

# State of the nation 2022

## Tanzanian citizens' experiences and opinions on the economy and on mobile money transaction taxes

### 1. Introduction

The economy of Tanzania has experienced some difficulties over the past few years. This includes the consequences of the Covid-19 pandemic, which has shaken the whole world's economy. Indeed, Tanzania did not suffer the same extreme economic difficulties as a result of the pandemic than other countries faced, though disruption to tourism presented a particular difficulty. More recently, the war in Ukraine has pushed up fuel and food prices globally, with Tanzania not immune from the consequences.

Tanzania has also experienced considerable changes to the political context. Most

obviously, the unfortunate death of President John Magufuli led to the unexpected handover to President Samia Suluhu Hassan as the country's first woman President. While both Presidents come from the same political party, their respective outlooks on both economic and political matters have proved to be different in significant ways.

This brief presents data on Tanzanian citizens' experiences and opinions on the state of the nation. It includes a specific focus on citizens' views and experiences of the mobile money transaction levy<sup>1</sup>. What do citizens see as the main problems facing their households, and

- 1 The Electronic Mobile Money Transfer and Withdrawal Transactions Levy Regulations, 2021, introduced charges on mobile money transactions from July 2021. The charges were reduced by 30% in September 2021 and again in July 2022, making an overall reduction of 60% from the amounts initially introduced.

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what issues would they most like to see the President address? How do they feel about the how things are going, both for the country as a whole and on specific economic matters? How many are regular users of mobile money services? How many support the mobile money levy? How has it affected their use of mobile money services in practice?

The data presented was collected from a specially-constituted panel drawn from respondents to previous surveys conducted by Ipsos in Tanzania. Respondents were randomly selected, and the panel is nationally representative. Data were collected from 3,000 respondents from the sixth (October and November 2021) and seventh (June and July 2022) rounds of the special *Sauti za Wananchi* panel<sup>2</sup>. Data is in some cases compared to data collected in previous rounds of *Sauti za Wananchi* mobile phone panel surveys.

Key findings include:

- Citizens point to the cost of living as the most serious problem facing their households today
- Citizens would like local government to focus its attention on improving public service delivery
- Citizens' main priorities for action by the President are the cost of living and health services
- Citizens are more likely to say the country is heading in the right direction than the wrong direction, though many are uncertain
- Citizens are largely positive about changes in public services, governance and security over the past six months, but they are concerned about the state of the economy
- Mobile money services are very widely used by citizens
- Most citizens are aware of recent increases in taxes and charges on mobile money services; most of them do not support these changes. Less citizens are aware of subsequent reductions in the taxes
- Citizens report sending, spending and receiving less on mobile money services since July 2021 (the reduction in Dar es Salaam is dramatic, at over 70%)
- Citizens are unsure what the revenue from the mobile money levy is spent on

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2 Between the current round of data collection and the previous round covering similar topics, Twaweza made extended efforts to ensure, as much as possible, the same respondents were reached. We achieved 64% overlap of respondents between the two call rounds.

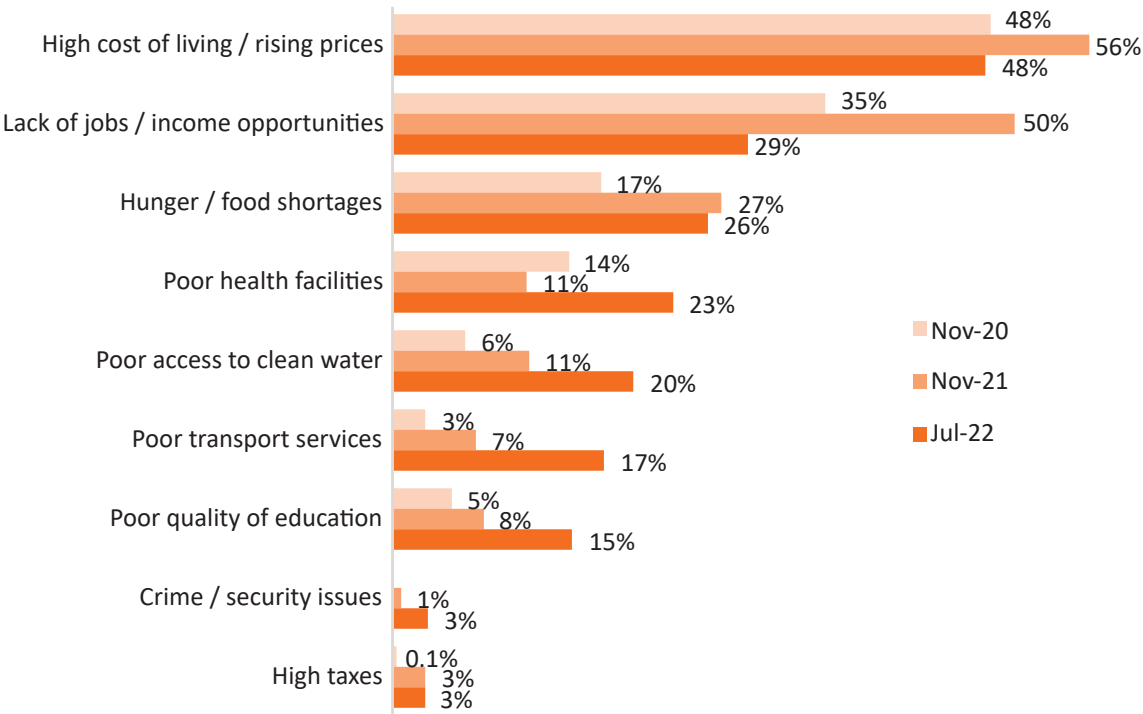
## 2. Fifteen facts about citizens' views on the economy and on the mobile money transaction levy

### Fact 1: Citizens say the cost of living is the most serious problem facing their households today

Half of citizens (48%) cite the high cost of living as among the three most serious problems facing their households, more than any other issue. This is followed by the lack of jobs and other income opportunities (29%) and hunger and food shortages (26%). As such, the top three concerns facing households in Tanzania are all economic matters.

These are followed by concerns around public services, including health facilities (23%), clean water (20%), transport (17%) and education (15%). In all these cases, the number of citizens citing public services as being one of the top three most serious problems facing their households has risen over the period from late-2020 to mid-2022.

**Figure 1: In your opinion, what are the three most serious problems facing your household today?<sup>3</sup>**



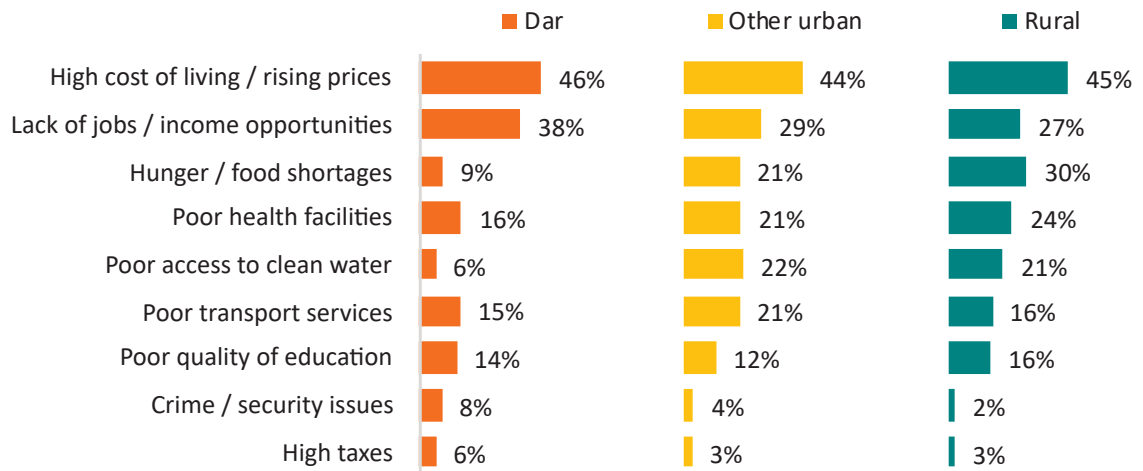
**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000; and special surveys r3 (2020) and r6 (2021)

3 Percentages in charts may not add up to 100% due to rounding.

Citizens' concerns for their households vary a little between different areas of the country. The high cost of living ranks as the biggest concern in Dar es Salaam (46%), other urban (44%) and in rural (45%) parts of the country. However, in rural areas, hunger and food shortages (30%) are cited as a serious problem much more often than by residents of Dar es Salaam (9%). Similarly, Dar es Salaam residents (6%) are less likely than others (21-22%) to point to concerns about access to clean water.

In contrast, residents of Dar es Salaam are more likely than others to points to concerns around the lack of jobs and other income opportunities. They are also more likely than others to cite crime and security issues, though this ranks relatively low across all areas.

