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INTER AGENCY
SOCIAL PROTECTION ASSESSMENTS

Social Protection Payments in the Productive Social Safety Net Program in Tanzania

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DELIVERY

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Abbreviations

AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism
ATM	Automatic teller machine
BOT	Bank of Tanzania
CCD	Customer due diligence
CCT	Conditional Cash Transfer
CMC	Community Management Committees
DFID	Department for international development (UKAid)
EMV	A global standard for credit and debit chip payment cards from the card schemes Europay, MasterCard, and Visa who developed it.
FATF	Financial Action Task Force
FGD	Focus group discussion
FSDT	Financial Sector Deepening Trust
G2P	Government to person (individual) payment
ICT	Information and Communications Technology
ILO	International Labour Organisation
ISPA	Interagency Social Protection Assessment
KYC	Know your customer
LGAs	Local Government Authorities
MFI	Microfinance institution
MOU	Memorandum of Understanding
MNO	Mobile network operator
NBC	National Bank of Commerce
NHIF	National Health Insurance Fund
NIDA	National identification authority
NM	National Microfinance bank
NPS	National Payment System
PAD	Project appraisal document
P2P	Person to person (payment transactions between individuals)
PAA	Project Area Authorities
PMT	Proxy means test
POS	Point of Sale device
PSP	Payment Service Provider
PSSN	Productive Social Safety Net
PW	Public works
SACCO	Savings and credit cooperative organisation
SP	Social Protection
SPF	Social Protection Framework
SSRA	Social Security Regulatory Authority
TASAF	Tanzania Social Action Fund
TCRA	Tanzania Communication Regulatory Authority
TMU	TASAF Management Unit
TPB	Tanzania Postal Bank
TSH	Tanzanian Schilling
TTL	Task team leader
URB	Universal Registry of Beneficiaries

Preface

The Social Protection Payments tool provides guidance on how to implement a high quality payment delivery mechanism for the delivery of cash or near-cash social protection transfers to poor and vulnerable populations in developing countries. It is designed for use by social protection policy makers and practitioners working in lower and middle income countries seeking to improve payment delivery in existing social protection programs and for those seeking to establish a payment mechanism for a new program.[1] The tool is join product of ISPA and the Universal Financial Access by 2020 initiative which the World Bank Group and other agencies have committed to support.[2]

During 16-20th November 2015, an interagency mission led by the WB, conducted an Interagency Social Protection Assessment (ISPA) in Tanzania using the draft Social Protection Payments tool. The team was composed of members from the World Bank Muderis Abdulahi Mohammed (TTL, Sr. Social Protection Specialist, GSPDR), Matthew Hobson (Sr. Social Protection Specialist, GSPDR), Alice Zanza (Sr. Financial Sector Specialist, GFMDR), Anastasiya Denisova (Young Professional, GSPDR), Caroline Pulver and Luz Rodriguez (Consultants, WB), Clare McCrum (Social Development Adviser-DFID) and Christopher Mallmann (Consultant-ILO). Valeria Nesterenko and Dampu Ndenzako (ILO) joined the team during the last two days of the mission. The team were also permanently supported and guided by two focal points appointed by TASAF, Mr. Omari Malilo (CCT Manager) and Mr. Godwin H. Mkisi (Disbursement Manager).

This was the second application of the draft tool worldwide and its first use in Africa. During the mission key respondent interviews were held in Dar es Salam (see list of key respondents in annex 0) and focus group discussions with beneficiaries were conducted- two in a rural ward of Bagamoyo District and four in two urban areas of Temeke District.

Preceding this mission, a short preparatory mission was undertaken by a World Bank team from the 22-24th June 2015. The team of the preparatory mission was comprised by Muderis Mohammed and Caroline Pulver. The team was joined by the TASAF team members that included Amadeus Kamagenge, Director of Community Support, Njego Nyamuko, Acting Director of Finance, with additional consultations held with the Executive Director of TASAF, Ladislaus Mwamanga, and officials from the Bank of Tanzania.

[1] This tool does not touch on humanitarian relief that is typically for short-term emergencies and often delivered in-kind; nor does it explore labor and social insurance programs.

[2] It is widely accepted that access to payment services is central to achieving financial inclusion. Enhancing access to payment services requires initiatives to strengthen the foundational elements and drivers. The foundational elements include political commitment, robust financial and ICT infrastructure and an enabling legal and regulatory framework. The drivers include efficient payment services, wide coverage of access points and a shift of large scale payment programs to electronic means.

Acknowledgements

This application of the Social Protection Payments tool would have not been possible without the generous engagement of the Government of Tanzania. In particular, we are indebted to Mr. Ladislaus Mwamanga, Amadeus Kamagenge, Angela Hoyya, Barnabas Jachi, Mr. David Kaali, Peter Lwanda, Omari Malilo, Godwin Mkisi, Fariji Mishael, Shedrack Mziray, Njego Nyamuko, Christopher Sanga, in the Tanzanian Social Action Fund (TASAF), to Mr Assery Obey in the NSP Task Force, to Professor Adolf Mkenda, Anna Mwasha and Bedason Shallanda in the Ministry of Finance, to Mr. Rabikira Mushi in the Ministry of Health and Social Welfare, to James Masoy, Peter Mmari and Lucy Charles-Shaidi in the Bank of Tanzania for their time, insights and support.

The report was prepared by Caroline Pulver with inputs from Muderis Abdulahi Mohammmed, Anastasiya Denisova, Matthew Hobson, Luz Rodriguez and Alice Zanza,. Technical support provided by Clare McCrum from DFID, Christopher Mallman, Dampu Ndenzadko and Valeria Nesterenko from ILO was key for the field application of the tool and the elaboration of this report.

The Social Protection Payments tool is a joint product of the Inter Agency Social Protection Assessment (ISPA) Technical Working Group that includes CGAP, FAO, Government of France, GIZ, ILO, IPC, OECD, Save the Children, UNDP, WBG, and WFP. The tool is also part of the Universal Financial Access by 2020 goal established by the WBG and other partners.

The assessment team is grateful to Laura Rawlings, Harish Natarajan, Massimo Cirasino, Dina Ringold, Manuel Salazar and Gayle Martin for the guidance and support received before, during and after the field application of the tool in Tanzania.

1 Introduction

This work was undertaken to meet two objectives: i) testing the Social Protection Payments ISPA tool (tool and process) and ii) providing inputs to the Government of Tanzania on how to improve the delivery of payments in the CCT component of the Productive Social Safety Net program (PSSN) implemented by the Tanzania Social Action Fund (TASAF).

This work is part of the Inter-Agency Social Protection Assessment initiative (ISPA), which aims to help countries improve their social protection systems by analysing its strengths and weaknesses, offering options for further actions.[1] Following the common framework for the ISPA Social Protection Payments tool, this country report presents background information of (1) the SP system and (2) the payments environment- aspects of the national payments system [2] directly related to the delivery of social protection payments, and presents the assessment of the payments delivery mechanism for PSSN.

The assessment approach specifically looks at the quality of payments delivery, assessing three criteria: **Accessibility, Robustness and Integration.**

- **Accessibility** concerns how convenient the payment mechanisms are for beneficiaries with respect to cost of access as well as how appropriate they are with respect to the needs of target groups including the poor, elderly, illiterate, women, and disabled. Accessibility also takes into consideration if beneficiaries are communicated about delivery of payments and if they are offered choice of their preferred payments mechanisms.
- **Robustness** addresses the reliability of payments. Good governance of the payment process includes clearly defined roles and responsibilities, as well as timely and accurate reporting. Maintaining the integrity of the process through sound regulation and oversight is key to mitigating the risk of leakage.
- **Integration** addresses the coordination & interoperability of payment mechanisms. Integration can involve coordination of payments from different payers within government across multiple ministries, agencies, and social protection programs. This also speaks to the issue of flexible payment delivery mechanisms that allow for changes in transfer values and for dynamic beneficiary registry lists to reflect program entry and exit. Integration also reflects the ability of the payment mechanism to facilitate financial inclusion and for other payment needs, such as making and receiving remittances and bill payments and more generally, to function as a full-fledged transaction account.

This report draws on desk research, key respondent interviews and focus group discussions with beneficiaries following the standardised questionnaire.

[1] All ISPA tools are comprised of a "What Matters" guidance note, a standardized questionnaire and assessment matrix, a structured country report outline, and an indicative implementation guideline. The set of criteria described in the "What Matters" guidance note lays down the conceptual foundation for the assessment on the basis of good practices and illustrations from real world experiences.

[2] The coverage on the National Payments System in this document is limited to very specific aspects directly relevant to the social protection payments.

2 Country Context

Tanzania is categorised as a low income country in the sub-Saharan African region. It has a population of 51.8 million people (2014). Tanzania's current rate of GDP growth is approximately 6.3% (2008-2013), with the country expected to maintain this trend. Poverty is on the decline though still pervasive. Until 2007, poverty rate remained stagnant at around 34% despite a robust economic growth. However, over the past years the government has given high priority to eradicating extreme poverty; poverty has declined to 28,2% by the end of 2011, the first significant decline in 20 years (World Bank, 2015).

Tanzania performs relatively well on social indicators when compared to the averages across sub Saharan Africa.

Table 2.1: Country at a glance

Indicators	Most recent data	Year
Economic indicators		
GDP per capita in current $	998.06	2014
GDP per capita in PPP$	2591.15	2014
CPI index	149.7	2014
Minimum wage (Set by sector) per month	100,000 TZS to 400, 000 TZS	2013
Minimum wage in agriculture (per month)	100,000 TZS	2013
Demographic indicators		
Total population	51,822,621	2014
% female	50.3%	2014
Demographic distribution population: Ages 0-14	45.24%	2014
Demographic distribution population: Ages 15-64	51.56%	2014
Demographic distribution population: Ages 65+	5.9%	2014
Life expectancy (at birth)	61.5 years	2013
Labour market indicators		
Total Unemployment	7.1%	2011
Youth Unemployment (those ages 15-24)	3.5%	2011
Social indicators		
Poverty headcount (at national poverty line)	28.2%	2011
National poverty line	$2	2011
Poverty gap	6.7	2011
Income inequality (Gini coefficient)	37.78	2011
Food security: prevalence of undernutrition (FAO)	34.6%	2012-2014
Human development index (HDI)	0.488	2014
Human development index (HDI) Rank	159 out of 187	2014

SOURCE: All indicators with exception of (i) minimum wage, (ii) food security, and (iii) HDI (iv) Poverty headcount from the World Bank Development Indicators Database. Minimum wage data comes from the United Republic Ministry of Labor and Employment. Food security data comes from Food and Agriculture Organization of the United Nations publication The State of Food Insecurity in the World 2015. Human Development Index from Human Development Report 2014 (published by United Nations Development Programme).

