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Repoa Brief

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Social Protection in Tanzania: Challenges in the shift of financing PSSN from external funding to government

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Key messages

- The Productive Social Safety Net (PSSN) programme in Tanzania addresses the needs of the poorest population.
- The programme continues to be largely externally funded,
- Resource constraints, poor alignment with national priorities, and skepticism towards cash transfers are key constraints to the government in taking over financing of the PSSN,
- For externally driven programmes to become sustainable it is essential that they align with national development plans and government priorities.

Introduction and Background

The last two decades have witnessed a global expansion of social protection programmes, initially in middle income Latin American countries, and later in low-income countries (LICs) including Africa. The expansion has mirrored a growing influence of international multilateral and bilateral donor agencies in the development agenda of poorer countries in the post Washington consensus era (Hickey et al., 2019). Social protection programmes in the developing world have assumed various guises and included among others conditional cash transfers (Simpson, 2018) which have grown popular on a growing stock of evidence of their role in improving households' livelihoods and welfare through improved food security, health, nutrition, and schooling (TASAF, UNICEF & REPOA, 2018).

Tanzania is one of several developing countries committed to a nation-wide social protection through its flagship programme, the Productive Social Safety Net (PSSN), implemented since 2012.

The programme's coverage has grown from just under 100,000 households in 2012 (World Bank, 2013) to over 1.1 million poor households in 9,627 villages and sub wards in 159 out of 185 local government authorities (CCM, 2020). This milestone indicates the evolution of Tanzania's social protection from a loose collection of different relief interventions administered by different public agencies to an integrated means-tested national social safety net. This policy brief attempts to explore the challenges behind the shifting in the responsibility of financing PSSN from external funding to the government. Specifically, this policy brief focuses on PSSN/PSSN I (2012-2019).

The PSSN Programme in Tanzania

The PSSN represents the third phase of the social protection programme being implemented by the Tanzania Social Action Fund (TASAF). As part of the government's strategy to reduce poverty, TASAF was established in 2000. Phase I of TASAF (2000-2005)) focused on improving social service delivery; focused on improving social service delivery; capacity enhancement for communities, including overseeing

1,704 community-run sub-projects such as construction and rehabilitation of health care facilities, schools and other small-scale infrastructure; and a public works component with 113,646 direct beneficiaries. TASAF's second Phase (2005-2013) built on the Millennium Development Goals (MDGs) and expanded the first stage's commitments to address a shortage of social services, capacity enhancement (including 12,347 community sub-projects), and income poverty, including a pilot of community-based conditional cash transfers (CCT) reaching 11,576 poor households. According to a World Bank study, TASAF I and II achieved impressive results in facilitating community access to social services through infrastructure projects such as schools, health facilities and water points reaching millions of people (Evans et al, 2013).

The third phase of TASAF, the PSSN, began in 2012. It was approved by the government in 2013 and implemented through to 2019. A new phase of the programme (PSSN II) was launched in February 2020 and has started to be rolled out as of December 2020. The objectives of PSSN I include: 1) increase consumption of the extremely poor on a permanent basis, 2) smooth consumption during lean seasons and shocks, 3) invest in human capital, 4) strengthen links with income generating activities, and 5) increase access to improved social services.

There are three components of the programme targeted to households living below the food poverty line:
1) a conditional cash transfer (CCT),
2) a public works programme (PWP) and
3) a livelihoods enhancement (LE) intervention.

To maintain eligibility for the cash transfers, participating households are required to comply with certain conditions related to children's school attendance and health care, although a portion of the cash transfer is fixed and unconditional. The programme utilizes a three-stage targeting process, including geographical targeting, community-based targeting, and a proxy-means test (PMT). The targeting is followed by a community validation. The cash transfer component is by far the largest in terms of funding and targeted beneficiaries, covering about 80 per cent of the programme costs.

The programme targets the extremely poor, which is calculated to be about ten percent of the Tanzanian population. The aim was to reach a total of 1.3 million extremely poor households by the end of the initial phase closing 2019.

