THE ROLE OF SOCIAL SECURITY MEMBERS IN POLICY MAKING: THE CASE OF NATIONAL SOCIAL SECURITY FUND (NSSF)
THE ROLE OF SOCIAL SECURITY MEMBERS IN POLICY MAKING: THE CASE OF NATIONAL SOCIAL SECURITY FUND (NSSF)

By

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A Thesis/Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Public Administration (MPA) of Mzumbe University

2013
CERTIFICATION

The undersigned certify that she has read and hereby recommends for acceptance by the Mzumbe University, a dissertation entitled The role of Social Security Members in Policy Making: The Case of NSSF; in partial fulfilment of the requirement of the degree of Master of Public Administration of Mzumbe University.

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Signature: …………………………………..

Date ………………………………………

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Finally, I would like to thank my family members who have offered their love and care during this time of hard work. I thank them for their wonderful company.
DEDICATION

This work is dedicated to my beloved children Neema, Nouh, Hussein, and Mohammed.
### ABBREVIATIONS/TABLE OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
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<tbody>
<tr>
<td>CMs</td>
<td>Chief Managers,</td>
</tr>
<tr>
<td>DF</td>
<td>Director of Finance,</td>
</tr>
<tr>
<td>DHRA</td>
<td>Director of Human Resources and Administration</td>
</tr>
<tr>
<td>DIT</td>
<td>Director of Information and Technology</td>
</tr>
<tr>
<td>DO</td>
<td>Director of Operations,</td>
</tr>
<tr>
<td>DPIP</td>
<td>Director of Planning Investment and Project,</td>
</tr>
<tr>
<td>FSP</td>
<td>Financial Sector Support Project</td>
</tr>
<tr>
<td>HOD</td>
<td>Head of Department</td>
</tr>
<tr>
<td>HQ</td>
<td>Head Quarter</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labor Organization</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organizations</td>
</tr>
<tr>
<td>NPF</td>
<td>National Providence Fund</td>
</tr>
<tr>
<td>NSSF</td>
<td>National Social Security Fund</td>
</tr>
<tr>
<td>RMs</td>
<td>Regional Managers,</td>
</tr>
<tr>
<td>SSRA</td>
<td>Social Security Regulatory Authority</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>URT</td>
<td>United Republic of Tanzania</td>
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ABSTRACT

The general objective of this study was to analyze the role of social security members in policy making using a case study of National Social Security Fund. This study was guided by the following specific objectives: to identify the role of members in policy making at NSSF; to determine how policy decisions are made; to assess the challenges of members’ participation in policy making.

This study adopted the descriptive design. The researcher used focus group discussion, self-administered questionnaires and observation. This method helped practical evidence to the study. Data analysis was done using both qualitative and quantitative techniques.

Concerning the role of members in policy making at NSSF; findings show that most members are not involved in policy making, rather they are involved in policy implementation, it was also found that the model used in policy making at NSSF was the top down model which does not favor participation of people at the bottom level. About how policy decisions are made; findings revealed that the process of policy decision making involve especially intellectuals in top management and donors, it was also found that most of the respondents were not satisfied by the way policy decisions are made.

On matters concerning the challenges of members’ participation in policy making, one of the major challenges mentioned was awareness of social security policy. Most of NSSF members are not aware of the availability of social security policy. This is a problem since they can’t participate in any stage due to lack of awareness which is due to ignorance. Another challenge mentioned was that the process of involving NSSF members takes a lot of time to get feedback.
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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The social security concept has been changing with time from the traditional ways of security to modern ones. As societies became more industrialized as a result of industrial revolution in the 19th century and more people became dependent upon wage employment, it was no longer possible to rely upon the traditional system of social security. The negative impact of industrialization and urbanization attracted the attention of policy makers to formalize social security system that addressed the emerged social issues (URT, 2003)

Most social security schemes in Africa inherited from colonial administration have undergone reforms post independence, particularly in the last two decades. Many of these reforms have focused on redesigning pension schemes, introducing health insurance schemes or expanding coverage of existing schemes to operators in the informal economy. Institutional and administrative reforms have also taken place in some countries. In some countries, provident funds have been transformed into pension schemes to provide periodic benefits instead of the traditional lump sum. For example, in 1998, Tanzania transformed its National Provident Fund (NPF) into full social security scheme, i.e. the National Social Security Fund (NSSF). Earlier in Ghana, in 1991, the SSNIT Provident Fund was transformed into a full pension scheme by a decree. Others are changing from pay-as-you-go basis to fully-funded individual savings accounts. The roots of the present form of social security in the world originated from Europe and North America, where the social economic conditions were such that the focus was to protect workers in formal employment. By then, an employment was not an issue to be worried about, as jobs were available for those who needed them. At the beginning the model of pension, scheme emphasized on the protection of workers as a strategy towards improving productivity. The main focus was on income guarantee; in the event the workers met
some contingencies, which were later formalized by ILO under social security minimum conditions convention No. 102 of 1952 (Barbone L. et al, 1999).

At independence, most countries in Africa established or inherited from the colonial administration provident fund schemes that were limited to workers in the civil or public service. These were later (in the 1980s and 90s) transformed into full pension schemes and made mandatory for workers in the formal private sector as well. Most of the schemes that currently exist in countries are contributory earnings-related defined benefit schemes. Few countries, mostly in Anglophone Africa, have maintained provident fund schemes inherited at independence. These include The Gambia, Kenya, Swaziland, Tanzania and Uganda.

Social security in Tanzania covers a wider variety of public and private measures meant to provide benefits in the event of the individuals’ earning power permanently ceasing, being interrupted, never developing, being unable to avoid poverty, or being exercised only at an acceptable social costs (Mchomvu, 2003). The major domains of social security are: poverty prevention, poverty alleviation, social compensation and income distribution. Many issues relating to social security are sensitive, as they touch on the material interests of organized workers and the unorganized poor as well as insurance industry and employer organizations (ILO, 2006).

Despite the fact that these social security funds systems provide a lot of benefits to their members but they are being faced with different challenges like challenges relates to inherited institutional design and the resultant governance problems, mismanagement of these schemes. Service delivery is an area which has generated substantial dissatisfaction among members and other beneficiaries of public pension schemes. Gaya (2011) argued that the regulation of public pension schemes could play a significant role in forcing public pension institutions to perform in accordance with acceptable standards and to build trust in these institutions. Another challenge is losing of members’ social security coverage when they move between schemes, both within a country and across borders.
To enhance transparency and accountability in policy formulation and resources management is also one of the big challenges that most of Social Security Funds face in the process of running these systems. Tungaraza and Mchomvu (2002), argued that regulation of both the public and private environment is important to increase transparency and protect beneficiaries; However, there is little experience of this in all public pension schemes in the country. Usually public pension schemes are subject to their governing laws and the oversight of ministries of Local Government, Labor and Finance. And yet there are increasingly good examples of regulatory bodies that have been set up including Social Security Regulatory Authority (SSRA) which is in the pipeline to start operating, and it is not known whether is going to be the oversight of the ministries, though currently it is said to be handled by the Ministry of Labor (Gaya, 2011).

Mchomvu and Tungaraza (2002) argued that most of these Social Security Funds are inflexible and do not provide a forum for members to have a say in the way their contributions are invested. Tanzania has been facing the problem with these Social Security Funds due to the fact that they make decisions and pass the laws and policies without discussing with members. A good example among others is the burning issue that is still on discussion about the lifespan of the security schemes which most of members complain as some may not live to benefit pensioners at the retirement age.

Resource management in most of the scheme is still a problem as allegations are high that some of the funds are investing in unviable projects, lending to non-members and taking overly long to issue members’ benefits. Harmonization of the legal and regulatory framework has not yet established which could have will make sure the schemes remain secure and sustainable, member’s interests are protected, there is increased coverage and funds are invested according to rules or investment guidelines (Machira, 2011).

A well-designed social security scheme must be broad-based with adequate coverage and be sustainable for over 70 years. The valuation can also help determine
regulations for transparency and well resource management of the schemes. On the other hand, the authority can put in place capacity building programmes and establish a research department with a robust database and an in house actuary to facilitate development of social security products. Recently, the World Bank’s Financial Sector Support Project (FSP) prompted the Bank of Tanzania to invite consultants to bid for the reviewing of the existing investment portfolio of the social security schemes in the country (ILO, 2006).

If only Social Security Funds like NSSF would have ensured appropriate disclosure as schemes, managers and custodians by provide timely information. Above all, it would guarantee that shortfalls are identified and appropriate actions taken to promote transparency and accountability in policy formulation and resources management.

1.2 Statement of the Problem

Most democratic states practice transparency and accountability in order to allow people to participate in decision making and have a say in matters touching their lives. This is an important aspect of governance and management because people own the decisions made and with the support that they give, the implementation of these decision is made easy and sustainable.

Since social security funds in Tanzania are working for the people, it is expected that they adhere to democratic principles of transparency and accountability in order to promote participation of people in matters related to policy formulation and resources management. However how those decisions on investment are made it seems that there is no transparency, no participation and accountability for decision made on investment and resource management in these schemes.

Machira (2011) argued that resource management and investments in most of the scheme is still a problem as allegations are high that some of the funds are investing in unviable projects, lending to non-members and taking overly long to issue members’ benefits. Harmonization of the legal and regulatory framework has not yet
established which could have will make sure the schemes remain secure and sustainable, member’s interests are protected, there is increased coverage and funds are invested according to rules or investment guidelines.

Although these are some of the anticipated problems, there is no clear picture, as to whether these are the only influential factors. Besides that, no such a detailed study that would have shown how decisions on investment are made and whether there is transparency, participation and accountability for decision made on investment and resource management in social security funds in Tanzania. It is on this context that there is a need to analyze the decision making process in management of social security fund in Tanzania, using a case study of NSSF.

1.3 Objectives of the Study
1.3.1 General Objective
The general objective of this study was to analyze the role of social security members in policy making process using a case study of National Social Security Fund.

1.3.2 Specific objectives
This study will be guided by the following specific objectives:
(i.) To identify the role of members in policy making at NSSF
(ii.) To determine how policy decisions on investment are made at NSSF.
(iii.) To assess challenges social security members face in participating in policy making.