Table 2.2: Social indicators across select Sub-Saharan African countries

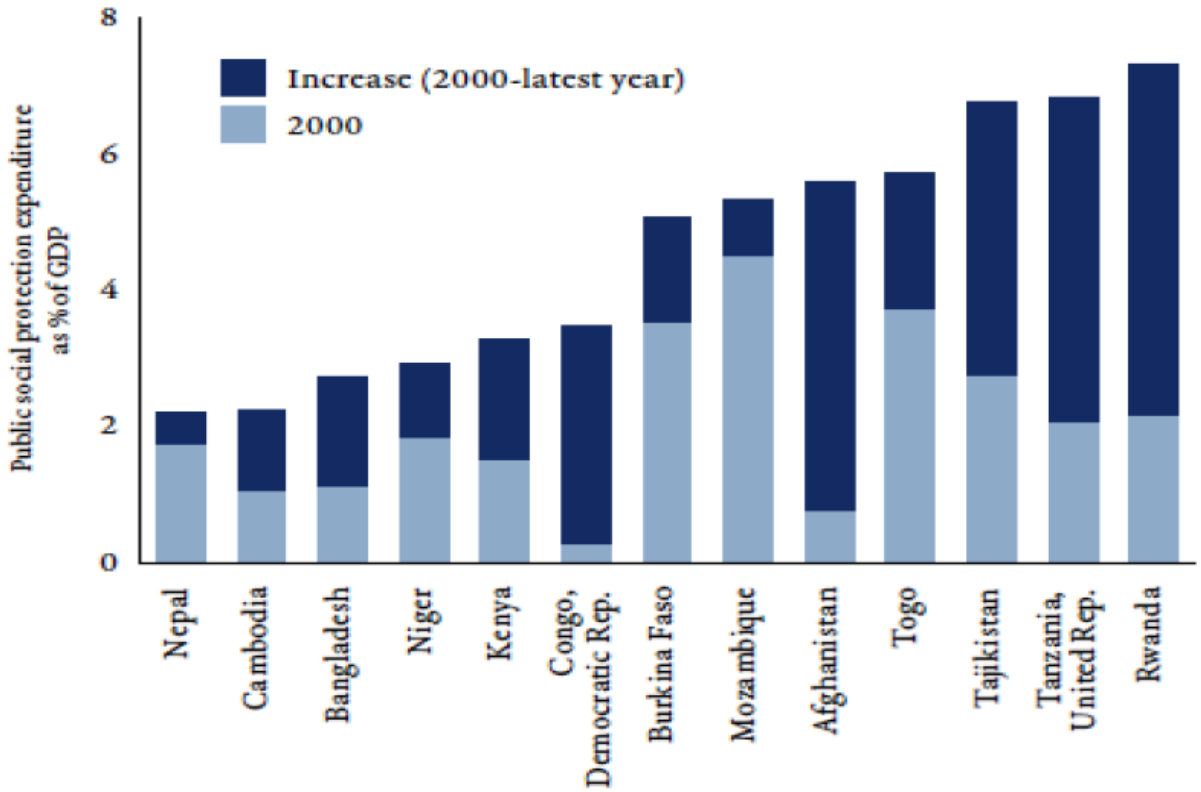
	Moz	Uga	Zam	Mal	Les	Kenya	Tanz	Angola	Bots	SSA
Expected years of schooling	9.2	10.8		8.9	9.9	11	9.1	9.1	12.2	8.8
Primary completion (%)	53.1	54.9	90.2	71.1	68.5	90.7	81.2	46.6	94.2	69.2
Progression to secondary (%)	48	58.3	55.9	75.6	74.1		40.9	34.3	97.3	61.4
Youth literacy (%)	71.2	87.4	74.4	87.0	92	92.8	77.4	73.1	95.2	70.4
Child Mortality	89.7	68.9	88.5	71	99.6	72.9	54	163.5	53.3	97.5
Immunization (%)	76	82	81	97	83	88	90	86	96	70.1
Chron. Malnut. (Stunting %)	43.1	33.7	45.8	47.8	39	35.2	42.5	29.2	31.4	
Life Expectancy at birth	49.5	58.0	55.8	54.1	48.2	60.3	60.1	51.1	46.7	55.9
Source: WDI (2014)										

3 SP System Environment

Until a few years ago, Social Protection had not emerged as a priority in the government of Tanzania's agenda. Until 2009-2010, Tanzania didn't have a coherent social protection strategy. The country had a large number of social protection-related programs, implemented by several central level agencies and ministries with little or no coordination. Furthermore, in many cases programs were poorly targeted, very small, underfunded, covering only limited areas of the country with little monitoring and low impact. The share of social protection in the annual national budget was very small (less than 1 percent).

The Government of Tanzania, fully aware of this situation, took a number of measures since 2009 to implement a coherent social protection strategy, starting with the development of a Social Protection Framework (SPF) which has been under discussion for several years but still has not been approved by the National Assembly. It is expected that the SPF, currently under the leadership of Prime Minister's Office, will contain recommendations on the introduction of digital payments for social protection programs. The increase in SP spending has been significant when compared to other low income countries, see **Error! Reference source not found.**.

Figure 3.1: Increase in public social protection expenditure, in selected low income countries



SOURCE: ILO, World Social Protection Report 2014-15

In addition, in 2010 the Ministry of Finance and Economic Affairs launched the National Strategy for Growth and Reduction of Poverty II (MKUKUTA II), as a continuation of the National Strategy for Growth and Reduction of poverty implemented from 2005-2010. MKUKUTA II was aimed to develop targeted programs and projects, in key priority growth and poverty reduction areas, strengthening evidence based planning and resource allocation, improve coordination of ministries, departments, agencies (MDA) and local government authorities (LGA), strengthening government and national implementation capacities

as well as the participation of the private sector in poverty reduction activities, improving human capacities, improve M&E systems, among the most important characteristics.

Also in 2010 the government launched the implementation of a pilot conditional cash transfer program, the first strictly conditional cash transfer in Africa. Based on the experience of the pilot CCT and following international best practices, the Government designed the Productive Social Safety Net (PSSN) Program and enhanced the capacity and administrative structure of the Tanzania Social Action Fund (TASAF). This led to TASAF's transition from a traditional social fund into the agency responsible for the implementation of the PSSN. Since then, TASAF has been the main government agency responsible for non-contributory programs as well as for incipient active labour market programs.

3.1 Main SP Programs in Tanzania

- **Most Vulnerable Children's (MVC) Program:** Provides support to orphans and other vulnerable children. Provides assistance for education, health services, food and shelter. Vulnerable children are targeted to community groups. The program is implemented through the Department of Social Welfare and a network of international and local NGOs. It is funded primarily by PEPFAR (USAID) and the Global Fund.
- **Subsidized Food Distribution:** the National Food Reserve Agency (NFRA) is used by the government to distribute food free, or at highly subsidized prices. It reaches about 1.2 million people annually. Food is directed to Districts identified as food insecure each year; and typically covers about a third of the country. Subsidized food is in theory targeted at the poorest in each community.
- **School Feeding:** currently covers about 600,000 primary students, or 8% of the total. The program, funded largely by WFP, is concentrated in food-insecure Districts. Food transferred represents about half of the daily nutritional requirements of the child.
- **Public Works Employment Programs:** Two public works programs are run by local governments and TASAF (which pays in cash) and WFP (Food for Assets, which pays in food).
- **National Agricultural Input Voucher Scheme:** The largest single transfer program in the country, NAIVS provides vouchers for seed and fertilizer to 1.5 million small farmers. Although designed primarily as a productivity-enhancing scheme, it has several characteristics that may make it attractive as a longer-term productive safety net program
- **Pensions for the Elderly:** Formal pension programs cover only about 6% of the population, who are all employed in the formal sector, and are not among the poorest. Of note however is a proposal to expand coverage of old age pensions to the non-formal sector, with a universal, non-contributory old age pension.[1]

3.2 Description of the PSSN

- The Tanzania Social Action Fund (TASAF) implements the Productive Social Safety Net (PSSN), which was officially launched in August 2012, through Project Area Authorities (PAA) and the TASAF Management Unit. The PSSN aims to create a comprehensive, efficient, well targeted productive social

[1] Source: WB PAD (2012)

safety net system for the poor and vulnerable sections of the Tanzanian population. The PSSN targets extremely poor and food insecure (below poverty line) households, with children less than 18 years old, and adults able to work. Community based targeting is used to create a unified registry of beneficiaries. The community target system has three main elements: 1) geographical targeting, to identify selected PAAs, wards and villages, 2) community targeting, to identify extreme poor and vulnerable household,2 and 3) PMT to verify and minimize inclusion errors. 3

The PSSN beneficiaries are supported through three components: (1) the conditional cash transfer, which requires adherence to co-responsibilities regarding child health and education, (2) seasonal labour intensive public works, and (3) a livelihoods enhancement strategy.

In recent years the CCT program has made tremendous progress and the original target population for the CCTs to be supported over a five-year period has increased from 275,000 beneficiaries to nearly 1.1 million households. Today fifteen percent of the population is covered by the PSSN, with 1,098,585 households receiving transfers. Transfers range from a minimum of $12 to a maximum of $36 depending on the number of people in the household and the recipients' compliance with the programme's conditions.[4] The average transfer amount to a household during each two-month payment window is TZ 30,300, equivalent to US$14.

Table 3.1: CCT transfer amounts

Transfer	Transfer of name	Amount (TZS)	Amount (US$)	Caps (TZS)	Caps (US$)
Fixed	Basic	10,000	6.1	10,000	6.1
Fixed	Child benefit (<18)	4,000	2.4	4,000	2.4
Variable	Infant (0-5)	4,000	2.4	4,000	2.4
Variable	Primary Sch. Individual	2,000	1.2	8,000	4.8
Variable	Lower Sec. Sch. Individual	4,000	2.4	12,000	7.3
Variable	Upper Sec Sch.	6,000	3.6		
Total				38,000	23.0

[2] The community creates a Community CT Management committee (CCTMC) that identifies potential beneficiary hh up to 120% of the quota previously determined by the government. Once potential beneficiaries are identified, the key data will be collected for each of the household and entered in the URB at PAA level.

[3] Each household entered in the URB will receive a welfare score based on the PMT weights. HH whose welfare scores fall below the extreme poverty line will be considered eligible for the program. The resulting list will be sent back to the village where is validated in Village Assembly meetings. Families who were not included in the list, can complain during this meeting.

[4] Conditionalties include: for children: Routine health check-ups once/month for children under 24 MO, check-ups every 6 months for children 24/60 MO, and for children 5-18 attend school at least 80% of the time. For pregnant women: four prenatal exams, deliver at a health facility or assisted by skilled personnel and post-natal check-up. Where health services are not available, women need to attend community health and nutrition sessions every two months. Parent, guardian need to participate in workshops to reinforce nutrition practices and investment in human capital every two months.

The public works component seeks to provide a predictable transfer during the lean season to encourage beneficiary households to avoid negative coping decisions. Both the

CCT and PW components offer complementary benefits for the same targeted group of the population (extreme poor and food insecure) and will be implemented in the same villages and targeted to the same groups of population. The PW interventions were only scaled up in 2015/2016 financial year. PWs are available for up to 60 days during a four-month period each year, at a wage rate of US$1,35 per day. Households can receive up to US$200 in transfers depending on their household composition. Both the CCT and PWs schemes use the same payment delivery mechanism.

3.3 Description of the Existing Payment Delivery Mechanism

Conditional Cash Transfers (CCT) are delivered to eligible households bi-monthly (that is every two months). Funds are sent electronically to the 161 project areas authorities (PAA)[5] using the local authority (EPICOR) system, although 30 of these PAAs are not connected electronically. PAA is the term used by TASAF's Management Unit (TMU) to indicate Local Government Authorities on the mainland, Zanzibar Administrative Authority, district, town, municipal and city councils. NMB (National Microfinance Bank) transfers funds to all PAAs (at the district level).

Table 3.2: Classification of PSSN payment delivery mechanism

Payment approach	In-house
Payment Service Provider[1]	None
Payment instrument	Manual – Cash
Account	None provided
Payment point[2]	Government administrative office
Payment point administrator[3]	Community representative
Authentication approach[4]	Manual – programme ID checked

[1] Payment Service Provider – usually has a contract or MoU with the SP programme to deliver payments to recipients.

[2] May be more than one type.

[3] May be more than one type involved in payment distribution at the pay point.

[4] Verification of the identity of the recipient at the point of payment.

There are more than 10,000 payment points with a minimum of one payment point per village or 500 households in larger villages. Each village has a Community Management Committee, which is responsible for community based targeting of beneficiaries, and for making payments to households. Each CMC has approximately seven volunteer members who are elected by the village. The CMCs are monitored by the PAAs.

[5] for those LGA's which have been certified compliant via Tanzania's Local Government Development Capital Grant program. If the local government is not qualified to receive capital development grants, TASAF disburses the funds directly to the community-managed accounts and the community management committees are then responsible for making payments to beneficiary households.

Beneficiaries are informed of payments by CMC members shortly before payments start. In urban areas a loud hailer may be used to call beneficiaries to a meeting. In rural areas word of mouth between beneficiaries is relied on in addition to information from CMC members. Once beneficiaries gather at the payment point community sensitisation sessions are held communicating information about programme conditionalities and other relevant information.

Members of the CMC travel to the PAA district headquarters to collect a cheque, payroll and receipts from the PAA accountant, at the same time they drop off completed compliance forms and collect blank compliance forms. The CMC members then present the cheque at the designated bank branch to withdraw cash and return to the payment point under police escort. (Each CMC members are paid 10,000 to cover the costs of transport on payment day.)

