

Tanzania Economic Update

THE POWER OF INVESTING IN GIRLS:

Educating Girls and Ending Child Marriage in Tanzania

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Table of Contents

Abbreviations and Acronyms	iv
Acknowledgements	v
Overview	1
Part One: The State of the Economy	7
1.1 Recent Economic Developments.....	8
1.2 Macroeconomic Outlook and Risks.....	22
Part Two: The Power of Investing in Girls.....	27
2.1 Child Marriage is Still Prevalent, and Girls' Educational Attainment is on Average Low.....	29
2.2 Relationship of Child Marriage, Early Childbearing, and Girls' Education	34
2.3 Impacts on Other Development Outcomes.....	37
2.4 Economic Costs and Benefits: The Case of Child Marriage	43
2.5 Policy Options to Improve Opportunities for Adolescent Girls.....	47
2.6 Investing In Girls: A Smart Investment In Tanzania's Development	55
Statistical Annexes	57
References.....	68



List of Boxes

Box 1: Nascent Industrialization In Tanzania's Agriculture Sector	11
Box 2: Framework for Analyzing Impacts and Costs or Benefits.....	30
Box 3: Gaps In Learning and The Gender Gap	32
Box 4: Changing Social Norms: The Case of Female Genital Mutilation.....	33
Box 5: Drivers of Child Marriage	35
Box 6. What Is Meant by "Impacts" and Associated Economic Costs?.....	39
Box 7. Other Impacts of The Limited Education of Girls.....	42
Box 8: Potential General Equilibrium Effects and Cost Estimates	44
Box 9: Why Are Some Impacts and Costs Large and Others Smaller?.....	46
Box 10: Selected Efforts Already Underway to Invest In Adolescent Girls.....	48
Box 11: Improving Educational Attainment and Learning for Girls.....	51
Box 12: Theories of Change for Interventions Targeting Adolescent Girls.....	53

List of Figures

Figure 1: Global GDP Growth Moderates	8
Figure 2: Energy Prices Diverge From Metals	8
Figure 3: GDP Growth by Sector, 2016 and 2017, Percent	9
Figure 4: Low Inflation, Much Higher Energy Prices, 2017–18, Percent	11
Figure 5: Growth In Private Sector Credit, 2017-18, Percent	12
Figure 6: NPL Ratios by Sector, 2014Q4: 2017Q4, Percent	12
Figure 7: Current Account Deficit, 2015–18, Percent of GDP	13
Figure 8: Imports and Exports, 2015–18, Percent	13
Figure 9: Stability of The Tanzanian Shilling, 2017–18.....	14
Figure 10: Domestic Payment Arrears, 2014–18, Percent of GDP.....	15
Figure 11: Execution of The Development Budget, 2017/18, Percent of GDP.....	15
Figure 12: Domestic Revenue, 2017/18, Percent of GDP	16
Figure 13: Aid and Loans, 2017/18, Percent of GDP	16
Figure 14: Public Debt, 2015–18, Percent.....	17
Figure 15: Ease of Doing Business: Tanzania and East African Peers, Rank and Score	18
Figure 16: Distances to The Frontiers, Score.....	18
Figure 17: FDI Performance Index	19
Figure 18: Poverty Rate and Absolute Number of Poor, 2007–16	20
Figure 19: International Poverty Headcount Ratio At \$1.90 a Day by GDP Per Capita	20
Figure 20: Indicators for Human Development and Living Conditions	21
Figure 21: Lack of Skills as a Constraint on Tanzanian Firms, Percent	25



Figure 22. Conceptual Framework	30
Figure 23. Primary School Completion, Girls by Age, Percent	33
Figure 24. Lower Secondary Completion, Girls by Age, Percent	33
Figure 25: Upper Secondary Completion, Girls by Age, Eastern and Southern African Counties, Percent	33
Figure 26: Prevalence of Child Marriage by Age, Eastern and Southern African Countries, Percent	33
Figure 27: Relationship Between Educational Attainment and Child Marriage, East and Southern African Countries, Percent	34

List of Tables

Table 1: Education Completion Rates, Child Marriage, and Early Childbearing by Age Group, Percent	29
Table 2. Adolescent Girls and Relationships Between Child Marriage and Early Childbearing, Percent	36
Table 3, Relationships Between Child Marriage, Early Childbearing, and Girls' Education	37
Table 4. Early Marriage and Childbearing, Fertility, and Population Growth	38
Table 5, Impacts on Health, Nutrition, and Violence	40
Table 6, Impacts on Work, Earnings, and Poverty	41
Table 7. Impacts on Decision-Making, Agency, and Other Areas	41
Table 8. Statistically Significant Estimated Impacts by Domain	43
Table 9: Order of Magnitude, Selected Benefits From Ending Child Marriage (US\$ PPP Unless Noted)	45



Abbreviations and Acronyms

BoT	Bank of Tanzania
CAD	Current account deficit
CSEE	Certificate of Secondary Education
DAC	Development Assistance Committee
DHS	Demographic Health Survey
EAC	East African Community
EMDEs	Emerging markets and developing economies
FDI	Foreign direct investment
FGM	Female genital mutilation
FYDP	Five-Year Development Plan
GDP	Gross domestic product
HBS	Household Budget Survey
IMF	International Monetary Fund
LFP	Labor force participation
LGA	Local government authorities
MSMEs	Micro, Small, and Medium Enterprises
NBS	National Bureau of Statistics
NPL	Nonperforming loans
ODA	Official development assistance
PPP	Purchasing power parity
PSLE	Primary School Leaving Examination
SACMEQ	Southern Africa Consortium for Monitoring Educational Quality
SGR	Standard gauge railway
SRH	Sexual and reproductive health
SSA	Sub-Saharan Africa
TIN	Taxpayer Identification Number
TRA	Tanzania Revenue Authority
TZS	Tanzanian shillings
US	United States
VAT	Value added tax
WDI	World Development Indicators



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Overview





Overview

Economic performance in 2018 has been mixed.

The data that are available suggest some areas of softening in the economy.¹ Foreign direct investment declined to 2 percent of GDP in 2017, down from about 5 percent in 2014. The current account deficit has increased to 3.8 percent of GDP in the year ending September 2018, from 2.2 in the preceeding 12 months. Recent Bank of Tanzania data confirm lower cashew exports and 2017 decline in non-traditional exports has continued into 2018, which raises concerns on prospects for longer term growth. The Tanzania Revenue Authority is reporting that many large tax payers are unable to meet their tax obligations on time. Nonperforming loans have declined recently to 9.7 percent in September 2018 from 12.5 percent in September 2017, but remain almost double the 5 percent statutory threshold. Banks have limited lending to businesses and interest rates are high (18 percent for one-year loans in August 2018), though some banks have lowered benchmark lending rates. On a positive note, credit to the private sector has been edging up, reaching 4.9 percent in the 12 months ending September 2018.

The fiscal deficit is still low, not counting

payment arrears and delayed refunds of value-added tax.

The 2017/18 budget deficit after grants of 1.3 percent of GDP suggests effective spending management but does not factor in payment arrears, with an estimated stock of over 3 percent of GDP. Government is paying down roughly TZS 1 trillion of verified arrears per fiscal year. The low deficit is the result of controlled recurrent expenditures and under execution of the development budget by more than 40 percent. Contributing factors include shortfalls in domestic revenue and external financing for large projects. Public debt is currently sustainable, but there is need for the Government to consider cost-effective financing options and manage associated risks to support public investments. The 2018/19 budget targets public investment to consume 45 percent of total spending, equivalent to 9.1 percent of GDP compared to 5.5 a year prior.

Despite lower poverty rates, the number of poor has stagnated due to high population growth.

In the past decade the poverty rate began to decline steadily. The national poverty rate had declined from 34.4 percent in 2007 to 28.2 percent in 2012 and then to 26.8 percent in 2016. The next Household Budget Survey (HBS) for

¹ Because GDP is still being rebased, the National Bureau of Statistics did not release quarterly GDP data in 2018.



Tanzania mainland is under implementation and results are expected to be available in early 2019. From 2007 to 2012 poverty fell somewhat faster than the Tanzanian population increased, so that the number of poor was reduced by one million; however, between 2012 and 2016 the number of poor returned to the level in 2007.² Overall, about 16 percent of Tanzanians escaped poverty in the past five years, but 13 percent fell into it. The Government has taken measures by increasing public expenditure in health, education, energy and water which are expected to further reduce income poverty.

The business environment is challenged by high regulatory compliance costs and late payments to government suppliers and contractors. There is a multiplicity of required licenses, taxes and permits that deter business growth and competitiveness. In addition, government has a large stock of outstanding obligations to private sector firms, some over two years old. While many firms are penalized by such red tape and delayed payments, the smaller the business, the heavier the burden. Actions to address these factors are imperative. In May 2018 the Cabinet formally endorsed a *Blueprint for Regulatory Streamlining* to address the excess of red tape. In the same month, the Ministry of Finance and Planning issued an *Arrears Management Strategy* designed to clear the existing stock of arrears and prevent new accumulations. A more positive business environment requires urgent implementation of these plans. Tanzania has lost ground in the latest *Doing Business*

ranking, falling twelve spots in the last two years to 144th out of 190 economies.

The growth outlook is uncertain, but the downside risks are largely within government control. GDP growth projections are awaiting the forthcoming rebased GDP series. On the domestic front, key risks include delays in reforms to stimulate private investment and delays in execution of major public infrastructure projects. Also, fiscal space may narrow due to pressures for spending on social services for a growing population, planned scale-up in infrastructure projects and increasing debt service. In addition, the external environment presents risks related to rising energy prices and tightening financial markets. Increases in the cost of oil import have the potential to widen the current account deficit and put pressure on the exchange rate and inflation.

For Tanzania to mitigate such downside risks and accelerate growth, the Government can consider the following action plan for short and medium-term priorities. Reforms, particularly focused on fostering private investment and improving fiscal policy design and implementation, are vital if Tanzania is to achieve higher economic growth and create more, and more productive, jobs. Below are key actions for government consideration, with further specifics in the main text.

² An update on the number poor will be determined after the release of 2017/18 Household Budget Survey.



Measures to be undertaken in the short term:

- **Addressing payment arrears/VAT refunds delays.** Clear the backlog of verified payment arrears to private firms and minimize new accumulation through implementation of the Arrears Management Strategy. Also, priority should be given to clearing delinquent VAT refunds. The government should consider embracing a risk-based approach to analyze and audit VAT refunds, with targeting differentiated by sector.
- **Improving development budget execution.** Prepare more credible borrowing plans to improve planning of the annual public investment program by securing external financing to execute planned capital spending without jeopardizing debt sustainability.
- **Maintaining short-term macro-stability.** Ensure prudent monetary and fiscal policies that impact on near term movements on the exchange rate, consumer prices and interest rates, including money growth, policy rates, and government borrowing from domestic markets.

Measures to be undertaken over the medium term:

- **Investing in human capital and infrastructure.** Support needed infrastructure investments alongside resources devoted to improving human capital over the medium term (*especially for girls, which is the special topic in Part 2 of this report*).

- **Coordinating monetary and fiscal policies.** Ensure a coordinated approach to monetary and fiscal management of domestic and external imbalances to provide a low inflation and stable environment for economic growth.
- **Promoting private investment.** Align investment policies toward attracting more private investments, including full implementation of the *Blueprint for Regulatory Streamlining* to reduce the cost to businesses of regulatory compliance.

The Power of Investing in Girls

Child marriage, early childbearing, and limited access to education have significant negative effects on girls, their families, and the country. This report's special topic discusses trends in girls' education, child marriage, and early childbearing, and analyzes how they affect a wide range of development outcomes. It then offers recommendations for policies and programs that could improve opportunities for adolescent girls. The analysis builds on World Bank work on the cost of not investing in girls and on a previous global study of the economic impacts of child marriage conducted by the World Bank in partnership with the International Center for Research on Women.

Compared to 14 other East and Southern African countries, adolescent girls in Tanzania continue to have relatively high rates of child marriage and early childbearing and low educational attainment. Almost one in three Tanzanian girls marry as children and almost one in four have their first child before the age of 18. As a result, just over one in four girls completes her second-



ary education. While some gains have been made over the past few decades, the rate of progress is still much too slow to enable Tanzania to achieve the related Sustainable Development Goals.

Girls' educational attainment, child marriage, and early childbearing are closely related. After puberty, girls must often choose between getting married or continuing with school. Once a girl is married, it is very difficult for her to remain in school. Indeed, less than 1 percent of girls aged 15-19 are both in school and married. Conversely, keeping girls in school is probably the best way to reduce child marriage and, indirectly, early childbearing, since child marriage is the likely cause of about two thirds of all instances of early childbearing.

Girls' education, child marriage, and early childbearing also have significant impacts on other development outcomes. Ending child marriage and early childbearing would enable girls to spend more time in school. Conversely, more education for girls would help to reduce child marriage and early childbearing. Limited education and early marriage and pregnancy affect girls' life trajectories in numerous ways. Girls who marry or drop out of school early are more likely to have poor health, larger families, and earn less as adults. All of these factors make it more likely that their households will suffer poverty. Other problems are a higher risk of intimate partner violence and a lack of decision-making power (agency) within the household. Fundamentally, girls who marry or have children at an early age or who drop out of school early are disempowered in ways that deprive them of their basic rights. In turn, this has a negative impact on their children, creating a cycle that spirals down

through generations. For example, children of young mothers are at higher risk of dying before age 5, suffering stunting, and doing poorly in school.

The economic costs of these burdens on girls are very high in Tanzania. In the case of child marriage:

- **Ending child marriage could within 15 years generate US\$ 5 billion in annual benefits (in purchasing power parity, PPP), by reducing fertility rates and population growth.** By reducing population growth, ending child marriage increases GDP per capita. These estimates, which are related to the "demographic dividend," may even underestimate the full magnitude of the potential gains.
- **The loss in earnings for adult women working today due to their marrying as children in the past stands at US\$ 637 million (PPP).** It is estimated that their earnings would be that much higher today if they had been able to avoid early marriage and childbearing and attained more education.
- **Ending child marriage could save the education budget up to US\$ 311 million by 2030 and generate additional benefits associated with lower rates of under-5 mortality and stunting.** The education budget savings could be achieved because the Government would be providing services to fewer new students. The savings could be invested in improving the quality of education, which could then enhance human capital and thereby to generate additional economic benefits.



Both general conditions and targeted interventions are needed to facilitate reductions in child marriage and early childbearing. Efforts to change social norms and ensure that the minimum age for marriage is set at 18 *without exception* are essential to expanding opportunities for adolescent girls. However, this is not sufficient. In Tanzania, although 18 is already the minimum age for marriage, child marriage is still common. This report therefore emphasizes proven interventions to delay marriage and childbearing.

Enabling girls to remain in school is vital to eliminate child marriage and early childbearing. Thus, improving the education system should be a top priority. Much can be achieved by: (1) reducing the disadvantages confronting girls in remote communities, in part due to poor targeting of government resources; (2) creating a more inclusive school culture that encourages girls to remain in school; (3) providing girls with role models, as through deploying more female teachers; and (4) increasing the returns on girls' completing secondary school by improving opportunities for local employment. More generally, it is essential to improve the basic conditions for access to education; studies suggest that the following targeted interventions may produce significant benefits.

- **Improve general conditions for girls in school:** Access should be improved by constructing secondary schools close to areas where unserved girls reside, or providing them with transportation to enable them to attend school. Providing adequate water, sanitation, and hygiene facilities for girls is important, as is addressing

the risk of violence and sexual harassment either at or on the way to school. It is also essential to ensure that secondary education is affordable and that schools endow girls with skills that enable them to generate livelihoods.

- **Target interventions to improve girls' skills, knowledge, and economic opportunities, especially through measures to ensure that girls remain in school:** Interventions should also expand economic opportunities for adolescent girls who have dropped out and are unlikely to be able to return. Ensuring that adolescent girls have adequate life skills and knowledge of reproductive health is also important, whether girls are in school or out. This can be done effectively by safe space clubs where girls may discuss with female mentors' issues of sexual and reproductive health and other relevant topics. However, the most effective interventions to delay marriage and childbearing are those that enable girls to remain in school.
- **Provide community-based interventions to address social norms that adversely affect girls:** Child marriage, early childbearing, and low educational attainment for girls are rooted in social norms that perpetuate gender inequality. Community-based interventions that involve all members of the community—men and community leaders as well as women—may be an effective way to change these norms.



1 The State of the Economy





1.1 Recent Economic Developments

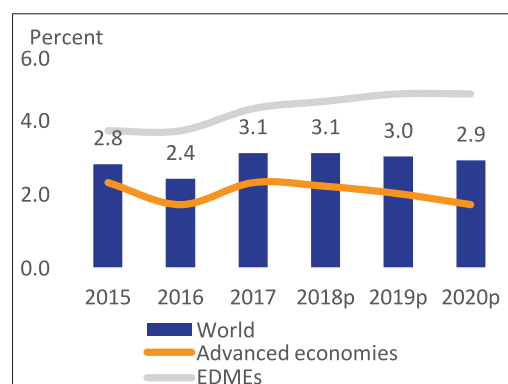
Global growth is moderating

Global GDP growth was expected to moderate in the near term as investment and trade lose momentum. The global economy was expected to grow by 3.1 percent in 2018, as it did in 2017, as a result of slower growth in industrial economies like China, though not the United States (Figure 1).³ Commodity-exporting emerging markets and developing economies (EMDEs) are expected to continue recovering from the drop in commodity prices in 2014–15, though with significant variation given a growing divergence between energy and metals prices. In 2019–20 global growth is expected to stay just below 3 percent. Among moderating factors are the rising cost of borrowing and trade stagnation as protectionism rises.

Regional growth is on an upward trajectory, though varying significantly by country. Sub-Saharan Africa (SSA) continues to recover, though slowly, from the 2016 nadir in GDP growth. In 2018, growth in SSA is expected to average 2.7 percent, up from 2.3 percent in 2017, supported by higher oil prices and more favorable agricultural conditions. The main deterrent for average growth in the region is sluggish expansion of activities in SSA's largest economies, Angola, Nigeria, and South Africa; average GDP growth in the rest of SSA is over 4 percent.

Volatile commodity prices and tighter global financing conditions are weighing on Tanzania's economy. The rise of oil prices from US\$55 a barrel in October 2017 to US\$77 in October 2018 pushed up the import bill and the current account deficit (Figure 2). Oil imports account for about a

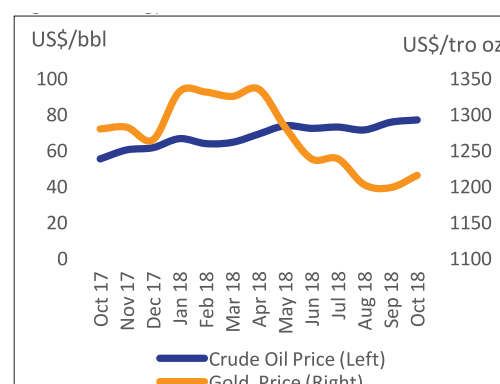
Figure 1: Global GDP Growth Moderates



Source: World Bank Africa Pulse, October 2018.

Note: p = projection,

Figure 2: Energy and Metal Prices



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

³ World Bank African Pulse, October 2018.



quarter of the total value of the country's imports; mineral exports, especially gold, and agricultural raw materials account for nearly a third of the total value of its exports. This negative impact has been partly offset by higher gold prices and value of gold exports. Higher global borrowing costs have led to more cautious external borrowing in Tanzania, resulting in slower progress than planned on its large public investment program. In the current environment of high borrowing cost, ambitious plans for external financing of 1.5 to 3.0 percent of GDP annually to finance strategic infrastructure projects in transport and energy could put elevated stress on the Government's fiscal and debt sustainability.

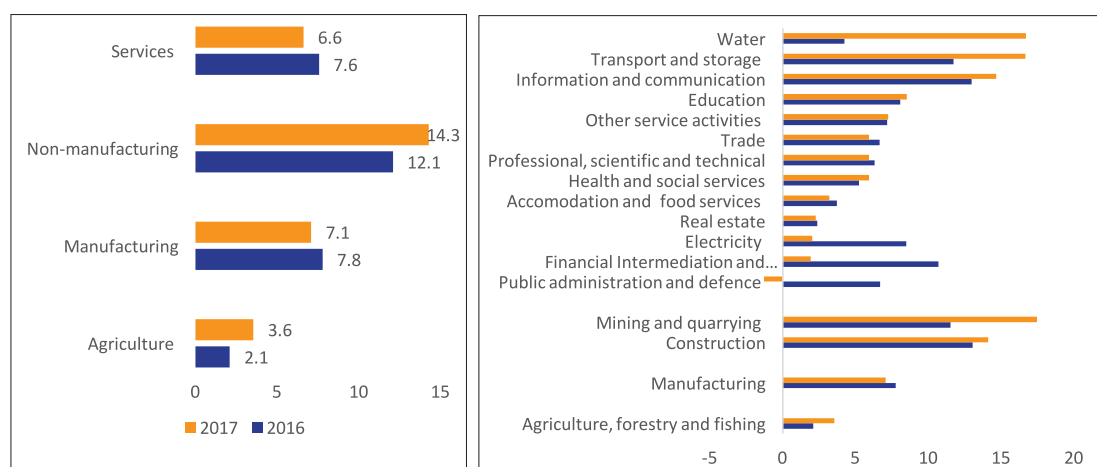
The limited information available on the Tanzanian economy is giving mixed signals

According to official statistics from NBS, real GDP grew at 7.1 percent in 2017.⁴ Agriculture grew (from a low base) by an

estimated 3.6 percent, 1.5 percentage points (pp) higher than in the first three quarters of 2016 (Figure 3). The increase was mainly due to favorable rainfall and availability of fertilizers that enhanced production of such major crops as maize, paddy rice, beans, and potatoes, which went up by 6 to 35 percent. However, agriculture, which employs the majority of Tanzanians, continues to record the lowest growth of all major sectors.

