THE WORLD BANK GROUP AFRICA REGION MACROECONOMICS, TRADE AND INVESTMENT GLOBAL PRACTICE JULY, 2019 ISSUE 12

Tanzania Economic Update

Human Capital:
The Real Wealth of Nations

WORLD BANK GROUP

Table of Contents

List of Boxes

List of Figures

List of Tables

Abbreviations and Acronyms

BoT	Bank of Tanzania
CAG	Controller and Auditor General
CAD	Current Account Deficit
DHS	Demographic and Health Survey
EAC	East African Community
ECD	Early Childhood Development
EGRA	Early Grade Reading Assessment
FBEP	Fee-Free Basic Education Policy
FDI	Foreign Direct Investment
FYDP	Five-Year Development Plan
GDP	Gross Domestic Product
HBS	Household Budget Survey
HC	Human Capital
HCI	Human Capital Index
HCP	Human Capital Project
HCW	Human Capital Wealth
ICT	Information and Communications Technology
IMF	International Monetary Fund
LMIC	Lower Middle-Income Country
NBS	National Bureau of Statistics
NPL	Nonperforming Loan
PPP	Purchasing Power Parity
RMNCAH	Reproductive, Maternal, Newborn, Child and Adolescent Health
SACMEQ	Southern and Eastern Africa Consortium for Monitoring
SSA	Sub-Saharan Africa
SMART	Specific, Measurable, Attainable, Realistic, Timely
SMRR	Statutory Minimum Reserve Requirement
TASAF	Tanzania Social Action Fund
TANESCO	Tanzania Electric Supply Company Limited
UNICEF	United Nations International Children's Emergency Fund
US $	United States Dollar
VAT	Value-Added Tax
WDI	World Development Indicators

Acknowledgments

The twelfth edition of the Tanzania Economic Update was prepared by a joint World Bank team of the Macroeconomics, Trade and Investment (MTI), Poverty (GPV), Education (GED), Health (GHN), and Social Protection (GSP) Global Practices. The team included Quentin Wodon, Nadia Belhaj, Pancras Mayengo, and Emmanuel Mungunasi. The team appreciates inputs from Neema Mwingu, Solomon Baregu, Yutaka Yoshino, Wendy Karamba, Elizabeth Talbert, Cornelia Jesse, Alex Kamurase, Laura Rawlings, Chiho Suzuki, and Inaam Ul Haq. Habib Rab, Salman Asim, and the IMF Tanzania team also provided useful insights. William Battaile provided overall supervision.

Bella Bird (Country Director for Tanzania, Burundi, Malawi, and Somalia), Abebe Adugna (Practice Manager for MTI, Africa), and Preeti Arora (Country Program Coordinator) provided guidance and leadership throughout the preparation of the report.

Anne Grant provided editorial assistance, while Faustina Chande, Lydie Ahodehou, Caroline Kingu, Diana Mwaipopo, Neema Clarence, Abdul Muhile, and Loy Nabeta managed design and printing.

The analysis of human capital and the ways of improving Tanzania's Human Capital Index (HCI) builds in part on work on child marriage and girls' education with support from the Children's Investment Fund Foundation.

Overview

Overview

State of the Economy

High-frequency official data suggest that the pace of economic activities softened in 2018. The Tanzania National Bureau of Statistics reports that real GDP growth was 7.0 percent in 2018, slightly higher than 6.8 percent in 2017. However, official demand side data, including data related to consumption, investment and net trade suggest that growth softened in 2018.[1] The softening of consumption growth is supported by TRA data showing lower consumption tax collection, as well as tight controls on public consumption expenditures. Investment growth remains positive but dampened as indicated by significant under-execution of public development plans, lower levels of FDI inflows and improved but relatively low private sector credit growth. The trade balance deteriorated in 2018, with exports contracting by 3.9 percent in gross value and imports increasing by 7.8 percent.

Mid-year fiscal accounts for 2018/19 show a low deficit and significant shortfalls in both spending and financing, which together with high payment arrears raise questions about budget credibility. The deficit for the first half of the fiscal year was a low 0.7 percent of GDP, against a budgeted 1.6 percent, with revenue shortfalls relative to budget even larger than spending shortfalls. Domestic revenue, especially tax collections, underperformed by about 12 percent against mid-fiscal year targets, and external financing underperformed by more than 80 percent. As result, the budget has been significantly under-executed, especially for capital projects needed for growth and job creation. Government arrears—to contractors and suppliers, to pension funds and by utilities such as TANESCO to their suppliers—remain unsustainably high at an estimated 5.7 percent of GDP in mid-2018. And although the level of public debt is currently sustainable, recent changes in its composition raise concerns about liquidity risks.

The external position is challenged by an expanding current account deficit and declining reserves. The value of exports has fallen partly due to lower

1 Using demand side data, World Bank staff estimate that real GDP growth for 2018 was 5.2 percent, lower than the NBS estimate but still more than double the SSA average of 2.3 percent.

cashew exports, and imports have gone up because of capital goods brought in to supply development projects. The current account deficit has increased to 5.2 percent of GDP for the 12 months ending January 2019, up from 3.2 percent a year earlier. With low foreign exchange inflows from exports and FDI, official gross reserves have been used to help finance the deficit, falling from US$5.8 billion to US$4.9 billion at end 2018 but remaining adequate to cover 4.8 months of imports of goods and services. The shilling has remained relatively stable because of Bank of Tanzania interventions in the interbank foreign exchange market to, and the Bank of Tanzania has also tightened controls on foreign exchange bureaus.

High population growth is undermining the reduction of poverty. Despite efforts between 2007 and 2016 that have reduced the country's poverty rate from 34.4 to 26.8 percent, the absolute number of poor people has held at about 13 million due to high population growth. The most recent poverty measures based on the Household Budget Survey of 2017/18 are still being processed, but it seems likely that the downward trend in the poverty rate continues but has become more gradual. Government efforts to expand access to social services like education, health, and water have been undermined by their declining quality as the population rises faster than the supply of the services.

Reforms to relieve the regulatory burdens on businesses are moving slowly. Government has also abruptly introduced new laws affecting mining, public-private partnerships, and statistics that have raised private sector concerns about policy predictability. Tightened government controls on crop and foreign currency markets have further affected private sector growth and investment. Together with the elevated arrears in VAT refunds and to suppliers, these developments have dampened private sector investment and growth; as a result, fewer jobs are being created and government revenues have been lower than expected. Although credit to the private sector has broadened recently, it is still subdued because of the magnitude of nonperforming loans and high borrowing costs.

Growth prospects depend on the pace of reform implementation. Annual real GDP growth is projected to gradually improve to 6 percent over the next few years, assuming modest but steady improvements in accomplishing reforms. Faster reform action could raise this outlook. Major downside risks include lack of government action to improve the business environment and fiscal management, including lowering

the costs of regulatory compliance, reducing domestic arrears (VAT refunds and payments to suppliers), preventing new arrears, and ensuring a prioritization of investment projects based on sound criteria and growth enhancing prospects as well as securing adequate and affordable financing to complete these projects on schedule. External threats to the outlook include weaker global demand, tighter financing conditions, and higher international energy prices, which could adversely impact growth.

Special Focus: Human Capital

Investing in human capital is essential for Tanzania. To generate future income and achieve sustainable development, people are the most important asset countries have. Part 2 of this economic update discusses where Tanzania stands in terms of its investments in human capital for both children and adults. The analysis is part of the World Bank Human Capital Project (HCP), which relies on both the Human Capital Index (HCI) and data on human capital wealth (HCW).

The HCI focuses on the children and youth who will be workers in the future. The HCI was launched in October 2018 as part of the new World Bank Human Capital Project, an effort to encourage countries to invest in their people. The HCI is based on five variables likely to affect future earnings: (1) the survival rate of children past age 5; (2) the expected number of years of education completed by youth; (3) the quality of learning in school; (4) how long workers will remain in the workforce, as proxied by adult survival past 60; and finally (5) prevention of stunting in young children. The HCI measures the likely productivity of future workers based on a comparison of current health and education outcomes versus outcomes that would lead to full productivity. The HCI takes a value between zero and one, with a lower value suggesting likely losses in productivity in adulthood.

For Tanzania, the HCI is estimated at 0.40, which means that children and youth may reach only 40 percent of the earnings that they could aspire to with full health and education. In comparison to other countries, Tanzania does especially poorly in terms of the number of years of schooling that children complete and the risk that children under the age of five will be stunted. However, even in other dimensions, outcomes tend to be poor. Given its level of economic development, Tanzania's HCI value is below expectations, putting the country in the bottom 35 countries globally. Both sector-specific and multisectoral interventions are required to improve the HCI, and to increase the future earnings potential of young Tanzanians.

- **Improving education outcomes requires gains in both the length of schooling and the effectiveness of learning.** Priorities for schooling include solving the early-grade "traffic jam," reducing drop outs, and broadening system capacity, especially for secondary students. For learning, priorities include recruiting more teachers to meet standards and emphasizing mathematics, science, and other areas where the shortages are acute, building up in-service training as well as recruiting more female teachers.

- **Investments in early childhood development are especially important to improve the HCI survival and health components.** High rates of under-5 mortality and stunting are graphic demonstrations of the lack of investment in young children, especially in the first 1,000 days of a child's life. For stunting, both nutrition-specific and nutrition-sensitive interventions are needed. Nutrition-specific interventions include promotion of exclusive breast-feeding for six months, micronutrient supplements, and proper hygiene, feeding, and caregiving practices—most of which are accessed through the health sector. Emerging evidence suggests, however, that certain nutrition-sensitive interventions are also beneficial, especially in agriculture.

In addition to an analysis of the HCI for Tanzania, the report also briefly discusses estimates of human capital wealth, a key component of the country's total wealth. Human capital wealth—the value of the future earnings of today's labor force—accounts for two-thirds of total global wealth. As countries develop, human capital wealth becomes ever more important. Although Tanzania's wealth has increased by 45 percent over the last two decades, per capita wealth decreased from US$20,900 to US$17,451 due in part to high population growth, which in turn depends on fertility rates—the number of children women have on average over their lifetime. While fertility rates declined from a peak of 6.8 children per woman in the 1960s to 5.0 in 2016, the pace of the decline is slow, and Tanzania's fertility rate is still slightly higher than the SSA average of 4.9. Better access to reproductive health services would help to reduce fertility rates, but improving girls' educational attainment and reducing child marriage would have even larger impacts toward lower fertility and reduced population growth rates. Universal completion of secondary education for girls could reduce the fertility rate by 21 percent versus current levels.

Also limiting the ability of Tanzania to increase human capital and overall wealth per capita is gender inequality in earnings. Human capital as a share of total wealth is lower in Tanzania than in comparison to most other countries. Increasing the earnings of both men and women would help increase human capital wealth per capita, but given the prevailing gender inequality in earnings, the priority should be increasing the earnings of women. In 2014, women accounted for 35.5 percent of Tanzania's human capital wealth and men 64.5 percent. Losses in human capital wealth due to gender inequality in Tanzania are estimated at up to US$111 billion. Interventions in three main areas could narrow the gender earnings gap: (1) reduce the time women spend in unpaid work and redistribute care responsibilities so that they can spend more time in the labor market; (2) give women more access to and control of productive assets; and (3) address market and institutional failures.

1 The State of the Economy

Part One: The State Of The Economy

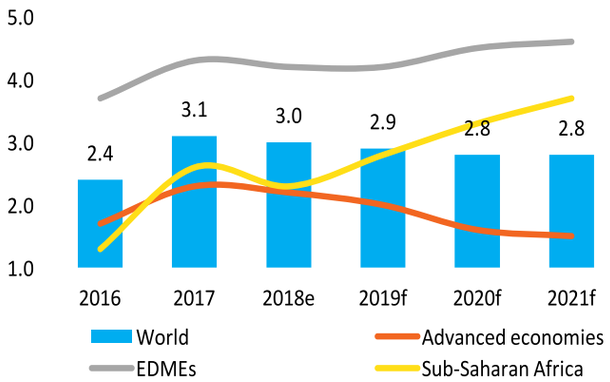
1.1 Recent Economic Developments

The external environment for Sub-Saharan Africa remains challenging.

Global growth continues to decelerate. The global economy slowed slightly in 2018, growing at 3.0 percent, and the trend is expected to continue downward as advanced and many emerging economies slow (Figure 1). Growth in advanced economies is expected to reach about 2 percent in 2019, with growth in the United States and China responding to strong domestic demand and supportive fiscal and monetary policies. In emerging and developing economies, uncertainty in global trade is contributing to an expected slowdown in growth to 4.2 percent as external demand ebbs, the cost of borrowing rises, and policy uncertainties persist.

Although recovery in Sub-Saharan Africa (SSA) weakened in 2018, the outlook for faster growth is positive assuming reduced policy uncertainties and increased investments. Growth in SSA is estimated to have been 2.3 percent, dampened in part by slackening exports of several large oil exporters. In 2019, growth is expected to pick-up to 2.8 percent, mostly driven by higher growth in large economies like Nigeria and Angola but also in non-resource-rich countries. Current account deficits (CADs) in the region, particularly in non-resource-intensive countries, are rising. Fiscal consolidation continues, so that in SSA the median fiscal deficit is expected to fall from 3.8 percent of GDP in 2018 to 3.0 percent. But debt vulnerabilities are still high.

Figure 1: Global Trends in GDP Growth

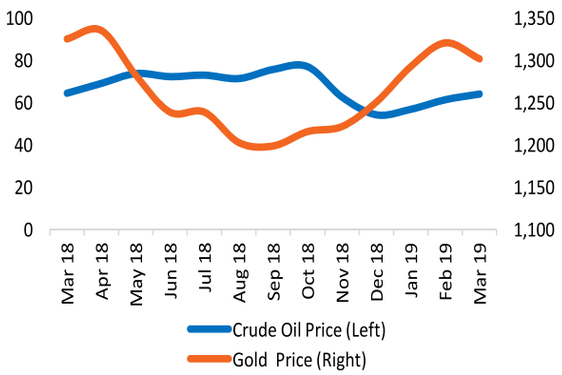


Source: World Bank Global Africa's Pulse, April 2019.

Volatile global commodity prices and declining external demand have negatively impacted Tanzania's external sector. Tanzania's external sector is particularly vulnerable to changes in the world prices of oil and gold. The benefits of falling oil prices in 2018 Q4 and a concomitant lowering of Tanzania's import bill have been reversed in the start of 2019. The cost of oil imports has risen by 8 percent in the year ending January 2019 (Figure 2). Declining gold prices, reaching US$1,202 an ounce in September 2018, have bounced back and recovered to

almost the same level as in early 2018. This volatility, together with a drop-off in external demand from stagnating global growth, has led to the value of exports falling by 4 percent in the year ending in January 2019 and a widening of the CAD.

Figure 2: Energy and Metal Prices, US$



Source: World Bank Commodity Price Data (The Pink Sheet).

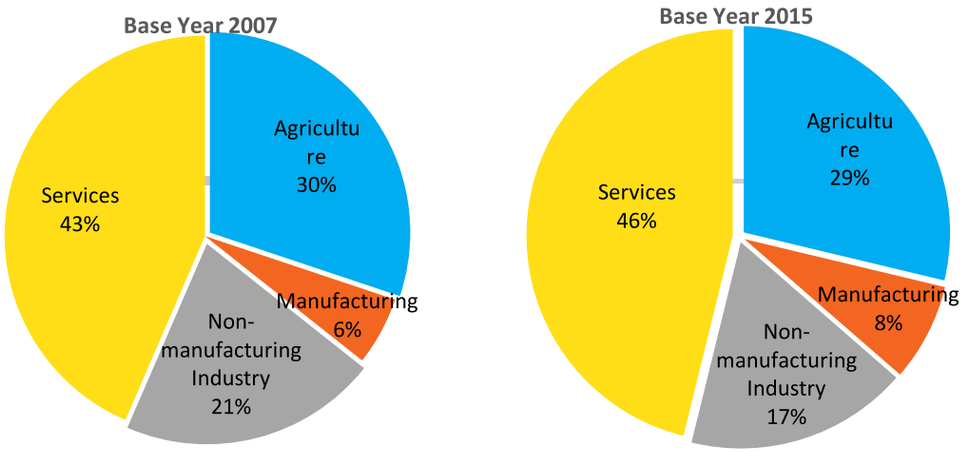
GDP rebasing was recently completed but there are concerns about the source data.

The recent Tanzania National Bureau of Statistics (NBS) GDP rebasing exercise produced significant changes in structural weights of the economy. In line with East African Community (EAC) harmonization efforts, NBS started the rebasing exercise in September 2017 to update the GDP base year from 2007 to 2015. The rebased series was released in February 2019, producing a slight 2 percent increase in nominal 2017 GDP and significant changes in the structure of the economy (Figure 3). From the supply side, manufacturing and services activities now account for larger shares of economic activity, with the share of non-manufacturing industries declining.[2] From the demand side, the weight of investment in the economy rose, and there was a decline in the share of consumption, especially government consumption.

The NBS rebasing produced historical annual GDP growth rates that are lower and more volatile and made significant changes to sectoral growth rates. The rebased GDP series shows that over the last decade real GDP growth averaged 6.3 percent annually, 0.3 percentage points (pp) lower than the previous series (Figure 3). From the supply side, these lower annual GDP growth rates are due largely to less growth in services than with 2007 as the base year (Figure 4). From the demand side, the drop in growth is due to less consumption, especially in 2016 and 2017, which more than offset higher net exports and investments. Large changes in sectoral growth rates include an increase in real growth in agriculture from 3 percent to 6 percent in 2017 and a decrease in mining real growth from 24 percent to about 5 percent.

2 Non-manufacturing activities consist of construction, mining and gas.

Figure 3: GDP in 2017, Rebased Sectoral Shares, Percent

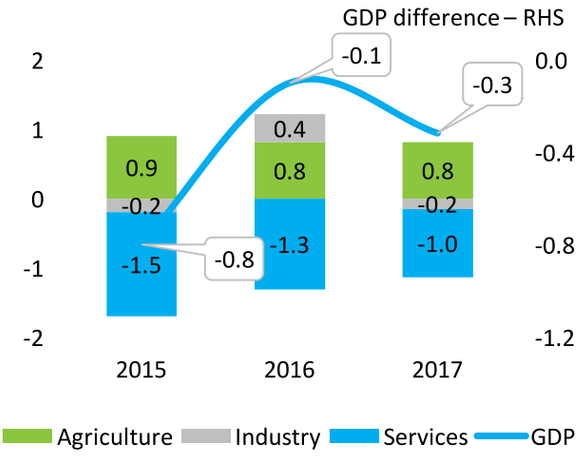


Source: Tanzania National Bureau of Statistics.

Figure 4: Real GDP Growth Rates, 2010-17, Percent

Source: Tanzania National Bureau of Statistics.

Figure 5: Drivers of Lower GDP Growth, 2015-2017



Source: Tanzania National Bureau of Statistics.

While the methodology used for rebasing GDP was sound, the quality of some source data undermines the reliability of GDP and growth estimates. NBS used the Supply and Use Tables (SUTs) framework for systematic and consistent estimation of GDP by production and expenditure. However, the quality of source data used for the compilation is weak in some areas, including consumption, investment, employment, manufacturing, and services. This significantly undermines the quality of GDP and growth estimates.

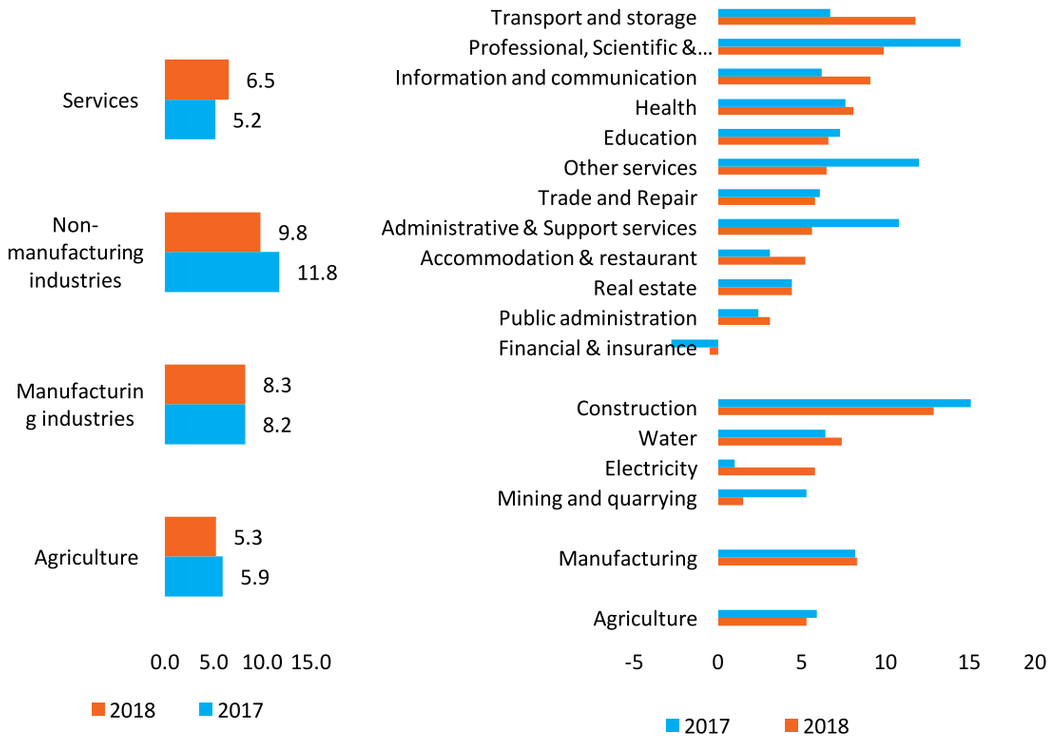
For instance, there are problems related to the poor quality of business surveys and to differences between financial statements and VAT data. Technical review also noted the need for NBS to introduce a policy for revising quarterly GDP rather than the current practice of not revising quarterly estimates until data for all four quarters are available.

