1. Key development issues and rationale for Bank involvement

1. Tanzania has experienced high economic growth, but decreases in poverty have been marginal. Economic liberalization, sound macroeconomic policy management and an expanding public sector have all contributed to a doubling in economic growth in the last ten years. Increased public expenditure has allowed an expansion of public services with the result that: primary enrolment rates have increased and under-five mortality rates have decreased. While poverty has decreased, it is only by 2.2 percent between 2001 and 2007; and with population growth, the actual number of the poor has increased from 12.4 to 13.5 million in the same period.\(^1\)

2. Food price inflation and the global financial crisis have negatively affected the poor in Tanzania. The prices of almost all basic food stuffs have increased dramatically in the past five years causing people to reduce the quality of their diets and the quantity of food they eat. The impact has been particularly felt by the poor. The global financial crisis has affected key export sectors such as tourism, regional manufacturing exports, cash crops and natural resources leading to a loss of jobs and increasing the numbers of poor needing assistance.

3. Malnutrition remains stubbornly high with long-term consequences for educational attainment and adult productivity. Poor nutrition in Tanzania, as elsewhere, is a consequence of a combination of inadequate and poor diets, inadequate knowledge of appropriate practices, high disease burden and poor hygiene and sanitation.

\(^1\) Household Budget Survey 2007
\(^2\) 42.3% Tanzania Demographic Health Survey 2009/10 (using WHO growth reference data)
4. Of the poor in Tanzania, 84 percent live in rural areas and they are overwhelmingly dependent on agriculture as their primary source of income resulting in high vulnerability of adverse weather shocks.

5. The National Strategy for Poverty Eradication (popularly known by the Swahili acronyms MKUKUTA II and MKUZA II for the mainland and Zanzibar respectively) and the Tanzania Development Vision 2025 both note the critical importance of addressing poverty and vulnerability. The MKUKUTA/MZUZA II participatory process identified actions under the following three clusters: (i) growth for reduction of income poverty; (ii) improvement of quality of life and social well-being (including social protection); and (iii) governance and accountability. A National Strategy for Community-Based Care, Support and Protection of Most Vulnerable Children (MVC) is also in place. The government is also finalizing a National Social Protection Framework which would enable coordination and comparison between the range of social protection instruments in operation that address the issues of vulnerability faced by poor citizens.

6. The Bank has supported the Government of the United Republic of Tanzania for the past ten years in implementing its biggest social protection intervention through TASAF reaching twenty million people. It is thus well placed to support the new focus on social safety nets for the poor living below both the poverty lines. There have also been other significant investments in social transfers programs in Tanzania such as Food for Assets, Most Vulnerable Children (MVC) program, and National Agricultural Input Voucher Scheme. Recent Bank-supported sector work that has reviewed the social transfer programs in Tanzania confirms that these programs are fragmented and uncoordinated; and cover only a small proportion of the poor suffering from both problems of inclusion and exclusion.

7. The Government’s commitment in the Social Protection agenda is demonstrated by the establishment in March 2010, of the Social Protection Thematic Working Group as a channel for formal dialogue with development partners. The ongoing Bank-supported safety nets review has received Government support as endorsement by Cabinet of the Draft National Social Protection Framework is awaited. A multi-sectoral project preparation team, chaired by the Ministry of Finance, has been put in place to design a third phase of TASAF. The teams’ mandate is to design a program that offers a safety nets system that will respond effectively to the needs of the poor and one that can be scaled up in times of crises. Efforts will be made to bring other donors and actors engaged in other social protection programs on board during the TASAF III design process.

2. Proposed objective(s)

7. The development objective of the proposed operation is to improve incomes of poor rural and urban households while smoothing consumption through a well-targeted productive safety net system. The following are the key result areas: (i) increased incomes of beneficiaries (through cash transfers and public works); (ii) improved access to services (as a result of community assets created through public works); (iii) increased access to opportunities (through community savings and investment promotion); and (v) established building blocks of a safety net system in
Tanzania.

3. Preliminary description

8. To achieve its development objective, the operation will have the following two components: (i) Support for Social Safety Nets (SSSN); and (ii) Institutional Support.