1.4 Research Questions
The study was guided by the following research questions
(i.) What is the role of social security members in policy making at NSSF?
(ii.) How is investment policy decided at NSSF?
(iii.) What are the challenges of members’ participation in policy making in NSFF?
1.5 **Significance of the Study**

The findings of the study intend to assist members of the general public, customers and operators of Social Security Fund to become aware of the extent to which transparency and accountability in policy formulation and resources management can help to improve the services and contributing to the customer satisfaction with Social Security Fund Schemes services and the measures taken by NSSF to enhance transparency in policy formulation and management of fund. The study is supposed to serve as a stepping stone to future researcher on the same or similar topic by suggesting areas that need further studies to be conducted. This study will assist policy makers to establish policy that are relevant to people and that promote transparency and accountability in managing resources.

1.6 **Scope of the Study**

Study assesses the challenges facing social security funds to enhance transparency and accountability in policy formulation and management of fund in Social Security Funds groups in Tanzania. For easy comparison purpose and generalization of findings, this study was confined to National Security Social Funds (NSSF) Head quarter branch as the case study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
The kind of problem at hand is not new. The problem of accountability and transparency in policy formulation and management of fund is social security groups and its characterization has been covered in many studies. However, an issue relating to their growth has been narrowly covered with specific concentrations such as type of companies and geographical location. This chapter deals with the works done in this area and the outcome of such works. This aim is set pace for the current work. This chapter presents theoretical, conceptual and empirical literature that aims developing an understanding of the existing relationship between transparency, accountability and policy formulation.

2.2 Definition of Key Terms
(i.) Social security is defined in its broadest meaning by the International Labour Organization (ILO) as: "The protection measures which society provides for its members, through a series of public measures against economic and social distress that would otherwise be caused by the stoppages or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, disability, old age, death, the provision of medical care subsidies for families with children."

(ii.) Fund management is the operational activity of the business that is responsible for obtaining and effectively utilizing the fund necessary for the efficient operation. Chanda(2004)

(iii.) Management is defined by Oxford Dictionary (2011) as the process of reaching organizational goals by working with and through people and other organizational resources.

(iv.) According to Mapunda (2003) Policy can be defined as the deliberate statement aimed at achieving specific objective
2.3 The Concept of Social Security

Social Security means any kind of collective measures or activities designed to ensure that members of the society meet their basic needs and are protected from the contingencies to enable them maintain a standard of living consistent with social norms, by the ILO. Much of the literature on social security in Tanzania has defined it as the protection provided by the society to its members through public measures against the economic and social distress which otherwise would be caused by the stoppage or reduction of earning arising from contingencies. In most cases the contingencies are associated with either the temporary or the permanent loss of income (Maghimbi et al, 2002).

The concept of social security has evolved out of mankind quest for protection from the hazards arising out of nature and from out of life and work in modern societies. With the advent of industrial revolution in Europe a new class of "workers" emerged. Broken away from their families and villages they were totally dependent on wages for subsistence. In due course, a comprehensive social security system was developed covering all eventualities from conception and birth till death like prenatal and maternity benefits, paid leave, medical care, pensions, unemployment benefits, family allowances and old age pensions, etc.

The introduction of Social Security in Tanzania can be traced from the colonial times where the rules introduced colonial economy and civil service administrations, the growth of population of the urban jobless led to enactment of law sought to provide relief to the aged, sick people, invalid, death of bread winner and other misfortune.
Table 1.1: Formal social security schemes in Tanzania that existed before independence

<table>
<thead>
<tr>
<th>Act/Ordinance</th>
<th>Year enacted</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master and Native Ordinance</td>
<td>1923</td>
<td>Colonial civil servants</td>
</tr>
<tr>
<td>The Pension Ordinance ( As amended 1954 Cap 371 )</td>
<td>1932</td>
<td>Colonial civil servants</td>
</tr>
<tr>
<td>The Provident Fund Ordinance</td>
<td>1942</td>
<td>Colonial Civil servant</td>
</tr>
<tr>
<td>The Government Employees Provident Fund Cap 51 ( as amended in 1962)</td>
<td>1948</td>
<td>Colonial government employees</td>
</tr>
<tr>
<td>The local Authority Provident Fund Cap 53</td>
<td>1948</td>
<td>Colonial local authority employees</td>
</tr>
<tr>
<td>The Workman’s Compensation Ordinance Cap 262</td>
<td>1953</td>
<td>Colonial civil servant</td>
</tr>
</tbody>
</table>

However after independence there were a number of social security institutions which were established to cover various groups of people from formal to informal sector in Tanzania as shown under the following table.
Table 1.2: Formal Social Security Schemes in Tanzania established after independence

<table>
<thead>
<tr>
<th>Name of the scheme</th>
<th>Year established</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severance Allowance Act of No.57</td>
<td>1962</td>
<td>Private employees not covered by any social security schemes</td>
</tr>
<tr>
<td>National Provident Fund (NPF) Act No.36 As Amended to National Social Security Fund (NSSF) Act No. 28 of 1997</td>
<td>1964</td>
<td>Private employees non-pensionable government and parastatal employees, NGOs and self-employed</td>
</tr>
<tr>
<td>Parastatal Pension Fund (PPF) Act No. 14 as Amended by Act No. 25 of 2001</td>
<td>1978</td>
<td>Parastatal and private employees</td>
</tr>
<tr>
<td>Public Service Pension Fund (PSPF)</td>
<td>1999</td>
<td>Central Government employees</td>
</tr>
<tr>
<td>National Health Insurance Fund (NHIF)</td>
<td>1999</td>
<td>Pensionable employees of central Government</td>
</tr>
<tr>
<td>Local Authority Provident Fund</td>
<td>2000</td>
<td>Pensionable employees of Local Government</td>
</tr>
</tbody>
</table>

The organization structure of these institutions is directed towards compliance rather than meeting the customer expectation and changing demands of their external environments.

Coverage of these systems is low, under 10 or often under 5 percent of the population, and usually only for civil servants or a minority of relatively highly paid workers in formal sector employment, making for highly regressive systems, with cross-subsidies required from indirect taxes (usually VAT) as pension payments from these systems frequently exceed contributions. The need for efficient pension arrangements in the region is undoubted – though the challenges for introducing them remain great (notably the large informal sector of workers) (Stewart & Yermo, 2009).

Most sub Saharan African countries do not have meaningful publicly managed pension and social security systems, though some form of pension coverage is available in a limited number of countries. Where benefits are offered to formal sector workers, they are provided either by public service pension schemes (the
public sector being by far the largest employer in most countries in the region), national (usually mandatory) schemes covering private sector workers (which may also cover the public sector), occupational schemes managed by employers other than the government and individual /personal pension schemes (usually offered by insurance companies on a voluntary basis). However, it should be noted that the majority of people in the region work in the informal sector and are therefore not covered by these schemes, implying that they rely on informal arrangements and their own/ family resources (Stewart & Yermo, 2009).

In 1997, the government of Tanzania established a fund known as National Social Security Fund (NSSF). The NSSF was enacted by the NSSF Act. No 28 of 1997. The main activities of NSSF includes Registration of the employers and employees, collection of contribution from registered members, investment of the Fund collected and payment of the benefits to qualifying members. The Benefit offered include retirement (old age) pension, invalidity pension, survivors pension, funeral grants, maternity benefit, employment Injury and social health insurance benefit (SHIB) and withdrawal Benefit.

The following issues and challenges have been identified when it comes to social security funds in Tanzania: Low levels of awareness by members of the public on social security issues, narrow coverage, lack of a harmonized social security system, weak legal and regulatory framework, low sustainability of current mandatory social security schemes, limited Fiscal Space for SP programs in the Economy, low level of Good Governance Practices, cultural environment and practices (SSRA, 2011).

2.4 The concept of NSSF Pension Scheme

Pension fund benefits refer to all term benefits offered by the scheme. It defines periodic payments gives to a retired member, invalidity person and survivors of the deceased member to replace the loss of income resulting from old age, disability or death. NSSF pension benefits are member’s rights, paid directly to the beneficiaries without going through the employer. Short term benefits payable to members during
their working period such as maternity, employment injury and health insurance will not affect retirement benefits (NSSF, 2010)

The main objectives of the NSSF pension scheme are to guarantee income security to elderly members by providing periodic payments. The Scheme is financed through contributions at the rate of 20% of employee’s. Employer is required to deduct from employee’s gross salary the amount of contribution not exceeding 10% of the employee’s salary. The employer adds the remaining balance to make the required contribution rate of 20% (NSSF, 2010)

### 2.5.1 Historical Background of NSSF

The idea of having social security started shortly after independence, and by 1964 the Tanzania government established the National Provident Fund as a compulsory individual savings scheme with a view that it would be a good foundation for the establishment of an internationally accepted social security schemes. In 1990/91, the UNDP and ILO granted through project URT/9Q/003, which aimed at transforming the Provident Fund into a comprehensive social security scheme. ILO made a thorough study and the recommendations were presented and adopted by the government to establish the National Social Security Fund (NSSF) based on social insurance principles. This scheme has a responsibility of offering protection to its members against economic and social distress that otherwise would be caused by substantial loss of income as a result of old age, invalidity, death of the breadwinner, maternity and employment injury. Also the scheme offers health care to an insured person and his/her immediate family.