While much of the flow of funds is electronic the last mile of the solution is a manual and cash based process. It is not clear what the actual cost of payment delivery is both because a) synthetic formulas are used to determine administrative budgets, see Table 5.2, and b) payments are not disaggregated from other administrative activities.

Figure 3.2: Programme ID

At the pay point different desks are established. The CMC members undertake a number of tasks. The assessment team observed the following steps (1) each beneficiary household representative is called from the payroll, (2) the beneficiary presents their programme IDs and this is checked against the payroll, (3) a pre-printed receipt is issued to the beneficiary detailing the basis for the calculation of their final transfer value (including eventual deductions for non-compliance of conditions), (4) the beneficiary marks the payroll with their signature or ink finger print, and (5) finally cash is handed over to the beneficiary. See photographs §0.

Figure 3.3: Copy of a payroll used by the CMCs

MFUKO WA MAENDELEO YA JAMII (TASAF III)
MPANGO WA KUNUSURU KAYA MASKINI
ORODHA YA MALIPO YA WALENGWA YA KIJIJI

A.TAARIFA ZA KIJIJI/MTAA/SHEHIA

MAMLAKA YA ENEO LA UTEKELEZAJI	SONGEA MANISPAA	KATA	TANGA
KIJIJI/MTAA/SHEHIA	TANGA	IDADI YA WALENGWA WATAKOLIPWA	210
KIPINDI CHA MIEZI MIWILI	1 2 2016	JUMLA YA FEDHA INAYOTAKIWA	7 144 000.00

TAARIFA YA MALIPO

No.	Kitambulisho cha Mwakilishi wa Kaya	Mama/Mhusika wa Kaya	Kiasi Cha Malipo	Sahihi ya Mhusika
1	10041520108964	AWETU KAISI YUSUPH	32 000.00	
2	10041520108920	REHEMA ALLY MILANZI	36 000.00	
3	10041520108908	GEREWADA MAGUNUS NDONDE	36 000.00	
4	10041520108923	MARIAM OMARY MTILILA	32 000.00	
5	10041520108895	GETRUDA TITUSI GAMA	64 000.00	
6	10041520108890	SHOLASTIKA FRANCE KAYOMBO	40 000.00	
7	10041520108892	KANISIA CHRISTOM HALA	32 000.00	
8	10041520109001	ARFOSIA RUKUSI HOSA	20 000.00	
9	10041520108875	MICHAELA STANSLAUS NGUNGA	20 000.00	
10	10041520108885	ATANASIA AUGUSTINO CHILINGA	52 000.00	

No.	Kitambulisho cha Mwakilishi wa Kaya	Mama/Mhusika wa Kaya	Kiasi Cha Ruzuku	Sahihi ya Mhusika
11	10041520108915	VESTINA KITIWA NYONI	20 000.00	
12	10041520108887	SHORASTIKA MICHAEL NGONYANI	32 000.00	
13	10041520108869	MOHAMED YUSUFU NGALONDOLA	40 000.00	
14	10041520108865	EFREM SEVERIN NYONI	20 000.00	
15	10041520108882	ALEKISIA JOSEPH KAPWEPWA	20 000.00	
16	10041520108893	YOSTA SOSOLI SANGA	36 000.00	
17	10041520108902	HAWA ALFAN SUNGA	36 000.00	
18	10041520108872	JOSEPH HAMADI SOKO	20 000.00	
19	10041520108876	ZAINABU MAZOFA SAIDI	44 000.00	
20	10041520108901	VERONIKA JOSEPHU MBUNDA	36 000.00	

NOTE: The blank column is for the beneficiary's signature/thumb print.

Figure 3.4: Copy of a payment receipt

MFUKO WA MAENDELEO YA JAMII (TASAF III)
MPANGO WA KUNUSURU KAYA MASKINI
ORODHA YA MALIPO YA WALENGWA YA KIJIJI

PAY CODE: 01022016

MUHTASARI WA TAARIFA YA MALIPO YA HALMASHAURI

MAMLAKA YA ENEO LA UTEKELEZAJI	SONGEA MANISPAA	KATA	TANGA
KIJIJI/MTAA/SHEHIA	TANGA	KITONGOJI	
KIPINDI CHA MIEZI MIWILI	1 2 2016	ENEO MAARUFU	
NAMBA YA KITABULISHO CHA MPANGO	10041520108919	JINA LA MWAKILISHI WA KAYA	REOKADIA KANDIDUS NYONI

TAARIFA YA MALIPO

DHANA YA MALIPO	KIASI	DHANA YA MAKATO	KIASI
Ruzuku Isiyo na Masharti	20 000.00	Adhabu ya kutotimiza masharti ya Elimu	0.00
Malipo ya Ziada/Walengwa	0.00	Adhabu ya kutotimiza masharti ya Afya	0.00
Malipo ambayo hayakuchukuliwa kipindi kilichopita	0.00	Malipo yaliyozidishwa Kipindi cha nyuma	0.00
Malipo ya Watoto [0-5]	0.00		
Malipo ya Wallo Shule ya Msingi	0.00		
Malipo ya Wallo Sekondari	0.00		
Madai	0.00		
Jumla Ndogo ya Dhana ya Malipo	20 000.00	Jumla Ndogo ya Dhana ya Makato	0.00

JUMLA YA MALIPO	20 000.00

Mgawanyo wa Malipo					
Noti za Shs 10,000	2	Noti za Shs 1,000	0	Sarafu za Shs 100	0
Noti za Shs 5,000	0	Noti za Shs 500	0	Sarafu za Shs 50	0
Noti za Shs 2,000	0	Sarafu za Shs 200	0	Sarafu za Shs 1	0

*** Kama kiasi cha malipo sio sahihi tafadhali wasiliana mara moja na kituo cha malipo kabla ya tarehe ya malipo yanayofuata*

NOTE: An A5 size copy of this is given to beneficiaries on the payment day.

4 Supporting Environment Review

This review looks at the key components of a supportive environment for a social protection programme and its beneficiaries. The background for this review is provided in section 2 of the of the What Matters in Social Protection Payments: A Guidance Note. The following framework is used to a) assess the policy and legal environment, b) review the financial infrastructure available in the market c) identify potential payment service providers, and d) consider the requirements of beneficiaries.

The premise is that regulatory certainty, greater choice of providers, products and larger numbers of financially included people creates a more supportive environment for delivering social protection payments. This is not meant to serve as an assessment of the national payment system but rather as a tool to identify how enabling or supportive the environment is for SP payment delivery. An understanding of this environment should help determine the future direction of payment delivery based on an understanding of the opportunities and challenges and hence feasible options.

4.1 Policy Regulation and Legislation Legal and Regulatory Framework

The ability to choose a payment mechanism for delivering social payments is dependent on the quality and level of development of the payment system. A safe, efficient and robust payment system that provides various payment options to customers is therefore critical in supporting economic activity and delivering payment services to the public at large. It is in this regard that the Bank of Tanzania (BOT) has been engaged in collaborative efforts with banks, Government, payment service providers and other key stakeholders to develop a robust and efficient payment system that facilitates the circulation of money within the economy. As the regulatory authority for the financial sector, the BOT has a specific legal mandate to oversee the payment system and ensure that it is supported by a sound legal basis. The Tanzania NPS legal basis is supported by various statutes including Bank of Tanzania Act; The National Payment Systems Act; The Banks and Financial Institutions Act; Anti Money Laundering Act; Electronic and Postal Communications Act; Company Law, Fair Competition Act, Evidence Act, and more importantly, the recently enacted National Payment Systems Act. These pieces of legislation are supported by regulations and directives issued by the BOT to govern the various components of the payment system, including institutions such as banks; payment instruments such as cards, cash, e-money and payment devices like ATMs. In carrying out its mandate in this area, the BOT follows a deliberate policy to a) avoid stifling innovative developments and b) create a regulatory environment that is devoid of constraining low cost delivery channels. The latter are important for supporting government payment programmes such as the social protection payments and pensions.

One of the most important developments in the payment systems regulatory space was the enactment of the National Payment System Law in February 2015. Apart from strengthening the BOT's mandate in payment systems, the NPS act also provides a sound basis for the licencing, regulation and oversight of non-bank payment service providers and the integration of new payment channels including mobile money provided by the Mobile Network Operators.

4.1.1 Agency Rules for Banks and Non-Banks

Agency rules specify how banks and non-banks may use agents including which types of agents may be used and the services that they may deliver. Agency rules are important because their existence can support the extension of financial services into previously underserved areas. This is because delivering

financial services through agents is a lower cost option than delivery through bank branches; meaning that lower income individuals can be potentially serviced through agents without PSPs incurring losses. [1]

In January 2013 the Bank of Tanzania issued guidelines on Agency Banking. The guidelines which became effective on 1st February, 2013 provide a framework for conducting agent banking business in Tanzania, including explicit criteria on who can act as an agent, engagement procedures and permissible activities for agents to undertake.

4.1.2 Proportionate KYC Requirements

Having a comprehensive anti-money laundering and combatting financing of terrorism (AML/CFT) regime in place is critical to protect the integrity of financial systems. If AML/CFT requirements are implemented overly conservatively by either a national regulator or individual financial services firms this could lead to financial exclusion of low income population, even though they may be low risk customers. Based on discussions with stakeholders, it appears that most frequently it is individuals with low incomes who do not have the necessary proof of identification and proof of address documentation to meet these requirements (passports, national ID and utility bills) and will be unable to open bank accounts or access other formal financial services[2]. These customer due diligence requirements (CCD, often referred to as KYC requirements) could pose obstacles to disbursing SP payments digitally through accounts. Proportionate AML/CFT requirements can facilitate access for low risk /low income customers who can enjoy access to financial services, and receive social assistance through transaction account.

There are no modified KYC requirements for low value accounts. This means that lower income customers may find these requirements too onerous hence excluding them from financial services including bank accounts. The Financial Intelligence Unit within the Ministry of Finance is carrying out a National risk assessment[3], due to be completed in June 2016. The results of this exercise will be used by the Bank of Tanzania to consider introducing risk based KYC. This is an initiative under the national financial inclusion strategy framework with a target date for completion of 2016. The Bank of Tanzania has piloted simplified requirements for instant account opening in areas where national IDs are ubiquitous; this has highlighted the need for bank branches to have national ID card readers. The current Anti-Money Laundering Regulations (2012) list the following types of document as acceptable for account opening: voter registration card, national identity card, a passport, birth certificate, driving licence, an introductory letter from relevant authorities such as employer or government official (in practice letter issued by ward level officials are commonly used), employee ID with an introductory letter from an employer.

[1] ISPA Guidance Note What Matters in Social Protection Payments, December 2015

[2] See section 2.1.4 National ID of the ISAP SP Payments Guidance Note

[3] International standard setting body FATAF allows risk based KYC rules to be introduced subject to a risk assessment being completed.

4.1.3 E-Money Guidelines

The existence of e-money guidelines is a positive innovation that can greatly increase payment options for SP programmes. These formal rules should ultimately allow e-money issuance by both banks and non-banks and ensure that there is a level playing field between different types of providers. [4]

As a result of the enactment of the National Payment Systems Law, 2 regulations are being drafted. These are a) the Payment Systems Licencing and Approval Regulations and b) the E-money Licencing and Approval Regulations. Once the regulations are finalized and issued, existing non-bank service providers will be given 6 months to regularize their operations and comply with the regulatory requirements.

4.1.4 Basic Transaction Accounts

Basic transaction accounts are designed to serve the needs of low-income customers. They are characterised by limited features and low pricing. The definition of features such as pricing may be set by regulation or voluntarily by banks.

There is no basic transaction account mandated or defined by BOT. Although some banks have developed products that have some basic transaction characteristics such as no fees and no minimum balances. The national financial inclusion framework also targets establishing 'instant basic accounts with minimal charges' by 2016.

4.1.5 Financial Inclusion

Financial inclusion is a policy goal that seeks to extend financial services to all citizens by ensuring that services are accessible, affordable, and appropriate. Increasing numbers of policymakers from a large number of countries have recognised that financial inclusion is an important ingredient for economic and social development. Access to financial services helps households to reduce their vulnerability to shocks, notably by supporting opportunities for income generation and asset accumulation. In the context of SP programmes, the most relevant aspect of financial inclusion is for the recipient to have access to a transaction account to which SP payments are delivered. [5]

Results from Findex 2014 show that 39.8% of the adult population in Tanzania (age 15+) has an account. This puts Tanzania in the 4th quartile and 3rd place amongst the 22 countries in the low income group. The average of this group is 27.5% compared to the Sub-Saharan Africa average of 34.2%. Nearly a quarter of the poorest 40% of the population also held accounts.

