

SOUTHMOD

Policy note

# Maternity benefit for women in the informal sector

Policy options for Tanzania

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November 2023



## Findings

- In Tanzania, 94.5% of working-age women are employed in the informal sector, with 6.4% of informally employed women living below the food poverty line compared to 0.11% of formally employed women
- Informally employed women in Tanzania do not have access to a legally mandated, non-contributory maternity leave benefit
- A non-contributory maternity benefit for women in the informal sector is a viable policy option to reduce poverty and inequality
- At a low cost of about 0.09% of GDP, such benefits would cover household food expenses necessary to daily survival
- Effective targeting of mothers with children up to 2 years of age reduces poverty, especially among female-headed households and households with children

In Tanzania, working-age women in the informal sector are disproportionately poor. These women are typically trapped in volatile and low-paying jobs with unsafe and insecure work environments. Their vulnerability is intensified during pregnancy and breastfeeding, when they both [work until the very last stages of pregnancy and return to work prematurely](#). This poses [significant health risks](#) to mothers and their children.

Maternity protection can reduce the risk of income insecurity for mothers of newborns and result in long-term benefits, such as improved health and nutrition for mothers and newborns and higher human capital development and overall gender equality for society. Even though Tanzania expanded its contributory insurance scheme in 2021 to include informal sector workers, [financial access constraints](#) among informal women continue to restrict their enrolment.

In an effort to address this challenge, this policy note takes advantage of a static tax-benefit microsimulation model for Tanzania, TAZMOD v2.8, to assess the distributive effects of extending the country's non-contributory social protection to working-age women with newborns who work in the informal sector. The model is underpinned by data from the 2017/18 Household Budget Survey (HBS), which provides a nationally representative sample of the population of Tanzania Mainland.

## Maternity leave protections for working-age women are lacking

Notwithstanding the remarkable progress towards gender parity across the globe in recent years, such progress is threatened by [rising costs of living, the impacts of the COVID-19 pandemic, climate change, and large-scale conflict and displacement](#). Tanzania is not immune to these challenges. Notable inequalities, especially around decent work for women, still persist in the country.

In 2022, Tanzania's score on the Gender Gap Index, a composite measure of gender inequality, was 71.9%, broadly indicating the country has closed 71.9% of its gender gap. This score is nearly 4 percentage points higher than the global average of 68.1%. In global rankings, Tanzania stands 64<sup>th</sup> out of 146 countries, and 13<sup>th</sup> among 36 countries in sub-Saharan Africa. Despite this, disparities persist. While the share of working-age women employed in the informal non-agricultural sector has increased over time—from [22.4% in 2014 to 29.3% in 2020/21](#)—a similar increase in formal sector employment for women has not occurred.

Women in the informal sector lack stable earnings and social protection as they generally do not have access to social insurance. This is exemplified by the limited coverage of maternity protection schemes globally. In sub-Saharan Africa, only [7.5% of childbearing women are covered](#), compared to the universal coverage in most of Europe.

In Tanzania, women in the formal sector are entitled to 84 days of maternity leave, with maternity benefits covered by the social insurance schemes. However, [the share of women receiving these contributory maternity benefits in the informal sector is almost zero and non-contributory maternity benefits are almost non-existent](#). The differences in the level of maternity protection between women working in the formal and informal sectors is a major inequity and human rights violation, not only in Tanzania but across the globe as well.

## Working-age women in the informal sector are disproportionately poor

Table 1 provides basic statistics on working-age women by informality and food poverty status. About 94.5% of working-age women in Tanzania are employed in the informal sector. Among them, around 6.4% – or 2% of the total population – are considered poor, compared to only 0.11% of women working in the formal sector.

These women cannot afford the daily basket of food needed for survival. Thus, extending non-contributory social protection to this group can potentially reduce the risks of food insecurity and improve the health outcomes of both mothers and their children. Because poor nutrition and health especially during the years after birth is often inherited, the positive effects of this policy can also extend to the reduction of intergenerational poverty.

**Table 1: Distribution of working-age women by formality and food poverty status**

Indicator	Individuals	Share	Poor individuals	Poor (%)
Working-age women	15,988,564	100 %	1,045,457	6.54 %
Formal working-age women	887,351	5.55 %	17,975	0.11 %
Informal working-age women	15,101,213	94.45 %	1,027,482	6.43 %

Notes: the consumption-based basic needs poverty line is used to compute the poverty rate and poverty gap estimates.

Source: authors' construction using Household Budget Survey (HBS) 2017/18.

