



BANK OF TANZANIA



ANNUAL REPORT

2020/21



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December 2021

Hon. Dr. Mwigulu Lameck Nchemba (MP)
Minister of Finance and Planning
United Republic of Tanzania
Government City – Mtumba
Hazina Street
P.O. Box 2802
40468 Dodoma
TANZANIA

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21 (1) of the Bank of Tanzania Act, 2006 Cap. 197 as amended, I hereby submit:

- a) The report on economic developments and the Bank of Tanzania's operations, in particular, the implementation and outcome of monetary policy, and other activities during the fiscal year 2020/21; and
- b) The Bank of Tanzania Balance Sheet, the Profit and Loss Accounts and associated financial statements for the year ended 30th June 2021, together with detailed notes to the accounts for the year and the previous year's comparative data certified by external auditors along with the auditors' opinion.

Yours sincerely,

Prof. Florens D.A.M. Luoga
Governor
Bank of Tanzania



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Governor's Foreword

This Bank of Tanzania, Annual Report, which is released pursuant to Section 21 (1) of the Bank of Tanzania Act, Cap. 197, covers economic developments and audited annual accounts of the Bank for the year ending June 2021. This year was extraordinary! It was marked by widespread of COVID-19 pandemic across the globe, which had far-reaching direct impact on human and social life. The pandemic also disrupted global trade and investment, apparently due to measures adopted to limit the spread of the pandemic, which included lockdown and travel restrictions. Under these circumstances, our economy was not spared from negative effects of the pandemic, despite showing some resilience due to limited lockdowns, diversified structure of economic activities and policy interventions executed to reduce the impact of the pandemic. In Tanzania Mainland, growth slowed to 4.8 percent in 2020 from pre-pandemic projection of 6.9 percent, hence, avoiding recession. The Zanzibar economy was severely hit, due to a decrease in tourism, but avoided recession, as growth was 1.3 percent compared with 7 percent in 2019. Inflation remained low throughout the year, hovering within the target of 3-5 percent.

Against the backdrop of the adverse impact of the pandemic on the economy, the Bank of Tanzania scaled up accommodative monetary policy to ensure adequate liquidity in the economy and implemented a range of measures to safeguard the stability of the financial system. These measures, combined with fiscal policy interventions, immensely contributed to avoidance of economic recession. However, weakening external demand for exports and decrease in tourism, led to decline in foreign reserves, though remained consistent with the country benchmark of at least 4 months of import cover. Private sector credit growth also slowed in tandem.

Going forward, the Bank of Tanzania intends to continue maintaining inflation consistent with the medium-term target of 5 percent and ensure appropriate monetary conditions towards supporting lending to the private sector. It is my expectation that, these policy decisions, together with other macroeconomic policies and global economic recovery will provide great impetus to high and sustainable growth of the economy. The Bank stays committed to effectively continue engaging stakeholders to maintain price stability and achieve monetary policy targets set forth. As always, I thank the Bank of Tanzania Board of Directors for their leadership and guidance. I also extend my sincere appreciation to the Management team and staff for their hard work that has enabled the Bank to accomplish its strategic objectives for 2020/21.

Prof. Florens D.A.M. Luoga
Governor,
Bank of Tanzania



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Board of Directors

The Board is at the apex of the governance structure of the Bank of Tanzania, and is chaired by the Governor of the Bank of Tanzania, who is also the Chief Executive Officer of the Bank. The Board is mainly responsible for determination of the policy of the Bank and approval of its budget. The Board is composed of the Governor; Deputy Governors; the Permanent Secretary, Ministry of Finance and Planning of the Government of United Republic of Tanzania (URT); the Principal Secretary, President's Office, Finance and Planning of the Revolutionary Government of Zanzibar (RGoZ); and three non-executive Directors. The Permanent Secretary, Ministry of Finance and Planning of the URT and the Principal Secretary, President's Office Finance and Planning of the RGoZ may appoint, in writing, persons in the public service to be their representatives. In their capacities as members of the Board, the appointed persons have the powers of the Permanent Secretary or Principal Secretary.



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Board of Directors



Prof. Florens D.A.M. Luoga
Governor, Chairman



Dr. Yamungu M. Kayandabila
Deputy Governor, Economic and
Financial Policies (EFP)



Dr. Bernard Y. Kibesse
Deputy Governor, Financial Stability and
Financial Deepening (FSD)



Mr. Julian B. Raphael
Deputy Governor, Administration and
Internal Controls (AIC)



Dr. Juma M. Akil
Principal Secretary, President's Office,
Finance and Planning (RGoZ)



Mrs. Mary N. Maganga
Representative of the Permanent
Secretary, Ministry of Finance and
Planning (URT)



Prof. Nehemiah E. Osoro
Director



Mr. Joseph O. Haule
Director



Mr. Joseph A. Meza
Director



Mr. Palloty M. Luena
Secretary



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Bank of Tanzania Mandate, Mission, Vision and Core Values

Mandate: The primary objective of the Bank of Tanzania, as enshrined in the Bank of Tanzania Act 2006, Cap. 197, is to formulate, define and implement monetary policy directed to the economic objective of maintaining domestic price stability conducive to a balanced and sustainable growth of the national economy. Without prejudice to the aforementioned, the Bank also ensures the integrity of the financial system, supports the general economic policy of the Governments, and promotes sound monetary, credit and banking conditions conducive to the development of the economy.

Mission: Maintain price stability and integrity of the financial system for inclusive economic growth.

Vision: To be a Central Bank that effectively fosters macro-economic stability and modernized financial system in sustenance of country's middle-income status and beyond.

Core Values: The Bank embraces the following core values:

- i. **Integrity:** We exhibit high ethical and moral standards reflected by honesty, sincerity, truthfulness, and confidentiality in executing our mandate.
- ii. **Excellence:** We execute our duties professionally with creativity and innovativeness to improve organizational performance.
- iii. **Accountability:** We are collectively and individually accountable in discharging our responsibilities.
- iv. **Transparency:** We clearly and openly execute our mandates and proactively communicate relevant information to stakeholders.
- v. **Inclusiveness:** We value broad participation, teamwork and harnessing multiple skills and experiences in discharging our duties.



Monetary Policy Framework of the Bank of Tanzania

The monetary policy framework of the Bank of Tanzania focuses on maintaining domestic price stability by targeting growth rate of money supply. The mainstays of the monetary policy framework are as described below.

Objective of the Monetary Policy

The primary objective of the monetary policy is to maintain price stability, which is defined as low and stable inflation rate over time. The medium-term target is set at 5 percent, and consistent with this, target for inflation was set to be 3-5 percent over the last two years. The inflation target is consistent with East African Community (EAC) and Southern African Development Community (SADC) convergence criteria of 8 percent (set as maximum) and a range of 3-7 percent, respectively. The target is considered appropriate to support the sustainable growth of the economy. To achieve the objective of monetary policy, the Bank of Tanzania focuses on maintaining adequate level of liquidity in line with demand of various activities and ensuring stability of interest rates and exchange rate.

Intermediate Target

The Bank of Tanzania controls inflation by managing the growth of money supply. Extended broad money supply (M3), which is estimated to have the closest relationship with the rate of inflation, is used as an intermediate target variable. M3 comprises currency in circulation outside the banking system and deposits of residents with banks, including foreign currency deposits.

Operating Target

To influence the growth of M3, the Bank of Tanzania controls the growth of reserve money, elsewhere referred to as base money or high powered money. Reserve money is related to money supply through the money multiplier. It comprises currency in circulation outside the banking system, cash held in vaults of banks and deposits of banks kept with the Bank of Tanzania in local currency.

Monetary Policy Instruments

A variety of instruments are used to conduct monetary policy. These include open market operations, i.e., selling or buying debt securities, and the sale and purchase of foreign currency in the inter-bank foreign exchange market. In addition, repurchase agreements (repo) and reverse repurchase agreements (reverse repo) are used. The statutory minimum reserve requirement ratio (SMR) and discount rate are also part of monetary policy instruments. There are also standing credit facilities— intraday and Lombard loan facilities.

Communication

The Bank of Tanzania exercises a high degree of transparency in its decisions. The decisions of the Monetary Policy Committee (MPC) are communicated to banks through post-MPC engagements with Chief Executive Officers (CEOs) of banks or MPC Statement, and to the public through the media. In addition, the Bank publishes various periodic reports, which highlight monetary policy stance, the outcome of monetary policy implementation, and developments of the economy at large. The reports are available on the Bank of Tanzania website.



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Modalities for Monetary Policy Implementation

- i. At the beginning of every fiscal year, the Bank of Tanzania sets annual monetary policy targets in its Monetary Policy Statement in accordance with the broader macroeconomic policy objectives of the Governments.
- ii. The Monetary Policy Statement is approved by the Bank's Board of Directors and submitted to the Minister of Finance and Planning, who in turn submits it to the National Assembly.
- iii. The same procedure is followed in the mid-year review of the Monetary Policy Statement, which reports progress on the implementation of the monetary policy, and provides an outlook for the remaining period of the year and measures to be undertaken to achieve the policy objectives.
- iv. The Monetary Policy Committee of the Board of Directors of the Bank of Tanzania, which is chaired by the Governor, is responsible for setting the monetary policy direction bi-monthly, in line with the targets set in the Monetary Policy Statement.
- v. The Surveillance Committee of the Bank's Management meets daily to evaluate liquidity developments and decides on the measures to be taken to keep liquidity within the desired path.



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Executive Summary

In 2020/21, the conduct of monetary policy was faced with economic challenges induced by COVID-19 pandemic. In this context, the Bank of Tanzania adopted a range of measures to foster adequate liquidity in banks and ensure stability of the financial sector, amid low inflationary environment. In addition, the Bank pursued other regulatory and macro-prudential measures to cushion the economy from the adverse effects of the pandemic. The measures adopted, combined with scaling up mix of traditional monetary policy instruments, succeeded in maintaining adequate liquidity in banks, thus creating favourable conditions for lending to various sectors of the economy. The measures also helped to safeguard the stability of the financial sector. The liquidity adequacy manifested in the general stability of money market interest rates and level of banks reserves within the desirable parameters and improvement in the quality of assets of banks.

The accommodative monetary policy stance contributed to satisfactory growth in money supply, albeit at a slow pace compared to targets for 2020/21, owing to weak aggregate demand and uncertainty in the wake of COVID-19 pandemic. On average, extended broad money supply (M3) grew by 7.3 percent in 2020/21, compared with the target of 10 percent and preceding year's growth of 9.6 percent. Growth of credit to the private sector remained positive, but subdued at an average rate of 4.3 percent, compared to the target of 11.6 percent and average growth of 8.1 percent recorded in the corresponding period of 2019/20. The general slowdown in the growth of credit to the private sector was attributed to decline in demand for new loans, reflecting the adverse effects of the pandemic on some businesses and investments.

The money market was liquid enough, and rates eased compared with the preceding year, consistent with the stance of monetary policy. The capital markets experienced capital outflow and low activity due to uncertainties caused by the pandemic. The foreign exchange market was liquid, but faced with low activity owing to decline in foreign exchange from tourism and crop exports. The exchange rate remained stable, reinforced by low inflation, moderate current account deficit, and interventions adopted to ease flow of foreign exchange in the market.

Inflation remained, within the target of 3-5 percent throughout 2020/21. The rate was also in line with the East African Community (EAC) and Southern African Development Community (SADC) convergence criteria of not more than 8 percent and a range of 3-7 percent, respectively. Annual headline inflation averaged 3.3 percent compared with 3.5 percent in 2019/20, on account of low prices of food, and moderate increase in energy and fuel prices. In 2021/22 inflation is expected to hover within the target of 3-5 percent, mostly supported by anticipated adequate food, stable exchange rate, and prudent monetary and fiscal policies. These factors are expected to partially reduce the impact of high oil prices on inflation.

Tanzania continued to record positive economic growth, despite the challenges posed by the pandemic. In Tanzania Mainland, real gross domestic product (GDP) growth was 4.8 percent in 2020 compared with 7 percent in 2019, avoiding a recession. The slow growth reflected impact of the pandemic on economic activities, particularly those directly exposed to external shocks. The growth was driven by construction, agriculture, transport and storage, and mining and quarrying. The fastest growing



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sectors were construction, transport and storage, and information and communication. Agriculture sustained the largest share in GDP, at 26.9 percent, followed by construction (14.4 percent), wholesale and retail trade (8.7 percent) and manufacturing (8.4 percent). GDP growth is projected to rebound in 2021, reflecting recovery of economic activities, particularly those related to the hospitality industry.

Government budgetary operations in 2020/21 were characterized by lower than projected revenue collections due to slowdown in economic activities, while expenditures were aligned to available resources without jeopardizing pro-poor programmes in health and education. Domestic revenue was 13.3 percent of GDP, while expenditure reached 17.2 percent of GDP. The overall fiscal deficit was 3.9 percent of GDP, above the EAC convergence threshold of not more than 3.0 percent. EAC member countries experienced a similar phenomenon.

Reflecting the need for resources to facilitate implementation of development projects, the stock of national debt increased by 13.7 percent in 2020/21 to USD 33,773.1 million. Despite the increase, the debt remained sustainable. Public and public guaranteed debt maintained the largest share, accounting for 82.9 percent of the debt stock and equivalent to 41.6 percent of GDP.

The balance of payments improved to a surplus, owing to improvement in the financial flows. Nevertheless, current account recorded a deficit of 2.1 percent of GDP compared with 1.8 percent in 2019/20, largely due to decline in tourism receipts.

Foreign exchange reserves, at USD 5,209.8 million at the end of June 2021, remained adequate covering about 6.1 months of projected imports of goods and services. This

was within the country benchmark of at least 4 months and EAC and SADC minimum of 4.5 months and 6 months, respectively. Meanwhile, the shilling remained stable against the major global trading currencies in 2020/21, marginally depreciating by 0.4 percent. The stability was mainly due to low and stable inflation, moderate current account deficit, sustained prudence in both monetary and fiscal policies, coupled with ongoing measures to improve transparency and orderly foreign exchange market operations. The shilling stability was also reflected in nominal and real effective exchange rates suggesting sustained competitiveness of Tanzania's exports.

The financial sector remained sound and stable. The banking sector, the major provider of financial services, remained profitable, adequately capitalized, with a satisfactory level of liquidity. All banking sector performance indicators were within the regulatory requirements. The ratios of core capital and total capital to total risk weighted assets and off-balance sheet exposures, were 17.1 percent and 17.9 percent at the end of June 2021, compared with regulatory requirements of 10 percent and 12 percent, respectively. The ratio of non-performing loans (NPLs) to gross loans was 9.3 percent at the end of June 2021, compared to 10.8 percent at the end of June 2020. The Bank of Tanzania in collaboration with banks took measures to contain NPLs share at not more than 5 percent.

In ensuring broader access and usage of financial services, the Bank in collaboration with other stakeholders implemented various initiatives to advance and accelerate financial inclusion in the country with a focus on women, youth, and small and medium enterprises. The initiatives include the establishment of Women Affairs Committee for Financial Inclusion, and mass registration of financial access points into the Financial Service Registry, and validation of the registered outlets.



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In 2020/21, the payments, clearing and settlement systems operated smoothly with increased use of digital financial services.

The Bank issued new licenses to five non-bank institutions to provide payment system services, bringing the number to 22. Number of active accounts in mobile money system and mobile money agents increased by 42 percent and 22.9 percent to 31.5 million and 767.1 thousand, respectively, partly contributed by the interoperability of systems of mobile financial service providers. The development of the Tanzania Instant Payment System (TIPS), a national retail switch that will facilitate interoperability of payment service providers, was completed during the review period. Meanwhile, the Tanzania Interbank Settlement System (TISS) was upgraded and went live in November 2020.

Meanwhile, the East African Payment System (EAPS) and the SADC Integrated Regional Electronic Settlement System (SADC-RTGS) continued to perform satisfactorily, with a general increase in the volume and values of transactions. 45 banks licensed in Tanzania actively participated in EAPS in 2020/21, while for SADC-RTGS they were 7.

Zanzibar economy grew by 1.3 percent in 2020, compared with 7 percent 2019. The slow growth largely reflected the impact of the COVID-19 pandemic on some economic activities. The economy is expected to recover in 2021, following resumption of activities in the hospitality industry and diversification of the economy.

Inflation in Zanzibar remained low and below the medium-term target of 5 percent. Annual headline inflation averaged 1.5 percent in 2020/21, below 3.8 percent in 2019/20 driven by decrease in food inflation. Inflation is projected to remain low in 2021/22, owing to expected satisfactory food supply from domestic production and imports.

The Revolutionary Government of Zanzibar continued to enhance revenue collection efforts and expenditure management based on available resources and priorities. Domestic revenue amounted to TZS 758.4 billion in 2020/21, which was equivalent to 17.6 percent of GDP. Government fiscal operations recorded an overall deficit of 4 percent of GDP, which was financed through external and domestic sources.

Zanzibar's debt stock, which includes domestic and external debt, at the end of June 2021 was higher than the stock recorded in the corresponding period in 2020 attributed to new loans contracted and disbursed. The debt stock was 21.1 percent of GDP, compared with 20 percent in 2019/20.

The current account deficit in Zanzibar widened to USD 298.1 million in 2020/21 from USD 35.9 million in 2019/20. This was largely due to a decrease in services receipts coupled with an increase in import of goods.

In 2020, the global economy contracted, largely due to adverse impact of COVID-19. Global economic activities contracted by 3.3 percent from 2.8 percent growth in 2019. Output is projected to grow by 6 percent in 2021, associated with ongoing recovery of economic activities around the world following rollout of the COVID-19 vaccination program and policy support from governments.

Global inflation eased to an average of 3.2 percent in 2020 from 3.5 percent in the previous year, due to subdued aggregate demand. Inflation is projected to increase to 3.5 percent in 2021.

In sub-Saharan Africa, output contracted by 1.9 percent in 2020, compared to the growth of 3.2 percent in 2019. The slowdown was mainly due to the underperformance of the oil-driven economies, Nigeria and Angola in particular,



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caused by low oil price. In the SADC region, real GDP growth contracted by 5 percent in 2020. All SADC countries' growth contracted in 2020 except Tanzania and Malawi.

Annual headline inflation in SADC region increased to an average of 43.1 percent in 2020, attributed to higher food prices and currency instability in Angola, DRC, Malawi, Zambia and Zimbabwe.

The economy in the EAC region contracted by 0.1 percent in 2020 compared to the growth of 6.3 percent a year earlier. Tanzania was the fastest growing economy, while Rwanda recorded the least growth.

Annual headline inflation in EAC averaged 5.5 percent in 2020 compared with 2.6 percent in 2019. The increase was mainly due to rise in prices of some food items. Nevertheless, all countries in the region recorded annual headline inflation below the convergence ceiling of 8 percent, except Rwanda.



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PART I

CONDUCT OF MONETARY POLICY



CONDUCT OF MONETARY POLICY

1.1 Monetary Policy Targets and Performance

In support of the macroeconomic objectives of the Governments, the Bank of Tanzania sustained a liquidity easing monetary policy stance in 2020/21. This policy stance was pursued to cushion the economy from the negative effects of COVID-19, while sustaining stable financial sector and functioning of the financial markets. The monetary policy aimed at achieving the following targets:

- i. annual growth of reserve money of 9.5 percent;
- ii. annual growth of extended broad money (M3) of 10 percent;
- iii. annual growth of private sector credit of 11.6 percent; and
- iv. maintaining foreign exchange reserves at levels adequate to cover at least 4 months of projected imports of goods and services.

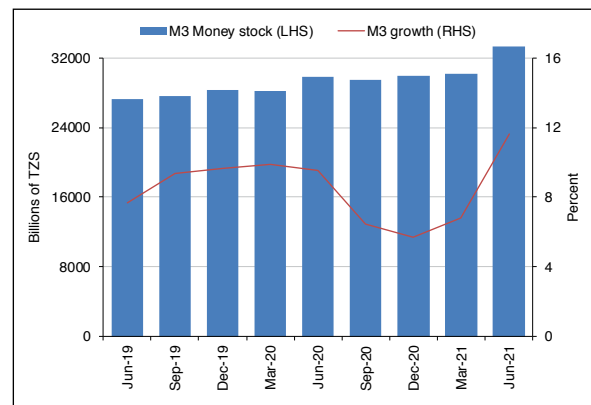
To attain these objectives, the Bank of Tanzania deployed a mix of instruments, largely to increase the level of liquidity in the economy, including auctions of reverse repurchase agreements, purchase of foreign exchange from the Interbank Foreign Exchange Market (IFEM), conduct of inward foreign exchange swaps with banks, and the use of standby credit facilities to ensure efficiency of payment systems.

The implementation of monetary policy succeeded in maintaining adequate liquidity in banks as manifested by high levels of banks clearing balances coupled with a general stability of money market interest rates. This created favourable conditions for banks' lending to various sectors of the economy.

In particular, extended broad money (M3) recorded an average annual growth of 7.3 percent in 2020/21, compared with the target of 10 percent

and the preceding year's average of 9.6 percent (**Chart 1.1**). This outturn was attributed to low uptake of credit by the private sector owing to COVID-19 effects.

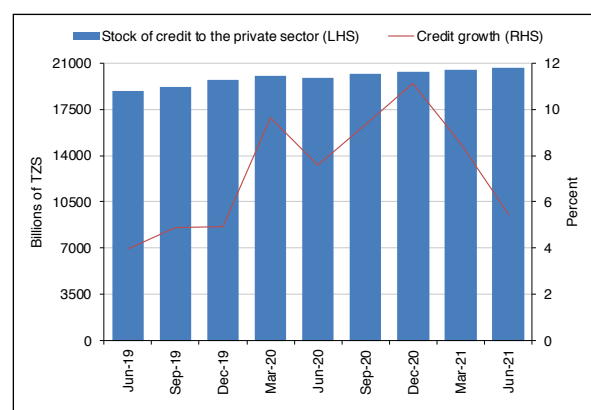
Chart 1.1: Money Supply



Source: Bank of Tanzania and banks
Note: RHS denotes right-hand scale; and LHS, left-hand scale

Domestic credit extended by banks to private sector and central government, registered positive growth throughout 2020/21. Credit extended to the private sector grew at an average of 4.3 percent compared with 8.1 percent in 2019/20 (**Chart 1.2**). The subdued credit growth was due to decline in demand for new loans, following the adverse effects of pandemic on some domestic businesses and investments.

Chart 1.2: Credit to Private Sector



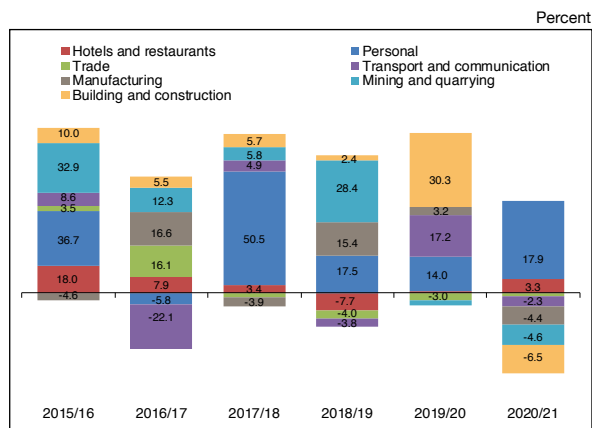
Source: Bank of Tanzania and banks
Note: RHS denotes right-hand side; and LHS, left-hand scale



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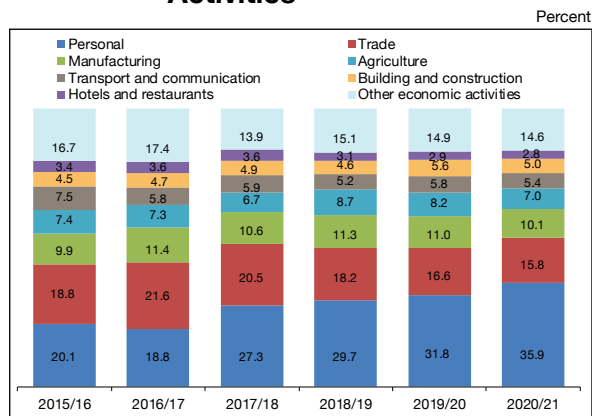
Expansion of credit to the private sector was more pronounced in personal related activities (micro, small and medium enterprises), hotels and restaurants, trade, and transport and communication (**Chart 1.3a**). Personal activities continued to account for the largest share of the outstanding credit (35.9 percent), followed by trade (15.8 percent) and manufacturing (10.1 percent), as depicted in **Chart 1.3b**.

Chart 1.3a: Annual Growth Rates of Banks' Credit to Selected Economic Activities



Source: Banks and Bank of Tanzania computations

Chart 1.3b: Share of Outstanding Credit by Banks to Major Economic Activities



Source: Banks and Bank of Tanzania computations

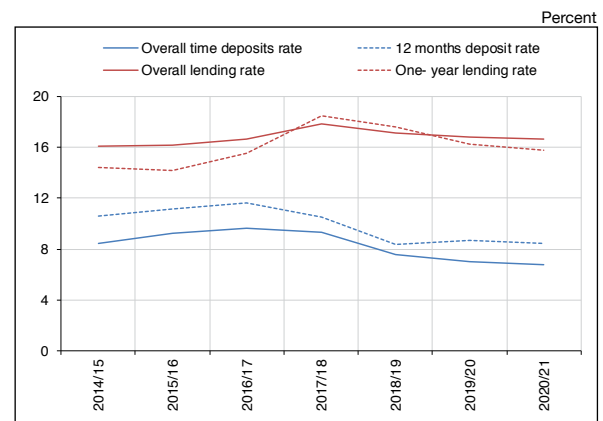
Note: Other economic activities include fishing, forest, hunting, financial intermediaries, mining and quarrying, real estate, mortgage, leasing, tourism, warehousing and storage, gas, water, education and health

Interest rates charged by banks on loans and those offered on deposits were generally stable

in 2020/21. The overall and one-year lending interest rates averaged 16.60 percent and 15.8 percent in 2020/21, decreasing slightly from 16.80 percent and 16.22 percent in 2019/2020, respectively. Overall and one-year time deposit interest rates averaged 6.75 percent and 8.43 percent, compared with 6.98 percent and 8.65 percent in 2019/20, respectively. As a result, the spread between one-year lending rate and deposit rate narrowed to an average of 7.37 percentage points from 7.57 percentage points in 2019/20 (**Chart 1.4**).

The ongoing implementation of liquidity easing monetary policy and other regulatory measures undertaken by the Bank of Tanzania are expected to lower cost of funds, thus contributing to lower lending rates and further recovery of the growth of credit to the private sector.

Chart 1.4: Selected Banks' Interest Rates



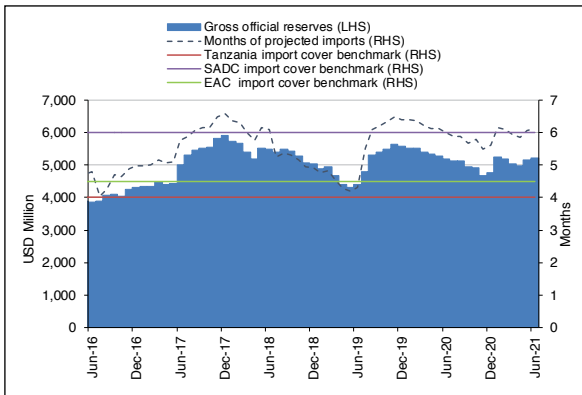
Source: Banks and Bank of Tanzania computations

Foreign exchange reserves remained adequate, amounting to USD 5,209.8 million at the end of June 2021, compared with USD 5,184.7 million at the end of June 2020. The level of reserves was sufficient to cover 6.1 months of projected imports of goods and services, within the national and regional benchmarks. The country's benchmark is at least 4 months; while for EAC and SADC, the benchmarks are a minimum of 4.5 months and 6 months, respectively (**Chart 1.5**).



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Chart 1.5: Gross Foreign Exchange Reserves Development

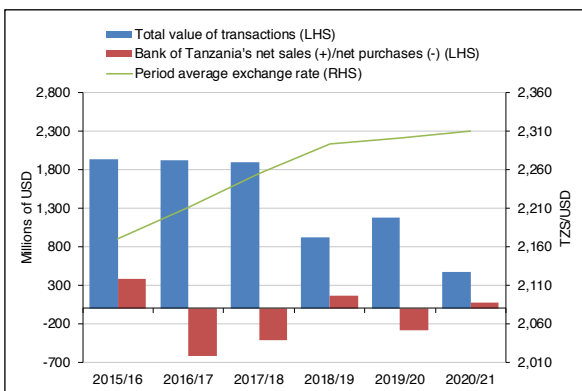


Source: Bank of Tanzania

1.2 Exchange Rates

The exchange rate remained stable, mainly due to low and stable inflation, moderate current account deficit, sustained prudence in both monetary and fiscal policies, coupled with ongoing measures to improve transparency and orderly foreign exchange market operations. In 2020/21, the shilling traded at an average rate of TZS 2,309.58 per US dollar compared with TZS 2,301.30 per US dollar in the preceding year. This was equivalent to a depreciation of 0.4 percent. The Bank of Tanzania continued to participate in the interbank foreign exchange market (IFEM), mainly to ensure orderly foreign exchange market operations, with a net sale of USD 71.5 million. This was equivalent to 15.2 percent of the total market turnover (Chart 1.6).

Chart 1.6: Inter-Bank Foreign Exchange Market Transactions

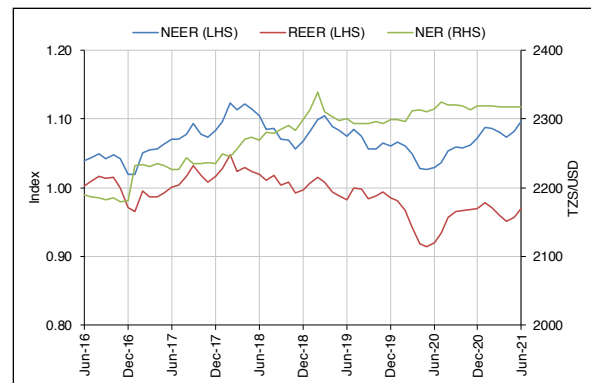


Source: Bank of Tanzania

Note: LHS denotes left-hand scale; and RHS, right-hand scale

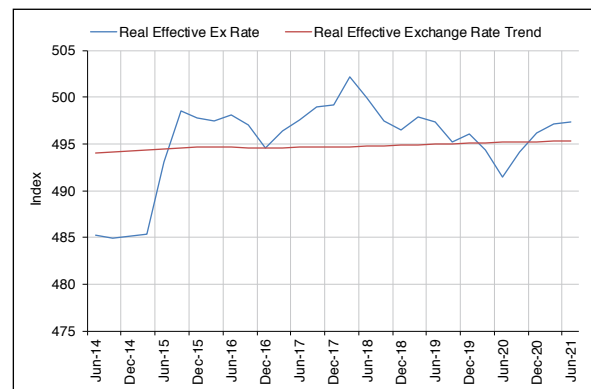
The stability of the shilling and low inflation differential relative to main trading partners was also reflected in trade-weighted exchange rates—nominal effective exchange rate (NEER) and real effective exchange rate (REER)—in 2020/21 (Chart 1.7a). The development of the real exchange rate suggests the absence of misalignment from the long-run trend, i.e., no signs of losing export competitiveness (Chart 1.7b).

Chart 1.7a: Trade-Weighted Exchange rates Movement



Source: Bank of Tanzania

Chart 1.7b: REER Movement and Long-Term Trend



Source: Bank of Tanzania

1.3 Inter-Bank Cash Market

Banks continued to actively trade in the interbank cash market (IBCM) in 2020/21, with total transactions increasing to TZS 16,756 billion from TZS 14,988.3 billion in the preceding year. This indicates prevalence of sufficient liquidity among banks during the reviewed period. Transactions



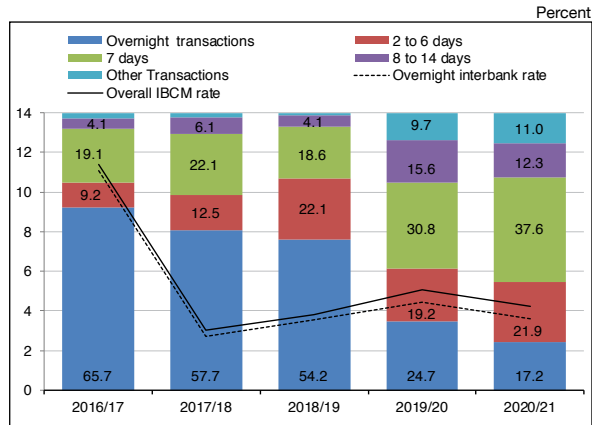
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of 7-day tenure were dominant, accounting for 37.6 percent of the total transactions, followed by overnight placements at 17.2 percent. In line with market developments and ongoing implementation of accommodative monetary policy, overnight and 7-day IBCM rates remained low at an average of 3.63 percent and 4.42 percent, compared with 4.42 percent and 5.25 percent in the preceding year, respectively (**Chart 1.8**).

1.4 Repurchase Agreements

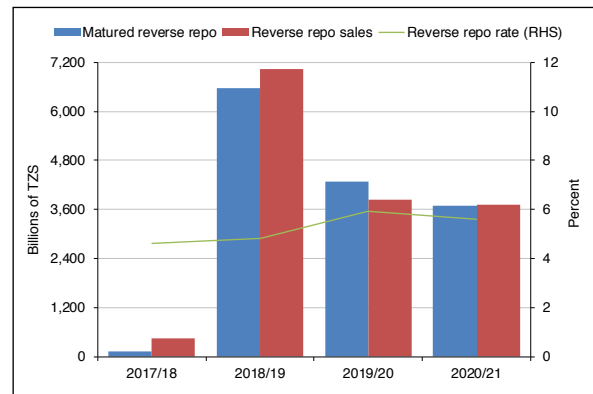
In the pursuit of sustaining an adequate supply of liquidity in the banking system, the Bank of Tanzania continued to conduct reverse repurchase agreements (reverse repo) with banks. The Bank auctioned reverse repos worth TZS 3,708.5 billion compared with TZS 3,835.6 billion in the preceding year. The reverse repo rate eased to an average of 5.59 percent from 5.92 percent in the same period (**Chart 1.9**).

Chart 1.8: Inter-bank Cash Market Transactions



Source: Bank of Tanzania

Chart 1.9: Reverse Repo Transactions



Source: Bank of Tanzania

Note: LHS denotes left-hand scale; and RHS, right-hand scale



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PART II

ECONOMIC PERFORMANCE



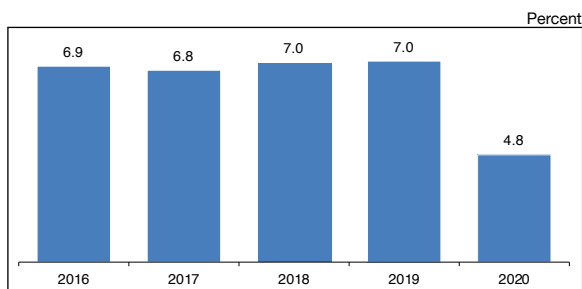
1.0 Domestic Economic Developments

1.1 Output, Prices and Food Supply Aggregate Supply

Tanzania continued to record positive economic growth, despite the challenges posed by the pandemic. Real GDP growth slowed down to 4.8 percent in 2020 from 7 percent in 2019. The slow growth reflected impact of the pandemic on economic activities, particularly those directly exposed to external shocks (**Chart 1.1a**). Growth in 2020 was mainly driven by construction, agriculture, transport and storage, manufacturing, as well as mining and quarrying (**Chart 1.1b**). The fastest growing activities were construction, transport and storage, information and communication, administrative and support services, professional, scientific and technical services, mining and quarrying. Meanwhile, accommodation and food services and arts, entertainment and recreation contracted, mainly as a result of the negative effects of the pandemic (**Chart 1.1c**). Agricultural activities continued to be dominant, accounting for a share of 26.9 percent of GDP, followed by construction (14.4 percent), wholesale and retail trade and repair (8.7 percent), and manufacturing (8.5 percent) as shown in **Chart 1.1d**¹.

In nominal terms, GDP was TZS 148.5 trillion in 2020, up from TZS 139.6 trillion in 2019. GDP per capita increased to TZS 2,468,241 from TZS 2,327,152 in 2019.

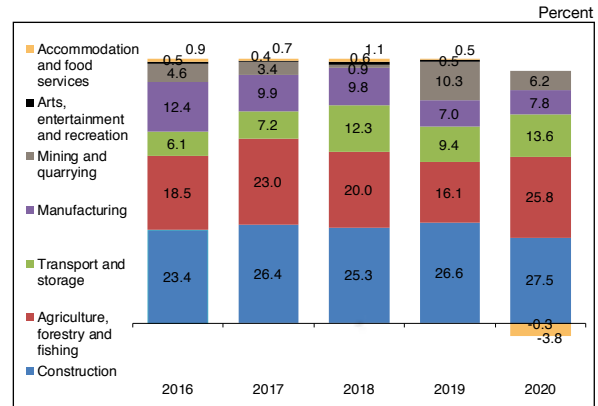
Chart 1.1a: Real GDP Growth



Source: National Bureau of Statistics

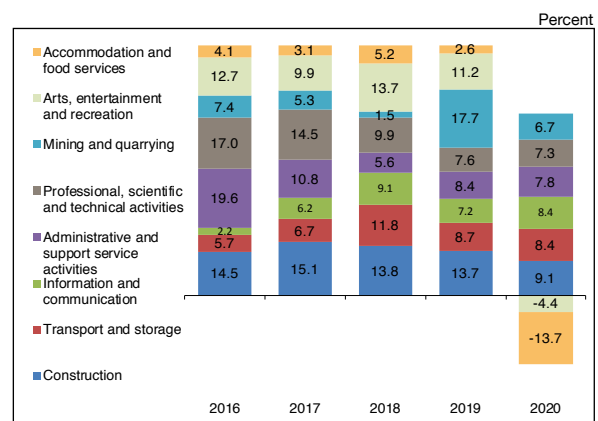
¹ Full details of GDP, growth rates, and share in total GDP by activity at current prices are in the statistical annex tables.

Chart 1.1b: Contribution to GDP Growth by Selected Activities at Constant 2015 Prices



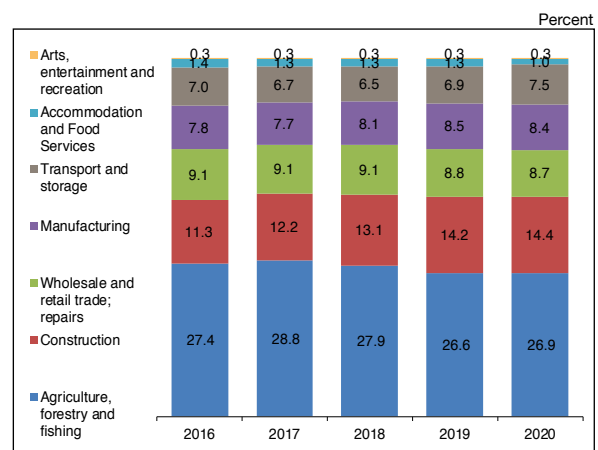
Source: National Bureau of Statistics

Chart 1.1c: Growth by Selected Activities at Constant 2015 Prices



Source: National Bureau of Statistics

Chart 1.1d: Shares of GDP by Selected Activities at Current Prices



Source: National Bureau of Statistics



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The economy is projected to grow by 5 percent in 2021, higher than 4.8 percent in 2020, reflecting recovery of economic activities particularly tourism, hotels and accommodation, arts, entertainment and recreation, international travel and trade, following the rollout of COVID-19 vaccination and relaxation of some containment measures of the pandemic. Growth is also expected to be supported by agricultural activities following adequate rains; mining activities due to high demand and enhanced management of the sector; and construction owing to the ongoing investment in infrastructure and private activities, partly facilitated by accommodative monetary conditions, supportive fiscal policy and ongoing efforts to create conducive business environment.

Agriculture

Agriculture, comprising crops, livestock, forestry, fishing and agricultural support services, grew by 4.9 percent in 2020 higher than 4.4 percent in 2019 due to sufficient rains.

Crops sub-activity grew by 5 percent in 2020 from 4.4 percent in 2019. Livestock growth remained at 5 percent in 2020 as in the preceding year, while forestry grew by 3.2 percent from 4.8 percent. Fishing sub-activity registered an annual growth of 6.7 percent in 2020 higher than 1.6 percent registered in 2019. This outturn was attributed to improvement in fishing gears and management.

In 2021/22 agriculture is projected to grow further following improved supply of fertilizers and fishing gears.

Industry and Construction

Industry and construction activity, which includes mining and quarrying, manufacturing, construction, electricity and gas supply, as well as water supply and sewage, grew by 7.2 percent in 2020 compared with 11.6 percent in the preceding year largely attributed to the effects of the COVID-19 pandemic.

Growth in construction slowed down to 9.1 percent in 2020 down from 13.7 percent in 2019. Manufacturing sub-activity grew by 4.5 percent in 2020 compared with 5.8 percent in 2019, attributed to difficulties in the importation of raw materials associated with measures adopted in response to COVID-19, including closing of borders and ban of international flights. However, some activities recorded increases in production including food items—biscuits and pasta, and wheat flour; and building materials—iron sheets and plywood industrial products.

Mining and quarrying sub-activity grew at 6.7 percent, slower than 17.7 percent in 2019 mainly due to a fall in coal and diamond production. Diamond production declined to 147,191 carats in 2020 from 416,749.5 carats in 2019 attributed to slow down in price of diamond in the world market.

Electricity sub-activity, which involves generation, transmission and distribution, grew by 5.5 percent in 2020 slower than 7.2 percent in 2019. Electricity distributed for consumption increased to 7,862.9 million kWh in 2020 from 7,748.9 million kWh in 2019, of which 1.5 percent was imported (**Table 1.1**).

Table 1.1: Electricity Generation and Imports

Source	2016	2017	2018	2019	2020
Domestic production	8,845,692.0	7,199,581.5	7,307,623.3	7,635,737.4	7,748,647.9
Hydropower	2,355,632.5	2,326,541.0	2,204,758.6	2,431,756.9	3,090,235.6
Thermal power	4,254,341.6	3,099,243.0	3,340,664.5	3,505,556.6	3,300,081.9
Diesel-Grid	3,441.7	148,759.0	30,765.8	821.2	10,163.8
Gas	4,060,047.7	2,761,343.0	3,309,898.7	3,504,735.4	3,289,918.2
Isolated units	190,852.2	189,141.0	179,940.3	122,986.4	71,419.2
Biomass	494.8				
Integrated Power Projects	1,844,865.7	1,584,656.5	1,582,259.9	1,575,437.6	1,286,911.1
Biomass	29,093.4	22,840.5	14,594.4	14,121.0	0.0
Diesel	170,609.0	52,427.7	49,732.4	1,016.7	60,782.3
Hydropower	41,559.0	44,376.2	49,732.4	46,380.5	6,913.7
Gas	1,603,604.3	1,465,012.1	1,468,200.8	1,513,919.4	1,219,215.0
Imports	101,537.9	105,793.0	117,531.6	113,242.0	114,275.5
Uganda	72,809.2	79,317.0	87,954.4	81,123.0	79,674.5
Zambia	8,033.8	2,456.0	29,153.5	32,119.0	0.0
Kenya	20,694.9	24,020.0	423.7	0.0	34,601.0
Total electricity available for distribution	8,556,377.7	7,116,233.5	7,425,154.9	7,748,979.4	7,862,923.3

Source: Tanzania National Electricity Supply Company



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Services

Services activity² grew by 4.3 percent in 2020 slower than 6 percent in 2019, mainly due to low performance in accommodation and food services, arts, entertainment and recreation as a result of containment measures implemented by trading partners to prevent the spread of the corona virus.

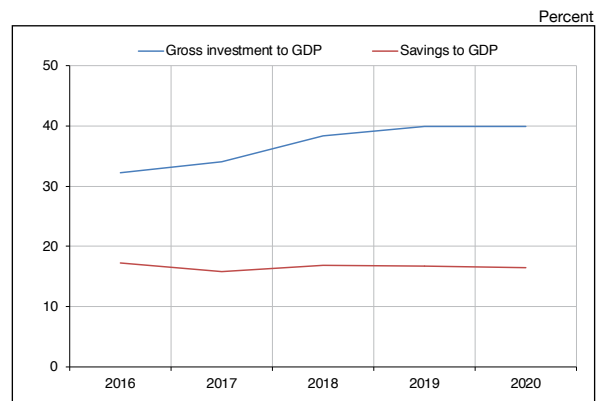
Trade and repairs, as well as education sub-activities recorded a noticeable decrease in growth. Conversely, information and communication grew by 8.4 percent in 2020 higher than 7.2 percent in 2019 due to the increase in numbers of people using mobile phones, social media and virtual meetings.

Gross National Income

Gross National Income (GNI) increased to TZS 138,137.7 billion in 2020 from TZS 126,283.3 billion in the preceding year, driven by gross domestic product.

Gross national disposable income (GNDI)³ increased to TZS 139,132.4 billion from TZS 127,240.9 billion. Final consumption expanded by 7.5 percent and accounted for 71.8 percent of GNDI. Savings to GDP ratio was 16.4 percent compared with 16.8 percent in 2019, while investment to GDP ratio remained at 39.9 percent as registered in 2019 (**Chart 1.2**). **Table 1.2** provides details on GNI and its components.

Chart 1.2: Savings and Investment Ratios



Source: National Bureau of Statistics

Table 1.2: Gross National Income at Current Market Prices

Nominal	Billions of TZS				
	2016	2017	2018	2019	2020
Gross national income (GNI)	97,344.3	106,772.3	117,458.7	126,283.3	138,137.7
GDP (at basic price)	99,423.7	108,956.8	118,874.2	128,554.3	140,098.7
Net primary income from ROW	-2,079.3	-2,184.5	-1,415.5	-2,271.0	-1,961.1
Primary income receivable	214.5	279.4	353.1	486.1	255.1
Less primary income payable	2,293.8	2,463.8	1,768.6	2,757.1	2,216.2
Gross national disposable income (GNDI)	98,177.5	107,668.3	118,519.5	127,240.9	139,132.4
Final consumption	74,761.7	81,577.2	87,732.0	93,002.3	99,965.2
Government	9,824.7	10,097.4	10,468.8	10,978.6	11,195.3
Households	64,699.5	71,211.5	76,966.7	81,712.0	88,445.3
Non-profit institutions serving household	237.5	268.3	296.5	311.7	324.6
Savings	18,682.1	18,799.3	21,696.4	23,413.7	24,405.6
Gross capital formation (Investment)	34,865.3	40,427.4	49,493.6	55,762.4	59,235.4
Fixed capital formation	35,492.8	42,141.9	50,387.1	59,440.5	64,049.9
Changes in valuables	1,105.4	1,006.2	1,215.1	1,273.3	1,838.3
Changes in inventories	-1,732.9	-2,720.7	-2,108.6	-4,951.5	-6,652.8
Saving - Investment gap	-16,183.2	-21,628.1	-27,797.1	-32,348.7	-34,829.8
GDP (at current market price)	108,362.3	118,744.5	129,043.9	139,641.9	148,522.1
Memorandum:					
Gross capital formation to GDP	32.2	34.0	38.4	39.9	39.9
Savings to GDP	17.2	15.8	16.8	16.8	16.4
Consumption to GDP	69.0	68.7	68.0	66.6	67.3
Saving-Investment gap to GDP	-14.9	-18.2	-21.5	-23.2	-23.5

Source: National Bureau of Statistics

Note: p denotes provisional data; GDP, gross domestic product; and ROW, rest of the world

Inflation

Inflation remained low, consistent with the target of 3-5 percent throughout 2020/21. The rate was also in line with the East African Community (EAC) and Southern African Development Community (SADC) convergence criteria of not more than 8 percent and a range of 3-7 percent, respectively. The low inflation was largely due to stability of the exchange rate, subdued oil prices in the world market and implementation of prudent monetary and fiscal policies.

² Services activity includes wholesale and retail trade, repairs; transport and storage, accommodation and food services, information and communication, financial and insurance, real estate, education, health and social works, arts, entertainment and recreation, professional, scientific, technical, administrative and support activities, public administration and defense.

³ GNDI comprises compensation of employees, property income, current transfers, and operating surplus.



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BOX 1: Consumer Price Index Rebasing

The Consumer Price Index (CPI) is rebased at least once every five years, to reflect the current consumption pattern of goods and services by households, due to changes in taste, preferences, and technology. In January 2021, the National Bureau of Statistics (NBS) rebased CPI to base year of 2020 (2020=100) from base period of December 2015 (December 2015=100).

The rebasing utilized household consumption pattern obtained from the household budget survey conducted in 2017/18 and adhered to the guidelines issued by the East African Community, International Labor Organization, and United Nations Statistical Commission on Classification of Individual Consumption According to Purpose (COICOP).

The new CPI covers 383 consumer goods and services compared with 278 in the old CPI. 67 new consumer goods and services have been incorporated, while 28 items were dropped. In addition, the weighing pattern of broad categories of CPI has changed. The proportion of core CPI in overall CPI increased to 73.9 percent from 54.3 percent, while that of food (food and non-alcoholic beverages) decreased to 28.2 percent from 38.5 percent. The share of energy, fuels and utilities sub-group declined to 5.7 percent from 8.7 percent.

On the monetary policy front, the large proportion of core CPI implies an expectation of increased effect of monetary policy on the general price level, depending on the efficacy of the transmission mechanism.

During the period under review, headline inflation averaged 3.3 percent compared with 3.5 percent in 2019/20, on account of low prices of food, and moderate increase in energy and fuel prices. Core inflation increased to an average of 3.1 percent from 2.4 percent in 2019/20 due to increase in prices of non-food items including garments and footwear, building materials, rents, furniture, school books and bicycles. Energy and fuel inflation was 3.8 percent lower than 4.3 percent in 2019/20 owing to decrease in domestic pump prices of oil in line with the decline in prices of oil in the world market (**Table 1.3**).

Table 1.3: Average Headline Inflation and its components

Inflation components	Percent				
	2016/17	2017/18	2018/19	2019/20	2020/21
Headline inflation	5.3	4.3	3.2	3.5	3.3
Core inflation	2.4	1.6	2.8	2.4	3.1
Food inflation	8.4	6.2	1.3	4.8	3.8
Non-food inflation	3.3	3.3	5.0	2.8	3.1
Energy and fuel inflation	9.2	13.0	16.2	4.3	3.8

Source: National Bureau of Statistics and Bank of Tanzania computations

In 2021/22 inflation is expected to hover within the target of 3-5 percent, mostly supported by anticipated adequate food, stable exchange rate, and prudent monetary and fiscal policies. These factors are expected to partially reduce the impact of high oil prices on inflation.

Food Supply

Food production in the 2020/21 crop season was estimated at 18.4 million tonnes, a 1.3 percent increase compared with the preceding year. This was partly on account of favourable weather, exempted levies and taxes for agricultural inputs, improvements in extension services and availability of farm inputs. Meanwhile, the national food requirement for 2021/22 is estimated at 14.8 million tonnes, implying a food self-sufficiency ratio (SSR) of 125 percent and a surplus of 3.6 million tonnes. Food produced comprise cereals amounting to 10.6 million tonnes and non-cereals 7.8 million tonnes (**Table 1.4**). Food production and requirements by major crops are depicted in **Table 1.5**.



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Table 1.4: Food Production

		Tonnes				
		2016/17	2017/18	2018/19	2019/20	2020/21 ^P
Cereals	Production	9,388,772	9,537,858	9,007,909	10,869,596	10,639,990
	Requirement	8,457,558	8,627,272	8,754,119	8,754,119	9,417,888
	Gap/surplus	931,214	910,586	253,790	2,115,477	1,222,102
Non cereals	Production	6,512,092	7,354,118	7,400,400	7,327,137	7,785,260
	Requirement	4,842,476	4,942,014	5,088,417	5,088,417	5,378,864
	Gap/surplus	1,669,616	2,412,104	2,311,983	2,238,720	2,406,396
Total food	Production	15,900,864	16,891,974	16,408,309	18,196,733	18,425,250
	Requirement	13,300,034	13,569,286	13,842,536	13,842,536	14,796,751
	Gap/surplus	2,600,830	3,322,688	2,565,773	4,354,197	3,628,499
	SSR	120	124	119	131	125

Source: Ministry of Agriculture

Note: SSR denotes self-sufficiency ratio; p, provisional data; and production data are for 2020/21; and food requirement data are for 2021/22

Table 1.5: Food Production in 2020/21 and Requirement for 2021/22 by Major Crops

		Tonnes				
Cereals	Maize	Sorghum/ Millet	Rice	Wheat	Total	
Production	6,908,318.0	10,318,650.0	2,629,519.0	70,288.0	10,639,990.0	
Requirement	5,956,814.0	20,873,578.0	1,091,778.0	281,938.0	9,417,888.0	
Gap/surplus	951,504.0	-10,554,928.0	1,537,741.0	-211,650.0	1,222,102.0	
SSR	116.0	49.4	240.8	24.9	113.0	
Non cereals	Pulses	Banana	Cassava	Potatoes	Total	
Production	2,135,522.0	1,392,970.0	2,643,915.0	1,612,852.0	7,785,260.0	
Requirement	859,337.0	990,670.0	2,473,437.0	1,055,420.0	5,378,864.0	
Gap/surplus	1,276,185.0	402,300.0	170,478.0	557,432.0	2,406,396.0	
SSR	248.5	140.6	106.9	152.8	144.7	

Source: Ministry of Agriculture

Note: SSR denotes self-sufficiency ratio

Food stocks held by the National Food Reserve Agency (NFRA) reflect a stable food supply in the country. The stock of food held by NFRA comprised maize grain, paddy and sorghum to the tune of 107,384 tonnes at the end of June 2021 compared with 52,725 tonnes in the corresponding period in 2020 (**Table 1.6**). During 2020/21, NFRA sold 4,180.1 tonnes of food stocks to the Prisons Department, World Food Programme, Ngorongoro Conservation Area Authority and districts of Moshi, Hai and Missenyi compared with 35,090.1 tonnes in the preceding year. At the same time, the Agency purchased 58,813.5 tonnes of food, higher than 18,607 tonnes purchased in 2019/20.

Table 1.6: Food Stocks Held by NFRA

		Tonnes				
		2017	2018	2019	2020	2021
January		86,834	91,947	93,037	43,597	110,398
February		86,444	91,313	85,525	41,231	110,389
March		86,444	83,650	78,336	39,597	109,231
April		86,278	73,468	68,748	38,053	109,231
May		74,826	68,893	68,058	38,291	108,284
June		70,393	63,844	67,336	52,725	107,384
July		68,697	62,288	67,410	90,255	
August		78,434	62,317	68,407	92,991	
September		85,403	78,224	61,711	109,733	
October		89,248	87,435	55,853	110,895	
November		93,354	92,402	52,727	110,289	
December		92,074	95,534	52,498	110,398	

Source: National Food Reserve Agency

Prices of Food and Cash Crops

Wholesale prices of selected food crops were low in 2020/21 compared with 2019/20, save for finger millet and beans. The decline was associated with improved supply in the market owing to favourable weather that contributed to good harvest in the 2019/20 crop season.

Table 1.7: Average Wholesale Prices of Food Crops

Food crop	TZS per 100Kg				
	2016/17	2017/18	2018/19	2019/20	2020/21
Maize	80,861.5	51,760.6	47,745.0	72,212.4	52,427.0
Rice	158,726.0	182,986.8	158,742.4	175,175.6	141,316.4
Beans	170,148.3	170,446.8	160,143.2	190,591.4	192,207.9
Sorghum	104,310.1	85,894.0	75,527.5	104,442.6	92,482.7
Round potatoes	81,355.0	70,648.2	77,544.4	74,083.2	72,585.9
Finger millet	133,129.1	146,681.0	134,706.5	129,901.2	137,718.4

Source: Ministry of Industry and Trade

In 2020/21, average producer prices of traditional cash crops exhibited mixed trends largely driven by demand and supply factors. Crops that recorded increase in prices were coffee, seed cotton, green tea, and tobacco, whereas cashew nuts and sisal prices decreased (**Table 1.8**).



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Table 1.8: Producer Prices of Cash Crops

Period	Coffee		Seed cotton	Green tea leaf	Raw cashew nuts	Tobacco VFC	Sisal*	
	Arabica	Robusta					Burley	UG
2016/17	4,000.0	1,600.0	1,000.0	240.0	3,500.0	4,663.0	1,800.0	
2017/18	3,000.0	1,500.0	1,200.0	240.0	3,797.0	3,931.0	1,750.0	
2018/19	2,500.0	1,000.0	1,100.0	n.a	3,300.0	3,496.0	1,710.0	
2019/20	2,500.0	1,500.0	1,200.0	250.0	3,300.0	3,230.9	1,700.0	
2020/21	5,584.4	2,987.6	1,350.0	314.0	2,707.0	3,543.7	1,675.0	

Source: Ministry of Agriculture and Crop Boards

Note: VFC denotes Virginia flue cured; and UG, under grade; *sisal prices are in USD per tonne

1.2 Financial Markets

In 2020/21, domestic money and capital markets remained liquid consistent with the prevailing monetary policy stance. Government securities were issued in line with the issuance plan, mainly for budgetary operations and financial market development. Generally, government securities auctions were oversubscribed with preferences skewed towards the longer end of the yield curve. It is worth noting that, a debut issuance of a 25-year bond was conducted in April 2021, and was highly oversubscribed. This reflects an adequate supply of liquidity in the economy and investors' preferences for government securities. The preferences were partly attributed to uncertainties surrounding other investment avenues amid the negative effects of the COVID-19 on some businesses and investment. Consequently, money and capital markets rates eased compared to the preceding year.

Government Securities Market

The Bank of Tanzania continued to auction Treasury bills and Treasury bonds in the primary market on behalf of the Governments. Meanwhile, investors continued to trade their securities in the secondary market at the Dar es Salaam Stock Exchange (DSE) and over-the-counter.

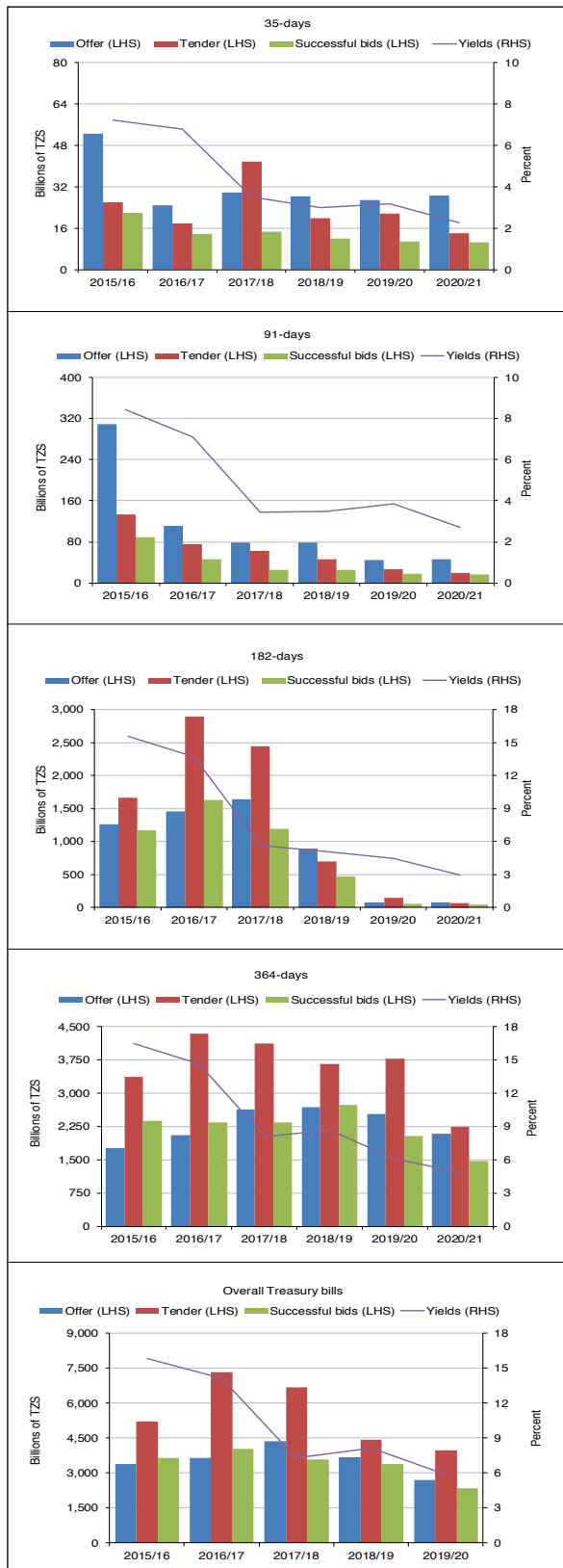
In 2020/21, Treasury bills worth TZS 2,236.9 billion were offered in the primary market, for rolling over maturing debt obligations and market developments, compared with TZS 2,684.6 billion that was offered in 2019/20. The decrease

in the amount offered was on account of the decrease in the tender size to TZS 90.7 billion per auction compared to TZS 107.7 per auction in the preceding year. The auctions were oversubscribed, especially for the 364-days Treasury bills, as the bids received amounted to TZS 2,343.3 billion. The Bank of Tanzania accepted bids worth TZS 1,848.6 billion. Meanwhile, Treasury bills worth TZS 2,405.1 billion matured compared with TZS 3,449.9 billion in the preceding year. Consistent with sizable demand in the money market, overall Treasury bills yields decreased to an average of 4.75 percent compared with 5.85 percent in 2019/20 (**Chart 1.3**).



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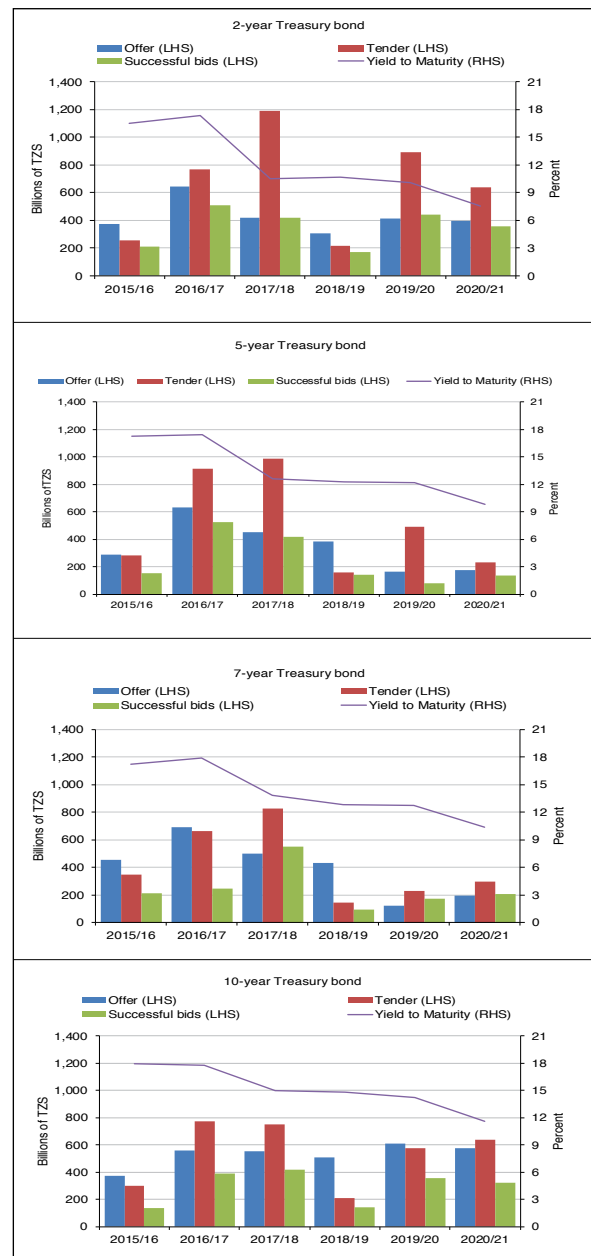
Chart 1.3: Developments in Treasury Bills Market



Source: Bank of Tanzania
 Note: LHS denotes left hand scale; RHS, right hand scale; and WAY, weighted average yield

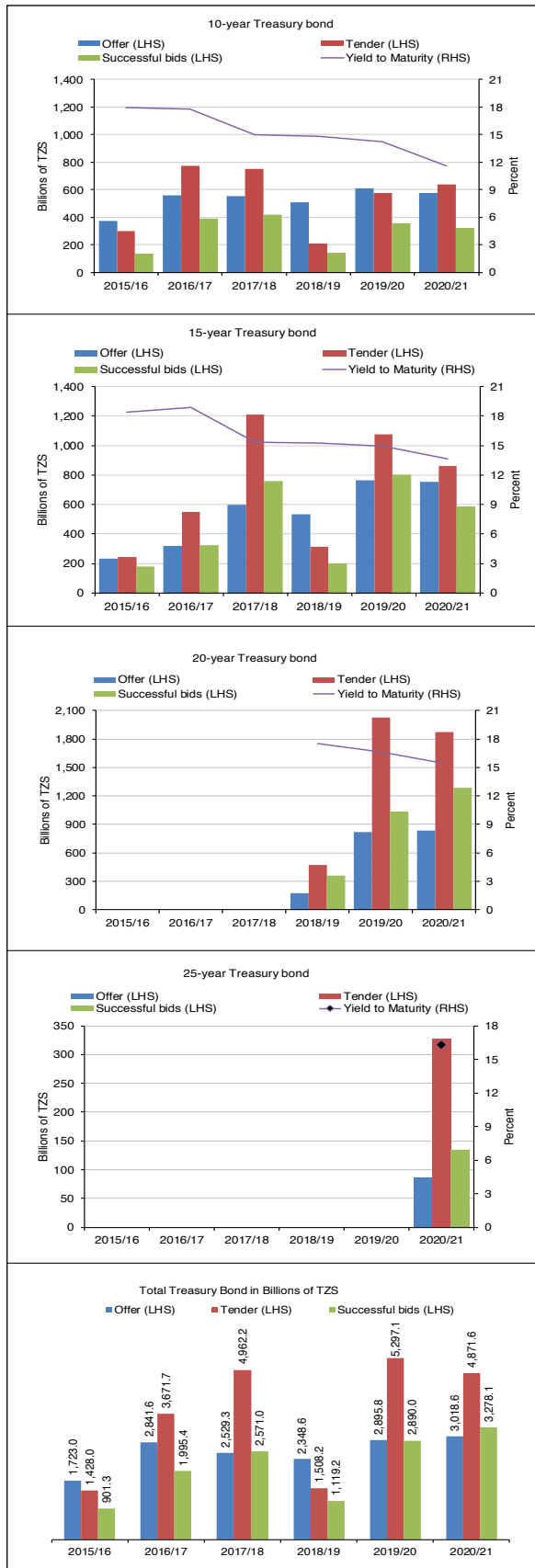
The Bank of Tanzania offered 2-, 5-, 7-, 10-, 15-, 20- and 25-year Treasury bonds worth TZS 3,018.6 billion in the primary market for government budgetary operations. Generally, the auctions were over-subscribed across all maturities, registering bids worth TZS 4,871.6 billion, out of which bids worth TZS 3,278.1 billion were successful. Weighted average yield to maturity declined across the maturity spectrum contributing to a decrease in borrowing costs to the Governments (**Chart 1.4**).