Table 4.1: Financial Inclusion

Accounts (% of population over the age of 15)			
	Tanzania	Sub-Saharan Africa	Low Income Countries
All adults	39.8	34.2	27.5
Women	34.3	29.9	23.9

[4] ISPA Guidance Note What Matters in Social Protection Payments, December 2015

[5] ISPA Guidance Note What Matters in Social Protection Payments, December 2015

Accounts (% of population over the age of 15)			
	Tanzania	Sub-Saharan Africa	Low Income Countries
Adults belonging to the poorest 40%	24.0	24.6	19.4
Young adults (% of population ages 15-24)	31.9	25.9	20.2
Adults living in rural areas	33.2	29.2	24.8
Domestic Remittances in the Past Year (% of population over the age of 15)			
Sent Remittances	35.9	28.7	18.3
Sent remittances via a financial institution (% senders)	10.7	31.0	15.4
Sent remittances via a mobile phone (% senders)	71.5	30.8	42.8
Sent remittances via a money transfer operator (% senders)	10.4	21.0	14.1
Received remittances	47.1	37.2	25.6
Received remittances via a financial institution (% recipients)	10.1	26.6	13.0
Received remittances via a mobile phone (% recipients)	62.8	27.6	33.8
Received remittances via a money transfer operator (% recipients)	7.3	22.1	14.8
Savings in the Past Year (% of population over the age of 15)			
Saved at a financial institution	9.0	15.9	9.9
Saved at a financial institution, 2011	11.9	14.3	11.5
Saved using a savings club or person outside the family	13.1	23.9	16.3
Saved any money	59.2	59.6	46.5
Saved for old age	7.2	9.8	8.3
Saved for a farm business	32.8	22.7	16.7
Saved for education of school fees	22.9	22.9	16.6

SOURCE: World Bank Global Findex 2014.

Tanzanian authorities use the Finscope surveys to track progress on financial inclusion. The last survey in 2013 indicates that 13.8% of the population had used a bank product, while43.5% had experience using non-bank formal products such as the mobile money services including Airtel Money, Tigo Pesa and M-PESA. Tanzania has the highest proportion of people who use non-bank financial services amongst the 13 other sub- Saharan countries where Finscope surveys have been carried out. The financially excluded represent 27.4% of the adult population, use no financial mechanism but instead rely on themselves, family and friends for saving, borrowing and remitting their transactions in cash-based or in-kind. They are most likely to live in rural areas, more often females, farmers, those with low levels of education, and those who depend on others for money. (It should also be noted that Zanzibar has significantly higher levels of financial exclusion 45.9% versus the mainland 26.8%.) The next Finscope survey will be in 2016.

At the end of 2013, Tanzania was one of nine countries where there were already more registered mobile money accounts than bank accounts. By the end of 2014 this had risen to 16 countries worldwide[6].

The Bank of Tanzania is a member of the Alliance for Financial Inclusion and consistent with its Maya declaration commitments has reached its national target of achieving an access level of formal financial inclusion to 50 percent of adults by 2015 (56.8% Finscope 2013). In October 2015 the Social Security Regulatory Authority (SSRA), an organization mandated with protecting the interests of members of social security schemes and the regulation and supervision of pensions, health insurance schemes among others, joined AFI as an associate member, thus further endorsing Tanzania's commitment to financial inclusion. A national financial inclusion framework (2014-16) was launched in 2013 and includes public and private sector stakeholders.

GOVERNMENT PAYMENTS. Government is usually the largest user of the payment system in the country: collecting taxes as well as distributing salaries, pensions and social transfers. If the Government has a specific policy supporting the transition from manual to electronic payments, delivering SP transfers electronically can contribute to meeting such a target.[7] Such a target can also support a Government's cash-lite[8] and financial inclusion agendas.

The World Bank Survey on Payments shows that cash transfers and social benefits have lagged behind other types of government payments, mainly using non electronic means of transfer. The National Financial Inclusion Framework (2014-16) however explicitly identifies Government Payments as one of the core indicators for financial inclusion in Tanzania. A target for 2016 has been set; 25% of all government payments directed to the excluded should be made electronically. Furthermore, the Framework's implementation plan tasks the Bank of Tanzania, Tanzania Insurance Regulatory Authority, Capital Markets and Securities Authority, Social Security Regulatory Authority and the Ministry of Finance to "Encourage the use of agents and mobile infrastructure to deliver insurance, securities, government payments and pensions to the underserved".

Table 4.2: Types of government payments and means of delivery

Tanzania	Mainly cash	Mainly cheques	Mainly electronic
G2P			
Public sector salaries			x
Pensions and transfers payments			x
Cash transfers and social benefits		x	x
G2B			
Procurement of goods and services		x	x
Tax refunds			x
P2G			

[6] GSMA 2014 State of the Industry; Mobile Financial Services for the Unbanked. http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/03/SOTIR_2014.pdf

[7] ISPA Guidance Note What Matters in Social Protection Payments, December 2015, p. 35

[8] Transitioning from cash to electronic payments

Taxes			x
Utility payments	x		
Payment for services	x		
B2G			
Taxes			x
Utilities			x
Benefits transfers			x

SOURCE: World Bank Global Payments Systems Survey 2010.

4.1.6 Procurement

Procurement rules and regulations may be supportive, neutral or negative in selecting PSPs in accordance with G2P strategy, social protection strategy and programme objectives. Procurement and contracting rules will generally be determined by national rules and will determine the timeframe and process for the procurement of a PSP. The procurement approach should ideally be based on a thorough understanding of the programme requirements, the market place of potential payment service providers within the context of the procurement rules.

Procurement rules in Tanzania are neutral. There is currently a procurement process for an outsourced electronic payment delivery mechanism. Although this is at a relatively early stage with EOIs solicited from the market in order to refine the procurement process.

4.2 ID

The presence of national ID is important for SP payments in three respects[9]. (1) To ensure uniqueness – that is making sure that one individual is registered and hence is paid by the programme only once. (2) In order to meet KYC requirements set by the financial services regulator and or the payment service providers. (3) To authenticate the identity of a recipient during a payment transaction.

ID documents are frequently used to verify the identity of an individual recipient of a government payment. Having a legally acceptable form of identification that verifies a customer's information is a pre-requisite to accessing financial services, including bank accounts.

National IDs are being issued to adults over the age of 18 years (25million population) by the National Identification Authority. NIDA started the registration exercise in 2012 and have to date registered 6.1 million people and issued 1.7 million IDs[10]. According to Finscope survey of 2013, over 76.6% of adults have a form of valid Government ID [11]. This figure has probably gone up because since then 22m people were registered for the biometric voter registration card. Identification databases are currently fragmented therefore there is a need for a unified system to support real time electronic verification. The national financial inclusion framework tasks NIDA with speeding up the issuance of national ID and

[9] The issue of ID is covered in greater depth in "What matters in Identification", ISPA, October 2014 (draft version).

[10] The East African "ID-hitches-mar-Tanzania-s-election-preparations" 14th March 2015

[11] Voters card, Drivers licence, Valid work/staff ID card, Valid student card, Zanzibar resident ID

implementing a national identification database. The framework sets a target of 25% of individuals being registered in a national profile database by 2016.

4.3 ICT

Telecommunications are important because electronic payment devices such as POS need to communicate transaction information with a central service provider. Therefore, the extent of mobile networks in a developing country defines the extent of affordable real-time online payments facility, because fixed telephony and broadband networks do not typically extend as far. In areas without a functioning communications networks there are two options for delivering electronic payments. Either transactions can be carried out in an offline mode which requires the use of relatively expensive smart cards and delayed settlement and reconciliation which increases the risks of fraud and errors occurring, or relatively expensive satellite communications technology can be used to create the necessary communication link to allow real-time online transactions.

ICT infrastructure is particularly important to the rapid and accurate transmission of payments information. According to the latest GSMA figures 87% of the population is covered by mobile network[12]. The Tanzania Communication Regulatory Authority (TCRA) states that there are 34.3m voice subscriptions[13] in Tanzania. This figure presumably equates to very high levels of penetration given that the population over 15 years is 29.8m (total population is 51.8m 2014), the actual figures will depend on the number of individuals with multiple SIMs. The Findex 2015 data may also indicate high levels of SIM ownership with 71.5% of the adult population having sent domestic remittances via a mobile phone (62.8% had received this way).

Table 4.3: Indicators of mobile network coverage

Indicators	Data	Year
% population covered by mobile network	87%[1]	2015
% of individuals who own a mobile phone	40.64%[2]	2015
mobile phone subscriptions per 100 people[3]	63	2015

[1] GSMA data on network coverage as percent of population as of Q1 2015.

[2] GSMA data on the number of unique subscribers as percent of population as of Q3 2015.

[3] The indicator comes from the Word Development Indicators database and is defined as: "Mobile cellular telephone subscriptions are subscriptions to a public mobile telephone service that provide access to the PSTN using cellular technology. The indicator includes (and is split into) the number of postpaid subscriptions, and the number of active prepaid accounts (i.e. that have been used during the last three months). The indicator applies to all mobile cellular subscriptions that offer voice communications. It excludes subscriptions via data cards or USB modems, subscriptions to public mobile data services, private trunked mobile radio, telepoint, radio paging and telemetry services."

As part of its national ICT vision, the government of Tanzania is constructing the National Fibre Optic Cable network which is managed and operated by the Tanzania Telecommunications Company Ltd (TTCL). The infrastructure will enhance usage of ICT applications for sustainable socio-economic development

[12] GSMA data on network coverage as percent of population as of Q14 2015

[13] Quarterly Statistics as at June 2015

including implementation of e-government, e-learning, e-health, and e-commerce locally and globally. The backbone has to date been extended to eight border points.

4.4 Financial Landscape for SP Payments

This section primarily focuses on the retail payment services landscape but also considers the provision of additional financial services to SP programme beneficiaries. When outsourcing SP programme payment delivery to a payment service provider there are usually a number of different types of providers to choose from. (There may be rules and regulations on Government payments that preclude the use of certain types of providers.) Different types of providers include commercial and state banks, post offices, mobile network providers, microfinance institutions, SACCOs/Credit Unions and Non-Governmental Organisations (NGOs). When reviewing the suitability of different providers for a national social protection programme there are three key characteristics that a potential provider should exhibit. Firstly, they should have a large distribution network; this might include their own branches and third party agents who deliver services on their behalf. The size of their client base should to some extent demonstrate their ability to take on large number of SP recipients; if their existing client base would be dwarfed by the proposed number of SP recipients, careful consideration should be given to their capacity to deliver. Secondly, the PSP should also have some corporate interest in servicing lower income customers. Lastly they should have invested in technology and have access to relevant national payment systems, organisational processes and people to support the secure delivery of services in remote areas including low value payments.

An ideal environment for SP programme seeking to select a PSP would be one in which there is a large variety of financial institutions (potential PSPs) operating in a competitive market some with direct experience of delivering social cash transfers, therefore, there is a good choice of PSPs with appropriate products for the poor.

4.4.1 Providers of Payments and Other Financial Services

Banks have historically remained the main players in financial services provision, focusing mainly on traditional products. However, a new trend by banks has been the development and launching of new products for lower income customers. These products have been developed in reaction to the entry of new players in the market and the success of mobile money in Tanzania and focus on mobile wallet/virtual account solutions. Agency banking is becoming an increasingly important delivery channel for the nine banks authorised to do so.

