SOCIAL PROTECTION: SAFETY NET OR VEHICLE FOR TRANSFORMATION?

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ABSTRACT

This paper makes use of existing literature and primary data to conceptualize social protection from both local and international perspectives. Building from this conceptualization, the paper presents a framework for understanding social protection, highlighting the need for a comprehensive social protection system providing not only social assistance and contributory pensions, but also social service and labour policies. The authors move on to focus the discussion on the evidenced impact of contributory and social assistance programmes, cash transfers in particular, and a critical discussion of the role of both social security schemes and productive social safety nets (PSSNs) as safety-net and livelihood enhancement programmes. Social security funds are challenged in terms of their limited coverage and the amount of benefits provided for protection against deprivation upon retirement. The investment strategies of these funds do not seem adequately aligned with the notion of economic transformation.

The analysis is able to evidence more impacts of conditional cash transfers on short-term consumption smoothing, and low-scale impacts on long-term livelihood enhancements. This indicates that PSSN is doing better as a safety net compared to the role played by livelihood enhancement, an intervention expected to lead beneficiaries out of poverty. We therefore argue that that graduation out of poverty can be achieved, but only if public works and livelihood enhancements are adequately researched and effectively implemented sooner than later. Strategic learning and sufficient financing are also important. PSSN's gender roles as well as the affordability of the programme are discussed, arguing that the social and economic transformation of women is imperative and requires a conscious deliberate strategy to have a positive effect.

1. INTRODUCTION

Although the role of social policy in economic transformation is highly relevant in the Tanzanian context, not enough has been done in theory and practice to recognize its importance. In discussions on human development, it is often the case that social aspects are construed as distinct from economic concerns, rather than each being viewed as integral to the other. This dualistic approach is increasingly seen as inadequate for addressing the development challenges facing the country. Defining social policy, Mkandawire (2004) emphasized not only the redistributive but also the protective and transformative roles that social policy plays in human development. The author argued for greater attention to transformative social policy that goes beyond safety nets. Devereux and Sabates-Wheeler (2004) added substantively to this line of thinking, and used a parallel phrase, "transformative social protection", to emphasize the need to move beyond safety nets.

The definition of social protection in Tanzania draws heavily from the UN (Norton et al., 2001), the World Bank (2000b), and DFID (2006), to name a few, to broadly refer to a range of public actions carried out by multiple stakeholders (the state, civil society, the private sector, and donors) to address risk, vulnerability, discrimination, and chronic poverty. There is growing consensus in Tanzania about the need to broaden the understanding of social protection from the traditionally perceived narrow and targeted safety net interventions, to developing a social protection system that also takes into account policies that address poverty reduction and focus on strengthened and sustained economic growth. Such social protection focuses more broadly on *protective* measures for providing relief from deprivation (e.g. disability benefits or non-contributory pensions); *preventive* means for averting deprivation (e.g. through savings clubs, minimum wage, and old-age pensions); *promotive measures for* enhancing real incomes and capabilities (e.g. through cash transfers and livelihood and public works programmes); and finally *transformative* means to empower and protect the rights of the poor and vulnerable and for addressing concerns about the social inequity and exclusion which often underpin their experiences (DFID, 2006; Wuyts, 2006).

Social protection is concerned with people who are vulnerable or at risk in some way, such as children, women, the elderly, the disabled, the displaced, the unemployed, and the sick, and with ways of transferring assets to these vulnerable groups. Applying this categorization in Tanzania, one cannot avoid discussing the role played by traditional social protection in the country and in Africa more generally.

1.1 Role Played by Traditional Social Protection

Traditional social protection focused on short-term protective safety nets. While still reliable, particularly for the majority of the rural population, social protection through the traditional social security and assistance that historically predominated in rural communities in Tanzania for support during sickness, hunger, old age, unemployment, homelessness, drought, the death of a breadwinner, and the like has been weakened by urbanization and industrialization (Tungaraza, 2004). In this process rural populations, particularly young people, move to urban areas in search of dream jobs, thereby weakening family and societal bonds. Consequently, old people (aged 60 and above), in particular but among others, are despised and lose the respect and love previously afforded to them, as they no longer play a vital role in the community. Recognizing how much elderly individuals contribute to development and hence the need to legally protect this group in society, a national ageing policy was adopted in 2003. The policy promised to:

> *"…allocate enough resources with a goal of improving service delivery to older people; involve older people in decision making on matters that concern them and the nation at large; involve older people in income-generating activities; prepare strategies and programs for eliminating negative attitudes and age discrimination". (United Republic of Tanzania, 2003, 5–7).*

The elderly, like many other vulnerable groups in Tanzania, consequently face a double impact in the sense that they are caught in a situation where neither traditional nor formal programmes or approaches to social protection adequately cover them. Not only that, but the proportion of elderly heads of households has also increased in parallel with increased poverty in the country, especially as a result of urbanization, HIV/AIDS, and conflicts (Tungaraza, 2004; Wangwe, 2011). It is also worth pointing out that the percentage of the elderly in Africa is predicted to rise from 5.1% in 2000 to 10.4% by 2050 (ILO, 2008), explaining much of the expected overall increase in the share of the elderly population in need of pension provision. Social protection coverage for this particular population remains persistently low. The focus on short-term poverty mitigation has been criticized as an expensive intervention and a disincentive for individual self-reliance. As a result of concerns for supporting equitable growth, social protection has evolved to include longer-term preventative and promotive perspectives. These approaches highlight the structural causes of chronic poverty and attempt to address the social, economic, and political barriers that vulnerable people face in moving out of poverty.

Building upon the idea of promotive social protection, which seeks to strengthen the agency of vulnerable people, social protection operates in a transformative way according to a rights-based approach to transform the status and opportunities of marginalized groups. Rather than view this only in terms of poverty reduction, social protection is now expected to make a significant contribution to the promotion of economic growth and stability (Scott, 2012). Further, improved social protection mechanisms that are more appropriate to the income levels and conditions of different countries now appear to be emerging in all regions, although with variation in coverage and effectiveness (Scott, 2012). It is time that social protection policy makers and practitioners in Tanzania learn from empirical evidence and adopt the best practices.

1.2 Social Protection as Articulated in Policy Documents in Tanzania

The Tanzania Development Vision 2020 was produced in 1999, and the first Poverty Reduction Strategy Paper (PRSP) was produced in 2000. PRSP identified its three major objectives of reducing income poverty; improving human capabilities, survival and social well-being; and extreme vulnerability among the poor. This emphasis on poverty reduction and addressing vulnerability was situated within an approach to social protection which was founded on the use of indirect instruments for social policy outcomes combined with emergency relief. Because the emphasis was on the reduction of vulnerability, a key concern is the identification of vulnerable households and individuals.

PHDR 2002, for instance, differentiated poverty from vulnerability in that the former is a situation which places households below a "socially defined minimum level of well-being, usually manifested in hunger, sickness, powerlessness, illiteracy, etc.", whereas the latter describes "a process in which individuals, households or communities are impoverished and eventually become poor or poorer" (89). Vulnerability can therefore be defined as the probability or likelihood that an individual, household or community will experience a decline in wellbeing (Research and Analysis Working Group (RAWG), 2004) and may therefore be prone to being poorer tomorrow compared to today.

RAWG further differentiates poverty from vulnerability in that the former is "a description of how things are now and the latter is how they might turn out negatively in the future" (16), depending on how an individual is able to cope with the impoverishing forces. This is also relative to one's position against the poverty line as determined by access to and level of available resources and assets, as well as the available support mechanisms for mitigating any such adverse situation when it occurs. Similarly, Brown (2002) used the concepts of "deep" and "shallow" poverty to distinguish between individuals, households, or communities that are poor and live in destitution (poverty) and those who are just a step away from becoming poor (vulnerable), depending on their degree of proximity to the poverty line (15).

Whereas different people can be vulnerable, there are those whose exposure to risks of falling into poverty is greater than their capacity to cope. PHDR (2003) identified these as extremely vulnerable groups of the population. Such risks in the term of impoverishing forces could occur due to economic, environmental, governance, socio-cultural, health, and life-cycle factors (PHDR, 2003; PPA, 2002/03). PPA further described extremely vulnerable groups to include children, persons with disabilities, youth (unemployed, with unreliable income, and female youth), elderly persons, people living with long-term illness (e.g. HIV/AIDS), women (widows and those who are not able to support themselves), and drug addicts and alcoholics. At this point there was a clear need and demand for more and continuous research to explore means through which vulnerable groups of the population can be prevented from being pushed further into extreme poverty. There was also a need for further studies to complement PPA results, and to yield a comprehensive understanding of factors, types, characteristics, risks and their management, and politics around the broader context of vulnerability. More important was the necessity to use empirical evidence to inform policies for adequate and effective responses to issues associated with vulnerability.

The National Social Protection Framework (NSPF) supports and advances the aspirations and goals of MKUKUTA. NSPF has taken a long time to appear in draft form, and it is yet to be approved. NSPF defines social protection comprehensively to include traditional family and community support structures, and interventions by state and non-state actors that support individuals, households, and communities to prevent, manage, and overcome the risks threatening their present and future security and well-being, as well as embracing opportunities for their development and for social and economic progress in Tanzania (1).
The National Five Year Development Plan 2016/17–2020/21 states that a cabinet decision on the NSPF is required (Ministry of Finance and Planning, 2016). NSPF is expected to

address the fragmentation of current social protection arrangements. Another challenge identified in the development plan is the fact that a universal social pension has not been implemented. Notably, Zanzibar – through the Department of Social Welfare of Zanzibar – introduced a universal social pension (ZUPS) of Tsh 20,000 per month for those aged 70 and older in April 2016 (ILO, 2016). It is doubtful that a universal pension will be implemented on mainland Tanzania in the near future, given that no budgetary allocation for such a scheme has been made in the Development Plan.