**Figure 2: In your opinion, what are the three most serious problems facing your household today?**

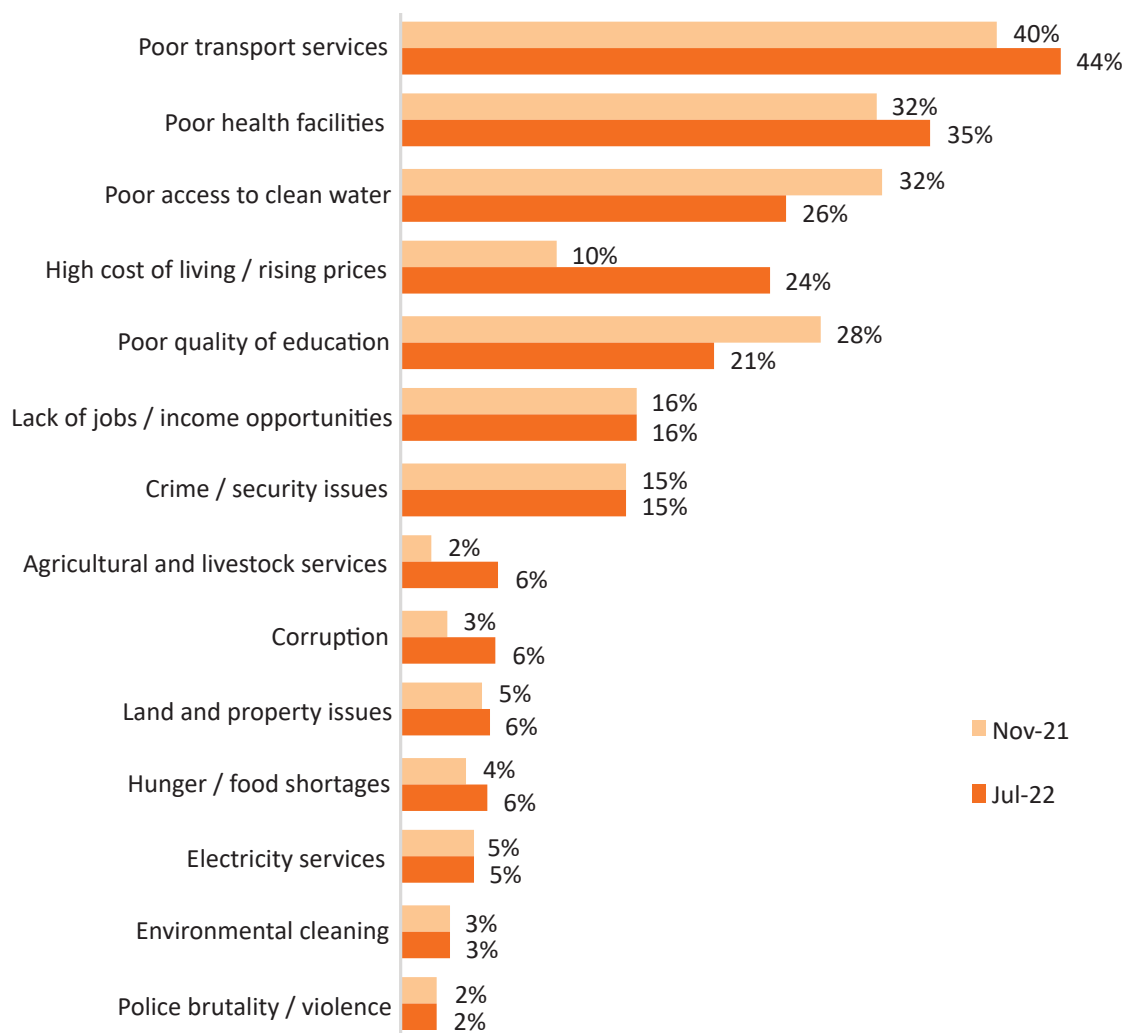


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

**Fact 2: Citizens would like local governments to focus on improving public service delivery**

The top three issues raised by citizens for priority attention by local government all relate to public services. At the top is transport services, cited by a little under half (44%), followed by health facilities (35%) and access to clean water (26%). The quality of education also ranks high on the list, cited by 21%. The cost of living has risen sharply as a concern for attention by local government, from one out of ten citizens (10%) in late 2021 to one out of four citizens (24%) more recently. At the same time, concerns about the quality of education and poor access to clean water have dropped since late 2021.

**Figure 3: What are the main three priorities you would like your local government to address?**

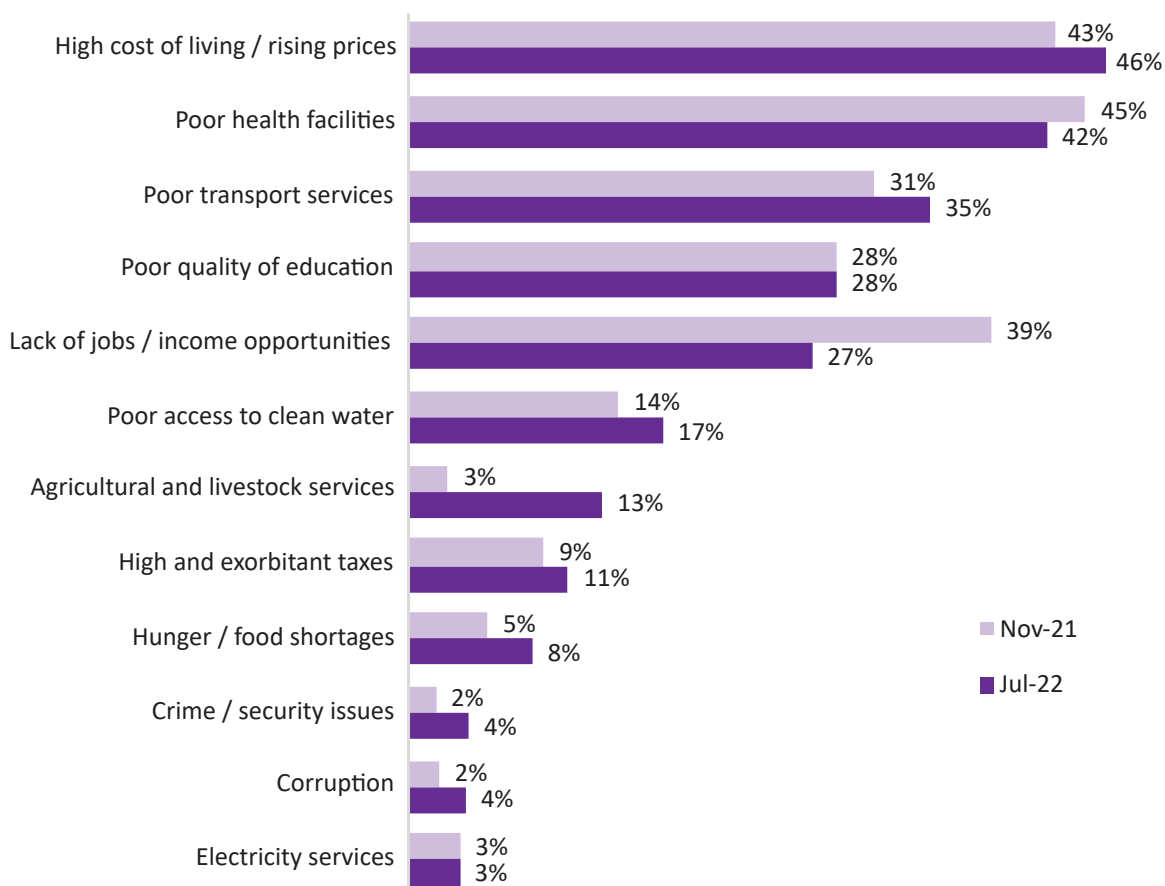


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022 and round 6, Oct-Nov 2021;  
Base: all respondents, n=3,000

### **Fact 3: Citizens' main priorities for action by the President are the cost of living and health services**

Half of citizens (46%) list the high cost of living as being among the top three priority issues that they would like the President to address, followed by health facilities (42%). Other public services also rank high, including transport (35%) and education (28%), as well as the lack of jobs / income opportunities (27%).