NBS reports that growth was 7 percent in 2018 but high-frequency data suggest a slower pace of economic activity.

According to official statistics from NBS, real GDP grew by 7.0 percent in 2018, slightly higher than 6.8 percent growth for 2017. NBS reported that slower growth in agriculture and non-manufacturing industrial production was more than offset by a strong expansion in services. In 2018, agricultural value-added growth slowed to 5.3 percent from 5.9 in 2017 (Figure 6). Growth in mining and construction also slowed. Manufacturing industries value added growth remained at 8.3 percent, the same as in 2017. The expansion of service activities of 6.5 percent, which was significantly higher than the 5.2 percent recorded in 2017, was supported broadly by the health, ICT, transport, education, and public administration sectors. Finance and insurance activities were a noteworthy outlier, which continued to contract but by a slower pace than in 2017.

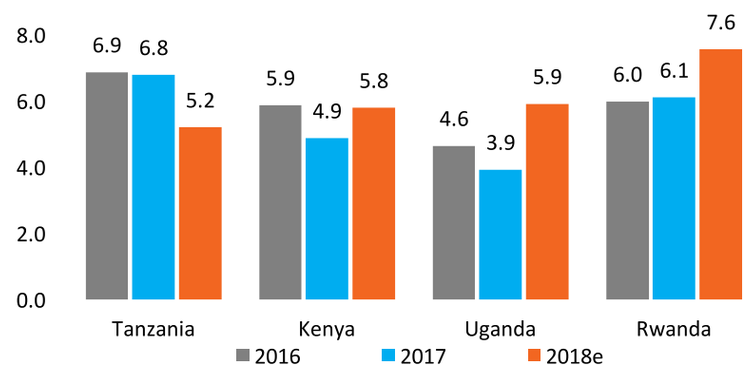
World Bank staff estimates using high-frequency official data related to the expenditure side of GDP suggest that growth in 2018 was 5.2 percent. Growth is lower than indicated by official statistics, but still more than double the SSA average of 2.3 percent (Figure 7). The estimate is based on application of the World Bank's internal macroeconomic model, including data related to consumption, investment and net trade. The softening of consumption growth is supported by TRA data showing lower consumption tax collection, as well as tight controls on public consumption expenditures. Investment growth remains positive but subdued as indicated by significant under-execution of public development plans (37 percent below targets), lower levels of FDI inflows (below 2 percent of GDP in 2018 compared to above 4 percent of GDP in 2013) and private sector credit growth in 2018 of less than 4 percent compared to 20 percent average annual growth during 2013-16. Additionally, Bank of Tanzania data show the trade balance deteriorated in 2018, with exports contracting by 3.9 percent in gross value and imports increasing by 7.8 percent. Using these high frequency demand side data, the World Bank estimates that real GDP growth in 2018 was around 5.2 percent.

Figure 6: GDP Growth by Sector, 2017 and 2018, Percent



Source: Tanzania National Bureau of Statistics.

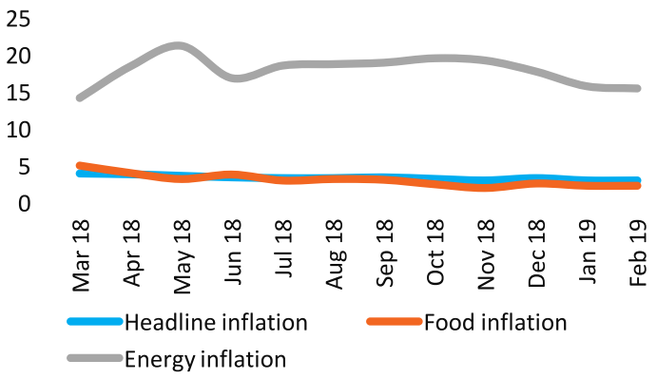
Figure 7: Annual Real GDP Growth in EAC, 2016-2018, Percent



Source: World Bank staff and government sources.

With food prices falling, inflation has been low and stable. Headline inflation was 3 percent in February 2019, less than the official target of 5 percent (Figure 8), and food inflation was only 2.3 percent, down from 5.4 percent the year before. Energy inflation has fallen to 15.4 percent, down from 19.5 percent in October 2018, when the global oil price soared to about US$77 a barrel. The good rainy season in 2018 made adequate food available in most parts of the country, bringing food prices down. The prices of major food crops like maize, rice and beans were lower in December 2018 than in December 2017 by 10–20 percent.

Figure 8: Low Inflation, Much Higher Energy Prices, 2018–19, Percent



Source: Tanzania National Bureau of Statistics.

Box 1: Tanzania is Nearing Lower Middle-Income Status

Tanzania's GNI per capita is expected to cross the threshold for lower middle-income country (LMIC) status in the next 1-2 years, ahead of the Tanzania Development Vision (TDV 2025) goal. This is due both to the country's growth performance of over 6 percent real GDP growth on average for the past decade, as well as several data and methodology issues. The latter most notably includes lower population figures released by the UN, down by 4.5 percent for 2017 compared to previous figures. In addition, the GNI per capita is measured in US$ terms and is directly affected by exchange rate movements. Effects of the 20 percent depreciation shock that occurred in 2015 were smoothed over three years under the Atlas methodology, and this impact will end in 2018. The 2018 estimate for GNI per capita will be made public in July 2019.

Per capita income is the formal criteria for LMIC classification, however, the quality of social economic development is important. In fact, TDV 2025 envisions Tanzania as a middle-income country in 2025, characterized by high-quality livelihoods; peace, stability, and unity; good governance; a well-educated and learning society; and a competitive economy capable of sustainable growth and shared benefits. Investing in both human development and physical capital is key to ensure high quality of social economic developments while remaining in the MIC status.

Tanzania needs to sustain its growth momentum to remain in LMIC status. Historically, there have been 23 cases in the past 10 years of countries slipping back from MIC status to LMIC, or from upper-income status to MIC. This has occurred for a variety of reasons. Some are exogenous (eg, natural disasters and conflicts), but a significant number are also due to macroeconomic instability from high reliance on natural resources (commodity price shocks) or weakened debt sustainability due to mismanagement of macroeconomic policies. Hence continued prudence on macroeconomic management should be a priority for Tanzania even after reaching this milestone.

Mid-year fiscal accounts show major shortfalls in both spending and financing.

In the first half (H1) of 2018/19, the fiscal deficit was a low 0.7 percent of GDP (Table 1). This deficit was significantly below the target of 1.6 percent but higher than 0.2 percent achieved in H1 of 2017/18. The main cause was under-collection of revenue since the total spending as a share of GDP remained almost the same during H1 of 2017/18 and 2018/19. The lower than budgeted deficit mirrors budget credibility challenges, among them steep shortfalls in revenue and financing, under-execution of the budget (especially priority projects) and accumulation of domestic payment arrears.

The domestic revenue effort was below both the current budget target and the actual collection in H1 of previous year. Revenues amounted to 7.0 percent of GDP, down from 7.4 percent a year earlier because tax fell short (Table 1). Tax collection, which was below target by about 12 percent, underperformed in all departments—domestic revenue, large taxpayers, and customs and excise – which is partly due to unrealistic high targets. Moreover, according to monthly revenue reports of the Tanzania Revenue Authority (TRA), the major reasons for the shortfall were the financial difficulties of taxpayers; reduced production; less employment tax revenue as employees, especially in mining, were retrenched; and delayed exports of cashews, which reduced income from export duty.

Table 1: Fiscal Trends, Percent of GDP

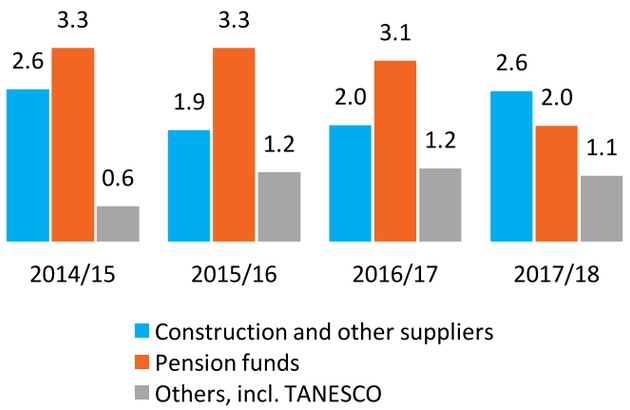
	2017/18 Plan	2017/18 Actual	2017/18 H1 Plan	2017/18 H1 Actual	2018/19 H1 Plan	2018/19 H1 Actual
Revenue	**16.5**	**14.9**	**8.2**	**7.4**	**7.7**	**7.0**
Tax	14.1	12.6	7.2	6.4	6.6	5.9
Non tax	2.4	2.3	1.1	0.9	1.1	1.1
Expenditures	**21.2**	**17.0**	**10.8**	**8.0**	**9.6**	**7.9**
Recurrent	11.2	10.7	5.7	4.8	5.5	5.2
Development	9.9	6.3	5.2	3.1	4.2	2.7
Local	7.4	4.5	3.8	2.2	3.4	2.0
Foreign	2.5	1.8	1.3	0.8	0.8	0.6
Grants	**0.9**	**0.8**	**0.8**	**0.5**	**0.4**	**0.2**
Overall balance	**-3.8**	**-1.9**	**-1.8**	**-0.2**	**-1.6**	**-0.7**
Financing	**3.8**	**1.9**	**1.8**	**0.2**	**1.6**	**0.7**
Foreign	2.8	1.4	1.0	0.2	0.4	0.0
Domestic	1.0	0.5	0.9	0.0	1.2	0.7

Source: MoFP.

In 2018/19 H1 both recurrent and development budgets were significantly under-executed, causing delays in completion of capital projects. Of the 5.5 percent of GDP allocated to recurrent spending in H1, the government managed to spend 5.2 percent of GDP, 0.4 percent more than in 2017/18 H1. All major recurrent budget categories, among them wages and salaries, interest payments, and goods and services, were underspent because of lower release of funds than approved in the budget. This underspending, together with significantly reduced spending on wages and salaries and on non-salary goods and services raises concerns about the quality of service delivery, especially education and health care. Development spending reached 2.7 percent of GDP, considerably less than both the 4.2 percent current budget target and the actual 3.1 percent spent in 2017/18 H1. Under-spending on development, about 37 percent, is the major reason for slow progress on priority projects, many of which are crucial to drive economic growth and job creations.

Thus far in 2018/19, there have been major shortfalls in both external and domestic financing of the budget. Disbursements of external loans and grants have been minimal—only 0.2 percent of GDP out of a budgeted 0.8 percent for H1 (Table 1). Disbursement of concessional loans and grants was delayed by slow project preparation and implementation. Delayed disbursement of external non-concessional loans reflects government caution in contracting such loans because their costs have been rising. Lengthy loan negotiations have also affected the schedule of disbursements. However, at 0.7 percent of GDP, disbursement of domestic loans in H1, though lower than target, was higher than in 2017/18 H1.

Figure 9: Domestic Payment Arrears, 2015–18, Percent of GDP

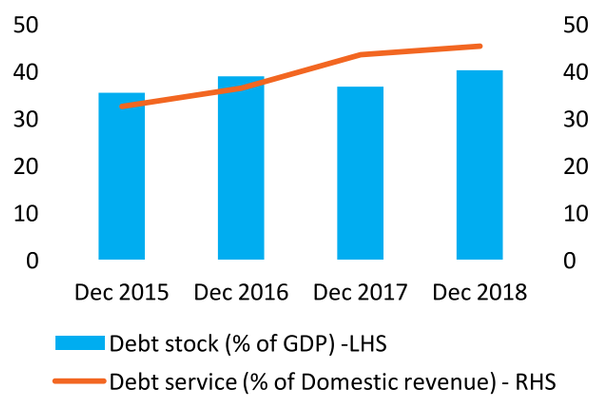


Source: MoFP, CAG Report 2017/18 and World Bank estimates

Government domestic payment arrears remain unsustainably high, totaling nearly 6 percent of GDP. The most recently available data show arrears of the central government (to contractors/suppliers and pension funds) and utilities such as TANESCO to their contractors/suppliers were 5.7 percent of GDP at end-June 2018 (Figure 9). This is down from the previous year due to clearance of arrears to pension funds, while payment arrears to contractors and suppliers increased substantially. Government adopted a strategy in May 2018 to speed-up verification of these payment arrears to the private sector and payoff existing obligations. Roughly TZS1 trillion was allocated for this purpose in the 2018/19 budget, however in the first half of the fiscal year the government had only paid down TZS322 billion, or about one-third of this annual target. In addition to payment arrears, there have been delays in verifying and paying VAT refunds due in part to TRA audit of nearly all refund applications. This policy is contrary to good practices in risk management and is difficult to operationalize given TRA's current level of staffing and expertise. The result has been a drop in the amount of paid VAT refunds from TZS570 billion in 2016/17 to TZS36 billion in 2017/18.

Public debt is currently sustainable but recent changes in its composition raise concerns about liquidity risks. The IMF–World Bank debt sustainability analysis, updated in January 2019, found that all debt burden indicators were below the policy-determined thresholds set in the baseline scenario. The 2018 public debt-to-GDP ratio was estimated at 40.1 percent, well below the 70 percent benchmark but up from about 37 percent in 2017 (Figure 10). However, the share of commercial financing of the budget, which was just 4 percent in 2010/11, went up to about 30 percent in 2016/17, up from just 4 percent in 2010/11. As a result, in 2018/19 debt service is consuming 43 percent of domestic revenues.

Figure 10: Public Debt, 2015–18, Percent

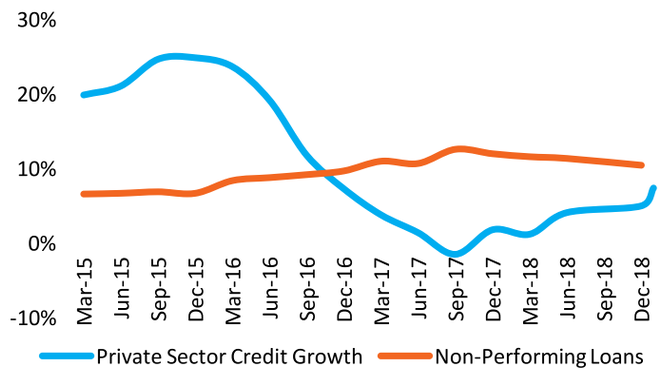


Source: World Bank and IMF Debt Sustainability Analysis, March 2019.

Private sector credit is slowly recovering.

Private sector credit growth has shown some recovery in early 2019. By January 2019, it had risen from 2 percent the year before to 7.3 percent[3], largely driven by loans to individuals, farmers, and manufacturers which together accounted for about 50 percent of all bank outstanding loans. The increase in private sector credit is partly a result of monetary policy easing, especially a lower discount rate[4] and a lower statutory minimum reserve requirement (SMRR). The drop in real yields on treasury bills is also forcing banks to look for higher returns from lending.[5]

Figure 11: NPLs and Growth in Private Sector Credit, 2015–18, Percent



Source: Bank of Tanzania.

The modest growth in private sector credit, coupled with a decline in the net foreign assets of the banking system, slowed the growth in the money supply (M3) to 3.3 percent in the year ending January 2019, down from 9.5 percent in the year ending January 2018.

Relatively high nonperforming loans (NPLs) and banking sector concerns about asset quality explain the high cost and limited availability of credit to the private sector (Figure 11). The NPL ratio declined to 10.4 percent in December 2018, down from about 12 percent a year before but double the indicated threshold from the Bank of Tanzania (BoT). In February 2018 the BoT directed banks to draw up and apply time-bound strategies to reduce NPLs to less than 5 percent of gross loans. It also required banks to establish permanent recovery functions, give high-risk cases management priority, establish policies for classifying and provisioning NPLs, develop policies for early warning systems, and identify improvements needed in managing credit risk. The other measures include regulatory forbearance, which provided for loan classification and restructuring as well as allowing commercial banks to upgrade loan classification of NPLs and recognize the interest on such loans as income. The BoT has followed up later on with the guidance note to banks to specify which loans can be restructured and upgraded. The ability of borrowers to service their loans has been negatively impacted by government arrears to private suppliers and contractors.

3 It should be noted that the recent data on private sector credit growth remains inconsistent with information on monetary aggregates, which have not picked up yet as expected. As growth in M3 remains subdued, it is not clear what is a source of the recent credit growth.

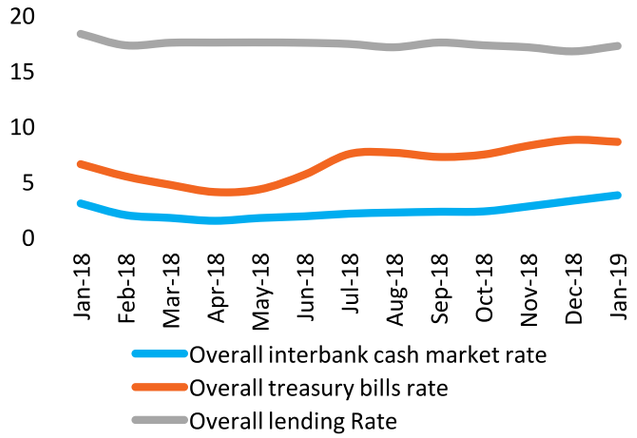
4 The BoT reduced the discount rate twice in 2017, in March from 16 to 12 percent (the first reduction since 2013) and in August to 9 percent. The BoT also reduced the SMRR from 10 to 8 percent.

5 Nominal T-bills rates averaged about 18 percent in the first quarter of 2016, with real yields of about 12 percent. In the first quarter of 2018 real yields on T-bills declined to less than 1 percent; though they improved to about 5.5 percent in January 2019, they are still far below the early 2016 levels experienced.

Lending rates remain high despite BoT interventions. In response to BOT monetary easing in 2018, nominal lending rates fell slightly, to an average of about 16 percent (Figure 12). The discount rate, already down to 9 percent, was cut again to 7 percent and the SMRR was reduced from 10 percent to 8 percent. Still, lending rates stayed high partly due to concerns about loan recovery and the high NPL ratio that made banks cautious about lending.

The system-wide indicators of banking stability and profitability mask vulnerabilities of individual banks. For example, the capital and the liquidity levels are above regulatory requirements. At yearend 2018, the ratio of core capital to total risk-weighted assets and off-balance-sheet exposures stood at 16.3 percent, comfortably above 10 percent regulatory minimum. The ratio of liquid assets to demand liabilities was 35.6 percent, also well above the 20 percent regulatory minimum. Moreover, return on assets was 1.3 percent and return on equity was 4.5 percent but down from 3.0 percent and 15.8 percent respectively in 2015. In 2018, the BoT closed five community banks and resolved two banks, including one larger institution. Additionally, the FSAP team calculated that correcting for under-provisioning of NPLs, six additional banks would fall into category of undercapitalized, and as a result 10 percent of assets in the system would be below the regulatory threshold for capital.

Figure 12: Interest Rates on Loans, 2018–19, Percent



Source: Bank of Tanzania.

According to the recent IMF-World Bank Financial Sustainability Assessment Program report, to expand access to formal financial services and credit to the private sector, measures are needed to lower costs and broaden access to finance. It is necessary to address financial infrastructure gaps, bring under the regulatory and supervisory umbrella nonbank providers of credit to smaller firms, beef up consumer protection, and in general raise the financial literacy of Tanzanians. Allocation of pension funds' investments should be revisited to ensure that the funds contribute centrally to meeting the long-term financing needs of the private sector while ensuring that the pension system is sustainable. Simultaneously, it will be necessary to identify measures to enlarge the supply of liquid securities.

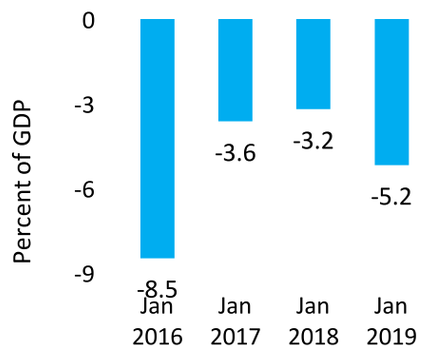
Declining exports and surging imports are widening the current account deficit.