Chart 1.4: Treasury Bonds Performance





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Source: Bank of Tanzania

Note: LHS denotes left hand scale; RHS, right hand scale; and WAY, weighted average yield

The value of Treasury bonds traded in the secondary market increased by 26.6 percent, year-on-year, to TZS 2,226.5 billion in 2020/21 from TZS 1,758.8 billion in 2019/20. The increase was mainly attributed to the shift in investors' appetite for risk-free investments due to the impact of the COVID-19 pandemic and ongoing efforts by stakeholders to develop the bond market.

The 20-year bond was the most traded, accounting for 42.7 percent of the total transactions, followed by the 10-year bond (22.6 percent), 15-year bond (21.6 percent), 7-year bond (9.5 percent) and 5-year bond (3.1 percent). The 2-year bond and the newly introduced 25-year bond contributed 0.6 percent of total transactions.

Corporate Bond and Equity Markets

The value of corporate bonds traded at the Dar es Salaam Stock Exchange (DSE) more than tripled to TZS 1,713.7 million in 2020/21 from TZS 568.9 million in the preceding year. The increase was due to retail investors' high appetite towards corporate bond issued particularly by NMB bank and EXIM bank (Tanzania).

In the equity market, the total turnover of shares traded at the DSE decreased by 22.6 percent to TZS 521.2 billion in 2020/21 from TZS 673.6 billion registered a year earlier. The decrease was attributed to the slowdown in economic activities as well as change in the perceived risks on equity in favour of risk-free government bonds.

1.3 Public Finance

Government Budgetary Operations

Government budgetary operations in 2020/21 were characterized by lower than projected revenue collections due to slowdown in economic activities, while expenditures were aligned to available resources without jeopardizing pro-poor programmes in health and education. Fiscal



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deficit widened reflecting the impact of the corona virus on domestic revenue mobilization.

The Government took deliberate measures to minimize the impact of the pandemic by enhancing the use of information communication technology in revenue collection, improving the business and investment environment as outlined in the Blueprint Action Plan; and closely monitoring the performance of Government institutions and promoting local tourism. Also, the Government initiated negotiations with the International Monetary Fund to secure a concessional loan worth USD 571 million under Rapid Credit Facility to be used for mitigation of the economic and social effects of the pandemic.

Revenue and Grants

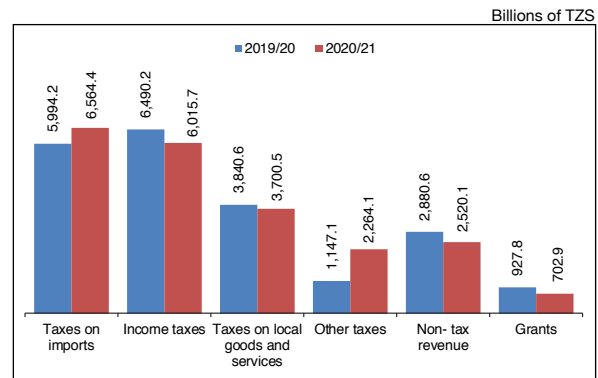
During 2020/21, domestic revenue amounted to TZS 20,594.7 billion, 2.2 percent lower than the amount collected in 2019/20 implying adverse effects of the COVID-19 pandemic. The collections were equivalent to 13.3 percent of GDP. Central government revenue accounted for 96.3 percent of the domestic revenue and the balance was collections by local government authorities. Tax revenue amounted to TZS 17,317.6 billion, 86 percent of the target and equivalent to 11.2 percent of GDP. The underperformance in tax collections is associated with low consumption and production of some consumer goods; and interruption of supply chains resulting from lockdown measures by many countries.

Non-tax revenue was TZS 2,520 billion, equivalent to 1.6 percent of GDP. During the year, external grants⁴ received by the Government were TZS 702.9 billion about 74 percent of the projection.

⁴ Includes project, program and basket funds.

Global economic slowdown partly contributed to the lower than projected disbursement of grants (**Chart 1.5**). External grants were equivalent to 0.5 percent of GDP, lower than 0.6 percent of GDP in 2019/20.

Chart 1.5: Government Resources

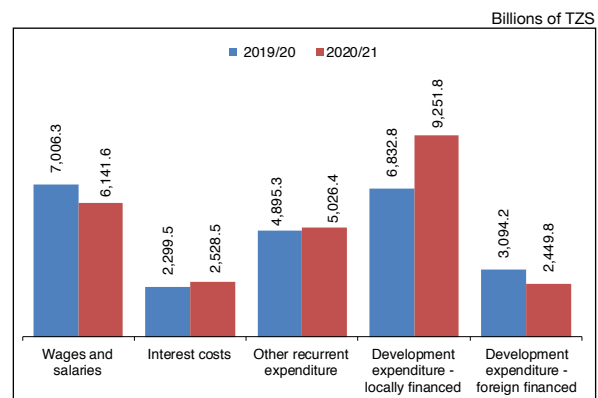


Source: Ministry of Finance and Planning
Note: 2020/21 data are provisional

Expenditure

The Government continued with the implementation of flagship and strategic projects, among others, to ensure value for money and timely implementation of projects. The Government spent a total of TZS 26,585.3 billion in 2020/21, of which TZS 14,883.7 billion was recurrent expenditure and TZS 11,701.5 billion financed development projects. Resources from domestic sources accounted for 79.1 percent of total development expenditure (**Chart 1.6**). Government expenditure was equivalent to 17.2 percent of GDP in 2020/21.

Chart 1.6: Government Expenditure



Source: Ministry of Finance and Planning
Note: 2020/21 data are provisional



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Financing

During the review period, government budget operations registered an overall deficit of TZS 6,010.5 billion. The deficit was financed through foreign and domestic borrowing of TZS 2,651.3 billion and TZS 3,359.2 billion on net basis, respectively. The deficit was equivalent to 3.9 percent of GDP, which was slightly above the EAC convergence threshold of not more than 3 percent of GDP.

Debt Management

National debt remained sustainable. This is in accordance with the findings of debt sustainability analysis conducted in November 2020 as summarized in **Table 1.9**.

Table 1.9: Selected Public Debt Sustainability Indicators

Indicators	Threshold	Percent			
		2020/21	2021/22	2022/23	2023/24
PV of total public debt-to GDP ratio	70	27.9	27.7	27.9	28.0
PV of public external debt-to GDP ratio	55	17.3	17.5	17.9	17.9
PV of public external debt-to-exports ratio	240	113.2	109.7	103.5	94.3
Public external debt service-to-exports ratio	21	14.0	13.4	10.6	10.3
Public external debt service-to-revenue ratio	23	13.7	13.8	11.8	12.5

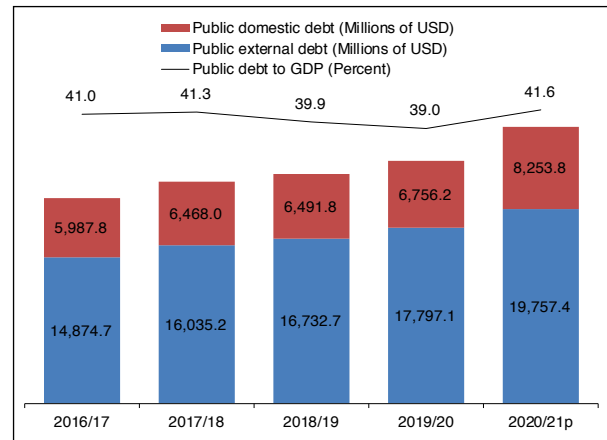
Source: Ministry of Finance and Planning, Tanzania National Debt Sustainability Analysis, November 2020

Note: DSA denotes debt sustainability analysis; and PV, present value

Debt stock, comprising external⁵ and domestic debt, increased by 13.7 percent from the end of June 2020 to USD 33,773.1 million at the end of June 2021. This outturn was mainly on account of new disbursements to finance major development projects. Out of the debt stock, USD 25,519.3 million was external debt and the balance was domestic debt. Public debt remained dominant, accounting for 82.9 percent of national debt stock and was equivalent to 41.6 percent of GDP (**Chart 1.7**).

⁵ Disbursed outstanding debt and interest arrears

Chart 1.7: Developments in Public Debt



Source: Ministry of Finance and Planning, and Bank of Tanzania

External Debt

The stock of external debt, comprising public and private sector debt, increased to USD 25,519.3 million at the end of June 2021 from USD 22,952.7 million in the corresponding period in 2020. Central government debt remained dominant and grew by 11.1 percent, year-on-year, to USD 19,703.1 million at the end of June 2021 (**Table 1.10**).

Table 1.10: External Debt Stock by Borrower Category

Borrower	Millions of USD					
	Jun-19		Jun-20 ^r		Jun-21 ^p	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Central government	16,628.6	75.9	17,734.5	77.3	19,703.1	77.2
DOD	15,727.2	71.7	16,764.6	73.0	18,640.1	73.0
Interest arrears	901.4	4.1	969.9	4.2	1,063.0	4.2
Private sector	5,188.3	23.7	5,155.6	22.5	5,761.9	22.6
DOD	4,207.1	19.2	4,144.6	18.1	4,573.6	17.9
Interest arrears	981.2	4.5	1,011.0	4.4	1,188.3	4.7
Public corporations	104.1	0.5	62.6	0.3	54.3	0.2
DOD	95.0	0.4	49.2	0.2	37.2	0.1
Interest arrears	9.1	0.0	13.4	0.1	17.1	0.1
External debt stock	21,921.0	100.0	22,952.7	100.0	25,519.3	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania

Note: DOD denotes disbursed outstanding debt; r, revised data; and p, provisional data

Multilateral institutions and commercial creditors remained the main lenders, and debt owed to all creditors increased during the period under review (**Table 1.11**).



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Table 1.11: External Debt by Creditor Category

Creditor	Millions of USD					
	Jun-19		Jun-20 ^r		Jun-21 ^p	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Multilateral	9,991.6	45.6	10,741.8	46.8	11,835.3	46.4
DOD	9,966.4	45.5	10,703.3	46.6	11,775.8	46.1
Interest arrears	25.2	0.1	38.5	0.2	59.5	0.2
Bilateral	1,958.5	8.9	2,083.3	9.1	2,231.0	8.7
DOD	1,057.1	4.8	1,113.4	4.9	1,168.0	4.6
Interest arrears	901.4	4.1	969.9	4.2	1,063.0	4.2
Commercial	7,459.0	34.0	7,573.4	33.0	8,688.9	34.0
DOD	6,922.8	31.6	7,051.8	30.7	8,056.5	31.6
Interest arrears	536.2	2.4	521.6	2.3	632.4	2.5
Export credit	2,511.9	11.5	2,554.2	11.1	2,764.1	10.8
DOD	2,083.0	9.5	2,089.9	9.1	2,250.6	8.8
Interest arrears	428.9	2.0	464.3	2.0	513.5	2.0
External debt stock	21,921.0	100.0	22,952.7	100.0	25,519.3	100.0

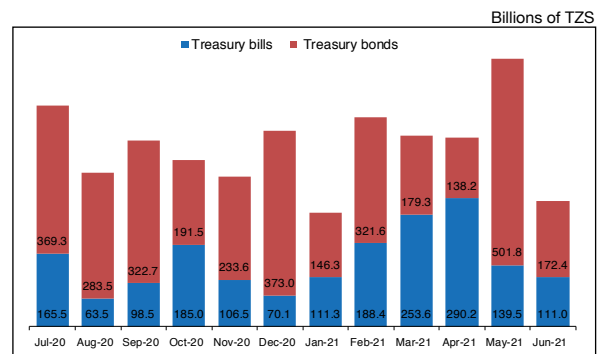
Source: Ministry of Finance and Planning, and Bank of Tanzania
Note: DOD denotes disbursed outstanding debt; r, revised data; and p, provisional data

During 2020/21, external debt worth USD 2,300.4 million was disbursed, of which USD 2,219.4 million was received by the Government and the balance by the private sector. External debt service amounted to USD 1,431.2 million, of which USD 977.1 million was spent for principal repayments and the balance for interest payments. External debt service was equivalent to 16.8 percent of exports, which is below the sustainability threshold of 21 percent.

Domestic Debt

In 2020/21, Treasury bills and bonds worth TZS 5,016.3 billion (equivalent to TZS 4,904.2 billion in cost value) were issued to finance government budgetary operations, of which 64.5 percent was Treasury bonds (Chart 1.8). The performance was 100 percent of the Issuance Plan. Out of the borrowed amount, TZS 3,010.2 billion was for rolling over maturing obligations and TZS 1,894 billion was for budget financing.

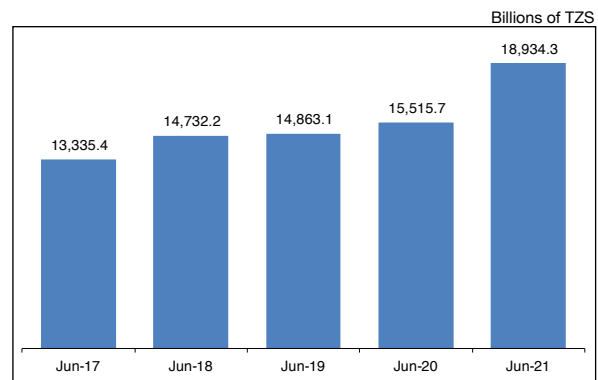
Chart 1.8: Domestic Debt Issued During 2019/20



Source: Ministry of Finance and Planning, and Bank of Tanzania

Domestic debt stock recorded an annual increase of TZS 3,418.6 billion to TZS 18,934.3 billion at the end of 2020/21 (Chart 1.9). Long-term instruments (Treasury bonds and stocks) kept on constituting the largest part of the debt, at 78.2 percent, in line with the government initiative of lengthening time to maturity of domestic debt (Table 1.12).

Chart 1.9: Domestic Debt Stock



Source: Ministry of Finance and Planning, and Bank of Tanzania

Table 1.12: Domestic Debt by Instruments

Instruments	Billions of TZS					
	Jun-19		Jun-20		Jun-21	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Government securities	13,603.1	91.5	14,715.7	94.8	16,579.4	87.6
Treasury bills	3,075.0	20.7	2,236.5	14.4	1,774.9	9.4
Government stocks	252.7	1.7	252.7	1.6	252.7	1.3
Government bonds	10,275.3	69.1	12,226.4	78.8	14,551.8	76.9
Tax certificates	0.1	0.0	0.1	0.0	0.1	0.0
Non-secitized debt	1,260.0	8.5	800.0	5.2	2,354.9	12.4
Other liabilities*	18.4	0.1	18.4	0.1	18.4	0.1
Overdraft	1,241.7	8.4	781.7	5.0	2,336.5	12.3
Domestic debt stock (without liquidity papers)	14,863.1	100.0	15,515.7	100.0	18,934.3	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania
Note: * includes NMB bank Plc standard loan and duty draw back



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In terms of creditor category, commercial banks continued to dominate, accounting for 30.8 percent of domestic debt stock, followed by pension funds at 25.2 percent (**Table 1.13**).

Table 1.13: Domestic Debt by Creditor

Holders	Billions of TZS					
	Jun-19		Jun-20		Jun-21	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Commercial banks	5,340.1	35.9	5,304.7	34.2	5,840.2	30.8
Bank of Tanzania	2,529.9	17.0	2,064.9	13.3	3,481.7	18.4
Pension funds	3,868.5	26.0	4,413.2	28.4	4,774.8	25.2
Insurance	1,363.9	9.2	1,201.2	7.7	1,484.0	7.8
BOT's special funds	284.4	1.9	316.3	2.0	376.2	2.0
Others	1,476.5	9.9	2,215.5	14.3	2,977.5	15.7
Domestic debt stock (without liquidity papers)	14,863.1	100.0	15,515.7	100.0	18,934.3	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania

Domestic debt, excluding overdraft, worth TZS 4,505.2 billion was due for payment during 2020/21. Of the amount, TZS 2,891.8 billion was principal repayment that was rolled over and the balance was interest payment.



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2.0 External Sector

The external sector continued to perform satisfactorily despite the challenges associated with the corona virus, partly on account of the diversified economic structure that moderated the effects. In 2020/21, the overall balance of payments improved to a surplus of USD 755 million from a surplus of USD 132.7 million in 2019/20, reflecting improvements in the financial flows following an increase in loans to the general government. The current account deficit widened to USD 1,410.4 million from a deficit of USD 1,127.0 million in 2019/20, largely due to decline in tourism receipts (**Table 2.1**). The current account deficit was equivalent to 2.1 percent of GDP in 2020/21, compared with 1.8 percent of GDP in 2019/20.

In the medium term, oil prices are projected to moderate as OPEC+ countries agreed to raise production. Gold prices are expected to remain above USD 1,800 per troy ounce. Further, global demand is expected to recover from unprecedented recession as countries relax lockdowns and travel restrictions coupled with rolling out of vaccines, all of which are expected to have a positive impact on tourism receipts. Prices of coffee, tobacco, tea and cotton are expected to be favourable. These developments are expected to improve the current account balance and stability of the shilling.

Table 2.1: Current Account

	Millions of USD				
	2016/17	2017/18	2018/19	2019/20 ^r	2020/21 ^p
Balance on goods account	-3,060.4	-3,284.4	-4,192.8	-2,566.7	-2,129.2
Exports	4,646.7	4,582.2	4,562.8	5,868.7	6,457.9
Traditional	937.8	1,018.8	507.9	995.9	578.4
Non Traditional	3,286.5	3,146.9	3,640.1	4,574.9	5,567.8
o/w Gold	1,596.3	1,477.2	1,754.1	2,591.3	3,028.8
Unrecorded trade	422.4	416.6	414.8	297.9	311.7
Imports f.o.b.	-7,707.2	-7,866.7	-8,755.7	-8,435.4	-8,587.0
Balance on services account	1,775.3	1,862.2	2,344.4	1,870.4	1,108.0
Receipts	3,769.2	3,941.8	4,093.5	3,478.7	2,390.4
Payments	-1,994.0	-2,079.6	-1,749.1	-1,608.3	-1,282.4
Balance on goods and services	-1,285.2	-1,422.2	-1,848.4	-696.3	-1,021.2
Exports of goods and services	8,416.0	8,524.0	8,656.3	9,347.4	8,848.3
Imports of goods and services	-9,701.1	-9,946.2	-10,504.7	-10,043.7	-9,869.4
Balance on primary income account	-907.4	-803.1	-788.9	-895.1	-840.6
Receipts	105.6	138.6	187.7	194.4	59.7
Payments	-1,013.0	-941.6	-976.6	-1,089.5	-900.3
o/w interest by the Government	-309.9	-320.9	-337.1	-392.2	-316.1
Balance on secondary income account	456.7	434.4	376.3	464.4	451.3
Receipts	520.4	521.1	435.6	518.0	504.9
o/w official inflows	157.9	155.3	68.2	203.0	75.3
Payments	-63.7	-86.6	-59.3	-53.6	-53.6
Current account balance	-1,735.8	-1,790.8	-2,261.0	-1,127.0	-1,410.4

Source: Tanzania Revenue Authority, Bank of Tanzania, banks and Bank of Tanzania computations

Note: ^r denotes revised data; ^p, provisional data; f.o.b., free on board; and o/w, of which

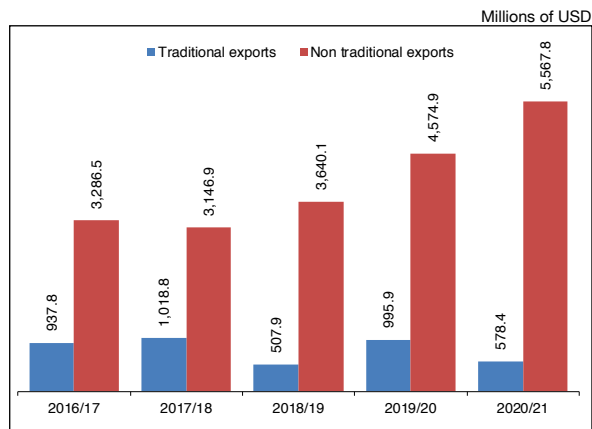
Trade

The deficit on the goods account narrowed to USD 2,129.2 million in 2020/21 from USD 2,566.7 million a year earlier due to a higher increase in goods exports relative to imports. The value of goods exports grew by 10.0 percent to USD 6,457.9 million, owing to an increase in the value of non-traditional goods exports (**Chart 2.1** and **Chart 2.2**). Non-traditional exports increased by 21.7 percent to USD 5,567.8 million largely driven by gold, manufactured goods, horticultural products and other exports. The value of gold export recorded an annual growth of 16.9 percent to USD 3,028.8 million in 2020/21, mainly on account of an increase in price in the global market and the government's initiatives to improve the management of mineral resources. During the period, other exports surged by 72.8 percent to USD 665.5 million, emanating from the significant increase in exports of rice and beans to the neighbouring countries. Conversely, all traditional goods exports recorded a decline, save for coffee and sisal.



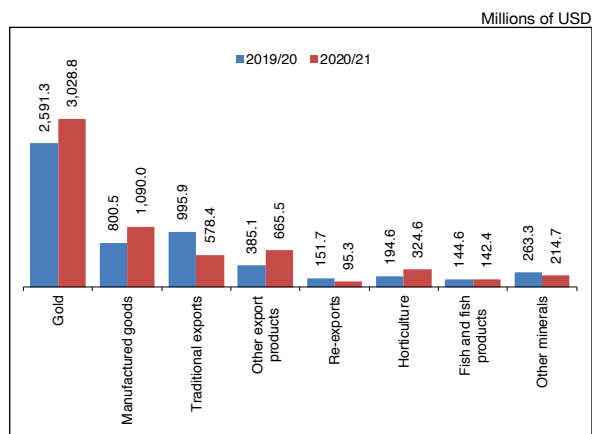
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Chart 2.1: Export Performance



Source: Tanzania Revenue Authority, and Bank of Tanzania computations

Chart 2.2: Composition of Goods Exports by Category

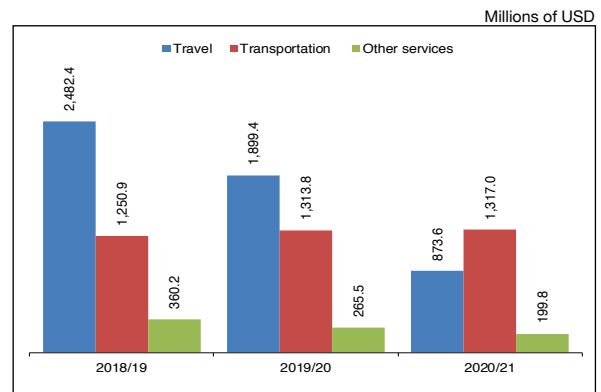


Source: Tanzania Revenue Authority, and Bank of Tanzania computations

Note: 'Other export products' include rice, maize, wheat, beans, wood and wood products, cocoa, plants and hide and skin while 'other minerals' comprise Tanzanite, concentrates, and minerals other than concentrates.

Services exports registered a dismal performance, with receipts declining by 31.2 percent to USD 2,390.4 million for the year ending June 2021. Travel receipts, which accounted for 36.5 percent of total services receipts, declined by 54 percent to USD 873.6 million, as countries adopted lockdown measures to limit the spread of COVID-19 pandemic (**Chart 2.3**). The number of international arrivals declined to 638,389 from 1,230,455 in the year to June 2020.

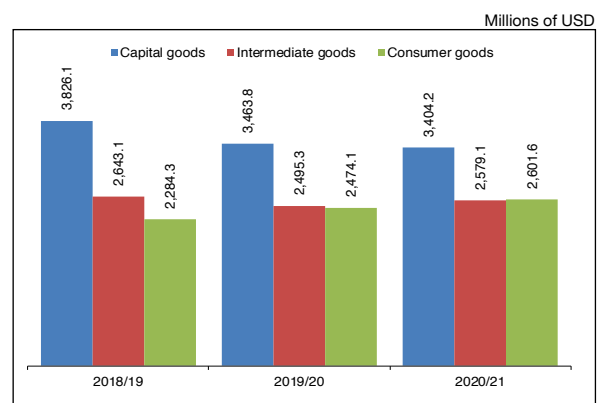
Chart 2.3: Services Receipts



Source: Banks, and Bank of Tanzania computations

The value of goods imports rose to USD 8,587 million in 2020/21 from USD 8,435.4 million in 2019/20, emanating from industrial raw materials and other consumer goods (**Chart 2.4**). Oil imports which constituted 18.4 percent of all goods imports, marginally increased by 1.3 percent to USD 1,576.7 million mostly on account of volume effects. Given the recent increase in demand in the world, it is projected that oil prices could surpass the pre-pandemic levels, which could have adverse effects on the balance of payments position.

Chart 2.4: Composition of Goods Imports



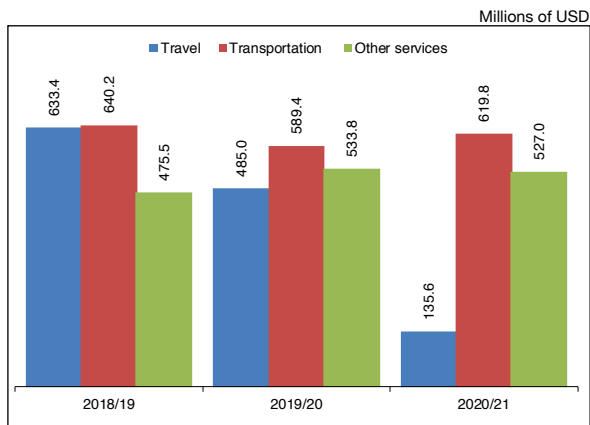
Source: Tanzania Revenue Authority, and Bank of Tanzania computations

Services payments amounted to USD 1,282.7 million in 2020/21, lower than USD 1,608.3 million recorded in 2019/20, largely attributed to lower travel payments arising from containment measures to limit the spread of COVID-19 (**Chart 2.5**).



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Chart 2.5: Services Payments



Source: Banks, and Bank of Tanzania computations

Net Income and Capital Transfers

Primary income deficit narrowed to USD 840.6 million in 2020/21 from USD 895.1 million recorded in the corresponding period in 2020, explained by both lower receipts and payments abroad. Conversely, secondary income account registered a surplus of USD 451.3 million in 2020/21, lower than a surplus of USD 464.4 million in 2019/20, owing to relatively low inflows to the private sector. The capital account recorded a surplus of USD 397.9 million in 2020/21, slightly higher than USD 361.9 million in 2019/20 associated with an increase in project grants.

Financial Account

The financial account recorded net balance of USD 1,675.5 million in 2020/21 compared with USD 2,087.2 million in 2019/20. Foreign direct investment inflows were estimated at USD 803.4 million, lower than USD 951.1 million in 2019/20, reflecting spillover effects of COVID-19. Other investments amounted to USD 866.5 million compared with USD 1,139.3 million, owing to increase in debt related liabilities.

Direction of Trade

Tanzania's export trade remains concentrated in a few countries. About 83 percent of her exports were destined to the top 15 countries in 2020. South Africa, the United Arab Emirates,

Switzerland and India were the main destinations, altogether accounting for about 55 percent (**Table 2.2a**). For the imports, the top 15 source markets accounted for about 77 percent with China, India and the United Arab Emirates being the main sources of imports, accounting for 47.8 percent (**Table 2.2b**).

Table 2.2a: Share of Tanzania's Exports, Top 15 Countries

Country	2016	2017	2018	2019	2020
South Africa	14.6	17.2	19.2	19.4	19.1
India	17.2	24.5	19.1	17.4	8.7
United Arab Emirates	1.9	2.5	2.3	7.9	12.4
Switzerland	14.1	6.4	6.9	6.5	14.3
Vietnam	3.4	7.7	1.8	6.2	3.8
Kenya	4.4	4.7	5.6	5.4	3.8
China	8.2	3.5	3.8	4.7	3.9
Rwanda	1.5	1.7	1.9	3.8	3.4
Belgium	6.5	4.8	6.2	3.7	2.1
Democratic Republic of Congo	3.3	2.8	4.3	3.3	2.4
Uganda	0.6	0.9	2.7	2.5	3.2
Burundi	1.2	1.3	1.2	1.8	3.0
Netherlands	1.5	1.9	2.0	1.6	1.1
Japan	3.2	1.8	1.7	1.3	0.9
Malawi	0.9	1.1	1.6	1.1	0.8

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Table 2.2b: Share of Tanzania's Imports, Top 15 Countries

Country	2016	2017	2018	2019	2020
China	21.6	19.3	20.7	22.0	25.3
India	14.3	15.0	14.3	13.9	12.8
United Arab Emirates	7.8	7.6	10.2	10.5	9.7
Japan	4.9	5.3	4.7	5.4	4.4
South Africa	6.2	5.3	5.1	4.9	4.1
Saudi Arabia	2.9	6.0	6.7	4.7	4.0
United States	3.3	2.6	2.8	3.5	2.8
Kenya	3.5	2.6	2.9	2.9	2.9
Germany	2.5	3.0	2.6	2.5	2.8
Indonesia	0.9	1.8	1.6	1.9	1.5
Turkey	0.9	1.0	2.0	1.8	2.6
Switzerland	1.7	2.6	1.5	1.8	1.2
Australia	0.8	0.8	0.7	1.7	0.6
Oman	0.2	0.2	0.6	1.7	1.1
United Kingdom	2.0	1.7	1.9	1.5	1.4

Source: Tanzania Revenue Authority and Bank of Tanzania computations

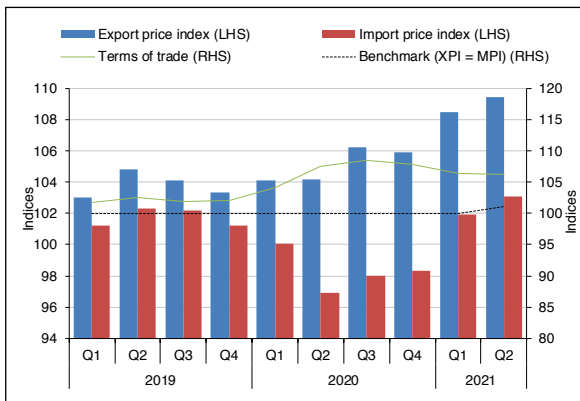


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Terms of Trade

During the year ending June 2021, Tanzania terms of trade remained favourable with an average index above the benchmark of 100 (**Chart 2.6**). This implies that every unit value of good exports could buy more unit value of imported goods, inferring an increase in purchasing power and the country's competitiveness.

Chart 2.6: Developments in Terms of Trade



Source: National Bureau of Statistics and Bank of Tanzania computations
Note: LHS denotes left hand scale; and RHS, right hand scale

World Commodity Prices

The world market prices of selected commodities increased in 2020/21 when compared with the preceding year, except those of tea (Mombasa auction) and sisal (**Table 2.3**). Higher prices for most of commodities were attributed to supply-chain bottlenecks and strong consumer demand following economic recovery from the effects of COVID-19. Prices of crude oil ticked up owing to recovering demand from advanced economies along with tight global supplies. Similarly, the price of gold rose on account of low yields and interest rates in financial markets, prompting investors' preference for gold. As for Arabica coffee, price increase was occasioned by concerns on supply disruption due to unfavourable weather in some producing countries. Meanwhile, the decline in the price of tea (Mombasa auction) was due to oversupply.

Table 2.3: World Commodity Prices

Commodity	Unit measure	2018/19	2019/20	2020/21	Percentage change
Robusta coffee	USD per kg	1.73	1.52	1.62	6.71
Arabica coffee	USD per kg	2.81	3.10	3.64	17.28
Tea (average price)	USD per kg	2.63	2.52	2.79	10.63
Tea (Mombasa auction)	USD per kg	2.31	2.14	1.95	-8.72
Cotton, "A Index"	USD per kg	1.90	1.58	1.82	15.16
Sisal (UG)	USD per kg	1.71	1.70	1.68	-1.32
Cloves	USD per kg	7.50	5.83	6.41	9.95
Crude oil*	USD per barrel	68.61	51.62	54.11	4.82
Crude oil**	USD per barrel	67.80	51.16	53.07	3.72
White products	USD per tonnes	620.05	477.76	472.61	-1.08
Gold	USD per ozt	1,263.80	1,562.47	1,850.03	18.40

Source: <http://www.worldbank.org/Prospects/commodities>, *World Bank Public Ledger, Bloomberg*

Note: *denotes U.K Brent; ** f.o.b Dubai; ozt, troy ounce; and UG, undergrade

According to the World Bank Commodity Price Forecast of April 2021, oil prices are projected to increase to an average price of USD 56 per barrel in 2021 from USD 41.3 per barrel in 2020, and later increase to USD 60 per barrel in 2022. The forecast is based on an anticipated global recovery of economies from the adverse impacts of the COVID-19. However, this projection may not be realized as new variants of the virus emerge. The World Bank also projects the price of gold to drop to an average of USD 1,700 per troy ounce in 2021 from USD 1,770 per troy ounce in 2020. The price of gold is projected to drop further to USD 1,600 per troy ounce in 2022. This development is based on the expectation of improved yields and interest rates in financial markets in the near term.

Prices of most agricultural commodities are projected to rise in 2021 owing to growing demand and limited supply. The average price of tea, however, is projected to decrease to USD 2.5 per kg in 2021 and slightly rise to USD 2.6 per kg in 2022 (**Table 2.4**).



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**Table 2.4: Outlook for World Market
Commodity Prices**

Commodity	Unit measure	Actual			Projections	
		2018	2019	2020	2021	2022
Crude oil average	USD per barrel	68.35	61.41	41.26	56.00	60.00
Gold	USD per ozt	1,269.23	1,392.50	1,770.25	1,700.00	1,600.00
Robusta coffee	USD per kg	1.87	1.62	1.52	1.60	1.63
Arabica coffee	USD per kg	2.93	2.88	3.32	3.50	3.55
Cotton, "A Index"	USD per kg	2.01	1.72	1.59	1.95	1.97
Tea ^a	USD per kg	2.85	2.57	2.70	2.50	2.55
Tobacco	USD per kg	4.86	4.58	4.33	4.35	4.37
Maize	USD per tonne	164.41	170.07	165.47	210.00	212.00
Rice	USD per tonne	420.67	418.00	496.75	510.00	512.00
Wheat	USD per tonne	209.93	201.69	212.01	230.00	233.00
Sugar	USD per tonne	275.61	280.02	283.13	340.00	350.00

Source: World Bank, *Commodity Price Forecast*, April 2021

Note: 'a' denotes average price; and ozt, troy ounce



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3.0 Financial Sector

The Bank continued to execute its role of licensing, regulating and supervising banks and financial institutions, including financial leasing companies, credit reference bureaux, mortgage finance institutions, bureaux de change and microfinance service providers. In addition, the Bank regulated and supervised representative offices of foreign banks and financial matters of the social security schemes.

Banking Sector Performance

During 2020/21, the banking sector remained sound and stable with adequate capital, liquidity, profitability and improved asset quality. Banks' branch networks expanded to 989 from 960 in June 2020, while the number of supervised institutions remained at 59. The supervised institutions comprised 46 banking institutions of which 34 were commercial banks, five microfinance banks, five community banks and two development banks. Non-deposit taking financial institutions were 13 comprising three bureaux de change, four financial leasing companies, one mortgage-refinance company, one housing finance company, two credit reference bureaux and two representative offices of foreign banks.

Table 3.1: Licensed Banks

Type of bank	Number	Ownership Structure		Stock exchange listing	
		Domestic	Foreign	Listed	Not listed
Commercial banks	34	10	24	4	30
Community banks	5	5	0	1	4
Microfinance banks	5	3	2	1	4
Development finance banks	2	2	0	0	2
Total	46	20	26	6	40

Source: Bank of Tanzania

Table 3.2: Licensed Non-Banks Financial Institutions

Type of non-bank	Number	Ownership Structure		Stock exchange listing	
		Domestic	Foreign	Listed	Not listed
Financial leasing	4	1	3	0	4
Mortgage financing	2	2	0	0	2
Credit reference bureau	2	0	2	0	2
Representative offices	2	0	2	0	2
Bureau de change	3	3	0	0	3
Total	13	6	7	0	13

Source: Bank of Tanzania

The sector performed satisfactorily, with all regulatory financial soundness indicators meeting the requirements. The ratios of core capital and total capital to total risk-weighted assets and off-balance sheet exposures, were 17.13 percent and 17.9 percent, respectively, in June 2021 compared with 16.9 percent and 17.9 percent in June 2020. The ratios were above the minimum regulatory requirement of 10 percent and 12 percent, respectively. The liquidity level was also above the minimum regulatory requirement of 20 percent. The ratio of liquid assets to demand liabilities was 33.3 percent compared with 33.4 percent implying sustained ability of banks to meet maturing obligations. Assets grew by 6.6 percent to TZS 36,481.1 billion at the end of June 2021, mainly driven by deposits, which increased by 6.5 percent to TZS 26,535.6 billion. The observed increase in deposits was largely due to mobilization efforts by banks through agent banking and digital platforms. Loans, advances and overdrafts continued to constitute a significant share of assets, at 55.8 percent.

Asset quality improved as reflected by the decrease in the ratio of non-performing loans (NPLs) to gross loans to 9.3 percent in June 2021 compared with 10.8 percent reported in the corresponding period in 2020 and the acceptable level of 5 percent. In containing NPLs to the desired level, the Bank continues to take actions to ensure that banks and financial institutions strengthen their credit risk management practices and implement remedial measures. These include improvement of the credit underwriting process, use of credit reference system to reduce exposures to credit risk, and enhancement of loan recovery efforts.



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Financial Deepening

The Bank in collaboration with the Government continued to address structural weaknesses and other impediments to financial services access by the majority of adult population, including regulatory measures and implementation of accommodative monetary policy. These are expected to provide an environment to lower the cost of funds and lending rates, which will contribute to boosting the growth of credit to the private sector. During 2020/21, the ratio of money supply (M3) to GDP, which is the measure of financial deepening increased to 22.4 percent from 20.1 percent in the preceding year. The ratio of banks credit to the private sector to GDP increased, though slightly, to 13.9 percent from 13.4 percent.

Financial Inclusion

The country continued to implement the Second National Financial Inclusion Framework (NFIF 2018-2022), to ensure broader access to and usage of financial services. The NFIF 2018-2022 targets to increase the percent of adult Tanzanians using formal financial services to 75 percent by 2022 from 65 percent in 2017. This target will be achieved through the implementation of policies, regulations and solutions that are supportive to innovation and provision of financial services that are responsive to the needs of the enterprises, individuals and households.

During 2020/21, the Bank in collaboration with other stakeholders implemented various initiatives to advance and accelerate financial inclusion in the country with a greater focus on women, youth and small and medium enterprises. One of the initiatives was the establishment of the Women Affairs Committee for Financial Inclusion (WACFI) on 21st April 2021. WACFI oversees and coordinates the implementation of initiatives and program targeting women by collaborating and cooperating with relevant stakeholders both in Tanzania Mainland and Zanzibar. The aim is to

bridge the access and usage gender gap, while increasing women financial inclusion.

Another initiative was the development of Tanzania Instant Payment System (TIPS) Phase I, which was completed in July 2021 comprising two broad use cases; Person to Person (P2P) and Person to Merchant (P2M). TIPS aims at easing interoperability of systems, hence decrease transaction cost and encourage financial inclusion.

The Bank in collaboration with other stakeholders conducted mass registration of financial access points into the Financial Service Registry (FSR). The FSR will facilitate gauging of the potential areas that are attractive for policy makers, regulators and investors. Also, FSR will promote financial inclusion by allowing consumers of financial services to locate access points/services that can be easily reached and make informed decisions.

Credit Reference Operations

The Bank continued to sensitize stakeholders on the importance of submitting data to the Credit Reference Bureau and use credit reports during the lending process. During the period under review, the number of non-regulated institutions that shared credit information through credit reference bureaus increased to 103 from 99 in the preceding year. The number of credit enquiries also increased by 10 percent to 2,031,945 in 2020/21.

Bureau De Change Operations

Bureau de change services were smoothly provided by banks and bureau de change companies. As at the end of June 2021, there were 34 commercial banks with 901 branches across the country and three bureaux de change with 40 branches, which provided bureau de change services to the public. During the period, the Bank received three new license applications



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for bureaux de change services, which implies an increase in the private sector's interest in investing in this business under the new regulatory environment.

In 2020/21, total purchases and sales of foreign currencies were equivalent to USD 5,846.6 million and USD 7,206.2 million, respectively.

Agent Banking Operations

Agent banking business sustained growth in terms of the number of agents as well as volume and value of transactions. The number of banks approved to engage in agent banking decreased to 23 as at the end of June 2021, from 24 in the preceding year, and agents increased to 45,532 from 35,513. This has facilitated deposits mobilization and increased the proportion of the bankable population. As depicted in **Table 3.3**, volume and value of transactions through agent banking rose during the review period.

Table 3.3: Agent Banking Transactions

Nature of Transactions	Units	2019/20	2020/21	Percentage change
Cash deposit	Number	31,015,883.0	41,365,815.0	33.4
	Value in million of TZS	20,887,730.8	28,626,505.9	37.1
Cash withdraws	Number	20,777,698.0	25,974,187.0	25.0
	Value in million of TZS	7,175,580.4	9,738,246.3	35.7

Source: Bank of Tanzania

Social Security Schemes

The Social Security Act, 2019 mandates the Bank of Tanzania to regulate and supervise financial matters of social security schemes. As of 30th June 2021, there were four mandatory social security schemes namely, Public Sector Social Security Fund (PSSSF), National Social Security Fund (NSSF), National Health Insurance Fund (NHIF) and Workers Compensation Fund (WCF). PSSSF and NSSF serve members from the public and private sectors, respectively.

Further, there were 25 supplementary schemes of which three schemes were operating independently, nine were administered by

insurance companies and the remaining 13 were embedded in the mandatory social security schemes. Ten out of 25 supplementary schemes had been registered.

During the period under review, the performance of the social security sector was satisfactory as depicted by an increase in total assets. Total assets rose by 6.9 percent to TZS 13,449.6 billion from TZS 12,582.4 billion at the end of June 2020. The increase was largely driven by surplus generated during the year, which comprise positive net contribution margin and investment income.

Non-deposit Taking Microfinance Service Providers

The Bank continued to receive and process applications for licenses from non-deposit taking microfinance service providers. During the period under review, the Bank received a total of 987 applications, out of which 507 were granted microfinance business licenses, while the remaining 480 applications were in different stages of evaluation.

Under the delegated authority, Tanzania Cooperative Development Commission (TCDC) granted license to 369 SACCOS out of 1,047 applications that were received during the review period. Further, the Bank in collaboration with President's Office, Regional Administration and Local Governments developed a system for online registration of Community Microfinance Groups (CMGs). The system assists the local government authorities in processing applications for the registration of CMGs. A total of 11,954 applications were received and processed, of which 9,366 were issued with registration certificates.

Also, the Bank continued to build capacity of delegated authorities (LGAs and TCDC) for effective discharge of the mandated functions.



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Also, training was provided to staff of local government authorities, cooperative officers, SACCOS, and tier 2 microfinance service providers. To sensitize the public on the provisions of microfinance law, the Bank conducted awareness sessions through the media.

Financial Stability Review

The financial sector remained stable and resilient to short-term internal and external shocks, mainly on account of a stable macroeconomic and financial landscape. The financial system stability index was negative 0.4 in 2020/21, compared with negative 0.6 in the previous year and was within the standard limit of +/-3. The stability was partly attributed to an increase in capital adequacy ratio to 17.1 percent from 16.8 percent, and increase in return on assets to 2.4 percent from 1.6 percent.

Further, risks emanating from household, real estate and non-financial corporates remained subdued, thus sustaining the stability of the financial system. However, the financial system remained vulnerable to potential risks from high vacancy rates in commercial real estate and decline in debt servicing capacity for households. Regulatory authorities under the umbrella of the Tanzania Financial Stability Forum held regular engagements with a view to enhancing the resilience of the financial sector to potential systemic risks.



4.0 Payment Systems

4.1 National Payment Systems

In 2020/21, the payments, clearing and settlement systems operated smoothly with increased use of digital financial services. The Bank issued licenses to five non-bank institutions, namely E-Wallet Africa Limited, Cellulant Tanzania Limited, Beyonic Limited, Wakandi Tanzania LTD and Fasthub Solutions Limited to provide payment system services, bringing the number to 22. Meanwhile, banks licensed as payment systems providers were 43, as was at the end of June 2020.

The number of active accounts in mobile money system reached 31.5 million at the end of June 2021 from 27.2 million in the corresponding period in 2020. The number of mobile money agents increased by 22.9 percent to 767,117. The interoperability of systems of mobile financial service providers contributed to the growth of mobile money transactions, which increased by 29.9 percent in volume and 34.6 percent in value compared with 2019/20. To increase usage of electronic payments, the Bank is working with stakeholders to facilitate interoperability at the level of all digital financial service providers.

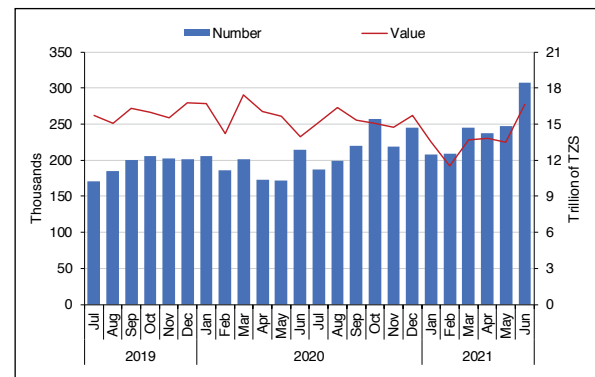
The development of the Tanzania Instant Payment System (TIPS), a national retail switch that will facilitate interoperability of payment service providers, was completed during the review period and the next stage will be piloting the system with financial service providers.

Further, operationalization of the Financial Service Registry (FSR) System for mapping financial services access points across the country is progressing, the mass registration countrywide started in August and was completed in October 2020 with coverage of 98 percent of all wards and registration of more than 92,000 financial access points. The Bank continues to engage with FSR

participants to validate the data, populate the database and register new access points under their jurisdiction to ensure the FSR is up to date.

The Tanzania Interbank Settlement System (TISS) was upgraded to use more robust technology and went live in November 2020. The System operated smoothly with volume of interbank transactions increasing to 2,779,973 from 2,317,774 in the preceding year. The value of transactions was TZS 175.1 trillion compared with TZS 189.4 trillion in 2019/20. There were 55 TISS participants, which include 45 banks, 4 East Africa central banks (Bank of Tanzania, Central Bank of Kenya, Bank of Uganda and National Bank of Rwanda) and 6 non-banks participants (i.e. Dar es Salaam Stock Exchange, MasterCard Worldwide, UMOJA SWITCH, VISA International, Tanzania Automated Clearing House and the Tanzania Revenue Authority).

Chart 4.1: TISS Transactions



Source: Bank of Tanzania

The number of Tanzania Automated Clearing House (TACH) participants decreased to 43 from 44 in 2019/20 after UBL Bank (Tanzania) Limited closed its operations. The volume and value of electronic funds transactions through TACH increased by 6.5 percent and 11.1 percent to 15,046,407 and TZS 10,046.1 billion, respectively. TACH facilitates government, bulk and low-value interbank payments.



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4.2 Regional Payment Systems

The East African Payment System (EAPS), a bank-to-bank funds transfer (payment) platform within the East African Community countries in local currencies, continued to perform satisfactorily. The volume of transactions denominated in Tanzanian shilling, incoming and outgoing, increased by 51.1 percent to 4,455, while value decreased by 37.5 percent to 105.3 billion over the year. The volume and value of Kenyan shilling (KES) denominated transactions increased by 60.5 percent and 46.1 percent to 4,525 and KES 10 billion, respectively. Transactions denominated in Ugandan shilling (UGX) amounted to 510, valued at UGX 20.0 billion, an increase in volume and value by 25 percent and 54.9 percent respectively. The value of incoming and outgoing transactions between Tanzania and Rwanda increased to Rwanda Franc (RWF) 18.0 million from RWF 2.9 million. There were no transactions with other EAC members (i.e. Burundi and South Sudan) as they have not yet joined EAPS. Out of 45 Tanzania banks registered in EAPS, 43 were active participants.

The SADC Integrated Regional Electronic Settlement System (SADC-RTGS), a payment and settlement system that facilitates funds transfer for cross-border payment in the SADC region, processed 351,956 transactions in 2020/21 valued at South African Rand (ZAR) 1,290.8 billion. This was an annual increase of 0.5 percent in volume and 3.5 percent in value. Tanzania outgoing and incoming SADC-RTGS transactions were 3,890 valued at ZAR 2,999.8 million, an increase in volume and value by 1.4 percent and 203 percent, respectively. During 2020/21, the system was operational in all SADC member states, except Madagascar and the Comoros. The number of participating banks was 83, including seven central banks.

Banks that participated in SADC-RTGS in Tanzania were seven⁶. The Bank continued to ensure that Payment Clearing and Settlement Systems' operations are safe and efficient.

⁶ The banks are Stanbic Bank (Tanzania) Limited, National Bank of Commerce Limited, Standard Chartered Bank (Tanzania) Limited, Absa Bank (Tanzania) Limited, Ecobank (Tanzania) Limited, First National Bank (Tanzania) Limited and Equity Bank (Tanzania) Limited.



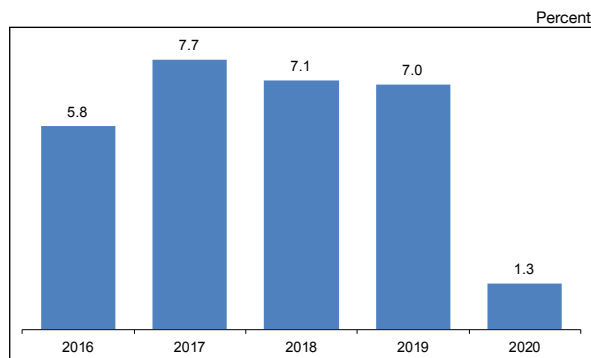
5.0 Zanzibar Economic Performance

During 2020/21, the Revolutionary Government of Zanzibar started the implementation of economic policies based on Zanzibar Development Vision 2050, which is geared towards propelling Zanzibar’s economy towards upper-middle income group. The Vision 2050 recognizes the role of the blue economy to support inclusive and sustainable economic growth through better management of the sea and related resources.

5.1 Output

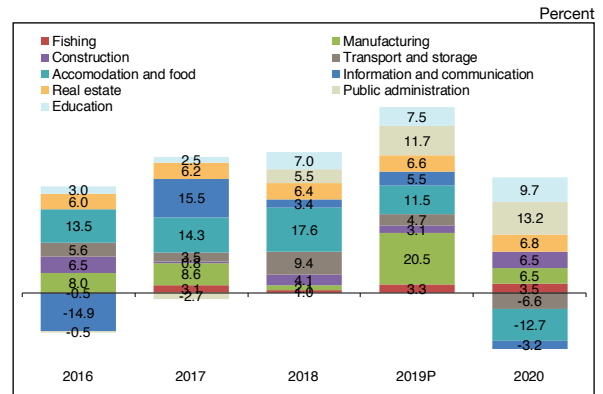
The economy grew by 1.3 percent in 2020, compared to 7 percent registered in the preceding year and five-year growth average of 6.8 percent (Chart 5.1, Chart 5.2a and Chart 5.2b). The slow growth largely reflects the impact of the COVID-19 pandemic on economic activities, particularly those directly linked to tourism. With the resumption of activities in the hospitality industry and diversification of the economy through better utilization of maritime and marine resources (blue economy), the economy is expected to recover in 2021.

Chart 5.1: Real GDP Growth Rate



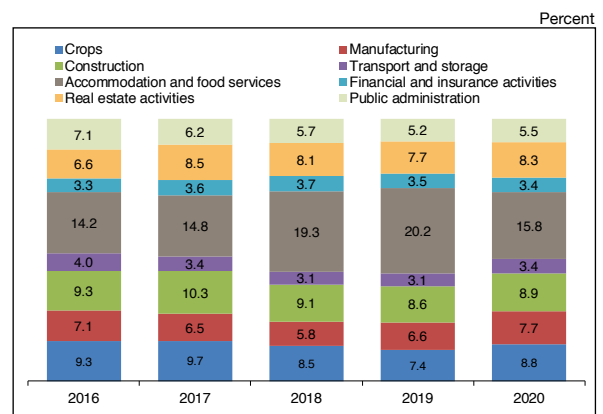
Source: Office of the Chief Government Statistician

Chart 5.2a: Contribution to Real GDP Growth by Selected Economic Activities



Source: Office of the Chief Government Statistician

Chart 5.2b: Real GDP Growth by Selected Economic Activities



Source: Office of the Chief Government Statistician

GDP in nominal terms amounted to TZS 4,208.9 billion from TZS 4,132 billion in 2019, where the services industry was dominant, accounting for 48.9 percent, followed by agriculture and industry at 22.8 percent and 19.6 percent, respectively⁷.

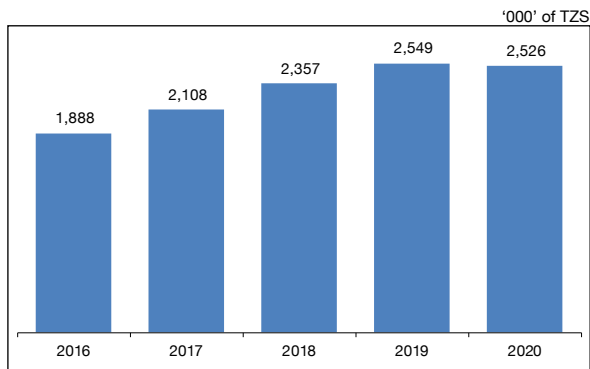
GDP per capita remained broadly unchanged at TZS 2.5 million in 2020 as it was in 2019 (Chart 5.3).

⁷ According to International Standard Industrial classification (ISIC), industry comprises mining and quarrying, manufacturing, electricity and gas, water supply and sewerage, and construction.



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Chart 5.3: Nominal GDP per Capita



Source: Office of the Chief Government Statistician

Performance of Economic Activities

Services

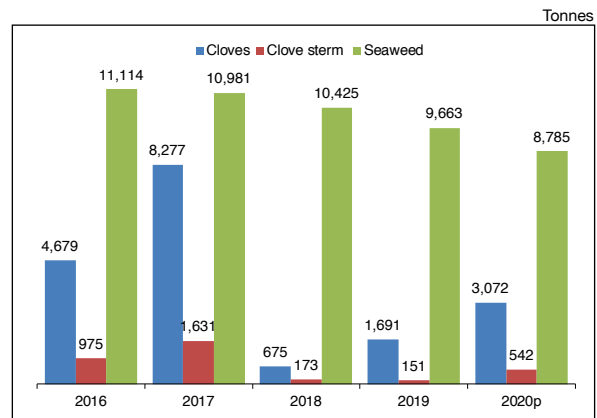
In 2020, services activity contracted by 1 percent compared with the growth of 8.7 percent in 2019, largely attributed to the impact of the pandemic, particularly on accommodation and food services, transport and storage, and trade and repairs.

Agriculture, Forestry and Fishing

Agriculture, forestry and fishing activity grew by 3.3 percent in 2020 up from 2.6 percent in 2019, driven by livestock and fishing, which all together contributed about 94 percent of the output in this activity.

Procurement of cloves increased to 3,072 tonnes from 1,691 tonnes in 2019, due to improved production owing to the cyclical nature of the crop (**Chart 5.4**). Efforts to improve cloves production are ongoing, which include the supply of seedlings and soft loans to farmers – the initiative undertaken by the Revolutionary Government of Zanzibar through the Zanzibar State Trading Corporation in close collaboration with Zanzibar Ministry of Agriculture. Meanwhile, seaweeds procurement declined slightly to 8,784 tonnes from 9,663 tonnes.

Chart 5.4: Procurement of Major Export Crops



Source: Office of the Chief Government Statistician
Note: p denotes provisional data

Industry

Industry activity expanded by 5.2 percent in 2020, compared to 10.6 percent in 2019, driven by manufacturing and construction sub-activities. The decline was largely on account of a decrease in the production of both food and non-food products including sugar, door UPVC and garments dash-dash (**Table 5.1**).

Table 5.1: Production of Selected Manufactured Products

Commodity	Units	2016	2017	2018	2019	2020 ^p	Percentage change (2019 to 2020)
Beverages*	*000' Liters	19,811.0	21,699.0	20,166.0	22,031.0	22,291.0	1.2
	Mill. of TZS	7,232.2	7,921.6	7,362.0	8,043.0	8,204.0	2.0
Bread	*000' pcs	174,350.0	194,893.0	209,439.0	231,540.0	237,918.0	2.8
	Mill. of TZS	20,852.9	23,192.2	24,923.2	34,731.0	35,688.0	2.8
Wheat flour	Tonnes	23,834.0	25,196.0	26,963.0	30,230.0	35,513.0	17.5
	Mill. of TZS	23,085.2	23,939.3	24,711.8	29,156.0	33,717.0	15.6
Diary products	*000' Liters	10,475.5	8,174.3	7,709.3	7,874.0	8,041.0	2.1
	Mill. of TZS	13,061.3	7,751.0	8,702.2	8,888.0	9,077.0	2.1
Noodles	Kgs	181,872.0	247,350.0	295,701.0	373,053.0	387,414.0	3.8
	Mill. of TZS	327.4	455.2	532.3	728.0	774.0	6.3
Door UPVC	Pcs	93.0	121.0	239.0	222.0	40.5	-81.8
	Mill. of TZS	13.3	17.4	33.9	31.0	11.0	-64.5
Window UPVC	Pcs	149.0	71.0	121.0	111.0	150.0	35.1
	Mill. of TZS	17.7	13.3	21.7	21.0	17.0	-19.0
Sugar	Tonnes	4,814.0	677.0	3,339.0	6,467.0	0.0	---
	Mill. of TZS	6,258.2	1,211.2	5,969.5	10,994.0	0.0	---
Garments dash dash	Pcs	3,674.0	3,119.0	2,973.0	2,971.0	1,392.0	-53.1
	Mill. of TZS	110.8	104.6	103.6	91.0	29.0	-68.1
Jewellery (gold/silver)	Gms	5,915.0	5,060.0	5,684.0	5,282.0	8,315.0	57.4
	Mill. of TZS	15.1	12.3	12.1	18.0	39.0	116.7
Essential oil products	Liters	0.0	227,088.0	224,045.0	230,318.0	234,924.0	2.0
	*000' TZS	0.0	811,832.0	800,955.0	850.0	955.0	12.4

Source: Office of the Chief Government Statistician
Note: * includes mineral water, soft drinks and juice;
p, denotes provisional data, and --- change that exceeds 100 percent

5.2 Inflation

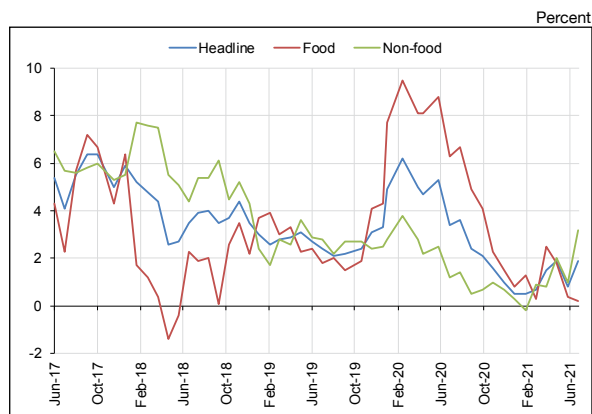
Low inflation was sustained in 2020/21, mostly driven by adequate food supply, stability of



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exchange rate, moderate oil prices in the world market, and prudent monetary and fiscal policies. Headline inflation averaged 1.5 percent in 2020/21 compared with 3.8 percent in the preceding year. The rate was below the country's medium-term target of 5 percent. Food inflation eased to an average of 2.2 percent, from 5.3 percent in 2019/20 due to a decrease in prices of major food items including rice and maize flour. Non-food inflation eased to 1 percent from 2.6 percent, with the outturn attributed to the decline of cement and fuel prices (Chart 5.5). In 2020/21, inflation is expected to remain low and within the national target of 5 percent premised on adequate food supply from domestic production and imports.

Chart 5.5: Inflation Developments



Source: Office of the Chief Government Statistician

5.3 Public Finance

Government Budgetary Operations

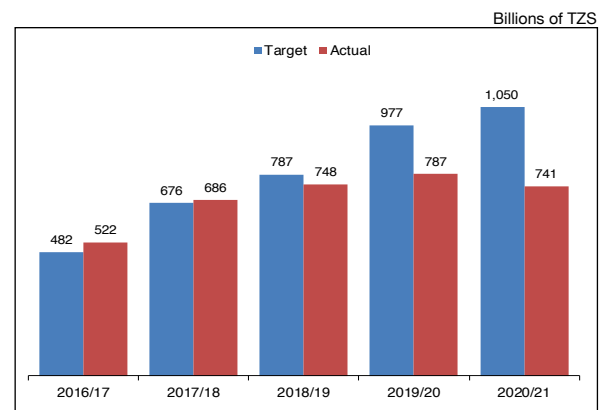
In 2020/21, revenue realized by the Government (revenue and grants) amounted to TZS 758.4 billion compared with TZS 821.6 billion in the preceding year. Out of the total revenue, domestic revenue was TZS 741 and the balance of TZS 17.4 billion was grants (Chart 5.6a).

Revenue collection was 29.4 percent below the target and accounted for 17.6 percent of GDP. Tax revenue collections amounted to TZS 647.3 billion, below the target by 27.3 percent. Non-tax revenue was TZS 93.7 billion, which is 58.5

percent of the target. Foreign grants were TZS 17.4 billion, representing 21.1 percent of the estimates. (Chart 5.6b).

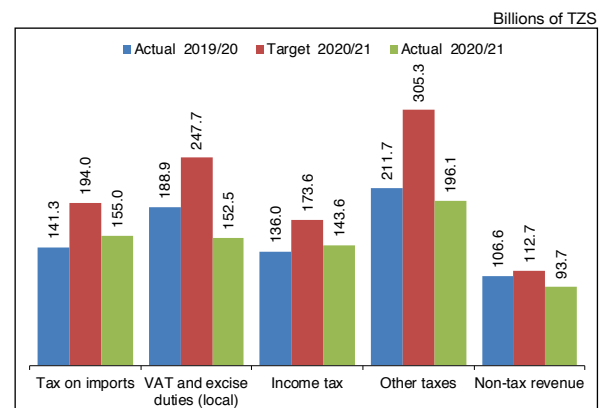
Revenue collection performance is expected to improve going forward occasioned by recovery of tourism-related activities and improvement in revenue administration, mostly at Zanzibar ports.

Chart 5.6a: Annual Revenue Performance



Source: President's Office, Ministry of Finance and Planning, Zanzibar

Chart 5.6b: Revenue by Source



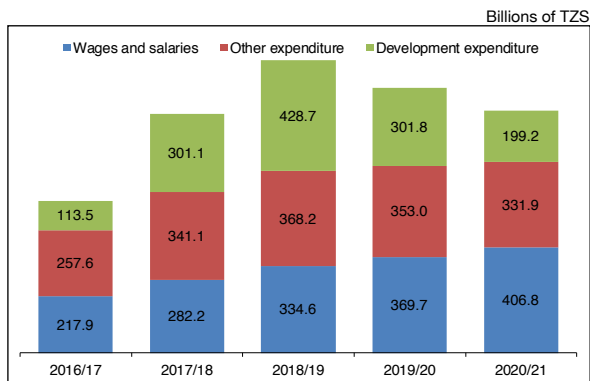
Source: President's Office, Ministry of Finance and Planning, Zanzibar

Government expenditure was TZS 937.8 billion, of which TZS 738.7 billion was recurrent expenditure and the balance was used to finance development projects (Chart 5.7). Overall deficit was TZS 169.3 billion, accounting for 4 percent of GDP. The deficit was financed through domestic and external borrowing.



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Chart 5.7: Expenditure Components

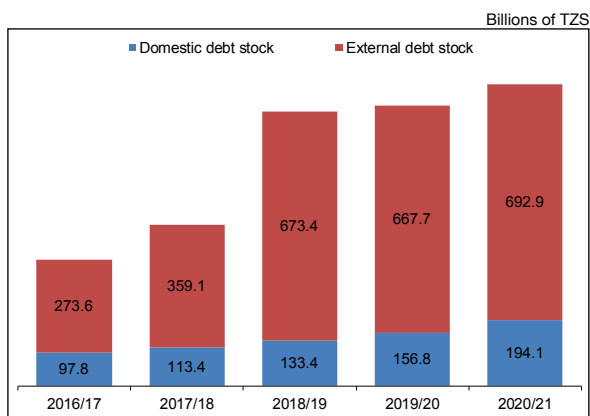


Source: President's Office, Ministry of Finance and Planning, Zanzibar

Debt Developments

Zanzibar total debt stock, domestic and foreign, increased to TZS 887 billion at the end of June 2021 from TZS 824.5 billion in similar period in 2020. The development was largely due to contracting of new loans, mostly domestic loans, and exchange rate depreciation. The debt stock was 21.1 percent of GDP compared with 20 percent in 2019/20. External debt was 78.1 percent of the debt stock (**Chart 5.8**).

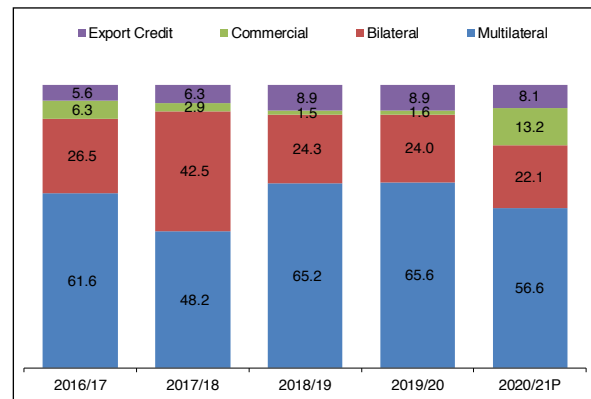
Chart 5.8: Zanzibar Debt Stock



Source: President's Office, Ministry of Finance and Planning, Zanzibar

External debt stock was USD 301.4 million, up from USD 290.8 million at the end of June 2020. About 95.9 percent of the debt stock was guaranteed by the Government of the United Republic of Tanzania. The external debt stock was dominated by multilateral and bilateral debts (**Chart 5.9**).

Chart 5.9: External Debt by Creditors, Percentage Share of Total



Source: President's Office, Ministry of Finance and Planning, Zanzibar
Note: p denotes provisional data

Domestic debt increased by 23.8 percent to TZS 194.1 billion at the end of June 2021 from TZS 156.8 billion in June 2020, largely associated with a new loan from Zanzibar Social Security Fund amounting to TZS 1.2 billion. The composition of domestic debt stock in terms of borrowing instruments was dominated by government securities, mainly Treasury bonds (**Table 5.2**).

Table 5.2: Domestic Debt by Borrowing Instrument

	Millions of TZS				
	2016/17	2017/18	2018/19	2019/20	2020/21
Zanzibar Social Security Fund	22,875.0	22,875.0	21,315.2	47,362.7	54,576.5
People's Bank of Zanzibar	10,760.5	6,287.8	3,902.8	1,290.6	0.0
Government securities	60,259.0	80,259.2	108,148.3	108,148.3	139,522.4
Zanzibar Port Company	3,287.9	3,287.9	0.0	0.0	0.0
Others	654.2	654.2	0.0	0.0	0.0
Total	97,836.6	113,364.0	133,366.3	156,801.6	194,098.9

Source: President's Office, Ministry of Finance and Planning, Zanzibar

5.4 External Sector Performance

In 2020/21, the current account recorded a deficit of USD 298.1 million compared to a deficit of USD 35.9 million in 2019/20, explained by the decrease in service receipts coupled with an increase in imports of goods (**Table 5.3**).