NSPF encourages social protection arrangements which build on existing family and community structures that have traditionally provided support to those most in need. At the same time, it acknowledges the need to relieve burdens placed on the family, the community, and individuals, particularly women, in providing social protection to their members.

The concept of transformative social protection proposed by Devereux and Sabates-Wheeler (2004) provides a broad approach for addressing both social and economic risks in the context of developing countries. This is in line with the theme of the current paper, the objective of economic transformation, and the definition of social protection in Tanzania. Consistently, Cook and Kabeer (2009) suggest that social protection needs to move beyond risk management and safety nets to support productive or developmental trajectories out of poverty that can strengthen citizenship rights and claims to security. Innovative, more developmental social protection approaches adapted to particular contexts are emerging around the world. However, greater attention should be paid to the political economy of redistributive policies, the challenge of financing such policies, and their implications for the social contract between state and citizens. The state has a key role in coordinating inclusive social protection provision.

1.3 Scope of the Study

The scope of this paper is as follows:

i) Review the conceptualization of social protection as articulated in policy documents in Tanzania. As far as possible, the authors will trace developments (evolution) in the conceptualization of social protection in Tanzania.

ii) Propose a conceptual framework which can aid the understanding of social protection in Tanzania.

iii) Make an assessment of the effect of the Productive Social Safety Net programme (TASAF) in terms of its role as a safety net as well as in transforming the livelihoods of beneficiaries.

iv) Identify patterns of investment by social security funds, and distil information on the types of investments and their implications for economic transformation.

v) Make an assessment of the affordability of social protection in Tanzania.

2. METHODOLOGY

In order to adequately address the issues outlined above, both primary and secondary data were utilized.

2.1 Secondary Data

Existing literature was reviewed to document evidence and experiences, approaches, and strategies for social protection within and outside Tanzania. Relevant documents containing information on social protection were useful to assess the extent to which social protection plays the role of a safety net on the one hand, and the degree to which it can contribute to economic transformation on the other.

There is much information to learn from various programme documents, and from similar and successful programmes within Africa and on other continents. There are also recent impact evaluation studies, for example through REPOA and the World Bank, conducted in TASAF pilot districts, with rich information and evidence. It is worth noting that there are a few ongoing research studies (including Randomized Controlled Studies (RCTs) by REPOA, UNICEF and the World Bank/NBS) to evaluate the impact of PSSN. Therefore, we cannot say much about the real impact PSSN is bringing to the poor until we see these scientific results.

Published and unpublished documents that focus on social protection were reviewed, including annual reports and government policy documents such as MKUKUTA, NSPF drafts, the TASAF Programme, as well as international definitions, laws and acts on social protection that have been adopted in Tanzania, such as by the World Bank, ILO, UN, and EU. In addition, programme design and implementation documents, programme evaluations, annual reports, media documents (for example, a range of newspapers), and research articles will be utilized. These documents will define and critically explain the issues in question.

2.2 Primary Data

The report also utilized raw data collected by REPOA in the period from August to December 2015 in Bagamoyo and Chamwino. One question asked of both beneficiaries and non-beneficiaries of the programme was: “Is there a noticeable difference between if you are beneficiaries and non-beneficiaries of CCTs?” The question aimed to ascertain whether the programme was starting to have an impact not only among beneficiaries but also in the wider community. It is worth noting that Bagamoyo and Chamwino were two of the three districts where TASAF’s CCT programme was piloted (the third was Kibaha). Also, the qualifying beneficiaries in these districts continue to benefit through the PSSN programme. Key policy level and programme stakeholders, including TASAF personnel, were also interviewed, all through semi-structured in-depth interviews and focus group discussions (FGDs). Participants at this level are expected to have more informed views about the programme and how it should be designed or improved, based on experiences from outside and within the country and also based on what has been effective or ineffective in similar programmes. The stakeholders were asked about the "trajectory of economic empowerment in the PSSN programme and the idea of graduation" so as to inform the research on economic transformations, which must focus on the poorest households. A total of 13 interviews in Bagamoyo and 10 in Chamwino were conducted, in addition to two FGDs in each district, one with males and the other with females. Policy-level government personnel, development partners, researchers, academics, and TASAF programme staff were among 14 key stakeholders who were also interviewed.

2.3 Framework for Understanding Social Protection in Tanzania

The Tanzania Human Development Report 2014 (THDR 2014) explains that economic transformation is highly relevant for Tanzania because high growth rates since the turn of the millennium have not led to a corresponding decline in income poverty (ESRF, UNDP and URT, 2015). Social policies that reduce inequality by redistributing the gains of growth are needed. High income inequality can result in political instability which can destabilize development (Mkandawire, 2001). The view that social protection provides the stability required for growth is supported by Holmes et al. (2011).

At the same time, THDR 2014 argues that successful transformation should be accompanied by greater employment opportunities and the prospects of higher wages through increased labour productivity. Furthermore, "greater wealth will improve human development if it is used to fulfil individual and collective needs by expanding human capabilities and extending human freedoms" (ESRF, UNDP and URT, 2015, 24). THDR 2014 refers to Mkandawire (2007) who argued that social policies can be a source of financial resources for investment. Given the need for enhanced job and wage prospects, these resources should be directed at economic sectors with the potential for high labour absorption and high labour productivity. The manufacturing sector is cited as an important sector in this regard given its potential to spur productivity and technological change across the economy. The concept of economic transformation in the Tanzanian context is multi-faceted, and rightly so. It includes more effective poverty alleviation, lower levels of inequality, an expansion of employment opportunities, higher wages, improved human capacity, a reduction in exclusion, and resource mobilization for investment. Therefore, the conceptualization of social policy in general, and social protection in particular, must be equally well-rounded if existing and future arrangements are to play a meaningful role in the desired transformation of the economy.

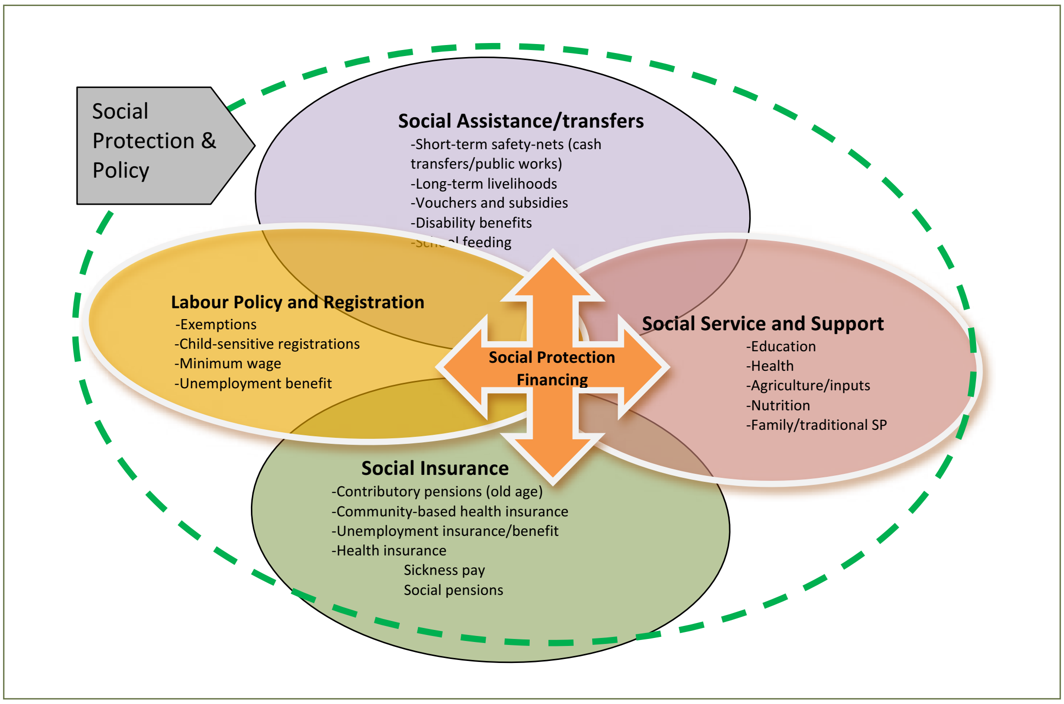
The existing social protection programmes in Tanzania tend to be arranged in two categories: 1) informal social protection (associations, community-based organizations, informal mutual health, family-based schemes), and 2) formal social protection, sub-categorized into four: i) social assistance or transfers (cash and in-kind transfers – food, agricultural inputs and subsidies, public works programmes), ii) social insurance (pension schemes, health insurance), iii) targeted social services, and iv) social equity measures. Transformative social protection as defined by Devereux and Sabates-Wheeler (2004) provides a holistic approach for addressing both social and economic risks in the context of developing countries. This framework is considered appropriate for capturing the comprehensive manner in which social protection is defined in Tanzania. It is also useful in linking social protection to economic transformation in the Tanzanian environment. Social protection includes policy actions that are:

- Protective – the purpose of these measures is to alleviate deprivation. These include social assistance initiatives such as cash transfers to persons with disabilities, the elderly, orphans and vulnerable children (OVCs), and public works programmes for the economically active poor.
- Preventive – these measures aim to prevent deprivation. These instruments include formal pensions, health insurance, maternity benefits, and unemployment benefits. Greater effort should be made to invest these financial resources in employment-enhancing sectors.
- Promotive – these measures work to enhance real incomes and capabilities – for example, microfinance, and school feeding programmes.
- Transformative – these measures seek to address issues of social equity and exclusion. This involves change to the legal framework to protect marginalized groups.