In 2017, official data report that industrial output grew at 12.1 percent, up slightly from 10.7 percent output in 2016, primarily because mining, water, and construction activities expanded. In 2017, mining and quarrying grew by 17.5 percent, water by about 17 percent, and construction by 14 percent. At 7 percent expansion, manufacturing was down from about 8 percent in 2016. Growth in mining was primarily driven by significantly higher coal and natural gas production. Operators have complained about abrupt legislative

Figure 3: GDP Growth by Sector, 2016 and 2017, Percent



Source: Tanzania National Bureau of Statistics (NBS).

⁴ The official statistics on 2017 growth are drawn from the Tanzania National Bureau of Statistics, *Gross Domestic Report 2017 (March 2018)*. The outcome of the ongoing GDP rebasing can be expected to affect both the levels and growth rates of GDP.



changes in 2017,⁵ but growth was not immediately impacted due to commitments to existing capital expenditure contracts. The investment impact will only be seen in post-2017 growth rates. In manufacturing, growth was mainly due to higher production of food stuffs, cement, textiles, chemicals, and pharmaceuticals.

In 2017, despite notable expansion in transport, storage, and information activities, services grew by only 6.6 percent, down about 1 pp from 2016.

Transport and storage activities, however, grew by 17 percent, well up from about 12 percent in 2016, and information activities went up from 13 percent in 2016 to about 15 percent. The general deceleration in the growth of services was largely due to a contraction in public administration of 1.3 percent, driven by government measures to control public consumption. In financial and insurance activities, growth of 2 percent was far below the 11 percent recorded in 2016. The growth rate for real estate held steady at a low 2.4 percent.

The expected growth performance for 2018 and beyond is uncertain pending the forthcoming rebased GDP series. However, recent BoT data confirm that last year's decline in exports has continued into 2018, which is alarming because of the effect on prospects for longer-term growth. The Tanzania Revenue Authority (TRA) reports

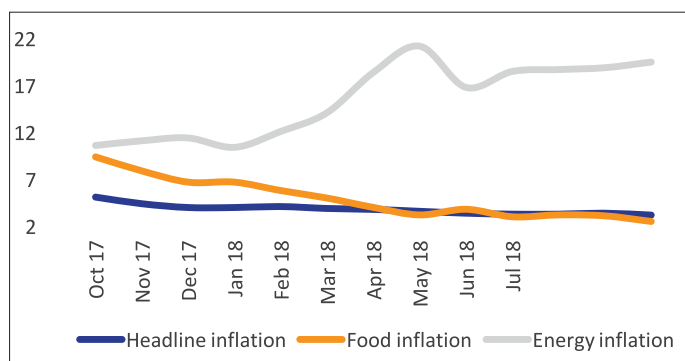
difficulties in collecting taxes because many large tax payers are unable to meet their obligations on time. Finally, the private sector is having difficulty in securing affordable credit because the ratio of nonperforming loans (NPLs) remains high (9.7 percent in September 2018). Although growth in credit to the private sector has been edging up recently, by September 2018 it had only reached 4.9 percent. The marginal increase mainly consisted of personal loans; lending to building & construction and agriculture declined.

Energy prices have increased, though lower food prices have kept headline inflation in check. The drop in food prices has more than offset the impact of easing monetary policy and the pick-up in energy prices (Figure 4). Headline inflation, at 3.2 percent in October 2018, was kept down by low domestic food prices and a shilling that stayed relatively stable as global energy prices increased. However, core inflation has risen slightly, from 1.7 percent in October 2017 to 2.3 percent in October 2018, partly due to an easing of monetary policy. Food inflation moved down to 2.5 percent in October, down from 8.8 percent a year earlier, since most parts of the country have adequate food supplies.

5 The Finance Act 2017 increased the royalty rate from 4 to 6 percent and introduced a clearing fee of 1 percent (as a new requirement) on the value of all minerals exported outside Tanzania. The Written Laws (Miscellaneous Amendments) Act 2017 requires all Mining Licensees or Special Mining License holders to give the Government at least a 16 percent free carried interest in the capital of their companies, and the right to acquire up to 50 percent of the shares in a mining company. The Mining Act has also been amended by including provisions relating to local content, including use of goods which are produced in Tanzania or the services that are rendered by local companies or citizens.



Figure 4: Low Inflation, Much Higher Energy Prices, 2017–18, Percent



Source: NBS.

Box 1: Nascent Industrialization in Tanzania's Agriculture Sector

Agriculture in Tanzania is showing positive signs of agricultural transformation. For example, between 2001 and 2015 farm production grew rapidly at about 5 percent annually, driven mainly by a striking expansion of the area under cultivation (increasing from about 8.3 to about 13 million hectares). Labor productivity in agriculture is rising but crop yields are low and grow slowly; this remains a major challenge. However, agricultural input and factor markets are growing. Farmers are increasingly likely to hire agricultural labor, use mechanization services, sow improved seed varieties, specialize in one type of farm product, and produce for the market. The average share of crop production value that farm households sold rose from 49 to 55 percent. Land sales and the rental market have become more active, with signs that land is becoming increasingly consolidated. Along with these changes, people are diversifying out of farming into off-farm productive jobs, many of which are downstream in agricultural value chains.

Medium-scale commercial farms are rising in prominence, with positive spillover effects for smaller-scale farmers. Since 2008, medium-scale farms increased their share of the country's total farmland (from 23 percent in 2008 to 33 percent in 2014, the most recent available data); enlarged their share of the total value of agricultural production from 17 to 28 percent; and recorded an even larger increase in the share of the value of agricultural products marketed, from 19 to 31 percent). These farms employ labor, invest in their farm operations, attract input suppliers and commodity buyers into their local area, are mainly commercialized operations, inject needed cash into the local non-farm economy, and can be a source of tax revenue. In these ways, medium-scale farms exhibit positive spillover effects for their small-scale neighbors. Thus, when small-scale farms are near medium-scale farms, they are more likely to adopt improved seed and fertilizer and access agricultural extension and credit. Medium-scale farms are poised to feed Tanzania's growing urban population as they rapidly claim an increasingly prominent place in the agricultural landscape.

Further reforms can unlock additional gains. In agricultural policy, predictability and implementation are critical for generating private investments and growth. The occasional ad hoc export bans and export taxes on crops need to be minimized, and changes in food import tariffs need to be more predictable. These steps will help to minimize distortions in agriculture markets. More efforts should also be directed to creating a predictable policy environment for the private sector, especially in medium-sized farms and the value chains they serve. This could be done by (1) ensuring more certainty in policies; (2) reducing regulatory costs for businesses; (3) reducing the state's direct role in marketing to create space for the private sector; (4) removing barriers to international trade (such as export bans and weak sanitary and phytosanitary compliance). The Government has moved to address some of agriculture's challenges, such as reducing agricultural produce cess from 5 percent to 3 and abolishing over 100 "nuisance taxes" and fees on various commodities.



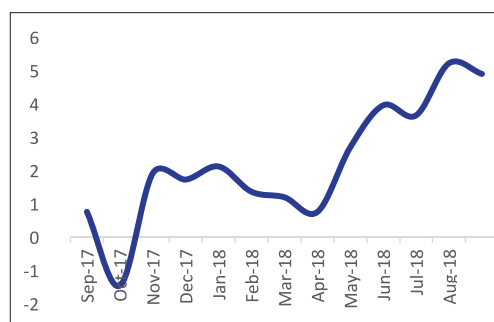
Bank lending to the private sector remains sluggish

Growth in credit to the private sector remains low, with a recent slight increase in lending to households. Despite BoT measures to increase private sector liquidity and improve credit conditions, there has been little growth in private sector credit; the BoT had reduced the statutory minimum reserve requirement ratio from 10 to 8 percent of private sector deposits and the discount rate from 16 to 9 percent. The BoT has also injected liquidity into the economy through reverse repo operations, purchase of foreign currency from the domestic market, and inward foreign exchange swaps. As a result, credit to the private sector did edge up in recent months but was still just 4.9 percent for the 12 months ending September 2018, though up from 0.8 percent in September 2017. Mainly responsible for the marginal increase were personal loans and manufacturing, even as lending to productive sectors like agriculture, trade and construction slipped (Figure 5). At

9.7 percent in September 2018, NPLs were down only slightly from 12.5 percent in September 2017.

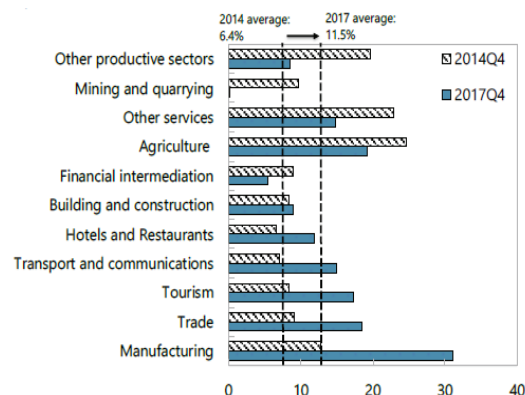
Although the financial sector is generally sound, certain structural features generate serious stability challenges. Tanzania's bank-dominated financial sector is small, concentrated, and at a relatively nascent stage of development. It thus has vulnerabilities that could amplify the impact of external and domestic shocks, such as tighter global financial conditions, lower growth in trading partners, prolongation of domestic uncertainties, and delays in budget execution and infrastructure spending. Asset quality is a concern, reflected in a high ratio of NPLs, which since 2014 almost doubled from 6.4 to 11.5 percent through 2017 (Figure 6). The deterioration is most obvious manufacturing, trade, tourism, and transport and communications. The current vulnerabilities in the financial sector underscore the importance of strong financial system oversight and regulation to preserve financial stability.

Figure 5: Growth in Private Sector Credit, 2017-18, Percent



Source: BoT,

Figure 6: NPL Ratios by Sector, 2014Q4: 2017Q4, Percent



Source: Tanzania Financial System Stability Assessment (World Bank and IMF 2018).



On the development side, the top priorities are increasing access to formal financial services and providing long-term financing for a larger proportion of businesses, particularly micro-, small- and medium-sized enterprises (MSMEs).

Measures that could help increase access and lower costs include addressing financial infrastructure gaps, bringing providers of nonbank credit to smaller firms under the regulatory and supervisory umbrella, beefing up consumer protection, and raising financial literacy across the population. Pension fund investment allocations should be revisited with a view to having these entities contribute centrally to meeting the long-term financing needs of the private sector. Simultaneously, measures to increase the supply of liquid securities could be identified.

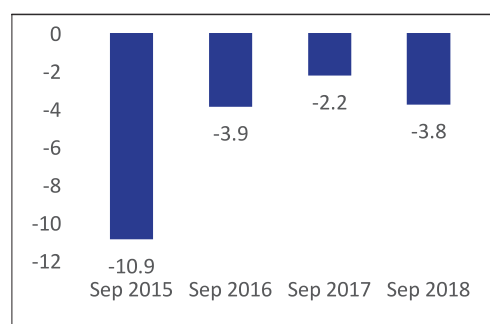
Increasing current account deficit reflects stagnant exports and import surge

Surging imports and poor export performance have recently pushed up the current account deficit (CAD). The CAD increased from 2.2 percent of GDP in the 12 months ending in September 2017

to 3.8 percent a year later, largely because of higher imports (Figure 7). Detailed trade data available for the 12 months ending September 2018 show that imports increased in value by about 10 percent while exports fell by about one percent (Figure 8). The rise in imports of goods is largely because of a rise in the oil import bill resulting from higher global oil prices, in addition to an increase in importation costs of construction and transport equipment as implementation of capital investment projects gathered pace. Oil imports, which account for about a quarter of the import bill, increased by about 8 percent. The decline in the value of nontraditional goods exports, including manufacturing, more than offset the 33 percent increase in the value of traditional goods exported.

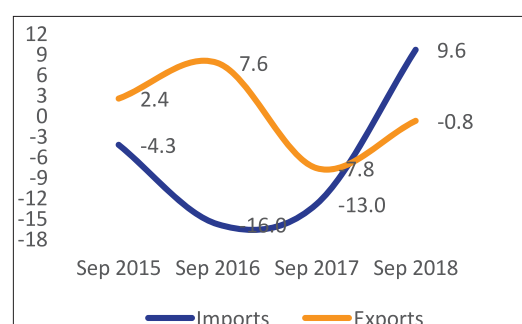
FDI inflows have fallen off in recent years, resulting in less private investment in the economy. In 2017, FDI was about 2 percent of GDP, which is less than half of the level recorded in 2014 of about 5 percent. During the same period, official loans fell slightly from 1.8 percent to 1.7 percent, and other capital flows fell from 2 percent to 0.3

Figure 7: Current Account Deficit, 2015–18, Percent of GDP



Source: BoT.

Figure 8: Imports and Exports, 2015–18, Percent



Source: BoT.



percent of GDP. The current slight decline in disbursements of long-term loans is partly due to delays in the government's preparation of projects and its cautious approach to borrowing in the foreign market because of the high costs. Despite the decline, however, FDI and the disbursement of loans have been more than enough to finance the current account deficit.

Gross official reserves have gone up significantly, reaching US\$5.4 billion in September 2018. Disbursement of external nonconcessional loans and BoT purchases of foreign currency from the domestic market to inject liquidity into the financial system have helped to build up the reserves. The current value is equivalent to 5.3 months of import cover (excluding FDI-related imports).

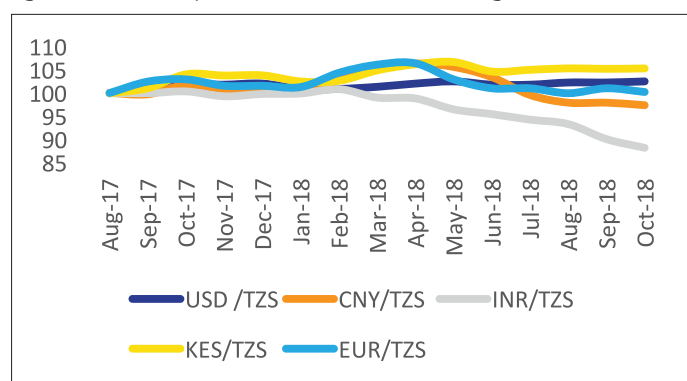
Despite a slight depreciation in recent months, the Tanzanian shilling has been relatively steady against the U.S. dollar and currencies of major trading partners. The rising import bill heightened demand for the dollar, causing the Tanzanian shilling to depreciate, but since April the shilling has slightly appreciated against the euro,

Indian rupee, and Chinese yuan (Figure 9). The stability of the shilling has been supported by sustained prudent monetary policies, especially active BoT participation in the Interbank Foreign Exchange Market to manage liquidity and smooth out major exchange rate fluctuations.

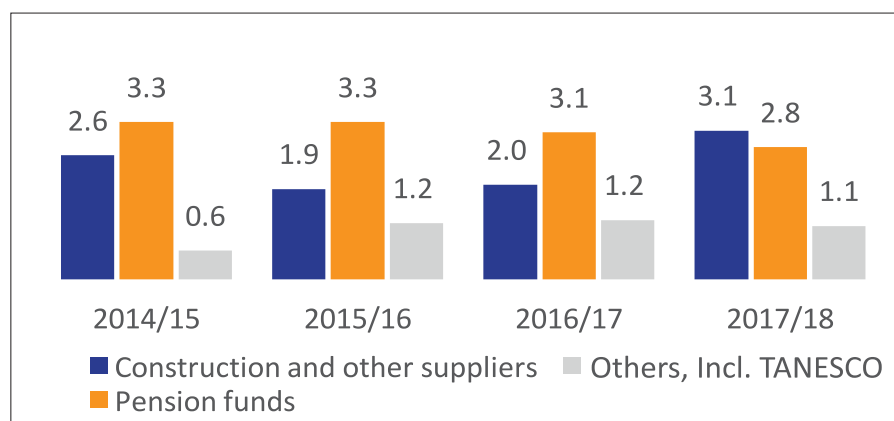
The fiscal deficit remains low, but budget execution problems persist

The low fiscal deficits achieved in recent years does not take arrears into account and mask challenges in budget credibility and financing. For the past two fiscal years, the fiscal deficit has averaged below 2 percent of GDP, thanks to a combination of control of recurrent expenditures, accumulation of arrears, and postponement of some capital projects. Since 2016/17, recurrent expenditures have been reduced to an average of 11 percent of GDP, down from about 14 percent in 2015/16; in December 2017 the unverified value of expenditure arrears was 3 percent of GDP (Figure 10). However, high government arrears imply 'financing' not reported in the official deficit, which in turn suggests significant underestimation. Moreover,

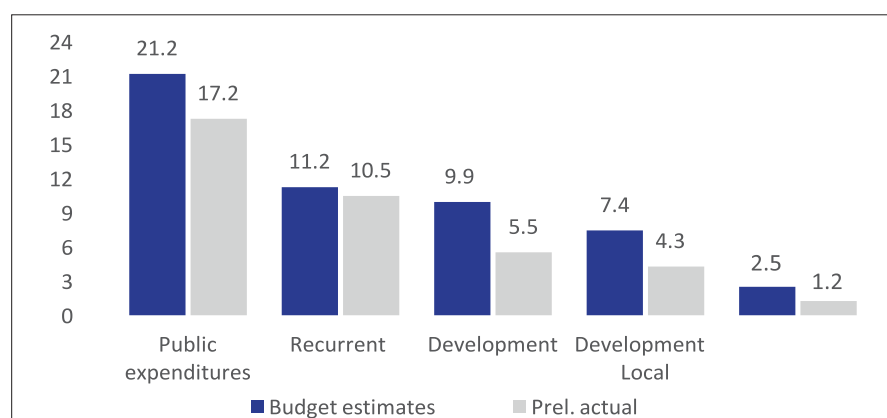
Figure 9: Stability of the Tanzanian Shilling, 2017–18



Source: OANDA Corporation.

**Figure 10: Domestic Payment Arrears, 2014–18, Percent of GDP**

Source: MoFP, TANESCO, and World Bank

Figure 11: Execution of the Development Budget, 2017/18, Percent of GDP

Source: MoFP.

budget credibility is questionable given that one-third of the 2017/18 development budget was not executed (Figure 11).

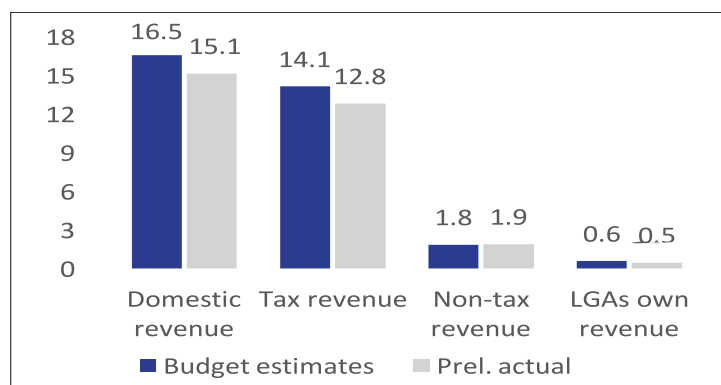
Domestic revenue and external financing shortfalls have remained a major challenge in Tanzania.

For the past three years, collection of domestic revenue has fallen below ambitious targets. Domestic revenue collected constituted 14.8 percent of GDP in 2017/18, missing the target by 1.7 pp (Figure 12), and external financing (grants and loans) was 2.2 percent of GDP against a target of 2.4 percent (Figure 13). The shortfall in domestic revenue, as noted

earlier, can be attributed to both difficulties of large tax payers to meet their obligations and the decline in imports. All categories of tax collection underperformed. The decline in external financing is due to tightening global financial conditions, higher commercial borrowing costs, and delays in project preparation. Such systemic issues may continue to affect budget financing throughout the near term.



