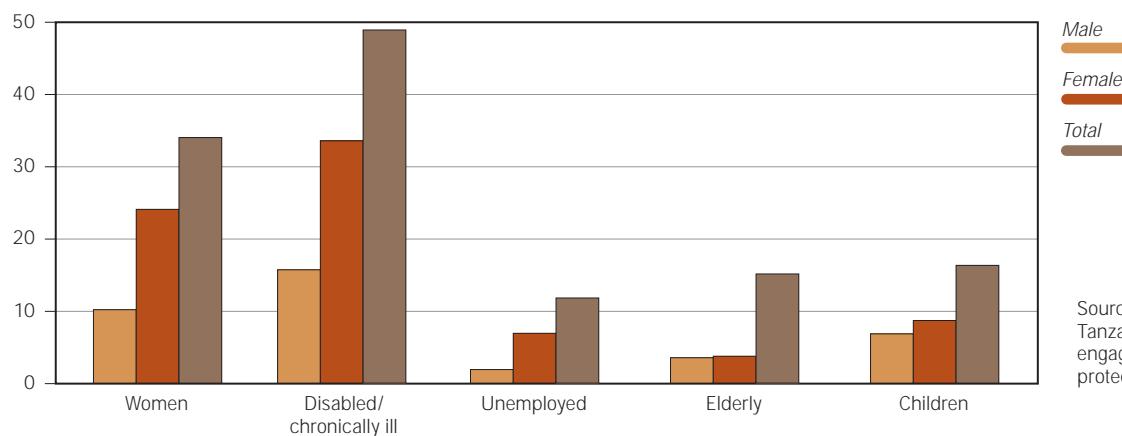
Table 6. Total number of beneficiaries by target groups (principal)

Target group	Total	Male	Female	No. of institutions
Women	1 466 470	400 163	960 858	43
Disabled or chronically ill	1 718 473	455 128	977 200	35
Unemployed	153 475	20 703	75 637	13
Elderly	196 876	44 507	44 863	13
Children	1 267 504	487 495	614 751	77

Source: Survey of Tanzania NGOs engaged in social protection.

Figure 23 shows the average number of beneficiaries per institution according to target group and by sex. Comparing the categories it can be seen that institutions (exclusively or otherwise) targeting the disabled/chronically ill (including persons with HIV/AIDS) covered the largest number of beneficiaries on average, followed by institutions

Figure 23. Average number of beneficiaries per institution by target group (principal) (thousands)

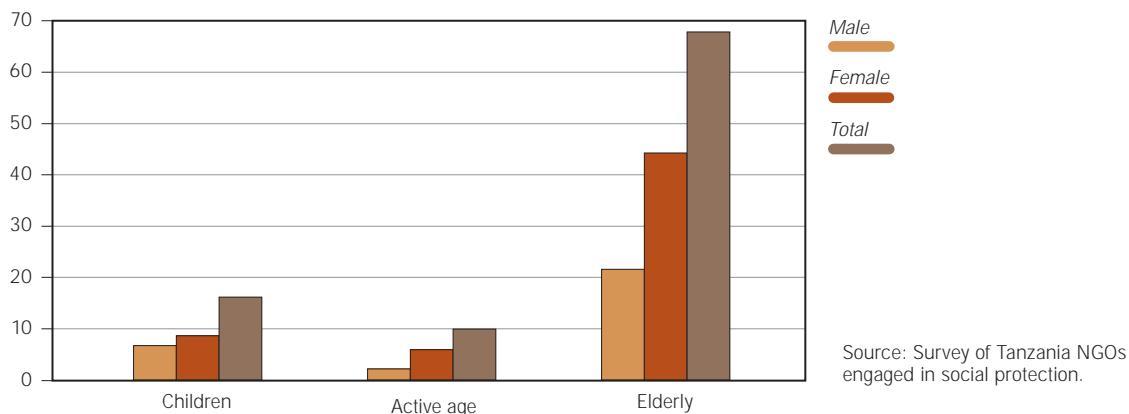


Source: Survey of Tanzania NGOs engaged in social protection.

⁶ This does not mean that all the indicated beneficiaries refer to that target group. These numbers correspond to the total number of beneficiaries in the corresponding institutions, including some other target groups if the institutions cover several target groups. 'Principal' target groups referred to in Table 6 correspond to the first-order target groups as indicated in the questionnaires, given that it was possible in some of the questionnaires to further indicate sub-groups of beneficiaries targeted (e.g. under the group 'women' sub-groups of 'disabled women', 'refugee women', etc). This was discussed earlier in the report.

It should be (re)emphasized here that all analysis of beneficiary coverage was constrained by aspects of the questionnaire design which allowed only for comparisons of the kind "number of beneficiaries for this type of institution exclusively or otherwise covering this target group, operating in this domain, giving this kind of assistance, etc." The findings presented in this section of the report should therefore be especially regarded with care.

Figure 24. Average number of beneficiaries per institution by age group (recoded)



targeting women, while institutions targeting children, the elderly and unemployed covered relatively few beneficiaries.

While there were more female than male beneficiaries corresponding to the different target groups, institutions targeting the unemployed had the highest ratio of female to male beneficiaries (almost four females for every male), while institutions targeting children and the elderly reported almost equal coverage of males and females.

Figure 24 shows the average number of beneficiaries per institution according to the age group targeted – children, active-aged⁷ or elderly – and by sex. A comparison of coverage across the categories shows that institutions targeting the elderly (exclusively or otherwise) covered substantially more beneficiaries on average compared to institutions targeting either children or persons of active ages.

Although all the age groups corresponded to more female than male beneficiaries, institutions targeting active-age persons showed the greatest tendency towards female coverage, covering almost three females for every two males, whereas institutions targeting children covered only slightly more females than males.

Expenditures

This section compares estimates of annual expenditures (total and per beneficiary) at the institution level according to the type of institution and for different sub-institutional categories such as the type of programme operated, forms of benefits provided, funding sources relied upon, groups targeted, and activities engaged in.

However, as was the case in Section 3 with the analysis of numbers of beneficiaries covered, the expenditure data presented here do not correspond to actual expenditures exclusive to these categories, but rather only to expenditure levels associated with such categories. This is a result of the idiosyncrasies of the questionnaire formats that were discussed earlier, which resulted in expenditure information recorded in the survey being specific only at the institution level, but not for lower-level categories such as forms of benefits provided or specific population groups targeted.

Given this drawback, the following analysis is based upon a comparison of expenditures aggregated across multiple institutions and corresponding, but not exclusive, to particular sub-institutional categories.

⁷ The category of active-age adults is derived from non-child and non-elderly principal categories indicated by the institutions.

By institution type: Total expenditures per institution

Figure 25 presents means of annual total expenditures⁸ per institution and of annual expenditures per beneficiary per institution for three different NGO categories: national NGOs, local/faith/community-based NGOs, and international NGOs.

Comparing means of total annual expenditures (indicated by the bars in the figure and corresponding to the left axis) reveals that international NGOs spent the most on average per institution, while NGOs in the other two categories recorded much lower total expenditures on average per institution.

Comparing means of annual expenditures per beneficiary (indicated by the triangles in the figure and corresponding to the right axis) on the other hand reveals that local/faith/community-based NGOs spent more money per beneficiary on average than the other NGO types.

Table 7 summarizes expenditures in the three categories with means, medians and standard deviations of expenditures per institution indicated.

Figure 25. Mean expenditures per institution by type of institution

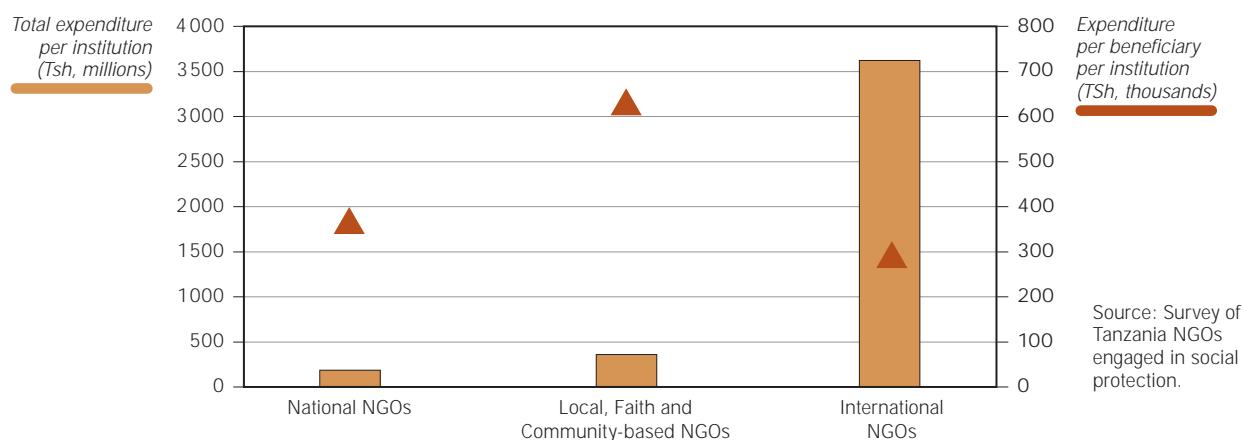


Table 7. Expenditures of NGOs according to the type of NGO

Type of institution		Total expenditure per institution	Expenditure per beneficiary per institution
National NGOs	Mean	181 056 374	390 104
	Median	57 702 600	65 217
	No. of institutions	69	65
	Standard Deviation	355 343 198	749 505
Local, Faith and Community-based NGOs	Mean	357 368 575	649 963
	Median	28 039 530	39 936
	No. of institutions	53	50
	Standard Deviation	1 092 923 608	2 921 263
International NGOs	Mean	3 642 736 762	311 035
	Median	926 576 800	7 940
	No. of institutions	13	12
	Standard Deviation	5 787 321 201	692 702

Source: Survey of Tanzania NGOs engaged in social protection.

⁸ In most cases (and depending on questionnaire format) total expenditure include administrative or correspond to what is called in the questionnaire “total budget”. Total expenditure by institution is the result of the aggregation of expenditure spent on each individual in a given institution.

The first thing one notices looking at the table is that means are much higher than medians – means being strongly influenced by extreme value – and that standard deviations are also quite high in all three categories. This suggests a high extent of variation in expenditures per institution within the individual categories, and at the same time raises the need for caution in using mean (or average) values for comparisons across categories.

Instead the median values might better reflect typical differences in spending for the different NGO types. Median annual expenditures per beneficiary per institution (shaded in the table) in fact show a different pattern than the means, with the key difference being that national NGOs are shown to have spent more per beneficiary than local/faith/community-based NGOs. This new finding is reinforced by the high standard deviation value indicated for the latter category of institutions.

By programme type

Figure 26 presents means of annual total expenditures per institution and of annual expenditures per beneficiary per institution for two types of programmes operated by the NGOs: cash transfer programmes and non-cash transfer programmes.

Figure 26. Mean expenditures per institution by type of programme operated



Comparing means of total annual expenditures (indicated by the bars in the figure and corresponding to the left axis) reveals that those NGOs that operated non-cash transfer programmes spent more on average per institution than NGOs that operated cash-transfer programmes.

Looking however at means of annual expenditures per beneficiary (indicated by the triangles in the figure and corresponding to the right axis) reveals that those NGOs that operated cash-transfer programmes spent more money on average per beneficiary than NGOs that operated non-cash transfer type programmes.

Table 8 shows means, medians and standard deviations of expenditures for NGOs operating the two types of programmes.

Comparing median values of annual expenditures per beneficiary, one finds that those NGOs that operated cash-transfer programmes spent more per beneficiary than those NGOs which operated other types of programmes. While this is consistent with the earlier finding with regard to the means, the magnitude of difference between expenditures is much smaller in the case of the medians. The wide variation in annual

Table 8. Expenditures of NGOs according to the types of programmes operated

Type of institution		Total expenditure per institution	Expenditure per beneficiary per institution
Cash-transfer programmes	Mean	535 034 459	1 448 706
	Median	27 882 515	48 013
	No. of institutions	20	19
	Standard Deviation	1 555 000 648	4 497 903
Non-cash transfer programmes	Mean	593 492 700	334 892
	Median	57 851 300	41 601
	No. of institutions	92	85
	Standard Deviation	2 382 668 026	928 602

Source: Survey of Tanzania NGOs engaged in social protection.

expenditures per beneficiary among those NGOs operating cash-transfer programmes, indicated by the particularly high value of standard deviation, would be further reason to rely on a comparison of median values.