There may be some overlap between the four categories. For example, cash transfers can play a protective role by enabling households to address the immediate need of alleviating hunger. At the same time, cash transfers can enable poor families to send their children to school, thus playing a promotive role by enhancing the capabilities of poor households and the level of human capital in society. Likewise, public works programmes will provide short-term food or cash and also result in valuable long-term infrastructure.

As shown in Figure 1, social protection in Tanzania is part of the broader social policy framework. Adequate financing is required if social protection is to function as a safety net and a driver of transformation. Moreover, without sufficient financing social protection may be characterized by a set of disintegrated initiatives, rather than evolving into a coordinated set of policies and actions.

Figure 1: Components of Social Protection in Tanzania



The concept of transformative social protection is in line with the theme of the current paper, the holistic idea of economic transformation in the Tanzanian context, and the broad definition of social protection in Tanzania. It covers not only social assistance (non-contributory) and social security (contributory) programmes, but also labour policy and registration, as well as social service and support. For the purpose of this paper, only the contributory and non-contributory social protection aspects of this broad framework will be examined to allow more in-depth discussion and reflection about the topic in question.

3. DEVELOPMENTAL IMPACTS OF SOCIAL PROTECTION

This section examines international evidence of how social protection – non-contributory and contributory – influences socio-economic development. This will give an indication of how effectively it can meet its safety net and transformative roles.

3.1 Contributory Social Protection

Bijlsma et al. (2014) investigated the effect of pension funds on firm growth, using data from 69 manufacturing sectors in 34 OECD countries for the period from 2001 to 2010. They found a significant impact of a higher level of pension savings on growth in sectors that are more dependent on external financing. Their research concludes that an increased amount of assets held by pension funds is linked to more efficient financial markets and consequently to higher economic growth.

Hu (2006) performed an empirical investigation of the impact of pension funds on economic growth for a panel of OECD and emerging economies. He used three measures of growth: total factor productivity growth, the growth rate of gross fixed capital formation, and GDP per capita growth rate. The results of his analysis reveal that pension assets led to higher productivity growth in emerging economies compared to OECD countries. He also found that pension fund assets have a significant positive effect on fixed investment in OECD economies but not in emerging economies.

Schmidt-Hebbel (1999) examined the economic impacts of moving from a pay-as-you-go (PAYG) system to a funded system in Chile. He found that the new system contributed to higher savings, investment, and factor productivity. His results indicate that of the 13% increase in the private investment rate attributed to structural policies registered between 1961–74 and 1990–97, the contribution of pension reform was in the range of 0.4% to 1.5%.

Holzmann (1996) explained that pension funds should contribute to the deepening of financial markets, lead to higher liquidity, and promote increased competition and improved risk allocation in financial markets. His empirical analysis gives tentative evidence demonstrating that pension funds had a significant positive impact on capital formation following the conversion to a funded system in Chile. His results also provide some evidence that financial market development has a positive impact on total factor productivity.

Contractual savings – the assets held with pension funds and life insurance institutions – are a significant part of the financial system in developed countries and a number of developing countries (Impavido and Musalem, 2000). The long-term nature of contractual savings suggests that these funds can play an important role in financing domestic investment. For developing countries, strengthening the contractual savings industry could have positive growth effects.

According to Impavido et al. (2001), the development of contractual savings institutions increases the supply of long-term capital, and as a result alters the financing opportunities available to firms. Based on a sample of non-financial firms in developed and emerging countries, they assessed the impact of contractual savings on firms' capital structure. They found that the level of development of contractual savings institutions was negatively correlated with leverage in market-based economies and positively correlated with the maturity of debt in bank-based economies. They conclude that these results are indicative of inadequate long-term finance when contractual savings institutions are poorly developed.

Impavido and Musalem (2000) found that contractual savings lead to a reduction in the cost of capital and a narrowing in the spread between long- and short-term interest rates. In turn, these effects of contractual savings will encourage investments and promote economic growth. Using panel data for OECD and developing countries, they investigated the relationship between contractual savings and stock market development. They discovered that contractual savings play an important role in developing stock markets measured by market capitalization and volume traded. Based on Granger causality tests for a group of OECD and developing countries, Catalan et al. (2000) also found that contractual savings had a positive impact on stock market development.

This review of the literature suggests that contributory social protection programmes can play a key role in economic transformation. Funds raised through these programmes have been found to promote manufacturing sector growth, supplement bank finance, positively impact investment, and enhance total factor productivity growth. These positive impacts are seen in both developed and developing countries.

3.2 Non-Contributory Social Protection

Empirical evidence indicates that social assistance programmes – cash transfers in particular – have contributed towards poverty reduction in many countries, particularly in Latin America. According to Dercon (2011), the national poverty gap for recipients of Bolsa Família in Brazil, a conditional cash transfer (CCT) targeted at extremely poor households and poor parents with children living at home, declined by 12% between 2001 and 2005. Similarly, the Oportunidades programme in Mexico, a CCT to five million households, led to a reduction of 19% in the poverty gap in rural areas between 1996 and 2006.

Social assistance is expected to play an important role in narrowing the level of income inequality. This happens through the transfer of resources from higher income households to lower income households via the tax system. Empirical evidence shows that the Gini coefficient in Brazil declined by 5.2 points between the early 1990s and 2008 (Holmes et al, 2011). Some 30% of the reduction in inequality between 2001 and 2004 has been attributed exclusively to government transfers (e.g. pensions), and approximately 12%–14% to Bolsa Família. Furthermore, Soares et al. (2007) state that the Bolsa Família programme was responsible for 21% of the total fall in the Gini coefficient between 1995 and 2004.

Positive impacts of cash transfers on poverty are also reported from African countries. Samson and Kaniki (2008) reported that the state old age pension in South Africa reduces the country's overall poverty gap by 21%, and by 54% for households with older people. Cash transfers have also contributed to lower inequality in South Africa. In 2005/06 the Gini coefficient was 7 percentage points lower as a result of the national social transfer programme (Statistics South Africa, 2008). Similarly, the impact of the South African Child Support Grant (CSG) for the period from 2002 to 2004 was investigated by Samson et al. (2011). The study found some evidence of a reduction in hunger among children receiving the CSG compared to those not receiving it. It also found a strong positive impact on school attendance. The Department of Social Development in South Africa, the South African Social Security Agency (SASSA), and UNICEF (DSD, SASSA and UNICEF, 2012) also found that receiving the CSG in the first two years of life improves height for age scores for children with mothers having a low level of education. Early enrolment in the CSG was also linked with the completion of significantly more grades, and adolescents in households receiving the CSG experienced fewer absences from school.

Levine et al. (2009) found that cash transfers in Namibia have a greater impact on poverty at lower levels of poverty. At the lower and upper poverty lines, they reduce the incidence of poverty by 22% and 10% respectively. Social transfers in Namibia also play a role in reducing inequality, although this impact is less significant than in reducing poverty.

Ward et al. (2010) evaluated the Cash Transfer to Orphans and Vulnerable Children (CT-OVC) in Kenya. They stated that the impact of the programme has been mixed, with a number of areas registering a significant positive impact while others have not. Between 2007 and 2009 the proportion of households living below US$1 per day declined by 16 percentage points. This was accompanied by a 10 percentage point decline in the proportion of households receiving assistance from other households, community members, or organizations. However, no evidence was found to suggest that the programme had an overall impact on child health indicators. FAO (2013) found that the CT-OVC programme in Kenya had a broad range of positive impacts on beneficiary households, including poverty reduction, greater food consumption and dietary diversity, better schooling outcomes, and enhanced utilization of healthcare.

The impact on children of the Mchinji Social Cash Transfer Pilot Scheme in Malawi was examined by Miller et al. (2011). They found significant positive health and education impacts over the period from 2007 to 2008. The programme impacts included a 10 percentage point reduction in morbidity for children below 19 years, and a 4.2 percentage point increase in school enrolment for children aged 6 to 18 years. Moreover, Taylor (2015) reported that an evaluation of seven cash transfer programmes in Africa found evidence that a dollar transferred to eligible households caused considerably more than a dollar in income in the local economy. That is, cash transfers create income multipliers ranging in nominal and real terms from 1.27 to 2.52 and from 1.08 to 1.84, respectively. This suggests that cash transfers have the ability to stimulate growth in developing economies.

Kakwani and Subbarao (2005) examined different scenarios for reducing poverty through pensions to the elderly in fifteen African countries. They found that the case for a universal social pension is weak on the basis of welfare impacts and fiscal costs. However, their results showed that a case can be made for a non-contributory social pension targeted at the poor among the elderly. A budget limit of 0.5% of GDP and an age cut-off of 65 and over gives the best poverty reduction results for the elderly poor and at the national level.

Potential impacts of universal and means-tested basic pension schemes in Senegal were investigated by Faye (2007). He found that the two types of pensions have significant poverty reduction effects. Furthermore, they yield the same level of poverty reduction. He concluded that the means-tested programme would be more cost-effective in an African context.

The empirical evidence shows that non-contributory social protection has a broad range of positive impacts that fit within the framework of transformative social protection. It reduces poverty, improves human capital by enhancing education and health outcomes, strengthens income-generating capabilities, and alleviates the exclusion of poor children from education opportunities. While the evidence base is growing, there is room for more evidence on interventions that actually fall within the transformative category.