**Figure 4: What are the main three priorities you would like the President to address?**



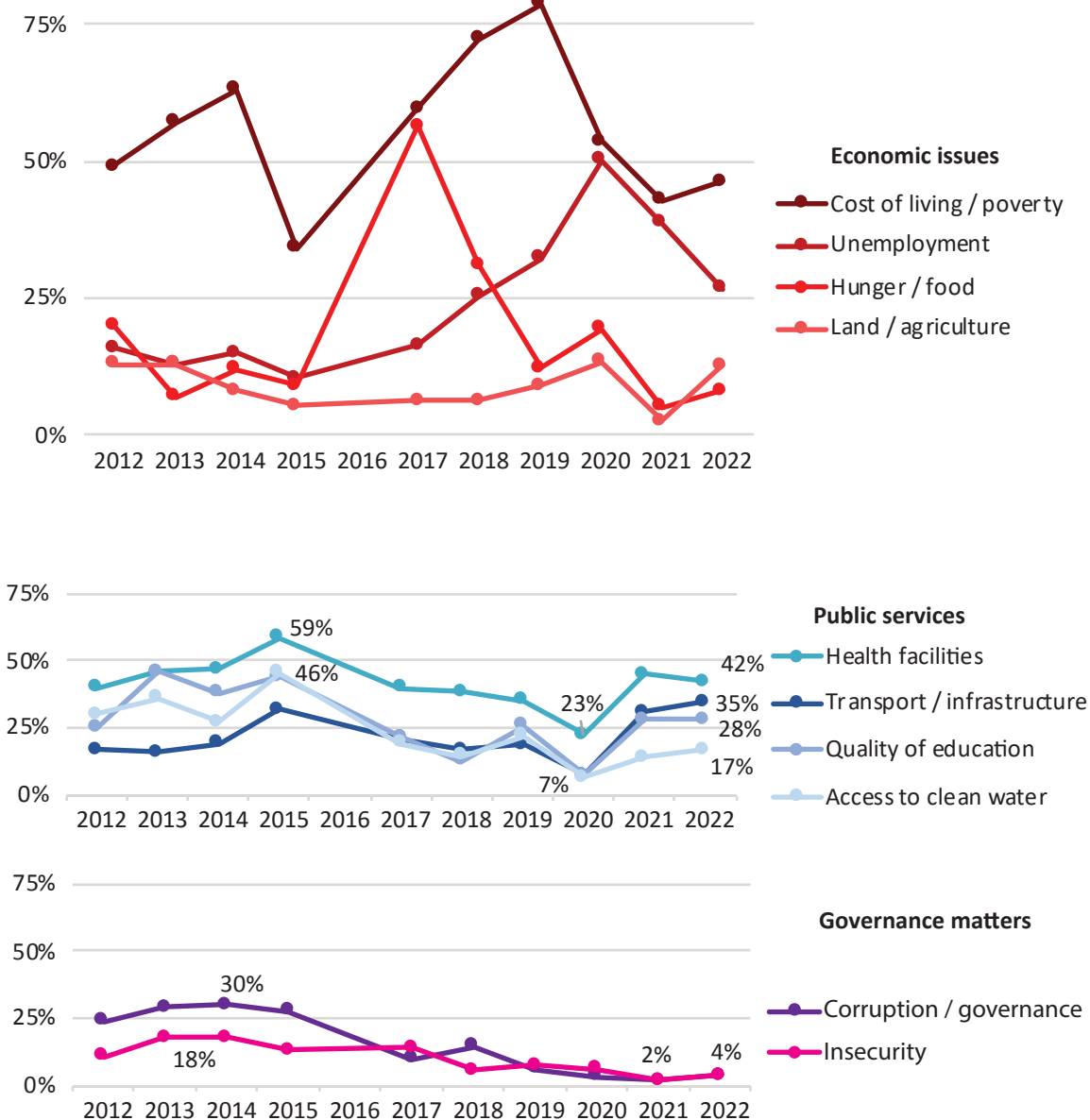
**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022 and round 6, Oct-Nov 2021;  
Base: all respondents, n=3,000

Looking back over recent years, public concern for food security peaked in 2017. After that, poverty and the cost of living have generally been the biggest concerns raised by citizens. Overall, concern for economic matters has fallen slightly in 2021 and 2022 compared to previous years, though it remains high on the list.

Concern for public services has risen sharply in 2021 and 2022 compared to 2020. This applies across health, transport, education and water supply services, but is particularly striking when it comes to health services.

Concern for governance matters – specifically corruption and insecurity – has never been very high on citizens' list of priorities. It was higher on the list of concerns before 2015, but has been much lower in more recent years.

**Figure 5: What are the three biggest problems affecting the country at the moment?  
(What should the President address?)**

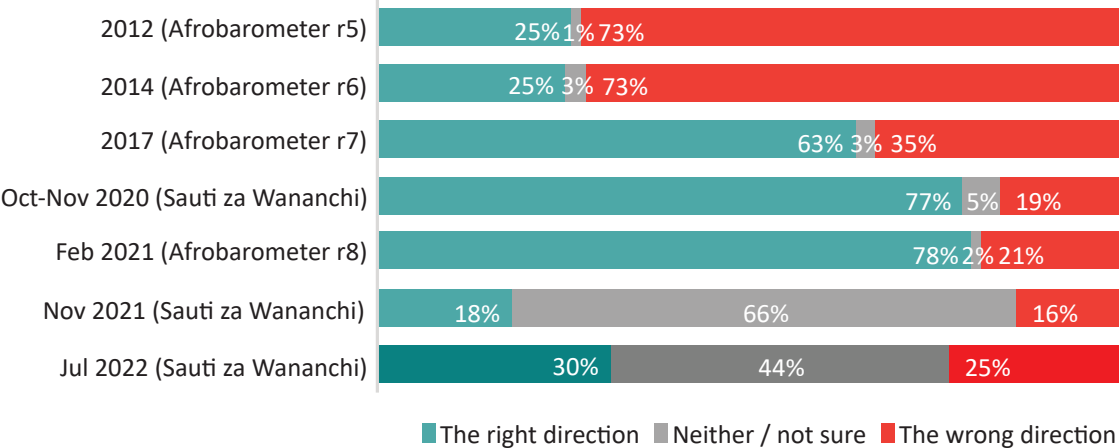


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022 (n=3,000); panel 1 baseline (2012), r10 (2013), r24 (2014), panel 2 r1 (2015), r18 (2017), r26 (2018), r32 (2019); special surveys r3 (2020) and r6 (2021)

**Fact 4: Citizens are more likely to say the country is heading in the right direction than the wrong direction, though many are uncertain**

More citizens say the country is overall heading in the right direction (30%) than the wrong direction (25%), though more are uncertain (44%). Those who are uncertain have reduced in number since late 2021. At the same time, there has been an increase in those who see the country’s direction as positive (from 18% to 30%) as well as an increase in those who see the direction as negative (from 16% to 25%).

**Figure 6: In your opinion, how are things in Tanzania generally going?**

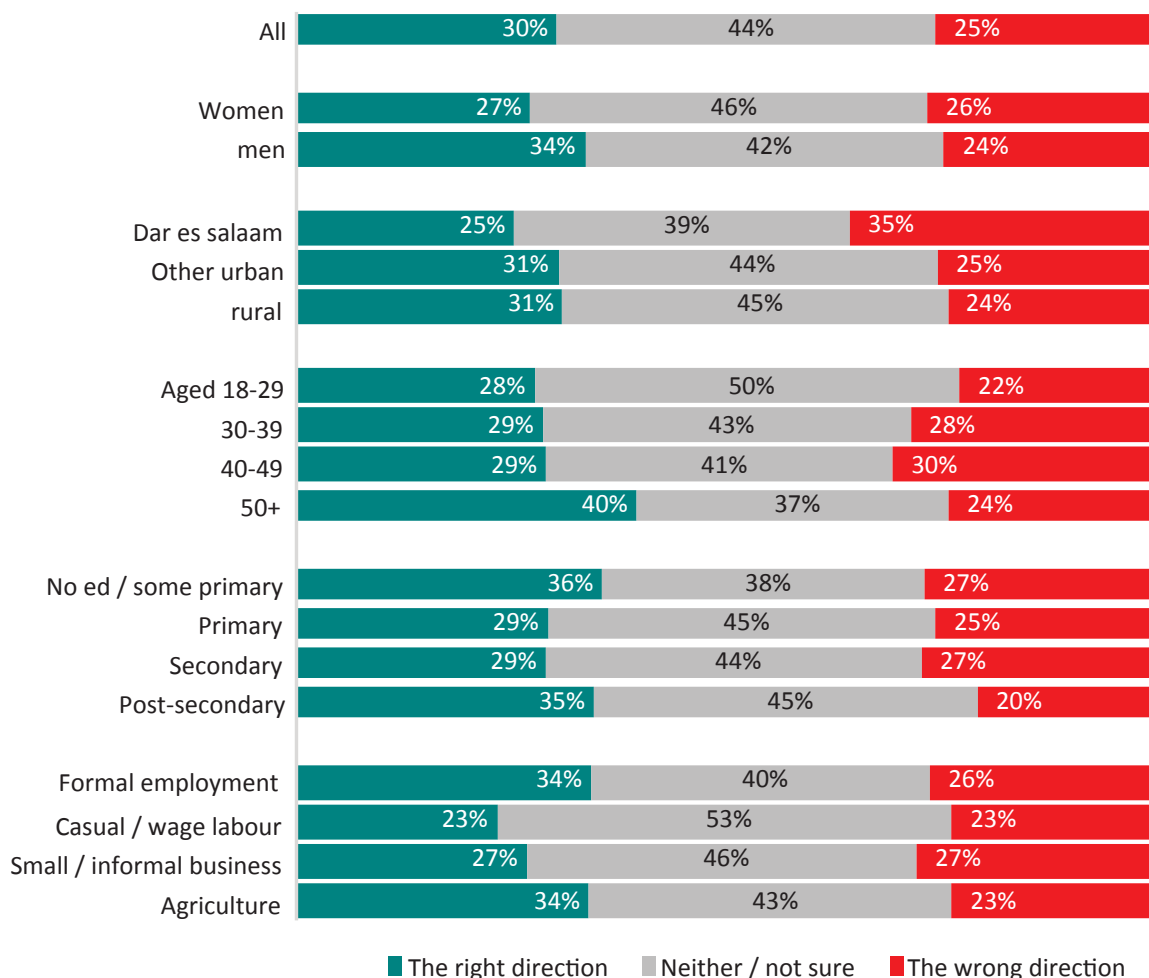


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022, r3 (2020) and r6 (2021);  
**Base:** all respondents, n=3,000; and Afrobarometer surveys round 5 (2012), r6 (2014), r7 (2017) and r8 (2021)

There are only small differences between different demographic groups in how the country’s overall direction is perceived. Uncertainty remains the dominant view, but residents of Dar es Salaam are more likely than others to feel that the country is heading in the wrong direction, and older citizens are more likely to say the country’s direction is positive.



