Key messages

- Funds for social welfare and assistance are distributed among institutions across the government. As identified and recommended in the 2020 evaluation of the Zanzibar Social Protection Policy, the coordination of, and communication within, these activities need to be strengthened urgently, including through the activation of the Zanzibar Social Protection Technical Committee. The limited coordination and harmonization of funds for social welfare and assistance programmes across different government institutions limit the visibility of the sector’s performance and may result in underfunding of the sector.

- In FY 2021/22, the budget allocated to the Social Protection and Welfare (SP&W) sector was 9.3 per cent of the total government budget, out of which 5.4 per cent was allocated to social insurance programmes and 3.9 per cent to social welfare and assistance programmes. These include youth, disability, labour market programmes and social welfare, which are distributed among several institutions across the government. The SP&W budget for FY 2021/22 as a percentage of the GDP was 3.7 per cent.

- Between FY 2018/19 and FY 2021/22, the nominal percentage increase in the government’s allocation to the SP&W sector was 82 per cent (TSh 77 billion), out of which, the social insurance budget allocation increased by 55 per cent (TSh 35 billion) while the social welfare and assistance budget increased by 139 per cent (TSh 42 billion). As a result, the share of social assistance rose from 28 per cent in FY 2019/20 to 42 per cent in FY 2021/22.

- Local development funds constituted 24 per cent of the budget for FY 2021/22, increasing from a budget share of 1 per cent in FY 2018/19. Between FY 2020/21 and FY 2021/22, there was a notable nominal increase of TSh 13.3 billion in the local development budget, directed mainly towards labour market programmes: coordinating the empowerment programme under the President’s Office - Labour, Economic Affairs and Investment.

- The budget allocation and execution rates to other charges are low, particularly in DESW, youth and disability programmes. Although the flow of funds for ZUPS is regular and timely, there are challenges around other budgets, with irregular and insufficient disbursements that affect supervision, follow-up visits and social investigation, among others.

- PSSN II payments are not captured in the government budget documentation. There appear to be difficulties in capturing expenditure paid through parallel systems. This limits the visibility of the sector’s performance considering that it is by far the largest and most well-funded programme in the sector.

- Multiple databases exist for targeting and recording beneficiary data for different programmes; however, there is little inter-operability and sharing of data across the programmes. For DESW, there is no national-level database to support the work of the department. The main databases used are ZUPS and most vulnerable children (MVC); however, challenges have been noted in updating the database for MVC. The PSSN database, which includes relevant data on poor families, is not widely integrated or shared. The absence of a social registry and integrated social protection payment mechanism hinders the government’s ability to monitor the sector and results in duplication of efforts in the absence of an integrated modality of delivery.
Introduction

The Zanzibar Development Vision 2050 sets a strategic direction to the social protection sector, which is to "promote a happy and stable society bolstered by social well-being, peaceful coexistence and decent employment, in addition to a focus on protecting vulnerable groups".

The Zanzibar Social Protection Policy (2014) follows a life-cycle approach and outlines seven target groups. These groups are preschool children, school-age children, adolescents, working-age adults, older persons, pregnant and lactating mothers and persons with disability. The objective of the policy is to contribute to minimum income security and provide protection against life-course shocks and livelihood risks. Specifically, the policy seeks to address the source of vulnerabilities across the life cycle including, among others, maternal nutrition, maternal mortality, child malnutrition, childhood poverty, child labour, disability-related extra costs and poverty in old age.

Between FY 2009/10 and FY 2019/20, Zanzibar experienced an approximate 10-percentage point decline in basic-needs poverty from 34.9 per cent to 25.7 per cent. Around 417,256 Zanzibaris live below the basic-needs poverty line. While the basic-needs poverty headcount declined by 9.2 percentage points over the past decade, the absolute number of poor people only declined by about 27,000 due to population growth. Food poverty experienced a similar rate of decline from 11.7 per cent to 9.3 per cent (Figure 1). The challenge for Zanzibar is to meet the poverty reduction targets set out in Vision 2050 (basic-needs poverty rate of 20.6 per cent and food poverty rate of 7 per cent) by 2030. These targets are in line with the Sustainable Development Goal (SDG) target of reducing "at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions".