4. SAFTEY NET ROLE AND TRANSFORMATIVE POTENTIAL OF SOCIAL SECURITY FUNDS

The social security funds on mainland Tanzania are the LAPF Pensions Fund, the PPF Pensions Fund, the Public Service Pension Fund (PSPF), the National Social Security Fund (NSSF), the GEPF Retirement Benefits Fund, and the National Health Insurance Fund (NHIF). According to the Social Security Regulatory Authority (SSRA) these funds had a membership of 1.84 million in 2013 (SSRA, undated). This is only 9.2% of employed persons.[1]

This low coverage means that the safety net role of these schemes is extremely limited. At the same time, they restrict the pool of funds available for investment in economic activities that would promote transformation. The National Five Year Development Plan 2016/17–2020/21 has very ambitious coverage targets (Ministry of Finance and Development, 2016). By 2020 the coverage rates of social security and health insurance schemes are expected to be 40% and 50% respectively.

The low coverage partly reflects the difficulty of providing coverage to the informal sector, which employs 31% of employed persons (National Bureau of Statistics, 2014a). It may also be exacerbated by the absence of private sector players who could contribute towards mobilizing resources in this space. For example, in Kenya the main private sector fund managers account for over 70% of assets under management (Retirement Benefits Authority, 2015).

The net assets of these funds were TZS6.5 trillion in 2013 (SSRA, undated). This was equivalent to 12.2% of gross domestic product (GDP). The size of these funds is below what is found in Kenya, where the corresponding figure was 15.8% of GDP in 2014.[2] Contributions increased from TZS1.4 trillion in 2012 to TZS1.7 trillion in 2013. It is important to note that social security matters are non-constitutional, and thus Zanzibar has a separate social security scheme, the Zanzibar Social Security Fund (ZSSF).[3]

Tibandebage and Myamba (2015) examine the extent to which pension schemes prevent deprivation among their beneficiaries. Using data from five regions – Dar es Salaam, Mwanza, Mbeya, Geita, and Pwani – they find that 52% of retirees said that their pension was very important as a source of income in retirement. At the same time, 61% of retirees said their standard of living was worse than before retirement. Notably, though, 19% said that their standard of living was better compared to before retirement.

The value of pension benefits was compared to pre-retirement take-home income by applying the idea of theoretical replacement rates (TRRs).[4] About 81% of respondents reported TRRs that were 50% or less of their pre-retirement income. Furthermore, the majority of respondents had not received an adjustment to their pension; one of these

1 Authors' calculations.
2 Authors' calculations.
3 No information on the investment portfolio of the ZSSF was available at the time of preparing this paper.
4 TRRs are defined as "The level of pension income the first year after retirement as a percentage of individual earnings at the moment of retirement" (European Commission, 2012).

respondents had retired as long ago as 1998. It is not surprising that 98% of respondents said that their pension was inadequate to meet their basic needs. Given low replacement rates and no increases to the benefit values to reflect inflation, pensions are unlikely to meaningfully prevent deprivation.

Makene et al. (2016) conducted a similar study. Property was found to be the main source of retirement income for the majority of those contributing to pension funds (60%) and for the majority of those not contributing to pension funds (54%). There was very low confidence among respondents about the adequacy of pension benefits, which were perceived as being very low and insufficient to meet financial needs in retirement.

The Tanzanian social security funds could be important vehicles for transformation. The extent to which they will play a transformative role depends to some degree on the investment strategies that they adopt. That is, the more the investment strategies of these funds are geared towards activities that increase employment opportunities and boost labour productivity, the greater their transformative impact will be.

The SSRA reports that in 2013 social security funds invested 67% of their portfolios in fixed income assets, 22% in properties, and 11% in equities in listed and non-listed companies. Fixed income assets include government securities, deposits with banks, loans, and corporate bonds. The dominance of fixed income assets is due to limited investment options in an environment of embryonic financial markets.

The largest social security fund by assets and membership is the NSSF. In 2011 the composition of its investment portfolio was as follows: loans (37%), government securities (22%), real estate (21%), fixed deposits (13%), and equities (7%). Loans to the government accounted for more than 80% of loans issued (National Social Security Fund, 2011). The justification for the bias towards the government is that “Government projects are perceived to have more and wider socio-economic direct and indirect effects… Moreover, loans to finance Government projects are less risky than to corporate borrowers as the former are guaranteed by the Government” (9).

The second largest social security fund is the PPF Pensions Fund. In 2012 its investment portfolio comprised of government securities (27.3%), fixed deposits (26%), equities (14.7%), loans (14.3%), properties (9.7%), licensed collective scheme (5%), and corporate debt securities (2.9%). Limited investment options are cited as a challenge facing the fund (PPF, 2013). The NHIF can invest up to 70%, 35%, 30%, 20%, and 10% in government securities, deposits with banks, real estate, collective investment schemes, and direct loans to government respectively (NHIF, 2012).

In 2014 government securities accounted for 38% of the GEPF Pensions Fund portfolio, followed by fixed deposits which made up 33% (GEPF, 2014). Equity and real estate each took up close to 8%, while direct loans to the government and corporate bonds comprised about 3.6% and 0.4% respectively. The LAPF Pensions Fund investment portfolio structure comprises investments in government securities, fixed deposits in banks, corporate bonds, loans, equities, and real estate. Close to 40% of the portfolio is invested in government securities for safety and liquidity requirements on an annual basis (LAPF Pensions Fund website).

Government securities or loans to government and fixed deposits account for the largest proportion of social security fund investment portfolios. Therefore, the transformative potential of these funds will be more effectively realized if government and the banking sector are able to channel these resources towards employment and productivity-enhancing activities. For example, to what degree could these resources enhance manufacturing sector activity? This requires an economic policy framework that prioritizes the development of such sectors, not only through increasing the availability of financial resources but also via other measures such as developing the required skills, improving the business environment, and accessing the appropriate markets. Furthermore, it may be necessary for social security fund stakeholders to assess whether the current investment policies of these institutions need to be revised to more adequately reflect the objective of economic transformation. Any revisions will have to prioritize sufficient provision of benefits. The risk-return profile of new areas of investment must be well understood and carefully managed.

5. PSSN AS A SAFETY NET AND LIVELIHOOD INTERVENTION

5.1 The PSSN Programme

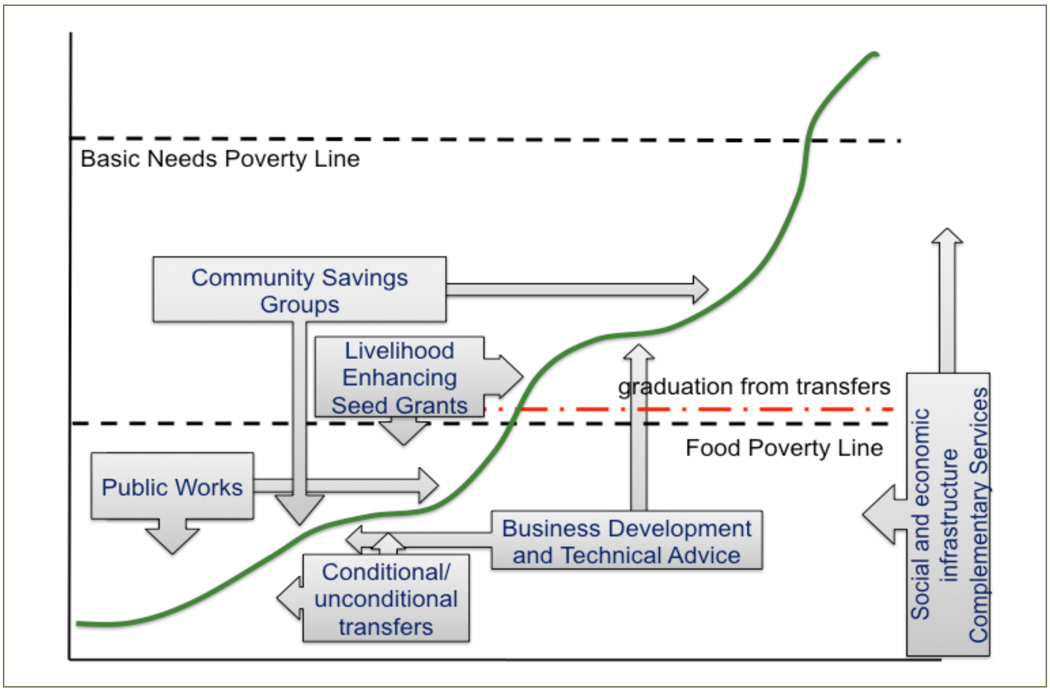
As part of its commitment to poverty reduction and improving the livelihoods of citizens, in 2012 the Government of Tanzania launched the Productive Social Safety Net (PSSN) programme through the Tanzania Social Action Fund (TASAF). In the light of the Household Budget Survey (HBS) 2012 findings and in line with a reduction of the case load of extreme poverty, the programme plans to benefit one million households by the end of the programme's initial phase (2012–2017).

The PSSN programme, known as TASAF III, is designed to deliver both unconditional and conditional cash transfers to households identified through community targeting as extremely vulnerable. All programme households receive a basic (unconditional) transfer while those with qualifying members, pregnant women and children in particular, become eligible for a conditional cash transfer (CCT) on meeting educational and health requirements. In addition, able-bodied members of targeted poor households qualify and are encouraged to participate in the *second* component of the PSSN programme (the *first* is the CCT) – the public works programme (PWP). PWP participation is not mandatory, although it is highly encouraged. It is managed by community-based community public works management committees.

The livelihood enhancement programme is the *third* component; it is aimed at improving livelihoods and graduating beneficiaries out of extreme poverty. Here, all beneficiary households are encouraged to make regular savings as members of a community savings group. The programme provides support intended to enable beneficiaries to enhance their incomes through training sessions on financial literacy, information on health and services, and access to livelihood improvement grants. Thus, only a proportion of the beneficiary households are anticipated to participate in this programme; the majority of the elderly and children are not expected to do so, given their limited capacity to engage in such activities. The *fourth* part of PSSN is infrastructure development. This is geographically targeted and aims to create linkages between the demand and supply sides – in other words, linking beneficiaries and services/agencies. It is geared to supporting livelihood-related activities by facilitating good infrastructure for the smooth provision of health, agricultural inputs, micro-finance, and similar activities.

