

# BRIEF ANALYSIS OF THE ZANZIBAR STATISTICAL ABSTRACT 2022

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REPORT



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# Utilisation of statistics for accelerating inclusive economic growth and enhancing equitable access to the benefits of social investments

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## Contents

|   |    |
|---|----|
| OVERVIEW OF THE ANALYSIS.....                                 | 3  |
| 1. ECONOMIC & NATIONAL INCOME .....                           | 4  |
| 2. Employment and Formalization of the informal Economy ..... | 6  |
| 2.1. Employment Creation .....                                | 6  |
| 2.2. Formalization of the Informal Economy.....               | 8  |
| 3. SOCIAL INVESTMENT & ECONOMIC INCLUSIVENESS.....            | 12 |
| 3.1. Population demography.....                               | 12 |
| 3.2. Health Sector .....                                      | 12 |
| 3.3. Women's Empowerment and Financial Inclusion .....        | 13 |
| 3.4. Education Enrolment .....                                | 13 |
| 3.5. Water Supply.....  | 14 |

## OVERVIEW OF THE ANALYSIS

- The Office of the Chief Government Statistician (OCGS) is mandated to compile and issue national statistics from all main sectors of the economy and social aspects in Zanzibar. The Statistical Abstract 2022 was issued in June 2023 and presents a brief time series information and indices up to 2022. It covers 9 topics namely: *legislature, population, agriculture, industries, electricity and water, hotel and commerce, employment, consumer prices and the general economy*. Producing statistics is crucial for guiding the process of a national development, yet their utilisation through interpretation and deriving implications carries an equal importance in accelerating inclusive economic growth and levelling up equitable access to the natural assets for a developing economy like Zanzibar.
- In this sense, the Brief Analysis of the Zanzibar Statistical Abstract is written as part of enhancing the utilisation of national statistics for planning and informing the policy and decision-making process in Zanzibar. Not only does this document interpret the Statistical Abstract 2022, but also presents their implications on issues related to *Economic and Digital Transformation, Financial Reforms and Investments, Social Protection and Good Governance*<sup>1</sup>. The analysis does not pay much attention to the statistics recorded during the COVID 19 outbreak. This is a reflection of the fact that exogenous shocks caused by the pandemic are an outlier and therefore not expected to occur regularly.
- Apart from the observations during COVID 19 period, Zanzibar has achieved a notable economic growth that can be highly attributed to a growing tourism sector and diverse efforts of the Revolutionary Government of Zanzibar (RGoZ) to implement some structural reforms in the public financial management and the on-going large expenditure to finance strategic economic development projects, infrastructure construction (roads and airports) and social investments in sectors such as health and education. This strategy is being expansively utilised by the current 8<sup>th</sup> regime of the RGoZ as a pathway to boost inclusive economic growth and the prevailing wide gap of income inequality.
- Zanzibar's economy has been growing remarkably and it is natural to connect this with a notable growth pattern of the strategic economic sectors, especially the tourism industry between 2013 and 2022. The situation enabled the economy to increase public expenditure in a substantial magnitude. Nevertheless, this economic growth has not been translated into a substantial poverty reduction, significant decrease of income inequality and noteworthy employment creation. As such, the challenge to the policy makers, industry practitioners and researchers is to explore and find out what more ought to be done to guarantee that economic growth, social investments and development expenditure bring more pro-poor positive socio-economic outcomes.
- It is within this context that this brief analysis interprets the Statistical Abstract 2022 and reveals their implications to address the existing gap of underutilization of national statistics in these areas: *economic growth and structural transformation, employment, digital transformation, and social investments*. The main intention is to utilize statistics issued by OCGS for promoting inclusive (pro-poor) economic growth, supporting efficient allocation of resources to get more value out of social investments and leveraging on the digital transformation as an emerging issues to induce sustainable human development.

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<sup>1</sup> Core activities conducted by ZRCP are based on these thematic areas.

