

POVERTY, GROWTH, AND PUBLIC TRANSFERS IN TANZANIA

PROGRESS REPORT ON THE NATIONAL SAFETY NET STUDY

Preliminary Presentation

Poverty Week December 2010

OBJECTIVES AND OUTPUTS

- ✘ *How can Tanzania get maximum poverty-reducing impact using safety net programs?*
- ✘ *What role for transfers, in contributing to growth.*
- ✘ *How Great is the Need? What aspects of poverty does it make sense to target with safety net programs or transfers?*
- ✘ *Which groups should benefit?*
- ✘ *How much might it make sense to spend?*

WHAT IS THE STUDY DOING?

- ✘ Analyzing underlying poverty dynamics and characteristics of the poor;
- ✘ Reviewing existing programs – costs, coverage, and effectiveness.
- ✘ Looking at targeting mechanisms, program choices, and institutional arrangements.
- ✘ Suggesting possible way forward

WHAT DO WE MEAN BY SAFETY NETS?

- **The study is reviewing transfers in cash or kind:**
 - ✘ **Public works that employ the poor – either food-for-work or cash for work;**
 - ✘ **school-feeding**
 - ✘ **vouchers, subsidies,**
 - ✘ **Cash transfers – either conditional (linked to nutrition, education, health), or unconditional (eg. Support for orphans, elderly disabled, etc.)**

[not health, education, income-generating programs; not formal pensions.]

THE HEADLINES

- ✘ **Well-designed SNs can significantly contribute to accelerating poverty-reduction in Tanzania**
- ✘ **They can help reach those who are not benefiting from other programs, deepen investment in human capital, and reduce the impact of shocks that**
- ✘ **There *is* a group of ‘ultra-poor’; SNs can help them.**
- ✘ **The elements of poverty makes sense to address appear to be : chronic (bottom 10%); seasonal; most vulnerable; in a dynamic sense: those ‘*left behind*’ by growth.**

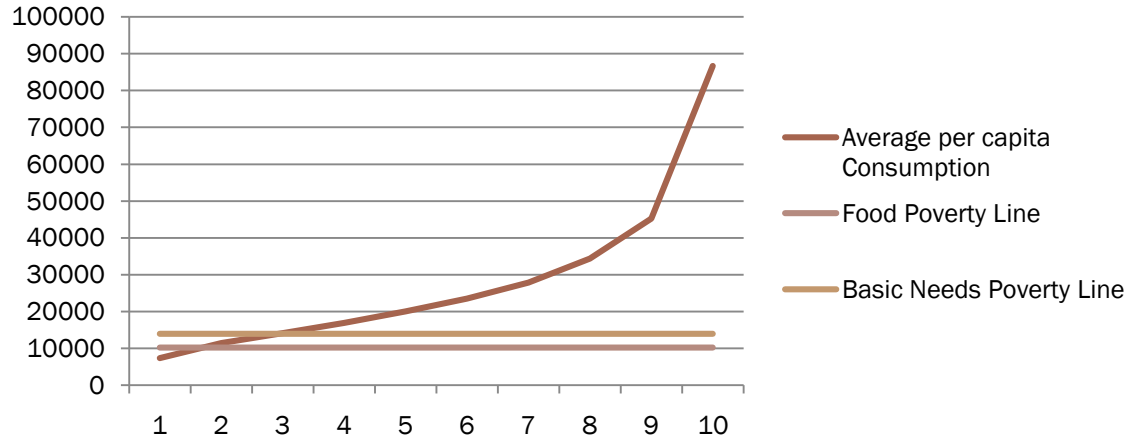
THE HEADLINES (II)

- ✘ **Existing programs – a good base, but limited coverage, much overlap, duplication, exclusion, leakage.**
- ✘ **A unified national program is possible – greater impact, coverage.**
- ✘ **Fiscally – potentially affordable, but need to achieve multiple objectives: must use safety nets to create assets for growth, invest in human capital; avoid inter-generational & LT poverty traps;**
- ✘ **Tanzania faces a great opportunity**

POVERTY AND SAFETY NETS

✘ Poverty is widely spread...

Fig. 1 Distribution of Consumption - Relative to the Poverty Line
(2007 Tsh per adult equivalent per month)