The PSSN has recorded achievements at reaching the poorest of the poor in Tanzania.
The latest update provided by TASAF in 2017 indicated that, on average, over 61 percent of beneficiaries belonged to the poorest consumption quintile, and over 80 percent of the beneficiaries were from the bottom two quintiles (URT, 2018)[1]. Furthermore, a total of 1.1 million households were reached and 5.1 million people enrolled in the programme (TASAF, UNICEF & REPOA, 2018).

Funding for the PSSN programme

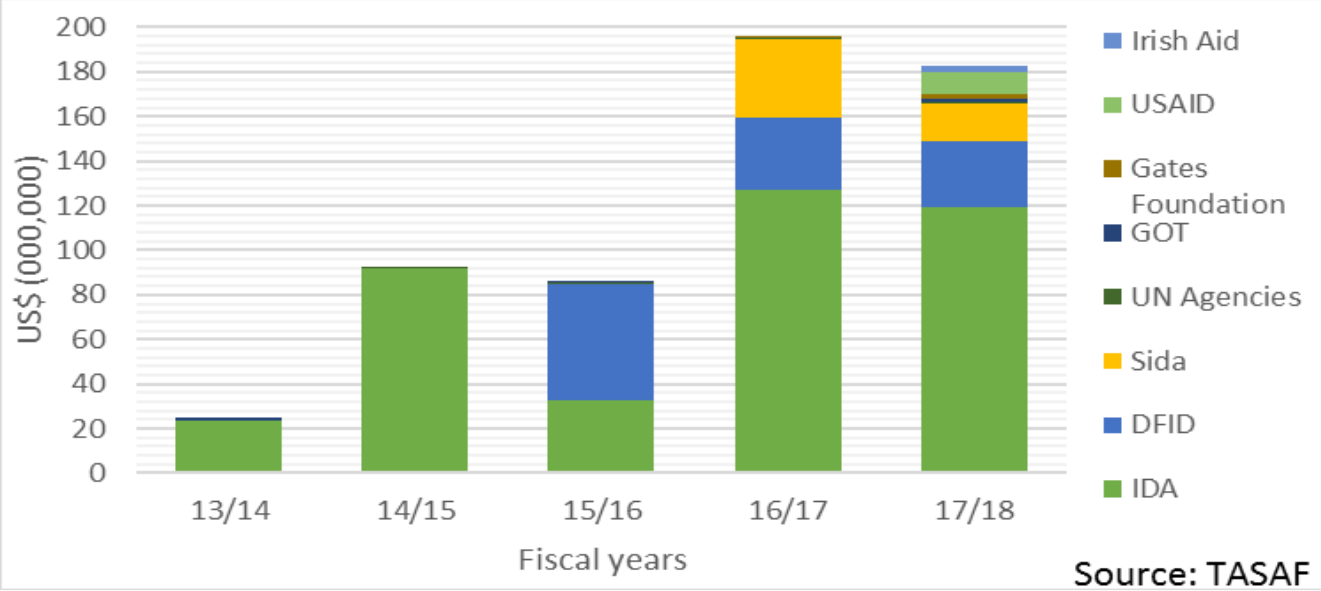
While the PSSN started off by being largely funded by the World Bank as a soft loan to the Government of Tanzania, other donors joined, most strongly DFID and SIDA, the aid agencies of the United Kingdom and Sweden respectively (see Figure 1). UN agencies have been actively involved in social protection in Tanzania for years, their support mostly include in-kind support through for instance expertise, technical assistance, facilitation, and conferences.

As mentioned, although the PSSN, and the precedent pilot programmes, were externally funded from the beginning, the agreement between the Tanzanian government and donors was such that donors would continue to fund the programme, but gradually the government would take over to fund the programme fully by 2020. In the meantime, it was agreed when the PSSN started, that the government would cover around a third of the budget per year. The financial requirements were estimated at US$ 300 million per year, with the obligations divided between the government (US$ 100 million), development partners (US$ 100 million), and credit from the World Bank (US$ 100 million)).