The Finance Ministry is collaborating with the Bank of Tanzania (BoT) and the Parliament to develop a network of community banks. This would allow the residents of an underserved community to request assistance from the Tanzanian government to establish a community bank. The Bank of Tanzania will be responsible for establishing a legal framework and licensing procedures for community banks.[14]

There are five mobile network operators in Tanzanina: Vodacom, Tigo, Airtel, Zantel and the new entrant Smart Telecom. Significant product innovation has appeared in the mobile money space in Tanzania. This may be the result of a more balanced and competitive market. Tigo Tanzania launched Tigo Wekeza (Tigo Invests), the world's first mobile money service that allows customers to earn interest on their balances,

[14] InteMedia Tanzania Financial inclusion insights tracker survey wave 2, 2014.

which is deposited into their accounts through automatic cash returns. In September 2014 Tigo Tanzania began to return interest generated on the trust account to users; Tigo disbursed USD 8.7 million to 3.5 million users, followed by a second disbursement of USD 1.8 million in November 2014 with plans to make payments quarterly. As a result, Tigo experienced a net inflow of cash of 11% and an increase in transaction volumes.[15] In May 2014, Vodacom Tanzania and Commercial Bank of Africa launched M-PAWA, which is an interest-bearing savings account that allows borrowing money via an individual's mobile phone, a replica of M-PESA's M-Shwari product in Kenya, which in December 2014 reached 1 million customers[16].

4.4.2 Financial Access Points

In the case of SP Payments this is the payment point or location where recipients receive their cash payment, withdraw funds from their account or make an electronic payment. (Banks and other payment service providers refer to payment points as payment channels.) For electronic payments this is the point of connection between a payment instrument and transaction device, in the case of SP payments this is usually a physical location. Most payment points used by SP programme beneficiaries have a payment point administrator to facilitate the payment. In the case of manual payments these are usually programme staff or civil servants but may be community members. In electronic payments these are usually PSP staff or agents (bank teller, bank agent or mobile money agent). It is also possible to access funds through self-service access points including ATM, mobile phone, internet banking. Customers are usually able to access a range of financial services through these points. The number and distribution of these points influences the accessibility of payments.

FSDT carried out geo spatial mapping of financial access points in 2014 which indicates that 45% of the adult population is within 5km of a financial access point (5km is an upper limit for a convenient walking distance). This represents a significant increased from 2013 when 37.4% were within 5km of a financial access point, the next mapping will be in 2016 to coincide with the next Finscope survey.

Financial access points are dominated by mobile money agents who account for 81% of the 55,875 points of presence, 12% are provided by non-bank POS based payment providers, the remaining 7% is made up of ATMs, Bank branches, MFI branches, merchant POS, Post office branches and SACCOs[17]. Another survey indicates that mobile money agents are more profitable in Tanzania than in many other countries, with 49 percent of them earning at least US$100 per month in profits compared to only 40 percent in Uganda[18].

Banking retail infrastructure is dominated by three banks NMB, CRDB and NBC. There are nearly three thousand bank agents offered by nine banks in Tanzania. The top three banks by number of bank agents are CRDB (1,639, 55%) NMB (426, 14%) and TPB (322, 11%), NBC has no bank agents[19]. Additionally, there

[15] GSMA 2014 State of the Industry; Mobile Financial Services for the Unbanked pp60. http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/03/SOTIR_2014.pdf

[16] Ibid pp.65

[17] Mas, Ignacio and Andrew Elliott "Where's the Cash? The Geography of Cash Points in Tanzania in 2014", Financial Sector Deepening Trust.

[18] Agent Network Accelerator Survey in Tanzania, 2013, MicroSave

[19] All figures provided by the Bank of Tanzania as at September 2015.

are POS-based agents provided by third party payment providers Max Malipo (3263, 47%), Selcom (2,797, 40%) and Button Pay (882, 13%). The three most common services used by customers of these POS based agents are utility payments, tax payment and money transfer[20].

4.4.3 Interoperability

The level of interoperability determines what proportion of the total number of financial access points can be accessed by an individual payment service provider and their customers. Payment system interoperability makes it easier to make and accept payments and benefits all participants in the payments system. Well-functioning interoperability arrangements include banks and non-banks and cover most channels and instruments.

Mobile network operators interconnected their mobile money services in 2014 through a series of bilateral agreements, the last to join was Vodacom's M-PESA service which should be interconnected by the close of 2015. Interconnection allows a customer of one scheme to send money (P2P) across all mobile money schemes. MNOs in Tanzania have associated interoperability with increased transaction volumes.

Despite significant progress in developing the retail payment products, full interoperability of ATMs and POS is yet to be achieved in Tanzania. The retail payments switches are available through Visa/MasterCard and Umoja- a local switch providing ATM interoperability for 27 member banks out of the 52 banks in Tanzania. Thirty percent of the over 212 ATMs on the Umoja network are owned by Umoja switch while the rest are owned by member banks. Umoja is in the process of migrating to EMV chip card technology in line with the requirement issued by the BOT. The successful migration to EMV will create an opportunity for Tanzania to move closer to interoperability. Payment aggregators such as Maxcom Africa (MaxMalipo) and Selcom allow customers access to a very large proportion of the financial access points in Tanzania. For example, MaxMalipo has links to all the mobile money schemes and the largest banks NMB and CRDB, they are a member of the Umoja switch and have POS presence in all 200 post offices and 600 post office franchises. This network allows partners with Maxcom to collect and disburse payments through the majority of financial access points with the apparent exception of MFIs and SACCOS.

The Tanzania Postal Bank (TPB) with its network 52 branches has presence in every district of the country and plays an important role in reaching the remote areas of the country. The TPB is a member of Umoja switch, has direct integration with MNOs for which it has engaged various types of agents including retail outlets, post offices community banks and SACCOS to conduct cash in and cash out transactions.

4.5 Summary Supporting Environment Review

In summary Tanzania has a supportive environment for the development of a high quality payment delivery mechanism. In particular, the conditions are conducive to the procurement of an electronic payment mechanism/s. With 45% of the population already within walking distance of existing financial access points that could act at electronic payment points, see section 4.4.2. Recent changes have brought greater regulatory certainty to both bank and non-bank providers of financial services. This greater

[20] Mas, Ignacio and Andrew Elliott "Where's the Cash? The Geography of Cash Points in Tanzania in 2014", Financial Sector Deepening Trust.

certainty should lead to the extension of financial access points and the launch of more alternative products including virtual accounts provided by banks but accessed through mobile money agents.

Tanzania has a very positive financial inclusion environment. Given the importance that Government and non-governmental parties place on financial inclusion it indicates the potential for mutually beneficially engagements with TASAF. Particular potential partners of note include the Bank of Tanzania and the Financial Sector Deepening Trust Tanzanina.

Although there are no mandated characteristics of a basic bank account in Tanzania the large number of potential customers (1.1m beneficiaries) that TASAF has to offer puts them in a good position to define the characteristics of their ideal product. This number of new customers associated with a regular stream of transaction fees should be attractive to mass market providers of financial services, both banks and non-banks. Although, the lack of a ubiquitous form of national ID may hinder the PSSN's transition to electronic payments involving individual accounts because of the requirement to provide acceptable ID documents.

Table 4.4: Summary of supporting environment review

Areas	Indicators	Score
Policy, regulation and legislation	Agency rules for banks/non-banks	3
	Proportionate KYC requirements	3
	e-money guidelines	3
	Basic bank accounts	2
	Financial inclusion	4
		4
	Procurement	3
ID	National ID	2
ICT	Mobile Network Coverage	4
Financial sector	Financial institutions	3
	Financial access points	3
	Interoperability	3

5 Payment Delivery Mechanism Review

The framework used in the review seeks to define the objectives for payment delivery mechanism. (This framework is described in more detail in the ISPA What Matters in SP Payments Guidance Note.) The assessment approach specifically looks at the quality of delivery, assessing three criteria; accessibility, robustness and integration. This review uses the framework detailed in section 1.7 of the What Matters in Social Protection Payments: A Guidance Note. (Guidance on the use of this framework is provided here in annex 0.) This framework may be used to review the payment mechanism used by an individual programme or those payment mechanisms used across the whole SP sector (this provides a common framework for comparing multiple payment delivery mechanisms). An existing SP programme's payment mechanism can be measured against these criteria to provide a snapshot of its stage of development as well as tracking its evolution over time. Although it should be noted that these scores do not define a 'perfect' payment delivery mechanism because there are some trade-offs between objectives and between the objectives of different stakeholders, therefore a programme or SP sector may deliberately identify their own best fit that they would like to aim for.

Table 5.1: Criteria for assessing payment delivery

Criteria	Description
1. Accessibility	Cost of access
	Appropriateness
	Rights and dignity
2. Robustness	Reliability
	Governance
	Security
3. Integration	Financial inclusion
	Coordination

The assessment tool uses a colour graded four point scoring system. Within each sub component of each criteria, the more advanced examples of payment delivery are awarded a four whilst emerging approaches are awarded a one. Given the trade-offs between some criteria it is unlikely that any single payment delivery mechanism would receive the same grade across all objective sub-components. This assessment approach should rather help to identify areas that may benefit from strengthening, in line with best practice, as well as ensuring that trade-offs between criteria are made explicit to policy makers.

5.1 Accessibility

Accessibility concerns how convenient the payment mechanisms are for beneficiaries with respect to cost of access-- are the payment access points close to their homes and can they easily access the payment? An accessible payment system should also specifically consider its appropriateness with respect to the needs of target groups including the poor, elderly, illiterate, women, and disabled. Are they trained in the use of the payment mechanism and is it clearly communicated to them when and how to collect payments? There also needs to be active and continuous communication with recipients to ensure they understand when payments will be delivered and any changes to the process. Lastly are beneficiaries offered choice, are they able to select their preferred payment mechanism? To support rights and dignity the needs of beneficiaries should have been considered in the design stage, a complaints and appeal

mechanism should consider payment issues and where possible payments should be made using mainstream payment infrastructure through private transactions.

5.1.1 Cost of Access

Beneficiaries are gathered at the pay-point, typically outside a local/mtaa Government office, to listen to a community session. These sessions start at 8.30am and last for about 45 minutes. Beneficiaries will then wait for payments to start once the Community Management Committee (CMC) members have returned from the bank where they are collecting the funds from. Once the CMC have arrived at the pay point they organise themselves into a number of stations or 'desks' where the different payment activities are carried out including names checked against the payroll list, programme ID cards checked, payment receipts issued and cash payment is distribursed. Pregnant women, the sick and the elderly are called to be paid first to reduce their waiting times. Hence the majority of waiting time is between the end of the community session and the beginning of the payment, actual waiting time also depends on an individual's place on the payroll list, typical waiting times are in the range of 2-4 hours. Once called the transaction time is less than 10 minutes.

Most locations for payments are in rural areas where travel times of 2-3 hours are typical. In the less typical urban locations the pay-points are much more convenient requiring very short travel times of 5-20mins.

The cost of access appears to be low in urban areas. Although in rural locations many beneficiaries reported having to spend up to 10,000 or 35% of the value of their transfer on transportation. Some informal arrangements exist to share the cost of transport (a motorbike fare usually) between a group of beneficiaries by nominating a single person to travel and collect a number of transfers.

There were no reports of leakage but this is difficult to assess for two reasons; firstly, the nature of the beneficiaries who are happy to receive this 'gift' and hence do not want to appear ungrateful by raising questions about the value of the transfer. Secondly, there is the complexity of the conditionality, with the potential for changing values and legitimate deductions it can be harder for beneficiaries to know what they should be receiving.

5.1.2 Appropriateness

There appears to be some confusion about the basis for the calculation of the transfer values in particular confusion surrounds the deductions. This is a greater problem with a newly enrolled beneficiaries who have received less community sessions. The CMCs are not well equipped to explain any deductions because of pressure of time to complete all the payments on one day whilst avoiding delaying those beneficiaries who are waiting and also because the receipts issued to beneficiaries do not contain sufficient information to explain any deduction. It is only possible to work out the presence of and reason for a deduction by comparing the receipt for the current payment with the previous receipt.

Beneficiaries understand the frequency of payment, every other month, but they only know the actual day of payment with 24hrs notice. They are informed by the CMCs either personally or through load hailer announcements and also rely on word of mouth from other beneficiaries.

There is no choice of payment delivery mechanism for beneficiaries - all payments are delivered through the CMCs.

5.1.3 Rights and Dignity

Only small numbers of vulnerable people seem to be excluded because of the nature of the payment delivery mechanism being public, this is particularly relevant in urban areas. There were no specific discussions with beneficiaries before the start of payments to determine their needs and no evidence of beneficiaries being directly consulted to improve the design of the payment delivery mechanism.