By source of funding

Figure 27 presents means of total annual expenditures per institution and of annual expenditures per beneficiary per institution for six different sources of funding which the NGOs indicated relying upon: donors, national membership, private contributions, central government, regional government, and local government.

Comparing means of total annual expenditures (indicated by the bars in the figure and corresponding to the left axis) reveals that those NGOs that relied on donor funding recorded the highest spending on average per institution. Those NGOs that relied on other sources of funding recorded similar expenditures on average per institution except in the one case where funding was obtained from regional government.

Comparing means of annual expenditures per beneficiary (indicated by the triangles in the figure and corresponding to the right axis) however reveals a different pattern. Those NGOs that reported receiving funding from the central government recorded spending the most per beneficiary on average, followed by NGOs that sourced funds from a national membership structure, donors, private contributions and local government in that order.

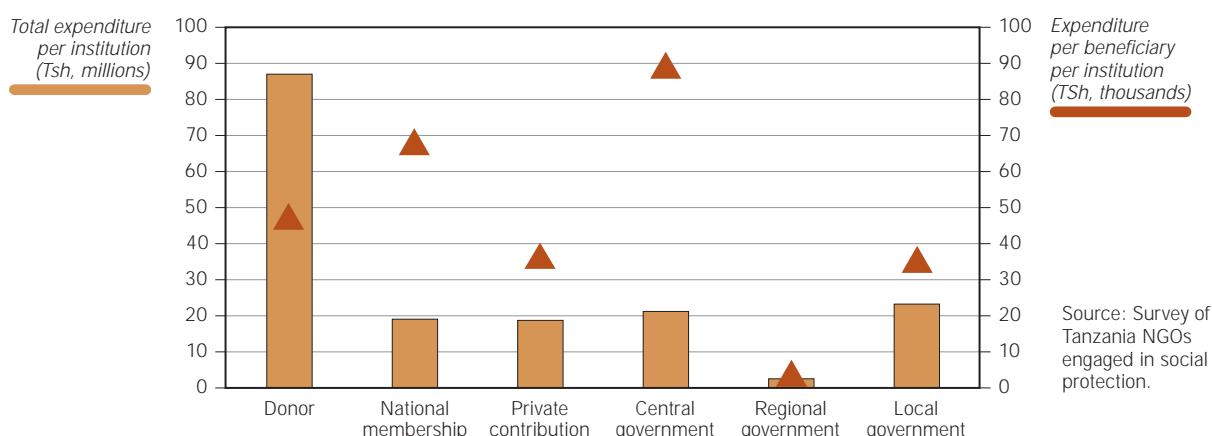
Figure 27. Mean expenditures per institution by sources of funding

Table 9. Expenditures of NGOs according to the funding sources relied upon

Type of institution		Total expenditure per institution	Expenditure per beneficiary per institution
Donor	Mean	868 304 289	485 705
	Median	58 000 000	42 424
	No. of institutions	113	105
	Standard Deviation	3 051 753 562	2 082 204
National membership	Mean	191 344 000	693 724
	Median	45 000 000	23 237
	No. of institutions	5	5
	Standard Deviation	263 171 093	1 325 272
Private contribution	Mean	186 397 283	378 389
	Median	46 395 000	47 187
	No. of institutions	60	58
	Standard Deviation	614 743 130	737 553
Central government	Mean	211 381 873	903 450
	Median	84 440 000	37 531
	No. of institutions	11	10
	Standard Deviation	400 839 948	2 162 745
Regional government	Mean	28 039 530	48 013
	Median	28 039 530	48 013
	No. of institutions	1	1
	Standard Deviation		
Local government	Mean	230 943 081	372 149
	Median	61 011 485	45 047
	No. of institutions	10	9
	Standard Deviation	349 659 032	1 003 685

Source: Survey of Tanzania NGOs engaged in social protection.

Only one NGO reported receiving funding from a regional government source. This institution recorded both the lowest total expenditure and expenditure per beneficiary.

Table 9 summarizes NGOs' expenditures with respect to the different sources of funding.

Looking at the table one sees that mean expenditures per institution are far higher than the medians within individual categories, while standard deviations are also high for the respective categories.

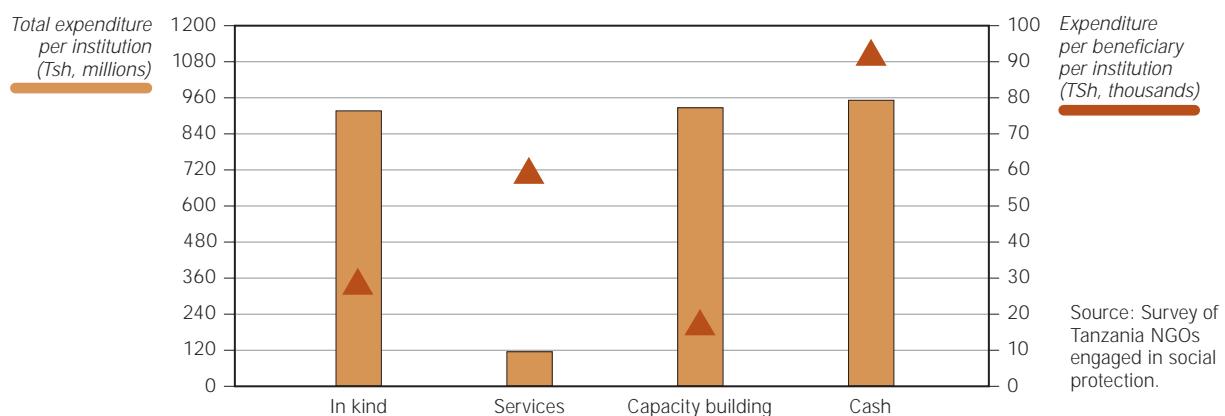
Comparing median values of annual expenditures per beneficiary (shaded in the table and excluding the sole NGO which indicated receiving funds from a regional government source), one finds that those NGOs which relied on funding from private contributions spent the most per beneficiary, followed by the NGOs which were funded by local government, donors, central government and national membership, in that order.

This presents a different pattern of expenditure levels per beneficiary than earlier presented with reference to mean values. Given the many contrasting indications, it is difficult to remark which pattern is the more plausible. However, one could refer to the standard deviations in order to gauge where medians could better reflect typical spending per institution.

By form of assistance

Figure 28 presents means of total annual expenditures per institution and of annual expenditures per beneficiary per institution for four different forms of assistance which the NGOs provided: assistance in kind, services, capacity building, and cash.

Figure 28. Average expenditures per institution by form of assistance



Comparing means of total annual expenditures (indicated by the bars in the figure and corresponding to the left axis) reveals similar total expenditure on average per institution for those NGOs that provided assistance in kind, as cash, and in the form of capacity-building. NGOs that provided services in comparison reported much lower total expenditures on average per institution.

Comparing means of annual expenditures per beneficiary (indicated by the triangles in the figure and corresponding to the right axis) reveals a quite different pattern. Those NGOs which provided assistance in form of cash recorded spending the most per beneficiary on average, followed by those NGOs which provided services, assistance in kind and capacity building, in that order.

Table 10 shows means, medians and standard deviations of NGO expenditures for different forms of assistance.

The table shows mean expenditures per institution far higher than medians, and standard deviations also high for the individual categories.

Comparing median values of annual expenditures per beneficiary (shaded in the table), one finds that those NGOs which provided assistance in form of services spent the most per beneficiary, followed by those NGOs which provided assistance in kind, in form of cash, and in form of capacity-building, in that order. This presents a different pattern of spending to that presented earlier with reference to the mean values. Again, standard deviations could be used to estimate where medians would better reflect typical spending within individual categories.

NGOs that provided assistance in form of cash recorded the highest standard deviation in expenditures per beneficiary, reflecting a high variation in spending levels among these institutions. These NGOs had the highest mean of spending per beneficiary but at the same time one of the lowest medians. Together with the earlier findings on spending levels for NGOs operating cash transfer programmes, this suggests that cash benefits were among the most variable of benefits provided by the NGOs surveyed.

Table 10. Expenditures of NGOs according to the form of assistance provided

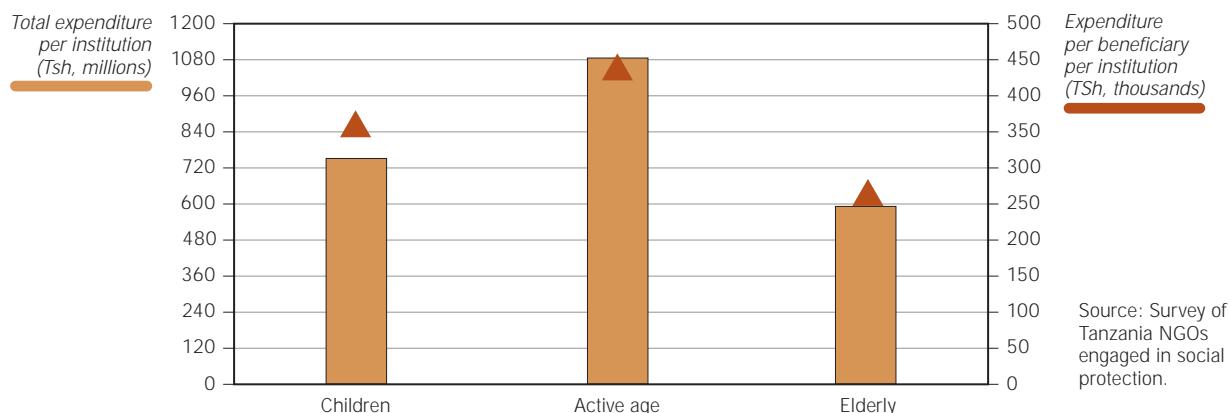
Type of institution		Total expenditure per institution	Expenditure per beneficiary per institution
In kind	Mean	918 472 126	311 610
	Median	50 790 000	55 434
	No. of institutions	61	58
	Standard Deviation	3 222 521 917	620 764
Services	Mean	118 786 171	620 418
	Median	14 389 000	79 332
	No. of institutions	17	14
	Standard Deviation	285 279 396	924 624
Capacity building	Mean	927 187 108	197 240
	Median	56 612 785	33 065
	No. of institutions	64	60
	Standard Deviation	3 644 217 198	449 923
Cash	Mean	952 931 255	951 872
	Median	88 064 000	45 857
	No. of institutions	40	40
	Standard Deviation	3 564 518 227	3 283 382

Source: Survey of Tanzania NGOs engaged in social protection.

By age-groups

Figure 29 presents means of total annual expenditures per institution and of annual expenditures per beneficiary per institution for different age-groups catered to by the NGOs: children, the active-aged,⁹ and the elderly.

Comparing means of total annual expenditures (indicated by the bars in the figure and corresponding to the left axis) reveals that those NGOs that catered to persons in the active-age category recorded the highest spending on average per institution, followed by NGOs catering to children and the elderly in that order.

Figure 29. Mean expenditures per institution by age-groups catered to

⁹ Not indicated as such in the questionnaires but rather identified from corresponding target-groups.

Table 11. Expenditures of NGOs corresponding to age-groups

Type of institution		Total expenditure per institution	Expenditure per beneficiary per institution
Children	Mean	748 391 988	371 023
	Median	45 000 000	46 362
	No. of institutions	81	75
	Standard Deviation	3 239 761 723	1 002 555
Active-age persons	Mean	1 081 343 974	449 320
	Median	79 440 410	23 311
	No. of institutions	25	22
	Standard Deviation	3 829 749 301	1 516 191
Elderly persons	Mean	590 838 858	274 698
	Median	139 073 665	44 472
	No. of institutions	24	20
	Standard Deviation	1 106 919 147	472 761

Source: Survey of Tanzania NGOs engaged in social protection.