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Table 5.3: Current Account

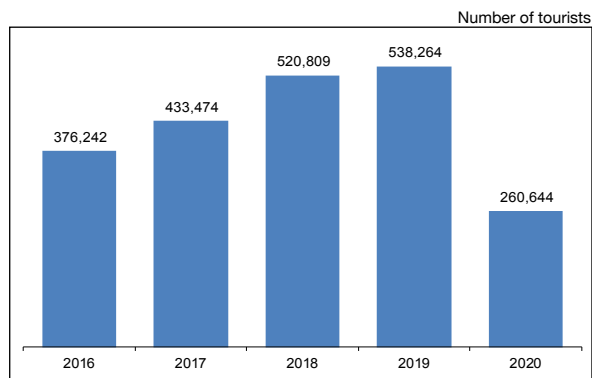
Item	Millions of USD				
	2016/17	2017/18	2018/19	2019/20	2020/21 ^p
Goods account	-95.4	-124.5	-218.1	-232.8	-319.8
Exports	24.0	73.4	11.1	29.8	25.3
Imports (f.o.b)	119.4	197.9	229.2	262.5	345.1
Services account	89.5	97.2	107.7	75.5	-28.7
Receipts	146.7	164.7	178.6	206.9	81.8
Payments	57.3	67.4	70.8	131.4	110.5
Goods and services	-5.9	-27.3	-110.4	-157.3	-350.3
Exports of goods and services	170.8	238.0	189.6	236.7	107.2
Imports of goods and services	176.7	265.3	300.0	393.9	457.5
Income account	7.7	9.1	11.5	15.5	5.1
Receipts	12.3	13.8	17.4	24.8	10.5
Payments	4.6	4.7	5.8	9.3	5.4
Current transfers	26.2	32.0	38.8	105.9	47.2
Inflows	27.2	34.1	47.6	126.1	55.5
Outflows	1.0	2.1	8.8	20.2	8.4
Current account balance	28.0	13.8	-60.1	-35.9	-298.1

Source: Tanzania Revenue Authority, Bank of Tanzania, banks and Bank of Tanzania computations

Note: p denotes provisional data

Exports of goods and services decreased to USD 107.2 million from USD 236.7 million in 2019/20, due to a decline in tourism receipts and earnings from cloves. Earnings from services, which include tourism and transport (air and sea) decreased by 60.5 percent to USD 81.8 million, associated with a decline in tourist arrivals that decreased by 51.6 percent to 260,644 (Chart 5.10).

Chart 5.10: Tourist Arrivals in Zanzibar



Source: Office of the Chief Government Statistician; Zanzibar Commission for Tourism; and Department of Immigration Zanzibar

Earnings from cloves exports declined to USD 1.0 million from USD 18.3 million due to a decline in export volume. As for seaweeds, earnings more than doubled to USD 13.2 million from USD 5.2 million exported in the previous year owing to volume and price effects (Table 5.4).

Table 5.4: Goods Exports by Major Categories

Item	Unit	2016/17	2017/18	2018/19	2019/20	2020/21 ^p
Traditional						
Cloves						
Value	'000' USD	17,400.2	59,178.6	1,224.0	18,273.7	1,032.8
Volume	'000' Tonnes	2.2	7.5	0.2	3.8	0.2
Unit price	USD/Tonne	7,757.6	7,939.2	6,800.0	4,808.9	6,110.5
Non-traditional						
Seaweeds						
Value	'000' USD	1,631.7	4,591.0	4,032.8	5,177.8	13,233.3
Volume	'000' Tonnes	3.5	12.0	9.0	7.6	17.7
Unit price	USD/Tonne	470.5	389.4	448.8	681.3	747.7
Manufactured goods	'000' USD	4,245.4	7,017.9	4,491.2	3,032.0	7,085.9
Fish and fish products	'000' USD	34.1	259.5	777.9	993.7	1,790.0
Others exports	'000' USD	721.4	2,320.3	549.3	1,472.7	2,199.0
Sub total	'000' USD	6,632.6	14,188.6	9,851.2	10,676.2	24,308.2
Grand total	'000' USD	24,032.8	73,367.2	11,075.2	28,949.9	25,341.1

Source: Tanzania Revenue Authority, and Bank of Tanzania computations
Note: Other exports mainly include souvenirs and spices; and p denotes provisional data

Imports of goods (f.o.b) and services rose to USD 457.5 million in 2020/21 from USD 393.9 million in 2019/20 (Table 5.3). Goods imports increased by 31.5 percent to USD 345.1 million, driven by imports of capital and consumer goods. Increase in capital goods imports was observed in transport equipment and machinery, while consumer goods rose due to improvement in other consumer goods imports. Services payments decreased by 15.9 percent to USD 110.5 million, partly attributed to the effects of the pandemic on transportation activities.

Table 5.5: Goods Imports by Major Categories

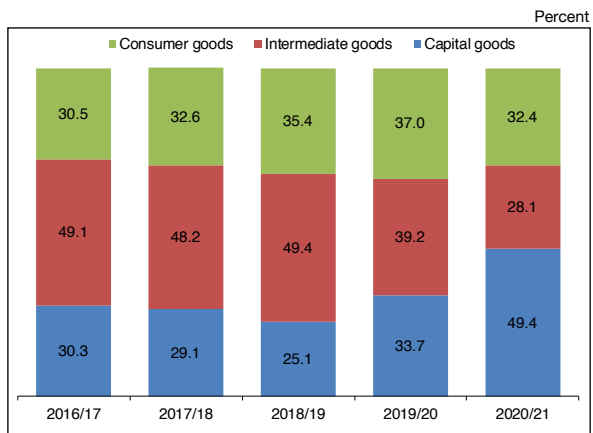
Category	Millions of USD				
	2016/17	2017/18	2018/19	2019/20	2020/21 ^p
Capital Goods	36.2	54.7	56.7	89.2	170.5
Transport equipment	17.1	22.3	17.8	15.4	48.0
Building and construction	6.4	8.1	13.6	25.3	24.2
Machinery	12.7	24.3	25.3	48.5	98.2
Intermediate goods	58.6	90.7	111.8	101.3	96.8
Oil imports	44.9	62.0	77.3	77.2	55.1
Industrial raw materials	13.7	28.7	34.5	24.1	41.8
Consumer goods	36.4	61.3	80.1	98.0	111.9
Food and food stuffs	13.2	24.0	36.9	51.8	33.8
All other consumer goods	23.2	37.3	43.2	46.2	78.2
Grand total (c.i.f)	131.2	206.6	248.6	288.5	379.2
Grand total (f.o.b)	119.4	188.0	226.2	262.5	345.1

Source: Tanzania Revenue Authority, and Bank of Tanzania computations
Note: p denotes provisional data



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Chart 5.11: Composition of Goods Imports



Source: Tanzania Revenue Authority, and Bank of Tanzania computations



6.0 Global and Regional Economic Performance

6.1 Output

The IMF estimates the global economy to have contracted by 3.3 percent in 2020 due to the COVID-19 pandemic. Contraction in growth was observed across regional economic blocs, with much of the decline observed in advanced economies, followed by emerging market and developing economies and sub-Saharan Africa (**Table 6.1**). While most regions faced adversity, commodity exporters and countries highly dependent on the services sector, particularly tourism, were the most affected.

In advanced economies, real GDP growth averaged -4.7 percent from 1.6 percent in 2019 due to deterioration of consumer and business confidence as consumers focused on essential goods and services, while businesses implemented layoffs and reduced work hours. Emerging market and developing economies registered a relatively modest contraction of 2.2 percent mainly explained by positive growth in China, the largest emerging market economy, and less stringent lockdowns in the region. China boasted a growth of 2.3 percent on account of strict and prompt handling of the outbreak of the virus. Growth in India contracted owing to the health crisis brought about by the pandemic. Meanwhile, growth in sub-Saharan Africa contracted by 1.9 percent, explained mainly by the underperformance of oil-driven economies such as Nigeria and Angola due to low price of oil.

The global output is projected at 6 percent in 2021, associated with the ongoing recovery of economic activities around the world. Growth is expected to moderate to 4.4 percent in 2022. The continued rollout of the vaccine and policy support from governments encourages a swift recovery. The growth in sub-Saharan Africa is projected at 3.4 percent, suggesting an anticipated slower

recovery, attributable to inadequate fiscal space in some countries to stimulate the economy from the recession.

Table 6.1: Global Real GDP Growth

Region/Country	Actual					Projections	
	2016	2017	2018	2019	2020 ^p	2021	2022
World	3.3	3.8	3.6	2.8	-3.3	6.0	4.4
Advanced economies	1.8	2.5	2.3	1.6	-4.7	5.1	3.6
United States	1.7	2.3	3.0	2.2	-3.5	6.4	3.5
Euro area	1.9	2.6	1.9	1.3	-6.6	4.4	3.8
United Kingdom	1.7	1.7	1.3	1.4	-9.9	5.3	5.1
Japan	0.8	1.7	0.6	0.3	-4.8	3.3	2.5
EMDE	4.5	4.8	4.5	3.6	-2.2	6.7	5.0
China	6.9	6.9	6.7	5.8	2.3	8.4	5.6
India	8.3	6.8	6.5	4.0	-8.0	12.5	6.9
Sub-Saharan Africa	1.5	3.1	3.2	3.2	-1.9	3.4	4.0

Source: IMF, World Economic Outlook Database April, 2021; and June, 2021 Updates

Note: p denotes provisional data; and EMDE, emerging market and developing economies

In the Southern African Development Community (SADC) region, all countries recorded negative growth in 2020 except for Tanzania and Malawi (**Table 6.2**). Tanzania recorded the highest growth as the country refrained from imposing lockdown measures on the economy

Notable contraction were experienced in Mauritius, Seychelles, Botswana and Zimbabwe. A decline in tourism activity, following the effects of the COVID-19 pandemic, was the main factor for negative growth in Mauritius, Seychelles and Namibia. Zimbabwe was plagued with both drought and the pandemic, causing a decrease in agriculture, trade and tourism. Contraction of output in Botswana and South Africa was largely contributed by a fall in mining activity. Angola's economic output fell as a result of low oil prices in the world market, which led to reduction of oil production.



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Table 6.2: Real GDP Growth in SADC Region

Country	Percent				
	2016	2017	2018	2019	2020 ^p
Angola	-2.6	-0.2	-2.0	-0.6	-4.0
Botswana	4.3	2.9	4.5	3.0	-8.3
DRC	2.4	3.7	5.8	4.4	-0.1
Eswatini	1.1	2.0	2.4	2.2	-3.3
Lesotho	1.9	-2.7	-1.0	1.1	-4.5
Madagascar	4.0	3.9	3.2	4.4	-4.2
Malawi	2.3	4.0	3.2	4.5	0.6
Mauritius	3.8	3.8	3.8	3.0	-15.8
Mozambique	3.8	3.7	3.4	2.3	-0.5
Namibia	0.0	-1.0	1.1	-1.6	-7.2
Seychelles	4.4	5.0	1.3	1.9	-13.4
South Africa	0.4	1.4	0.8	0.2	-7.0
Tanzania	6.9	6.8	7.0	7.0	4.8
Zambia	3.8	3.5	4.0	1.4	-3.5
Zimbabwe	0.7	4.7	3.5	-7.4	-8.0
SADC average	2.5	2.8	2.7	1.7	-5.0

Source: National Statistics Offices and IMF, World Economic Outlook Database April; 2021; and June, 2021 Updates
 Note: r denoted revised data; p, provisional data; and DRC, Democratic Republic of the Congo

The output growth in East African Community (EAC) averaged -0.1 percent down from a growth of 6.3 percent in 2019, largely owing to the impact of COVID-19 pandemic. The highest growth in the region was registered by Tanzania contributed by construction, transport and manufacturing activities. Growth in Uganda contracted due to lockdowns that weakened the tertiary sector and caused subdued demand. Rwanda recorded the least growth in 2020, caused by reduction in trade, consumption and investment (**Table 6.3**).

Table 6.3: Real GDP Growth in EAC Region

Country	Percent				
	2016	2017	2018	2019	2020 ^p
Burundi	-0.6	0.5	1.6	1.8	-1.3
Kenya	5.9	4.8	6.3	5.4	0.6
Rwanda	6.0	4.0	8.6	9.5	-3.4
Tanzania	6.9	6.8	7.0	7.0	4.8
Uganda	2.3	7.3	6.0	8.0	-1.1
EAC average	4.1	4.7	5.9	6.3	-0.1

Source: National Statistics Offices and IMF, World Economic Outlook Database April; 2021; and June, 2021 Updates
 Note: p denotes provisional data

6.2 Inflation

Global headline inflation slowed to 3.2 percent in 2020 from 3.5 percent in the previous year due to subdued aggregate demand owing to measures associated with the coronavirus. Inflation in advanced economies eased to 0.7 percent in 2020 from 1.4 percent in 2019. This is attributed to lower energy prices such as gasoline. Global inflation is projected to pick up to 3.5 percent and 1.6 percent in advanced economies as economies recover from the pandemic.

In emerging market and developing economies, inflation remained unchanged, attributable to rising food prices, especially in India, countering the reduced aggregate demand. Meanwhile, inflation in China slowed because of lower food prices. Inflation is expected to slightly decline for emerging market and developing economies.

Similarly, inflation edged up to 10.8 percent from 8.5 percent in sub-Saharan Africa due to higher food prices as some countries faced food insecurity. However, inflation is expected to ease to 9.8 percent in 2021 banking on adequate food supply (**Table 6.4**).

Table 6.4: Global Inflation

	Percent						
	2016	2017	2018	2019	2020	Projection	
World	2.7	3.2	3.6	3.5	3.2	3.5	3.2
Advanced economies	0.7	1.7	2.0	1.4	0.7	1.6	1.7
United States	1.3	2.1	2.4	1.8	1.2	2.3	1.9
Euro Area	0.2	1.5	1.8	1.2	0.3	1.4	1.2
Japan	-0.1	0.5	1.0	0.5	0.0	0.1	0.7
United Kingdom	0.7	2.7	2.5	1.8	0.9	1.5	2.4
EMDE	4.3	4.4	4.9	5.1	5.1	4.9	4.4
China	2.0	1.6	2.1	3.0	2.4	1.2	1.9
India	4.5	3.6	3.4	4.8	6.2	4.9	4.1
Sub-Saharan Africa	10.4	10.7	8.4	8.5	10.8	9.8	7.8

Source: IMF, World Economic Outlook Database April; 2021; and June, 2021 Updates
 Note: p denotes provisional data; and EMDE, emerging market and developing economies

In the SADC region, inflation edged up to 43.1 percent in 2020 from 21.9 percent in 2019, owing to higher food prices and currency instability in Angola, DRC, Malawi, Zambia and Zimbabwe.



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These countries registered inflation above the SADC convergence criteria of between 3 and 7 percent. Zimbabwe in particular, experienced hyperinflation of 557.2 percent owing to fiscal constraints and high current account deficits (**Table 6.5**).

Table 6.5: Inflation Rates in SADC Region

Country	Percent				
	2016	2017	2018	2019	2020 ^p
Angola	30.7	29.8	19.6	17.1	22.3
Botswana	2.8	3.3	3.2	2.8	2.0
DRC	3.2	35.8	29.3	4.7	11.3
Eswatini	7.8	6.2	4.8	2.6	3.9
Lesotho	6.6	4.4	4.8	5.2	4.9
Madagascar	6.1	8.6	8.6	5.6	4.2
Malawi	21.7	11.5	9.2	9.4	8.6
Mauritius	1.0	3.7	3.2	0.5	2.5
Mozambique	19.9	15.1	3.9	2.8	3.1
Namibia	6.7	6.1	4.3	3.7	2.6
Seychelles	-1.0	2.9	3.7	1.8	1.2
South Africa	6.3	5.3	4.6	4.1	3.3
Tanzania	5.2	5.3	3.5	3.4	3.0
Zambia	17.9	6.6	7.0	9.8	16.4
Zimbabwe	-1.6	0.9	10.6	255.3	557.2
SADC average	8.9	9.7	8.0	21.9	43.1

Source: National Statistics Offices and IMF, World Economic Outlook Database, April 2021

Note: p denotes provisional data

Inflation in the EAC region, at 5.5 percent in 2020, remained consistent with the convergence benchmark of not more than 8 percent. However, the outturn was higher than the level recorded in the preceding year, mainly owing to an increase in food prices and transport costs (**Table 6.6**). All EAC member states recorded an increase in the rate of inflation save for Tanzania.

Table 6.6: Inflation Rates in EAC Region

Country	Percent				
	2016	2017	2018	2019	2020 ^p
Burundi	5.5	1.6	-4.0	-0.7	7.3
Kenya	6.3	8.0	4.7	5.2	5.3
Rwanda	5.7	4.8	1.4	2.4	8.0
Tanzania	5.2	5.3	3.5	3.4	3.0
Uganda	5.5	5.6	2.6	2.9	3.8
EAC Average	5.6	5.1	1.6	2.6	5.5

Source: National Statistics Offices

6.3 Intra-Regional Trade

Tanzania continued to record improvement in intra-SADC trade, registering a trade balance surplus of USD 1,091.2 million in 2020. This achievement was occasioned by increase in exports relative to imports.

South Africa was the major trading partner accounting for 23.2 percent of the country's total trade in 2020, followed by the Democratic Republic of Congo with 2.41 percent. Tanzania's major exports to SADC were gold, cigarettes, wheat flour, and ceramic products, whereas major imports comprised motor vehicles, maize seeds, iron sheets, and lubricants.

In the EAC region, Tanzania's export amounted to 811.2 million up from USD 678.5 million in the previous year, while imports declined slightly to USD 326.7 million from USD 334.7 million. This resulted in a trade surplus of USD 484.5 million compared to a surplus of USD 343.8 million in 2019 (**Table 6.7**).

Table 6.7: Tanzania's Intra-EAC Trade

	Millions of USD				
	2016	2017	2018	2019	2020 ^p
Burundi					
Exports	57.0	52.0	48.4	88.4	179.1
Imports	0.8	0.2	1.0	0.4	0.3
Trade balance	56.2	51.8	47.4	88.1	178.8
Kenya					
Exports	343.3	179.4	216.4	271.6	230.0
Imports	292.9	206.8	252.6	271.4	249.6
Trade balance	50.4	-27.4	-36.3	0.2	-19.6
Uganda					
Exports	63.7	24.6	107.1	124.4	190.9
Imports	33.6	35.1	53.8	61.3	74.6
Trade balance	30.1	-10.5	53.3	63.1	116.4
Rwanda					
Exports	7.1	61.9	80.6	192.1	207.7
Imports	1.2	1.3	1.4	1.5	2.3
Trade balance	5.9	60.5	79.2	190.5	205.5
South Sudan					
Exports	0.0	0.0	1.1	2.0	3.4
Imports	0.0	0.0	0.2	0.1	0.0
Trade balance	0.0	0.0	0.9	1.9	3.4
Total Exports	471.1	317.9	453.5	678.5	811.2
Total Imports	328.6	243.5	309.1	334.7	326.7
Trade Balance	142.6	74.4	144.4	343.8	484.5

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data



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Kenya continued to be the major trading partner of Tanzania within the EAC, accounting for 28.4 percent of the intra-EAC exports in 2020 and 76.4 percent of imports (Table 6.8).

Table 6.8: Tanzania's Shares of Trade with EAC Partner States

	Percent				
	2016	2017	2018	2019 ^r	2020 ^p
Exports shares:					
Kenya	72.9	56.4	47.7	40.0	28.4
Uganda	13.5	7.7	23.6	18.3	23.5
Burundi	12.1	16.4	10.7	13.0	22.1
Rwanda	1.5	19.5	17.8	28.3	25.6
South sudan	0.0	0.0	0.2	0.3	0.4
Imports shares:					
Kenya	89.1	84.9	81.7	81.1	76.4
Uganda	10.2	14.4	17.4	18.3	22.8
Burundi	0.3	0.1	0.3	0.1	0.1
Rwanda	0.4	0.5	0.4	0.5	0.7
South sudan	0.0	0.0	0.1	0.0	0.0

Source: Tanzania Revenue Authority and Bank of Tanzania computations
 Note: r denotes revised data; and p, provisional data



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PART III

BANK OF TANZANIA OPERATIONS



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Corporate Governance

Bank of Tanzania Board of Directors conducted its operations effectively in 2020/21 to fulfil its statutory role of policy decision-making. In discharging its functions, the Board is assisted by four committees: Monetary Policy Committee, Audit Committee, Banking Supervision Committee, and Finance and Investment Committee.

The Monetary Policy Committee (MPC) is responsible for formulating the monetary policy of the Bank and its implementation strategies. The committee, which is chaired by the Governor, comprises nine members of which four are executive members, three non-executive members and a secretary. During 2020/21, the committee met as scheduled to discharge its advisory role to the Board.

The Audit Committee, which consists of five members—one executive member and four non-executives—is responsible for assisting the Board in its oversight responsibility with respect to audit and implementation of the financial reporting system and in compliance with laws and regulations, and accounting standards. The chairman of the Committee is elected annually on rotational basis from the non-executive members.

During 2020/21, the Committee performed a number of activities including, deliberating and adopting the Bank's internal audit plan for 2020/21, quarterly audit reports, and reports on construction projects, and year-end stock verification. It also deliberated on matters with respect to external audit including Bank of Tanzania Financial Statements for 2019/20, Housing Finance Project Financial Statements for 2019/20; and the Bank of Tanzania Interim Accounts for 2019/20.

The Banking Supervision Committee that comprises all Board Directors is in charge of monitoring performance of the financial sector,

resilience and integrity of the financial systems, and ensuring compliance with the relevant legislations. The chairman of this Committee is the Governor. In 2020/21, the Committee conducted its supervisory activities including deliberating and adopting reports on banking sector performance, onsite examination and banks under liquidation.

The Finance and Investment Committee is made up of nine members, four executive members, four non-executive members and the Governor who is the Chairperson. The Committee assists the Board in its oversight responsibility with respect to finance and investments. In 2020/21, the Committee received and deliberated on matters related to Bank of Tanzania's Strategic Plan 2021/22-2025/26; Annual Budget and Procurement Plan for 2021/22; management of corporate risks, investments, projects and assets. Further it considered other policy documents to be used in the Bank. It also reviewed the Bank's Board Charter which will assist the Board and its Committees in exercising their responsibilities.

The Bank of Tanzania Complaints Resolution Desk received 70 complaints in 2020/21, out of which 51 complaints were eligible and 19 complaints were ineligible as required by the guidelines. During the period, the Desk resolved 39 complaints, 5 complaints were withdrawn by complainants and 7 complaints are in progress.

Corporate Strategic Planning and Performance

During the year, the Bank formulated its five years Strategic Plan for 2021/22-2025/26 to enable the Bank to continue discharging its core mandates in a well-organized and effective manner as provided under the Bank of Tanzania Act, 2006. The Plan aligns with Government development goals as enshrined in the Third National Five-Year Development Plan 2021/22–2025/26 (FYDP III); Zanzibar Vision 2050 and Financial Sector Development Master Plan (2020/21 – 2029/30).



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The Bank also introduced an evidence-based method of monitoring and evaluating the implementation of its strategic and action plans on quarterly basis. This approach is intended to facilitate effective implementation of the Bank's Strategic Plan and performance measurement across all functional units. Accordingly, employees at all levels were trained. As a result, the Bank's overall performance increased to 87.3 percent in 2020/21 from 63 percent in 2019/20, above the envisaged threshold of 80 percent.

Credit Guarantee Schemes

The Credit Guarantee Schemes (CGS) has two facilities, Export Credit Guarantee Scheme (ECGS) and Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS). The Schemes are managed by the Bank on behalf of the Government.

During 2020/21, the Bank continued to monitor ongoing guaranteed projects with long-term loans. Outstanding guarantees under ECGS and SME-CGS amounted to TZS 36.1 billion and TZS 250.0 million at the end of June 2021, compared with TZS 48.1 billion and TZS 371.2 million at the end of June 2020, respectively. Meanwhile, the Ministry of Finance and Planning embarked on the study to evaluate the performances of the credit guarantee schemes to determine the best modality of its administration.

Banking and Currency Services

The Bank of Tanzania continued to provide banking services to the Governments and their institutions, banks and the public. Stakeholders were engaged through meetings and outreach programs to ensure efficient delivery of currency services, promoting better understanding of the Bank's role and functions, strengthening collaboration between the Bank and banks in the delivery of banking and currency services, and obtaining relevant feedback on Bank's operations.

During the period under review, the Bank of Tanzania in collaboration with the Tanzania Revenue Authority adopted Government Electronic Payment Gateway (GePG), which has enabled centralized revenue collection through the use of control numbers. In addition, the Government continued operating through Treasury Single Account through which various payments transactions were channelled to banks and financial institutions. Further, the Government in collaboration with the Bank, continued with migration of its integrated financial management system (IFMS) from Epicor to *Mfumo wa Uhasibu Serikalini* (MUSE).

As part of the implementation of clean money policy, during 2020/21 provision of coins, change and exchange of mutilated banknotes continued to be provided to the public by banks and financial institutions. The provision of over the counter change has enhanced service delivery by taping on the geographical proximity of banking institutions to the public. In addition, the Bank continued with its role of issuing and distributing currency through its head office, sub-head offices, branches and safe custody centres.

The Bank continued to warehouse minerals owned by the Government as well as mineral consignments that are a subject of pending court cases that are stored as exhibits. The warehousing is done under the Mining Act 2010 as amended in 2017 and 2019. The Bank also initiated the development of regulations for transporting, depositing and withdrawing minerals from the Government Minerals Warehouse hosted at the Bank's offices. The Bank enhanced some security features on the banknotes to deter counterfeiting.

The Bank issued and ensured sufficient circulation of currency in the economy. Adequate currency in circulation was maintained throughout the reporting period by ensuring that the currency is timely acquired, safely stored, timely



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distributed, processed and the unfit currency safely destructed. The main distribution channels are the Bank's offices and the 11 safe custody centres located in different regions.

To enhance regional cross-border trade, Tanzania and Zambia signed a memorandum of understanding (MOU) on currency convertibility and repatriation. Operationalization of the MOU commenced on 28th February 2020 where commercial banks from both sides are required to accept cash deposit in foreign denominated currency and convert them to their respective country's currency.

The Bank continued to implement the MOU for currency convertibility at the Tunduma/Nakonde border. The objective of curbing the illegal sale of Kwacha was largely achieved. Challenges in implementation continued to be monitored and addressed to ensure that both sides to the MOU realize the maximum benefits.

Research and Publications

During the period under review, the Bank prepared and disseminated to stakeholders various economic publications. These include Monetary Policy Statements, Monthly Economic Reviews, Quarterly Economic Bulletins, Zonal Economic Reports, Annual Report for 2019/20, and a booklet covering frequently asked questions.

In informing policy formulation and implementation, the Bank undertook a number of research works including benefits of regional integration initiatives, the performance of the cement industry, horticulture exports and leather industry. Other studies were related to banks credit and lending rates, and alternative strategies for building foreign exchange reserves.

To improve the quality and coverage of balance of payments (BOP) statistics, the Bank in collaboration with other stakeholders⁸ conducted an International Visitors' Exit Survey, covering the major entry points. The survey findings show that tourism earnings dropped to USD 714.6 million in 2020 from USD 2,604.5 million in 2019, due to decline in the number of international tourist arrivals. Tourist attractions most visited were beaches, Stone Town, Serengeti, Ngorongoro and Tarangire. Visitors were of the view that, there is a need to improve roads leading to and within national parks, public facilities at consumption points, social services, and addressing traffic jams.

Furthermore, the Bank in collaboration with the Tanzania Investment Centre (TIC) and National Bureau of Statistics (NBS) conducted a survey to monitor foreign private capital flows in Tanzania Mainland. The findings suggest that Tanzania was among the few countries in Africa that recorded a positive growth in foreign direct investment (FDI) in 2019. FDI flows in Tanzania grew by 25.3 percent to USD 1,217.2 million in 2019, from the inflows registered in 2018. This was partly contributed by Government's efforts to improve the business environment.

Human Resource

A number of policies and guidelines were reviewed to improve the delivery of human resource, health and administrative services and to enhance compliance with relevant national laws and regulations. In a bid to continue enhancing the knowledge and skills of the Bank's workforce, a total of 885 staff were trained at the Bank of Tanzania Academy and in other training institutions.

A total of 332 staff of banks and other financial institutions in the country were trained at the Bank of Tanzania Academy in different areas. The courses focused on, among others, international

⁸ These are Ministry of Natural Resources and Tourism, National Bureau of Statistics, Immigration Department, and the Zanzibar Commission for Tourism.



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financial reporting standards, cyber security and fraud prevention, risk management in banking institutions, Bank's prudential regulations, digital financial services and alternative delivery channels, and tools for regulatory returns.

Stakeholders Engagement and Corporate Social Responsibility

The Bank continued to engage with stakeholders and the general public through various communication channels. The Bank also participated in different exhibitions and investment forums organized within the country. In 2020/21, the Bank introduced a regular 30-minute TV programme about Bank's mandate and undertakings as part of its public awareness and outreach program.

Public awareness programs were conducted for various groups including members of the National Assembly and House of Representatives, journalists, students from colleges and secondary schools, bankers, persons with disabilities, public servants, members of police and defence forces, and the general public. Special public education programmes were conducted on currency handling and security features of banknotes, government securities and microfinance.

To fulfil its commitment to corporate social responsibility, the Bank continued to offer scholarships to Tanzanian students and donations to various needy groups in the society.

In 2020/21, the Bank granted full scholarships to four undergraduate students and two master's degree students under the Mwalimu Julius Nyerere Memorial Scholarship Fund. This brought the total number of beneficiaries of the Fund to fifty-two (52), of which thirty-six (36) scholarship recipients pursued undergraduate degree programs and sixteen (16) master's programs. As at the end of 2020/21, a total of thirty-two (32) beneficiaries of the Fund graduated with excellent

achievements and are currently serving the Nation in various capacities. Some have been employed as academic members of staff and others enrolled into PhD programs. Twenty (20) beneficiaries are continuing students.

The Bank also offered two scholarships under the Gilman Rutihinda Trust Fund (GRTF). The GRTF provides sponsorship to Tanzanian students who have excelled in their bachelor's degree programs in economics and finance to pursue master's degree in similar fields at the University of Dar es Salaam. To date, 39 students have benefited from this scholarship programme.

As part of implementing its corporate social responsibility, the Bank granted donations amounting to TZS 2.3 billion to various institutions and charities in the country. The focus areas of granted donations were: education, economic, financial sector and people with disabilities.

Regional Cooperation and Integration Initiatives

During 2020/21, the Bank participated in the fora organized at regional and international levels. On regional economic blocs (RECs), the Bank in collaboration with other member countries deliberated on issues related to monetary and financial harmonization with a view to deepening integration not only in RECs but also Africa in general. Other aspects deliberated in the meetings include:

- The economic impact of COVID-19 and policy responses as well as measures to cushion the economies from the adverse impact of the pandemic.
- Digital innovations especially digital currencies and potential impacts on monetary policy and the economy in general.
- Framework for the establishment and hosting of EAC Monetary Institute (EAMI).



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- Potential of remittances in addressing Africa's financial needs, including the development of resource mobilization strategies to target savings on remittances.
- Risks of persistent high levels of non-performing loans in Africa, enhanced by the health crisis related to COVID-19 pandemic.

Also, the Bank engaged with the Alliance for Financial Inclusion (AFI) in which the Bank co-hosted the 8th African Financial Inclusion Policy Initiative (AfPI) Leaders' Roundtable. Member countries approved two policy documents namely: Strengthening Agent Network for Digital Financial Services and Enhancing MSME Financing Ecosystem in Africa. In addition, the Bank participated in the 5th AFI Annual General Meeting, whereby two Policy Models on National Financial Inclusion Strategy and Consumer Protection for Digital Financial Services were approved.

Furthermore, the Bank made subscriptions and contributions to regional boards and organizations, including the African Association of Central Banks (AACB), MEFMI, AFI and SADC-CCBG.

Branch Activities

The Bank through its branches in Arusha, Dodoma, Mbeya, Mtwara, Mwanza and Zanzibar continued to provide banking, currency and settlement services to the Governments, public institutions, financial institutions and the general public, as well as monitoring of economic developments in assigned regions.

In implementing a clean money policy, currencies were distributed through branch offices and safe custody centres. In addition, awareness sessions were conducted to educate the public on currency handling and security features of banknotes. Other issues covered in the education program

included sensitisation of available investment opportunities in government securities and functions of the Bank of Tanzania. Other activities performed at branch level include:

- Facilitation of repatriation of Zambian Kwacha to the Bank of Zambia as part of the fulfilment of Memorandum of Understanding on currency convertibility along the Tunduma and Nakonde border and repatriation between the Bank of Tanzania and the Bank of Zambia.
- Participation in the sixth meeting of the Joint Permanent Commission between Tanzania and Burundi, aiming at enhancing cooperation in financial services, particularly the use of domestic currencies as medium of exchange between the two countries to lower cross border transaction costs and promote bilateral trade.
- Production of zonal economic performance reports, which were shared at regional consultative fora and the public in general.
- Collaboration in conducting various studies including analysis of performance of horticulture exports and leather industry, as well as the impact of regional integration initiatives on revenue and trade.
- Serving as focal points for treasury single account and electronic funds transfer transactions to facilitate government revenue collection and payment of obligations.



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PART IV

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**



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**REPORT OF THE AUDITORS
DIRECTORS REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**



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DIRECTORS REPORT AND ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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BANK INFORMATION

Registered office	Bank of Tanzania Head Office P.O. Box 2303 2 NCC Link, Dodoma, Tanzania
Governor	Prof. Florens D.A.M. Luoga Bank of Tanzania Head Office P.O. Box 2303 2 NCC Link, Dodoma, Tanzania
Secretary to the Board	Mr. Palloty M. Luena Bank of Tanzania Sub Head Office P.O. Box 2939 2 Mirambo Street, 11884 Dar es Salaam, Tanzania

SUB HEAD OFFICES

Dar es Salaam Bank of Tanzania Sub Head Office P.O. Box 2939 2 Mirambo Street, 11884 Dar es Salaam, Tanzania	Zanzibar Bank of Tanzania Sub Head Office Gulioni Area P.O. Box 568, Zanzibar, Tanzania
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BRANCHES AND ACADEMY

Arusha Bank of Tanzania Building Makongoro Road P.O. Box 3043, Arusha, Tanzania	Bank of Tanzania Academy Capri Point Street P.O. Box 131, Mwanza Tanzania
Mbeya Bank of Tanzania building Kadege Road P.O. Box 1203, Mbeya, Tanzania	Mtwara Bank of Tanzania building Mikindani Area P.O. Box 1446, Mtwara, Tanzania
Mwanza Bank of Tanzania building Nyerere Road P.O. Box 1362, Mwanza Tanzania	

AUDITOR

Controller and Auditor General
National Audit Office
Audit house, Ukaguzi Road
P.O. Box 950
41104 Tambukareli Dodoma Tanzania



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021

1. INTRODUCTION

The Directors present this report together with the audited financial statements for the financial year ended 30 June 2021, which disclose the state of financial affairs of the Bank of Tanzania (the “Bank, BoT”).

During the year, the Bank continued to implement its mandate as provided in the Bank of Tanzania Act, 2006 to ensure sustainable national economic growth. The Bank carried out its mandate to issue and distribute currency to the economy through its branch network and custody centres in some parts of the country. During the year, the Bank operated two sub head offices in Dar es Salaam and Zanzibar, four branches in Arusha, Mbeya, Mtwara and Mwanza, the Bank of Tanzania Academy in Mwanza and eleven safe custody centres.

The Bank provided information and data on economic activities in the country which included periodic economic reports to its stakeholders.

ESTABLISHMENT

The Bank of Tanzania was established under the Bank of Tanzania Act, 1965 which was repealed in 1995 and 2006. The Bank currently operates under the Bank of Tanzania Act, 2006.

BANK’S VISION

The vision of the Bank is “attained macro-economic stability, modernized financial system and expanded financial inclusion that supports Tanzania’s inclusive industrial economic growth.”

BANK’S MISSION

The Bank’s mission is “To maintain price stability and integrity of the financial system for inclusive economic growth”.

2. STATUTE AND PRINCIPAL ACTIVITIES

Bank of Tanzania is the Central Bank of the United Republic of Tanzania comprising Tanzania Mainland and Zanzibar and is wholly owned by the Government of the United Republic of Tanzania. The Bank discharged its obligations as provided in the Bank of Tanzania Act, 2006.

Functions and objectives of the Bank are to:

- (a). Formulate, implement and be responsible for monetary policy, including foreign exchange rate policy, issue currency, regulate and supervise banks and financial institutions including mortgage financing, development financing, lease financing, licensing and revocation of licenses and to deal, hold and manage foreign exchange reserves of Tanzania;
- (b). Compile, analyse and publish the monetary, financial, balance of payments statistics and other statistics covering various sectors of the national economy;
- (c). Regulate, monitor and supervise the payment, clearing and settlement systems;
- (d). Act as a banker and fiscal agent of the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar (the “Governments”); and
- (e). Ensure the financial system’s integrity, support the general economic policies of the Government, and promote sound monetary, credit and banking conditions conducive to the sustainable development of the national economy.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. RESOURCES AND STRENGTHS

The Bank possesses adequate resources and human capacity to implement its mandates as provided in the Bank of Tanzania Act, 2006. The Bank uses its human, financial and technological resources to achieve its strategic objectives.

The Bank has highly skilled, committed, motivated and competent staff dedicated to a long-term career. Management adheres to sound governance principles and promotes good labour relations that provides a conducive environment to discharge its mandates.

The Bank has adequate financial resources to perform its mandates. It develops Corporate Plan which identifies strategic objectives to effectively direct resources and guide the performance. From its strategic perspective, the Bank enhances its financial performance by improving management of its resources through prioritisation of initiatives, implementing initiatives within the available financial resources and generating adequate income to support its operations. The Bank has been generating revenue that covered all operating expenses and other support provided to stakeholders. This has enabled the Bank to discharge its mandates without seeking support from shareholder. The profitable operations have helped the Bank to accumulate adequate reserves while paying adequate returns to its shareholder through dividend payments.

On the technological side, the Bank has modernized its operations by adopting modern technology to improve its day-to-day operations. Further, the Bank has strategically located branches and safe custody centres, facilitating efficient banking and currency services.

In addition, the Bank has undertaken various reforms that contribute to the attainment of its objectives. These include enhancing Bank's operational and leadership capacity by instilling sound management practices, innovative human resource policies, building core competencies, optimizing business processes, applying modern and secure technologies, and acquiring adequate resources for sustainable operational excellence.

The Bank has been undertaking modernisation of the monetary policy framework and payment systems to improve efficiency and effectiveness of the monetary policy implementation and reduce costs to customers thus improving the financial services access.

4. REVIEW OF THE BANK'S PERFORMANCE

The Bank effectively implemented its strategic plan for 2020/21 which contained five strategic objectives that were geared towards achieving Bank mandate of maintaining price stability and promoting stability of the financial system. The overall evaluation reveals considerable achievements during the year as detailed hereunder based on the strategic objectives, measures and the set targets

a. Enhance Effectiveness of Monetary Policy

This entails making changes on the process of monetary policy formulation and implementation with a view to increasing the efficacy of monetary policy actions. The changes aim at attaining the objectives of price stability and adequate foreign reserves, in line with the changing domestic and global economic environment.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (CONTINUED)

- i. Core Inflation: The Bank's target was to maintain core inflation to be not more than 5 percent. During the period, core inflation remained subdued averaging 3.1 percent, rising slightly from 2.4 percent in the previous financial year. The increase in core inflation was largely due to increase in prices of non-food items including garments and footwear, building materials, rent, furniture, school books and bicycles. However, the rate remained within the country's inflation objectives implying that the amount of money supplied in the economy was in line with demands of various productive sectors of the economy
- ii. Headline Inflation: During the review period, headline inflation averaged 3.3 percent from an average of 3.5 percent in the previous financial year. This was below the country's medium-term target of 5 percent, EAC convergence criteria of not more than 8 percent and within SADC benchmark of between 3 and 7 percent. The low and stable headline inflation was mainly on account of prudent monetary and fiscal policies, adequate food supply situation in the country and subdued oil prices in the global market.
- iii. Overnight Interbank Cash Market (IBCM) interest rate: During the period, IBCM rate averaged 3.63 percent compared with 4.53 in the previous financial year. This performance was on account of effective liquidity management in the banking sector, following the sustained implementation of accommodative monetary policy. The Bank continued to inject liquidity using policy instruments including reverse repo, purchase of forex in the IFEM and from public institutions, granting special loans and access to standing credit facilities.
- iv. 4 Months of import: The foreign official reserves remained adequate in line with the objective, sufficient to support imports demand, meeting various Governments external obligations, supporting monetary policy operations, and providing confidence to foreign investors, among others. As at the end of June 2021, the level of foreign reserves was sufficient to cover 6.1 months (June 2020: 6 months) of imports of goods and services, which is above the target of 4.0 months. The observed increase in the level of official foreign reserves was mainly attributed to budgetary inflows, purchase of forex from the IFEM and public institutions consistent with improved exports and narrowing of the current account deficit.

b. Enhance Stability, Safety, and Inclusiveness of Financial Systems

This objective entails putting in place effective legal and regulatory frameworks for ensuring resilient financial systems while facilitating provision of convenient and affordable financial services and products to majority of the population in the rural and urban areas. It also involves monitoring and assessing financial system vulnerability and risks that may disrupt provision of financial services, trigger financial crisis and lower economic activities.

The Bank continued to implement consumer protection framework; a system for registration of physical financial access points and a system for accessing real-time data from banks and financial institutions. Also, the Bank strengthened legal, regulatory and supervisory frameworks in order to ensure resilient banking sector through alignment of the frameworks with the best international standards and practices; and adopted appropriate tools for monitoring resilience of the financial system.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (CONTINUED)

- i. Access of Financial Services: Ability of individuals or enterprises to obtain financial services, including accessing credit at reasonable cost, deposit facilities, efficient and smooth payment platforms, insurance services, and other risk management services is crucial for inclusiveness of the financial sector. During the period, the country made significant progress on enhancing access to financial services, mainly contributed by use of mobile phones. The number of adult population accessing financial services through mobile phones remained at 78.4 percent in 2020/21. That position was maintained mainly due to technological advancement, financial innovations, as well as putting in place appropriate policy and regulatory frameworks.
- ii. Usage of Financial Services: Use of formal financial services by majority of the adult population through various forms of payments, credit lines, saving facilities, insurance covers, and investments contributes to the health of the financial sector and its contribution to economic growth. The adoption of mobile phones to provide financial services in Tanzania has become instrumental in accelerating the usage to unbanked segments of the population compared to other means of formal financial services.

The usage of mobile financial services has reached 92.8 percent, up from 80.3 percent in 2019/20. The increase was due to ongoing innovations supported by appropriate policy and regulatory frameworks adopted by the government in facilitating revenue collection, bill payments, settlement of various fees and traffic fines, provision of Microloans and implementation of various payment through Government e-Payment Gateway (GePG). In addition, the Bank of Tanzania decision to enhance mobile money transaction limits and daily balances to promote cashless transactions during COVID-19 pandemic contributed to the increased use of digital financial services.

- iii. Financial Soundness Indicators: The banking sector remained sound and stable in terms of capital adequacy, asset quality, liquidity and profitability. The core capital adequacy ratios were above the regulatory requirements of not less than 10.0 percent, standing at 17.1 percent (June 2020: 16.9 percent). Asset quality, as reflected by the Non Performing Loans (NPL) ratio, remained relatively stable at 9.3 percent (June 2020: 10.8 percent), which was above the desired level of not more than 5 percent. Liquid Assets ratio stood at 32.56 percent (June 2020: 33.4) above the regulatory requirement of not less than 20.0 percent. Also, during the period, the ratio of Return on Asset was 2.4 percent (June 2020: 1.6 percent). Further, the financial system remained stable and resilient to short-term vulnerabilities as evidenced by financial sector stability index which was within the allowed threshold of ± 3 points.

c. Enhance Banking and Currency Services

This entails improving the way the Bank provides domestic currency services, banking services on domestic and foreign currencies, and ensuring payment systems are safe, convenient, timely available and affordable. It also includes enhancement of Government and parastatals banking arrangements that are robust and customer-centric.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (CONTINUED)

- i. Settlement Period: During the period, banking and currency services were safe, convenient, timely and affordable. Cheques and EFTs received were processed within the specified time of T+1 and T+0, respectively. This was made possible through use of the Tanzania Automated Clearing House (TACH) system as well as the implementation of the Treasury Single Account (TSA) which increased the use of electronic funds transfer (EFT). Introduction of Electronic Funds Transfers (EFT) for the Revolutionary Government of Zanzibar (RGOZ) provided efficient and timely processing of government payments and reduced paper transfer instructions.
- ii. Currency Processing Lag: This is a time difference between when a commercial bank deposits its money and the time that the Bank processes money.

The currency processing lag was on average within a one-month target for higher denomination banknotes as these are processed through machines. Processing of lower denomination remained above the set target of six months. There is an improvement on the performance of processing lower denominations. The Bank is implementing additional measures in improving the processing of lower denominations.

d. *Enhance Good Governance*

This objective leads the Bank towards effective compliance to national and international legislations and standards, internal policies, regulations, guidelines and operational manuals. It also refers to the Bank's quest for improved organizational performance, risk management, internal control systems and optimal use of resources. Further, the objective entails understanding the changing needs and expectations of various stakeholders and appropriately realigning them to the Bank's work plans.

- i. Net Risk Levels: This measure indicates percentage reduction in risks to Bank's tolerable levels. The Bank needs to develop mitigating strategies to curb high risk exposures that may compromise its ability to achieve its strategic objectives.

During the review period, the Bank promoted organizational-wide adherence and compliance to internal policies, regulations, guidelines, circulars, and operational manuals. Risk awareness and culture was also promoted across the Bank. As a result, risks with controls which are both effective in design and operating effectiveness increased to 51 percent from 33 percent, and the Bank overall exposure continued to be moderate.

- ii. Expenditure Coverage Ratio: This is the level at which total expenditure for a given period is covered by the revenue generated in the same period. The targeted ratio for this measure is at least 1, connoting that 100 percent financing of Bank's expenditure obligations from generated revenue.

During the financial year the Expenditure Coverage Ratio stood at an average of 1.3 times (June 2020: 1.5 times), signifying continued ability to generate revenue sufficient to cover expenditure obligations.

- iii. Improved stakeholders' understanding of the Bank undertakings: The Bank enhanced stakeholders' engagement as evidenced by perception surveys conducted in 2020/21, indicating an increase of satisfaction to 97.0 percent from 93.5 percent in 2019/20. Overall, the perception of Bank by its stakeholders has continued to be good owing to its efforts to its educational and awareness outreach programs.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (CONTINUED)

- iv. Improved Staffing Complement and Quality: This entails attracting and retaining right numbers and quality of employees for the Bank to effectively discharge its mandate. It also refers to various learning and development initiatives towards strengthening employees' ability to cope up with contemporary issues in their careers.

During the period, the Bank continued, in consultation with the President's Office Public Service Management and Good Governance to recruit new employees in accordance with corporate staff establishment. Despite the efforts in place, there has been delays in filling gaps in some areas that resulted in overstressing available employees.

Further, the Bank continued to develop and implement annual strategic employees' learning and development plans to bolster organizational capacity to effectively execute its mandate. During the period, the corporate annual training plan was implemented at 74.00 percent compared to 68.1 percent in 2019/20.

e. *Strengthen Institutional Capacity and Operational Efficiency*

This objective aimed at continuous building capacity and capabilities in a wider spectrum so as to enhance the Bank's ability to fulfil its mandate in an efficient and effective manner. It also entails advancing modern ICT technologies that are secured and efficient in services delivery.

- i. System Availability: The Bank continued to devise and implement various strategies geared towards ensuring stability and sustainability of the system applications. In the review period, the Bank maintained the level of system availability at an average of 98.6 percent (June 2020: 99.3 percent) against the set target of 97.5 percent. This performance was mainly attributed to enhanced resilience and monitoring of the IT Infrastructure, replacement of substantial number of obsolete technologies, deployment of new servers and data storages, as well as modernization of the help desk operations.
- ii. IT Maturity Level: The Information Technology maturity level measures and assesses the level of maturity for IT practices and activities on annual basis with the goal of improving IT processes. The pre-set target was 3.

During the period, the Bank attained level 2.7 (June 2020: 3.0) against a maximum of 5. Almost 71.4 percent (June 2020: 73.5 percent) of all the key business processes are performed in a controlled environment (automated). Some of the major systems that were developed or enhanced and put into implementation during the period included electronic trading platform for the Inter Bank Cash Market (IBCM); Government (URT/RGoZ) payments and tax (TRA/ZRB) collection systems; Budget Management System (BMS); Central Depository System (CDS); Credit Guarantee Management Scheme and Staff Self Payment system in memo automation. In addition, the Bank deployed external customer service management system to manage IT incidents from Bank's external users and adopted unified mobility technology strategy in-line with SADC/EAC for IT harmonization.

- iii. Improved Management of Bank's Properties: This refers to the extent the Bank performed in terms of managing its buildings and associated facilities. It also entails a number of newly developed/acquired capital assets.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (CONTINUED)

During the review period, the Bank modernized buildings and infrastructure at branches with a view to further improve efficiency in service delivery and quality of working environment. Notable improvements include major rehabilitation of the Zanzibar sub head office and opening of new Mwanza branch office. During the same period, the Bank acquired and initiated construction of additional staff residential houses at Dodoma head office and Arusha branch

As part of strengthening institutional performance, the Bank had continued to maintain the measures that were undertaken in the previous period in response to the impact of the Covid-19 pandemic including reduction of a discount rate, lowering of the Statutory Minimum Reserve (SMR) requirement, reduction on haircuts, and enhancement of mobile money operators' daily transaction limit and balance to customers. The Bank has also continued to assess and prioritize its operational activities thought out the year in order to deliver its mandate with minimum disruption from the impact of Covid-19 pandemic

5. CORPORATE GOVERNANCE

Members of the Board of Directors other than the Governor and Deputy Governors are appointed by the Minister for Finance of the United Republic of Tanzania, while the latter are appointed by the President of the United Republic of Tanzania. The following Directors served in the Board during the year.

No.	Name	Position	Age	Discipline	Date of Appointment	Nationality
1.	Prof. Florens D.A.M. Luoga	Governor and Chairman of the Board	62	Lawyer	4 January 2018	Tanzanian
2.	Mr. Julian B. Raphael	Deputy Governor	65	Economist	26 January 2016	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Deputy Governor	49	Economist	31 May 2017	Tanzanian
4.	Dr. Bernard Y. Kibesse	Deputy Governor	54	Economist	31 May 2017	Tanzanian
5.	Mr. Khamis M. Omar ¹	Member	54	Finance	20 April 2006	Tanzanian
6.	Ms. Mary N. Maganga ²	Member	53	Economist	1 June 2017	Tanzanian
7.	Prof. Nehemiah E. Osoro	Member	74	Economist	1 June 2017	Tanzanian
8.	Mr. Joseph O. Haule	Member	65	Economist	1 June 2017	Tanzanian
9.	Mr. Geoffrey I. Mwambe ³	Member	46	Economist	1 June 2017	Tanzanian
10.	Mr. Joseph A. Meza	Member	63	Economist	5 April 2019	Tanzanian
11.	Dr. Juma M. Akil ⁴	Member	57	Agricultural Economist	23 January 2021	Tanzanian
12.	Mr. Palloty M. Luena	Secretary	55	Lawyer	3 September 2018	Tanzanian

Key:

¹ Appointment ceased on 23rd January 2021.

² Appointment ceased on 4th April 2021.

³ Appointment ceased on 5th November 2020.

⁴ Appointed on 23rd January 2021 to replace Mr. Khamis M. Omar.

In accordance with Section 9(2) (c) of the Bank of Tanzania Act, 2006, a representative of the Ministry of Finance and Planning of the United Republic and Principal Secretary to the Treasury of the Revolutionary Government of Zanzibar are ex-officio members.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

5. CORPORATE GOVERNANCE (CONTINUED)

Bank of Tanzania ascribes to the highest standards of corporate governance. The Bank through the Board of Directors and Management upholds and practices the principles of sound corporate governance.

To this end, the Bank of Tanzania Act, 2006, has provided a framework for ensuring application of sound corporate governance principles and best practices by the Bank's Board of Directors and its Committees and Management in the course of managing the day to day affairs/operations of the Bank as summarised below:

- (i) In terms of the provisions of Section 9(1) of the Bank of Tanzania Act, 2006, the Board of Directors of the Bank is the supreme policy making body, and the approving authority of the corporate plan and budget of the Bank;
- (ii) Four Committees are currently assisting the Bank's Board of Directors in the discharge of its functions. These are the Monetary Policy Committee, Audit Committee, Banking Supervision Committee and Finance and Investment Committee.

(a) Monetary Policy Committee

The Monetary Policy Committee was established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. Its membership comprises of the Governor as Chairman, the Deputy Governors, and six Non-Executive Directors. The Monetary Policy Committee assists the Board in the review of monetary policy targets; review of research papers and major economic and monetary policy changes before adoption by the Board. The Committee's mandate also covers review of the Governments' revenue and expenditure patterns; review of debt management operations and statutory reports of the Bank related to implementation of monetary and financial policies.

The Members of the Monetary Policy Committee that served during the year ended 30 June 2021 were as follows:

No	Name	Position	Discipline	Nationality
1.	Prof. Florens D.A.M. Luoga	Chairman	Lawyer	Tanzanian
2.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Member	Economist	Tanzanian
4.	Dr. Bernard Y. Kibesse	Member	Economist	Tanzanian
7.	Prof. Nehemiah E. Osoro	Member	Economist	Tanzanian
8.	Mr. Joseph O. Haule	Member	Economist	Tanzanian
9.	Mr. Geoffrey I. Mwambe ³	Member	Economist	Tanzanian
10.	Mr. Joseph A. Meza	Member	Economist	Tanzanian
11.	Mr. Khamis M. Omar ¹	Member	Finance	Tanzanian
12.	Dr. Juma M. Akil ²	Member	Agricultural Economist	Tanzanian
13.	Mr. Palloty M. Luena	Secretary	Lawyer	Tanzanian

Key

¹ Appointment ceased on 23rd January 2021

² Appointed on 23rd January 2021 to replace Mr. Khamis M. Omar

³ Appointment ceased on 5th November 2020



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

5. CORPORATE GOVERNANCE (CONTINUED)

(b) The Audit Committee

Established under the provision of Section 12(1) of the Bank of Tanzania Act 2006, the Audit Committee is composed mainly of Non-Executive Directors. The Chairman of the Committee is a Non-Executive Director. The Deputy Governor-Administration and Internal Control is the only Executive member of the Committee. The Terms of Reference for the Audit Committee cover four major areas, namely, Internal Control, Financial Reporting, Internal Audit and External Audit.

The Audit Committee's mandate under Internal Control covers evaluation of control environment and culture; the adequacy of the internal control systems and compliance with International Financial Reporting Standards (IFRS) in the preparation of financial statements; the overall effectiveness of the internal control and risk management framework. The Committee also reviews Management requests for write off/ write back of items from the books of accounts and reviews the effectiveness of the system for monitoring compliance with laws and regulations.

The mandate relating to financial reporting requires the Audit Committee to review significant accounting and reporting issues and their impact on the financial reports and ensure current financial risk areas are managed appropriately. The Committee also ensures adequacy of the financial reporting process, reviews draft financial statements before submission to the external auditors for audit and the audited financial statements before approval and adoption by the Board. With regards to External Audit, the Audit Committee is informed by the independent external auditor (National Audit Office of Tanzania) about the scope, approach and audit

The Committee's mandate on Internal Audit covers review of the activities and resources of the internal audit function; effectiveness, standing and independence of internal audit function within the Bank; review of the internal audit plan; and follow up on implementation of internal audit findings and recommendations. The Audit Committee reports to the Board of Directors.

The Members of the Audit Committee that served during the year ended 30 June 2021 were as follows:

No	Name	Position	Discipline	Nationality
1.	Prof. Nehemiah E. Osoro ¹	Chairman	Economist	Tanzanian
2.	Mr. Joseph O. Haule	Member	Economist	Tanzanian
3.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
4.	Mr. Joseph A. Meza	Member	Economist	Tanzanian
5.	Mr. Geoffrey I. Mwambe ²	Member	Economist	Tanzanian
6.	Mr. Palloty M. Luena	Secretary	Lawyer	Tanzanian

Key:

¹ Chairman from January 2021

² Appointment ceased on 5th November 2020.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

5. CORPORATE GOVERNANCE (CONTINUED)

(c) Banking Supervision Committee

The Banking Supervision Committee was also established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. Members of the Committee comprise the Governor who is the Chairman, the Deputy Governors, Representative of the Ministry of Finance and Planning, Government of the United Republic of Tanzania and Principal Secretary to the Treasury, Revolutionary Government of Zanzibar and two Non-Executive Directors.

The Banking Supervision Committee is responsible for review of internal control and systems in banks and other financial institutions; the banking supervision function; adequacy of the prevailing legal and regulatory framework; operating performance of banks, financial institutions, microfinance service providers and bureau de change to ensuring safety and soundness in the banking system; financial stability reports before publication; and on emerging supervisory issues. The Committee advises the Board on appropriate policy, legislative and regulatory measures that promote a safe banking system and high supervisory standards and practices.

The Members of the Banking Supervision Committee that served during the year ended 30 June 2021 were as follows

No	Name	Position	Discipline	Nationality
1.	Prof. Florens D.A.M. Luoga	Chairman	Lawyer	Tanzanian
2.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Member	Economist	Tanzanian
4.	Dr. Bernard Y. Kibesse	Member	Economist	Tanzanian
5.	Mr. Khamis M. Omar ¹	Member	Finance	Tanzanian
6.	Dr. Juma M. Akil ²	Member	Agricultural Economist	Tanzanian
7.	Ms. Mary N. Maganga	Member	Economist	Tanzanian
8.	Prof. Nehemiah E. Osoro	Member	Economist	Tanzanian
9.	Mr. Joseph O. Haule	Member	Economist	Tanzanian
10.	Mr. Geoffrey I. Mwambe ³	Member	Economist	Tanzanian
11.	Mr. Joseph A. Meza	Member	Economist	Tanzanian
12.	Mr. Palloty M. Luena	Secretary	Lawyer	Tanzanian

Key

¹ Appointment ceased on 23rd January 2021

² Appointed on 23rd January 2021 to replace Mr. Khamis M. Omar

³ Appointment ceased on 5th November 2020



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

5. CORPORATE GOVERNANCE (CONTINUED)

The Finance and Investment Committee

The Finance and Investment Committee was established under the provision of Section 12 (1) of the Bank of Tanzania Act, 2006. Members of the Committee include the Governor who is the Chairman, the Deputy Governors and four Non-Executive Members of the Board.

The Finance and Investment Committee is responsible for review of the proposed budgets, reallocation of funds involving capital expenditure and supplementary budget requests; quarterly budget performance reports; Financial Regulations and Staff By-Laws; requests for disposal of immovable assets; and Bank's Annual Corporate Plan. The Committee also reviews the appropriateness of the Bank's investment policy and assets allocation strategy, Risk Management Framework for the Bank's operations and Project Management framework.

The Members of the Finance and Investment Committee that served during the year ended 30 June 2021 are as follows:

No	Name	Position	Discipline	Nationality
1.	Prof. Florens D.A.M. Luoga	Chairman	Lawyer	Tanzanian
2.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Member	Economist	Tanzanian
4.	Dr. Bernard Y. Kibesse	Member	Economist	Tanzanian
5.	Prof. Nehemiah E. Osoro	Member	Economist	Tanzanian
6.	Mr. Joseph A. Meza	Member	Economist	Tanzanian
7.	Mr. Joseph O. Haule	Member	Economist	Tanzanian
8.	Mr. Geoffrey I. Mwambe ¹	Member	Economist	Tanzanian
9.	Mr. Palloty M. Luena	Secretary	Lawyer	Tanzanian

Key

¹ Appointment ceased on 5th November 2020

6. MEETINGS

The Board held eight (8) meetings during the year ended 30 June 2021. In addition, there were various meetings of the Board Committees. All members of the Board were able to substantially devote their time required for the Board and Committee meetings. Below is a summary indicating the number of meetings attended by each members of the Board from 1 July 2020 to 30 June 2021.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

6. MEETINGS (CONTINUED)

No	Number of meetings	Number of meetings					KEY
		Board	MPC	BSC	AC	FIC	
	Names						Board: Board of Directors
1.	Prof. Florens D.A.M. Luoga	8	5	3	N/A	6	MPC: Monetary Policy Committee
2.	Mr. Julian B. Raphael	7	7	3	3	8	
3.	Dr. Yamungu M. Kayandabila	8	7	5	N/A	7	BSC: Banking Supervision Committee
4.	Dr. Bernard Y. Kibesse	6	4	3	N/A	4	
5.	Ms. Mary N. Maganga	3	4	4	N/A	N/A	AC: Audit Committee
6.	Mr. Khamis M. Omar	3	0	3	N/A	N/A	
7.	Prof. Nehemiah E. Osoro	7	6	5	5	7	FIC: Finance and Investment Committee
8.	Mr. Joseph O. Haule	7	7	5	5	4	
9.	Mr. Geoffrey I. Mwambe	0	1	1	0	1	
10.	Mr. Joseph A. Meza	7	5	4	5	6	N/A: Not applicable
11.	Dr. Juma M. Akil	2	2	1	N/A	N/A	
12.	Mr. Palloty M. Luena	7	6	5	5	6	

The Board and its committees meet after every two months with additional meetings convened as and when necessary. During the year, the Board and its committees met to discuss and decide on various business activities. The Board's Committees recommend key business decisions to the Board for approval.

7. INDEPENDENCE

The Board considers all Non-Executive Directors to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment.

8. CAPITAL STRUCTURE

Section 17 of the Bank of Tanzania Act, 2006 provides the level of authorised share capital of the Bank to be TZS 100,000,000,000 (one hundred billion Tanzanian Shillings). This amount may be increased by such amount as may be determined by the Board and authorised by the Minister of Finance and Planning by Notice published in the Government Gazette. The share capital of the Bank is subscribed and held only by the Government of the United Republic of Tanzania.

Due to the nature of the Bank's business and statutory requirements, the whole capital is held in the form of equity. Different classes of reserves have been prescribed under section 18(1) of the Bank of Tanzania Act, 2006 and detailed in **Note 40** to these financial statements. The movement of the capital during the year is reflected under the Statement of Changes in Equity.

9. RELATIONSHIP WITH STAKEHOLDERS

The Bank recognises the importance of addressing the needs of its key stakeholders in order to add value, satisfy their needs and expectations to fulfil its mission. The Bank's key stakeholders include the Governments, banks and non-bank financial institutions, development partners, general public and staff. The Bank is committed to delivering value to its stakeholders through better services and good customer care while maintaining good relationship in its engagements.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

9. RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

Accordingly, the Bank fulfils its mandate by delivering the following services to meet its stakeholders' needs and expectations:

- (a) Issuance of bank notes and coins: The Bank provides secure, adequate, durable and portable bank notes and coins; ensure prompt circulation of currency through its network of branches and safe custody centres throughout the country; and promote public awareness on the currency handling and security features;
- (b) Banking services: The Bank promptly facilitates payments, settlements and clearing of payment instruments for the Governments and financial institutions. Further, the Bank provides safe deposit custody for the Governments and financial institutions; and
- (c) Price stability: The Bank formulates and executes monetary policy that leads to stable domestic prices; provide policy advice to the governments; disseminate economic reports; ensure stable exchange rates; and conduct government securities auctions;
- (d) Financial stability: The Bank promotes the stability of the financial system through effective regulation and supervision of banking system; provide safe and efficient payment systems; and promote public access to the financial services; and
- (e) Internal customer requirements: The Bank attracts and retains high calibre staff with integrity, competency and accountability and provides conducive working environment and career development opportunities to its staff.

10. CASH FLOW PROJECTION

Due to the nature of the Bank's operations most of the cash projections indicate that future cash flows will mostly be generated from operating, investing and financing activities and that the Bank will continue to be a going concern within the foreseeable future.

11. MANAGEMENT

Section 13(1) of the Bank of Tanzania Act, 2006 vests the Management of the Bank and the direction of its business and affairs to the Governor. The Governor is required to discharge such functions and directions, in conformity with the policies and other decision made by the Board.

The law further provides that the Governor to be assisted by three Deputy Governors. The Deputy Governors head various functions under them, which are managed by seventeen directors, five managers of independent departments and the principal of Bank of Tanzania Academy

12. FUTURE DEVELOPMENT PLANS

In its strategic plan, the Bank aligns its vision and strategic objectives with the national priorities outlined in the National Development Vision 2025, the Zanzibar Development Vision 2050, National Five-Year Development Plan III (2021/22 – 2025/26), and National Financial Sector Development Masterplan 2020/21–29/30. The Bank recognises the main agenda of the Governments to sustain the country in the middle-income status and above. Among others, the agenda can be attained through having macro-economic and financial stability, and widened and deepened access to financial



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

12. FUTURE DEVELOPMENT PLANS (CONTINUED)

services for enhanced investments in the productive sectors leveraging technological advancement. In executing its mandate and achieve its expected results, the Bank intends to do the following in the coming year:

(a) Enhance effectiveness of monetary policy

The Bank will continue to improve the process of monetary policy implementation and formulation such that will contribute to macroeconomic stability and support financial markets growth and access. Through this objective the Bank will implement an interest rate-based monetary policy framework, deepen domestic financial markets for effective monetary policy transmission and conduct research to promote cash-lite economy and preparedness towards adoption of digital currencies.

(b) Enhance foreign reserve

The Bank will continue to maintain adequate foreign reserves to meet the country's foreign exchange demands, management of monetary and exchange rate policies and enhance the country's resilience to external shocks. The Bank will achieve this objective by broadening avenues for the accumulation of foreign reserve and improving the management of risk on foreign financial instruments.

(c) Enhance safety, soundness and inclusiveness of the financial sector

The Bank will ensure the availability of a macro-prudential framework for a resilient financial sector supportive to new product developments, risk management and facilitating access to affordable financial services. Through this objective, the Bank will enhance the protection of consumers of financial services, banks' legislation and regulatory tools, develop and implement a retail payment platform, a system for accessing real-time data from banks and financial institutions. and enhance financial crisis preparedness and management capability.

(d) Enhance banking and currency service

The Bank will continue to provide banking and currency services that are safe, convenient, available, timely and affordable. Whereas the Bank will modernise banking service and currency management operations.

(e) Strengthen institutional efficiency

The Bank will improve organization performance through effective allocation of resources, developing human resources, enriching employees culture and refining infrastructure while leveraging technology and research to improve institutional efficiency.

