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Research Article

The Efficacy of Pension Administrative Reforms on Retirees' Benefits in Tanzania: The Case of Ilala District

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Abstract— This paper investigated the efficacy of pension administration to the pensioners in Tanzania. In many Countries in Africa, including Tanzania, there is a tremendous increase of pension schemes that cover public and private sectors' employees. The pension schemes in Tanzania have undergone legal and institutional reforms for the purpose of increasing efficacy i.e on the coverage and benefits to their members. Despite these reforms, there is a paucity of knowledge as to whether the reforms have turned into tangible benefits and minimized administrative challenges that hamper the efficiency and effective administration of the retirement benefits. This study is more significant because pension schemes are relevant for social economic well-being of retirees in any country such as Tanzania. This paper was guided by the following research objectives: i.to explore the satisfaction of pensioners with pension administration system in Tanzania, ii.to examine the effect of pension administrative reforms on the coverage of pension in Tanzania iii.to explore the accountability on pension administration system in Tanzania (i.e timely payment of pensions and calculation of pension) and to investigate the challenges facing pension administrative process in Tanzania. This study used a case study research design and data were collected from 64 respondents through interviews and documentary review. The findings indicate that there is a low coverage of pension schemes, delay in payment of the pension benefits of the retirees. Furthermore, there were institutional design and governance challenges facing pension schemes in Tanzania. This paper concludes that there is a need to reform and restructure pension institutions and change the working culture and altitudes of the pension administrators in Tanzania so as to mitigate challenges underscored in this study. The PSSSF and NSSF should review the processing of terminal benefits of retirees' workflow. This includes regular review of a Client Service Charter which can incorporate all core activities and the whole process of terminal benefits indicating exact time a certain activity is going to be initiated and completed and identify who will be accountable for what. Client service charter will do away with delay of pension benefits. Based on the findings of this study, it is recommended that mitigating the challenges facing pension administration would result into increasing work commitment, timely provision of pension benefits across all pension institutions in order to improve good standard of living to the retirees.

Keywords— Efficacy, Pension Administrative reforms, Retirees Pension Benefits

1. Introduction

The global experiences indicate that pension institutions are essential in giving soci0-economic protection for the elderly by ensuring they have some level of basic income, redistributing income among generations, and providing insurance to the elderly and their defendants [1;2].

Pension benefits for both older women and men are the most widespread form of social and economic protection in the world, and a major aspect in meeting SDG target 1.3. Globally, 77.5 percentage of people above retirement age receive some form of old-age pension benefits [3]. However, major disparities still exist across regions, between rural and urban areas, and between women and men. Social protection is important for meeting the 2030 Agenda for Sustainable Development, although over 50 per cent of the world's population is without any social protection which raises policy concerns [3;4].

In that regard, several countries have introduced pension schemes, either to replace national provident funds or to provide social protection for those who retire from employment. Since then, most of the remaining pension Institution funds in Africa have taken steps towards conversion to social insurance based on defined benefit systems. One of the reasons for reform is that the pension system should ensure only a basic living standard [4;5]. Also, the main rationale for the existence of the pension system in this case is poverty (measured in relative terms), and the focus is on the "adequacy" of the pension benefit, which can be defined relative to the economywide average earnings. Under this interpretation, the pension system plays an insurance function in the context of imperfect financial markets and myopic individuals in Africa. The government of Tanzania implements labour laws and has developed the national security policy which is consistent with the International Labour Organization (ILO) social security convention of 1952 [6]. Pension as a social protection is important for every individual for use during retirement age regardless of employment in either formal or informal sector [6].

The National Provident Fund in Nigeria was converted in 1994 and in both the United Republic of Tanzania and Zambia legislation was enacted in 1997 to introduce a national pension scheme based on social insurance principles [7].The process in each country has not been straightforward and it has proved necessary to modify initial proposals to take account of national circumstances. In the United Republic of Tanzania, where the contribution rate to the National Provident Fund was 20 per cent, it was found that a reasonable rate for income after retirement [7].

In sub-Saharan Africa, however, not everyone who qualifies is covered by an old-age pension, mainly because of the contributory nature of most pension schemes in the region. Only 32.5 per cent of the working-age population contribute to a pension scheme globally, and the labour force contribution is 53.7 per cent globally compared with only 8.9 per cent in sub-Saharan Africa [7]. Social pension schemes in SSA are characterized by low coverage and high costs, and they are regressive, focusing mainly on formal sector employees [8;9]. The contributory model of the social safety net excludes informal workers, making it unsuccessful in most developing countries due to the large size of their informal economies [9; 10]. For instance, in Africa, the informal economies are large and heterogeneous [11]

The scope of the need for social protection in Sub-Saharan among the elderly can be inferred from the pensions received among this category of the population [11]. In Sub-Saharan Africa, 19.8 per cent of the population above statutory pensionable age receive a pension [11;12], the lowest proportion among all regions. Inferring from household data in Kenya, the 2015–16 Kenya Integrated Household Budget Survey reported that 17.4 per cent of households (from a sample of 21,773 households) received a regular income from a pension as another source of income, with the monthly average pension being KES2,106 (approximately US$20). The 2021 Kenya Financial Access Household Survey found that 10.6 per cent of the adult population (about 2.9 million) used pension schemes, a decline from 12.2 per cent in 2019. The main barriers to participation in pension schemes in Kenya were unaffordability (48.7 per cent) and lack of knowledge about pensions (21.3 per cent) [12]. In Zambia, the Finscope Survey reported the pensions uptake as 8.2 per cent in 2020, an increase from 3.8 per cent in 2015 [13]. The main barriers to the use of pension services identified in Zambia were unemployment (66.6 per cent) and a lack of money to contribute (22.2 per cent). In Uganda, the pension coverage is 18 per cent of the working population [13]. The old-age dependency ratio was reported as 6.9 in the 2015–16 Kenya Integrated Household Budget Survey—higher than the 5.4 reported for SSA countries in 2015 and it was higher in rural areas (9.3) than in urban areas (3.6) [14]. The lower old-age dependency ratio in Sub-Saharan Africa is due to the region's demographic characteristics, which mainly comprise a young population compared with other regions.