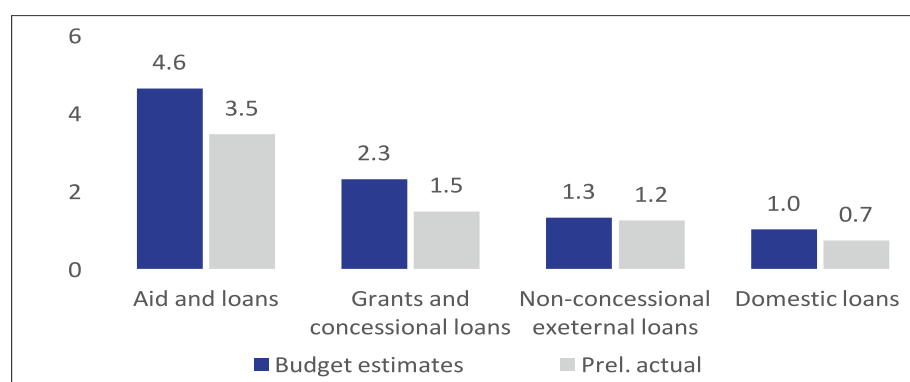
Figure 12: Domestic Revenue, 2017/18, Percent of GDP



Source: MoFP.

Note: LGA = Local government authorities.

Figure 13: Aid and Loans, 2017/18, Percent of GDP



Source: MoFP.

The government has moved to clear domestic payment arrears but progress on prevention has been slow. It has recently adopted a strategy to clear verified arrears by, e.g., allocating funds in the annual budget for direct payment by the Treasury.⁶ In 2017/18, the government paid down TZS 1.2 trillion of verified arrears and has allocated a similar amount for 2018/19. Clearance, and importantly prevention, is urgently needed to restore the credibility of the government and improve supplier cash flows.

To help improve budget credibility, in 2018/19 the authorities have also targeted

a more realistic fiscal deficit after grants of 3.2 percent of GDP. The goal is much lower than the ambitious 4.5 percent in the 2017/18 budget but slightly higher than the actual deficit in 2017/18. The budget continues to support the ambitious Second Five Year Development Plan's (FYDP-II) public investment orientation, with the development budget projected to consume 45 percent of public spending (equivalent to 9.1 percent of GDP). Recurrent spending has been allocated about 11 percent of GDP, higher by about 0.3 percent than the previous allocation. The domestic revenue target of 15.8 percent of GDP is more realistic than last year's 16.6 percent but will require significantly higher VAT collections than in

6 Treasury Circular No. 1 of 2018/19 on Strategy to Control Government Arrears.



2017/18. The government is targeting more nonconcessional loans, both foreign and domestic, to finance the deficit; they are expected to cover almost three-quarters of total deficit financing.

Public debt is currently manageable, but its cost and composition are growing concerns

Public debt is currently sustainable, but the liquidity risks presented by rising external borrowing must be carefully managed. The World Bank's most recent Debt Sustainability Assessment (December 2017) confirmed that current levels are manageable, but public debt is on the rise. External public debt grew by 7.7 percent in FY2017/18, and domestic debt grew by 10.5 percent. Servicing this debt currently consumes the equivalent of 45 percent of domestic revenue collections (Figure 14). Recent higher domestic and nonconcessional external borrowing imply higher interest costs and shorter maturities, which heighten liquidity pressures. With the planned scale-up in public investment to address infrastructure gaps, as is necessary to build up output growth and reduce poverty, new borrowing will need to be well-managed to meet medium-term debt strategy objectives.

Managing the cost and composition of borrowing is a growing concern.

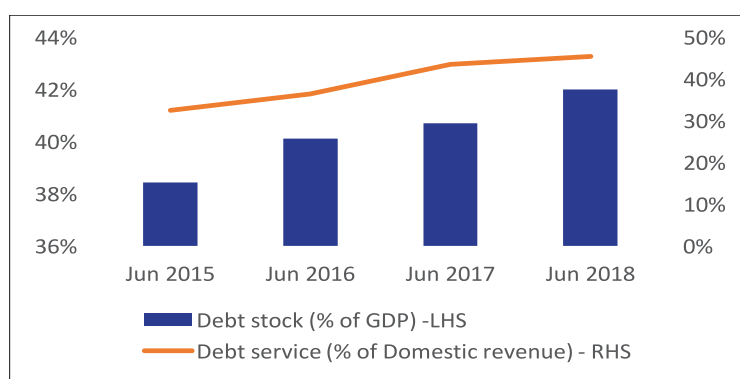
The Tanzanian authorities currently plan to rely on commercial loans, especially from foreign markets, to finance major capital projects. Such loans generally have shorter maturities and higher costs. Currency and maturity mismatches could result if completion of the major capital projects is delayed. Delays may also cause repayment schedules to precede expected benefits, especially if concessional financing is not fully leveraged. And only a few projects can be expected to directly generate the foreign currency needed to service external loans.

The business environment remains challenging

Tanzania's business environment continues to underperform its EAC peers.

In the World Bank 2019 *Doing Business Report* (October 2018), Tanzania ranks 144th out of 190 economies on the ease of doing business, lower than the previous report (*Doing Business 2018*) where Tanzania ranked 137th (Figure 15). In 2017/18, Tanzania implemented one reform to make starting a business easier by launching

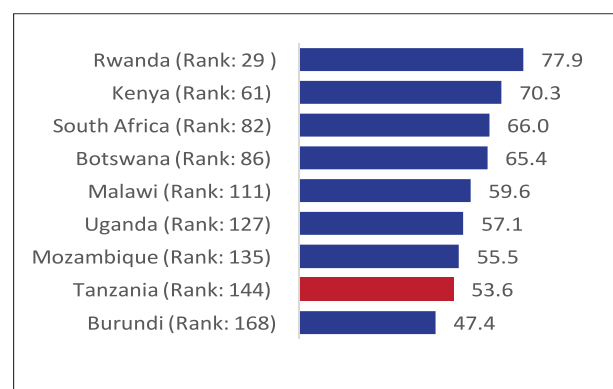
Figure 14: Public Debt, 2015–18, Percent



Source: MoFP and World Bank.

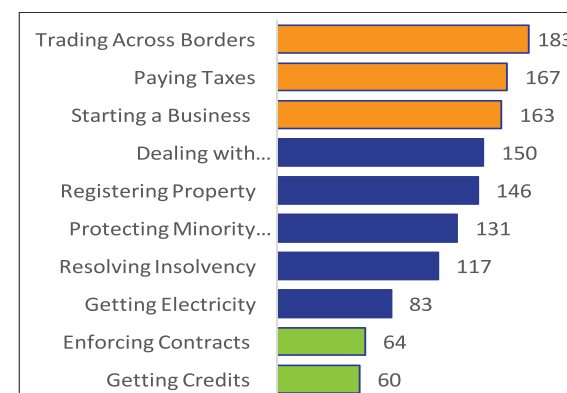


Figure 15: Ease of Doing Business: Tanzania and East African Peers, Rank and Score



Source: Doing Business 2019: Training for Reform, World Bank, October 2018.

Figure 16: Distances to the Frontiers, Rank



Source: Doing Business 2019: Training for Reform, World Bank, October 2018.

online company registration. Therefore, in the absolute metric, (*Ease of Doing Business score*), Tanzania's performance improved to 53.63, compared to 53.29 (Doing Business 2018 as adjusted).⁷ The drop in the Doing Business ranking is mostly due to the fact that other economies have improved their scores more by undertaking more reforms than Tanzania. For example, seven reforms were undertaken by Rwanda, six reforms by Djibouti and Togo, and five reforms by Cote d'Ivoire, Gabon, Guinea, Kenya, Mauritius and Sudan.

Tanzania continues to rank low on trading across borders, starting a business, and paying taxes. While Tanzania has been performing relatively well in the areas of getting credit and enforcing contracts, its performance is significantly weak in the areas of trading across borders, as well as starting a business and paying taxes (Figure 16). The financial costs,

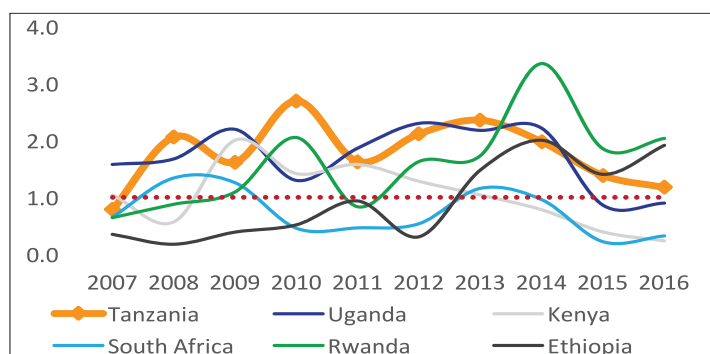
cumbersome procedures, and complicated documentation requirements all burden cross-border trade. The lack of clarity about the tax laws and the administrative burden on businesses in complying with tax obligations also contribute to the country's poor ranking in the paying taxes area. Reportedly, tax collectors and other government fiscal agents have been overly aggressive; for example, it has been reported that newly registered companies are being required to pay taxes on estimated revenues even before commencing operations.

The decline in FDI inflows bodes poorly for future growth. In 2017, FDI declined to 2.3 percent of GDP, down from 3.9 percent in 2016. Although the impact of the recent decline in FDI inflows has not yet become apparent in the GDP figures, it will be a determinant of medium-term growth. The worsening FDI performance is also reflected in the FDI performance index, which provides a measure of Tanzania's share of global FDI

⁷ Some data revisions were required to Doing Business 2018 (both ranking and score) for Tanzania due to the issues that existed during 2016/17 but were only identified at the time of the Doing Business 2019 assessment. These include a more cumbersome process for the VAT refund claim submission and an increase in cost/time to start a business (cost to obtain a business license, time for tax registration/TIN certificate). This has resulted in ex-post downward revisions in the rank (from 137 to 139) and in the score (from 54.04 to 53.29) for Doing Business 2018.



Figure 17: FDI Performance Index



Source: UNCTAD data.

relative to its share in global GDP (Figure 17). Investors cite concerns around hiring workers, reduced profits due to tax policies, increased local content requirements, regulatory instability and mandatory IPOs in mining and telecom industries among their key concerns (Bureau of Economic and Business Affairs, US State Department, 2018).

Delays in processing VAT refunds and payment arrears to contractors and other suppliers continue to undermine private sector growth and investments. The delays in VAT refunds are partly attributable to the lengthy verification process—a consequence of the anticorruption drive. However, when VAT refunds and payments to contractors and suppliers are delayed, businesses suffer from cash flow shortages and have less incentive to be compliant. Moreover, delays in the payment of VAT refunds and arrears to contractors and other suppliers have reduced the growth of credit to private sector. Banks have complained that they cannot take on the additional risk of new lending due to the high level of NPLs and to a lack of bankable high-return projects.

Poverty reduction is vulnerable to a surging population and lack of inclusive growth

Poverty began to decline persistently over the past decade but did not decline as fast as the population grew; the result was an increase in the absolute number of poor.

The national poverty rate dropped from 34.4 percent in 2007 to 28.2 percent in 2012 and then to an estimated 26.8 percent in 2016 (the estimate is based on HBS 2012 data as imputed in the Demographic Health Survey [DHS] of 2016, using the small area poverty mapping technique).⁸ Thus poverty fell by about 3.6 percent annually for 2007–12, when the population went up by 2.8 percent, and 1.2 percent annually for 2012–16, with a population rise of 3.3 percent. While the reduction in poverty slightly outpaced the population increase in 2007–12, reducing the number of poor by 1 million people, the opposite was true thereafter, pushing the number of poor back up to its 2007 level (Figure 18). This reinforces the point made in Part Two of this report, that if population

⁸ The imputation approach was discussed with and validated by the NBS.



growth and fertility rates are reduced, poverty could be reduced much more rapidly. Despite its improved poverty rate, Tanzania ranks low compared with countries of similar income. Its international poverty rate (\$1.9 a day in 2011 PPP) is 2 pp higher than the low-income-country average and 7 pp higher than the average for SSA (Figure 19).

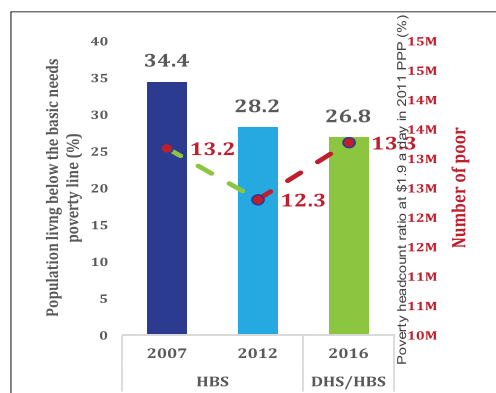
Tanzania's human development outcomes are below expectations. Given its GDP per capita, its achievements in poverty and living conditions fall below what could be expected. Tanzania underperforms on most dimensions, ranking in the bottom half of low- and lower-middle-income countries. Its poverty level is about 24 pp higher than might be expected, as are access to basic services (e.g., electricity, water, and sanitation) and enrollment in tertiary education. Completion of primary education completion, maternal mortality, and chronic malnutrition (stunting) also fall far short of averages for countries of similar income, although acute malnutrition (wasting), child mortality, and life expectancy at birth are on par with peer

country averages and with expectations. Tanzania seems also to perform well in terms of immunization. Tanzania spends more on public health than the average for its income peers and one result has been a lower than average incidence of malaria, but deaths from communicable diseases and maternal, prenatal, and nutrition conditions are higher than in peer countries.

Mobility into and out of poverty is high, alternately raising hopes and concerns.

In the past five years, about 16 percent of Tanzanians escaped poverty, but 13 percent fell into it. Close to 12 percent are trapped in chronic poverty with only a 40 percent chance of escaping. The chronically poor mainly live in rural areas and work in agriculture, which continues to record low growth and productivity. They also have large families and more dependents, less education, and few if any productive assets. People engaged in nonfarm activities have been better able to improve their standard of living.

Figure 18: Poverty Rate and Absolute Number of Poor, 2007–16



Sources: HBS 2007, 2012, DHS 2016 and WDI 2018,

Figure 19: International Poverty Headcount Ratio at \$1.90 a Day by GDP per Capita

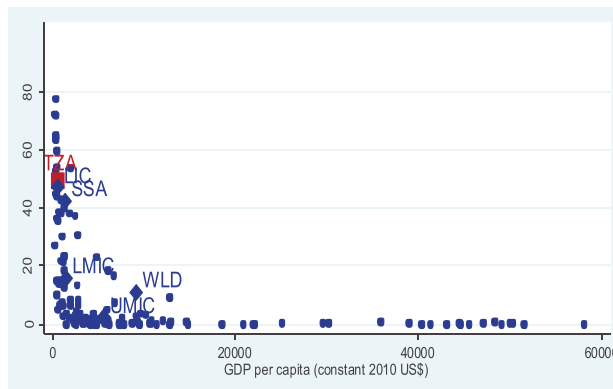
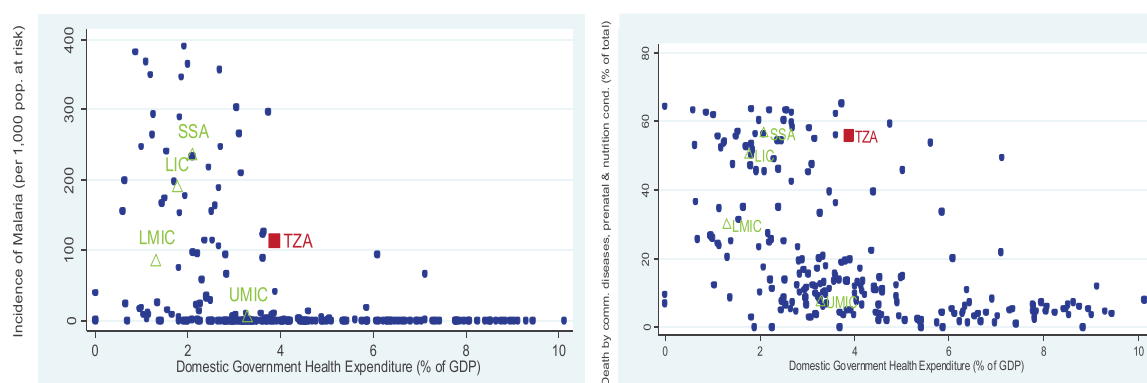
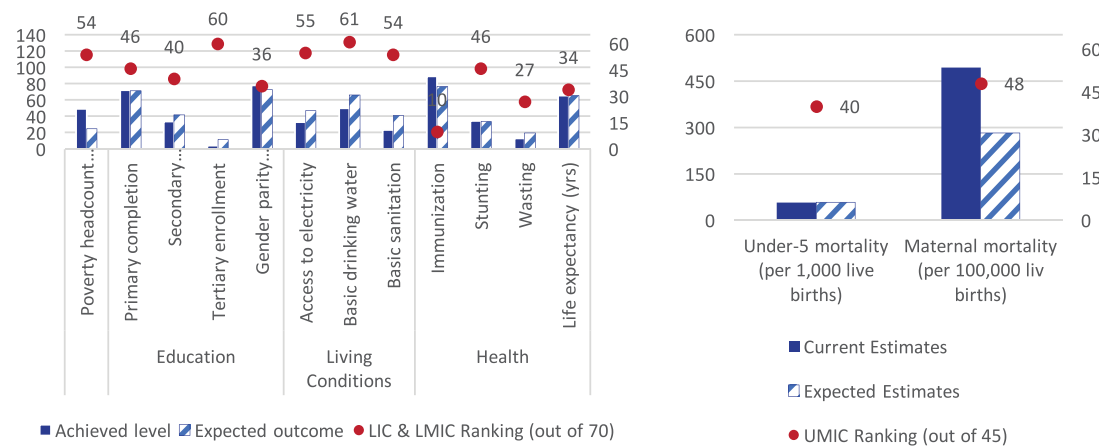




Figure 20: Indicators for Human Development and Living Conditions



Sources: WDI 2018,

Note: Figure 20 compares Tanzania's achievement to expected performance on each human development outcome given its GDP per capita. Expected outcomes are estimated using panel data generalized by the estimating equation and assuming a Gamma distribution of dependent variables. Data include a sample of 110 non-high-income countries for the period 1998-2017. The figure also compares Tanzania's rank to the sample of 70 low-income and lower-middle-income countries and shows how the country ranks on each dimension. Ranking ranges from 1 (best) to 70 (worst). All outcomes except life expectancy at birth and mortality rates are in percentages.



1.2 Macroeconomic Outlook and Risks

The growth outlook is uncertain

The expected growth performance for 2018 and beyond is uncertain pending the forthcoming rebased GDP series.

A favorable growth outlook will depend on positive performance from agriculture and gradual improvement in the business environment and budget execution, especially for development projects. The macroeconomic environment is expected to be stable, with favorable domestic food conditions helping keep inflation low. The CAD is projected to gradually increase as capital investments progress, particularly the investments in transport and energy infrastructure, which require significant imports. Higher oil prices in future could also put upward pressure on the current account deficit, depreciation and inflation.

Tanzania is expected to achieve modest progress in reducing poverty in the medium term. It is projected that the incidence of poverty will fall by only about 2 pp between 2018 and 2020 and the number of poor will remain relatively constant as population growth continues its high pace. The economic prospects for the poor—who mainly work in low-productivity farming or urban informal service sectors—are limited; growth continues to be concentrated in capital-intensive sectors and in large urban areas.

Key downside risks remain

Delays in reforms to stimulate the private sector present significant risks to the growth outlook. In recent years, the

economy has largely been driven by the public sector, since private and business conditions have been weak. The status quo growth model raises concerns about long-term sustainability because it may fail to attract adequate private investment. To avoid this risk, the government should move promptly to execute the reforms identified in the *Blueprint for Regulatory Streamlining* and the *Arrears Management Strategy* that were adopted in May 2018. The Government could execute such quick-win reforms as accelerating clearance of verified payment arrears, speeding up delinquent VAT refunds, reducing the cost of regulatory compliance, making tax administration more predictable, and ensuring that tax collectors and fiscal agents collect taxes in a manner that does not constrain growth or the continuity of businesses and private sector operations.

Delays in execution of infrastructure projects and high domestic payment arrears continue to cloud the growth outlook. The government has embarked on a major public investment program led by strategic capital investment projects in transport and energy infrastructure. These projects are designed to support and accelerate growth over the medium to long term, but the development budget, which is directed to supporting these projects, has been under-executed by more than 30 percent, which suggests that the projects will not be completed on schedule. In addition, high arrears to contractors have reduced the credibility of the government and its contractors and suppliers and jeopardized the cash flow plans of the latter.



Fiscal space may narrow due to pressures for spending on social services for a rapidly growing population, the planned scale-up in infrastructure projects, and increasing debt service. Tanzania is spending about 80 percent of its domestic revenue on delivery of education and health and on debt service. Wages and debt service each consume about 6 percent of GDP. Increased borrowing to finance major capital projects will worsen debt service needs, especially if current plans to rely heavily on nonconcessional creditors are followed. It would not be surprising to see recurrent expenditures consume more than domestic revenue brings in at a time when external grants are also falling. If severe, this situation may cause delayed payment of wages and external debt service and exacerbate the problem of arrears.

Among external risks are exchange rate volatility, higher global energy prices, and tighter global financing conditions, especially considering that the government expects to finance major capital projects with nonconcessional loans. Rising global energy prices could also increase the import bill and widen the CAD at the time when FDI is eroding.

What will be required for Tanzania to realize its growth potential?