There is a complaints mechanism but large numbers of beneficiaries are not aware of how to raise and resolve queries. The operations manual (pp.15) states that "regular community health and nutrition sessions organized by PAAs" have three additional purposes "i) Remind beneficiaries about the importance of compliance with

their co-responsibilities and next payment; ii) Serve as a mechanism to receive claims and complaints from beneficiaries; and iii) Explain to any beneficiaries not receiving a full payment why deductions have been made; and counsel households who have non-compliance registered in the previous payment cycle (even though non-compliance may not have yet triggered a deduction to the cash payment)." In practice general information is available to beneficiaries but advice and information at the individual level is lacking. The CMC who have the most regular contact with beneficiaries are frequently not sufficiently informed themselves to resolve basic queries. This was particularly observed surrounding the issue of deductions following a beneficiary's failure to comply with conditions. The roll out of the grievance and address mechanism is due to start on a pilot basis during the new calendar year 2016.

Some beneficiaries worry about the stigma associated with receiving their transfers in public gatherings. This was particularly noted in the urban setting and with newly enrolled beneficiaries. Although in the rural areas with the earliest enrolment, and hence longest membership in the programme, there was pride in being a PSSN beneficiary.

5.2 Robustness

Robustness has a number of aspects. Are payments made reliably to allow beneficiaries to depend on the funds? Is a payments calendar used, communicated and adhered to? If a payment service provider is used is there a business case for their continued involvement. A robust delivery mechanism has good governance of the payment process which requires clearly defining roles and responsibilities and establishing timely and accurate reporting. Even in those cases where government has outsourced payments to a payment service provider such as a bank or post office, they still remain responsible for overseeing the process and ensuring that they have sufficient levers and information to control the quality of payments. The last aspect of robust systems is security. Security in the context of SP payments refers to ensuring the safety of the flow of funds across the process chain, the stakeholders' systems, and the recipients' personal and financial information. Consideration should also be given to the integrity of the process related to preparation and exchange of payment instruction files by, where possible, separating the process of creation of the list from the payment itself. Maintaining the integrity of the process is key to mitigating the risk of creating ghost beneficiaries as well as reducing the risk of accidental changes to the list. At the point of payment, the identity of recipients should be verified[1]. Lastly if payments are

[1] In an electronic payment process best practice requires two-factor authentication for example a card and PIN (personal identification number).

outsourced to a third party, that institution should be regulated by the relevant public authority, typically the central bank.

5.2.1 Reliability

Government contribution to the program has been less than previously committed although there are commitments to increase funding. The recent migration of TASAF's MIS to an Oracle database caused some data problems which led to some delays surrounding the September payment.

Development partners have contributed additional financing to address the shortfall in funding. The data migration of the MIS was a one off problem and as such following its resolution should not cause further problems.

The payments calendar is well distributed but notice of each payment window is short

Allowances of TSH10,000 are paid to each CMC for each day of work but there is evidence that some urban PAA's with large numbers of CMC may have insufficient funds to pay this allowance. There is a review of facilitator fees currently underway.

5.2.2 Governance

There is an overarching Operations Manual for TASAF III dated January 2013, this lists an additional set of 24 supplementary manuals, handbooks and guidelines: none of these specifically detail the entire payment process although an overview of the flow of funds is included. The Financial Management and Accounting Procedures Manual (FMAPM) details the fund flow, accounting and budgeting procedures associated with disbursing funds including that proportion allocated to cover transfers. In addition to these there is a 'Detailed enhanced payment system process flow' document which does detail the specific responsibilities of all parties outside of TASAF involved in payments. This process mapping does not include target completion dates (in terms of number of business days) for all of the responsibilities listed. The Operations Manual also sets a synthetic formula for determining the PAA budgets this sets the 12% programme administration budget.

Table 5.2: Synthetic formula for determining administrative budgets under TASAF III

<table>
<tr><th></th><th colspan="2">PSSN</th><th rowspan="2">Livelihood Component</th><th rowspan="2">Infrastructure Component</th></tr>
<tr><th>Cash Transfers</th><th>Public Works</th></tr>
<tr><td rowspan="2">Sup-project or direct project costs

88%</td><td rowspan="2">Cost of transfers: 88%</td><td>Cost of wages 66%</td><td rowspan="2">Cost of Savings group stationary, group facilitation and training, and livelihood enhancing grants: 88%</td><td rowspan="2">Cost of infrastructure sub projects: 88%</td></tr>
<tr><td>Cost of non-wage inputs 22%</td></tr>
<tr><td rowspan="3">Programme Administra-tion

12%</td><td colspan="3">Village Council Facilitation 1.5%</td></tr>
<tr><td colspan="3">Admin. Fund for Ward 1%</td></tr>
<tr><td colspan="3">PAA Facilitation, Monitoring and Admin. Fund 3.5%</td></tr>
</table>

SOURCE: TASAF III Operation manual pp.51.

TASAF's Audit Unit has identified the use of these synthetic variables as problematic because it does not reflect actual costs which in some cases may be higher and hence lead to non-payment of CMC facilitation fees (this is particularly a problem in urban areas where a fixed sized CMC handles very small numbers of beneficiaries). In addition, there is no disaggregation of actual costs associated with payment delivery hence it may be challenging to finance an external PSP (to implement electronic payment delivery) through this structure. A taskforce has been established to review the facilitation fees.

A quarterly review of TASAF looks at aggregate amounts of transfers and the results framework looks at indicators including if the payment of transfers is made within the payment window[2]. An impact evaluation baseline occurred during May-June 2015 and the first payment spot check occurred in November 2015 the results of this will be available in January 2016.

The audit function regularly review adherence to procedures and pro-actively makes recommendations to adjust the procedures to improve efficiency and effectiveness.

Summary reporting is submitted to TASAF TMU. These reports are available within one month of the close of the payment window. PAAs enter information into the MIS and it is automatically submitted to TASAF TMU. There is no detailed transaction level information available to the TMU this information is held at the PAA level.

Only three cases of fraud have been reported and in each case the local government authority has returned the money to the regional level and let the regional authority continue court cases against individuals. This is governed by the MoU TASAF have with each PAA which stipulates the procedure for recovering money.

5.2.3 Security

There is oversight of the CMC by municipal officials at the pay-point and protection of the CMC by police escort from the bank branch to the pay-point. The nature of bringing together large numbers of beneficiaries and paying them in a public setting exposes them to the risk of robbery. This is a higher risk in urban areas where large numbers of non-beneficiaries may be aware of who beneficiaries are and when payment dates are.

The CMC members make a manual authentication of the identity of each recipient using two ID – the programme ID plus one other i.e. elections card – to check against their payroll.

TASAF's MIS creates the electronic payroll and only the system administrator can make changes then it is exported as a PDF. This PDF is sent to the PAAs who are responsible for ensuring that they are printed and distributed to the individual PAAs this includes the receipt explaining the breakdown of the payment by programme components.

[2] A target of 95% of transfers being delivered in each payment window.

5.3 Integration

Integration concerns the payment mechanisms ability to support the receipt of a variety of payments. Integration can involve the coordination of payments from different payers within government across multiple ministries, agencies and social protection programmes. This also speaks to the issue of flexible payment delivery mechanisms that allow for changes in transfer values, for example in response to an emergency, and for dynamic beneficiary registry lists to reflect program entry and exit. In addition, integration concerns the ability of the payment mechanism to be used to facilitate financial inclusion by providing a transactional account and enabling beneficiaries to save. Some cash transfer programmes go further by employing mechanisms to encourage savings behaviour.

5.3.1 Financial inclusion

Physical cash is delivered to beneficiaries with no account provided and no ability to make a partial withdrawal. There is a procurement process underway that aims to gradually introduce electronic payments including the provision of an account to beneficiaries, this should be concluded to allow roll out in 2016.

No other financial services are offered currently. The livelihoods enhancement programme has been piloted in 3 of 161 PAAs where savings are offered and over 1,000 savings groups have been formed, this programme is due to be rolled out to all PSSN beneficiaries.

No interventions are in place to encourage or support the use of financial services. Currently beneficiaries are forming their own merry-go-rounds and Vicoba in response to the programme's encouragement to invest funds. But the livelihoods component pilot has been completed and will be rolled out to all beneficiaries and will support the establishment of savings groups. There is a MoU with TPB to look after the accounts for these savings groups.

5.3.2 Coordination

There is fragmentation across SP sector with regard to strategy of payment delivery mechanisms. This is understandable given the early stage of development. The draft National Social Protection Framework, which is awaiting approval, identifies agencies to act as focal points for particular sub sectors. The Social Security Regulatory Agency is tasked with contributory schemes, TASAF with non-contributory schemes, the Ministry of Agriculture with Productive interventions, and the Prime Minister's Office with Social Services. Although it should be noted that there is some confusion surrounding mandates as the SSRA created under the National Social Security Act 2003. Section 5 of the act gives the SSRA the responsibility for guiding efficient implementation in three areas (1) that using taxes including social protection interventions (2) mandatory pension schemes guaranteed by government including NHIF and (3) supplementary pension schemes offered by employers.

TASAF ID is programme specific. TASAF is working with NIDA to ensure that when national ID has been rolled nationally that TASAF will use national ID and TASAF's MIS will be able to interface with NIDA's database.

5.4 Summary of payment delivery mechanism review

The summary in fig 22? has been completed based on observations made during field visits, discussions with programme funders, TASAF implementation staff, PAA staff, representatives from local

administration, CMC members and beneficiaries, SP and financial services regulators and the review of reports, studies and manuals.

It should be noted that the recent focus of the TMU has been on the massive scale up and hence not all systems and components are in place yet as scale up to beneficiaries has only recently been completed.

The particular strength of the PSSN's payment delivery mechanism is its reliability and its governance structures. From focus group discussions beneficiaries are generally happy with the delivery mechanism.

Table 5.3: Summary of payment delivery mechanism review

Criteria	Description	Score
1. Accessibility	Cost of access	2
	Appropriateness	2
	Rights and dignity	2
2. Robustness	Reliability	3
	Governance	3
	Security	2
3. Integration	Financial inclusion	1
	Coordination	1

Given the relatively early stage of the PSSN's development it is understandable that it scores low in the integration criteria. The first two criteria are the necessary focus of newer schemes and it is generally only when they reach scale that they give consideration to financial inclusion and their position in the broader social protection sector. Additionally, it should be noted that issues of coordination are not solely the responsibility of TASAF but require cross sectoral engagement.

6 Policy Options

The ISPA Social Protection Payments tool is an instrument that provides a holistic diagnostic (combining financial and social protection perspectives) and offers a common diagnostic that helps to initiate dialogue both within the government agencies and between the international agencies and the government, and to identify options for further action. The ISPA tools are meant to provide rapid diagnostics that do not replace in-depth studies or other kind of evaluations. Special attention should be given to the forthcoming spot check study and its finding regarding beneficiaries because of the large number of beneficiaries interviewed on payments (across 30 PAAs, 10 beneficiaries interviewed in each, giving a total of 300 beneficiaries).

The TMU are engaging in strengthening the PSSN following the completion of the scale up. These interventions planned or ongoing include rolling out the livelihoods component of PSSN, introducing the grievance and redress mechanism and reviewing the calculation of facilitation fees. All of these are important and will lead to the improvement of the quality of the payment delivery mechanism.

6.1 Improvement to existing payment delivery mechanism

6.1.1 Accessibility

6.1.1.1 FORMALISE EXISTING INFORMAL COST SHARING

It was noted that some informal cost sharing existed between beneficiaries in more remote location. Sharing the cost of transportation and sending one member of the group to collect everyone's transfers. This arrangement could be formalised requiring the group to be registered and requiring them to regularly rotate who is sent and stipulating the responsibility to transmit messages shared during community sensitisation sessions. The programme could go even further and offer a facilitation fee to the person transmitting cash and programme messages.

6.1.1.2 INTRODUCE CHOICE

Where there are viable electronic alternatives to the currant manual community based delivery mechanism beneficiaries should be offered a choice regarding their payment delivery mechanism. It is vital, however, that this is informed choice. Choice could be introduced relatively simply by allowing beneficiaries to opt-out of the existing community based payment delivery mechanism and select their own provider. Or choice could be built into the currant procurement process with a single provider offering beneficiaries a variety of options for holding and accessing their money.