The CAD has widened because of lower cashew exports and higher imports of capital goods. It reached 5.2 percent of GDP in the year ending January 2019, up from 3.2 percent a year earlier, as exports declined and imports surged (Figure 13 and Figure 14). The value of exports dropped 3.9 percent, largely because cashew exports shrank from US$529.6 million to US$196.5. Meanwhile, the value of imports went up by 7.8 percent as capital imports rose from US$2.7 billion to US$3.2 billion. Launch of major public investment projects, such as the standard gauge railway and expansion of the port of Dar es Salaam, has required imports of building and construction materials and transport equipment.

Unlike goods exports, earnings from services exports have gone up. Though slight, the US$189 million increase in earnings from services more than offset the US$56 million rise in payments for services. The earnings from services were largely driven by travel activities, especially more tourist arrivals, and transportation of goods to and from neighboring countries. The small rise in payments for services was mainly for transport and related services.

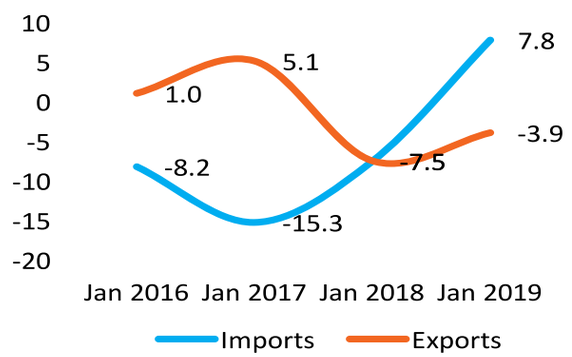
The BoT has tightened controls on foreign exchange bureaus. Since 2017, the BoT has changed the guidelines for bureau operations, raising the capital requirement from TZS100 million to TZS300 million for class A bureaus and from TZS250 million to TZS1 billion for class B bureaus. The intent is to ensure that bureau do not launder money. As a follow-up, in January and February 2019, the BoT inspected all Tanzanian bureaus for irregularities in their foreign currency operations. As a result, 188 bureaus out of 297 were deregistered while 109 were re-issued with new licenses to continue their operations after meeting all requirements. The BoT has also asked the Tanzania Postal Bank and other banks to conduct foreign

Figure 13: Current Account Deficit, 2016-19



Source: Bank of Tanzania.

Figure 14: Growth of Exports and Imports, 2016–19, Percent



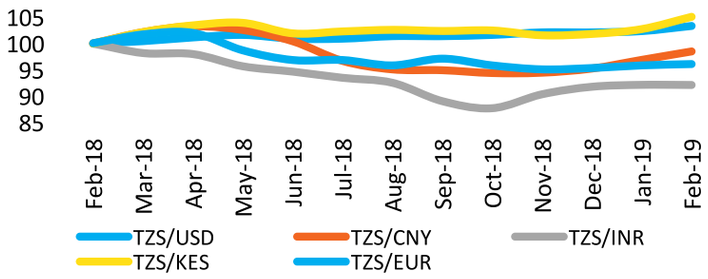
Source: Bank of Tanzania.

exchange operations; they must identify customers by name, phone number, and full address before buying or selling foreign currency.

The shilling has remined relatively stable. Between February 2018 and February 2019, the shilling fell by about 3 percent against the currencies of major trading partners, especially the U.S. dollar, and by about 5 percent against the Kenyan shilling (Figure 15); however, it appreciated 2–8 percent against the euro, Chinese yuan, and Indian rupee. To ensure the stability of the shilling, the BoT has intervened to smooth out fluctuations and maintain an orderly interbank foreign exchange market.

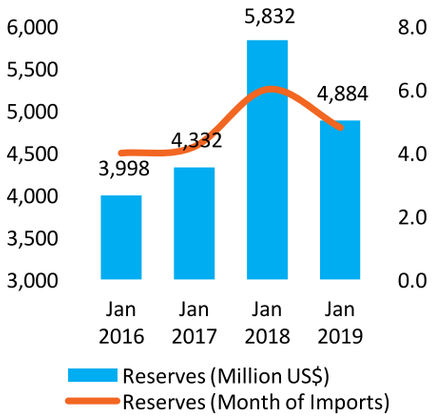
Gross official reserves have fallen recently. Reserves dropped from US$5.8 billion in January 2018 to US$4.9 billion in January 2019 but are still sufficient to cover 4.8 months of imports of goods and services, which is above the country benchmark of 4 months (Figure 16). The decline is partly in response to lower foreign currency receipts due to falling exports and less foreign financing of the budget from both concessional and non-concessional sources.

Figure 15: Stability of the Tanzanian Shilling, 2018–19



Source: OANDA Corporation and World Bank estimates.

Figure 16: Gross Official Reserves, 2016–19



Source: Bank of Tanzania.

Box 2: Tanzania's Cashew Exports in 2018

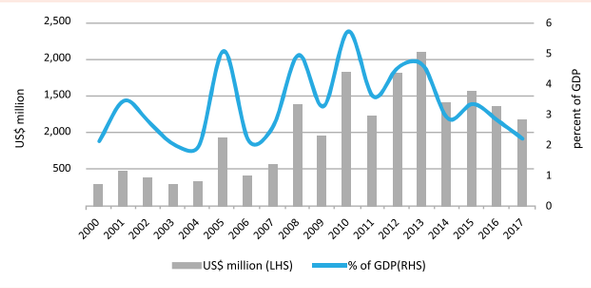
Cashew exports are a major source of foreign exchange for Tanzania. However, government intervention in the sector in 2018 has caused cashew exports to plunge and affected the balance of payments. When the world price of cashews dropped and traders offered farmers lower market prices, the government decided to intervene to protect farmers by banning the export of raw cashews in favor of domestic processing of the crop. Government also committed to buying raw cashews directly from farmers at prices higher than the world market price. These purchases have taken time due to the need for verification of the farmers and cashew amounts before paying. According to authorities, the cashew market will be allowed to operate normally after this intervention.

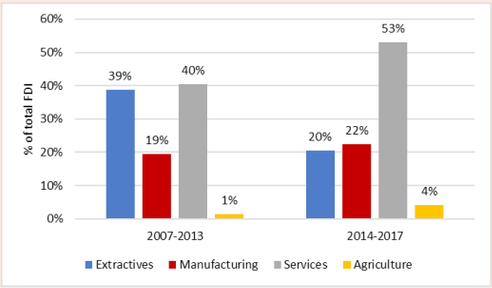
The delay in cashew exports has pummeled Tanzania's export earnings. For the 12 months ending January 2019, the value of cashew exports was only US$196.5 million—far below the previous year's US$529.6 million. The government intervention has also had significant fiscal costs: in addition to the direct cost of cashew purchases, estimated at US$300 million, there are foregone export levies and the cost of collecting and transporting the cashews.

Box 3: FDI inflows: services on the rise

Since 2013 Tanzania's FDI inflows have shifted from relatively strong growth to decline. For 2006–13, FDI averaged annual growth of 33 percent; in 2014–17 fell by 12 percent a year, from a peak of US$2.1 billion in 2013 to US$1.2 billion in 2017. FDI as a share of GDP has fluctuated somewhat over the same time but is at par with the regional average of 3 percent. FDI has also been quite volatile, mainly because of high-value, capital-intensive extractive projects. The recent decline in total FDI since 2013 is partly explained by foreign investment in extractives.

Figure 17: FDI in Tanzania, Aggregate (Left side) and Shares by Sector (right side)

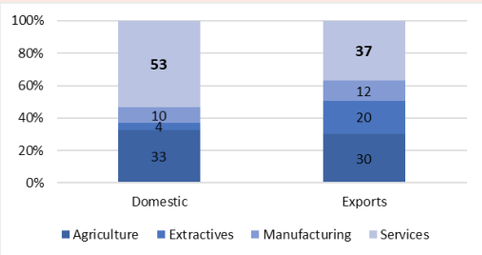




Source: UNCTAD Stat and Bank of Tanzania.

Increased FDI in services can contribute to growth and diversification of Tanzania's economy. Collectively, since 2013 the largest share of FDI has gone to services. Finance and insurance services (18 percent) became a top FDI sector (16 percent of total), followed by Information and communication (16 percent). This bodes well for adding value to the domestic economy and exports. In 2014 services were contributing 53 percent of domestic value-added (2014, WITS Export Value Added Database). More precisely, services in Tanzania create significant value addition in services, manufacturing and direct value-added. Direct value-added refers to value added within the same service sector'; services value-added refers to value added across service sectors. Services also contribute more than one-third of value added to exports, above agriculture, extractives and manufacturing.

Figure 18: Value-added by Sector



Source: Bank of Tanzania.

The business environment is still difficult for private sector.

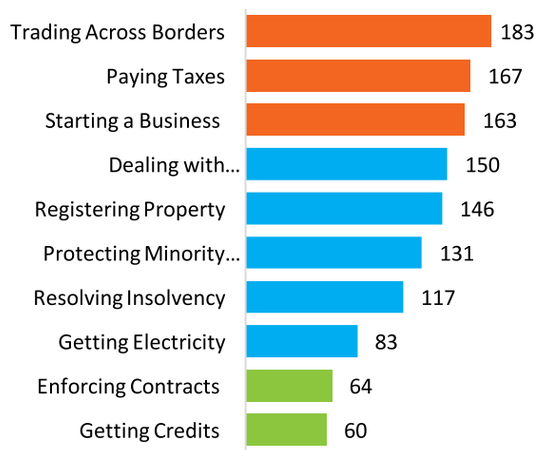
The business environment continues to be challenging. The government has in recent years introduced policies related to mining, public-private partnerships, and statistics that have raised business concerns about policy predictability. Recent government interventions in crop and foreign currency markets have compounded the problem for businesses. Meanwhile, in just the last two years, Tanzania's Doing Business ranking has dropped 12 places mainly because of downgrades on trading

across borders, taxation, and starting a business (Figure 19). It also now takes longer for businesses to prepare and pay taxes due to multiple visits and audits by the tax agents (Figure 20).

Delayed payment of VAT refunds and arrears to domestic suppliers is preventing private sector growth and investment by tightening the cash flows of some businesses. It has also pushed up NPLs, contributing to limits on lending to the private sector and relatively high interest rates on loans. Exporters and small and medium firms have suffered most. As a result, private investment has slowed, reducing growth in industrial production and exports of manufactured goods. Progress in clearing payment arrears to contractors and suppliers, as well as speeding up processing of VAT refund applications, should improve private sector liquidity and reduce NPLs.

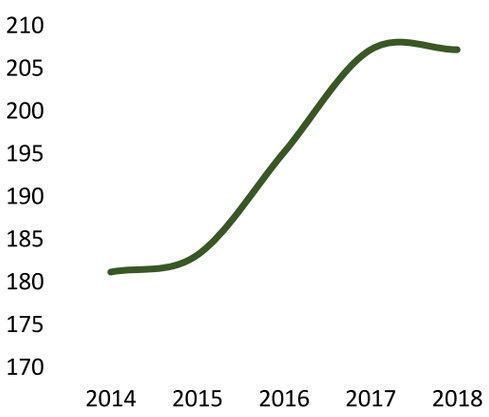
Delays in reforming business regulation is also clouding the business environment. The *Blueprint for Regulatory Reforms* endorsed by the Government in May 2018 specifies actions to rationalize and, in some cases, abolish licensing requirements. The Government began to act on the Blueprint by abolishing 32 taxes, fees, and licenses in the amended Finance Act, 2017/2018; the changes included zero-rating the VAT on ancillary transport services and license/fees in the coffee sector. However, majority reforms are still pending, among them reforms at individual ministries using current legislative powers, especially related to enhancing the functions of the Tanzania Bureau of Standards, Weights and Measures Department, and the Tanzania Food and Drug Authority. Reforms that require legislative changes or cross-ministerial actions are likely to face even more delays. These are reforms that matter to private sector.

Figure 19: Distance to the Frontiers, Ranked



Source: World Bank Doing Business 2019: Training for Reform (October 2018)

Figure 20: Hours to Prepare and Pay Tax, 2014-18



Source: World Bank Development Indicators database

Figure 21: National Poverty, Percent and Absolute Number of Poor, 2007–16

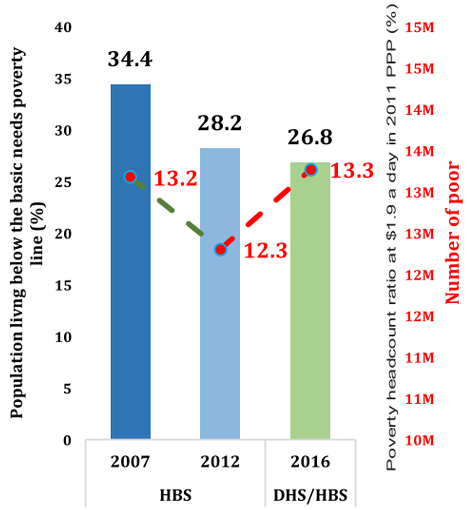
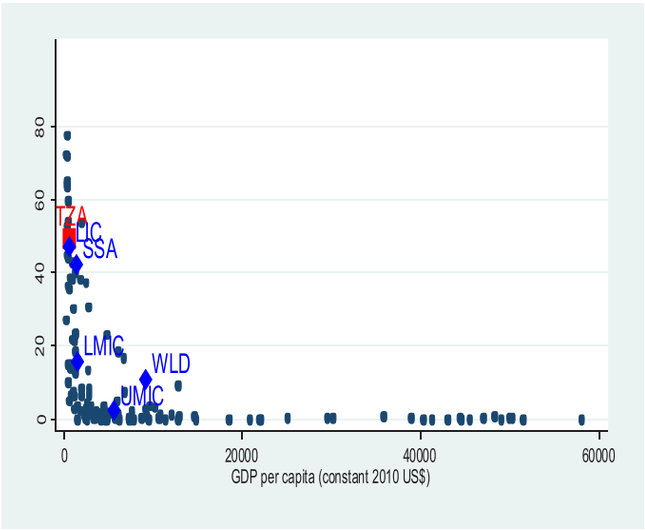


Figure 22: GDP per Capita and International Poverty Headcount at US$1.90 a Day



Source : HBS 2007 and 2012 ; DHS 2016 ; and WDI 2018.

High population growth is undermining efforts to reduce poverty.

Tanzania is continuing efforts to improve its people's living conditions and reduce poverty, but the pace is slow. Between 2007 and 2016 the national poverty rate eased down gradually from 34.4 percent in 2007 to an estimated 26.8 percent.[6] The most recent poverty measures based on the Household Budget Survey (HBS) of 2017–18 are still being processed, but the downward trend is expected to have continued, though more gradually. The decline in poverty was driven by improvements in access to basic services and assets and gains in human development outcomes and living conditions, particularly among the vulnerable and rural residents. After 2000, the Human Development Index for Tanzania sustained positive momentum but began to slow in 2010. However, robust gains in health, education and income are now stimulating progress. Access, completion rate, and gender equity in primary education have all improved, and attainment in secondary education has been notable for both girls and boys. In 2016, 23.4 percent of girls, up from 16.2 percent in 2010, and 28.2 percent of males, up from 22.8 percent, were in secondary schools. Tanzanians, particularly those who are poor or live in rural areas, also saw improvements in housing conditions, asset ownership, access to clean drinking water, and sanitation.

6 The poverty estimate for 2016 is based on imputation of the HBS 2012 data in the Demographic Health Survey (DHS) of 2016, using the small area poverty mapping technique. The imputation approach was discussed with the National Bureau of Statistics and was validated.

However, poverty declined more slowly than the population grew, so that the absolute number of poor people remained stagnant. Despite the country's significant progress in living conditions and human development, in 2016 over 13 million Tanzanians were still poor (Figure 19). Tanzania's poverty rate (at the 2016 international rate at US$1.90 a day in 2011 PPP) and the total number of poor people are higher than both the averages for SSA and what might be expected given the country's income level (Figure 22). The growth elasticity of poverty has remained at less than unity, which means that a 1 percent increase in economic growth reduces the poverty headcount by less than 1 percent. It appears economic growth is not generating enough opportunities for the poor to make their assets more productive and increase their incomes. Further progress in reducing poverty will require accelerating the momentum of human development to speed up the shift to more productive jobs and make economic growth more inclusive.

1.2 Macroeconomic Outlook and Risks

Growth prospects depend on the pace of reform implementation.

Real GDP growth is projected to rise gradually over the medium term, assuming modest but steady implementation of reforms, especially for improving the business environment and fiscal management. Policies have been adopted to lower the costs of business compliance with regulation, reduce domestic payment arrears and prevent new arrears.[7] If fully implemented, these reforms can help push annual economic growth to 7 percent. Our baseline outlook for the next 2-3 years assumes that only part of the reform agenda will be realized (see paras 35 and 38 below), given progress to date has been relatively slow. This will drive a gradual increase in annual growth 6 percent, with a modest improvement of the business climate and a pick-up in FDI and other private investment (Table 2).[8] Given continuing financing constraints, execution of the development budget is also expected to improve only modestly. In the medium term the fiscal deficit is expected to widen to about 3-4 percent of GDP. Higher imports to support capital projects will likely expand the CAD to 6-7 percent of GDP.

Following recent trends, poverty reduction is expected to remain slow. Up to 2021 the poverty rate is predicted to decline by about 3 percentage points and the number of poor Tanzanians will be roughly constant as population growth continues high and steady. The economic prospects of the poor—who are mainly employed in low-productivity

7 Regarding business regulation reforms, Cabinet endorsed the Blueprint of Regulatory Reforms on May 18, 2018. Government also adopted Treasury Circular No. 1 of 2018/19 on the Strategy to Control Government Arrears that was distributed to MDAs on May 9, 2018.

8 The IMF has a growth outlook of 4-5 percent for 2019-21, as reported in the latest WEO. This outlook is based on consideration of a consistent set of underlying structural reform factors as the World Bank outlook (eg, related to private sector investment), though with a somewhat less optimistic view on reform implementation over the period.

farming or urban informal service jobs—are not to brighten as long as growth continues to be concentrated in capital-intensive sectors and in large urban areas.

The downside risks are largely under government control.

Fiscal management: **Delays in addressing continued unrealistic forecast and shortfalls of budget execution and financing will continue to jeopardize completion of major infrastructure projects and clearance of domestic arrears**. The government is undertaking priority projects in human development and infrastructure to support growth and job creation over the medium to long term. However, if they are to have maximum impact they must be adequately financed and completed on schedule. Shortfalls in financing could add new domestic arrears to an already unsustainable stock.

Poor management of public investments can also create debt servicing problems, notably currency and maturity mismatches. Large infrastructure projects are expected to generate returns that can be used to service the loans that finance them. If projects are not properly vetted or completion is delayed, loan repayments scheduled may begin before adequate cash flows and foreign exchange earnings are generated. That may cause maturity and currency mismatches at a time when Tanzania's fiscal space is already limited by high debt service, falling external grants, and rising costs of providing services to a growing population.

To address these fiscal issues, if the country is to reach its development goals Government must intensify its efforts to improve fiscal policy design and implementation. The FYDP II is rightly directed to facilitating

Table 2: Medium Term Outlook, Annual Percent Change Unless Otherwise Indicated

	2018e	2019f	2020f	2021f
Real GDP growth, at constant market prices	**5.2**	**5.4**	**5.7**	**6.0**
Private Consumption	8.8	8.6	8.1	8.1
Government Consumption	4.2	4.0	3.8	4.0
Gross Fixed Capital Investment	3.4	3.4	3.5	4.3
Exports, Goods and Services	-3.9	1.0	1.5	2.5
Imports, Goods and Services	7.8	7.9	8.0	8.1
Inflation (Consumer Price Index)	3.5	4.9	5.1	5.2
Current Account Balance (% of GDP)	-4.9	-6.5	-7.3	-7.4
Net Foreign Direct Investment (% of GDP)	2.0	1.9	2.1	2.2
Fiscal Balance (% of GDP)	-2.7	-3.1	-3.3	-3.6
Debt (% of GDP)	40.1	40.1	40.0	40.2
Primary Balance (% of GDP)	-1.2	-1.5	-1.6	-1.7

Source: World Bank staff estimates and forecasts.

an ambitious increase in investment in human and physical capital. However, the national budget has for several years been significantly under-executed, delaying completion of priority projects and helping keep growth below potential. The baseline outlook assumes modest but steady progress on the following short- and medium-term options to enhance fiscal policy:

Short term: Improve budget credibility.

- Improve revenue collection to meet the target.
- Improve budget execution across the board, but in particular the capital expenditures.
- Prepare and act on realist budget, with credible revenue forecast and borrowing plans.
- Clear both the VAT refund and domestic payment arrears and prevent future accumulation.
- Introduce risk-based auditing of VAT refunds.

Medium term: Invest in a balanced program of human capital and infrastructure services.

- Intensify mobilization of domestic revenue to finance investments.
- Prioritize public investments that deliver high return and growth-enhancing impact and manage them effectively to be delivered on budget and on time.

Business environment: Failure to reform the business environment is the largest risk to the growth outlook. With the environment for private businesses deteriorating, the economy has been driven more by the public sector—a growth model not likely to be sustainable. Although important reforms to support the private sector have been adopted, including the *Blueprint for Regulatory Reforms* and the *Strategy to Control Government Arrears*, those agendas have not been moved forward enough. The baseline macroeconomic outlook assumes that progress in rolling out these reforms will be modest.