In practice, the financial requirements as well as the government's actual contribution were downscaled. For instance, the estimated amount required for the operation of the PSSN between July 2015 and June 2016 was set to approximately US$ 170.7 million. Of this, the government initially committed to pay out US$ 44 million (Tshs. 70 billion) to the PSSN from the 2015/ 2016 national budget, thereby covering 25.7% of the estimated programme costs for that period. However, in the end, the government only contributed US$ 7 million, which represents only 4.1% of the overall programme costs and only 15.9% of the government's initial commitment (URT et al. 2016).

[1] *TASAF, Productive Social Safety Net, Phase Two (PSSN II).*

Figure 1: PSSN Financing Trends by Donors



Source: TASAF

This brief therefore devotes efforts to explore the challenges in the shift of financing PSSN from external funding to government. It borrows from an ongoing study on "the external influence and (shifting) elite commitment to social protection in Tanzania"[2]. The study takes an inductive and explorative approach to shape its analysis and rely on elite interviews in the field as our primary evidence base.

Findings

Analysis of the processes and debates around the PSSN programme point to three main issues that, in combination, explain the challenges in shifting the program's financial foundation, namely: resource constraints, the government's development ideology, and scepticism about components in the programme, in particular the cash transfer.

Resource constraints

Tanzania, which is now considered a lower-middle income country,[3] has limited financial resources and many urgent needs and policy areas that require attention. Consequently, it is not surprising that all interviewed stakeholders mentioned resource constraint as a general challenge facing all sectors. This is also supported in government documents: for example, in the second Five-Year-Development-Plan 2016/17-2020/21 (URT 2016: 15) it is stated that inadequate financing (underfunding and delay of disbursements) is a key challenge impacting negatively the implementation of development plans in the country. The limitation of financial resources is tightened by loan repayments and high recurrent costs. Thus, some sources explained that Tanzania is now obliged to repay several World Bank/IMF loans that were taken around 2012/13, and that about one third of government revenue goes to repaying loans. Another priority is to pay salaries to public servants. For instance, in 2018/19, the Government planned to spend shillings 32.48 trillion. Out of this amount, shillings 20.47 trillion (63%) was for recurrent expenditure including shillings 7.41 trillion (22.8%) for wages and salaries and shillings 10.00 trillion for servicing Government debt, Government contributions to Pension Funds and other services . Nevertheless, even within the existing funds available, other areas take priority. For instance, it was argued that the government has been particularly resource constrained because the country largely funded the 2015 general elections itself (donors had in the past funded large parts of the election costs), which impacted directly on the PSSN programme:

There was a time when the budget for PSSN was taken off due to election expenses. Nevertheless, this has not largely impacted the programme because PSSN components were not rolled out at one time but rather gradually. (Interviews with Senior Public Officials responsible for social security).

[2] *https://ps.au.dk/forskning/forskningsprojekter/political-settlements-and-revenue-bargains-in-africa/about-the-project/shifting-financial-responsibility/*

[3] *The World Bank has officially classified Tanzania as a lower middle-income country under its latest country income classification released on Wednesday 1st of July 2020, Daily News, 02 July 2020.*

[4] *The United Republic of Tanzania, Budget Speech 2018/2019*

It was also explained that the government prioritizes borrowing for direct development expenditure such as infrastructure and other productive and economic activities than for consumption including the PSSN. The government is ready and willing to take loans for investment in productive sectors including infrastructure as priority areas. Within the social sector, the provision of free education from 2016 to ensure that children from poor families get an education, and free health provisions to children under five years and to elderly above 70 years, are priority areas of the current government. Some sources argued that these priorities made the PSSN even less relevant than before initially:

The new government has come with the policy of free education and [is] pushing for free mandatory health insurance especially for the poor and aged, which were the main arguments for the creation of TASAF. Now, what is the separation between the two? [PSSN and education and health services]. (Interviews with Senior Public Officials responsible for social security).

The fifth government's development ideology

Despite public pronouncements of commitment to social protection across many African countries, there is also often a concern that cash transfers will create dependency by providing "free money", and that the programmes therefore will be counter-productive to the governments' development ideologies focusing on "productivism and self-reliance" (Hickey & Seekings, 2017). Although the Tanzanian government agreed to the PSSN programme, there is a general feeling that some of the programme's elements fit poorly with the development priorities of the country. Particularly the CCT component has been under criticism in recent years. As some of the sources explained:

The CCT does not match with the ideology of the ruling party and the philosophy of economic development. Providing free money to the market economy must create friction, and the majority did not agree it was the right way to go. This [the programme] raise the question of sustainability and dependency. This programme is somehow driven by the thinking of the funder [the World Bank]. (Interviews with Senior Public Official responsible for social security).