In Tanzania, pension administration has regulated mechanisms of protecting citizens especially working in central and local government institutions against social contingencies and in the private sector [14]. The public service pension administrative system has existed in Tanzania before independence; whereby various policy statements were made and Acts passed in regard to the protection of the population against contingencies like injuries, loss of employment and old age. These include the Master and Native Ordinance Cap 78 as amended by Cap.371, provident fund (Government employees) Ordinance Cap 51, provident fund (local authorities Ordinance Cap 53 and workmen's Compensation ordinance Cap 2629 [14]. After independence, new legislations were enacted and others amended. These include Severance Allowances Act No.57 of 1962; the National Provident Fund Act No.36 of 1964 amended by Act no. 2 of 1975 which was late repealed and replaced by national social security fund Act no. 28 of 1997, the parastatal pension Act No.14 of 1978, the public service retirement Act of 1999, local authority provident funds Act No.6 of 2000.

Formerly, there were five major formal institutions that provide social security protection in Tanzania [15].These are national social security funds (NSSF) offering social security coverage to employees of private sector and non- government employees, the public service pension funds (PSPF) providing social security protection to employees in central government under pensionable terms, Parastatal Pension Fund (PPF) offering social security coverage to employees of both private and parastatal organizations; the local authority provident funds (LAPF) offering social security coverage to employees of local government and GEPF while National Health Insurance Fund (NHIF) offering health insurance coverage to pensionable employees of Government [16].

In 2017, Tanzania started the process of (legal reform) by merging its seven social security funds into two schemes, with the aim of boosting service delivery [18] The government repealed previous laws under which the seven funds were established through the Public Service Social Security Fund Act No.2 of 2018. The Act No. 2 of 2018 established the Public Service Pension Scheme that has absorbed all government employees, repealing the Public Service Retirement Benefit Act, the LAPF Act, the GEPF retirement benefits fund Act and the PPF pension Act and to provide the for the related matters while NSSF has been established for private sector employees, informal sector employees and the self-employed [16].

The public servants after retirement in public services are paid their pension by PSSSF by 40 percent instead of 33 percent which was previously paid to the pensioners. On the other hand, the public sector employees are paid 35% instead of 33 per cent of pension payments stated in the law. Nevertheless, these reforms have raised complaints from both public and private sectors pensioners. The pensions provided was criticized to be low.

The overall effect of these reforms (both institutional and legal reform) needs to be analyzed alongside the expansion of the contribution base and the structure of remuneration. Since the pension administration scheme is under researched in Tanzania, this study makes a profound contribution of the knowledge and practical experience on the understanding the efficacy and challenges facing pension administration system in Tanzania. The data obtained in this study may be used by the government officials for redesigning effective pension administrative systems that in long run will unsure transparency, well harmonized formulae of pension benefits across the pension schemes and timely provision of pensions to the retirees.

The pension administrative reforms were in nature with the intent of ensuring that every person who has worked in either the public or private sectors receives his or her retirement benefits on time i.e within 30 days. The reforms were to serve as social welfare scheme for the aged, by ensuring that workers save to cater for their livelihood during old age [17]. Six years after the establishment of the new pension Act of 2018, there is still speculation among Tanzanians about the success of the scheme. Whether the new pension Act has been able to address the many problems associated with retirement schemes in the past remain under researched. Specifically, some have asked whether the Contributory Pension Acts of 2018, 2000, 1999 and 1978 in Tanzania would be or were able to address the problems of poor administration of pension fund (delay in payment of terminal benefits, inadequate build-up of pension fund, poor monitoring, evaluation and supervision of pension fund that usually characterized pension schemes in Tanzania. Consequently, workers often ask whether they would ever have financial security after retirement given the variation in pension formulas across pension schemes in Tanzania. These questions among others occupied the minds of workers in Tanzania and could be responsible for workers negative attitude towards retirement, low commitment to work as well as high labor turnover. This study is therefore set to investigate the impact of the Pension administrative reforms on workers' pension benefits and the challenges (if any) facing pension administration system in Tanzania and the study will further recommends the ways that could be used to minimize these challenges so that the efficacy of pension administration in Tanzania is realized. This paper was guided by the following main objective of this study i.e to explore the efficacy of pension administration reforms on pension benefits and coverage in Tanzania. The specific objectives are i.to explore the satisfaction of pensioners on pension administration system in Tanzania, ii.to examine the effect of pension administrative reforms on the coverage of pension in Tanzania iii.to explore the accountability on pension administration system in Tanzania (i.e timely payment of pensions and calculation of pension) and to investigate the challenges facing pension administrative process in Tanzania. This paper is organized into five sections. Section one deals with background information to the problem, statement of the problem and research objectives. Section two underscores the literature review in which the definitions of the key terms such as pension schemes, pension administration, an in-depth examination of the coverage, the dynamics in calculation of pension benefits and retirement age and knowledge gap are established. Section three focuses on in-depth examination of the theory used in this study. Section four presents research methods used in this paper. Section five presents the findings and discussion while section six presents conclusion and future scope of the paper.

2. Related Work

Pension is a predetermined sum paid by an individual and his or her employer as an amount the employee will be entitled upon retirement. In other words, part of it is paid by the employee and the rest by employer. Pension schemes are social security maintenance plan for workers after their disengagement as employees through retirement [17; 18]. Pension administration is the process of performing various types of yearly services on the organization retirement plans such as profit-sharing plan, defined benefit plan and cash balancing plan or pension administration is the process of managing retirement benefits plan associated with company, organization or government program. Such plans rely on judicious investment of deposited funds to generate enough money to pay out benefits to retirees while accruing more funds from individuals who are currently paying into plan [17; 18]. In this study, pension administration is construed to mean timely payment of pensions, an increase of coverage of pensioners and service satisfaction of the pensioners and free from corruption in pension reimbursements.