Government urgently needs to identify and adopt measures to foster greater private sector participation in the economy. The recent difficulties of the private sector and the barriers preventing it from flourishing are recognized. The baseline outlook assumes progress on the following government actions to address these issues:

Short term: Heighten liquidity and bolster private sector confidence in the economy.

- Give precedence to paying verified arrears to private contractors and suppliers (see para 35).
- Speed up the release of verified VAT refunds (see para 35).
- Ensure that tax administration is predictable and that tax agents collect taxes from private businesses fairly (see para 35).

- Enhance the current public-private dialogue on the effects of recent government policy changes on private businesses and the business environment.

Medium term: Continue reforms to address structural constraints on private investment.

- Create a more predictable business environment; avoid sudden changes in policy.
- Reduce the high cost of compliance with regulations by fully implementing the *Blueprint for Regulatory Reform*.
- Improve investment policies for non-extractive sectors to support economic diversification.

Financial sector: Financial sector vulnerabilities could jeopardize macro stability and push growth below the baseline medium- term outlook. High NPLs and high interest rates may depress the fragile recovery in credit to the private sector. Tanzania's bank-dominated financial sector is small, concentrated, and at a relatively early stage of development. Asset quality is a continuing concern, and high NPLs are restricting the ability of banks to provide more, and more affordable, financing to businesses. The current vulnerabilities of the financial sector underscore the importance of strong financial system oversight and regulation to gradually lower NPLs to the BOT indicative threshold of 5 percent, grow credit to the private sector, and preserve financial stability.

External shocks: Finally, other exogenous events outside the control of the government can adversely impact the growth outlook. Among external threats to the outlook are more erosion of global demand, tighter financing conditions, and higher international energy prices. Slowdowns in major economies, especially the Euro area and China, are already dampening demand for Tanzania's exports. Higher costs of commercial external loans can delay completion of capital projects that such loans have been financing. Rising global energy prices could also push up the import bill, worsen the CAD, and further reduce official reserves.

To improve the sustainability of future growth over the medium term, Tanzania will need to address key structural gaps in infrastructure and human capital (see Part Two). Huge shortfalls in infrastructure and human skills have suppressed industrial development and growth, and better human development outcomes will be critical if Tanzania is to reach its development potential. Human capital wealth—the value today of the future earnings of the labor force—is demonstrably the most important component of the wealth of nations. Tanzania needs more engineers, technicians, and doctors. However, improving skills in education, languages, IT, communication, and technical and work ethic will require massive improvements to education and training systems. Part Two of this economic update sheds light on these critical aspects of human capital development.

2 Human Capital

Part Two: Human Capital

Tanzania's human development outcomes have improved over the last two decades, but progress has been uneven. This section provides a diagnostic of outcomes in human development. In October 2018, the World Bank launched the Human Capital Project to encourage countries to invest more and better in their people. It also introduced the Human Capital Index, which ranks countries according to their investments in children and youth. The index estimates Tanzania's performance at only 0.40, implying that in adulthood today's children and youth may reach only 40 percent of their full productivity potential due to shortfalls in education and health. This section reviews how Tanzania has been investing in its people, and options it could consider for future investments to improve the Human Capital Index. In addition, the section also briefly considers human capital wealth as a component of the nation's wealth which is the asset base that enables Tanzania to produce future GDP in a sustainable way. The data on human capital wealth confirm that the country needs to invest more in its people.

2.1 Introduction

Investing in human capital is essential if Tanzania is to develop economically, reduce poverty and achieve the aspirations articulated in Development Vision 2025. This economic update discusses where Tanzania stands in terms of its investments in human capital. The analysis is part of the World Bank Human Capital Project (HCP). It relies on both the Human Capital Index (HCI) and data on human capital wealth (HCW). One HCP aim is to measure how much social sectors, among them health and nutrition, education, social protection, and labor, contribute to worker productivity. In Tanzania, it appears that both the HCI and HCW per capita are low. To boost investments in human capital, the report suggests a variety of policy options for, e.g., enhancing access to and quality of health care, improving children's nutrition, the quality of education, gender equality, and worker skills. At this time, options suggested are simply indicative; they will be explored in detail by sector in analytical work planned in coming months.

To make the case for Tanzania to invest in human capital, this report combines insights from several recent studies and datasets with a lifecycle approach. Calling for a "whole of government" approach to tackling national barriers to human capital development, the approach has two main components, each of which is discussed in the report.

- The **HCI** quantifies how well countries are preparing the workforce of the future. The index has five components: the expected number of years of education youth complete, the quality of what they learn in school, what percentage of children survive past age 5, prevention of early childhood stunting, and how long workers remain in the workforce, as proxied by adult survival past age 60. While HCW measures current productivity in adulthood, the HCI measures the likely productivity of workers in the future. One goal of the index is to create political space for national leaders to make more and better investments in human capital a priority.

- **Human capital wealth (among the adult population):** HCW consists in the value today of the future earnings of the current labor force. Though most of today's workers are finished with school, their HCW can be enhanced by continuous education and training programs. Access to health care ensures that they remain healthy and productive. Social protection and labor market policies can expand their earnings opportunities and protect them when they are out of work.

- In addition, two major **cross-sectoral issues** affect both the HCI and HCW: (1) High rates of fertility spur population growth, which especially in low-income countries reduces the value of human capital and total wealth per person; high fertility rates also have negative impacts on several components of the HCI. (2) Acute gender inequality in terms of, e.g., labor force participation and earnings, reduces HCW below what could be achieved with gender equality. Through lower earnings and issues such as child marriage and early childbearing, gender inequality also affects the components of the HCI for boys and girls alike. The two issues are related, since gender inequality and prevailing social norms push up fertility rates, and high rates of fertility may limit opportunities for women in adulthood.

The structure of the report follows these two components. In the first section, the focus is on investments in children and youth, with a discussion of trends in the HCI and each of its five components and suggestions for relevant strategic investments. Thereafter, a review of HCW trends

over the last two decades shows that Tanzania is lagging behind other SSA countries and could be doing far better. The discussion then moves to high fertility and population growth rates and gender inequality as they affect per capita wealth and the earnings of men and women.

2.2 Raising the Productivity of Future Workers – The Human Capital Index

The HCI focuses on the children and youth who will be workers in the future. The HCI was launched in October 2018 as part of the new World Bank Human Capital Project, a collaborative effort to encourage countries to invest in their people. The HCI is based on five variables likely to affect future earnings: (1) the survival rate of children past age 5; (2) the expected number of years of education completed by youth; (3) the quality of learning in school; (4) how long workers will remain in the workforce, as proxied by adult survival past 60; and finally (5) prevention of stunting for young children. While HCW measures current productivity in adulthood, the HCI measures the likely productivity of future workers based on an index that takes a value between zero and one. That value is the ratio of the expected productivity of today's children and youth to the productivity they could reach if they achieve their full potential (Box 4).

Box 4: The Human Capital Index

The HCI is constructed by multiplying the contributions of survival, school, and health to expected relative productivity: HCI = Survival × School × Health. Survival = 1 minus the under-5 mortality rate. School = the expected number of school years youth will complete adjusted by student performance on international assessments as follows:

$$\exp\phi(\text{Years of Schooling}) \times (\text{Harmnized test score}/625)-14)$$

Health = expected adult survival and the likelihood of avoiding stunting as follows:

$$\exp(\gamma_{ASR}(\text{Adult survival rate} - 1) \times \gamma_{NSR}(\text{Not stunted rate}-1))$$

The components of the index are meant to capture contributions in childhood to adult productivity relative to complete high-quality education and full health.

The parameter ϕ = 0.08 measures the expected labor market returns to an additional year of schooling: γ_{ASR} = 0.65 and γ_{NSR} = 0.35 measure the improvements in productivity associated with an improvement in health, using adult survival and stunting as proxies for health. Complete high-quality education = 14 years of schooling and a harmonized test score of 625. Full health = 100 percent survival into adulthood and a stunting rate of zero percent. More details on the HCI and the rationale for its definition are available in World Bank 2018.

In Tanzania, the HCI is estimated at 0.40, which means that children and youth may reach only 40 percent of the earnings that they could aspire to with full health and education. Table 3 shows the HCI estimates for 2012 and 2017 and the variables that affect the index value. Tanzania's 0.40 HCI is low. For perspective, since the HCI is meant to predict future earnings potential, a value of 0.40 essentially means that Tanzania's HCW could increase by a factor of 2.5 if its HCI were to increase to 1.0.

- **Child survival (under-5 mortality):** Tanzania has achieved major gains in this area. The probability that children in 2017 will survive past age 5 is estimated at 0.943, up from 0.934 in 2012. In other words—under-5 mortality has been reduced.

- **School:** Education is measured as learning-adjusted years of schooling, a function of both the expected number of years of schooling for youth and how much they learn in school. Between 2012 and 2017 years of schooling went up from 7.4 to 7.8 years, but student performance declined substantially below 500, the global average. It should be noted, however, that the 2012 analysis was based on the SACMEQ student assessment and the 2017 assessment was based on EGRA so that comparability could be an issue even if the assessments were later standardized for the HCI estimations. This estimate may thus be less precise than the others in the index. In addition, while the HCI data suggest a decline in performance over time, other data suggest gains as test scores in English, Math, and Kiswahili for Standard four pupils have improved over time according to the Service Delivery Indicators panel data. These gains are associated with improvements in teacher effort and subject knowledge.

- **Health:** For the HCI, health is measured by prevention of early childhood stunting (noting that stunting and early childhood development experiences have a profound impact on brain development, affecting learning, health, behavior and ultimately income), and the likelihood that adults will survive past 60. A gain in adult survival and a small reduction in under-5 stunting rates are positive outcomes over the last few years, but stunting levels remain unacceptably high. This is encouraging, but it is still especially important to reduce high stunting rates. On survival in adulthood, while there has been little analysis of factors related to age-specific mortality rates in Tanzania, one major issue related to female mortality is maternal mortality, especially for mothers giving birth at a young age. This is also related to under-5 mortality and the prevalence of stunting among the children of young mothers.

- **Estimates by gender:** In 2012, men had on average a higher HCI than women, but this was reversed in 2017. Though typically differences by gender tend to be small, that does not mean that gender does not matter given gender disparity in the use of accumulated human capital, which leads to gender inequality in earnings and human capital wealth. In addition, gender inequality leads to child marriage and early childbearing for mothers, which in turn leads to higher risks of under-5 mortality and stunting for both genders.

While there was only a small gain in Tanzania's HCI values between 2012 and 2017, there were noticeable changes in some components of the index. The difference between 0.40, the value in 2017, and 0.39, the value in 2012, is not statistically significant given the confidence (uncertainty) intervals. There were gains in most components of the index, but reduction in the learning performance measure did offset the gains in the other variables, although as mentioned earlier other data suggest gains in learning outcomes. Without the apparent decline in learning performance, there would have been a substantial gain in the value of the index, suggesting that gains can indeed be achieved over time.

Given its level of economic development, Tanzania's HCI value is slightly below predicted values given GDP per capita, putting the country in the bottom 35 countries globally. In Figure 23, countries are positioned for total HCI and each of the five HCI variables according to the logarithm of their GDP per capita in purchasing power parity

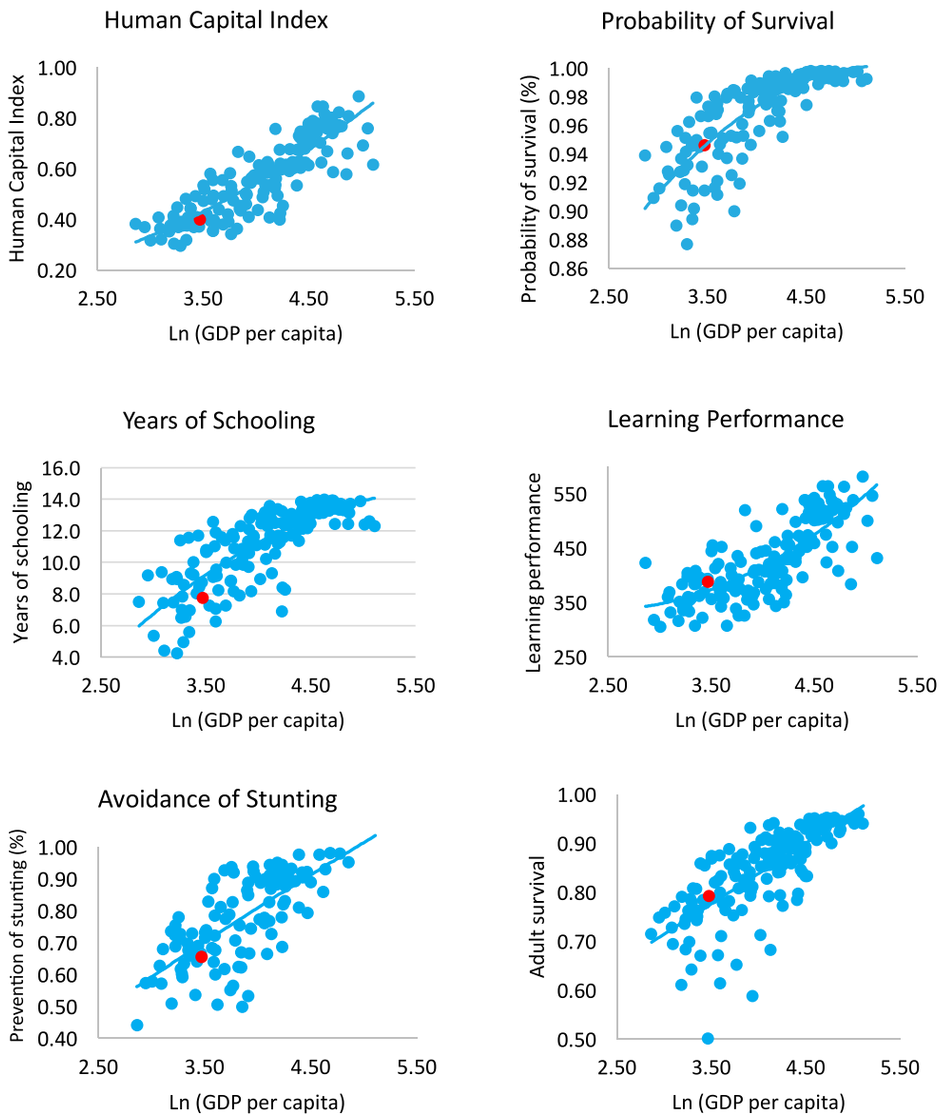
Table 3: Human Capital Index Estimates for Tanzania, 2012 and 2017

	2012			2017		
	All	Men	Women	All	Men	Women
Survival						
Probability of surviving past age 5	0.934	0.930	0.938	0.946	0.942	0.950
School						
Expected years of schooling	7.4	7.5	7.4	7.8	7.7	7.8
Harmonized test scores	434	425	443	388	382	395
Health						
Survival to age 60	0.713	0.674	0.752	0.792	0.770	0.814
Probability of avoiding stunting	0.652	NA	NA	0.655	0.633	0.678
Human Capital Index	0.390	0.370	0.390	0.400	0.390	0.410
Uncertainty interval	[0.38,0.41]	[0.35,0.38]	[0.38,0.41]	[0.39,0.41]	[0.38,0.40]	[0.40,0.42]

Note: HCI Value rounded.
Source: World Bank 2018.

(PPP) terms on the horizontal axis, with the HCI or the variable on the vertical axis. Trendlines through scatter plots provide the expected value of the HCI given country economic development. Tanzania, identified by a red dot, falls slightly below predicted values on the overall index, due mostly to too few years of schooling and a high stunting rate. Table 4 shows comparisons with a few African and Asian countries; the HCI for Kenya is 0.52, more than 20 percent higher than the value for Tanzania. In comparison to other countries, Tanzania does especially poorly in terms of the number of years of schooling

Figure 23: Human Capital Index Across Countries (Red Dot = Tanzania)



Source: World Bank 2018.

Table 4: Human Capital Index Estimates for Tanzania and Selected Other Countries

	Africa			Asia		
	Tanzania	Kenya	Senegal	Cambodia	Nepal	Vietnam
Survival						
Probability of surviving past age 5	0.95	0.95	0.95	0.97	0.97	0.98
School						
Expected years of schooling	7.8	10.7	7.2	9.5	11.7	12.3
Harmonized test scores	388	455	412	452	369	519
Health						
Survival past age 60	0.79	0.79	0.82	0.83	0.85	0.88
Probability of avoiding stunting	0.66	0.74	0.83	0.68	0.64	0.75
Human Capital Index	0.40	0.52	0.43	0.49	0.49	0.67

Source: World Bank 2018.

that children complete and the risk that children under the age of five will be stunted. However, even in other dimensions, outcomes tend to be poor.

Both sector-specific and multisectoral interventions are required to improve the HCI, and to increase the future earnings potential of young Tanzanians. Not all the options can be discussed here, but a few pointers can be provided based both on studies elsewhere and the specific characteristics of Tanzania today. The discussion below starts with sector-specific interventions. Relieving some binding supply-side constraints related to service delivery will require better schools and health facilities and depend on reliable provision of quality basic services, such as clean water. Other challenges are on the demand side due to, e.g., basic services not being affordable because of out-of-pocket and opportunity costs, and behavioral constraints due, to, e.g., social norms or inadequate knowledge about, good nutritional practices as well as water supply, sanitation, and hygiene. To benefit from synergies across interventions, programs such as TASAF (Tanzania Social Action Fund) could continue to serve as a platform to deliver multiple interventions directed especially to vulnerable children and families.

Improving the School Component of the HCI

Improving the school component requires gains in both the length of schooling and the effectiveness of learning. This will require not only specific interventions, some of which are outlined below, but also consistent, expanding, and smart investment in education, supported by efficiency gains. Secondary education in particular

Box 5: Investing in Human Capital: The Experience of East Asia

The four countries that top the HCI ranking—Singapore, South Korea, Japan, and Hong Kong—are all in East Asia; Singapore's HCI value of 0.88 is more than twice that for Tanzania. Tanzania and other African countries can learn from the East Asia experience.

Part of the success of these East Asian countries in achieving high values on the HCI and high growth rates for GDP per capita is that they made investing in youth a high priority. As they went through rapid industrialization from the early 1960s to the late 1990s, they invested heavily in education and labor force skills acquisition. The successive development plans of South Korea, for example, emphasized education and training. Initially, governments focused on improving and universalizing basic education to ensure that labor-intensive industries would find the employees they required.

As the focus for growth shifted progressively to more technology-intensive industries, governments invested more in upper secondary and tertiary education and in technical and vocational education and training, giving more attention to the quality of the education provided. The rapid decline in fertility rates was also important because it limited the size of new cohorts entering the education system, thus making it more affordable. Education and training policies required substantial budget allocations, but expanding the role of the private sector in education was also crucial.

is expected to grow substantially in the coming decade due to population growth, rising primary completion rates, and the fee-free education policy recently adopted. Budget allocations must rise to track the expansion, and efficiency gains are necessary to ensure that the expansion is sustainable. Attention will need to be paid to the cost effectiveness of various programs, reducing investments in costly programs with limited impacts to invest in more promising alternatives. Apart from fiscal constraints, simply achieving quality in schools with an influx of new students will be a challenge.

Priorities include solving the early-grade "traffic jam," reducing drop outs, and broadening system capacity, especially for secondary students.

- **Relieving the early-grade traffic jam:** In Tanzania, as in many other African countries, large class sizes and overcrowded classrooms in the early grades result in poor learning, grade repetition, and ultimately dropouts. These problems can be eased by expanding access to preprimary education so that children are prepared for primary school, and making the environment conducive to learning with smaller class sizes, better-trained teachers, and reliance as needed on the language children speak at home.

- **Reducing dropouts:** Throughout primary and secondary education, students drop out, but risks are largest when children transition from one cycle to the next. One common reason for dropping-out is that the cost is not affordable, though the Fee-Free Basic Education Policy (FFBEP) and Tanzania's conditional cash transfer program are now helping with this problem. Child marriage and

early childbearing also cause girls to drop out of secondary school. Getting the most out of FFBEP and other programs requires a focus on narrowing gender disparities, e.g., by allowing young mothers to return to formal education and improving access to comprehensive education on sexual and reproductive health and services.[9] Schools should also provide access to water, latrines, and separate hygienic facilities, especially for adolescent girls. Finally, physical, sexual, or other harassment of girls at school or while travelling to and from school must be prevented.

- **Expanding capacity:** Secondary education completion rates are low for both boys and girls in part because of shortages of both schools and teachers. A school construction strategy is being drafted to bring schools closer to children's homes so they do not have to travel so far to school. The pupil-teacher ratio, which has risen, needs to fall back again. Equitable teacher deployment should be accompanied by an effective capitation grant formula. But at a more basic level, a major task ahead is to train all the new teachers that will be needed to accommodate the rapidly increasing number of students in secondary schools.