Comparing means of annual expenditures per beneficiary (indicated by the triangles in the figure and corresponding to the right axis) reveals a similar pattern of expenditures as for total expenditures per institution. Those NGOs which catered to active-age persons recorded spending the most per beneficiary on average, followed by those NGOs catering to children and those NGOs catering to the elderly.

Table 11 shows means, medians and standard deviations of NGO expenditures corresponding to the different age groups.

Comparing median values of annual expenditures per beneficiary (shaded in the table), one finds that those NGOs that catered to children and elderly persons had similar levels of spending at almost twice the value of spending by institutions catering to persons of active ages.

Examining standard deviations of expenditures corresponding to the different age groups one finds that the highest variation in spending was among those NGOs catering to active-age persons and the least variation in spending among those NGOs catering to elderly persons.

By main target groups

Figure 30 presents means of total annual expenditures per institution and of annual expenditures per beneficiary per institution for five ‘principal’ target groups as specifically indicated in the questionnaires: children, women, disabled persons (including those living with HIV/AIDS), unemployed persons, and elderly persons.

Comparing means of total annual expenditures (indicated by the bars in the figure and corresponding to the left axis) reveals the highest expenditure levels among those NGOs which targeted either children or elderly persons, and lower levels of expenditure for those NGOs which targeted women, the disabled and unemployed.

Means of annual expenditures per beneficiary (indicated by the triangles in the figure and corresponding to the right axis) however show a different pattern with those NGOs which targeted the unemployed having recorded the highest spending per beneficiary on average, followed by those NGOs which targeted children, women, the disabled and elderly persons in that order.

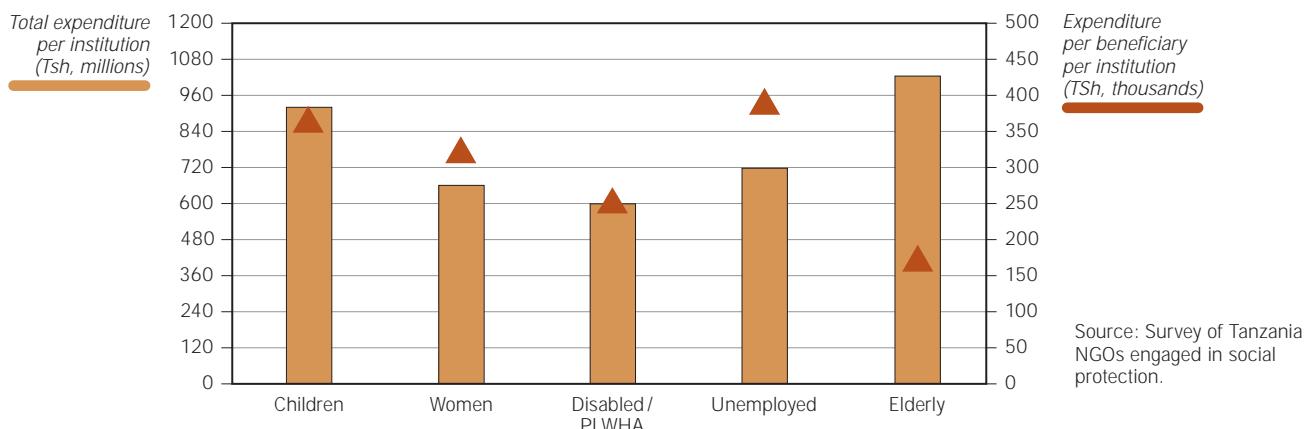
Figure 30. Mean expenditures per institution corresponding to principal target groups

Table 12 summarizes expenditures for the principal target groups.

Looking at this table one again sees that mean expenditures per institution are far higher than medians, and standard deviations are also high within the individual categories.

Comparing median values of annual expenditures per beneficiary (shaded in the table), one finds that those NGOs which targeted children had the highest levels of spending, followed by those NGOs targeting elderly persons, disabled persons (including those living with HIV/AIDS), unemployed persons and women, in that order.

Examining standard deviations of expenditures corresponding to the different target groups, one finds that the highest variation in spending was among those NGOs

Table 12. Expenditures of NGOs targeting 'principal' groups

Type of institution		Total expenditure per institution	Expenditure per beneficiary per institution
Children	Mean	916 569 249	373 589
	Median	58 000 000	46 362
	No. of institutions	89	83
	Standard Deviation	3 332 511 191	964 470
Women	Mean	665 335 972	334 291
	Median	51 650 000	38 366
	No. of institutions	70	66
	Standard Deviation	2 689 603 149	964 504
Disabled persons and those living with HIV/AIDS	Mean	601 797 789	260 863
	Median	61 488 000	42 269
	No. of institutions	69	64
	Standard Deviation	2 409 202 674	923 671
Unemployed persons	Mean	714 612 602	401 475
	Median	66 500 000	40 611
	No. of institutions	33	30
	Standard Deviation	2 141 884 317	1 303 950
Elderly persons	Mean	1 024 919 895	177 625
	Median	90 100 000	45 047
	No. of institutions	33	29
	Standard Deviation	3 459 432 935	377 944

Source: Survey of Tanzania NGOs engaged in social protection.

targeting unemployed persons, with similar levels of variation in the other categories, except for NGOs targeting elderly persons, which reflected the least variation in spending. Together with the earlier findings about spending levels for different age groups this suggests that among the NGOs surveyed, expenditures on elderly persons were more consistent than expenditures on other age or target groups.

By selected domains of activity

Figure 31 presents means of total annual expenditures per institution and of annual expenditures per beneficiary per institution for three ‘domains’ broadly corresponding to selected areas in which the institutions were active: education, health care, and HIV/AIDS.

Comparing means of total annual expenditures (indicated by the bars in the figure and corresponding to the left axis) reveals that NGOs active in health care spent the most on average, while those NGOs active in education spent more on average than NGOs working in the HIV/AIDS area.

Means of annual expenditures per beneficiary (indicated by the triangles in the figure and corresponding to the right axis) show a similar pattern with the highest spending levels recorded by those NGOs engaged in activities related to healthcare, followed by NGOs engaged in activities related to education and HIV/AIDS, in that order.

Figure 31. Mean expenditures per institution for selected domains of activity

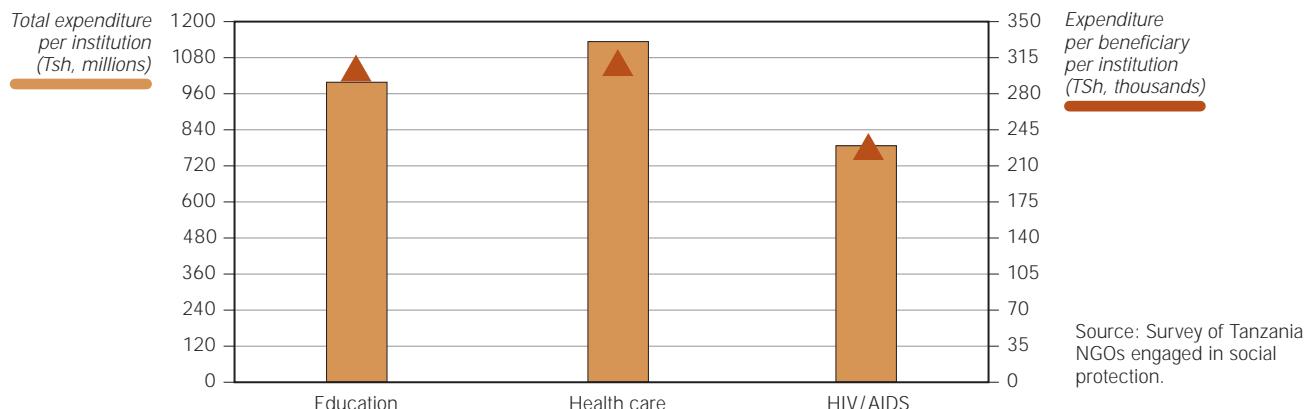


Table 13 presents mean, median and standard deviations of expenditures per institution corresponding to the three domains.

Mean expenditures per institution as shown in the table are far higher than medians, and standard deviations are also high for the individual categories.

Comparing median values of annual expenditures per beneficiary (shaded in the table), one sees that NGOs engaged in activities relating to health care reported the highest spending levels, followed by those engaged in activities related to HIV/AIDS, with NGOs engaged in activities related to education reporting the lowest median spending per beneficiary.

Table 13. Expenditures of NGOs active in domains of Education, Health care and HIV/AIDS

Type of institution		Total expenditure per institution	Expenditure per beneficiary per institution
Education	Mean	972 228 735	304 795
	Median	56 761 485	28 033
	No. of institutions	62	58
	Standard Deviation	3 698 977 301	990 641
Health care	Mean	1 104 371 152	311 795
	Median	55 522 970	45 047
	No. of institutions	41	39
	Standard Deviation	3 808 443 531	1 122 970
Support for HIV/AIDS	Mean	777 054 702	230 596
	Median	41 800 000	42 113
	No. of institutions	51	49
	Standard Deviation	2 837 367 670	999 069

Source: Survey of Tanzania NGOs engaged in social protection.

Summary of findings

As indicated in the beginning it would be difficult to generalize from the above findings as little is known about the representativeness of the small “sample” of institutions which responded to the survey while problems to do with questionnaire design and data quality further complicate the analysis. Nonetheless, the findings are interesting in their own right as there is currently little information available on social protection initiatives carried out by non-governmental institutions in Tanzania. The findings also give some indications as to potential patterns in the organization, thematic focus and outputs of NGOs working in the field of social protection in Tanzania that deserve further exploration in the country context. A summary of the main findings is presented below.

Location and scale of operations

- A large proportion of the NGOs surveyed were based in or close to the coastal region (Pwani, Dar es Salaam, Arusha, Kilimanjaro).
- National and local/community/faith-based NGOs in general operated on a smaller scale (reaching fewer beneficiaries) than international NGOs. The median beneficiary coverage of a nationally-based NGO was about 400 individuals, of a locally-based NGO about 1500 individuals, and of an internationally-based NGO about 20,000 individuals.

Forms of assistance

- Capacity-building initiatives supporting education, social counselling, training and awareness-raising activities were a staple activity of the NGOs surveyed and in aggregate were reported to have reached the greatest number of beneficiaries.
- Other forms of assistance such as the provision of commodities (in-kind), legal and other services and cash transfers were less popular yet corresponded to significant numbers of beneficiaries.

Domains of activity

- No substantial differences were found in the NGOs' engagement in different domains of activity such as health care, education or HIV/AIDS in terms of total beneficiary coverage. Activities in health care however corresponded to the most beneficiaries per institution.

Targeting and coverage of different beneficiary groups

- The NGOs surveyed predominantly targeted their initiatives to the community level. Initiatives targeted at the household level on the other hand corresponded to the largest beneficiary coverage per institution.
- In the discussion of beneficiary numbers corresponding to (but not exclusive to) particular categories of institutions, large variations were found in the numbers of individuals covered between one institution and the next within the same category. This suggests that there was no 'typical' coverage level corresponding to the particular categories of NGOs examined here. Rather, the descriptive statistics discussed in this report (averages and medians), which represent our best attempt to associate certain levels of coverage with certain categories of NGOs, should be considered with much care.
- It was common for institutions to simultaneously target different groups of beneficiaries. Individual groups which corresponded to the greatest beneficiary coverage among the NGOs surveyed were persons incapacitated by disability or chronic illnesses (including people with AIDS), women and children.
- Comparing coverage of beneficiaries by age groups, those NGOs targeting the elderly were associated with a higher coverage of beneficiaries on average per institution than those targeting children or the active-aged. Large numbers of elderly persons were also found to have been covered by NGOs which were not specifically targeting them as a 'principal' target group.
- Particular sub-groups stood out as major beneficiaries of the NGO initiatives. Among children those of primary-school age (6-15 years) were the ones most commonly targeted. Among women it was those with no income and/or with HIV/AIDS. Among the disabled it was those who were economically active, while among the elderly it was those who were incapacitated (unwell).
- More females than males benefited from the NGO activities in almost every instance examined.