The empirical literature indicate that Pension systems are mainly designed to provide income security in old age, and in Sub-Saharan African countries are in a "demographic sweet spot" as the region's old-age dependency ratio i.e the proportion of the population that is elderly over the working-age population is low and the impact of aging has not yet hit their pension systems [19]. As a result, they have considerable scope to develop their pension systems [20]. Africa has one of the youngest populations in the world, and the share of older persons in the total population is the lowest at about 3.8 percent. Africa also spends the least for social protection for older persons at 1.3 percent of GDP. In contrast, the world average for the share of older persons is 10.8 percent of the total population, and expenditures on their social protection cost about 3.3 percent of GDP [21]. Pension fund investments are receiving attention from the same bodies as just mentioned, whereas academia mainly sheds her light on this issue with financial performance studies. However, the question of pension administration and reforms have received inadequate attention academically [21;22]. These studies have presented the demographic characteristics of African population in relation to pension systems but they did not investigate on pension administrative reforms which have been implemented in Tanzania and yet its impacts on pension administration remain unraveled.

Other studies in Africa indicate that the regulatory environment of the pension sector in Sub-Saharan Africa (SSA) is very restrictive [22]. Despite the pension reforms that have been initiated in a number of SSA countries, the regulatory environment in most countries is not very supportive of pension sector development. First, most pension policies do not guarantee universal pension systems, and hence most people are left out of the pension system. Second, the regulations specify asset classes and the proportions of investment that pension funds should hold in those asset classes. Although this regulation is meant to safeguard pension contributions, it limits the extent to which pension funds can diversify their investments and the returns that pension funds generate, especially in jurisdictions where such regulations are not flexible. On the other hand, in some SSA countries, the regulations do not allow pension funds to invest in infrastructure projects or foreign countries [24]. One major reason for restricting investment to specific assets is to limit the exposure of pension funds to risk in certain investments. However, these risks can be diversified by raising limits on the foreign investment of pension funds [25]. With a well-structured legal and regulatory framework, the management of pensions will be streamlined and the costs of administration minimized, especially for private pensions. In fact, [24;25] are mainly based on lack of flexibility of regulations on investing in Infrastructure projects or foreign countries but did not explore the efficacy of pension administrative reforms and their impacts on pensioners in terms of coverage and realization of retirement benefits on time. Therefore, this paper seeks to explore the efficacy of the same with special focus to Dar es Salaam Region in Tanzania.

In Tanzania, [26] conducted a study to examine how mainland Tanzania pension fund investments are governed and which developments can be foreseen. [26] found that whilst the system is gaining strength, its inherent limitations may call for change measures. The pension fund's investments work out fine and contributors receive value for money. Also, the oversight is thought to work reasonably well. The pension schemes are characterized by investment limitations set by the markets and the government, and also a still low coverage, the heavy weight of the government, a load of administrative costs, employer compliance, beneficiary withdrawal, insufficient education throughout and ignorance in general. The system is governed by complex but strict controls and is being professionalized. To lower administrative costs and raise investment returns, the role of the Ministries versus the Regulator may be amended, while keeping Central Bank in the loop. The findings in this paper demonstrate that the hierarchical system engenders agency conflicts that are curbed by a trust grounded common strive for optimal financial value. Specifically, it is argued that the investment governance benefits from strict controls and professionalizing, especially if financial markets and government limitations are lessened [26]. This study i.e [26] was broadly based on investments as opposed to the efficacy of pension administration reforms on retirees in Tanzania. These studies were based on the coverage of pension schemes in Africa but did not explore pension administrative systems and its impacts on pension benefits in Tanzania.

3. Theory

This paper uses mainstream theory which states that saving for retirement is made in a financial intermediary, elsewhere referred to as a social security fund or a pension scheme [25]. The theory further states that 'forced savings' in the form of pension benefits by retirees is guided by rules and regulations set by social security institutions, and regulated by government policy, and principles internationally agreed upon [25]. One of the social security principles is that of timely payment of pension benefits, which maintains that a stream of income to retirees should be adequate enough to enable them to live a decent life after retirement.

A retiree seems to have a good standard of living if pension payments are at. This implies if the pension scheme is adequate, given the de facto cost of living, it would provide benefits extensively to beneficiaries throughout their life-cycles; and the benefits received should be adequate to smoothen expenditure and therefore reduce or avert poverty at old age [26].

Maintaining a retiree's consumption patter primarily depends on the volume of savings cumulated by a pensioner in a pension scheme, the density of contributions, replacement rates, and catchment influences. Noteworthy, however, a system that uses a consolidated approach, whereby insurable income includes all allowances, tends to produce more adequate benefits [27;28].

This is mainly because, in theory, consumption would not be continuous as expected from savings for retirement. Suffice it to note, therefore, that the adequacy of a social security system is measured by the degree to which the payment of retirement benefits primarily serves a smoothy consumption and, therefore, prevents poverty or deprivation after retirement [29]. Adequacy presumes that the financing mechanism of a scheme is appropriate, such that it does not create any burden to its current or future members. Furthermore, an adequate pension system also enables its beneficiaries to obtain the right information about their scheme for planning their pattern of expenditure over the life cycle according to their expectations. Thus, the insufficiency of pension payments would adversely affect the social security principle of adequacy, which advocates that a stream of income to retirees should be adequate enough to enable them lead decent lives after retirement.

The knowledge gap of this study indicate that administration system of pension is an area that has been under researched in Tanzania. Few studies such as that of [30] found that universal pension for persons over age of 60 or 65 years set at the food poverty line would be costly but feasible pillars of social protection policy in Tanzania. It would have significant impact on poverty. This study investigated the role of pension on poverty alleviation but did not examine the efficacy of the reforms in Tanzania. Also, [30] noted that most of the elderly live and share consumption with children and wider young adults, half of the 3.o8 million people who would be raised out of poverty and would be children under 18 years. So, this study mainly focused on the examining the efficacy and the challenges of pension administration in Tanzania. Similarly, [31] underscores that the conventional social security instruments have failed to promote equitable ell off economic growth and have been based in favor of the well off at the expense of the poor in collaboration with the government of Senegal published a report that dealt with the pension reform in particular the retirement age from 55 years to 60 years as well as allocation family of six children maximum, contribution rate of 12% of salary compared to 15% and 23% of the contribution from employers compared previous contribution of 20% [32].Therefore, this research paper focuses on discussing the efficacy of pension administrative reforms and the challenges facing pension system in Tanzania.