If Tanzania is to become a middle-income country by 2025, its goal, the government must ensure reform efforts for a stronger private sector and more effective fiscal policy implementation facilitate achievement of that goal. Tanzania's FYDP II emphasizes industrialization of the economy and the private sector driving economic

transformation. FYDP II envisions the state playing a role in economic governance, particularly in enabling infrastructure investments to improve connectivity and market access. These reforms are vital to attract more private investment, heighten economic growth, and create more productive jobs. While Tanzania has the potential to achieve higher growth, though perhaps over a longer timeframe, creating a more favorable investment climate can drive expansion of the private sector and increase competitiveness. This will lead to higher fiscal yields, export earnings, and job creation. The challenges are generally surmountable and within government control.

Continued macro stability is a necessary ingredient for strong growth. Government should continue to implement measures to ensure macroeconomic stability. The track record has been positive, but continued vigilance is needed to maintain stability in the short and medium terms. Prudent monetary and fiscal policies will form the foundation for any effort to boost growth and to create productive jobs. Short term actions related to the money supply, policy rates and government borrowing in the domestic market should support a conducive environment for the private sector. Maintaining exchange rate flexibility will help manage external shocks, and foreign investment will remain critical to managing Tanzania's external balance. Over the medium term, it is important to coordinate monetary and fiscal policies to ensure a low and stable inflation environment and fostering investment, while containing financial risks.



Government needs to urgently implement measures to foster greater private sector participation in the economy. Recent difficulties and constraints for a flourishing private sector have been noted. There are a number of specific actions government could undertake to address these issues.

Short term – improve liquidity in the economy

- Prioritize the payment of verified domestic arrears to private sector contractors and suppliers.
- Speed up the release of VAT refunds to improve liquidity in the economy.
- Ensure tax collection efforts do not unfairly burden businesses.

Medium term - continue reforms to address structural constraints on private investment

- Reduce the high cost of regulatory compliance through full implementation of the recently endorsed *Blueprint for Regulatory Streamlining*.
- Address deficiencies in infrastructure services and skills.

Significant benefits to the private sector could also be derived by improving the competitiveness of agribusiness and leveraging regional markets. Recent analytics indicate that there are significant opportunities for Tanzania's agribusinesses to become more competitive through greater involvement in value chains, including regional cross-border value chains. This would enable them to better market and source their inputs, which could do much to facilitate progress on Tanzania's industrialization and job creation agenda. While the East African Community Common Market Protocol creates significant

opportunities for Tanzanian firms to develop such value chains, its activation has been slow—at least partly due to the continued prevalence of nontariff barriers (NTBs), as discussed in the World Bank's recent Diagnostic Trade Integration Study 2017/18. The lack of regional quality standards also constrains expansion of regional cross-border trade. Additional measures to reduce or eliminate NTBs and to establish robust quality standards, both national and regional, could help support trade and growth in Tanzania.

Government should also intensify efforts to improve fiscal policy design and implementation, which is a key lever for reaching the country's development goals.

The Five-Year Development Plan II rightly aims to facilitate an ambitious increase in investment in human and physical capital. However, the national budget has been significantly under-executed over the past few years, delaying important public investments and contributing to softened growth. Short and medium terms actions to improve fiscal policy implementation include the following.

Short term – improve budget credibility

- Prepare and implement credible borrowing plans.
- Tighten expenditure controls to stem new payment arrears.
- Introduce risk-based VAT auditing.

Medium term – deliver a balance of investments in human capital and infrastructure services

- Intensify mobilization of domestic revenue as a key financing source for investment.



- Effective public investment management to deliver high return projects.
- Balance of investment in infrastructure and human capital.

Tanzania needs to accelerate investments to address gaps in human capital (especially for girls, as highlighted in the next section) and public infrastructure.

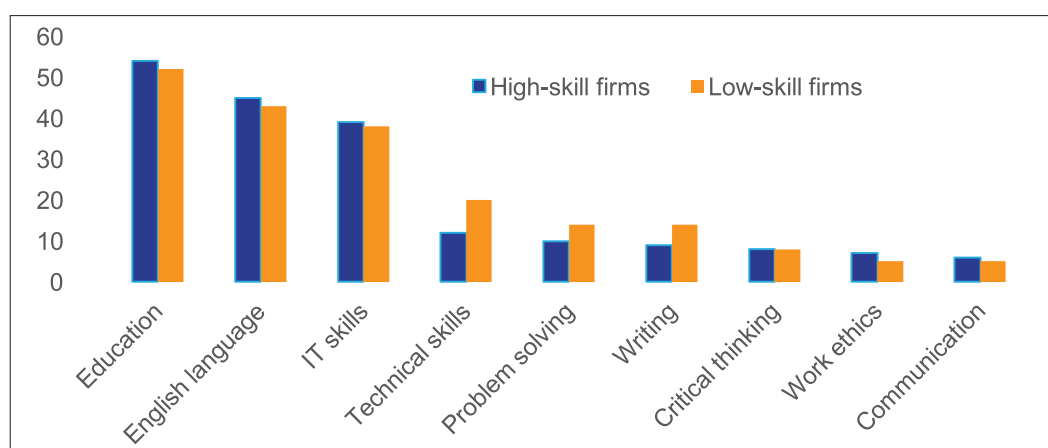
Tanzania has huge gaps in human skills and infrastructure that have constrained industrial development and growth, and as explained in the next section girls are particularly at a disadvantage in reaching their potential. Tanzania needs to increase the number of engineers, technicians and doctors. Moreover, improved skills in education, languages, IT, communication, technical and work ethics will require massive improvements to education and training systems to support future growth through increased industrialization and services. Figure 21 notes the major constraints that have been reported by high and low skills firm in Tanzania. To close the gaps in human skills and infrastructure in the country, the Government has increased public expenditures on capital and human

development projects, including in the energy, transport, education and health sectors. However, these projects will need to be appropriately prioritized to ensure that they are fully funded and completed on time to drive future growth. Part Two of this economic update sheds light a critical aspect of human capital development - the importance of investing in girl's education in driving economic growth in future.

Part Two of this report shows a key component of the long term economic planning should be to fully leverage the potential of women in the economy.

This potential is severely curtailed by child marriage and early childbearing. The economic benefit of ending child marriage in terms of welfare gains from lower population growth is large. By 2030 it could reach US\$5.0 billion in purchasing power parity. This is due to many factors including reduced child marriage increases expected earnings throughout a woman's life. In addition, over time there would also be budget savings due to reduced demand for public services as population growth is reduced.

Figure 21: Lack of Skills as a Constraint on Tanzanian Firms, Percent



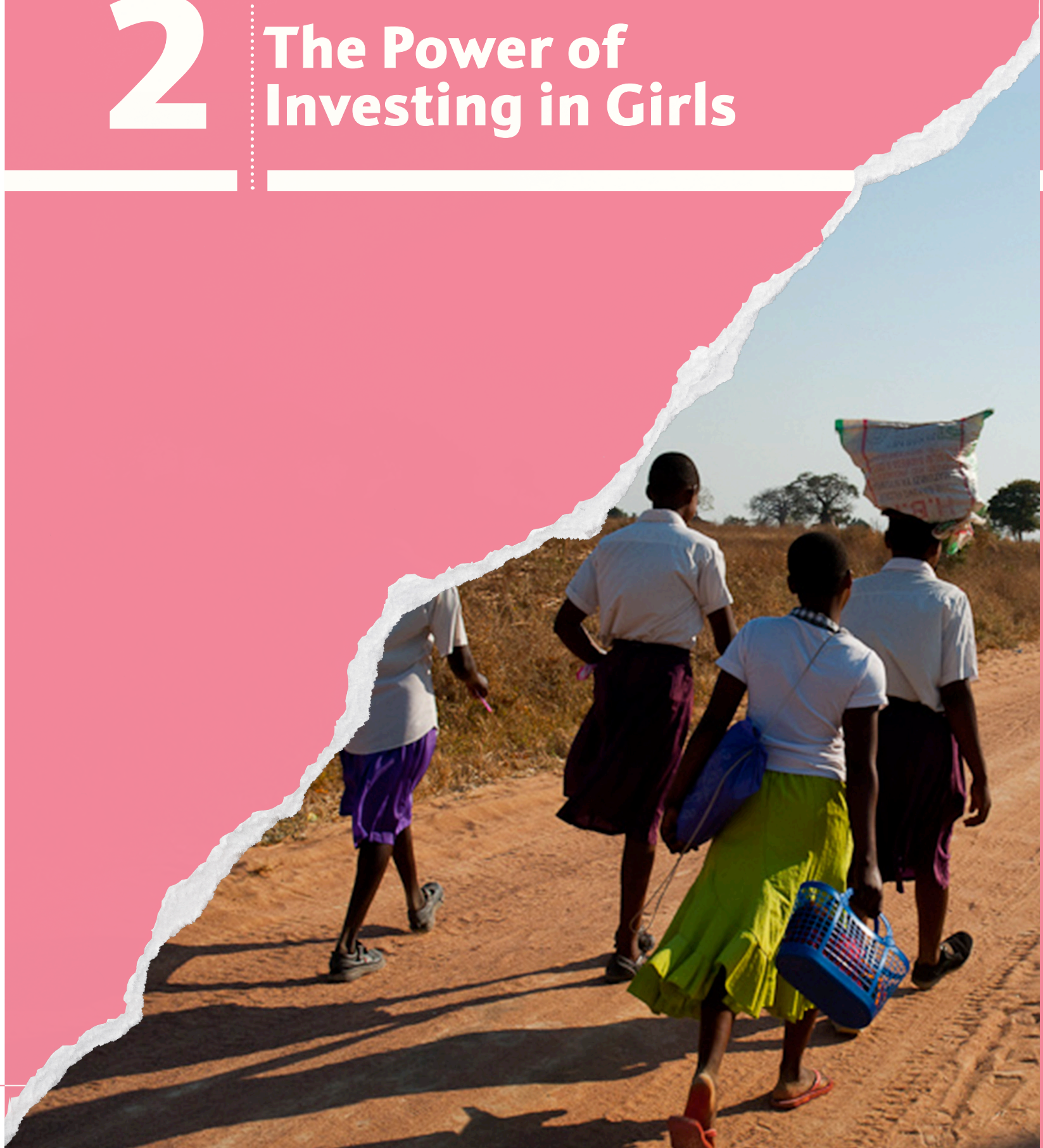
Source: World Bank, Tanzania Enterprise Skills Survey, 2015.





2

The Power of Investing in Girls





The Power of Investing in Girls⁹

There has been major progress in Tanzania in improving education for girls over the last two decades, and some progress in reducing the prevalence of child marriage. However, rates of secondary school completion for girls remain low, and the shares of girls marrying before the age of 18¹⁰ or having a child before that age¹¹ remain high. The progress made, although substantial, has been too slow for Tanzania to achieve the Sustainable Development Goals. Further progress on child marriage, early childbearing, and the low educational attainment of girls can yield large positive impacts on other development outcomes and deliver high economic benefits.

Globally, the World Development Report on Gender (World Bank 2012) and other studies (e.g., World Bank 2001) have previously called for investing in adolescent girls. In Tanzania, the Ministry of Health, Community Development, Gender, Elderly, and Children (Ministry 2017) conducted an in-depth study of the drivers and consequences of child marriage which outlines in its conclusions priority actions to end child marriage. Other recent studies on Tanzania have dealt with gender equity in education (World Bank 2018a) and demographic challenges and opportunities (Schneidman et al. 2018).

This chapter highlights the gains that can be achieved from investing in improved opportunities for girls, by documenting the negative effects and economic costs of failing to do more. Acknowledging these costs, a range of important measures have already been taken by the government to reduce child marriage and early childbearing and improve education for girls. Tanzania has proven in the past that it can succeed in improving life for girls and women and change social norms, as demonstrated by the decline in female genital mutilation as just one example. Expanding investments in girls further is one of the best investments Tanzania could make to improve development outcomes. It is hoped that the analysis in this chapter will help in strengthening the case for investments in girls. This analysis is based in part on global World Bank work on those issues.¹²

⁹ This section relies in part on results from World Bank global studies on (1) the economic impacts of child marriage (jointly with the International Center for Research on Women); (2) the cost of not educating girls; and (3) the cost of gender inequality. The work was supported by the Children's Investment Fund Foundation and the Global Partnership for Education.

¹⁰ Defined as living in a formal or informal union before the age of 18.

¹¹ Defined as having a first child before the age of 18.

¹² On the economic impacts of child marriage, see Wodon et al. (2017a); on the cost in earnings of gender inequality, see Wodon and de la Brière (2018). Finally, on the cost of failing to provide educational opportunities for girls, see Wodon et al. (2018). More details on methodology and findings are available upon request.



2.1 Child marriage is still prevalent, and girls' educational attainment is on average low

In many low-income countries, despite substantial progress over the past two decades, girls have on average less secondary education than boys. In Tanzania, girls tend to do better than boys in terms of gross enrollment and completion rates at the primary and lower secondary education levels. But they do less well than boys at the upper secondary level. Often, one of the reasons for this gap is that before they are 18, a significant proportion of girls marry

and have children, thus compromising their opportunities to complete upper secondary school. This may also have a range of other negative impacts, because many are marrying or having children before they are physically and emotionally ready. Giving girls more educational opportunities and reducing or eliminating child marriage and early childbearing are essential to ensure that girls have agency not only as future wives and mothers but in a vast range of other roles. Making such changes are essential for any country working to reach its full development potential.

Table 1: Education Completion Rates, Child Marriage, and Early Childbearing by Age Group, Percent

Table 1: Education Completion Rates, Child Marriage, and Early Childbearing by Age Group, Percent									
Primary Completed									
	15-18	19-22	23-30	31-40	41-49				
East & Southern	64.4	65.2	55.9	48.2	42.9				
Kenya	87.9	90.5	84.8	81.5	75.6				
Mozambique	54.7	55.5	40.7	22.8	15.2				
Rwanda	55.0	58.7	39.1	40.3	40.2				
Tanzania	82.2	83.5	74.3	70.4	71.1				
Uganda	58.7	73.8	68.4	46.1	38.0				
Zambia	79.8	82.2	68.4	61.4	58.9				
	Lower Secondary Completed					Upper Secondary Completed			
	(standardized at primary + 3 years)					(standardized at primary + 6 years)			
	18-20	21-24	25-30	31-40	41-49	21-24	25-30	31-40	41-49
East & Southern	28.8	32.7	25.6	19.5	15.8	18.7	15.6	11.4	8.6
Kenya	60.2	53.7	43.3	36.7	33.3	39.1	34.0	28.2	23.3
Mozambique	22.7	25.8	16.8	10.7	5.8	10.1	7.2	5.0	2.6
Rwanda	26.6	27.7	16.9	9.4	5.9	15.1	12.9	6.6	3.4
Tanzania	34.2	32.0	20.9	11.9	9.9	26.8	17.6	9.7	7.6
Uganda	24.7	34.8	30.1	17.8	12.2	14.7	15.4	9.8	6.2
Zambia	45.2	47.9	35.3	29.8	22.4	22.6	18.9	13.0	8.3
	Child Marriage					Early Childbearing			
	18-22	23-30	31-40	41-49	18-22	23-30	31-40	41-49	
East & Southern	28.1	32.3	33.2	35.7	20.4	24.2	24.2	24.1	
Kenya	20.5	27.7	26.8	31.2	22.1	25.0	22.8	27.7	
Mozambique	51.5	46.5	39.3	42.0	39.0	39.6	31.7	33.8	
Rwanda	5.6	8.8	14.6	18.1	5.9	6.2	6.4	8.3	
Tanzania	31.8	32.4	35.3	40.5	22.4	24.1	26.0	28.2	
Uganda	32.5	36.6	45.5	46.5	26.0	31.8	37.3	35.6	
Zambia	28.5	39.5	44.4	51.5	29.5	33.1	33.8	37.6	

Source: DHS data.

Note: The regional average is not weighted by country populations.



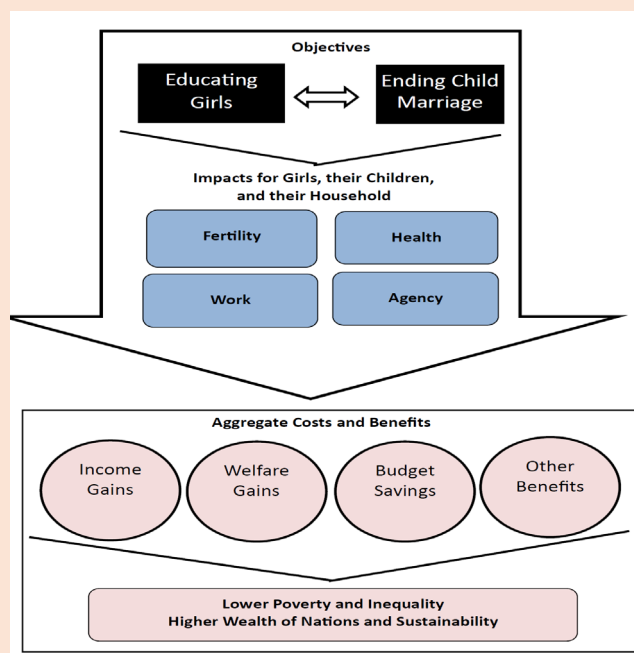
Despite progress over the last two decades, Tanzania remains confronted by massive challenges related to child marriage, early childbearing, and low educational attainment for girls. Table 1 illustrates trends in educational attainment and child marriage for girls in Tanzania, Mozambique, and Zambia and regionally in East and Southern Africa. The estimates

are based on data from the most recent Demographic and Health Surveys for the various countries. Therefore, in the case of educational attainment, the estimates in Table 1 do not correspond exactly to administrative estimates from the Ministry of Education, but trends over time should be broadly consistent. Regional data are based on estimates for 15 countries, with

Box 2: Framework for Analyzing Impacts and Costs or Benefits

A simple framework guides the analysis. As shown in Figure 22, it is recognized that there is a close relationship between girls' educational attainment, child marriage, and early childbearing. Ensuring that girls remain in school is one of the best ways to delay marriage and childbearing, with beneficial effects on Tanzania's development indicators. By contrast, marrying early or becoming pregnant leads girls to drop out of school. Furthermore, child marriage is one of the main drivers of early childbearing. These relationships are acknowledged in the top part of Figure 22.

Figure 22. Conceptual Framework



In turn, both girls' educational attainment and child marriage and early childbearing matter for other development outcomes. Four main outcomes are considered: (1) fertility; (2) health, including nutrition and the risk of exposure to intimate partner violence; (3) work, including labor force participation and earnings; and (4) agency, including decision-making and other impacts. While some impacts are estimated for the girls marrying or dropping out of school early, others are estimated for their children.

The chapter then estimates selected economic costs or benefits associated with the impacts of girls' education and child marriage or early childbearing. Examples of benefits from offering girls better educational opportunities, ending child marriage, and preventing early childbearing include (i) increased growth in GDP per capita as a result of reduced population growth; (2) higher labor earnings for women in adulthood; (3) increased labor earnings for children in adulthood due to reductions in stunting; (4) valuation of the benefits associated with children's lives saved; and (5) reduced budget needs as the rate of population growth falls. Though far from exhaustive, this list identifies those with the largest expected economic benefits.

Finally, the chapter recognizes that the benefits derived from providing girls with improved educational opportunities and eliminating child marriage at the individual and household levels have broader implications nationally and even globally. By raising standards of living (through higher GDP per capita, lower population growth, and higher earnings for women), educating girls and ending child marriage will reduce both poverty and inequality.



all countries weighted equally, which does not account for the differences in population. In addition to Tanzania, the regional estimates are based on data for Burundi, Comoros, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Somalia, South Sudan, Uganda, Zambia, and Zimbabwe. The estimates for Tanzania are standardized based on DHS surveys so that they can be applied to all countries equally. They may differ slightly from estimates based on the 7-4-2 structure of Tanzania's education system in which, after one year of preprimary schooling, basic education consists of seven years of primary and four years of lower secondary. After that an additional two years of upper secondary education can be completed. For comparisons across countries, the standardized estimates are used; the differences from 7-4-2 estimates tend to be too small and thus do not affect the findings much.

Primary completion rates, historically high in Tanzania, in the last three decades have gone up by 11 percentage points. For upper secondary completion, gains were 9 points—above the average gain in East and Southern Africa.

Though Tanzania's secondary completion rate has risen substantially over time, it remains low (Table 1). Educational attainment is determined by three measures: the proportions of girls of various ages who complete primary, lower secondary, and upper secondary education. The age groups are defined to allow girls a few more years beyond the normal age to complete a level, to account for possible late entry or repetition.

The standardized primary completion rates have been historically high in Tanzania, but they increased by 11.1 percentage points over the last three decades. Gains for lower secondary were at 18 points, and for upper secondary at 19 points. However, still only slightly more than one in four girls complete secondary education.

Numerous factors suppress the educational attainment of girls.