Funding sources and expenditures

- As in the case of beneficiary coverage, expenditure estimates discussed in this report were based on spending levels associated with, but not exclusive to, particular categories.
- As a general comment, mean values are clearly influenced by extreme values of expenditure while median values are more robust.
- Expenditure values taken into account here include in most cases administrative costs or correspond to a total budget allocated for the set of programmes covered by the institution (depending on the different questionnaire format and the corresponding available information). The total expenditure by institution is the result of the aggregated expenditure for each programme covered by the institution.
- Based on data on total annual expenditures, donors were a key funding source for most of the NGOs while very few received any form of government support. NGOs funded by donors spent altogether much more in total compared to NGOs funded by other sources. Looking however at spending levels per beneficiary corresponding to the different funding sources, average and median spending per beneficiary among donor-funded NGOs was much lower than for other categories.
- Possibly related is the finding that internationally-based NGOs on average recorded far higher total expenditures per year compared to national or locally-based NGOs. Examining on the other hand median values of expenditures per capita, which were observed to better reflect typical spending levels across different categories, national NGOs were associated with the highest levels of spending per beneficiary and international NGOs the lowest levels.
- Median expenditures per beneficiary of cash transfer programmes were found to be substantially higher than for non-cash programmes. This was consistent with the finding that average expenditures per beneficiary of cash forms of assistance were much higher than for other forms of assistance.
- A comparison of expenditures for different categories of beneficiaries revealed that NGOs catering to active-age adults corresponded to higher average levels of spending, both in total and per beneficiary, than for those NGOs catering to children or the elderly. Median values for expenditures per beneficiary however indicated the opposite trend, with those NGOs which catered to children and elderly persons having recorded substantially higher expenditures per beneficiary than those catering to active age adults.
- The above findings deserve further investigation especially with regard to the net value of per capita benefits disbursed by NGOs engaged in social protection and the relative cost-effectiveness of particular type of NGOs over other type of NGOs.

Annex D

Degrees of informality: prevailing patterns at the Tanzanian labour market and social security coverage

To complement the general overview of the labour market in Tanzania Mainland, based mainly on the results of 2000/2001 ILFS and earlier surveys, we also present a preliminary analysis based on recently released results of the 2005/2006 ILFS.¹ We focus on looking at levels of economic activity and the types of employment people are involved in – how many of the economically active are employees – with a more or less formalized contractual relationship – for an employer, how many are self-employed, etc. Experience in other countries shows that groups with different employment status (with or without employer, with or without contract, etc.) need different institutional solutions to provide affordable access to health care and basic income security benefits in case of sickness, disability, old-age or other contingencies. Thus, such analysis may help to decide what institutional forms of social protection would be the most desirable and feasible.

Everyone's income security is endangered in cases of sickness, disability, old age, and unemployment, death in the family, maternity or other family obligations such as the need to provide care to children or sick. But the need for specific forms of social protection differs depending on employment status. For example, for those who are contract workers for an employer, with earnings from that employment as their only source of income and wealth and with no degree of flexibility in when and how long they have to be available to work; and for the self-employed whose incomes are usually less regular and predictable but who sometimes have more flexibility in planning their working hours and who may own certain productive assets.

Moreover, with respect to the design of entitlements to social protection and to deciding on its financing sources, what is desirable and feasible and for what groups depends on prevailing employment patterns in the labour market.

Mandatory contributory social insurance programmes providing income replacement (or supplements) in case of sickness, employment injury, disability, old-age, unemployment or maternity and other family obligations are administratively feasible to implement and enforce when employees have legally binding contracts with their employers. However, they are a challenge in every sense when it comes to covering the

¹ Thus, some absolute number and rates presented here may differ from those presented in other parts of the report, as they are based on surveys conducted on different dates – 2005/2006 and 2000/2001.

self-employed or employees whose employment is not formalized in any legal sense. In Tanzania Mainland, employees and their employers in the public and the private sectors are obliged to contribute to different social security pension funds, but – as we will see – this obligation is not effectively enforced to cover all the employees.

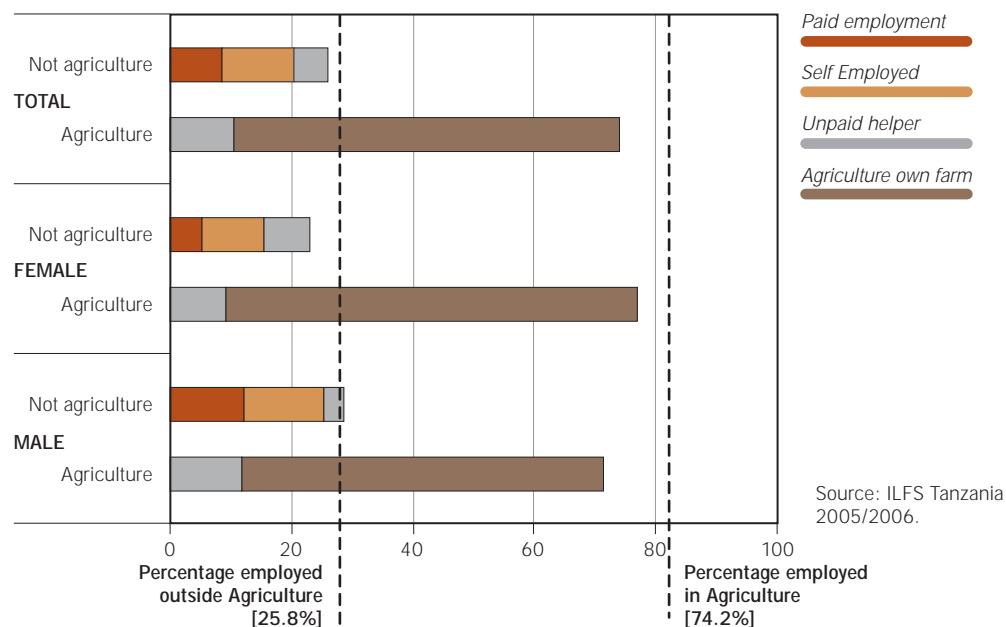
Similarly, in many countries labour codes or employment acts oblige employers to provide and finance certain types of social security benefits directly to their employees. In Tanzania Mainland² employers are obliged by the Employment and Labour Relation Act to provide paid maternity leave, paid paternity leave or other forms of leave (notably in case of death of a child) and paid salary in case of sickness up to a certain maximum number of days during the year.

Employees who are in the unionized sectors are often also covered – as are some in Tanzania Mainland – for additional social benefits specified in collective agreements. Some employers also offer supplementary benefits such as health insurance or direct provision of health-care services, occupational pensions, housing allowances, family allowances or funeral benefits. No data exist but judging from the large degree of informality of employment even in the case of paid employees (as shown by the LFS 2005 results) and the low degree of unionization, coverage by such benefits must be low.

In Tanzania Mainland, as in many other low-income countries, especially in sub-Saharan Africa, most of the employed work in traditional subsistence agriculture on their own farm or shamba, or they are either self-employed or helping (unpaid) family members. Their economic activities are not formally registered, the nature of their activity makes it difficult to collect contributions, their incomes are irregular, and, significantly, are not regular monetary incomes.

According to ILFS 2005/2006, the agricultural sector is by far the main sector of employment as it represents 74.2 per cent of total employment (71.3 per cent among men employed and 77.1 per cent of women in employment). The majority of those in agriculture (86 per cent) work on their own farm, mostly in subsistence agriculture; the remaining 14 per cent are unpaid family workers.

Figure 1. Distribution of persons in employment in or outside agriculture, by status in employment and by sex (percentage)



² Employment and Labour Relations Act, 2004.

Experience in some countries shows that even in such situations it is possible to build an effective universal social health protection system through a pluralistic combination of free basic public health-care provision with contributory social health insurance linked with community-based micro-insurance schemes, where the participation of the poorest is subsidized by the State from general revenue. However, to provide at least minimum income security one would also need to rely on a combination of universal minimum basic income guarantees (such as social pensions for the elderly) and social assistance benefits targeting the most vulnerable.

How people work: The employment status of the population

1.

The employment to population ratio measures the percentage of the population in a given age group who were involved in any gainful economic activity during the seven days period preceding the survey. In Tanzania Mainland, according to ILFS 2005/2006, overall employment-to-population ratios are high: more than 85 per cent of all those aged 15 and older were employed (83 per cent of all women at this age and 88 per cent of all men – see Figure 1-1). Employment-to-population ratios were substantially higher in rural areas (89 per cent) than in urban areas (52 per cent).

However, over 65 per cent of all those 17.9 million people employed (aged 15 and over) were employed on their own farm or shamba (nearly 70 per cent of employed women and 61 per cent of employed men). About 11 per cent are employed as unpaid workers (9 per cent of all employed men and 13 per cent of all employed women); 13 per cent were self-employed or employers outside agriculture (15 per cent of all employed men and 11 per cent of all employed women), while less than 10 per cent were employed as paid employees (less than 6 per cent of employed women and 14 per cent of employed men).

Twenty-eight per cent of children under 15 years old (25 per cent of girls and 31 per cent of boys) were recorded in the survey as employed, but the large majority of them are unpaid helping family workers in agriculture or in domestic and other household activities.

The lack of provision for income security in old age (except for a small minority) results in the employment rates of older people (at age 60+ corresponding to the legal retirement age) being high compared with those of the working age population 15-59

Figure 1-1. Employment to population ratio by sex and employment status (population 15 and older)

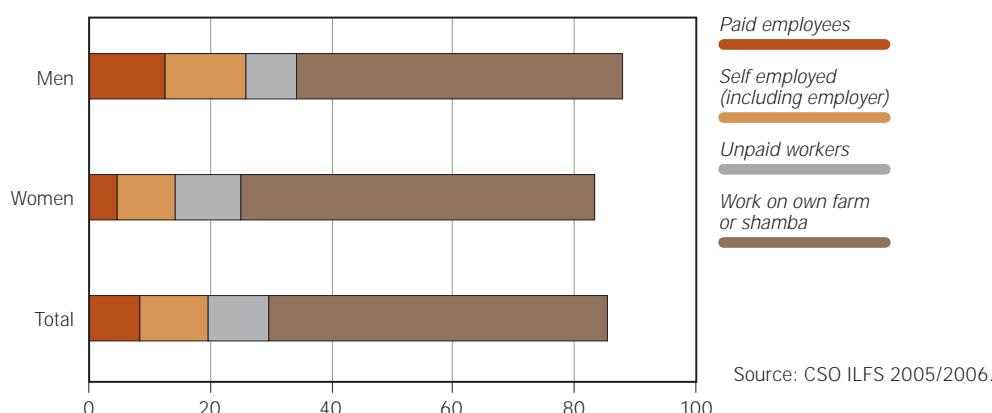
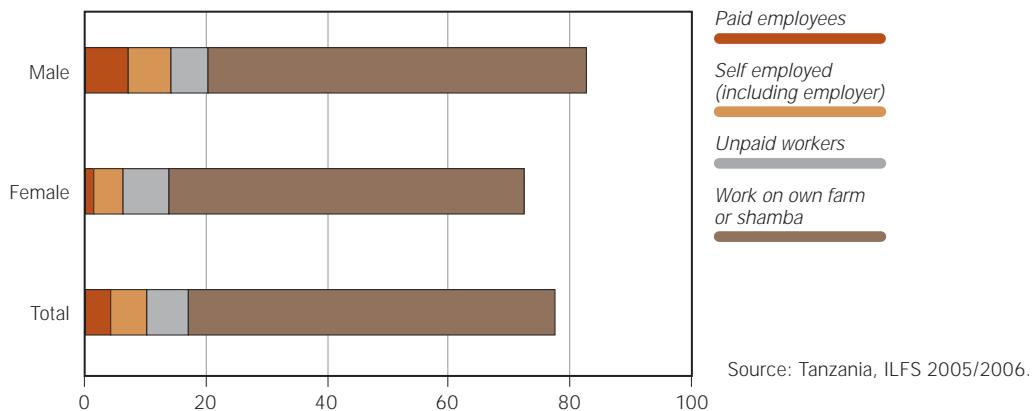


Figure 1-2. Employment to population ratio by sex and employment status (population 60 and older)



(see Figure 1.2). Nearly 73 per cent of older people were employed: 67 per cent of all older women and 79 per cent of all older men. The large majority (80 per cent of all, 79 per cent of all men, 82 per cent of all women) of the employed elderly are reported as working on their own farm, nearly 10 per cent are unpaid workers and less than 7 per cent are self-employed (or employers) outside agriculture. Very few older people are employed as paid employees: only 3 per cent of both sexes, 5 per cent of older men but less than 1 per cent of older women.