In accordance to mainstream theory, saving for retirement is made in a financial intermediary, elsewhere referred to as a social security fund or a pension scheme [33]. In practice, access to the 'forced savings' in the form of pension benefits by retirees is guided by rules and regulations set by social security institutions, and regulated by government policy, and principles internationally agreed upon. One of the social security principles is that of timely payment of pension benefits, which maintains that a stream of income to retirees should be adequate enough to enable them to live a decent life after retirement.

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4. Methods

This section presents the case study design, sampling procedures of respondents, data collection methods and data analysis technique used in this study.

This study was conducted in Ilala district. The reason for selecting ilala municipal council is based on the fact that within a qualitative research approach, a case study strategy approach will be adopted. The case study strategy was considered to be appropriate because it is the one used to investigate the phenomenon within a small and manageable area and sample. Furthermore, other factors for choosing Ilala district are such that the pension administration institutions were initially headquartered in Ilala district, Dar es Salaam region before shifted to Dodoma and the reforms of pension administration started with the main offices in Ilala district before offices were relocated to Dodoma capital city.

In this study, purposive sampling was applied for selecting retired persons from Ilala district, informants from social security regulatory authority, NSSF, PSSSF, and retirees because they are regulators and beneficiaries of pension administrative system reform. Another criterion for using purposive sampling is the issue of extreme case purposive sampling where the researcher expects that the pensioners have rich information of the efficacy of pension administrative system reforms in Tanzania. Table 1 presents sample size and composition.

Table 1: Sample Size and its Composition at (N=64)

S/No	Category of Respondents	Respondents in Ilala district
1	Regulatory Bodies (Ministries)	6
2	NSSF staff	12
3	PSSSF respondents	16
4	Pensioners	30
5	Total No. of respondents	64

Source: Field data (July, 2024)

In this paper, the methods of data collection involved structured interview which involved the use of a set of predetermined questions and highly standardized techniques of recording. This method was used because the researcher intended to get insights, experiences on the practices of pension administrative reforms and its effects on retirees in Tanzania.

The documentary review includes books, records, government publications, and official statistics as far as this study is concerned were used in data collection. This method was employed to gather information from various institutions related to pension administration practices in in Ilala District in Dar es Salaam Region, Tanzania. For examples, the retired staff list was collected from Human Resources Department in Ilala Municipality.

The data collected was qualitative in nature and analyzed thematically. Thus, in using this type of qualitative data analysis, major themes were identified in this form of data analysis, the researcher perused the collected data and identify information that was relevant to the research questions and specific objectives stated in this study. For example, data on accountability in pension administrative system was organized on timely payment of pension benefits and satisfaction of pensioners with services and calculation of pension benefits are rendered by social schemes. The method used involved developing a coding system based on the collected data and the major issues topics to be covered and as well as intensity through which the frequency of idea, word, and description appear. For instance, in research question number three which states "how is the accountability on pension administration system in Tanzania (i.e timely payment of pensions and calculation of the pension benefits? The data analysis was based on the topics/issues that were identified in the data collected. On other hand, the quantitative data collected were subjected to the calculation of frequencies and percentages relating to research questions under investigation.

5. Results and Discussion

This subsection presents the findings and discussion thereafter. The presentation is inclined on specific objectives of the paper.

5.1 Results

This sub-section presents and discusses the findings in relation to the research objectives of this paper.

5.1.1The efficacy of reforms on coverage of Pension Schemes in Tanzania

This study examined the coverage of pension schemes in Tanzania and the challenges associated with it. The data are summarized in table 2 below.

Table 2: Responses on coverage of Pension schemes in Tanzania

Categories of Respondents	Pension schemes have high coverage	Pension Schemes have low coverage	Neither
Regulatory Respondents (n=6)	2(33.3%)	4(66.7%)	00
NSSF staff (n=12)	1(8.3%)	11(91.7%)	00
PSSF respondents (n=16)	5 (31.3)	11(68.7%)	00
Pensioners (n=30)	11(36.7%)	19 (63.3%)	00
Total No. of Responses	19(29.7%)	45(70.3%)	00

Source: (Field data, July, 2024)

The findings presented in table 2 indicate that 45(70.3% of all 64 respondents reported that in Tanzania, the coverage of pension is very low. The findings were supported by low coverage of workers in the private sector (except in private companies covered by the parastatal special system), organized groups (such as cooperative members) in the formal sector, and public employees while self-employed persons were not covered under the parastatal special system. The findings of this paper are corroborated by [35] and [36] who found that voluntary coverage is possible but domestic workers are excluded in African countries including Tanzania. Special contributory systems for employees of parastatal organizations, including private companies in which the government owns shares and parastatal organizations that have been restructured or sold; self-employed persons, including informal-sector workers; workers who start new employment when aged 46 or older; expatriates contributing to an equivalent program in their home country; persons with seasonal income; and local authority employees.

In other words, the coverage of workers in practice is about 4 per cent of the population aged 55 years and above receive a pension; less than 4 percent of the economically active population contributes towards a social security scheme. These findings indicate further that the low coverage was attributed to the lack of inclusion of informal sector employees who have been increasing over the years. For instance, the previous studies indicate that Tanzania, about 4.3 million people are engaged in the informal sector as their main economic activity and considering the SMEs, most of them fall in the informal economy [37;38; 39]. At present, only an estimated 6.5 per cent of the population is covered by a pension fund, relatively low by regional standards.

In addition to that, [40] observed that with high poverty levels, the elders were left struggling to meet their basic needs at retirement. Given the high levels of informality in Sub-Sahara Africa countries, participation rates can only be increased by the adoption of universal non-contributory pension schemes. Since financing universal non-contributory pensions can be a challenge due to the high fiscal costs, the implementation of such schemes should be gradual and targeted.