With either approach it will be important to ensure that beneficiaries make informed choices, based on an understanding of the available options in their areas. This will require some education of beneficiaries either during the community sessions and / or from a payment service provider. To help develop effective training TASAF could carry out a small test could be carried out to inform the design of a choice based model trying to understand what information beneficiaries need to make an informed decision and how best to communicate that information and.

A test could be carried out with a small group of beneficiaries in one location. The area if possible should be geographically isolated from other beneficiary locations. For each of three convenient providers a single suitable product could be identified by the programme administrator. Beneficiaries would be given the choice of opting out of the existing arrangement and selecting their own from a menu of three providers available in the area e.g. TPB, Vodacom, or NMB. They would be informed of the charges on the recommended product from each provider. The programme could also top up the value of the transfer with the value of the transaction fee. The Beneficiaries could then be given one month to open an account

and return this account payment information to the CMC. Following up on the problems encountered by beneficiaries should help to develop a sound communication and training strategy for any large roll out of electronic payments and choice.

6.1.1.3 CHANGE FORMAT OF RECEIPTS

During focus group discussions there seemed to be a deal of confusion surrounding deductions from CCT transfers. As previously noted it was only possible to understand the reason for the deduction by comparing the currant payment receipt with the previous one. If we presume that members of the CMC are all literate even though beneficiaries are not. If the format of receipt where changed to include a written reason for the deduction then CMC members would be able to tell the beneficiary why a deduction had been made and how they could avoid such a deduction in future, if possible. This will require a redesign of the form and programming of standard text into the MIS for use with each type of deduction.

6.1.2 Robustness and Integration

6.1.2.1 INTRODUCE ELECTRONIC PAYMENTS

The TMU are already considering implementing electronic payments, a pilot has been carried out with TPB and a e-payment procurement process is underway. The senior management of TASAF are understandably cautious about implementing e-payments because change is frequently disruptive.

Any transition to electronic payments will enable beneficiaries to collect their payment in a private transaction at a time of their choosing there will no longer be the need for all beneficiaries to gather together. Consideration should therefore be given to how to communicate with the beneficiaries in the absence of a single place and time for all payments. In practice community sensitisation sessions will still require beneficiaries to gather although to guarantee attendance the beneficiaries must either perceive the sessions to be valuable or they will need to be compelled to attend.

Any transition to electronic payments should be first implemented in communities with existing accessibility to financial access points and an interest in trying new delivery methods – urban and peri-urban areas are obvious candidates in this respect. A detailed mapping should establish this level of detail but evidence from 2014 surveys show that at that point half of the population was within 5km of a financial access point and at the same time nearly a quarter of the poorest 40% of adults already had an account. As financial access points continue to proliferate the case for transitioning to electronic payments will be made in more a more areas of the country. It is possible that the prospect of the flow of these social transfers may support the business case of providers in establishing new agents in previously unserved areas.

The ISPA exercise has scored the existing community based manual payment process against the pre-defined criteria for high quality payment delivery mechanisms taking account the needs of a range of stakeholders including; SP policy makers and implementers, programme funders, beneficiaries, payment service providers, financial services regulator. In making the decision about how to implement electronic payments it may be helpful to score the different types of solution against the same criteria. Considering a typical electronic payment mechanism, the following table highlights what changes in score might be expected. The actual change would be determined by the type of electronic delivery mechanism and the manner of it implementation.

Table 6.1: Possible changes in score under a typical electronic payment delivery mechanism

Criteria	Description	Score	Change
1. Accessibility	Cost of access	2	?/-
	Appropriateness	2	?/-
	Rights and dignity	2	?/-
2. Robustness	Reliability	3	++
	Governance	3	+
	Security	2	++
3. Integration	Financial inclusion	1	++
	Coordination	1	+

Typically, a transition to electronic payments sees an improvement in the robustness of a delivery mechanism. (This aspect is usually most important to programme funders.) This is delivered through a completely electronic flow of funds (including straight thru processing and two-factor authentication) and the availability of near real time reports on payments. This also provides greater transparency and hence security of funds. The other area that typically sees an improvement is in integration as most electronic payment mechanism include an account which allows beneficiaries to manage their cash flow between payments and may link them to other appropriate financial services. Coordination may be supported by more easily allowing the same beneficiaries to receive multiple transfers through an account accessible through the national payment system.

What is less certain is the effect a transition from manual to electronic payments may have on beneficiaries. This is broadly determined by the requirements for such a system that would be set by TASAF. Cost of access is determined by the proximity of a pay point to a beneficiary. TASAF may require the use of existing pay points for the delivery of funds to beneficiaries which would see no change in the cost of access score; but there is a trade-off between the number of new pay points (in additional to existing financial access points) required and the cost of the solution. The last two elements of appropriateness and rights and dignity are again determined by the requirements set by TASAF. The implications for the cost of a solution meeting these requirements will be determined by how far these requirements take potential providers from their standard solution. These trade-offs can be understood through an active engagement with shortlisted candidates. TASAF will need to understand the cost drivers in a particular solution and adjust their requirements if low priority areas are resulting in high cost solutions. A good understanding of potential providers must be gained to ensure value for money.

Likewise, TASAF needs to develop a close understanding of their beneficiaries to ensure that any transition to new payment delivery mechanism is a positive or neutral experience for beneficiaries. Any single solution will not meet the needs of all beneficiaries.

High potential areas for implementing electronic payments are those urban areas with both greater proximity to financial access point, hence beneficiaries with greater exposure to financial services and their provides, and beneficiaries who may be exposed to greater security risks from the system of public payments under the existing delivery mechanism. Areas with high densities of financial access points

should be prioritised for a transition to electronic payments. Whilst those areas with very few financial access points are likely to be best served by the existing community based payment delivery mechanism.

6.1.3 Integration

Integration would be further supported through the active consideration of coordinated payment delivery in the Social Protection Thematic Working Group.

Whilst TASAF if working with NIDA to ensure they are able to use national ID once they are introduced it may also be worth advocating the priority issuance of national ID to TASAF's 1.1m beneficiary households. This would be beneficial for both NIDA and TASAF. Mobile field teams from NIDA could be coordinated with PSSN payment days to reduce the cost of reaching these beneficiaries.

Annex 1 Key Respondents

Team 1

Matthew Hobson (WB), Clare McCrum (DFID), Godwin Mkisi (TASAF)

Organisation	Name	Title
TASAF	Ladislaus Mwamanga	Executive Director
TASAF	Fariji Mishael	Director Monitoring and Evaluation
TASAF	Barnabas Jachi	Acting Director Public Works
Ministry of Labour and Employment	Mr. David Kaali	Assistant Commissioner of Labour
Ministry of Health and Social Welfare	Mr. Rabikira Mushi	Assistant Commissioner of Social Welfare
UNICEF	Jennifer Matafu	
DFID	Gertrude Kihunrwa	
Vodacom (M-PESA)	Peace Masisi	
Vodacom (M-PESA)	Leon Munyetti	
Tigo Pesa	Tariq Dhiyebi	
Tigo Pesa	Vincent Nkini	
Local Authority Pension Fund (LAPF)		

Team 2

Christopher Mallmann (ILO) Luz Rodriguez (WB), Muderis Abdulahi Mohammed (WB), Omari Malilo (TASAF)

Organisation	Name	Title
TASAF	Amadeus Kamagenge	Director of Community Support
TASAF	Omari Malilo	CCT Manager
TASAF	Peter Lwanda	ICT Specialist
NSP Taskforce	Mr Assery Obey	Taskforce chair, Director Coordination of Government Business
Ministry of Finance	Mrs. Anna Mwasha	Director of Poverty Alleviation
Ministry of Finance	Professor Adolf Mkenda & Mr. Bedason Shallanda	Deputy Permanent Secretary- Policy, Commissioner of Policy Analysis
Tanzania Postal Bank		
NMB		
Airtel Money		
Social Security Regulatory Agency (SSRA)		

Team 3

Alice Zanza (WB), Anastasia Denisova (WB), Caroline Pulver (WB consultant), and Amadeus Kamagenge (TASAF) during meetings at the Bank of Tanzania

Organisation	Name	Title
TASAF	Njego Nyamuko	Acting Director of Finance
TASAF	Christopher Sanga	Director of Internal Audit
TASAF	Shedrack Mziray	Internal Audit Manager
TASAF	Godwin Mkisi	Disbursement Manager
TASAF	Angela Hoyya	Procurement Manager
Bank of Tanzania	James Masoy	National Payment Systems Directorate
Bank of Tanzania	Lucy Charles-Shaidi	National Payment Systems Directorate
Bank of Tanzania	Peter Mmari	Banking Supervision Dept.
Umoja	Nelice William	Finance Manager
FSDT	Sosthenes Kewe	Executive Director
FSDT	Daniel Mhina	Digital Finance Advisor.
Maxcom Africa-Max Malipo	Ahmed Lussasi	COO
Maxcom Africa-Max Malipo		Finance Manager
Maxcom Africa-Max Malipo		
FINCA	Olaf Becker	Chief Operations Officer
CRDB	Nura Kateti	Manager Government Business
CRDB	Jessica Nyachiro	Snr. Manager Agency Banking
CRDB	Emmanuel Chaburuma	Snr. Manager Institutional Customers
CRDB	Mangire Kibanda	Manager Electronic Banking
CRDB	Arnold Ngeleshi	Head ICT Dept. CRDB Microfinance Services Company Ltd

Annex 2 Focus Group Discussions

In addition to key respondent interviews the team also undertook field work. The mission team carried out focus group discussions (FGDs) with programme beneficiaries. FGDs were held in two districts across three different sites. The field visits took place during the payment of beneficiaries in order to observe the process. A total of six FGDs took place with 60 individuals.

Table A2.1: Number of FGDs and numbers of participants

			FGDs	Women	Men	Total
Temeke Municipality	Tandika Ward	Mamboleo	2	7	1	8
				6	0	6
		Tamla	2	9	0	9
				6	0	6
Bagamoyo District	Fukayosi Village		2	16	0	16
				Y	Y	15
		Total	6			60

Temeke municipality, in Dar es Salaam region, is urban with a high incidence of poverty. FGDs were held in two 'streets' within Tandika Ward. The PSSN programme is new in Temeke officially starting in January 2015 at the time of the field visit beneficiaries were receiving their 3rd payment. Tamla has 76 CCT beneficiaries while Mamboleo has 118. Interviews were carried out at the municipal offices with the Municipal Director PSSN coordinator and PSSN Accountant and in the streets with the Street Chairman, Executive Officer and members of the CMC in order to learn about their experiences and practices.

Figure A2.1: Temeke: beneficiaries waiting for payments to start after completion of community session

Figure A2.2: Temeke: beneficiaries queuing to check name on payroll

Figure A2.3: Temeke: beneficiary's ID checked before moving on to final collection of cash

Bagamoyo district in Pwani region is 75km from Dar es Salaam. A rural location, Fukayosi village, is located about 44 km from Bagamoyo Town. The village has a total of 260 CCT beneficiaries and has been enrolled since the pilot programme in 2010. Bagamoyo was one of three pilot districts for TASAF's CCT and were receiving their 12th cash payment at the time of field visit.

Figure A2.4: Bagamoyo: beneficiaries at the end of a community session/training before payment starts

Figure A2.5: Bagamoyo: confirmation of ID against payroll

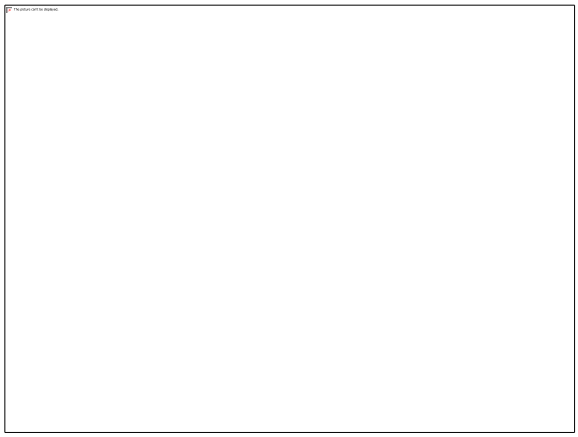
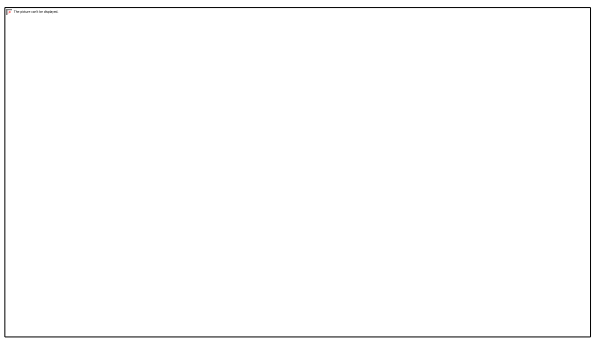


Figure A2.6: Bagamoyo: beneficiaries queuing to collect cash transfer



The results from the FGDs were particularly pertinent to the criteria of accessibility which focuses on the beneficiary experience of a payment delivery mechanism. To complete the review of accessibility reference was also made to existing reports and studies regarding beneficiary experience and the observations of individuals who have spent time in the field with PSSN beneficiaries.