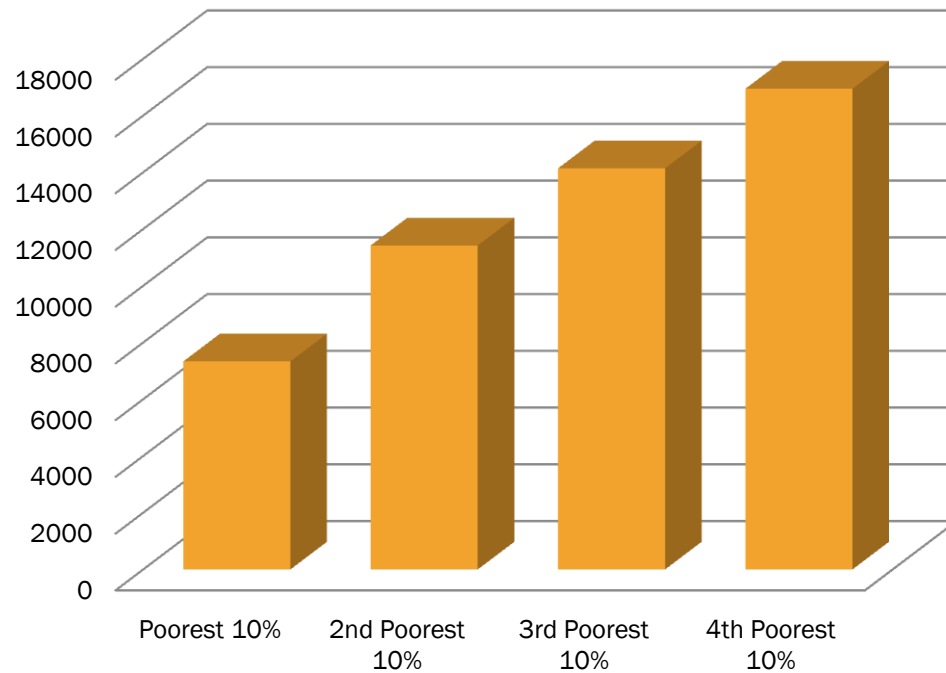


✘ *Is there a sub-group of “ultra-poor”?*

✘ *Can we identify them?*

POVERTY AND ULTRA-POVERTY...

**Average Monthly per Capita Income of
the Poor and the Ultra-Poor (HBS 2007)**

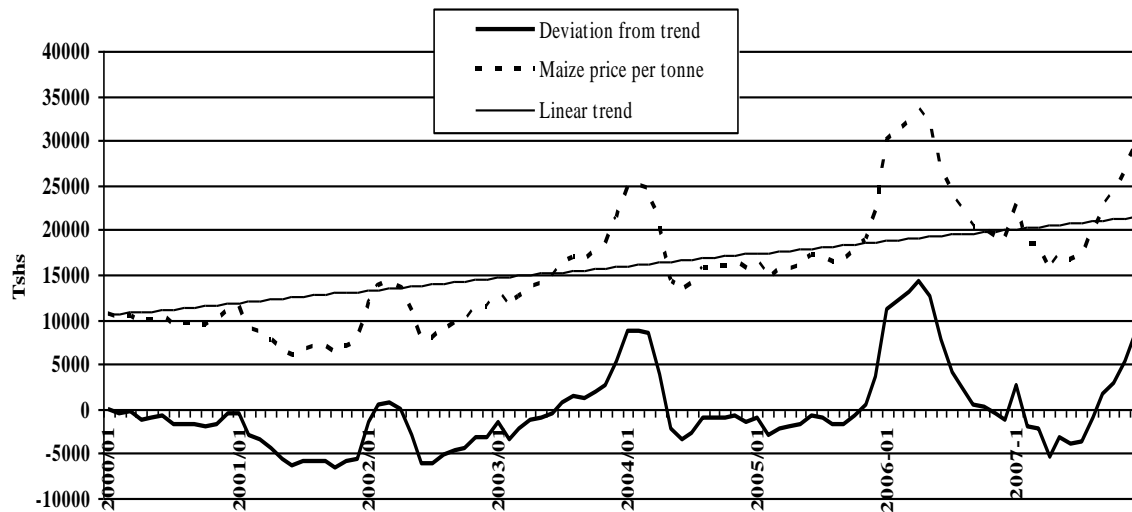


CHARACTERISTICS OF THE POOR AND ULTRA-POOR

- ✘ It is difficult to distinguish the very poor from the poor... We examine:**
 - + Assets**
 - + Landholding**
 - + Demographic Characteristics**
 - + Geographical distribution**
 - + Shocks and Movements in & out of Poverty**
 - + Vulnerable Groups**