5.1.2 Accountability in pension administration

In this paper, accountability in pension administration was construed to mean timely payment of pension benefits to the pensioners and efficacy (proper) and satisfaction of pensioners in calculation of pension benefits which enable them to accumulate money for their economic prosperity.

5.1.2.1 Pensioners satisfaction with calculation of the pension benefits in Ilala district

This study investigated whether pensioners were satisfied with calculation of pension benefits in Ilala district in Tanzania. The responses are summarized in table 3 below and discussed thereafter.

Table 3: Satisfaction of Pensioners with calculation of Pension benefits

Categories of Respondents	Pensioners were satisfied with calculation of pensions	Pensioners were not satisfied with Calculation of Pensions	Neither
Regulatory Respondents (n=6)	2(25%)	4(75%)	00
NSSF staff (n=12)	6(50%)	6(50%)	00
PSSF respondents (n=16)	6 (37.5%)	10(62.5%)	00
Pensioners (n=30)	00	30 (100%)	00
Total No. of Responses (n=64)	14(21.9%)	50(78.1%)	00

Source: (Field data, July, 2024)

The overall picture from the findings presented in table 3 indicate that majority of respondents i.e 50 (78.1%) were not satisfied with the calculation of pension benefits in Tanzania. In fact, the pension benefits are calculated in accordance with a pre-determined formula (final salary multiplied by years of service times the accrual rate) which certain parameters have been modified as a result of 2024 reform initiatives. The previous calculation of pension was set to be 33% but this was criticized and raised many complaints from the pensioners and the government through the ministry of Finance took the matter to the parliament and they endorsed that pension by PSSSF are paid by 40 percent instead of 33 percent which was previously paid to the pensioners. On the other hand, the public sector employees are paid 35% instead of 33 per cent of pension payments stated in the law. Nevertheless, these reforms have raised complaints from both public and private sectors pensioners. The pensions provided is still criticized to be low. The benefits conferred by Public Service Pension Institutions includes old age pension, invalidity pension, death gratuity and survivor's pension, funeral grants and withdraw benefits in respect of marriage, maternity emigration and un employment. One of the pensioners interviewed stated that *"we were/are still not satisfied with pension payment and administration because the pension calculation formular in Swahili known as "kikokotoo" does not give us adequate pension benefits" (Interview, July, 2024).*

The findings presented above indicate that the pensioners were not satisfied with the ways on how pension was calculated. These finding are contrary to [41] which noted that the aim of the scheme is to improve savings, ensure universal access to pensions and social security inclusion, enable financial inclusion, promote economic growth, and alleviate poverty. Members start receiving their monthly pension at 55 years of age, which is earlier than the retirement age of 65 years. Nevertheless, the findings indicate that the calculation of pension benefits has not been accepted by Pensioners and in that regards it was evident that they perceived that pension could not improve their economic conditions.

5.1.2.2 Responses on satisfaction with services from pension schemes

This sub-section examined whether services were with quality and met the desires of pensioners in Ilala district, Dar es Salaam region. The findings are summarized in table 4.

Table 4: Satisfaction of Pensioners with services provided by pension schemes

Categories of Respondents	Pensioners were satisfied with services	Pensioners were not satisfied with services	Neither
Regulatory Respondents (n=6)	06(100%)	00	00
NSSF staff (n=12)	12(100%)	00	00
PSSF respondents (n=16)	8(50%)	8(50%)	00
Pensioners (n=30)	00	30 (100%)	00
Total No. of Responses (n=64)	26(40.6%)	38(59.4%)	00

Source: (Field data, July, 2024)

Service delivery is an area which has generated substantial dissatisfaction among members and other beneficiaries of public pension schemes. The findings summarized in table 4 indicate that 38 (59.4%) respondents were not satisfied with services provided pension schemes. Most of the complaints revolved around the inadequacy of benefits and unnecessary delay of the pension benefits. This was more evident in Tanzania where the Public Service pension fund was giving more benefits compared to other public service pension scheme especially Parastatal Pension Fund Scheme and National Social Security Fund. Furthermore, the lack of up-to-date information about the schemes and the number of individual contributions made and estimated benefits (i.e. benefit statements) which could not reflect actual pension contribution of the members. The findings indicate that contribution records were often incomplete and apparently not always computerized. On the positive side, the use of information technology and public awareness campaigns were contributing to improving social service 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. This challenge is not only in Tanzania but also in other countries in Africa such as Senegal, Nigeria and Kenya. For instance, the study conducted by [41;42;43] who contends that "administrative capacity is generally weak, amplifying the problems. Although no survey of administrative capacity has been conducted across countries, the quality of management raises issue regarding the administration of collection and record keeping identification of plan members, payment of benefits, information technology infrastructures and administrative cost, in particular information technology systems as out molded or non-existent. Technological management system makes it impossible for workers to check accuracy of records and to know the pension entitlement that they have earned. In Ilala district for example, there has been misplacement of the files of pensioners as well as delaying the retirement benefits because of poor technology and bureau pathologies of nepotism and corruption (Interview, July, 2024).

5.2.3 Timely payment of Pension benefits to the pensioners in Tanzania

The timely payment of pension is established through public service pension Act No. 2018 which states that pension benefits should be paid after thirty days of retirement. This paper examined whether there is compliance on this law requirement. The findings are summarized in table 4 below.

Table 5: Timely payment of pension to the Pensioners

Categories of Respondents	Pensions were timely paid	Pensions were not timely	Neither
Regulatory Respondents (n=6)	3(50%)	3(50%)	00
NSSF staff (n=12)	4(33.3%)	8(66.7%)	00
PSSF respondents (n=16)	16 (100%)	00	00
Pensioners (n=30)	00	30 (100%)	00
Total No. of Responses	23(35.9%)	41(64.1%)	00

Source: (Field data, July, 2024)

The findings presented in Table 5 give impression that some of the respondents i.e 41(64.1%) had the perception that there was no timely payment of pension benefits. This view was ascertained by respondents from Ilala district in Dar es Salaam region. The findings indicate that there have been complaints that pension benefits payment could take more than three months despite the fact that all documents were submitted. One respondent from pensioners said that "it took us three to four months to get our pension benefits and all the documents were in actual sense correctly submitted" (Interview, July, 2024).