The goal of PSSN is therefore to provide both a safety net, in terms of short-term benefits associated with consumption smoothing, largely through cash transfers and PWP, and a livelihood enhancement programme for long-term reduced risk and enhanced livelihoods in poor and vulnerable households. At some point the benefit is expected to enable self-sustainability among beneficiaries and thus lift them out of poverty and eventually enable them to graduate from the programme. Figure 2 presents the graduation framework designed for PSSN. The framework illustrates that most households receiving fewer benefits, including unconditional cash and CCTs, will use more time to make enough savings for investments compared to those with the opportunity to benefit from multiple transfers, including PWP and livelihood enhancement; much of this will be discussed later under livelihood enhancement and graduation programmes.

Figure 2: PSSN Graduation Framework



Source: TASAF III Programme Document, 27.

5.2 Role of PSSN as a Safety Net

Whereas the implementation of cash transfer programmes goes back more than a decade in Latin America and the Caribbean, TASAF's CCT programme is one of a number of recent social safety net developments in Africa in the initial stages of their implementation. Within a short space of time CCTs have become the social safety net intervention of choice, and they are increasingly being adopted in African and other developing countries. According to the PSSN Programme Document (2012), cash transfers, including both unconditional transfers and CCTs, are anticipated to contribute largely towards the provision of a safety net, due to their capacity to "enable the poor and vulnerable households to have stable and acceptable food consumption and no longer be forced to pull children out of school or face other long-term consequences of their poverty and vulnerability" (26).

Likewise, the PWP enables targeted households to benefit by availing themselves of working opportunities during lean seasons. It is worth noting that some regions of Tanzania receive only one rainy season whereas others have two. This automatically offers more benefits to some regions compared to others. Thus beneficiaries receiving both cash and PWPs are also expected to make savings from accumulated cash for investments.

Studies evaluating the impact and exploring the benefits of the pilot implementation of CCTs implemented by TASAF II in 2009–2012 have been utilized to support these claims. For example, a randomized controlled trial carried out by the World Bank evidenced improvements in school attendance for participating households, as well as increased utilization of health facilities and membership of the district community health insurance fund (Evans, et al. 2013).

Studies conducted by REPOA on the same pilot implementation indicated that the human capital (education and health) development aspect somewhat improved. The findings further indicated that monetary assistance for education reduced the cost burden more than for health (Myamba, Tibandebage and Israel, forthcoming). Moreover, it was evident in the same study that conditions pushed beneficiaries to ensure that children and the elderly attended school and health clinics, for fear of being expelled from the programme.

Nevertheless, issues associated with the accessibility, adequacy, and affordability of services in the two sectors were reported to be frustrating. Their ability to access the services was restricted by high transportation costs and user fees (although these basic services were meant to be free), and service delivery was generally of a poor quality and inadequate, for example because of a lack of medicine and medical supplies, unfavourable treatment of patients by health providers, few teachers in large classrooms and absenteeism among teachers, poor teaching skills, a lack of teaching materials, and long distances to and from home. This weakened the effectiveness and implementation of the programme overall. These issues highlight some of the practical concerns in attaching administratively costly conditions, particularly in low-income countries where there is a need to improve social services. This remains to be further researched.

CCTs have proven to be effective in many countries, especially in the Caribbean and Brazil. They are hugely successful in terms of improving human capital and household incomes for low income beneficiaries (Molyneux, 2008; Molyneux and Thomson, 2011; Franzoni and Voorend, 2012). However, one of the major criticisms of social safety-net programmes, including CCTs, is that administrative costs absorb a larger amount of money than what is spent on implementing the programmes, including cash transfers (Grosh, 1994; Caldes and Maluccio, 2005). Whether or not this is the case for TASAF has yet to be scientifically proven.

The provision of temporary employment for beneficiary households to work in labour-intensive activities through PWP is aimed to boost income consumption-smoothing and thus reduce stress and shock during lean seasons. PWP, which is yet to fully start its implementation, is also expected to create and improve community assets and enhance beneficiaries' skills (TASAF, 2013). It is worth noting that the daily pay rate set for PWP is US$1.35 per day, and beneficiaries work a maximum of 15 within a month for four months (in the lean season) per household (not individual). This amounts to US$81 per year. It is the expectation that with this rate the real poor and needy will always see value in such amount and benefit. The amount is set to be lower than the market rate, and it is unclear why this is the case. Is it because of scarcity of resources? In any event, the amount earned through PWP, together with the unconditional cash and CCTs which the household receives, is expected to play the role of a safety net, in addition to providing savings for further productivity and livelihood enhancement.

5.3 Livelihood Enhancement and Graduation Programme

The livelihood enhancement component of the programme encourages beneficiaries to form savings groups and attend training on financial literacy and other skills development sessions. However, beneficiaries are not granted seed capital for income generating and livelihood activities, because TASAF does not currently have specific financing for this. Beneficiaries who take part in groups for one year become eligible for competitive (for a few, and not automatic) grant support. Livelihood enhancement is geared towards increased capacity for self-reliance and thus socio-economic transformation. The programme anticipates that beneficiaries engaged in livelihood activities are expected to have more earnings, more savings, and be able to acquire investments, and hence be able to achieve a sustainable income given the combined benefits (including the safety-net benefits). This category of beneficiaries will be therefore comparatively more able to achieve a quicker graduation out of poverty. The graduation model (Figure 2) illustrates this; the model will be critically discussed in the livelihoods enhancement sub-section.

Researchers are increasingly becoming interested in exploring the potential for cash transfers to transform the poor beyond safety nets. Whereas Davies et al. (2007) evidenced an increased productive investment through CCTs in Mexico (the Progresa Opportunidades Programme), a REPOA study in TASAF pilot districts (Myamba, Tibandebage and Israel, forthcoming) found little evidence about the capacity of beneficiaries to make adequate savings, and to engage in livelihood activities for longer-term benefits. According to this study, most beneficiaries were unable to make savings and investments because of not having enough money given the increased cost of living, and a lack of productivity given the ages of beneficiaries. Moreover, as a natural outcome of the selection criteria the programme benefits more elderly people and children, and both of these groups were found to be unable to produce and accumulate extra income through livelihood activities. The majority used the programme cash for food and other basic needs, with only very few beneficiaries engaging in small-scale productive activities.

The findings are consistent with those of Evans et al. (2012) who conducted a similar evaluation in TASAF pilot districts, revealing that most beneficiaries who borrowed money used it for consumption requirements, a few used it for medical expenses, and only about 3% used it for either agricultural inputs or educational requirements. There was also evidence of an increased likelihood of expenditure on agriculture, including farming and livestock, among beneficiary households (Angelucci and de Giorgios, 2009; Todd et al., 2010).

Hoddinott et al. (2012) investigated whether Ethiopia's Productive Safety Net Programme (PSNP), which provides income support through public works and transfers to poor households with limited labour capacity, plays a promotive role by addressing the root causes of poverty. Their findings indicated that the Household Asset Building Programme (HABP), a food security programme, complemented PSNP to strengthen agricultural productivity or support microenterprise development. They also found that adding HABP transfers to households receiving public works led to higher fertilizer usage and greater investment in agriculture. These investments could have a long-term poverty reduction impact. Assessing the PSNP design, Lieuw-Kie-Song (2011) consistently argued that the main thrust for graduating beneficiaries through assets and livelihoods should take a multifaceted approach, combining PSNP with other programmes such as the HABP. For PSNP, whether a household is ready to graduate is determined by assessing the household's assets against a regional benchmark of assets among food-sufficient households. The main priority for the programme has thus become to increase agricultural productivity as the obvious route to increased food security and subsequent graduation, since subsistence farming is the main economic activity in PSNP regions.

While lack of access to credit and unreliable markets for agricultural produce, among other things, were further constraints to making cash productive in Tanzania, evaluation studies in Mexico and Brazil have found that CCTs were able to eradicate credit constraints for some and hence they increased savings, investments, and ownership of new assets and productivity at the same time – particularly in agriculture (Delgado and Cardoso, 2011; Palacios and Sluchynsky, 2012). Mozambique, Namibia, and Zambia also evidenced a capacity to save and invest transfer income and thus produce higher earnings from such investments (Devereux, 2002). Bolsa Família further evidenced an enabling environment for start-up capital accumulation and hence increased entrepreneurship among urban poor beneficiaries (Lichand, 2010).

Varying poverty and socio-economic development levels among countries could explain the variation in the reported experiences. The difference in programme benefit amount in relation to living expenses and available opportunities may also be a contributing factor. The more beneficiaries get in cash, the more they are able to save and reproduce their money. As Dercon (2011) argued, it is only when immediate consumption needs are met that any surplus income can be put into productive investments. In addition, risk-taking behaviour requires sufficient safety nets (Devereux, 2002). Thus, low and insecure income (as was the case for many TASAF pilot beneficiaries) can be quite risky to use in investments. The most the beneficiaries could do was engage in a very minimal scale of investments, often a few chickens, goats, or investment in gardens. It is therefore challenging for beneficiaries with too little to invest compared to those with more investments, and who are more likely to experience a rapid expansion of their enterprise. The earlier group is more likely to fear and avoid taking risks, whereas the latter will feel safer to take the risks needed for livelihood activities and will therefore enhance their earnings (Duflo and Banerjee, 2007; Levy, 2006).