9. Component 1 - Support for Social Safety Nets. The SSSN will support four interventions namely: (a) Public Works Program, (b) Cash Transfers (Conditional or Unconditional), and (c) Community Savings and Investments Promotion (COMSIP).

a. Public Works Program (PWP) – The subcomponent will provide grants for implementation of labor intensive public works program (PWP) to support families living under the food poverty line. The PWP would provide a predictable source of seasonal temporary income to targeted families. The labor endowed households for participation in the program will be selected through the community based targeting method. The PWP will be implemented for a pre-determined period of time each year, defined according to expected seasonality of events, such as the lean season and labor-slack period. The works undertaken by the PWP will depend on whether it is implemented in urban or rural areas. Subprojects to be undertaken will increase community assets, and as such, they will be determined locally by the beneficiary communities through participatory planning processes, and be integrated into district plans. The scope of interventions will include construction/rehabilitation of roads, small irrigation schemes, small community earth dams, storage systems; rehabilitation of access roads, drainages, and establishment of soil and water conservation measures. Most public works will be implemented during the dry season. However, there will be other activities that will be implemented during the lean period, which coincides with the rainy season. The wage rate will be set at around 10 percent below the market wage rate.

b. Community-Based (Conditional/Unconditional) Cash Transfers (CB-CCT) – Building on lessons learned from the pilot Community Based-Conditional Cash Transfers (CB-CCT) financed by the JSDF grant and subsequent expansion of the CCT under the TASAF II additional financing as well as the Government-implemented Most Vulnerable Children (MVC) program, the proposed TASAF III-PSNP will further expand the conditional cash transfer program to other districts and villages, linking up with the MVC program. The subcomponent will support cash transfers to targeted beneficiaries. As in the PWP, beneficiaries for the CB-CCT will be selected using the community based targeting method. The targeted families will be those living under the food poverty line, and able to comply with the agreed conditions including: school attendance for children, regular health check-ups for under-five children and the elderly, incentives for girls to remain in school, incentives
for pregnant women to deliver at health facilities, ensuring nutrition for children through information on meal preparation, and micro-nutrient initiative supplements. Some families living below the food poverty line and who are unable to provide either labor for the PWP or capable of complying with specific co-responsibilities (for instance, extremely poor elderly, child headed, poor female-headed households and the physically challenged) will be exempted from co-responsibilities. Existing community management scheme established for the MVC program will be utilized as a main governance structure at the community level.

c. **Community Savings and Investment Promotion (COMSIP)** – This subcomponent will finance the promotion of savings and investment by the poor as a way of equipping them with tools to better manage the social risks they face and respond to shocks. The targeted individuals will be the poor living under both poverty lines and accessing the cash transfers through the PWP and the CB-CCT. Information on savings will be provided including capacity building on business skills. As the individuals graduate, they will be linked to microfinance institutions.

10. **Component 2 - Institutional Support** – This component will aim at developing institutional capacity for social safety net in Tanzania. It will support two sub-components:

    a. **System Development** – This subcomponent will put in place the building blocks of the safety net system, including: (i) establishment of a unified targeting system; (ii) beneficiary registration and unified beneficiary registry; (iii) payment system; (iv) monitoring and evaluation system as well as putting in place systems (a) information, education and communication (IEC), (b) Information, Communication and Technology (ICT), (c) Management information system (MIS). This sub-component will also support the Department of Social Welfare and local and regional governments in building their capacity for the management of the national social safety net program. This sub-component will also support the transparency and accountability measures to be put in place for monitoring the governance aspects of the program.

    b. **Project Management** – This subcomponent will support the costs related to managing the project effectively and in conformity to the Financing Agreement and the Operational Manual, in order to achieve the development objective.

4. **Safeguard policies that might apply**

11. **Environmental assessment (OP/BP 4.01):** The project is classified as environmental category B. The subprojects to be financed under the PWP might have some localized environmental impacts. However, the team anticipates that these impacts will be minimal, as investments will be small (maximum of US$ 45,000) and will primarily involve rehabilitations, construction and maintenance activities including other environment enhancing initiatives. An Environmental and Social Management Framework (ESMF) that is in place for TASAF II will be updated prior to
appraisal and measures required to prevent, minimize, mitigate, and/or compensate for adverse impacts will be incorporated in the Project Implementation Manual.

12. **Involuntary Resettlement Policy (OP/BP 4.12):** The PWP component might support some subprojects that have some minor land acquisition and/or changes in access to resources, with subsequent impacts on population movements and settlements. A Resettlement Policy Framework (RFP) that is in place for the TASAF II Project will be updated prior to appraisal, and measures required to prevent, minimize, mitigate, and/or compensate for adverse impact will be incorporated in the Project Implementation Manual.

11. The implementers at district and community level will adhere to the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), and the Operational Manual. The Operational manual will state that no subproject will be approved if they do not take on board remedial measures for negative impacts of the subprojects. The LGAs and communities have varying levels of capacity to implement subprojects with adherence to the ESMF, RFP and the Operational Manual; as such the project will support capacity enhancement measures with specific emphasis on monitoring and reporting on the implementation of the ESMF and the RFP.

5. **Tentative financing**

   Source: ($m.)
   
   BORROWER/RECIPIENT 0
   
   International Development Association (IDA) 200
   
   Total 200

6. **Contact point**

   Contact: Ida Manjolo
   
   Title: Sr Social Protection Specialist
   
   Tel: 5355+3259
   
   Fax:
   
   Email: imanjolo@worldbank.org
   
   Location: Dar Es Salaam, Tanzania (IBRD)