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Simulating the impact of introducing an orphan child benefit in Tanzania

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Why Orphan child benefit in Tanzania?

- Orphan children represent a considerable share of the global population [143 to 210 million are orphans]
- In Tanzania, over 1.3 million children are orphans who have lost either one or both parents.
- Orphan children can barely maintain a decent standard of living, and are vulnerable to child labour at the cost of attending education to cover their subsistence needs.

Orphans vs Poverty

- 29.93% of children in Tanzania are poor (i.e. living in households with total consumption falling under the national poverty line).
- The headcount poverty rate is 30.37% for orphans, 28.19% for single parent children, and 29.89% for non-orphan.
- The poverty gap is 6.88% for non-orphan while 8.83% for double orphan children.

What can microsimulation be used for?

- Despite higher severity of poverty for orphans, a comprehensive orphan child-targeted benefit scheme is not yet available in Tanzania.
- TAZMOD v.2.8 is used to simulate a hypothetical orphan child benefit program in Tanzania, based on 2017-2018 HBS .
- The basic needs poverty line (consumption based) was used to compile headcount poverty rate and poverty gaps.

Simulation scenarios

- Only a double-parent orphan child receives 10,000 TZS (app. USD 5) per month (app. one-third of the Tanzanian minimum wage). This costs 30.3 billion TZS annually.
- An orphan child, either a double-parent or single-parent orphan, gets 10,000 Tanzanian shillings per month. This scenario requires 249.8 billion TZS annually.
- Differentiated benefit package by types of orphans, a double-parent orphan child gets 10,000 per month while a single-parent orphan receives 5000 cash per month. This costs 140.1 billion TZS annually.

Main Findings

- Orphans account for a notable share of the Tanzanian child population

Orphan types	Percentage of children	Percentage of Population
Single Parent orphan	6.97	3.47
Double parent orphan	0.96	0.48

- Introducing an orphan child benefit has potential to enhance living standards, nurture and transform the current child population into a skilled and healthy future labour force.

Findings cont.

- A cash transfer to orphans has a potential to reduce poverty in Tanzania
- All reform scenarios result in a fall in the poverty rate, poverty gap, and Gini coefficient. Scenario 2, for example, reduces the poverty rate by 0.66 percentage points.

Indicators		Baseline	Scenario 1	Scenario 2	Scenario 3
Poverty rate	Level	26.24	26.21	25.58	25.85
	change		-0.03	-0.66	-0.39
Poverty gaps	Level	5.95	5.92	5.72	5.81
	change		-0.03	-0.23	-0.14
Gini coefficient	Level	38.09	38.07	37.91	37.98
	change		-0.02	-0.18	-0.11

Findings cont.

- The benefit would reduce the burden on the most vulnerable group of society, particularly for female-headed household
- In most developing countries, a father is regarded as the breadwinner; so the household transits to dire conditions when he dies

Household types		Baseline	Scenario 1	Scenario 2	Scenario 3
Male headed household	Level	25.89	25.88	25.63	25.67
	change		-0.01	-0.26	-0.22
Female-headed household	Level	27.34	27.26	25.41	26.43
	change		-0.08	-1.93	-0.91
Household with children	Level	27.86	27.83	27.14	27.44
	change		-0.03	-0.72	-0.42
Households with older persons	Level	30.31	30.27	29.73	30.00
	change		-0.04	-0.58	-0.31

Policy Implications

- As an orphan child is poorer than a child living with both parents, the government should design a cash transfer scheme to help them cater for costs related to basic needs such as food, shelter, education, and health.
- The poverty rate might significantly drop if a substantial amount of public funds is distributed equally to each orphan child.
- However, allocating 10,000 TZS per month for double-parent orphans and 5000 TZS per month for single-parent orphans is an efficient and feasible policy option to reduce poverty.

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