Figure 1: Poverty reduction in Zanzibar 2010–2020

Source: ZSSF annual report 2019/20

Social protection and welfare in Zanzibar are provided by different government stakeholders. This analysis covers the four main categories of social protection and welfare: social insurance, social assistance, labour market programmes and social welfare services. Social insurance programmes include the Zanzibar Social Security Fund (ZSSF) and Retired Civil Servants Pension Scheme (RCSPS), both of which are contributory in nature. The number of ZSSF members has been gradually increasing over the period of analysis. Between FY 2015/16 and FY 2019/20, an increase of 33 per cent in ZSSF membership was reported, indicating increased awareness of, and registration with, the fund (Figure 2).
The government currently implements two flagship non-contributory social assistance programmes – the Zanzibar Universal Pension Scheme (ZUPS) and the Productive Social Safety Nets (PSSN). ZUPS is a categorical programme, reaching over 29,000 men and women over the age of 70 years. PSSN targets the poorest quintile, providing conditional cash transfers to 33,532 households with 201,192 beneficiaries. In addition, PSSN supports public works and livelihood programmes. Other social assistance initiatives include the vulnerable families programme (implemented by the Department of Social Welfare) and school feeding programme for pre-primary schools (by the Ministry of Education). All labour market programmes are implemented by the Ministry of Labour, which include an apprenticeship programme and empowerment programmes that target women, persons with disabilities and youth. Social care services include a Child Protection Unit, management of homes for the elderly and the state orphanage.

Tanzania Social Action Fund (TASAF), which manages the PSSN programme

Department of Elders and Social Welfare (DESW), which is mainly responsible for managing programmes related to child protection, social welfare and protection, elderly, workers’ compensation and ZUPS

Ministry of Labour, Empowerment, Elders, Women and Children (MLEEWC), which since 2021 has been given the responsibility of merging and managing all the existing empowerment funds, including the Disability and Youth Fund

National Council for Persons with Disability (PwD), which remains responsible for providing one-off cash grants for medical treatment and assistive devices

Ministry of Education and Vocational Training, which manages school feeding to all pre-primary schools and selected primary schools

DESW is the lead department for coordinating social protection in Zanzibar and serves as the Secretariat to the Social Protection Technical Committee; yet it only manages two social assistance programmes. This calls for enhanced efforts to integrate social assistance programmes to enhance their efficiency and effectiveness. Limited coordination and harmonization of funds of social welfare and assistance programmes across different government institutions limit the visibility of the sector’s performance and may result in misalignment between funding and policy priorities and underfunding of the sector. There is lack of a legal instrument that obligates stakeholders to implement different provisions of the social protection policy. Furthermore, absence of a scalability framework and weak readiness of the system to respond to shocks hamper the system’s ability to bolster citizens’ income during crises such as COVID-19. The existence of multiple databases used for targeting and recording beneficiary data across different programmes poses a challenge to the sector. This distorts information on the actual coverage of social protection programmes and their beneficiaries.
Budget trends

The social protection and welfare budget as a percentage of the government budget increased from 7.1 per cent to 9.3 per cent between FY 2018/19 and FY 2021/22 (Figure 3). There was a nominal increase of 82 per cent (TSh 77 billion) in the SP&W budget between FY 2018/19 and FY 2021/22 (Figure 4). The increase mainly resulted from an increase in the social insurance budget, which took the larger share of the SP&W budget (58 per cent in FY 2021/22).

Figure 3: Social Protection and Welfare budgets as a per cent of Total Government Budget and GDP between FY 2018/19 and FY 2021/22

Source: Budget data from the analysis of POFP budget data and GDP at current prices from the BOT Economic Bulletin, December 2021

The sector’s budget as a percentage of the GDP peaked in FY 2021/22, at 3.7 per cent, increasing from 2.4 per cent in FY 2018/19 (Figure 3).

Figure 4: Social Protection and Welfare budgets between FY 2018/19 and FY 2021/22

Source: Analysis of POFP budget data.
Out of the government’s budget allocation of 9.3 per cent (of the total budget) to SP&W in FY 2021/22, 5.4 per cent was allocated to social insurance (Figure 5) and 3.9 per cent to social welfare and assistance (Figure 6), rising from 4.8 per cent and 2.3 per cent, respectively, in FY 2018/19.

The actual share of the government’s expenditure on social insurance in FY 2018/19 was 7.4 per cent, going up to 8.2 per cent in FY 2019/20, which was higher than the budgeted share. On the contrary, the actual share of government’s expenditure on social welfare and assistance programmes was lower than budgeted at 1.7 per cent for both FY 2018/19 and FY 2019/20 (Figure 6), which indicates budget execution rates at an average of 55 per cent. These execution rates are below the government’s average, which could be attributed to inadequate capturing of PSSN II expenditure (foreign development funding) in the government’s budget books due to the existence of parallel reporting systems.

### Budget analysis

#### Analysis by funding category

As shown in Figure 7, the recurrent budget increased by 8 per cent (TSh 1.2 billion) between FY 2018/19 and FY 2021/22. Despite the increase, the share of the recurrent budget during the same period declined from 52 per cent to 23 per cent due to the gradual increase of the development budget.

Local development constituted 24 per cent of the budget in FY 2021/22, increasing from a budget share of 1 per cent in FY 2018/19. There was a notable nominal increase of TSh 13.3 billion in the local development budget between FY 2020/21 and FY 2021/22. The increment was due to increased allocation to four subprogrammes: social welfare (elders’ protection); coordinating the availability of employment programme under the Ministry of Labour; coordination of the empowerment programmes under the Ministry of Labour, which involve business incubation projects; and the Youth Employment Programme under the Department of Youth.

