

# TANZANIA

Extreme poverty (defined in the notes) has been decreasing but 45% of Tanzanians are still among the poorest 20% of people in the world. People in the top 20% of the income distribution hold 45% of income, while the poorest 20% of people hold 7% of the income.

- International resources are significant in Tanzania, with ODA and FDI the two largest inflows
- Over a third of government revenue comes from income taxes, while the largest expense is wages
- The US and UK are the two largest bilateral donors to Tanzania; combined, they provide over a quarter of total ODA

## Overview

HOW MANY OF THE  
POOREST 20% OF PEOPLE  
GLOBALLY LIVE IN  
TANZANIA?

**25.4**  
million

WHAT RESOURCES ARE  
AVAILABLE?

Domestic public  
**US\$5.4bn**  
International  
**US\$5.6bn**

HOW MUCH DOES THE  
GOVERNMENT SPEND  
PER PERSON?

**PPP\$403**

See Notes

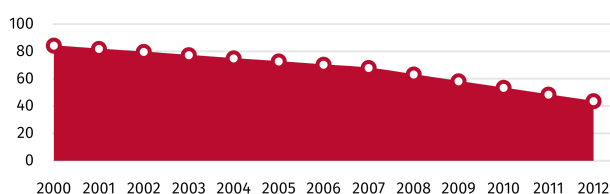
HOW DEEP IS POVERTY?

**13%**

Depth of poverty

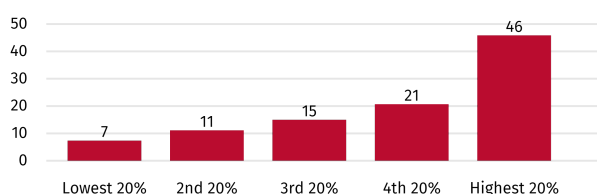
**Extreme poverty rates have almost halved from 84% in 2000 to 44% in 2012**

