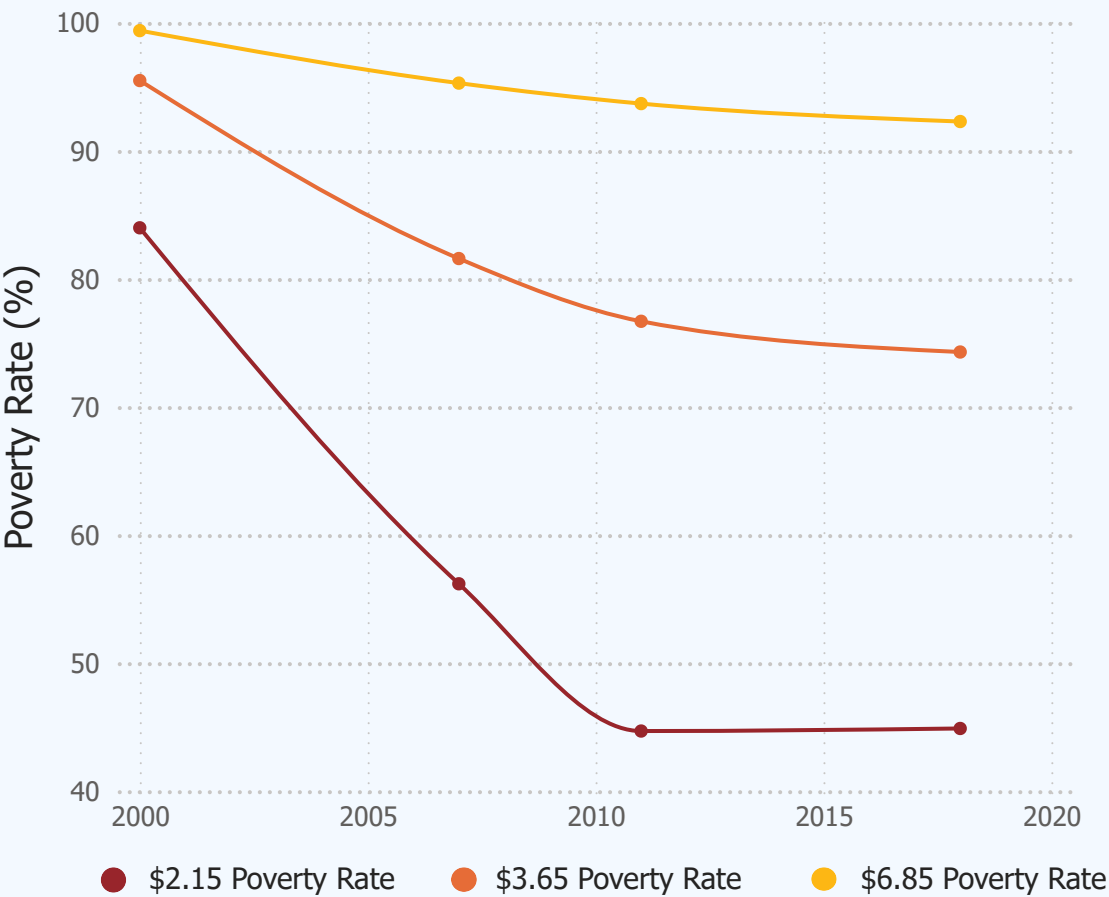# Poverty & Equity Brief

TANZANIA

From 2006 to 2014, Tanzania experienced balanced economic growth driven by capital accumulation, labor accumulation, and Total Factor Productivity (TFP). This growth led to significant structural transformation and pro-poor growth, particularly between 2007 and 2011, when poverty—measured at the international poverty line of $2.15 a day (2017 PPP)—fell from 56.2 percent to 44.9 percent. However, the subsequent period (2011 to 2018) saw a shift in the growth model, with capital accumulation, largely through public infrastructure investments, becoming the dominant driver, while TFP turned negative. This shift resulted in less inclusive growth, with poverty rates stagnating around 44.9 percent and inequality rising from 37.8 to 40.5 by the end of the period. Despite the diverging growth patterns, household consumption growth in both periods remained low considering that rate prices rose, eroding real gains for the poor.