Development foreign funding constituted 52 per cent of the FY 2021/22 budget, of which over 90 per cent was allocated to PSSN. The allocation to PSSN increased to 100 per cent in FY 2021/22. Despite not being reflected in the FY 2021/22 budget, COVID-19 recovery funds were received by the Ministry of Labour, which were to be allocated to different groups for economic empowerment by pre-identified quotas. Efforts have begun to identify and prioritize groups although funds are yet to be disbursed to beneficiaries, which include youth, women, persons with disabilities, widows and drug recovery groups.
Analysis by programmes

During the period of analysis, social insurance (ZSSF and RCPS) was allocated the largest share (58 per cent) of the budget in FY 2021/22. As opposed to the estimated beneficiary payments, the component of the social insurance budget for ZSSF was funded through the government’s 13 per cent contribution to social security for its employees. The budget has been increasing since FY 2015/16 due to an increase in member registrations.

Social assistance is delivered in Zanzibar through two main programmes: PSSN, which targets families with children through the use of proxy means testing, and ZUPS, which categorically targets the elderly. In FY 2021/22, the share of the budget for social assistance was 42 per cent, increasing from 28 per cent in FY 2019/20.

Between FY 2019/20 and FY 2020/21, the PSSN budget increased by 178 per cent (TSh 14 billion) (Figure 8) mainly due to the increase in the number of beneficiaries. PSSN II covers all 388 Shehias in Zanzibar as opposed to 204 Shehias covered under PSSN I. The PSSN II roll out began in January 2020 although, due to delays, the first beneficiary payment rounds were not made until September 2020. The budget allocated to ZUPS decreased by 1 per cent (TSh 56 million) between FY 2019/20 and FY 2020/21 (Figure 8). Subsequently, the allocation increased by 7 per cent (TSh 492 million) between FY 2020/21 and FY 2021/22. This accounted for 10 per cent of the social welfare and assistance budget in FY 2021/22. ZUPS programme is not inflation-adjusted, as evident from the monthly benefit paymentunchanging at TSh 20,000 since 2016 when the programme began.

In FY 2021/22, the Disability and Labour Market programmes accounted for 1 per cent and 14 per cent of the social assistance and welfare services budget, respectively. The budget for youth programmes increased by 199 per cent (TSh 5 billion) between FY 2020/21 and FY 2021/22 (Figure 8) mainly due to the Zanzibar Youth Employment Programme (ZYEP). In FY 2021/22, ZYEP accounted for 93 per cent (TSh 7 billion) of the youth budget under local development funds. This share was an increase from a budget of TSh 2 billion in FY 2020/21. ZYEP is currently coordinated by the Ministry of Information, Youth, Culture and States (MoYCAS) but will be moved to President’s Office – Labour, Economic Affairs and Investment (POLEAI). Most projects have been been formally approved, although their institutional set-up is pending, and up to 1 January 2022, no fund has been released. The budget allocated to social welfare excluding ZUPS, that is, social care services, increased by 16 per cent (TSh...
With 58 per cent of the budget, the largest spend on social protection benefits all former government and private sector employees. According to the ZSSF Annual Reports, the number of contributors has grown at an average rate of 7 per cent annually between FY 2015/16 and FY 2019/20. Despite the expansion of ZSSF membership, the majority of the population is not covered by the formal social insurance system, which stresses the need for an expanded coverage of social assistance programmes. Meanwhile, children, who constitute 49 per cent of the population, are covered by PSSN, which covers over 33,000 households. Due to the absence of a social registry, it is difficult to ascertain the true extent of social assistance coverage in Zanzibar. This can be best addressed by linking different programme management information systems that can effectively manage duplications, support monitoring and potentially support a more consolidated and cost-efficient programme delivery.

**Expenditure analysis**

**Analysis by funding category**

Execution rates for social protection and welfare have declined across all categories (Figure 9). The execution rate for recurrent funds was 90 per cent in FY 2019/20 as compared to 97 per cent in the previous year. A significant decline was noted for local development funds, which dropped from 55 per cent to 15 per cent. The cause for this notable decline is mainly the non-utilization of TSh 2 billion that was allocated for youth development in FY 2019/20.

Execution of foreign development funds was low, at 7 per cent and 3 per cent in FY 2018/19 and FY 2019/20, respectively. The low execution rates resulted from the actual expenditure of PSSN not being captured in the government system. There were also low execution rates for other subprogrammes, such as the coordination and social protection services, and women development and gender-based violence (GBV) with execution rates at 2 per cent and 49 per cent in FY 2019/20, respectively.
Figure 9: Budget execution rate by funding category for Social Welfare and Assistance between FY 2018/19 and FY 2019/20

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Source: Analysis of POFP budget data.