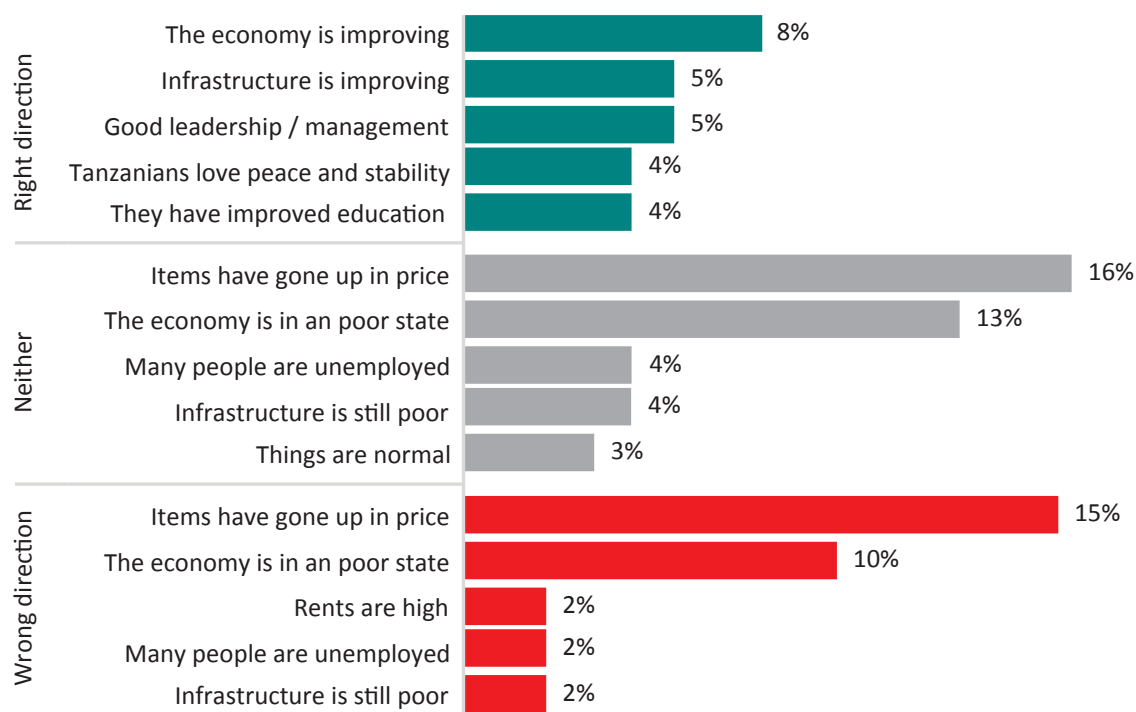
**Figure 7: In your opinion, how are things in Tanzania generally going?**



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
 Base: all respondents, n=3,000

The main reason given for feeling positive about the country's direction is that the economy is improving. However, similar matters – price increases and concern for the economy – are also the main reasons given for thinking the country's direction is not good.

**Figure 8: Why do you say the country is going in the right / wrong direction?**  
(multiple responses permitted)



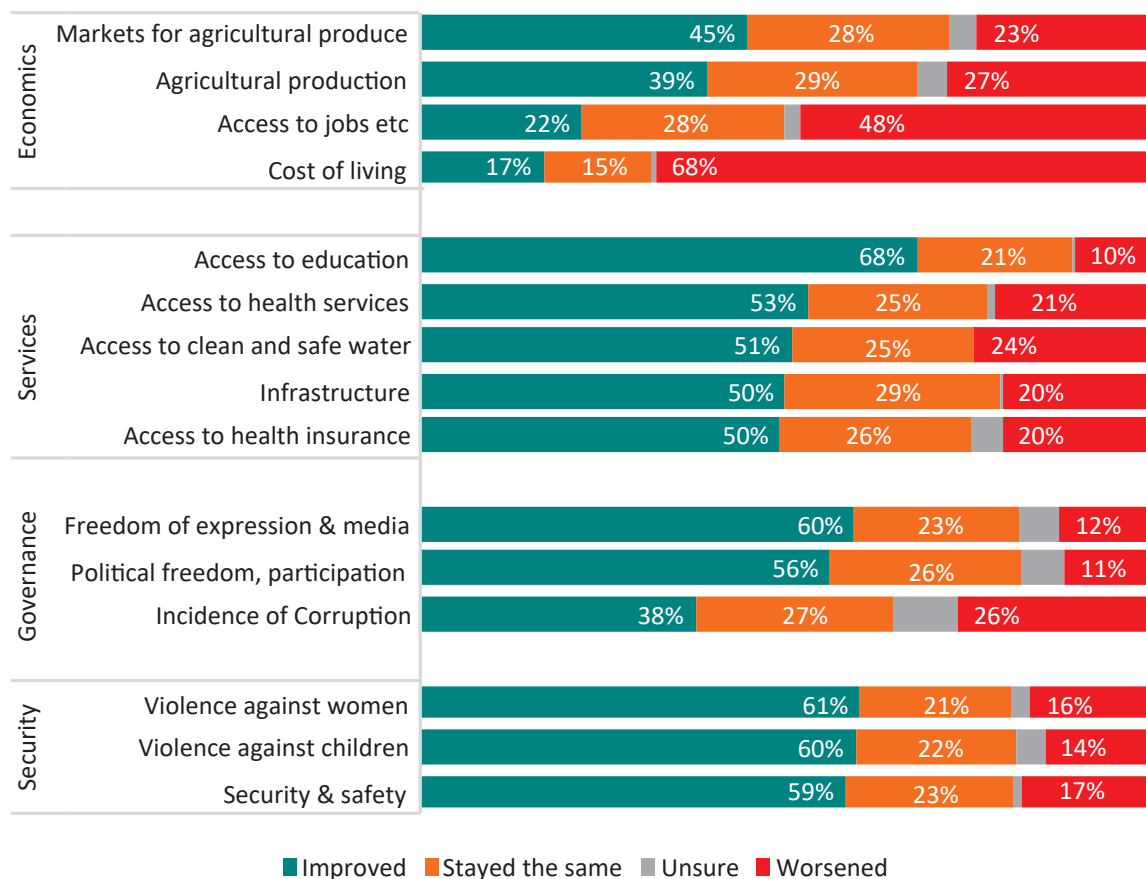
**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

### **Fact 5: Citizens are largely positive about changes in public services, governance and security over the past six months, but concerned about the economy**

Most citizens say they have noticed improvements to public services in the past six months, most particularly in education (68%). Most also say freedom of expression (60%), political freedoms (56%), and security and safety (59%) have improved over this time.

However, a large majority of citizens (68%) say the cost of living has worsened over the same period, and citizens are more likely to say access to jobs and income opportunities has worsened (48%) rather than improved (22%).

**Figure 9: During the last six months, have the following improved, worsened or stayed the same?**

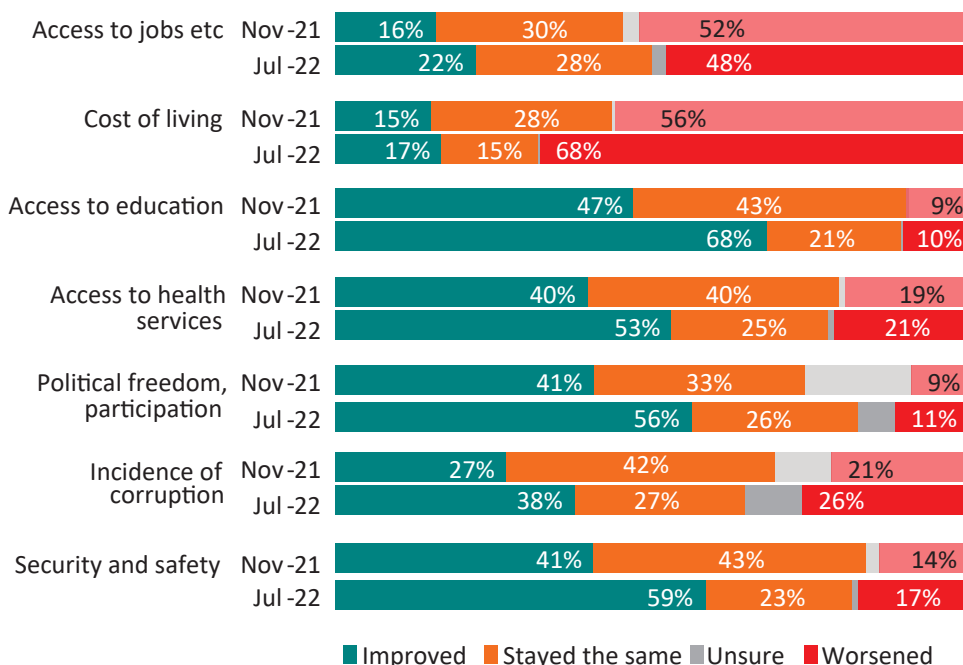


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

Compared to late 2021, when similar questions were put to citizens, across most areas, citizens are now more positive about the direction of progress than before. This applies particularly to education and health services, as well as governance and security matters.