2000-2014, % of population living on under \$1.25 per day



**People at the lower end of the income distribution hold one-sixth of the income of those at the top**

2014, share of income of bottom 20% of population

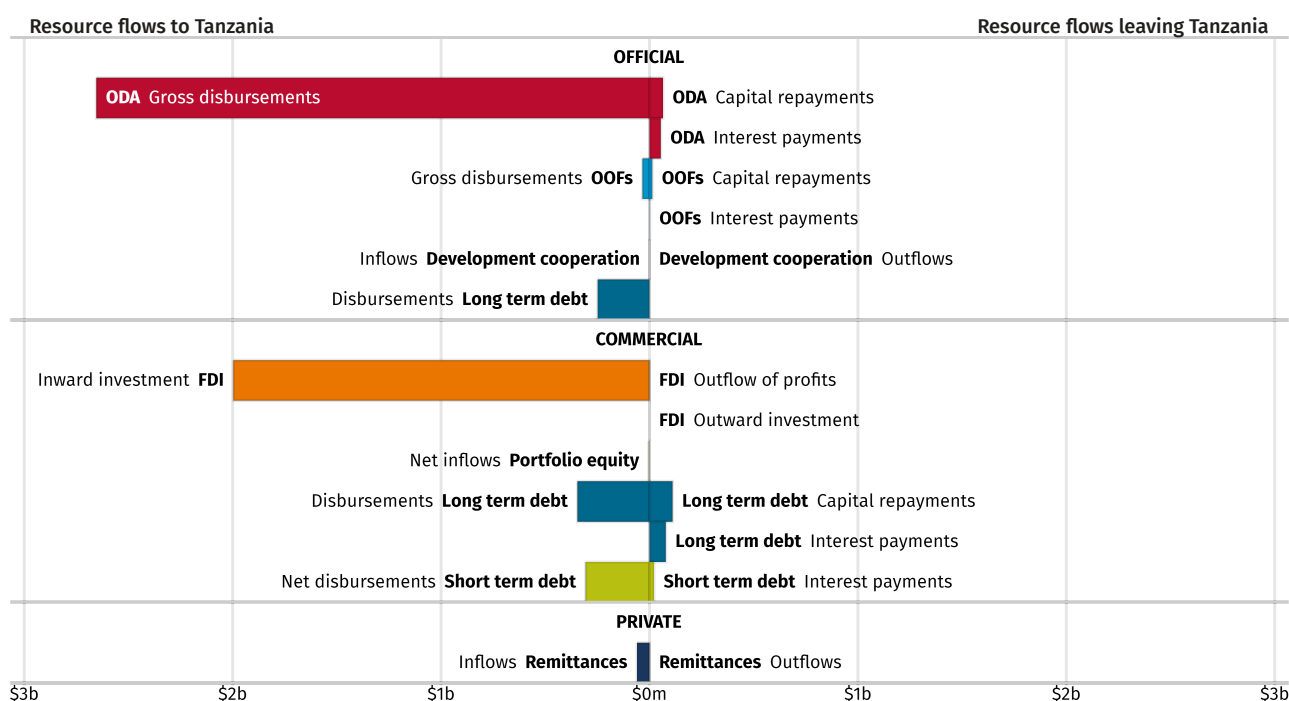


Average GDP per capita: **US\$891** (2014)

## Resource flows to and from Tanzania

**ODA disbursements are the largest resource flow to Tanzania and account for 47% of all inflows**

2014, international resource inflows and outflows (US\$ billions, constant 2012 prices)



Notes: We define extreme poverty as measured using the \$1.25 (PPP 2005) extreme poverty line. Purchasing power parity (PPP) prices are the rate at which a country's currency would have to be converted into that of another country to buy the same amount of goods and services in each country. PPPs are constructed by comparing the cost of a common basket of goods in different countries. Depth of poverty is a measure of the average gap in incomes for people living below the poverty line spread across the population of the whole country, expressed as a percentage of the \$1.25 a day poverty line. 'Domestic public resources available' refers to the total non-grant revenue either collected or projected to be collected by the government in the financial year 2014. Across countries in sub-Saharan Africa the richest 20% of the population have 10 times the income of the poorest 20% on average. Acronyms: ODA: official development assistance.

## Government finance

Income taxes provide almost one third of total revenue, with grants accounting for 13%. Financing is an important component of the resource bundle, making up 18% of the total. Development expenditure accounts for 26% of total spending, with funding equally split between domestic and international sources.

### Grants received are a mix of budget support and project-related funding

2013, latest year of actual revenue (US\$ billions, constant 2012 prices)

Total Revenue and grants 100% of total   US\$6.3bn	revenue 87% of total   US\$5.4bn	Tax Revenue 79% of total   US\$5bn	Income Taxes 32% of total   US\$2bn
			Value-added Tax 19% of total   US\$1.2bn
			Import Duties 6% of total   US\$0.4bn
			Other taxes 10% of total   US\$0.6bn
			Excises 13% of total   US\$0.8bn
		Non-Tax Revenue 8% of total   US\$0.5bn	Other Receipts 5% of total   US\$0.3bn
	Grants 13% of total   US\$0.8bn	Project Grants 8% of total   US\$0.5bn	
		Program Grants 6% of total   US\$0.4bn	Other 1% of total   US\$0.2bn

### External finance is a mix of concessional and non-concessional borrowing

2013, latest year of actual financing (US\$ billions, constant 2012 prices)

Financing 100% of total   US\$1.3bn	Net Domestic Finance 9% of total   US\$0.1bn	International Development Cooperation -1% of total   US\$-0.1bn	
		Bank Financing 3% of total   US\$0.5bn	
	Net External Finance 91% of total   US\$1.2bn	Admitted Capital -7% of total   US\$-0.1bn	
		Loans 98% of total   US\$1.3bn	Non-Concessional Borrowing 48% of total   US\$0.6bn
			Program Loans 29% of total   US\$0.4bn
			Project Loans 21% of total   US\$0.3bn

### Spending on wages (39%) and interest payments (9%) makes up almost half of government recurrent expenditure

2013, latest year of actual expenditure (US\$ billions, constant 2012 prices)

Total Expenditure 100% of total   US\$7.5bn	Recurrent Expenditure 74% of total   US\$5.5bn	Wages And Salaries 28% of total   US\$2.1bn	
		Interest Payments 7% of total   US\$0.5bn	Domestic 5% of total   US\$0.4bn
		Goods and Services and Transfers 38% of total   US\$2.9bn	
	Development Expenditure 26% of total   US\$2bn	Domestically financed 13% of total   US\$1bn	
		Externally Financed 13% of total   US\$1bn	