There are also program options to enhance student learning. In Tanzania as in many other countries, within Africa and elsewhere in the developing world, student learning outcomes, as measured by national and international student assessments, are poor. Among priorities for action in this area are recruiting more teachers to meet standards and emphasizing mathematics, science, and other areas where the shortages are acute. Efforts to build up in-service teacher training should continue, in order to increase teacher subject knowledge. Outcomes for girls could be helped by in-service teacher training that challenges gender differences in teacher expectations and by appointing teacher mentors to support girls. Nonmonetary awards for teachers based on student performance could also improve learning outcomes, generating gains in teacher effort. Combining teacher incentives with additional resources to improve the learning environment has already proved successful in improving outcomes. To measure learning in basic education, it should be assessed more frequently. Finally, there is a need to ensure that skills training programs are responsive to demand from the labor market, possibly by creating sector skills councils with private participation and providing incentives for aligning skills training with the labor market through competitive funding.

9 When considering programs, possible impacts and costs should both be analyzed. The impact of some programs has been promising. This proved true for Camfed programs to cover the direct and indirect costs of schooling for girls as well as community-led initiatives to engage parents and train teacher mentors, staff, and parents to use low-cost resources to improve the quality of education. The program has helped narrow gender inequalities and raised secondary student learning (Alcott et al. 2017), yet was more cost-effective than conditional cash transfer programs (Sabates et al. 2018). However, this type of program could also be high cost; detailed cost-benefit and sustainability analyses are necessary to assess the potential for scale-up.

Box 6: Basic Infrastructure, Education, and Health Outcomes

Simple hand washing with soap can substantially reduce the risk of diarrhea and acute respiratory infections for children, which both reduces child mortality and encourages better attendance and performance in school. But hand washing depends on good-quality water and sanitation infrastructure. As another example of interaction between basic infrastructure and human development outcomes, lack of adequate toilet facilities has an impact on girls in particular who are less likely to attend school during their menstrual cycle and particularly impacted by a lack of cleanliness or privacy. Clearly, multiple programs, including investments in basic infrastructure, need to be effectively in place to ensure child survival and favorable nutrition outcomes. In Tanzania, the new Sustainable Rural Water Supply and Sanitation Program has focused on improving targeting of WASH services to vulnerable populations, but progress in increasing access to improved water and sanitation has been slow. Dialogue with the government has helped identify target areas for WASH investments under the Rural Water Supply and Sanitation Program-for-Results operation.

Building up Tanzania's HCI Survival and Health Components

Although additional efforts are needed to improve health and nutrition outcomes, efforts already underway should be acknowledged, among them Health Sector Strategic Plan (HSSP) III 2014-19, the Reproductive, Maternal, Newborn, Child and Adolescent Health (One Plan II – 2016-20), the 2016–21 National Multisectoral Nutrition Action Plan launched in September 2017, and the 2019–22 National Accelerated Action and Investment Agenda for Adolescent Health and Wellbeing, which was drafted to focus the country on gaps in adolescent health and well-being that need to be addressed (Box 8). While mobilizing the necessary resources to fully implement the Plan and the Agenda will not be easy, they do reflect the government's vision and commitment to addressing these problems. Furthermore, to accelerate progress in the areas of both nutrition and the health of women and children, in 2018 the government-initiated compacts and performance contracts with regional commissioners to hold them, and district commissioners, accountable for results and for tracking progress against scorecards containing key indicators.

Investments in early childhood development (ECD) are especially important to the HCI survival and health components. High rates of neo-natal mortality and stunting are graphic demonstrations of the lack of investment in young children. Yet investing in young children is one of the best investments countries can make because a child's earliest years open a unique window of opportunity to address inequality, break the cycle of poverty, and improve a wide range of lifecycle outcomes.[10]

10 Black et al. 2017.

Box 7: Deepening Productive Safety Nets to Improve Human Capital

The Tanzania Social Action Fund (TASAF) was established in 2000 and implemented through 2012. After the evaluation of a pilot cash transfer program that showed positive impacts on education and health outcome for children, the program evolved into a productive social safety net (PSSN) intervention. The PSSN has since then been providing conditional cash transfers together with public works and livelihoods services, reaching one million households (15 percent of the poor). A recent impact evaluation found that the program had positive impacts on savings and asset accumulation, farming practices and the utilization of agricultural inputs, and higher rates of self-employment. Food consumption and dietary diversity, enrolment of children in school, and health visits and health insurance registration also improved.

Building on these strong results, a second generation PSSN could include: (i) enhanced capacity, skills and knowledge to improve productivity and enable households to shift towards more lucrative activities that would also improve consumption smoothing when faced with shocks; (ii) support to children in early childhood and for continued schooling; and (iii) asset accumulation and diversification for households to manage risks. Expansion in the coverage of the PSSN is needed to reach larger vulnerable groups. The program could play a major role for multisectoral interventions in communities – thus achieving with efficiency and effectiveness the goal of investing in the human capital of the poor and vulnerable.

Investments in ECD usually have high economic rates of return, particularly compared to investments made later in life. Programs that address multiple drivers of malnutrition simultaneously and combine services across sectors such as health and nutrition, psychosocial/early stimulation, and improved water supply and sanitation, and that extend to communities can be especially beneficial.[11] It should also be recognized that there are social barriers in improving ECD outcomes, as parents are often not aware of what they could do – such as ensuring sufficient early stimulation – to improve outcomes for their children. Improving ECD outcomes thus requires mechanisms to inform parents apart from other interventions.

For reducing stunting, both nutrition-specific and nutrition-sensitive interventions are needed. Nutrition-specific interventions include promotion of exclusive breast-feeding for six months, micronutrient supplements, and access to clean water and proper sanitation and hygiene practices feeding, and caregiving practices – which are provided primarily through the health sector. Emerging evidence suggests, however, that certain nutrition-sensitive interventions are also beneficial, especially in the agriculture sector through, e.g., biofortification to enhance the micronutrient content of staple foods. Similarly, education can be nutrition-sensitive by distributing, where needed, deworming tablets to

11 As guidance for policy makers, Denboba et al. (2014) suggest 25 interventions that are essential for young children and can be delivered as five integrated packages at different stages in a child's life: (1) a family support package, provided from gestation until the child enters primary school; (2) a pregnancy package; (3) a birth package, from birth to six months; (4) a child health and development package; and (5) a preschool package.

Box 8: Strategies and Commitments to Improve Reproductive, Maternal, Neonatal, Child and Adolescent Health and Nutrition (RMNCAH-N) Outcomes

Several strategies and new policies have recently been adopted by the government to improve education and health/nutrition outcomes. As an example, in the area of RMNCAH-N, the following strategies and commitments can be mentioned for the mainland: (1) Health Sector Strategic Plan (HSSP) IV for 2015-20; (2) National Road Map Strategic Plan to Improve Reproductive, Maternal, Newborn, Child and Adolescent Health (One Plan II) for 2016-20; (3) National Multisectoral Nutrition Action Plan (NMNAP) for 2017-2; (4) National Accelerated Investment Agenda for Adolescent Health and Wellbeing (NAAIA) to be launched for 2019-22; (5) National Family Planning Costed Implementation Plan to be launched for 2019-23; and (6) Joint Health Policy Commitments for 2019-2. For Zanzibar, strategies and commitments include (1) the Health Sector Strategic Plan (HSSP) III for2014-19; and (2) the Multi-sectoral Nutrition Action Plan to be launched for 2020-24. The challenge will be to succeed in implementing these strategies at scale.

school children, which also contribute to better health outcomes and higher productivity later in life. Social protection programs such as PSSN can be designed to condition cash transfers on uptake of basic health and nutrition services, thus helping to dismantle demand-side barriers to these services. Simple hand washing with soap can substantially reduce the risk of diarrhea and acute respiratory infections for children, which both reduces child mortality and encourages better attendance and performance in school. But hand washing depends on good-quality water and sanitation infrastructure (Box 7). Clearly, multiple programs need to be effectively in place to ensure child survival and favorable nutrition outcomes.

Finally, it should be acknowledged again that more can be done to accelerate the demographic transition, which would help improve survival and other health and nutrition indicators. Three types of interventions can accelerate the demographic transition: (1) family planning and reproductive health services; (2) services for maternal and child health and nutrition; and (3) efforts to improve girls' education and empowerment to delay marriage and childbearing.[12] Targeted and integrated support programs are needed to address the needs of poor and vulnerable households especially for women in lagging regions. This could be complemented with information campaigns on girls' education, children's health/nutrition, and population. Many of these areas, as well as broader interventions for health and nutrition (Box 8), are already being considered by the government, but the challenge will be to succeed in implementation at scale.

12 See Schneidman et al. 2018.

2.3 Improving the Productivity of Current Workers and Human Capital Wealth

Apart from investments in children, investments in adults are also an essential component of a human development strategy, including for increasing human capital wealth. Estimates of the changing wealth of nations from 1995 to 2014 are available for 141 countries, including Tanzania.[13] A country's wealth mainly consists of three types of capital: Produced capital comes from investments in assets like factories, equipment, or infrastructure. Natural capital consists of agricultural land and both renewable and nonrenewable natural resources. However, globally the largest component of national wealth is typically a country's people. Human capital measured as the present value of the future earnings of the labor force accounts for two-thirds of global wealth. Human capital accounts in high-income countries for close to 70 percent of total wealth but in low-income countries for only 40 percent. As countries develop, the share of natural capital declines, making way for a larger share of human capital in total wealth.

Although Tanzania's wealth increased by 45 percent over two decades, high population growth kept wealth per capita at best stagnant. Table 5 provides absolute value and per capita estimates of Tanzania's national wealth from 1995 to 2014. All estimates are in real terms (constant 2014 US dollars). In absolute value, Tanzania's wealth in 2014 was US$904 billion—45 percent more in real terms than in 1995. However, due to high population growth, per capita wealth decreased substantially, from US$20,900 to US$17,451. Since wealth per capita is what matters for future standards of living, Tanzania's progress toward sustainable development was minimal. Even moving the base from 1995 to 2000 is no help: there was virtually no increase in per capita wealth by 2014. Findings are similar for SSA as a whole, although many countries in the region made substantial progress. High population growth can make it harder for many countries to increase wealth per capita. Even in comparison to SSA countries that tend to have low levels of human capital wealth, the profile of Tanzania's wealth by asset categories shows a smaller share of human capital in total wealth. The estimates call for more investment in human capital, which as countries develop tends to represent a larger share of total wealth. Tanzania's limited HCW also has implications for whether it can reduce the share of its population in poverty since labor market earnings and productivity are what mainly drive household consumption.

A first factor limiting the ability of Tanzania to increase wealth per capita and thus raise standards of living is persistently high fertility and

13 Lange et al. 2018.

Table 5: Estimates of Tanzania's Total and Per Capita Wealth (US$, millions)

	1995	2000	2005	2010	2014
		National wealth (Millions, constant 2014 US$)			
Total wealth	624,992	556,715	602,406	737,857	904,336
Produced capital (including urban land)	84,600	112,412	108,369	122,371	165,784
Natural capital	355,426	234,184	242,603	328,736	416,615
Human capital	209,877	224,138	265,175	300,762	347,525
Net foreign assets	-24,912	-14,019	-13,741	-14,012	-25,588
Population (millions)	29,903,329	33,991,590	39,065,600	45,648,525	51,822,621
		Per capita wealth (constant 2014 US$)			
Total wealth	20,900	16,378	15,420	16,164	17,451
Produced capital (including urban land)	2,829	3,307	2,774	2,681	3,199
Natural capital	11,886	6,889	6,210	7,201	8,039
Human capital	7,019	6,594	6,788	6,589	6,706
Net foreign assets	-833	-412	-352	-307	-494

Source: Lange et al. (2018).

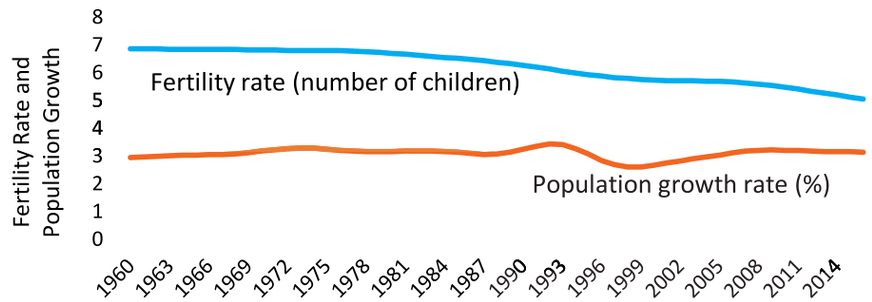
population growth. High population growth makes it harder to raise per capita wealth. Population growth in turn depends in part on fertility rates—the number of children women are expected to have on average over their lifetime (i.e., throughout their childbearing years according to age-specific fertility rates).

While most countries in East Asia, the Pacific region, Latin America, and North Africa and the Middle East have gone through a demographic transition, this is not yet the case in Tanzania and much of the rest of SSA. As shown in Figure 24 despite declining fertility rates, Tanzania's population is still growing at 3.1 percent annually, with little change over time. Tanzania's population growth is also above the SSA average of 2.7 percent a year. High population growth has implications for Tanzania's ability to reap benefits from the demographic dividend.[14] At some point the past decline in fertility rates will translate into lower annual population growth rates, but for population growth to decline faster, fertility rates must fall further and faster.

Better access to modern contraception would help to reduce fertility rates. Proximate determinants of fertility include the national marriage rate, the degree of contraceptive use,

14 For Tanzania specifically, see Schneidman et al. 2018.

Figure 24: Fertility and Population Growth Rates



Source wo*rld Bank, World Development Indicators*

the abortion rate, and the average duration of post-partum infecundity (Bongaarts model). It is estimated that women's desired fertility (4.5 children in Tanzania) is lower than observed fertility (5.0), but not by much. As a result, while better access to contraception would help reduce fertility, that may not be as effective as interventions to delay marriage and childbearing. Still, improving access to contraception will help, and it will require both demand- and supply-side interventions. The share of adult Tanzanian women using modern contraceptive methods is 32 percent, and unmet need is estimated at 22.1 percent. Demand factors limiting contraceptive use include both a lack of knowledge of sexual and reproductive health and also gender norms that discourage women from using contraception.[15] Supply-side factors include unavailability of modern contraception, stock-outs, and lack of qualified health staff, such as midwifes, to counsel women on, e.g., adoption of longer-term contraceptive methods. Solving both supply and demand constraints will help relieve the unmet demand for contraception, which would to some extent help to bring down fertility. Reducing the unmet need for contraception and changing the contraception method mix could help accelerate the demographic transition.

Improving girls' educational attainment and reducing child marriage would also lower fertility rates and reduce population growth. The earlier women marry, in Tanzania and elsewhere, the more likely they are to bear children early.[16] This ultimately leads women to have more children over their lifetime. Depending on age, child marriage increases the average number of children Tanzanian women bear over their lifetime (total fertility) by 11 to 24 percent; simulations suggest that eliminating child marriage could reduce the national fertility rate by 6 percent. Universal completion of secondary education for girls could have an even larger impact, reducing the fertility rate by 21 percent. Elimination of child marriage and early childbearing

15 As noted in the 11th Tanzania Economic Update (World Bank 2018), *ending child marriage could increase the use of modern contraceptives slightly, but more education for girls does not have a systematic impact on contraceptive use—primary education is associated with higher use of contraception, but not secondary.*

16 According to analysis adapted from Onagoruwa and Wodon 2018.

Table 6: Fertility Rates and Population Growth for Tanzania and Selected Other Countries

	Africa			Asia		
	Tanzania	Kenya	Senegal	Cambodia	Nepal	Vietnam
Fertility rate	5.0	3.9	4.8	2.6	2.1	2.0
Population growth (%)	3.1	2.5	2.8	1.5	1.1	1.0

Source: World Bank 2018.

in Tanzania could reduce the annual rate of population growth by 0.17 percentage points—a reduction in the annual rate of population growth of about 5.5 percent from the base value (3.1 percent).[17] This estimate is similar in magnitude to the estimated reduction in total fertility. Again, reductions in population growth rates could be even larger if all girls were able to complete secondary education, since universal secondary education has more impact on total fertility than eliminating child marriage. Finally, it is important to recognize that if all girls completed secondary education, that would virtually eliminate child marriage, since girls who are in school rarely marry before the age of 18.

Delaying marriage and childbearing and improving educational attainment for girls would have numerous benefits beyond simply reducing fertility rates and population growth. Girls marrying or dropping out of school early are more likely to have poor health and earn less in adulthood, which makes it more likely that their households will be poor. They are also at risk of intimate partner violence and lack decision-making ability within the household. Fundamentally, girls who marry, have children, or drop out of school early are disempowered in ways that deprive them of their basic rights, which affects not just them but also their children. For example, children of young mothers are often at higher risk of dying by age 5, being malnourished, and doing poorly in school. Detailed analysis of these impacts and their associated economic costs are available in the 11th economic update for Tanzania.

Although interventions to delay marriage and childbearing, and thereby reduce fertility, need to be country-specific, lessons can be learned from other countries. Many countries have passed laws to prevent marriage before the age of 18. For educational attainment, especially at the secondary level, there is a need to have schools closer to where both boys and girls live. As an alternative, adequate and safe transportation to schools could be provided, but this is not always feasible. When schools are not too far away, if there are safety concerns, communities may identify responsible members to accompany girls to school and back. Beyond access to schools, providing separate water, sanitation, and hygiene facilities for girls is also important, as is the need to reduce the risk of violence and sexual harassment

17 Estimates for Tanzania are based on an extrapolation of results for 22 countries where simulations were conducted using demographic projection tools. Comparison with impacts on fertility rates suggest that estimates of the reduction in population growth are reasonable, given the measured impacts on fertility through regression analysis.

in school. Lessons from other countries also suggest that programs to provide life skills and reproductive health knowledge, to expand economic opportunities, and to provide incentives for girls to remain in school or delay marriage, are effective.[18]

Also limiting the ability of Tanzania to increase wealth per capita and raise standards of living is gender inequality in earnings. Increasing the earnings of both men and women would help increase HCW per capita, but given the prevailing gender inequality in earnings, policies and programs should place more emphasis on increasing the earnings of women. In 2014, women accounted for 35.5 percent of HCW in Tanzania and men 64.5 percent. Women's human capital could have risen from US$123 billion to US$234 billion in a simple gender equality scenario whereby women would earn as much as men, without losses for men. In other words, gender inequality may have caused a loss in HCW of US$111 billion. With gender equality, in 2014 HCW would have been larger by an estimated 31.9 percent. For total wealth (including natural and produced capital and net foreign assets), the increase would have been an estimated 12.3 percent. Per capita, gender inequality may be costing the country of the order of two thousand dollars per person—a severe loss for a low-income country like Tanzania. Gender equality would certainly have significant benefits.

Like programs to delay marriage and childbearing, interventions to achieve gender equality in earnings must be country-specific, but again there are lessons in the literature in addition to achieving gender parity in educational attainment. Interventions should focus on three main areas: (1) reducing time spent by women in unpaid work and redistributing care responsibilities to increase the time they spend in the labor market; (2) giving women more access to and control of productive assets; and (3) addressing market and institutional failures.[19]

Beyond its impact on human capital wealth, gender inequality affects other development outcomes that have implications for women and their children. Gender inequality has implications not only for women's earnings but also for a wide range of other areas that for simplicity can be considered as pertaining to women's roles at home as wives and mothers rather than their role at work. Gender inequality heightens the risks of child marriage, early childbearing, and less use of modern contraceptives. Children of young and poorly educated mothers are often at greater risk of dying by age 5, being malnourished, and doing poorly in school. Gender inequality at home also raises the risk to women of intimate partner violence. And because their voice and agency are limited, women have less ability to contribute to household decision-making.

18 Botea et al. 2017.

19 Wodon and de la Briere 2018.

2.4 Conclusion

Countries that invest in their people are better positioned to benefit from the changing global economy. They also reduce poverty much faster. Tanzania would be well-advised to reposition the policy and strategic dialogue and the development narrative with human capital at the center. Both should recognize the importance of empowering women's (through child spacing and family planning as well as lessening child marriage and early childbearing); investing in young children (to reduce under-5 mortality and stunting); and both expanding access to secondary education and raising the quality education throughout the system. This report suggests a need for stronger investments in people in Tanzania.

The analysis in this report remains intentionally limited. Many other dimensions could have been considered, such as the distinction between urban and rural areas, or between various parts of the country, so that policies can be adapted to differences in needs at the local level. The report also provides only general directions for programs and policies, as opposed to specific recommendations. The World Bank team is in the process of preparing a set of thematic notes that will provide analysis for various sectors that could inform government decision-making. The government has already made major strides in investing in its people. But more can be done. Tanzania should now move much more deliberately to direct investments to high-impact programs for both the demand and supply sides; increase investments; and target resources to priority regions in order to greatly improve the standards of living of all Tanzanians.