The Tanzanian Social Security (Regulatory) Act No 8 of 2008; aimed to harmonies the social security sector, by sorting out the current legal and regulatory framework which is highly fragmented. All the six social security schemes currently in operation have been established by different Acts of Parliament and they all report to different Ministries. The Social Security (Regulatory) Act of 2008 establishes a regulatory body (SSRA) for social security sector and provides for matters related to regulation of the social security sector, among other things; in 2006 the Local Authorities
Pension Fund (LAPF) Act Number 9, established and governs the operation of the LAPF;

However, in 2001 the Parastatal Pension Fund (PPF) Act (Amendment); amended the principal legislation on parastatal pension provision. The amendments, covering the participation of private sector employees and self-employed individuals in PPF, mainly aimed to establish flexibility in setting contribution rate, criminalize failure to remit contributions and provide for legal proceedings and penalties thereof, amend functions of the governing board to include private sector representatives, change retirement age from fifty to fifty five, setting annual pensionable emolument and provide for withdrawal of benefits;

It was in 1999 when the Public Service Retirement Benefit Act No 2 was established and governs the operation of the Public Service Pension Fund (PSPF); in 1997 the National Social Security Fund (NSSF) Act Number 28; established the National Social Security Fund and provides for its constitution, administration and other matters related to the Fund;

National Provident Fund (NPF) Act No 36 in 1964; established a national provident fund to provide for contributions by all employed people to and the payment of benefits out of the Fund and for matters connected therewith and incidental thereto. The NPF was later converted into NSSF in 1997; 1964: The Provident Fund Act, Number 7 to amend the Provident Fund (Government Employees) Ordinance of 1942. The main amendments were in relation to: deleting some words in section four related to salary caps, adding subsection four in section five of the ordinance introducing the title of “accounting officer” to mean Permanent Secretary of a Ministry or a Head of an independent Department in the government;

Ministry of Labour and Employment, provides general supervision over National Social Security Fund (NSSF) Social Security Regulatory Authority (SSRA), supervises and regulates the performance of social security sector in Tanzania Mainland including but not limited to supervising operations of GEPF, PPF, PSPF,
NSSF, LAPF and NHIF Bank of Tanzania, supervises all financial institutions in Tanzania and has also been vested with the powers to provide oversight on investment issues of the pension sector, working in consultation with SSRA. Ministry of Finance supervises the operations of the GEPF, the PPF and the PSPF (IOPS Country Profiles, 2011).

The main activities of NSSF includes Registration of the employers and employees, collection of contribution from registered members, investment of the Fund collected and payment of the benefits to qualifying members. The Benefit offered include retirement (old age) pension, invalidity pension, survivors pension, funeral grants, maternity benefit, employment Injury and social health insurance benefit (SHIB) and withdrawal Benefit.

National Social Security Fund offers a number of benefits and services as designed to protect their members against economic and social distress that would be caused by substantial reduction of earnings as a result of old age, invalidity, and death of a breadwinner, employment injury and maternity. Furthermore, the schemes offer provisions of health care to an insured or member and his immediate family. The National Social Security Fund also takes care of assisting reasonable burial expenses upon the death of an insured person/member to the scheme. Services offered by National Social Security Fund include registration of new employers and employees (members/customers), receiving or collection of contribution and payment of benefits of members (NSSF Act No.28 of 1997)

However products offered by National Social Security Fund in form of benefits include Old Age or retirement pensions which guarantee income security to elderly members by means of monthly payment. Invalidity benefit which is a cash payment to an insured member who lost his/her earning capacity due to physical or mental inability. Survivor’s benefits which are a cash payment made to surviving dependant of the insured person who dies while working. Social Health Insurance Benefit offering medical insurance and provision of essential drug to the insured member.
with the aim of relieving the insured from the burden of cost sharing in medical services (NSSF Act of 1997).

Maternity benefits are payable to a female member of NSSF who as a result of pregnancy needs some support to take care of herself and her baby before and after confinement. Employment injury benefits are payable to an insured person who is in course of his/her employment happens to be injured or happens to contact diseases which are related to the nature of his employment. Funeral grant is a fixed cash grant payable to the person responsible for the funeral arrangements of a deceased person who was an insured person.

Parastatal Pension Fund offer the following products Old age benefits payable as pension upon attaining retirement age, Disability benefits is payable when employees ceases employment on medical grounds, Death benefits this is payable when member/employee dies while in service, Survivors benefits this is payable when member dies in services with at least 120 months contributing period. Education benefits payable to children of a deceased member as education expenses, Gratuity benefits this is payable to member who cease employment with less than 120 months contribution. Withdrawal benefits payable to the member who ceases employment through summary dismissal or termination (PPF Act of 1978 as amended by Act of 2001).

Social security in Tanzania covers a wider variety of public and private measures meant to provide benefits in the event of the individuals’ earning power permanently ceasing, being interrupted, never developing, being unable to avoid poverty, or being exercised only at an acceptable social costs. The major domains of social security are: poverty prevention, poverty alleviation, social compensation and income distribution. Many issues relating to social security are sensitive, as they touch on the material interests of organized workers and the unorganized poor as well as insurance industry and employer organizations.
The NSSF also takes care of assisting reasonable burial expenses upon the death of an insured person. Members of the scheme who are used to monthly or weekly payments are assured of continued monthly payment after retirement or becoming invalid. Payment under this scheme will also consider the member’s social needs depending on the contingency facing the member while working. The main functions of the NSSF are, to register employers and employees who statutorily required to be contributing to the NSSF, to collect contribution from the registered employers and employees. To invest the collected contributions (i.e. member’s funds) into viable, secure and high yielding investments/projects, to pay out benefits to entitled members of the fund.

The NPF was established under the ministry of Labour as a government department in 1964. It was reorganized into a parastatal organization by Act No. 2 of 1975, which established the Board of Trustees of the NPF. The NPF was then repealed by Act No. 28 of 1997, which established the NSSF.

The NSSF is a comprehensive social security institution based on International Insurance Principles, providing a wide range of short term and long term benefits to Tanzanians and their families namely: Old Age Pension, Invalidity Pension, Survivors Pension, Employment Injury, Medical Care, Maternity Benefit, and Funeral Grants. The Fund’s vision is to maintain its position as “a leading provider of social security in Tanzania on the basis of the internationally recognized social insurance principles”. The Fund is committed to meet member’s evolving social security needs and expectations through utilization of dedicated human resource and modern technology.

The Fund provides services to its members and the general public on the basis of “respect, integrity, innovativeness, promptness and reliability” (NSSF Guide 2004) The NSSF covers the following sectors Private sectors which include Companies, Non-Government Organizations (NGO), Embassies employing Tanzanians, International Organizations, Organized groups in the formal and informal sector etc., Government ministries and departments employing non-personable employees, and
Parastatal Organizations employing non-pensionable employees. Self-employed or any other employed person not covered by any other scheme. Since its establishment in 1964 to 1989, employees were contributing 5% of their wages and their respective employers were adding another 5% to make 10% of the same. From 1989 to date the contribution is 10% from employee and another 10% from the respective employer. Despite of the increase in number and quality of benefits offered, the employees and employers are not supposed to contribute any extra amount.

In Uganda however, the National Social Security Fund (NSSF) is National Saving Scheme mandated by Government through the National Social Security Fund Act, Cap 222 (Laws of Uganda) to provide social security services to employees in Uganda. It was established by an Act of Parliament (1985) to provide for its membership, payment of contributions to, and payment of benefits out of the Fund. NSSF is a provident fund (pays out contributions in lump sum). It covers all employees in the private sector including Non Governmental Organizations that are not covered by the Government's pension scheme. It is a scheme instituted for the protection of employees against the uncertainties of social and economic life (NSSF Guide 1985).

In Kenya however, over the last decade, Kenya has undertaken a major reform of parts of its pension system. A new Retirement Benefits Act was enacted in 1997 and a comprehensive framework of regulations was implemented three years later in 2000. A regulatory authority, the Retirement Benefits Authority (‘the RBA’) was established at the same time to regulate, supervise and promote the retirement benefits sector in Kenya. Reform of the National Social Security Fund (‘the NSSF’), the mandatory scheme for all formal sector employees in Kenya (other than public service employees) has also been firmly on the national agenda with wide debate on the nature and extent of role the NSSF should play as part of the pension and social protection system in Kenya. The NSSF provides lump sum benefits on retirement at or after age 50, earlier invalidity, to survivors on death of a member and on permanent emigration from Kenya. A modest funeral grant and a maternity grant were introduced in 2004.
The Act provides for interest at a minimum rate of 2.5% per annum to be credited to individual member accounts (Raichura S.K, 2008)

However, in Tanzania NSSF has its organization structure designed to cater the day to day operation of the Fund, this organization is under the Board of Trustee. The Fund is managed by Director General who is the Chief Executive Officer of the Fund, Five Directorates, and these are; Director of Operations (DO), Director of Finance (DF), Director of Planning Investment and Project (DPIP), Director of Human Resources and Administration (DHRA) and Director of Information and Technology (DIT). However there are Seven Chief Managers (CMs), Regional Managers (RMs), Managers and head of Department at the NSSF HQ.
2.5.2 Historical Background of Parastatal Pension Fund (PPF)

The Parastatal Pension Fund was established under Section 6 of the PPF Act No. 14 of 1978 as amended by the Act No. 25 of 2001, the scheme is under the Board of Trustee which provides guidance on strategic and policy issues while day to day operations are vested in the Director General. This is a contributory pension scheme and it covers employees in private companies, parastatal organizations, and public institutions though its coverage has been extended to self employed as well as labour force in the informal sector.
The main functions of this scheme are to register employers and employees, to collect contributions, to invest those contributions and to pay pensions and other social security benefits. PPF operate two schemes, traditional and Deposit schemes both designed specifically to suit the diverse Fund clientele as well as ensuring maximum customer care satisfaction. Members’ contribution is based on the 20% of the salary which may comprise of 10% from employer and other 10% from employee, or 15% from employer and 5% from employee.

2.5.3 Historical Background of Local Authority Pension Fund (LAPF)
The Local Authority Pension Fund was enacted by Act No. 9 of 2006 after amendment of the former Act of 2000, which was under the Board of Trustee of Local Authority Provident Fund which provides guidance on strategic and policy issues while day to day operations are vested in the Director General. This is a contributory pension scheme and it covers employees of Local Government Authorities, Local Government Loan Board, and Local Authority Pension Fund, An organization under ownership of Local Government Authority and Institutions or self employed person who elects to join the Fund. The main function of this scheme is to register employers and employees, to collect contributions, to invest those contributions and to pay pensions and other social security benefits. Member’s contributions are based on the 20% of the salary which comprise of 15% from employer and 5% from employees. The Fund pays the following benefits Retirement Benefit, Invalidity Benefit, Survivor’s Benefit and Withdrawal Benefit.