(f) Enhance organizational effectiveness

Bank will enhance compliance with national and international legislations, standards, regulations, internal policies and guidelines. Further it will put in place appropriate internal controls and mitigation measures to manage risk and crisis and ensure there is effective communication with stakeholders.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

13. RESULTS AND DIVIDENDS

During the year, the Bank operations registered an overall total comprehensive income of TZS 158,057.4 million (2020: TZS 209,794.0 million). The amount includes net unrealized loss on marketable securities of TZS 84,113.6 million (2020: gain of TZS 125,476.5 million) and net revaluation gain on equity investments of TZS 5,183.5 million (2020: TZS 579.9 million). The Bank recorded an operating profit of TZS 246,740.8 million (2020: TZS 88,279.1 million). The Bank's accounting policy requires transfer of net unrealized revaluation gains or losses on foreign exchange and financial assets measured at FVTPL to the foreign exchange revaluation reserve and Securities revaluation reserve respectively. After appropriate accounting adjustments of various funds/appropriations (statement of changes in equity), the dividend amounting to TZS 200,000.0 million (2020: TZS 150,000.0 million) is payable to the Government in compliance with the requirements of the Bank of Tanzania Act, 2006.

14. FINANCIAL PERFORMANCE AND POSITION

(a) Financial results

The performance of the Bank is measured on the basis of achievements in implementing its core functions as detailed in the Bank of Tanzania Act, 2006. The Bank needs to generate adequate resources in order to support its operations and maintain its independence.

In the course of its operations, the Bank made a total comprehensive income of TZS 158,057.4 million (2020: TZS 209,794.0 million). The total comprehensive income recorded a decrease of 24.7 percent. The decrease was mainly attributed to a fall in prices of the Bank's foreign marketable securities, the decrease was however offset by an increase in net operating income of TZS 246,740.8 million (2020: TZS 88,279.1 million). The increase in net operating income of 179.5 percent was mainly on account of the effects of foreign exchange rates following a weakening of Tanzania Shillings relative to major currencies.

(b) Financial position

Changes to the Bank financial position resulted from the activities taken by the Bank as part of monetary policy implementation. Bank total assets increased by TZS 1,626,574.1 million (10.0 percent) during the year compared to an increase of TZS 975,152.6 million (6.2 percent) in the previous year. The major areas of increase were on advance to the Governments by TZS 1,549,673.0 million (183.6 percent). The increase in total liabilities is explained by corresponding increases in other deposits and currency in circulation.

(c) Capital

The capital has demonstrated strong position over the period. The capital is composed of paid up capital and other reserves in line with the requirement of BoT Act 2006. The entire capital is available to absorb shocks arising from operation and adequately covers the monetary liabilities. Capital remained at TZS 100,000.0 million and other reserves have been detailed on **NOTE 41** .



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

15. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for risk management and internal control systems in the Bank. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- (a) The effectiveness and efficiency of operations;
- (b) The safeguarding of the Bank's assets;
- (c) Compliance with applicable laws and regulations;
- (d) The reliability of accounting records;
- (e) Business sustainability under normal as well as adverse conditions; and
- (f) Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Bank's system is designed to provide the Board with reasonable assurance that procedures in place are operating effectively. The Bank ensures that existing and emerging risks are identified and managed within acceptable risk tolerances.

16. KEY RISKS AND UNCERTAINTIES

The key risks that may significantly affect the Bank's strategies and development are mainly financial, operational and strategic. Below we provide a description of the operational and strategic risks facing the Bank. The risks related to financial instruments have been disclosed under Note 43 of the financial statements:

(a). Operational risk

Includes both financial and non-financial resulting from inadequate human resource and systems, management failures, ineffective internal control processes, non-compliance, inadequate security and adverse legal judgements. The main operational risks of the Bank during the year were:

i. Human resource risk

The particular nature of the activities of the Bank necessitates specialised knowledge in many areas. This risk relates to possibility of having inadequate and unspecialized human resource. The Bank ensures that there is an adequate knowledge base for all specialised job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organises workshops, seminars, conferences and job attachments to its staff to improve its human resource capabilities. It also revises regularly its staff retention scheme to compete with the prevailing labour market.

ii. Business disruption and security risks

Risks related to failure to execute business processes and events that compromise the assets, operations and objectives of the Bank. The risks might be due to lack of business continuity management, lack of good practices or controls on the Bank's activities.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

16. KEY RISKS AND UNCERTAINTIES (CONTINUED)

The Bank addresses these risks inter alia through ensuring existence of Business Continuity Management (BCM) plan and sound internal control system, which include operational and procedural manuals, Information and Communication Technology (ICT) security policies, back up facilities, contingency planning, and independent internal audit function. Managing operational risk in the Bank is an integral part of day-to-day operations by the management. Management, internal audit function, Audit Committee and the Board, closely monitor this risk.

iii. Legal risk

Legal risk arises from any uncertainty of enforceability, whether through legal or judicial processes, of the obligations of the Bank's clients and counter parties. The Bank aims at minimizing such uncertainties through continuous consultations with all relevant parties.

In mitigating this type of risk, the Bank ensures that all business agreements are contracted under Standard Industry Contracts, e.g. International Swaps and Derivatives Association (ISDA), International Securities Markets Association (ISMA), etc. Where substantially different contracts and substantive changes to existing contracts are entered into, external lawyers are contracted. The Bank has in place a clear procedure of the delegation of authorities. In addition, strict code of conduct and ethics is used to minimise chances of causing legal disputes between the Bank and its counterparts.

(b). Strategic risk

This covers analytical and policy risks which are associated with economic and monetary policy formulation; business risk which refers to the probability of loss inherent in the Bank's operations and environment; performance risk which is associated with formulation and execution of business plans and strategies; and external risks which refer to threats from the external environment such as infrastructure disruption, financial crime and computer viruses, political, social and economic changes. Similar to operational risk, strategic risk may result into damage of the Bank's reputation.

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Central Bank in line with requirements of the provision of Section 5(1) of the Bank of Tanzania Act, 2006.

In view of the above, the Bank's Management ensures that it fulfils its fiduciary responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant employees have clear understanding of the appropriate processes in respect of the best practices and principles of good governance.

The Bank therefore, sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's Management for control and compliance monitoring.

The top Management of the Bank has the necessary freedom and discretion to exercise central banking functions. However, this freedom is exercised within the context of good governance and having regard to a proper balance between accountability and the best interests of the Bank and its various stakeholders.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

16. KEY RISKS AND UNCERTAINTIES (CONTINUED)

The function of the Bank of overseeing and ensuring the integrity of the financial system exposes it to severe criticism whenever there is an incident of bank failure or systemic difficulty. The responsibilities of the Bank regarding monetary policy, the National Payment System (NPS) and the issuing of notes and coins also expose the Bank to a significant risk. The Bank adheres to international best practices and, to this end, maintains close liaison with international peers. The Bank strives towards full compliance with the principles for effective banking supervision as well as the core principles for systemically important payment systems. The Board assessed the internal control systems throughout the financial year ended June 2021 and is of the opinion that they met accepted criteria

17. SOLVENCY

The Board of Directors confirms that IFRS have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Bank of Tanzania has adequate resources to continue carrying out its statutory activities and meet its obligations for the near future.

18. EMPLOYEES WELFARE

(a). Management and employee's relationship

The relationship between the Bank and its employees continued to be good. Employees complaints raised during the year were resolved mainly through the use of consultative meetings/fora involving the management, trade union and employees through worker's council. As a result, healthy relationship continued to exist between management and the trade union.

Complaints are resolved through meetings and discussions. Work morale is good and there were no unresolved complaints from employees. The Bank provides a number of facilities aiming at improving the working environment and living standards of its employees. Such facilities include medical services, gym facilities, transport to and from work, housing facilities, employee training and development, leave travel assistance and long service awards for employees as stipulated in the Staff By-Laws.

(b). Training facilities

The Bank has training facilities at the Bank of Tanzania Training Academy in Mwanza region. During the year, the Training Academy conducted 40 courses for the Bank's staff against the plan of 45 whereas 11 courses for banks and financial institutions were conducted during the year under review against the plan of 12. Following the broadened scope of the regulatory and supervisory role of the Bank to include the Social Security sector, the Academy is planning to conduct a Training Needs Assessment (TNA) for other relevant stakeholders including Social Security Schemes and some ministries

(c). Medical Assistance

All members of staff with a maximum number of five beneficiaries for each employee were availed with medical insurance services. During the year ended 30 June 2021 and 2020, National Health Insurance Fund provided these services.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

18. EMPLOYEES WELFARE (CONTINUED)

(d). Health and safety

Effective health, safety and risk management are priorities for the Bank. The Bank's safety management system delivers a safe working environment by continuous and effective assessment. The Bank's Medical Committee and Bank's Business Recovery Team ("BBRT"), respectively monitor health and safety incidences of the Bank.

(e). Financial assistance to staff

The Bank provides various loans to employees in accordance with the Staff Bylaws and Financial Regulations in force. These include house loans, motor vehicle loans, personal loans and computer loans.

(f). Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and appropriate training is arranged. It is the policy of the Bank that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

(g). Employee's pension plan

The Bank has an arrangement whereby the employer and employees make monthly contributions to pension schemes. Such contributions are mandatory and aggregate to twenty percent of the employee's basic salary. The detail of benefits plan is provided under Summary of Significant Accounting Policies in **Note 3** to the financial statements.

(h). Voluntary agreement

The Bank has a voluntary agreement with Tanzania Trade Union of Industrial and Commercial Workers to enhance good industrial relation, employee welfare and retain high calibre employees.

19. GENDER PARITY

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability, that does not impair ability to discharge duties. As at 30 June 2021 and 2020, the Bank had the following distribution of employees by gender.

Gender	2021	%	2020	%
Male	759	63.5	756	63.1
Female	436	36.5	442	36.9
Total	1,195	100.0	1,198	100.0



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

20. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in **Note 49** to these financial statements. The directors' emoluments and key management personnel have been disclosed in **Note 49** to the financial statements.

21. ENVIRONMENTAL CONTROL PROGRAM

The Bank monitors the impact of its operations on the environment, which is mainly with power, water and the generation of waste. The Bank minimises the impact through better use of its premises and inbuilt facilities to ensure that there is proper waste management.

22. CONTRIBUTION AND SUBSCRIPTIONS

The Bank made various subscriptions and contributions to various organisations which included the African Rural and Agricultural Credit Association (AFRACA); African Association of Central Banks (AACB); Macroeconomic and Financial Management Institute (MEFMI); Capital Markets and Securities Authority (CMSA); Deposit Insurance Board (DIB); charities and subscription to Professional Associations. During the year ended 30 June 2021, such contributions and subscriptions amounted to TZS 3,557.5 million (2020: TZS 3,649.4 million). There was no donation made to any political party during the year.

23. CORPORATE SOCIAL RESPONSIBILITY

The Bank is committed to fulfilling part of its Corporate Social Responsibility (CSR) through supporting national activities and other areas of interest to the Bank in the United Republic of Tanzania. In this endeavour, the Bank has in place Donation Guidelines that assist in the implementation of CSR. During the year, the Bank donated a total of TZS 232,261.1 million (2020: TZS 1,406.8 million) to various community groups.

24. SECRETARY TO THE BANK

The Secretary to the Bank is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring good information flows between the Board, its Committees and Management. All members of the Board and Management have access to his legal advice and services.

25. COMPLIANCE WITH LAWS AND REGULATIONS

In performing the activities of the Bank, various laws and regulations having the impact on the Bank's operations were observed.

26. SERIOUS PREJUDICIAL MATTERS

During the year ended 30 June 2021, there were no serious prejudicial matters to report as required by Tanzania Financial Reporting Standard No. 1 - Directors' Report.

27. STATEMENT OF COMPLIANCE

The Directors' Report has been prepared in full compliance with the Tanzania Financial Reporting Standards No. 1 - Directors' Report requirements.



Bank of Tanzania Annual Report 2020/21

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

28. AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor for the Bank of Tanzania pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Sections 30 – 33 of the Public Audit Act No. 11 of 2008 and Section 20(6) of the Bank of Tanzania Act, 2006.

Approved by the Board of Directors on 30 November, 2021 and signed on its behalf by:

Prof. Florens D.A.M Luoga

The Governor and Chairman of the Board

Mr. Joseph A. Meza

Director and Chairman of the Audit Committee



Bank of Tanzania Annual Report 2020/21

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2021

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), National Board of Accountants and Auditors' (NBAA) Pronouncements and the requirements of the Bank of Tanzania Act, 2006 and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, NBAA's Pronouncements and in the manner required by the Bank of Tanzania Act, 2006. The Directors are of the opinion that financial statements give a true and fair view of the state of the financial affairs of the Bank and its operating results. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of Directors on 30 November 2021, and signed on its behalf by:

Prof. Florens D.A.M Luoga
The Governor and Chairman of the Board

Mr. Joseph A. Meza
Director and Chairman of the Audit Committee



Bank of Tanzania Annual Report 2020/21

DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2021

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the Bank.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of the Bank showing true and fair view of the Bank's financial position and financial performance in accordance with applicable International Financial Reporting Standards, NBAA's pronouncements and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the statement of directors' responsibilities on page 73.

I, Jamhuri Joseph Ngelime, being the Head of Finance of the Bank of Tanzania hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2021 have been prepared in compliance with International Financial Reporting Standards, NBAA's Pronouncements and the Bank of Tanzania Act, 2006.

I thus confirm that the financial statements give a true and fair view position of the Bank of Tanzania as on that date and that they have been prepared based on properly maintained financial records.

Director of Finance
NBAA Membership No.: ACPA 1497

30 November 2021



Bank of Tanzania Annual Report 2020/21

INDEPENDENT AUDITOR'S REPORT

Board Chairman
Bank of Tanzania
P.O. Box 2303
2 NCC Link, Dodoma, Tanzania

REF: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BANK OF TANZANIA FOR THE YEAR ENDED 30 JUNE 2021

Report on the financial statements:

Unqualified Opinion

I have audited the financial statements of Bank of Tanzania (the "Bank"), which comprise the statement of financial position at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies set out from page 78 to 182.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Bank of Tanzania as at 30 June 2021, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Bank of Tanzania Act, 2006.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in Responsibilities of the Controller and Auditor General for the audit of the financial statements section of my report. I am independent of Bank of Tanzania in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to my audit of the financial statements in Tanzania. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence

I am independent of Bank of Tanzania in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to my audit of the financial statements in Tanzania. I have fulfilled my other ethical responsibilities in accordance with these requirements.

Other Information

The Directors are responsible for the other information, including the Directors' report. The other information does not include the financial statements and auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.



Bank of Tanzania Annual Report 2020/21

INDEPENDENT AUDITOR'S REPORT (Continued)

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to communicate in my report.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Bank of Tanzania Act, 2006 and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Responsibilities of the Controller and Auditor General on the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;



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INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of the Controller and Auditor General on the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, Section 10 (2) of the Public Audit Act No. 11 of 2008 requires me to satisfy myself that the financial statements have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Further, Section 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Act and its Regulations.

Compliance with Public Procurement Act

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that the Bank of Tanzania is generally in compliance with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013 as amended in 2016.

Charles E. Kichere,
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
22 December 2021.





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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30.06.2021	30.06.2020
		TZS '000	TZS '000
Operating income			
Interest income	5	294,007,068	330,038,192
Interest expenses	6	(4,458,203)	(10,686,025)
Net interest income		289,548,865	319,352,167
Net foreign exchange revaluation gains	7	202,455,504	-
Net realised/unrealized gain on Financial Assets	8	-	23,674,912
Fees and commissions	9	64,138,590	67,485,483
Other operating income	10	23,130,631	24,338,290
		289,724,725	115,498,685
Total operating income		579,273,590	434,850,852
Operating expenses			
Net foreign exchange revaluation losses	8	-	(28,810,880)
Net realised/unrealized loss on Financial Assets	8	(26,994,554)	-
Administrative expenses	11	(64,391,548)	(60,805,866)
Currency issue and related expenses	12	(72,897,384)	(62,971,045)
Personnel expenses	13	(124,108,057)	(123,169,083)
Other operating expenses	14	(20,257,026)	(47,017,517)
Depreciation of property and equipment	29	(22,657,547)	(22,424,938)
Loss on disposal of property and equipment	29	-	(20,730)
Amortisation of intangible assets	30	(1,226,703)	(1,351,648)
Total operating expenses		(332,532,819)	(346,571,707)
Profit before tax		246,740,771	88,279,145
Income tax expense		-	-
Profit for the year		246,740,771	88,279,145
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Net unrealized gains on marketable securities-FVOCI	15	(84,113,602)	125,476,503
<i>Items that will not be reclassified to profit or loss</i>			
Loss on re-measurement of Defined Benefit Scheme	15	(9,753,241)	(4,541,485)
Net revaluation gain on equity investments	15	5,183,480	579,873
Total other comprehensive income		(88,683,363)	121,514,891
Total comprehensive income		158,057,408	209,794,036



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	<u>30.06.2021</u> TZS '000	<u>30.06.2020</u> TZS '000
Assets			
Cash and balances with central banks and other banks	16	5,834,322,961	5,601,157,009
Escrow accounts	17	11,257,016	11,253,547
Holdings of Special Drawing Rights (SDRs)	19	22,217,849	20,100,182
Quota in International Monetary Fund (IMF)	19	1,304,531,756	1,257,328,887
Foreign currency marketable securities	20	6,255,042,431	6,201,955,789
Government securities	22	1,094,883,220	1,230,069,507
Advances to the Government	23	2,393,706,756	844,033,745
Loans and receivables	24	132,403,424	386,261,716
Equity investments	21	44,254,186	38,479,418
Inventories	25	6,539,063	7,068,403
Deferred currency cost	26	52,103,739	34,035,017
Other assets	27	203,070,840	102,871,891
Retirement benefit asset	28	-	786,522
Property and equipment	29	995,657,377	989,956,209
Intangible assets	30	4,800,382	2,859,052
Total assets		<u>18,354,791,000</u>	<u>16,728,216,894</u>
Liabilities			
Currency in circulation	31	5,704,677,413	5,225,320,820
Deposits - Banks and non-bank financial institutions	32	3,548,412,774	3,541,963,084
Deposits – Others	34	3,668,295,459	2,621,351,304
Items in course of settlement	18	3,408,577	17,730,881
Foreign currency financial liabilities	35	1,569,043,226	1,412,490,402
Poverty reduction and growth facility	36	-	26,198,739
BoT liquidity papers	37	40,010,514	118,788,633
Provisions	38	8,537,729	8,512,789
Other liabilities	39	102,644,984	119,892,509
Retirement benefit obligation	28	13,835,705	
IMF related liabilities	19	1,108,671,457	1,068,555,548
Allocation of Special Drawing Rights (SDRs)	19	624,756,632	602,150,585
Total liabilities		<u>16,392,294,470</u>	<u>14,762,955,294</u>
Equity			
Authorised and paid up share capital	40	100,000,000	100,000,000
Reserves	41	1,862,496,530	1,865,261,600
Total equity		<u>1,962,496,530</u>	<u>1,965,261,600</u>
Total equity and liabilities		<u>18,354,791,000</u>	<u>16,728,216,894</u>

The financial statements on page 24 to 114 were approved and authorised by the Board of Directors for issue on 30 November 2021 and signed on its behalf by:

Prof. Florens D.A.M. Luoga
The Governor and Chairman of the Board

Mr. Joseph A. Meza
Director and Chairman of the Audit Committee



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2021 (Amounts in TZS '000)	Share capital Note 40	General reserve Note 41 (a)	Retained earnings	Capital reserve Note 41 (b)	Equalisation reserve Note 41 (c)	Reserve for projects Note 41 (d)	Staff housing fund Note 41 (e)	Assets revaluation reserve Note 41 (f)	Financial Sector Development fund Note 41 (g)	Securities revaluation reserve Note 41 (h)	Foreign exchange revaluation reserve Note 41 (i)	Reserve for dividends Note 41 (j)	Defined benefit reserves Note 41 (k)	Total
At 1 July 2020	100,000,000	465,994,163	-	99,262,908	388,159,606	210,000,000	136,398,348	260,246,145	38,699,077	123,558,995	8,832,005	150,000,000	(15,889,647)	1,965,261,600
Profit for the year	-	246,740,771	246,740,771	99,262,908	388,159,606	210,000,000	136,398,348	260,246,145	38,699,077	44,628,873	8,832,005	150,000,000	(25,642,888)	2,123,319,008
Other comprehensive income	-	-	-	-	-	-	-	-	(78,930,122)	-	-	-	(9,753,241)	(88,683,363)
Transfer of realised gains from OCI securities to P&L*	-	-	-	-	-	-	-	-	-	(10,822,478)	-	-	-	(10,822,478)
Transfer of unrealised gains to foreign exchange revaluation reserve	-	-	(71,919,509)	-	-	-	-	-	-	-	71,919,509	-	-	-
Transfer of realised gains from previous years to retained earnings	-	-	32,994,584	-	(15,344,524)	-	-	-	-	-	(17,650,060)	-	-	-
Transfer of unrealised loss FV/TP to securities revaluation reserve	-	-	12,447,493	-	-	-	-	-	-	(12,447,493)	-	-	-	-
Transfer of realised loss on securities revaluation reserve to retained earnings	-	-	(9,009,017)	-	-	-	-	-	-	3,003,017	-	-	-	-
Transfer of realised gain from previous years to retained earnings (RAMP)	-	-	11,866,282	-	-	-	-	-	-	(11,866,282)	-	-	-	-
Re-allocation of asset revaluation to general reserve	-	260,246,145	-	-	-	-	(260,246,145)	-	-	-	-	-	-	-
Staff housing fund	-	-	(4,452,750)	-	-	-	4,452,750	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(150,000,000)	-	(150,000,000)
Transfers to financial sector development fund	-	-	223	-	-	-	-	-	(223)	-	-	-	-	-
Appropriation of 2020/21 net profit	-	24,674,077	(224,674,077)	-	-	-	-	-	-	-	-	200,000,000	-	-
At 30 June 2021	100,000,000	750,914,385	99,262,908	372,815,092	210,000,000	140,851,098	38,698,854	63,101,454	12,495,637	25,642,888	200,000,000	1,962,496,530	1,962,496,530	

* Transfer of realised gains includes amount relating to price valuation and amortization premium on foreign marketable securities that are measured at FVOCI recycled to profit or loss statement.



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2020 (Amounts in TZS '000)	Share capital Note 40	General reserve Note 41 (a)	Retained earnings	Capital reserve Note 41 (b)	Equalisation reserve Note 41 (c)	Reserve for projects Note 41 (d)	Financial Sector			Reserve for dividends Note 41 (j)	Defined benefit reserves Note 41 (k)	Total		
							Staff housing fund Note 41 (e)	Assets revaluation reserve Note 41 (f)	Development fund Note 41 (g)					
At 1 July 2019	100,000,000	457,166,248	-	99,262,908	413,567,609	210,000,000	131,893,926	260,246,145	38,699,077	61,777,172	3,077,265	250,000,000	(11,348,162)	2,014,342,188
Profit for the year	-	-	88,279,145	-	-	-	-	-	-	-	-	-	-	88,279,145
Other comprehensive income	-	-	-	-	-	-	-	-	126,056,376	-	-	-	(4,541,485)	121,514,891
Transfer of realised gains from OCI*	-	-	-	-	-	-	-	-	-	(8,874,624)	-	-	-	(8,874,624)
Transfer of unrealised gains to foreign exchange revaluation reserve	-	-	(5,754,740)	-	-	-	-	-	-	-	5,754,740	-	-	-
Transfer of net realised gains to equalization reserve and retained earnings**	-	-	79,023,137	-	(13,425,901)	-	-	-	(65,597,236)	-	-	-	-	-
Transfer of unrealised gain FVTPL to securities revaluation reserve	-	-	(10,197,307)	-	-	-	-	-	10,197,307	-	-	-	-	-
Transfer of realised gain on foreign exchange revaluation reserve to retained earnings	-	-	11,982,102	-	(11,982,102)	-	-	-	-	-	-	-	-	-
Staff housing fund	-	-	(4,504,422)	-	-	-	4,504,422	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(250,000,000)	-	(250,000,000)
Appropriation of 2019/20 net profit	-	8,827,915	(158,827,915)	-	-	-	-	-	-	-	-	150,000,000	-	-
At 30 June 2020	100,000,000	465,994,163	-	99,262,908	388,159,606	210,000,000	136,398,348	260,246,145	38,699,077	123,558,995	8,832,005	150,000,000	(15,889,647)	1,965,261,600

* Transfer of realised gains includes amount relating to price valuation and amortization premium on foreign marketable securities that are measured at FVOCI recycled to profit or loss statement.

** Net realised gains from previous years on securities revaluation reserve includes gains of TZS 88,242.8 million and loss of TZS 22,645.5 million



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CASH FLOWS

	Notes	30.06.2021 TZS '000	30.06.2020 TZS '000
Cash flows from operating activities			
Net cash (used in)/ generated from operating activities	42	(95,257,871)	1,527,361,511
Cash flows from investing activities			
Purchase of property and equipment	29	(28,456,995)	(23,012,714)
Proceeds from disposal of property and equipment	29	115,827	-
Purchase of intangible assets	30	(3,168,033)	(357,035)
(Increase) in foreign currency marketable securities		(175,038,630)	(995,973,270)
Decrease in Government securities		126,081,509	27,580,643
Acquisition of equity shares		(591,288)	(826,310)
(Increase)/decrease in quota in International Monetary Fund (IMF)		(47,202,869)	8,856,515
(Increase)/decrease holdings of SDRs		(2,117,667)	47,292,164
Net cash flows from investing activities		(130,378,146)	(936,440,007)
Cash flows from financing activities			
Increase in currency in circulation		479,356,593	260,118,261
Increase/(decrease) in IMF related liabilities and PRGF		13,917,170	(112,184,918)
Increase in foreign currency financial liabilities		156,552,824	493,233,454
Increase/ (decrease) in allocation of SDRs		22,606,047	(4,241,496)
Decrease in BoT liquidity papers		(78,778,119)	(211,965,199)
Dividends paid to the Government		(150,000,000)	(250,000,000)
Lease principal payments		(455,833)	(400,752)
Cash generated from financing activities		443,198,682	174,559,350
Net increase in cash and cash equivalents		217,562,665	765,480,854
Unrealized gains on foreign exchange revaluation		15,408,768	18,964,656
Cash and cash equivalents			
At the beginning of the year		5,601,422,508	4,816,976,998
At the end of the year	16	5,834,393,941	5,601,422,508



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. REPORTING ENTITY

Legal framework

The Bank of Tanzania operates under the Bank of Tanzania Act, 2006, to act as the Central Bank for the United Republic of Tanzania. Its principal place of business is at 2 NCC Link, Dodoma, Tanzania and it operates sub head offices in Dar es Salaam and Zanzibar and four branches in Arusha, Mbeya, Mtwara and Mwanza. The Bank is an independent institution with its own legal personality and submits its reports to the Minister for Finance and Planning.

The Bank's principal responsibilities are to:

- (a). Conduct monetary policy and manage the exchange rate policy of the Tanzania Shillings aimed at supporting orderly, balanced and sustainable economic growth of Tanzania;
- (b). Regulate and supervise financial institutions carrying on activities in, or from within, Tanzania, including mortgage financing, lease financing, development financing and licensing and revocation of licenses;
- (c). Manage, in collaboration with other relevant supervisory and regulatory bodies, the clearing, payment and settlement systems of Tanzania;
- (d). Collect, compile, disseminate, on a timely basis, monetary and related financial statistics; and
- (e). Hold and manage gold and foreign exchange reserves of Tanzania.

Section 17 of the Bank of Tanzania Act, 2006, (the Act) provides that the authorised capital of the Bank to be one hundred billion Tanzanian Shillings (TZS 100 billion). The capital may be increased by transfer from the General Reserve established by the Act such amount as may be determined by the Board, and authorised by the Minister of Finance and Planning, by notice published in the government Gazette.

The paid up capital of the Bank shall not be reduced. The capital of the Bank shall be subscribed and held solely by the Government of the United Republic of Tanzania.

Section 18(1) of the Bank of Tanzania Act, 2006 provides that, the Bank shall establish and maintain:

- (a) A General Reserve Fund;
- (b) A Foreign Exchange Revaluation Reserve;
- (c) Other appropriate assets revaluation reserves or retained net unrealised gains reserves, set up under a decision of the Board to reflect changes in market values of the Bank's major assets and in accordance with the best international accounting practice; and
- (d) Other special reserves or funds from time to time from appropriation of net profit.

Under Section 18(2) of the Act, the Bank shall transfer to the General Reserve Fund twenty-five per centum of the net profits until such time that the total capital of the Bank reaches a sum equivalent to at least ten per centum of the total assets of the Bank less its assets in gold and foreign currencies, thereafter the Bank shall transfer not less than ten percent of its net profits to the General Reserve Fund.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

1. REPORTING ENTITY (CONTINUED)

Legal Framework (continued)

In terms of Section 18(3) of the Act, the Board shall determine, whenever the authorised capital, the General Reserve Fund, the Foreign Exchange Revaluation Reserve and other appropriate asset revaluation reserves or retained net unrealised gains reserves set up by the Board are below five per cent of monetary liabilities all profits shall be retained to the General Reserve Fund, the Foreign Exchange Revaluation Reserve and to any other asset revaluation reserve.

Section 18(4) of the Act provides that; unrealised profits or losses from any revaluation of the Bank's net assets or liabilities in gold, foreign exchange, foreign securities or any internationally recognised reserve asset as a result of any change in the par or other value of any currency unit shall be transferred to a special account to be called the Foreign Exchange Revaluation Reserve Account; the same procedure shall be applied to market value movements in relation to the Bank's other major assets when any of the underlying asset is eventually sold, any resultant realised components shall be transferred to the Statement of Profit or Loss and Other Comprehensive Income.

Section 18(5) of the Act, requires both realised and unrealised gains and losses to be included in the profit calculation but only the residual of any net realised profits of the Bank to be paid, within three months of the close of each financial year, into the Consolidated Fund; subject to the condition that if at the end of any financial year any of the Governments (The Government of the United Republic and the Revolutionary Government of Zanzibar) is indebted to the Bank, the Bank shall first apply the remainder of its net realised profits to the reduction or discharge of the indebtedness and thereafter such amount as relates to the net realised profits of the Bank in the relevant financial year shall be paid out of the Consolidated Fund to the Treasury of the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar in accordance with the formula agreed upon by the Governments.

Section 19(1) of the Act, provides that, where the Bank's Statement of Financial Position indicates that the amount of its assets is less than the amount of its liabilities and the statutory fund, the Minister of Finance and Planning shall, on behalf of the United Republic, issue to the Bank negotiable interest-bearing securities at market determined interest rates with a fixed maturity date to the amount necessary to restore the Bank's level of paid up capital.

In terms of Section 20(1) of the Act, the financial year of the Bank shall be the period commencing on 1 July of each year and the accounts of the Bank shall be closed on 30th June of each financial year. Furthermore, Section 20(2) of the Act provides that, the Bank's accounting policies, procedures and associated accounting records shall be consistent at all times with the best international accounting standards.

Section 20 (6) of the Act, provides the annual external audit of the Bank to be performed by the Controller and Auditor General in accordance with International Accounting and Auditing Standards and in compliance with the Public Finance Act.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

1. REPORTING ENTITY (CONTINUED)

Legal Framework (continued)

Section 23 of the Act provides that the Bank shall only be placed in liquidation or wound up pursuant to the procedure prescribed in an enactment of Parliament but the provisions of the Companies Act and the Companies Decree shall not apply in relation therewith.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

(a) New and revised IFRSs that are mandatorily effective for the year

Management noted but did not apply the standards or amendments that are not applicable to the Bank's business and accounting framework. The unapplied standards amendments include, IAS 41 Agriculture and IFRS 3 Business combinations.

(b) Amended standards in issue but not yet effective for the year

The Bank has not early adopted any of the following new and revised IFRSs that have been issued but are not yet effective. Commentary is provided for the amendments and standards that are applicable to the Bank's operations

Amended standards:	Effective for annual periods beginning on or after
IAS 1 - Presentation of Financial Statements	1-Jan-23
IAS 16 - Property, Plant and Equipment	1-Jan-22
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	1-Jan-23
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	1-Jan-22
IAS 39 - Financial Instruments: Recognition and Measurement	1-Jan-21
IAS 41 - Agriculture	1-Jan-22
IFRS 7 - Financial Instruments: Disclosures	1-Jan-21
IFRS 4 - Insurance Contracts	1-Jan-21
IFRS 16 - Lease	1-Jan-21
IFRS 1 - First-time Adoption of International Financial Reporting Standards	1-Jan-22
IFRS 3 - Business Combinations	1-Jan-22
IFRS 9 - Financial Instruments	1-Jan-22
IFRS 17 - Insurance Contracts	1-Jan-23

i. IAS 1 Presentation of Financial Statements

The IASB issued two amendments under IAS 1. In July 2020, amendment of classification of liabilities as current and non-current and on February 2021, amendment of disclosure of accounting policies.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

The amendment of classification of liabilities as current and non-current will only affect the presentation of liabilities in the statements of financial position, the classification of liabilities as current and non-current should base on rights that are in existence at the end of the reporting period.

The amendment of disclosure of accounting policies will assist preparers in deciding which accounting policies to disclose in the financial statements, that is entities to disclose material accounting policies rather than significant accounting policies.

Management is still evaluating the requirements of this amendment and its impact on the Bank's financial reporting when it falls due.

ii. IAS 16 Property, Plant and Equipment

The IASB issued amendment to IAS 16, Property, Plant and Equipment on proceeds before intended use. This amendment prohibits an entity from deducting the cost of property, plant and equipment amounts received from selling items produced while an entity is preparing the asset for its intended use. Instead, an entity should recognize such sales proceeds and related cost in profit or loss. Management has assessed the requirements in these amendment and its impact on the Bank's financial reporting when they fall due and believes that their impact will be insignificant.

iii. IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling the contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments apply to contracts for which the entity has not yet fulfilled its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Management is still evaluating the requirements of these amendment, its impact on the Bank's financial reporting when they fall due.

iv. IFRS 9 - Financial Instruments

The amendment clarifies fees that an entity includes in the 10 percent test for de-recognition of financial liabilities. The management is still evaluating the requirements of these amendment, its impact on the Bank's financial reporting when they fall due

v. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment introduces the definition of accounting estimates and includes other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. Management has assessed the requirements in these amendment and its impact on the Bank's financial reporting when they fall due and believes that their impact will be insignificant.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

Presentation of financial statements

The Bank presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date and more than 12 months after the statement of financial position date is presented in **Note 43**.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Basis of preparation

The financial statements have been prepared on a historical cost basis except where otherwise stated or as required by International Financial Reporting Standards and Interpretations to those Standards for assets and liabilities to be stated at their fair value as disclosed in the accounting policies hereafter. The financial statements are presented in thousands of Tanzanian Shillings (TZS '000) except where explicitly stated.

Statement of compliance

The financial statements of Bank of Tanzania have been prepared in accordance with International Financial Reporting Standards as far as they are practically applicable to the Bank and comply with the requirements of the Bank of Tanzania Act, 2006. The Directors Report is presented together with financial statements in compliance with Tanzania Financial Reporting Standards.

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method for all interest bearing financial instruments except for assets measured at fair value through profit or loss (FVTPL)

For all financial instruments measured at amortised cost, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental cost that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of receipts or payments. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been rendered. The recognition is when or as performance obligations within contract with customer are satisfied. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct cost) and recognised as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

Other income falling under IFRS 15 is recognized after satisfaction of performance obligations at a point in time or over time. Except for rental income from staff quarters covered by IFRS 16 Leases, the remaining other income not under IFRS 15 or other standard is recognized in the period in which it is earned on accrual basis.

Dividend income

Dividend on equity investments that are measured at fair value through other comprehensive income (FVOCI) are recognised in the statement of comprehensive income when the Bank's right to receive the payment is established.

Other income

Other income falling under IFRS 15 is recognized after satisfaction of performance obligations at a point in time or over time. These include income from hire of conference facility and fees and commission. Other income out of the scope of IFRS 15 is recognised in the period in which it is earned.

Dividend payable

Dividend is recognised as a liability in the period in which it is declared. Proposed dividend is disclosed as a separate component of equity.

Expenses

These are losses and other expenses that arise in the course of Bank's ordinary activities. They include interest and administrative expenses. Generally, expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest expenses

Interest expense is the cost of debt that has accrued during a specified accounting period regardless of the time of spending the cash. These include interests on liquidity papers, repurchase agreements and IMF drawings. Interest expenses are recorded using the effective interest rate method.

Since interest on debt is not paid daily, the Bank passes adjusting entries periodically to recognise interest expense within the accounting period that the expense has been accrued.

Administrative expenses

This includes expenses that produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Such expenses are recognised immediately in the income statement in the accounting period that the cost has been incurred. These include maintenance, transport and travelling, meetings, conference and seminars, water and electricity, fees, rates and security expenses, telecommunication and postage, board expenses, audit fees, budget and annual accounts preparation, loss on disposal of property and equipment, hospitality, legal and investigation expenses.

In addition, administrative expenses include expenses whose economic benefits are expected to arise over several accounting periods and the association with benefit can only be broadly or indirectly determined. Such expenses are recognised in the income statement in the accounting period in which the economic benefits are consumed or have expired. They may include stationery and office supplies.

Other expenses

Other expenses are recognised in the statement of profit or loss and other comprehensive income when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.

Employees' benefits including post-employment benefits

Short-term employment benefits such as salaries, social security contributions, and leave fare assistance are recognised in Statement of Profit or Loss and Other Comprehensive Income when they fall due.

Retirement benefits

The Bank has a statutory obligation to contribute for retirement benefits to its employees. All eligible employees of the Bank are currently members of the social security schemes operating in Tanzania. The fund where employees are members is Public Sector Social Security Fund (PSSF) Under this scheme, the Bank and employee contribute an agreed rates of employee's basic salary every month. The Bank signed a Voluntary Agreement (VA) with the Tanzania Union of Industrial and Commercial Workers (TUICO), which provides for a number of benefits on retirement upon attaining a number of years in service with the Bank as specified in the Bank's Staff Bylaws. The provisions in the VA and Staff By-Laws constitute a defined benefits plan, which has been accounted and disclosed in accordance with the requirements of International Accounting Standard 19 Employee Benefits.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The plan is partly funded through employees' contribution. There are two categories of benefits to Bank's staff. The first is payable to staff employed for unspecified period and second is to executive management who are under specific contracts. Benefits are paid upon end of contract, retirement, withdrawal or death as specified in the Staff By-Laws.

The total accumulated obligation to the Bank relating to this arrangement is based on assessments made by independent actuaries. The actuarial valuation was carried out as at 30 June 2021 by Actuarial and Risk Consultants Limited based in Tanzania. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Under IAS 19, measurement of scheme liabilities must be calculated under the projected unit credit method, which requires certain demographic and financial assumptions, including future salary growth. The assumptions used are applied for the purposes of compliance with the IAS 19 only.

Re-measurement comprising of actuarial gains and losses are reflected immediately in the statement of the financial position with a charge or credit recognised in Other Comprehensive income in the period in which they occur. Re-measurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and not reclassified to profit or loss.

Past service, cost is recognised in the profit or loss in the period of plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined beginning obligation. In the absence of a deep corporate bond market in Tanzania, the Bank has used the discount rate for Tanzania long-term bond yields as published in the Bank Monthly Economic Reviews.

The Bank presents current service cost and net interest cost in personnel expenses. Curtailment gains and losses are accounted for as past service cost.

Other employee benefits

The Bank provides free medical treatment to its employees and their dependants through medical insurance scheme. Exclusions are met by the Bank as medical expenses. The cost is charged to profit or loss. The estimated monetary liability for employees' earned but not taken leave entitlement at the end of the reporting period is recognised as an accrued expense.

Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where the Bank expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Income Tax

No provision for income tax is made in the Financial Statements as Section 10 Second Schedule of the Income Tax Act, 2004 exempts the Bank from taxation imposed by law in respect of income or profits.

Further, according to Section 22(1) and (2) of the Bank of Tanzania Act, 2006, the Bank is exempt from payment of any taxes, levies or duties in respect of its profits, operations, capital, property or documents or any transaction, deed, agreement or promissory note to which it is a party. The Bank is also exempt from payment of stamp duty or other duties in respect of notes and coins issued as currency under the Act.

The Bank pay Value Added Tax (VAT), as per the VAT legislations, on goods or services provided to the Bank. The Bank is also required to pay import and customs duties in accordance with the provisions of the East African Customs Management Act, 2004.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”). The financial statements are presented in Tanzanian Shillings, which is the Bank’s functional and presentation currency and all values are rounded to the nearest thousand (TZS’000) except where otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions during the year and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end are recognised in profit or loss.

Foreign exchange revaluation reserve under the legal framework

The realised foreign exchange gains/losses are separated from the total revaluation gains/losses. The unrealised part is excluded from computation of distributable profits for the year and is carried in foreign currency revaluation reserve until realised in subsequent years thereby becoming part of the distributable profits. These are determined as follows:



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (a) For each foreign currency account or security for the case of securities accounts, cash inflows and outflows are determined.
- (b) Each inflow is valued using the prevailing exchange rate.
- (c) Each outflow is revalued using the prevailing exchange rate and compared with the rate at which the outflow was recognised in the books of accounts. Where specific originating rate cannot be identified, the applicable is determined on First in First out (FIFO) basis. The difference between the two entries represent realised revaluation gains or losses.
- (d) All balances in foreign currencies are revalued using prevailing exchange rates. The differences between the values at the time when the related instrument was recognised, and the current values represent unrealised losses or gains as the case may be.

Property and equipment

Property and equipment are initially recorded at construction, acquisition or purchase cost plus direct attributable cost. Where an item of property and equipment comprises, major components having different useful lives, they are accounted for separately. Property that is being constructed or developed for future use to support operation is classified as Work in Progress (WIP) and stated at cost until construction or development is complete and is available for use, at which time it is reclassified as property and equipment in use.

The Bank's immovable properties (buildings) are subsequently measured at cost less accumulated depreciation on buildings and impairment losses. Prior to financial year ended 30 June 2021, the Bank was subsequently measuring its immovable properties on fair value, which was revalued after every 5 years. The most recent valuation was carried out in year 2016. In January 2018 the Government required Government entities to use cost model in measurement of property, plant and equipment. The Bank decided to change its measurement approach to cost model to align with other public institutions whose financial records are consolidated together with the Bank's records on annual basis. For practical reasons and in line with the transition guideline issued by the Government, the carrying amounts at the migration dates were applied as estimated cost of the assets. Thus, the change of measurement model did not impact the current values of assets, liabilities and comprehensive income. However, the asset revaluation reserve (TZS 260.2 billion) was reallocated to general reserves.

Depreciation is charged to profit or loss on a straight-line basis to write off the cost of property and equipment to their residual values over their expected useful lives. These residual values and expected useful lives are re-assessed on an annual basis and adjusted for prospectively, if appropriate. The review of residual values takes into account the amount that the Bank would currently obtain on disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful or economic life (whichever is earlier).



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation rates applied for the year ended 30 June 2021 and its comparative were as per below:

Asset classification	Annual depreciation rate (%)	Useful life years
Office Premises	1.0	100
Staff Club Premises	1.5	67
Residential Premises	1.5	67
Computer Servers	25.0	4
Computer Printers	25.0	4
Personal Computers	25.0	4
Network Equipment	25.0	4
Bullion Trucks and Armoured Vehicles	10.0	10
Motor Vehicles	20.0	5
Currency Processing Machines	10.0	10
Machinery and Equipment	20.0	5
Security Monitoring, Fire Detection and Fire Fighting Systems	25.0	4
Office Furniture	20.0	5

No depreciation is charged to Capital Work-in-Progress. Property and equipment acquired during the year are depreciated from the date when they are available for use and cease to be depreciated at earlier of the date that the asset is classified as held for sale or the date that the assets are derecognised.

Property and equipment are derecognised when no economic benefits are expected from its use or disposal. The disposal methods applied include; sale, donation or scrapping. Gains or losses on disposal of property and equipment are determined by comparing net disposal proceeds if any with the carrying amount and are taken into account in determining operating profit or loss

Intangible assets

Intangible assets consist of computer application software and computer application licence packages. Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment at the reporting date to ascertain if there is an indication that the intangible asset may be impaired. Generally, cost associated with developing computer software programmes are recognised as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally developed intangible assets are not capitalised unless they meet certain criteria.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internally developed software products include direct cost incurred by the Bank and are recognised as intangible assets upon meeting the following criteria:

- (a) It is technically feasible to complete the software product so that it will be available for use;
- (b) Management intends to complete the software product and use it;
- (c) There is ability to use the software product;
- (d) It can be demonstrated how the software product will generate probable future economic benefits;
- (e) Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- (f) The expenditure attributable to the software product during its development can be measured reliably.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation, which has been consistently applied, is 25 percent. The amortisation period and the amortisation method for an intangible asset are reviewed at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Lease

The lease policy for the Bank covers recognition, measurement and disclosure of right of use assets and lease liabilities, as per IFRS 16 Leases

Date of recognition

The Bank assesses whether the contracts contain lease element and recognize assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value as guided by IFRS 16. Leases are recognised as right-of-use assets and liabilities at the date at which the leased assets are available for use by the Bank.

Initial recognition and subsequent measurement

Lease assets

The Bank recognises right of use in respect of land plot and fibre optic cables. The Bank measures right of use asset using cost model. Amount recognized as right of use asset at initial recognition takes into consideration; estimated incremental borrowing rate as a discount rate, any initial direct costs, disposal costs to be incurred during dismantling and removing of the underlying asset. Payments associated with all short-term leases and leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequently the Bank measures right of use asset assets at cost, this accommodates all adjustments including accumulated depreciation and any accumulated impairment losses that may arise during the lifetime of the lease

The right-of-use assets are depreciated over the shorter of the remaining contractual time at recognition date, and the lease term on a straight-line basis. Periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated. The amortisation periods for the right-of-use assets are up to 99 years for land plots and up to 5 years for fibre optic cables

Lease liabilities

Lease liabilities are recognised in the balance sheet and are measured at the present value of the remaining lease payments discounted at the weighted average Bank's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost.

After commencement date the Bank measures lease liability by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring carrying amount to reflect lease modification, revised payments or other assessments.

Presentation and disclosure

The Bank presents the right of use assets and liability as line items in the notes of the financial statements under property, plant and equipment. Lease interest expense is presented in the statement of comprehensive income as operating expense separate from other interest expenses. Cash payments for the principal portion of lease liabilities are presented in the cash flow statements under financing activities

Capital grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the cost that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released as income in equal instalments over the expected useful life of the related asset.

When the Bank receives non-monetary grants, the asset and the grant are recorded at gross amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by Governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grants.

Currency printing and minting expenses

These expenses include ordering, printing, minting, freight, carriage insurance and handling expenses which are first deferred after delivery. Based on the currency issued into circulation, the respective proportional actual cost expenses incurred are released to profit or loss from the deferred currency expenses account on weighted average cost basis.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currency in circulation

This represents Tanzanian currency that has been issued into the Tanzanian economy by the Bank since inception. Currency in circulation is measured at the face value of notes and coins issued. Currency in circulation is determined by netting off notes and coins issued against the balance held in the Bank of Tanzania vaults, safe custody centres and notes and coins destroyed.

Impairment of non-financial assets

Non-financial assets include Property and equipment, Intangible assets and Right of use leased assets. The Bank assesses at each reporting date whether there is an indication of impairment and whenever events or changes in circumstances indicate that the carrying amount of non-financial assets exceeds their recoverable amount. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether or not there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Repurchase and Resale Agreements (REPOs and Reverse REPOs)

Repurchase agreements are contracts under which a party sells securities and simultaneously agrees to purchase the same securities at a specified future date at a fixed price. Resale agreements are contracts under which a party purchases security and simultaneously agrees to resell the same securities at a future date at a fixed price.

It is the Bank's policy to take possession of securities purchased under resale agreements, which are primarily liquid government securities. The market value of these securities is monitored and, within parameters defined in the agreements, additional collateral is obtained when their fair value declines. The Bank also monitors its exposure with respect to securities sold under repurchase agreements and, in accordance with the terms of the agreements, requests the return of excess securities held by the counter party when fair value increases.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repurchases and resale agreements are accounted for as collateralised financing transactions and recorded at the amount at which the securities were acquired or sold plus accrued interest.

REPOs continue to be recognised in the Statement of Financial Position and are measured in accordance with policies for financial liabilities.

The difference between sale and purchase price is treated as interest income or expense and is recognised in profit or loss.

Foreign Exchange Revaluation Reserve

The Bank has a policy whereby both net realised, and unrealised foreign exchange gains and losses are firstly recognised in profit or loss in accordance with the requirements of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The net realised foreign exchange gains (losses) for the year arising from daily revaluation of foreign assets and liabilities form part of the distributable profits while the net unrealised foreign exchange revaluation gains (losses) are transferred to the Foreign Exchange Revaluation Reserve.

Reserve for Dividend

This reserve accommodates the amount of proposed dividend to the Governments as at end of the accounting period or declared dividend if the declaration is made after the end of the period but before the financial statements are signed. In accordance with Section 18 (5) of the Bank of Tanzania Act, 2006, the remainder of the net profits of the Bank is paid to the Governments as dividend. However, this is subject to the condition that if at the end of any financial year any of the Governments is indebted to the Bank, the Bank shall first apply the remainder of its net realised profits to the reduction or discharge of the Governments indebtedness.

Financial instruments

IFRS 9 Financial Instruments: Recognition and Measurement outlines the requirements for the recognition and measurement of financial assets and liabilities

Date of recognition

The Bank recognises financial instruments on the trade date, that is the date that the Bank commits to purchase or sell the asset. Such purchases or sales of financial assets would require delivery of assets within the time frame generally established by regulation or convention in the market place

Initial recognition and subsequent measurement

All financial instruments under IFRS 9 are initially measured at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental cost of acquisition or issue. subsequent to measurement of the instrument



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial instruments

IFRS 9 classification is based on two aspects: the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the Solely Payments of Principal and Interest ('SPPI') test.

Classification of financial assets

Under IFRS 9 there are three principal classification categories for financial assets: measured at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL).

Amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition).

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These includes all other financial assets with an exclusion of foreign currency marketable securities and investments in Equity

Financial assets measured at FVOCI-debt instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at fair value through profit or loss on initial recognition and are subsequently measured at fair value with gains or losses recognised in other comprehensive income

- The asset is held within a business model whose objective is both to hold assets in order to collect contractual cash flows and sale; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These includes all foreign currency marketable securities that are internally managed

Financial assets designated as measured at FVTPL

Financial assets designated as FVTPL are measured at fair value. Gains and losses that arise as a result of changes in fair value are recognised in profit or loss, gains and losses that arise between the end of the last annual reporting period and the date an instrument is derecognised do not constitute a separate profit or loss on disposal. Such gains and losses will have arisen prior to disposal, while the item is still being measured at FVTPL, and are recognised in profit or loss when they occur. These are foreign currency marketable securities that are externally managed.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value through Other Comprehensive Income (FVTOCI)-Investments in Equity

On initial recognition, the Bank made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. These are equity investment in Afreximbank and Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Financial liabilities

This represents issued financial liabilities or their components, which are not held at fair value through profit or loss, financial liabilities that arise when a transfer of financial asset does not qualify for de-recognition or when the continuing involvement approach applies, commitments to provide a loan at below market interest rate and hedged items are classified at amortised cost. All Bank's financial liabilities are classified as measured at amortised cost using the effective interest rate method.

De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Bank of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either
 - (a) the Bank has transferred substantially all the risks and rewards of the asset, or
 - (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Bank's continuing involvement is the amount of the transferred asset that the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Bank's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

Financial liabilities are derecognised when the obligation to pay cash flows relating to the financial liabilities has expired. Where an existing financial liability is replaced by another from the same lender



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

Determination of fair value

The fair value for financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations without any deduction for transaction cost.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Impairment of financial assets

The impairment of financial assets is based on expected credit losses. The Bank recognizes loss allowances for Expected Credit Losses (ECL) on all financial assets except those that are measured at FVTPL and equity investments measured at FVOCI

The Bank uses the general approach in determining the impairment of financial assets. A loss allowance is always recognized for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses. The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

Debt investment securities, advances to the government and other government securities that are determined to have low credit risk at the reporting date; and other financial instruments on which credit risk has not increased significantly since their initial recognition. The Bank considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, The Bank recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Bank measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the Effective Interest Rate (EIR) multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment.

Significant Increase in credit risk (SICR)

The Bank decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Bank uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

For all financial instruments the Bank considers that financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring and could be used to determine whether credit risk has increased significantly since initial recognition.

The appropriateness of using changes in the risk of a default occurring over the next 12 months to determine whether lifetime expected credit losses should be recognized depends on the facts and circumstances. The Bank applies qualitative and quantitative criteria for stage classification and for its forward and backward migration

Quantitative Criteria

The quantitative criteria are based on relative and not absolute changes in credit quality by ratings and days past due depending on the types of instruments as detailed below:



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and balances with Central Banks and other banks, Holdings of Special Drawing Rights (SDRs), Quota in International Monetary Fund (IMF) and foreign currency marketable securities: the SICR indicator is determined by comparing the movement in credit rating at origination date and credit rating at the reporting date.

Notch movements give an indicator of the number of downgrades required in order for the asset to be considered to have a significant change in the credit rating. Therefore, highly rated assets for example those in the AAA category would need to move down three notches to AA- (or below) for it to be considered a significant increase in credit risk whereas an asset rated B- would only need to move down one notch.

Staff loans: staff who are still in employment with the Bank, there is no increase in credit risk at any point in time as the cash flow for staff loan is deducted from the payroll directly hence no increase in credit risk.

For staff who are no longer employees of the Bank of Tanzania, the increase in credit risk is determined by using the backstop indicator of 30 days past due of instalments (as prescribed in the IFRS 9 standard) is used to determine significant increase in credit risk.

Government securities and Advances to the Government: The Bank considered all government securities and short-term advances to the Government of United Republic of Tanzania to be low credit risk assets.

Qualitative Criteria

Other factors are considered by the Bank policies in the determination of significant increase in credit risk. They include but not limited to the following:

- (a). Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g.: increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.
- (b). Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), e.g.: credit spread; credit default swap prices; length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).
- (c). Changes in the Bank's credit management approach in relation to the financial instrument (e.g. based on emerging indicators of changes in the credit risk of the financial instrument, the bank's credit risk management practice is expected to become more.
- (d). Active or focused on managing the instrument, including the instrument becoming more closely monitored or controlled, or the bank specifically intervening with the borrower.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (e). Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations (e.g. increase in interest rates or unemployment rates); operating results of the borrower e.g. declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations; or regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology).
- (f). Significant decrease in the value of collateral or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to pay or otherwise effect the probability of default (e.g. if the value of collateral declines because house prices decline, borrowers in some jurisdictions have a greater incentive to default on their mortgages); or quality of a guarantee provided by a shareholder (or an individual's parents) if the shareholder (or parents) have an incentive and financial ability to prevent default by capital or cash infusion.
- (g). Expected changes in the loan documentation (e.g. breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).
- (h). Significant decrease in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group

Loss allowances for ECL are presented in the statement of financial position as follows:

- (a). Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- (b). Loan commitments and financial guarantee contracts: generally, as a provision;
- (c). Where a financial instrument includes both a drawn and an undrawn component, and the Bank *cannot identify the ECL on the loan commitment component separately from those on the drawn component*: The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- (d). Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General approach to collective or individual assessment

The Bank's measurement of expected credit losses is based on the weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis although measurement on a collective basis is accepted by the Bank if more practical for large portfolios of items.

The assessment of whether there has been a significant increase in credit risk may be on a collective basis where the Bank is not able to identify significant changes in credit risk on individual financial instruments before the financial instrument becomes past due.

Collateral

The Bank obtains collateral where appropriate, from Staff to manage their credit risk exposure to the Bank staff. The collateral forms a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future customers in the event that the customer default

Inputs into measurement of ECLs

The key inputs into the measurement of ECLs are the discounted product of: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

- (a) The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- (b) EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- (c) Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Other liabilities

Other liabilities are stated at their nominal value/cost, which approximates fair value due to the short term nature of the obligation.

Items in course of settlement, Advance to the Government and Other assets

These are measured at carrying amounts which approximates their fair value due to the short period between reporting date and settlements of these assets.

Cash and Cash equivalent

Cash and cash equivalent comprise of demand and time deposit with central banks and commercial banks and holding of notes denominated in foreign currency. Cash and cash equivalent is carried at amortised cost in the statement of financial position. Due to their short-term nature, the carrying amount approximates the fair value.

Escrow Accounts

These represent funds held by the Bank in foreign exchange, as funds deposited by the United Republic of Tanzania following a memorandum of economic and financial policies arrangement pending agreement with creditors.

The escrow fund is both an asset and a liability in the Bank's books. However, the accounts cannot be netted against each other because they must be visible as both asset and liability according to accounting standards

Periodically the BoT Escrow balance is reviewed to ensure that sufficient funds will be available when payments are due.

Both assets and liabilities representing these funds are initially measured at fair value and subsequently measured at amortised cost where they have specific dates of maturity. Details of the accounts have been shown under **Note 17** of the accounts.

Derivatives

A derivative is a financial instrument or other contract within the scope of IFRS with all three of the following characteristics:

- Its value changes in response to the change in a specified variable such as interest rate, financial instrument price or foreign exchange rate.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at future date.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from market observable prices including recent market transactions, or valuation techniques which incorporate market observable input, such as discounted cash-flow models. Generally, the best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Bank uses derivatives mostly for hedging in risk management and liquidity support in monetary implementation. The Bank does not apply the optional hedge accounting rules of IFRS 9.

International Monetary Fund (IMF) related balances

Relationship

The Bank is the fiscal and depository agent of United Republic of Tanzania for transactions with the International Monetary Fund (IMF). Financial resources availed to Tanzania by the Fund are channelled through the Bank. Repayment of the IMF loans as well as charges is the responsibility of the Bank.

Currency of Transactions with the IMF

Borrowings from and repayments to the IMF are denominated in Special Drawings Rights (SDRs). The SDR balances in IMF accounts are translated into TZS and any unrealised gains or losses are accounted for in profit and loss account in accordance with IAS 21 – Effects of changes in foreign exchange rates.

Quota in IMF, Interest and Charges

Borrowings from the related Tanzania's quota are non-interest bearing with no stated maturity, while borrowings from the General Resources Account of the IMF bears interest at rates set by the IMF on a weekly basis and are repayable according to the repayment schedules of the agreement.

Inventories

The Bank owns all inventories stated in the statement of financial position. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Writing down of values of inventories is made for slow moving and obsolete inventories.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit Guarantee Schemes

These are schemes operated in accordance with the rules governing them and administered by the Bank on behalf of the URT Government as stipulated in their respective agency agreements. The primary objective of the schemes is to facilitate access to the credit facilities by guaranteeing loans granted by the participating financial institutions to small and medium enterprises, exporters and development projects.

The rules of the schemes include a requirement for the financial institutions to properly assess the projects' viability, as to adequacy of loan security and approve the loan prior to applying for the guarantee. Because of the nature of the loan transactions, contingent liabilities exist in respect of possible default

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most significant use of judgement and estimates are as follows:

(a) Going concern

The Bank's Management has made an assessment of the Bank's ability to continue as a going concern. Management is satisfied that the Bank has resources to continue in operation for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis

(b) Impairment of assets carried at amortised cost

Impairment losses on items in cash and balances with central banks, escrow account, items in course of settlement, holdings of Special Drawing Rights (SDR), quota in International Monetary Fund (IMF) government securities, advances to the Governments, loans and receivables and other assets.

The Bank reviews its financial assets measured at amortised cost at each reporting date to assess whether an impairment loss should be recognised in profit or loss. In particular, judgment by the Directors is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

The Bank makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.

(c) Impairment of other financial assets

Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(d) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives and discount rates. Details have been provided under **Note 44** to these accounts.

(e) Useful lives of property and equipment

Pursuant to the requirements of IAS 16 (Property, Plant and Equipment) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the Bank makes accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviews its depreciation rates at each reporting date.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(f) Retirement benefits

Under IAS 19 measurement of scheme liabilities must be calculated under the projected unit credit method, which requires certain demographic, financial and future salary growth assumptions. A degree of judgement is required in establishing market yields, long term expectations, the notional contribution rate and other inputs used in the actuarial valuation. Details have been provided under **Note 45** to these accounts.

(g) Contingent liabilities

The Bank has provided for the liabilities arising out of contractual obligations. Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgments than other types of provisions. When cases are at an early stage, accounting judgments can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases. Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognised, and the estimated amounts of any such provisions, revising previous judgments and estimates as appropriate.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

5. INTEREST INCOME

Interest income from foreign operations relates to interest earned from investments in foreign fixed income securities, money market operations and foreign deposits. Interest on domestic investments relates to interest earned from investments in United Republic of Tanzania government bonds, stocks and discounted treasury bills

	30.06.2021			30.06.2020		
	Received	Accrued	Total	Received	Accrued	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
From foreign operations						
GBP investments	18,390,445	2,680,093	21,070,538	8,648,919	4,736,064	13,384,983
USD investments	60,933,006	15,693,756	76,626,762	138,391,544	23,708,952	162,100,496
EUR investments	2,519	-	2,519	-	-	-
AUD investments	5,702,824	1,562,276	7,265,100	3,980,413	1,874,037	5,854,450
CNY investments	34,956,051	7,464,233	42,420,284	12,635,495	3,273,910	15,909,405
Other foreign interest income	2,048,520	-	2,048,520	1,555,576	-	1,555,576
	122,033,365	27,400,358	149,433,723	165,211,947	33,592,963	198,804,910
From domestic operations						
Interest on domestic investments	75,311,187	46,194,524	121,505,711	84,743,447	34,452,390	119,195,837
Interest on loans and advances	10,748,607	2,987,119	13,735,726	-	2,324,898	2,324,898
Interest on staff loans	313,353	364	313,717	345,789	364	346,153
Interest on Repurchase Agreements (Reverse REPO)	8,881,555	136,636	9,018,191	9,366,394	-	9,366,394
	95,254,702	49,318,643	144,573,345	94,455,630	36,777,652	131,233,282
	217,288,067	76,719,001	294,007,068	259,667,577	70,370,615	330,038,192



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

5. INTEREST INCOME (CONTINUED)

Classification of interest income arising from financial instruments is indicated below:

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Income from instruments measured at fair value	108,246,253	112,769,422
Income from instruments measured at amortised cost	185,760,815	217,268,770
	294,007,068	330,038,192

6. INTEREST EXPENSES

	30.06.2021			30.06.2020		
	Paid TZS '000	Accrued TZS '000	Total TZS '000	Paid TZS '000	Accrued TZS '000	Total TZS '000
Interest on BoT liquidity papers	3,716,267	186,302	3,902,569	5,880,411	1,196,442	7,076,853
Interest on repurchase agreements	85,036	-	85,036	-	-	-
Charges on IMF Drawings	470,598	-	470,598	3,609,172	-	3,609,172
	4,271,901	186,302	4,458,203	9,489,583	1,196,442	10,686,025

The Bank issues 35-Day, 91-Day, 182-Day and 364-Day Treasury Bills to mop up excess liquidity in the economy. The interest expense arising from liquidity mop up activities is shared between the Bank and the Government of the United Republic of Tanzania in accordance with the sharing ratios agreed in Memorandum of Understanding (MOU) in force.



Bank of Tanzania Annual Report 2020/21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

7. FOREIGN EXCHANGE REVALUATION GAINS/(LOSS)

During the year, the Bank recorded a total net foreign exchange revaluation gain amounting to TZS 202,455.5 million (2020: loss of TZS 28,810.9 million). This amount has been included in the statement of profit or loss in determining the Bank's net operating profit for the year in order to comply with the requirements of IAS 21 - Accounting for the Effects of Changes in Foreign Exchange Rates. Out of the total net foreign exchange revaluation gain, an amount of TZS 59,931.6 million (2020: 5,754.7 million) relating to unrealised gain is not available for distribution of dividend and according to the Bank of Tanzania Act, 2006 has been transferred to the foreign exchange revaluation reserve (refer to **Note 41 (g)**).

Analysis of foreign exchange valuation	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Net realised foreign exchange revaluation gain/(loss) during the year	142,523,944	(34,565,620)
Net unrealised foreign exchange revaluation gains during the year	59,931,560	5,754,740
	<u>202,455,504</u>	<u>(28,810,880)</u>

8. NET GAINS/ (LOSSES) ON FOREIGN CURRENCY MARKETABLE SECURITIES

	<u>30.06.2021</u>			<u>30.06.2020</u>		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
USD	(5,506,260)	(12,447,493)	(17,953,753)	11,504,916	10,197,307	21,702,223
GBP	(10,064,563)	-	(10,064,563)	427,265	-	427,265
AUD	1,313,871	-	1,313,871	1,467,441	-	1,467,441
CNY	(290,109)	-	(290,109)	77,983	-	77,983
Total	<u>(14,547,061)</u>	<u>(12,447,493)</u>	<u>(26,994,554)</u>	<u>13,477,605</u>	<u>10,197,307</u>	<u>23,674,912</u>

The net realised gain or losses on foreign currency marketable securities represents the net (decrease)/ increase in the fair value of these foreign securities. The value of this balance aggregated to a loss of TZS 26,994.6 million (2020: gain of TZS 23,674.9 million). Included in the net realised loss TZS 10,822.5 million is the reclassification adjustment of the net unrealised gains recognised in other comprehensive income in the previous period for the disposed securities.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

9. FEES AND COMMISSIONS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Commission on foreign operations	58,955,850	60,036,995
Tanzania Interbank Settlement System (TISS) fees and charges	3,940,240	3,115,494
Bureau de change application fees	10,000	8,000
Bureau de change registration fees	6,500	12,000
Bureau de change penalty fees	725,500	4,164,696
Tender application fees	-	16,900
Banks and financial institutions applications/licensing fees	500,500	131,398
	<u>64,138,590</u>	<u>67,485,483</u>

Commission on foreign operations relates to income received from buying or selling foreign currency, and funds transfers by SWIFT and TISS.

10. OTHER OPERATING INCOME

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Foreign operations		
Miscellaneous income*	5,102,010	215,365
Interest from FVTPL investments	10,806,178	14,255,166
Dividend from equity investment	-	1,794,843
*Included in miscellaneous income is gain from IFEM operations TZS 4,390.0 millions		
Other income from foreign operations	<u>15,908,188</u>	<u>16,265,374</u>
Domestic operations		
Miscellaneous income	531,848	1,790,229
Income - domestic operations	1,279,282	844,924
Staff contributions *	4,452,750	4,504,422
Rental income from staff quarters	738,610	767,383
Income from hostel accommodation	129,021	108,579
Income from cafeteria operations	73,385	57,379
Gain on disposal of PPE	17,547	-
Other income from domestic operations	<u>7,222,443</u>	<u>8,072,916</u>
Total other income	<u>23,130,631</u>	<u>24,338,290</u>

*Net contribution and investments income on Staff Housing Compensatory Fund



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

11. ADMINISTRATIVE EXPENSES

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Maintenance - computer, software and related expenses	14,790,836	11,897,560
Transport and traveling expenses	9,645,084	10,066,968
Meetings, conferences and seminars	3,487,080	3,660,372
Water and electricity	5,235,512	5,496,002
Maintenance - bank premises	6,686,557	6,556,001
Insurance expenses	5,402,528	5,037,468
Fees, rates and security expenses	2,609,402	2,507,117
Printing, stationery and office supplies	1,811,593	1,023,704
Telecommunication and postage	1,885,829	1,776,846
Board expenses	720,816	821,541
Other administrative expenses	4,273,421	4,263,224
Skills development levy	2,895,705	3,561,927
Maintenance - furniture, machinery and equipment	2,276,087	1,601,084
Audit fees	491,998	491,998
Budget and annual accounts preparation expenses	922,826	471,065
Hospitality	239,546	194,578
Audit related expenses	367,321	124,608
Legal and investigation expenses	649,407	1,253,803
	<u>64,391,548</u>	<u>60,805,866</u>

12. CURRENCY AND RELATED EXPENSES

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Notes printing and related expenses (Note 26)	59,872,437	47,953,937
Coins minting and related expenses (Note 26)	4,292,211	5,321,383
Cost of currency issued into circulation	<u>64,164,648</u>	<u>53,275,320</u>
Maintenance of currency machines	1,440,050	2,486,969
Currency transport, storage and handling	6,530,774	6,421,413
Other currency expenses	761,912	787,343
Other currency related costs	<u>8,732,736</u>	<u>9,695,725</u>
Total currency and related expenses	<u>72,897,384</u>	<u>62,971,045</u>

The amount of TZS 64,164.6 million (2020: TZS 53,275.3 million) is in respect of notes printing and coins minting and related expenses, refers to the proportionately amortised portion of deferred notes printing and coins minting cost for the new currency notes and coins that were issued into circulation during the year.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

12. CURRENCY AND RELATED EXPENSES (CONTINUED)

A total of TZS 1,440.1 million (2020: TZS 2,487.0 million) was incurred during the year in respect of currency machines maintenance expenses. The amount of TZS 6,530.8 million (2020: TZS 6,421.4 million) relates to currency distribution expenses that include; transportation, handling, storage, and other related expenses incurred during the year. Other currency related expenses aggregated to TZS 761.9 million (2020: TZS 787.3 million).