Though the focus here is on the interactions between educational attainment, child marriage, and early childbearing, inadequate learning while in school also plays a role. For example, more boys than girls transition from primary to lower secondary and from lower to upper secondary. This is in part because of higher learning as measured by standardized tests (Box 3). But it is also related to social norms: for some girls, completion of primary school is seen as a signal that they may be ready for marriage. The following quote from a recent report by the Ministry of Health, Community Development, Gender, Elderly, and Children: *"But this happens many times when a girl finishes primary schooling, and to us, we see it is a normal thing because she has already finished her primary schooling. This happens and we have not viewed this as a problem because she has finished primary school so she can leave to get married"* (Ministry 2017).



Box 3: Gaps in Learning and the Gender Gap

Girls have lower pass rates than boys on the Primary School Leaving Examination (PSLE): in 2016, 74 percent of boys passed but only 68 percent of girls. Entry into lower secondary depends on national exam scores, with priority given to the best-performing candidates. Since girls tend to perform less well on the PSLE, fewer are eligible to go on to lower secondary. Gender gaps in primary learning outcomes are also larger in Tanzania than elsewhere in the region. Of 12 countries participating in the Southern Africa Consortium for Monitoring Educational Quality (SACMEQ) assessment for primary schools in 2007 (the last year that Tanzania participated), mainland Tanzania had the largest gender gaps in learning achievement in mathematics and reading. The same pattern applies to the lower secondary national exam (CSSE) in which the proportion of girls passing and the quality of their scores is lower than boys in all subjects except Kiswahili, which again lessens their eligibility for a place in upper secondary school.

Among factors undermining the performance of girls in school are (1) more household demands on the time of girls than boys, leaving them with less time for schoolwork (see Blackden and Wodon 2006 on time use); (2) poor-quality conditions for managing menstrual hygiene and lack of school water and sanitation facilities for girls, leading them to miss more school days (only 44 percent of secondary schools in Tanzania have adequate numbers of toilets for girls and 54 percent have no regular water supply throughout the year); (3) lower teacher expectations of girls, reducing the attention they receive from teachers; and (4) a higher propensity for teachers to assign girls to chores like fetching water and cleaning classrooms, which reinforces gender stereotypes as well as taking time away from learning (UNICEF 2003). Less frequent attendance and missed instruction can substantially affect the learning achievement and exam performance of girls (see, for example, Sommer 2010 and Sperling and Winthrop 2016).

On average, in 15 East and Southern African countries, over 25 years the prevalence of child marriage decreased by 7.6 points. Progress in Tanzania was slightly higher, but the prevalence of child marriage there still exceeds the regional average.

Among comparator countries, over 25 years the prevalence of child marriage decreased by an average of 7.6 percentage points, while in Tanzania the reduction was at 8.7 points. In other words, for the region the prevalence of child marriage among women aged 18–22 is 7.6 points lower than for women aged 41–49. For Tanzania, the reduction was slightly larger at 8.7 points, but child marriage is still above the regional average. For early childbearing, the reduction over time for Tanzania at 5.9 points is again larger than for the region, but the prevalence rate is also higher than the average for East and Southern Africa.

While Tanzania has reduced both child marriage and early childbearing, and increased educational attainment for girls, at current rates of progress the country will not achieve the SDGs. The trends in education completion rates and child marriage are illustrated in Figures 23 to 25.¹³ For education, completion rates for women aged 41–49 are shown on the horizontal axis, and for the youngest age group on the vertical axis. Similarly, Figure 26 presents the results for child marriage, with women aged 41–49 shown on the horizontal axis, and women in the youngest age group on the vertical axis. In the case of educational attainment, the fact that all countries are above the diagonal indicates positive progress in each case, with the vertical distance from the diagonal representing progress in percentage points. For child marriage, positive progress is indicated when the countries are below the diagonal.

¹³ For Somalia, two estimates are included in the Figures due to the implementation of two surveys for different parts of the country.



Figure 23. Primary School Completion, Girls by Age, Percent

East and Southern African Countries

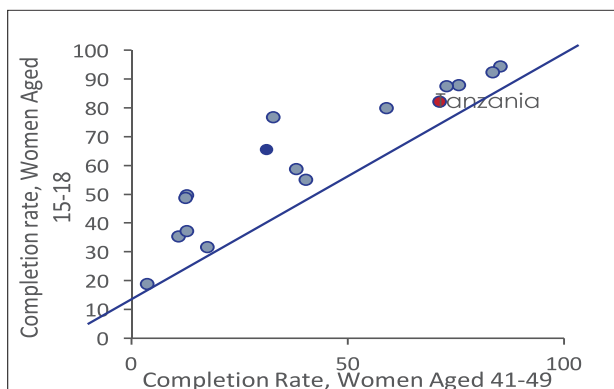


Figure 24. Lower Secondary Completion, Girls by Age, Percent

East and Southern African Countries

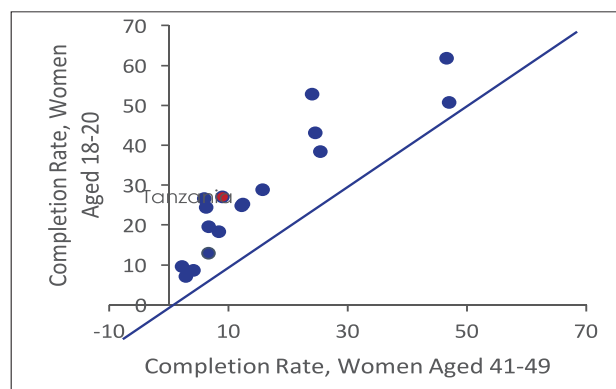


Figure 25: Upper Secondary Completion, Girls by Age, Eastern and Southern African Countries, Percent

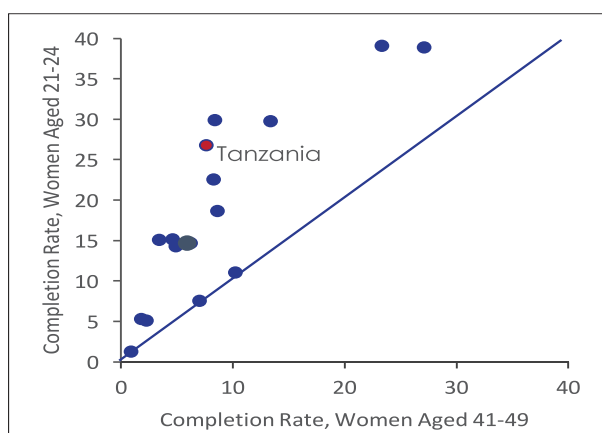
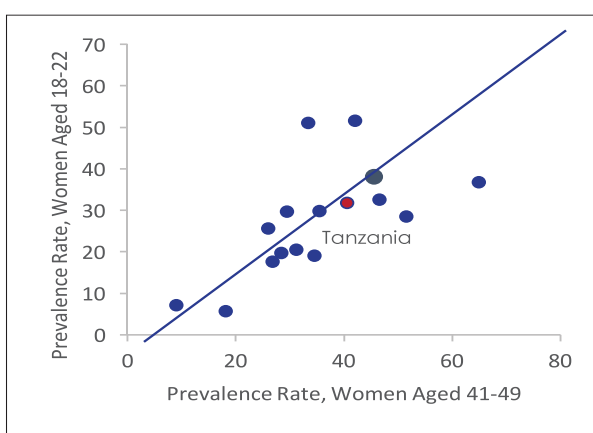


Figure 26: Prevalence of Child Marriage by Age, Eastern and Southern African Countries, Percent



Box 4: Changing Social Norms: The Case of Female Genital Mutilation

In 2014, the World Bank released a study on *Voice and Agency: Empowering Women and Girls for Shared Prosperity* (Klugman et al, 2014). It notes that constraints faced by women and girls stem from their limited endowments and economic opportunities. Social norms about gender roles are also limiting. But these norms can change with appropriate programs and policies. One example is female genital mutilation (FGM), a practice transmitted across generations (Onagoruwa and Wodon 2018b).

In Tanzania, as noted in a study by the Ministry of Health, Community Development, Gender, Elderly, and Children Ministry (2017), FGM is practiced among the Tindiga and Hadzabe of Manyara, the Gogo and Sandawe of Dodoma, and Kuria, and the Simbiti, Rieny, Ugu, Bakabwa, Kine, Nata, Zanaki, Kiroba and Tatiros of Mara. FGM marks girls' transition into womanhood; the rites are meant in part to ensure their marriageability. Quotes from the Ministry report are illustrative: "If you have been circumcised, you are ready for marriage as long as you are not in school. Otherwise you have already grown up." "There are times when you may get a girl who is 15 years of age, but she has a big body structure, which may make one think that she is already a grown-up, even though she is not yet of the right age." "When a girl is ready for initiation, she is ready for marriage. Things are not as they were before, when girls who were going into initiation were those who were adults. But these days they bring even young girls. And if they are not in school, it's so hard to wait for them to reach the age of 18."

The good news is that the prevalence of the practice is rapidly decreasing. In 1996, 18 percent of women aged 15–49 in Tanzania had been circumcised. By 2015–16, the proportion was down to about 10 percent. The decline is much more rapid for young girls than for the overall sample of women in the survey who underwent FGM some time back. Today, less than 1 percent of girls under age 15 undergo FGM (but some girls older than 15 may still be circumcised, so the prevalence is higher).



2.2 Relationship of child marriage, early childbearing, and girls' education

The relationships between child marriage, early childbearing and girls' education are complex, with a multitude of drivers.

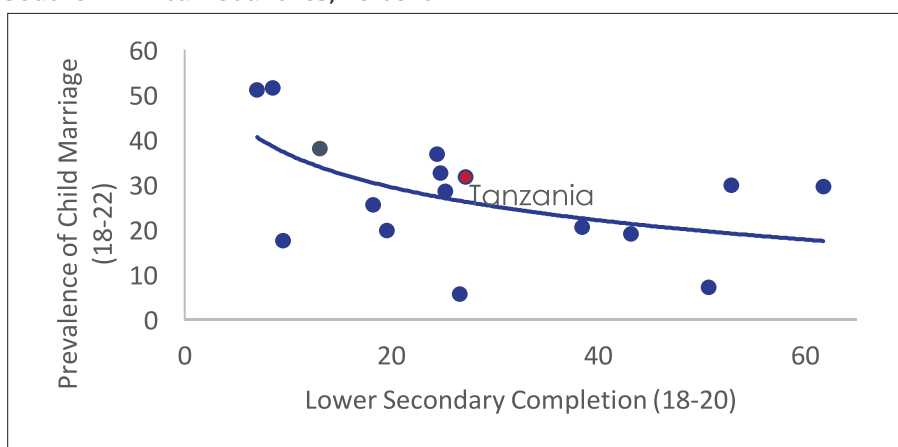
These relationships are discussed in a recent study by the Ministry of Health, Community Development, Gender, Elderly, and Children (Ministry 2017). A cursory look at the data makes the relationships clear. Figure 27 shows the lower secondary completion rate on the horizontal axis, and the prevalence rate for child marriage on the vertical axis. The trend line through the scatter plot accounts for almost 30 percent of the variance between countries in the prevalence of child marriage (Male and Wodon 2018 note that in West and Central Africa the relationship is even stronger). The figure suggests that keeping girls in secondary school is an important factor in ending child marriage—a conclusion overwhelmingly supported by the literature.

The close relationship between the prevalence of child marriage and girls'

educational attainment is also illustrated by a simple typology of adolescent girls by marriage and schooling status. Table 2 provides data on the share of girls in various categories. The results suggest that after a certain age, girls must often choose between marriage and schooling. In addition, once a girl is married, it is very difficult for her to stay in school. For many girls the only options are either to continue school or to marry; doing both is not an option. Child marriage thus reduces girls' educational prospects; more education (and employment) opportunities for girls reduces the likelihood that they will marry early. Thus, early interventions are called for. While a full discussion of the related issues is beyond the scope of this chapter, later we draw on the literature to recommend some policy options to delay marriage and childbearing.

Countries show a clear relationship between educational attainment and child marriage, but there are also substantial differences between countries.

Figure 27: Relationship between Educational Attainment and Child Marriage, East and Southern African Countries, Percent





Box 5: Drivers of Child Marriage

As noted in a Ministry (2017) study, drivers of child marriage vary by region and ethnic group. Among them are poverty; social norms on marriage, agency, and choice; adolescent fertility; gender inequality and control of female sexuality; and tenuous legal and policy frameworks. Families suffering from poverty may be unable to pay school fees and related costs. The poor struggle to take care of their children and send them to school. They may marry girls off in order to “protect” them. When bride price is thought of as a way to reduce poverty, marrying off girls can bring families much-needed income in cattle or cash. Quotes from the Ministry report illustrate this: *“I think that most pastoralist societies engage more in child marriage, so they can get extra wealth... To them extra cows means extra wealth. The Sukuma, Maasai, Kurya and even Zanaki tribes are the communities which have high rates of child marriage, and all of them engage in pastoralism.”* *“... For many poor families, [marriage] is a source of income, which is why the girl child, as I had said, is sent to school, because she is a resource. They will be given cows, 12, 15, 20, up to 30 in these areas. This is no small amount....”*

Specific sociocultural norms and practices are also found to drive child marriage. For example, traditional dances and initiation rites of *unyago* are prevalent among the Makonde, Yao, and Makua of Lindi and Mtwara and among the Zaramos of Dar es Salaam and Pwani. These initiate girls into womanhood and train them from as young as 9 on sexual and marital issues. Similarly, *samba* and *chagulaga* are common among the Sukuma and Nyamwezi of Shinyanga and Tabora, as the following quote from the report explains: *“Here is this practice called ‘samba’, when a girl reaches the adolescent age. From 12 years old her parents take her to a traditional healer so that she can get traditional medicine (kuchanjwa chale) so that she can attract a male. If a girl is to be married, there is 10 days for a wedding ceremony, so this is the only time where a girl is celebrated.”*

In areas where many girls marry as children, peer pressure can contribute to the persistence of the practice. A few quotes from the Ministry’s report are illustrative of the pressures: *“...when she sees that her friend has gotten married, she will see children, success and the good things that will be happening there. It may be that she is married within the neighborhood, so it may be that she sees the good things happening and she thinks that, ‘If I am married, I will be like that.’”* *“When so and so’s daughter goes out, she is well dressed; her dress has been ironed well. And when she goes to school it may be that she goes in tattered clothes. And when it comes to shoes maybe she has never worn shoes that are as good as what her married friends wear... So she feels bad and thinks that if she marries the elderly man, as he has money, she will get something out of it.”* *“All my friend were getting married, and I was the only one who could remain single. So I decided to marry so that I could do and talk about the same things with my friends, about families and children...”*

Source: Ministry 2017.

In addition, child marriage is closely correlated with (and likely to be the cause of) almost two-thirds of all cases of early childbearing¹⁴ and childbirth.¹⁵

Table 3 shows that a high proportion of instances of early childbearing (girls having their first child before the age of 18) and early childbirths (children born of mothers younger than 18) can be attributed to child marriage. The analysis is based on the timing of child marriage and births. While this is an imperfect way to identify causality, the data suggests that in Tanzania in most cases early childbearing is likely due to child

marriage. In some cases, early childbearing may precede child marriage, but this is less likely in Tanzania than the reverse.

Keeping girls in school significantly reduces the risks of child marriage and early childbearing. When asked in surveys why their daughters dropped out of school, or when data are collected through education management information systems and include such information, parents often attribute their daughters dropping out of school to marriage and pregnancies. (Truancy is the most frequent reason given

¹⁴ A girl having her first child before she is 18.

¹⁵ A child being born of a mother younger than 18

**Table 2. Adolescent Girls and Relationships between Child Marriage and Early Childbearing, Percent**

	Malawi	Mozambique	Tanzania	Zambia
Girls aged 15–19 by schooling and marriage status, Percent				
In school, not married, ages 15–16	31.4	23.2	19.7	31.0
In school, not married, ages 17–19	21.3	15.3	14.6	24.0
Out of school, not married, ages 15–16	7.3	11.0	17.7	8.3
Married, not in school, any age	25.2	36.6	24.2	17.2
Out of school, not married 17–19 years	13.4	9.9	23.6	18.9
Married and in school, any age	1.5	3.9	0.2	0.7
Total	100.0	100.0	100.0	100.0
Early childbearing likely due to child marriage, Percent				
Mothers having a child before 18	63.9	63.9	64.9	39.4
Children born of mothers younger than 18	70.1	59.5	65.1	40.0

Source: DHS data.

Note: The regional average is not weighted by country population.

for girls dropping out in some surveys but that may be a catch-all category that could include other factors.). Most pregnant girls who drop out are in public schools. While many pregnancies are due to early marriage, some are the result of sexual violence and coercion. Additional regression analysis also suggests that the causality between child marriage and early childbearing on the one hand and girls' educational attainment on the other, is both strong and bidirectional (see, e.g., Field and Ambrus 2008; Nguyen and Wodon 2014; and Wodon et al. 2016). The effect of each additional year of secondary education on reducing the risk of child marriage is especially high in Tanzania (this estimate is an outlier in comparison to other countries that may overstate the relationships, but there is clearly an effect). Finally, across generations, by reducing the educational attainment of girls, child marriage and early childbearing reduce the opportunities available to their children: children born to young mothers with low

levels of education or no education at all are themselves significantly more likely to acquire less education. Table 3 summarizes estimates for the various relationships. The importance of keeping girls in school in order to end child marriage is discussed further below when reviewing interventions that may help delay marriage.

Given the close correlation between educational attainment, child marriage, and early childbearing, the most effective interventions to reduce the prevalence of child marriage and early childbearing would seem to be incentives for girls to remain in or go back to school. In particular, universal secondary completion for girls could dramatically reduce the prevalence of child marriage and early childbearing. While eliminating child marriage and early childbearing would help to improve girls' average educational attainment, however, that alone would not be sufficient to ensure achievement of universal secondary completion.

**Table 3, Relationships between Child Marriage, Early Childbearing, and Girls' Education**

Relationship between child marriage and early child-bearing

Child marriage is likely the cause for close to two thirds of girls having children before the age of 18

Child marriage is the probable cause of close to two-thirds of births of children to mothers younger than 18.

Ending child marriage could substantially reduce early child-bearing for girls and early births of children.

Impacts of child marriage and early childbearing on girls' education

According to parents, early pregnancies and marriages are major reasons for girls dropping out of school.

Each year of early marriage raises the risk of not completing secondary school by 6 percentage points.

Once a girl is married, statistics suggest that it is very difficult for her to remain in school, whatever her age

Child marriage at least indirectly affects the education of the children born to girls who married early.

Impacts of girls' education on child marriage and early childbearing

Each year of secondary education reduces the risk of marrying as a child by up to 17 percentage points.(*)

Each year of secondary education reduces the risk of early childbearing by 9 percentage points

Source: Authors' estimation.

Note: * Because Tanzania is an outlier for this estimate among other countries, the estimate may overstate effects that are typically in the 4–8 percentage point range.

2.3 Impacts on other development outcomes

Fertility and Population Growth

Child marriage, early childbearing, and girls' education have a significant impact on how many children women bear, and thus on population growth. According to a model adopted from Onagoruwa and Wodon (2018), the earlier women in Tanzania and elsewhere marry, the more likely they are to bear children earlier and ultimately to have a larger number of children. Depending on the age of marriage, child marriage increases the average number of children women

bear (total fertility) by 11 to 24 percent in Tanzania. As a result, eliminating child marriage could reduce the national fertility rate by 6 percent—and universal completion of secondary education would reduce the rate by 21 percent. While ending child marriage could increase the use of modern contraceptives slightly, in Tanzania more education for girls does not appear to have a systematic and statistically significant impact on contraceptive use (primary education is associated with increased use of contraception, but not secondary education).



The elimination of child marriage and early childbearing in Tanzania could reduce the annual rate of population growth by 0.17 percentage point—a reduction

in the annual rate of population growth of about 5.5 percent from the base value (population growth rate of 3.1 percent)¹⁶. This estimate is similar in magnitude to the estimated reduction in total fertility (see Box 3 on what is mean by such impacts). Even greater reductions could be achieved if all girls completed secondary education, but the effects are not computed here. These effects have major implications for Tanzania's ability to reap the benefits from the demographic dividend (for a detailed discussion of the dividend, see Canning et al. 2015; World Bank 2015, and on Tanzania

specifically, Schneidman et al. 2018). The reduction in population growth and fertility rates also has implications for poverty reduction because poverty is estimated on the basis of household consumption per capita or per equivalent adult. As households shrink when fertility rates drop, the risk of being poor or falling into poverty is accordingly reduced. As mentioned in Part One, the incidence of poverty is projected to fall only slowly in Tanzania and the number of poor will remain relatively constant if the high pace of population growth continues. If population growth and fertility rates fall, poverty could be reduced much more rapidly. Table 4 summarizes the findings.