2.6 The Policy – Making Process
In order to influence policy, it is important to understand policy and the policy processes that result in certain decisions at various levels. In general terms, a policy is a statement of guiding principles and goals in addressing a certain issue (Mapunda, 2003). In the public arena, the policy would ideally be a means for citizens to hold public institutions accountable for their actions concerning issues of public interest. However, this is not always the case as the policy processes are often quite complex (Mattee, 2007). On the one hand, policy making is seen as an objective logical process by “policy makers” who are expected to act rationally and dispassionately in
the “public interest”. Most government policies are perceived as being formulated in the public interest, which then makes it difficult to challenge them, as that would be interpreted as working against the public interest.

Policy Forum, (2010) argued that in reality however many such policies arise from a centralized system that often promulgates policies in which “the poor are seen not as beneficiaries of policy, but as agents of environmental destruction. Furthermore, often policy serves more to legitimize what is taking place, than to direct what might take place. This popular notion of policy is in contrast to the view that sees policy processes as political processes that are embedded in power relations and institutional politics.

This view sees the policy making process as involving not only “policy makers”, but a range of stakeholders, each of which must lobby to advance their interests within the policy. The implication of this then is that the eventual policy outcome is a result of several factors, including power relationships (the politically stronger carries the day) among the stakeholders. In this case, overlooking the role of power in any policy engagement is likely to lead to failure. Even where a policy has been formulated, it may not be implemented. The implementation of policy is often influenced by politics, internal dynamics of the implementing institutions, as well as their structural positioning. Individuals also have a key role on either catalyzing or inhibiting institutional change, which means that policy engagement must also focus on micro-politics of how decisions are made within an organisation and the consensus required for different kinds of actions. Often, trusted and sympathetic individuals are keys to effective communication and learning processes (Policy Forum, 2010).

2.7.1 Policy Formulation in Tanzania

Policy formulation in Tanzania, like in other countries, is basically the sequential process of identifying problems, analysing them, searching for appropriate policy options to solve them, articulating the options clearly, deciding upon which of the
options to take, implementing the strategic policy options and finally evaluating the implementation process.

In Tanzania the Government has been engaged in serious socio-economic reforms starting from the mid-1980s to arrest the deterioration of economic performance due to the tremendous expansion of the public sector during the 1970s and early 1980s that resulted in putting excessive pressure on the economy for financial and manpower resources. One of the reforms has been a critical examination of the role of government under the prevailing severe budgetary and other resource constraints should be. The Government has thus grouped its functions into three categories, namely: core, critical and non-critical. The core functions or services are those that can be provided only by Government. These are essential and represent the power and justification of society. Services under this category include national policy formulation, law and order, defence and general administration. The critical functions are services which are supported by Government but the private sector may also contribute to run them, examples being health and education. The non-critical functions are services which can be provided on commercial basis indicating that they are essential but they can be performed by any other institution outside the Government system. Among other considerations, this functional classification has also been adopted by the Government as a basis for allocating its scarce resources; first priority being given to core and critical functions. (URT, 2010)

Since in Tanzania policy formulation is a core function of government, in this presentation we shall concentrate on formulation of public policy. Most of social security fund Policies are well designed to be a statement of the government’s guiding principles and intentions with regards to dealing with an important public issue. The social security fund policies like any other public policy provides the means by which the Government prioritizes problems, which need to be addressed, sets objectives and allocates resources in order for these to be achieved. (ESRF, 2002)
The need to have a well design social security fund policy on an issue in Tanzania is determined by the changing environment in the country and the world at large. Since the mid 1980’s for example, the Government began to implement reforms e.g. the Structural Adjustment Programme (SAP), Economic Reform Programme (ERP), etc. aimed at solving the socio-economic crisis facing the country during that period. An important component of the reforms has been to curtail the prominent role of the State in the economy while giving greater leeway to the market and the private sector. (ILO, 2005)

However, in the course of implementing these reforms it has come to light that issues of good governance, good economic and social infrastructure, increased human resource development, a well-functioning legal and regulatory framework and efficient fiscal and financial systems are also necessary components for a sustainable reform programme (Tungaraza, 2003).

The Government has been formulating public policies addressing most of these problems. External considerations/factors may also necessitate the Government to formulate a public policy to address these issues, for example, the country’s acceptance of United Nations Resolutions/Declarations on certain issues such as human rights, environment, etc. may necessitate the need for the Government to have a national policy to address these aspects within the country as part of the strategy of implementing the resolutions/declarations countrywide.

There may also be some multilateral resolutions such as poverty alleviation issues by the World Bank/IMF or other multilateral and bilateral issues etc. that may necessitate the need for the Government to formulate public policy to address the issues and to facilitate their Implementation (UNDP, 2001).

After the Government decides that there is need to formulate a public policy to address an issue, normally the step that follows is the commissioning of a study on the issue under consideration.
The processes of commissioning the study are the responsibility of the government ministry/department responsible for the issue. The study team, which will have specific terms of reference drawn up by the Ministry, will normally be comprised of the relevant experts from the ministry/department, experts and researchers on the subject matter from other ministries/departments, public sector/institutions, private sector, academia, political parties, and other interest groups (Mapunda, 2003).

Donors also play a significant role in policy formulation in Tanzania because of, among other things, their substantial support to the country’s development agenda where external funding accounts for about 40% of the Gross Domestic Product (GDP). Some of the donors are interested to see that there is broad based accountability and transparency of policy action. They are in one way or another involved in the on-going transformation in the country in the promotion of socio-economic and political reforms. In some cases there is also donors influence over policy agenda at a lower level through their choice of particular projects and through the technical expertise they provide to support these projects (URT, 2003).

2.7.2 Social security Policy formulation in other East African Countries

The current philosophical and ideological pillars of government policy in all countries in the East African Community are that of neoliberal economic policies (Barya 2011). The end result of these policies, mainly imposed by Bretton Woods Institutions, not only to intensify foreign domination and exploitation of African countries but also undermined the working class and all working people, particularly through wage freezes and massive retrenchments from the government and public enterprises. These processes further and directly impacted on the welfare functions of the state mainly: education, health and housing.

They also exacerbated social inequalities by redistributing wealth in favour of the rich and powerful, caused unemployment and increased poverty. However, in recent years, some countries in the EAC have consciously developed social security policies, albeit within the context of neoliberal economic frameworks. These include Tanzania (in 2003) and Rwanda (in 2009). Kenya, Uganda and Burundi do not have
explicit social security and social protection policies. Burundi does not yet have a social security policy. The constitution is also greatly silent on social security issues.

More recently, on December 2008, the Rwandan Ministry of Finance and Economic Planning released a project on "Rationalizing delivery of social security benefits services to be delivered under one institution". The project of the Government is to merge two main social security institutions, the Social Security Fund of Rwanda and "la Rwandaise d'Assurance Maladie" (RAMA) in a single Rwanda Social Security Board (RSSB). In 2009, the “Social Security Policy” has been prepared by the Ministry of Finance and Economic Planning. The new Rwanda’s vision for social security is to reach the ideal situation of “Social security coverage for all” and having all the population covered with maximum benefits possible (retirement, professional risk benefits, sickness benefits, maternity, health care, etc.). In order to achieve this, key actions have been identified such as the reinforcement of compulsory affiliation and/or development of incentives for voluntary membership in order to increase the coverage, awareness campaign for active participation of the population through community based-organizations.

In 2011, the Ministry of Local Government has prepared a National Strategy on Social Protection. This strategy presents the social protection vision for the next 10 years. The long term vision for Rwanda is to establish by 2020 a “social protection system that complements and contributes to economic growth”. The mission is to ensure “that all poor and vulnerable people are guaranteed a minimum income and access to core essential services that those who can work are provided with the means of escaping poverty, and that increasing numbers of people are able to access risk-sharing mechanisms that protect them from crises and shocks.” Therefore, two main elements have been identified to establish the social protection system: a social protection floor for the most vulnerable groups and an increased participation of the informal sector in the contributory social security system.
2.8 Fund Management at NSSF

Fund management is concerned with the efficient use of an important economic resource, namely, capital fund. Solomon (2005)

2.8.1 Main features of Fund Management

Based on the above definition, the following are the main characteristics of the fund management

Analytical Thinking: Under fund management financial problems are analyzed and considered. Study of trend of actual figures is made and ratio analysis is done.

Continuous Process: Previous financial management was required rarely but now the financial manager remains busy throughout the year.

Basis of Managerial Decision: All managerial decisions relating to finance are taken after considering the report prepared by the finance manager. The financial management is the base of managerial decision.

Maintaining Balance between Risk and Profitability: larger the risk in the business larger is the expectation of profit. Financial management maintains balance between risk and profitability.

Coordination between Processes: there is always coordination between various processed of the business.

Central Nature: Financial management is of a centralized nature. Other activities can be decentralized but there is only one department for financial management Chanda (2004).

Wood and Sangster (2002) argued that financial management is the management of the finance of an organization in order to archive the financial objectives of the organization. It broadly embraces two aspects, namely: Financial planning which is a plan to ensure that enough funding is available at the right time to meet the needs of the organization for short, medium or long term capital. For example how much money is needed to smooth out change in debtors, creditors and either cash requirement, should a new asset be bought or leased and financial control which
seeks to assess whether the plan put forward meets the objectives if the organization in question. For example are assets being used effectively? Are past performances affecting the organization? A financial manager in a big and well established organization normally carries out these functions. However, in SME’s where this might also be needful, the owner-manager carries it out.

2.9 Policy Formulation Strategies in General

Policy is a statement of intent for achieving an objective. Policies are formulated by the Government and organization in order to provide a guideline in attaining certain objectives for the benefit of the people. Mapunda (2003) explain the following importance and objective of any policy:

(i.) to solve existing challenges in any society
(ii.) Used as a tool to safeguard and ensure better services to members of the society.
(iii.) According to Henry (2001) the development of a policy guideline for investments of the Social Security Fund are guided by two major aspects:
(iv.) The need to maintain financial viability for the scheme
(v.) The need to provide investments, which are development, oriented

The financial viability is ascertained by ensuring that an optimum Fund Ratio is maintained and also that positive rates of return as determined in the actuarial projections are achieved in the longer term. The major sub–objectives in achieving the above are as follows:

(i.) Ensuring safety of selected investments
(ii.) Ensuring adequate yield
(iii.) Ensuring liquidity for meeting obligations when due
(iv.) Ensuring diversification of the portfolio

According to PDO-ICZMP, (2003) National policy document is a broad mandate enunciated by the authority governing the country with respect to something for formulating acts and rules to be applied towards that end to achieve the desired objectives. Some desirable steps, generally lead to achieve good policy, are: a form
of participatory process; national determination of clear goal; agreement on ways to set priorities; implementation arrangement with clear cut task distribution; better monitoring mechanism of activities for improvement of services and strategic information; devolution of decision making power to where potential contributions for sustainability are greatest; and In the past, the policy formulation was almost a unilateral and departmental activity of the government. Participation of the stakeholders was limited. With the passage of time, the process of the policy formulation has changed to a great extent.