3 Statistical Annexes

STATISTICAL ANNEXES

Annex 1, Key Macroeconomic Indicators

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
National Acciounts and Prices										
GDP at constant market price (% change)	5.3	6.3	7.7	4.5	6.8	6.7	6.2	6.9	6.8	
Agriculture	4.2	3.2	2.5	3.4	2.8	6.9	5.4	4.8	6.0	
Industry	3.4	9.2	11.8	4.2	10.5	6.0	9.7	11.7	10.7	
Service	5.5	7.8	8.2	6.4	5.1	9.3	6.4	6.3	5.3	
Inflation (e.o.p)	12.1	5.1	12.7	16.0	7.9	6.1	5.6	5.2	5.3	3.5
Per capita (in US$)	681.4	726	765	870	969	1000	912	934	1005	1056.0
Fiscal (% of GDP, fiscal year)										
Revenue and grants	16.0	15.2	15.3	15.9	15.4	15.6	14.0	14.8	16.3	16.1
Tax and nontax revenue	12.2	11.8	11.9	12.6	12.8	13.5	12.8	14.3	15.3	15.3
Grants	3.8	3.4	3.4	3.2	2.6	2.1	1.2	0.5	1.0	0.8
Expenditure and net lending	19.6	20.4	19.5	18.9	20.5	18.5	17.1	18.3	17.4	20.0
Overall balance (excluining grants)	-7.4	-8.6	-7.7	-6.2	-7.7	-5.0	-4.3	-4.0	-2.1	-4.8
Overall balance (including grants)	-3.6	-5.2	-4.3	-3.0	-5.1	-2.9	-3.1	-3.5	-1.1	-3.9
Financing	3.4	4.8	4.8	3.6	5.0	3.3	3.3	3.5	1.5	3.9
Foreign financing (net)	2.7	3.4	2.2	3.0	3.9	3.0	3.1	1.4	1.6	2.5
Domestic financing (net)	0.6	1.4	2.6	0.6	1.1	0.3	0.2	2.1	-0.1	1.5
Money and Credit										
M3 (% change)	17.7	25.4	18.2	12.5	10.0	15.6	18.8	3.4	8.0	4.5
Credit to private sector (% change)	9.6	20.0	27.2	18.2	15.3	19.4	24.8	7.2	1.7	4.9
External sector (US$ million unless otherwise)										
Exports (goods and services)	5,086	5,743	7,051	7,987	8,335	8,886	8,877	9,341	8,813	9,447
Imports (goods and services)	7,876	8,365	9,996	12,946	12,871	13,966	13,348	11,597	9,596	11,519
Gross official reserves	2,930	3,482	3,610	3,797	4,357	4,638	4,285	3,870	5,022	4,944
(months of imports)	4.5	5.0	4.3	3.5	4.1	4.0	3.9	4.0	6.3	5.2
Current Account Balance (% of GDP)	-7.8	-7.1	-7.9	-13.1	-10.5	-10.7	-9.8	-6.5	-3.0	-3.8
Exchange rate(Tsh/US$; e.o.p)	1,314	1,379	1,572	1,569	1,603	1,655	1,974	2,179	2,230	2,274
Debt Stock and Service										
Total public debt (% of GDP)	22.9	22.9	25.7	26.8	29.1	30.0	32.4	38.6	38.1	37.8
External debt (public sector, % of GDP)	16.2	17.6	20.2	21.1	22.6	23.2	24.7	30.8	22.3	23.9
Domestic public debt (% of GDP)	6.7	5.3	5.5	5.7	6.5	6.9	7.7	7.8	15.8	13.9

Source: Tanzania authorities, IMF, and World Bank.

Annex 2. Annual Real GDP Growth Rates (Percent Change)

Economic Activity	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture and Fishing	**7.5**	**5.1**	**2.7**	**3.5**	**3.2**	**3.2**	**3.4**	**2.3**	**2.1**	**3.6**
Crops	7.8	5.5	3.7	4.8	4.2	3.5	4.0	2.2	1.4	3.7
Livestock	8.1	5.3	1.4	1.6	1.8	2.0	2.2	2.4	2.6	2.8
Forestry and Hunting	3.8	5.1	3.4	3.3	3.5	4.7	5.1	2.6	3.4	6.3
Fishing	7.2	0.5	0.9	2.6	2.9	5.5	2.0	2.5	4.2	2.7
Source: National Bureau of Statistics.										
Industry and construction	**6.6**	**3.3**	**9.1**	**12.0**	**4.0**	**9.5**	**10.3**	**11.3**	**10.7**	**12.1**
Mining and quarrying	-9.5	18.7	7.3	6.3	6.7	3.9	9.4	9.1	11.5	17.5
Manufacturing	11.4	4.7	8.9	6.9	4.1	6.5	6.8	6.5	7.8	7.1
Electricity	8.1	4.3	13.4	-4.3	3.3	13.0	9.3	5.8	8.3	2.2
Water	2.3	4.6	2.2	-1.2	2.8	2.7	3.7	0.1	4.3	16.7
Construction	9.7	-3.8	10.3	22.9	3.2	14.6	14.1	16.8	13.0	14.1
	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Services	**4.2**	**5.8**	**7.8**	**8.4**	**7.2**	**7.1**	**7.2**	**6.9**	**7.6**	**6.6**
Wholesale and Retail Trade,Repairs	6.8	2.7	10.0	11.3	3.8	4.5	10.0	7.8	6.7	6.0
Transport and storage	3.3	6.9	10.7	4.4	4.2	12.2	12.5	7.9	11.8	16.6
Accomodation and Food Services	1.8	1.0	3.7	4.1	6.7	2.8	2.2	2.3	3.7	3.2
Information and communication	11.9	26.6	24.4	8.6	22.2	13.3	8.0	12.1	13.0	14.7
Financial and insurance activities	18.1	18.4	12.6	14.8	5.1	6.2	10.8	11.8	10.7	1.9
Real estate	1.7	1.8	1.8	1.9	2.0	2.1	2.2	2.2	2.3	2.4
Professional,scientific and technical activities	30.6	15.8	29.9	4.8	-5.8	5.4	0.5	6.8	6.3	6.0
Administrative and support service activities	-1.8	0.4	8.6	5.1	23.8	12.2	6.0	4.7	2.1	3.7
Public administration and Defence	-6.3	-0.7	-5.0	15.9	9.1	7.8	3.9	4.6	6.7	-1.3
Education	9.5	9.2	6.4	5.6	7.4	4.3	4.8	6.3	8.1	8.5
Human Health and social work activities	5.5	7.4	3.3	5.3	11.4	8.8	8.1	4.7	5.2	5.9
Arts, entertainment and recreation	6.4	3.0	7.3	7.7	11.0	5.7	5.7	6.2	8.8	7.6
Other social and personal services	5.1	5.9	6.0	6.2	6.4	6.5	6.7	6.9	7.2	7.3
Activities of households as employers	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.7	3.0	2.7
	0.0									
FISIM	6.8	20.0	7.9	22.6	1.2	0.1	9.7	11.7	16.3	18.5
Net taxes	5.0	12.8	3.8	12.1	0.4	14.2	7.7	9.6	7.8	0.5
	0.0									
Total GDP	**5.6**	**5.4**	**6.4**	**7.9**	**5.1**	**7.3**	**7.0**	**7.0**	**7.0**	**7.1**

Source: National Bureau of Statistics.

Annex 3. Share of Economic Activities in GDP (current market prices)

Economic Activity	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture and Fishing	28.8	30.2	29.9	29.4	31.1	31.2	28.8	29.0	29.2	30.1
Crops	15.3	16.0	16.6	16.5	18.0	17.5	16.1	15.6	15.6	17.0
Livestock	9.3	9.7	9.1	8.7	8.5	8.2	7.3	7.9	7.7	6.9
Forestry and Hunting	2.3	2.3	2.2	2.2	2.5	3.1	3.1	3.5	3.9	4.0
Fishing	1.8	2.2	2.1	2.1	2.2	2.4	2.2	2.1	2.0	2.2
Industry and construction	20.4	18.6	20.3	22.8	21.8	22.7	23.2	24.3	24.9	26.4
Mining and quarrying	3.0	2.8	4.1	5.1	4.9	4.2	3.7	4.0	4.8	4.8
Manufacturing	7.0	6.9	6.9	7.6	7.5	6.4	5.6	5.2	4.9	5.5
Electricity and water	1.7	1.6	1.5	1.0	1.3	1.2	1.6	1.4	1.2	1.0
Electricity	0.9	0.9	0.9	0.6	0.9	0.8	1.1	1.0	0.8	0.5
Water	0.8	0.7	0.6	0.5	0.4	0.5	0.5	0.4	0.4	0.5
Construction	8.8	7.2	7.8	9.0	8.1	10.8	12.4	13.6	14.0	15.0
Services	45.1	45.5	44.2	42.7	41.9	41.0	40.9	40.0	39.1	37.5
Wholesale and Retail Trade,Repairs	9.7	9.9	10.1	10.6	10.4	10.2	10.5	10.7	10.8	11.0
Transport and storage	6.0	6.2	5.8	5.2	4.4	4.2	4.3	4.3	4.3	4.3
Accomodation and Food Services	1.7	1.8	1.6	1.4	1.4	1.3	1.1	1.1	0.9	0.9
Information and communication	2.2	2.4	2.6	2.4	2.4	2.3	2.1	2.0	2.0	2.0
Financial and insurance activities	2.9	3.1	3.2	3.4	3.4	3.3	3.4	3.6	3.6	3.3
Real estate	5.2	5.1	4.6	4.3	4.3	3.8	3.7	3.2	3.0	2.7
Professional,scientific and technical activities	1.4	1.5	1.7	1.5	1.3	1.3	1.3	1.2	1.2	1.1
Administrative and support service activities	2.6	2.4	2.2	2.1	2.3	2.4	2.5	2.4	2.2	2.1
Public administration and Defence	7.0	6.7	6.1	6.3	6.5	7.0	6.6	6.4	6.3	5.4
Education	3.1	3.2	3.1	2.8	2.6	2.7	2.7	2.5	2.4	2.2
Human Health and social work activities	1.6	1.8	1.7	1.6	1.5	1.4	1.4	1.4	1.4	1.4
Arts, entertainment and recreation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other social and personal services	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7
Activities of households as employers	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
FISIM	-0.9	-0.9	-0.9	-1.1	-1.0	-1.2	-1.0	-1.1	-1.0	-0.9
Net taxes	6.6	6.6	6.4	6.2	6.3	6.3	8.1	7.8	7.7	6.9
Total GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics.

Annex 4. Quarterly Real GDP Growth Rates (Percent Change)

Year	Quarter	Agriculture	Mining and quarrying	Manufac-turing	Electricity	Water	Construc-tion	Trade and Repair	Accommodation & restaurant	Transport and storage	Information and communication	Financial & insurance	Public admi-nistration	Professional, Scientific & Technical act.	Administrative & Support services	Real estate	Education	Health	Other services	All indust. at basic prices	Taxes on products	GDP at market prices
2013		2.8	4.5	3.7	8.2	2.7	19.1	4.2	0.9	6.0	11.6	-1.1	9.7	19.5	17.2	4.2	0.3	-3.1	8.9	5.7	17.7	6.8
2014		6.9	6.4	10.0	12.7	3.8	2.5	9.9	3.1	8.7	10.3	10.5	6.7	16.3	19.0	4.2	13.4	8.4	9.8	7.7	-2.2	6.7
2015		5.4	10.0	7.1	-2.0	2.4	12.9	3.6	1.7	5.4	7.8	11.3	7.2	15.7	10.5	4.3	10.4	5.1	5.1	6.9	-1.6	6.2
2016		4.8	7.4	10.8	8.8	6.9	14.5	5.9	4.1	5.7	2.2	1.1	5.4	17.0	19.6	4.3	10.4	5.6	11.7	7.3	1.9	6.9
2017		6.0	5.3	8.2	1.0	8.5	15.1	6.1	3.2	6.7	6.2	-2.8	2.4	14.5	10.8	4.4	7.3	7.6	10.3	7.0	4.5	6.8
2013	1	0.4	-11.5	-4.5	10.6	1.0	18.2	-2.6	3.6	25.7	10.7	-4.5	11.7	20.8	13.6	4.1	-1.4	-3.2	10.0	3.7	12.6	4.5
	2	3.7	3.0	0.2	7.6	0.8	16.8	1.6	1.3	3.1	13.0	-1.0	15.7	20.0	16.2	4.1	3.5	-1.9	8.7	5.2	24.0	6.8
	3	2.6	5.0	11.9	4.9	-7.1	18.8	9.7	-1.2	1.6	9.4	-0.5	8.8	19.2	18.4	4.2	-0.7	-4.6	7.9	6.7	20.4	8.0
	4	4.2	22.2	7.6	9.7	16.1	22.4	8.6	0.2	-2.5	13.2	1.5	4.2	18.2	20.2	4.2	-0.1	-2.6	9.0	7.2	14.5	7.9
2014	1	5.7	25.3	11.1	20.5	0.7	1.7	12.4	4.3	7.0	9.8	12.4	12.3	17.2	21.4	4.2	12.1	7.7	11.2	8.6	8.0	8.5
	2	9.3	2.5	10.3	3.3	5.2	18.7	10.1	4.5	7.7	10.9	10.9	8.2	16.5	20.9	4.2	13.6	8.8	11.5	10.2	-5.6	8.7
	3	6.0	6.2	6.6	17.9	13.0	-6.7	7.5	2.1	11.4	15.5	9.0	4.1	16.0	18.8	4.2	14.0	6.9	9.2	5.8	-4.8	4.7
	4	6.6	-4.2	12.1	9.6	-2.4	-1.7	9.8	1.6	8.7	5.6	9.9	3.4	15.6	15.3	4.2	13.9	10.3	7.3	6.3	-5.8	5.1
2015	1	4.3	-1.5	6.9	4.9	10.2	11.7	1.9	0.0	1.8	12.7	9.2	2.6	15.5	10.7	4.2	9.3	2.7	4.4	5.1	-18.1	2.9
	2	8.0	10.7	6.6	9.0	-1.9	7.3	5.8	1.7	3.7	8.6	9.0	4.4	15.5	9.0	4.3	9.2	0.8	4.2	6.9	4.7	6.7
	3	4.6	3.3	8.5	-10.2	2.6	16.7	6.3	2.9	4.6	6.6	12.0	11.0	15.7	9.7	4.3	12.0	9.0	5.1	7.6	7.6	7.6
	4	4.6	27.2	6.4	-9.8	-0.6	16.4	0.7	2.2	11.3	4.1	14.7	10.2	16.0	12.6	4.3	10.8	7.9	6.8	8.1	0.6	7.4
2016	1	2.8	10.2	13.4	1.4	-1.1	17.3	9.6	3.3	9.9	3.8	11.5	19.6	16.5	17.8	4.3	20.6	15.7	9.2	9.4	13.0	9.7
	2	8.0	14.9	9.7	5.4	8.6	11.4	5.6	0.6	8.6	2.1	4.1	15.5	16.9	20.5	4.3	17.9	11.2	10.8	9.2	-2.5	8.2
	3	6.0	14.4	7.3	11.7	4.0	23.4	6.4	3.6	5.1	2.2	-2.1	-6.2	17.2	20.9	4.3	1.7	-4.2	12.3	7.7	-3.8	6.6
	4	3.1	-6.3	13.2	17.5	16.0	6.6	2.2	8.8	-0.2	1.0	-7.9	-3.9	17.4	19.1	4.3	3.7	1.1	14.3	3.5	2.9	3.4
2017	1	6.5	9.9	5.2	4.4	1.6	12.0	1.9	4.7	5.3	12.6	-5.8	-5.9	17.6	15.5	4.4	1.3	0.1	12.6	5.5	-3.0	4.9
	2	14.7	-4.6	9.6	-1.0	4.2	21.2	5.1	3.5	5.0	6.4	-2.5	0.1	16.4	12.3	4.4	5.6	6.8	11.4	7.1	0.3	6.6
	3	4.1	4.2	13.7	3.9	10.0	-0.3	5.8	2.5	6.9	1.9	-5.3	7.5	14.0	9.3	4.4	11.3	11.1	9.8	5.1	4.0	5.0
	4	6.4	12.1	4.5	-3.1	16.4	28.8	11.3	2.3	9.6	4.5	2.6	8.3	10.5	6.5	4.4	11.0	12.8	7.7	9.8	15.6	10.3
2018	1	5.5	-5.7	5.4	-0.5	3.7	13.2	4.2	3.8	8.8	14.3	-2.7	12.2	8.4	4.5	4.4	12.4	18.3	5.0	6.5	15.1	7.1
	2	6.4	6.8	3.7	5.0	6.1	2.8	4.1	9.3	13.6	14.7	-1.7	3.4	7.9	4.8	4.4	5.5	6.9	5.2	5.5	16.3	6.3
	3	4.0	1.9	7.3	3.7	10.7	7.4	7.1	5.7	12.4	7.3	4.7	7.2	8.4	5.7	4.4	7.6	13.2	2.7	6.5	10.6	6.8

Source: National Bureau of Statistics.

Annex 5. Inflation Rates (Percent Change)

Month	Headline Overall Index	Food & Non Alcoholic Beverages (Exclude Food consumed at Restaurants)	Transport	Housing, Water,Electricity,Gas & Other Fuel	Furnishing, Housing Equipment & Routine Maintenance of House	Clothing & Footwear	Restaurants and Hotels	Miscel. Goods and Services	Alcoholic and Tobacco	Communi-cation & Entertainment	Education	Recreation & Culture	Health
Weight (%)	**100.0**	**47.8**	**9.5**	**9.2**	**6.7**	**6.72**	**6.4**	**4.5**	**3.3**	**2.1**	**1.7**	**1.3**	**0.9**
Jan 2017	5.2	7.6	0.6	9.5	3.3	3.4	3.9	2.3	5.0	-0.9	1.8	0.7	4.8
Feb 2017	5.5	8.7	0.6	8.7	3.8	3.2	3.9	1.9	5.2	-1.5	0.8	1.4	3.3
Mar 2017	6.4	11.0	1.6	6.8	3.9	3.4	3.6	3.6	5.2	-0.1	0.8	1.2	3.0
Apr 2017	6.4	11.8	1.9	5.8	3.1	3.9	0.8	4.3	3.5	-0.5	0.8	1.3	2.5
May 2017	6.1	11.6	1.3	4.6	3.2	3.7	0.9	4.0	3.0	-0.8	0.7	1.2	2.9
Jun 2017	5.4	9.6	0.4	7.1	3.2	3.8	0.7	3.7	3.0	-1.0	0.8	0.8	2.2
Jul 2017	5.2	8.9	0.1	7.1	3.3	3.8	0.8	4.0	2.4	-1.0	0.9	1.0	2.4
Aug 2017	5.0	8.6	-0.6	8.9	2.7	3.4	-0.3	3.7	2.5	-1.1	0.8	1.3	2.0
Sep 2017	5.3	9.3	-0.3	8.8	2.6	3.4	-0.3	3.4	2.5	-1.0	0.8	1.9	1.9
Oct 2017	5.1	8.8	0.2	7.6	2.8	3.4	0.6	3.0	2.6	-0.9	0.8	1.9	2.1
Nov 2017	4.4	7.4	0.1	7.8	1.8	3.1	0.3	2.6	2.5	-1.0	0.8	1.6	2.0
Dec 2017	4.0	6.2	0.0	8.3	1.3	2.9	0.3	2.5	2.6	-1.0	0.8	0.9	2.0
Jan 2018	4.0	6.3	0.3	7.1	1.8	2.7	0.8	2.6	2.6	-1.0	2.5	2.0	1.6
Feb 2018	4.1	5.4	1.6	8.6	1.6	3.3	0.9	2.7	2.3	-0.2	2.5	1.5	1.6
Mar 2018	4.0	4.7	1.4	10.4	1.9	3.2	0.8	1.2	2.0	-0.2	2.4	1.1	1.6
Apr 2018	3.8	3.6	1.8	13.1	2.0	2.6	0.8	0.9	1.6	0.1	2.4	1.2	1.6
May 2018	3.6	2.6	1.9	15.0	2.3	2.4	1.0	1.2	1.3	0.1	2.3	0.7	1.2
Jun 2018	3.4	3.4	1.7	12.0	2.4	2.2	0.7	1.4	0.3	-2.6	2.6	0.5	1.4
Jul 2018	3.3	2.8	2.5	12.3	2.6	2.4	0.8	1.2	0.8	-2.7	2.5	0.4	0.7
Aug 2018	3.3	2.2	3.4	12.3	3.1	2.7	1.1	1.2	1.2	-2.6	2.5	-0.2	1.7
Sep 2018	3.4	2.0	2.8	13.1	3.0	3.2	1.9	1.3	1.9	-2.6	2.5	-0.2	1.3
Oct 2018	3.2	1.2	3.0	14.1	2.8	3.4	1.9	1.6	1.9	-2.7	2.4	-1.0	0.8
Nov 2018	3.0	0.4	5.1	13.4	2.9	3.3	1.9	1.7	1.6	-2.7	2.4	-0.7	0.8
Dec 2018	3.3	1.0	5.1	12.1	4.0	3.6	2.7	2.6	2.2	-2.6	2.4	0.1	1.0
Jan 2019	3.0	0.7	4.0	11.7	3.9	3.7	2.6	2.5	2.2	-2.4	2.0	0.2	1.0
Feb 2019	3.0	2.0	4.1	15.4	4.3	3.9	3.8	2.7	2.6	-1.9	2.0	0.2	1.5
Mar 2019	3.1	3.7	5.1	18.9	5.1	4.1	5.2	3.2	3.3	-1.0	2.1	0.3	1.9

Source: National Bureau of Statistics.