## Maternity benefit to women in the informal sector decreases poverty and inequality

Using the 2022 policy system in TAZMOD v2.8 as a baseline for comparing alternative policy options, we simulate the impact of non-contributory maternity benefits based on two scenarios. In both scenarios, the benefit is targeted at women of working age (15–64 years, i.e., the national definition) who work in the informal sector and live in food-poor households. The benefits are provided to mothers who are primary caregivers of the children in the household. If the mother is absent, the benefits are assigned to the father who is also a parent of the child.

The cost of the proposed maternity benefits is approximately 0.09% of GDP in both scenarios. This cost is consistent with [ILO estimates](#) for maternity protection benefits for low and lower-middle income countries of less than 0.5% of GDP. In 2021/22, Tanzania's budget on social protection and welfare was 1.5% of GDP, which with this proposed expansion would increase to 1.59%. The cost can be considered relatively small when accounting for the potential of the policy to decrease household poverty and

inequality and improve gender equality. The modelled scenarios incorporate two different targeting options, with varying per-capita benefit amounts and eligibility criteria based on the age of the children:

- **Scenario 1:** A mother with children *below 2 years of age* receives 44,000 TShs per month (ca. USD 18), covering around 239,000 beneficiaries. The benefit amount is relatively generous and close to the amount equivalent to the basic needs poverty line (49,320 TShs per month).
- **Scenario 2:** A mother with a child (children) *below or equal to 2 years of age* receives 33,748 TShs per month (ca. USD 13), covering around 312,000 beneficiaries. The benefit amount is equivalent to the food poverty line.

We simulate scenarios that target mothers with children who are up to or below 2 years of age, due to the higher risk of stunting, wasting, and underweighting in this age group, among other childhood vulnerabilities.

The simulation results shown in Table 2 suggest that the simulated benefits decrease the poverty rate, poverty gap, and inequality as measured by the Gini coefficient. The poverty rate is reduced by 0.56 pp. under Scenario 1 when a more generous per-capita benefit is provided to mothers with children below 2 years of age. Poverty among female-headed households and households with children is reduced even more, as expected, by 0.83 pp. and 0.61 pp.

The improvements are slightly larger under Scenario 1 when compared to Scenario 2 where a smaller benefit is provided to a larger number of mothers (0.35, 0.59, and 0.38 pp., respectively). The benefits under Scenario 2 are, however, marginally more effective in reducing inequality and the poverty gap. Larger impacts on female-headed and child households are expected, as the benefits are explicitly targeted to women with children.

**Table 2: Poverty and inequality effects of non-contributory maternity benefits**

Indicator	Baseline	Scenario 1	Scenario 2
Poverty rate, %			
National	26.24	25.68 (-0.56)	25.89 (-0.35)
Male-headed households	25.89	25.42 (-0.47)	25.62 (-0.27)
Female-headed households	27.34	26.52 (-0.83)	26.75 (-0.59)
Households with children	27.86	27.25 (-0.61)	27.48 (-0.38)
Poverty gap, national, %	5.95	5.06 (-0.88)	5.04 (-0.91)
Gini coefficient, national, 0–100	38.09	37.53 (-0.56)	37.51 (-0.58)

Notes: changes from baseline are shown in brackets in percentage points.

Source: authors' simulations using TAZMOD, the tax-benefit microsimulation model for Tanzania, underpinned by HBS 2017/18.

## Cost-effective maternity policy options ensure a basic level of income for informally employed women and their families

The estimated impacts of these reforms can be considered relatively large compared to their budgetary cost. It is expected that the complementary income for informally employed women would contribute to a reduction in inequality and the pay gap between working women in the formal and informal sectors, and between men and women. This will further reduce working women's vulnerabilities resulting from income loss during breastfeeding and the essential first years of a child's life. Given the budgetary resources required, proper targeting of beneficiaries is crucial to ensure the sustainability of the policy initiative. Complementary interventions such as the provision of skills like marketing and financial literacy can improve women's productivity and facilitate their transition to decent work with stable earnings.

## Policy recommendations

- A cash benefit sufficient to cover monthly food expenditures for informal mothers with newborns represents a viable option to reduce poverty and inequality
- The government should consider such an intervention to further ensure that informally employed women have fairer opportunities related to work and childcare
- The non-contributory maternity benefits analysed represent a low-cost public investment that would also help to offset the high costs of poor maternal and child nutrition as well as healthcare
- It is necessary to ensure effective targeting of beneficiaries to attain the intended benefits

This note was produced using [TAZMOD](#), the tax-benefit microsimulation model for Tanzania. TAZMOD is part of the [SOUTHMOD project](#).