# 1. ECONOMIC & NATIONAL INCOME

- As shown by the national Statistical Abstract 2022, Zanzibar has managed to attain an impressive economic growth. The average annual constant price growth rate of Gross Domestic Product (GDP) was 6.4% prior to the COVID 19 (2013 & 2019), whereas the economy recorded a lower but relatively good annual GDP growth rate after the pandemic (2021 & 2022) of 5.95%. This impressive economic growth has been largely supported by substantial growth of the tourism industry in which the number stood at 548,503 by the end of 2022 implying an annual growth rate of 39.1%. Consequently, the economic growth has instigated a significant increase in domestic revenue mobilisation from diversified sources especially taxation.
- Despite having an excellent economic growth in terms of GDP, Zanzibar has not been very successful in translating it into a substantial poverty reduction and wealth creation. Zanzibar is still a lower-middle income economy with a per capita annual income of USD 1,171. Further, about 485,000 people equal to 25.7% of the total population of 1,889,773 persons are still living below the basic needs poverty line and income inequality is at an undesirable rate (Gini Coefficient of 31.1) as of the year 2022.
- At the same time, GDP per capita when corrected for inflation has only increased by TZS 28, which reflects a stagnant pattern of 1.5% growth rate. These statistics suggest that between 2013 and 2022, the economic growth had a limited ripple and trickle down effects. Indeed, Zanzibar's economy has been growing impressively during this period, but unfortunately the benefits of economic growth have not been equally distributed among Zanzibar's population.
- A slower pace of poverty reduction and persisting income and wealth disparities epitomise the strong need for enacting more pro poor policies and regulatory measures to make redistributive impacts of fiscal policy more progressive. Thus, identification of causality evidence would have to be the overriding mission to help the economy address this challenge and allocate resources more efficiently. When such evidence is adequately generated, the on-going initiatives by the current regime of the RGoZ in terms of significant social investments particularly those targeting the poor, economic empowerment of small entrepreneurs and enterprises and promotion of the private sector would certainly have a stronger effect in alleviating poverty and reducing income inequality.
- For the most part of the last decade, the tourism industry has been the main contributor of the national income - i.e. the service sector, dominated by the tourism industry, constituted 46.3% of total GDP in 2022, which has declined by 5% when

compared to 51.3% recorded in 2018. As is the case with most small island economies, the tourism industry is a vital source of foreign earning and national income, and a key linkage in creating economic synergy between various strategic sectors in Zanzibar. For instance, in 2019 about TZS 2.29 trillion (equal to about USD 100 billion) was generated by the tourism sector<sup>2</sup>. In absolute terms, the figure looks a good proxy for a prominent contribution by the tourism industry in Zanzibar. Yet, when the it is thoroughly examined in a comparative perspective, the income generated by tourism industry in Zanzibar is far below what is currently being generated by ocean based economies as illustrated below:

- ✓ Seychelles has attracted significantly fewer tourists than Zanzibar (296,422 visitors from January to November 2022) but managed to generate a greater earnings (\$823 million as of October 2022)<sup>3</sup>.
- ✓ Another good example is Mauritius; the country is on the trajectory to gain the same amount of total tourism earnings of USD 1,773 billion in 2024 managed to be attained before the COVID 19 pandemic outbreak – i.e., in 2019<sup>4</sup>.
- The important question for policy makers then is how tourism as a leading economic industry performs in the efforts to increase the wealth of the people in Zanzibar by generating significant income and employment opportunities? Increased tourist numbers alone will not deliver the desired vision of “Tourism for All”, thus it is vital that growth in tourist numbers is translated into higher national income, greater profitability of enterprises within the local economy, and more tourism-related employment for locals. This would be the most effective way to create wealth, reduce poverty and income inequality and promote a more fair access to natural assets<sup>5</sup>.
- It is against this background, this brief analysis suggests three main measures to ensure that the tourism sector is more adequately utilised:
  - 1) Zanzibar should make a gradual, well planned and well-coordinated shift from existing mass tourism towards a high end and eco-friendly tourism destination. Initially, such transformation may cause disruptions to some enterprises, unskilled workers and informal enterprises, but this is an inevitable approach for the sector to generate sustainable income, jobs and wealth. The on-going significant investments in infrastructure by the RGoZ and local planning and zoning, then

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<sup>2</sup> Refer to the Zanzibar Tourism Satellite Account (2022) issued by the Ministry of Tourism and Heritage, Zanzibar Commission for Tourism and United Nations Economic Commission for Africa.