Exploring the conditions under which development grants work as promotive social protection measures to transform livelihood capacities in poor households in Morogoro Region, Tanzania, Flora Kessy in 2014 found that social grants assisted women to invest in various activities and enhanced their labour productivity. The grants helped women in particular to venture into investments which are not typical of rural communities, such as restaurants. This implied that social grants have the potential to bring social-economic transformation. The accumulation of productive assets such as power tillers, bicycles and motorcycles, and investment in the education of children beyond primary level were also evident. Kessy concluded that development grants are imperative in catalysing latent investments in rural areas, contingent on entrepreneurship training and supportive supervision in identifying potential investment opportunities and proper financial management.

5.4 What Did Beneficiaries, Non-Beneficiaries, and Stakeholders Say?

Even when the PSSN had just been rolled out across the country, about two years before the time of the interviews, responses from a majority of beneficiaries and non-beneficiaries indicated that PSSN had potential both as a safety net and for transforming the poor through livelihood development. Responding to the first question of whether or not there are noticeable differences between beneficiaries and non-beneficiaries, participants in interviews and FGDs reported benefiting from the programme:

"We are grateful for this programme, it helps a lot. Much as we are able to buy school necessities and other things for our children, TASAF cash enables us start up income-generating activities. I buy a chicken and a goat and keep them; and if the money delays in coming, the goat will be of help. For example, I may have a sick person, or any pressing problem, I can sell it and solve my problem. I am grateful, it really helps us." Male, FGD, Chamwino

"It is true people have undergone many changes; those who receive the money, for example, get up to TZS38,000. They may decide to buy at least one iron sheet for each time they get paid and keep it. The money that will be left over will care for students and daily basic needs. Many people have made some progress in life through this TASAF programme; some have bought goats, others chickens. They have actually done it and I see it with my own eyes." Female, FGD, Bagamoyo

"When the programme money comes, I take TZS10,000 every time we receive and save it. When it's TZS25,000 in savings, I do buy wheat flour and cook maandazi for sale. Slowly, I get some money to buy soap and other household needs while waiting for another month to receive more money from the project. That way we are able to eat and have tea. But sitting and waiting for the project money that you are not sure of when it is coming, isn't good." Female, 28, Chamwino

"At first, the people expected too much from the programme. Their expectations were that the programme will enable them to improve their household economic status more than it is now. Personally, whenever I get money, I buy millet, hens, and these are helpful when I have a problem, I can sell and get money to solve my problem. I also buy clothes, shoes. As a household, we never expected that our old man would be getting this money. And with that we are grateful. When we heard that the poor households were going to be given money, we were so grateful." Female, 60, Chamwino

"Everyone has their own expectations about the TASAF money. Some people do not depend on the TASAF cash, when they get it they go start up a business and generate some income, so it is not that they are depending on the monthly pay we receive. But some solve their daily problems with the money, such as food and tuition fees. As for me, I have bought chickens; I have a chicken hut in my backyard as you can see. If this programme continues I believe this difficult life condition will come to an end and my life will improve." Male, 45, Bagamoyo

Meanwhile, some thought that the programme did not only benefit individual households but the community at large, due to spill-over effects where benefits are widely shared in one way or another, and by providing a safety net among extended-family and community members.

"No, there is not much difference among us, and that is why I am telling you that even if I don't get but my relatives and neighbours get, we all use it. You see? In the same way, if my partner has benefited then we use it depending on the circumstances of our home and things go on." Female, FGD, Bagamoyo

A Joint Review and Implementation Support Mission also visited Zanzibar in January 2016. The team visited the community at Donge Mnyimbi Shehia, where they had discussions with programme beneficiaries on progress and challenges and observed the CCT process. One highlight was the visit to Ms. Jabo Omari Othman's farm (kikataa) that she had purchased with money she saved from the conditional cash transfers and upatu (merry-go-round).

Figure 3: *Ms. Jabo Omari Othman at her farm purchased with money saved from CCT and upatu (merry-go round).*

During the same visit the team learned of another success story, Ms. Kazijya Kila, who was one of the most interactive beneficiaries. She shared her experience of how the CCT helped her start her own food business, and she now makes a profit of TZS7,000 a day. Before the CCT she was a stay-at-home mother with no income.

Figure 4: *Ms. Kazijya Kila, a beneficiary who started her own food business with money from CCTs.*

"My recommendation would be they add more people as beneficiaries as there are many who have been left behind that are completely not capable – the elderly. Every day they ask, "What's going on? Are we going to be listed?" I tell them I do not have the authority to list them as there are those who come to do this, but because you are researchers, please forward this. If possible, let them list more people so that from 260 they could at least even come up to 500." Male, FGD, Chamwino

"Personally, I would not have implemented the programme differently. I would also bring people money because I know their problems are not the same. But giving people money enables each one of them to solve their own problem. But maybe I would have thought of bringing the beneficiaries the modern tools of farming and I would have asked them to be in groups and they would all use the equipment for farming activities and be able to get enough food produce." Male, FGD, Bagamoyo

We also received views about the successes and challenges of the programme in achieving higher economic outcomes that are intended to transform the poor and enable them to graduate out of poverty. Most of the views came from the stakeholders. The views presented are particularly with regards to livelihood and graduation.

A majority of stakeholders we spoke to believed that PSSN will most likely help to reach poor households and reduce poverty. The targeting mechanism through community and proxy means testing is quite effective in reaching the actual poor. The programme's design allows participants to be included for three years, which is long enough to make changes. There is no doubt that the next HBS, which is carried out every five years, will show changes and a big difference. It was envisaged that the number of households will be increased; even in rich urban areas there are pockets of poverty. Moreover, since the new livelihood component is based on what the communities have already learned from the previous TASAF phases, some challenges should already be overcome, and there should be better ways to implement the programme as PSSN moves on. A TASAF worker noted during one of the interviews:

"…the institutional environment is stronger this time with the regional administration having a monitoring role; there is 1% of funds to do this. The districts have more programme funds and hence more incentive to really implement thoroughly as they get 8.5% of the total budget." TASAF staff member

Some stakeholders felt that even if the amount of cash received is low, it is better than what they had before, which was nothing.

"Even twenty or thirty thousand is a lot of money in the villages where they get cash infrequently. It is hard to get more than two thousand shillings at a time after harvest season, so it makes a big difference. The beneficiaries view it as a top-up – not as something to survive on, it's helping them as an addition." Researcher/consultant

Not surprisingly, we encountered mixed feelings about the programme's role in transforming poor households. Whereas some stakeholders were quite open and optimistic, others felt that there were some challenges attached to the livelihood and public works components of PSSN if these are to be the major means to graduation.

"Regular income is important as you can plan better and it enables them to stabilize, but her question is whether this approach is sustainable? For it to be sustainable more of them will have to graduate." Development partner

Describing the livelihood programme, some of the interviewees stated as follows:

"…the aim is that the beneficiaries will use their own money, so while there may be some grants to incentivize the groups which have done well this isn't yet certain, and grants are not a major part of TASAF 3, although savings groups will be encouraged but it is not compulsory." TASAF staff member

"TASAF 3, unlike TASAF 2, doesn't give groups money or grants for projects, but aims to build the capacity of groups to save through the provision of training and financial stationery (savings books, boxes) based on the Indian example." TASAF staff member

"While training and so on may be important, what the poorest want or need are the things to get started or the cash to invest, even in agriculture." Researcher/academic

However, some stakeholders presented critical views of the livelihood support programme:

"The promotion of group enterprises and the livelihood component of the PSSN is not based on actual studies of rural livelihoods or on existing practices to know why people fail to engage in them successfully." Academic/researcher

"Where savings groups are successful they have mixed income members so that some people will borrow more and some will save more – a group of poor people for the poor could be challenging, and the issue of whether they can really finance the livelihood activities from their money (saved from the grant supplemented by participation in public works) is open to question." Government employee

"It is not clear to me how much empirical work on the link between livelihood support and savings and investment has been done by the programme, and how much is doctrine about savings and self-reliance." Academic/researcher

"The key issue to me is the need to further analyse the assumed trajectory from stabilization to saving to income, and the idea that interventions are needed to make the livelihoods component work – rather than investments." Development partner

"Only after the household stabilizes, then they can participate in saving and income-generating activities." Development partner

Some felt that the approaches could work if there was more creativity about the income opportunities. The tendency has been for most of the poor households to use the same few strategies for getting cash, and many of the less poor households are already using these same strategies, so it will be difficult for them to use those strategies to enter into business.

"There remains a strong idea that if the project is right and the group dynamic is right that a group approach can work." Academic/researcher

"District staff didn't provide the right support, e.g. livestock and chicken vaccination for chicken projects etc., and the selection of the wrong projects was a result of poor facilitation at district level." Academic/researcher

"It will be a minority which get into the livelihoods component in this, depending

on the context and the kinds of activities which are viable in particular locations … thus only 10% will graduate – the others will improve their situation but they will not transform their lives." Government official

Others felt that PSSN, like most other government interventions, will not adequately reach the majority of the poor in rural areas. As expressed during discussions, poor people lack resources like land and cannot access land and tools, and also lack access to information. These households lack assets and resources, and most live in the villages. They have no access to extension services, and they felt that interventions were not meant for them, as the reach of extension services was very limited to individual farmers. However, a critical challenge was raised by a researcher/academic:

"There is a big assumption here that it's the extension services which make a critical difference in livelihood viability and economic development; not sure what the evidence is for this; agricultural inputs certainly, but extension services…?"

