Social Protection for the Informal Sector in Tanzania

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Outline

- Introduction
- Social insurance
- Social assistance
- Medical and health care
- Micro-finance
- Agricultural provision
- Conclusion
Introduction

- Need for protecting the informal sector
  - Shrinking formal sector
  - Highly informalized labour market
  - Poverty and vulnerability
  - Social justice

Social insurance

- Several (6) social security schemes (pension/social insurance)
  - NSSF – mainly private sector
  - PPF – mainly government parastatals
  - LAPF – mainly local government employees
  - PSPF – pensionable civil servants
  - GEPF – non-pensionable civil servants
  - PSRB- specified political leaders
Social insurance cont...

• Issues
  ▪ Low coverage of the labour force
  ▪ Traditional concept of SS- employment relationship
  ▪ Restrictive legislation

• Extension of coverage to informal workers
  ✓ NSSF
  ✓ LAPF
  ✓ PPF

Social insurance cont...

• Barriers of extension of coverage
  ▪ Double contribution (employer & employee)
  ▪ Increased labour costs
  ▪ Reluctance to deductions
  ▪ Employer - employee relationship
  ▪ Irregularities, uncertainties and seasonality of income
  ▪ Immediate vs. futuristic concerns (priorities??)
  ▪ Inadequate benefits offered
  ▪ Lack of awareness
Social assistance

- Cash transfer
  - Tanzania Social Action Fund (TASAF) II
    - Community Based-Conditional Cash Transfer (CB-CCT)
      - 3 districts (persons over 60 yrs, poor & vulnerable)
    - Public Works Program (PWP)
  - TASAF III: Productive Social Safety Net (PSSN)
    - Cash transfer (basic transfer & CCT),
    - Public Works Programmes (PWP)

Medical care and health insurance

- Medical care and health insurance
  - User fee
  - Exemption – most vulnerable
  - NHIF- mandatory- all public workers (coverage can be extended to other sectors)
  - contribution (employer & employee)
  - CHFs – matched member cont – once a year
  - UMASIDA – member only – monthly cont
  - Issues: Low coverage
Micro-finance

- Formal financial institutions (banks)
- NGOs/Private FI (Promotion of Rural Initiative and Development Enterprises Ltd (PRIDE), Mennonite Economic Development Associates (MEDA), Small Enterprises Development Agency (SEDA), and FINCA),
- Governmental and Public sector sponsored (SIDO, PTF, YDF & WDF)
- Saving Associations and Credit Co-operative Societies (SACCOS)
- Informal financial services providers (eg. Village Community Banks (VICOBA))

MFI cont

- Challenges
  - Poor performance
  - Institutional and organisational weaknesses
  - Operational and financial weaknesses
  - Competitive client outreach
  - High default rates
  - Uncoordinated/unregulated sector
  - Poor accountability
Food security: Agro- inputs

- Agricultural Input Trust Fund (AGITF) est 1994
- National Agricultural Input Voucher Scheme (NAIVS)
  - vouchers for a 50% subsidy fertilizers & seeds
  - High agro-ecological potential areas
  - rice & maize farmers
  - Eligibility: households cultivating less than 1 hectare, Female headed households and resource-poor

Agro-inputs cont

- Challenges
  - Impaired freedom to dispose of the farm produce
  - Inadequate inputs
  - Mis-directed inputs
  - Unscrupulous distributors
Conclusion

- Social protection to the informal sector is
  - Inadequate
  - Uncoordinated
  - Possible
  - Start small
  - Develop consciousness on social protection (Government and informal sector workers)

Thank you