In contrast, in late 2021, citizens were already more likely to say they see economic decline and worsening unemployment. These concerns have remained high or risen slightly since then.

**Figure 10: During the last six months, have the following improved, worsened or stayed the same?**



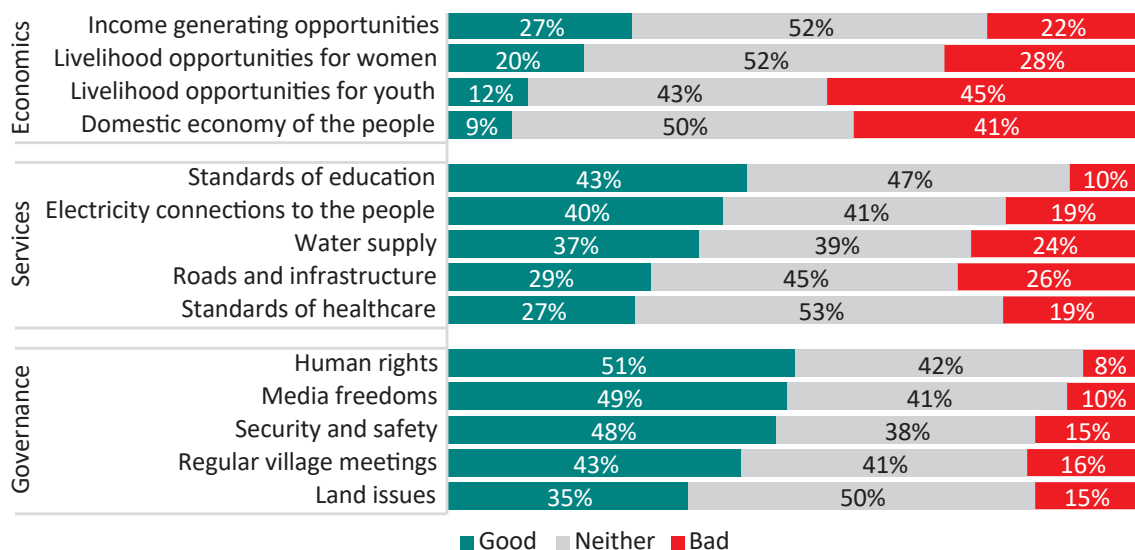
**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## **Fact 6: Citizens are more positive about the state of public services and governance matters than they are about the state of the economy**

Across a range of public services and governance matters, citizens are more likely to say things are good than bad in the area where they live.

However, when it comes to economic matters, citizens are less positive. Most particularly, citizens are four times as likely to say the state of the economy is bad (41%) as to say it is good (9%). Similarly, citizens are much more likely to say the livelihood opportunities for young people are bad (45%) rather than good (12%).

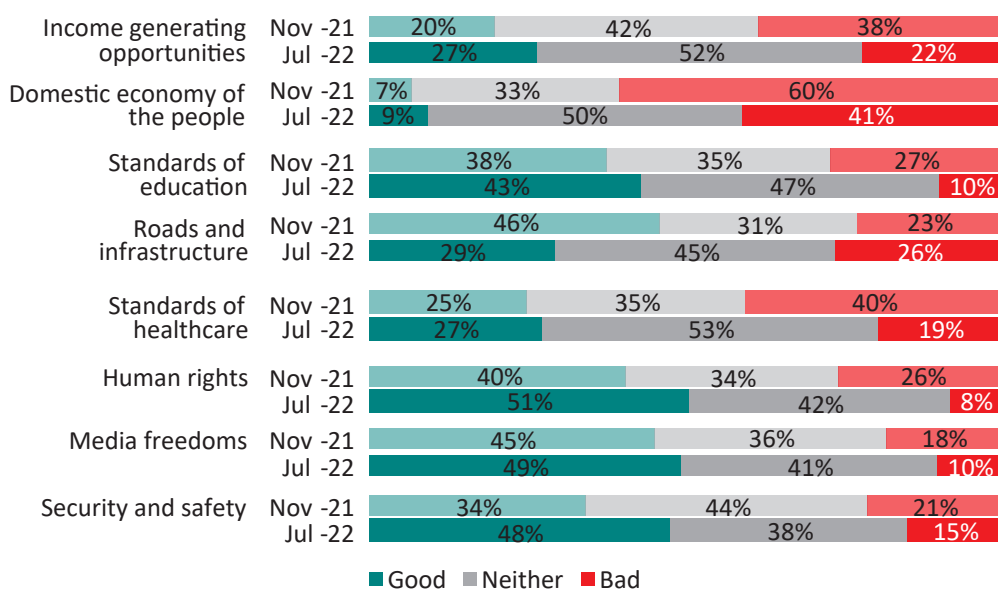
**Figure 11: How would you rate the condition of the following where you live?**



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

Nevertheless, there are also some signs that citizens see progress in these areas. Compared to late 2021, fewer citizens now report problems with the economy and livelihoods.

**Figure 12: How would you rate the condition of the following where you live?**



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## Fact 7: On tax, many citizens hold contradictory views simultaneously

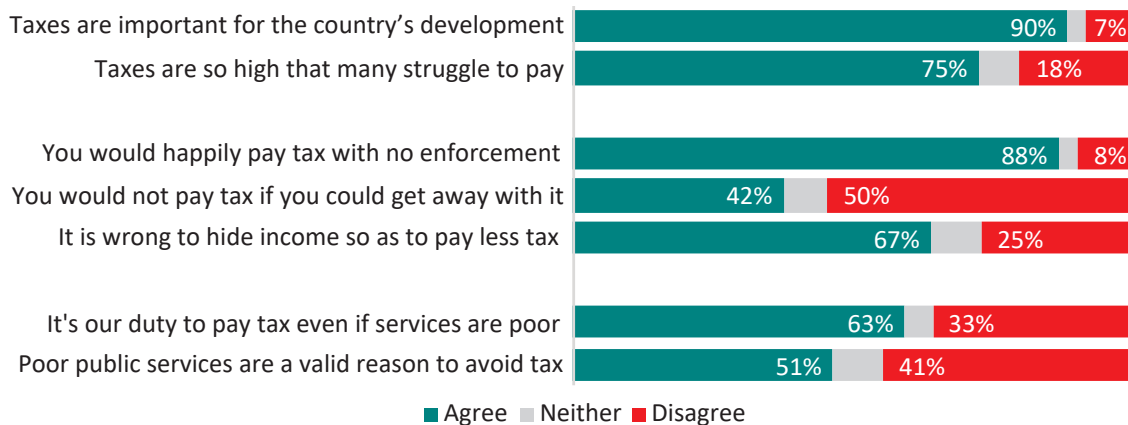
Almost all citizens (90%) agree with the basic idea that taxes are important for the country's development, though most (75%) say taxes are so high that many people struggle to pay.

On deeper analysis, there are clear contradictions in citizens' views on taxation. Almost all (88%) say they would happily pay tax with no enforcement, and most (67%) say it is wrong to hide income in order to pay less tax. However, four out of ten citizens (42%), say they would avoid paying tax if they felt they could get away with it.

Indeed, a significant number (37%) agree both that they would pay without enforcement and that they would avoid taxes if they could (not shown in charts). These are clearly contradictory statements, indicating that citizens feel the tension between doing the right thing and the temptation of paying less tax.

Similarly, a majority (63%) say it is a public duty to pay tax, even if services are poor, while half (51%) say that poor public services are a valid reason to avoid paying tax. One out of three citizens (34%) hold both these views (not shown in charts). As before, these statements are clearly incompatible, demonstrating again the tension felt by citizens.