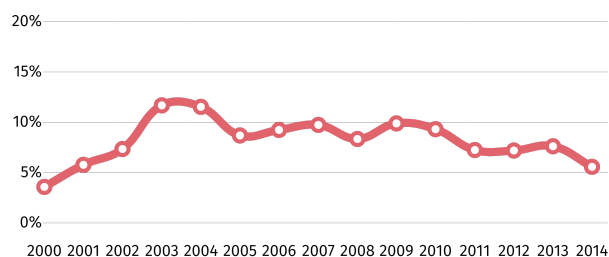
Notes: Year of data refers to the 2014 fiscal year running from July 2013 to June 2014. The pink boxes represent negative values, typically showing repayments of loans under financing. Some labels have been omitted from these visualisations; for these and those that are too small to read, please refer to the online country profile page on the Development Data Hub for more details.

## ODA

After increasing overall between 2000 and 2013, ODA gross disbursements to Tanzania declined to US\$2.7 billion in 2014, mainly driven by a decline in general budget support and in aid disbursements from the US and Japan. Cash is the main form of aid to Tanzania – both as loans and equity investments (37%) and grants (21%). Over half of total aid goes to the health and infrastructure sectors. The US gives the largest amount to the former, while IDA provides 50% of infrastructure aid, mostly in loans and equity.

### ODA relative to GDP has fallen from around 10% in 2009 to 6% in 2014

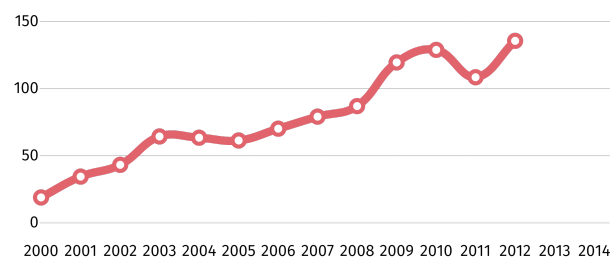
Gross ODA % of GDP



■ Total ODA as a % of GDP ■ Total ODA (excl-non-transfer) % of GDP

### Between 2000 and 2012, ODA per poor person in Tanzania increased overall

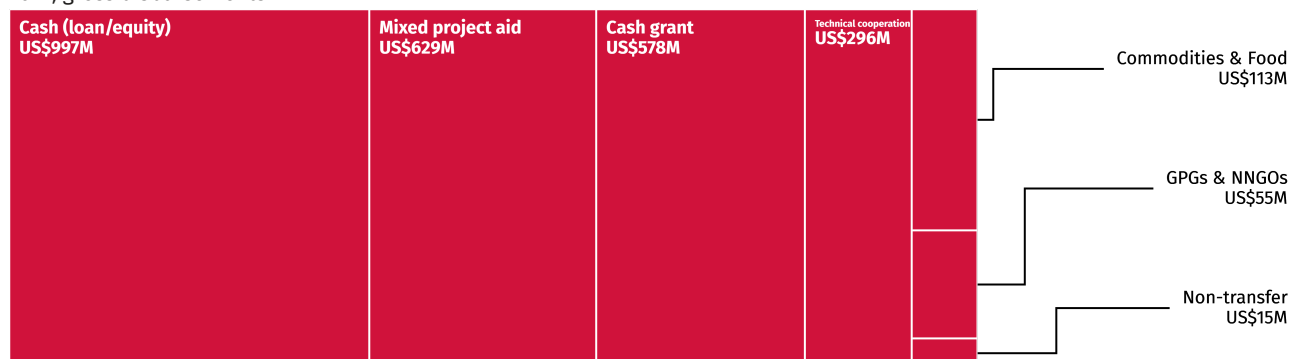
ODA per person living under \$1.25 a day