Now, the Ministries concerned formulate the policy with the assistance from the professionals under its control, more or less through some sort of participatory approaches. Dialogues are frequently held with the stakeholders, experts, professionals, NGOs, and private sectors. Besides, the govt. institutions directly and indirectly connected with proposed policy are also consulted. Broadly, the Ministries are responsible for policy formulation at the national level. Prevailing socio-economic, environmental and political factors are largely reflected in policy documents.

At present, there are no officially approved modalities to be followed for formulation, preparation and approval of national policies of the government. So, there is a great variety of ways of policy formulation. A general description of steps followed in the formulation and approval of the national policies are as under:

(i.) Formation of a working group or expert group with the representatives of the concerned agencies, departments, consultants, etc with a view to prepare a draft policy. Sometimes, experts are hired from outside.

(ii.) Review existing sector policy and legislation by the group.

(iii.) Data collection, scrutiny of the data and studies by the group for preparation of the draft.

(iv.) Preparation of discussion paper on 'proposed policy directions'.

(v.) Arrange workshop, inter-ministerial meetings, etc. on proposed policy direction, which are attended by various interest groups including Ministers.
(vi.) Wider consultations with civil society, stakeholders, target groups, local govt. functionaries and formal & informal local and public representatives.

(vii.) Revision of the draft using feedback from the workshop and the meetings.

(viii.) Circulation of the first draft to different Ministries, agencies, groups, institutions and organizations for their review and written comments.

(ix.) After incorporating the comments and observations on the first draft, consultations or workshop are arranged with wider representation.

(x.) Finalize the draft policy proposal through an inter-ministerial meeting after discussing the comments and observations received through the consultations, discussions and workshop.

(xi.) The sponsoring Ministry formally approves the draft policy through the Ministry's usual procedures.

(xii.) The sponsoring Ministry then sends the draft policy to the cabinet division for placing it in the Cabinet/ Council of Ministers for final approval.

(xiii.) The Cabinet / Council Ministers accords the final approval to the draft policy after discussions in its formal meeting.

(xiv.) The approved policy is then published in the official gazette for information of the members of the public.

(xv.) The sponsoring Ministry initiates institutional and administrative actions for implementation of the policy statements.

(xvi.) The sponsoring Ministry also initiates formulation of strategies, plans and programs supporting the approved policy.

2.10 Role of Participatory Approach to Policy

Participation is a fundamental human right. It strengthens commitment to democracy. All people, particularly young, marginalized and vulnerable groups, have a right to express their views on decisions directly affecting their lives. Participation is not a gift or a privilege bestowed from above (adults to children or Government to citizens), but the right of every person capable of expressing a view. This fundamental right can only be honored if policy makers and members are connected and their connections strengthened. Participation is not an end in itself; as a procedural right, it represents the means through which members may take part in
and influence processes, decisions and activities in order to achieve justice, influence policy outcomes, expose abuses of power and secure their fundamental rights (ESCWA, 2010).

The participatory approach to policy making has several advantages for both members and representatives. The following are some of these advantages: education: members can learn from and inform the representatives and representative can learn from and inform members, persuade and enlighten representatives, gain skills for members’ activists, persuade members by building trust, build strategic alliances, gain legitimacy of decisions, gain some control over policy processes, better policy and implementation decisions, promote well-being of people, protect group rights, human development, avoid litigation costs, better policy and implementation decisions, better performance of good governance, and strengthen commitment to and understanding of, and human rights and democracy (ESCWA, 2010)

Challenges in Participation in Policy Making
Social protection, like any other policy undertaking, requires sufficient political support in order remain a priority. Participants agreed that outstanding issues regarding the uptake of social protection would be better addressed through partnerships and linkages with law makers. This is because they have closer proximity to policy makers, are able to influence resource allocation and have sufficient leverage to affect uptake. They would be more effective in lobbying for increased visibility of social protection in government policy as well as increased resource allocation and improved legislation. Getting buy in from politicians, as well as other actors, is needed to drive the social protection agenda forward. However, participants cautioned that involvement of politician’s risks politicizing social protection with implications on its conceptualization, credibility, effectiveness as well as efficiency. Engagement with politicians and governments should encourage these actors to see the protection of the vulnerable and improvement of their livelihoods as a priority and an inalienable right.
The structure and challenges of the pension systems in each country differ with other countries correspondingly adopting different reforms agendas. The pace of reform also differ from country to country from the introduction of individual defined account, extending pension coverage to informal sector and self-employed, exploring ways to overhaul the civil service pension scheme, improving pension fund government and reforming taxation of retirement funds and reviewing national social security schemes to make them less expensive to administer and more sustainable for retirees in the long run.

In Eastern Africa, the involvement of bilateral and multilateral agencies and international NGOs is much stronger, and they have exerted significant influence on the emergence of social protection strategies and social protection programmes. The focus on social protection among donors is stronger where emergency aid has been a major and agency activity. The ILO has been involved in providing technical support for social pension schemes in West Africa, and has also supported community health insurance schemes there. The World Bank has provided technical assistance in several countries, usually in combination with other development partners.

A major component of theses announces a reform is the need to improve the quality and effectiveness of pension fund scheme. Tanzania made sustain reviews of laws concerned with the pension fund schemes. The severance allowance Act (1962), the NPF Act (1964), the PPF Act (1998), Political leaders Pension Act (1981) and transformation of the NPF Act (1964) into NSSF Act (1967) which has established NSSF in 1997. Bossert (1987) and Bakari (1988) urged that despite the fact that there are many organizations in the social security schemes, the services provided by each are based on the principles provides by their statute which established them Kaare (1994) “Pitfalls and Paradoxes of Social Security Policy in Tanzania”. This is one of the challenges since the reform also act as the problem in the management of fund; it becomes difficult to promote accountability and transparency since the reform is not well mastered.
In terms of coverage formal social security cover only 5% of the labor force and 6% of the population and focus on only few risks. Most of those covered are working in the urban formal sector and these schemes provide few benefits Maghimbi (2002). Since the main aim of Social security is to help individuals maintain a reasonable standard of living when faced with social and economic contingencies, there has been an increasing recognition of the need to understand the adequate of benefits. The study also shows that the amount of benefit provided by various formal security schemes in Tanzania is insufficient to avert poverty and they have thus failed to provide adequate social protection to members in distress due to poor management of fund in social security schemes. The NSSF compulsory saving scheme which covers more than 60% of the social security market in Tanzania, a Bi-annual Newsletter of the NSSF (Jan, 2009-Jun 2009) have failed to elleviate the ever growing post-retirement

2.11 Empirical Literature Review

Social security funds groups in Tanzania have been in Tanzania since early 1960s. There are various studies that were conducted about Social security fund and some few about management of fund of these social security fund groups. A study conducted by the Boston College Center for Retirement Research, CALPERS, (2007) with a title of “Many Retirees at Risk of Insecure Retirement” found that 43% of working household are at risk of being unable to maintain their pre-retirement standard of living in retirement. According to the study this problem is due to poor management of Social Security fund including the lack of transparency, accountability in decision making and policy formulation.

Studies by Mangangila (1976), Mataba (1983) and Mlyansi (1991) looked at the benefit provided by various formal security schemes in Tanzania is insufficient to avert poverty and results show that they have thus failed to provide adequate social protection to members in distress. Moreover, these schemes are faced with a host of other problems, such as the small rates of interest awarded annually to members, the evasion of payment of premiums by employers and a lack of transparency, the delaying of benefits and disparities in risks covered.
Gupta, A. McDaniel A, and Herath, S. (2005) conducted a study on quality of management of Social Security Schemes: sustainability structure and total quality service. On the findings, their conceptual model develops three constructs: leadership, organizational culture and employee commitment, which are very important in archiving total quality service objectives. The proposed model links these constructs with business process and total quality service. Their study provides the important conceptual framework for evaluating the relationship between management of fund and customer satisfactions.

2.10 Research Gap
Based on the above reviewed empirical literature, it is evident that extensive research has not been done which are related to research topic in Tanzania. A lot of studies have been done in the aspects of benefits of social security funds, challenges and opportunities they face and future prospects of those social security funds. Very few studies have been studied the aspects of accountability and transparency in policy formulation and management of fund in these Social security funds. This study sought to fill in the gap by assesses efforts and challenges in social security funds to enhance transparency and accountability in policy formulation and management of fund in social security funds.

2.11 Challenges Facing Social Security Schemes in Tanzania
The challenges facing Tanzanian social security system include uneven benefit packages among the existing SSIs, inadequately regulated investment activities, limited coverage and the role of SSIs in the fight against poverty. In responding to these challenges, some of these SSIs have implemented parametric reforms in an attempt to adapt to changes brought about by the changing socio-economic environment. Consequently, the scope and depth of benefits have increased. Others have amended their respective legislation to cover sectors previously not covered by these schemes. The recent reform initiative is the formulation of Social Security (Regulatory Authority) Bill of 2008, which is expected to be enacted in 2008. The Act will establish the regulator of social security. One of the major sources of distrust in public pension institutions in this country has to do with the mismanagement of
these schemes. There is, for example, a tendency to redirect sources from certain benefits to pay for other benefits, such as pensions. As we have heard through various media, high administrative costs and the absence of budget constraints on administrative expenditures have contributed to the deterioration of fund reserves in some public pension funds in the country.

