

# Rural Poverty Portal

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## Rural poverty in the United Republic of Tanzania

The United Republic of Tanzania is an emerging economy with high potential. But despite impressive growth in its gross domestic product (GDP) over the past decade, it remains one of the world's poorest countries in terms of per capita income. The sustained average annual GDP growth rate of 7 per cent, double the average rate of the 1990s, still masks great disparities across sectors and geographical areas. Most people living in rural areas remain extremely poor. The agricultural sector, composed of a majority of smallholders, has not benefited from the same momentum as other sectors and is still in need of investment and modernization.

Nevertheless, the economy of Tanzania largely depends on agriculture, which accounts for about one quarter of GDP, provides 85 per cent of exports and employs about 80 per cent of the workforce in a population estimated at 50 million. Agriculture remains highly sensitive to extreme weather patterns, such as recent droughts, which have severely affected crop and livestock production as well as power generation.

Approximately 90 per cent of Tanzania's poor people live in rural areas. The incidence of poverty varies greatly across the country but is highest among rural families who live in arid and semi-arid regions and depend exclusively on livestock and food crop production. No region is significantly better off than others, and all are very poor by any international standard.

On the Human Development Index of the United Nations Development Programme, the United Republic of Tanzania ranked 163rd of 170 countries in 2000, and 152nd of 187 countries in 2013. It is estimated that one third of Tanzanians live below the basic needs poverty line, and well below the international poverty line, even though the proportion of people living below those lines has fallen. Poverty reduction has been slow and unevenly shared. If current trends continue, the target of halving 1990 poverty levels by 2015 will not be met.

The country has 95.5 million hectares (ha) of land, of which 44 million ha are classified as arable, but only 27 per cent of the arable land is under cultivation. The area suitable for irrigation is estimated to be about 29.4 million ha, but only 0.34 million ha are under irrigation. One of the major setbacks to the agricultural sector is heavy reliance – about 70 per cent – on the hand hoe in a rainfed agricultural system dominated by small-scale subsistence farmers. Over 80 per cent of the arable land is used by smallholders, while about 1.5 million ha are used for medium and large-scale farming.

Economic performance in the agriculture and natural resource sectors has varied. The best performance is in export crops such as sugar, tea and tobacco, which have recorded annual growth rates of almost 10 per cent. Gold exports have recently featured prominently, helping to boost GDP. However, rising imports keep the balance of trade in deficit. And the rich potential of natural resources such as minerals, wildlife and water for hydropower has not been fully realized.

The United Republic of Tanzania comprises the territory formerly known as Tanganyika, now mainland Tanzania, and Zanzibar, which is made up of the islands of Ungula and Pemba. Tanganyika gained independence in 1961 and united with Zanzibar in 1964 to form the United Republic of Tanzania. The country has enjoyed relative political stability since independence.

Tanzania is a founding member of the East African Community (EAC), an intergovernmental organization established in 1967 to promote trade and economic cooperation among its five members: Burundi, Kenya, Rwanda, Tanzania and Uganda. Its Secretariat is based in

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**Tanzania**  
capital: Dar es Salaam  
GNI per capita: less than or equal to US\$530  
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### Statistics

GNI per capita, Atlas method (current US\$) (2010)	<b>530.0</b>
Population, total (2010)	<b>44,841,226.0</b>
Rural population (2010)	<b>33,003,142.3</b>
Number of rural poor (million, approximate) (2010)	<b>12,343,175.2</b>

## Rural poverty in Tanzania

Arusha, Tanzania. In 2010, EAC launched its own common market for goods, labour and capital within the region, with the goal of creating a common currency and eventually a full political federation. In 2013, EAC members signed a protocol outlining plans for launching a monetary union within 10 years. In 2008, they also agreed on an expanded free trade area with the Southern Africa Development Community and the Common Market for Eastern and Southern Africa.

Source: *IFAD*

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