5.3 Challenges of Public Pension administrative system in Tanzania

This paper examined the challenges hindering the efficacy of pension administration in Tanzania. The findings are presented in table 6 below.

Table 6: Responses on institutional and governance challenges of pension administrative system in Tanzania

Categories of Respondents	**Institutional design challenge**	**Governance challenge**	**Neither**
Regulatory Respondents (n=6)	00	6(100%)	00
NSSF staff (n=12)	6(50%)	6(50%)	00
PSSF respondents (n=16)	8(50%)	8(50%)	00
Pensioners (n=30)	10(33.3%)	20 (66.7%)	00
Total No. of Responses	24(37.5%)	40(62.5%)	00

Source: (Field data, July, 2024)

The findings presented in table 6 indicate that the respondents 24(37.5%) and 40(62.5%) stated that considerable challenges facing Tanzanian pension administrative systems were inherited institutional design and the resultant governance problems respectively. The findings indicate that in Tanzania, there are indications of excessive state intervention or interference in pension administrative systems. The government often controls the composition and appointment of governing boards, as well as public pension funds administrations, the management of funds and investment decisions. In many cases, boards of directors and chief executive officers are appointed by central government, subject to contractual performance arrangements with an overall supervision by government departments.

Furthermore, an institutional design challenge was indicated in the area of investment decisions government has several times directed these funds to invest in specific projects or companies. For instance, in 2014 NSSF Us dollars 653.44 million (Tshs.1.3 trillion) to construct modern houses, hotels, conference rooms and bars and restaurants which was supervised by Hifadhi Builders Limited established by board of Directors of NSSF in collaboration with Azimio Housing Estate Limited (Ahel). The construction was done by M/s Mutluhan Construction Industry Company Limited from Turkey, but the project was ceased on January, 2016 due to corruption scandals of Tshs.179 billion [43]. In July 18, 2016 NSSF six directors were suspended from work due to corruption and mal-administration. Also, [44] Report indicated that this NSSF project which owns 45 of the shares while Azimio Housing Estates had 55% of the share. These findings were further supported by [43] which found that fund managers also often tend to invest in assets which may not provide the best yield, such as real estate. In some public pension funds such as Public Service Pension Funds (PSPF), however, direct government control has been put at arm's length by, for example, the adoption of legislation that contains investment guidelines, and the establishment of separate investment committees.

In the same vein, another challenge noted is that pension systems are financially unstable as a result not future aging of the population but of poor system design. Because pension schemes in Tanzania are "Young" they are still running the cash flow surpluses, meaning that contribution revenues exceed benefits expenditure [45]. The financial problem is basically explained by the fact that promised benefits are not in line with retirement rules and contribution roles, for instance by increasing the contribution rate could improve financial sustainability but the necessary adjustments are untimely the feasible. Similar problem is noted by the studies carried out by [46] which shows that the number of benefits provided by various formal security schemes such as Public Service Pension Fund in Tanzania is insufficient to avert poverty and they have thus failed to provide social protection to members in distress. On other hand [46] posits that nation civil service pension scheme has been running financial deficits, the private pension scheme continues to produce surplus and has reserve worth more than one year spending. In this case, while the private pension scheme is well off financially, the national civil service pension scheme is running financial constraints but this has also been the case in the NSSF which also face financial constraints.

This is also the same in Francophone countries like Senegal, [47] identified a challenge in policy regarding pension administration as having multiple policy objectives which included social protection for elderly, disabled, survivors and retirees ,this is the key objective to those covered by the scheme, while civil servants enjoy relative generous benefits, currently the benefits are indexed in an *ad hoc* manner and the fact is that their pension are underfunded which in long run exposes them to policy risk that the government simply not keep its promise due to fiscal constraints.

Similarly, one 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 were 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. This view was also corroborated by [47;48;49;50] who posit that "social security scheme including public service pension covers only 5% of the labour force and 6% of the population in Tanzania. Most of those covered are working in the urban formal sector". Nevertheless, these are past studies but the current statistics indicate that there is a slight increase because currently there is about 8 percent of the working-age population which is covered in a formal pension scheme.

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 it was 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 Tanzania. This has been common in public service pension. These findings corroborate with other countries like Nigeria, there is a reported embezzlement of pension funds that has been done by government officials. These findings were supported by Buhari [49, 50], who contends that ‘‘large number of pensioners and mismanagement of pension funds impose heavy burden on government and the private sector. According to the public pension debt as in 2003 was over one trillion naira. The cumulative effect of the debt is that, government was unable to service pensions of retirees, as a result, pensioners could not pay children school fees, cater for their health and other necessities of life. This precarious situation necessitated the enactment of the Pension Reform Act of 2004 Contributory Pension Scheme of 2004. The 2018 Pension Reform Act is a paradigm shift from the Pension Act 2004".

Furthermore, governance and administration of pension schemes are weak in particular pension reserves are not managed in the required interests of their members. In tripartite boards with representatives of government employers and trade unions are common nominated members lack the expertise necessary to manage large and complex financial institutions and responsibilities are blurred, the result is that, where there pension reserves, investment policies are risk, governed more by political influence than by interests of pension schemes members. Most reserves are in form of government debt, in part reflecting the state of development of capital market. However, the debt is formal or malleable. Holding in private sector enterprises are often in companies managed currently by the pension fund. Additionally, governance problem is revealed in the studies by [51;52] who posit that "the formal social security fund such as PSPF are faced with problems such as tax evasion of payment of premium by employers and lack of transparency, accountability and delaying of the benefits and disparities in risk covered".