<sup>3</sup> “Seychelles: Pristine destination tailored for the GCC traveller” <https://economymiddleeast.com/news/seychelles/>

<sup>4</sup> “Local tourism sector targets earnings equivalent to pre-COVID levels for 2023”, <https://govmu.org/EN/Pages/NewsDetails.aspx?n=Local-tourism-sector-targets-earnings-equivalent-to-pre-COVIDlevels-for-2023.aspx>

<sup>5</sup> World Bank (2019). “Zanzibar: A Pathway to Tourism for All. Integrated Strategic Action Plan”

eventually will amplify income collected from tourists and boost revenue collection.

- 2) The tourism industry needs to be digitised accompanied by clear policy measures, regulatory framework and plan to capture main financial transactions more accurately compared to what is happening currently. Seemingly, Zanzibar is unable to get its fair share of revenue, particularly tax collection from packages charged outside of the country due to weak information disclosure. Digital transformation will also help to improve the quality of service and productivity in the tourism services along the supply chain.
- 3) Finally, the on-going initiative by the RGoZ, which this Analysis highly commends, to diversify the tourism industry so that other untapped aspects of the attractions, avenues and events (such as heritage, cultural services, sports and recreational services, and meetings, conventions and concerts) which are currently generating a negligible contribution must be effectively utilised. As of now, 77.6% of aggregate earnings from tourism related economic activities are derived from accommodation services and food and beverage-serving services<sup>6</sup>. This situation perfectly encapsulates the reason behind the call for having a more diversified tourism industry to receive a growing attention right now - as an effective way to increase the direct income and multiplier effect through linkages with other sectors.

## **2. Employment and Formalization of the informal Economy**

### ***2.1. Employment Creation***

- According to the Statistical Abstract 2022, in Zanzibar, the total employment for all sectors (i.e. Government, Parastatals and Private sector) increased by 9.6% between 2012 and 2022. As of 2021/2022, the statistics show that total formal employment is 68,632, and 54% of workers are civil servants. It means that the labour market is highly dominated by informal economic activities given that only 10% of the total labour force (750,722 people) is working in the formal sector. Also, since 2013/2014 the public sector has been the predominant source of generating formal jobs instead of the private sector. Thus, it is not surprising that the wage bill for public service grew from TZS 131 billion 2012/2013 to TZS 290 billion in 2021/2022.

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<sup>6</sup> Zanzibar Tourism Satellite Account (2022)

- As of 2021/2022, the public wage bill as proportion of public expenditure and GDP in Zanzibar is higher compared to the global average and other developing economies such as Tanzania Mainland, Indonesia, Benin, Thailand, Senegal, Kenya and Uganda<sup>7</sup>. Measures to improve labour productivity for public service employees and to rebalance the number of workers towards a more ideal and sustainable figure should be the top priority in managing the wage bill in Zanzibar.
- Another key statistic shows a Total Unemployment Rate of 19.6%, whereas Youth (15-24) Unemployment Rate is significantly higher (33.3%). Total Unemployment Rate has increased from 5.5% in 2006 up to 19.6% in 2021/2022. Like many other economies in the global south, job creation for a rapidly growing population (an average fertility rate of 5.1% as of 2021/2022) where youths constituting the largest proportion of the workforce entering the labour market in each year, is a pressing concern in Zanzibar.
- It can't be overemphasised that a vibrant domestic private sector as an engine of economic growth and wealth creation is the proven way of accelerating inclusive economic growth and sustainable development. Despite having an impressive economic growth record over the last decade, it is apparent that the private sector in Zanzibar does not create sufficient formal employment to a growing number of youths who are entering the labour market each year.
- A large strand of evidence illustrate that the tourism industry is an important source of employment creation and many countries across the world appear to use it more effectively than Zanzibar to attain economic growth and human development as presented below:
  - ✓ In Mauritius, the economy that is somewhat comparable to Zanzibar has created 27,858 annual formal employment related to the tourism industry (i.e., food service, hotels and travel and other services enterprises with 10 or more workers) as of March 2021<sup>8</sup>.
  - ✓ Tourism also plays an immense role in creating formal employment in developed economies. One out of every four new formal employments created in the Spanish economy is linked to tourism, and the number of workers employed in the tourism sector reached 2.86 million in the second quarter of 2023<sup>9</sup>.
  - ✓ Canada where employment data are issued on a monthly basis depicts how a well-diversified tourism industry generates meaningful formal jobs across various professions. Different to Zanzibar where tourism industry is far from being diversified (e.g, most of the formal jobs within the tourism industry are