Annex 6. Food Crop Prices (Regional Averages, TZS per 100Kg)

	Maize			*Rice*			*Wheat*			*Beans*			**Sorghum**		
Month Year	Arusha	Dar es Salaam	Mbeya	Arusha	Dar es Salaam	Mbeya	Arusha	Dar es Salaam	Mbeya	Arusha	Dar es Salaam	Mbeya	Arusha	Dar es Salaam	Mbeya
Jan 2016	70,515	64,942	68,000	158,859	193,322	162,500	83,364	129,195	116,818	168,208	201,097	143,182	83,542	88,276	-
Feb 2016	66,269	66,122	64,455	183,942	194,093	162,500	78,917	134,880	122,273	145,756	194,802	145,000	71,109	106,756	-
Mar 2016	59,908	64,428	60,400	185,250	191,493	171,000	75,967	124,484	125,000	131,617	183,556	157,000	74,733	109,673	-
Apr 2016	54,612	63,417	53,875	168,846	187,139	163,333	73,000	120,833	131,875	124,833	177,618	152,500	68,038	117,167	-
May 2016	47,955	58,881	53,400	161,515	173,144	154,250	88,894	109,630	119,500	131,970	176,486	137,500	63,773	111,074	-
Jun 2016	50,972	59,974	50,923	158,194	162,884	136,346	77,806	115,019	110,385	122,472	177,866	135,192	68,042	99,103	80,000
Jul 2016	52,188	60,000	48,708	163,146	164,730	135,375	77,667	119,286	113,750	133,035	178,585	135,000	62,542	99,405	-
Aug 2016	49,625	58,840	49,038	164,167	163,770	138,846	75,104	117,708	110,000	137,660	185,470	135,000	55,389	95,833	-
Sep 2016	51,514	59,702	49,833	160,451	161,635	136,250	74,986	116,667	114,792	151,354	179,110	135,000	71,264	96,167	-
Oct 2016	59,674	65,310	53,364	159,410	163,929	140,000	77,625	119,643	116,818	153,299	188,095	135,000	69,208	102,500	-
Nov 2016	67,389	74,566	59,583	162,708	162,866	140,000	77,764	114,848	117,500	152,882	188,923	135,000	65,215	101,852	-
Dec 2016	77,381	92,193	62,800	156,845	163,115	140,000	77,500	115,167	118,500	155,952	188,079	136,400	65,262	99,071	-
Jan 2017	97,833	98,298	79,031	165,000	172,443	146,500	76,667	117,413	116,241	176,875	194,732	140,583	73,500	106,424	-
Feb 2017	118,286	104,402	95,263	173,155	181,770	153,000	75,834	119,660	113,981	197,798	201,385	144,767	81,738	113,777	-
Mar 2017	99,136	107,325	90,769	162,955	188,293	174,885	80,200	124,741	118,800	186,250	207,774	162,692	81,750	125,833	-
Apr 2017	117,500	124,854	84,542	195,000	185,868	179,375	77,500	136,111	117,188	213,333	209,826	156,800	87,500	142,458	-
May 2017	93,833	103,190	81,556	182,000	191,025	178,889	78,500	138,182	118,958	165,500	203,121	155,000	78,083	137,587	-
Jun 2017	89,125	82,530	75,583	178,269	183,198	170,000	76,458	126,573	107,179	168,056	200,042	154,042	78,250	139,042	-
Jul 2017	62,500	73,429	72,214	188,333	183,750	174,286	72,167	118,643	105,833	158,333	205,357	155,286	74,167	122,500	-
Aug 2017	52,286	52,880	66,313	183,571	177,220	157,100	64,500	124,065	98,611	162,500	197,494	154,444	66,333	98,042	-
Sep 2017	54,100	53,491	64,000	180,111	182,180	181,375	68,450	129,583	133,333	161,071	200,835	181,464	57,389	98,393	-
Oct 2017	53,714	54,207		200,313	191,389		66,214	121,404		166,875	194,681		62,357	95,148	-
Nov 2017	51,417	52,288	50,333	177,000	188,054	181,667	69,000	118,167	134,167	197,500	201,736	210,833	59,500	89,885	-
Dec 2017	52,625	52,083	53,000	201,563	189,306	188,750	67,071	113,722	192,000	175,000	200,000	200,000	66,222	83,000	-
Jan 2018	51,750	47,828	49,000	210,000	189,643	185,833	73,900	110,889	125,000	160,000	207,917	207,500	62,833	86,917	-
Feb 2018	48,417	49,427		203,000	196,563		72,778	114,115		160,313	197,135		58,429	79,690	-
Mar 2018	48,091	54,958		179,708	194,750		69,850	126,538		145,000	193,281		55,278	79,091	-
Apr 2018	46,333	46,375		216,667	210,000		70,625	128,750			199,375		56,500	101,250	
May 2018	46,500	49,333	35,000	190,000	170,000	195,000	72,500	130,000	141,000	155,000	206,667	147,000	61,000	85,000	
Jun 2018	44,300	49,286	35,000	185,000	171,071	186,667	65,600	126,429	136,833	149,500	185,000	151,583	48,100	92,857	
Jul 2018	43,833	42,167	35,000	185,000	145,000	190,000	63,167	125,833	136,000	137,500	186,667	152,500	46,333	85,000	
Aug 2018	37,250	45,483		181,875	164,188		63,188	127,500		118,750	191,875		44,688	88,083	
Sep 2018	35,182	40,855		360,000	328,788		63,591	119,377		118,409	190,269		47,727	80,758	
Oct 2018	34,071	36,524	31,000	180,000	167,024	180,000	63,857	127,381	100,000	120,000	186,429	170,000	44,000	76,190	90,000
Dec 2018	42,667	52,528	36,000	168,750	158,889	140,417	66,958	117,917	118,750	121,667	185,333	180,833	59,375	75,375	101,208
Jan 2019	43,275	58,200	36,000	177,000	171,333	140,000	66,500	126,667	120,000	123,500	192,567	180,000	39,100	77,667	101,500
Feb 2019	43,111	65,241	39,000	180,000	184,630	180,000	78,000	133,889	120,000	127,778	197,963	170,000	36,556	76,019	101,500

Source: Ministry of Industry, Trade, and Marketing.

Annex 7, Food Crops Prices (National Average, TZS per 100Kg.)

Month-Year	Beans	Maize	Rice	Round Potatoes	Sorghum
Jan-16	173,501.3	67,044.9	178,803.4	78,980.5	85,906.5
Feb-16	171,919.0	67,316.0	184,137.0	77,635.0	92,338.0
Mar-16	158,487.4	64,206.9	178,886.3	77,352.7	91,720.6
Apr-16	151,563.0	57,944.7	174,746.3	86,147.2	90,966.1
May-16	150,429.7	54,992.3	158,951.0	91,921.1	93,853.6
Jun-16	149,124.8	53,987.4	148,128.8	89,686.5	97,810.8
Jul-16	149,624.0	55,803.0	144,652.1	84,006.7	89,777.2
Aug-16	149,699.1	55,855.5	139,595.8	82,074.3	89,885.7
Sep-16	151,356.5	56,984.0	138,550.5	77,548.2	84,896.4
Oct-16	164,655.8	64,054.5	145,466.1	81,764.0	96,777.5
Nov-16	169,725.8	72,620.2	147,787.4	81,385.9	102,690.8
Dec-16	171,742.9	85,159.8	152,274.2	79,426.4	104,545.1
Jan-17	175,602.4	93,356.3	162,745.3	83,467.5	94,899.7
Feb-17	179,461.8	101,552.9	173,216.4	87,508.7	85,254.4
Mar-17	180,705.0	103,143.0	171,760.0	78,960.0	117,288.0
Apr-17	182,930.0	106,077.0	177,932.0	81,556.0	133,440.0
May-17	176,695.0	94,915.0	177,830.0	84,572.0	123,913.0
Jun-17	171,701.0	81,938.0	175,283.0	82,145.0	117,939.0
Jul-17	165,057.0	69,693.0	170,895.0	77,478.0	101,856.0
Aug-17	168,027.0	57,629.0	170,855.0	70,653.0	95,879.0
Sep-17	172,795.0	56,401.0	179,845.0	68,494.0	88,864.0
Oct-17	164,917.2	54,389.2	187,153.5	67,159.4	88,897.5
Nov-17	178,768.9	50,818.8	184,648.0	67,465.8	74,250.8
Dec-17	175,312.5	61,402.9	192,401.4	70,613.5	74,915.7
Jan-18	177,044.3	49,880.4	194,293.5	76,225.9	76,809.1
Feb-18	178,078.5	48,530.1	199,294.9	70,096.2	72,134.7
Mar-18	166,248.2	45,876.4	180,224.3	69,900.9	78,401.5
Apr-18	170,814.2	42,662.3	195,545.6	69,903.5	76,636.7
May-18	174,586.7	41,850.4	170,952.5	70,983.6	91,327.2
Jun-18	165,420.6	42,721.9	160,080.8	74,153.3	87,824.4
Jul-18	161,234.1	41,282.9	153,053.2	77,358.1	68,168.0
Aug-18	153,880.6	40,520.1	146,181.4	79,721.3	80,448.4
Sep-18	154,304.0	39,908.0	247,492.0	81,736.0	76,052.0
Oct-18	158,809.5	33,865.1	175,674.6	81,558.0	70,063.5
Dec-18	162,611.1	43,731.5	156,018.5	86,598.0	78,652.8
Jan-19	165,355.6	45,825.0	162,777.8	82,434.0	72,755.6
Feb-19	165,246.9	49,117.3	181,543.2	75,069.0	71,358.0

Source: Ministry of Industry, Trade, and Marketing.

Annex 8. Balance of Payments (Percent of GDP, except where noted otherwise)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1. CA balance (including transfers)	**-7.8**	**-7.1**	**-7.9**	**-13.1**	**-10.5**	**-10.7**	**-9.8**	**-6.5**	**-3.0**	**-3.8**	**-3.9**
Exports of Goods	11.7	12.4	15.0	15.5	12.9	12.0	11.1	12.4	9.9	9.0	8.5
o/w Gold											
Import of Goods	-21.6	-20.2	-20.1	-22.4	-25.3	-22.5	-23.5	-23.7	-20.6	-20.9	-21.7
Services (net)	0.6	0.5	0.5	0.2	1.3	1.4	1.7	2.0	3.6	3.2	3.1
Trade balance	-10.6	-9.1	-9.5	-14.1	-12.1	-12.3	-10.9	-7.4	-5.6	-5.9	-5.9
Income (net)	-1.1	-1.5	-1.9	-1.8	-1.5	-1.4	-1.8	-1.9	-1.9	-1.9	-1.9
Current transfers (net)	3.4	2.9	3.0	2.6	1.9	1.6	1.2	0.7	0.9	0.8	0.8
2. Capital and financial account	**8.3**	**8.9**	**10.3**	**11.5**	**12.2**	**10.1**	**7.9**	**6.1**	**5.3**	**4.5**	**4.3**
Capital account	1.4	1.7	1.7	2.2	1.8	**1.6**	0.9	0.7	0.9	0.9	0.8
Financial account	6.9	7.2	8.5	9.4	10.4	8.5	7.0	5.3	4.5	3.6	3.5
o/w Direct investment	3.9	3.2	4.6	4.2	4.6	4.4	3.4	3.3	1.8	1.9	1.8
3. Net errors and omission	**-0.4**	**-0.2**	**-2.1**	**2.4**	**-0.6**	**1.1**	**1.4**	**-0.3**	**0.1**	**0.6**	**0.0**
4. Overall balance	**0.1**	**1.6**	**0.3**	**0.8**	**1.1**	**0.5**	**-0.6**	**-0.8**	**2.4**	**1.2**	**0.4**
5. Reserves and related items	**-0.1**	**-1.6**	**-0.3**	**-0.8**	**-1.1**	**-0.5**	**0.6**	**0.8**	**-2.4**	**-1.2**	**-0.4**
Reserves assets	-0.9	-1.9	-0.4	-0.8	-1.4	-0.5	0.7	0.9	-2.3	-1.0	-0.2
Use of Fund credit and loans	0.9	0.3	0.1	-0.1	0.3	0.0	-0.1	-0.1	-0.2	-0.2	-0.2

Source: Bank of Tanzania, IMF, and World Bank.

Annex 9. Fiscal Framework (Percent of GDP)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Revenue and grants	16.0	15.2	15.3	15.9	15.4	15.6	14.0	14.8	16.3	16.1	16.5
Domestic revenue	12.2	11.8	11.9	12.6	12.8	13.5	12.8	14.3	15.3	15.3	15.5
Tax Revenues	11.5	10.9	11.0	11.3	11.7	12.3	11.6	12.8	12.9	13.0	13.2
Non-Tax Revenues	0.7	0.9	0.9	1.3	1.1	1.2	1.3	1.5	2.4	2.2	2.2
Grants	3.8	3.4	3.4	3.2	2.6	2.1	1.2	0.5	1.0	0.8	1.1
Program grants	2.3	2.3	2.2	1.8	1.2	0.9	0.6	0.1	0.3	0.3	0.3
o/w Basket funds	0.6	0.6	0.7	0.5	0.4	0.3	0.1	0.1	0.2	0.2	0.2
Project grants	1.3	1.1	0.8	1.1	1.0	0.9	0.6	0.4	0.7	0.5	0.8
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure and net lending	19.6	20.4	19.5	18.9	20.5	18.5	17.1	18.3	17.4	20.0	21.1
Recurrent Expenditure	13.3	14.0	13.9	12.2	14.3	13.7	12.8	13.8	10.7	11.2	11.7
Wages and compensation	4.6	4.2	4.9	4.8	5.1	5.3	5.4	5.8	5.2	5.1	5.2
Interest Payments	0.7	0.6	0.7	0.8	1.2	1.3	1.5	1.5	1.6	1.5	1.9
Domestic	0.6	0.5	0.6	0.6	0.9	1.0	1.1	1.0	1.1	0.9	1.3
Foreign	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.5	0.5	0.6	0.6
Goods, services, and transfers	8.0	9.1	8.3	6.7	8.0	7.1	5.9	6.5	4.0	4.6	4.6
Development Expenditure	6.3	6.4	5.7	6.6	6.2	4.9	4.4	4.5	6.7	8.8	9.4
Domestically financed	2.6	2.5	2.0	3.3	2.9	2.5	2.7	3.0	4.7	6.7	6.2
Foreign financed	3.7	3.9	3.7	3.3	3.3	2.4	1.7	1.5	2.0	2.1	3.3
Overall balance (including grants)	-3.4	-4.8	-4.8	-3.6	-5.0	-3.3	-3.3	-3.5	-1.5	-3.9	-4.6
Financing	3.4	4.8	4.8	3.6	5.0	3.3	3.3	3.5	1.5	3.9	4.6
Foreign financing (net)	2.7	3.4	2.2	3.0	3.9	3.0	3.1	1.4	1.6	2.5	3.8
Gross foreign borrowing	2.8	3.6	2.3	3.2	4.1	3.3	3.4	2.0	2.6	3.4	4.6
Program loans	1.4	1.8	0.8	0.7	0.8	1.0	0.6	0.5	0.2	0.9	0.6
Project loans	1.4	1.7	1.3	1.0	1.1	0.7	0.8	0.8	1.2	1.1	2.1
Nonconcessional loans	0.0	0.0	0.2	1.4	2.2	1.6	2.0	0.7	1.2	1.3	1.9
Amortization	-0.1	-0.2	-0.1	-0.1	-0.2	-0.2	-0.3	-0.6	-0.8	-1.0	-0.8
Domestic borrowing (net)	0.6	1.4	2.6	0.6	1.1	0.3	0.2	2.1	-0.1	1.5	0.8

Source: Tanzania authorities, IMF, and World Bank.

Annex 10. Monetary Aggregates (Percent of GDP, except where noted otherwise)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Monetary aggregates										
M3 as % of GDP	22.9	24.6	24.1	23.5	22.1	22.5	23.4	21.1	20.8	20.3
M2 as % of GDP	17.2	18.0	17.1	17.2	16.3	16.8	16.7	15.3	15.4	15.0
M3 growth rate (%)	17.7	25.4	18.2	12.5	10.0	15.6	18.8	3.4	8.0	4.5
M2 growth rate (%)	20.8	21.8	15.0	16.0	10.9	17.0	13.4	5.3	10.4	3.8
Domestic credit										
Total Domestic credit (% of GDP)	13.3	15.2	16.8	17.7	17.7	19.4	21.6	19.3	17.0	17.5
Total domestic credit growth (%)	21.3	32.8	33.8	21.3	17.4	24.1	26.8	2.5	-3.4	10.1
Private Sector credit (% of GDP)	13.0	13.4	14.1	14.5	14.2	15.0	16.4	15.3	14.2	14.0
Private Sector credit growth (%)	9.6	20.0	27.2	18.2	15.3	19.4	24.8	7.2	1.7	4.9
Interest rates structure										
Overall Tbills rate (period average, %)	8.3	4.8	8.3	13.6	13.6	13.6	12.9	16.2	11.1	6.4
Average lending rate (%)	15.0	14.6	15.0	15.6	15.6	16.2	16.1	16.0	17.6	17.3
Average deposit rate(%)	6.8	5.9	6.3	8.4	8.3	8.4	8.9	9.2	10.0	8.2

Source: Bank of Tanzania.

Annex 11. Interest Rates Structure (Percent)