Service delivery is an area which has generated substantial dissatisfaction among members and other beneficiaries of public pension schemes. Most of the complaints revolve around the inadequacy of benefits, delays in payments, the lack of up to date information about the schemes and the amount of individual contributions made and estimated benefits (i.e. benefit statements). Contribution records are often incomplete and apparently not always computerized.

On the positive side, the use of information technology and public awareness campaigns are contributing to improving social delivery. But none of these public pension schemes are implementing this vital marketing communication strategy to improve public awareness, and if it is done it is of course in rare cases and not impacting to their target groups and to the public in general.

Regulation of public pension schemes could play a significant role in forcing public pension institutions to perform in accordance with acceptable standards and to build trust in these institutions. Regulation of both the public and private environment is important to increase transparency and protect beneficiaries. However, there is little experience of this in all public pension schemes in the country. Usually public pension schemes are subject to their governing laws and the oversight of ministries of Local Government, Labour and Finance. And yet there are increasingly good examples of regulatory bodies that have been set up including Social Security Regulatory Authority (SSRA) which is in the pipeline to start operating, and it is not known whether is going to be the oversight of the ministries, though currently it is said to be handled by the Ministry of Labour.
In addition to the specific matters referred to above, there are other fundamental considerations which will play an important role in making public pension frameworks on the continent relevant and acceptable to the population, as well as to members of the funds. The first consideration relates to the need for an appropriate conceptual context that would encapsulate, within a public pension framework, non-formal employment, informal forms of social security, the coverage of co-variate risks and of immediate needs as opposed to merely covering future needs or risks, African extended family concepts and gender neutrality.

A second matter which causes much concern to public pension contributors relates to the fact that they have been losing their social security coverage when they move between schemes, both within a country and across borders. There are, however, commendable country examples of how universally accepted principles in this regard have been successfully implemented on the continent. Thirdly, the public pension fund has been an area which has seen very little in terms of a conscious attempt to define comprehensive social policy regimes that are linked to economic policy. There is a clear need for social and economic policies to reinforce each other. The aim of social policies in Tanzania, also in the area of pension funds, should be to reduce and alleviate poverty and inequality, and support the objective of a growing economy with a larger tax base for government revenues.

Of serious concern is the fact that public pension funds in Tanzania through limited coverage of those in the formal sector, contributes to social differentiation. Pension funds are therefore often seen as serving the interests of the working elite, and not reaching out to those most in need of coverage. Yet it is clear that the general picture in Tanzania reveals an increase in the informal sector and in structural unemployment, while the formal sector is generally shrinking. At the same time a big number of members of existing schemes are withdrawing their pension contributions while they are premature. Concentrating attention on beneficial reforms for that part of the pension fund system which covers a small part of the labour force at the expense of the informal sector and those who are unemployed is inherently unequal, as it directs government attention and other stakeholders away from a huge segment
of the population with little social security coverage. In recent times, though, in Africa and elsewhere in the developing world, innovative and mutually-supporting approaches have been adopted to extend protection to the informal sector. It is conducted through extending the social assistance system and the sphere of coverage of existing social insurance schemes. It presumes acknowledging and factoring in the importance and potential use of existing informal social security arrangements, and through the establishment and support (by way of, for example, a subsidy) of public low cost social security savings arrangements.

Finally, a conspectus of the reasons why public pension institutions in the country many lack trust and appreciation, leaves one with the clear impression that the absence of standards with which these institutions and governments should comply is one of the primary considerations. It is suggested that, in keeping with encouraging developments in the country, appropriate standard-setting at country and regional level through appropriate human rights frameworks, the adoption of regional benchmarks and the introduction of international standards could do much to enhance the acceptance of public pension system in East Africa Community cooperation zone.

19th March 2013

Minister for Labour and Youth Development, Gaudensia Kabaka

Tanzania has a total of six social security funds, but the coverage in terms of number of members remains abysmally low relative to the country’s population. The 2012 National Population and Housing Census puts the number of Tanzanians at 44.9 million, while all six schemes in both the Mainland and Zanzibar have a combined membership of not much more than one million.

While 98 percent of the coverage is in formal sectors, informal sectors are covered by only 2 percent of the 1 million. However, population in informal sector is large compared to formal sectors and coverage informal sector is poor; of course, this is very serious challenge for the schemes currently operate.
Social security is a basic right for every citizen wherever he/she resides in accordance with the United Nations Human Rights Declaration of 1948. Its implementation was followed up with ILO Social Security No. 102 Declaration of 1952.

These Declarations were ratified by Tanzania in 1965. Bearing in mind the paramount importance of this right, putting into consideration how vital is the question of Social Security, the government designed and implemented social security system that has poor coverage methods and that does not take considerations of that right to all citizens. Social Security in Tanzania is still a privilege as coverage is relatively low for both informal and formal sectors. The right of social security to citizens is denied by government or the social security institutions which lead to poor coverage.

According to ILO report of 2011 exclusion of informal sectors is dominated by number of issues such as lack of Permanent address, real income obtained per month, proper knowledge and education of social security issues are main problems that excludes informal sectors to be covered by social security funds. However for my opinion this is not the case since the coverage can be extended for the policy maker by looking on the areas like tax drivers, barbershops, (women and men) small scale entrepreneurs, Bongo Flava musicians, bongo movies and agricultural sectors.

This can be done by enforcement of laws that current exists by looking at fundamental nature of the activities and registration number from TRA. Amount of contribution should be ranked at minimum point so that most of these business people may afford to contribute. Good coverage of these areas will obtain great impact of social protection. In top of that most of these groups have unions that enable them to join together for betterment of their life. Besides, the coverage of informal sector will increase size of memberships and enhance collection capacity.
For instance, significant achievement on the coverage especial on the informal sectors is revealed by Ghana and Mauritius. Ghana particularly is one of example that provides a good lesson for our funds could be easily followed. Ghana have single scheme that includes all formal and informal workers. The annual report of SSNIT in Ghana of 2011 shows, formal workers contribute a total of 18.5 percent, employees 5.5 percent and employers 13 percent of their salary and 6,000 cedi for informal workers.

While in Tanzania a contribution for formal employees is 10 percent and employers 10 percent that makes total 20 percent of contribution to fund this depends on the scheme a member covered. For informal workers remain unknown to the citizens. Furthermore, the population of Ghana is estimated of 25 million and the coverage is 1.4 million members of social security.

Indeed innovativeness to some of the schemes is not implemented yet since the legislations provides an opportunity for schemes to cover informal sectors in real sense the coverage in informal sectors is inefficient. These remain challenges of most of schemes to figure out how to recruit informal sectors and how benefits should be paid in case of retirement or other contingencies such as job injuries, disability and survivors.

Recruitment of new members collections of contributions are key activities that all funds must performs at high level, this is not attain yet simply because lack of innovativeness in marketing, coverage of informal sector remain in paper (legislations) not in action and those who are self-employed are not trusted the funds due to complicated procedures during benefits processing.

Lack of awareness, education and the importance of social security of course are other challenges funds need to overcome them. These challenges must be tacked if these funds wish to extend coverage. To extend coverage schemes must have new look on self-employed workers, by providing awareness, education and importance of social security to them.
Of course the issues of permanent address, income obtained per month, proper knowledge and education should be overcome seriously. Current remittance of contributions must have new mechanism for self-employed in order to give them opportunity to be covered by social security funds.

Of course the policy maker should design policy in such way that contributors are main responsible for the remittance of their contributions rather than the current system where employer is one who is responsible for the remittance of contributions. In order to attain these, funds should provide education to marketers and potential members as well.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This section presents the research methodology that was employed in this study. It spells out the techniques and methods of sampling, data collection, processing and analysis and presentation methods.

3.2 Research Design
This part of proposal specifies in details the steps to undertake in order to execute the study. Sometimes it is a blueprint of the study. Each research design to the problem is unique from others. Research design are categorized as exploratory, descriptive or diagnostic and hypothesis testing or experimental. This study adopted the descriptive design. The researcher used focus group discussion, self administered questionnaires and observation. This method contributed practical evidence to the study and formed basis for the conclusions.

3.3 The Study Area
The study was conducted in Dar es Salaam City, NSSF Headquarters located at Benjamin Mkapa Tower, Azikiwe Street. The selection of the study area is purposely based on the fact that there is no any research which has been done to assess the transparency in policy formulation in social security funds also a researcher is familiar with the employees and customers at the place where the study is going to be conducted.

3.4 Study Population
In this study the population will include employees of NSSF headquarters, NSSF policy and decision makers and selected customers/ member of NSSF scheme who are located in Dar es Salaam City. The aim is to get different views and opinions for the study.
3.4 Sampling Procedures
A sample is defined by Saunders, Lewis and Thornhill, (2002) is a representative of the population. In this study constraints like time and budget prevent the researcher to survey the entire population. This study will use simple random and purposive sampling techniques. Simple random selection is where by every member of the population has all equal chance of being selected; Purposive sampling will be used for specific representative only like policy and decision makers in government and NSSF.

3.4.1 Sample Size
A sample is a small subset of the population that has been chosen to be studied. The sample should represent the population and have sufficient size so a given innovative orthosis or prosthesis can be subjected to a fair statistical analysis. (Punch, 2010). The study will contain a sample size of 100 respondents.

3.5 Data Collection Methods
The study will use a combination of methods (triangulation) to collect both secondary and primary data. Apart from enriching explanations of the research problem, triangulation also helps to reduce errors in data collection because each method has its own strength and weaknesses.

3.5.1 Secondary Data (Documentary Sources)
Secondary data for this study will be obtained from documentary review sources such as books, journal articles, both print and electronic, brochures,(research reports, theses and dissertations, online databases, websites and newspapers booklets, policy documents, CDS, DVDS and others; also from published electronic sources of information such as general websites, e-journals and weblogs.

3.5.2 Primary Data
Kothari (2004) defined primary data as “those data which are collected afresh and for the first time and thus happen to be original in character”. Primary data in this study will be collected through the use of a structured standardized self-administered
questionnaire to employee and customers of NSSF. Face-to-face interview will be conducted to key informants like managers and decision makers in government and NSSF. The researcher will use direct observation to study various events from the study area.