Development partners, the ILO in particular, are more oriented towards approaches which support "the able bodied young women and men to be assisted in earning an income of their own". For them, this is what TASAF should be focusing on. The question becomes whether or not people can really elect to depend on low cash transfers from the PWP. Some responses were presented:

"…they might, but there is no need to do this as there are alternatives – they can get some land, they can farm and can do something." Development partner

This approach is consistent with the Ethiopia's PSNP, which is Africa's second largest social protection programme with over 8 million beneficiaries from 1.5 million households, and is both a social protection programme and an employment programme. PSNP provides transfers to food-insecure households, the equivalent to 15 kilos of cereal per household member per month for six months a year. Each household member who is required to work must do so for a given number of days per week to receive the transfer. Households with chronically food-insecure members, or with elderly, sick, and similar (about 20% of beneficiaries), are exempted from the labour supply; they continue to receive an unconditional transfer referred to as direct support. However, the primary objective of the programme is to smooth consumption and prevent the distress sale of assets, functioning more on the safety net side rather than graduation (Lieuw-Kie-Song, 2011).

Some went further to challenge the level of impact and the time it might take for a household to see a difference through PWP, given that the number of days available through public works should be increased to enable more saving; the fact that this has not been done is the mistake of TASAF 3 – there isn't enough money for the households to save and hence enter into livelihood activities. A critical view was further presented that PWP is not inclusive of poor households, which makes it difficult for the community as a whole to adequately achieve economic growth and transformation.

"so it's the public works money which creates the extra which would enable savings; this implies then that the households without able-bodied persons can't save as they have no access to public works money…!?" Researcher/consultant

“There are fiduciary risks with the public works component and also the question of the infrastructure which is built, although it has a social protection aim … they should be selective. From what I have seen through field visits, people weren’t working very long or on things which were critical or would last. The government wants to achieve several objectives simultaneously (and the donors also), but what is happening is an ‘extreme scaling up’ which will bring problems in terms of spending and monitoring everything, which is very complex to administer.” Development partner

Stakeholders suggested that a livelihood strategy of some sort is essential to this kind of programme, but that only small changes will happen in the absence of investment.

“Donors are waiting for the analytical work on livelihoods and the strategy from TASAF. If the original plan was for savings groups and training, now it will have to be more if there are to be impacts from this.” Development partner

Some stakeholders suggested that this would require conditions (on saving), financial assistance and access to financial services, shortened supply chains, and fewer middle men/improved access to markets. However, they also agreed that there are not enough opportunities at the bottom of the village economy – below vitumbua baking.

While we are yet to see the findings of the PSSN impact evaluation (due in several months), it will be necessary to research and learn more about the extent and the best evidenced means through which the programme will be able to transform the poor out of poverty. What is needed most is adequacy and stability in income through PSSN. Although there is variation in what constitutes ‘adequate’, the bottom line is having enough to provide a safety net and to allow savings for productive activities at the same time. Banerjee and Duflo (2011) argued that income stability differentiates the middle class from the poor and facilitates long-term future planning.

What is most unclear is whether or not forming savings groups for beneficiaries is the most appropriate approach for the poor, which the TASAF livelihood programme targets. We have already seen how challenging and unproductive the elderly and children can be. These are also the majority of beneficiaries. So, how realistic is it for us to still expect enhanced livelihoods outcomes from them? Capacity strengthening through business and entrepreneurship skills training is intended by the programme to be continuous. While theoretically speaking this makes sense, it is important to step back and reflect on whether this is a viable stand-alone practice. As an example, it is well understood that the majority of the beneficiaries are illiterate. This means their capacities to learn may be far below the ideal. While they will eventually be able to learn skills, in practice it may take longer for them to graduate out of poverty through livelihood activities. On the other hand, savings from the little cash they get may be extremely challenged, and thus they may make very slow progress, if any at all. This analysis therefore concludes that the graduation strategy developed by the programme may not be able to achieve the intended impact within the set time (2012–2022). It may be longer than anticipated before we start seeing major impacts for the majority of beneficiaries. However, this is not to say it will not happen.

TASAF needs more rigorous research to inform the development of the livelihood and graduation strategy. Needs assessment as well as evidence and experiences from local practices and internationally should be utilized to fully inform the initiative. Challenges and opportunities needs to be learned from, and appropriate solutions developed based on the context. For instance, savings groups need more evidence about whether they are the best practice. Even with this evidence, a combination of interventions becomes necessary if a better leveraged and sustainable graduation strategy is to be achieved. One solution to the problem of little cash equalling little or no savings could be to allow multiple partners to finance livelihood investments, especially since the programme has not set aside special financing for this so far. This is also part of what can be learned from Ethiopia's PSNP presented earlier in this section. Resource scarcity is clearly an issue within the TASAF programme.

5.5 Impact of PSSN on Gender Roles

The PSSN programme document does not explicitly address the role it is intended to play in benefiting women, nor does it elaborate on the intervention's gendered intentions. However, the programme does implicitly direct attention to women, who are likely to assume caring responsibilities for children and who are therefore the ones likely to ensure that they meet conditional obligations around school and health clinic attendance. This is the least that is expected of women, given cultural values and practices in Tanzania. As an example, in the PWP women are offered flexible working hours and the possibility of working half-days so as to not compromise their role as care providers. Likewise, as a condition for inclusion, pregnant women are considered eligible beneficiaries of CCTs. Moreover, as women are generally poorer than men and are more likely than men to be involved in village saving groups, the livelihood enhancement component of the programme is similarly gendered in its orientation.

Besides this, the programme's operation manual does not state explicitly that payments should be made to women; the woman is the default recipient in mixed households. It is worth pointing out a gender-sensitive action that was implemented during the pilot phase, whereby TASAF deliberately modified the mode of cash transactions to ensure that women received the cash on behalf of household beneficiaries. This was a later modification after documented cases of male recipients spending CCT funds inappropriately, principally on alcohol and mistresses. Such misuse of programme cash was not evident in CCT programmes in other countries, including Vietnam (Humphries, 2008), Lesotho (pilot) (Slater and Mphale, 2008), Nicaragua (Maluccio and Flores, 2005), Colombia (Attanasio and Mesnard, 2006), Mexico's Progressa (Rubalcava et al., 2004), and the Bolsa Família in Brazil.

The literature further indicates that women have been accorded much more recognition and trust in the design of cash transfers. There is also a recognition that women are more likely than men to use resources for the benefit of the family, spelled out in Tanzania's Draft National Social Protection Framework, which is yet to be approved and published. For example, analysing different concepts of risk and vulnerability, Sabates-Wheeler and Haddad (2003) acknowledged that informal systems of social assistance and security in African society disproportionately assigns women with the entire burden of looking after the family, especially the elderly and children and in situations of sickness, conflict, and poverty. It is unfortunate that Tanzanian society, as with most of Africa, does not recognize this effort and contribution, leaving women with little or no support from existing forms of social and economic protection.

In Latin America women with young children are not only trusted to be the recipients but are also believed to use the resources to benefit the whole family. As an example, it was evidenced that the Progresa/Oportunidades CCT programme in Mexico gave cash to women only, which eventually increased their power to make decisions on household expenditure, and provided them with financial security, self-esteem, and social status (Ellis, 2012; DFID, 2011). CCT programmes in Brazil have also demonstrated improvements in women's status due to a regular income and participating in the labour market. This was evidenced in Suarez et al. (2006) and Veras, Ribas, and Osorio (2010), who analysed gender inequalities and evaluated the impact of the Bolsa Família CCT programme in Brazil. Examining lessons to be learnt from Malawi's social cash transfer pilot scheme, Schubert and Huijbregts (2006) also found a reduced likelihood of female and child-headed households engaging in risky survival behaviours such as prostitution. Results from an evaluation of a pilot cash transfer scheme in Vietnam showed that some of the women experienced increased financial security and believed that tension in the household was reduced as the result of cash transfer (Humphries, 2008).

TASAF looks at gender in terms of a shared benefit perspective – that is, the empowerment of beneficiaries, men and women, and people with special needs. The programme adopts a household approach – the money is for the whole household, but it should be collected by a woman unless there is no woman in the household, because the money is safe in the hands of women, and they are the one[s] who cook, and [they] will continue cooking (TASAF report). Participants further reported:

"We are sure that women will use the cash to support the family and to start small businesses and to buy food for their children and send them to school … we are sure that the cash goes to the family because the burden of the family goes to the woman … the first idea that comes into her mind is her children." Government official

"For me responsibility is empowerment; the cash empowers her to be responsible. It gives her the freedom to do what she wants for the family. The cash is to reduce the burden and she becomes free. The cash is helpful also for the man in the house – it reduces their burden." Government official

"Some women had their own income and projects, but the difference with TASAF now is that she receives a predictable lump sum and she doesn't have to save for it very slowly, she can make plans to use it (i.e. time factor)." Government official

The gender impact of the programme in Zanzibar is different in some ways. The culture on Zanzibar is anticipated to create barriers in using the programme to transform women and households.

"Giving cash to women in Zanzibar doesn't give authority to the women – the authority is still with the man; the woman was just a route for the cash to reach the household, so the context is critically important." Government official

Participants also reported not benefiting as much as the programme intended, due to male domination and oppressive behaviour which is ingrained in the patriarchal culture.

"This programme has benefited many of us differently. There are those who started up businesses, some managed to do their farming activities (they are able to buy the best seeds and the fertilizers needed, etc.). However, there are many women who are still behind, but this is because of their husbands. A woman goes to receive the TASAF money, but when she comes home the husband is there waiting for the money. And to avoid trouble at home, the women will surrender the money. Some men will count it and give it all back to the woman and plan for her what to do with the money (something different from what TASAF intended), others will take some of the money and leave the woman with some, but some will take it all. It is still a challenge." Female, 36, Chamwino

"Personally, being part of the TASAF programme has been beneficial to me as a woman. I have been able to start my own business (mgahawa) and I am earning an income. However, before I started that business, I had to seek permission from my husband. It has enlightened me, though I have not gained full decision-making powers." Female, FGD, Chamwino

It is worth noting that women form the larger percentage of TASAF beneficiaries, and that a majority of these women engage in farming and income-generating activities such as chicken- and goat-keeping as well as petty food businesses, particularly in urban contexts.