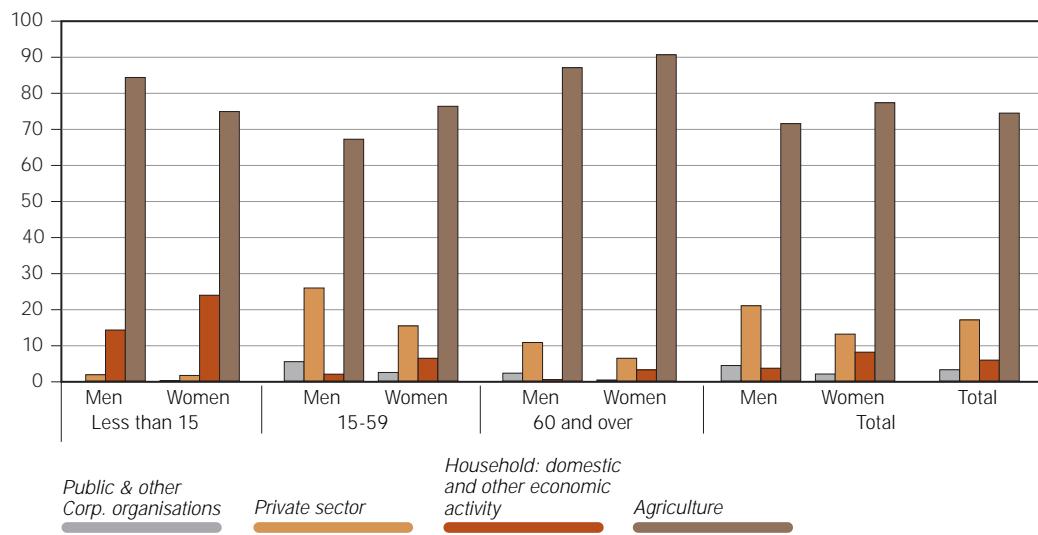
2. Where people work: Employment by legal form of establishment

From the point of view of potential social security coverage, two important factors are *status of employment* (e.g., employees versus self-employed), and *where* a person is employed. Social security legal coverage and entitlements differ (also in Tanzania Mainland) depending on whether someone works for central government, local government, parastatal company, private business, NGO or international organization, or simply in the household.

As shown in Figure 2.1 and regarding main employment, 3.1 per cent of all employed persons (more than 4 per cent of working men and less than 2 per cent of working women) were employed by central or local government bodies, a parastatal or other corporate organization (political party, registered partnership or cooperative, NGO or international organization). Slightly above 17 per cent worked in private businesses (13 per cent of all working women and 21 per cent of all working men). Most simply use their own household as a business environment either by working in agriculture on their own farm or as an unpaid worker (74 per cent) or, outside agriculture, doing domestic or some other economic household activity (6 per cent for all, 8 per cent of working women and 3 per cent of working men).

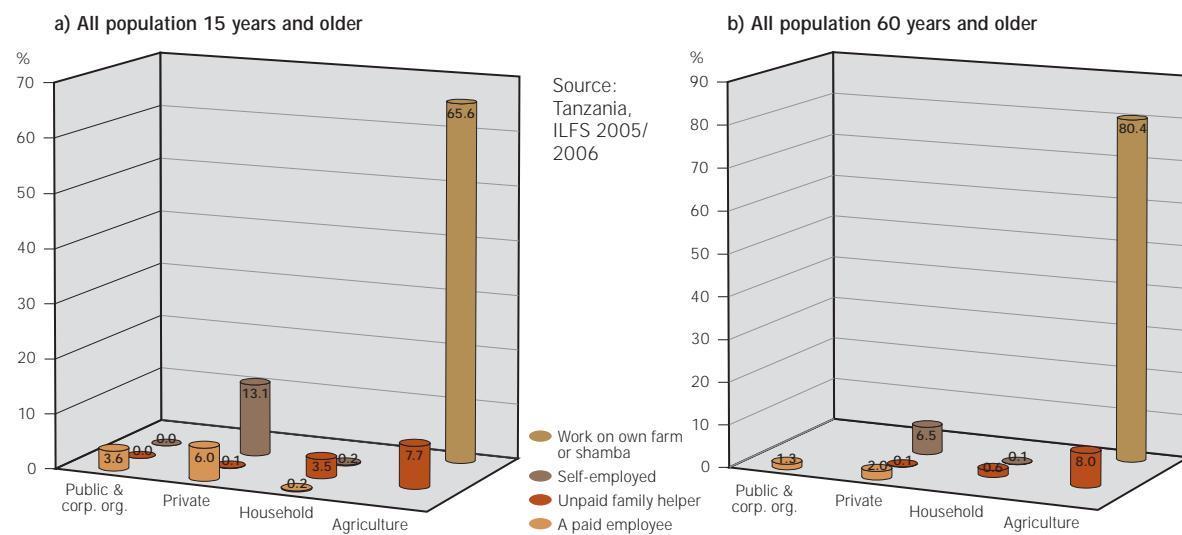
Figures 2-2 to 2-5 show the patterns of employment when we combine employment status (being employee, self-employed outside agriculture, own farm or shamba in agriculture or unpaid family worker either in or outside agriculture) with type of business establishment or work: public or corporate organization, private or just household outside agriculture, own farm in the agricultural sector. One can see that these patterns are very different for men and women and also for urban and rural populations.

Figure 2-1. Persons in employment by type of establishment by age range and sex (percentage)



Considering all persons in employment including agriculture, most employed persons work on their own farm or shamba. The only exception concerns people in urban areas, where self-employment covers over one-third of total urban employment. If we consider working on own farm as working in households (as type of establishment) and being self-employed (as status in employment), then the majority work in households – either as unpaid family workers (just over 2 million people, including nearly 1.4 million working in agriculture) or as self-employed (nearly 2.4 million people working outside agriculture and 11.8 million working and living from their own farm or shamba). Within this whole group working in households, women are over-represented in the sub-group of unpaid family workers, whereas the majority of men are reported as self-employed.

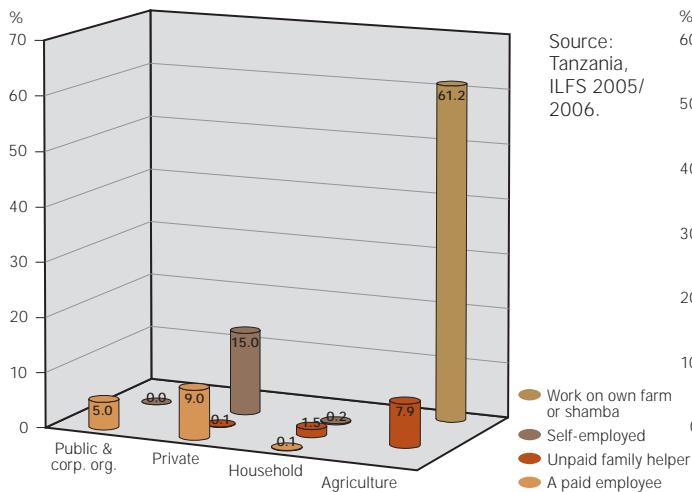
Figure 2-2. Employment distribution by employment status and type of establishment *



* Figures 2-2 to 2-5 show the percentage of employed people who fall under each category (e.g., paid employees in public establishments, self-employed in private establishments, unpaid workers in households, etc.).

Figure 2-3. Employment distribution by employment status and type of establishment

a) Population 15 years and older: Men



Source:
Tanzania,
ILFS 2005/
2006.

Women

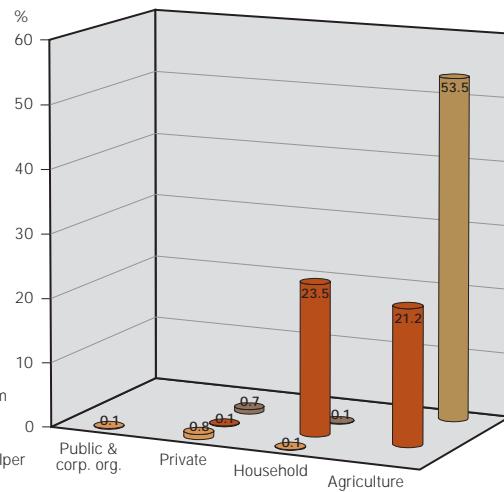
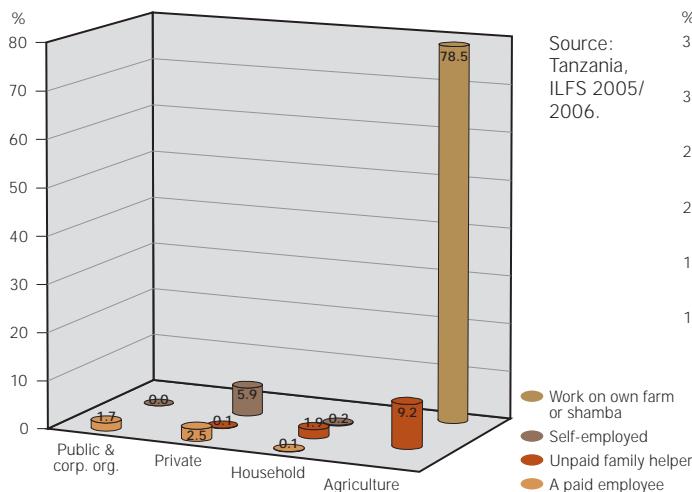


Figure 2-4: Employment distribution by employment status and type of establishment

b) Population 15 years and older: Rural area



Source:
Tanzania,
ILFS 2005/
2006.

Urban area

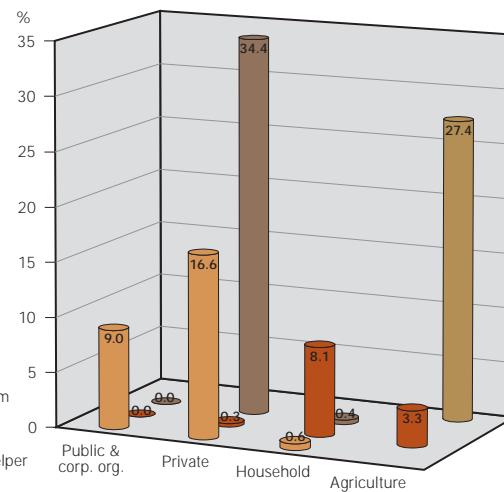
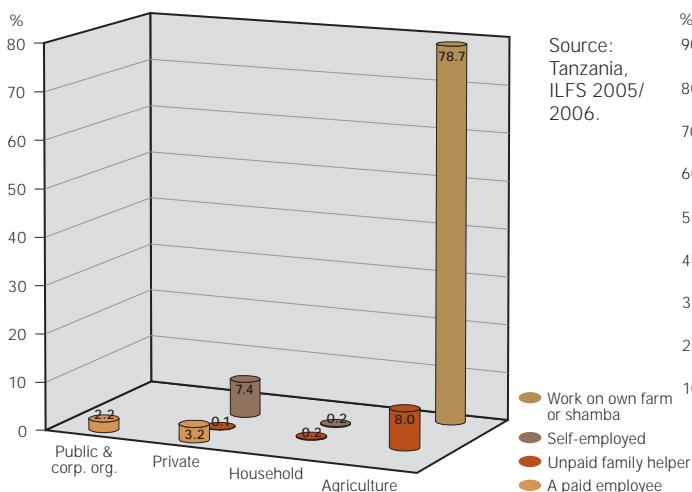


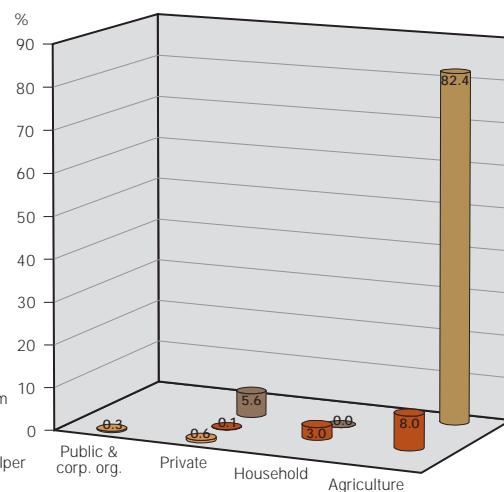
Figure 2-5: Employment distribution by employment status and type of establishment

b) Population 60 years and older: Men



Source:
Tanzania,
ILFS 2005/
2006.