Table 4. Early Marriage and Childbearing, Fertility, and Population Growth

Impacts of child marriage and early childbearing	Impacts of girls' educational attainment
Depending on the girl's age at marriage, child marriage increases total fertility by 11% to 24%.	Completion of secondary school could reduce total fertility rates for women by about 20%/
Ending child marriage could reduce total fertility nationally by 6% from the base value.	Achieving universal secondary completion could reduce total fertility nationally by 21%.
Marrying as a child has a small but statistically significant impact on modern contraceptive use.	More education does not have a systematically statistically significant effect on contraceptive use.
Ending child marriage could increase use of modern contraceptives by 0.7 percentage point.	Achieving universal completion of secondary education may not substantially affect use of modern contraceptives.
Ending child marriage and early childbearing could reduce population growth by 0.17 percentage point.	While the impact of universal secondary completion on population growth is not estimated, it should be large.

Source: Authors' estimation

¹⁶ The 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 the estimates are as expected.



Box 6. What Is Meant by “Impacts” and Associated Economic Costs?

The objective of this chapter is to estimate the impacts of child marriage, early childbearing, and educational attainment for girls on a wide range of development outcomes and the economic costs associated with some of these impacts. The term “impact” is used for simplicity’s sake but caution is called for in inferring causality. Estimates of impacts in this study are typically obtained through regression analysis to estimate the potential impacts of child marriage, early childbearing, or educational attainment on various outcomes, controlling for other factors that may also affect the outcomes. In the literature, this approach is known as an association study. Only statistical associations are measured, not necessarily what impacts that could be observed with a randomized control trial. Based on measures of likely impacts, the costs associated with some of them are computed. These are estimated on the basis of several debatable assumptions, including in some cases discount rates. It should therefore be recognized that the cost estimates are not precise—they simply represent an order of magnitude of potential costs.

Health, Nutrition, and Violence

Early childbearing can significantly undermine the health of both young mothers and their children.

For the young mothers, physical immaturity may increase the likelihood of complications during pregnancy and childbirth, exacerbating maternal mortality and morbidity risks, although those risks are not measured here (for estimates of maternal mortality, see for example Nove et al. 2014).

Being born to a very young mother may also affect the health of the child at a time that is critical for the child’s development; the evidence is overwhelming that children’s health during their first two years has a lifelong impact.

These impacts are reviewed by Black et al. (2017) and for child marriage in particular by Wodon (2016). For example, stunting in early childhood is associated with lower lifelong earnings and consumption for both individuals and their households (Hoddinott et al., 2013) and with losses in national GDP (Horton and Steckel 2013). In Tanzania, children born of

mothers younger than 18 have substantially higher risks of dying before they reach the age of 5, but the impact on stunting is not statistically significant. However, the reductions in under-5 mortality that could result from preventing early childbearing nationally are small because relatively few children are born of mothers younger than 18. Still, many children would be affected. The impact of educational attainment for girls on both under-5 mortality and stunting is for most levels of education not statistically significant. Separately, although the impact of child marriage on intimate partner violence was not estimated for Tanzania, based on data for other countries in the region the impact is expected to be statistically significant though relatively small (Savadogo and Wodon 2018a). The impact for educational attainment may be larger. Table 5 summarizes the main findings.



Table 5, Impacts on Health, Nutrition, and Violence

Impacts of child marriage and early childbearing	Impacts of girls' education
Being born of a mother younger than 18 raises the risk of under-5 mortality by 2 percentage points.	The mother's educational attainment is mostly not associated with a reduction in under-5 mortality.
Ending all early childbirths would reduce national under-5 mortality by 0.13 percentage point.	Universal secondary education might not lead to a national decline statistically in under-5 mortality.
Being born of a mother younger than 18 does not statistically raise the risk of under-5 stunting.	The educational attainment of the mother is mostly not associated with a reduction in under-5 stunting.
Ending all early childbirths would not significantly reduce under-5 stunting nationally.	Universal secondary education might not lead to a national decline in under-five stunting statistically
Child marriage is likely to have a small impact on intimate partner violence when girls marry very early	The educational attainment of women is likely to be associated with less intimate partner violence.

Source: Authors' estimation.

Work, Earnings, and Poverty

The elimination of child marriage could affect labor force participation (LFP) because of its impacts on girls' education and total fertility, although the impacts are likely to be small. However, the impact of the elimination of child marriage on the earnings of adult women could be more significant. Women who married early could have earned more if they had married later, mostly because of the impact of child marriage on their education. Nationally, this could raise the population's total earnings by 0.9 percentage points¹⁷. Through its impact on earnings, the elimination of child marriage and early childbearing would also have positive effects on welfare and poverty, since higher earnings for women would

lead to higher household consumption. The impacts on earnings and poverty of universal secondary education would be even more significant. As mentioned earlier, under current conditions poverty rates are not likely to be reduced substantially in coming years (see Part One for a discussion). Ending child marriage and early childbearing and educating girls could dramatically change these conditions, with higher earnings ultimately pushing down poverty rates. Table 6 summarizes the estimated impacts.

¹⁷ The estimates for Tanzania are based on an extrapolation of results for 15 countries where simulations were conducted using labor force surveys.

**Table 6. Impacts on Work, Earnings, and Poverty**

Impacts of child marriage and early childbearing	Impacts of girls' education
Ending child marriage should not affect women's labor force participation (LFP) much.	More education is associated with somewhat higher LFP.
Ending child marriage could increase the earnings of adult women substantially.	More education for girls is associated with substantial increases in their earnings as adults.
Ending child marriage could increase earnings and productivity nationally by up to 0.9 percent.	The impact on national earnings of universal secondary education for girls could be very large.
Ending child marriage could have large positive effects on welfare and reduce poverty	Universal primary or secondary education could have large positive effects on welfare and reduce poverty

Agency and Other Impacts

A woman's capacity for choice depends on her degree of agency, which refers to her capacity to act within her environment. This may be influenced by how much access she has to resources and her degree of confidence, based among others on her past achievements and those of her peers and role models. Child marriage clearly affects girls' access to resources. Among other factors, access to resources may be impacted by low earnings due to less education and the limits placed on girls' confidence if they have not had access to certain types of employment. Thus, child marriage clearly affects agency for girls and women. While agency can be measured in terms of a wide range of indicators, one is whether women are able to make decisions

for the household, including seeking medical care when they need to. Some outcomes may also result of a lack of agency, such as whether mothers register their children soon after birth. While such indicators cannot comprehensively describe women's agency, data on them are at least available in recent surveys. The direct impacts of child marriage on such indicators are typically not large and often not statistically significant, but since child marriage and early childbearing reduce how much education girls get, they are likely to have negative impacts on agency, and at times the impacts may be large, as is the case in Tanzania. Table 7 summarizes the impacts.

Table 7. Impacts on Decision-making, Agency, and Other Areas

Impacts of child marriage and early childbearing	Impacts of girls' educational attainment
Child marriage often does not directly affect decision-making, but it matters indirectly through education.	Universal secondary education could increase women's decision-making ability by 22%.
Child marriage does not directly affect women's ability to seek care, but it matters through its effects on education.	Universal secondary education could increase women's ability to seek care by 17%.
Early childbearing is not associated with a reduction in birth registration rates for children.	More education for women is associated with a large increase in birth registration rates for children.



Summary of the Impacts

For all indicators except birth registration, either child marriage/early childbearing or completion of secondary education has a statistically significant impact. This shows how pervasive and widespread are the impacts of a lack of opportunities for girls.

The negative impacts of child marriage, early childbearing, and low educational attainment for girls are large. Table 10 summarizes the estimates qualitatively; two conclusions emerge: (1) The correlations between child marriage, early childbearing,

and low levels of education are strong. (2) All three issues have negative impacts individually or collectively on a wide range of other outcomes. In addition, some of the effects are not only statistically significant but also large. Finally, in addition to the effects identified in Table 8 girls' low level of education can be shown to have other negative effects that are not discussed in this study. These effects are documented separately (Box 7).

Box 7. Other Impacts of the Limited Education of Girls

The World Bank recently released a study on the cost of not educating girls (Wodon et al., 2018). Apart from the impact of educational attainment on the development outcomes considered in this study, Wodon et al. consider a range of other outcomes. For example, women with secondary education may expect to earn almost twice as much, and those with tertiary education almost three times as much, as those with no education. Women with secondary and tertiary education report higher standards of living than those who at most completed only primary education. For example, they are less likely to state that they do not have enough money to buy food. Women's psychological well-being could also improve with more education. Women with secondary education report less satisfaction with basic services than women with no education, which may reflect a more realistic assessment of service quality. Achieving universal secondary education could also enable more women to display altruistic behaviors, such as volunteering, donating to charity, and helping strangers, since a tendency to participate in these activities is also correlated with higher levels of education. Secondary education is also associated with a greater likelihood that women will report being able to rely on friends when in need.

**Table 8. Statistically Significant Estimated Impacts by Domain**

Domains and Indicators	Child Marriage or Early Childbearing	Completion of Secondary Education	Either One of the Two
Mutual relationships			
Child marriage/Early childbearing	-	Yes	Yes
Educational attainment	Yes	-	-
Fertility and population growth			
Fertility	Yes	Yes	Yes
Population growth	Yes	Yes	Yes
Modern contraceptive use	Yes	No	Yes
Health and nutrition			
Under-5 mortality	Yes	No	Yes
Under-5 stunting	No	Mostly No	No
Demand for health care	No	Yes	Yes
Intimate partner violence	Likely	Likely	Likely
Work and productivity			
Labor force participation	Yes	Yes	Yes
Women's earnings	Yes	Yes	Yes
Household welfare	Yes	Yes	Yes
Women's agency			
Decision-making ability	Yes	Yes	Yes
Knowledge of HIV/AIDS	No	Yes	Yes
Birth registration	No	Yes	Yes

2.4 Economic Costs and Benefits: The Case of Child Marriage

Putting numbers to all the costs associated with child marriage, early childbearing, and girls' limited education is beyond the scope of this study, but the costs for some of the largest impacts can be estimated. Here the focus is on the costs of child marriage and the benefits of eliminating it. Of particular interest are the benefits associated with a reduction in the population growth rate; gains in educational attainment and thereby earnings; and reductions in under-5 mortality and stunting. In most cases, both immediate

and longer-term gains are estimated up to 2030. This accounts for the cumulative nature of some of the benefits of ending child marriage, especially for population growth. It also allows valuations to adjust for increases in standards of living (GDP per capita) over time.

The economic benefit of ending child marriage in terms of welfare gains from lower population growth is large: by 2030 it could reach US\$5 billion in purchasing power parity.

**Box 8: Potential General Equilibrium Effects and Cost Estimates**

Estimating the costs of child marriage in terms of unrealized potential earnings implicitly assumes that labor markets would be able to absorb a larger supply of better-educated women. Specifically, the assumption is that the higher educational attainment resulting from eliminating child marriage would not decrease the returns to education. However, if eliminating child marriage were to substantially increase the average level of women's education, that assumption might be questionable, especially in a country where a very large proportion of women currently have minimal education. The estimation also does not factor in possible effects on men's earnings if on average women acquire more education; If more women achieve higher levels of educational attainment and have access to the same employment opportunities as men, that would reduce the occupational segregation by gender that has traditionally led to relatively higher earnings for men.

There is evidence from other countries that over time, the labor market premiums associated with more education may decline when the proportion of workers with these higher levels increases. For example, Angrist (1995) showed that expansion of access to education in the Palestinian territories reduced the skills premium. Acemoglu et al. (2004) noted that during World War II, higher labor force participation by women depressed wages for low-skilled workers. Duflo (2004) suggested similar effects in Indonesia after a large school construction program. These are just a few examples of studies that document general equilibrium effects, which, as noted by Acemoglu (2010), can be large. In a World Bank study on the cost of not educating girls globally (Wodon et al, 2018), this was taken into account by providing a variety of estimates, with and without general equilibrium effects. This seems less necessary when looking at the impacts of child marriage in Tanzania because only a subset of women marrying early are assumed to complete secondary education without marrying as a child, given other constraints, such as cost or the distance to schools. Changes in earnings due to elimination of child marriage generally average about 1 percent of aggregate wages. This means that the impact on the labor market remains limited, so that it is less likely to observe large general equilibrium effects.

Still, if general equilibrium effects occur, the estimates provided may be overstating the cost of child marriage in terms of lost earnings. However, other factors could lead to larger costs than reported: First, the estimation does not factor in possible effects of ending child marriage on labor force participation or hours worked. Also, through multiplier effects, increasing women's earnings through better educational opportunities could generate larger gains for both men and women than are suggested here. Finally, intergenerational benefits from higher earnings for women, such as better education for their children, are also not factored in. In the long run, gains from ending child marriage could thus be larger than suggested by earnings regressions that capture current conditions.

Ending child marriage and early childbearing in 2015 could have generated immediate annual benefits of US\$150 million in purchasing power parity (PPP), which could rise to US\$5.0 billion by 2030. Thus, the welfare benefits derived from reducing population growth by eliminating child marriage and early childbearing are extremely significant.

These estimates should not be considered as precise because they depend on (a) econometric estimates of impacts that have themselves standard errors; and (b) a range of debatable assumptions about costing (Box 8). Still, they provide an order of magnitude of the costs that may result from the prevalence of child marriage and the benefits of its elimination. The estimates



of costs here are based on annual losses in GDP per capita or components thereof, such as labor earnings. If lifetime losses were computed, based for example on estimates of the changing wealth of nations (Lange et al. 2018), the estimates of costs would be substantially larger than those reported here (see, e.g., Wodon and de la Brière 2018, and Wodon et al., 2018). Table 9 gives illustrative estimates of annual costs.

Over time there would also be budget savings due to reduced demand for public services as population growth is reduced.

Based on a model developed by Wils (2015), the impact of the elimination of child marriage and early childbirths on savings for the national education budget can be computed. By 2030, new cohorts of children in school could be about 5 percent smaller

than if child marriage were not ended. The resulting savings could be valued at up to US\$311 million (current dollars) if Tanzania were able to achieve universal completion of secondary education by 2030 (see Wodon 2018 for more details on the methodology). These estimates for education budget savings are an upper bound; if Tanzania were not to meet the SDG targets, actual savings would be lower. The benefits from reducing under-5 mortality by 2030 are valued at US\$219 million (PPP). Estimates of stunting impacts were not statistically significant and are thus not valued (see Box 9 on why some estimates of the economic costs of child marriage tend to be larger than others).

Table 9: Order of Magnitude, Selected Benefits from Ending Child Marriage (US PPP Unless Noted)

	Annual Benefit in 2015	Annual Benefit in 2030
(1) Welfare benefit from reduced population growth	\$150 million	\$5.0 billion
(2) Benefit from reduced under-5 mortality	\$117 million	\$219 million
(3) Benefit from reduced under-five stunting	Not statistically significant	Not statistically significant
(4) Education budget savings	None	Up to \$311 million (current US\$)

Source: For details on how estimates were obtained, see Wodon 2018.

Note: Estimates for education budget savings are an upper bound; actual savings are likely to be lower.



Box 9: Why Are Some Impacts and Costs Large and Others Smaller?

In economic terms, the fact that reducing child marriage or early childbirth may lead to only relatively small reductions in national measures for some outcomes does not imply that the associated economic costs are small. For example, in many countries, child marriage tends to reduce earnings nationally by an average of about 1 percent. A single percent may not seem to be much, but the associated economic cost is very large, and for the women affected, the losses in earnings are much greater.

Some of the most significant economic costs associated with child marriage are related to fertility and population growth; education and earnings; and the health of the children born of young mothers. These impacts are closely related. Particularly when use of modern contraception is low, child marriage is closely correlated with early childbirths, which in turn is closely correlated with greater health risks for young mothers and the children they bear and leads to higher fertility rates. Child marriage and early childbirths make it very difficult for girls to continue their education, which cuts women's earnings potential. All those effects are at work at the time of marriage (in the case of educational attainment) or soon after (in the case of childbearing).

By contrast, impacts in other domains, such as risk of domestic violence, labor force participation, and decision-making, can be observed throughout a woman's life. They may also depend on many factors apart from whether and when girls marry. For example, intimate partner violence and a lack of decision-making ability are at least partially the result of widespread gender inequality. While child marriage tends to perpetuate gender inequality, delaying marriage by a few years may not be enough alone to fundamentally change gender roles and social norms. Thus, in these domains, while the elimination of child marriage may have a significant role, the impact tends to be relatively small compared to that of higher levels of girls' educational attainment, for example.

In Tanzania, the total value of potential earnings lost due to early marriages in 2015 was US\$637 million (PPP).

Because child marriage reduces girls' educational attainment, early marriage also affects women's earnings in terms of how much more women who married early would have earned if they had been able to marry later and spend more time in school. There is a significant literature on the potential impact of educational attainment on earnings, regardless of gender (see Psacharopoulos and Patrinos 2018, for a recent review). Because of the cost in terms of girls' education, child marriage reduces earnings throughout a woman's life (Savadogo and Wodon, 2018b). Due to data and time limitations, this study does not attempt to determine the impact of low

Another large economic benefit from ending child marriage is higher potential earnings for women in adulthood, estimated at \$637 million (PPP) for Tanzania in 2015.

educational attainment and child marriage on monetary poverty, but a global study by UNESCO (2017) suggests that these effects on poverty are likely to be large. This is important given expectations that in Tanzania under current conditions poverty may not decrease substantially in the near future. If child marriage were ended, poverty reduction would be accelerated substantially.



The estimates of the cost of child marriage are substantial. To illustrate the magnitude of the benefits from ending child marriage, comparisons with net official development assistance (ODA) may be useful. ODA consists of disbursements of loans made on concessional terms (net of principal repayments) and grants by official agencies, whether or not they are members of the Development Assistance Committee (DAC), multilateral institutions, and non-DAC countries. Net ODA includes loans of which grant elements constitute at least 25 percent of the value. In Tanzania, for the past decade net ODA has fluctuated around 5 percent of gross national income. While the benefits from eliminating child marriage are smaller, they are nevertheless large as a proportion of GDP, especially for gains from lower fertility and population growth, which are cumulative over time.

2.5 Policy Options to Improve Opportunities for Adolescent Girls

As discussed, eliminating child marriage and improving educational opportunities for girls could generate substantial economic benefits for Tanzania, providing a strong economic rationale for investments to achieve these ends.

There are three main reasons why investing in opportunities for adolescent girls is often highly cost-effective: (1) Earlier investments tend to have a persistent positive impact throughout women's lives.

If a girl completes secondary education and avoids early marriage, the benefits endure throughout her life. (2) The cost of interventions for girls in adolescence or even earlier tends to be lower than the cost of interventions later in women's life cycles. (3) Interventions targeted at girls at a formative age may be more successful in influencing values and behaviors, not only for the girls directly targeted but for the community. If women are targeted later in life, returns on the investment may be lower, as it will become increasingly difficult for them to fully benefit from new opportunities. While interventions for women at a later point in the life cycle may also be justified, adolescence is a critical development period when investments are likely to generate the highest returns. To eliminate child marriage and early childbearing and to enable all girls to complete their secondary education, some general conditions must be met and a number of specific interventions also have promise. The following sections discuss these general conditions and specific interventions, acknowledging that major efforts are already underway (Box 10).

**Box 10: Selected Efforts Already Underway to Invest in Adolescent Girls**

As recognized in the analysis that follows, the Government has already taken important steps to improve educational opportunities for girls and end child marriage and early childbearing. The Ministry (2017) study on child marriage represents a major effort to understand the root causes of the practice and propose concrete steps to prevent it. In the education sector, by making schooling affordable, the Fee-Free Basic Education Policy (FBEP) recently introduced could be a game changer if implemented well. A strategy is also being prepared on school construction. Its implementation could make it easier for girls to go to school in areas where schools are currently far away. Tanzania already has a conditional cash transfer program through the TASAF (Tanzania Social Action Fund) program with one of the conditions being girls' school attendance. This type of interventions could be expanded to benefit more vulnerable girls. A number of pilot programs implemented by nonprofits have shown promise and could be replicated or scaled up. Finally, Tanzania has demonstrated in the past its ability to change social norms, as demonstrated by the reduction in the prevalence of female genital mutilation. Acknowledging these efforts and past successes, the objective of this section is to share results from the international evidence on what works especially to end child marriage so that Government efforts can be further enhanced and scaled up.

General Conditions

Multiple interventions are needed to provide opportunities to girls and ensure that their needs are met.¹⁸ Some of these

interventions have been discussed in recent World Bank studies such as a study on gender and education (World Bank 2018a) and another on demographic challenges and opportunities (Schneidman et al. 2018). Policy options are also discussed in the study by the Ministry of Health, Community Development, Gender, Elderly, and Children (Ministry 2017). Numerous policies are already in place to improve outcomes for adolescent girls. The Fee-Free Basic Education Policy (FBEP) introduced in 2016 aims to expand equitable access to basic education. But getting the most out of FBEP will require a tight focus on narrowing gender disparities in education outcomes. This would require among others allowing

young mothers to re-enter the formal education system and improving access to comprehensive education on sexual and reproductive health and services.

Given that one of the best ways to end child marriage and early childbearing is to keep adolescent girls in school, measures are also needed to improve education in Tanzania. Multiple entry points are often needed to eliminate child marriage and achieve universal secondary education for girls; among them are (1) reducing the disadvantages confronting girls in remote communities, at times due to poor targeting of government resources; (2) creating a more inclusive school culture for girls; (3) providing girls with role models, such as female teachers; and (4) raising the returns to secondary school completion for women through local employment opportunities (see Box 11 on lessons from the literature).