**Figure 13: Do you agree or disagree with the following statements?**

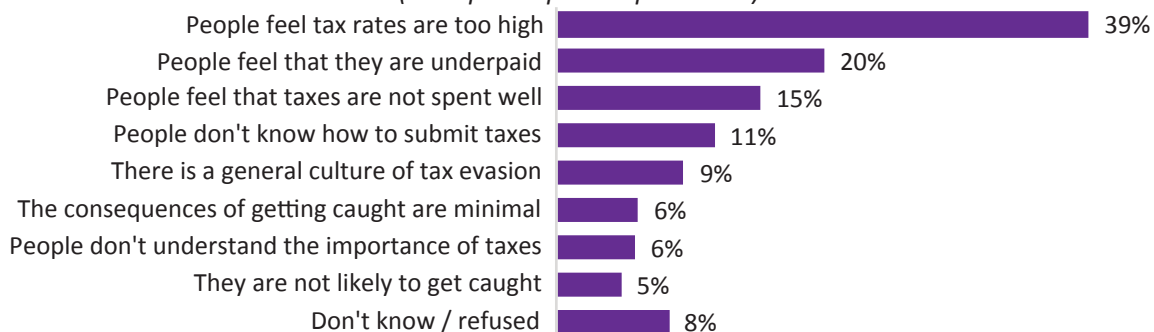


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## Fact 8: The main reason given for tax avoidance is that people feel that tax rates are too high

Four out of ten citizens (39%) say people avoid or evade tax because they feel that tax rates are too high, more than any other reason. Other reasons given include a sense that they are not paid enough for their work (20%), that taxes are not well spent (15%), or that people don't know how to submit their taxes (11%).

**Figure 14: Why do you think people avoid/evade taxes?**  
(multiple responses permitted)



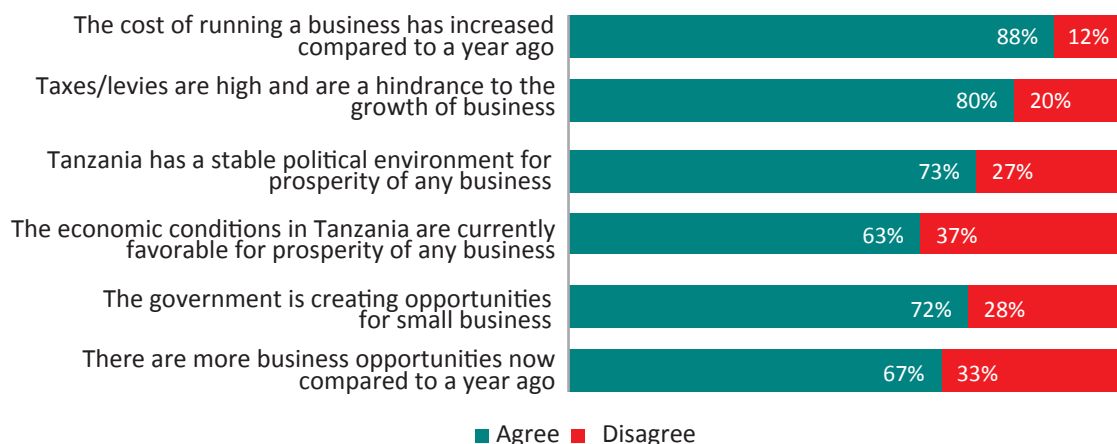
**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## Fact 9: Citizens feel like running a business is getting harder, but also that the government is creating a good business environment

A large majority of citizens (88%) agree with the view that the cost of running a business has increased compared to a year earlier. A similar number (80%) also agree with the view that taxes and levies are high and present a hindrance to the growth of business.

However, most citizens also agree that the country's current political environment (73%) and economic conditions (63%) are favourable to business. Most also agree that the government is creating opportunities for small businesses (72%) and that there are now more business opportunities than was the case a year earlier (67%).

**Figure 15: Do you agree or disagree with the following statements?**

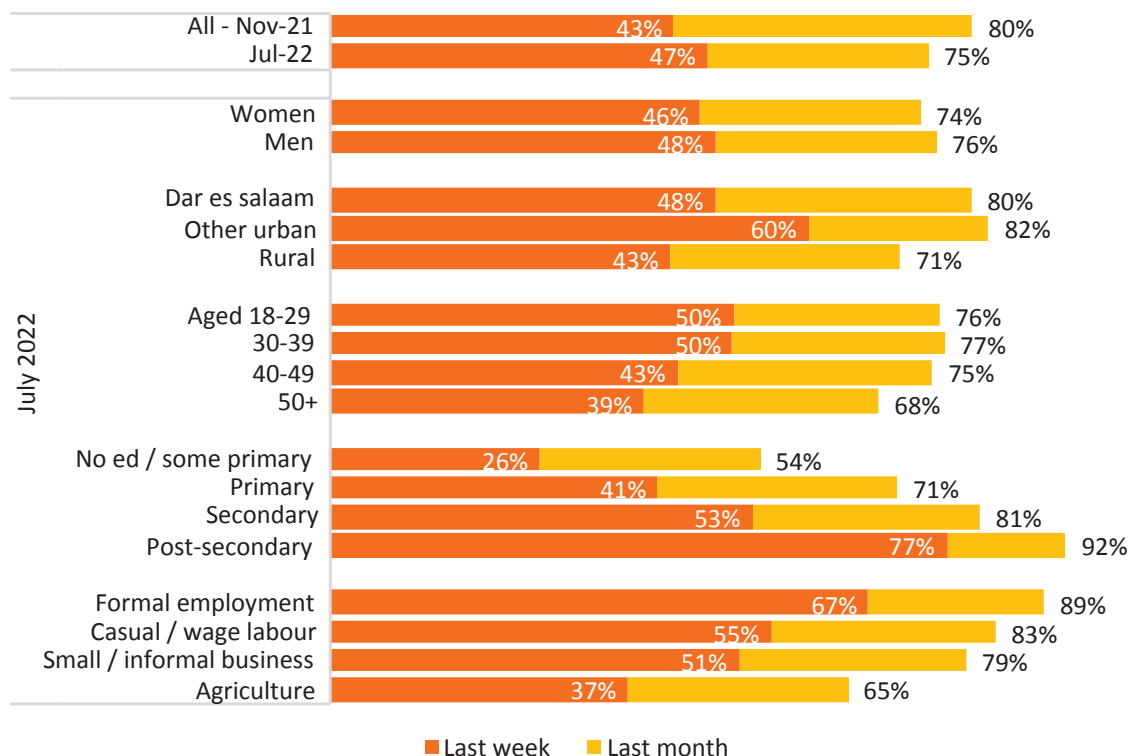


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## Fact 10: Mobile money services are widely used by citizens

A large majority of citizens (75%) report having used mobile money services in the previous month, including half (47%) who did so in the previous week. Use of such services is high among almost all demographic groups, though it is lower among those with lower levels of education and those in households that depend primarily on agriculture for their income.

**Figure 16: When was the last time you used mobile money services?**



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## Fact 11: Most citizens are aware of recent changes in taxes and charges on mobile money services; most do not support the changes

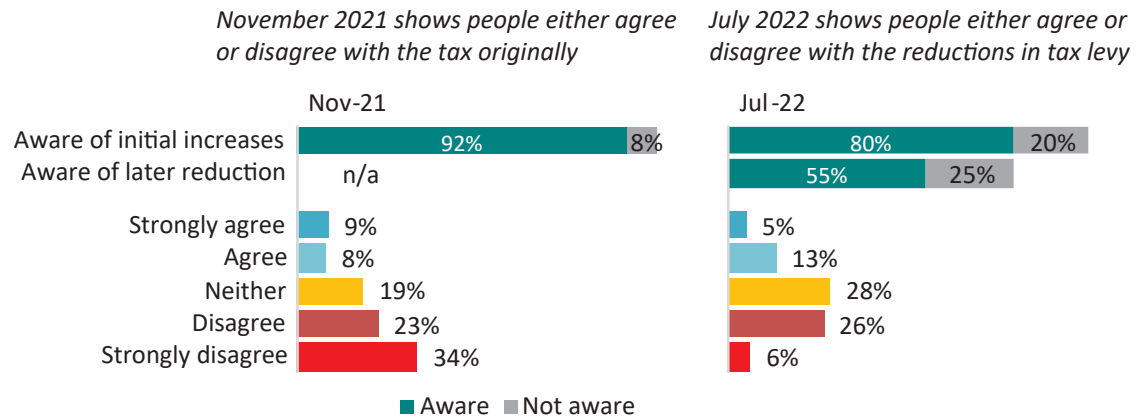
Most citizens are aware that taxes and charges on mobile money services were increased in 2021 (80%) and more than half are aware that these were later reduced (55%)<sup>4</sup>. Awareness of the initial introduction of the charges has fallen slightly since late 2021.

<sup>4</sup> The Electronic Mobile Money Transfer and Withdrawal Transactions Levy Regulations, 2021, introduced charges on mobile money transactions from July 2021. The charges were reduced by 30% in September 2021 and again in July 2022, making an overall reduction of 60% from the amounts initially introduced.



The majority of citizens disagreed (23%) or strongly disagreed (34%) with the tax when it was first introduced. However, when asked their views on the subsequent reduction in the rate of the tax, still more citizens disagree (32%) than agree (18%) with the changes.

**Figure 17: Are you aware there have been changes in the taxes and charges on mobile money services? How much do you agree with the changes?**



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

**Fact 12: Citizens report sending, spending and receiving less using mobile money services since July 2021**

More citizens report sending / spending less on mobile money services since July 2021 (44%) than report spending or spending more (15%). Similarly, more report receiving less now than before July 2021 (46%) than report receiving more (14%).