13. PERSONNEL EXPENSES

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Staff salaries and related expenses	75,955,107	76,102,308
Contribution to social security schemes	9,818,873	10,263,631
Staff medical expenses	7,779,860	8,014,832
Management car maintenance and other related expenses	6,055,956	6,008,215
Travel on leave expenses	5,535,773	7,699,450
Staff retirement benefit	4,689,672	3,896,652
Staff training expenses	4,123,842	2,769,057
HR planning policies expenses	2,306,420	1,490,450
Furniture grant expenses	2,060,735	1,120,017
Cafeteria expenses	1,959,747	2,339,309
Workers Council expenses	1,194,794	1,092,968
Tanzania Union for Industrial and Commercial (TUICO) expenses	908,503	672,085
Motor vehicles expenses	836,838	835,114
Contributions to Workers Compensation Fund	361,854	366,310
Condolence and related expenses	278,897	294,635
Staff uniforms expenses	233,777	200,060
Course functions and field trips expenses	7,409	3,990
	<u>124,108,057</u>	<u>123,169,083</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

14. OTHER OPERATING EXPENSES

*The amount of fair valuation of government securities is to align with IFRS 9 requirement on initial recognition

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Foreign operations		
Foreign reserve management expenses	1,640,267	7,365,952
Financial markets development expenses	1,594,280	1,737,856
Commission and fees on foreign operations	4,292,477	1,006,247
	<u>7,527,024</u>	<u>10,110,055</u>
Domestic operations		
Contribution to professional associations, charities	2,006,842	3,649,376
Other expenses & fair value changes on Governments securities	9,895,534	32,614,086
Contribution to national development programs/projects	275,872	400,561
Subscriptions	160,277	146,034
Expected Credit Loss on Financial instruments	335,032	-
	<u>12,673,557</u>	<u>36,810,057</u>
Cheques issued expenses	56,445	97,405
	<u>20,257,026</u>	<u>47,017,517</u>

The amount of fair valuation of government securities is to align with IFRS 9 requirement on initial recognition

Analysis of donations, contributions and subscriptions

Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)	1,058,631	1,364,295
Donations and other contributions	289,611	868,759
Subscription to National Board of Accountants and Auditors (NBAA) and National Board of Material Management (NBMM)	160,277	847,237
Capital Markets and Securities Authority	354,375	531,563
Contribution to African Research Consortium	229,901	228,930
Deposit Insurance Board	210,914	193,677
African Association of Central Banks and African Rural and Agriculture Credit Association	93,310	119,459
Contribution - Committee of Central Bank Governors (CCBG)	45,972	42,051
	<u>2,442,991</u>	<u>4,195,971</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

15. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Loss on re- measurement of Defined Benefit Scheme	(9,753,241)	(4,541,485)
Net revaluation gains on equity investments	5,183,480	579,873
Net unrealised gains on marketable securities-FVOCI	<u>(84,113,602)</u>	125,476,503
Total other comprehensive Income	<u>(88,683,363)</u>	121,514,891

Included in other comprehensive income is TZS 84,113.6 million which represents changes in prices of marketable securities portfolio that are classified to Fair Value Through Other Comprehensive Income (2020: gain of TZS 125,476.5 million). The gain of TZS 5,183.5 million (2020: TZS 579.9 million) is in respect of revaluation on the Bank's shares in Afrexim bank and SWIFT measured at FVTOCI. Except for net realised gains on marketable securities, other gains/ losses under OCI are not recycled to profit or loss. The computation of actuarial gain/loss is reported under **Note 45**.

16. CASH AND BALANCES WITH CENTRAL BANKS AND OTHER BANKS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Demand, time deposits with commercial banks	4,900,261,580	4,214,050,137
Cash balances with Central Banks	882,357,109	544,099,723
Foreign Currency notes and coins	46,631,506	834,852,232
Accrued interest on deposits	5,143,746	8,420,416
Provision for Expected Credit Losses	<u>(70,980)</u>	<u>(265,499)</u>
	<u>5,834,322,961</u>	<u>5,601,157,009</u>

Cash and cash equivalents consist of demand deposits; two-day notice accounts and time deposits with maturities of less than three months and carry interest at market rates. For the purpose of recording cash flows in the Statement of Cash Flow, the Provision for Expected Credit Losses on cash and cash equivalents has been added back as it is not a cash flow.

17. ESCROW ACCOUNTS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Bank of Tanzania Escrow	<u>11,257,016</u>	<u>11,253,547</u>

This account was opened under the memorandum of economic and financial policies arrangement of the United Republic of Tanzania (URT) Government. The agreement was to establish an external escrow account into which the URT Government would pay a significant portion of the estimated debt service due to the relevant group of non-Paris creditors. The URT Government Deposits the funds into the account pending agreement with creditors. In line with the arrangement, the funds are available to confirmed creditors.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

17. ESCROW ACCOUNTS (CONTINUED)

The Government deposited funds into this account once in March 2003 of USD 5.0 million that was equivalent to TZS 5,256.0 million. Some of the funds were utilised to settle due obligations before financial crises. The balance on the account earns interest. As at 30 June 2021, the account had a balance of USD 4.9 million equivalent to TZS 11,257.0 million. (2020: USD 4.9 million equivalent to TZS 11,253.5 million).

18. ITEMS IN COURSE OF SETTLEMENT

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
BoT net clearing account	<u>(3,408,577)</u>	<u>(17,730,881)</u>

This balance represents values of outward and inward clearing instruments, held by the Bank while awaiting clearance in the normal course of business. This includes values of clearing instruments both as inward and outward items and cheques deposited into Government accounts for settlement of various obligations in accordance with the rules and regulations as set in the clearing house.

19. INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	<u>30.06.2021</u>		<u>30.06.2020</u>	
	SDR '000	Equivalent TZS '000	SDR '000	Equivalent TZS '000
Assets				
Holdings of SDR's	6,775	22,217,849	6,359	20,100,182
Quota in IMF	<u>397,800</u>	<u>1,304,531,756</u>	<u>397,800</u>	<u>1,257,328,887</u>
	404,575	1,326,749,605	404,159	1,277,429,069
Liabilities				
IMF Account No.1	338,071	1,108,659,994	338,071	1,068,544,503
IMF Account No.2	<u>3</u>	<u>11,463</u>	<u>3</u>	<u>11,046</u>
	338,074	1,108,671,457	338,074	1,068,555,549
Allocation of SDRs	<u>190,511</u>	<u>624,756,632</u>	<u>190,511</u>	<u>602,150,585</u>

The Tanzania's quota in IMF stood at SDR 397.8 million equivalent to TZS 1,304,531.8 million (2020: SDR 397.8 million equivalent to TZS 1,257,328.9 million). On a quarterly basis, the IMF pays interest (remuneration) to those members who have a remunerated reserve tranche position at the adjusted rate of remuneration. As at 30th June 2021, reserve tranche stood at SDR 59.7 million (2020: SDR 59.7 million) whereas the adjusted rate of remuneration was 0.05 percent (2020: 0.5 percent).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

20. FOREIGN CURRENCY MARKETABLE SECURITIES

These are financial assets consisting of foreign currency marketable securities that are internally managed, and portfolio externally managed by the World Bank Treasury under a special program known as Reserve Advisory Management Program (RAMP). Majority of such securities are sovereign issues with a minimum credit rating of AA, bearing fixed interest and specified maturities. The balance of this reserve was as follows:

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Internally Managed Portfolio in Foreign Currency Marketable Securities- FVOCI	5,540,699,276	5,489,894,595
Marketable securities- FVTPL	690,480,351	684,192,137
Accrued interest	<u>23,862,804</u>	<u>27,869,057</u>
	<u>6,255,042,431</u>	<u>6,201,955,789</u>

Analysis of foreign currency marketable securities by concentration into sovereign issues, supranational securities and agency securities by fair values:

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Sovereign Issues		
USD	4,651,037,572	4,507,506,441
GBP	278,855,780	708,710,393
AUD	201,260,406	295,587,055
CNY	<u>356,150,025</u>	<u>192,247,838</u>
	<u>5,487,303,783</u>	<u>5,704,051,727</u>
Supranational Securities		
USD	<u>481,900,064</u>	<u>353,051,203</u>
	<u>481,900,064</u>	<u>353,051,203</u>
Agency Securities		
USD	249,924,972	125,698,450
CNY	<u>35,913,612</u>	<u>-</u>
	<u>285,838,584</u>	<u>125,698,450</u>
Corporate Securities		
USD	<u>-</u>	<u>19,154,409</u>
	<u>-</u>	<u>19,154,409</u>
Total Investments		
USD	5,382,862,608	5,005,410,504
GBP	278,855,780	708,710,393
AUD	201,260,406	295,587,055
CNY	<u>392,063,637</u>	<u>192,247,838</u>
	<u>6,255,042,431</u>	<u>6,201,955,789</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

21. EQUITY INVESTMENTS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Investment in equity are measured at Fair Value through Other Comprehensive Income (FVTOCI):		
Equity investment in Afreximbank	43,245,308	37,232,149
Equity investment in SWIFT	1,008,878	1,247,269
	<u>44,254,186</u>	<u>38,479,418</u>

Equity investment in Afreximbank

The African Export-Import Bank (Afreximbank) is a supranational institution, established on 27 October 1993. The Bank holds an investment in the equity of Afreximbank. Afreximbank is a grouping of regional central banks and financial institutions designed to facilitate intra and extra African trade. During the year, the Bank's acquired 19 share from Afreximbank hence as at June 2021 equity investment in Afreximbank is 815 ordinary shares (2020:796) of par value of USD 10,000 each. As at 30 June 2021, the Bank's equity aggregated to USD 3,260,000 representing two fifth of the Bank's paid up shares in Afreximbank (2020: USD 3,184,000). The proportion of the Banks equity interest to the total holding in this bank is 0.60 percent. These shares are measured at FVTOCI.

Equity Investment in SWIFT

Society for Worldwide Interbank Financial Telecommunications (SWIFT) (the "Company") is a company founded in Brussels in 1973 to provide a secured network that enables financial institutions worldwide to send and receive information related to financial transactions in a secure, standardised and reliable environment.

SWIFT members hold interest in the cooperatives through shares. The Company manages the shares through the reallocation principle defined in its By-laws and general membership rules.

The number of shares allocated to each member is determined at least after every three years according to the Bylaws of the Company and is proportional to the annual contributions paid for the network-based services to the Company. The members have the obligation to give up or take up the resulting change in shares. The By-laws of the Company state that shares are only reimbursed when a member resigns, or when a member has to give up shares following reallocation. This investment is measured at fair value through other comprehensive income. During the year, under review the Bank had a total of 61 shares (2020: 85).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

22. GOVERNMENT SECURITIES

Amortised cost:	30.06.2021	30.06.2020
	TZS '000	TZS '000
Treasury Bills	595	2,635,416
Special Treasury Bonds	847,296,979	991,590,579
Treasury EPA Stock	201,391,122	201,391,122
Sub-total	1,048,688,696	1,195,617,117
Accrued interest	46,194,524	34,452,390
Total	1,094,883,220	1,230,069,507

The Bank holds various government fixed income securities issued by the United Republic of Tanzania Government. Treasury special stocks and bonds are issued at face value, discount or premium. Treasury stocks are issued at a fixed coupon.

Treasury Bills

This represents treasury bills discounted by commercial banks to the Bank. As at 30 June 2021, the value of treasury bills discounted was TZS 0.6 million (2020: TZS 2,635.4 million).

Special Treasury Bonds

Treasury Special Bonds are long-term instruments issued at fixed coupon for Government financing. Interest on the bonds is payable semi-annually based on the agreed coupon rate. The balance includes:

Matured stock that was converted into 5.75% 6-Year Special Bond 2019/2025 with face value of TZS 51,333.3 and the 10 Year Special Government Bond 2009/19 that matured 2 July 2019 that was rolled over into 6% 7 Year Special bond 2019/2026 with a face value of TZS 50,000.0 million. The carrying amount of these bonds stood at TZS 33,156.7 million and TZS 29,992.9 million respectively

The 10 Year Special Government Bonds 2009/2019 with a face value of TZS 150,000.0 million had partial redemption of TZS 50,000.0 million paid on 3 July 2017 and 1 July 2018 and the remainder balance was rolled over to 5.15% 3 Years special government bond. As at 30 June 2021, the balance stood at TZS 46,490.6. million (2020: TZS 46,490.6 million).

A 10 Years 8% special bond 2009/19 with face value of TZS 323,000.0 million was issued on 2 June 2009. Upon its maturity the bond was rolled over and was divided into three maturities of 5 years at coupon of 5.5 percent with face value of TZS 100,000.0 million as at 30 June 2021 the carrying amount was TZS 85,504.8 million, 6 years at coupon of 5.75 percent with face value of TZS 100,000.0 million whereas at 30 June 2021 the carrying amount was TZS 84,441.8 million and 7 years at coupon 6.0 percent with face value of TZS 123,000.0 million and closed with a carrying amount of TZS 98,225.7 million. The initial purpose of the two bonds was to bridge Government revenue shortfall mainly attributed to the impact of the global financial crisis



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

22. GOVERNMENT SECURITIES

On 12 October 2012, the Government issued a 10-Year 2012/2022 Special Bond with face value of TZS 469,484.4 million with coupon of 11.44 percent. The bond was issued to replace the accumulated deficit position of the United Republic of Tanzania Government. As at 30 June 2021 the carrying amount of the bond stood at TZS 469,484.4 million.

The value of Special Bonds as at 30 June 2021 was TZS 847,297.0 million (2020: TZS 991,590.6 million).

Treasury EPA Stock

Treasury EPA Stocks represent External Payment Arrears (EPA) that date back to 1980's when the defunct National Bank of Commerce (NBC) had external commercial obligations that were in arrears for lack of foreign exchange. These were later on transferred to the Bank to facilitate their administration and control. According to the arrangement, the externalisation of EPA obligations was done based on agreed exchange rates. The exchange rate differential between the exchange rate prevailing when the beneficiaries are paid and the agreed rate resulted into exchange losses, which are recoverable from the Government. Funding of the resulting obligations was obtained through issuance of EPA stocks.

The Government effective from 01 August 2008 reissued two EPA Special Stocks namely EPA Special Stock 2002/2052 and EPA Special Stock 2005/2055 with values of TZS 4,352.8 million and TZS 65,646.1 million and replaced them with EPA Special Stock 2008/18 and EPA Special Stock 2008/23 respectively. Their tenures were reviewed from 50 years and 55 years to 10 years and 15 years with annual coupons of 7.5 percent and 8.0 percent payable semi-annually respectively. The EPA special Stock 2008/18 valued at TZS 4,352.8 matured and was repaid. Furthermore, on 1 August 2008 the Government issued EPA Special Stock with face value of TZS 135,745.1 million to accommodate external payment arrears exchange losses incurred up to 31 December 2007. The stock has a maturity of 20 years with annual coupon of 8.5 percent payable semi-annually. As at 30 June 2021, the aggregate position of Special EPA stocks stood at TZS 201,391.1 million (2020: TZS 201,391.1 million).

23. ADVANCES TO THE GOVERNMENT

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Advances to the Governments (URT)- Note 33	2,336,510,828	780,154,647
Advances /(deposit) to the Governments(RGOZ)- Note 33	<u>57,195,928</u>	<u>63,879,098</u>
Net advance to the Governments	<u>2,393,706,756</u>	<u>844,033,745</u>

Advances to the Governments represent temporary financial accommodation to finance short term financial gap between the receipts from budgeted revenue and Governments expenditure. The interest chargeable for advances granted to the Governments is three percent per annum. Total advance outstanding at the year-end amounted to, TZS 2,393,706.8 million (2020: TZS 844,033.7 million) as summarised under **Note 33**.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

24. LOANS AND RECEIVABLES

	<u>30.06.2021</u>	<u>30.06.2020</u>
	<u>TZS "000"</u>	<u>TZS "000"</u>
Accounts receivable	60,902,571	313,808,580
Staff loans and advances	76,626,160	77,070,246
Cash loss recoverable from NBC Limited	5,144,000	5,144,000
	142,672,731	396,022,826
Provision for impairment	(10,269,307)	(9,761,110)
Net carrying amount loan and receivable	132,403,424	386,261,716
	<u>30.06.2021</u>	<u>30.06.2020</u>
<i>Analysis of impairment by line items</i>	<u>TZS "000"</u>	<u>TZS "000"</u>
Cash loss recoverable from NBC Limited	5,144,000	5,144,000
Staff loans, advances and receivables	5,125,307	4,617,110
	10,269,307	9,761,110

The Bank did not pledge any loans and receivables as securities against liabilities in 2021 and 2020. Accounts receivable represent short term claims which are expected to be recovered within a period not exceeding twelve months and outstanding transactions made on trade date.

a) Accounts Receivable:

Major components under accounts receivable include the following:

(i) Interest receivable on Liquidity Management:

Included under accounts receivable is TZS 294.8 million (2020: TZS 13,469.6 million) relating to 2020/21 URT Government share in respect of interest on liquidity management costs. The URT Government and Bank of Tanzania share liquidity management cost based on the formula contained in the Memorandum of Understanding between BoT and the Government

(ii) Interest receivable on overdrawn Governments account:

During the year, the Governments net position was overdrawn by TZS 2,393,706.8 million (2020: TZS 844,033.7 million). Pursuant to Section 34 of the Bank of Tanzania Act, 2006, an amount of TZS 13,735.7 million (2020: TZS 2,324.8 million) was charged to the Governments as interest on overdrawn position. Where interest repayment during the year amounted to TZS 238,110.4 million thus as at 30 June 2021 interest outstanding amounted to TZS 3,728.6 million (2020: TZS 228,103.3 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

24. LOANS AND RECEIVABLES (CONTINUED)

(iii) Standby credit facility:

The commercial banks have access to the standby credit facility with a maturity of one day to settle their obligations in their clearing balances to avoid systematic risk when their balances are not sufficient to cover their obligations. Such facility is available at market rate prevailing on that particular date subject to provision of allowable securities as collateral. At 30 June 2021, the facility had a balance of TZS 399.3 million as compared to TZS 12,597.9 million balance as at 30 June 2020.

b) Staff Loans and Advances:

Employees of the Bank are entitled to loans and advances as approved in accordance with the Bank's Staff Bylaws and Financial Regulations in force. Staff loans are granted to employees to assist them in acquisition of residential houses, motor vehicles, computers, furniture and short-term needs. The advances/loans are granted at preferential rates of interest determined by the Bank presently at 5.0 percent fixed over the period of the loan. These loans and advances are recovered from the employees' monthly salaries. The facilities are secured against the borrowers' employment and terminal benefits. As at 30 June 2021, the balance of staff loans and advances was TZS 76,626.2 million (2020: TZS 77,070.2 million).

25. INVENTORIES

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
The inventory balance consists of the following:		
Currency machine spare parts	4,826,078	5,133,459
Building, machinery and maintenance consumables	850,393	904,017
Stationery	495,233	532,058
ICT accessories and consumables	566,670	585,751
Cheque books	370,682	393,596
Copier parts and consumables	378,396	396,522
Drugs and medicines	32,525	103,914
Inventory in Transit	55	55
Less: Inventory impairment	(980,969)	(980,969)
	<u>6,539,063</u>	<u>7,068,403</u>

All inventories held by the Bank as at 30 June 2021 were for the internal consumption to support Bank's operations and not intended for sale.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

26. DEFERRED CURRENCY COST

This account represents direct cost relating to notes printing and coins minting held by the Bank. During financial year 2020/21, the movement on deferred currency cost account was as follows:

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Balance as at the beginning of the year	34,035,017	41,375,635
Add: Cost of currency received during the year	82,233,370	45,934,702
Less: Cost of currency issued in circulation (Note 12)	(64,164,648)	(53,275,320)
Balance as at the end of the year	<u>52,103,739</u>	<u>34,035,017</u>

27. OTHER ASSETS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Reverse REPO	107,333,086	19,714,804
Financial Sector Development Fund	35,515,414	373,108
Prepayments	30,280,198	51,465,733
Staff Housing Fund investments	26,048,418	26,024,464
Sundry receivables	1,891,783	4,854,492
Staff benefit fund	1,751,587	-
Staff imprest	105,354	300,790
Petty cash balances	145,000	138,500
	<u>203,070,840</u>	<u>102,871,891</u>

(i) Prepayment:

The balance under prepayment for the year ended 30 June 2021 mainly covers; TZS 25,308.0 million paid as advance payment in respect of notes printing. As at 30 Jun 2021 the balance of prepayment was TZS 30,280.2 million (2020: 51,718.6 million)

(ii) Reverse REPO:

The balance represents short term advance granted to commercial banks under reverse REPO contracts, where commercial banks sell securities to the Bank and simultaneously agree to purchase the same securities at a specified future date at a fixed price. The difference between sale and repurchase price is treated as interest income and is recognised in profit or loss. As at 30 Jun 2021 the balance of reverse REPO contracts was TZS 107,333.1 million (2020: 19,714.8 million).

(iii) Staff housing fund:

The balance represents staff housing fund investments in government securities including treasury bills and treasury bonds. The operation of the fund is as explained under Note 41 (e).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

27. OTHER ASSETS (CONTINUED)

(iv) Financial Sector Development Fund

The balance represents the Financial Sector Development fund's investments in government securities. The operation of the fund is as explained under Note 41 (i).

28. RETIREMENT BENEFIT ASSETS (OBLIGATION)

	30.06.2021	30.06.2020
	TZS '000'	TZS '000'
Retirement benefit (obligation)/asset	(13,835,705)	786,522
	(13,835,705)	786,522

During the year the retirement benefit recorded an obligation of TZS 13,835.7 million (2020: TZS 786.5 million), details shown on staff benefits scheme under **NOTE 45**.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

29. PROPERTY AND EQUIPMENT

Year ended 30 June 2021	Buildings TZS '000	Lease	Machinery and equipment TZS '000	Motor vehicles TZS '000	Fixtures and fittings TZS '000	Computers, servers and printers TZS '000	Capital work in progress TZS '000	Total TZS '000
Cost/valuation								
At 30 June 2020	914,348,439	5,065,733	277,174,389	25,498,483	10,900,079	28,829,001	45,581,054	1,307,397,178
Additions	2,583,744	-	3,276,002	5,817,231	529,670	11,800,626	4,449,722	28,456,995
Disposal	-	-	(240,436)	(132,692)	(79,899)	(133,983)	(1,000)	(588,010)
Transfers	41,461,002	-	-	-	-	-	(41,461,002)	-
At 30 June 2021	958,393,185	5,065,733	280,209,955	31,183,022	11,349,850	40,495,644	8,568,774	1,335,266,163
Accumulated depreciation and Impairment								
At 01 July 2020	30,041,250	576,805	237,398,971	17,054,489	8,660,584	23,693,870	15,000	317,440,969
Depreciation charges for the year	7,916,735	575,321	9,863,419	2,213,765	517,457	1,570,850	-	22,657,547
Disposal	-	-	(189,359)	(106,750)	(72,493)	(121,128)	-	(489,730)
At 30 June 2021	37,957,985	1,152,126	247,073,031	19,161,504	9,105,548	25,143,592	15,000	339,608,786
Net book value								
At 30 June 2021	920,435,200	3,913,607	33,136,924	12,021,518	2,244,302	15,352,052	8,553,774	995,657,377

There were neither amounts nor restrictions on title of property and equipment held by the Bank as at 30 June 2021. No depreciation is charged on capital work in progress until it is substantially completed.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

29. PROPERTY AND EQUIPMENT (CONTINUED)

Year ended 30 June 2020	Buildings TZS '000	Lease	Machinery and equipment TZS '000	Motor vehicles TZS '000	Fixtures and fittings TZS '000	Computers, servers and printers TZS '000	Capital work in progress TZS '000	Total TZS '000
Cost/valuation								
At 30 June 2019	908,931,604	-	266,999,727	25,228,295	10,423,492	26,565,145	43,349,261	1,281,497,524
Lease recognition at 01 July 2019	-	5,065,733	-	-	-	-	(1,971,498)	3,094,235
Balance As at 01 July 2019	908,931,604	5,065,733	266,999,727	25,228,295	10,423,492	26,565,145	41,377,763	1,284,591,759
Additions	4,369,505	-	10,402,793	270,188	190,755	2,263,856	5,515,617	23,012,714
Disposal	-	-	(207,295)	-	-	-	-	(207,295)
Transfers	1,047,330	-	(20,836)	-	285,832	-	(1,312,326)	-
At 30 June 2020	914,348,439	5,065,733	277,174,389	25,498,483	10,900,079	28,829,001	47,552,554	1,307,397,178
Accumulated depreciation & Impairment								
At 01 July 2019	22,402,150	-	227,061,628	15,382,534	8,012,331	22,328,953	15,000	295,202,596
Charges for the year	7,639,100	576,805	10,764,787	1,586,086	635,432	1,136,859	-	22,339,069
Transfer/Reclassifications	-	-	(240,879)	-	12,821	228,058	-	-
Impairment	-	-	-	85,869	-	-	-	85,869
Disposal	-	-	(186,565)	-	-	-	-	(186,565)
At 30 June 2020	30,041,250	576,805	237,398,971	17,054,489	8,660,584	23,693,870	15,000	317,440,969
Net book value								
At 30 June 2020	884,307,189	4,488,928	39,775,418	8,443,994	2,239,495	5,135,131	45,566,054	989,956,209

There were neither amounts nor restrictions on title of property and equipment held by the Bank as at 30 June 2020. No depreciation is charged on capital work in progress until it is substantially completed.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

29. PROPERTY AND EQUIPMENT (CONTINUED)

Reconciliation of items disposed during the period by class of assets.

Class of asset	Gain or (loss) on disposal of property and equipment		Accumulated depreciation TZS '000	Cost of disposal TZS '000	Cash proceeds TZS '000	30.06.2021	30.06.2020
	Cost TZS '000	Net gains/(loss) TZS '000				Net gains/(loss) TZS '000	
Machinery & equipment	240,436		189,359	1,151	39,366	(12,862)	(20,730)
Motor vehicles	132,692		106,750	3,737	64,440	34,761	-
Fixtures & fittings	79,899		72,493	1,817	16,636	7,413	-
Computers, servers & printers	133,983		121,128	123	2,213	(10,765)	-
Capital work in progress	1,000		-	-	-	(1,000)	-
	588,010		489,730	6,828	122,655	17,547	(20,730)



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

30. INTANGIBLE ASSETS

	Computer software	Computer software - WIP	Total
2021	TZS '000	TZS '000	TZS '000
Cost			
At 1 July 2020	32,696,409	941,342	33,637,751
Additions	3,168,033	-	3,168,033
Disposal	(3,936,127)	(22,691)	(3,958,818)
Transfer in/(out)	918,651	(918,651)	-
At 30 June 2021	32,846,966	-	32,846,966
Accumulated amortisation			
At 1 July 2020	30,756,008	22,691	30,778,699
Charge for the year	1,226,703	-	1,226,703
Transfers	(3,936,127)	(22,691)	(3,958,818)
At 30 June 2021	28,046,584	-	28,046,584
Net book value			
At 30 June 2021	4,800,382	-	4,800,382
2020			
	TZS '000	TZS '000	TZS '000
Cost			
At 1 July 2019	32,339,374	941,342	33,280,716
Additions	357,035	-	357,035
Transfer in/(out)	-	-	-
At 30 June 2020	32,696,409	941,342	33,637,751
Accumulated amortisation			
At 1 July 2019	29,404,360	22,691	29,427,051
Charge for the year	1,351,648	-	1,351,648
Transfers	-	-	-
At 30 June 2020	30,756,008	22,691	30,778,699
Net book value			
At 30 June 2020	1,940,401	918,651	2,859,052

The WIP relates to foundation software that have been transferred to purchased software



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

31. CURRENCY IN CIRCULATION

	<u>30.06.2021</u>	<u>30.06.2020</u>
Notes		
Notes issued	10,143,314,840	7,664,544,958
Less: Notes in Custody	<u>(4,579,524,145)</u>	<u>(2,571,256,561)</u>
Notes in Circulation	<u>5,563,790,695</u>	<u>5,093,288,397</u>
Coins		
Coins issued	161,135,867	161,136,567
Less: Coins in Custody	<u>(20,249,149)</u>	<u>(29,104,144)</u>
Coins in Circulation	<u>140,886,718</u>	<u>132,032,423</u>
Total currency in circulation	<u>5,704,677,413</u>	<u>5,225,320,820</u>

Currency in circulation represents the face value of notes and coins in circulation. Notes and coins held by the Bank as cash in main vault, intermediary vault and cashier/teller at the end of financial year have been deducted from notes and coins issued to reflect actual liability for notes and coins in circulation.

The notes and coins in circulation figure of TZS 5,704,677.4 million (2020: TZS 5,225,320.8 million) includes banknotes that were phased out in 2003 with the face value of TZS 99,386.9 million (2020: TZS 99,386.9 million) still in circulation.

32. DEPOSITS – BANKS AND NON-BANK FINANCIAL INSTITUTIONS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Deposits - commercial bank deposits		
Domestic banks local currency deposits	2,977,832,000	3,124,937,065
Domestic banks foreign currency deposits	<u>522,691,067</u>	<u>393,361,331</u>
Sub total	<u>3,500,523,067</u>	<u>3,518,298,396</u>
Deposits – Non-bank financial institutions		
Clearing	47,889,707	23,664,688
Sub total	<u>47,889,707</u>	<u>23,664,688</u>
Total deposits	<u>3,548,412,774</u>	<u>3,541,963,084</u>

Domestic deposits include, general purpose deposits, clearing balances and Statutory Minimum Reserve (SMR). SMR deposits are based on a ratio determined by the Bank to the total deposits of the banks and non-bank financial institution for monetary policy purposes. Banks and non-bank financial institutions are required to hold at the Bank of Tanzania a prescribed percentage of their total deposits as prescribed in circular No.1 issued on 30 April 2015 in accordance with Section 44 of the Bank of Tanzania Act, 2006 and Sections 4 and 71 of the Banking and Financial Institutions Act, 2006.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

33. DEPOSITS – GOVERNMENTS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Voted accounts		
URT Government	(4,889,398,790)	(3,632,297,756)
SMZ Government	157,939	381,245
Sub Total	<u>(4,889,240,851)</u>	<u>(3,631,916,511)</u>
Un-voted accounts		
URT Government	2,552,887,962	2,852,143,109
SMZ Government	(57,353,867)	(64,260,343)
Sub total	<u>2,495,534,095</u>	<u>2,787,882,766</u>
Total (Advance) URT Government	<u>(2,336,510,828)</u>	<u>(780,154,647)</u>
Total (Advance) / Deposit SMZ Government	<u>(57,195,928)</u>	<u>(63,879,098)</u>
Net (Advance) / Deposit Governments	<u>(2,393,706,756)</u>	<u>(844,033,745)</u>

As at 30 June 2021 the position of the Government of the United Republic of Tanzania (URT) accounts were overdrawn by TZS 2,393,706.7 million (2020: TZS 844,033.7million). Pursuant to the provision of Section 34 of the Bank's Act, a total of TZS 13,743.9 million (2020: TZS 2,324.8 million) was charged during the year ended 30 June 2021 as interest on overdrawn Governments position in various periods at the interest rate equal to the average monthly rates charged on treasury bills. Government deposit balances are non-interest earning.

34. DEPOSITS – OTHERS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Deposits-Parastatals United Republic of Tanzania	3,154,845,187	2,103,904,503
Export Credit Guarantee Fund	2,798,025	5,583,373
Staff Benefit Deposit	-	11,258,805
Government obligations settlements	63,997,807	33,063,456
Deposit staff	23,270,362	21,643,816
Small and Medium Enterprises Guarantee Fund	147,743	1,496,712
Deposit Insurance Fund	2,687,458	60,528,720
Miscellaneous deposits*	410,412,489	373,997,721
Mwalimu Julius K Nyerere Memorial Scholarship Fund	26,061	931,054
External Payment Arrears - NBC	2,288,419	2,288,419
Debt Conversion Scheme	2,098,960	2,098,960
Debt Service cash cover	1,937,640	1,937,640
Economic Empowerment Programme	3,342,894	2,019,005
Bank drafts issued	403,804	560,510
Redemption of Government Stock/Bonds	38,610	38,610
Development Finance Guarantee Fund	-	-
	<u>3,668,295,459</u>	<u>2,621,351,304</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

34. DEPOSITS – OTHERS (CONTINUED)

*Included in miscellaneous is TZS 122,130.7 million (2020: TZS 120,832.0 million) in respect of Federal Bank of Middle East (FBME) funds transferred from FBME clearing accounts to cater for bank liquidation process.

Development Finance Guarantee Fund:	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Development finance guarantee fund consists of the following:		
Capital contribution by the Government	56,500,000	56,500,000
Less: Transfer of loans proceeds to ECGF, SME-CGS	(4,103,928)	(4,103,928)
Net capital contribution	52,396,072	52,396,072
Interest on refinancing and structured loans	32,753,300	32,753,300
Sub Total	85,149,371	85,149,371
Less: Loans issued for refinancing facility	<u>(85,149,371)</u>	<u>(85,149,371)</u>
Net balance	<u>-</u>	<u>-</u>

The Fund was established by the Government of the United Republic of Tanzania with the purpose of financing development projects that manufacture products for export purposes. The Government supports development efforts by business with potential to export their products by providing required guarantee to finance the infrastructure in those businesses.

As at 30 June 2021, Government Capital contribution made in financial years 2002/03 and 2003/04 to the Fund amounted to TZS 56,500.0 million. Interest received and accrued on refinancing and restructured loans aggregated to TZS 32,753.3 million (2020: TZS 32,753.3 million). The total accumulated fund as at 30 June 2021 amounted to TZS 85,149.4 million (2020: TZS 85,149.4 million) which represented the total loans issued for refinancing facilities to flowers and vegetable export companies on the same.

Government Obligations Settlement:

This represents Government cash cover in order to settle outstanding foreign currency obligations. The balance as at 30 June 2021 amounted to TZS 64,528.0 million (2020: TZS 33,063.5 million).

Export Credit Guarantee Fund:

The balance under this fund consists of the following:		
	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Export Credit Guarantee Fund	4,040,534	1,255,186
Less: ECGS receivable/ impairment	<u>(6,838,559)</u>	<u>(6,838,559)</u>
	<u>(2,798,025)</u>	<u>(5,583,373)</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

34. DEPOSITS – OTHERS (CONTINUED)

The Export Credit Guarantee Fund (the “Fund”) was established by the Government of the United Republic of Tanzania in 2001 under the export credit guarantee scheme, in a bid to promote exports. The Fund provides guarantees to commercial banks to cover risk of default for the loans issued.

As at 30 June 2021, the Fund had a net balance of TZS 2,798.0 million (2020: TZS 5,583.4 million). It is a net of Government and the Bank’s contributions, accumulated income from investment in treasury bills, bonds, guarantee fees and impairments.

Debt Service Cash Cover:

The amount represents URT Government funds deposited with the Bank equivalent to the foreign URT Government obligations and other services awaiting externalisation. As at 30 June 2021 the balance stood at TZS 1,937.6 million (2020: TZS 1,937.6 million)

Debt Conversion Scheme:

These are balances of debt conversion funds that are blocked in the account pending submission of progress reports by beneficiaries in respect of utilisation of previous disbursements, so as to justify further disbursements. The balance has remained at the same level for the three years since no report has been received to facilitate disbursements.

Mwalimu Julius K Nyerere Memorial Scholarship Fund:

Included in Deposit Others is the Mwalimu Julius K. Nyerere Memorial Scholarship Fund. The Fund was established by the Bank of Tanzania on 12 October 2009 in honour of the life of the Father of the Nation, Mwalimu Julius Kambarage Nyerere. The objective of the Fund is to sponsor best performing students pursuing mathematics, science, accounting, finance and information technology degrees at the University level in Tanzania. As at 30 June 2021, a total of TZS 4,846.4 million (2020: TZS 3,674.2 million) in respect of the Fund’s resources had been invested in Government treasury bills and treasury bonds. As a result, the Fund had a net cash balance of TZS 26.1 million (2020: TZS 931.0 million)

35. FOREIGN CURRENCY FINANCIAL LIABILITIES

Foreign Currency Financial Liabilities consist of the following:	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS ‘000	TZS ‘000
Special Projects	1,506,017,124	1,346,115,508
Other Foreign Currency Deposits	33,474,753	36,838,811
Multilateral Debt Relief Initiative Fund	18,294,333	18,282,535
Non-Paris Club Liabilities Escrow	11,257,016	11,253,548
	<u>1,569,043,226</u>	<u>1,412,490,402</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

35. FOREIGN CURRENCY FINANCIAL LIABILITIES (CONTINUED)

Special Projects Funds:

These are United Republic of Tanzania Government funds received from donors for financing various Government projects. The projects are managed and monitored by the Ministry of Finance and Planning or other appointed project implementation agency. As at 30 June 2021, the total balance in respect of Special Project accounts aggregated to TZS 1,506,017.1 million (2020: TZS 1,346,115.5 million).

Non Paris Club Liabilities Escrow:

This account represents funds deposited by the United Republic of Tanzania Government under memorandum of economic and financial policies arrangement pending agreement with the relevant group of non-Paris creditors. As at 30 June 2021, the account had a balance of TZS 11,257.0 million (2020: TZS 11,253.5 million).

Multilateral Debt Relief Initiative Funds:

Multilateral debt initiative funds relate to debt relief relating to cancellation of Government of the United Republic of Tanzania indebtedness to the IMF under the IMF-Multilateral Debt Relief Initiative (MDRI). As at 30 June 2021, the fund had a balance amounting to TZS 18,294.3 million (2020: TZS 18,282.5 million).

36. POVERTY REDUCTION AND GROWTH FACILITY (PRGF)

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
IMF Drawings	-	<u>26,198,739</u>

This relates to funds disbursed by International Monetary Fund (IMF) to the Bank on behalf of the Government to support balance of payments. Repayment of these funds to IMF is effected in line with IMF repayment schedule. The funds attract charges, which are paid on quarterly basis and borne by the Bank.

The Government of United Republic of Tanzania (URT) entered into an Exogenous Shocks Facility - (ESF) arrangement with the IMF for SDR 218.79 million (USD 318.17 million) on 29 May 2009. Following approval, the Bank had on 12 June 2009 received a total of SDR 159.1 million (USD 245.8 million) equivalent to TZS 318,195.1 million being the first tranche. The Bank further received SDR 39.8 million (USD 63.4 million) equivalent to TZS 83,288.1 million and SDR 19.9 million (USD 29.0 million) equivalent to TZS 40,200.3 million on 10 December 2009 and 14 June 2010 respectively.

The first tranche is repayable in ten years, including five and half year's grace period, payable semi-annually in ten equal instalments on 14 December and 14 June beginning 14 December 2014. The loan carries an interest of 0.5 percent per annum payable semi-annually beginning on 14 December 2009. On 20 February 2013, the Government received a loan facility of SDR 74.6 million equivalent to TZS 181,472.8 million. As at 30 June 2021, the balance of PRGF account was nil (2020: TZS 26,198.7 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

37. BOT LIQUIDITY PAPERS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
BOT liquidity papers	39,824,212	117,592,191
Accrued interest	186,302	1,196,442
	<u>40,010,514</u>	<u>118,788,633</u>

As at 30 June 2021 the maturities profile of BOT Liquidity Papers held to maturity were as follows:

	Cost	Accrued	Cost	Accrued
35-Day Treasury Bills	-	-	1,995,408	3,581
91-Day Treasury Bills	3,039,990	23,127	7,909,898	32,373
182-Day Treasury Bills	36,784,222	163,175	31,504,589	312,786
364-Day Treasury Bills	-	-	76,182,296	847,802
	<u>39,824,212</u>	<u>186,302</u>	<u>117,592,191</u>	<u>1,196,442</u>

These are financial instruments issued by the Bank under the open market operations to manage liquidity levels in the economy. Interest incurred on these instruments is accrued and recognised in profit and loss account as interest expenses.

38. PROVISIONS

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Provision for leave pay	<u>8,537,729</u>	<u>8,512,789</u>

Relates to the estimated monetary liability for employees' earned but not taken leave entitlement at the end of the reporting period. The maximum allowance for number of leaves days accumulated is 56 days. Only leave falling under this period are accumulated. The movements between the two periods are recognised in the profit and loss accounts.

<i>Movement in provisions</i>	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
<i>Leave pay</i>		
Carrying amount at the beginning of the year	8,512,789	6,062,277
Increase in provision	24,940	2,450,512
Carrying amount at the end of the year	<u>8,537,729</u>	<u>8,512,789</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

39. OTHER LIABILITIES

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Accounts payable	47,132,814	47,738,727
Stale draft payables	108,330	108,330
Other employee cost payable	230,990	89,981
Sundry payables	52,935,200	69,207,059
Lease liability	2,237,650	2,693,483
	<u>102,644,984</u>	<u>119,837,580</u>

Included in the accounts payable is TZS 20,647.9 million for trade date payables of foreign financial investments and TZS 22,939.0 million for other creditors

Below is the maturity analysis table in respect of lease liability, all figures are un-discounted

	Fiber Optic Cables	Land
	TZS '000	TZS '000
Up to 1 year	718,438	80,665
From 1 to 2 years	718,438	80,665
From 2 to 3 years	718,438	80,665
From 3 to 4 years	-	80,665
From 4 to 5 years	-	80,665
From 5 to 33 years	-	1,727,695
Above 33 years	-	4,183,166
Total	<u>2,155,314</u>	<u>6,314,186</u>

40. AUTHORIZED AND PAID UP SHARE CAPITAL

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Authorised and paid up share capital	<u>100,000,000</u>	<u>100,000,000</u>

The Authorised and paid up capital of the Bank is determined in accordance with Section 17(i) of the Bank of Tanzania Act, 2006.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

41. RESERVES

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
General Reserve	750,914,385	465,994,163
Capital Reserve	99,262,908	99,262,908
Equalisation Reserve	372,815,082	388,159,606
Reserve for Projects	210,000,000	210,000,000
Staff Housing Fund	140,851,098	136,398,348
Assets Revaluation Reserve	-	260,246,145
Foreign Exchange Revaluation Reserve	63,101,454	8,832,005
Securities Revaluation Reserve	12,495,637	123,558,995
Financial Sector Development Fund	38,698,854	38,699,077
Reserve for Dividend	200,000,000	150,000,000
Defined Benefit Reserves	<u>(25,642,888)</u>	<u>(15,889,647)</u>
	<u>1,862,496,530</u>	<u>1,865,261,600</u>

(a) General Reserve

In accordance with Section 18(1) of the Bank of Tanzania Act, 2006, the Bank is required to maintain a General Reserve Fund. The amount maintained in this account relates to annual appropriation of distributable profits determined by virtue of Section 18(2) of the aforesaid Act. The Act requires the Bank to transfer to the General Reserve Fund twenty-five percent of the net profits until such time that the total capital of the Bank reach a sum equivalent to at least ten per centum of the total assets of the Bank less its assets in gold and foreign currencies. Thereafter, the Bank transfers not less than ten percent of profits to the General Reserve Fund. As at 30 June 2021 the reserve had a balance of TZS 750,914.4 million (2020: TZS 465,994.2 million).

(b) Capital Reserve

The Capital Reserve was established on 30 June 2002. On an annual basis the amount spent to finance capital projects from the Reserve for Projects account is transferred to this reserve. The reserve is permanent in nature and can only be available for enhancement of share capital when need arises. As at 30 June 2021, the reserve had the same balance as it was on 30 June 2020 of TZS 99,262.9 million.

(c) Equalisation Reserve

The reserve was established on 30 June 2006 as foreign exchange equalisation reserve and amended on 30 June 2015 to include cushion for future losses on fair value movements on securities. The reserve acts as a cushion against any significant future losses, which may arise from significant appreciation of Tanzanian Shilling compared to other international currencies, and unfavourable movement in market prices of financial instruments measured at fair value. The reserve is also available to absorb unrealised losses that cannot be absorbed by the opening balances in that account.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

41. RESERVES (CONTINUED)

The justification for the establishment of the aforesaid reserve as part of the equity of the Bank centres on the requirement of the Bank, among other business entities requiring management to ensure preservation of capital, in terms of mitigating risks that can cause capital impairment or impairment of the entity's assets. As at 30 June 2021, the reserve had a balance of TZS 372,815.1 million (2020: TZS 388,159.6million).

(d) Reserve for Projects

This reserve was established by a resolution of the Bank's Board of Directors on 30 June 1992. The purpose of the reserve is to provide funds for financing major capital projects of the Bank. On an annual basis, the Board determines the amount to be appropriated from the distributable profit to the reserve. The Board considered the balance available in this account as at 30 June 2016 to be adequate to meet current and future projects. As at 30 June 2021 the reserve had a balance of TZS 210,000.0 million (2020: TZS 210,000.0 million).

(e) Staff Housing Fund

The Staff Housing Fund was established by a resolution of the Board of Directors on 30 June 1990. The purpose of this Fund is to finance housing loans to Bank's employees. On an annual basis, the Board determines the amount to be appropriated from the distributable profit to the reserve. As at 30 June 2021, the Fund had a balance of TZS 140,851.1 million (2020: TZS 136,398.3 million). The increase during the year was on account of interest earned from Fund's investments.

(f) Assets Revaluation Reserve

The Bank maintained Assets Revaluation Reserve to account for revaluation surpluses or deficits. To ensure compliance with requirement of International Accounting Standard (IAS 16), Property, Plant and Equipment if an asset-carrying amount increases as a result of revaluation, the increase is credited directly to other comprehensive income. However, this amount is not available for distribution. Accordingly, it is retained in the asset revaluation reserve. Following the Government requirement to Government entities to use cost model in measurement of property, plant and equipment. The Bank decided to change its measurement approach to cost model to align with other public institutions whose financial records are consolidated together with the Bank's records on annual basis. To effect the change, the asset revaluation reserve TZS 260.246.1 million was transferred to general reserves. As at 30 June 2021, the reserve had a nil balance (2020: TZS 260,246.1 million).

(g) Foreign Exchange Revaluation Reserve

In accordance with Section 18(4) of the Bank of Tanzania Act, 2006, unrealised gains or losses on foreign exchange are transferred to this reserve account. In accounting for unrealised gains or losses the Bank complies with the requirements of both IFRS and the Bank of Tanzania Act (2006). Pursuant to the requirements of the International Accounting Standard (IAS – 21) the



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

41. RESERVES (CONTINUED)

Effects of Changes in Foreign Exchange Rates, all realised and unrealised foreign exchange valuations should be taken to the profit or loss. As at 30 June 2021, the reserve had a total balance of TZS 63,101.5 million (2020: TZS 8,832.0 million).

Both realised and unrealised foreign exchange gains or losses are taken to profit or loss for the purposes of determination of profit or loss for the year. Until such gains or losses are realised, they are not available for distribution; in the interim, the unrealised amounts are reflected in the Foreign Exchange Revaluation Reserve. The separation of realised from unrealised exchange gains and losses is done by use of an “inventory accounting for foreign exchange assets and liabilities”.

(h) Securities Revaluation Reserve

The Bank maintains Securities Revaluation Reserve to account for unrealised gains and losses arising from changes in fair value of financial instruments measured at fair value. As at 30 June 2021, the reserve had a total balance of TZS 12,495.6 million (2020: TZS 123,559.0 million).

(i) Financial Sector Development Fund.

This is a Fund established by the Board on 30 June 2016 pursuant to Section 18(1) (d) of the Bank of Tanzania Act, 2006 to foster execution of the Bank’s mandate on financial sector development. The fund complements donor funds directed towards financial sector reforms. As at 30 June 2021, the fund had TZS 38,698.9 million (2020: TZS 38,699.1 million). The increase is on account of interest income earned from the Fund’s investments.

(j) Reserve for Dividend

This reserve accommodates the amount declared a dividend payable to the Governments after end of the accounting period. During the year ended 30 June 2021, the Bank declared dividend of TZS 200,000.0 million. As at 30 June 2021, the dividend reserve had a balance of TZS 200,000.0 million (2020: TZS 150,000 million).

(k) Defined Benefit Reserve

This reserve was established in June 2013 in order to accommodate re-measurements arising from change in actuarial assumptions to ensure compliance with International Accounting Standard (IAS 19 as revised in 2011)- Employee Benefits. During the year ended 30 June 2021 an actuarial loss of TZS 9,753.2 million (2020: TZS 4,541.5 million gain) was recorded following revision of actuarial assumptions. As at 30 June 2021, the reserve had a loss balance of TZS 25,642.9 million (2020: TZS 15,889.6 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

42. CASH GENERATED FROM/USED IN OPERATING ACTIVITIES

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Profit before tax	246,740,771	88,279,145
Adjustment for:		
Depreciation and impairment of property and equipment	22,657,547	22,424,938
Unrealized gains on foreign exchange revaluation and price	(2,961,275)	(29,161,963)
Amortisation of intangible assets	1,226,703	1,351,648
Net (gain)/loss on disposal of property and equipment	(17,547)	20,730
Provision /(Reversal) for Impairment loss	335,032	(229,149)
Provision for retirement benefit	4,868,985	2,899,650
Initial fair value loss on government securities	9,104,778	-
Net loss/ (gain)on disposal of foreign currency marketable securities	14,547,061	(13,477,605)
	296,502,055	72,107,394
Changes in working capital		
Increase in escrow assets	(3,469)	(35,261)
(Decrease) in items in course of settlement	(14,322,304)	(8,024,363)
(Increase)/Decrease in advances to Government	(1,549,673,011)	394,413,640
Decrease in loans and receivables	253,350,095	36,476,869
Decrease in inventories	529,340	1,335,744
(Increase)/Decrease in deferred currency costs	(18,068,722)	7,340,618
(Increase)/decrease in other assets*	(99,412,427)	419,142,931
Increase in deposits**	1,053,393,845	557,944,453
(Decrease)/Increase in other liabilities and provisions***	(17,553,273)	46,659,486
Net changes in working capital	(391,759,926)	1,455,254,117
Net cash (used)/ generated from operating activities	(95,257,871)	1,527,361,511

* Included in other assets is an amount in respect of other assets and retirement benefit asset

**Included in deposits is an amount in respect of other deposit, deposit banks and non-bank financial institutions

*** Included in other liabilities and provisions is an amount in respect of provisions, retirement benefit obligations and other liabilities.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT

43.1 Introduction

Risk management process in the Bank is based on the Corporate Risk Management Framework (CRM), policy and guidelines that call for an integrated approach to ensure that all risks inherent in the operations are effectively managed; so that the Bank can in turn attain its strategic goals and objectives.

While fulfilling its mandate, the Bank carries out a wide range of activities from implementing monetary policy to monitoring, regulating and supervising the financial system. These activities include, managing foreign reserves and banking system liquidity, providing payment systems and settlement services, banking services to the government, and issuing currency.

Bank's activities in managing foreign exchange reserves, implementing monetary policy and managing liquidity in the banking sector necessitate the use of financial instruments. The majority of the Bank's financial risks arise from these activities, which involve trading in foreign and local currency assets and liabilities. In the course of carrying out these activities the Bank is likely to encounter financial and non-financial risk. The non-financial risks have been elaborated in the Directors Report under the key risks and uncertainties section. The main financial risks that the Bank is exposed to include; foreign currency risk, interest rate risk, credit risk, and liquidity risk.

The financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Bank.

The Bank's risks are measured to reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on quantitative factors. The quantitative factors use models which make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

The financial risk is analysed and reported to management on timely basis. As part of its financial risk management, the Bank uses various limits specified in the policy and guidelines to manage exposures to various risks.

43.2 Risk management structure

The Bank's management seeks to ensure that effective risk management processes exist for assessing, managing and monitoring risk, within clear risk policies and frame work.. The Bank identifies, assesses and manages risk at both Corporate ('top-down') and business ('bottom-up') level, thus risk management is the responsibility of all employees. Heads of business units have a responsibility to evaluate their risk environment, put in place appropriate controls and monitor the effectiveness of these controls.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

There are governance arrangements within the Bank as set out in a Corporate Risk Management Framework (approved by the Board of Directors) and documented authorities for implementation of risk management and oversight of the Bank's operations. Finance and Investment Committee oversee corporate risk management as implemented by the Bank's management in ensuring that agreed standards and policies are followed.

The Risk Management Department is responsible for analysing the financial and operation risks faced by the Bank in its operations, and exercising control on these risks as they are taken through those operations. The Internal Audit function is responsible for providing an independent evaluation of risk management, implementation and reviewing corporate risk profile.

Classification and measurement of financial instruments

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. After the assessment the Bank did not make any changes on the business model.

IFRS 9 Financial Instruments: Recognition and Measurement outlines the requirements for the recognition and measurement of financial assets and liabilities. Financial instruments are initially recognised when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 classification is based on two aspects: the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet The Solely Payments of Principal and Interest ('SPPI') test.

Credit risk

Credit risk is the risk of loss due to a borrower or counterparty failing to meet their financial obligations to the Bank in accordance with agreed terms. The Bank credit risk exposure includes both direct exposures and contingent exposures. Direct credit exposure arises from open market operations carried out in order to provide short term liquidity to banks within the framework of monetary policy implementation and from the investments made during foreign exchange reserve management. Whereby contingent credit exposures relate to banknote issuance and circulation activities.

The Bank's maximum exposure to credit risk for each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. Credit risk for Foreign Reserves Management is monitored and managed through rating agencies analysis and Internal Credit tools. Exposures are controlled through comprehensive individual counterparty credit limit and issuer credit rating by the International Credit Rating Agencies. The Bank confines its investment to high credit quality issuers and counterparties mainly comprising of foreign governments, suprationals, international financial institutions and government guaranteed agencies.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

The institutions eligible for investment placements and transactions are selected based on criteria set in Investment Management Policy and Guidelines. The investment policy requires issuers/ counterparties to be considered for foreign reserve investments to have minimum credit rating

criteria of “A” and the counterparty/issuer must be rated by at least two rating agencies among S&P Global Ratings, Moody’s Rating and Fitch Ratings. For brokerage services of fixed income and foreign exchange transactions, the counterparties must have a rating of F-2, A-2 and P-2 by at least two of rating agencies. With regard to individual counterparty exposure, the limit is set in the investment management guidelines takes into consideration Internal Credit Rating, Public Rating Agencies Analysis and strength of business relationship.

Overall, the credit risk assumed during financial year 2020/21 operations remained at quite low levels as a great portion of reserves are invested in assets issued or directly guaranteed by the respective governments as well as by supranational institutions such as the World Bank, the European Investment Bank and Bank for International Settlements.

Total assets of the Bank exposed to credit risk as of 30 June 2021 with its comparative figures are presented in the table below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Standard and Poor’s)



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

Description	30.06.2021		30.06.2020	
	TZS '000	Share (%)	TZS '000	Share (%)
Central Banks				
AAA to A	695,082,456	4.04	543,185,586	3.48
B+ to B	6,898,587	0.04	914,137	0.01
CCC	180,376,066	1.05		
Foreign Commercial Banks				
AAA to A	4,900,190,600	28.45	4,213,037,416	27.00
B+ to B	-	-	1,012,721	0.01
Foreign currency Operation	46,631,506	0.27	834,852,232	5.35
Accrued interest on deposits	5,143,746	0.03	8,420,416	0.05
NR				
Escrow accounts				
A+	11,257,016	0.07	11,253,547	0.07
Loans, receivables & advances to the government				
NR	2,526,110,180	14.67	1,230,295,461	7.88
Investment in securities				
Marketable securities	6,255,042,431	36.32	6,201,955,789	39.75
AAA	4,834,200,194		5,122,519,152	
AA+	54,528,365		103,140,912	
AA	278,855,784		750,835,847	
AA-	-		33,212,041	
A+	392,063,637		192,247,838	
Government securities				
NR	1,094,883,220	6.36	1,230,069,507	7.88
Other assets (excluding prepayments)				
NR	172,790,642	1.00	51,406,158	0.33
Holdings of Special Drawing Rights (SDRs)				
NR	22,217,849	0.13	20,100,182	0.13
Quota in International Monetary Fund (IMF)				
NR	1,304,531,756	7.57	1,257,328,887	8.06
	17,221,156,055	100.00	15,603,832,039	100.00



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

The sectoral classification of the Bank's credit exposure as at 30 June 2021 is as follows:

Details	Foreign Central Banks & Treasury		Supranational Institutions		Domestic Financial Institutions		Foreign Financial Institutions		Government Guaranteed Agencies		Tanzania Treasury		Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
2021													
Central Banks, Foreign Commercial Banks and Escrow accounts													
Cash with Central Banks	882,357,109	-	-	-	-	-	-	-	-	-	-	-	882,357,109
Demand, time deposits and foreign currency notes and coins	2,408,844,671	642,213,923	-	-	-	1,854,275,752	-	-	-	-	-	-	4,905,334,346
Foreign currency operations	-	-	-	-	-	-	-	-	-	-	46,631,506	-	46,631,506
Escrow accounts	-	-	-	-	-	11,257,016	-	-	-	-	-	-	11,257,016
Investment in securities													
Foreign Currency Marketable securities	4,912,243,574	1,116,439,715	-	-	-	-	-	225,777,915	-	-	-	-	6,255,042,431
Government securities	-	-	-	-	-	-	-	-	-	-	1,094,883,220	-	1,094,883,220
Others													
Loans, receivables and advances	-	-	-	132,403,424	-	-	-	-	-	-	2,393,706,756	-	2,526,110,180
Other assets (excluding prepayments)	-	-	-	-	-	-	-	-	-	-	172,790,642	-	172,790,642
Holdings of Special Drawing Rights (SDRs)	-	22,217,849	-	-	-	-	-	-	-	-	-	-	22,217,849
Quota in International Monetary Fund (IMF)	-	1,304,531,756	-	-	-	-	-	-	-	-	-	-	1,304,531,756
	8,203,445,354	3,085,780,703	132,403,424	1,865,532,768	225,777,915	3,708,012,124	17,221,156,055						



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

The sectoral classification of the Bank's credit exposure as at 30 June 2020 is as follows:

Details	Foreign Central Banks & Treasury		Supranational Institutions		Domestic Financial Institutions		Foreign Financial Institutions		Government Guaranteed Agencies		Tanzania Treasury		Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
2020													
Central Banks, Foreign Commercial Banks and Escrow accounts													
Cash with Central Banks	544,099,723	-	-	-	-	-	-	-	-	-	-	-	544,099,723
Demand, time deposits and foreign currency notes and coins	905,646,315	538,095,918	-	-	-	2,778,462,821	-	-	-	-	-	-	4,222,205,054
Foreign currency operations	-	-	-	-	-	-	-	-	-	-	834,852,232	-	834,852,232
Escrow accounts	-	-	-	-	-	-	11,253,547	-	-	-	-	-	11,253,547
Investment in securities													
Foreign Currency Marketable securities	-	339,976,145	-	-	-	39,159,747	-	-	5,822,819,897	-	-	-	6,201,955,789
Government securities	-	-	-	-	-	-	-	-	-	-	1,230,069,507	-	1,230,069,507
Others													
Loans, receivables and advances	-	-	-	386,261,716	-	-	-	-	-	-	844,033,745	-	1,230,295,461
Other assets (excluding prepayments)	-	-	-	-	-	-	-	-	-	-	51,406,158	-	51,406,158
Holdings of Special Drawing Rights (SDRs)	-	20,100,182	-	-	-	-	-	-	-	-	-	-	20,100,182
Quota in International Monetary Fund (IMF)	-	1,257,328,887	-	-	-	-	-	-	-	-	-	-	1,257,328,887
	1,449,746,038	2,155,501,132		386,261,716		2,828,876,115		5,822,819,897		2,960,361,642		15,603,566,540	



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

An analysis of the Bank's assets and liabilities by geographical concentrations as at 30 June 2021 is as follows:

Details	Tanzania		USA		UK		Other European Countries		China		Other Countries		Total	
	TZS '000		TZS '000		TZS '000		TZS '000		TZS '000		TZS '000		TZS '000	
Assets														
Cash and balances with central banks & other banks	46,631,506	782,764,835	79,687,999	17,123,391	24,390,955	180,949,168	1,131,547,854							
Foreign Time Deposits	-	-	64,164,980	3,764,643,487	-	873,966,640	4,702,775,107							
Escrow accounts	-	-	11,257,016	0	-	-	11,257,016							
Holdings of Special Drawing Rights (SDRs)	-	22,217,849	-	0	-	-	22,217,849							
Quota in International Monetary Fund (IMF)	-	1,304,531,756	-	0	-	-	1,304,531,756							
Foreign currency marketable securities	-	4,824,779,950	29,218,895	754,630,494	445,152,686	201,260,406	6,255,042,431							
Government securities	1,094,883,220	-	-	0	-	-	1,094,883,220							
Advances to the Government	2,393,706,756	-	-	0	-	-	2,393,706,756							
Loans and receivables	132,403,424	-	-	0	-	-	132,403,424							
Other assets (excluding prepayments)	172,790,642	-	-	0	-	-	172,790,642							
Total assets	3,840,415,548	6,934,294,390	184,328,890	4,536,397,372	469,543,641	1,256,176,214	17,221,156,055							
Liabilities														
Currency in circulation	5,704,677,413	-	-	-	-	-	5,704,677,413							
Deposits - banks and non-banks financial institutions	3,548,412,774	-	-	-	-	-	3,548,412,774							
Deposits - others	3,668,295,459	-	-	-	-	-	3,668,295,459							
Foreign currency financial liabilities	1,569,043,226	-	-	-	-	-	1,569,043,226							
BoT liquidity papers	40,010,514	-	-	-	-	-	40,010,514							
Other liabilities	100,407,334	-	-	-	-	-	100,407,334							
Lease Liability	2,237,650	-	-	-	-	-	2,237,650							
IMF related liabilities	1,108,671,457	-	-	-	-	-	1,108,671,457							
Allocation of Special Drawing Rights (SDRs)	-	624,756,632	-	-	-	-	624,756,632							
Total liabilities	15,741,755,827	624,756,632	--	--	--	--	16,366,512,459							



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

An analysis of the Bank's assets and liabilities by geographical concentrations as at 30 June 2020 is as follows:

Details	Tanzania		USA		UK		Other Countries		Total	
	TZS '000		TZS '000		TZS '000		TZS '000		TZS '000	
2020										
Assets										
Cash and balances with central banks & other banks	835,370,222	450,391,142	80,606,204	132,166,510	57,802,977	1,556,337,055				
Foreign Time Deposits	-	-	284,819,469	1,984,051,455	1,775,949,030	4,044,819,954				
Escrow accounts	-	-	11,253,547	0	-	11,253,547				
Holdings of Special Drawing Rights (SDRs)	-	20,100,182	-	0	-	20,100,182				
Quota in International Monetary Fund (IMF)	-	1,257,328,887	-	0	-	1,257,328,887				
Foreign currency marketable securities	-	4,433,766,350	708,710,393	194,519,924	864,959,122	6,201,955,789				
Government securities	1,230,069,507	-	-	0	-	1,230,069,507				
Advances to the Government	844,033,745	-	-	0	-	844,033,745				
Loans and receivables	386,261,716	-	-	0	-	386,261,716				
Other assets (excluding prepayments)	51,406,158	-	-	0	-	51,406,158				
Total assets	3,347,141,348	6,161,586,561	1,085,389,613	2,310,737,889	2,698,711,129	15,603,566,540				
Liabilities										
Currency in circulation	5,225,320,820	-	-	-	-	5,225,320,820				
Deposits - banks and non-banks financial institutions	3,541,963,084	-	-	-	-	3,541,963,084				
Deposits - others	2,621,351,304	-	-	-	-	2,621,351,304				
Foreign currency financial liabilities	1,412,490,402	-	-	-	-	1,412,490,402				
Poverty deduction and growth facility	-	26,198,739	-	-	-	26,198,739				
BoT liquidity papers	118,788,633	-	-	-	-	118,788,633				
Other liabilities	117,199,026	-	-	-	-	117,199,026				
Lease Liability	2,693,483	-	-	-	-	2,693,483				
IMF related liabilities	1,068,555,548	-	-	-	-	1,068,555,548				
Allocation of Special Drawing Rights (SDRs)	-	602,150,585	-	-	-	602,150,585				
Total liabilities	14,108,362,300	628,349,324	--	--	--	14,736,711,624				



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

Credit quality per class of financial assets

The credit quality per class of financial assets is managed by the Bank using internal ratings system. The table below shows the quality by class of asset for all financial assets exposed to credit risk, based on the Bank's credit rating system. The amount presented is gross of impairment allowances.

