

Poverty & Equity Brief

Africa Eastern & Southern

Tanzania

April 2021

The pace of poverty reduction in Tanzania was slow during 2011/12-2018 and overall growth has become less pro-poor than in 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. Simulations suggest it dropped to 26.1 percent in 2019. Poverty reduction was driven by a drop in rural poverty as urban poverty remained stagnant. Zanzibar saw a reduction in poverty from 30.4 percent in 2014/15 to 25.7 in 2019/20. Many nonpoor people living just above the poverty line are at risk of slipping below it. As population growth continued to increase faster 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 2011 PPP US\$ 1.9 per day, poverty in Tanzania has remained stagnant at 49 percent between 2011/12 and 2019 and 28.6 million people were 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 40.5 in 2018. The high economic growth witnessed during the period 2011/12 to 2018 has disproportionately benefitted higher-income and better educated households.

Poverty remains overwhelmingly rural with four fifths of the poor living in rural areas. Poverty is highly concentrated in the western and lake zones and lowest in the eastern zones. Higher growth of the agricultural sector, where most of the poor gain their income, appears essential for poverty reduction.

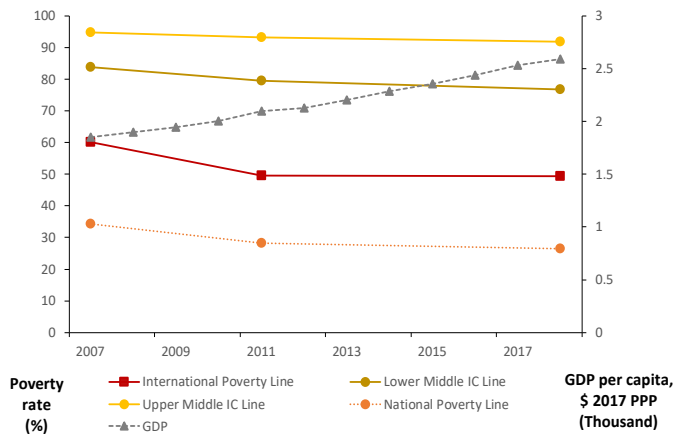
The poverty impact of COVID-19 is considerable, albeit less than in other countries. Cell phone location data suggest that reductions in people's mobility were more moderate than in other Sub-Saharan African countries. However, 14 percent of businesses interviewed in July 2020 had workers laid off, and around 8 percent of workers have lost their job, according to a recent enterprise phone survey.

With one quarter of the poor relying on the non-farm sector for their income, poverty is likely to have increased by 1 percentage point in 2020 and the number of poor is projected to have increased by 1 million that year, of which 700,000 are due to the COVID-19 crisis.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	14.9	26.4	2018
International Poverty Line 1793.5 in Tanzania shilling (2018) or US\$1.90 (2011 PPP) per day per capita	27.8	49.4	2018
Lower Middle Income Class Poverty Line 3020.6 in Tanzania shilling (2018) or US\$3.20 (2011 PPP) per day per capita	43.2	76.8	2018
Upper Middle Income Class Poverty Line 5191.6 in Tanzania shilling (2018) or US\$5.50 (2011 PPP) per day per capita	51.7	91.8	2018
Multidimensional Poverty Measure		57.8	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		3.05	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

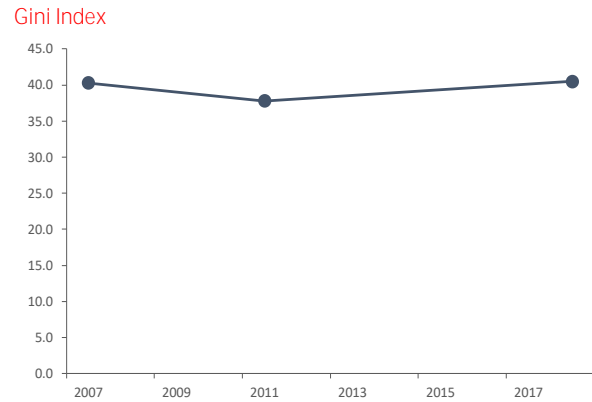
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2021, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2007-2018



Source: World Bank using HBS/SSAPOV/GMD

INEQUALITY TRENDS, 2007-2018



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	71	29	23	77	Monetary poverty (Consumption) Daily consumption less than US\$1.90 per person 49.4
Rural population	41	59	48	52	
Males	51	49	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	50	50	40	60	
0 to 14 years old	42	58	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	57	43	34	66	
65 and older	55	45	35	65	
Without education (16+)	40	60	49	51	
Primary education (16+)	54	46	36	64	
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 under close supervision of the WB-DEC, also measures consumption but the data are not used for official poverty measurement. All these surveys use aggregate household consumption 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. A 2020/21 NPS is under implementation. 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 making poverty measurement in Tanzania more efficient. Other agenda points for strengthening poverty measurement in Tanzania are moving to a 7 days recall rather than a diary and changing the consumption aggregate used for national poverty measurement to include the user value of assets and housing.

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.