These changes in behaviour are broadly consistent across different demographic groups, though Dar es Salaam residents are particularly likely to report sending / spending less via mobile money services (71%).

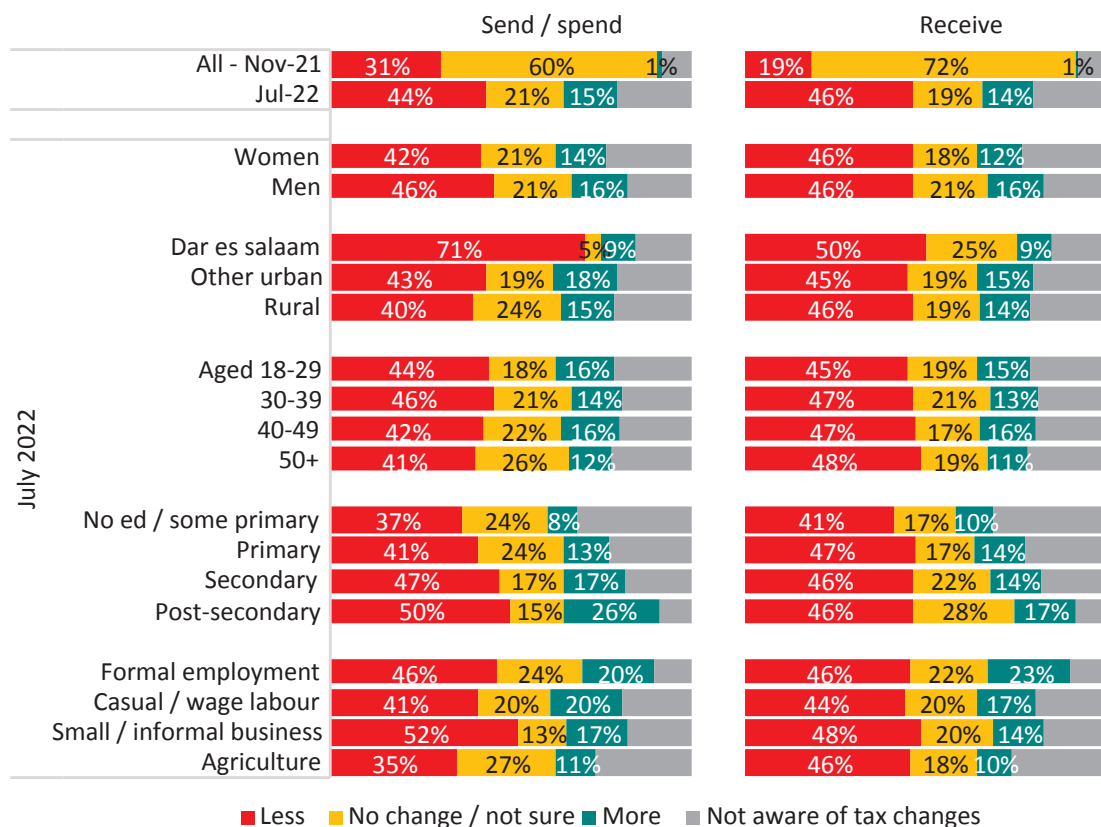
The changes are also consistent with those reported by mobile network operators. For example, Vodacom Tanzania PLC reported a 4.4% decline in the number of users of their M-Pesa mobile money service between June 2021 and June 2022, and an overall 9.2% decline in average revenue per user. As a result, the company paid 74% less income tax in April-June 2022 than the same period a year earlier. They cite “the impact of the levy on mobile money transfer and withdrawals transactions” as the reason for these declines<sup>5</sup>.

Similarly, the Government had originally projected that they would collect TZS 1.254 trillion from

5 Vodacom Tanzania PLC Quarterly Report for the quarter ended 30 June 2022.

the mobile levy.<sup>6</sup> But, by the end of 2021, the Government had collected just over TZS 360 billion.<sup>7</sup>

**Figure 18: Have you changed how much you send/ spend or receive on mobile money since July 2021?**



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

### Fact 13: Citizens hold a wide range of views on the mobile money transaction levy

Citizens' views on the mobile money transaction levy are varied. Most citizens agree that the levy is an important way for the government to generate revenue (67%) and that it ensures that everyone contributes to national development (63%). However, fewer agree that the levy will reduce dependence on donors (46%) or that taxes on mobile money transactions are a good thing (43%). Citizens show signs that they would be more supportive of the levy if they had better information

6 Parliamentary discussion, third session, 57th meeting 23 June 2021 <https://www.parliament.go.tz/polis/uploads/documents/1629351457-23%20JUNI,%202021.pdf>

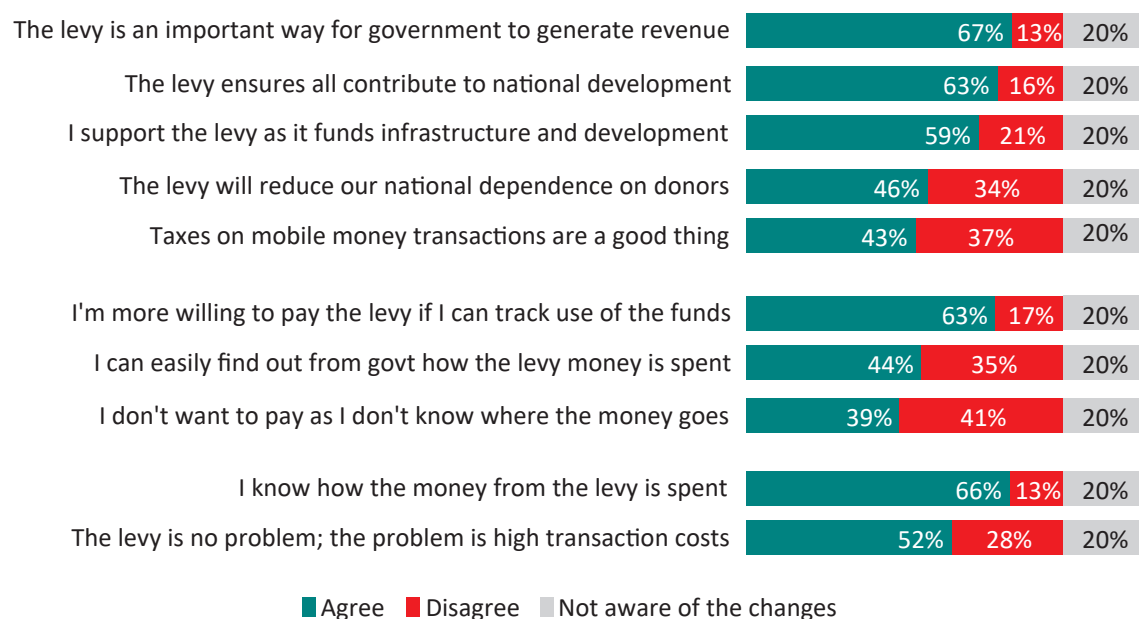
7 GSMA, Tanzania Mobile Money Levy Impact Analysis p13 [https://www.gsma.com/publicpolicy/wp-content/uploads/2021/12/spec\\_tanzania\\_mm\\_report\\_02\\_22-1.pdf](https://www.gsma.com/publicpolicy/wp-content/uploads/2021/12/spec_tanzania_mm_report_02_22-1.pdf)

on how the resulting revenue is spent. A majority (63%) say they would be more willing to pay the levy if they could track how the funds are spent, while fewer than half say they know how the money is spent (39%) or can easily find out from government how the money is spent (44%).

Majorities also agreed with the suggestion that the levy itself is not the problem so much as the transaction costs charged by the providers (66%) and the view that the levy should only apply to large transactions (52%).

Among those who agree that the levy is an important revenue-raising tool for government, overall support for the levy is higher (26%) than among those who do not agree that the levy raises important revenues (11%). Nevertheless, even among those who say the levy is an important source of revenue, more disagree with the levy (36%) than agree with it (26%) (not shown in charts).

**Figure 19: Do you agree or disagree with the following statements?**

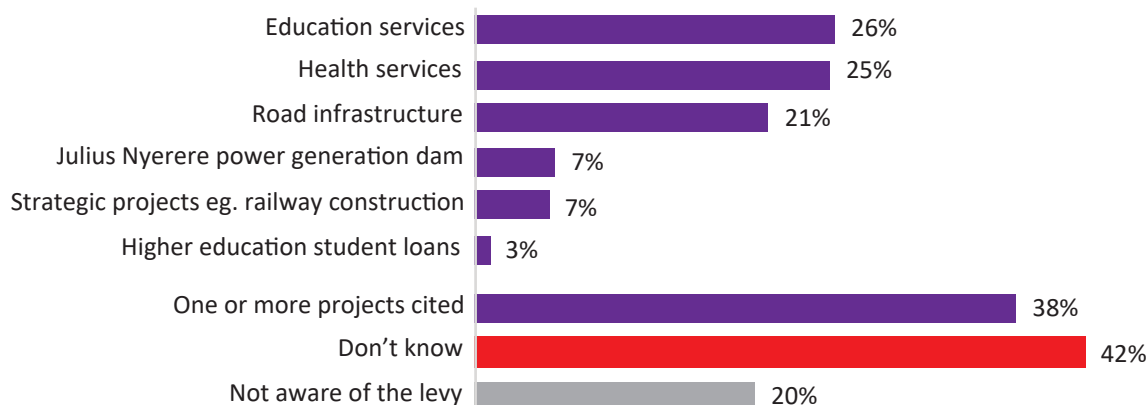


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## **Fact 14: Citizens are unsure what revenue from the mobile money levy is spent on**

More citizens say they don't know (42%) what the revenue from the mobile money levy is spent on than say they do know (38%). The most commonly cited projects are education (26%) and health (25%) services, and road infrastructure (21%).