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<sup>7</sup> World Bank. (2023). "ZANZIBAR Diagnostic Study to Enhance Public Service Governance", International Bank for Reconstruction and Development / The World Bank

<sup>8</sup> [https://statsmauritius.govmu.org/Documents/Statistics/ESI/2022/EI1672/Tourism\\_1Sem22\\_290822.pdf](https://statsmauritius.govmu.org/Documents/Statistics/ESI/2022/EI1672/Tourism_1Sem22_290822.pdf)

<sup>9</sup> [https://www.lamoncloa.gob.es/lang/en/gobierno/news/Paginas/2023/20230809\\_tourist-employment.aspx](https://www.lamoncloa.gob.es/lang/en/gobierno/news/Paginas/2023/20230809_tourist-employment.aspx)



concentrated on the activities pertained to the accommodation and food services activities), in Canada about 2.09 million workers, which amounts to 10% of total labour force, are employed tourism industry with a Food and Beverage segment as leading source of these employment (45%) followed by Recreation and Entertainment, Transportation, Accommodation and Travel Services as of September 2023<sup>10</sup>.

## **2.2. Formalization of the Informal Economy**

- Concerning formal employment, the Statistical Abstract 2022 demonstrates that a total of 24,556 formal workers were employed by the private sector in 2021/2022, whereas 11,667 of them were employed in the tourism industry (Accommodation and food services activities). This highlights the fact that the private sector is not generating enough formal jobs.
- In particular, the low employment figure for the tourism industry is puzzling because it reveals a significant decline of the number of formal workers from 15,109 workers indicated by the socio-economic survey of 2016 (OCGS Socio-economic Survey of 2016, page 27). Instead of observing more formalisation of jobs from the total of 22,000 workers who are currently working under the tourism industry - according to the most recent estimates (Zanzibar Tourism Satellite Account 2022 page 5) -, the Statistical Abstract 2022 is displaying a reverse pattern.
- Inclusive economic growth is usually expected to be accompanied by a significant decline in informal employment and reduction of wealth disparities. The tourism industry in Zanzibar has been experiencing rapid growth patterns before and after the COVID 19, but it struggles to create sufficient formal jobs. This situation resembles many low and middle-income economies where informal forms of economic activities and jobs remain a persistent phenomenon despite rapid economic growth in recent decades. Actually, the informal sector in developing economies to which Micro, Small and Medium Enterprises (MSMEs) are the backbone, accounts for 25% to 40% of GDP and often more than 60% of employment (ILO 2019)<sup>11</sup>.
- Informal employment is typically perceived as a source of livelihood for the poor in developing economies. On the other hand, there is an increasing consensus in recent theoretical and empirical studies that recognizes the extent of heterogeneity in informal work, which differentiate between „upper-tier“ and „lower-tier“ informality (Kanbur 2017; Basu et al. 2018)<sup>12</sup>. The differentiation between formal, upper-tier

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<sup>10</sup> <https://tourismhr.ca/labour-market-information/tourism-employment-tracker-insights-into-covid-19s-impact/>

<sup>11</sup> ILO (2019). "ILO Thesaurus: Informal Employment". Available at: <http://ilo.multites.net>

informal and lower-tier informal employment could prove consequential both in terms of employment dynamics and earnings differentials, with earnings being significantly higher in upper-tier informal activities compared to the lower-tier, and highest in formal jobs.