¹⁸ It is beyond the scope of this study to provide a comprehensive analysis of what needs to be done to eventually end child marriage and early childbearing and ensure that all girls complete secondary education, but some pointers can be provided.



More generally, Tanzania, in common with many other lower- and lower-middle-income countries, needs to improve basic general conditions in its education system so that all girls remain in school. Several such conditions are worth emphasizing here:

- *The need for an adequate schooling infrastructure:* Secondary education completion rates are low in some areas in part because there are just not enough secondary schools to facilitate universal completion. The development of a school construction strategy is underway to bring schools closer to children's homes and reduce the distance to travel to school, which in turn would help with ensuring girls' safety on the way to school. Schools also need to provide access to water, latrines, and hygienic facilities, which may be particularly important for adolescent girls – this is also an area where the government has placed an emphasis in recent years. Where schools cannot be constructed in locations that meet the needs of specific communities, it may be necessary to provide transportation to enable girls to attend school. Finally, it is essential to ensure that girls do not suffer physical, sexual, or other harassment either at school or while travelling to and from school; see, for example, Abramsky et al. (2014) on gender-based violence and how to reduce it, as well as the guardian program in primary schools in Tanzania in which female teachers were elected by their colleagues and trained as guardians for female students (Mgalla

et al. 1998). The Government is now preparing a school infrastructure strategy that should help establish clear priorities in this area.

- *The need to ensure that the education system delivers effective learning outcomes:* In many countries in Africa (Bashir et al. 2018), and more generally in the developing world (World Bank 2018b), student learning outcomes, as measured by national and international student assessments, are poor. Tanzania is no exception. This needs to be addressed through investments to ensure not just greater access but also improved quality. As noted by the World Bank (2018a), priorities in this area include increasing teacher numbers in line with standards and emphasizing subject areas with acute shortages (e.g., mathematics and science). A stronger system of in-service teacher training should be institutionalized and a teacher awards program could help encourage reductions in gender gaps in school performance. Providing in-service teacher training to challenge gender differences in teacher expectations and establishing teacher mentors to support girls could also help. As noted in World Bank (2018), a pilot program in Tanzanian secondary schools found that non-monetary awards for teachers based on student performance were successful at improving learning outcomes (Filmer et al. 2017). Combining teacher incentives with additional resources to improve the learning environment has also been a



successful strategy to improve outcomes in Tanzania (Mbiti et al. 2015). The government is also preparing a teacher deployment strategy to ensure more gender-balanced staffing in schools (i.e. sufficient numbers of female teachers to provide role models for girls and create a more supportive learning environment).

- *The need to ensure the participation of girls:* Schooling must be affordable for their families. Affordability refers not just to the direct costs of participation in secondary education, but also to opportunity costs. In Tanzania, as in neighboring low-income countries, these costs remain especially high for the poor. The FFBEP policy is a major step forward, yet providing secondary education free of tuition and other direct costs may not be enough to ensure the participation of all school-age children, particularly girls (see Koski et al. 2018). Tanzania already has a conditional cash transfer program, but this program could be expanded to provide greater coverage of poor households, cover more of the secondary school costs for girls, and open non-formal pathways to return to school or pursue education. Also of interest is the program by Camfed in Tanzania, which covers the direct and indirect costs of schooling for girls while also supporting community-led initiatives to engage parents and train teacher mentors, staff, and parents to improve educational quality through low-cost educational resources. The program has helped narrow gender inequalities and

raised student learning at the secondary level (Alcott et al. 2017), while also being more cost-effective than conditional cash transfer programs (Sabates et al. 2018).

In addition to reforms to policies related directly to education, broader efforts are required to change social norms that perpetuate gender inequality.

In its study on the drivers and consequences of child marriage, Ministry (2017) outlines a comprehensive approach to tackle the issue of child marriage, including through communications campaigns that have the potential to change social norms. Although extensive discussion of such issues is beyond the scope of this study, it must indeed be recognized that child marriage, early childbearing, and low educational attainment for girls are part of deep-seated patterns of gender inequality (Klugman et al. 2014). As recognized by Ministry (2017), broad reforms are needed to change these social norms and address other constraints that limit opportunities for girls. The Convention on the Rights of the Child emphasizes the need for full and informed consent to marriage, noting that children do not have the capability to provide such consent. This is one of the reasons why 18 is recommended as the minimum age for marriage. Yet while enforcing laws to this effect is an important step in the right direction, as noted by Wodon et al. (2017) most child marriages take place below the national legal minimum age, demonstrating that simply passing laws is not enough.



Box 11: Improving Educational Attainment and Learning for Girls

As a range of factors may contribute to gender gaps in educational attainment and learning, a wide range of interventions may be necessary to narrow the gaps. Among them might be reducing the distance to schools, either by constructing new ones in remote areas or by providing transportation for students; providing scholarships to girls; recruiting more female teachers; constructing separate toilet blocks for girls and boys; designing programs to understand and change specific cultural practices; or targeting specific pedagogical interventions for girls. Which interventions are chosen depends to a large extent on the immediate country or community context. However, reviews of previous efforts may help in determining appropriate interventions.

One such review was reported by Unterhalter et al. (2014), who assessed the impact of interventions promoting girls' education, especially those that (1) provided resources (such as cash transfers) and infrastructure; (2) changed institutions to make them more responsive to student needs; and (3) changed social norms, especially for those affecting the most marginalized. The review summarized the impact of different types of interventions on three outcomes: participation; learning; and empowerment. For each type of intervention and outcome, the evidence on the likelihood of impact was classified as strong, promising, limited, or weak. For participation, the evidence for the impact of conditional cash transfers, information about the potential employment returns to education, and the provision of additional schools in underserved and unsafe areas was found to be strong. This was also true for a range of interventions related to teacher training, group learning, measures to promote girl-friendly schools, and learning outside the classroom, such as through tutoring. Group learning, programs for learning outside the classroom, and scholarships linked to student performance were also found to have impacts on learning. The evidence for the impact of interventions on empowerment was generally weaker.

Source: Unterhalter et al. 2014.

Specific Interventions

While it is essential that countries promulgate appropriate laws to facilitate the elimination of child marriage, also required are specific strategies and interventions to empower girls. In particular, interventions are required to ensure that girls have appropriate life skills and knowledge of reproductive health. Economic incentives may also be needed so that girls can afford to remain in school, return to school if they dropped out, or expand their livelihood opportunities if they cannot return.

To facilitate selection of interventions, this section summarizes international evidence related to three types of

interventions for adolescent girls: (1) programs that provide girls with life skills and reproductive health knowledge; (2) programs that expand girls' economic opportunities; and (3) programs designed to ensure that girls remain in school or that enable them to return to school. This is again an area where the Ministry of Education has started work in collaboration with NGOs such as Camfed. The Ministry is implementing girl-mentorship and life skills programs on a pilot basis. There is evidence that these programs can, under certain circumstances and in certain contexts, have positive impacts. Each type of program is however based on a different theory of change (Box 12). The summary of findings provided here is based on a review of almost



40 interventions by Botea et al. (2017). To qualify for review, interventions had to (1) target girls aged 10–19, either exclusively or as part of a larger group; (2) equip girls with life skills and sexual and reproductive health (SRH) knowledge, economic opportunities, or educational opportunities; (3) demonstrate results in terms of improving the health of young women, especially SRH, or delaying marriage or childbearing; and (4) have been tested in a developing country, usually in Sub-Saharan Africa but also in other low-income settings such as Bangladesh or parts of India (see also Kalamar et al., 2016, for another review of the international evidence).

Empowering Girls

Without other interventions, safe space programs may not delay marriage and childbearing or improve schooling. Still, they have had important intermediary outcomes related among others to aspirations and self-esteem, confidence, and information about sexual and reproductive health.

The first category of interventions emphasizes empowerment of girls by providing them with life skills and SRH knowledge. One typical intervention is to provide a “safe space club” for adolescent girls. These clubs convene girls under the guidance of a trusted adult mentor at a specific time and place. The approach was pioneered by BRAC in South Asia and by the Population Council in Africa and Latin America. The clubs have proven effective when they are implemented well. By combining opportunities to socialize and have fun with access to mentors, the clubs are attractive to girls and offer a platform for other services. Clubs can be held in a variety of settings, often schools or community centers. Girls are able to discuss

a range of issues under the guidance of the mentors, including those related to SRH. The clubs facilitate the delivery of life skills, including “soft” or socio-emotional skills such as critical thinking and problem solving, negotiation, and communication (for example within a girl’s household). One of the objectives is often to boost the self-awareness and self-esteem of girls so that they can explore and fulfill their own aspirations. Often, safe space clubs are also used to facilitate the delivery of such “hard” skills as basic literacy and numeracy, or basic business skills.

These programs have helped to improve girls’ knowledge of SRH and behaviors.

Outcomes have included increases in girls undergoing HIV testing or counseling; greater use of modern contraception or other methods of family planning; a reduction in the desire for FGM for daughters in countries where the practice is prevalent; a reduced risk of intimate partner violence when a program also reaches out to men; higher self-esteem; and gains in specific skills taught in safe space sessions, such as financial and basic literacy and numeracy.

However, without additional supportive interventions to enable girls to participate in schooling or employment or otherwise improve their livelihood options, it is not clear that safe spaces alone can delay marriage and childbearing (perhaps because that may not have been a primary goal for a club). Therefore, it is important to consider programs where safe spaces have been combined with measures to improve livelihood opportunities or offer incentives to remain in school, which are usually more effective in delaying marriage and childbearing.



Box 12: Theories of Change for Interventions Targeting Adolescent Girls

Life skills and SRH knowledge: By increasing their knowledge, life skills can raise girls' awareness of the risks associated with becoming pregnant at an early age and increase their desire and ability to avoid early pregnancies through family planning. Through such channels, life skills may lead to better health outcomes for the girls and their children. By increasing girls' confidence and self-esteem, life skills may also help expand their aspirations, which may heighten their motivation to delay marriage and childbearing. Finally, life skills can increase the communication and decision-making skills of young women and increase their abilities to negotiate their marriage and childbearing preferences. However, while life skills and SRH knowledge may empower girls, they may not be sufficient to delay marriage and childbearing if social norms curtailing the agency of girls are not also addressed.

Life skills and economic opportunities: Programs to increase young women's earnings potential may increase their ability to plan and improve their marriage and childbearing decisions in three ways: (1) Improvement in a woman's ability to make an economic contribution expands her role beyond that of sex and reproduction. This can increase a girl's desire to delay marriage or childbearing. The transformation of girls from economic liabilities into assets in the eyes of their communities and families can also alleviate the external pressures on them to marry or have children early. (2) The loss in earnings associated with childrearing is an opportunity cost that may increase women's desire to limit or space births and to exercise reproductive control. (3) Increased earnings may supplement a young woman's bargaining power within the household and allow her to effectively exercise reproductive control by negotiating delays in sexual debut or marriage, and to better negotiate the terms of sex, such as use of contraceptives. Creating income-generating opportunities for women can therefore in addition to the direct economic benefit also contribute to female empowerment by widening a woman's personal choice and control over SRH outcomes.

Incentives for girls to participate in schooling or delay marriage: In many communities, the economic, cultural, and social environment does not offer adolescent girls viable alternatives to marriage. Once girls drop out of school, possibly because of the school's poor quality or high cost, parents may find it difficult to identify any option other than marrying off their daughters. In such communities, providing better-quality and affordable primary and secondary education may be one of the best ways to delay marriage and childbearing. Programs to keep girls in school may also lead to tipping points in communities that make it easier for more and more girls to stay in school and thus delay marriage. A few interventions have also aimed to delay marriage by providing financial incentives conditional on not marrying early, with additional schooling often a benefit.

Source: Botea et al. 2017.

Providing Employment Opportunities

The second category of programs emphasizes both empowering girls, often through safe spaces, and providing livelihood opportunities. These programs are particularly appropriate for girls who are not in school and would otherwise have no income-generating skills. Two groups of interventions are distinguished: (1) livelihood interventions and (2)

interventions to improve financial literacy and access to financial services. Impacts in terms of delaying marriage and childbearing generally (though not always) tend to be larger than for the life skills/SRH knowledge programs alone.

These programs often have some success in terms of increasing the earnings, employment, or savings of girls. Several programs have also resulted in increased



Interventions combining an emphasis on empowering girls, often through safe space clubs, with livelihood opportunities may improve reproductive health outcomes and delay marriage or childbearing. That has been the case in Uganda, for example, though not systematically so in other countries. Since these are often the only option available for out-of-school girls, more research is needed to determine what works and what does not.

use of modern contraceptives and improved SRH knowledge, which may help to delay childbearing. Some have also succeeded in delaying age at marriage and in reducing teen pregnancies. For example, the BRAC Uganda Empowerment and Livelihoods for Adolescent Girls proved to have the following impacts: (1) The likelihood of girls engaging in income-generating activities went up by 32 percent; (2) Among girls sexually active, self-reported routine condom use went up by 50 percent; (3) Fertility rates went down by 26 percent.; and (4) Reporting of unwanted sex plunged by 76 percent. There were also reductions in teenage pregnancies and child marriage, and a shift in community gender dynamics (Bandiera et al. 2014 and Buehren et al. 2016). Clearly, adding a livelihood dimension to life skills and SRH knowledge programs may help delay marriage and childbearing. The focus on economic opportunities may also help to ensure the regular participation of girls in the programs.

Providing Incentives to Keep Girls in School

The third set of programs focuses on specific interventions to ensure that girls remain in school, enable them to return if they have dropped out, or directly delay marriage. There have been numerous interventions to keep girls in school and delay marriage (Kalamar et al. 2016). In a few cases, evaluations also demonstrate that programs that provide incentives for girls to remain in school often succeed in delaying marriage or childbearing. While most of these programs are designed to keep girls in school, some are also designed to enable girls who dropped out to return to school.

Of the three types of interventions this study reviewed, those promoting education by, e.g., reducing out-of-pocket and opportunity costs for schooling, are the most likely to delay marriage and childbearing.

Also effective may be conditional cash transfers to incentivize girls' schooling, promote health, and support families during shocks. These incentives are often conditional on children's attendance at school or participation in preventive medicine programs. A significant body of research shows that such transfers have been effective in promoting participation in schooling by children in developing countries. The programs have been introduced in more than 29 low-income countries. Cash transfers without conditions and income



support programs have also had numerous positive outcomes, such as reduced child labor, expanding schooling, and enhancing childhood nutrition (for Tanzania, see, e.g., Bastagli et al. 2016). While not all programs succeed everywhere, the evidence is quite convincing that in comparison to the other two types of programs reviewed above, those focusing directly on schooling for girls, or in some cases using financial incentives to delay marriage, may be more successful in delaying marriage and childbearing.

Summary for Targeted Interventions

The three types of interventions described are not intended to be an exhaustive list.

To improve girls' educational attainment, additional interventions may also be needed. The three types of interventions were selected because there is evidence that they help improve SRH knowledge and delay child marriage and early childbearing. The programs and interventions are also not mutually exclusive; implemented together, they can complement each other. While some programs are better than others in achieving the desired goals, all three categories of programs may have significant benefits of many kinds. With different interventions targeting different groups of girls (e.g., those in school or with the potential to return to school, and those who dropped out and may not be able to return), all three categories should be considered when formulating a strategy to improve opportunities for adolescent girls. Another example is associating cash transfers with

measures to boost girls' agency, for example through building soft skills and promoting learning about nutrition and reproductive health (World Bank 2012).

2.6 Investing in Girls: A Smart Investment in Tanzania's Development

Finally, investments to eliminate child marriage and early childbearing and promote education for girls should not be based solely on economic considerations.

These are in any case important goals in terms of equity and social justice. The primary motivation for eliminating child marriage and early childbearing and promoting education for girls should be to address the substantial risks and suffering that confront adolescent girls and their children. However, this study demonstrates that in addition to these benefits, the economic benefits to Tanzania from such investments would be extremely significant—and the costs of failing to address related issues are proportionately high. Demonstrating the magnitude of these costs provides additional justification for investments in adolescent girls. While further work is needed to identify the best policy options for Tanzanian investments to improve opportunities for adolescent girls, useful lessons can be learned from international experience. Ending child marriage, preventing early childbearing, and improving education opportunities for girls is not only the right thing to do from a moral and ethical standpoint, it is also a smart investment in Tanzania's development.





3 Statistical Annexes





Statistical Annexes

Annex 1, Key Macroeconomic Indicators

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
National Accounts and Prices										
GDP at constant market price (% change)	5.6	5.4	6.4	7.9	5.1	7.3	7.1	7.0	7.0	7.1
Agriculture	7.5	5.1	2.7	3.5	3.2	3.2	3.4	2.3	2.1	3.6
Industry	6.6	3.3	9.1	12.0	4.0	9.5	10.3	11.3	10.7	12.6
Service	4.2	5.8	7.8	8.4	7.2	7.1	7.2	6.9	7.6	6.6
Inflation (e.o.p)	9.3	10.7	7.2	10.9	17.4	7.6	6.4	6.8	5.0	4.0
Per capita (in US\$)	661.2	681.4	726.0	765.0	870.0	969.0	1000.0	912.4	917.9	910.4
Money and Credit										
M3 (% change)	18.1	18.5	25.1	22.0	10.9	14.5	13.7	10.8	7.2	1.1
Credit to private sector (% change)	38.6	32.8	17.5	24.3	18.6	17.1	21.4	21.0	19.1	1.2
External sector (US\$ million unless otherwise)										
Exports (goods and services)	2,916	3,268	3,805	4,896	5,562	5,619	5,194	5,402	5,697	5,672
Imports (goods and services)	6,021	6,220	6,596	8,012	10,609	11,347	13,587	12,513	10,605	10,228
Gross official reserves	2,660	2,930	3,482	3,610	3,797	4,638	4,377	4,094	4,326	4,906
(months of imports)	4.5	5.2	4.2	3.3	3.5	4.2	4.2	4.5	4.8	5.2
Current Account Balance (% of GDP)	-8.5	-7.8	-7.1	-7.9	-13.1	-10.3	-11.1	-9.0	-4.2	-2.2
Exchange rate(Tsh/US\$; e.o.p)	1,181	1,314	1,379	1,572	1,569	1,580	1,653	1,991	2,177	2,363
Debt Stock and Service										
Total public debt (% of GDP)	19.9	23.2	25.1	28.5	27.4	30.8	31.4	35.4	36.2	41.1
External debt (public sector, % of GDP)	14.8	16.8	18.3	21.5	20.7	23.1	23.7	27.6	27.2	26.9
Domestic public debt (% of GDP)	5.1	6.3	6.8	6.9	6.6	7.7	7.7	7.8	9.0	14.2
Fiscal (% of GDP)										
Revenue and grants	15.8	15.1	13.6	14.0	15.5	15.6	14.0	14.8	16.4	0.0
Tax and nontax revenue	12.2	11.8	11.8	12.6	12.8	13.5	12.9	14.2	15.6	15.1
Grants	3.6	3.3	3.3	3.2	2.6	2.1	1.2	0.5	1.4	0.8
Expenditure and net lending	19.6	20.4	19.4	18.9	20.5	18.6	17.1	18.2	18.1	17.2
Overall balance (including Grants)	-3.4	-4.8	-4.8	-3.6	-5.0	-3.3	-3.3	-3.5	-1.1	-1.3
Financing	3.4	4.8	4.8	3.6	5.0	3.3	3.3	3.5	1.1	1.3
Foreign financing (net)	2.7	3.4	2.2	3.0	3.9	3.0	3.1	1.1	0.3	0.4
Domestic financing (net)	0.7	1.4	2.6	0.6	1.1	0.3	0.2	2.4	0.8	0.9