Women



Paid employees are the smallest employed group in the whole country (over 1.7 million people, with just over 1 million working in the private sector)³ but they represent more than 25 per cent of total employment in urban areas (nearly 1.2 million). In urban areas, self-employment outside agriculture represents one-third of total employment (15.7 million people 15 years old and over). To this percentage can be added the 27.4 per cent working on their own farm. Unpaid family workers represent the lowest proportion, with just over 10 per cent of total employed (aged 15 and over).

Older workers, predominantly work as self-employed on their own farm. Of workers aged 60 and over, 80.4 per cent work in agriculture on their own farm. The proportion among women aged 60 and over is even higher (82.4 per cent of all employed women aged 60 and over). The second largest group is composed of unpaid family helpers, particularly women.

Where people work: Formal sector activities and employment in the informal sector

3.

More generally, the legal form of the establishment is one⁴ of the criteria used to determine whether an activity is part of the so-called “informal sector” or “formal sector”. The formality or informality of the enterprise will be one of the factors determining the extent of informality of employment.

The definition of employment in the informal sector includes all jobs in informal-sector enterprises or all persons who, during a given reference period, were employed in at least one informal-sector enterprise, irrespective of their status in employment and whether it was the main or secondary job (ILO, 1993). Informal sector – and the related concept of employment in the informal sector – are enterprise-based concepts. Working in the informal sector may mean working in an enterprise where its size (the number of employed) is below a certain threshold; or one that is not registered. It can also mean working in a household, home, or in the street

In the context of the analysis of ILFS data, any employee, employer or own-account worker whose activity takes place in the public sector or other corporate organizations is considered as working in the formal sector.⁵

If the activities take place in an unregistered cooperative, a private own-account unit, a private-sector enterprise with employees, an unregistered partnership or any other private unit, then the activities of enterprises of more than ten employees or, in smaller enterprises and for own-account workers, units with clear, comprehensive records or accounts⁶ with which to monitor the enterprise’s activities are considered formal sector activities.

³ Employment in the private sector does not include household work.

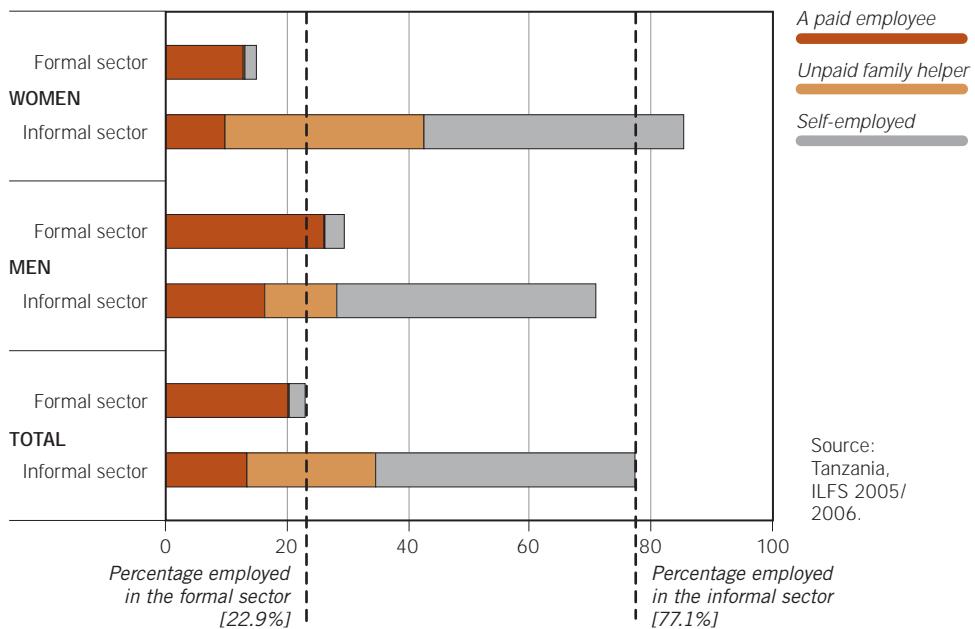
⁴ The legal form of the activity allows one to distinguish between corporate and non-corporate enterprises. The additional indicators used on the Tanzania ILFS survey to make the distinction between formal and informal enterprises are: enterprise size, record keeping and comprehensiveness and nature of those records).

⁵ This category includes central government, local government, parastatal, political party, partnership registered, non-governmental organization, religion organization, registered cooperative and international/regional organization.

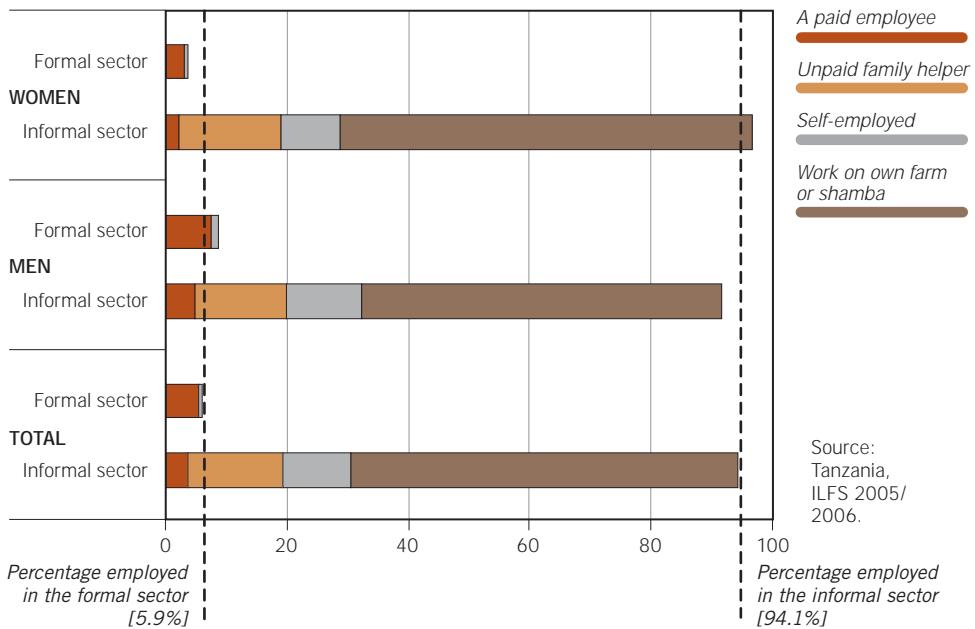
⁶ By comprehensive records or accounts is understood any written records or accounts showing all of the following: balance sheets of assets and liabilities, investment/withdrawal of capital by the business owner(s), withdrawals of income by the business owner(s), earnings retained within the Business as saving.

Figure 3-1 Persons employed in the informal and formal sector in total employment including and excluding agriculture and composition according to status in employment

a) Excluding agriculture



b) Including agriculture



Based on these three criteria (type of enterprise, size and record keeping) and taking into consideration the main activity, according to the ILFS data, 22.9 per cent of the total employed outside agriculture work in the formal sector and 77.1 per cent in the informal sector (85.2 per cent of all women in employment and 70.7 per cent of all men in employment).

If agriculture is included, the percentage of people working in the informal sector is significantly higher, representing 94.1 per cent of total employment (taking into consideration only the main activity). The previous estimate from the 2000/2001 ILFS was 93.5 per cent. Figure 3.1 presents the overall proportion of employment in the formal and informal sectors and the composition by status for the total and by sex.

The main results emerging from this figure are not only that most people in employment work in informal-sector enterprises and that women appear to be more exposed than men, but also that all the forms of employment status are represented in informal-sector enterprises, including a significant proportion of paid employees. The following sections, 4 and 5 in particular, will identify, from among paid employees, the groups of employed with different degrees of formality, according to the selected criteria.

Paid employees

4.

As most of the existing social security provision in Tanzania Mainland is specifically directed at employees, it is important to look in greater detail at the characteristics of their employment relationship and why, apparently, not all of them are reached by the existing social security provisions.⁷

- In Tanzania Mainland, according to 2005/2006 ILFS, 8.6 per cent of all employed persons are in paid employment, with 10.5 per cent in the 15-59 age group, 3.3 per cent in the group over 59 (60 being the legal retirement age within the formal social security schemes) and less than 1 per cent among children aged under 15 years. In all cases, these proportions are lower among women in employment. In the age group 15-59, the proportion of women in paid employment is 6.1 per cent against a proportion of 15.1 per cent for men. The corresponding proportions among those aged 60+ are 0.9 per cent and 5.4 per cent for women and men, respectively.
- Among those aged 15+, 96.7 per cent of employees are in the 15-59 age group and only 3.3 per cent are in the 60+ age group. Less than 30 per cent of all employees are women. Less than one employee out of three is in the rural areas.
- 36.5 per cent of paid employees work in public-sector enterprises or corporate organizations without any significant sex and age group differences.
- 58 per cent of paid employees work in relatively larger establishments, employing 10 or more employees.
- 39.1 per cent of paid employees (38 per cent of men and 42.2 per cent of women) work in the informal sector (as defined above). Among them, a minority work in a permanent building other than home, 8 per cent in total. Most of them of them work at home, either their own (21 per cent) or at the customer's or employer's home (8 per cent); 19 are working in a fixed stall or kiosk in the market place or in the street, 16 per cent in a temporary stall, 10 per cent in construction site (only men) and 17.7 per cent have no fixed location.

One of the obstacles to enforcing effective social security coverage may be the fact, revealed by the survey, that only 49 per cent of paid employees (with practically no gender difference) say they have a written contract (38.9 per cent a permanent contract and 10.7 per cent a casual written contract). One-third of paid employees have

⁷ Though over 1.7 million persons are reported by the survey as being employees, overall coverage (in terms of active membership status) of all existing social security pension schemes seems to be not more than 700,000. The latter figure is still uncertain because of problems with record keeping in the existing social security institutions and difficulties in establishing how many members and regular contributors they actually have.

an oral contract and just over 17 per cent do not have a contract at all or do not know whether they have one. Considering only paid employees working in formal-sector enterprises, 70 per cent have a written contract and 15 per cent an oral contract. The corresponding shares among employees working in informal-sector enterprises show a completely opposite situation, with the majority (61 per cent) having an oral contract and only 15 per cent a written contract, in most cases on a casual basis. According to the Employment and Labour Relations Act, 2004 (section 15), the contract should be in writing.⁸ The only exception is that the provisions of this section shall not apply to an employee who works fewer than six days in a month for an employer.

It is thus not surprising that more than 63 per cent of all paid employees (but only 28 per cent of public and other corporate organizations employees, and 17 per cent of paid employees with a permanent written contract) say their employers do not contribute to social security or that they do not know whether their employer contributes. Only 5 per cent of paid employees working in the informal sector say that their employer contributes to any of the existing formal social security schemes; the corresponding proportion for paid employees working in the formal sector is just over 56 per cent, relatively higher but still low.⁹

Earnings of female employees – as reported in the Integrated Labour Force Survey 2005/2006 - are on average 75 per cent of those of male employees. This gap is much larger for employees in the private sector: earnings of female employees are only just half the earnings of male ones (55 per cent). The gap is even worse for paid employees working in households (39 per cent). In the public sector and other corporate organizations, this ratio is nearly 85 per cent. Linked to these results and unsurprisingly, the gap between male and female paid employees' earnings is much larger in the informal sector, where female earnings are on average 53 per cent of males' earnings, compared with over 84 per cent in formal-sector enterprises. Figures 4.1 and 4.2 present the mean and median values of gross cash income from paid employment in the last month, according to main sector of economic activity and according to formal or informal sector.