Figure 5: *TASAF Mission Visit to Zanzibar, January 2016.*

PSSN's impact on gender relations needs to be further scrutinized in order to determine its role in empowering poor women to overcome social vulnerabilities, especially its potential to transform gender relations at the household and community level. This becomes crucial as Tanzania continues to implement various interventions to reduce poverty. Poverty remains widespread among the majority of women who are in the informal sector of the economy, and who are also marginalized and disproportionally disadvantaged as far as the benefits of national growth are concerned. This group is similarly excluded from schemes contributing to social protection and sustainable economic development.

Drawing on lessons from Latin America on gendered risks and vulnerabilities associated with cash transfers, Holmes and Jones (2010) concluded that the economic and social transformation of women requires a conscious deliberate strategy aimed at this positive effect. Given the evidenced need, REPOA is currently conducting an evaluation study to assess the impact of PSSN on women's empowerment. Employing the women's empowerment in agriculture index (WEAI) (2012 version) the study used randomized controlled trials to explore the extent to which CCTs implemented through TASAF's pilot and PSSN enhance women's autonomy and power to make decisions (empowerment), as measured through five domains: production, resources, income, leadership, and time. In addition we assess the influence of culture, the legal system, and religion on the empowerment model. At the same time, REPOA collaborates with UNICEF on the Impact Evaluation of TASAF's CCTs (TASAF III/PSSN) on Youth Well-being and the Transition to Adulthood. These two studies are additional to the overall impact evaluation of the PSSN programme implemented via the NBS/World Bank. More studies are required given the extensive nature of the programme's implementation.

6. FINANCING OF SOCIAL PROTECTION

DFID (2005) argued that despite resource constraints, low-income African countries can afford social assistance programmes. They found that a programme in Zambia targeted at the poorest 10% of the population could be scaled up to a national level at a cost of 0.3% of GDP, which is below 1% of government expenditure. In Tanzania, the same programme would cost 0.7% of GDP and 3.1% of government expenditure. This is equivalent to less than 5% of aid flows.

Low-income countries can afford a basic social protection package if it is implemented through the joint efforts of the low-income countries themselves and the international donor community (ILO, 2008). The annual cost of providing universal basic old age and disability pensions in Tanzania is estimated at approximately 1.5% of GDP. Basic universal child benefits are estimated to cost about 3.6% of GDP annually.

According to Samson et al. (2011) the cost of social assistance programmes depends on three key determinants: coverage, benefit size, and administration. The first two factors are explicit policy choices made by the government. While administration costs are not direct policy variables, they are significantly influenced by policy choices such as targeting, conditionalities, and payment mechanisms.

By incorporating features that contribute to cost effectiveness, Tanzania will be better positioned to utilize limited resources in the most efficient way. Monchuk (2013) reported that cost-effective social assistance programmes have the following characteristics:

- The maximum impact on poverty is achieved at the lowest cost.
- Increased budgetary allocations are supported by evidence of significant poverty impacts. The reallocation of resources from universal and categorical programmes is pursued to increase reach to the poorest.
- Reforms to general food and fuel subsidies are prioritized because these subsidies do not benefit the poorest members of the population.

As argued by Olivier et al. (2013) universal social pensions would be difficult for Africa's low-income countries (LICs) to afford. As African populations become older these schemes will present more of a fiscal challenge. For example, in Mauritius social protection expenditure of almost 5% of GDP is significantly affected by the fact that 11.6% of the population is 60 and older (the age of eligibility). Moreover, countries with universal social pensions – Botswana, Lesotho, and Mauritius – are middle-income countries (MICs). Lesotho is able to afford a universal social pension because the eligibility age is set at 70 and above.

The World Bank (2014) examined the state of safety net programmes in a group of 146 developing and emerging countries, including 25 countries in Sub-Saharan Africa. Governments spend an average of 1.6% of GDP on safety net programmes. In about half the countries, spending is not more than 1.2% of GDP. The highest levels of spending are in Eastern Europe and Central Asia (2.2%) while the lowest is in South Asia (0.9%). At 1.7% of GDP, the level of spending in SSA is very close to the global average of 1.6%. The World Bank (2015) reported that Tanzania spends approximately 0.3% of GDP on social safety net programmes. Notably, out of a group of 33 Sub-Saharan African countries, Tanzania had the fourth lowest expenditure.

Although social assistance is arguably affordable for African countries, it can only be sustainably financed if national tax systems are reliable. Aiko and Logan (2014) found that compared to Southern Africans and West Africans, East Africans report the highest level of opacity in the tax system. In addition, the perceived level of corruption among tax officials is highest among East Africans. Table 1 shows that 42% of respondents in East Africa perceived most/all tax authorities to be corrupt. These governance shortcomings are likely to weaken the trust of taxpayers, making them less willing to pay taxes. This in turn undermines the role of domestic resources in financing social protection.

Table 1: Perceived Corruption among Tax Authorities, by region 2011 - 2013

	Most/all	Some	None
East Africa	42%	42%	7%
Southern Africa	24%	40%	13%
West Africa	40%	37%	9%

Source: Aiko and Logan (2014)

7. CONCLUDING DISCUSSIONS AND RECOMMENDATIONS

7.1 Concluding Discussions

Social security funds provide minimal coverage to the labour force. Large shares of those who are covered indicate that benefits are too small to provide adequate protection against deprivation upon retirement. The investment strategies of these funds do not seem adequately aligned with the notion of economic transformation. Regional and international evidence indicates that non-contributory social protection programmes have significant positive developmental impacts. A wide range of benefits that fit within the framework of transformative social protection have been registered in African countries that are similar to Tanzania. Programmes targeted specifically at the poor are likely to have meaningful welfare effects, and could be more financially viable.

It is consistently clear that majority of the programmes for implementing cash transfers, particularly in Africa, Latin America, and Asia, have made enormous impacts on the individuals, households, and communities more broadly. Although spending on non-contributory social protection in Tanzania is low, TASAF is an important and significant step towards providing more adequate coverage and benefit. However, while financial support for TASAF beneficiaries has substantially smoothed short-term food consumption and access to basic needs, which are more on the safety-net side, it remains doubtful whether the support can sustainably address inter-generational poverty and transform the lives of beneficiaries over the long term within the planned period.

Livelihood activities seem to be facing major challenges for PSSN. Even when there has been evidence of successful livelihood interventions, TASAF may have a long way to go before they can see most (rather than only a few) beneficiaries graduate out of poverty. This is partly because beneficiaries are expected to make savings out of the cash benefits they receive for their livelihoods. While the amount received may suffice for the acquisition of short-term basic needs, it is unrealistic to expect that beneficiaries will be able to make savings out of it. The other challenge is due to the fact that the timespan between starting to pay cash transfers and launching, and hence the start of the implementation of PSSN's livelihood component, has been too long. It is worth noting that launching them at the same time has huge spill-over effects, including on consumption; beneficiary households can start earning income and investing, and in the end they will not need the cash transfer.

This paper further stipulates that the time to graduate may also vary from one household or community to the other, due to, among others, household-level dynamics such as the number of family members, their ages, and whether there are chronic health conditions. For instance, many beneficiaries are elderly, in ill health, and therefore not capable of engaging in any productive activities. The assumption of a one-size-fits-all cut-off point, where everybody under the cut-off point is given the same package, needs further scrutiny and revisiting. It is quite difficult to talk about graduation without a detailed analysis of whether these people qualify to graduate. Only with disaggregated data can we show who can graduate, and what/how much support some may need in their life course. For example, the elderly may never graduate, and it will be impossible to stop the cash at any particular time in their life without condemning them to destitution.

7.2 Recommendations

Reforms to increase coverage and asset management capabilities should be considered. For example, targeted mechanisms to encourage informal sector participation and measures to promote private sector participation in managing social security assets should be explored. Stakeholders should evaluate the investment strategies of social security schemes to explore how economic transformation can be more effectively pursued.

Given that Zanzibar has already introduced a universal social pension, there may be greater pressure to introduce a similar programme on mainland Tanzania. In-depth analysis to assess the poverty impacts; infrastructures, including payment systems; financing; and the costs associated with a universal social pension versus a scheme targeted at the elderly poor should be conducted.

Certainly, a majority of stakeholders in Tanzania have clearly expressed their interest in designing PSSN to make the best strategies for addressing poverty in the short term. Properly designed productive sector interventions become imperative if the most poor and vulnerable are to graduate out of poverty. Early formative evaluations and launching the whole PSSN package at the same time, particularly CCT, public works, and productive sector interventions, was ideal and is way overdue. TASAF should learn and adopt the Ethiopian model of accumulation of productive assets. Several studies have shown that asset accumulation and productive assets are key to moving out of poverty and sustaining the escape.

TASAF needs more empirical evidence (including needs assessment) to inform the livelihood intervention on best-situated practices. The programme will most likely benefit greatly from collaboration with financing organizations, including the government and external governments that have an interest in investing in this segment of PSSN. This is important to bring livelihoods to a level that can enable fast and steady income earnings to be more inclusive and to finally graduate people out of poverty. This will be the best way to make PSSN's graduation framework more practical and realistic. Graduation can be achieved, but only if done well. A good implementation strategy, which is informed by research, will do this.

In partnership with its development partners the government should also aim to increase expenditure on and financing of social assistance, for both safety net and livelihood programmes. Improved governance of tax administration becomes important. The new government has already started taking steps towards this. A sustainable system should be built and maintained if taxes are to be effectively collected and utilized for socio-economic transformation.

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