- In Latin America, informal jobs present a stepping stone into formal employment relationships, especially for those in the more dynamic upper-tier segment. On the contrary, empirical evidence from the Saharan African economies – Tanzania, Ghana, South Africa, and Uganda - show high persistence in the lower-tier segment of informality, where self-employed workers often remain locked in a work with inferior pay and conditions (Danquah et al, 2019)<sup>13</sup>.
- Given these trends, it is rational to assume that extremely few enterprises or workers are exiting the informal economy for the formal one within the tourism industry in Zanzibar. Nevertheless, it is worth noting that tourism industry involve a substantial number of the „reluctant self-employed“ workers such as tour operators and dynamic entrepreneurs who are also referred to as constrained gazelles“ and „top performers“ because of their eagerness to remain under the economy despite having a rather high productivity and earnings.
- In order to prosper to attain the long term vision and aspirations prescribed by Zanzibar Development Vision (ZDV) 2050, the private sector must be an engine for economic growth by generating meaningful formal employment. Stemming from the importance of leveraging on a growing number of tourists which led to Zanzibar becoming the busiest airport (732,000 international passengers) in the United Republic of Tanzania<sup>14</sup>, the current government regime in Zanzibar, which is private sector oriented, is continuing to make notable efforts to develop a predictable and enabling business environment. With the focus of making the local private thrive and drive the economy, this Brief Analysis argues that these initiatives should be adapted to create more formal employment:

<sup>12</sup>

Basu, A., Chau, N, Fields,G, and R. Kanbur (2018). “Job Creation in a Multi-sector Labour Market Model for Developing Economies”. *Oxford Economic Papers*, 71(1): 119–44.

Kanbur, R. (2017). “Informality: Causes, Consequences and Policy Responses”. *Review of Development Economics*, 21(4): 939–61. <sup>13</sup>

Michael Danquah, Simone Schotte, and Kunal Sen (2019). “Informal work in sub-Saharan Africa Dead end or steppingstone?” *United Nations. WIDER Working Paper 2019/107*

<sup>14</sup>

“Zanzibar airport beats Dar's JNIA in international arrivals for the first time”,  
<https://www.thecitizen.co.tz/tanzania/zanzibar/zanzibar-airport-beats-dar-s-jnia-in-international-arrivals-for-first-time3977020>

- ✓ A greater emphasis by both the public and private sector needs to be directed on transforming the tourism industry to become more diverse offering more valuable services and products.

- ✓ Given the decline of formal jobs in the tourism industry shown above, specific policy and structural reforms that seek to enhance the livelihoods of workers and incentivise formalisation of the informal enterprises within the tourism industry need to be introduced in Zanzibar. A stand out specific measure, among various initiatives, to reduce barriers to formalisation is the systemic reform of the existing mandatory pension system so that it can provide arrangements and regulatory framework which are aligned with the actual economic position of the private sector. The following are main argument for supporting this particular move:
- ✓ Considering the reality that the MSMEs occupy a large space in the country's economy, the current mandatory pension system is not suitable for them because the contribution rate is too high. As of now, the formal private sector workers are supposed to contribute a total of 27% of the salaries as social insurance (ZSSF 21% and Zanzibar Health Service Fund 6%) in exactly the same manner as public workers.
- ✓ Although the harmonisation of public and private workers' social security benefits is a noble intention, it does not help the private enterprises, which tend to be of a small size, in Zanzibar considering the fact that the contribution rate is too high compared to countries with superior and comparable economies. For instance, 11 countries in the Organisation for Economic Co-operation and Development (OECD) where pension contributions also finance disability or invalidity benefits have an average effective contribution rate equalled 18.2% at the average wage level in 2020. Notably, the mandatory contribution in Mexico amounts to only 6.3%, but will increase to 15% over the next few years. In Korea and Lithuania, the social security contribution rates are also 9% or lower, Denmark (12%), Germany (18.6%), Iceland (15.5%), Luxembourg (16%), Turkey (20%), and in Lithuania (20%) where all contributions is paid employees with no obligation for the employer. In both Australia and Canada, tax-financed components play a large role and so contribution rates to earnings-related schemes are close to 10%<sup>12</sup>.
- ✓ In Rwanda, the social security contribution towards the mandatory pension scheme is equal to 6% of the salary (government pension scheme), whereby each employees and employer contribute 3% of the