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
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
Accommodation 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
Accommodation 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
T 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	Manufacturing	Electricity	Water	Construction	Trade and Repair	Accommodation & restaurant	Transport and storage	Information and communication	Finance & insurance	Public administration	Professional, Scientific & Technical	Administrative & Support services	Real estate	Education	Health	Other services	FISIM	All industries at basic prices	Taxes on products	GDP at market prices
2012	1	3.5	7.5	3.6	-6.3	2.6	7.5	9.2	4.3	4.3	34.6	5.7	10.6	1.0	36.9	2.0	5.7	9.9	6.0	5.6	7.0	6.6	7.0
	2	3.4	7.8	3.6	-1.5	2.8	-6.9	3.8	3.8	4.2	21.5	2.9	0.4	2.5	24.2	2.0	5.7	12.1	5.9	0.7	3.8	-1.7	3.4
	3	3.0	4.3	3.7	12.5	5.6	3.7	1.4	9.7	-0.3	23.5	4.5	15.3	5.5	35.1	2.0	9.0	12.4	7.5	-1.5	6.3	-2.8	5.5
	4	3.0	7.2	5.5	8.7	0.3	8.1	1.1	8.6	9.2	12.5	7.5	10.6	-31.9	4.3	2.0	9.0	11.0	7.2	0.5	5.0	0.3	4.7
2013	1	3.6	-6.3	4.5	16.0	1.1	7.8	1.9	6.6	12.4	2.6	5.9	10.0	24.3	25.0	2.0	5.1	9.6	6.7	-3.1	6.0	18.1	6.8
	2	2.8	3.4	6.0	14.2	0.9	13.0	4.3	3.6	-3.0	17.9	4.0	7.6	-8.0	23.5	2.1	5.1	8.9	6.0	-2.3	5.5	17.8	6.3
	3	1.9	3.3	10.4	10.3	-6.9	16.3	6.7	-0.4	19.3	8.4	6.8	3.8	-10.5	4.2	2.1	3.5	8.5	4.7	2.0	6.4	17.7	7.2
	4	4.3	14.6	4.9	12.1	15.7	19.9	5.1	1.9	19.1	23.7	7.9	10.1	27.5	-0.2	2.1	3.5	8.4	5.3	3.4	9.1	4.2	8.7
2014	1	3.6	19.7	8.2	17.5	0.7	21.4	10.6	3.4	14.7	17.1	11.2	-2.1	-0.3	12.7	2.1	5.4	8.4	6.1	9.4	8.3	2.4	7.8
	2	4.4	6.4	10.1	-1.4	5.1	37.5	12.3	3.0	9.6	18.4	14.2	4.9	7.2	13.3	2.1	5.4	8.3	6.0	11.6	10.2	4.4	9.8
	3	4.0	5.2	6.3	13.2	12.7	-0.7	12.6	0.2	13.2	12.9	10.1	10.3	-10.6	-17.1	2.2	4.1	8.1	5.0	9.0	5.5	8.8	5.7
	4	0.8	7.6	3.0	8.6	-2.3	5.2	4.6	2.5	11.7	-11.4	8.0	2.5	5.6	17.3	2.2	4.1	7.8	6.0	8.8	3.6	15.1	4.4
2015	1	1.4	0.6	9.9	10.6	7.6	23.2	7.1	-1.0	14.5	12.8	11.5	-0.9	3.3	5.6	2.2	7.4	5.8	5.1	13.0	6.9	1.2	6.5
	2	0.7	11.2	5.2	18.9	-3.9	13.2	10.0	1.0	9.4	11.8	10.1	0.2	11.9	8.3	2.2	7.4	4.9	5.7	4.1	6.2	10.2	6.5
	3	3.3	8.0	2.1	-1.1	0.1	17.6	5.3	6.2	6.7	13.4	12.9	4.2	4.1	4.4	2.2	5.3	4.3	7.1	7.4	6.4	11.6	6.8
	4	5.3	15.7	9.5	-2.5	-2.7	13.8	8.7	2.6	1.4	10.2	12.7	14.4	7.3	0.5	2.3	5.3	3.8	6.1	21.9	7.6	14.8	8.2
2016	1	2.7	6.5	7.4	4.4	-2.5	8.9	6.0	-1.3	7.9	13.3	13.5	23.5	6.0	-2.6	2.3	8.6	5.3	6.3	18.8	6.6	10.6	6.9
	2	2.6	13.4	9.1	5.0	4.3	11.1	4.7	2.5	30.6	11.6	12.4	17.7	5.9	3.2	2.4	8.6	5.7	6.4	28.0	8.2	12.0	8.5
	3	1.9	10.4	4.5	9.5	14.5	20.6	6.1	5.5	10.2	13.8	7.4	-1.8	4.4	8.3	2.4	7.5	5.4	6.9	19.8	6.8	8.5	7.0
	4	0.9	14.8	10.2	15.3	0.6	12.0	9.9	7.6	2.3	13.3	9.7	-7.7	8.9	1.5	2.4	7.5	4.5	7.7	1.8	5.9	1.2	5.5
2017	1	2.6	35.3	7.8	4.4	2.0	8.4	6.8	3.0	4.1	13.8	8.1	-4.2	1.9	1.1	2.3	5.2	6.4	6.4	-1.8	5.8	4.5	5.7
	2	3.7	18.0	9.3	0.2	7.0	8.8	5.4	3.7	19.8	12.3	8.2	-3.4	5.4	5.0	2.3	5.2	8.4	7.0	-5.2	7.1	17.0	7.8
	3	3.6	20.8	12.4	5.8	19.1	11.1	5.9	3.1	13.0	13.4	4.5	-2.8	7.9	6.8	2.3	7.2	5.1	5.9	-7.6	7.7	-3.1	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	Communication & 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

Source: National Bureau of Statistics.

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

Month Year	Maize			Rice			Wheat			Beans			Sorghum		
	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 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		180,000	164,394		63,591	119,377		118,409	190,269		47,727	80,758	

Source: Ministry of Industry, Trade, and Marketing.



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

<i>Month-Year</i>	<i>Beans</i>	<i>Maize</i>	<i>Rice</i>	<i>Round Potatoes</i>	<i>Sorghum</i>
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

Source: Ministry of Industry, Trade, and Marketing.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. CA balance (including transfers)	-6.3	-7.0	-12.9	-9.6	-11.2	-11.1	-9.0	-4.2	-2.2
Exports of Goods	15.3	18.7	21.2	15.1	11.8	10.8	11.6	11.9	10.0
o/w Gold	5.7	6.6	9.2	5.4	3.7	2.7	2.6	3.0	3.0
Import of Goods	-27.0	-31.0	-40.8	-26.4	-24.8	-22.6	-21.5	-17.8	-14.7
Services (net)	0.6	0.7	0.4	1.1	1.6	1.5	1.6	2.9	3.2
Trade balance	-11.1	-11.6	-19.2	-10.2	-11.4	-10.4	-8.3	-3.0	-1.5
Income (net)	-1.4	-1.4	-1.1	-1.5	-1.6	-0.7	-0.8	-2.3	-2.5
Current transfers (net)	4.1	4.5	3.7	2.1	1.7	1.0	1.0	0.8	0.8
2. Capital and financial account	11.2	15.6	16.7	11.9	12.8	7.9	7.3	5.5	5.3
Capital account	2.0	2.3	2.5	2.0	1.5	1.1	0.8	0.9	0.7
Financial account	9.2	13.3	14.2	9.9	11.3	6.8	6.5	4.7	4.6
o/w Direct investment	4.4	7.8	5.1	4.6	4.7	3.0	3.6	2.9	2.4
3. Net errors and omission	-1.2	-5.5	-1.0	-1.5	-0.4	1.6	0.3	-0.3	0.5
4. Overall balance	1.7	1.6	-0.8	0.8	1.1	-0.5	-0.4	0.6	2.7
5. Reserves and related items	-1.7	-1.6	0.8	0.8	1.1	-0.5	-0.4	0.6	3.4
Reserves assets	-3.1	-1.7	0.9	0.8	1.4	-0.6	-0.6	0.5	3.2
Use of Fund credit and loans	1.4	0.1	0.0	0.0	-0.3	0.1	0.2	0.2	0.1

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



Annex 9. Fiscal Framework (Percent of GDP)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/8	2018/19
	actual	actual	actual	actual	Actual	Actual	Actual	Prel. Actual	Budget
(in TZS billion)									
Domestic revenue	5,739	7,221	8,443	10,182	10,958	13,785	16,640	17,971	20,895
o/w LGAs		196	221	315	360	426	512	542	736
Total expenditure	9,439	10,765	13,543	13,959	14,603	17,760	19,783	20,165	26,756
Recurrent expenditure	6,690	6,990	9,445	10,299	10,893	13,420	12,510	13,622	14,748
Interest payment	353	436	767	977	1,261	1,460	1,599	1,990	2,653
Wages and salaries	2,346	2,722	3,350	3,969	4,618	6,553	6,367	6,338	7,410
Goods and services	3,991	3,831	5,328	5,352	5,015	5,407	4,544	5,294	4,686
Development expenditure	2,749	3,775	4,098	3,660	3,710	4,340	7,273	6,543	12,007
Locally financed	985	1,872	1,913	1,855	2,265	2,905	5,141	5,069	9,876
Foreign financed	1,764	1,902	2,185	1,805	1,446	1,435	2,131	1,474	2,131
Grants	1,627	1,855	1,728	1,588	1,024	487	1,492	931	1,592
Overall balance after grants	-2,321	-2,070	-3,284	-2,498	-2,807	-3,488	-1,650	-1,264	-4,269
Financing	2,321	2,070	3,284	2,498	2,807	3,488	1,650	1,264	4,269
Foreign (net)	1,077	1,735	2,579	2,271	2,634	1,188	350	395	3,076
Domestic (net)	1,244	335	705	227	173	2,299	1,300	869	1,194
(in percent of GDP)									
Domestic revenue	11.8	12.6	12.8	13.5	12.9	14.2	15.6	15.1	15.8
o/w LGAs	0.0	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6
Total expenditure	19.4	18.9	20.5	18.6	17.1	18.3	18.1	17.2	20.2
Recurrent expenditure	13.8	12.2	14.3	13.7	12.8	13.8	11.7	11.5	11.1
Interest payment	0.7	0.8	1.2	1.3	1.5	1.5	1.5	1.7	2.0
Wages and salaries	4.8	4.8	5.1	5.3	5.4	6.7	6.0	5.3	5.6
Goods and services	8.2	6.7	8.0	7.1	5.9	5.6	4.3	4.5	3.5
Development expenditure	5.7	6.6	6.2	4.9	4.4	4.5	6.8	5.5	9.1
Locally financed	2.0	3.3	2.9	2.5	2.7	3.0	4.8	4.3	7.4
Foreign financed	3.6	3.3	3.3	2.4	1.7	1.5	2.0	1.2	1.6
Grants	3.3	3.2	2.6	2.1	1.2	0.5	1.4	0.8	1.2
Overall balance after grants	-4.8	-3.6	-5.0	-3.3	-3.3	-3.6	-1.1	-1.3	-3.2
Financing	4.8	3.6	5.0	3.3	3.3	3.6	1.1	1.3	3.2
Foreign (net)	2.2	3.0	3.9	3.0	3.1	1.2	0.3	0.4	2.3
Domestic (net)	2.6	0.6	1.1	0.3	0.2	2.4	0.8	0.9	0.9

Source: Tanzania authorities, IMF, and World Bank.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Monetary aggregates										
M3 as % of GDP	22.3	29.6	24.0	23.2	23.2	23.1	21.8	22.7	20.9	22.0
M2 as % of GDP	16.3	16.4	17.9	18.0	17.2	17.0	17.6	16.3	17.9	16.3
M3 growth rate (%)	18.1	18.5	25.4	18.2	12.5	10.0	15.6	18.8	12.5	6.3
M2 growth rate (%)	26.5	19.5	21.8	15.0	16.0	10.9	17.0	13.4	1.9	10.4
Domestic credit										
Total Domestic credit (% of GDP)	11.4	13.7	15.3	17.6	17.0	17.8	21.3	23.9	23.8	18.4
Total domestic credit growth (%)	21.1	42.5	29.2	36.0	14.8	21.1	25.4	26.8	13.1	-3.0
Private Sector credit (% of GDP)	10.8	11.6	13.5	14.2	14.2	14.4	16.5	18.2	18.5	15.6
Private Sector credit growth (%)	38.6	32.8	17.6	24.3	18.6	17.1	21.4	21.0	19.1	1.2
Interest rates structure										
Overall Tbilis rate (period average, %)	9.7	10.0	3.9	4.5	10.6	11.9	12.7	10.3	16.2	11.1
Average lending rate (%)	15.4	15.1	14.7	14.8	15.1	15.8	16.2	16.0	16.0	17.6
Average deposit rate (%)	7.8	6.6	6.3	5.8	7.2	8.8	8.7	8.4	9.1	10.0

Source: Bank of Tanzania.



Annex 11. Interest Rates Structure (Percent)

Item (Percent)		2017						2018						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
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
2 to 7 days		5.1	5.1	4.6	4.2	3.7	3.4	3.1	2.1	2.0	1.7	2.0	2.1	2.3
8 to 14 days		5.8	7.1	4.9	4.1	3.8	4.0	4.2	2.6	1.9	1.7	2.0	2.2	2.3
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
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
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
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. 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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
Short-term (up to 1 year)		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
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
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
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
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
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
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
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
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
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-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
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
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
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
Short-term (up to 1 year)		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
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
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
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
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

Source: Bank of Tanzania.



Annex 12. National Debt Developments (Million US\$)

Item	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
USD mn	2017/18												
1. Overall Total Debt Committed/2	26,340.2	26,516.9	26,455.2	26,232.1	26,284.5	26,665.7	26,887.4	27,210.8	27,181.5	27,010.9	28,218.4	28,063.1	26,863.7
Disbursed outstanding debt	17,468.5	17,744.1	17,775.9	17,603.0	17,660.4	17,623.4	17,861.3	18,445.4	18,467.5	18,384.6	18,825.3	18,765.1	18,137.1
Undisbursed debt	8,871.7	8,772.8	8,679.3	8,629.1	8,624.1	9,042.3	9,026.1	8,765.4	8,714.0	8,626.3	9,393.1	9,298.0	8,726.6
2. Disbursed Debt by Creditor Category/2	17,468.5	17,744.1	17,775.9	17,603.0	17,660.4	17,623.4	17,861.3	18,445.4	18,467.5	18,384.6	18,825.3	18,765.1	18,137.1
Bilateral debt	1,159.1	1,179.8	1,166.4	973.6	970.8	991.7	996.8	1,019.1	1,030.8	1,013.4	991.3	981.7	946.4
Multilateral debt	8,909.0	9,035.1	9,084.5	9,061.6	9,115.3	9,091.9	9,120.7	9,584.7	9,705.0	9,622.1	9,541.3	9,509.2	9,319.5
Commercial debt	5,890.2	6,016.0	5,912.9	5,962.1	5,950.0	5,794.0	5,958.8	5,981.9	5,851.3	5,865.7	6,519.4	6,498.5	6,097.1
Export credits	1,510.2	1,513.2	1,612.1	1,605.7	1,624.3	1,771.8	1,785.0	1,859.7	1,880.4	1,884.4	1,775.7	1,774.2	1,774.2
3. Disbursed Debt by Borrower Category/2	17,468.5	17,744.1	17,775.9	17,603.0	17,660.4	17,623.4	17,861.3	18,445.4	18,467.5	18,384.6	18,825.3	18,765.1	18,137.1
Central Government	14,143.8	14,382.8	14,328.2	14,157.1	14,176.3	14,189.6	14,467.9	14,722.4	14,725.8	14,638.2	15,015.6	14,978.8	14,373.1
Parastatal Companies	278.4	286.6	286.6	285.0	287.7	220.5	203.5	207.4	208.1	215.3	212.4	180.4	181.7
Private Sector	3,046.2	3,072.7	3,161.1	3,161.0	3,196.4	3,219.3	3,189.9	3,515.6	3,533.6	3,531.1	3,597.3	3,605.9	3,582.3
4. Disbursed Debt by Use of Funds/2	17,468.5	17,744.1	17,775.9	17,603.0	17,660.4	17,623.4	17,861.3	18,445.4	18,467.5	18,384.6	18,825.3	18,765.1	18,137.1
BOP & Budget Support	2,962.5	3,085.6	3,076.9	2,877.0	2,874.4	2,812.9	2,915.4	2,845.5	2,850.3	2,820.4	2,772.7	2,723.7	2,715.9
Transport & Telecommunication	3,957.2	4,011.8	3,967.4	3,968.0	3,965.2	4,000.9	4,031.4	4,102.0	4,344.0	4,343.0	4,041.0	4,077.0	4,272.5
Agriculture	1,177.4	1,194.1	1,186.9	1,182.0	1,187.3	1,188.7	1,185.5	1,219.0	1,226.0	1,208.0	1,196.0	1,207.0	1,169.7
Energy & Mining	2,863.8	2,881.9	2,871.8	2,905.0	2,916.0	2,927.4	2,929.3	3,024.0	3,024.0	3,012.0	2,986.0	2,970.0	2,697.7
Industries	444.4	458.8	531.5	537.0	541.0	542.4	540.0	585.0	587.0	605.0	617.0	605.0	604.0
Social Welfare & Education	2,576.5	2,613.1	2,650.9	2,641.0	2,662.5	2,697.7	2,795.7	2,902.0	3,018.2	2,987.0	2,972.0	2,999.0	2,778.8
Finance and Insurance	903.0	905.9	911.1	913.0	915.7	924.0	921.0	1,004.0	1,015.0	1,023.0	1,024.0	1,049.0	1,009.6
Tourism	67.4	67.2	67.6	67.0	67.2	67.6	66.6	67.0	68.0	68.0	68.0	68.0	68.2
Real Estate and Construction	802.9	801.7	804.4	803.4	816.1	816.4	811.0	1,079.0	883.0	839.0	1,092.0	1,096.0	841.5
Others	1,713.5	1,724.1	1,707.6	1,709.6	1,715.1	1,651.4	1,665.4	1,648.9	1,502.0	1,479.2	2,056.6	1,970.4	1,979.2
5. Total Amount of Loan Contracted/1	0.5	1.0	72.3	0.0	0.4	24.0	32.3	11.0	76.7	7.1	30.5	1.5	2.1
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	0.5	1.0	72.3	0.0	0.4	24.0	32.3	11.0	76.7	7.1	30.5	1.5	2.1
6. Disbursements/1	125.8	121.1	166.3	42.1	4.6	47.2	112.2	118.3	153.4	51.5	531.8	76.0	6.1
Government	124.1	119.5	94.0	42.1	4.5	43.0	67.2	94.1	112.4	51.1	531.6	67.0	4.0
Parastatal Companies	1.0	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	0.7	1.6	72.3	0.0	0.1	4.2	45.0	24.2	41.0	0.4	0.2	8.8	2.1
7. Actual Debt Service/1	1.0	46.0	147.5	26.1	75.0	159.1	200.0	19.5	184.6	43.2	61.9	109.4	26.1
Principal	0.0	16.6	99.7	14.2	62.5	122.2	135.0	15.0	143.1	29.7	55.8	66.9	25.0
Interest	0.0	29.4	47.8	11.9	12.5	36.9	65.0	4.5	41.5	13.5	6.1	42.5	1.1
Others	1.0	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	136.6	137.9	68.7	30.5	-57.9	-75.0	-22.8	103.4	10.3	21.8	476.0	9.1	-18.9
9. Net transfers on debt¹	124.8	104.5	66.6	27.9	-70.4	-111.9	-87.8	98.9	-31.2	8.3	469.9	-33.4	-20.0
10. Arrears by Creditors Category/2	2,461.6	3,292.3	3,367.5	3,365.0	3,428.7	3,589.5	3,604.8	3,918.6	4,041.8	4,026.8	4,152.1	4,279.5	4,306.8
Principal	1,011.8	1,844.5	1,903.4	1,893.7	1,951.2	2,038.7	2,048.0	2,254.1	2,352.7	2,387.7	2,451.2	2,541.6	2,560.2
Bilateral	348.1	350.5	349.4	302.6	305.1	312.6	319.9	320.0	319.6	317.9	327.0	326.0	325.7
Multilateral	15.0	75.7	93.3	91.1	92.0	87.1	88.9	87.4	90.1	98.7	97.3	100.7	101.3
Commercial	398.4	794.3	816.5	833.9	849.4	723.2	725.0	810.2	764.3	769.2	776.6	807.3	823.4
Export Credits	250.3	624.0	644.2	666.1	704.7	915.8	914.2	1,036.5	1,178.7	1,197.9	1,250.3	1,307.6	1,309.8
Interest	1,449.8	1,447.8	1,464.1	1,471.3	1,477.5	1,550.8	1,556.8	1,664.5	1,689.1	1,643.1	1,700.9	1,737.9	1,746.5
Bilateral	791.7	799.8	799.7	790.8	794.0	827.5	839.4	841.9	846.4	842.9	839.5	840.9	842.3
Multilateral	15.0	16.2	17.0	21.7	22.2	23.3	23.3	24.5	26.0	28.4	28.1	29.4	29.4
Commercial	401.2	388.4	397.1	405.6	401.5	331.1	330.2	343.0	351.2	300.5	351.7	359.9	361.7
Export Credits	241.9	243.4	250.3	253.2	259.8	368.9	364.7	455.1	465.5	471.3	481.6	507.7	513.1
11. External Debt Stock	18,918.3	19,191.9	19,239.9	19,074.4	19,137.9	19,180.2	19,418.1	20,109.9	20,156.6	20,027.7	20,526.2	20,503.0	19,883.6
Domestic Debt Stock	5,596.5	5,457.0	5,530.8	5,614.2	5,687.8	6,013.8	6,206.2	6,279.7	6,265.4	6,273.9	6,082.3	6,725.2	6,317.3
12. Total Debt Stock	24,514.8	24,648.9	24,770.7	24,688.6	24,825.7	25,194.0	25,624.3	26,389.6	26,422.0	26,301.5	26,608.5	27,228.2	26,200.9
End Period Exchange Rate	2,231.6	2,234.9	2,237.8	2,237.8	2,233.1	2,230.1	2,250.8	2,255.9	2,259.8	2,273.6	2,276.8	2,277.7	2,282.6

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 Line¹ = 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 Line¹ = 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.



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