Item (Percent)	2017						2018												2019
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
A: Domestic Currency																			
1. Interbank Cash Market Rates																			
Overnight	4.4	4.4	3.9	3.4	3.2	3.0	2.7	1.8	1.5	1.3	1.5	1.7	2.0	1.9	1.9	2.1	2.4	3.0	3.6
2 to 7 days	5.1	5.1	4.6	4.2	3.7	3.4	3.2	2.1	2.0	1.7	2.0	2.1	2.3	2.4	2.7	2.6	3.1	3.4	4.0
8 to 14 days	5.8	7.1	4.9	4.1	3.8	4.0	4.1	2.6	1.9	1.7	2.0	2.2	2.3	2.7	3.3	2.9	3.9	4.1	4.8
15 to 30 days	6.2	7.7	6.3	6.3	4.0	5.4	4.2	3.9	3.5	3.5	3.5	3.3	1.5	4.0	4.0	4.3	4.3	4.7	4.5
31 to 60 days	9.0	7.5	6.5	6.5	9.0	9.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
61 to 90 days	16.8	16.8	9.0	9.0	9.0	9.0	8.5	8.5	3.3	3.3	3.3	3.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5
91 to 180 days	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0						
181 and above	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9						
Overall Interbank cash market rate	**4.9**	**4.9**	**4.9**	**3.7**	**3.5**	**3.3**	**3.0**	**2.0**	**1.7**	**1.5**	**1.7**	**1.9**	**2.1**	**2.2**	**2.3**	**2.3**	**2.7**	**3.3**	**3.7**
2. Lombard Rate	**7.2**	**7.2**	**7.2**	**6.9**	**6.8**	**6.8**	**5.1**	**3.9**	**3.0**	**3.0**	**3.7**	**3.7**	**3.6**	**4.0**	**4.1**	**4.1**	**4.1**	**4.5**	**5.3**
3. REPO Rate	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**	**1.1**	**1.0**	**1.2**	**2.5**	**2.5**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**
4. Reverse REPO Rate	**4.9**	**6.6**	**4.9**	**4.0**	**5.0**	**4.6**	**5.2**	**5.2**	**5.2**	**2.3**	**4.0**	**3.3**	**3.8**	**3.8**	**4.3**	**5.4**	**6.6**	**4.8**	**4.1**
5.Treasury Bills Rates																			
35 days	4.8	4.8	4.8	4.6	4.5	4.5	3.4	2.6	2.0	2.0	2.0	2.0	2.3	2.7	2.7	2.7	2.7	3.0	3.0
91 days	4.9	4.1	4.1	4.0	4.0	4.0	3.8	3.5	2.5	2.1	1.9	2.7	2.9	3.0	3.0	3.0	3.0	3.5	3.5
182 days	8.5	9.4	8.9	7.5	7.2	5.9	4.3	3.9	3.4	3.1	2.7	2.7	3.8	5.3	5.1	5.0	5.2	5.3	5.3
364 days	9.8	11.4	11.4	10.5	9.6	8.7	7.5	6.6	5.5	4.7	4.8	6.3	7.6	8.1	8.0	8.1	8.6	9.2	9.3
Overall Treasury bills rate	**9.1**	**10.6**	**10.6**	**9.4**	**8.9**	**8.2**	**6.5**	**5.5**	**4.7**	**4.0**	**4.3**	**5.6**	**7.5**	**7.6**	**7.2**	**7.4**	**8.2**	**8.7**	**8.5**
6.Treasury Bonds Rates																			
2-years	12.5	12.5	11.8	11.8	11.8	11.1	11.1	9.2	9.2	8.5	8.5	8.5	8.5	9.0	9.0	10.5	10.5	10.5	11.4
5-years	13.1	14.0	14.0	14.0	13.6	13.6	12.2	12.2	11.1	11.1	11.1	11.3	11.3	11.9	11.9	11.9	12.0	12.0	12.0
7-years	16.5	14.3	14.3	15.0	15.0	14.0	14.0	13.0	13.0	13.0	12.2	12.2	12.2	12.3	12.3	12.3	12.6	12.6	12.6
10-years	14.8	15.8	15.8	15.9	15.9	15.9	15.1	15.1	13.9	13.9	13.9	13.9	14.4	14.4	14.4	14.4	14.4	14.9	14.9
15-years	16.2	16.2	16.7	16.7	15.9	15.9	14.7	14.7	14.7	14.2	14.2	14.5	14.8	14.8	14.8	15.0	15.0	15.0	15.5
20-years															17.7	17.7	17.7	17.7	17.7
7. Discount Rate or Bank Rate	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**	**9.0**	**9.0**	**9.0**	**9.0**	**9.0**	**9.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**
8. Savings Deposit Rate	**3.1**	**3.2**	**2.9**	**2.8**	**2.8**	**2.8**	**2.9**	**2.8**	**2.8**	**2.2**	**2.1**	**2.1**	**2.3**	**2.7**	**2.7**	**2.6**	**2.6**	**2.6**	**2.6**
9. Overall Time Deposits Rate	**10.6**	**10.2**	**9.8**	**9.8**	**9.6**	**9.6**	**9.5**	**8.9**	**8.6**	**8.6**	**8.1**	**8.4**	**7.8**	**7.6**	**8.2**	**7.8**	**7.7**	**7.5**	**7.3**
1 month	11.2	11.2	10.7	9.2	9.7	10.3	10.4	10.3	9.5	9.2	8.9	9.2	8.0	8.2	8.8	9.7	9.8	8.9	9.2
2 months	11.8	11.5	9.8	11.7	10.7	11.2	11.2	10.1	8.7	9.1	8.8	8.4	8.6	8.3	9.4	8.3	7.6	8.2	7.3
3 months	11.3	9.5	11.6	10.5	10.9	11.0	10.0	8.4	8.9	8.5	7.7	9.1	7.6	7.9	8.0	7.3	7.6	7.3	6.6
6 months	11.5	11.3	11.4	11.2	10.5	10.2	9.8	9.3	9.0	9.0	9.1	9.1	8.4	8.4	8.8	8.1	7.4	7.4	7.4
12 months	11.9	11.7	11.7	11.3	11.3	10.9	10.8	10.1	9.9	9.2	8.7	8.9	8.4	7.8	7.4	8.0	7.9	8.4	8.7
24 months	12.8	12.3	11.2	12.2	12.1	11.8	12.4	12.2	12.1	13.5	11.8	11.9	12.0	11.9	13.7	11.4	11.3	10.3	10.1
10. Negotiated Deposit Rate	**12.5**	**11.8**	**11.6**	**10.8**	**11.1**	**11.0**	**10.9**	**10.4**	**10.2**	**9.9**	**9.4**	**9.4**	**9.4**	**9.4**	**9.0**	**8.4**	**8.9**	**9.2**	**8.9**
11. Overall Lending rate	**17.6**	**17.8**	**18.5**	**17.5**	**17.4**	**18.4**	**18.2**	**17.3**	**17.5**	**17.5**	**17.5**	**17.3**	**17.3**	**17.1**	**17.5**	**17.1**	**17.0**	**16.7**	**17.2**
Short-term (up to 1year)	18.9	18.9	18.7	18.7	18.0	18.2	18.3	18.0	18.5	18.2	18.1	17.6	18.0	18.2	18.7	17.8	18.2	17.8	17.0
Medium-term (1-2 years)	18.9	19.5	19.4	18.4	18.6	19.9	19.8	18.9	19.4	19.5	18.8	18.7	18.4	17.9	18.3	17.8	17.7	17.6	18.2
Medium-term (2-3 years)	17.2	17.4	18.8	17.2	16.9	18.6	18.7	16.7	16.6	16.7	17.3	17.0	16.9	17.4	17.8	17.4	17.3	17.1	17.8
Long-term (3-5 years)	17.8	17.9	19.4	17.9	17.9	19.1	18.8	18.0	17.9	17.9	17.9	17.5	17.6	16.8	17.1	16.7	16.6	16.2	17.1
Term Loans (over 5 years)	15.4	15.6	15.9	15.3	15.7	16.3	15.3	14.8	15.0	15.3	15.6	16.0	15.5	15.2	15.8	15.9	15.1	14.9	16.1
12. Negotiated Lending Rate	**17.3**	**17.4**	**17.9**	**17.7**	**17.1**	**16.8**	**15.9**	**16.2**	**16.5**	**16.2**	**16.0**	**16.2**	**16.2**	**15.9**	**15.7**	**14.9**	**15.9**	**15.3**	**14.9**
B: Foreign Currency																			
Savings Deposits Rate	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.2**	**0.7**	**1.2**	**0.8**	**0.8**	**1.1**	**1.0**	**0.8**	**0.7**	**1.1**	**0.7**	**1.6**	**1.9**	**2.0**
Overall Time Deposits Rate	3.7	3.3	3.4	3.7	3.8	3.4	4.1	4.1	3.9	4.0	3.7	3.5	3.4	3.5	3.5	3.5	3.6	3.6	3.4
1-months	4.1	2.2	2.0	3.2	3.8	2.5	3.7	4.0	4.2	3.8	4.2	3.8	3.3	3.4	3.4	3.5	3.2	3.4	3.3
2-months	3.6	3.3	3.4	4.0	3.8	2.9	4.3	4.4	3.7	4.4	3.8	3.4	3.6	3.2	3.9	4.0	4.5	4.6	4.5
3-months	3.6	3.7	3.8	3.3	3.0	3.9	4.6	3.7	4.4	5.2	3.5	3.7	3.7	3.8	3.5	3.1	3.3	3.3	3.2
6-months	3.7	3.5	3.5	3.7	4.1	4.0	4.7	4.7	3.9	3.8	3.7	3.7	3.5	4.1	3.5	3.9	3.6	3.3	3.2
12-months	3.7	3.8	4.4	4.2	4.2	3.7	3.4	3.7	3.4	3.0	3.1	2.8	2.9	3.0	3.3	3.1	3.3	3.4	3.1
Overall Lending Rate	**8.4**	**8.1**	**8.6**	**7.9**	**8.1**	**7.8**	**8.0**	**8.4**	**8.0**	**8.3**	**8.3**	**8.4**	**8.3**	**8.0**	**5.9**	**6.9**	**7.7**	**8.3**	**8.0**
Short-term (up to 1year)	9.5	8.9	9.1	8.2	8.7	7.8	8.5	8.8	8.3	8.3	8.5	8.6	9.0	8.7	7.1	7.3	7.5	8.9	6.8
Medium-term (1-2 years)	8.2	7.4	9.0	7.4	7.4	7.3	7.3	7.9	8.3	8.4	8.0	8.2	8.9	8.0	5.7	6.9	8.1	9.2	8.4
Medium-term (2-3 years)	8.3	8.4	8.4	8.4	8.4	8.3	8.3	8.3	7.7	8.3	8.4	8.4	7.4	7.6	4.6	7.2	7.5	7.8	8.0
Long-term (3-5 years)	8.2	8.2	8.3	8.1	8.1	8.1	8.0	8.0	8.2	8.2	8.2	8.5	8.3	8.1	5.6	6.2	8.1	8.2	8.9
Term Loans (over 5 years)	7.7	7.8	8.1	7.6	7.6	7.6	7.7	8.9	7.6	8.4	8.4	8.3	8.0	7.4	6.7	7.0	7.4	7.5	8.0

Source: Bank of Tanzania.

Annex 12. National Debt Developments (Million US$)

USD mn	2017/18						2018/19						
Item	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan
1. Overal Total Debt Committed/2	**26,887.4**	**27,210.8**	**27,181.5**	**27,010.9**	**28,218.4**	**28,063.1**	**26,863.7**	**28,091.6**	**27,971.7**	**28,291.7**	**28,435.8**	**28,760.5**	**28,917.8**
Disbursed outstanding debt	17,861.3	18,445.4	18,467.5	18,384.6	18,825.3	18,765.1	18,137.1	18,837.9	18,775.4	18,890.8	19,121.5	19,254.0	19,361.5
Undisbursed debt	9,026.1	8,765.4	8,714.0	8,626.3	9,393.1	9,298.0	8,726.6	9,253.7	9,196.3	9,400.9	9,314.4	9,506.5	9,556.3
2. Disbursed Debt by Creditor Category/2	**17,861.3**	**18,445.4**	**18,467.5**	**18,384.6**	**18,825.3**	**18,765.1**	**18,137.1**	**18,856.0**	**18,775.4**	**18,890.8**	**19,121.5**	**19,254.0**	**19,361.5**
Bilateral debt	996.8	1,019.1	1,030.8	1,013.4	991.3	981.7	985.3	1,003.2	1,003.2	988.5	995.1	1,025.4	1,034.2
Multilateral debt	9,120.7	9,584.7	9,705.0	9,622.1	9,541.3	9,509.2	9,319.5	9,489.1	9,531.3	9,635.0	9,596.4	9,718.9	9,815.9
Commercial debt	5,958.8	5,981.9	5,851.3	5,865.7	6,519.4	6,498.5	6,097.1	6,378.5	6,371.5	6,275.6	6,493.9	6,471.7	6,475.6
Export credits	1,785.0	1,859.7	1,880.4	1,883.4	1,773.3	1,775.7	1,774.2	1,985.2	1,869.4	1,991.7	2,036.1	2,038.0	2,035.8
3. Disbursded Debt by Borrower Category/2	**17,861.3**	**18,445.4**	**18,467.5**	**18,384.6**	**18,825.3**	**18,765.1**	**18,137.1**	**18,837.9**	**18,775.4**	**18,890.8**	**19,121.5**	**19,254.0**	**19,361.5**
Central Government	14,467.9	14,722.4	14,725.8	14,638.2	15,015.6	14,978.8	14,373.1	14,965.8	14,849.8	14,956.9	14,942.9	15,107.4	15,206.9
Parastatal Companies	203.5	207.4	208.1	215.3	212.4	180.4	181.7	168.3	167.6	166.6	166.7	136.8	137.5
Private Sector	3,189.9	3,515.6	3,533.6	3,531.1	3,597.3	3,605.9	3,582.3	3,703.8	3,758.0	3,767.3	4,011.9	4,009.8	4,017.1
4. Disbursed Debt by Use of Funds/2	**17,861.3**	**18,445.4**	**18,467.5**	**18,384.6**	**18,825.3**	**18,765.1**	**18,137.1**	**18,837.9**	**18,775.4**	**18,890.8**	**19,121.5**	**19,254.0**	**19,361.5**
BOP & Budget Support	2,915.4	2,845.5	2,850.3	2,820.4	2,772.7	2,723.7	2,715.9	2,768.5	2,766.0	2,726.8	2,754.7	2,753.1	2,764.8
Transport & Telecommunication	4,031.4	4,102.0	4,344.0	4,343.0	4,041.0	4,077.0	4,272.5	4,127.6	4,058.0	4,220.0	4,280.0	4,302.0	4,325.0
Agriculture	1,185.5	1,219.0	1,226.0	1,208.0	1,196.0	1,207.0	1,169.7	1,216.1	1,216.0	1,211.0	1,223.6	1,243.0	1,252.0
Energy & Mining	2,929.3	2,993.0	3,024.0	3,012.0	2,986.0	2,970.0	2,697.7	2,991.2	2,990.0	2,960.0	2,993.7	3,016.0	3,020.0
Industries	540.0	585.0	587.0	605.0	617.0	605.0	604.0	633.3	640.0	650.0	663.9	656.0	657.0
Social Welfare & Education	2,795.7	2,902.0	3,018.2	2,987.0	2,972.0	2,999.0	2,778.8	2,922.0	2,959.0	2,967.0	3,003.8	3,009.0	3,049.0
Finance and Insurance	921.0	1,004.0	1,015.0	1,023.0	1,024.0	1,049.0	1,009.6	992.5	1,045.0	1,042.0	1,052.2	1,185.0	1,185.0
Tourism	66.6	67.0	68.0	68.0	68.0	68.0	68.2	108.1	109.0	116.0	118.4	152.0	152.0
Real Estate and Construction	811.0	1,079.0	883.0	839.0	1,092.0	1,096.0	841.5	1,098.2	1,076.0	1,078.0	1,087.0	1,078.7	1,091.0
Others	1,665.4	1,648.9	1,502.0	1,479.2	2,056.6	1,970.4	1,979.2	1,980.3	1,916.4	1,920.0	1,944.2	1,859.2	1,865.7
5. Total Amount of Loan Contracted/1	**32.3**	**11.0**	**76.7**	**7.1**	**30.5**	**58.8**	**4.9**	**46.4**	**6.7**	**0.0**	**0.0**	**18.6**	**0.3**
Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Parastatal Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	32.3	11.0	76.7	7.1	30.5	58.8	4.9	46.4	6.7	0.0	0.0	18.6	0.3
6. Disbursements/1	**112.2**	**118.3**	**153.4**	**51.5**	**531.8**	**171.7**	**47.0**	**53.9**	**94.9**	**97.6**	**46.3**	**183.2**	**39.4**
Government	67.2	94.1	112.4	51.1	531.6	156.0	24.4	53.2	85.8	97.6	44.8	183.2	39.3
Parastatal Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	45.0	24.2	41.0	0.4	0.2	15.7	22.6	0.7	9.1	0.0	1.5	0.0	0.1
7. Actual Debt Service/1	**200.0**	**19.5**	**184.6**	**43.2**	**61.9**	**109.4**	**26.1**	**34.9**	**138.5**	**28.8**	**74.1**	**150.3**	**43.0**
Principal	135.0	15.0	143.1	29.7	55.8	66.9	25.0	26.9	102.0	16.4	45.5	108.3	17.3
Interest	65.0	4.5	41.5	13.5	6.1	42.5	1.1	8.0	36.5	12.4	28.6	42.0	25.7
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Net Flows on debt/1	**-22.8**	**103.4**	**10.3**	**21.8**	**476.0**	**104.8**	**22.0**	**27.0**	**-7.1**	**81.2**	**0.8**	**74.9**	**22.1**
9. Net transfers on debt[1]	**-87.8**	**98.9**	**-31.2**	**8.3**	**469.9**	**62.3**	**20.9**	**19.0**	**-43.6**	**68.8**	**-27.8**	**32.9**	**-3.6**
10.Arrears by Creditors Category/2	**3,604.8**	**3,918.6**	**4,041.8**	**4,026.8**	**4,152.1**	**4,279.5**	**4,306.8**	**4,358.5**	**4,427.5**	**4,386.1**	**4,447.6**	**4,436.1**	**4,506.2**
Principal	**2,048.0**	**2,254.1**	**2,352.7**	**2,383.7**	**2,451.2**	**2,541.6**	**2,560.2**	**2,604.0**	**2,647.3**	**2,586.8**	**2,642.5**	**2,629.6**	**2,683.5**
Bilateral	319.9	320.0	319.6	317.9	327.0	326.0	325.7	323.2	321.2	311.2	309.0	315.6	320.7
Multilateral	88.9	87.4	90.1	98.7	97.3	100.7	101.3	101.4	103.8	113.5	114.6	119.1	123.3
Commercial	725.0	810.2	764.3	769.2	776.6	807.3	823.4	1,233.3	1,183.4	1,175.7	1,174.1	1,097.0	1,130.6
Export Credits	914.2	1,036.5	1,178.7	1,197.9	1,250.3	1,307.6	1,309.8	946.1	1,038.9	986.4	1,044.8	1,097.9	1,108.9
Interest	**1,556.8**	**1,664.5**	**1,689.1**	**1,643.1**	**1,700.9**	**1,737.9**	**1,746.5**	**1,754.5**	**1,780.2**	**1,799.3**	**1,805.1**	**1,806.5**	**1,822.7**
Bilateral	839.4	841.9	846.4	842.9	839.5	840.9	842.3	843.7	847.0	850.1	846.9	883.2	889.0
Multilateral	22.5	24.5	26.0	28.4	28.1	29.4	29.4	31.4	33.4	38.0	38.2	39.8	39.8
Commercial	330.2	343.0	351.2	300.5	351.7	359.9	361.7	549.4	536.8	569.2	571.5	508.0	515.7
Export Credits	364.7	455.1	465.5	471.3	481.6	507.7	513.1	330.0	363.0	342.0	348.5	375.5	378.2
11. External Debt Stock	**19,418.1**	**20,109.9**	**20,156.6**	**20,027.7**	**20,526.2**	**20,503.0**	**19,883.6**	**20,610.5**	**20,555.6**	**20,690.1**	**20,926.6**	**21,060.5**	**21,184.2**
12. Domestic Debt Stock	**6,206.2**	**6,279.7**	**6,265.4**	**6,273.9**	**6,082.3**	**6,725.2**	**6,317.3**	**6,021.1**	**6,181.3**	**6,162.0**	**6,299.6**	**6,382.1**	**6,223.3**
13. Total Debt Stock	**25,624.3**	**26,389.6**	**26,422.0**	**26,301.5**	**26,608.5**	**27,228.2**	**26,200.9**	**26,631.6**	**26,736.9**	**26,852.1**	**27,226.2**	**27,442.6**	**27,407.6**
End Period Exchange Rate	**2,250.8**	**2,255.9**	**2,259.8**	**2,273.6**	**2,276.8**	**2,277.7**	**2,282.6**	**2,286.2**	**2,288.8**	**2,290.8**	**2,290.1**	**2,292.6**	**2,294.8**

Source: Ministry of Finance and Bank of Tanzania.

Note: 1During the period. 2Position at the end of the period.

Annex 13. Poverty by Geographical Region

	Poverty Headcount	Distribution of the Poor	Distribution of the Population
	HBS 2011/12	HBS 2011/12	HBS 2011/12
Basic Needs Poverty Line [1] = TSh 36,482			
Urban	15.5	15.9	28.8
Rural	33.3	84.1	71.2
Regions			
Urban	21.7	14.4	18.7
Rural	33.3	84.1	71.2
Dar es Salaam	4.1	1.5	10.1
Total	**28.2**	**100.0**	**100.0**
Food Poverty Line [1] = TSh 26,085			
Urban	6.0	17.7	28.8
Rural	11.3	82.3	71.2
Regions			
Urban	8.7	16.7	18.7
Rural	11.3	82.3	71.2
Dar es Salaam	1.0	1.0	10.1
Total	**9.7**	**100.0**	**100.0**

Source: National Bureau of Statistics.

Note: 1 Monthly expenditure per adult.

REFERENCES

- Alcott, B., P. Rose and R. Sabates. 2017. Targeted, Multidimensional Approaches to Overcome Inequalities in Secondary Education: Case Study of Camfed in Tanzania. Background paper for the Learning Commission. Cambridge, UK: Research for Equitable Access and Learning (REAL) Centre, University of Cambridge.

- Botea, I., S. Chakravarty, and S. Haddock, and Q. Wodon. 2017. Interventions Improving Sexual and Reproductive Health Outcomes and Delaying Child Marriage and Childbearing for Adolescent Girls, *Ending Child Marriage Notes Series*. Washington, DC: The World Bank.

- Black, M. M., et al. 2017. Early Childhood Development Coming of Age: Science through the Life Course. *The Lancet*, 389 (10064): 77–90.

- Christiaensen, L., C. Scott, and Q. Wodon. 2002. Development Targets and Costs, in J. Klugman, editor, *A Sourcebook for Poverty Reduction Strategies*, Volume 1: Core Techniques and Cross-Cutting Issues. Washington, DC: The World Bank.

- Denboba, A., R. Sayre, Q. Wodon, L. Elder, L. Rawlings, and J. Lombardi. 2014. *Stepping Up Early Childhood Development: Investing in Young Children for High Returns*. Washington, DC: The World Bank.

- Klugman, J., editor. 2020. *A Sourcebook for Poverty Reduction Strategies*, Volume 1: Core Techniques and Cross-Cutting Issues. Washington, DC: The World Bank.

- Lange, G. M., Q. Wodon, and K. Carey. 2018. *The Changing Wealth of Nations 2018: Sustainability into the 21st Century*. Washington: The World Bank.

- Onagoruwa, A., and Q. Wodon. 2018. Measuring the Impact of Child Marriage on Total Fertility: A Study for Fifteen Countries, *Journal of Biosocial Science*, 25(10): 649–52.

- Sabates, R. 2018. Cost-effectiveness with Equity: Raising Learning for Marginalised Girls through Camfed's Programme in Tanzania. Research and Policy Paper 18/2. Cambridge, UK: Research for Equitable Access and Learning (REAL) Centre, University of Cambridge.

- Schneidman, M., E. Suzuki, A. Reichert, C. Moucheraud, S. A. Ahmed, R. Hasan, G. Martin, C. Suzuki, M. Ally, and J. K. Akuoku. 2018. *Demographic Challenges and Opportunities in Tanzania*. Washington, DC: The World Bank.

- Wodon, Q., and B. de la Brière. 2018, Unrealized Potential: The High Cost of Gender Inequality in Earnings. *The Cost of Gender Inequality Notes Series*. Washington, DC: The World Bank.

- World Bank. 2018. *The Human Capital Project*. Washington, DC: The World Bank.

- World Bank. 2019. *Tanzania Economic Update: The Power of Investing in Girls,* Washington, DC: The World Bank.

WORLD BANK GROUP