⁸ If in any legal proceedings, an employer fails to produce a written contract or the written particulars prescribed in subsection (1) — (a) name, age, permanent address and sex of the employee; (b) place of recruitment; (c) job description; (d) date of commencement; (e) form and duration of the contract; (f) place of work; (g) hours of work; (h) remuneration, the method of its calculation, and details of any benefits or payments in kind, and (i) any other prescribed matter — the burden of proving or disproving an alleged term of employment stipulated in subsection (1) shall be on the employer.

⁹ Actually, the number of those reporting in the 2005/2006 ILFS that their employers contribute to any of the formal social security schemes (pension or other risks) is just over 645,000 (including the self-employed, employers and own-account workers), which is very close to the overall number of the active contributors estimated from administrative data — 675,000.

Figure 4-1. Gross cash income from paid employment in the last month (all paid) according to the formal or informal nature of the enterprise/activity and gender (in TZS)

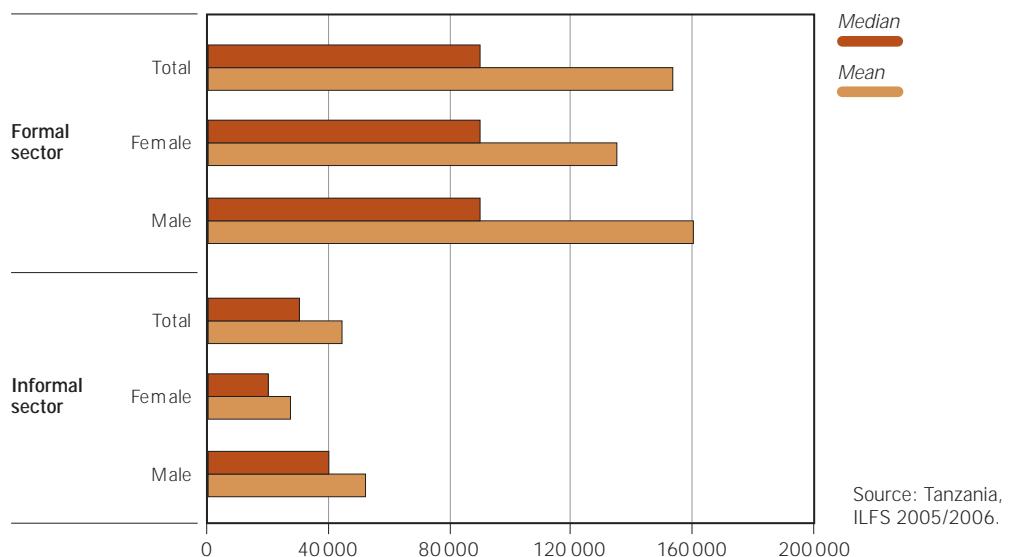
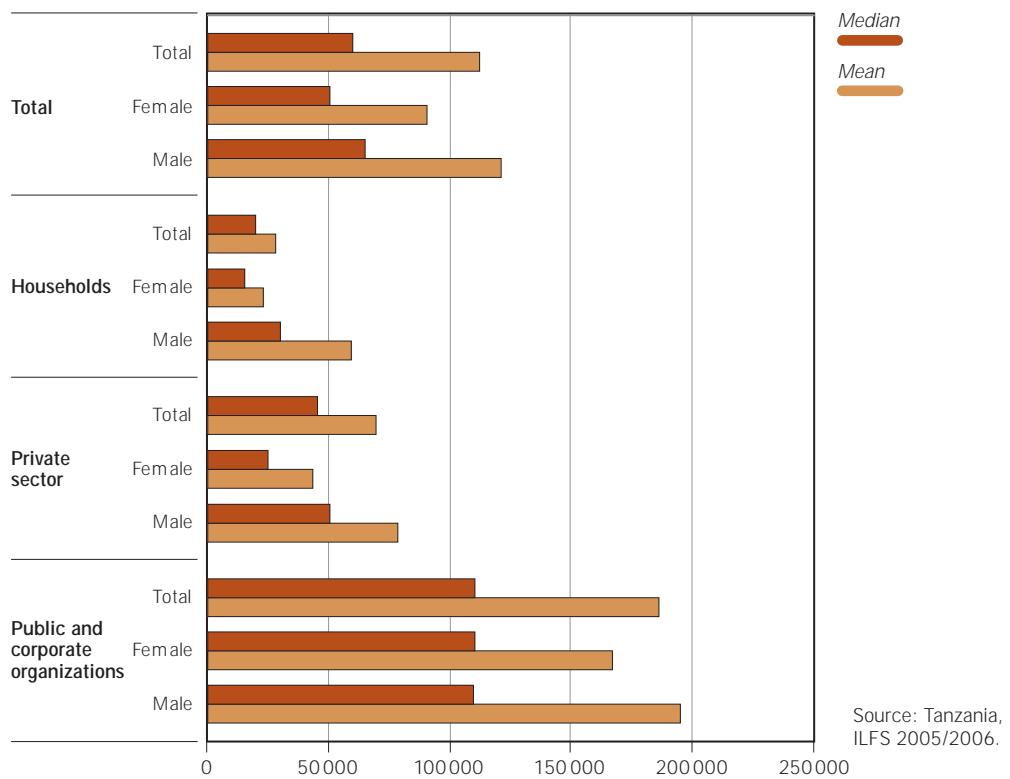


Figure 4-2. Gross cash income from paid employment in the last month (all paid) according to the main sector of economic activity (public and corporate organizations, private and households) and gender (in TZS)



5. Informality of employment¹⁰

Informality of employment is a multidimensional concept.¹¹ It enlarges the previous concept of informal sector and seeks to take into account the precarious unprotected forms of employment, including that of employees in formal enterprises.

The concept of informal employment is a job-based concept, directly linked to employment conditions of the worker. It covers situations in which employees who in theory are protected by labour legislation – and covered by social security, entitled to employment benefits, and so on – in practice are not in a position to claim their rights because mechanisms to enforce the existing regulations are lacking or deficient. Informal employment may be determined by the existence of a formal contract, the type of contract it is, the character of the job (temporary or not), and the actual entitlements to various benefits envisaged by the law (e.g., paid leave). Even within the formal sector, there are persons who are informally employed (as well as one can imagine that even in the informal sector there may be persons formally employed).

The scale presented below seeks to propose different degrees of employment formality, in the formal and outside it. For the purpose of this analysis based on the ILFS 2005/2006 dataset, we adopted the following criteria of formality/informality of employment.

Employed in the formal sector

As described above (section 3), “Employed in the formal sector” applies to all those in the public employment service and all those employed elsewhere if establishments employ more than nine persons or, for smaller enterprises, if the employer keeps comprehensive records. These two proxy indicators (establishment size and comprehensive record-keeping) are used in the absence of any information about registration of the enterprise or its compliance with fiscal legislation. All the others are treated as employed in the informal sector.

Formal employment

In this case, on the basis of the only information available we measure degree of formality of employment using two criteria:

- for employees, (i) the existence (or awareness) of a formal written contract (permanent or casual) with an employer; and (ii) that the employer contributes to any of the formal social security schemes;
- for the self-employed, (i) as an indicator of employment security, a self-employed person fills this first criterion if the enterprise operates all year around, in a fixed location outside home, for a total of at least 40 hours per week;¹² and (ii) that the self-employed (employer or own-account worker) contributes to any of the social security schemes.

¹⁰ This section contains our original analysis about informality, based on the Tanzanian labour force survey.

¹¹ See Hussmans (2004), and ILO (2003), section 3.1 on Statistics of informal employment, p. 47).

¹² Working less than 40 hours a week being considered as under-employment.

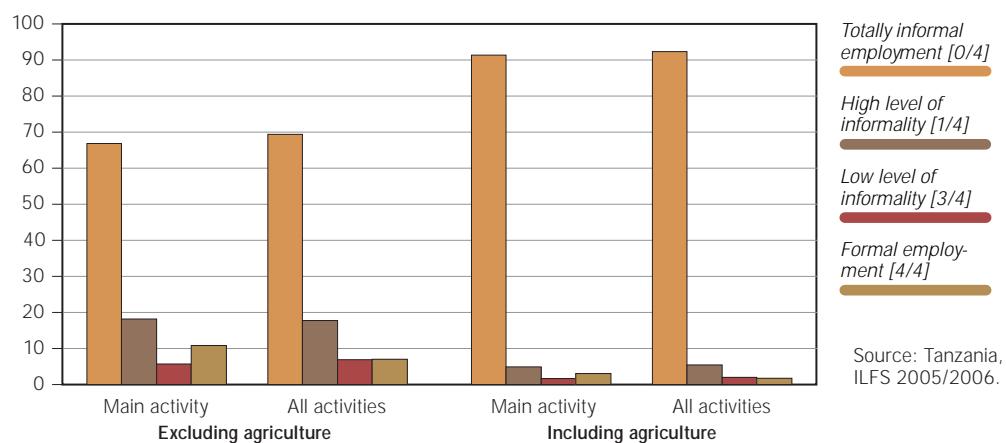
Unfortunately, the ILFS survey did not include a question on the existence (or awareness) of entitlement to paid leave or to other entitlements as established in the Employment and Labour Relations Act. We use a three-degree scale: if all criteria are met, we classify employment as totally formal (value 2); if none of the two criteria is met, employment is totally informal (value 0).

Formal economy

We also introduced a four-degree scale for the informal economy, which is a combination of the 0-1 scale for informal sector and the three-degree scale for informal employment. Totally informally employed in the informal sector are in totally informal economy; those fully formally employed in the formal sector are in the totally formal economy. In between, however, there are degrees of informality of the economy depending on the number of the four criteria met.

Figure 5-1 presents the distribution of employment along the scale of informality both excluding agriculture and including agriculture and considering the main employment activity or all current employment activities. This graph gives a global picture of a majority of employed persons concentrated at the bottom end of the scale in totally informal employment. The situation is even worse when considering employment in agriculture and all activities (not just the main one) are considered.

Figure 5-1 Distribution of employment along the scale of informality excluding and including agriculture for both main and secondary activities (percentage of total employment)



Tables 5-1 and 5-2 present in figures the results for total employment and for all employees, considering their main employment activity, first excluding agriculture and then including agriculture.

Ninety-one per cent of all employed (but 95 per cent of all employed women) in Tanzania Mainland work in the totally informal economy, which means they are deprived of most of the rights and entitlements – including social security - associated with formal employment. Only 3 per cent of all employed persons work in an environment that could be called fully formal – at least according to the criteria adopted.