Rounds 2 and 3 of the Tanzania High-Frequency Phone Survey (HFPS), conducted in 2021 by the National Bureau of Statistics (NBS), indicate that high food prices were the most dominant shock affecting Tanzanian households. More recent data from the HFPS in February 2024 reveals that 53 percent of Tanzanians believe prices have increased significantly, with an additional 40 percent reporting a slight rise in prices since 2023. Economic sentiment remains low, with 48 percent of Tanzanian households indicating no change in their financial situation. This pessimism extends to asset accumulation, with just 6 percent of households considering it a good time to purchase major household items. This is noteworthy given the rising household debt-to-income ratio in Tanzania, now at 53, suggesting that households are increasingly borrowing for consumption rather than for investment. The situation is further exacerbated by the proliferation of "mikopo kausha damu" or "blood-drying loans"—short-term loans payable within a month with interest rates up to 40 percent.
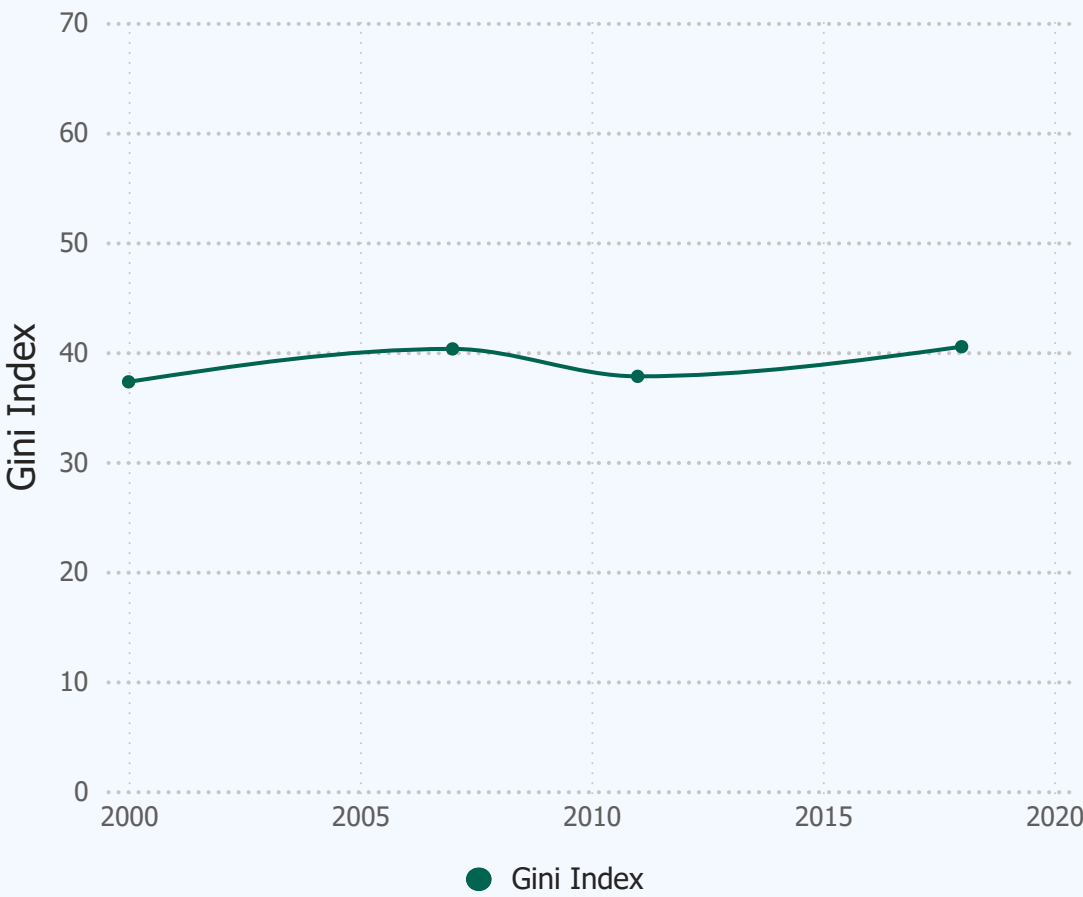
Data from the latest 2022 Population and Housing Census shows that Tanzania's unemployment rate stands at 7.8 percent, with a slightly higher rate for women at 9.4 percent. The census also highlights improvements in housing conditions, sanitation, water access, and electricity. Looking ahead, poverty is projected to decline from 42.9 percent in 2024 to 42.3 percent in 2025, and further to 41.6 percent by 2026, reflecting the country's positive macroeconomic outlook, with GDP growth expected to average 6 percent from 2024 to 2027. The extent to which this growth reduces poverty will largely depend on how effectively it translates into real gains in household consumption. Maintaining stable macroeconomic conditions, particularly in prices, along with the government's steadfast commitment to its reform agenda—focusing on private sector growth, agricultural productivity, and human capital development, especially among young people—will be crucial.

