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The diverging trends in poverty reduction: Two decades of progress in Tanzania  
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During the last decade of action, the United Nations call for accelerated poverty reduction efforts to meet the Sustainable Development Goals (SDG) by 2030, and in particular Goal 1 of eradicating extreme poverty. While Target 1.1 of Goal 1 addresses monetary poverty, Target 1.2 addresses multidimensional poverty as defined by national definitions calling for a 50 percent reduction.

In this paper, we track extensively the progress made in poverty reduction for Tanzania between 2001 and 2018. According to the World Bank report “Tanzania - Mainland Poverty Assessment 2019”, Tanzania Mainland has seen progress in reducing monetary poverty: a decline from 35.7 percent to 26.4 percent. Yet, the speed of poverty reduction has slowed over the years and with an annual reduction of less than 1 percentage point, Tanzania's progress has been slower than elsewhere. To investigate this further, we exploit four rounds of the Household Budget Survey (HBS) for the years 2001, 2007, 2012 and 2018. Following Ndulu and Mwase (2017), we estimate poverty trends for different political regimes, including the last few years of the Mkapa regime as well as the entirety of the Kikwete regime.

To the best of our knowledge, we are the first in estimating the national multidimensional poverty index (MPI), as designed by the National Bureau of Statistics, with four rounds of HBS data spanning almost two decades.

Doing so allows us to identify the drivers of poverty reduction as well as the sectors that need additional policy attention. Since the national MPI encompasses 13 indicators spanning three dimensions of health, education, and living standards, we draw a comprehensive picture of poverty. Our approach closely follows Amartya Sen's capability approach and recent advances in poverty measurement (see for example the global MPI developed by UNDP and OPHI, the World Bank's multidimensional poverty measure, and various national MPIs across Africa, Asia, and Latin America).

In particular, the four rounds of HBS data allow us to build several panels that we study over time. These include a national panel, rural/urban panel as well as a panel of 15 regions that saw no changes in their composition between 2001 and 2018. In addition we examine trends over time for several subgroups of age and gender.

We undertake extensive robustness and dominance analyses following Alkire, Oldiges, and Kanagaratnam (2021) to ascertain which regions and subgroups have moved fastest and which have been left behind. These include cumulative distribution functions and quantile functions of all deprivation and achievement scores, as yielded by the Alkire-Foster method (Alkire, Foster 2011).

Preliminary results suggest that progress has been heterogeneous across regions and in contrast to for example India's recent progress, it has not been pro-poor, as many of the Tanzania's poorest regions seem to have been left behind according to our trend analyses of multidimensional poverty.

For a complete analysis of the national MPI, we test various poverty cut-offs and weighting schemes. Uniquely, tying the progress made in monetary poverty reduction to trends in multidimensional poverty, we identify the joint distribution of monetary and multidimensional poverty and estimate the dynamics of moving in and out of either one, both, or none. We believe that this is the first study doing so for Tanzania and the first for such a long panel.

Our paper thus contributes to the growing literature on dominance analyses of multidimensional poverty, trends over time and the dynamic inter-linkages between monetary and multidimensional poverty.