Also, administration of pension was fragmented before 2018, often with two or more schemes for different groups of workers. This is unnecessary costly and limits the mobility of labor force across sectors. For example, the National Social security Fund offers social security coverage to employees of private sector and non-pensionable parastatal organizations whereas Parastatal Pension Fund (PPF) provides social security to both private and parastatal organizations while Public Service Pension Funds (PSPF) provide social security protection to employees of central government and executive agencies [51]. So, the economies of scale in managing pension plans presupposes that running multiple programmes means that administrative costs are higher than they need be. In Senegal, there is no fragmentation as there two pension schemes namely the civil service pension scheme that covers the government employees and private pension scheme that covers employees in the private sector such as the domestic workers. An integrated approach, with single or two programs for all workers is more efficient as it has been the case in Senegal. It is often impossible to transfer pension rights between different pension schemes or the procedures are cumbersome at best. This makes labour market rigid because the movement of labour force between sectors is less fluid. Both public and private sector could benefit from the flow of workers between employers.

On top of that due to political interference and second guessing there has been a temptation for government in public service pension funds to try to influence the uses to which those funds are put for short term political purposes or in some instances even for personal gains, however it should be understood that ensuring independence from political interference does not in any way mean that managers of public service pension funds are not accountable to government and insured persons for the decision they make. Quite to the contrary, accountability is essential equally ensuring independence from political interference does not eliminate the roles of government in establishing frameworks within which public service pension funds should be administered [51]. So, the mechanisms must be put in place, at the same time, allow government to carry out legitimate functions of monitoring and regulating while minimizing the risk of inappropriate interferences in pension administration systems.

Formerly, lack of uniformity in the formulae in calculation of benefits specified amount complete months served times last annual salary used by PSPF and LAPF while other pension schemes use different formulae [52]. This has in long run caused un-equal pension benefits among public servants and private sector employees. Currently, there is variation in percentage of the terminal benefits i.e NSSF payment of the terminal benefits is 35% while PSSSF the payment of the terminal benefits is 40% (Interview, July, 2024).

Since the main aim of pension schemes is to help individuals maintain a reasonable standard of living after retirement, there has been an increasing recognition of the need to understand the adequacy of benefits. Historically, Studies by [52;53] show that the number of benefits provided by various formal security schemes in Tanzania are insufficient to avert poverty and they have thus failed to provide adequate social protection to members in distress. This fact is still valid even today. The findings indicate that respondents had the opinion that pension benefits provided by social security schemes were still low. 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. Similarly, this view is correctly argued by [53], posits that, poor remuneration, delay in payment of fridge benefits and poor condition of service among others are jointly responsible for the mal-administration of pension schemes.
The audit disclosed that the main employers i.e. Ministry of Finance and Economic Affairs (MoFEA) and President's Office – Public Service Management (PO-PSM) being the overall overseers of Pension Funds on behalf of the Government have not to a large extent fulfilled their responsibilities of ensuring the processing of terminal benefits of retirees on time and without recourse to duress. Specifically, the audit noted that there is increasing number of retirees waiting processing time.

Together with that, other issues noted were i. Pension Fund's system of keeping records is appallingly inefficient and ineffective this is due to poor record keeping by Pension Funds.

ii.The processes to finalize terminal benefits of retirees continued to be problematic which in consequence hinders the retirement system's ability to fulfill its mission and inordinate delays in processing retirees' benefits. This problem can be addressed by revamping the existing pension system in the country. The Employers failed to properly manage and control the necessary documents for the processing of retirement benefits of their respective employees resulting in reciprocal delays and trading of blames between the Funds and the employers. Ministry of Finance and Economic Affairs (MoFEA) and Presidents' Office-Public Service Management (PO-PSM) as main Employers have not taken any tangible action to ensure efficient processing of terminal benefits is instituted despite the fact this is a known and repetitive problem throughout the period of the audit i.e. 2006/07 to 2023/2024.

5.4 Discussion of the findings

The study is broadly based on examining whether pension administrative reforms have let to increase in pension coverage and timely payment of pension benefits. The pension administration system in Tanzania indicated that there was low coverage and the pension benefits were trivial despite legal and institutional reforms of the pension schemes in Tanzania. These findings were corroborated by [57] noted that the pension coverage is low at about 9.3 percent of total employed Ugandans in both the formal and informal sectors, but mainly in the formal sector. This trend of pension coverage seems to prevail in the East African Countries. For examples, [59] observes that the population covered by the retirement benefits sector in the East African Community (EAC) is low, and the sector reforms will not benefit many people unless there are legal and institutional reforms to enhance the scope of coverage. Nevertheless, these reforms as indicated in this paper have led to slight increase in pension coverage i.e 8.3% in Tanzania.

At the same time, governance and regulation continue to affect the effectiveness and efficiency of the national pension system and warrants further reforms. The respondents were not satisfied with pension benefits and services offered by pension schemes in Tanzania. These findings were contrary to the main stream theory which noted that one of the social security principles is that of timely payment of pension benefits, which maintains that a stream of income to retirees should be adequate enough to enable them to live a decent life after retirement. With regard to the non-contributory public pension scheme, the fiscal burden has reached an unsustainable level with cumulative arrears of about (Ugandan shillings) 516 billion by 2016. [59]

Tanzania had a relatively large number of pension schemes before 2018 which were almost performing similar functions. For example, Parastatal Pension Fund that has also central and local government employees, similarly Local Government Pension Fund as well as public service pension fund have more similar members that is from central and local governments. So, the reforms of pension administrative systems have merged these institutions in order to remain with only two i.e PSSSF and NSSF.

Akin to many developing countries in Africa, Tanzania current pension system is characterized by low coverage and benefit inadequacy, small size of formal economy relative to informal economy, low levels of disposal income, insufficient insurance against longevity and competing priorities and poor institutional design and governance systems which have hindered the efficacy of pension administration in Tanzania. These findings are corroborated with United Nations which noted that pension coverage is very low in southern African countries.

Furthermore, low coverage deviates from best practices of the countries which have been successful in coverage of pension schemes. For instance [54] noted that New Zealand has achieved a coverage rate close to 80% in the "KiwiSaver" scheme. In the United Kingdom that initiated its auto-enrolment programme more recently than New Zealand, 49% of the working-age population was covered by an employer-sponsored plan in 2020. In Italy, since 2007 the severance pay provision (so called Trattamento di Fine Rapporto–TFR) of private-sector employees is automatically paid into an occupational pension plan unless the employee makes an explicit choice to remain in the TFR regime.