3.5.3 Research Instruments
A structured standard self-administered questionnaire, an interview guide and an observation guide will be used to collect data from various groups of respondents as will be explained later.

3.5.3.1 Questionnaire Guide
Questionnaires can be used for descriptive and explanatory research. Descriptive research such as that undertaken using attitude and opinion questionnaires and questionnaires of organizational practices will enable the researcher to identify and describe the variability in different phenomena. Although questionnaires may be used as the only data collection method, it is usually better to link them with other methods like in-depth interview.

3.5.3.2 Interview Guide
The researcher will use semi structured interview questions to collect data from managers and head of departments. This kind of interview is often referred to as qualitative research questions. The researcher will have a list of themes and questions to be covered, although these may vary from interview to interview. The order of questions may also be varied depending on the flow of the conversation.

3.5.3.3 Observation Guide
During the process of interviewing the respondent, the researcher will get time to observe the realities presented by the respondent. This will be possible since the respondents will be interviewed at a time when attending customers.
3.6 Reliability and Validity of Data and Instruments
Reliability is aimed at the point that even if the research were repeated they would end up with similar results. Validity refers to the extent to which the concept one wishes to measure is actually being measured by a particular scale or index (Kothari, 2004). Validity aims at establishing the results which are linked with the condition. Therefore, to ensure reliability and validity, this study will use methods such as interviews, self-administered questionnaires and observation methods.

3.7 Ethical Issues
Respondents will be protected by keeping the information obtained from them confidential and their consent will be sought before revealing any information. Anonymity and confidentiality will be assured. The information collected will be used strictly for learning purposes only.

3.7.1 Rigorousness
Questions in all the research instruments will be structured scientifically to avoid ambiguity. The researcher will make sure that they are in line with the objectives of the study. In addition, the study will be carefully planned and conducted to ensure that the information and data collected is accurate and not bias.

3.8 Data Presentation and Analysis
Data analysis was done using both qualitative and quantitative techniques. Quantitative data were collected from self-administered questionnaires, organized; coded and analysed using the Statistical Product and Service Solution (SPSS) Version 16 to derive frequencies and percentages. Quantitative data analysis was done using summary tables, figures and graphs. On the other hand qualitative data analysis were done using matching of information explanation building and comparison to establish reasons on what has been observed at the case.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents and analyses empirical data in relation of our research questions outlined in chapter two. The main purpose of this study was to analyze decision making process in management of social security in Tanzania using a case study of National Social Security Fund. Data for this study was collected using a self-administered questionnaire, interview and Observations. A total of 100 respondents participated in this study from National Security Fund.

4.1 Demographic Data

Table 4.1: Respondents’ Categories Involved in the Study (N=100)

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>NSSF Staff</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>NSSF Customers</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Data, 2013. F=Frequency, %=Percentage

Table 1 shows different categories of respondents who provided views on the analysis of the management of social security in Tanzania. This includes NSSF staff were 20 (20%) (which includes managers, directors and other staff) and NSSF customers were 80 (80%). The aim of involving different categories of respondents was to get different views, ideas, suggestions and opinions to facilitate the retrieval of reliable and valid information on the topic.
4.2 Demographic Information of Respondents

In any study, demographic characteristics of the respondents are important because they provide information on background setting of the population where the study takes place. This section presents the demographic characteristics of the respondent’s gender, age and level of education.

4.2.1 Gender Composition of the Respondents

Table 4.2: Distribution of Respondents by Gender (N=100)

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>NSSF Staff</td>
<td>12</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>NSSF Customers</td>
<td>37</td>
<td>37</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td>49</td>
<td>51</td>
</tr>
</tbody>
</table>

Source: Data Field, 2013  \( F = \) Frequency, \( \% = \) Percent

This study was aimed at getting views, opinion and suggestions from both male and female respondents on the analysis of the management of social security in Tanzania. According to Table 2, male were 49 (49%) whereby female were 51 (51%). There were a large number of female respondents compared to male.
4.2.2 Age of Respondents

Table 4.3: Distribution of Respondents by Age (N=100)

<table>
<thead>
<tr>
<th>Category</th>
<th>20-40 years</th>
<th>40 to 60</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>NSSF Staffs</td>
<td>13</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>NSSF Customers</td>
<td>48</td>
<td>48</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>61</td>
<td>61</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: Data Field, 2013  F=Frequency, %=Percent

Respondents included in this study were those between 20 to 60 years. Respondents between the ages 20-40 years were 61(61%) and respondents from 40 to 60 were 39(39%). This study included varieties of respondents due to the nature of the population study. It was necessary to know the age of respondents in this study so as to help in determining if there is a relationship between age and analysis of management of NSSF.
4.2.3 Level of Education

Table 4.4: Respondents’ Level of Education (N=100)

<table>
<thead>
<tr>
<th>Category</th>
<th>Certificate</th>
<th>Diploma</th>
<th>Diploma</th>
<th>Degree</th>
<th>Masters</th>
<th>Other Qualifications</th>
<th>Overall Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSSF Staff</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>NSSF Customers</td>
<td>1</td>
<td>12</td>
<td>3</td>
<td>0</td>
<td>30</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>14</td>
<td>3</td>
<td>4</td>
<td>34</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Field Data, 2013  \( F = \text{Frequency}, \% = \text{Percent} \)

Respondents were asked about their level of education, this is very important since level of education has a strong effects on productive behavior especially in resource management. Results for this question were as follows; certificate level were 14(14%). Those who had diploma level were 34(34%), those who had advanced Diploma were 12(12%) had bachelor degree education level 28(28%), master’s level were 11(11%) and other qualifications like doctorates and PHD were only 1 (1%). Generally, diploma education level was attained by most of respondents. This followed by respondents who had degree level, then certificate level and the last was advance diploma and other qualifications 12(12%) and 1(1%) respectively.

4.3 The role of Members in Policy Making at NSSF

In this section we are going to analyze the role of members in formulation of policy in NSSF. This section assessed whether members participate in policy planning,
policy design, policy implementation, and policy monitoring and policy evaluation. The findings are presented in figure 1.

**Figure 4.1: Member Participation in Policy Formulation Stages**

![Bar chart showing member participation in policy formulation stages](chart)

Source: Field Data, 2013

In order to assess the role of social security members in policy making, respondents were then asked if they are involved in one or more of the policy formulation stages. Finding reveals that most of respondents 86(86%) said that they are only involved in policy implementation. This shows that there is no exactly full participation of social security members in policy formulation.

Rational for formulating social security policies including NSSF policies is that the existing social security system has many shortcomings that include low coverage of the Tanzanian Society, fragmentation of legislation, lack of regulatory framework, lack of a mechanism for portability of benefits and inadequacy of benefits provided. Therefore, the need for a well-articulated national social security policy and localized policies is more eminent now than ever. In view of the foregoing, there is a need for having a comprehensive national social security policy that shall address the needs of employed people in the formal sector, self-employed population in the informal sector, the elderly, people with disabilities and children in need of special protection.
Therefore the social security policy is expected to: widen the scope and coverage of social security services to all the citizens; harmonize social security schemes in the country so as to eliminate fragmentation and rationalize contribution rates and benefit structures; reduce poverty through improved quality and quantity of benefits offered; institute a mechanism for good governance and sustainability of social security institutions through establishment of a regulatory body; establish a social security structure that is consistent with the ILO standards but with due regard to the socio-economic situation in the country; and ensure more transparency and involvement of social partners in the decision making with respect to social security institutions (URT, 2003).

4.3.1 Model used by NSSF in Policy Making

Figure 4.2: Model used by NSSF in Policy Making

Source: Field Data, 2013

Figure 2 shows that most of respondents 76 (76%) when asked about the model used by NSSF in policy formulation they said top down (Decision is made by management). This is a problem since members are not involved in decision making.
4.4 How policy Decisions on Investment are made at NSSF

Table 4.3: Managers Qualities in making policy decision

<table>
<thead>
<tr>
<th>QUALITIES</th>
<th>YES F</th>
<th>%</th>
<th>NO F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency</td>
<td>86</td>
<td>86</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Accountability</td>
<td>76</td>
<td>76</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Responsibility</td>
<td>68</td>
<td>68</td>
<td>32</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Data Field, 2013  F=Frequency, %=Percent

Respondents were asked to identify the qualities that managers show in managing fund in NSSF. 86(86%) of all respondents mentioned transparency, accountability 76(76%) of all respondents mentioned it and responsibility 68(68%) of all respondents mentioned.

4.4.2 Stakeholder involved in policy decision making

Figure 4.4: Stakeholder Involved in Policy Decision Making

Source: Field Data, 2013
Respondents were asked to mention stakeholders involved in decision making. Most of respondents 87(87%) mentioned intellectuals others 65(65%) of all respondents mentioned donor. Other respondents 14(14%) and 20(20%) of all respondents mentioned Civil society organization members and private investors respectively. Others were 8(8%) where by respondents mentioned government agency as stakeholders.

Table 4.4: Level of Satisfaction with the Way the Policy Decision Are Made At NSSF

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Satisfaction</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Somehow Satisfied</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Not Satisfied</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>90</td>
</tr>
<tr>
<td>Not Satisfied at all</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Field, 2013  F=Frequency, %=Percent

Table 7 shows that 55%) of all respondents said that the situation is extremely satisfaction a 62(62%) of all respondents said that the situation is not satisfied. 23(23%) of all respondents said that the situation somehow satisfied and 10(10%) of all respondents said that the situation is not satisfied at all there need attention to some extent this implies that there is need to involve members in decision making process since the decision that made are not satisfying NSSF members.
The findings from figure 5 reveals that most of respondents 92(92%) said that they are not involved in decision making process while 8(8%) of all respondents said that they do participate in decision making process. These findings show that NSSF members do not participate in decision making most of them suggest that NSSF management should find a proper way to make sure that members participate in decision making either by giving their views participating in seminars or by reading the policy and commenting.

4.5 Challenges faced in Involving Members in Policy Making

Respondents were asked to mention challenges that faced in enhancing accountability and transparency in policy making. One of the major challenges mentioned was awareness of social security policy. Most of NSSF members are not aware of the availability of social security policy. This is a problem since they can't participate in any stage due to lack of awareness which is due to ignorance.