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<sup>12</sup> OECD (2021), Pensions at a Glance 2021: OECD and G20 Indicators, OECD Publishing, Paris, <https://doi.org/10.1787/ca401ebd-en>.

basic salary gross salary composed of base salary, allowances, bonuses and other fringe benefits as well as the cash value of the benefits in kind. In Kenya, the social security contribution rate for the private sector is about 10%, on average; every employee pays about 5% of the monthly wage which is matched with an equal amount by the employer subject to a specified maximum.

- ✓ It is obvious that the social insurance contribution rate of 21% is relatively expensive for the private sector and it is this factor that may explain why some enterprises prefer not to become formal to avoid this legal obligation. The situation is likely to contribute to most workers being without social insurance and also hinders the formalisation of the informal economy. Important step in this area would be to design a separate mandatory arrangement for the private sector, different from the current arrangement used by Zanzibar Social Security Fund (ZSSF), which is mimicking the system design for the civil servants.
- ✓ Zanzibar needs to re-arrange its pension system to find an appropriate pension contribution rate, which is affordable to many private enterprises, to incentivize and enable the formalisation of the private sector. By rapidly broadening the coverage to include more members from the private sector ZSSF will eventually collect significantly higher contributions from the private sector than the current amount. To conclude, a systemic reform of the pension design is the most realistic, if not the only way, to increase pension coverage and formalisation of the informal economy.
- ✓ Shifting the economic structure to become a digital based economy so that tourism can provide a more diverse service by having higher utilisation of e-commerce and other digital tools. ICT services and digital trade (including start-ups) have strong potential for accelerating economic growth and diversification.
- ✓ Investment in ICT and infrastructure is vital, but training and skilled development to address the shortage of skilled staff at all levels and professions, including the identification and fostering of talents to generate more formal employment.
- ✓ Diversification of the economy towards establishment of the light industries producing high value products (i.e. fishing processing; milk and dairy products factory; clove processing, poultry industry, agro processing industry, greenhouse farming and consumer goods), which

can readily feed into the increasing demand of the tourism industry and the growing purchasing power of the Zanzibar"s residents.

### **3. SOCIAL INVESTMENT & ECONOMIC INCLUSIVENESS**

#### **3.1. Population demography**

- The Statistical Abstract 2022 entails a relatively high fertility rate of 5.1 which is one of the highest rates in the world. The major challenge of this rapidly growing population due to a relative high fertility rate is the need to identify and mobilise resources to finance social investments (i.e. provision of healthcare, education and social welfare services) and to build infrastructure (i.e. roads, airport, sea ports, water supply and electricity generation and supply) required to cope with a rapid but not properly planned urbanisation and densely populated (and congested) cities. Population density of Zanzibar increased from 530 in 2012 people per square kilometre to 768 people per square kilometre in 2022, according to the Statistical Abstract 2022.

#### **3.2. Health Sector**

- The Statistical Abstract 2022 shows that 78.9% of individuals are satisfied with health care provided, and the level of satisfaction is greater in rural areas (80.3%) than urban areas (76.3%). This could be interpreted in two main ways. On the one hand, it implies that the healthcare delivery in terms of infrastructure (buildings and medical equipment), services provided by the medical experts and availability of medicines are of the top quality/standards which make most people, especially those living in rural areas, extremely satisfied. It should be noted, however, that the parameters used as a proxy for measuring the satisfaction of this subjective data are not clear.
- On the other hand, such a high level of satisfaction could be a result of flawed methodology used to measure satisfaction of the people. This is possible when taking into account the challenges which have recently been encountered in financing the health system including the decline of the sector"s budget as a proportion of the government expenditure during the COVID 19 and a growing population (World Bank Zanzibar Health Expenditure Report, 2023).
- Also, the Statistical Abstract 2022 (Table 1: Summary of Social and Economic Key Indicators) shows that only 1.6% of Individuals *didn't use a health care provider as it was too expensive* (rural 1.7% and urban 1.5%). It is assumed that the intention was to say only an insignificant number of people are *unable to access healthcare*

*because of it being too expensive.* These statistics, however, contradicts the figures shown in Table 2 (Indicator by Regions), which reveals that 8.6% of people in Zanzibar (equal to 160,000 people) *didn't use health care providers as they were too expensive.* These statistics raise serious questions about methodology and parameters used for collecting data, in particular its robustness. This Analysis therefore calls for a change of Statistical Abstract 2022 to address this confusing and misleading information.

