

Poverty & Equity Brief

Africa Eastern & Southern

Tanzania

April 2024

Since the turn of the century, Tanzania has achieved remarkable progress in its fight against poverty, with the rate of extreme poverty—defined as living on less than the international poverty line of \$2.15 a day (2017 PPP)—declining sharply from 84 percent in 2000 to 44.7 by 2011 (assessed by the national poverty line, this reduction was from 35.6 to 28.2 percent). However, progress slowed significantly after 2011; by 2018, the extreme poverty rate was 44.9 percent on the international scale and 26.4 percent on the national scale. This deceleration coincided with a pivot in Tanzania's economic growth strategy, which shifted its focus towards capital accumulation at the expense of productivity gains. This period saw increased public spending on infrastructure and a noticeable decline in private sector investments. Additionally, the rate of agricultural productivity growth, crucial for the economy, decelerated markedly, increasing by only 7 percent between 2011 and 2021—a dramatic drop from the 15 percent rise recorded between 2000 and 2010.

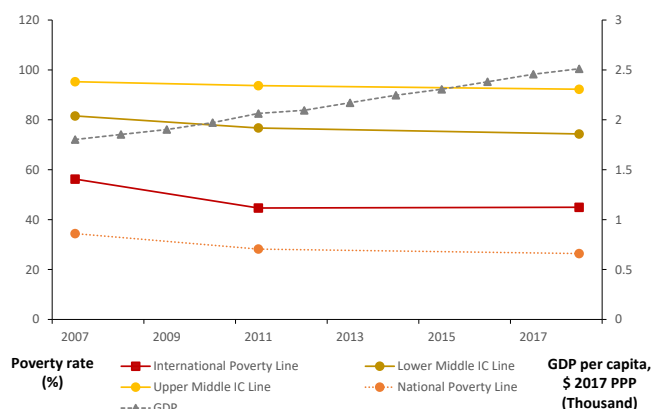
The economic strategies adopted in the early 2010s have resulted in a scenario where poverty reduction has become increasingly decoupled from economic growth. Despite the economy's expansion, a significant decrease in poverty levels failed to materialize. The national poverty rate saw a modest decrease from 28.2 percent in 2011 to 26.4 by 2018, but the international poverty rate essentially stagnated, moving from 47.7 to 47.9 percent in the same period. Projections suggest that poverty rates could rise in the future, driven largely by the aftermath of the COVID-19 pandemic and the geopolitical repercussions of the conflict between Russia and Ukraine. Supporting this forecast, data from the National Panel Survey (NPS) indicates a significant decline in real consumption per adult equivalent by more than 10 percent in 2021, with the poorest segments of the population bearing the brunt of this downturn. The resilience of Tanzania's population to economic and environmental shocks appears to be waning, as evidenced by the latest NPS data. This data reveals that over half of the households surveyed were severely affected by at least one major shock in the two years leading up to the survey, with significant increases in food prices, the loss of family members, and natural disasters such as droughts and floods being the most reported. Since 2022, food prices alone have surged by 12 percent.

There disparity between the exposure to shocks and the capacity to cope with them is stark. For instance, the 2022 Demographics Health survey shows that fewer than 10 percent of individuals have health insurance, a gap that the recent universal health insurance bill aims to bridge. Although social protection programs have expanded to cover 1.3 million households, surpassing National Development Plan targets, this coverage is still inadequate given the scale of vulnerability. Rural areas are hit hardest by shocks but have the least capacity to recover, as seen by asset ownership data indicating only 6 percent of the rural population falls within the highest wealth quintile, compared to 55 percent in urban areas. Enhancing the resilience and productivity of the agricultural sector is crucial for sustainable poverty reduction. The current agricultural budget focuses on intensification through investments in irrigation and agricultural inputs to boost resilience and productivity. While allocation towards these areas shows promise, there is a need for better execution and effectiveness to ensure these investments translate into tangible benefits for the poor, predominantly farmers.

POVERTY		Number of Poor (million)	Rate (%)	Period
National Poverty Line		15.3	26.4	2018
International Poverty Line 1674.6 in Tanzania shilling (2018) or US\$2.15 (2017 PPP) per day per capita		26.1	44.9	2018
Lower Middle Income Class Poverty Line 2842.9 in Tanzania shilling (2018) or US\$3.65 (2017 PPP) per day per capita		43.2	74.3	2018
Upper Middle Income Class Poverty Line 5335.3 in Tanzania shilling (2018) or US\$6.85 (2017 PPP) per day per capita		53.6	92.3	2018
Multidimensional Poverty Measure			54.6	2018
SHARED PROSPERITY				
Annualized Consumption Growth per capita of the bottom 40 percent			-0.15	2011-2018
INEQUALITY				
Gini Index			40.5	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth			-1.07	2011-2018
GROWTH				
Annualized GDP per capita growth			2.84	2011-2018
Annualized Consumption Growth per capita from Household Survey			0.92	2011-2018
MEDIAN INCOME				
Growth of the annual median income/consumption per capita			0.11	2011-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of October 2023, and Global Monitoring Database for the rest.

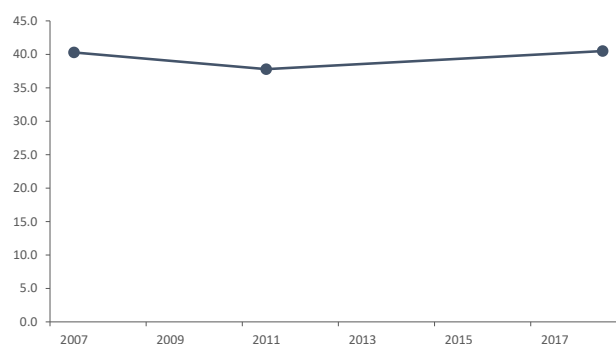
POVERTY HEADCOUNT RATE, 2007-2018



Source: World Bank using HBS/SSAPOV/GMD

INEQUALITY TRENDS, 2007-2018

Gini Index



Source: World Bank using HBS/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: 2018 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	74	26	23	77	Monetary poverty (Consumption) Daily consumption less than US\$2.15 per person 44.9
Rural population	46	54	48	52	
Males	55	45	40	60	Education At least one school-aged child is not enrolled in school 19.5 No adult has completed primary education 13.2
Females	55	45	40	60	
0 to 14 years old	47	53	48	52	Access to basic infrastructure No access to limited-standard drinking water 29.2 No access to limited-standard sanitation 71.5 No access to electricity 44.3
15 to 64 years old	61	39	34	66	
65 and older	60	40	35	65	
Without education (16+)	45	55	49	51	
Primary education (16+)	59	41	36	64	
Secondary education (16+)	78	22	18	82	
Tertiary/post-secondary education (16+)	94	6	4	96	

Source: World Bank using HBS/SSAPOV/GMD

Source: World Bank using HBS/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND 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. The National Panel Survey (NPS), conducted by NBS and OCGS under close supervision of WB-DEC, also measures consumption, but the data are not used for official poverty measurement. All these surveys use aggregate household consumption expenditure as the welfare indicator. Mainland Tanzania has carried out 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 NPS was conducted every two years between 2008 and 2014 and in 2021. 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. Methods for estimating the poverty line have in the past differed between the HBS and NPS, as well as the use of inter-year temporal and spatial price deflators, leading to differences in poverty trends. Tanzania, however, has moved forward to merge the HBS and NPS into one single household survey and conduct it simultaneously for both Mainland Tanzania and Zanzibar. Data collection of this new survey is expected to start in July 2023. 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 7-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 somewhat lower value of food consumption aggregates for the diary than the 7-day recall.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.