Details	Neither past due nor impaired TZS '000	Past due but not impaired TZS '000	Individually impaired TZS '000	Total TZS '000
30.06.2021				
Cash and cash equivalents	5,834,322,961	-	70,980	5,834,393,941
Escrow accounts	11,257,016	-	-	11,257,016
Foreign currency marketable securities	6,255,021,077	-	21,354	6,255,042,431
Government securities	1,094,883,220	-	-	1,107,182,334
Loans, receivables and advances	2,526,110,180	-	10,269,307	2,536,379,487
Other assets (excluding prepayments)	172,790,642	-	-	172,213,781
Holdings of Special Drawing Rights (SDRs)	22,217,849	-	-	22,260,521
Quota in International Monetary Fund	1,304,531,756	-	-	1,304,866,544
	17,221,134,701	-	10,361,641	17,243,596,055
30.06.2020				
Cash and cash equivalents	5,601,157,009	-	265,499	5,601,422,508
Escrow accounts	11,253,547	-	-	11,253,547
Foreign currency marketable securities	6,201,955,789	-	-	6,201,955,789
Government securities	1,230,069,507	-	-	1,230,069,507
Loans, receivables and advances	1,230,295,461	-	9,761,110	1,240,056,571
Other assets (excluding prepayments)	51,406,158	-	-	51,406,158
Holdings of Special Drawing Rights (SDRs)	20,100,182	-	-	20,100,182
Quota in International Monetary Fund	1,257,328,887	-	-	1,257,328,887
	15,603,566,540	-	9,761,110	15,613,593,149

Details on provision for impairment losses on loans and receivables have been provided under **Note 24**. The Bank does not hold collateral for financial liabilities pledged as security.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

Credit quality per class of financial assets (continued)

Individually assessed allowances:

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficult has arisen, projected receipts and the expected pay-out should bankruptcy ensure, the availability of other Financial support, the realisable value of collateral and timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

	<u>30.06.2021</u>	<u>30.06.2020</u>
	<u>Gross Maximum Exposure</u>	<u>Gross Maximum Exposure</u>
	TZS '000	TZS '000
Cash and cash equivalents	5,834,393,941	5,601,422,508
Escrow accounts	11,257,016	11,253,547
Foreign currency marketable securities	6,255,042,431	6,201,955,789
Government securities	1,094,883,220	1,230,069,507
Loans, receivables and advances	2,536,379,487	1,240,056,571
Other assets (Excluding prepayments)	172,790,642	51,406,158
Holdings of Special Drawing Rights (SDRs)	22,217,849	20,100,182
Quota in International Monetary Fund	1,304,531,756	1,257,328,887

The Bank's maximum exposure to credit risk for each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet. The maximum exposure to credit risk for derivatives at the reporting date is detailed below. Futures are settled and recorded on net terms while swaps are settled on gross terms but recorded on net basis. The net values of derivatives are as follows:

	<u>Asset</u>
	<u>TZS '000</u>
2021	
Futures	175,229
2020	
Futures	913,420



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

Expected Credit Loss allowance disclosure

The following tables explain the changes in the loss allowance between the previous period and the current reporting period due to change in credit risk factors:

Loss allowance-Cash and balances with central banks and other banks	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	TZS 000s	TZS 000s	TZS 000s	TZS 000s
Loss allowance as at 30 June 2020	265,499	-	-	265,499
Movements with impact in the Statement of Profit or Loss				
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	(1,446)			(1,446)
Changes in risk parameters	(193,073)	-	-	(193,073)
Loss allowance as at 30 June 2021	70,980	-	-	70,980

Loss allowance – Loans and receivables	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	TZS '000	TZS '000	TZS '000	TZS '000
Loss allowance as at 30 June 2020	667,679	444,683	8,648,748	9,761,110
Changes in the loss allowance				
Transfer to stage 1	28,675	-	(28,675)	-
Transfer to stage 2	(2,640)	2,640	-	-
Transfer to stage 3	(8,780)	(420,584)	429,364	-
Total movement	17,255	(417,944)	400,689	-
Movements with Impact in the Statement of Profit or loss				
Write offs	-	-	-	-
New financial assets originated or purchased	42,661	-	1,256	43,917
Financial assets that have been derecognised	(9,470)	(24,098)	(411,014)	(444,582)
Changes in risk parameters	(19,489)	173,995	754,356	908,862
Total loss movement	13,702	149,897	344,598	508,197
Loss allowance as at 30 June 2021	698,636	176,636	9,394,035	10,269,307



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

Cash and balance with central and other banks at amortised cost stage movement

	Stage 1 12-month ECL TZS 000s	Stage 2 Lifetime ECL TZS 000s	Stage 3 Lifetime ECL TZS 000s	Total TZS 000s
Gross carrying amount-Cash and balances with central banks and other banks				
Gross carrying as at 30 June 2020	5,612,676,055	-	-	5,612,676,055
Movements with impact in the Statement of Financial Position				
New financial assets originated or purchased	189,257,892	-	-	189,257,892
Financial assets that have been derecognised	(135,634,245)			(135,634,245)
Other changes	179,351,255	-	-	179,351,255
Gross carrying as at 30 June 2021	5,845,650,957	-	-	5,845,650,957

Loans and receivables at amortised cost stage movement

	Stage 1 12-month ECL TZS '000	Stage 2 Lifetime ECL TZS '000	Stage 3 Lifetime ECL TZS '000	Total TZS '000
Gross carrying amount Loans and receivables				
Gross carrying as at 30 June 2020	124,175,199	499,182	10,049,445	134,723,826
Changes in the loss allowance				
Transfer to stage 1	34,883	-	(34,883)	-
Transfer to stage 2	(327,428)	327,428	-	-
Transfer to stage 3	(963,064)	(456,744)	1,419,808	-
<i>Total movement</i>	<i>(1,255,609)</i>	<i>(129,316)</i>	<i>1,384,925</i>	<i>-</i>
Movements with Impact in the Statement of Financial Position				
Write offs	-	-	-	-
New financial assets originated or purchased	5,763,483	-	1,528	5,765,011
Financial assets that have been derecognised	(1,670,087)	(42,438)	(837,947)	(2,550,472)
Other Changes	(20,860,355)	(102,009)	348,473	(20,613,891)
Gross carrying amount Loans and receivables as at 30 June 2021	106,152,631	225,419	10,946,424	117,324,474



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(a) Credit risk (continued)

Write-off policy

- The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (a) ceasing enforcement activity and (b) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.
- The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 30 Jun 2021- Nil (30 June 2020 – Nil). The Bank will seek to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery

Exposure to Credit Risk

Maximum exposure to credit risk — Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amounts of financial asset below also represent the Bank's maximum exposure to credit risk on these assets.

				30 June 2021	30 June 2020
	Stage 1	Stage 2	Stage 3		
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	Total	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Investment grade	16,329,726,013	-	-	16,329,726,013	14,807,336,984
Standard monitoring	-	4,687,949	5,802,423	10,490,372	5,900,820
Default	-	-	5,144,000	5,144,000	5,144,000
Gross carrying amount	16,329,726,013	4,687,949	10,946,423	16,345,360,385	14,818,381,804
Loss allowance	(790,970)	(176,636)	(9,394,037)	(10,361,643)	(10,026,610)
Net Carrying amount	16,328,935,043	4,511,313	1,552,386	16,334,998,742	14,808,355,194

Collateral and other credit enhancements. The Bank obtains collateral where appropriate, from Staff to manage their credit risk exposure to the Bank staff. The collateral is in the form of staff properties and staff internal terminal benefits.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(b) Liquidity risk

This arises from inability of the Bank to meet its own foreign exchange and government obligations without incurring huge price concession. The Bank does not have liquidity risk for financial liabilities denominated in Tanzanian shillings as the Bank can meet these liabilities through market operations

Due to its nature of business (externalisation of the government obligations), a huge amount of expected foreign cash flows is not reflected in the Statement of Financial Position. As a result, assets-liabilities management may not be effective. Thus, to manage this risk, the Bank categorizes its foreign exchange reserves into Liquidity, Investment, Stable, Special Purposes and Investment tranches. The liquidity tranche is intended to meet both anticipated and unanticipated monthly cash requirements thus matching both on and off Statement of Financial Position foreign assets and liabilities. The tranche is monitored on a daily basis. It is comprised of highly liquid short-term financial instruments

The table below analyses the assets and liabilities of the Bank into relevant maturity based on the remaining period at Statement of Financial Position date to contractual maturity date.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(b) Liquidity risk

By contractual maturity analysis of financial instruments

Details	Up to 1 Month	From 1 to 3 Months	From 3 to 12 Months	From 1 to 5 Years	Over 5 Years	Total
2021	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Assets						
Cash and balances with central banks & other banks	3,733,499,425	1,304,548,801	796,274,735	-	-	5,834,322,961
Escrow accounts	-	-	-	-	11,257,016	11,257,016
Holdings of Special Drawing Rights (SDRs)	22,217,849	-	-	-	-	22,217,849
Quota in International Monetary Fund (IMF)	-	-	-	-	1,304,531,756	1,304,531,756
Foreign currency marketable securities	108,671,448	322,777,397	1,682,927,784	4,140,665,802	-	6,255,042,431
Equity investment	-	-	-	-	44,254,186	44,254,186
Government securities	594	-	49,368,221	871,338,341	174,176,064	1,094,883,220
Advance to the Government	-	-	2,393,706,756	-	-	2,393,706,756
Loans and receivables	25,998,542	134,594	25,827,233	22,678,056	57,764,999	132,403,424
Other assets (excluding prepayments)	137,275,228	35,515,414	-	-	-	172,790,642
Total assets	4,027,663,086	1,662,976,206	4,948,104,729	5,034,682,199	1,591,984,021	17,265,410,241
Liabilities						
Currency in circulation	5,704,677,413	-	-	-	-	5,704,677,413
Deposit - banks and non-banks financial institutions	3,548,412,774	-	-	-	-	3,548,412,774
Deposit others	3,668,295,459	-	-	-	-	3,668,295,459
Foreign currency financial liabilities	1,569,043,226	-	-	-	-	1,569,043,226
Items in course of settlement	3,408,577	-	-	-	-	3,408,577
BOT liquidity papers	7,558,680	10,470,000	22,468,179	-	-	40,496,859
Other liabilities	100,407,334	-	-	-	-	100,407,334
Lease liability	-	-	-	2,155,314	-	2,155,314
IMF Related Liabilities	1,108,671,457	-	-	-	-	1,108,671,457
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	624,756,632	624,756,632
Total liabilities	15,710,474,920	10,470,000	22,468,179	2,155,314	626,994,282	16,370,325,045
Net liquidity gap	(11,682,811,834)	1,652,506,206	4,925,636,550	5,032,526,885	964,989,739	895,085,196



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(b) Liquidity risk (continued)

By contractual maturity analysis of financial instruments

Details	Up to 1	From 1 to 3	From 3 to 12	From 1 to 5	Over 5 Years	Total
	Month TZS '000	Months TZS '000	Months TZS '000	Years TZS '000	TZS '000	TZS '000
Assets						
Cash and balances with central banks & other banks	2,228,782,754	1,272,157,779	2,100,216,476	-	-	5,601,157,009
Escrow accounts	-	-	-	-	11,253,547	11,253,547
Items in course of settlement	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	20,100,182	-	-	-	-	20,100,182
Quota in International Monetary Fund (IMF)	-	-	-	-	1,257,328,887	1,257,328,887
Foreign currency marketable securities	1,910,664	387,050,141	1,205,660,303	4,607,334,681	-	6,201,955,789
Equity investment	-	-	-	-	38,479,418	38,479,418
Government securities	-	-	163,471,309	769,477,801	297,120,397	1,230,069,507
Advance to the Government	-	-	844,033,745	-	-	844,033,745
Loans and receivables	26,572,632	134,594	279,111,436	22,678,056	57,764,999	386,712,642
Other assets (excluding prepayments)	51,033,050	373,108	-	-	-	51,406,158
Total assets	2,328,399,282	1,659,715,622	4,592,493,268	5,399,490,538	1,661,947,248	15,642,045,958
Liabilities						
Currency in circulation	5,225,320,820	-	-	-	-	5,225,320,820
Deposit - banks and non-banks financial institutions	3,541,963,084	-	-	-	-	3,541,963,084
Deposit others	2,621,351,304	-	-	-	-	2,621,351,304
Foreign currency financial liabilities	1,412,490,402	-	-	-	-	1,412,490,402
Items in course of settlement	17,730,881	-	-	-	-	17,730,881
Poverty Reduction and Growth Facility	-	103,260	26,609,315	-	-	26,712,575
BOT liquidity papers	10,979,382	18,794,963	89,014,288	-	-	118,788,633
Other liabilities	117,199,026	-	-	-	-	117,199,026
Lease liability	-	-	799,103	2,477,974	5,991,526	9,268,603
IMF Related Liabilities	1,068,555,549	-	-	-	-	1,068,555,548
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	602,150,585	602,150,585
Total liabilities	14,015,590,447	18,898,223	116,422,706	2,477,974	608,142,111	14,761,531,461
Net liquidity gap	(11,687,191,165)	1,640,817,399	4,476,070,562	5,397,012,564	1,053,805,137	880,514,497



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(b) Liquidity risk (continued)

The following tables detail the Bank's maturity profiles of both financial assets and liabilities.

2021	Less than 12 months	Over 12 months	Total
	TZS '000	TZS '000	TZS '000
Assets			
Cash and balances with central banks & other banks	5,834,322,961	-	5,834,322,961
Escrow accounts	-	11,257,016	11,257,016
Holdings of Special Drawing Rights (SDRs)	22,217,849	-	22,217,849
Quota in International Monetary Fund	-	1,304,531,756	1,304,531,756
Foreign Currency Marketable securities	2,114,376,629	4,140,665,802	6,255,042,431
Equity investment	-	44,254,186	44,254,186
Government securities	49,368,815	1,045,514,405	1,094,883,220
Advance to the Government	2,393,706,756	-	2,393,706,756
Loans and receivables	51,960,369	80,443,055	132,403,424
Other assets (excluding prepayments)	172,790,642	-	172,790,642
	10,638,744,021	6,626,666,220	17,265,410,241
Liabilities			
Currency in circulation	5,704,677,413	-	5,704,677,413
Deposit - banks and non-banks financial institutions	3,548,412,774	-	3,548,412,774
Deposit - Others	3,668,295,459	-	3,668,295,459
Foreign currency financial liabilities	1,569,043,226	-	1,569,043,226
Items in course of settlement	3,408,577	-	3,408,577
BOT liquidity papers	40,010,514	-	40,010,514
Other liabilities	100,407,334	-	100,407,334
Lease liability	2,237,650	-	2,237,650
IMF related liabilities	1,108,671,457	-	1,108,671,457
Allocation of Special Drawing Rights (SDRs)		624,756,632	624,756,632
Total liabilities	15,745,164,404	624,756,632	16,369,921,036
Net Liquidity gap	(5,106,420,383)	6,001,909,588	895,489,205



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(b) Liquidity risk (continued)

The following tables detail the Bank's maturity profiles of both financial assets and liabilities.

2020	Less than 12 months	Over 12 months	Total
Assets	TZS '000	TZS '000	TZS '000
Cash and balances with central banks & other banks	5,601,157,009	-	5,601,157,009
Escrow accounts	-	11,253,547	11,253,547
Holdings of Special Drawing Rights (SDRs)	20,100,182	-	20,100,182
Quota in International Monetary Fund	-	1,257,328,887	1,257,328,887
Foreign Currency Marketable securities	1,594,621,108	4,607,334,681	6,201,955,789
Equity investment	-	38,479,418	38,479,418
Government securities	163,471,309	1,066,598,198	1,230,069,507
Advance to the Government	844,033,745	-	844,033,745
Loans and receivables	305,818,661	80,443,055	386,261,716
Other assets (excluding prepayments)	51,406,158	-	51,406,158
	8,580,608,172	7,061,437,786	15,642,045,958
Liabilities			
Currency in circulation	5,225,320,820	-	5,225,320,820
Deposit - banks and non-banks financial institutions	3,541,963,084	-	3,541,963,084
Deposit – Others	2,621,351,304	-	2,621,351,304
Foreign currency financial liabilities	1,412,490,402	-	1,412,490,402
Items in course of settlement	17,730,881	-	17,730,881
Poverty reduction and growth facility	26,198,739	-	26,198,739
BOT liquidity papers	118,788,633	-	118,788,633
Other liabilities	117,199,026	-	117,199,026
Lease liability	127,927	2,565,556	2,693,483
IMF related liabilities	1,068,555,548	-	1,068,555,548
Allocation of Special Drawing Rights (SDRs)	-	602,150,585	602,150,585
Total liabilities	14,149,726,364	604,716,141	14,754,442,505
Net Liquidity gap	(5,569,118,192)	6,456,721,645	887,603,453



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of movements in market interest rates. The price of marketable securities rises when market interest rates decline, and it falls if market rates rise. Interest rate risk increases with the maturity of a security. Interest rate risk on foreign assets is controlled through limits on the duration of these portfolios. Interest rate risk on Bank's assets is relatively low as most of the portfolio is held in short-term. As of 30 June 2021, portfolio duration stood at 2.12 years while that of 30 June 2020 was 2.06 years. The tables below show duration and other characteristics of all portfolios;



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(c) Interest rate risk (continued)

Portfolio Characteristics

Asset Type	USD				GBP				AUD				CNY				
	30.06.2021	Duration (Years)	USD	TZS '000	Number of Securities	Duration (Years)	USD	TZS '000	Number of Securities	Duration (Years)	USD	TZS '000	Number of Securities	Duration (Years)	USD	TZS '000	Number of Securities
Market value of Marketable Securities	185	2.18	2,341,380,721	5,382,862,608	169	2.04	2,178,605,543	5,030,337,382	169	2.56	128,654,302	295,587,055	8	1.48	83,675,895	192,247,838	14
Money Markets placements	14	0.05	1,445,225,876	3,322,591,776	33	0.30	1,483,319,325	3,407,969,906	33	0.09	36,440,901	83,724,045	2	0.16	249,643,140	573,562,479	15
Market value of Marketable Securities	4	1.34	121,293,742	278,855,780	10	2.16	308,466,286	708,710,393	10	2.72	87,542,125	201,260,406	8	1.62	170,535,699	392,063,637	14
Money Markets placements	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	600,342,809	1,380,195,382	17



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(c) Interest rate risk (continued)

Portfolio Value-at-Risk

The Bank also uses Value-at-Risk (VaR) to measure and monitor interest rate risk. VaR is a probabilistic measure of risk, which provides an estimate of the maximum potential loss in the value of the Bank's positions due to adverse interest rate movements over a defined time horizon with a specified confidence level. The Bank applies a one-month time horizon and a 95 percent confidence level to calculate VaR. This means if the portfolio incurs loss under normal conditions, then there is 95 percent chance the maximum expected loss will not exceed the VaR amount. The amount of VaR for major currencies is as follows;

Details	30.06.2021		30.06.2020	
	95% VaR		95% VaR	
		TZS '000		TZS '000
USD	6,949,357	15,976,656	8,760,375	20,127,220
GBP	153,255	487,826	1,124,250	3,169,986
AUD	447,642	771,645	738,081	1,161,768
CNY	2,530,382	900,800	1,997,629	648,761

Sensitivity to interest rate risk

For measuring the sensitivity of the Bank's foreign exchange reserves to interest rate risk, the portfolios are shocked with +/-1 percent parallel change in the respective government yield curves. The figures below show the effect on the Bank's profit and equity of a movement of +/-1 percentage point in interest rates, given the level, composition and modified duration of the Bank's foreign reserve as at 30 June 2021.

	30.06.2021		30.06.2020	
	TZS'000		TZS'000	
USD	(15,602,814)	(35,871,058)	(33,032,984)	(75,894,255)
GBP	(448,584)	(1,427,887)	(5,303,908)	(14,955,137)
CNH	(3,569,058)	(1,270,561)	(2,885,063)	(936,970)
AUD	(1,287,240)	(2,218,945)	(2,885,063)	(7,205,861)

Stress Testing

The Bank performs stress testing to analyse the resilience of its portfolios to extreme volatility changes caused by potential market events. Portfolios are simulated with extreme events which likely lead to high volatility in the market. The portfolios are shocked with past market events that exerted significant volatility in the market in order to estimate the potential decrease in income generated by the portfolio if the similar events are to re-occur. Likewise, the Bank applies interest rate shocks to the portfolio that stem from potential interest rate cut/hike by central banks in its investment universe. As bond prices have inverse relation with interest rate, portfolio values will increase when interest rate fall and decrease when interest rate rises. In that regard, interest rate hikes of 25bps, 50bps and 100bps constitute the potential worst case scenarios whereas interest rate cut of 25bps is considered as positive scenarios. The results of stress testing are provided in Table.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(c) Interest rate risk (continued)

Amounts in USD equivalent

Worst case scenarios 2021	Portfolio			
	CNY	AUD	GBP	USD
Bear Market - SPX Down 20%, Oil down 20% and VIX Up 150%	(59,558)	106,360	73,279	3,236,453
Brexit 2016	79,400	303,858	595,266	7,072,302
Debt Ceiling Crisis & Downgrade in 2011	325,768	1,386,286	492,266	12,435,970
Lehman Default - 2008	(630,198)	1,931,938	944,334	10,520,243
Interest rate scenarios				
25 rate cut	249,190	942,798	416,940	19,606,269
25 rate hike	(138,186)	170,066	(1,663)	6,140,629
50 rate hike	(498,380)	(211,718)	(208,989)	(513,481)
100 rate hike	(552,742)	(966,267)	(619,741)	(13,666,789)

Worst case scenarios 2020	Portfolio			
	CNY	AUD	GBP	USD
Bear Market - SPX Down 20%, Oil down 20% and VIX Up 150%	(31,735)	178,073	449,653	5,867,407
Brexit 2016	36,653	414,756	2,666,204	5,857,703
Debt Ceiling Crisis & Downgrade in 2011	150,335	1,935,511	2,343,093	9,779,166
Lehman Default - 2008	(290,751)	2,827,655	2,127,929	10,919,657
Interest rate scenarios				
25 rate cut	115,029	958,298	1,046,093	9,572,928
25 rate hike	(102,063)	(64,494)	(1,118,448)	(9,491,456)
50 rate hike	(230,058)	(570,327)	(2,187,543)	(18,902,342)
100 rate hike	(408,250)	(1,571,037)	(4,299,814)	(37,485,939)

The results of stress testing provided in the above table indicate that except for CNY portfolio which is slightly vulnerable to high market volatility and extreme shocks in stocks and oil markets due to safe haven stance, other portfolios show high resilience to these shocks. Similarly, the interest rate scenarios indicate that all portfolios are likely to benefit with potential interest rate cuts nevertheless showing high sensitivity to extreme interest rate rise with USD-portfolio being the most exposed to potential interest rate rises given its size.

(d) Currency Risk

The exchange rate risk (or currency risk) refers to the loss of the portfolio value or purchasing power of the portfolio occasioned by adverse foreign exchange rate movements. The Bank foreign reserves portfolio is denominated in a number of currencies whose exchange rates are subject to fluctuation on international foreign exchange market.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(d) Currency Risk (continued)

Based on the sensitivity of the ten per cent deviation of the exchange rate against major currencies the impact on the Banks profit and equity was TZS 1,020,817.2 million (2020: TZS 1,052,361.4 million).

The Bank is exposed to this risk in the context of its holding of foreign exchange reserves, intervention in the local inter-bank foreign exchange market (IFEM) and foreign exchange transactions in the international foreign exchange market. Often, currency exposures are not out rightly hedged, but the currency risk is controlled through a target currency composition whose criteria are specified in the Investment Policy and stated in the Investment Guidelines. The target currency composition attempts to match the composition of on and off balance sheet foreign denominated obligations, thereby managing adverse currency movement at the national level. The currency positions of the Bank as of 30 June 2021 and 2020 which provides the Bank's assets, liabilities and equity at carrying amounts, categorised by currency is summarised below.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(d) Currency Risk (continued)

Details	GBP TZS '000	USD TZS '000	EUR TZS '000	SDR TZS '000	TZS TZS '000	Others TZS '000	Total TZS '000
2021							
Assets							
Cash and balances with central banks & other banks	51,530,343	4,145,504,949	29,815,637	-	5,143,746	1,602,328,286	5,834,322,961
Escrow accounts	-	11,257,016	-	-	-	-	11,257,016
Holdings of Special Drawing Rights (SDRs)	-	-	-	22,217,849	-	-	22,217,849
Quota in International Monetary Fund (IMF)	-	-	-	1,304,531,756	-	-	1,304,531,756
Foreign currency marketable securities	278,855,780	5,382,862,608	-	-	-	593,324,043	6,255,042,431
Equity investments	-	43,245,308	1,008,878	-	-	-	44,254,186
Government securities	-	-	-	-	1,094,883,220	-	1,094,883,220
Advances to the Government	-	-	-	-	2,393,706,756	-	2,393,706,756
Loans and receivables	-	20,261,393	-	-	112,142,031	-	132,403,424
Other assets (Excluding prepayments)	-	-	-	-	167,555,426	-	167,555,426
Total financial assets	330,386,123	9,603,131,274	30,824,515	1,326,749,605	3,773,431,179	2,195,652,329	17,260,175,025
Liabilities							
Currency in circulation	-	-	-	-	5,704,677,413	-	5,704,677,413
Deposits - banks and non-bank financial institutions	-	520,562,094	-	-	3,025,721,707	2,128,973	3,548,412,774
Deposits - Others	902,248	561,082,291	2,023,853	-	3,104,217,406	69,661	3,668,295,459
Items in course of settlement	-	214,507	-	-	3,194,070	-	3,408,577
Foreign currency financial liabilities	53,374	1,498,208,351	68,570,109	-	2,211,392	-	1,569,043,226
BoT liquidity papers	-	-	-	-	40,010,514	-	40,010,514
Other liabilities	-	65	-	-	100,407,269	-	100,407,334
Lease liability	-	-	-	-	2,237,650	-	2,237,650
IMF related liabilities	-	-	-	-	1,108,671,457	-	1,108,671,457
Allocation of Special Drawing Rights (SDRs)	-	-	-	624,756,632	-	-	624,756,632
Net liquidity gap	955,622	2,580,067,308	70,593,962	624,756,632	13,091,888,296	2,198,634	16,369,921,036
Scenario of 10% appreciation/(depreciation)	329,430,501	7,023,063,966	(39,769,447)	701,992,973	N/A	2,193,453,695	N/A
	32,943,050	702,306,397	(3,976,945)	70,199,297	N/A	219,345,370	N/A



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(d) Currency Risk (continued)

Details	GBP TZS '000	USD TZS '000	EUR TZS '000	SDR TZS '000	TZS TZS '000	Others TZS '000	Total TZS '000
2020							
Assets							
Cash and balances with central banks & other banks	74,031,490	4,648,385,906	135,559,411	-	8,420,416	734,759,786	5,601,157,009
Escrow accounts	-	11,253,547	-	-	-	-	11,253,547
Items in course of settlement	-	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	-	-	-	20,100,182	-	-	20,100,182
Quota in International Monetary Fund (IMF)	-	-	-	1,257,328,887	-	-	1,257,328,887
Foreign currency marketable securities	703,977,699	4,987,838,661	-	-	25,172,547	484,966,882	6,201,955,789
Equity investments	-	37,232,149	1,247,269	-	-	-	38,479,418
Government securities	-	-	-	-	1,230,069,507	-	1,230,069,507
Advances to the Government	-	-	-	-	844,033,745	-	844,033,745
Loans and receivables	-	28,449,187	-	-	357,812,529	-	386,261,716
Other assets (Excluding prepayments)	-	-	-	-	51,406,158	-	51,406,158
Total financial assets	778,009,189	9,713,159,450	136,806,680	1,277,429,069	2,516,914,902	1,219,726,668	15,642,045,958
Liabilities							
Currency in circulation	-	-	-	-	5,225,320,820	-	5,225,320,820
Deposits - banks and non-bank financial institutions	-	391,517,447	-	-	3,148,544,472	1,901,165	3,541,963,084
Deposits – Governments	-	-	-	-	-	-	-
Deposits – Others	15,640,336	68,838,726	77,473,668	-	2,459,398,574	-	2,621,351,304
Items in course of settlement	-	5,299,029	-	-	12,425,386	6,466	17,730,881
Foreign currency financial liabilities	25,533	1,354,999,416	57,194,358	-	-	271,095	1,412,490,402
Poverty reduction and growth facility	-	-	-	26,198,739	-	-	26,198,739
BoT liquidity papers	-	-	-	-	118,788,633	-	118,788,633
Other liabilities	-	64	-	-	117,198,962	-	117,199,026
Lease liability	-	-	-	-	2,693,483	-	2,693,483
IMF related liabilities	-	-	-	-	1,068,555,548	-	1,068,555,548
Allocation of Special Drawing Rights (SDRs)	-	-	-	602,150,585	-	-	602,150,585
Net liquidity gap	15,665,869	1,820,654,682	134,668,026	628,349,324	12,152,925,878	2,178,726	14,754,442,505
Scenario of 10% appreciation/depreciation	762,343,320	7,892,504,768	2,138,654	649,079,745	N/A	1,217,547,942	N/A
	76,234,332	789,250,477	213,865	64,907,975	N/A	121,754,794	N/A



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(d) Currency Risk (continued)

43. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. A summary of significant accounting policies in **Note 3** describes how classes of financial instruments are measured and how income and expenses, including fair value gains are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category:

2021	Amortised Cost	FVTPL	FVOCI	Total	Fair values
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets					
Cash and balances with central banks & other banks	5,834,322,961	-	-	5,834,322,961	5,834,322,961
Escrow accounts	11,257,016	-	-	11,257,016	11,257,016
Holdings of Special Drawing Rights (SDRs)	22,217,849	-	-	22,217,849	22,217,849
Quota in International Monetary Fund (IMF)	1,304,531,756	-	-	1,304,531,756	1,304,531,756
Foreign currency marketable securities	-	692,086,542	5,562,955,889	6,255,042,431	6,255,042,431
Equity investment	-	-	44,254,186	44,254,186	44,254,186
Government securities	1,094,883,220	-	-	1,094,883,220	1,094,883,220
Advances to the Government	2,393,706,756	-	-	2,393,706,756	2,393,706,756
Loans and receivables	132,403,424	-	-	132,403,424	132,403,424
Other assets (Excluding prepayments)	172,790,642	-	-	172,790,642	172,790,642
	10,966,113,624	692,086,542	5,607,210,075	17,265,410,241	17,265,369,912
Financial liabilities					
Currency in circulation	5,704,677,413	-	-	5,704,677,413	5,704,677,413
Deposits - banks and non-banks financial institutions	3,548,412,774	-	-	3,548,412,774	3,548,412,774
Deposits - others	3,668,834,882	-	-	3,668,834,882	3,668,834,882
Foreign currency financial liabilities	1,569,043,227	-	-	1,569,043,227	1,569,043,227
Items in course of settlement	3,408,577	-	-	3,408,577	3,408,577
BoT liquidity papers	40,010,514	-	-	40,010,514	40,010,514
Other liabilities	100,407,328	-	-	100,407,328	100,407,328
Lease Liability	2,237,650	-	-	2,237,650	2,237,650
IMF related liabilities	1,108,671,457	-	-	1,108,671,457	1,108,671,457
Allocation of Special Drawing Rights (SDRs)	624,756,632	-	-	624,756,632	624,756,632
	16,370,460,454	-	-	16,370,460,454	16,370,460,454



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (continued)

(d) Currency Risk (continued)

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2020	Amortised Cost		FVTPL	FVOCI		Total	Fair values	
	TZS '000	TZS '000		TZS '000	TZS '000		TZS '000	TZS '000
Financial assets								
Cash and balances with central banks & other banks	5,601,157,009	-	-	-	5,601,157,009	5,601,157,009	5,601,157,009	
Escrow accounts	11,253,547	-	-	-	11,253,547	11,253,547	11,253,547	
Items in course of settlement	-	-	-	-	-	-	-	
Holdings of Special Drawing Rights (SDRs)	20,100,182	-	-	-	20,100,182	20,100,182	20,100,182	
Quota in International Monetary Fund (IMF)	1,257,328,887	-	-	-	1,257,328,887	1,257,328,887	1,257,328,887	
Foreign currency marketable securities	-	686,888,647	-	5,515,067,142	6,201,955,789	6,201,955,789	6,201,955,789	
Equity investment	-	-	-	38,479,418	38,479,418	38,479,418	38,479,418	
Government securities	1,230,069,507	-	-	-	1,230,069,507	1,230,069,507	1,230,069,507	
Advances to the Government	844,033,745	-	-	-	844,033,745	844,033,745	844,033,745	
Loans and receivables	386,261,716	-	-	-	386,261,716	386,261,716	386,261,716	
Other assets (Excluding prepayments)	51,406,158	-	-	-	51,406,158	51,406,158	51,406,158	
	9,401,610,751		686,888,647	5,553,546,560	15,642,045,958	15,642,045,958	15,642,045,958	
Financial liabilities								
Currency in circulation	5,225,320,820	-	-	-	5,225,320,820	5,225,320,820	5,225,320,820	
Deposits - banks and non-banks financial institutions	3,541,963,084	-	-	-	3,541,963,084	3,541,963,084	3,541,963,084	
Deposits - others	2,621,351,304	-	-	-	2,621,351,304	2,621,351,304	2,621,351,304	
Deposits - Government	-	-	-	-	-	-	-	
Foreign currency financial liabilities	1,412,490,402	-	-	-	1,412,490,402	1,412,490,402	1,412,490,402	
Items in course of settlement	-	-	-	-	-	-	-	
Poverty deduction and growth facility	26,198,739	-	-	-	26,198,739	26,198,739	26,198,739	
BoT liquidity papers	118,788,633	-	-	-	118,788,633	118,788,633	118,788,633	
Other liabilities	117,199,026	-	-	-	117,199,026	117,199,026	117,199,026	
Lease Liability	2,693,483	-	-	-	2,693,483	2,693,483	2,693,483	
IMF related liabilities	1,068,555,548	-	-	-	1,068,555,548	1,068,555,548	1,068,555,548	
Allocation of Special Drawing Rights (SDRs)	602,150,585	-	-	-	602,150,585	602,150,585	602,150,585	
	14,736,711,624				14,736,711,624	14,736,711,624	14,736,711,624	



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

44. DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY

Financial instruments recorded at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market condition at the measurement date. The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

Foreign currency marketable securities

The marketable securities are quoted in active markets. The valuation techniques are based on quoted prices in active markets for identical assets.

Fair value of derivatives

The Bank values over the counter derivative instruments like swaps using a valuation technique with market-observable inputs. Swap models use present value calculations and include market determined foreign exchange rates. For listed derivatives like futures, the Bank uses prices quoted in the active markets.

Long dated derivative contracts are valued using a valuation technique with significant non-market-observable. These derivatives are valued using models that calculate the present value and incorporate various non-observable assumptions that include market rate volatilities.

Unquoted equities securities.

These Investments are valued using the market approach. The inputs to this methodology are observable inputs based on recent transactions. The data used were from recently published accounts of these entities. These were then corroborated to arrive at the fair values at the reporting date.

Fair value of financial assets and liabilities not carried at fair value

Below are the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements:

Assets and liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to cash and cash equivalent, escrow accounts, items in course of settlements, deposits, repurchase agreements and BoT liquidity papers and other liabilities without a specific maturity.

Government securities

The fair value of Government securities carried at amortised cost is estimated by discounting the future cash flows using the market interest rates of similar instruments.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

44. DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY (CONTINUED)

Fair value of financial assets and liabilities

Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

- **Level 1 fair value measurements:** are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities. This level includes listed debt instruments on exchanges for example Foreign Currency Marketable securities.

Fair value of financial assets and liabilities (continued)

- **Level 2 fair value measurements:** are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices). Input data for this category is sourced mainly from Bloomberg and the Dar es Salaam Securities Exchange.
- **Level 3 fair value measurements:** are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Fair value hierarchy

The following table analyses within the value hierarchy the Bank are measured at fair value as at:

30.06.2021

Description	Level 1	Level 2	Level 3
	TZS '000	TZS '000	TZS '000
Foreign currency marketable securities	6,255,042,431	-	-
Equity investments	-	44,254,186	-
Total	6,255,042,431	44,254,186	-

30.06.2020

Description	Level 1	Level 2	Level 3
	TZS '000	TZS '000	TZS '000
Foreign currency marketable securities	6,201,955,789	-	-
Equity investments	-	38,479,418	-
Total	6,201,955,789	38,479,418	-

There were no transfers between levels 1, 2 and 3 in the period. If below observable inputs to valuation model were 10 per cent higher or lower while other variables were held constant, carrying amount of TZS 6,255,042.4 million and TZS 44,254.2 million Foreign Currency Marketable Securities and Equity Investments would have been higher or lower by TZS 6,255,042.4 million and TZS 44,254.2 million respectively. Futures would change by 175.2 million respectively.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

44. DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY (CONTINUED)

Fair value hierarchy (continued)

The following table gives information about how the fair value of these financial assets and liabilities are determined.

	Fair value at		Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	2021	2020				
	TZS '000	TZS '000				
Foreign currency marketable securities (Excluding futures)	6,255,042,431	6,201,955,789	1	Prices of listed securities	N/A	N/A
Equity investments	44,254,186	38,479,418	2	Prices of recent transactions	N/A	N/A
Derivatives:						
Swap Asset	-	-	2	Discounted Cash-flows, using market exchange and interest rate	N/A	N/A
Futures Asset/(Liability)	175,229	913,420	1	Quoted prices	N/A	N/A

The following table analyses within the fair value hierarchy the Bank's assets and liabilities not measured at fair value.

2021	Level 1	Level 2	Level 3	Total
Assets	TZS '000	TZS '000	TZS '000	TZS '000
Cash and balances with central banks & other banks	5,834,322,961	-	-	5,834,322,961
Escrow accounts	-	11,257,016	-	11,257,016
Holdings of Special Drawing Rights (SDRs)	-	22,217,849	-	22,217,849
Quota in International Monetary Fund (IMF)	-	1,304,531,756	-	1,304,531,756
Foreign currency marketable securities	6,255,042,431	-	-	6,255,042,431
Equity investment	-	44,254,186	-	44,254,186
Government securities	-	1,094,883,220	-	1,094,883,220
Advances to the Government	-	2,393,706,756	-	2,393,706,756
Loans and receivables	-	132,951,048	-	132,951,048
Other assets (Excluding prepayments)	-	172,790,642	-	172,790,642
	12,089,365,392	5,176,592,473	-	17,265,957,865
Liabilities				
Currency in circulation	-	5,704,677,413	-	5,704,677,413
Deposits - banks and non-banks financial institutions	-	3,548,412,774	-	3,548,412,774
Deposits - others	-	3,668,834,882	-	3,668,834,882
Foreign currency financial liabilities	-	1,569,043,227	-	1,569,043,227
Items in course of settlement	-	3,408,577	-	3,408,577
BoT liquidity papers	-	40,010,514	-	40,010,514
Other liabilities	-	100,407,328	-	100,407,328
Lease Liability	-	2,237,650	-	2,237,650
IMF related liabilities	-	1,108,671,457	-	1,108,671,457
Allocation of Special Drawing Rights (SDRs)	-	624,756,632	-	624,756,632
	-	16,370,460,454	-	16,370,460,454



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

44. DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY (CONTINUED)

Fair value hierarchy (continued)

2020	Level 1	Level 2	Level 3	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Assets				
Cash and balances with central banks & other banks	5,601,157,009	-	-	5,601,157,009
Escrow accounts	-	11,253,547	-	11,253,547
Holdings of Special Drawing Rights (SDRs)	-	20,100,182	-	20,100,182
Quota in International Monetary Fund (IMF)	-	1,257,328,887	-	1,257,328,887
Foreign currency marketable securities	6,201,955,789	-	-	6,201,955,789
Equity investment	-	38,479,418	-	38,479,418
Government securities	-	1,230,069,507	-	1,230,069,507
Advances to the Government	-	844,033,745	-	844,033,745
Loans and receivables	-	386,261,716	-	386,261,716
Other assets (Excluding prepayments)	-	51,406,158	-	51,406,158
	11,803,112,798	3,838,933,160	-	15,642,045,958
Liabilities				
Currency in circulation	-	5,225,320,820	-	5,225,320,820
Deposits - banks and non-banks financial institutions	-	3,541,963,084	-	3,541,963,084
Deposits - others	-	2,621,351,304	-	2,621,351,304
Foreign currency financial liabilities	-	1,412,490,402	-	1,412,490,402
Items in course of settlement	-	17,730,881	-	17,730,881
Poverty deduction and growth facility	-	26,198,739	-	26,198,739
BoT liquidity papers	-	118,788,633	-	118,788,633
Other liabilities	-	117,199,026	-	117,199,026
Lease Liability	-	2,693,483	-	2,693,483
IMF related liabilities	-	1,068,555,548	-	1,068,555,548
Allocation of Special Drawing Rights (SDRs)	-	602,150,585	-	602,150,585
	-	14,754,442,505	-	14,754,442,505

45 RETIREMENT BENEFIT PLAN

Defined Benefit Plan

The Bank operates a funded lump sum end of service and Long Service Award Benefit Fund. The Scheme was registered effective 13 April 2017 by Social Security Regulatory Authority. Under the plan employees are entitled to benefits upon meeting requirements as stipulated in the Bank's Financial Regulations, 2011 and Staff Bylaws, 2015 and the Scheme rules.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

45 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined Benefit Plan (continued)

The plan provides benefits of a defined benefit nature. Therefore, one of the main risks relating to the benefits under the Scheme is the rates of salary growth. As most of the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid and the present value of the benefit obligation under the Scheme. Similarly, any increases to the fixed lump sum amounts that differ from the assumed escalation rates for these amounts will also have a direct bearing on the benefits paid and the present value of the benefit obligation under the Scheme. The plan typically exposes the Bank to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit obligations is calculated using a discount rate determined by the yield on long term Government bond. The higher the discount rate the lower the defined benefits obligations payable by the Bank.
Interest Rate Risk	A decrease in the long term government bond interest will increase the plan liability.
Longevity Risk	The present value of the defined benefits obligations is calculated by reference to the best estimate of the mortality rate of plan members both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefits obligations is calculated by reference to the future salaries of the members. As such a change in the salary of the members will result to change in the plan's liability.

Actuarial valuation of the Scheme was carried out for the year ended 30 June 2021. The principle assumptions used for the purposes of the valuation included discount rate, expected return on Scheme assets, future salary increase, mortality rate, withdrawals, Ill-Health and compulsory retirement age as per the table hereunder:

Actuarial Assumptions

	<u>30.06.2021</u>	<u>30.06.2020</u>
Discount rate (% p.a.)	10.14%	12.02%
Non-Executives - Future salary increases (% p.a.)	6.0%	6.0%
Executives - Future salary increases (% p.a.)	0.0%	0.0%
Mortality (pre-retirement)	A1949-1952	A1949-1952
Mortality (post-retirement)	n/a	n/a
Withdrawals (voluntary or Ill - Health)	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement Age*	60 years. Assumed that 10% of members retire early at age 55.	60 years. Assumed that 10% of members retire early at age 55.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

45 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined Benefit Plan (continued)

As per the fund operations and valuation, the movements in the present value of defined benefit obligation in the current year were as follows:

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Opening benefit obligation	114,430,194	101,984,110
Current service costs	4,689,672	3,896,652
Interest cost	12,767,663	14,789,625
Employee contribution	526,211	536,964
Actuarial loss/(gain) in experience	(1,283,405)	(1,864,638)
Actuarial loss in assumptions	9,810,280	15,675,123
Benefits paid	(22,115,380)	(20,587,642)
Closing benefits obligation	<u>118,825,235</u>	<u>114,430,194</u>

Reconciliation on plan asset in the current year with the comparative figures are as per the below table

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Opening market value of assets	(115,216,715)	(110,211,766)
Interest income on plan assets	(12,588,349)	(15,786,627)
Employee contribution	(526,211)	(536,964)
Return on plan assets*	1,226,367	(9,269,000)
Benefits paid	22,115,380	20,587,642
Closing market value of the assets	<u>(104,989,528)</u>	<u>(115,216,715)</u>

* Return on plan asset, excludes amount in interest income

A summary of the distribution of the Scheme assets as at 30 June 2021, based on the Scheme management accounts, is shown in the table below;

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Cash	-	11,258,805
Treasury Bonds FV plus accrued Interest	95,041,994	92,044,606
Treasury Bills plus accrued Interest	12,803,428	13,488,847
Retirement Benefits Payable	(2,855,893)	(1,575,542)
Net Assets	<u>104,989,529</u>	<u>115,216,716</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

45 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined Benefit Plan (continued)

Being a funded Scheme, the defined obligation/(asset) is presented in net terms after consideration of the Scheme assets as per the below;

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS ‘000	TZS ‘000
Present value of funded obligations	118,825,234	114,430,194
Fair value of Scheme assets	(104,989,529)	(115,216,716)
Present value of net obligation/ (asset)	13,835,705	(786,522)
Defined benefit obligation/ (asset) recognized in the balance sheet	<u>13,835,705</u>	<u>(786,522)</u>

Included in the computation are benefit plan expenses which are recognized in the Statement of Profit or Loss statement. Below are the components:

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS ‘000	TZS ‘000
Service cost		
Current service cost net of employees’ contributions	4,689,672	3,896,652
Past service cost	-	-
Total Service Cost	<u>4,689,672</u>	<u>3,896,652</u>
Interest Income		
Interest cost on defined benefit obligation	12,767,663	14,789,625
Interest income on plan assets	(12,588,349)	(15,786,627)
Net Interest income on Balance Sheet Asset	<u>179,314</u>	<u>(997,002)</u>
Total included in profit or loss in respect of Scheme	<u>4,868,986</u>	<u>2,899,650</u>

Re-measurement on defined benefit are measured through other comprehensive Income and it is composed of the below;

	<u>30 06 2021</u>	<u>30.06.2020</u>
	TZS ‘000	TZS ‘000
Re-measurements (OCI)		
Actuarial loss/(gain) - obligation	9,810,280	15,675,123
Actuarial (gain) loss - experience adjustment	(1,283,405)	(1,864,638)
Return on plan assets (excluding amount in interest cost)	1,226,367	(9,269,000)
Amount recognised in OCI statement for the financial year	<u>9,753,242</u>	<u>4,541,485</u>

Development of net obligation

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS ‘000	TZS ‘000
Net (obligation)/asset at the beginning of the year	(786,522)	(8,227,657)
Net expenses recognized in the income statement	4,868,985	2,899,650
Employer’s contribution	-	-
Amount recognized in OCI	9,753,242	4,541,485
Settlement/Employer’s contribution	-	-
Net (asset)/ liability at end of period	<u>13,835,705</u>	<u>(786,522)</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

45 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined Benefit Plan (continued)

Sensitivity analysis

The results of the actuarial valuation are more sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount and salary used, the actuarial valuation has relied on the duration of the liability. Weighted average duration of the liability as at 30 June 2021 is 7 years (2020: 5 years). Based on this methodology, below are the results of the sensitivity analysis

As at 30 June 2021

Assumptions	Result on Financial assumptions	
	Impact of 1.0% increase	Impact of 1.0% decrease
	TZS '000	TZS '000
Discount Rate (fall)/rise	(113,392,435)	124,832,965
Salary increase rise/(fall)	122,389,400	(115,605,696)
	Results on Demographic assumptions	
Early Retirement Rate rise/(fall)	118,929,128	(118,721,340)
Withdrawal Rate rise/(fall)	119,712,932	(117,838,006)

As at June 2020

Assumptions	Result on Financial assumptions	
	Impact of 1.0% increase	Impact of 1.0% decrease
	TZS '000	TZS '000
Discount Rate (fall)/rise	(109,670,020)	119,645,060
Salary increase rise/(fall)	117,371,770	(111,759,050)
	Results on Demographic assumptions	
Early Retirement Rate rise/(fall)	114,568,190	(114,292,200)
Withdrawal Rate rise/(fall)	115,755,620	(112,983,680)

Since the bulk of benefits payable under the arrangement are salary related, the sensitivity of a liability to a change in the salary escalation assumption is not expected to be materially different. However, the impact of a change in salary escalation is expected to be less than the impact of a change in the discount rate as a portion of the liability. In this case long service awards would not be affected by a change in the salary escalation rate as the amount is fixed does not relate to salary.

Effect on Bank's cash flow

The benefits arrangement is funded, and the Bank pays benefits from the defined benefit obligation as and when they arise. The timing of the benefit payments from the arrangement will be influenced by the age at which employees leave the Bank.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

45 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined benefits profile

The maturity profile of the present value of define benefit obligation at valuation date for the next five years presented in the table below excludes benefits payable to top management.

Maturity Profile of the Defined Benefit Obligation is as per below;

	Up to 1 yr. TZS '000	1-2 yrs. TZS '000	2-3 yrs. TZS '000	3-4 yrs. TZS '000	5 yrs. and above TZS '000
30 June 2021	13,486,393	22,725,389	12,965,962	12,998,521	55,001,701
30 June 2020	18,580,438	11,912,161	20,233,156	11,963,270	50,439,266

Separation of benefits payable between vested and non-vested benefits resulted to TZS 108,294.3 million (30 June 2020: TZS 106,413.6 million) and TZS 10,530.9 million (30 June 2020: TZS 8,016.6 million) respectively.

46 CAPITAL

Section 17 of the Bank of Tanzania Act, 2006 states that “the authorised capital of the Bank shall be one hundred billion shillings, provided that it may be increased by such amount as may be determined by the Board, and authorised by the Minister, by Notice published in the Government Gazette.”

The capital of the Bank is subscribed and held only by the Government of the United Republic of Tanzania. The equity of the Bank includes share capital and reserves. During the year, movement of equity is as shown below and further details are provided in the statement of changes in owners' equity on page 26.

	<u>30.06.2021</u> TZS '000	<u>30.06.2020</u> TZS '000
Capital	100,000,000	100,000,000
Reserves	1,862,496,530	1,865,261,600
Total	<u>1,962,496,530</u>	<u>1,965,261,600</u>

The Bank is not subject to any capital adequacy regulatory requirements concerning the level of capital in relation to assets it holds, although the Bank of Tanzania Act, 2006 sets out how the statutory annual net profit for the year shall be allocated. The principal source of capital increase is through appropriations of annual profits to various reserves.

The Bank is not for profit organisation, nor does it seek profit maximisation. Instead it seeks to make profit commensurate with normal market returns in areas where it conducts normal commercial operations.

Capital is not actively managed and the relative low risk nature of most of the Bank's activities means that it is not capital intensive. Its purpose is to cover unexpected losses. The most significant unexpected losses are likely to rise out of the support operations and the Bank's role as the lender of last resort, or from losses on price movements and changes in exchange rates on the Bank's foreign investments.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

47 CONTINGENT LIABILITIES

Contingent liabilities arise in the normal course of the Bank's business activities. In order to meet the financial needs of the government, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

(a) External payment arrears deposit account

In the ordinary course of business, the Bank is subject to threatened or actual legal proceedings. All such material cases are periodically reassessed to determine the likelihood of the Bank incurring a liability. In those instances, where it is concluded that it is more likely that a payment will be made, a provision is established to management's best estimate of the amount required to settle the obligation at the relevant statement of financial position date. In some cases, it will not be possible to form a view, either because the facts are unclear or because further time is needed to properly assess the merits of the case and no provisions are held against such cases. However, the Bank does not currently expect the final outcome of any such case to have a material adverse effect on its financial position.

During the 1970s and 1980s, there was a shortage of foreign currencies in the country, which required the Government to control and prioritise foreign payments (forex). Tanzania importers were required to remit equivalent amount of TZS with the then National Bank of Commerce (NBC) for the required amount of forex and subject to availability of forex and priority, the forex amount would be remitted to the intended overseas suppliers.

However due to the forex shortage not all funds deposited with the then NBC by private and public importers were remitted to the overseas suppliers' accounts.

In 1985, the Government of the United Republic of Tanzania formally assumed the responsibility of handling liabilities arising from External Payment Arrears deposit account (EPA) from the then NBC. The Bank was given the responsibility to manage EPA liabilities on behalf of the Government of the United Republic of Tanzania. As at 30 June 2020 the balance in this liability account has remained at the same level as it was in the previous year of TZS 2,288.4 million since the Bank has suspended all transactions relating to EPA pending reconciliation and resolution of the remaining external payment arrears. In order to undertake the reconciliation and resolution of the remaining balance, on 14 April 2009 the Bank engaged a consultant, M/S Lazard Freres's & CIE to assist in the process.

The objectives of the exercise were:

- i. To ascertain how the remaining debt as at 2004 has been handled.
- ii. To compile and establish the current stock of the remaining EPA debts.
- iii. To develop, jointly with the Ministry of Finance and Planning and Bank of Tanzania, a strategy and action plan to handle the unsettled claims.

The consultant submitted an inception report in August 2009 which was not accepted by the Bank.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

47 CONTINGENT LIABILITIES (Continued)

Further, the original contract expired on 14 January 2010 while the consultant was yet to provide the expected contract deliverables. Subsequent follow ups on the matter with the consultant's assignment proved futile. Due to non-responsiveness of the consultant to the Bank's subsequent follow ups, on 25 July 2011, the Bank wrote to the World Bank to seek for their advice on the way forward, which was not provided.

On 25 August 2011, the consultant wrote to the Bank demanding renewal of the expired contract; to include:

- i. Upward revision of the price of the contract to USD 843,700 from the original amount of USD 663,950;
- ii. Implicitly complaining for not being paid initial fee amounting to USD 175,000 after submitting inception report; and
- iii. Revising some items on the original contract.

Based on the original contract, the consultant would have been paid initial fee after submitting an inception report that is acceptable to the client. However, the earlier submitted report fell short of the required standard and the consultant was notified.

On 14 April 2012, the Bank officially informed the consultant about the expired contract and that the Bank had no intention to renew the same.

The consultant was further informed that since the inception report that was submitted in August 2009 was not accepted by the client, there is no any accrued liability to the Bank.

The Bank's further efforts to solicit detailed information from the World Bank on work that was done by M/S Lazard Freres during the Debt Buyback Scheme that ended in year 2004 have proved futile. The efforts were aimed at obtaining information that would have paved way for another consultant to be engaged to perform the assignment. The Bank later sought legal advice on how to bring EPA to a close. On the basis of legal advice that was obtained, and following a Board of Directors Resolution, on 20th November 2012 the Bank officially wrote to the Minister for Finance to transfer operations and management of the External Payment Arrears Account and public debt back to the Ministry of Finance and Planning. The transfer was in line with the Bank's program for shedding-off non-core activities

(b) Export credit guarantee scheme (ECGS)

The Bank is an agent of the Government on the operationalisation of the Export Credit Guarantee Scheme. The scheme is charged with the responsibility of considering guarantee applications from financial institutions, and on behalf of the Principal, issue guarantees to financial institutions covering short and long term finance to exporters as long as the capital funds in the ECGS accounts are not leveraged more than 1:5. As a result there is a contingent liability under this scheme in respect of guarantees, limited to five times the balance of the Fund in accordance with the agency agreement in force.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

47 CONTINGENT LIABILITIES (Continued)

(c) Small and medium enterprises - credit guarantee schemes

The Bank operates this scheme by issuing guarantees on behalf of the Government to financial institutions covering medium and long-term finance to SMEs on a pilot as long as the capital funds in the CGS-SME accounts are not leveraged more than 1:3. There is a contingent liability under this scheme in respect of guarantees, limited to three times the balance of the Fund in accordance with the Agency agreement in force. As at 30 June 2021, there was no outstanding guarantees as it was for the period ended June 2020. As the result on 30 June 2021, the fund had a net cash balance of TZS 147.7 million (2020: TZS 1,496.7 million)

48 OUTSTANDING COMMITMENTS

Capital commitments

As at 30 June 2021, the Bank's capital commitments in respect of, Property and Equipment, Intangible Assets and major capital projects aggregated to TZS 23,013.1 million (2020: 106,513.5 million).

The major capital expenditure commitments item is as reflected herewith below

Particulars	30.06.2021 TZS '000	30.06.2020 TZS '000
Office buildings	429,661	4,988,000
Residential buildings	1,901,644	2,934,056
Machinery and equipment	8,045,718	45,236,606
Information, communication and technology (ICT)	1,084,483	16,123,212
Motor vehicles	-	18,799,919
Furniture and fittings	190,755	829,435
Intangible assets	357,035	8,702,497
On-going projects	11,003,775	8,899,827
Total	<u>23,013,071</u>	<u>106,513,553</u>

The above commitments have been included and approved for payment in accordance with the 2021/2022 Approved Budget Estimates.

Post employment benefits

Effective July 2008, the Bank has a medical insurance arrangement, which covers retired employees and their spouses. At the reporting date the Bank had insurance commitment amounting to TZS 937.7 million (2020: TZS 462.4 million) involving retired staff with their spouses who retired since financial year 2009/10.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

49 RELATED PARTY DISCLOSURES

In the course of its operations, the Bank enters into transactions with related parties, which include the Government of the United Republic of Tanzania, the ultimate shareholder of the Bank, the Deposit Insurance Fund and key management personnel. The related party transactions during the year are as follows:

(a) Loans and emoluments to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank's key management personnel are the Governor, Deputy Governors, Non-Executive Directors and Directors.

The Bank extends loans facilities to the Governor, the Deputy Governors and its members of staff. Loans and receivables (**Note 24**) included advances to employees that as at 30 June 2021 amounted to TZS 76,626.2 million (2020: TZS 77,070.2 million). The advances are granted at preferential rates of interest determined by the Bank presently at 5 percent fixed over the period of the loan.

The following is the breakdown of loans and emoluments granted to key management personnel except Non-Executive Directors.

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
i) Loans to Senior Management		
(i.e. Governor, Deputy Governors and Directors)		
At start of the year	1,714,011	2,035,490
Loans granted during the year	874,547	1,210,258
Loans repaid during the year	(499,921)	(1,531,764)
Balance end of the year	2,088,637	1,714,011
ii) Emoluments to Senior Management Personnel		
(Governor, Deputy Governors and Directors)		
	TZS '000	TZS '000
Salaries, allowances and benefits	4,526,862	4,353,456
Post-employment benefits	832,189	759,763
Total	5,359,051	5,113,219

In accordance with Section 15 of the Bank of Tanzania Act, 2006, remuneration of the Governor and Deputy Governors is determined by the President of the United Republic of Tanzania. The Board determines remuneration of Directors including Secretary to the Bank. As at 30 June 2021, the number of key management personnel was 22 (2020: 22).

(b) Directors' remunerations

During the year ending 30 June 2021, emoluments paid to the members of the Board amounted to TZS 122.3 Million (2020: TZS 273.9million). These emoluments include benefits of Non - Executive Directors. Non-Executive Directors are not entitled to loans and advances.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

49 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Government of the United Republic of Tanzania

Transactions entered into with the Government include:

- Government deposits. There are no interest and bank charges on deposits;
- Cost sharing of liquidity management cost arising from issue and redemption of liquidity papers and Repurchase Agreements in accordance with the memorandum of understanding in force;
- Settlement of foreign currency denominated obligations;
- Financial accommodation on temporary short falls in Government revenue;
- Other duties including agency of the Government as provided under the Bank of Tanzania Act, 2006.

As at the close of business on 30 June 2021, the following balances, which are included in the statement of financial position in various categories, were outstanding:

	<u>30.06.2021</u>	<u>30.06.2020</u>
	TZS '000	TZS '000
Due from Governments of Tanzania (Note 23 and 33)	2,552,887,962	2,852,143,109
IMF funds on-lent to the Government (Note 19)	1,304,531,756	1,257,328,887
Due from Revolutionary Government of Zanzibar (Note 23 and 33)	157,939	64,620,591
Investments in Government Securities (Note 22)	1,094,883,220	1,230,069,507
Structured Financing Facility (Note 34)	85,411,151	85,411,151
Export Credit Guarantee Fund (Note 34)	2,798,025	5,583,373
Small and Medium Enterprises Guarantee Fund (Note 34)	147,743	1,496,712

The above Schemes are administered by the Bank on behalf of the Government of the United Republic of Tanzania. Funds are deposited with the Bank and no interest is paid on these balances.

The Governments of Republic of Tanzania (URT) and Revolutionary Government of Zanzibar (RGZ) deposits are governments funds held by the Bank as Governments' bank.

Deposit Insurance Fund Board

The Bank has a close working relationship with the Deposit Insurance Board, an entity incorporated under the Banking and Financial Institution Act, 1991 (as amended 2006). The Bank provides it with staff, subvention and office accommodation.

During the year, the Bank contribution to the Deposit Insurance Board amounting to TZS 210.9 million (2020: TZS 193.7 million). The balance outstanding from the Fund included under Deposit Others as at 30 June 2021 was TZS 2,704.8 million (2020: TZS 60,528.7 million).

50 EVENT AFTER THE REPORTING DATE

There was no event after reporting period that had material impact to the financial statements.



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PART V

CALENDAR OF IMPORTANT MONETARY AND FINANCIAL EVENTS

JUNE 2011 TO JUNE 2021



Bank of Tanzania Annual Report 2020/21

April 2021: Women Affairs Committee for Financial Inclusion (WACFI) was established to oversee and coordinate the implementation of financial inclusion initiatives and program targeting women in Tanzania.

March 2021: Bank of Tanzania issued banking business license to Access Microfinance Bank Ltd to carry out microfinance banking business in Tanzania, after revoking fully-fledged commercial bank license issued on 1st Sep 2008.

March 2021: Bank of Tanzania transferred all assets and liabilities of China Commercial Bank Ltd to NMB Bank Plc effective from 4th March 2021, following a period under statutory management since November 2020.

March 2021: Bank of Tanzania issued a business license to Pass Leasing Company Limited to carry out financial leasing business in Tanzania.

February 2021: Bank of Tanzania changed the deadline for submission of regulatory returns from within 15 of the following month to within 7 days of the following month, starting with the regulatory returns for the month of February 2021.

January 2021: The National Bureau of Statistics released rebased National Consumer Price Indices from December 2015 base prices to 2020 base prices. The weight of core CPI increased to 73.9 percent from 54.3 percent, while those of food and non-alcoholic beverages decreased to 28.2 percent from 38.5 percent, and energy, fuel and utilities to 5.7 percent from 8.7 percent. This was the 7th revision after those of 1966, 1976, 1992, 2001, 2010 and 2015.

January 2021: Bank of Tanzania directed banks and financial institutions to maintain a cost to income ratio of not more than 55 percent. The ratio shall be computed by dividing operating expenses (non-interest expenses) with summation of net interest income and non-interest income.

January 2021: Bank of Tanzania authorized use of hubs in provision of international money remittances/transfers.

December 2020: Bank of Tanzania restricted issuance of electronic money license only to licensed mobile network operators (MNOs) with a view to strengthening the oversight and stability of the financial system. The restriction does not apply to banks and non MNOs entities already issued with electronic money issuance license.

July 2020: Bank of Tanzania licensed Mwanga Hakika Microfinance Bank Limited and revoked the licenses of Mwanga Community Bank Limited, Hakika Microfinance Bank Limited and EFC Microfinance Bank Limited. Consequently, assets and liabilities, customers and employees of the merged banks were transferred to Mwanga Hakika Microfinance Bank Limited.

June 2020: Bank of Tanzania authorized the merger of TPB Bank Plc and TIB Corporate Ltd effective from 1st June 2020 so as to enhance performance of state owned banks.

May 2020: Bank of Tanzania reduced the discount rate from 7.0 percent to 5.0 percent effective from 12th May 2020 so as to provide additional space for banks to borrow from the Bank of Tanzania at a lower cost.

May 2020: Bank of Tanzania lowered the Statutory Minimum Reserve (SMR) requirement from 7.0 percent to 6.0 percent effective from 8th June 2020 in order to provide additional liquidity to banks.

May 2020: Bank of Tanzania reduced haircuts on government securities from 10.0 percent to 5.0 percent for Treasury bills, and from 40.0 percent to 20.0 percent for Treasury bonds effective from 12th May 2020 in order to increase banks' ability to borrow from the Bank of Tanzania with less collateral than before.



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May 2020: The Bank of Tanzania increased mobile money operators' daily transaction limit to customers from TZS 3.0 million to TZS 5.0 million and daily balance from TZS 5.0 million to TZS 10.0 million so as to encourage customers to use digital payment platforms for transactions, amidst Covid-19 pandemic.

February 2020: The implementation of the Memorandum of Understanding on currency convertibility and repatriation between the Bank of Zambia and the Bank of Tanzania was officially inaugurated.

February 2020: The Financial Services Registry (FSR) System was officially launched on 27th February 2020.

November 2019: Bank of Tanzania (Financial Consumer Protection) Regulations, 2019 were published in the Government Notice No. 884 on 22nd November 2019.

November 2019: Exim Bank Tanzania officially acquired assets and liabilities of United Bank Tanzania Limited, a subsidiary of Pakistan's UBL Bank, to strengthen its existing network and expand market share.

June 2019: The Foreign Exchange (Bureau de Change) Regulations, 2019 were published in the Government Notice No. 450 and became effective on 7th June 2019, revoking the Foreign exchange (Bureau de Change) Regulations, 2015.

March 2019: Bank of Tanzania introduced the interbank cash market electronic trading platform, which went live on 1st March 2019.

January 2019: Bank of Tanzania officially revoked the license of Bank M Tanzania Plc (Bank M) and transferred its assets and liabilities to Azania Bank Limited effective from 15th January 2019.

November 2018: Bank of Tanzania issued a banking business license to China Dasheng Bank Limited, as a commercial bank. China Dasheng Bank Limited commenced operations on 26th November 2018.

November 2018: On 16th November 2018, the National Assembly of Tanzania enacted a Microfinance Act 2018, in order to operationalize the National Microfinance Policy 2017.

September 2018: On 21st September 2018, the Bank of Tanzania and Bank of Zambia signed a Memorandum of Understanding (MOU) on currency convertibility and repatriation to help with the smooth flow of currency and trade between the two countries.

August 2018: Bank of Tanzania revised downwards the discount rate to 7.0 percent from the prevailing rate of 9.0 percent effective from 27th August 2018.

August 2018: Bank of Tanzania authorized the merger of Tanzania Women's Bank Plc (TWB) and TPB effective from 3rd August 2018. The new bank retained the name "TPB Bank Plc".

August 2018: Bank of Tanzania took over the administration of Bank M Tanzania Plc (Bank M) effective from 2nd August 2018, following critical liquidity problems.

May 2018: Bank of Tanzania authorized the merger of Twiga Bancorp Limited and TPB Bank Plc effective from 17th May 2018. The merger resulted into one bank, under the name "TPB Bank Plc".

March 2018: Bank of Tanzania allowed banks to use government securities across all maturity spectrum as collateral in accessing the Bank's loan facilities.



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January 2018: A banking license was issued to Guaranty Trust Bank (Tanzania) Limited to carry out banking business as a commercial bank.

January 2018: Bank of Tanzania, with effect from 4th January 2018, revoked licenses of Covenant Bank for Women (T) Limited, Efatha Bank Limited, Njombe Community Bank Limited, Kagera Farmers' Cooperative Bank Limited and Meru Community Bank Limited due to undercapitalization.

December 2017: On 21st December 2017, Hon. Kassim Majaliwa Majaliwa, Prime Minister of the United Republic of Tanzania, launched the second National Financial Inclusion Framework (NFIF 2018-2022).

October 2017: H.E. Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania appointed Prof. Florens D.A.M. Luoga as Governor of the Bank of Tanzania effective from 8th January 2018 replacing Prof. Benno J. Ndulu after completion of term of office.

October 2017: The National Microfinance Policy 2017 was launched to create an enabling environment that promotes development of appropriate and innovative microfinance products and services to meet the real need of the low income population.

August 2017: Bank of Tanzania reduced the discount rate from 12.0 percent to 9.0 percent effective from 7th August 2017 in order to increase liquidity to banks to stimulate growth of credit to private sector.

July 2017: Central Depository Systems of Bank of Tanzania and Dar es Salaam Stock Exchange were interlinked to improve functioning of the financial market.

June 2017: The Foreign Exchange (Bureau de Change) (Amendment) Regulations, 2017 were gazetted and became effective on 2nd June, 2017.

May 2017: H.E. Dr. John Pombe Magufuli, President of the United Republic of Tanzania appointed Dr. Yamungu Kayandabila as Deputy Governor, Economic and Financial Policies, and Dr. Bernard Kibesse as Deputy Governor, Financial Stability and Deepening, with effect from 31st May, 2017. They replaced Dr. Natu El-Maamry Mwamba and Mr. Lila H. Mkila, respectively, after completion of terms of office.

May 2017: On 10th May 2017, Bank of Tanzania revoked license of Mbinga Community Bank due to undercapitalization and insolvency.

May 2017: On 5th May 2017, Bank of Tanzania revoked the business license of FBME bank and placed it under liquidation following a court ruling in the US that suspended the bank from accessing the US financial system due to money laundering charges.

April 2017: Bank of Tanzania lowered the statutory minimum reserve requirement on private sector deposits to 8.0 percent from 10.0 percent, in order to increase liquidity to banks and thereby facilitate provision of credit to the private sector.