### **3.3. Women's Empowerment and Financial Inclusion**

- The Statistical Abstract 2022 shows that Women aged 15-49 who own a house with their name on title/deed (32.9%). This is an encouraging finding, but it is significantly lower than Tanzania Mainland where about 54.4% own titles or deeds of houses<sup>13</sup>. More figures of the Statistical Abstract 2022 shows that only 15.6% of Women aged 15-49 use a bank account in Zanzibar. This figure reflects a very low inclusion of women in accessing the financial sector. It means that a majority of women are not economically empowered in the sense of having a meaningful source of income. Since they do not own an account, which is a main mode of payment for formal employment and major business transactions, most women (84.4%) in Zanzibar are likely to work in the informal economy earning low and unpredictable income without being covered by the ZSSF.
- The Statistical Abstract 2022 reveals that 33% women aged 15-49 use mobile phones for financial transactions 2016 implying many of them were under the informal economy and financial excluded. A conclusion from this figure is that a majority of women are not able to access phone banking services offered by various mobile companies in the country. However, the financial services appears to be expanded substantially in Zanzibar based on the finding of Finscope Tanzania 2023 (page 53) - i.e., 78% of people have access to mobile money. Findings from these two reports suggest that the magnitude of gender based financial divide in Zanzibar is astonishingly high. It is possible that female financial inclusion is not accurately captured and need a further scrutiny and more robust data collection going forward.

### **3.4. Education Enrolment**

- A major shift of enrolment proportion has been shown by the Statistical Abstract whereby a proportion of students joining Private Higher Education is growing at a higher pace (from 30% to 50% of total higher education enrolment) at the expense of the students joining Public Higher Education. This trend could be attributed to a growing private investments towards higher education and opportunity to enrol

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<sup>13</sup> [https://www.nbs.go.tz/nbs/takwimu/WomenAndMen/Women\\_and\\_Men2018.pdf](https://www.nbs.go.tz/nbs/takwimu/WomenAndMen/Women_and_Men2018.pdf)

students who are funded by higher education loan boards, while on the opposite spectrum, investments in public institutions has been rather limited.

### 3.5. *Water Supply*

- In 2022, it became evident that while 108,540,710 cubic meters of water were produced, the estimated demand is significantly higher at 188,556,661 cubic meters. This marked a substantial deficit of 42.44% in meeting the water demand during 2022. Notably, as shown in Table H.3.8 of Statistical Abstract (shown below), there were no on-going projects addressing desalination, a process crucial for supplementing the water supply. The potential for desalination is immense, especially considering the constant availability of seawater around Zanzibar archipelago.

**Table H.3. 8: Number of Rural Water Supply Projects, 2018-2022**

| Project                             | 2018     | 2019     | 2020     | 2021     | 2022      |
|-------------------------------------|----------|----------|----------|----------|-----------|
| Development of water infrastructure | 3        | 1        | 3        | 9        | 1         |
| Water Drilling                      | 0        | 2        | 1        | 0        | 28        |
| Water Desalination                  | 0        | 0        | 0        | 0        | 0         |
| <b>Total</b>                        | <b>3</b> | <b>3</b> | <b>4</b> | <b>9</b> | <b>29</b> |

- The absence of desalination projects can be attributed to various key challenges including; a scarcity of skilled professionals proficient in desalination processes, as well as the extensive capital required for both the construction and operation of a desalination plant presents another hurdle. The untapped potential of leveraging the surrounding seawater through desalination to bridge the gap between water supply and demand is evident. Therefore, an identification of ways for attracting water desalination projects remains crucial to harnessing this opportunity effectively.