■ Total ODA as a % of GDP ■ Total ODA (excl-non-transfer) % of GDP

### Over a third of aid to Tanzania is in cash loans and equity

2014, gross disbursements

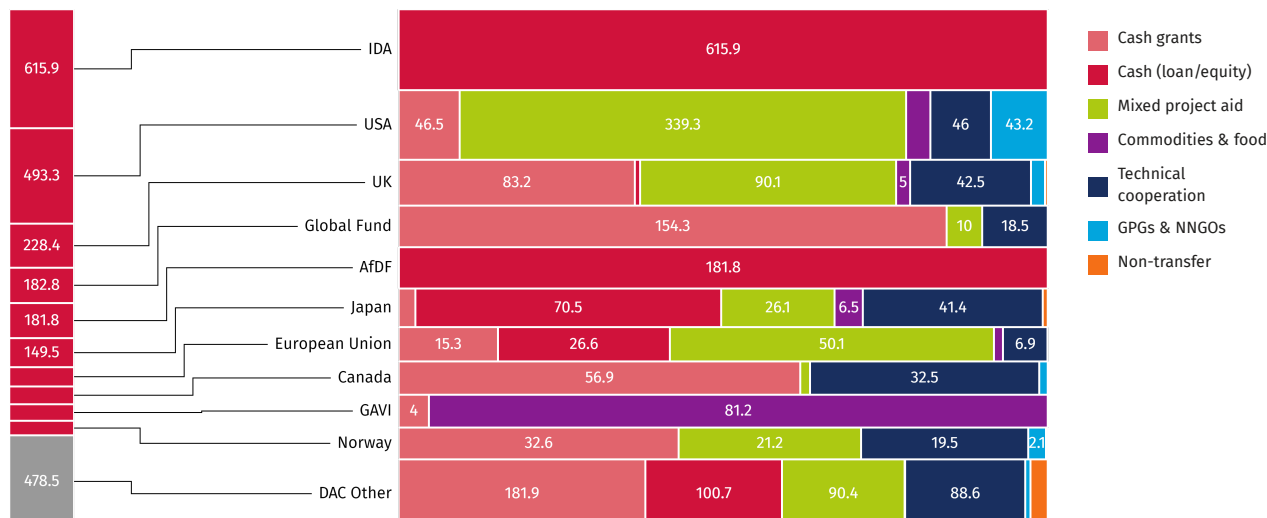


Note: GPGs, global public goods; NGOs, Northern non-governmental organisations.

### All aid from IDA is in loans and equity; most aid from the US and the UK is mixed project aid

2014, US\$ millions, gross disbursements

#### Aid from the ten largest donors



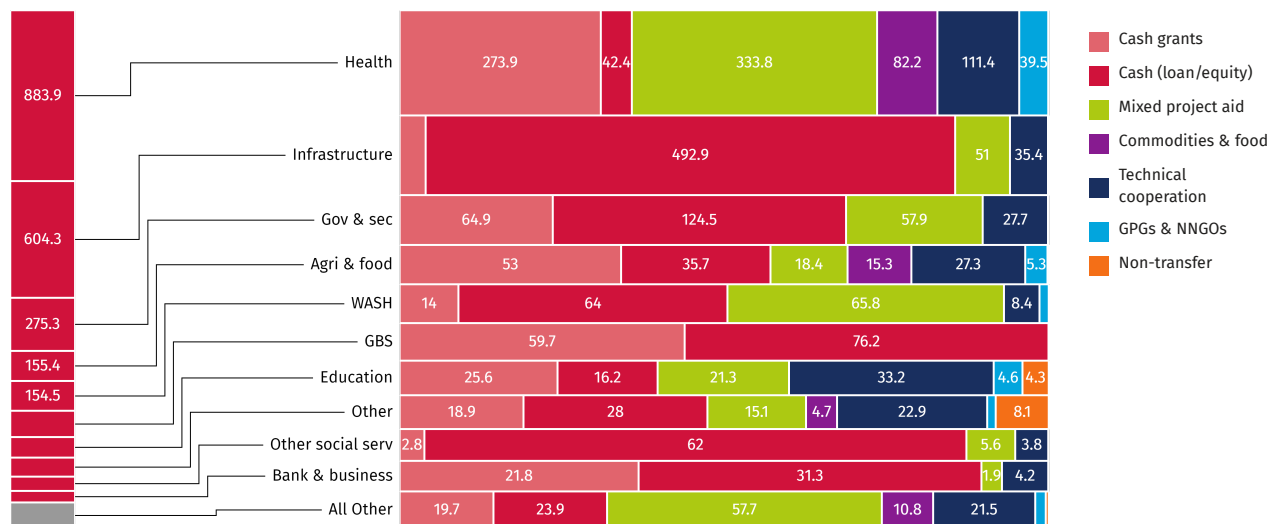
Note: ODA is equivalent to 0.64% of GDP in all developing countries and 2.6% in sub-Saharan Africa in 2014. Acronyms: GDP: gross domestic product; IDA: International Development Association.