March 2017: Bank of Tanzania reduced the discount rate from 16.0 percent to 12.0 percent effective from 6th March 2017 in order to increase liquidity to banks.

January 2017: Bank of Tanzania adopted reserve averaging framework, which allows banks to use part of the SMR balances during the maintenance period to meet liquidity needs.

October 2016: On 28th October 2016, the Bank of Tanzania put Twiga Bancorp Ltd. in receivership for lack of adequate capital.

June 2016: Bank of Tanzania marked its 50th Anniversary, during which a charity walk to raise fund for purchasing desks for primary and secondary schools was organized. Other events



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included launching of books and a symposium on “Beyond Aid and Non-Concessional Loans: New Ways of Financing Development in Africa”.

January 2016: H.E. Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania appointed Mr. Julian B. Raphael as Deputy Governor effective from 26th January, 2016. He replaced Mr. Juma Reli after completion of his term in office.

January 2016: The National Bureau of Statistics released rebased National Consumer Price Indices based on December 2015 prices in which, the weight of food and non-alcoholic beverages decreased to 38.5 percent from 47.8 percent of the total consumer basket. This was the 6th revision after those of 1966, 1976, 1992, 2001, and 2010.

June 2015: Bank of Tanzania broadened maturity profile of eligible government securities that can be pledged by banks as collateral in accessing standby loan facilities to include securities that mature within 91 days to 180 days from the date of acquisition.

May 2015, Bank of Tanzania introduced a Bureau de Change System to monitor transactions in real time as well as accommodate money remittance line of business.

May 2015: Bank of Tanzania revised the statutory minimum reserve rate charged on private deposit liabilities with banks and borrowings from the general public from 8 percent to 10 percent.

May 2015: Banks’ prudential limit on foreign exchange net open position was reduced from 7.5 percent to 5.5 percent of core capital.

April 2015: Complaints Resolution Desk was established at the Bank of Tanzania to handle unresolved disputes between banking institutions and their clients.

April 2015: The National Payment System Bill was assented to an Act by the President of the United Republic of Tanzania.

April 2015: Tanzania Automated Clearing House became operational.

March 2015: Capital adequacy ratios of banks were increased from 10 percent to 12.5 percent of core capital and from 12 percent to 14.5 percent of total capital.

February 2015: Connectivity between Tanzania Inter-Bank Settlement System (TISS) and Dar es Salaam Stock Exchange (DSE) became operational.

December 2014: Statutory minimum reserve ratio on private sector deposits was reduced from 10 percent to 8 percent.

June 2014: Ratification of the East African Community (EAC) Monetary Union Protocol, 25th June, 2014.

June 2014: Ratification of SADC Finance and Investment Protocol, 6th June, 2014.

May 2014: Signing of the Memorandum of Understanding amongst EAC Central Banks on currency convertibility and repatriation, 16th May, 2014.

May 2014: Further liberalization of Capital Account within the EAC region, 2nd May, 2014.

March 2014: The launch of the East African Community Payment and Settlement Systems Integration Project (EAC-PSSIP), 12th March, 2014 (Arusha).

November 2013: The signing of the East African Monetary Union Protocol by the EAC Heads of State, 30th November, 2013.

March 2013: The Deputy Minister for Finance, Janet Mbene (MP) launched the Tanzania Financial Stability Forum (TFSF) on 11th March, 2013.

January 2013: Bank of Tanzania issued guidelines on Agency Banking. The guidelines became effective on 1st February, 2013.

November 2012: H.E. Dr. Jakaya Mrisho Kikwete, President of the United Republic of Tanzania, re-appointed Prof. Benno J. Ndulu to serve in the office for the second term as the Governor of the Bank of Tanzania effective from 8th January, 2013.

November 2012: The President of the United Republic of Tanzania, His Excellency, Dr. Jakaya Mrisho Kikwete, launched the Mwalimu Nyerere Memorial Scholarship Fund.

September 2012: Bank of Tanzania launched the Credit Reference Databank.

August 2012: Bank of Tanzania introduced an online bidding system for Government securities auctions (GSS).

June 2011: H.E. Dr. Jakaya Mrisho Kikwete, President of the United Republic of Tanzania, appointed Dr. Natu El-Maamry Mwamba as Deputy Governor with effect from 13th June, 2011 to replaced Dr. Enos Bukuku, who was appointed as Deputy Secretary General of the East African Community.



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PART VI

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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.1: Gross Domestic Product by Activity at Current Prices

	Millions of TZS					
	2015	2016	2017	2018 ^r	2019 ^r	2020 ^p
Agriculture, hunting and forestry	25,234,560.2	29,739,110.8	34,154,593.8	35,962,728.0	37,192,537.4	39,965,061.9
Crops	13,279,392.3	16,474,729.4	19,703,004.0	21,003,719.7	20,686,963.3	22,867,958.7
Livestock	7,158,456.5	8,205,006.7	8,857,939.0	9,240,099.8	10,345,069.2	10,609,888.5
Forestry and hunting	2,920,424.8	3,094,767.2	3,310,076.0	3,459,581.4	3,738,359.8	3,947,993.3
Fishing	1,843,401.0	1,929,746.8	2,245,558.1	2,218,730.9	2,379,172.3	2,494,161.5
Agriculture support services	32,885.5	34,860.7	38,016.7	40,596.3	42,972.9	45,059.8
Industry and construction	23,103,647.3	26,937,139.3	29,735,584.4	34,851,874.3	39,944,212.1	44,932,190.4
Mining and quarrying	4,055,619.4	5,299,362.4	5,206,217.1	6,573,058.9	7,213,402.9	9,921,721.0
Manufacturing	7,411,671.8	8,467,126.3	9,102,281.7	10,418,776.4	11,860,403.1	12,539,106.7
Electricity supply	798,801.2	472,868.3	413,350.5	348,526.7	369,917.1	398,085.8
Water supply, sewerage, waste management	390,758.1	433,132.0	519,909.3	566,562.2	628,187.2	745,222.1
Construction	10,446,796.8	12,264,650.4	14,493,825.8	16,944,950.1	19,872,301.8	21,328,054.8
Services	38,146,528.9	42,747,407.4	45,066,596.0	48,059,560.6	51,417,505.4	55,201,494.1
Wholesale and retail trade; and repairs	8,747,862.1	9,861,677.8	10,843,498.6	11,793,200.6	12,264,511.1	12,933,034.8
Transport and storage	6,929,894.9	7,549,483.6	7,897,993.1	8,381,276.3	9,622,792.0	11,172,778.3
Hotels and restaurants	1,421,916.1	1,523,035.2	1,602,543.2	1,653,791.9	1,764,897.5	1,506,710.9
Information and communication	1,681,098.0	1,739,555.8	1,829,360.1	1,948,179.9	2,052,242.4	2,196,751.2
Financial and insurance activities	4,189,021.5	5,268,866.1	4,789,631.8	4,947,301.4	4,927,613.3	5,259,756.7
Real estate	2,949,597.6	3,162,290.5	3,334,170.7	3,553,629.7	3,834,060.9	4,253,835.5
Professional, scientific and technical activities	518,122.7	617,914.3	726,706.5	817,441.6	903,234.1	986,132.8
Administrative and support service activities	2,183,917.0	2,661,977.9	3,027,383.8	3,306,553.6	3,640,720.4	3,992,260.2
Public administration and defence	4,548,604.4	4,846,491.0	4,986,287.4	5,131,630.0	5,354,892.6	5,531,515.1
Education	2,413,305.9	2,673,289.1	2,864,290.0	3,081,718.3	3,322,028.2	3,439,014.6
Human health and social work activities	1,419,089.9	1,540,484.1	1,681,353.3	1,816,737.8	1,920,962.6	2,044,829.5
Arts, entertainment and recreation	248,510.1	285,625.6	322,352.9	374,923.9	427,886.8	416,049.3
Other service activities	717,898.1	831,215.7	959,152.4	1,037,611.8	1,140,417.1	1,217,189.5
Activities of households as employers	177,690.7	185,500.8	201,872.3	215,563.8	241,246.3	251,635.5
All economic activities	86,484,736.3	99,423,657.5	108,956,774.2	118,874,162.9	128,554,254.9	140,098,746.3
Taxes on products	7,864,579.4	8,938,666.8	9,787,724.2	10,169,738.4	11,087,599.6	8,423,365.2
GDP at market prices	94,349,315.7	108,362,324.3	118,744,498.4	129,043,901.3	139,641,854.5	148,522,111.5
Population	47.9	49.5	51.0	52.6	54.3	56.0
Per capita nominal GDP	1,968,965.2	2,191,190.2	2,327,395.4	2,452,405.6	2,573,324.4	2,653,790.4

Source: National Bureau of Statistics

Note: r denotes revised data; and p, provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.2 Gross Domestic Product (GDP) by Activity, Percentage Share in Total GDP at Current Prices

	2015	2016	2017	2018 ^r	2019 ^r	Percent 2020 ^p
Agriculture, Hunting and Forestry	26.7	27.4	28.8	27.9	26.6	26.9
Crops	14.1	15.2	16.6	16.3	14.8	15.4
Livestock	7.6	7.6	7.5	7.2	7.4	7.1
Forestry and hunting	3.1	2.9	2.8	2.7	2.7	2.7
Fishing	2.0	1.8	1.9	1.7	1.7	1.7
Agriculture support services	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	24.5	24.9	25.0	27.0	28.6	30.3
Mining and quarrying	4.3	4.9	4.4	5.1	5.2	6.7
Manufacturing	7.9	7.8	7.7	8.1	8.5	8.4
Electricity supply	0.8	0.4	0.3	0.3	0.3	0.3
Water supply, sewerage, waste management	0.4	0.4	0.4	0.4	0.4	0.5
Construction	11.1	11.3	12.2	13.1	14.2	14.4
Services	40.4	39.4	38.0	37.2	36.8	37.2
Wholesale and retail trade; repairs	9.3	9.1	9.1	9.1	8.8	8.7
Transport and storage	7.3	7.0	6.7	6.5	6.9	7.5
Hotels and restaurants	1.5	1.4	1.3	1.3	1.3	1.0
Information and communication	1.8	1.6	1.5	1.5	1.5	1.5
Financial and insurance activities	4.4	4.9	4.0	3.8	3.5	3.5
Real estate	3.1	2.9	2.8	2.8	2.7	2.9
Professional, scientific and technical activities	0.5	0.6	0.6	0.6	0.6	0.7
Administrative and support service activities	2.3	2.5	2.5	2.6	2.6	2.7
Public administration and defence	4.8	4.5	4.2	4.0	3.8	3.7
Education	2.6	2.5	2.4	2.4	2.4	2.3
Human health and social work activities	1.5	1.4	1.4	1.4	1.4	1.4
Arts, entertainment and recreation	0.3	0.3	0.3	0.3	0.3	0.3
Other service activities	0.8	0.8	0.8	0.8	0.8	0.8
Activities of households as employers	0.2	0.2	0.2	0.2	0.2	0.2
All economic activities	91.7	91.8	91.8	92.1	92.1	94.3
Add Taxes on products	8.3	8.2	8.2	7.9	7.9	5.7
Total GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics

Note: r denotes revised data; and p, provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.3: Gross Domestic Product by Activity at Constant 2015 Prices

Activity	Millions of TZS					
	2015	2016	2017	2018 ^r	2019 ^r	2020 ^p
Agriculture, hunting and forestry	25,234,560.2	26,436,338.3	28,008,976.2	29,504,197.9	30,802,027.0	32,321,327.0
Crops	13,279,392.3	13,996,347.7	14,895,621.8	15,659,174.9	16,351,311.5	17,174,752.2
Livestock	7,158,456.5	7,506,592.6	7,876,591.6	8,266,048.5	8,676,074.3	9,107,854.1
Forestry and hunting	2,920,424.8	3,034,569.4	3,180,379.3	3,334,791.2	3,495,187.1	3,608,190.4
Fishing	1,843,401.0	1,864,627.3	2,020,292.5	2,206,241.9	2,239,891.7	2,389,914.9
Agriculture support services	32,885.5	34,201.3	36,091.0	37,941.3	39,562.3	40,615.5
Industry and construction	23,103,647.1	25,817,954.9	28,565,774.0	31,344,128.1	34,976,981.7	37,507,951.7
Mining and quarrying	4,055,619.4	4,356,708.6	4,588,623.9	4,659,195.2	5,485,112.4	5,850,231.1
Manufacturing	7,411,671.6	8,213,364.3	8,889,818.0	9,623,500.7	10,184,558.4	10,646,278.5
Electricity supply	798,801.2	869,262.5	877,666.6	928,174.5	994,879.2	1,049,610.8
Water supply, sewerage, waste management	390,758.1	417,899.1	444,660.1	477,510.2	510,410.6	540,159.2
Construction	10,446,796.8	11,960,720.5	13,765,005.5	15,655,747.5	17,802,021.2	19,421,672.1
Services	38,146,528.9	40,549,564.0	42,689,010.6	45,369,788.8	48,114,453.3	50,173,138.9
Wholesale and retail trade; and repairs	8,747,862.1	9,260,703.3	9,821,247.6	10,396,690.9	10,965,038.2	11,194,533.6
Transport and storage	6,929,894.9	7,324,856.3	7,815,844.6	8,736,560.6	9,493,190.7	10,293,275.6
Hotels and restaurants	1,421,916.1	1,480,052.1	1,525,618.5	1,604,390.7	1,645,950.1	1,419,653.9
Information and communication	1,681,098.0	1,718,547.6	1,824,470.9	1,989,716.7	2,133,312.2	2,313,033.4
Financial and insurance activities	4,189,021.5	4,235,515.3	4,115,392.9	4,094,972.3	4,281,167.0	4,412,967.5
Real estate	2,949,597.6	3,077,086.1	3,211,894.9	3,354,517.7	3,505,484.8	3,663,972.3
Professional, scientific and technical activities	518,122.7	606,206.7	694,290.6	763,332.1	821,635.6	881,833.4
Administrative and support service activities	2,183,917.0	2,611,497.7	2,892,462.9	3,054,288.2	3,311,752.9	3,569,799.8
Public administration and defence	4,548,604.4	4,793,820.0	4,907,113.3	5,064,968.5	5,238,490.6	5,438,922.9
Education	2,413,305.9	2,665,336.4	2,859,170.7	3,046,789.4	3,257,405.7	3,363,844.6
Human health and social work activities	1,419,089.9	1,497,896.4	1,611,999.2	1,746,730.9	1,833,514.2	1,952,425.4
Arts, entertainment and recreation	248,510.1	280,130.6	307,906.8	350,027.3	389,225.2	372,119.5
Other service activities	717,898.1	814,528.8	912,404.3	971,690.0	1,037,083.3	1,089,265.4
Activities of households as employers	177,690.7	183,386.7	189,193.2	195,113.5	201,203.0	207,491.7
All economic activities	86,484,736.1	92,803,857.2	99,263,760.8	106,218,114.8	113,893,462.1	120,002,417.6
Taxes on products	7,864,579.4	8,024,535.5	8,393,644.1	8,923,214.7	9,303,273.8	9,093,426.7
Total GDP at market prices	94,349,315.6	100,828,392.7	107,657,404.9	115,141,329.5	123,196,735.9	129,095,844.3
Population	47.9	49.5	51.0	52.6	54.3	56.0
Per capita real GDP (TZS)	1,968,965.2	2,038,846.9	2,110,088.1	2,188,195.2	2,270,273.2	2,306,682.2

Source: National Bureau of Statistics

Note: r denotes revised data; and p, provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.4: Gross Domestic Product by Activity, Percentage Growth Rates at Constant 2015 Prices

Economic Activity	Percent					
	2015	2016	2017	2018 ^r	2019 ^r	2020 ^p
Agriculture, hunting and forestry	5.4	4.8	5.9	5.3	4.4	4.9
Crops	7.6	5.4	6.4	5.1	4.4	5.0
Livestock	4.9	4.9	4.9	4.9	5.0	5.0
Forestry and hunting	3.4	3.9	4.8	4.9	4.8	3.2
Fishing	-4.5	1.2	8.3	9.2	1.5	6.7
Agriculture support services	4.5	4.0	5.5	5.1	4.3	2.7
Industry and construction	9.7	11.7	10.6	9.7	11.6	7.2
Mining and quarrying	10.0	7.4	5.3	1.5	17.7	6.7
Manufacturing	7.1	10.8	8.2	8.3	5.8	4.5
Electricity supply	-2.0	8.8	1.0	5.8	7.2	5.5
Water supply, sewerage, waste management	2.4	6.9	6.4	7.4	6.9	5.8
Construction	12.9	14.5	15.1	13.7	13.7	9.1
Services	6.4	6.3	5.3	6.3	6.0	4.3
Wholesale and retail trade; and repairs	3.6	5.9	6.1	5.9	5.5	2.1
Transport and storage	5.4	5.7	6.7	11.8	8.7	8.4
Hotels and restaurants	1.7	4.1	3.1	5.2	2.6	-13.7
Information and communication	7.8	2.2	6.2	9.1	7.2	8.4
Financial and insurance activities	11.3	1.1	-2.8	-0.5	4.5	3.1
Real estate	4.3	4.3	4.4	4.4	4.5	4.5
Professional, scientific and technical activities	15.7	17.0	14.5	9.9	7.6	7.3
Administrative and support service activities	10.5	19.6	10.8	5.6	8.4	7.8
Public administration and defence	7.2	5.4	2.4	3.2	3.4	3.8
Education	10.4	10.4	7.3	6.6	6.9	3.3
Human health and social work activities	5.1	5.6	7.6	8.4	5.0	6.5
Arts, entertainment and recreation	7.7	12.7	9.9	13.7	11.2	-4.4
Other service activities	4.7	13.5	12.0	6.5	6.7	5.0
Activities of households as employers	3.2	3.2	3.2	3.1	3.1	3.1
All economic activities	6.9	7.3	7.0	7.0	7.2	5.4
Taxes on products	-1.7	2.0	4.6	6.3	4.3	-2.3
Total GDP at market prices	6.2	6.9	6.8	7.0	7.0	4.8

Source: National Bureau of Statistics

Note: r denotes revised data; and p, provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.5: Production of Major Agricultural Crops

	2015/16	2016/17	2017/18	2018/19	2019/20 ^r	2020/21 ^P
	'000' Tonnes					
Food crops:						
Maize	6,148.7	6,680.0	6,273.2	5,817.5	6,711.0	6,908.3
Rice	2,229.1	1,593.0	2,219.6	2,009.2	3,038.1	2,629.5
Wheat	76.4	50.0	56.7	62.4	79.0	70.3
Pulses	1,958.6	2,317.0	1,823.5	1,407.8	1,858.7	2,135.5
Cash crops:						
Coffee	59.6	48.3	48.3	66.6	59.3	72.8
Seed cotton	149.9	122.4	132.9	222.7	349.0	241.7
Tea	32.6	27.0	34.0	37.2	28.7	27.5
Cashewnuts	155.2	264.9	313.8	225.1	232.7	206.7
Tobacco	87.0	60.7	85.7	72.6	45.7	55.7
Sisal	41.0	35.6	43.5	33.3	33.2	30.6
Pyrethrum	1.8	2.4	n.a	n.a	n.a	n.a

Source: Ministry of Agriculture

Note: p denotes provisional data; r, revised data; and n.a, not available

Table A1.6: Agricultural Production Indices

	2015/16	2016/17	2017/18	2018/19 ^r	2019/20 ^r	2020/21 ^P
	2013/14=100					
Food crops:						
Maize	91.3	99.2	93.1	86.4	99.7	102.6
Paddy	132.8	94.9	132.3	119.7	181.0	156.7
Wheat	45.7	29.9	33.9	37.3	47.3	42.1
Pulses	115.4	136.5	107.4	82.9	109.5	125.8
Cash crops:						
Coffee	122.3	99.1	99.0	136.6	121.6	149.3
Cotton	60.9	49.8	54.0	90.5	141.9	98.3
Tea	94.0	77.7	98.0	107.2	82.7	79.2
Cashewnuts	119.3	203.6	241.2	173.0	178.8	158.8
Tobacco	100.8	70.3	99.3	84.1	52.9	64.5
Sisal	108.3	94.3	115.0	88.1	87.8	80.9
Pyrethrum	27.0	36.0	na	na	na	na

Source: Ministry of Agriculture

Note: p denotes provisional data; and n.a, not available



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.7: Production of Selected Industrial Products

Commodity	Unit	2015	2016	2017	2018	2019 ^r	2020 ^P
Biscuits and pasta	Tonnes	15,274.0	15,551.0	16,451.0	16,911.0	18,113.0	22,991.0
Wheat flour	Tonnes	534,637.0	512,068.0	606,432.0	678,780.0	680,393.0	763,461.0
Sugar, refined	'000' Tonnes	252.9	286.7	320.3	315.9	439.1	460.6
Konyagi	'000' Lts	29,489.0	28,754.0	22,823.0	26,744.0	32,366.0	33,287.0
Beer	'000' Lts	391,742.0	393,560.0	396,864.0	444,633.0	391,299.0	378,349.0
Chibuku	'000' Lts	23,028.0	26,513.0	22,162.0	20,819.0	20,350.0	21,712.0
Cigarattes	Mill Pcs	7,837.0	8,091.0	7,412.0	7,921.0	8,369.0	7,320.0
Textiles	'000' Sq. Mt.	98,642.0	95,924.0	52,052.0	85,982.0	n.a	n.a
Sisal ropes and twines	Tonnes	8,851.0	9,131.0	8,188.0	8,148.0	9,287.0	8,076.0
Fishnet and products	Tonnes	311.0	256.0	196.0	228.0	254.0	261.0
Plywood	Cubic Mt.	1,021.0	788.0	993.0	1,023.0	1,177.0	1,249.0
Pyrethrum extract	Tonnes	118.0	126.0	134.0	139.0	145.0	154.0
Paints	'000' Lts	35,930.0	36,343.0	40,146.0	48,025.0	58,024.0	56,755.0
Cement	'000' Tonnes	3,134.9	4,071.4	4,199.9	4,579.0	6,514.7	6,494.8
Rolled steel	Tonnes	142,963.0	154,079.0	183,337.0	215,828.0	203,018.0	191,365.0
Iron sheets	Tonnes	91,385.0	91,109.0	84,541.0	84,132.0	100,963.0	107,836.0
Aluminium sheets/circles	Tonnes	32.0	0.0	0.0	0.0	n.a	n.a
Dry cells	'000' Pcs	87,000.0	69,000.0	122,000.0	115,000.0	120,000.0	132,000.0

Source: National Bureau of Statistics

Note: r denotes revised data; and p, provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.8: Industrial Production Indices

Commodity	1985=100					
	2015	2016	2017	2018 ^r	2019 ^r	2020 ^p
Biscuits and pasta	1,544.4	1,572.4	1,663.4	1,709.9	1,831.4	2,324.7
Wheat flour	1,374.0	1,316.0	1,558.6	1,832.3	1,748.6	1,962.1
Sugar, refined	225.8	256.0	286.0	282.1	393.1	412.3
Konyagi	3,065.4	2,989.0	2,372.5	2,780.0	3,364.4	3,460.2
Beer	517.1	519.5	523.8	630.4	516.0	499.4
Chibuku	210.7	242.6	202.8	190.5	186.2	198.6
Cigarattes	294.0	303.5	278.0	297.1	313.9	n.a
Textiles	169.9	165.2	89.6	148.1	211.3	228.0
Sisal ropes and twines	61.0	63.0	56.5	56.0	64.0	55.7
Fishnet and products	324.0	266.7	204.2	237.5	264.6	271.9
Plywood	64.3	49.6	62.5	64.4	74.1	78.6
Pyrethrum extract	302.6	323.1	343.6	356.4	182.7	395.9
Paints	2,634.2	2,664.4	2,943.3	3,520.9	4,253.0	4,160.0
Cement	833.8	1,082.8	1,168.9	1,199.2	1,732.8	1,727.5
Rolled steel	1,265.2	1,363.5	1,491.4	1,985.9	1,796.6	1,693.5
Iron Sheets	421.7	420.4	390.1	375.6	465.9	497.6
Aluminium sheets/circles	1.3	0.0	0.0	0.0	n.a	n.a
Dry cells	197.3	156.5	276.6	578.2	172.4	299.3

Source: National Bureau of Statistics and the Bank of Tanzania computations

Notes: p denotes provisional data; and r, revised data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.9: Mineral Recoveries

Item	Unit	2015	2016	2017	2018	2019	2020 ^P
Diamond	'000' Carats	216.5	239.9	304.5	381.3	416.7	147.2
Gold	Kilograms	46,008.3	45,155.4	43,489.9	39,304.0	48,408.0	55,805.0
Gemstone	Tonnes	1,878.4	2,541.0	1,138.0	284.3	1,929.7	23,564.5
Salt	'000' Tonnes	168.9	178.2	124.5	36.6	99.5	84.0
Gypsum	'000' Tonnes	254.8	213.7	123.6	241.3	256.5	443.9
Limestone	'000' Tonnes	4,443.6	4,170.1	3,300.9	2,944.0	5,527.0	6,788.0
Pozzolana	Tonnes	342,627.6	230,045.5	104,085.1	91,645.0	263,064.0	160,078.0
Coal	'000' Tonnes	257,321.0	276,030.2	558,553.1	627,652.0	712,136.4	689,959.0
Tanzanite	Kilograms	6,370.4	30,875.2	21,581.5	n.a	n.a	51,542.0
Phosphate	Tonnes	222,800.0	23,658.0	1,351.0	n.a	n.a	28,376.0
Copper	'000' Pounds	14,252.3	16,247.2	6,058.4	n.a	n.a	3,761.1

Source: Ministry of Minerals

Note: p denotes provisional data; and n.a, not available



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10(j): National Consumer Price Index (Urban and Rural) - Main Groups

Period	Base: Sep 2010 = 100														
	Total index	Food and non-alcoholic beverages (exclude food consumed at restaurants)	Alcoholic beverages and tobacco	Clothing and footwear	Housing, water, electricity, gas and other fuel	Footwear	Furnishing, housing equipment and routine maintenance of the house	Restaurants and hotels	Miscellaneous goods and services	Alcohol and tobacco and narcotics	Communication	Education	Recreation and culture	Health	
New weights (%)	100.0	38.5	12.5	8.3	6.3	4.2	3.1	3.7	5.6	1.5	1.6	2.9			
2016	102.9	103.8	99.5	107.3	102.2	101.7	103.1	101.7	103.2	102.3	101.1	103.4			
2017	108.4	113.3	99.9	115.4	105.8	104.7	104.4	105.0	106.6	103.2	102.3	106.0			
2018	112.2	116.6	102.5	129.2	108.9	107.4	105.7	106.7	108.4	105.8	102.8	107.4			
2019	116.1	120.0	105.7	139.4	112.1	111.5	110.2	109.3	111.0	107.6	104.3	109.3			
2020	119.9	124.9	107.7	150.0	114.5	113.5	111.7	110.3	111.7	109.0	104.7	110.2			
2020-Jan	117.6	123.0	106.4	139.5	113.4	112.6	110.7	110.1	110.8	108.8	104.4	109.6			
Feb	118.9	124.8	106.9	143.6	113.7	112.7	111.3	110.1	110.8	109.0	104.4	109.6			
Mar	120.2	126.2	108.0	148.5	114.0	113.0	111.3	110.1	110.9	109.0	104.5	109.6			
Apr	120.7	126.5	107.7	151.0	114.4	113.3	111.3	110.5	111.0	109.0	104.5	109.7			
May	120.9	127.0	107.6	151.3	114.5	113.6	111.3	110.8	111.1	109.0	104.8	109.9			
Jun	120.7	126.4	105.8	152.9	114.7	113.7	111.3	110.3	111.7	109.0	104.9	110.5			
Jul	120.5	125.6	106.8	152.6	114.6	113.8	112.5	110.3	114.6	109.0	104.9	110.5			
Aug	119.9	124.1	107.3	151.5	114.6	113.8	112.5	110.4	114.6	109.0	105.0	110.5			
Sep	119.5	123.3	107.4	151.6	114.7	113.8	112.4	110.4	114.7	109.0	104.7	110.5			
Oct	119.4	123.4	110.5	150.7	114.6	113.8	110.4	110.4	109.9	109.0	104.7	110.5			
Nov	119.8	123.7	110.6	152.9	114.7	113.9	112.4	110.4	109.9	109.1	104.8	110.6			
Dec	120.8	125.5	107.3	153.5	116.1	113.9	112.9	110.4	110.6	109.1	104.8	110.7			

New Weight (%)	Base: 2020 = 100													
	Headline overall index	Food and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishings, household equipment and routine household maintenance	Health	Transport	Information and communication	Recreation, sport and culture	Education services	Restaurants and accommodation services	Insurance and financial services	Personal care, social protection and miscellaneous goods and services
100.0	28.2	1.9	1.9	10.8	15.1	7.9	2.5	14.1	5.4	1.6	2.0	6.6	2.1	2.1
2021-Jan	101.5	100.6	101.2	103.0	102.3	102.4	101.6	101.0	101.1	102.1	100.4	102.3	100.1	102.0
Feb	102.4	102.4	101.4	103.5	102.9	102.5	102.2	101.7	101.2	102.6	101.1	103.7	100.3	102.3
Mar	103.4	104.0	101.5	104.2	104.0	102.8	102.3	102.9	101.4	102.8	101.2	104.5	100.3	102.4
Apr	104.0	105.2	102.3	104.5	104.5	103.0	102.3	103.0	101.8	102.9	101.3	105.1	100.3	102.6
May	104.2	106.5	102.2	104.5	104.0	102.9	102.3	103.1	101.8	102.9	101.2	105.1	100.3	102.5
Jun	104.3	106.5	102.3	104.5	104.0	103.1	103.0	103.2	101.9	102.9	101.3	105.3	100.2	102.8

Sources: National Bureau of Statistics
Notes: Please note that NBS has adjusted CPI figures from Base September 2010=100 to Base December 2015=100



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10(ii): National Consumer Price Index (Urban and Rural) - Other Selected Groups

Period	Non - food			
	Food and non alcoholic beverages (Combining food consumed at home and food consumed in restaurants)	Total non-food (All items less food)	All items less food and energy at home with petrol and	Energy and fuels (Combining electricity and other fuels for use at home with petrol and
New weights (%)	37.1	62.9	54.3	8.7
2016	104.2	102.3	101.5	107.6
2017	114.2	105.6	103.5	118.9
2018	118.4	110.1	105.4	139.3
2019	123.6	114.6	108.6	151.8
2020	129.7	117.8	111.1	159.4
2020-Jan	127.0	115.2	109.6	150.1
Feb	129.0	116.2	110.1	154.0
Mar	130.5	117.4	110.8	158.9
Apr	131.0	117.9	111.0	161.3
May	131.8	118.1	111.2	160.9
Jun	131.6	118.3	111.5	160.5
Jul	130.8	118.4	111.5	161.3
Aug	129.2	118.3	111.5	160.5
Sep	128.3	118.3	111.5	160.8
Oct	128.4	118.1	111.5	159.6
Nov	128.7	118.6	111.6	162.1
Dec	130.7	118.9	111.9	162.7

Weight (%)	Base: 2020 = 100				
	Core index	Non-Core index	Energy, fuel and utilities index	Services index	Goods index
2021-Jan	73.9	26.1	20.4	11	5.7
Feb	102.3	102.3	99.3	101.4	101.6
Mar	102.9	102.9	101.2	102.1	102.7
Apr	103.6	103.6	103.0	102.8	103.9
May	103.9	103.9	104.0	103.2	104.4
Jun	104.3	104.3	104.2	103.2	104.8
Jul	104.4	104.4	104.1	103.2	104.9
Aug	104.4	104.4	104.1	103.2	104.9
Sep	104.4	104.4	104.1	103.2	104.9
Oct	104.4	104.4	104.1	103.2	104.9
Nov	104.4	104.4	104.1	103.2	104.9
Dec	104.4	104.4	104.1	103.2	104.9

Weight (%)	Base: 2020 = 100		
	Education services and products ancillary to education index	Food and non-alcoholic beverages	All items less food and non-alcoholic beverages
2021-Jan	37.2	62.8	n.a
Feb	102.2	102.5	102.5
Mar	102.4	103.2	103.2
Apr	102.7	103.5	103.5
May	103.3	103.4	103.4
Jun	103.4	103.5	103.5

Source: National Bureau of Statistics
 Notes: Please note that NBS has adjusted CPI figures from Base September 2010=100 to Base December 2015=100



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10(iii): National Consumer Price Index (Urban and Rural), Twelve Months Percentage Change - Main Groups

Period	Base: Dec 2015 = 100												
	Total index	Food and non-alcoholic beverages (exclude food consumed at restaurants)	Transport	Housing, water, electricity, gas and other fuel	Clothing and footwear	Furnishing, housing equipment and routine maintenance of the house	Restaurants and hotels	Miscellaneous goods and services	Alcohol and tobacco	Communication	Education	Recreation and culture	Health
New weights (%)	100.0	38.5	12.5	11.6	8.3	6.3	4.2	3.1	3.7	5.6	1.5	1.6	2.9
2016	5.2	7.5	0.9	6.6	4.2	3.9	4.4	3.6	4.3	-0.5	2.9	2.9	5.9
2017	5.3	9.1	0.5	7.6	3.5	2.9	1.2	3.2	3.3	-0.9	0.9	1.3	2.6
2018	3.5	3.0	2.5	12.0	2.9	2.5	1.3	1.6	1.6	-1.6	2.4	0.5	1.3
2019	3.5	2.9	3.1	8.0	3.0	3.9	4.2	2.4	2.4	-0.2	1.8	1.5	1.8
2020	3.3	4.2	1.2	7.6	2.2	1.8	0.9	1.5	-0.1	0.5	1.1	0.4	1.0
2020-Jan	3.7	5.7	1.7	4.8	2.1	2.5	2.8	1.6	0.5	1.1	1.3	1.1	1.4
Feb	3.7	5.9	2.2	4.5	2.1	2.2	2.1	1.5	0.1	0.7	1.5	1.1	0.9
Mar	3.4	5.3	-0.5	4.9	2.2	1.7	0.7	1.0	-0.5	-0.2	1.4	1.1	0.5
Apr	3.3	4.6	1.7	6.5	2.2	1.7	0.7	1.1	-0.4	0.0	1.3	0.7	0.2
May	3.2	4.4	1.3	6.7	2.1	1.7	0.7	1.2	-0.3	0.0	1.3	-1.2	0.4
Jun	3.2	3.8	-0.3	9.2	2.4	1.8	0.9	0.7	0.1	0.6	1.3	-1.0	0.9
Jul	3.3	3.8	0.5	9.5	2.3	1.8	0.2	1.9	0.1	0.6	0.9	0.7	1.3
Aug	3.3	3.7	1.7	8.6	1.9	1.7	0.5	1.9	0.9	0.8	0.9	0.4	1.3
Sep	3.1	3.4	1.7	8.5	2.0	1.7	0.5	1.5	-0.6	0.7	0.9	-0.3	1.2
Oct	3.1	3.4	2.0	8.2	2.0	1.5	0.4	1.6	-0.6	0.9	0.9	0.6	1.3
Nov	3.1	2.8	1.6	9.1	1.9	1.5	0.6	1.6	-0.6	0.9	1.0	0.7	1.3
Dec	3.2	3.0	0.9	10.2	2.7	1.3	0.3	1.9	-0.2	0.3	1.0	0.4	1.3

New Weight (%)	Base:2020= 100													
	Headline	Food and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishings, household equipment and routine household maintenance	Health	Transport	Information and communication	Recreation, sports and culture	Education services	Restaurants and accommodation services	Insurance and financial services	Personal care, social protection and miscellaneous goods and services
2021-Jan	3.5	2.8	1.8	3.7	7.3	3.1	2.2	0.9	2.4	1.6	0.9	3.0	0.1	2.4
Feb	3.3	3.6	2.0	4.0	4.4	3.2	2.8	1.0	2.0	2.1	1.1	4.1	0.3	2.8
Mar	3.2	4.3	1.9	4.5	3.7	3.2	2.9	0.5	2.1	2.2	1.2	4.9	0.3	2.8
Apr	3.3	4.8	2.7	4.6	4.1	3.1	2.7	0.2	1.8	2.3	1.2	5.4	0.3	2.7
May	3.3	4.9	2.5	4.4	3.5	2.8	2.6	1.2	1.7	2.3	1.1	5.4	0.3	2.6
Jun	3.6	4.7	1.9	4.4	3.2	2.9	2.7	3.8	1.9	2.3	1.3	5.6	0.3	2.0

Source: National Bureau of Statistics
Notes: Please note that NBS has adjusted CPI figures from Base September 2010=100 to Base December 2015=100



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10(iv): National Consumer Price Index (Urban and Rural), Twelve Months Percentage Change - Other Selected Groups

Period	Food and non-alcoholic beverages (Combining food consumed at home and food consumed in restaurants)	Non-food					
		Total non-food (All items less food)	All items less food and energy	Energy and fuels (Combining electricity and other fuels for use at home with petrol and diesel)			
Base: Dec 2015 = 100							
New weights (%)	37.1	62.9	54.3	8.7			
2016	7.6	3.1	2.6	6.3			
2017	9.6	3.2	2.0	10.5			
2018	3.7	4.3	1.9	17.2			
2019	4.3	4.1	3.0	9.2			
2020	5.0	2.8	2.3	5.0			
2020-Jan	6.4	2.4	2.1	4.0			
Feb	6.6	2.4	2.2	3.2			
Mar	5.9	2.2	2.1	2.9			
Apr	5.2	2.5	2.1	4.1			
May	5.2	2.4	2.2	3.5			
Jun	4.7	3.0	2.6	4.7			
Jul	4.9	3.2	2.6	5.7			
Aug	4.8	3.1	2.5	5.9			
Sep	4.5	3.1	2.5	5.8			
Oct	4.4	3.0	2.4	5.7			
Nov	3.7	3.2	2.5	6.3			
Dec	4.0	3.4	2.3	8.0			
Base:2020= 100							
	Core	Non-Core	Energy, fuel and utilities	Services index	Goods index	Education services and products	All items less food and non-alcoholic
Weight (%)	73.9	26.1	5.7	37.2	62.8	4.1	71.8
2021-Jan	3.8	1.5	1.6	2.9	3.4	2.5	n.a
Feb	3.6	2.1	1.4	2.3	3.7	2.5	n.a
Mar	3.6	2.5	1.1	1.9	4.1	2.7	2.7
Apr	3.5	3.1	2.3	2.1	4.2	3.2	2.7
May	3.7	2.8	2.1	2.3	4.1	3.2	2.7
Jun	4.0	2.7	3.2	3.0	4.1	3.1	3.2

Source: National Bureau of Statistics

Notes: Please note that NBS has adjusted CPI figures from Base September 2010=100 to Base December 2015=100



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2.0 United Republic of Tanzania Government Finance Statistics

Table A2.1: Central Government Operations

Item	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 ^r	2019/20 ^r	2020/21 ^p
Total revenue (including LGAs)	10,182,454.7	10,957,765.3	14,048,034.0	16,639,831.5	17,971,804.9	18,527,293.2	21,051,754.9	20,594,735.2
Total revenue - central government	9,867,226.8	10,597,681.0	13,622,181.8	16,128,113.5	17,430,305.9	17,868,195.0	20,352,708.1	19,837,680.3
Tax revenue	9,294,417.0	9,891,680.3	12,410,950.8	14,055,172.6	15,092,571.8	15,387,287.9	17,472,133.5	17,317,613.5
Taxes on imports	3,535,758.5	3,928,466.7	4,898,987.8	5,049,520.3	5,429,947.9	5,668,220.5	5,994,225.3	6,564,357.6
Taxes on local goods	1,607,135.6	1,744,740.3	2,111,677.7	3,043,675.0	3,430,883.1	3,709,774.4	3,840,566.2	3,700,549.9
Income taxes	3,778,545.7	3,719,916.8	4,599,828.6	4,829,602.6	5,157,886.3	5,072,401.5	6,490,239.8	6,015,741.0
Other taxes	372,977.3	498,556.6	800,456.7	1,132,374.7	1,073,854.5	936,891.5	1,147,102.2	2,264,146.9
Non-tax revenue	572,809.8	706,000.7	1,211,231.0	2,072,940.9	2,337,734.0	2,480,907.1	2,880,574.6	2,520,066.8
LGA own sources	315,227.9	360,084.3	425,852.2	511,718.0	541,499.1	659,098.2	699,046.8	757,055.0
Total expenditure ¹	13,958,161.9	14,603,714.4	17,759,598.0	18,889,969.1	20,445,960.2	22,265,372.0	23,502,650.9	26,585,306.7
Recurrent expenditure	10,032,119.7	10,893,486.1	13,420,045.1	11,617,144.8	12,415,919.9	13,811,190.4	14,201,147.8	14,883,722.6
Wages and salaries	4,537,816.2	5,255,358.8	6,553,257.2	6,367,146.8	6,327,676.8	6,658,458.2	7,006,311.0	6,141,565.6
Interest payments	977,082.0	1,261,002.4	1,486,275.7	1,715,429.2	1,990,293.1	2,408,680.1	2,299,499.7	2,528,537.9
Domestic ²	742,728.4	917,032.8	1,009,506.3	1,215,582.1	1,317,546.0	1,622,507.9	1,458,831.0	1,815,444.5
Foreign	234,353.6	343,969.6	476,769.4	499,847.1	672,747.1	786,172.2	840,668.7	713,093.4
Other goods, services and transfers	4,517,221.5	4,377,125.0	5,380,512.2	3,534,568.8	4,097,950.0	4,744,052.1	4,895,337.1	5,026,360.6
Development expenditure and net lending	3,926,042.2	3,710,228.2	4,339,552.9	7,272,824.3	8,030,040.4	8,454,181.5	9,926,992.6	11,701,584.2
Local	2,121,211.5	2,264,506.0	2,904,529.7	5,141,450.7	5,811,305.6	6,496,222.3	6,832,823.1	9,251,759.3
Foreign	1,804,830.7	1,445,722.2	1,435,023.2	2,131,373.6	2,218,734.8	1,957,959.3	3,094,169.5	2,449,824.8
Overall balance before grants	-3,775,707.2	-3,645,949.0	-3,711,564.0	-2,250,137.6	-2,474,155.3	3,738,078.8	3,076,385.5	-5,990,571.5
Grants	1,523,357.5	1,121,088.3	495,356.6	1,092,495.4	930,648.4	461,201.3	927,848.2	702,851.5
Program	514,501.6	382,311.8	0.0	190,303.2	247,285.4	0.0	0.0	0.0
Project	820,241.8	611,276.8	409,157.2	733,208.3	566,197.5	285,340.0	662,509.7	527,487.8
Basket funds	188,623.3	127,636.6	86,199.3	168,983.8	117,165.4	175,861.3	211,972.3	175,363.7
HIPC relief	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MDRI/MCA (T)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance after grants	-2,252,349.7	-2,524,860.7	-3,216,207.4	-1,157,642.2	-1,543,506.9	-3,276,877.4	2,148,537.4	-5,287,720.0
Expenditure float	-610,630.4	-247,661.3	-135,387.2	-59,647.1	-71,767.9	-10,242.6	-15,750.3	-7,318.0
Adjustments to cash and other items (net)	486,145.0	-697,424.2	-211,796.4	-376,841.2	-757,222.8	-952,123.2	-579,926.5	-722,879.1
Overall balance (cheques cleared)	-1,766,204.7	-3,222,285.0	-3,428,003.8	-1,594,130.5	-2,300,729.7	-4,229,000.6	-2,728,463.9	-6,010,599.1
Financing:	1,766,204.7	3,222,285.0	3,428,003.8	1,594,130.5	2,300,729.7	4,229,000.6	2,728,463.9	6,010,599.1
Foreign financing (net)	1,539,462.1	2,422,508.6	1,128,852.4	1,704,992.6	1,702,082.3	1,191,823.2	2,351,539.9	2,651,378.7
Loans	1,720,682.4	2,649,175.6	1,684,552.0	2,608,423.3	3,009,653.4	2,766,976.2	4,379,847.2	5,078,402.1
Program loans	526,166.5	373,891.8	291,381.3	152,482.1	0.0	125,396.0	126,094.2	210,238.6
Development project loans	986,850.8	2,112,106.9	1,231,328.7	2,350,950.1	2,938,575.6	2,597,299.3	4,195,187.6	4,791,056.7
o/w: Non-concessional borrowing	986,850.8	1,054,803.2	453,504.0	1,226,759.8	1,474,281.6	1,144,822.3	1,822,093.1	3,121,190.2
Basket support	207,665.0	163,176.8	161,841.9	104,991.1	71,077.8	44,280.9	58,565.3	77,106.9
Amortization	-181,220.3	-226,666.9	-555,699.6	-903,430.8	-1,307,571.1	-1,575,153.1	-2,028,307.3	-2,427,023.4
Domestic (net) ³	226,742.6	799,776.3	2,299,151.4	-110,862.0	598,647.5	3,037,177.5	376,924.0	3,359,220.4
Bank and non bank financing	976,711.8	799,776.3	2,299,151.4	-110,862.0	598,647.5	3,037,177.5	376,924.0	3,359,220.4
Bank borrowing	955,495.3	487,807.9	1,522,206.6	-1,100,145.0	-343,325.5	2,383,403.3	-404,856.6	1,808,932.4
Non-bank (net of amortization)	21,216.5	311,968.4	776,944.9	989,283.0	941,973.0	653,774.1	781,780.6	1,550,288.0
Domestic and contingent debt amortization	-1,528,152.7	-2,064,756.4	-3,005,788.8	-4,615,670.4	-4,835,199.3	-3,713,606.8	-3,976,811.2	-3,262,551.9
Borrowing/Roll over	1,528,152.7	2,064,756.4	3,005,788.8	4,615,670.4	4,835,199.3	3,713,606.8	3,976,811.2	3,262,551.9
Privatization proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On lending to TPDC (Gas pipeline)	-749,969.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance and Planning

Notes: ¹ Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures

² Domestic Interest payments and amortization include Cash and Non cash

³ Positive value means financing and a negative value means repayment

r denotes revised data; and p, provisional data



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2.0 United Republic of Tanzania Government Finance Statistics

Table A2.2: Outstanding Treasury Bills by Investor

Period	Total	Bank of Tanzania	Banks	Of which				
				Depository money banks	Other banking institutions	Other financial institutions	Other official entities	Private sector
2016	3,685,581.3	157,183.5	2,286,264.2	2,276,287.9	9,976.3	859,442.2	303,043.6	79,647.8
2017	4,158,959.0	44,904.7	3,124,187.8	3,047,446.4	76,741.4	651,029.9	200,820.7	138,015.9
2018	2,877,070.8	428,611.8	1,600,819.4	1,572,398.3	28,421.1	466,010.4	126,063.3	255,565.9
2019	3,000,267.9	166,396.0	2,054,778.0	1,991,427.5	63,350.5	464,546.4	124,522.1	190,025.5
2020	1,745,951.0	68,024.8	1,307,571.4	1,278,180.9	29,390.5	237,602.2	118,604.3	14,148.3
2020-Jan	2,919,527.9	183,794.0	2,008,240.2	1,948,253.0	59,987.2	416,253.1	123,526.0	187,714.6
Feb	2,840,792.4	83,091.1	2,049,292.0	1,988,204.8	61,087.2	401,835.1	120,023.6	186,550.6
Mar	2,730,497.0	126,461.7	1,909,906.4	1,840,919.2	68,987.2	387,495.6	125,103.6	181,529.7
Apr	2,728,774.5	65,373.2	2,012,169.8	1,951,962.6	60,207.2	341,012.4	128,325.8	181,893.3
May	2,632,556.2	51,859.6	2,005,034.3	1,939,247.7	65,786.6	338,489.8	132,315.8	104,856.7
Jun	2,358,495.6	23,335.2	1,912,512.8	1,846,917.5	65,595.3	239,487.2	121,048.8	62,111.5
Jul	2,322,298.1	17,115.8	1,823,431.0	1,751,446.3	71,984.7	295,766.5	123,781.8	62,202.9
Aug	2,156,611.5	36,415.8	1,657,093.2	1,602,366.9	54,726.3	295,285.0	119,758.1	48,059.4
Sep	2,038,864.6	73,779.7	1,505,568.2	1,460,514.1	45,054.1	311,467.3	123,138.9	24,910.5
Oct	1,905,435.4	45,633.7	1,448,403.9	1,418,911.8	29,492.1	261,988.4	129,337.7	20,071.7
Nov	1,792,414.9	58,684.7	1,347,574.0	1,328,219.6	19,354.4	257,418.9	120,136.7	8,600.6
Dec	1,745,951.0	68,024.8	1,307,571.4	1,278,180.9	29,390.5	237,602.2	118,604.3	14,148.3
2021-Jan	1,695,707.3	71,792.3	1,244,503.9	1,229,438.8	15,065.1	246,085.9	119,024.3	14,301.0
Feb	1,672,700.7	53,677.7	1,252,336.0	1,239,191.9	13,144.0	258,549.2	95,404.7	12,733.1
Mar	1,618,399.5	57,186.9	1,188,135.4	1,182,135.4	6,000.0	260,635.3	100,854.0	11,588.0
Apr	1,872,881.1	39,744.2	1,314,098.1	1,299,594.6	14,503.5	395,802.1	114,245.3	8,991.6
May	1,625,024.0	52,429.0	1,306,191.7	1,290,991.7	15,200.0	244,591.3	11,817.4	9,994.6
Jun	1,944,358.4	30,553.9	1,382,068.3	1,352,968.3	29,100.0	402,733.3	118,640.8	10,362.1

Source: Bank of Tanzania



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2.0 United Republic of Tanzania Government Finance Statistics

Table A2.3: Central Government Stocks, Bonds and Notes by Holder

Millions of TZS

End of period	Bank of Tanzania	Deposit money banks	Other banks	Other financial institutions	Official entities	Private sector	Others	Total
2016	1,439,750.4	2,669,097.6	62,385.0	2,347,095.0	80,521.7	44,445.0	206,024.2	6,849,318.9
2017	1,334,750.4	3,837,615.1	37,607.3	3,280,296.8	127,504.1	299,509.3	74,879.6	8,992,162.6
2018	1,230,397.7	4,508,369.4	42,707.5	3,739,700.7	183,281.5	414,142.8	75,832.1	10,194,431.7
2019	1,280,397.7	4,541,583.2	54,444.5	4,711,029.4	182,421.2	605,850.6	113,143.4	11,488,869.9
2020	1,230,397.7	5,703,894.3	88,109.5	5,649,212.1	185,371.6	1,069,036.3	123,931.0	13,961,842.8
2020-Mar	1,280,397.7	4,881,761.4	77,944.5	4,857,802.2	182,021.2	658,829.9	113,143.4	12,051,900.1
Jun	1,280,397.7	5,021,788.5	90,729.5	5,016,132.2	186,941.2	774,454.0	108,698.4	12,479,141.3
Sep	1,280,397.7	5,537,442.1	90,729.5	5,372,693.7	185,661.6	873,784.0	115,801.1	13,365,780.0
Dec	1,230,397.7	5,703,894.3	88,109.5	5,649,212.1	185,371.6	1,069,036.3	123,931.0	13,961,842.8
2021-March	1,235,397.7	5,845,923.4	87,789.5	5,748,333.2	202,804.0	1,170,899.8	145,409.3	14,348,767.2
Jun	1,154,820.2	5,817,281.7	91,547.5	5,975,872.3	253,897.4	1,364,917.9	146,171.8	14,804,508.7

Source: Bank of Tanzania

Note: Before June 1998, Other Banks, Other Financial Institutions, Official Entities and Private Sector categories were included in "Others" category

All figures are in face value



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A3.0. Monetary Statistics

Table A3.1: Depository Corporations Survey

End of period	Millions of TZS													
	M3. Extended broad money													Memorandum item: of which: Bank's reserves
	Domestic assets (net)				M2. Broad money			M1. Narrow money			M0. Base money			
	Domestic credit (net)		Claims on other domestic sectors (net)		TOTAL sum (9:12)	TOTAL sum (9:11)	TOTAL sum (9:10)	Currency in circulation outside banks	Transferable deposits	Other deposits*	Foreign currency deposits	sum (9:14)	13	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2016	8,186,324.6	4,281,989.3	16,608,885.4	-6,199,313.1	22,877,866.2	16,620,327.3	10,083,812.9	3,608,710.4	6,475,102.5	6,556,514.4	6,257,538.9	6,854,370.1	3,245,659.7	
2017	11,596,110.5	3,275,708.7	16,895,440.1	-7,052,934.7	24,714,324.6	18,349,932.9	11,155,309.0	3,831,604.4	7,323,704.5	7,194,623.9	6,364,391.7	6,954,415.2	3,122,810.8	
2018	10,629,789.0	4,481,617.2	17,726,752.0	-7,014,704.9	25,823,453.2	19,040,389.4	11,723,679.1	3,866,668.4	7,857,010.7	7,316,710.3	6,783,063.8	6,992,882.1	3,126,213.7	
2019	12,034,536.6	3,893,881.8	19,695,381.1	-7,310,653.0	26,313,146.6	21,280,259.3	13,325,116.9	4,221,826.9	9,103,290.0	7,955,142.4	7,032,887.3	7,466,359.7	3,244,532.8	
2020	10,722,548.2	5,831,323.6	20,308,274.8	-6,941,580.2	29,920,566.5	23,032,617.2	14,321,657.4	4,500,527.9	9,821,129.5	8,710,959.9	6,887,949.3	7,169,347.6	2,668,819.7	
2020-Jan	11,810,950.0	3,882,302.7	19,809,669.7	-7,388,771.9	28,114,150.5	21,131,346.5	13,291,361.8	4,030,364.0	9,260,997.8	7,839,984.6	6,982,804.0	7,200,780.0	3,170,416.0	
Feb	11,958,447.4	3,635,527.3	19,903,968.9	-7,080,978.6	28,416,965.0	21,262,749.2	13,339,517.2	4,026,285.5	9,313,231.6	7,923,232.0	7,154,215.8	7,114,457.3	3,088,171.8	
Mar	12,009,063.2	3,717,402.0	20,012,814.9	-7,496,842.4	28,242,437.7	21,032,490.6	12,981,232.7	3,911,947.5	9,069,285.2	8,051,257.9	7,209,947.1	6,876,559.4	2,964,611.9	
Apr	11,724,138.1	4,664,746.1	19,714,506.4	-7,335,503.2	28,767,887.3	22,026,903.0	13,882,905.1	3,943,199.0	9,939,706.0	8,143,997.9	6,740,984.3	7,445,376.5	3,502,177.5	
May	11,444,914.6	5,131,293.2	19,771,141.6	-7,316,543.9	29,030,805.5	22,151,096.2	13,937,099.1	4,077,920.1	9,859,179.0	8,213,997.1	6,879,709.3	7,509,785.7	3,431,865.6	
Jun	11,289,245.8	5,807,944.2	19,889,188.5	-7,144,728.7	29,841,649.8	23,211,584.3	14,869,917.3	4,231,804.7	10,638,112.6	8,341,667.0	6,630,065.5	8,302,436.2	4,070,631.5	
Jul	11,431,481.5	5,260,003.1	19,920,011.2	-7,272,662.9	29,338,833.0	22,567,330.8	14,336,278.4	4,270,314.8	10,065,963.6	8,231,052.3	6,771,502.3	7,609,514.1	3,339,199.3	
Aug	11,792,809.3	5,445,681.9	20,313,602.5	-7,548,846.2	30,003,247.4	22,634,294.2	14,313,621.8	4,264,241.3	10,049,380.6	8,320,672.4	7,368,953.2	8,124,532.8	3,860,291.6	
Sep	11,267,080.5	5,038,882.4	20,208,965.9	-7,085,747.5	29,429,181.4	22,290,576.5	13,667,297.5	4,323,748.1	9,343,549.4	8,623,278.9	7,138,804.9	7,627,864.6	3,304,116.5	
Oct	11,049,598.9	5,533,903.9	20,272,074.2	-7,154,393.4	29,701,183.5	22,996,811.7	14,572,807.9	4,494,394.5	10,078,413.3	8,424,003.8	6,704,371.9	8,066,333.2	3,573,938.6	
Nov	10,387,945.6	5,767,481.3	20,385,497.7	-6,920,014.9	29,620,909.6	22,905,661.5	14,327,904.8	4,478,367.3	9,849,537.5	8,577,756.7	6,715,248.1	7,437,491.5	2,959,124.1	
Dec	10,722,548.2	5,831,323.6	20,308,274.8	-6,941,580.2	29,920,566.5	23,032,617.2	14,321,667.4	4,500,527.9	9,821,129.5	8,710,959.9	6,887,949.3	7,169,347.6	2,668,819.7	
2021-Jan	11,862,208.9	4,838,446.1	20,323,484.5	-7,100,371.3	29,923,768.2	22,756,298.3	14,221,149.8	4,198,677.1	10,022,472.7	8,535,148.4	7,167,469.9	7,105,592.3	2,906,915.2	
Feb	11,517,470.2	4,755,446.3	20,399,029.9	-6,865,341.1	29,806,605.3	22,764,020.3	14,426,244.8	4,326,714.7	10,099,530.1	8,337,775.5	7,042,585.0	6,935,478.2	2,608,763.5	
Mar	11,307,757.7	5,762,564.3	20,477,835.3	-7,389,753.4	30,158,403.9	22,991,833.6	14,503,959.5	4,299,188.9	10,204,770.6	8,487,874.1	7,166,570.3	7,221,067.5	2,921,878.5	
Apr	10,595,157.1	6,855,294.6	20,659,653.7	-7,108,043.1	31,002,002.3	23,585,469.7	14,951,909.1	4,359,010.1	10,592,898.9	8,633,560.6	7,416,532.6	7,703,034.3	3,344,024.2	
May	11,778,343.4	6,187,394.9	20,708,011.7	-7,347,821.1	31,325,868.8	23,846,180.2	15,108,252.5	4,404,548.8	10,703,703.6	8,737,927.7	7,479,668.6	7,477,524.0	3,072,975.2	
Jun	11,989,292.7	7,616,876.6	20,602,949.7	-6,895,258.8	33,313,860.2	25,635,898.4	16,714,605.9	4,700,486.5	12,014,119.4	8,921,292.5	7,677,961.9	8,568,188.8	3,867,702.3	

Source: Bank of Tanzania and banks

Note: * include saving and time deposits in national currency

All monetary data are in line with the IMF Monetary and Financial Statistics Manual of 2000



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A3.0. Monetary Statistics

Table A3.2: Bank of Tanzania Assets

Millions of TZS												
End of period	Foreign assets			Claims on government			Lending to banks	Revaluation account	Premises and equipment	Items in process of collection		Total
	Foreign exchange	SDRs	Quota in the IMF	Advances	Other securities	Total				Other assets		
2016	9,249,632.7	55,757.0	1,159,672.4	1,368,928.4	1,607,473.0	2,976,401.4	246,297.7	-1,520,586.5	1,210,493.0	0.0	1,722,889.6	15,100,557.4
2017	13,035,413.1	2,938.0	1,260,376.2	875,380.4	1,470,463.8	2,345,844.2	75,242.0	-1,122,935.2	1,276,018.3	17.1	1,334,131.1	18,207,044.9
2018	11,319,097.1	60,983.9	1,262,088.6	2,038,174.3	1,394,796.9	3,432,971.2	465,578.5	-1,219,882.6	1,317,859.0	0.0	1,411,649.1	18,050,344.8
2019	12,595,955.4	20,651.6	1,258,926.4	1,498,969.4	1,388,641.4	2,887,610.8	246,635.0	-1,306,469.2	1,324,591.3	3.0	1,644,384.6	18,672,289.0
2020	10,773,119.6	20,929.4	1,316,881.1	5,194,989.4	1,287,818.0	6,482,807.4	294,504.9	-1,283,019.6	1,338,649.3	7,530.2	1,801,686.5	20,753,088.8
2020-Jan	12,490,093.2	47,331.5	1,253,095.1	1,615,388.1	1,391,332.9	3,006,721.0	245,482.0	-1,306,495.7	1,323,912.0	7.4	1,510,112.1	18,570,258.5
Feb	12,550,814.7	20,333.9	1,247,359.6	1,950,914.3	1,363,358.7	3,314,273.0	186,254.8	-1,299,831.6	1,323,269.1	0.8	1,510,839.2	18,853,313.4
Mar	12,284,007.3	20,267.3	1,243,273.9	2,048,808.4	1,371,255.3	3,420,063.7	221,660.8	-1,299,905.3	1,323,379.0	22.4	1,505,377.6	18,718,146.7
Apr	12,085,662.8	20,266.0	1,243,194.0	2,191,436.8	1,353,111.1	3,544,548.0	165,029.4	-1,299,626.6	1,325,615.7	23.0	1,525,504.8	18,610,217.1
May	11,999,432.2	19,952.8	1,245,004.0	2,539,128.7	1,364,733.4	3,903,862.1	135,407.0	-1,299,624.3	1,325,386.4	0.8	1,578,763.7	18,908,184.9
Jun	11,760,496.5	20,210.0	1,261,050.8	1,948,156.2	1,344,839.2	3,292,995.5	84,584.0	-1,304,019.9	1,331,092.5	0.8	1,589,040.3	18,035,450.3
Jul	11,682,758.6	20,608.4	1,285,907.4	4,263,716.3	1,315,953.8	5,579,670.1	52,396.7	-1,304,056.9	1,332,400.3	7.9	1,621,806.2	20,271,498.7
Aug	11,583,177.3	20,776.2	1,296,381.5	4,643,490.9	1,317,023.4	5,960,514.3	117,799.0	-1,304,062.3	1,331,490.9	5.2	1,545,735.4	20,551,817.4
Sep	11,170,598.4	20,536.2	1,286,232.7	4,955,964.0	1,323,755.9	6,279,719.8	280,981.9	-1,304,124.5	1,336,052.6	4.8	1,714,540.4	20,784,542.4
Oct	11,140,037.7	20,605.7	1,290,587.9	5,424,610.6	1,318,271.7	6,742,882.4	247,578.1	-1,304,135.7	1,336,574.6	10.7	1,784,843.0	21,258,984.4
Nov	10,844,309.8	20,704.5	1,302,731.7	5,676,428.3	1,337,453.4	7,013,881.7	203,411.6	-1,304,136.4	1,336,755.6	7,878.9	1,743,398.6	21,168,936.0
Dec	10,773,119.6	20,929.4	1,316,881.1	5,194,989.4	1,287,818.0	6,482,807.4	294,504.9	-1,283,019.6	1,338,649.3	7,530.2	1,801,686.5	20,753,088.8
2021-Jan	11,835,024.0	20,905.9	1,315,403.3	4,711,672.2	1,294,569.8	6,006,242.0	246,596.8	-1,283,040.8	1,337,565.7	4.3	1,599,535.2	21,078,236.4
Feb	11,901,998.1	21,022.5	1,322,743.2	5,134,041.0	1,290,529.7	6,424,570.6	240,527.6	-1,283,066.9	1,338,686.0	86.5	1,510,373.7	21,476,941.3
Mar	11,522,512.6	20,590.2	1,295,543.3	5,590,483.1	1,288,596.8	6,879,079.9	296,071.0	-1,283,080.5	1,328,161.8	4.3	1,510,703.7	21,569,586.5
Apr	11,319,668.6	20,893.1	1,314,602.0	6,392,641.0	1,270,376.8	7,663,018.8	226,654.0	-1,283,081.6	1,333,878.6	2,700.6	1,491,018.1	22,089,352.3
May	11,773,074.0	20,976.5	1,319,846.9	5,984,789.9	1,279,141.7	7,263,933.6	199,392.4	-1,283,079.2	1,336,912.1	362.0	1,504,935.3	22,136,353.6
Jun	12,009,937.0	20,562.1	1,304,866.5	5,009,862.3	1,188,052.8	6,197,918.1	160,588.1	-1,288,422.1	1,346,668.8	4.3	1,361,898.3	21,114,021.2

Source: Bank of Tanzania
Note: SDRs denotes statutory drawing rights; and IMF, International Monetary Fund

Table A3.3 : Bank of Tanzania Liabilities

Millions of TZS										
End of period	Currency in circulation	Central government deposits	Banks' deposits	Other deposits	Foreign liabilities	International Monetary Fund	Allocation of SDRs	Other liabilities	Capital and reserves	Total
2016	4,305,464.2	2,305,405.0	2,998,815.6	1,085,043.8	37,514.9	1,590,752.8	555,381.7	2,117,288.5	104,891.1	15,100,557.4
2017	4,697,211.7	4,245,516.0	3,232,417.9	1,143,707.5	78,825.3	1,466,445.1	603,610.0	2,639,316.2	99,995.3	18,207,044.9
2018	4,776,238.7	3,680,063.7	2,959,505.1	1,491,826.1	41,409.5	1,304,019.5	604,430.1	3,093,003.4	99,848.8	18,050,344.8
2019	5,248,193.3	3,530,767.7	2,648,656.9	2,394,581.6	48,471.0	1,161,073.1	602,915.8	3,098,671.5	-61,041.9	18,672,289.0
2020	5,501,995.0	6,112,906.9	2,164,643.4	2,436,613.8	75,480.0	1,095,995.2	630,670.9	2,634,783.6	100,000.0	20,753,088.8
2020-Jan	4,974,049.8	3,772,075.3	2,603,561.0	2,510,912.0	56,184.1	1,160,679.4	600,123.0	2,953,715.8	-61,041.9	18,570,258.5
Feb	4,886,716.5	4,311,311.8	2,672,019.4	2,456,044.5	77,819.2	1,134,301.2	597,376.2	2,570,837.0	146,887.7	18,853,313.4
Mar	4,839,778.9	4,483,469.5	2,451,617.6	2,531,618.4	68,339.9	1,134,110.5	595,419.5	2,513,792.4	100,000.0	18,718,146.7
Apr	4,856,439.0	3,985,603.6	2,992,102.3	2,381,358.8	39,221.6	1,134,106.8	595,381.2	2,526,003.9	100,000.0	18,610,217.1
May	4,959,090.0	3,982,409.8	2,969,629.3	2,602,025.2	67,294.0	1,134,191.2	596,248.1	2,497,297.3	100,000.0	18,908,184.9
Jun	5,163,114.1	2,559,572.2	3,589,798.6	2,420,200.7	43,979.7	1,134,940.2	603,933.0	2,419,911.6	100,000.1	18,035,450.3
Jul	5,184,261.2	5,544,948.8	2,803,659.3	2,203,289.1	183,731.3	1,121,626.1	615,837.2	2,335,342.4	278,803.3	20,271,498.7
Aug	5,164,361.3	5,929,387.0	2,867,008.5	2,301,622.3	47,347.4	1,095,568.0	620,853.4	2,351,902.8	173,766.7	20,551,817.4
Sep	5,234,614.2	6,674,204.8	2,331,212.1	2,283,108.9	98,473.1	1,095,356.6	615,993.0	2,261,396.5	190,183.3	20,784,542.4
Oct	5,397,169.2	6,585,283.8	2,410,376.3	2,418,737.3	44,358.8	1,095,447.3	618,078.7	2,499,349.6	190,183.3	21,258,984.4
Nov	5,398,997.3	6,599,625.9	2,501,619.7	2,396,646.2	111,687.1	1,095,700.3	623,894.6	2,240,980.0	199,784.8	21,168,936.0
Dec	5,501,995.0	6,112,906.9	2,164,643.4	2,436,613.8	75,480.0	1,095,995.2	630,670.9	2,634,783.6	100,000.0	20,753,088.8
2021-Jan	5,093,242.9	6,580,763.2	2,433,301.0	2,516,651.1	55,755.0	1,095,964.4	629,963.2	2,572,595.7	100,000.0	21,078,236.4
Feb	5,105,985.0	7,103,070.0	2,310,401.1	2,591,106.1	171,836.1	1,068,555.5	633,478.3	2,392,509.1	100,000.0	21,476,941.3
Mar	5,179,542.2	6,769,112.8	2,609,760.8	2,876,446.2	73,462.7	1,068,555.5	620,452.0	2,272,254.2	100,000.0	21,569,586.5
Apr	5,169,970.9	6,392,903.0	3,622,045.1	2,715,274.1	66,212.2	1,068,555.5	629,579.4	2,324,812.1	100,000.0	22,089,352.3
May	5,212,657.8	6,816,508.3	2,886,933.5	2,986,205.4	53,911.0	1,115,869.4	632,091.3	2,332,176.9	100,000.0	22,136,353.6
Jun	5,546,381.1	4,366,225.1	3,595,592.9	3,426,017.2	49,146.8	1,115,869.4	624,917.0	2,290,076.8	99,794.9	21,114,021.2