SEASONALITY, POVERTY, AND SAFETY NETS

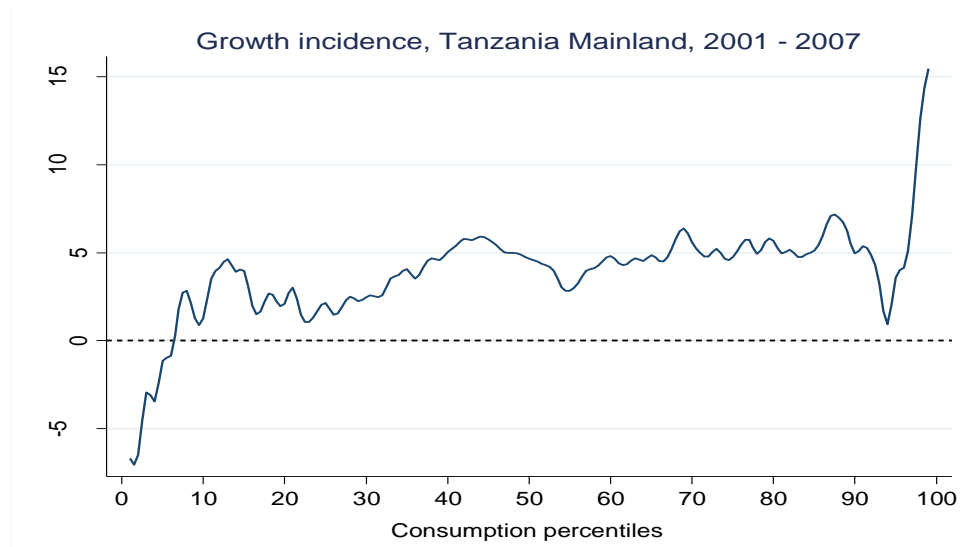
One of the greatest shocks facing the poor is seasonal price increases and shortages...



Also: food price inflation 2007-2009

SAFETY NETS, GROWTH AND POVERTY

✘ *Growth is not reaching the very poorest*



✘ **Those left behind. Who?** *Subsistence farmers in remote, low-productivity areas; those w/out assets & skills; MVCs, elderly, disabled **not** in HHs.*

POSSIBLE ROLES FOR SNS THAT ARE BEING EXAMINED:

- ✘ **Build human capital; manage uninsured risks; lift the poor out of inter-generational poverty traps;**
- ✘ **Address the worst of chronic food insecurity**
- ✘ **Provide seasonal support;**
- ✘ **Provide a true ‘safety net’ - intermittent support in times of need (idiosyncratic shocks, drought).**
- ✘ **Help only the most vulnerable (*orphans, child-headed households, disabled, elderly who are not in HHs*)**

NUMBERS IN SOME POTENTIAL TARGET GROUPS...

	Approximate Numbers
Most Vulnerable Children (<i>child-headed HHs, orphans living with elderly, extremely poor HHs, or abandoned</i>)	900,000
Elderly, Disabled, Suffering from HIV/AIDS (<i>and not absorbed in functioning, non-poor HHs</i>)	1 million
Those Living Below the Food Poverty Line (but note includes both of above categories)	6.4 million
Facing Severe Seasonal Food Insecurity (but most need only 4 mo; number varies)	5-10 million
Population Below the Basic Needs Poverty Line	About 12.7 million

FISCAL SPACE AND AFFORDABILITY

- ✘ *The study will present costs of different program and coverage options;*
- ✘ *It will locate the options in the available fiscal space, assess trade-offs and affordability.*
- ✘ *Given the opportunity costs and fiscal constraints:*

POLICY IMPLICATIONS...

- ✘ **Choose SNs that simultaneously contribute to growth** (*e.g. creating assets under public works*)
- ✘ **Achieve multiple objectives – esp. investment in human capital** (*nutrition, education, (esp. girls), health*)
- ✘ **Use Existing Expenditures** (*public investment, road maintenance*)
- ✘ **Leverage Spending** (*by choosing high \$ income impact per \$ spent on transfers*)
- ✘ **Link with longer-term ‘graduation’ income-strategies** (*Credit, skills*)

EXISTING PROGRAMS & SPENDING

Program	Expenditure (annual)	Direct Beneficiaries (annual)	Estimated Coverage (annual)	Average Transfer per Participant
Most Vulnerable Children Program	\$ 50 million (est)	570,000	570,000	n.a.
National Agricultural Input Voucher Scheme	\$ 69 million	1.5 million	7.5 million	Tsh 65,000 +
National Food Reserve Agency/e	\$ 19 million (est)	1.2-2 million	1.2-2 million	Tsh. 12,000-28,800
School Feeding	\$ 6.2 million	220,000 /b	220,000	Tsh 40,000 /c
Vulnerable Groups Program	\$ 7.4 million	18,000	18,000	Tsh.1.3 million / d
Food-for-Assets	\$ 2.1 million	25,000	125,000	Tsh 65,880
Public Works Program	\$2-3million	12-25,000	60-125,000	Tsh 88,000

THE WAY FORWARD

The study will propose:

- (1) Short-term measures to strengthen the existing program and achieve greater poverty impact for the funds already being spent;**
- (2) Longer-term recommendations for a more comprehensive, and rationalized program;**
 - **Public Works for the Able-bodied Poor**
 - **Cash Transfers for the Most Vulnerable**
(Linked with human capital development, graduation over time)

TANZANIA FACES A GREAT OPPORTUNITY...

- ✘ **Most programs are restructuring...**
- ✘ **There are some notable successes to build on...**
- ✘ **Opportunity for greater coverage and poverty impact, at existing spending levels...**
- ✘ **Can form the basis for a permanent, national system..**