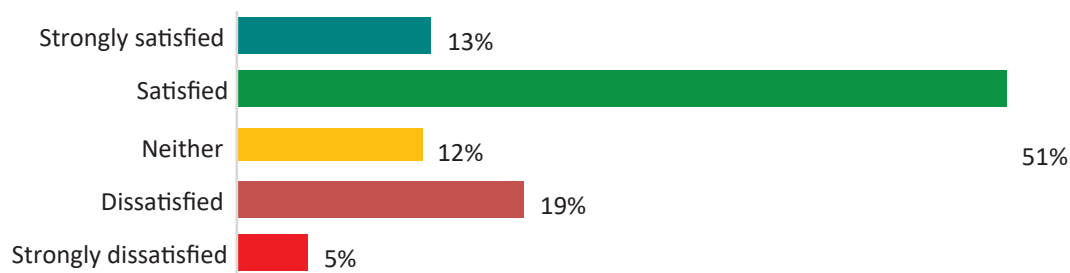
**Figure 20: Which projects you are aware of that the mobile money levy has been used for?**  
(multiple responses permitted)



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

After being presented with the list of projects the government has said the revenue from the levy has supported, most citizens (64%) are satisfied with the use of the revenue.

**Figure 21: How satisfied are you with how the revenue from the mobile money levy is being spent?**  
(all respondents, after being informed where the government has said the levy revenue is being targeted)

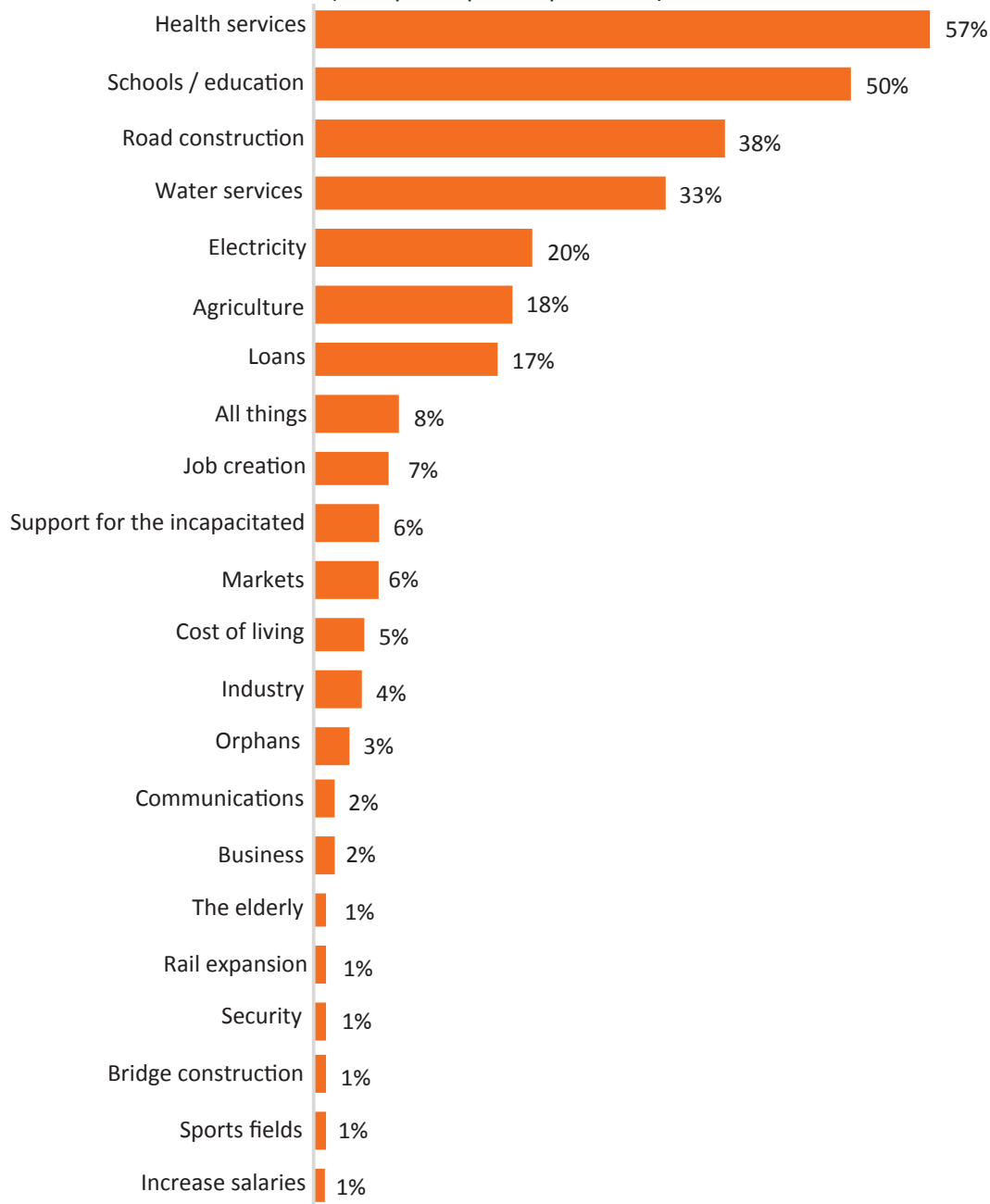


**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

## **Fact 15: Citizens point to a wide range of purposes that they would like the mobile money levy revenue to be spent on**

Citizens point to a wide range of projects and activities that they would like the mobile money levy revenue to be spent on, led by public services. At the top of the list are health (57%) and education (50%) services, followed by road construction (38%), water services (33%), electricity (20%), agriculture (18%) and loans (17%). A large number of other purposes are also suggested.

**Figure 22: Which other projects/activities would you want the mobile money levy revenue be spent/allocated on?**  
(multiple responses permitted)



**Source of data:** *Sauti za Wananchi*, special surveys round 7, Jun-Jul 2022;  
Base: all respondents, n=3,000

### 3. Conclusions

This brief covers two main topics – one broad, one specific. The first is the state of the nation in mid-2022. The second is public perceptions of the mobile money transaction levy introduced in 2021.

On the country's overall direction, two headline findings stand out. First, citizens are concerned about the state of the economy, most particularly the cost of living. This tops both the list of problems faced by households and what citizens would like the President to focus her attention on, and appears repeatedly as an area of concern for citizens.


Second, citizens continue to be quite uncertain about the country's overall direction at this time, though this is starting to resolve itself. The unexpected transition from one President to another left citizens unclear as to where the country is going with the uncertainty showing clearly in the data collected in late 2021. Though citizens are now less likely than before to be uncertain, and more likely to say the country's overall direction is positive than negative, uncertainty remains as the most common view.

On the mobile money transaction levy, public awareness of the issue is high, but the two subsequent reductions in the levy are not as widely known as its original introduction. More interesting however, is how citizens' opinions on the tax are so widely varied. Most disagree with the levy overall, but a large majority also say it is an important source of revenue for the government.

This apparent contradiction is not unusual when it comes to public opinion on matters of taxation. Indeed, large numbers of citizens claim both that they would pay tax without enforcement and that they would avoid tax if they could – views that are clearly incompatible. This is likely due to the entirely understandable tension people face on such matters: we all want taxes to be paid so that the government can improve infrastructure and deliver public services, but we also all feel the pain of actually paying tax ourselves. This same tension likely underpins the differing views on the mobile money transaction levy.

A final point on the levy is worth highlighting. Most citizens say they would have greater support for the levy if they better understood how the resulting revenues were used. Most also say they don't know how the revenue is used, and few say they would be able to find out. Citizens also have ideas for how they would like to see the revenue used.

Historically, the connection between taxation and government accountability to taxpayers has been weak in Tanzania. Might the mobile money transaction levy strengthen it? With most citizens aware of the levy and using mobile money services, the levy is already raising revenue from a wider net of citizens. Citizens are experiencing the tax in a very direct and



quantifiable way with every mobile money transaction. These citizens' voices are telling us that they want to know how their hard-earned money is being used and they face challenges that they hope will be addressed by their government, through these revenues. Greater transparency of use and greater citizen participation in allocation decisions can help cement citizen support for government's new and existing initiatives to raise funds. Thus transparency and participation are the glue of a win-win partnership between citizens and government

