

# Poverty & Equity Brief

Africa Eastern & Southern

## Tanzania

April 2023

The pace of poverty reduction in Tanzania was slow during 2011/12-2018. In mainland Tanzania, poverty based on the national poverty line of about US\$ 1.3/day (2011 PPP) declined from 28.2 percent in 2011/12 to 26.4 percent in 2018, according to the Household Budget Surveys (HBSs) of those years. The poverty reduction was driven by a drop in rural poverty, as urban poverty remained stagnant. Zanzibar, which has its own HBS survey, saw a reduction in poverty from 30.4 percent in 2014/15 to 25.7 percent in 2019/20. As the population continued to grow faster than the rate of poverty reduction, the number of poor people increased by about 2.7 million. Low consumption growth for the bottom quintiles led to a negative shared prosperity premium - consumption growth of the bottom 40 percent is 1 percentage point lower than the average for the whole population.

The economic growth witnessed during the decade before COVID struck has not benefited low-income households. Based on the harmonized consumption aggregate between 2011/12 and 2018, the Gini index increased from 37.8 to 40.5. The National Panel Survey (NPS) data, which use a more comprehensive consumption aggregate, suggest that inequality may even be higher. While poverty remains overwhelmingly rural, between 2011/12 and 2021 the proportion of the poor that lives in urban areas has increased from 16 to 23 percent.

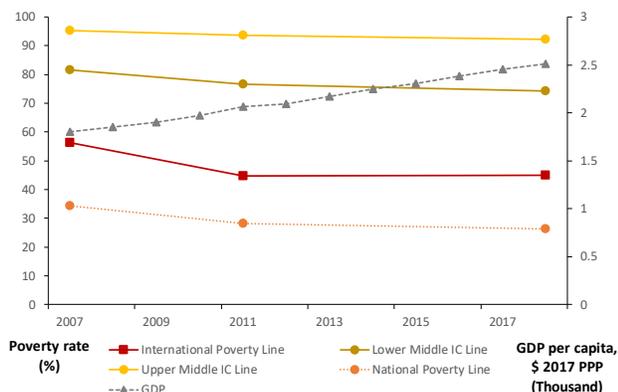
Data from the NPS of 2014 and 2021 show that between those years, median monthly household consumption expressed in nominal prices rose by 9 percent, lower than the rise in consumer prices, suggesting real household consumption dropped. Dar es Salaam fared worst and saw no increase in nominal household consumption during this period, confirming that the economic downturn associated with the COVID-19 pandemic particularly impacted households there. There was considerable churning among the poor: about half (around 7 million people) of those who were poor in 2014 were not poor in 2021, but one-fifth (about 6 million) of those who were not poor in 2014 had fallen into poverty in 2021.

Year to year food price inflation reached 9.3 percent in January 2023, which affects the poor, especially the urban poor, given the high share of purchased food in their total consumption pattern. Nationwide, food insecurity in 2021 was lower than in 2014. However, while the proportion of people saying they did not have enough to eat dropped by a third in rural areas and one sixth in 'other urban', it increased in Dar es Salaam where it is now higher than anywhere else in the country.

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		2.83	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 April 2023, and Global Monitoring Database for the rest.

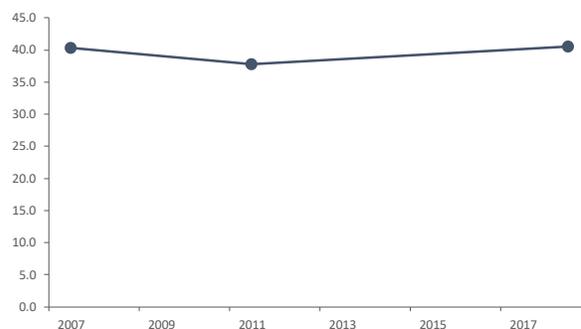
## POVERTY HEADCOUNT RATE, 2007-2018



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 (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	74	26	23	77
Rural population	46	54	48	52
Males	55	45	40	60
Females	55	45	40	60
0 to 14 years old	47	53	48	52
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

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

Multidimensional Poverty Measures: 2018	(% of population)
<b>Monetary poverty (Consumption)</b>	
Daily consumption less than US\$2.15 per person	44.9
<b>Education</b>	
At least one school-aged child is not enrolled in school	19.5
No adult has completed primary education	13.2
<b>Access to basic infrastructure</b>	
No access to limited-standard drinking water	29.2
No access to limited-standard sanitation	71.5
No access to electricity	44.3

Source: World Bank using HBS/SSAPOV/GMD

## 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](http://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.