Nevertheless, Many African countries have dominant mandatory state schemes with little or no private pension systems. Kenya on the other hand, has had a smaller state scheme, In Tanzania, the NSSF that has enabled a larger occupational pension sector. The level of financial sector and capital market development, stable macro-economic environment and existence of a regulatory framework make Tanzania better positioned to embark on more fundamental and deeper reforms of the pension system [54]. Compared to the experiences of the Latin American and Eastern bloc countries, other than addressing the institutional weaknesses in the current system and the financial sustainability of the unfunded NSSF and PSSSF projects. This ought to make it easier to implement broader reform of the system. The results of the reform so far have been positive in remedying some of the governance, benefit security and investment management problems of the pre-reform period, particularly in the voluntary occupational pension sector. The requirement for external investment management has seen a negative impact on the country's financial markets. The pensions sector has played a key role in helping the Government to lengthen the maturity of its debt profile and retirement schemes through their fund managers have also become major players in the stock market.

In accordance with the Social Security Regulatory Authority Act of 2008, the Tanzanian government officially inaugurated the Social Security Regulatory Authority in March 2011. The regulatory body was tasked with harmonizing the legal and regulatory framework governing the social security sector, particularly the six separate pension funds operating around the country. The social security sector has been characterized by a high degree of fragmentation of different schemes, low coverage levels and high administrative costs. The new regulatory authority aims to facilitate the extension of coverage to non-covered groups while also streamlining the rules and regulations governing administrative reporting structures, investment, and the transferability of rights from one fund to another, including through conducting public awareness campaigns for stakeholders [57].

Formerly, six pension fund institutions reported to different government entities. For example, the National Social Security Fund (NSSF) reports to the Ministry of Labour, Employment and Youth Development; three others (the Parastatal Pensions Fund, the Public Service Pension Fund and the Government Employees Provident Fund) report to the Ministry of Finance; the Local Authorities Pension Fund reports to the Regional Administrative body of the Prime Minister's Office; and the National Health Insurance Fund reports to the Ministry of Health and Social Welfare. Moreover, while contributions are uniform across pension funds (20 per cent), benefit packages and investment regulations can vary significantly. The findings were corroborated by [58] who noted that the age of the contributors has depicted a weak and insignificant relationship to the return on assets of the pension fund under investigation. The findings indicated further that the Social Security Regulatory Authority set guidelines for streamlining reporting procedures and structures, reducing risk (for example, through avoiding investments with a 100 per cent equity stake) and lowering administrative costs (currently estimated at approximately 12 per cent, high by international standards).The Social Security Regulatory Authority is also tasked with improving coverage levels of the pension funds, especially to the informal sector and rural-based populations such as farmers and pastoralists although the findings indicated that the coverage is still low, for example only an estimated 8.5 per cent of the population is covered by a pension fund, relatively low by regional standards.

6. Conclusion and Future Scope

The study noted that pension administration system in Tanzania was coupled with many challenges such as lack of uniformity in the calculation of pension benefits, low coverage, high administrative cost of the pension schemes as well as multiple accountability and answerability of pension schemes. The study findings indicate that former six pension schemes reported to different government entities for example, the National Social Security Fund (NSSF) reports to the Ministry of Labour, Employment and Youth Development; three others (the Parastatal Pensions Fund, the Public Service Pension Fund and the Government Employees Provident Fund) reported to the Ministry of Finance; the Local Authorities Pension Fund reports to the Regional Administrative body of the Prime Minister's Office; and the National Health Insurance Fund reports to the Ministry of Health and Social Welfare. Therefore, the findings presuppose that it was even difficult to harmonise the administration of these schemes especially in terms of the pension benefits. The government merged these pension schemes in 218 but it remained with two schemes i.e NSSF and PSSSF.

Nevertheless, while contributions were uniform across pension funds (20 per cent), benefit packages and investment regulations vary significantly. As it has been notes elsewhere in this paper that public service pension funds given to retirees is meagre (only 40%) in PSSSF while NSSF is 35%

pension benefits. The Social Security Regulatory Authority has to conduct actuarial evaluations of all funds, the new regulatory authority will set guidelines for streamlining reporting procedures and structures, reducing risk (for example, through avoiding investments with a100 per cent equity stake) and lowering administrative costs (currently estimated at approximately 12 per cent, high by international standards) and also avoid projects which would undermine terminal benefits. This is not the case in Senegal where by National Civil service retirement fund and private service pension fund are accountable to the Ministry of Finance, thus simplifying the accountability and coordination of the pension schemes**.** Based on the findings, it is concluded that PSSSF and NSSF should review the processing of terminal benefits of retirees' workflow. This includes preparation of a Client Service Charter which will incorporate all core activities and the whole process of terminal benefits indicating exact time a certain activity is going to be initiated and completed and identify who will be accountable for what. Client service charter will do away with delay of pension benefits. The Pension Funds should also, create awareness to their members including conducting training on pension matters. MoFEA and PO-PSM as Main Employers should ensure that proper records of employees are accurately kept and submitted to Pension. Likewise, Employers should prepare a schedule of employees who are about to retire in the near future at least have a three years' schedule. This schedule should be used as a basis for reminding employers on the date of retirement of staff, when to notify staff on their retirement dates, and also the right time to look for the necessary documents. This will ensure timely access to information for efficient decision making on terminal benefit matters

In addition**,** employers should ensure that monitoring, evaluation and feedback mechanism for the training conducted on staff awareness on pension matters is done. Through this, it will be easier for the employers to identify areas that need to be addressed for future improvements.

Another matter which causes much concern to public pension contributors relates to the fact that they have been delayed in getting their terminal benefits and 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. Also, 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

Data Availability

None.

Conflict of Interest

The authors declare that he does not have any conflict of interest.

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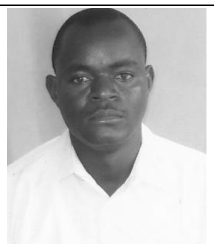
AUTHORS PROFILE



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