Cash transfers are seen to fit poorly with the late President's slogan "hapa kazi tu" (roughly translated: "only hard work is needed") which governed his first presidential term 2015-2020.

The fifth government returned to a more classic CCM productivist philosophy that emphasises public work, community development and self-reliance as the main elements in social policy (Jacob & Pedersen, 2018). The fifth government is concerned with poverty but in achieving development it emphasised the importance of productivity and infrastructure, where people must lift themselves out of poverty through entrepreneurship and hard work. As one source reported, it was difficult for the government to take over the World Bank support for the PSSN particularly the CCT component given the "hapa kazi tu" ideology. Furthermore, when government committed itself to the PSSN programme in 2013, there were champions who successfully advocated for the programme despite some scepticism about cash transfers and long-term sustainability.

With the new administration, these champions are either no longer in government or are silence. To a large extent, the government's stance is likely to influence other leaders in the government. When the government says no to putting money for a set priority who are you to say yes or vice versa? It is obvious its interest and priorities will be supported. (interview with expert).

Scepticism about the programme

The hesitation towards the PSSN, and the CCT in particular, is largely because many believe that cash transfers will not help people out of poverty. Many do not feel they see tangible results, and others worry that giving cash to the poor may encourage alcoholism and laziness. There have also been complaints that even beneficiaries of the public works component find it hard to improve their situation because the daily wages are very low. However, one of the documented achievements of the PSSN, in which the CCT is the main component, is that there has been no increase in the consumption of 'temptation goods' (alcohol and tobacco) by participating households (URT, 2018) . One of the interview participants said:

The feeling is that there is so much money given with little or no impact. This creates resistance. I know of a Regional Commissioner who said very openly that he doesn't want TASAF people at his office. But I also think such people are less informed about the programme. (interview with expert).

In line with the scepticism of giving "free money", negative stories on misuse of cash transfers flourish. The media revelations of "ghost beneficiaries" – that some PSSN beneficiaries were actually not poor (enough) to be part of the programme – raised even more public misgivings about the PSSN. Although the numbers of "ghost beneficiaries" were determined to be very small (around 32,456 out of 5.1 million)[5] the public attention magnified the scepticism also among politicians.

[5] Verification finds 32,456 households unfit for TASAF, Daily News, 16

Conclusion and recommendations

TASAF was established in early 2000's as the government's strategy to reduce poverty. The strategy came about by the influence of international development partners, particularly the World Bank, as well as on the initiative of President Mkapa and other champions (Ulriksen 2019). Therefore, in the making and implementation of different phases (TASAF I, II and PSSN), the strategy has been reflected in the international development agenda of poverty reduction through social protection. Despite the government's "productivist" development ideology, the fifth government seemed to accept and put aside some financial commitments to the social protection proposals from the development partners. However, the long-term sustainability of the programme is in danger, given the limited government financing of SP.

The study recommends the following:

First, development partners should pay attention to national priorities and align to it in formulating their own support programmes;

Second, to be hesitant to government commitments especially if proposals are too externally driven and lack connection to national priorities;

Third, development partners to continue supporting the programmes given their proven poverty reducing effects;

Fourth, development partners to learn more about and consider carefully the government's priorities when planning and proposing programmes (i.e. if proposals are in line with the ruling party's manifesto, they are more likely to get the blessing from the very top of the Tanzanian political system);

Fifth, government to make realistic commitments and deliver on time;

Sixth, policy makers to ensure the use of evidence on direct and spillover effect of cash transfer programmes on reducing poverty, enhancing capabilities, and improving wellbeing, in the communities they serve;

Finally, allocate adequate resources for the PSSN Programme for communication and awareness campaigns to communities and politicians for publicity and knowledge of the importance and benefits of the PSSN programme.

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