$2.15 Poverty Rate 2018	$6.85 Poverty Rate 2018	Gini Index 2018	Prosperity Gap 2018
44.9%	92.3%	40.5	12.1

Poverty Rate

Legend: ● $2.15 Poverty Rate ● $3.65 Poverty Rate ● $6.85 Poverty Rate

Inequality

Legend: ● Gini Index

Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	15,335.9	26.4	2018
International Poverty Line ($2.15/day)	26,111.3	44.9	2018
Lower Middle Income Class Poverty Line ($3.65/day)	43,183.3	74.3	2018
Upper Middle Income Class Poverty Line ($6.85/day)	53,598.1	92.3	2018
Multidimensional Poverty Measure		54.6	2018

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)
Urban population	54.7
Rural population	83.5
Males	74.1
Females	74.8
0 to 14 years old	81.6
15 to 64 years old	68.7
65 and older	73.3
Without education (16+)	83.8
Primary education (16+)	72.3
Secondary education (16+)	52.0
Tertiary/post-secondary education (16+)	20.4

Multidimensional Poverty Components	(% of Pop.)
Daily income less than US$2.15 per person	44.9
At least one school-aged child is not enrolled in school	19.5
No adult has completed primary education	13.2
No access to limited-standard drinking water	29.2
No access to limited-standard sanitation	71.5
No access to electricity	44.3

Note:
Data for the "Poverty by Group" table is derived from a 2018 survey and data for the "Multidimensional Poverty Components" table is derived from a 2018 survey.
The rates in the "Poverty by Group" table above are shown at the $3.65 lower-middle income line.
"N/A" denotes a missing/removed value, while "N/A*" refers to a value which was removed due to having fewer than 30 observations.

Poverty Data & Methodology

Official poverty estimates in Tanzania are based on the Household Budget Surveys (HBSs) conducted by the National Bureau of Statistics (NBS) in mainland Tanzania and the Office of the Chief Government Statistician (OCGS) in Zanzibar. Mainland Tanzania has conducted Household Budget Surveys in 1990, 2000/01, 2007, 2011/12, and 2018. Zanzibar's latest surveys are the HBS 2014/15 and 2019/20. The HBS surveys are largely comparable. However, the HBS 2011/12 collected consumption of goods in greater detail than earlier surveys, therefore possibly overestimating 2007-2011/12 poverty reduction trends. Data collection for the 2024/2025 HBS is expected to start in October 2024. The methodology adopted for poverty measurement is undergoing harmonization with guidelines that are being finalized by the East Africa Community's Statistical Department with support from the World Bank. This will include moving to a seven-day recall rather than a diary and changing the consumption aggregate used for national poverty measurement to include the user value of assets and housing. A consumption measurement experiment to compare these two that was completed during May- June 2022 suggests a lower value of food consumption aggregates for the diary than the seven-day recall.

Harmonization

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.