## What is aid spent on?

### A third of aid goes to health; infrastructure and governance and security account for another third

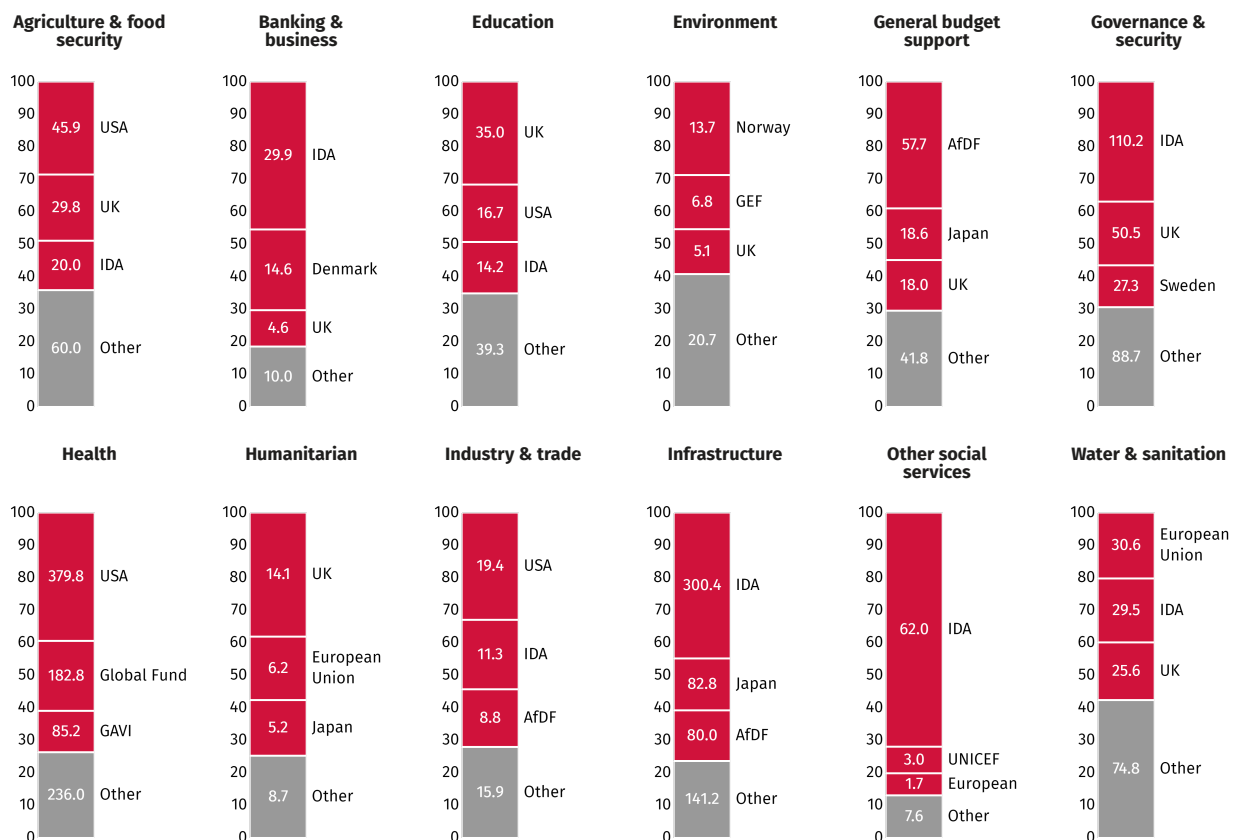
2014, US\$ millions, gross disbursements

Total aid by sector



### IDA provides half of aid going to the infrastructure and the banking and business sectors in Tanzania

2014, gross ODA, % of total (US\$ disbursements in columns)



Notes: Data is from the OECD Development Assistance Committee (ODA and other official flows data), the World Bank (long-term debt, remittances, gross national income (GNI) and poverty), the United Nations Conference on Trade and Development (FDI), IMF article IV publications (domestic revenue and expenditure), Global Financial Integrity (illicit financing and trade mispricing). Other official flows (OOFs) are typically loans that are either not sufficiently concessional to count as ODA, or are mainly in support of commercial objectives, such as donor exports. All data in US\$ is in 2012 prices. 'Other' sector aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Acronyms: FDI: foreign direct investment; IMF: International Monetary Fund; OECD: Organisation for Economic Co-operation and Development; OOFs: other official flows.