Another challenge mentioned was that the process of involving NSSF members takes a lot of time to get feedback. This can affect the whole process of policy formulation and fund management since it will take a lot of time. Another challenge mentioned
by most of respondent is lack of enough fund to involve all NSSF members since the process need money to conduct seminars, publish different publication and other activities that will enable NSSF members to participate in the policy formulation.

Misuse of fund is another challenge mentioned by most of respondents. Misuse of fund is another challenge since some of managers misuse fund and they fear to be transparency and also they formulate policy that benefit only some group of people. Bossert (1987) and Bakari (1988) argued that despite the fact that there are many organizations in the social security schemes, the services provided by each are based on the principles provides by their statute which established them Kaare (1994) “Pitfalls and Paradoxes of Social Security Policy in Tanzania”. This is one of the challenges since the reform also act as the problem in the management of fund; it becomes difficult to promote accountability and transparency since the reform is not well mastered.

Major challenges facing social security sector in Tanzania include but not limited to: fragmented legal and regulatory framework, Low Social Security Coverage in Tanzania (Only 6.5% of working population), Lack of transferability of benefits across schemes, lack of equity in benefit formulas, lack of indexation of benefits leading to the erosion of the purchasing power of pensioners, lack of awareness of social security services, lack of reliable data, lack of uniform investments guidelines, inadequate benefits to members and high operational costs (SSRA, 2011).

5.14 Solutions to improvement of participation in policy decision making
During the study, the researcher asked respondents to provide their views on what can be made to improve member’s participation in decision making in NSSF. With regard to this question, the majority of the respondents recommended that NSSF should involve member’s representatives which can be selected from stakeholder conference in order to represent their views on policy formulation on behalf of other members.
Respondents also suggested that NSSF should make sure members are aware of the company policy so that members can improve their participation toward fund issues and policy formulation in general.

Other respondents suggested that NSSF should involve members in each stage of decision making from planning to evaluation and stop involving them only on the implementation of the policy.

Apart from that, respondents also recommended that NSSF should conduct seminars, workshops, exhibitions, forum meeting at least once with members so that they can collect their views on policy formulation and fund management so that the decision made will be participatory (decision are made by both management and members).

Respondents also suggested that NSSF should develop draft of the policies and submit them to members for discussions and giving their views, so that they can express their opinions on the issues at hand.

Also NSSF members suggested that gender issues should be considered in policy planning, formulation and implementation so that both gender participate equally in decision making, in order not to suppress the views of some gender group and only adopt the views of the other group.

Another measure which can be taken is to discuss the policy major themes through mass media such as TV, radio and newspapers, so as to allow the members of NSSF to get knowledge and participate in the decision making process.

The policy should also use both English and Swahili to allow great understanding by NSSF members, in order for them to understand what the policy is trying to address and give their views and opinions to improve the policy content and form.

Respondents also suggested that the budget should be established for allowing members to participate in seminars and workshops and other training aiming at encouraging participation of members in policy formulation.
Furthermore, other respondent argued that the interest and benefits on investment policy should be made in correlation to the ideas of the members so that they can enjoy the fruits of it, contrary to that it will render futile to them.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This study assessed the role of social security members in policy making a case of National Social Security Fund (NSSF). The chapter presents a summary of the major findings as they were presented in chapter four based on the objectives and research questions of the study. Conclusions were drawn from the study findings and recommendations made by both the researcher and respondents on measures to be taken by various stakeholders so as to rectify this situation. Conclusions and recommendation were drawn based on the findings presented and discussed in chapter four

5.2 Summary of the Study
This study assessed the role of social security members in policy making a case of National Social Security. The study was also guided by the following specific objectives: to identify the role of members in policy formulation in NSSF; to determine how decisions are made; to assess the challenges of members’ participation in policy making. Data were collected from both secondary sources (review of documentary sources) and primary sources through the use of face-to-face interview with key informants, self-administered questionnaires, and observations. Qualitative data were analyzed through the use of content analysis while quantitative data were analyzed through the use of Statistical Product and Service Solutions (SPSS) programme version 16.

Findings reveal that most of respondents 86(86%) said that they are only involved in policy implementation. This shows that there is no exactly full participation of social security members in policy making. Most of respondents 76 (76%) when asked about the model used by NSSF in policy making they said top down (Decision is made by management). This is a problem since members are not involved in decision making.
Respondents were asked to identify the qualities that managers show in managing fund in NSSF. 86(86%) of all respondents mentioned transparency, accountability 76(76%) of all respondents mentioned it and responsibility 68(68%) of all respondents mentioned. Respondents were asked to mention stakeholders involved in decision making on investment. Most of respondents 87(87%) mentioned intellectuals others 65(65%) of all respondents mentioned donors. Other respondents 14(14%) and 20(20%) of all respondents mentioned Civil society organization members and private investors respectively. Others were 8(8%) where by respondents mentioned government agency as stakeholders.

55% of all respondents said that the situation is extremely satisfaction a 62(62%) of all respondents said that the situation is not satisfied. 23(23%) of all respondents said that the situation somehow satisfied and 10(10%) of all respondents said that the situation is not satisfied at all there need attention to some extent this implies that there is need to involve members in decision making process since the decision that made are not satisfying NSSF members. Most of respondents 92(92%) said that they are not involved in decision making process while 8(8%) of all respondents said that they do participate in decision making process.

Finding shows that NSSF members do not participate in policy decision making most of them suggest that NSSF management should find a proper way to make sure that members participate in policy decision making either by giving their views participating in seminars or by reading the policy and commenting.

5.3 Recommendations

The following recommendations should be considered in order to enhance participation in policy making at NSSF

(i.) NSSF management should enhance accountability and transparency in policy making. This will involve creating awareness of social security policy among all stakeholders. Some NSSF members are not aware of the availability of social security policy. They can't participate in any stage due to lack of awareness which is due to ignorance.
(ii.) NSSF management should learn to manage time allocated for policy making. The process of involving NSSF members takes a lot of time to get feedback. This can affect the whole process of policy making and fund management since it will take a lot of time.

(iii.) The government should allocate more funds since the process of involving NSSF members need money to conduct seminars, publish different publication and other activities that will enable NSSF members to participate in the policy making.

(iv.) NSSF management should also ensure that there is no misuse of funds. Managers misuse fund and they fear to be transparent and also they formulate policy that benefit only some group of people.

5.4 Recommendations for Further Studies
For academicians and other researchers, this study suggests the following areas for further studies:

(i.) To assess the level of accountability and transparency in implementation of policies formulated by NSSF

(ii.) To examine the factors hindering policy making participation in NSSF and the ways of overcoming these factors

(iii.) To assess the importance of monitoring and evaluation in ensuring the effective implementation of policies in NSSF
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Appendix I: Questionnaire

My name is AMINA MDABI; I am a student in Mzumbe University, Dar es Salaam Campus, pursuing a Master degree in Public Administration (MPA). I am conducting a research entitled The Role of Social Security Members in Policy Making. The purpose of this research is to expand the body of knowledge. I am requesting your cooperation in answering the following questions and I ensure you that your responses will be kept confidential and will not be used contrary to the aim of this research. Thank you for your cooperation.

I. Characteristics of Respondents

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>VARIABLES</th>
<th>TICK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>Below 20</td>
<td></td>
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<td></td>
<td>20 – 29</td>
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<td></td>
<td>30 – 39</td>
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<td></td>
<td>40 – 49</td>
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<td></td>
<td>50 – 59</td>
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<tr>
<td></td>
<td>60 Above</td>
<td></td>
</tr>
<tr>
<td>Level of Education</td>
<td>Primary</td>
<td></td>
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<tr>
<td></td>
<td>Secondary</td>
<td></td>
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<tr>
<td></td>
<td>College</td>
<td></td>
</tr>
<tr>
<td></td>
<td>University</td>
<td></td>
</tr>
<tr>
<td>Marital Status</td>
<td>Single</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Divorce</td>
<td></td>
</tr>
</tbody>
</table>
Role of Members in Policy Making and Management of fund at NSSF

1. Are members of NSSF involved in one or more of the following policy making stages?

<table>
<thead>
<tr>
<th>STAGES</th>
<th>TICK IF YES</th>
<th>TICK IF NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy Design</td>
<td></td>
<td></td>
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<tr>
<td>Policy Implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy Monitoring</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy Evaluation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Which model do you think is used at NSSF in policy making

<table>
<thead>
<tr>
<th>MODELS</th>
<th>TICK IF YES</th>
<th>TICK IF NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Down (Policy Decisions are made by management)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bottom Up (Policy Decisions are made by members)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participatory (Policy Decision are made by both management and members)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. In managing the funds at NSSF, are managers showing the following qualities:

<table>
<thead>
<tr>
<th>QUALITIES</th>
<th>TICK IF YES</th>
<th>TICK IF NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Are there cases of misallocation of funds at NSSF?
   (i.) Yes
   (ii.) No
5. What are the factors that contribute to misuse of funds at NSSF?

________________________________________________________________________________________

________________________________________________________________________________________

**How policy decision on investment are made**

1. Who make the policy decisions on investment?

________________________________________________________________________________________

________________________________________________________________________________________

2. Does the government influence the policy decisions on investment?

________________________________________________________________________________________

________________________________________________________________________________________

3. Who are other stakeholders involved in making policy decision on investment?

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>TICK IF YES</th>
<th>TICK IF NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil Society Organization Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (Mention)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. To what extent are you satisfied with the way the policy decisions are made at NSSF? (Tick the correct answer)

(i.) Not satisfied at all
(ii.) Not satisfied
(iii.) Somehow satisfied
(iv.) Highly satisfied
(v.) Extremely satisfied
Extent to Which Members Are Involved in Policy Decision Making

1. Are NSSF members participating in policy decision making?
   (i.) Yes
   (ii.) No

2. In which way do members participate? (Tick the correct answer)
   (i.) By giving their views
   (ii.) By participating in seminars
   (iii.) By reading the policy documents and commenting
   Other means. Explain __________________________________________

3. What can be made to improve members participation in policy decision making at NSSF
   ______________________________________________________________
   ______________________________________________________________
   ______________________________________________________________

Thank You for Your Cooperation