

# Poverty & Equity Brief

Sub-Saharan Africa

## Tanzania

April 2020

The pace of poverty reduction in Tanzania was slow during 2011-2018 and overall growth has become less pro-poor than the period 2007-2011. In Mainland Tanzania, poverty - based on the national poverty line - declined from 28.2 percent in 2011/12 to 26.4 percent in 2018. Poverty reduction was driven by a drop in rural poverty as urban poverty remained stagnant. Zanzibar (which conducts its own poverty surveys) saw a reduction in poverty from 34.9 percent in 2009/10 to 30.4 percent in 2014/15. As population growth continues to be high and during 2011-2018 was higher than the rate of poverty reduction, the number of poor people increased. In 2018, about 14 million Tanzanians lived in poverty, up from 12.3 million in 2011-2012. Using the international extreme poverty rate of US\$ 1.9 per day, poverty in Tanzania has remained stagnant at 49 percent between 2011/12 and 2018 and 27.6 million people are considered poor along this line.

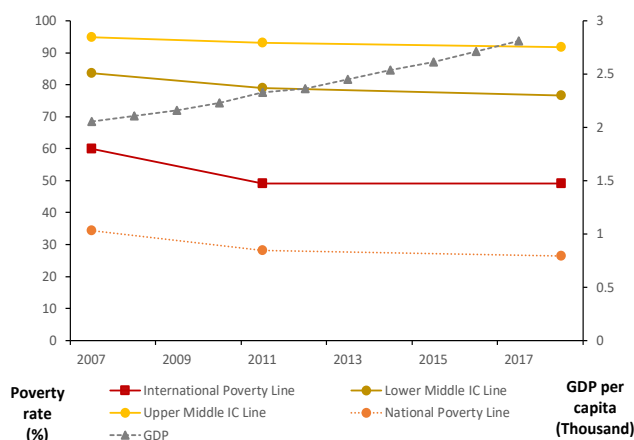
Low consumption growth for the bottom quintiles led to a negative shared prosperity premium - consumption growth of the bottom 40 percent is 1 percentage point lower than the average for the whole population. Inequality increased with the Gini index rising from 38 in 2011/12 to 40 in 2018. Thus the high economic growth that Tanzania has witnessed during 2011/12 and 2018 has disproportionately benefitted higher-income households. Low levels of education continue to limit the ability to access productive employment opportunities, which appear to be key for transiting out of poverty in Tanzania. In 2018 only 20 percent of the population has some form of secondary education. Net lower secondary enrolment rates were only 34 percent, up from 31 percent in 2011/12. It was mostly those with above average education and other assets that have been able to benefit from economic growth in recent years.

Higher growth of the agricultural sector, where most of the poor gain their income, also appears essential for poverty reduction. Data from the NPS survey 2014 show that medium-scale commercial farmers are creating economic opportunities for neighboring poor smallholders, suggesting this development may provide a pathway out of poverty. However, this reduction in rural poverty appears to be small according to the HBS 2018 data. Poverty is likely to worsen in 2020 following the expected drop in per capita GDP growth to 0% as a consequence of the COVID-19 pandemic and restrictions on mobility.

| POVERTY  | Number of Poor (million) | Rate (%) | Period    |
|--|--------------------------|----------|-----------|
| National Poverty Line  | 14.9                     | 26.4     | 2018      |
| International Poverty Line<br>1783.5 in Tanzania shilling (2018) or US\$1.90 (2011 PPP) per day per capita             | 27.6                     | 49.1     | 2018      |
| Lower Middle Income Class Poverty Line<br>3003.8 in Tanzania shilling (2018) or US\$3.20 (2011 PPP) per day per capita | 43.1                     | 76.6     | 2018      |
| Upper Middle Income Class Poverty Line<br>5162.9 in Tanzania shilling (2018) or US\$5.50 (2011 PPP) per day per capita | 51.7                     | 91.7     | 2018      |
| Multidimensional Poverty Measure   |                          | 57.6     | 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   |                          | 3.02     | 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, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

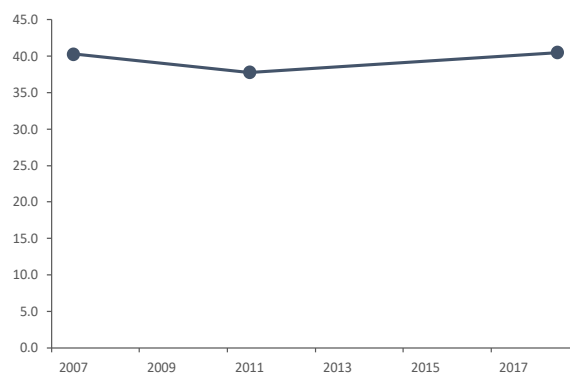
## POVERTY HEADCOUNT RATE, 2007-2018



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 (% of people):         | 2018 |
|---|--------------------------------|------|--------------------|--------|--|------|
|   | Non-Poor                       | Poor | Bottom 40          | Top 60 |  |      |
| Urban population                        | 71                             | 29   | 23                 | 77     | <b>Monetary poverty (Consumption)</b>                    |      |
| Rural population                        | 42                             | 58   | 48                 | 52     | Daily consumption less than US\$1.90 per person          | 49.1 |
| Males                                   | 51                             | 49   | 40                 | 60     | <b>Education</b>   |      |
| Females                                 | 51                             | 49   | 40                 | 60     | At least one school-aged child is not enrolled in school | 19.5 |
| 0 to 14 years old                       | 43                             | 57   | 48                 | 52     | No adult has completed primary education                 | 13.2 |
| 15 to 64 years old                      | 57                             | 43   | 34                 | 66     | <b>Access to basic infrastructure</b>                    |      |
| 65 and older                            | 56                             | 44   | 35                 | 65     | No access to limited-standard drinking water             | 29.2 |
| Without education (16+)                 | 41                             | 59   | 49                 | 51     | No access to limited-standard sanitation                 | 71.5 |
| Primary education (16+)                 | 55                             | 45   | 36                 | 64     | No access to electricity                                 | 44.3 |
| Secondary education (16+)               | 76                             | 24   | 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 (HBS) 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, also measures consumption but the data are not used for official poverty measurement. All these surveys use aggregate household consumption as the welfare indicator.

Tanzania has carried out Household Budget Surveys in 1990, 2000/01, 2007, 2011/12, and 2018. The National Panel Survey (NPS) was conducted in 2008/09, 2010/11, 2012/13, 2014/15. A 2020/21 NPS is in the pipeline. The HBS surveys are largely comparable. However, the HBS 2011/12 collected consumption of goods in greater detail than earlier surveys, 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. Integrating the HBS and NPS into one single household survey is an important agenda point for the dialogue around poverty measurement in Tanzania.

## 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 four 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.