Excluding agriculture, the proportion of employed in totally informal employment is lower but still very high, (67 per cent of the total employed outside agriculture,

Table 5-1. Degrees of informality for all employed persons (main employment)

Degree of informality		Male (%)	Female (%)	Total (%)
Excluding agriculture				
Totally informal	Gender composition	48	52	100
	<i>Share of group in total</i>	58	77	67
High informality	Gender composition	70	30	100
	<i>Share of group in total</i>	19	10	15
Low informality	Gender composition	71	29	100
	<i>Share of group in total</i>	9	5	7
Totally formal	Gender composition	69	31	100
	<i>Share of group in total</i>	13	7	11
All	Gender composition	56	44	100
	<i>Share of group in total</i>	100	100	100
Including agriculture				
Totally informal	Gender composition	48	52	100
	<i>Share of group in total</i>	88	95	91
High informality	Gender composition	70	30	100
	<i>Share of group in total</i>	6	3	4
Low informality	Gender composition	71	29	100
	<i>Share of group in total</i>	3	1	2
Totally formal	Gender composition	69	31	100
	<i>Share of group in total</i>	4	2	3
All	Gender composition	50	50	100
	<i>Share of group in total</i>	100	100	100

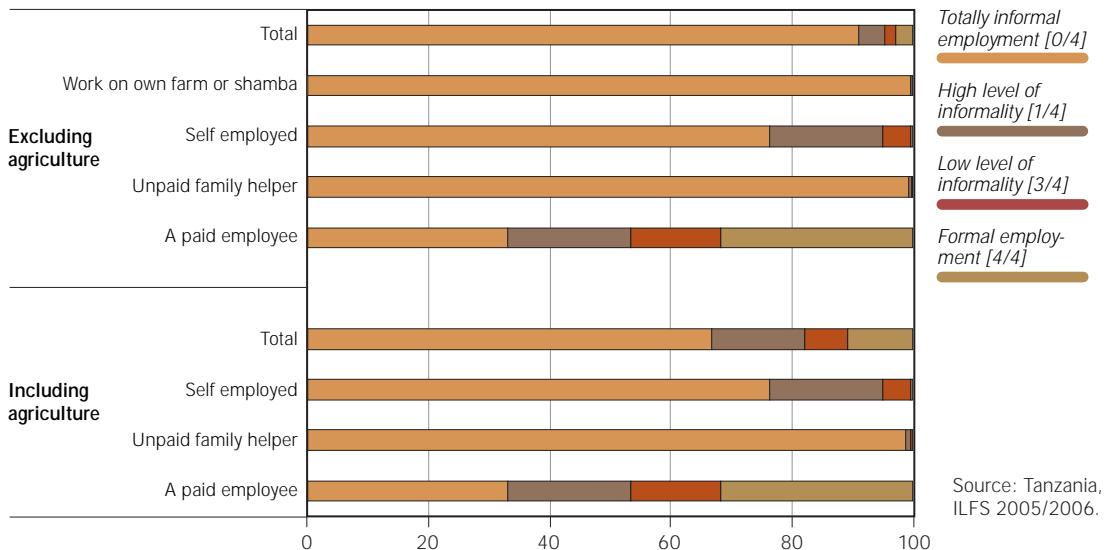
Source: ILFS 2005/2006.

Table 5-2 Degree of informality for paid employees

Degree of informality		Male (%)	Female (%)	Total (%)
Totally informal	Gender composition	66	34	100
	<i>Share of group in total</i>	31	38	33
High informality	Gender composition	77	23	100
	<i>Share of group in total</i>	22	16	20
Low informality	Gender composition	72	28	100
	<i>Share of group in total</i>	15	14	15
Totally formal	Gender composition	70	30	100
	<i>Share of group in total</i>	31	32	32
All	Gender composition	70	30	100
	<i>Share of group in total</i>	100	100	100

Source: ILFS 2005/2006.

Figure 5-2 Distribution of employment along the scale of informality by status in employment (excluding and including agriculture) (percentage)



and 77 per cent of employed women). The proportion of those in total formal employment is just over 10 per cent (11 per cent of all employed outside agriculture, 13 per cent of all employed men and 7 per cent of all employed women).

As shown in Table 5-3 and in Figure 5-2, the degree of formality among paid employees is obviously much higher but still only just under a third work in the totally formal economy, while another third work in the fully informal economy and thus are totally deprived of all the rights and entitlements which Tanzanian law confers on employees.

Thirty-five per cent of paid employees are in intermediate situations, the majority having a proper written contract (either permanent or casual) but no affiliation to any of the existing formal social security schemes.

- 15 per cent of employees belong to the low informality group: 42 per cent have a permanent written contract of employment and 39 per cent a casual written contract but only 27 per cent of them say their employers contribute to social security; and
- 20 per cent belongs to the high informality group where less than 4 per cent of employees say that employers contribute to social security; in this group, less than a quarter of employees have a written contract, with 7 per cent only having a permanent contract.

As Table 5-3 shows, most of the employees in the private sector and in households are in the informal economy (50 per cent of employees in the private sector and 92 per cent of those working in households are totally informal), while only 12 per cent of the employees in the private sector work in a totally formal environment with fully formal employment conditions (as defined here). However, even in public-sector employment one can find a relatively high degree of informality (by our adopted definition, employment in the public sector cannot be fully informal): 10 per cent of employees in local governments, 8 per cent in parastatals and 5 per cent in central government were employed in conditions of high informality and – respectively – 16 per cent, 21 per cent and 14 per cent in conditions of low informality. In corporate organizations (political

Table 5-3. Degree of informality for paid employees by type of employer

	Totally informal (%)	High informality (%)	Low informality (%)	Totally formal (%)	Total (%)
Central government	0	5	14	81	100
Local government	0	10	16	74	100
Parastatals	0	8	21	71	100
Other corporate organisations	0	32	34	34	100
Private sector	50	25	13	12	100
Households	92	7	1	0	100

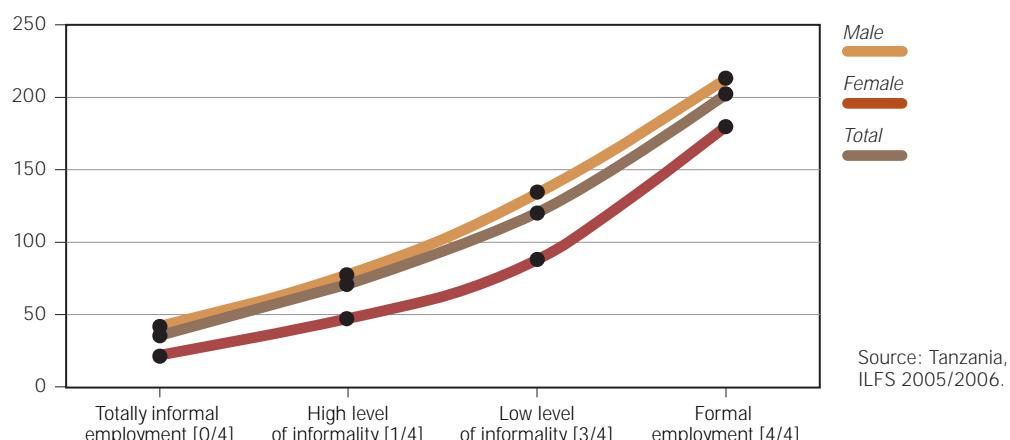
Source: ILFS 2005/2006.

parties, NGOs, registered cooperatives and international organizations), 32 per cent of the workers are in situations of high informality and 34 per cent in situations of low informality.

There is a high correlation between degree of formality and level of education, including ability to read and write. Among employees employed in the totally informal economy, 15 per cent (less than 9 per cent in urban areas and more than 25 per cent in rural areas) cannot read and write compared with under 1 per cent of paid employees in the totally formal economy. Regarding the level of education, in the totally informal economy, 15 per cent have never attended schools and 8 per cent have a secondary school level or above; the majority (64 per cent have completed primary school level). The situation is rather different among employees in the totally formal economy, as 60 per cent have at least a secondary level of education and only 1 per cent has never attended school.

In addition, the higher the degree of formality, the higher the earnings of those employed, as shown in Figure 5-3 for paid employees only; women's earnings are lower than men's whatever the level of informality. Among paid employees, gross cash income from paid employment is 5.4 times higher in the formal economy than in the totally informal economy (7.8 times higher among women and 4.9 times higher among men).

Figure 5-3 Gross cash income from paid employment last month (all paid) by degree of informality of employment and by gender (paid employees only) (TSh, thousands)



Conclusions

6.

A large majority of the employed in Tanzania Mainland are employed in the totally informal economy. In the long run, we expect this situation to change gradually. Effectively extending social security coverage by various means can also be seen as an instrument tending to formalize employment status and the economy. However, that process will take time. In the meantime, it is necessary to look for social security measures that can extend effective coverage to those in informal employment relatively quickly.

The situation is different for those who have paid employee status. However, their share of total employment is very low and still tending to decrease, as indicated by comparison with a previous ILFS survey, which shows that paid employment grows at a much lower rate than overall employment – an indication of an ongoing process of informalization.

Among paid employees, only 33 per cent of them are totally in the informal economy. On the other hand, only 32 per cent of them are in totally formal environment with fully formal employment conditions. The majority works in a higher or lower degree of informality, enjoying some of the entitlements resulting from labour legislation but never all of them, including coverage by contributory social security. With respect to this group, formalization of their status is possible and does not have to take long. It requires institutional efforts to enforce existing legislation and raise awareness of this legislation among employees and employers – apart from introducing new legislation wherever necessary. Some of these efforts are the responsibility of existing social security institutions – more effective enforcement of obligations to register and contribute to social security, but also raising awareness among employees and employers of their social security rights and obligations. It is also important to create stronger incentives to contribute by developing both well-designed social security policies and good governance of social security schemes.

Annex E

Children's homes for most vulnerable children, Tanzania mainland

July 2005-June 2006

SN.	Name of children's home	Location	Number of children		
			F	M	Total
1.	Kurasini Children's Home	Dar es Salaam	28	66	104
2.	Msimbazi	Dar es Salaam	19	21	40
3.	Mburahati	Dar es Salaam	25	29	54
4.	VOSA	Dar es Salaam	30	37	67
5.	Darul Arqam	Dar es Salaam	-	74	74
6.	Ibn Kathry	Dar es Salaam	-	45	45
7.	Yatima Group	Dar es Salaam	49	43	92
8.	Nkoaranga Children's Home	Arusha	19	10	29
9.	Save our Soul	Arusha	49	50	99
10.	Dongbesh Children's Home	Arusha	13	17	30
11.	Mji Mwema	Arusha	-	-	35
12.	Samaritan Village	Arusha	6	9	15
13.	Nyumba ya Upendo na Furaha	Dodoma	29	24	53
14.	The Village of Hope	Dodoma	37	44	81
15.	Poloni	Dodoma	17	29	46
16.	Tumaini	Dodoma	15	16	31
17.	Balm of Gilead	Dodoma	-	-	-
18.	Bulongwa	Iringa	-	-	-
19.	Ilembula	Iringa	5	4	9
20.	Mafinga	Iringa	6	11	17
21.	Tosamaganga	Iringa	82	68	150
22.	Bikira Maria	Iringa	6	7	13
23.	Ntoma	Kagera	11	16	27
24.	Nyamahanga	Kagera	14	22	36

SN.	Name of children's home	Location	Number of children		
			F	M	Total
25.	Rulenge	Kagera	-	-	-
26.	Kemondo	Kagera	46	58	104
27.	Bethel Matiazo	Kigoma	28	33	61
28.	Sanganigwa	Kigoma	30	27	57
29.	Muhange	Kigoma	6	18	47
30.	Moshi Chapel	Kilimanjaro	16	31	47
31.	Upendo	Kilimanjaro	30	24	54
32.	SONU (Light in Africa)	Kilimanjaro	14	13	27
33.	Al-huda	Kilimanjaro	-	58	58
34.	Igogwe	Mbeya	17	22	39
35.	Mbozi	Mbeya	11	7	18
36.	Starehe Nyegezi	Mwanza	35	69	104
37.	A.I.C. Bujora	Mwanza	32	32	64
38.	Bethany	Mwanza	35	44	79
39.	Berega	Morogoro	15	7	22
40.	Mgolole	Morogoro	-	-	26
41.	Ukwama	Morogoro	30	38	68
42.	Musoma	Musoma	5	11	16
43.	SACHITA	Musoma	-	-	10
44.	Chipole	Ruvuma	19	13	32
45.	Mbesa	Ruvuma	32	12	44
46.	Katandala	Rukwa	12	12	24
47.	Kilangala	Rukwa	5	3	8
48.	Kantembo	Rukwa	4	7	11
49.	Shinyanga	Shinyanga	-	-	8
50.	Irente	Tanga	17	22	39
51.	Kwamkono	Tanga	6	10	16
52.	Al-Noor	Tanga	-	58	58
53.	The Peranderson	Tanga	-	-	10
54.	Gongoni	Tabora	28	39	67
55.	Moyo Moja	Pwani	6	2	8
56.	Kijiji cha Furaha	Dar es Salaam	3	3	6
57.	The Green Door Home	Dar es Salaam	2	6	8
58.	Kipengere – St Allamano	Iringa	-	-	-
59.	Marcelino Corradn	Iringa	-	-	-
60.	Ndatu home	Arusha	-	-	-
61.	Cradle of Love Baby Home	Arusha	-	-	-
62.	Usa River	Arusha	-	-	-
63.	Tumaini	Mwanza	-	-	-
TOTAL			1 043	1 321	2 364