Annex 3 Guidance for Review of a Payment Delivery Mechanism

This review uses the framework detailed in section 1.3 of the What Matters in Social Protection Payments: A Guidance Note. This framework may be used to review the payment mechanism used by an individual programme or those payment mechanisms used across the whole SP sector (this provides a common framework for comparing multiple payment delivery mechanisms). For each criteria this table describes the typical characteristics of payment mechanisms ranging from the typical characteristics of latent or emerging payment systems and more advanced systems. An existing SP programme's payment mechanism can be measured against these criteria to provide a snapshot of its stage of development as well as tracking its evolution over time. Although it should be noted that these scores do not define a 'perfect' payment delivery mechanism because there are some trade-offs between objectives and between the objectives of different stakeholders, therefore a programme or SP sector may deliberately identify their own best fit that they would like to aim for. This table is meant to support a rapid assessment process and hence may not always be able to rely on data but the best judgement of a group of stakeholders involved in payments. This table may also be used as a tool for dialogue to highlight the different perceptions of a single payment mechanism across stakeholder groups.

Criteria		Latent ← ---------- → Advanced			
		1	2	3	4
Accessibility	Cost of access[1]	Average payment **collection takes over 4-6 hours**. Collection time includes waiting time and transaction time.	Payment collection takes 2-4 hours	Payment collection takes 30 mins-2 hours	Payment collection takes Less than 30mins
		Very few points available hence long travel times from beneficiaries' homes average **travel times over 3 hours**	Travel times 2-3 hours	Travel times 1-2 hours	Travel times Less than 1 hour
		The cost of access (transportation costs, charges, informal payments) represent over 40% of the value of the transfer for large numbers of beneficiaries	40%-25%	25%-10%	>10%
	Appropriateness	A minority <25% of beneficiaries understand how to collect payment and the basis for the calculation of its value. This may be due to a lack of initial **training**.	Only a small number 25-50%of beneficiaries have a full understanding of how they collect their payments, how values are calculated and how to complain. This may be due to inadequate initial training.	A large proportion 50-75%of beneficiaries understand the payment process but confusion may remain amongst the illiterate and /or other vulnerable groups. This may be due to inadequate initial training and/or a very complex payment process.	The majority Over 75%of beneficiaries have a deep understanding of the payment process and how to raise queries/complaints. This may be achieved with very accessible training material (e.g. picture based) which is continually reinforced and/or a very

Criteria		Latent ← ---------- → Advanced			
		1	2	3	4
					simple/self-explanatory payment process.
		A minority <25% of beneficiaries understand when they will receive their next payment or its value. This may be due to no/ poor ongoing **communication** with beneficiaries	Only a small number 25-50% of beneficiaries know when they will receive their next payment and its value. This may be due to ineffective or very short notice ongoing communication with beneficiaries.	A large proportion 50-75% of beneficiaries know the date of their next payment well in advance and also understand what its value will be.	The majority over 75% of beneficiaries know the date of their next payments well in advance and know what the value will be. If there are any delays in payments these are clearly communicated in advance to beneficiaries.
		No **choice** of payment mechanism. Payments are collected from one type of place and at one time	No choice of payment mechanism but the programme aims to provide choice in the short to medium term. Payments are collected from one type of place but at a range of times	There may be a variety of payment mechanism but beneficiaries are not clear about how to make their choice and the relative merits of the different choices. Payments may be collected from a range of places at any time	Beneficiaries are able to select the payment mechanism based on their informed choice. A wide range of payment points are offered and payments may be collected at any time
	Rights and dignity	Large numbers of beneficiaries/vulnerable groups are excluded or disadvantaged by the payment mechanism. This may be because an off the shelf approach has been used with no **beneficiary centred design** of the payment mechanism.	Particular categories of beneficiaries are excluded from or disadvantaged by the payment mechanism. Some aspects of the implementation of the payment mechanism may take account of some types of beneficiaries.	Small numbers of beneficiaries/vulnerable groups are excluded or disadvantaged by the payment mechanism. The design and implementation of the payment mechanism takes account of some of the needs of beneficiaries/ vulnerable groups this may be through informal mechanisms	There is no evidence of vulnerable groups being excluded or disadvantaged by the payment mechanism. This may be because special consideration was given to the needs of vulnerable groups during the initial design and subsequent implementation. Formal and documented procedures are in place for dealing with vulnerable groups, e.g a process for the nomination of proxy to collect a payment.
		No **complaints and appeal mechanism** (grievance and redress) or if there is one, large numbers of	There is a programme complaints and appeals mechanism but	The programme and PSP have complaints and appeals mechanisms. Although there is poor	The complaints and appeals process clearly articulates/reflects beneficiaries' rights, providing

Criteria		Latent ← ---------- → Advanced			
		1	2	3	4
		the beneficiaries are unaware of its existence or how to access it	insufficient/incomplete consideration has been given to payment issues.	coordination/incomplete coverage between the two. Standard types of issues have been identified but timelines may not have been set for their resolution Both programme and PSP are clear about the process	accessible channels that are widely known by beneficiaries. This is supplemented by the PSP's own process for identifying and resolving beneficiary issues. Reporting of issues is shared to support coordination.
Robustness	Reliability	It is not clear how long it takes to secure **upstream funding**. No **process mapping exercise** has been carried out to determine this.	There is a broad understanding of where delays regularly occur within the flow of funds from Government/donors although this may not have been written down.	There is a detailed understanding of every stage of the fund flow this is written but may be out of date and may not reflect a complete and accurate picture.	A detailed written list of every stage of the fund flow is captured. This is regularly reviewed and updated to ensure continued accuracy.
		Over the last 12 months more than 50% of expected disbursements are delayed.	50-30% of expected disbursements are delayed.	30-10% of expected disbursements are delayed	Delays are rare less than 10% of expected disbursements are delayed
		No **mitigation measures** taken to reduce delays in payments	Some local ad hoc short term mitigating measures are in place to reduce delays in payments	Sound mitigating measures are in place to cover some areas/risks but some areas/risks are not covered	Comprehensive mitigating measures are in place following a regular and systematic review of risks. If there are delays, there is a review of their cause and an improvement of the process.
		No payment calendar in place	There is a schedule of payments but it is rarely met and may not be widely shared.	The payments calendar is known by most participants although there may be occasional delays.	A calendar of payment dates is clearly communicated to and understood by all involved in payments, payments are generally made without delays.
		There may be dis-**incentives for the PSP** (and its agents) to deliver payments such as financial loss associated with delivery	The business case for the PSP is under threat in the short term due for example to a pending change in regulation or a legal opinion/case	There is a business case currently for the PSP delivering payments but the long term business case remains unclear	There is a strong and continuing business case for the PSP and hence strong incentives to deliver payments.
	Governance	No **written procedures** guidelines or rules concerning payment delivery	Weak or incomplete written procedures, some	Adequate written procedures exist but there is little regard for these	Strong and comprehensive written records which are adhered to by the

Criteria		Latent ← ---------- → Advanced			
		1	2	3	4
			overlapping/incomplete roles and responsibilities	procedures by implementing officers and some confusion about roles and responsibilities	majority of staff who have clear roles and responsibilities. Clear service level agreement with PSP.
		No monitoring and evaluation of payment process	M&E irregular and incomplete/weak	Regular schedule of (internal) M&E and there may be some areas not covered	Regular schedule of (independent) M&E which is comprehensive
		No review and adjustment of payment procedures	Changes to procedures very difficult to enact.	Ad-hoc adjustment of procedures	Procedures are regularly reviewed and strengthened based on evidence, usually from M&E reports/.
		Weak **reporting** on payments – inaccurate or summary information and/or slow	Summary reporting is accurate but may be take some time and significant effort to gather	Detailed transaction level reporting is available but with a delay	Real-time reporting at the individual transaction level is available
	Security	Weak systems with a high risk of loses due to **fraud or robbery**. For example, a manual system requiring staff to handle large amounts of cash without oversight or protection.	Incomplete systems are in place to control loses due to fraud or robbery	Strong and effective anti-fraud controls were implemented at the start but these have not been checked with fiduciary risk assessment.	Strong and effective anti- fraud controls exist and their effectiveness is regularly tested. Controls may be adjusted according to their effectiveness.
		Manual payment authentication. For example, payment made to beneficiary on provision of ink fingerprint and or programme ID card	Electronic payment one factor authentication. For example, entering an ID/account number.	Electronic two factor authentication but with weaknesses of implementation (e.g. Beneficiaries do not enter their own PIN the PIN is not unique.)	Electronic two factor authentication.
		No security surrounding the creation and transmission of the **payroll**. High risk of manual accidental error and deliberate changes.	MIS creates the payroll but this is exported to Excel and emailed to the PSP. Risk of deliberate changes to payroll still exists.	MIS creates payroll with checks to ensure data quality and a secure file is transmitted to PSP.	Straight through processing.
Integration	Financial inclusion	Physical cash out of 100% of the benefit is the only option. For	A store of value is provided that allows for partial withdrawals e.g. pre-paid card	A transaction account is provided although with restrictions on the use of this account e.g. no additional deposits can be made, funds must be	A fully functioning transaction account is provided. Additional deposits can be made by the customer and any other payer

Criteria		Latent ← ---------- → Advanced			
		1	2	3	4
		example, payment of physical cash by programme staff		withdrawn within a specific time period.	nationally or internationally. The amount of payment may vary.
		No other financial services available	A safe store of value allows partial withdrawals and hence enables saving of part of a beneficiary's transfer	A transaction account allows for partial withdrawals and additional savings.	Other financial services are accessible through the transaction account/PSP beyond savings e.g. microcredit, insurance.
		No interventions provided to **encourage/support access/use** of appropriate financial services.	A basic programme of financial education for beneficiaries is provided. This may not be well tailored to the needs of beneficiaries and may leave them at risk from unscrupulous providers	A comprehensive programme of financial education provided to beneficiaries. Other interventions may encourage savings behaviour e.g. seed account, matched savings, lottery	A range of interlinked interventions are employed to ensure financially capable beneficiaries are deliberately linked to appropriate financial services this may be part of a scheme to support their graduation.
	Coordination[2]	Fragmentation by default not design. Different SP programmes have different mechanisms, providers, contracts, quality, prices. There are no or limited mechanism in place to support coordination	Coordination on payment strategy between a small number of programmes. Maybe those within the same department, Ministry or Province.	Coordination on payment strategy between a majority of programmes. Maybe those within the same department, Ministry or Province. There may be coordination on continuous programmes but no planning to accommodate emergency payments.	There is regular review by relevant institutions, regarding payments between all programmes. Deliberate choices are made; the same criteria may be used to make decisions but with different weights according to programme specifics to ensure consideration is given to any trade-offs. Multiple providers, channels and instruments may be used or multiple programmes may pay to the same transaction account. The payment mechanisms used can accommodate varying payments including payments from multiple payers and occasional emergency payments.
		No **common ID** across SP Programmes	Some programmes share ID	Majority of programmes share ID	Common ID providing access to multiple programmes

[1]Collection times are the most important measure as travel times are more reliant on local context. That is in an area where the normal travel time to reach the nearest health centre or primary education facility is 4 hours it would be acceptable for payment delivery to be made within the same travel time.

[2]This concerns the programme under review and its relationship to other programmes in the SP sector.

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