Source: Bank of Tanzania
Note: SDRs denotes statutory drawing rights



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A3.0. Monetary Statistics

Table A3.4: Tanzania Notes in Circulation

End of period	Millions of TZS											Percent of Total					
	10/-	20/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-	Total	10/-	20/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-	
2016	99.7	497.7	1,967.4	35,961.3	137,203.1	168,534.6	720,628.2	3,173,144.2	4,238,036.1	0.0	0.0	0.0	0.8	3.2	4.0	17.0	74.9
2017	99.7	497.7	1,967.4	24,582.1	134,552.2	199,968.1	777,637.8	3,437,348.2	4,576,653.2	0.0	0.0	0.0	0.5	2.9	4.4	17.0	75.1
2018	99.7	497.7	1,967.1	22,042.8	141,019.4	177,193.9	732,230.9	3,613,026.1	4,688,077.6	0.0	0.0	0.0	0.5	3.0	3.8	15.6	77.1
2019	99.7	497.7	1,967.0	21,262.2	154,346.2	285,019.9	639,417.7	4,041,111.8	5,153,722.2	0.0	0.0	0.0	0.4	3.0	5.7	12.4	78.4
2020	99.7	497.7	1,967.0	20,051.6	163,516.1	222,092.1	866,440.1	4,240,440.7	5,515,105.0	0.0	0.0	0.0	0.4	3.0	4.0	15.7	76.9
2020-Jan	99.7	497.7	1,967.0	21,200.7	160,857.8	286,800.8	586,160.3	3,826,648.7	4,884,232.7	0.0	0.0	0.0	0.4	3.3	5.9	12.0	78.3
Feb	99.7	497.7	1,967.0	21,147.6	162,125.1	270,844.0	562,181.6	3,762,342.7	4,781,205.4	0.0	0.0	0.0	0.4	3.4	5.7	11.8	78.7
Mar	99.7	497.7	1,967.0	21,117.8	160,347.0	260,539.1	555,212.3	3,763,623.7	4,763,404.4	0.0	0.0	0.0	0.4	3.4	5.5	11.7	79.0
Apr	99.7	497.7	1,967.0	21,061.8	161,668.9	250,718.4	565,650.7	3,770,532.2	4,772,196.5	0.0	0.0	0.0	0.4	3.4	5.3	11.9	79.0
May	99.7	497.7	1,967.0	20,991.8	162,017.7	253,779.9	582,029.9	3,859,100.5	4,880,484.2	0.0	0.0	0.0	0.4	3.3	5.2	11.9	79.1
Jun	99.7	497.7	1,967.0	20,973.2	164,390.6	259,677.8	635,844.1	4,010,142.3	5,093,592.3	0.0	0.0	0.0	0.4	3.2	5.1	12.5	78.7
Jul	99.7	497.7	1,967.0	20,639.1	166,368.2	257,670.7	650,400.6	4,001,504.1	5,099,147.1	0.0	0.0	0.0	0.4	3.3	5.1	12.8	78.5
Aug	99.7	497.7	1,967.0	20,514.4	163,287.8	249,949.2	662,807.9	3,974,800.8	5,073,924.5	0.0	0.0	0.0	0.4	3.2	4.9	13.1	78.3
Sep	99.7	497.7	1,967.0	20,313.4	162,686.2	234,761.5	727,241.6	4,035,873.2	5,183,440.3	0.0	0.0	0.0	0.4	3.1	4.5	14.0	77.9
Oct	99.7	497.7	1,967.0	20,237.9	160,598.9	235,221.7	801,305.6	4,063,369.4	5,303,297.9	0.0	0.0	0.0	0.4	3.0	4.4	15.1	77.0
Nov	99.7	497.7	1,967.0	20,108.4	163,616.0	228,517.6	825,623.8	4,123,282.5	5,363,712.6	0.0	0.0	0.0	0.4	3.1	4.3	15.4	76.9
Dec	99.7	497.7	1,967.0	20,051.6	163,516.1	222,092.1	866,440.1	4,240,440.7	5,515,105.0	0.0	0.0	0.0	0.4	3.0	4.0	15.7	76.9
2021-Jan	99.7	497.7	1,967.0	20,030.1	161,505.5	209,978.3	767,365.1	3,911,547.1	5,072,990.4	0.0	0.0	0.0	0.4	3.2	4.1	15.1	77.1
Feb	99.7	497.7	1,967.0	20,002.1	161,681.2	202,568.7	760,667.4	3,945,557.8	5,093,041.6	0.0	0.0	0.0	0.4	3.2	4.0	14.9	77.5
Mar	99.7	497.7	1,967.0	19,987.6	163,201.2	202,671.8	780,384.7	4,004,852.6	5,173,662.2	0.0	0.0	0.0	0.4	3.2	3.9	15.1	77.4
Apr	99.7	497.7	1,967.0	19,981.2	165,120.0	203,029.3	778,740.5	4,001,249.7	5,170,685.1	0.0	0.0	0.0	0.4	3.2	3.9	15.1	77.4
May	99.7	497.7	1,967.0	19,975.2	166,964.2	200,252.6	777,263.7	4,056,621.8	5,223,642.0	0.0	0.0	0.0	0.4	3.2	3.8	14.9	77.7
Jun	99.7	497.7	1,967.0	19,961.2	170,290.8	208,514.4	820,345.2	4,279,052.5	5,500,728.6	0.0	0.0	0.0	0.4	3.1	3.8	14.9	77.8

Source: Bank of Tanzania



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A3.0. Monetary Statistics

Table A3.5: Tanzania Coins in Circulation/1

End of period	Millions of TZS															Percent of Total											
	-/05	-/10	-/20	-/50	1/-	5/-	10/-	20/-	25/-	50/-	100/-	200/-	500/-	Total	-/05	-/10	-/20	/50	1/-	5/-	10/-	20/-	25/-	50/=	100/-	200/-	500/-
2016	8.8	4.4	38.4	46.0	167.5	439.2	815.4	951.0	11.7	10,449.8	25,055.8	32,681.0	15,519.7	86,188.5	0.0	0.0	0.0	0.1	0.2	0.5	0.9	1.1	0.0	12.1	29.1	37.9	18.0
2017	8.8	4.4	38.4	46.0	167.5	439.1	814.5	949.3	11.7	11,317.5	26,857.2	36,616.3	25,323.5	102,594.1	0.0	0.0	0.0	0.0	0.2	0.4	0.8	0.9	0.0	11.0	26.2	35.7	24.7
2018	8.8	4.4	38.4	46.0	167.5	439.1	814.2	948.5	11.7	11,878.6	28,616.7	40,606.6	31,329.2	114,909.6	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.3	24.9	35.3	27.3
2019	8.8	4.4	38.4	46.0	167.5	439.0	813.9	947.7	11.7	12,503.6	30,564.8	43,540.5	38,514.9	127,601.0	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.8	24.0	34.1	30.2
2020	8.8	4.4	38.4	46.0	167.5	438.9	813.6	946.1	11.7	13,034.8	32,742.4	45,983.4	43,698.1	137,934.2	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.4	23.7	33.3	31.7
2020-Jan	8.8	4.4	38.4	46.0	167.5	439.0	813.9	947.7	11.7	12,547.9	30,735.8	43,759.2	38,912.7	128,432.8	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.8	23.9	34.1	30.3
Feb	8.8	4.4	38.4	46.0	167.5	439.0	813.9	947.7	11.7	12,578.2	30,836.7	43,933.9	39,233.3	129,059.5	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.7	23.9	34.0	30.4
Mar	8.8	4.4	38.4	46.0	167.5	439.0	813.8	947.6	11.7	12,618.5	30,950.7	44,095.3	39,574.5	129,716.2	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.7	23.9	34.0	30.5
Apr	8.8	4.4	38.4	46.0	167.5	439.0	813.8	946.7	11.7	12,637.9	31,040.7	44,226.0	40,042.9	130,423.7	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.7	23.8	33.9	30.7
May	8.8	4.4	38.4	46.0	167.5	439.0	813.8	946.7	11.7	12,655.0	31,188.8	44,397.6	40,289.7	131,007.3	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.7	23.8	33.9	30.8
Jun	8.8	4.4	38.4	46.0	167.5	439.0	813.8	946.7	11.7	12,677.5	31,302.6	44,592.2	40,650.4	131,698.8	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.6	23.8	33.9	30.9
Jul	8.8	4.4	38.4	46.0	167.5	439.0	813.8	946.7	11.7	12,700.5	31,426.0	44,769.2	40,925.6	132,297.4	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.6	23.8	33.8	30.9
Aug	8.8	4.4	38.4	46.0	167.5	438.9	813.7	946.2	11.7	12,738.4	31,577.6	44,894.5	41,212.6	132,898.7	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.6	23.8	33.8	31.0
Sep	8.8	4.4	38.4	46.0	167.5	438.9	813.7	946.2	11.7	12,798.2	31,779.6	45,132.9	41,679.1	133,865.4	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.6	23.7	33.7	31.1
Oct	8.8	4.4	38.4	46.0	167.5	438.9	813.7	946.2	11.7	12,826.0	31,937.1	45,248.4	42,074.6	134,561.6	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.5	23.7	33.6	31.3
Nov	8.8	4.4	38.4	46.0	167.5	438.9	813.7	946.2	11.7	12,881.4	32,107.2	45,412.8	42,488.6	135,365.6	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.5	23.7	33.5	31.4
Dec	8.8	4.4	38.4	46.0	167.5	438.9	813.7	946.2	11.7	12,901.7	32,253.3	45,535.1	42,752.2	135,917.8	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.5	23.7	33.5	31.5
2021-Jan	8.8	4.4	38.4	46.0	167.5	438.9	813.6	946.1	11.7	12,946.3	32,423.3	45,609.5	43,038.6	136,493.2	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.5	23.8	33.4	31.5
Feb	8.8	4.4	38.4	46.0	167.5	438.9	813.6	946.1	11.7	12,988.2	32,582.3	45,796.9	43,381.2	137,224.1	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.5	23.7	33.4	31.6
Mar	8.8	4.4	38.4	46.0	167.5	438.9	813.6	946.1	11.7	13,034.8	32,742.4	45,983.4	43,698.1	137,934.2	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.4	23.7	33.3	31.7
Apr	8.8	4.4	38.4	46.0	167.5	438.9	813.6	946.1	11.7	13,087.8	32,846.5	46,173.2	44,002.6	138,585.5	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.4	23.7	33.3	31.8
May	8.8	4.4	38.4	46.0	167.5	438.9	813.6	946.0	11.7	13,134.1	32,954.6	46,398.4	44,366.0	139,328.5	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.4	23.7	33.3	31.8
Jun	8.8	4.4	38.4	46.0	167.5	438.9	813.5	945.8	11.7	13,216.5	33,075.2	46,684.3	44,896.4	140,347.4	0.0	0.0	0.0	0.0	0.1	0.3	0.6	0.7	0.0	9.4	23.6	33.3	32.0

Source: Bank of Tanzania

Note: /1 excludes commemorative coins



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A3.0. Monetary Statistics

Table A3.6: Commercial Banks Assets

End of period	Domestic assets						Foreign assets			Millions of TZS
	Cash	Deposit with Bank of Tanzania	Treasury securities	Other securities	Loans and bills	Other	Liquid	Others	Fixed assets	Total
2016	696,753.8	2,941,613.8	4,058,080.8	109,644.4	16,917,589.9	1,546,301.9	1,339,801.8	329,149.1	1,518,670.1	29,457,605.7
2017	865,607.2	3,276,960.8	5,594,444.1	87,635.7	17,201,346.7	2,084,935.9	1,359,611.9	261,080.6	1,735,929.7	32,467,552.6
2018	909,570.2	2,890,138.0	4,993,556.3	52,883.9	17,891,437.7	2,007,564.4	1,857,754.5	347,459.7	1,898,147.8	32,848,512.5
2019	1,026,366.4	2,667,139.0	5,169,348.7	100,747.5	20,380,565.8	2,397,788.0	1,938,558.4	501,205.4	2,118,896.2	36,300,615.5
2020	1,001,467.1	2,176,665.5	5,754,023.9	76,926.3	21,128,208.3	2,302,991.4	2,023,855.1	893,245.5	2,429,882.4	37,787,265.5
2020-Jan	943,685.8	2,481,760.6	5,323,870.5	103,744.0	20,440,214.7	2,436,275.2	1,854,087.2	532,946.5	2,129,332.3	36,245,916.6
Feb	860,430.9	2,640,565.3	5,337,411.8	98,192.8	20,519,765.5	2,467,492.6	1,807,612.0	524,416.6	2,130,444.9	36,386,332.4
Mar	927,831.4	2,298,646.3	5,414,490.4	101,423.2	20,503,871.9	2,292,095.2	1,774,061.0	566,532.9	2,341,219.9	36,220,172.2
Apr	913,240.0	2,985,757.9	5,528,033.9	99,195.1	20,320,928.7	2,266,849.4	1,891,628.4	350,985.1	2,381,354.2	36,737,972.6
May	881,169.9	2,979,221.9	5,629,909.0	94,179.6	20,305,110.5	2,333,147.4	1,734,492.1	439,413.6	2,380,331.9	36,776,975.9
Jun	931,309.3	3,429,065.2	5,493,839.6	72,971.5	20,398,302.0	2,502,535.2	1,637,201.1	544,647.6	2,402,860.9	37,412,732.5
Jul	913,946.4	2,729,377.8	5,574,390.2	70,598.1	20,497,323.4	2,460,382.6	1,946,799.1	546,983.6	2,179,455.8	36,919,256.9
Aug	900,120.0	2,850,371.2	5,723,222.2	75,605.7	21,002,275.4	2,451,533.7	2,236,789.0	545,085.3	2,412,630.4	38,197,632.9
Sep	910,866.1	2,298,704.8	5,672,432.0	121,875.8	20,836,236.9	2,373,374.5	2,082,955.3	785,654.9	2,437,645.2	37,519,745.5
Oct	902,774.7	2,435,212.2	5,687,409.3	78,840.3	20,773,145.5	2,301,803.6	1,868,818.1	746,231.5	2,449,951.2	37,244,186.3
Nov	920,630.0	2,509,339.3	5,639,726.3	75,369.0	21,090,845.7	2,307,759.9	1,877,236.2	593,515.5	2,459,641.4	37,474,063.3
Dec	1,001,467.1	2,176,665.5	5,754,023.9	76,926.3	21,128,208.3	2,302,991.4	2,023,855.1	893,245.5	2,429,882.4	37,787,265.5
2021-Jan	894,565.9	2,368,914.8	5,707,352.6	75,005.2	21,180,339.3	2,151,335.3	2,105,525.1	967,632.4	2,505,639.3	37,956,310.0
Feb	779,270.3	2,186,135.6	5,720,294.5	107,112.0	21,211,507.3	2,271,600.4	2,041,085.9	984,551.2	2,425,974.7	37,727,532.0
Mar	880,353.3	2,281,854.6	5,883,657.1	62,366.8	21,258,188.8	2,373,885.4	1,747,014.2	934,719.1	2,448,294.6	37,870,333.8
Apr	810,960.7	3,483,670.8	5,837,888.7	75,050.8	21,354,036.2	2,543,182.3	1,629,024.9	688,997.7	2,459,663.6	38,882,475.8
May	808,108.9	2,823,575.6	5,970,192.8	82,281.1	21,467,888.1	2,488,324.9	1,691,647.1	1,057,831.3	2,483,662.4	38,873,512.2
Jun	845,894.6	3,470,782.9	6,066,306.7	84,603.3	21,479,838.8	2,433,269.2	2,003,535.2	837,996.6	2,485,707.3	39,707,934.6

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.7: Commercial Banks Liabilities

End of period	Domestic liabilities				Foreign liabilities		Capital and reserves	Total
	Deposits	Due to Bank of Tanzania	Due to other banks	Other	Foreign banks	Due to other		
2016	18,188,706.3	1.0	1,466,395.4	3,730,391.4	413,906.8	1,350,132.3	4,308,072.5	29,457,605.7
2017	19,824,561.1	8,501.0	1,749,055.4	4,015,889.9	381,117.4	1,793,347.0	4,695,080.8	32,467,552.6
2018	20,562,827.0	106,750.0	1,646,188.6	3,540,200.2	473,485.7	1,794,250.1	4,724,810.8	32,848,512.5
2019	21,777,529.1	201,060.6	1,056,493.7	5,750,546.0	414,747.7	2,053,553.0	5,046,685.3	36,300,615.5
2020	23,067,883.2	191,514.2	1,697,201.8	4,934,241.8	350,628.7	2,152,707.7	5,393,088.1	37,787,265.5
2020-Jan	21,654,022.7	93,890.5	946,476.8	5,949,791.4	417,136.8	2,132,480.1	5,052,118.3	36,245,916.6
Feb	22,017,330.9	79,862.5	984,583.7	5,836,772.0	386,605.0	1,995,987.8	5,085,190.5	36,386,332.4
Mar	21,881,031.5	85,677.1	1,058,945.1	5,960,321.4	392,593.3	1,688,616.1	5,152,987.7	36,220,172.2
Apr	22,526,601.4	60,155.2	1,051,645.0	5,861,222.5	402,298.1	1,696,590.5	5,139,459.9	36,737,972.6
May	22,437,501.8	54,331.0	1,020,829.0	5,910,817.0	369,556.1	1,826,090.8	5,157,850.1	36,776,975.9
Jun	23,277,042.0	36,837.9	972,691.3	5,816,268.7	402,086.2	1,749,421.1	5,158,385.4	37,412,732.5
Jul	22,945,334.2	41,399.3	1,098,196.4	5,486,984.8	388,055.4	1,742,325.6	5,216,961.3	36,919,256.9
Aug	23,518,381.3	165,695.6	1,188,784.3	5,931,477.7	404,748.1	1,720,883.1	5,267,662.9	38,197,632.9
Sep	22,901,163.1	184,207.9	1,333,301.9	5,532,287.6	418,083.5	1,850,990.8	5,299,710.8	37,519,745.5
Oct	22,867,770.4	187,828.8	1,160,354.2	5,420,189.4	374,342.6	1,884,454.5	5,349,246.3	37,244,186.3
Nov	22,827,652.4	33,330.0	1,452,831.4	5,356,965.6	357,292.0	2,061,978.1	5,384,013.8	37,474,063.3
Dec	23,067,883.2	191,514.2	1,697,201.8	4,934,241.8	350,628.7	2,152,707.7	5,393,088.1	37,787,265.5
2021-Jan	23,292,480.0	69,924.7	1,546,089.2	5,052,304.3	377,181.4	2,223,417.8	5,394,912.4	37,956,310.0
Feb	22,973,946.9	181,063.6	1,565,822.6	4,688,897.8	425,837.8	2,454,223.0	5,437,740.4	37,727,532.0
Mar	23,069,678.5	194,629.7	1,697,137.0	4,986,338.5	386,974.9	2,063,176.7	5,472,398.5	37,870,333.8
Apr	24,015,920.9	205,064.9	1,629,904.2	4,900,583.7	330,917.1	2,282,765.1	5,517,319.8	38,882,475.8
May	24,025,786.0	210,437.6	1,732,442.9	5,054,141.9	265,138.9	2,018,021.8	5,567,543.1	38,873,512.2
Jun	25,275,344.1	16,080.0	1,747,906.0	4,766,034.3	313,097.9	2,084,573.7	5,504,898.6	39,707,934.6

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.8: Commercial Banks Domestic Assets

Millions of TZS								
End of period	Bank of Tanzania	Other financial corporation	Central government	Public non-financial corporations	State and local government	Private sector	Other assets	Total
2016	3,638,367.6	497,251.5	4,190,516.1	1,229,992.1	66,672.1	14,693,432.7	3,472,422.8	27,788,654.8
2017	4,142,568.1	479,758.2	5,735,958.7	809,345.2	76,356.3	15,420,368.1	4,182,505.6	30,846,860.2
2018	3,799,708.2	654,653.9	5,089,523.4	594,853.4	84,941.3	16,300,873.2	4,118,744.9	30,643,298.3
2019	3,693,505.5	729,369.6	5,520,352.8	1,236,331.7	77,716.7	17,510,696.4	5,092,879.0	33,860,851.7
2020	3,178,132.6	708,478.0	6,116,261.4	667,741.1	79,768.4	18,729,896.0	5,389,887.4	34,870,164.9
2020-Jan	3,425,446.4	802,380.9	5,670,936.4	1,101,142.0	83,154.5	17,684,367.8	5,091,454.9	33,858,883.0
Feb	3,500,996.3	805,064.7	5,674,718.9	1,097,802.2	82,617.2	17,779,784.0	5,113,320.6	34,054,303.8
Mar	3,226,477.7	797,223.6	5,750,269.4	1,084,925.8	83,433.5	17,892,764.3	5,044,484.1	33,879,578.3
Apr	3,898,997.8	774,731.4	5,867,271.7	772,740.2	81,253.6	17,951,787.0	5,148,577.4	34,495,359.2
May	3,860,391.7	806,249.1	5,976,412.8	741,405.4	69,824.0	18,020,785.9	5,128,001.2	34,603,070.2
Jun	4,360,374.6	809,058.6	5,844,195.5	728,227.0	70,497.1	18,144,602.2	5,273,928.7	35,230,883.8
Jul	3,643,324.2	794,750.5	5,921,042.7	707,996.5	70,850.5	18,214,510.6	5,072,999.3	34,425,474.3
Aug	3,750,491.2	794,649.0	6,066,476.0	703,983.5	70,103.5	18,614,720.7	5,415,334.6	35,415,758.6
Sep	3,209,570.9	640,560.1	6,033,672.5	659,034.2	71,660.9	18,708,707.1	5,327,929.6	34,651,135.4
Oct	3,337,986.8	726,983.6	6,025,741.7	679,312.4	70,889.0	18,667,045.2	5,121,178.0	34,629,136.7
Nov	3,429,969.3	714,029.6	6,020,606.2	667,538.6	79,347.9	18,797,632.6	5,294,187.4	35,003,311.6
Dec	3,178,132.6	708,478.0	6,116,261.4	667,741.1	79,768.4	18,729,896.0	5,389,887.4	34,870,164.9
2021-Jan	3,263,480.7	729,809.2	6,075,004.4	671,047.0	79,597.3	18,718,532.8	5,345,681.0	34,883,152.5
Feb	2,965,405.9	778,740.3	6,081,472.4	656,976.1	79,881.3	18,759,423.8	5,379,995.1	34,701,894.9
Mar	3,162,207.9	769,808.1	6,283,670.5	649,590.3	79,782.5	18,856,216.0	5,387,325.2	35,188,600.5
Apr	4,294,631.5	784,606.9	6,238,955.4	656,891.2	80,137.5	19,015,697.4	5,493,533.2	36,564,453.1
May	3,631,684.5	799,105.1	6,399,081.5	677,818.2	82,318.0	19,028,157.7	5,505,868.8	36,124,033.9
Jun	4,316,677.5	846,260.8	6,475,357.3	325,111.6	84,061.8	19,233,841.0	5,585,092.7	36,866,402.8

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.9: Commercial Banks Lending and Holding of Securities

Millions of TZS

End of period	Domestic lending									Lending to deposit ratio	Securities
	Loans to other depository corporations	Loans to other financial corporations	Loans Central Government	Loans state and local government	Loans public non-financial corporations	Loans other non-financial corporations	Loans to other resident sectors	Loans to non-residents	Total		
2016	629,310.6	317,480.7	132,435.3	66,672.1	1,229,946.4	8,767,305.3	5,774,439.6	328,394.1	17,245,984.1	87.3	4,058,080.8
2017	634,245.8	255,045.6	141,514.6	76,356.3	809,299.0	9,194,921.0	6,089,964.5	260,173.3	17,461,520.0	81.9	5,594,444.1
2018	445,876.5	429,616.1	95,967.1	84,941.3	594,807.4	9,519,421.0	6,720,808.3	346,552.1	18,237,989.8	82.6	4,993,556.3
2019	854,568.9	473,492.0	351,004.1	77,716.7	1,236,328.7	9,069,779.6	8,317,675.7	486,697.2	20,867,263.0	87.8	5,160,470.1
2020	904,506.0	496,087.7	362,237.5	79,768.4	667,741.1	9,755,959.6	8,861,908.0	873,371.5	22,001,579.8	89.3	5,748,828.8
2020-Jan	816,373.5	527,238.6	347,065.9	83,154.5	1,101,142.0	9,259,679.2	8,305,560.9	518,373.6	20,958,588.3	88.9	5,314,991.9
Feb	821,018.3	519,296.7	337,307.1	82,617.2	1,097,802.2	9,416,495.7	8,245,228.4	509,867.7	21,029,633.2	87.9	5,328,510.0
Mar	711,170.3	514,346.1	335,779.0	83,433.5	1,084,925.8	9,290,935.9	8,483,281.4	551,189.9	21,055,061.9	88.6	5,405,553.8
Apr	792,923.4	500,116.6	339,237.8	81,253.6	772,740.2	9,261,176.4	8,573,480.7	335,636.1	20,656,564.8	85.3	5,520,145.3
May	743,159.0	497,063.1	346,503.8	69,824.0	741,405.4	9,316,866.0	8,590,289.3	424,059.6	20,729,170.1	86.1	5,622,846.8
Jun	702,997.7	496,863.5	350,355.9	70,497.1	728,227.0	9,341,912.0	8,707,448.9	529,794.5	20,928,096.5	84.0	5,486,765.2
Jul	761,638.1	493,241.2	346,652.6	70,850.5	707,996.5	9,242,113.4	8,874,831.3	532,080.3	21,029,403.7	85.7	5,567,294.4
Aug	867,093.0	503,853.4	343,253.8	70,103.5	703,983.5	9,485,614.4	9,028,373.7	530,180.7	21,532,456.0	85.8	5,716,141.7
Sep	793,447.6	389,319.3	361,240.5	71,660.9	659,034.2	9,624,545.3	8,936,989.1	765,779.5	21,602,016.4	88.1	5,666,406.0
Oct	642,336.5	487,130.1	338,332.4	70,889.0	679,312.4	9,530,988.8	9,024,156.3	726,362.2	21,499,507.7	87.9	5,681,386.0
Nov	789,848.8	485,305.0	380,879.9	79,347.9	667,538.6	9,510,934.5	9,176,991.0	573,643.3	21,664,488.9	89.0	5,634,531.2
Dec	904,506.0	496,087.7	362,237.5	79,768.4	667,741.1	9,755,959.6	8,861,908.0	873,371.5	22,001,579.8	89.3	5,748,828.8
2021-Jan	958,961.6	495,670.9	367,651.8	79,597.3	671,047.0	9,319,729.9	9,287,680.8	947,759.8	22,128,099.1	89.2	5,702,157.4
Feb	953,562.1	510,917.4	361,177.8	79,881.3	656,976.1	9,116,640.8	9,532,351.9	964,678.1	22,176,185.5	90.4	5,712,520.8
Mar	886,716.6	525,407.8	359,137.7	79,782.5	649,590.3	9,675,464.3	9,082,089.6	914,343.4	22,172,532.2	90.0	5,879,516.0
Apr	821,040.3	532,312.1	360,182.7	80,137.5	656,891.2	9,224,590.6	9,678,881.7	668,620.5	22,022,656.8	86.2	5,833,747.6
May	877,579.1	534,240.3	388,004.6	82,318.0	677,818.2	9,230,247.0	9,677,681.0	1,037,116.3	22,505,004.4	87.9	5,966,880.0
Jun	1,018,358.9	573,079.6	368,166.5	84,061.8	325,111.6	9,278,764.0	9,832,296.2	817,283.8	22,297,122.6	82.8	6,062,993.9

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.10: Commercial Banks Domestic Lending by Economic Activity

End of Period	Millions of TZS																Total							
	Agriculture	Fishing	Forest	Hunting	Financial intermediaries	Mining and quarrying	Building and construction	Real estate	Mortgage	Leasing	Transport and communication	Trade	Tourism	Hotels and restaurants	Warehousing and storage	Electricity		Gas	Water	Education	Health	Other services	Personal	
2016	1,107,645.3	48,400.1	21,777.9	2,462.2	388,745.2	328,620.4	1,627,766.0	740,726.8	822,985.4	0.0	44,625.8	1,800,904.6	3,649,328.7	198,482.0	526,390.2	16,789.0	429,919.2	459,273.3	14,780.6	593,996.8	113,503.7	1,006,238.5	2,981,741.5	16,005,103.2
2017	1,134,817.7	64,603.9	19,979.2	136.4	292,127.7	292,647.1	1,777,572.5	837,159.1	816,350.6	0.0	9,113.4	975,551.5	3,306,914.0	176,349.3	594,967.8	11,251.8	335,175.4	266,965.0	18,334.3	454,809.4	126,850.2	1,454,067.4	3,258,724.3	16,224,469.1
2018	952,883.8	74,022.3	18,840.4	513.4	172,925.5	375,188.4	2,087,896.2	643,251.8	855,878.9	317,809.5	9,017.7	918,004.9	3,228,853.0	138,766.1	587,287.5	23,712.9	358,122.0	388,152.0	27,276.4	223,823.9	63,080.6	631,236.4	5,019,538.6	17,116,082.1
2019	1,811,394.7	55,827.5	17,686.3	328.0	201,715.5	424,546.9	2,070,758.9	1,109,990.8	806,532.8	417,122.7	5,368.5	1,052,424.6	3,375,121.9	143,860.0	533,944.1	12,635.1	182,602.1	355,656.3	30,019.2	252,166.6	75,340.7	658,014.8	5,483,905.6	19,076,963.6
2020	1,725,552.3	39,104.4	4,771.7	7.0	219,904.2	429,376.9	1,876,406.4	1,072,304.1	761,650.5	369,541.7	6,047.3	1,142,417.2	3,054,881.7	266,466.6	549,474.9	17,123.4	114,729.0	510,030.4	19,285.6	245,172.4	78,046.2	508,831.7	6,793,920.4	19,807,066.3
2020 -Jan	1,785,433.8	51,705.2	16,867.8	305.5	256,528.8	421,294.9	2,093,326.0	1,116,695.5	811,442.7	345,988.9	3,096.2	1,059,931.9	3,457,858.3	142,241.9	520,412.3	12,663.6	184,649.8	382,344.0	27,465.3	238,907.9	73,579.2	576,962.9	5,703,922.4	19,283,624.8
Feb	1,771,650.2	53,655.3	16,176.8	308.7	259,240.7	420,666.9	2,014,633.1	1,127,106.6	817,592.1	338,885.7	3,053.8	1,082,791.8	3,422,334.2	148,137.0	520,382.3	12,229.2	181,527.7	415,171.9	30,527.6	238,002.5	73,354.7	622,822.3	5,757,733.1	19,327,984.0
Mar	1,763,255.0	51,987.3	15,969.1	10.2	254,516.6	435,335.0	2,079,432.7	1,151,015.5	722,995.6	337,041.4	3,093.7	1,070,511.0	3,429,319.7	152,231.5	514,984.0	12,502.4	125,006.3	460,511.8	19,344.1	243,931.7	79,001.3	642,654.8	5,863,007.3	19,427,660.1
Apr	1,483,197.1	50,808.2	16,155.0	8.9	246,515.1	443,800.1	2,101,708.7	1,087,219.1	715,075.5	343,559.3	2,585.2	1,073,911.2	3,372,275.2	160,549.8	528,930.4	12,659.3	135,797.0	447,898.1	21,032.3	242,385.6	73,163.0	410,653.9	5,983,926.1	18,933,814.0
May	1,500,205.7	54,136.4	15,754.4	119.6	239,134.2	448,912.6	2,178,028.0	1,026,967.9	771,475.7	337,811.4	2,557.2	1,081,022.8	3,275,170.7	160,792.7	541,682.5	17,971.6	140,256.3	443,035.9	34,177.2	240,319.8	72,872.6	352,016.7	6,013,161.9	18,947,583.8
Jun	1,522,094.5	53,147.7	8,001.3	7.7	231,868.0	454,898.1	2,111,927.3	1,064,364.6	756,845.6	345,407.5	6,501.7	1,110,166.9	3,192,637.9	168,479.6	551,937.9	29,582.1	141,739.8	468,863.9	30,303.7	243,593.1	76,519.3	374,207.0	6,131,645.5	19,074,740.7
Jul	1,566,896.5	57,295.0	7,831.6	7.7	225,018.2	434,697.6	2,094,412.1	1,112,534.8	728,217.1	374,404.2	10,906.4	1,095,324.4	3,216,877.1	181,289.8	512,952.6	24,561.1	192,335.4	476,244.6	28,425.2	248,937.1	85,491.4	438,342.0	6,200,290.5	19,313,297.6
Aug	1,684,167.6	55,116.6	5,279.9	7.5	225,513.3	446,393.8	2,050,189.1	1,127,770.8	736,277.9	352,433.8	10,826.3	1,132,827.6	3,197,400.0	177,994.4	589,713.1	16,817.2	183,416.9	486,295.4	19,825.6	250,704.5	87,161.2	384,463.1	6,306,604.1	19,507,299.7
Sep	1,671,358.7	58,184.2	4,910.1	7.3	226,167.2	440,273.4	1,963,685.6	1,142,773.9	749,813.4	363,481.9	8,944.8	1,172,287.9	3,117,271.2	205,505.9	584,776.2	16,970.7	152,868.6	502,965.9	19,767.0	254,539.1	84,871.3	400,195.8	6,468,187.5	19,609,807.6
Oct	1,704,277.5	34,116.5	4,533.7	1,036.1	229,860.8	438,700.5	1,992,442.2	1,104,055.1	763,449.3	357,442.6	6,588.1	1,167,254.4	3,097,800.8	203,928.7	586,698.9	20,183.4	140,394.3	527,502.1	19,234.2	252,889.0	84,343.3	344,087.1	6,547,645.2	19,628,673.8
Nov	1,718,772.5	38,430.5	4,313.6	7.0	218,567.8	432,589.2	1,959,812.6	1,081,490.8	804,421.9	368,500.8	6,258.8	1,137,844.9	3,118,922.8	223,935.6	574,606.0	19,980.9	135,651.8	535,201.8	19,080.8	253,148.3	82,075.2	470,405.0	6,659,926.9	19,863,945.7
Dec	1,725,552.3	39,104.4	4,771.7	7.0	219,904.2	429,376.9	1,878,406.4	1,072,304.1	761,650.5	369,541.7	6,047.3	1,142,417.2	3,054,881.7	266,466.6	549,474.9	17,123.4	114,729.0	510,030.4	19,285.6	245,172.4	78,046.2	508,831.7	6,793,920.4	19,807,066.3
2021 -Jan	1,684,520.9	39,357.5	4,621.9	7.0	214,506.7	426,945.3	1,929,302.0	1,074,709.7	757,996.8	371,557.1	5,942.7	1,152,526.7	3,031,532.1	259,822.4	570,072.5	19,517.5	116,916.2	500,238.0	19,012.9	235,621.5	76,437.4	464,275.7	6,920,824.1	19,876,264.7
Feb	1,658,610.1	38,477.3	4,188.0	7.0	218,131.2	424,854.7	1,930,538.3	1,066,281.1	744,842.1	364,213.7	5,834.2	1,132,317.7	3,035,712.8	272,677.7	564,693.6	19,207.8	118,493.2	447,771.8	18,676.3	232,045.4	77,616.0	426,853.0	7,032,352.3	19,834,395.4
Mar	1,631,628.9	36,827.3	5,076.0	7.0	239,055.5	424,924.6	1,960,037.6	1,031,890.9	747,081.2	379,440.4	5,725.5	1,107,150.5	3,080,938.9	279,259.7	578,362.4	19,339.6	113,596.4	466,332.6	15,278.8	236,581.8	82,428.8	422,883.6	7,094,979.8	19,952,627.9
Apr	1,604,720.5	39,316.9	5,220.6	7.0	225,392.7	437,083.6	2,036,603.9	1,028,001.3	756,155.0	369,073.9	5,599.7	1,106,060.9	3,161,222.2	273,735.6	577,772.7	17,456.1	119,153.6	462,258.4	14,820.0	230,387.4	78,111.5	406,460.0	7,157,216.5	20,111,830.0
May	1,628,041.6	41,568.0	5,487.6	14.1	225,988.5	434,614.4	2,002,173.4	1,047,059.4	732,989.2	374,464.2	5,611.0	1,091,717.0	3,173,331.6	274,179.3	581,498.1	16,810.1	127,679.5	442,739.7	14,780.5	230,904.7	103,829.1	431,119.3	7,161,465.6	20,147,875.9
Jun	1,402,552.6	42,329.1	4,478.7	14.2	252,256.6	433,351.7	2,024,125.5	1,012,548.2	738,455.7	371,999.8	5,421.9	1,088,563.1	3,171,626.0	266,700.8	569,352.8	16,912.7	148,088.5	445,499.5	14,624.4	230,177.1	104,587.0	532,904.1	7,226,878.7	20,103,448.8

Source: Banks and Bank of Tanzania computers



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A3.0. Monetary Statistics

Table A3.11: Commercial Banks Deposits

End of period	Millions of TZS											
	Central government	State and local government	Other financial corporations	Public non-financial corporation	Other non-financial corporation	Other residents	Other depository corporation	Deposits of non-residents	Total	of which		
										Transferrable deposits in national currency	Other deposits in national currency*	Foreign currency deposits
2016	577,788.9	478,711.3	1,578,544.3	456,829.7	249,859.1	15,424,761.8	576,800.7	413,906.8	19,757,202.7	6,655,153.1	6,473,659.1	6,628,390.4
2017	560,520.3	503,797.4	1,587,087.1	427,910.7	255,090.7	17,050,675.2	551,932.1	381,117.4	21,318,130.8	7,333,191.1	7,153,062.1	6,831,877.6
2018	358,472.4	244,120.1	1,346,079.4	766,159.5	316,584.2	17,889,883.8	689,758.9	473,485.7	22,084,544.1	7,678,712.3	7,204,236.7	7,201,595.0
2019	952,302.2	203,880.0	1,456,892.8	706,711.0	294,180.4	19,115,864.9	619,905.5	414,747.7	23,764,484.6	8,575,824.7	8,415,445.8	6,773,214.1
2020	652,818.2	203,338.5	1,558,019.3	644,191.4	283,837.4	20,378,496.6	574,069.9	350,628.7	24,645,400.0	8,795,011.5	8,867,086.7	6,983,301.8
2020-Jan	992,210.7	272,388.9	1,452,873.7	624,929.4	312,196.7	18,991,633.9	518,910.3	417,136.8	23,582,280.5	8,591,293.0	8,298,315.2	6,692,672.3
Feb	1,009,747.3	249,223.6	1,543,089.3	923,456.6	317,351.1	18,984,210.4	504,175.0	386,605.0	23,917,858.2	8,635,165.8	8,418,547.3	6,864,145.1
Mar	967,362.0	223,901.9	1,712,368.9	578,575.0	304,395.2	19,061,790.5	529,924.5	392,593.3	23,770,911.3	8,283,765.1	8,533,758.9	6,953,387.3
Apr	759,368.0	207,552.6	1,726,065.8	778,926.4	327,455.5	19,486,601.1	532,520.5	402,298.1	24,220,788.0	8,955,156.1	8,368,594.3	6,897,037.6
May	764,470.0	192,648.2	1,702,429.4	769,599.6	341,008.4	19,431,816.1	515,982.4	369,556.1	24,087,510.2	8,874,962.1	8,459,627.2	6,752,920.9
Jun	767,539.7	334,459.2	1,871,555.8	864,343.9	297,723.1	19,908,960.0	480,163.4	402,086.2	24,926,831.2	9,607,948.6	8,531,425.5	6,787,457.2
Jul	559,685.2	224,731.2	1,430,313.4	504,254.3	283,564.3	17,220,610.5	719,863.5	392,243.2	21,335,265.7	7,444,350.6	7,021,194.7	6,869,720.4
Aug	429,217.5	281,907.5	1,679,552.3	614,420.7	371,276.3	16,980,068.0	805,156.8	407,383.8	21,568,982.9	7,552,732.4	7,026,311.4	6,989,939.1
Sep	341,211.5	286,651.7	1,373,382.1	1,188,680.8	249,032.7	16,942,982.3	533,825.8	507,999.6	21,423,766.5	7,434,091.9	6,968,423.4	7,021,251.2
Oct	331,993.4	257,725.1	1,268,419.8	858,801.6	368,011.7	17,408,067.1	449,284.1	488,177.1	21,430,480.0	7,380,470.8	7,097,460.6	6,952,548.6
Nov	310,626.8	247,943.8	1,351,732.2	978,915.2	359,250.3	17,314,292.7	643,970.1	488,751.9	21,695,483.0	7,649,356.8	7,048,194.8	6,997,931.4
Dec	358,472.4	244,120.1	1,346,079.4	766,159.5	316,584.2	17,889,883.8	689,758.9	473,485.7	22,084,544.1	7,678,712.3	7,204,236.7	7,201,595.0
2021-Jan	660,021.3	208,894.8	1,537,671.2	717,131.4	312,622.9	20,516,159.8	485,641.9	377,181.4	24,815,324.6	8,847,895.3	8,717,403.3	7,250,026.1
Feb	645,503.6	220,560.6	1,304,889.5	667,647.7	301,412.5	20,479,436.6	499,437.8	425,837.8	24,544,726.1	8,890,517.6	8,538,347.2	7,115,861.3
Mar	629,050.7	245,313.8	1,430,044.5	706,122.0	402,409.9	20,285,788.4	548,872.5	386,974.9	24,634,576.7	8,816,727.1	8,638,381.7	7,179,467.9
Apr	651,817.1	358,981.4	1,632,740.0	715,929.9	289,785.4	21,018,484.2	535,913.6	330,917.1	25,534,568.8	9,322,735.9	8,827,084.0	7,384,748.9
May	657,142.0	351,613.7	1,520,704.5	726,514.4	298,648.0	21,128,305.4	653,074.3	265,138.9	25,601,141.2	9,282,260.8	8,830,344.3	7,488,536.1
Jun	688,141.6	381,338.4	1,503,310.9	745,954.8	304,164.3	22,340,575.7	654,815.4	313,097.9	26,931,399.0	10,026,894.3	9,098,474.3	7,806,030.4

Source: Banks and Bank of Tanzania computations
Note: * include time and saving deposits



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A3.0. Monetary Statistics

Table A3.12: Interest Rate Structure, Weighted Averages

	2016	2017	2018	2019	2020	2021						Percent
						Jan	Feb	Mar	Apr	May	Jun	
In Domestic currency												
1 Interbank cash market rates												
Overnight	13.39	5.48	1.99	4.73	3.89	3.70	3.81	3.71	3.71	3.71	3.90	
2 to 7 days	13.73	6.34	2.46	5.27	4.56	4.36	4.43	4.30	4.45	4.47	4.56	
8 to 14 days	13.50	6.91	2.82	5.66	5.01	4.63	4.66	4.54	4.72	4.87	4.70	
15 to 30 days	13.58	7.87	3.73	5.99	4.83	4.44	4.25	4.32	4.35	4.51	4.67	
31 to 60 days	13.82	9.34	5.00	6.24	5.90	4.93	4.44	5.95	5.51	4.56	4.45	
61 to 90 days	14.97	13.73	3.75	7.88	5.65	4.77	5.05	4.49	4.49	6.00	6.00	
91 to 180 days	15.00	15.00	15.00	13.01	6.48	5.12	5.51	5.40	5.12	5.29	5.57	
181 days and above	12.94	12.94	12.94	11.28	7.92	8.35	8.35	8.75	7.63	8.54	8.75	
Overall interbank cash market rate	13.47	6.00	2.21	5.13	4.34	3.74	3.74	3.74	3.74	3.74	3.74	
2 Lombard rate	20.09	9.09	3.89	7.35	6.04	5.55	5.72	5.56	5.56	5.56	5.85	
3 REPO rate	5.20	3.59	2.06	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	
4 Reverse repo rate	14.67	6.30	4.49	5.29	5.95	6.60	5.84	5.42	6.13	6.32	5.33	
5 Treasury bills rates												
35 days	7.27	5.54	2.51	3.47	2.37	1.99	1.99	2.33	2.93	2.93	2.93	
91 days	7.85	5.49	2.89	4.17	2.88	2.50	2.50	2.77	3.30	3.30	3.30	
182 days	15.84	10.01	4.13	5.07	3.32	2.58	2.57	2.96	3.91	3.72	3.57	
364 days	16.56	11.79	7.08	8.04	4.68	4.92	5.71	5.95	6.02	5.96	5.03	
Overall treasury bills rate	16.17	11.10	6.43	7.71	4.42	4.69	5.71	5.90	5.95	5.90	4.90	
6 Treasury bonds rates												
2-years	17.44	14.52	9.42	11.45	8.14	7.51	7.51	7.89	7.89	7.89	7.89	
5-years	17.79	15.78	11.64	12.56	11.24	9.10	9.10	9.10	9.10	9.10	9.10	
7-years	17.69	16.31	12.62	13.09	11.48	10.09	10.09	10.09	10.09	10.14	10.14	
10-years	18.11	16.79	14.39	15.04	12.51	11.56	11.56	11.60	11.60	11.60	11.60	
15-years	18.85	17.54	14.69	15.52	14.06	13.57	13.60	13.60	13.60	13.60	13.61	
20-years				17.35	15.79	15.01	15.41	15.41	15.41	15.41	15.41	
25-years								16.34	16.34	16.34	16.34	
7 Discount rate	16.00	11.42	8.17	7.00	5.67	5.00	5.00	5.00	5.00	5.00	5.00	
8 Savings deposit rate	3.35	3.06	2.52	2.44	2.34	2.50	2.53	2.57	2.16	2.15	2.16	
9 Overall time deposits rate	9.19	10.04	8.25	7.24	6.70	6.68	6.88	6.94	6.95	6.89	7.05	
1 month	10.05	10.79	5.68	8.51	8.13	9.09	9.70	6.99	7.48	7.35	7.16	
2 months	9.88	11.33	9.14	7.24	6.41	6.16	7.42	7.61	7.72	7.20	7.98	
3 months	10.50	11.18	8.59	7.10	6.69	7.53	5.33	7.61	6.78	7.39	7.32	
6 months	10.00	10.96	8.45	7.81	7.48	6.37	7.32	7.86	8.23	8.17	8.26	
12 months	11.47	11.65	8.80	8.80	8.28	8.23	8.67	8.80	8.77	8.75	8.69	
24 months	9.68	11.43	12.04	9.81	8.66	8.50	8.67	8.52	8.62	8.16	8.81	
10 Negotiated deposit rate	11.47	11.88	9.53	8.92	9.26	9.22	9.50	9.18	9.36	9.23	9.37	
11 Overall lending rate	15.96	17.62	17.38	16.97	16.67	16.63	16.66	16.61	16.58	16.61	16.69	
Short-term (up to 1 year)	13.66	18.10	18.21	16.68	15.78	15.76	15.88	15.97	16.05	16.14	16.76	
Medium-term (1-2 years)	16.96	18.79	18.60	18.22	18.29	18.51	18.40	18.36	18.34	18.30	17.98	
Medium-term (2-3 years)	16.04	17.58	17.30	17.72	17.41	16.85	17.00	16.82	16.59	16.69	16.78	
Long-term (3-5 years)	15.60	17.88	17.41	16.65	16.21	16.06	16.07	16.06	16.13	16.10	16.04	
Term Loans (over 5 years)	17.53	15.74	15.39	15.58	15.68	15.99	15.92	15.85	15.82	15.82	15.91	
12 Negotiated lending rate	12.14	16.39	15.91	14.46	13.71	13.38	13.96	14.05	13.76	13.64	13.98	
In Foreign currency												
1 Deposits rates												
Savings deposits rate	1.41	0.55	1.03	2.29	1.58	0.79	0.92	0.91	0.41	0.40	0.38	
Overall time deposits rate	2.64	3.46	3.69	2.57	2.26	2.39	2.33	2.57	3.21	3.42	3.27	
1-months	2.45	3.03	3.66	2.01	1.22	1.73	1.77	3.06	3.09	4.45	3.09	
2-months	2.93	3.54	3.99	2.86	2.31	2.68	2.44	2.19	3.82	3.43	3.98	
3-months	2.86	3.23	3.81	2.73	2.61	2.70	2.66	2.63	2.80	2.99	3.18	
6-months	2.56	3.77	3.86	2.48	2.52	1.75	1.72	2.16	3.16	3.10	3.00	
12-months	2.39	3.74	3.14	2.75	2.63	3.09	3.06	2.83	3.20	3.14	3.10	
2 Overall lending rate	6.90	8.21	7.88	7.65	6.50	6.84	6.83	7.46	8.10	8.19	8.22	
Short-term (up to 1 year)	4.74	8.66	8.29	7.59	7.94	8.41	8.96	8.31	8.88	8.63	8.78	
Medium-term (1-2 years)	7.84	7.80	7.89	7.92	4.74	4.50	4.00	7.53	8.82	8.82	8.82	
Medium-term (2-3 years)	7.40	8.34	7.64	7.94	6.03	5.33	5.20	6.84	6.52	7.07	7.07	
Long-term (3-5 years)	6.85	8.08	7.79	7.85	7.90	8.98	8.99	7.21	8.88	8.88	8.88	
Term Loans (over 5 years)	7.67	8.16	7.78	6.93	5.92	6.98	6.99	7.40	7.40	7.55	7.55	

Source: Bank of Tanzania, banks and Bank of Tanzania computations



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.1: Balance of Payments

Item	2015	2016	2017	2018	2019	2020 ^p
USD Million						
A. Current Account	-4,477.4	-2,739.3	-1,775.1	-2,248.3	-1,490.9	-1,027.5
Balance on Goods	-5,016.3	-3,589.8	-3,041.0	-4,190.4	-3,415.5	-1,517.2
Goods: exports f.o.b.	4,826.7	4,873.9	4,510.8	4,292.7	5,377.6	6,371.7
Traditional	699.5	932.4	1,021.8	667.5	817.7	808.1
Nontraditional	3,688.5	3,498.4	3,078.9	3,234.9	4,186.0	5,253.3
o/w Gold	1,374.6	1,508.8	1,541.1	1,541.9	2,215.1	2,957.5
Unrecorded trade	438.8	443.1	410.1	390.2	373.8	310.4
Goods: imports f.o.b.	-9,843.1	-8,463.6	-7,551.7	-8,483.1	-8,793.1	-7,889.0
Balance on Services	783.3	1,422.9	1,792.0	2,098.8	2,498.5	944.7
Services: credit	3,412.4	3,599.3	3,831.9	4,014.7	4,281.0	2,183.8
Transportation	1,013.2	1,046.4	1,137.4	1,222.1	1,350.1	1,281.7
Travel	1,902.0	2,131.6	2,250.3	2,449.4	2,604.5	714.5
Other	497.2	421.3	444.2	343.2	326.4	187.5
Services: debit	-2,629.1	-2,176.4	-2,039.9	-1,915.9	-1,782.5	-1,239.1
Transportation	-1,036.3	-886.9	-795.7	-600.7	-678.3	-529.8
Travel	-1,195.3	-922.3	-807.3	-738.1	-651.1	-203.8
Other	-397.5	-367.2	-436.9	-577.2	-453.1	-505.5
Balance on Goods and Services	-4,233.1	-2,166.9	-1,249.0	-2,091.6	-917.0	-572.6
Balance on income	-724.3	-955.1	-928.1	-625.2	-992.5	-854.8
Income: credit	110.3	98.5	125.3	155.9	212.4	111.2
o/w Investment income	87.8	67.6	86.1	108.5	150.4	97.7
Compensation of employees	22.5	31.0	39.3	47.4	62.1	13.5
Income: debit	-834.6	-1,053.6	-1,053.5	-781.1	-1,204.9	-966.0
o/w Direct investment income	-550.0	-625.2	-700.0	-439.0	-766.3	-545.1
Interest payments (scheduled)	-248.6	-379.9	-306.1	-302.1	-398.3	-383.7
Compensation of employees	-33.2	-46.1	-45.0	-37.6	-37.9	-34.9
Balance on Goods, Services and Income	-4,957.4	-3,122.0	-2,177.1	-2,716.8	-1,909.5	-1,427.4
Balance on Current transfers	479.9	382.7	402.0	468.5	418.5	399.9
Current transfers: credit	560.1	452.7	485.2	535.8	474.9	452.6
Government	194.8	81.1	121.8	170.3	103.5	139.9
o/w Multilateral HIPC relief	0.0	0.0	0.0	0.0	0.0	0.0
Other sectors	365.3	371.6	363.4	365.5	371.4	312.7
Current transfer: debit	-80.2	-70.0	-83.2	-67.3	-56.4	-52.7
B. Capital Account	380.1	446.2	376.8	464.1	481.2	342.9
Capital transfers: credit	380.1	446.2	376.8	464.1	481.2	342.9
General Government	316.1	383.0	313.6	400.3	416.8	268.9
Project	290.3	357.3	287.8	394.3	416.8	256.1
Debt forgiveness (including MDR)	25.8	25.8	25.8	6.0	0.0	12.9
Other sectors	64.0	63.2	63.2	63.8	64.4	73.9
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-4,097.3	-2,293.1	-1,398.3	-1,784.2	-1,009.8	-684.6
C. Financial Account, excl. reserves and related items	2,411.5	1,314.6	2,097.5	1,610.5	2,343.1	786.7
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	1,506.0	864.0	937.7	971.6	1,217.2	684.9
Portfolio investment	27.6	-5.0	2.9	-3.7	36.8	-2.1
Other investment	877.8	455.6	1,156.9	642.6	1,089.1	103.9
Assets	-331.8	129.1	117.8	-149.8	-31.8	-24.4
Loans (banks)	-186.9	95.8	34.5	-35.2	-60.8	-167.3
Currency and deposits	-144.9	33.3	83.4	-114.5	34.9	145.2
Banks	-69.5	150.1	4.9	-206.9	-32.4	-34.0
Other sectors	-75.4	-116.8	78.5	92.4	67.3	179.2
Other assets	0.0	0.0	-0.1	0.0	-5.9	-2.3
Liabilities	1,209.6	326.4	1,039.1	792.4	1,120.9	128.3
Trade credits	-0.1	0.2	9.7	21.4	-8.9	10.1
Loans	1,307.1	395.5	1,046.5	733.5	1,154.6	146.2
Monetary Authority	0.0	0.0	0.0	0.0	0.0	0.0
SDR Allocation	0.0	0.0	0.0	0.0	0.0	0.0
General government	838.8	-124.0	649.6	397.8	1,160.7	86.5
Drawings	1,058.3	348.2	1,044.6	1,104.3	1,924.7	916.6
Repayments	-219.5	-472.3	-395.0	-706.5	-764.0	-830.1
Scheduled payments	-193.8	-446.5	-369.2	-700.5	-764.0	-817.3
Debt forgiveness	-25.8	-25.8	-25.8	-6.0	0.0	-12.9
Rescheduled debt	0.0	0.0	0.0	0.0	0.0	0.0
Banks	97.3	209.2	176.1	-32.2	88.2	37.2
Other sectors	371.0	310.3	220.8	367.9	-94.3	22.4
Drawings	547.4	453.3	318.9	467.6	365.2	281.8
Repayments	-176.4	-142.9	-98.1	-99.7	-459.5	-259.4
Scheduled payments	-176.4	-142.9	-98.1	-99.7	-459.5	-259.4
Currency and deposits	-97.5	-69.3	-17.1	37.6	-24.7	-28.1
Total, Groups A through C	-1,685.8	-978.5	699.2	-173.7	1,333.4	102.1
D. Net Errors and Omissions	1,486.7	1,284.1	970.4	-610.4	-746.4	-866.9
Overall balance	-199.1	305.5	1,669.6	-784.0	587.0	-764.9
E. Reserves and Related Items	199.1	-305.5	-1,669.6	784.0	-587.0	764.9
Reserve assets	273.7	-232.2	-1,598.7	871.9	-525.0	790.1
Use of Fund credit and loans	-74.6	-73.3	-70.9	-87.9	-62.0	-25.2
GDP (mp) billions of TZS	94,349.3	108,362.3	118,744.5	129,043.9	139,641.9	148,522.1
GDP (mp) millions of USD	47,413.9	49,774.4	53,275.9	57,003.7	61,026.7	64,739.6
CAB/GDP	-9.4	-5.5	-3.3	-3.9	-2.4	-1.6
CAB/GDP (excl. current official transfers)	-9.9	-5.7	-3.6	-4.2	-2.6	-1.8
CAB/GDP (excl. FDI related imports)	-6.9	-4.1	-1.9	-2.6	-0.8	-0.7
Gross Official Reserves	4,093.7	4,325.6	5,900.3	5,044.6	5,567.6	4,767.7
Months of Imports	4.6	5.4	6.8	5.7	7.3	5.3
Exchange rate (end of period)	2,148.5	2,172.6	2,230.1	2,281.2	2,287.9	2,298.5
Exchange rate (annual average)	1,989.9	2,177.1	2,228.9	2,263.8	2,288.2	2,294.1

Source: Bank of Tanzania, International Economics Depart

Notes:

1. Revision is based on new data obtained from the completion of Private Capital Flows and tourism survey and adoption of new data sources for some other items in the services account
 2. Change in gross official reserves will not necessarily be equal to reserve assets since a new methodology of computing reserve assets which nets out the impact of valuation was introduced beginning January 2006
- r = Revised
p = Provisional
O/W = Of Which



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.2: Balance of Payments

Item	2015	2016	2017	2018	2019	2020
TZS Million						
A. Current Account	-8,795,207.0	-5,961,915.8	-3,949,237.2	-5,085,468.9	-3,406,569.3	-2,345,674.8
Goods: exports f.o.b.	9,641,295.6	10,609,206.6	10,057,801.1	9,720,087.4	12,305,449.9	14,579,810.9
Traditional	1,405,061.9	2,027,576.9	2,279,270.0	1,509,195.3	1,871,336.1	1,849,023.7
Nontraditional	7,359,752.2	7,617,156.3	6,864,185.6	7,327,247.8	9,578,768.3	12,020,571.7
o/w Gold	2,745,710.0	3,285,022.4	3,435,296.9	3,492,560.8	5,068,720.9	6,767,441.3
Unrecorded trade	876,481.4	964,473.3	914,345.6	883,644.3	855,345.5	710,215.4
Goods: imports f.o.b.	-19,501,167.8	-18,426,144.5	-16,834,141.5	-19,211,363.3	-20,121,039.3	-18,051,579.4
Balance on Goods	-9,859,872.2	-7,816,937.9	-6,776,340.4	-9,491,276.0	-7,815,589.4	-3,471,768.5
Services: credit	6,818,154.4	7,834,717.1	8,541,362.9	9,090,083.8	9,795,843.5	4,996,914.9
Transportation	2,018,776.5	2,277,997.5	2,535,507.5	2,766,301.2	3,089,379.0	2,932,881.4
Travel	3,813,777.5	4,639,536.1	5,015,885.1	5,546,757.3	5,959,687.6	1,635,012.1
Other	985,600.4	917,183.5	989,970.2	777,025.4	746,776.9	429,021.4
Services: debit	-5,239,772.2	-4,738,237.5	-4,547,618.3	-4,336,304.0	-4,078,951.8	-2,835,315.3
Transportation	-2,052,754.1	-1,930,926.9	-1,773,810.4	-1,360,291.0	-1,552,145.5	-1,212,200.6
Travel	-2,392,932.3	-2,007,847.7	-1,799,550.8	-1,669,220.9	-1,489,878.3	-466,404.5
Other	-794,085.7	-799,462.9	-974,257.1	-1,306,792.1	-1,036,927.9	-1,156,710.2
Balance on Services	1,578,382.3	3,096,479.6	3,993,744.6	4,753,779.9	5,716,891.7	2,161,599.6
Balance on Goods and Services	-8,281,489.9	-4,720,458.4	-2,782,595.8	-4,737,496.1	-2,098,697.8	-1,310,168.9
Income: credit	217,554.1	214,496.6	279,457.6	353,238.5	486,126.6	254,424.7
Investment income	172,969.0	147,054.7	139,378.1	1,991,932.1	2,871,756.3	223,622.3
Compensation of employees	44,585.1	67,441.9	25,392.6	230,929.6	782,803.2	30,802.3
Income: debit	-1,664,155.9	-2,288,941.7	-2,342,267.2	-1,761,813.9	-2,751,688.8	-2,204,947.2
o/w Direct investment income	-1,094,464.5	-1,361,168.9	-1,560,200.3	-993,857.6	-1,753,437.8	-1,247,234.1
Interest payments (scheduled)	-503,888.0	-827,342.4	-681,724.3	-682,990.1	-911,564.0	-877,878.5
Compensation of employees	-65,803.3	-100,430.5	-100,342.6	-84,966.2	-86,687.0	-79,834.6
Balance on Income	-1,446,601.8	-2,074,445.1	-2,062,809.6	-1,408,575.3	-2,265,562.2	-1,950,522.5
Balance on Goods, Services and Income	-9,728,091.7	-6,794,903.5	-4,845,405.4	-6,146,071.4	-4,364,260.0	-3,260,691.5
Current transfers	932,884.7	832,987.6	896,168.2	1,060,602.5	957,690.7	915,016.7
Current transfers: credit	1,090,661.3	985,394.0	1,081,601.1	1,212,710.3	1,086,759.8	1,035,561.5
Government	365,034.2	176,445.7	271,716.3	385,314.5	236,882.9	320,040.3
o/w Multilateral HIPC relief	0.0	0.0	0.0	0.0	0.0	0.0
Other sectors	725,627.1	808,948.3	809,884.8	827,395.8	849,876.9	715,521.2
Current transfer: debit	-157,776.6	-152,406.3	-185,433.0	-152,107.8	-129,069.1	-120,544.8
B. Capital Account	769,186.7	970,771.8	840,573.2	1,049,690.7	1,100,930.5	660,174.7
Capital transfers credit	769,186.7	970,771.8	840,573.2	1,049,690.7	1,100,930.5	660,174.7
General Government	641,912.2	833,247.6	699,777.5	905,251.3	953,494.8	587,525.1
Project	586,056.0	777,228.5	642,148.1	891,661.5	953,494.8	587,525.1
Debt forgiveness (including MDRI)	55,856.2	56,019.1	57,629.4	13,589.8	0.0	0.0
Other sectors	127,274.4	137,524.2	140,795.7	144,439.4	147,435.7	72,649.6
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-8,026,020.3	-4,991,144.0	-3,108,664.1	-4,035,778.2	-2,305,638.8	-1,685,500.1
C. Financial Account, excl. reserves and related items	4,732,199.9	2,863,300.3	4,675,585.5	3,648,056.4	5,362,275.0	2,217,523.5
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	2,989,097.5	1,881,074.7	2,089,999.8	2,199,436.9	2,785,287.4	1,567,165.4
Portfolio investment	55,999.1	-10,914.5	6,489.8	-8,330.8	83,979.5	-4,752.8
Other investment	1,687,103.2	993,140.0	2,579,095.9	1,456,950.3	2,493,008.1	655,110.8
Assets	-612,494.6	280,834.8	261,945.6	-337,014.4	-72,988.7	332,178.9
Loans (banks)	-338,549.1	208,847.5	77,277.3	-79,216.4	-138,931.0	332,178.9
Currency and deposits	-273,917.0	71,981.5	184,800.6	-257,818.7	79,546.6	332,178.9
Banks	-119,114.8	326,388.5	9,788.7	-467,652.0	-74,597.5	-77,808.5
Other sectors	-154,802.3	-254,407.0	175,031.9	209,833.3	154,144.1	409,987.4
Other assets	-28.5	5.7	-132.2	20.6	-13,604.4	0.0
Liabilities	2,299,597.8	712,305.2	2,317,150.2	1,793,964.7	2,565,996.8	322,931.9
Trade credits	-188.9	458.3	21,331.0	48,530.1	-20,465.8	23,188.2
Loans	2,510,938.5	863,111.5	2,334,607.0	1,659,746.7	2,642,487.8	363,996.5
Monetary Authority	0.0	0.0	0.0	0.0	0.0	0.0
SDR allocation	0.0	0.0	0.0	0.0	0.0	0.0
General government	1,626,814.5	-268,446.0	1,449,654.0	900,451.6	2,656,417.1	227,403.8
Drawings	2,075,753.6	759,050.1	2,330,446.6	2,497,951.3	4,404,901.0	2,097,444.1
Repayments	-448,939.1	-1,027,496.1	-880,792.6	-1,597,499.7	-1,748,483.8	-1,870,040.4
Scheduled payments	-393,082.9	-971,477.0	-823,163.2	-1,583,909.9	-1,748,483.8	-1,870,040.4
Debt forgiveness	-55,856.2	-56,019.1	-57,629.4	-13,589.8	0.0	0.0
Rescheduled debt	0.0	0.0	0.0	0.0	0.0	0.0
Banks	205,910.3	455,164.5	392,309.6	-71,127.3	202,053.9	85,227.1
Other sectors	678,213.7	676,393.0	492,643.4	830,422.5	-215,983.2	51,365.7
Drawings	1,051,984.1	987,905.0	711,287.3	1,055,550.8	835,495.7	644,817.0
Repayments	-373,770.4	-311,511.9	-218,643.9	-225,128.3	-1,051,478.9	-593,451.3
Scheduled payments	-373,770.4	-311,511.9	-218,643.9	-225,128.3	-1,051,478.9	-593,451.3
Currency and deposits	-211,151.8	-151,264.6	-38,787.7	85,687.9	-56,025.1	-64,252.8
Total, Groups A through C	-3,293,820.5	-2,127,843.7	1,566,921.4	-387,721.9	3,056,636.2	532,023.4
D. Net Errors and Omissions	2,978,074.7	2,791,564.0	2,157,165.4	-1,383,112.4	-1,712,249.6	-2,282,262.8
Overall balance (Total, Groups A through D)	-315,745.7	663,720.3	3,724,086.8	-1,770,834.3	1,344,386.6	-1,750,239.3
E. Reserves and Related Items	315,745.7	-663,720.3	-3,724,086.8	1,770,834.3	-1,344,386.6	1,750,239.3
Reserve assets	468,076.9	-504,133.7	-3,565,769.7	1,970,297.2	-1,202,534.3	1,807,923.3
Use of Fund credit and loans	-152,331.2	-159,586.5	-158,317.1	-199,462.9	-141,852.3	-57,684.0
GDP(mp) Billions of TZS	90,863.7	102,261.0	111,564.2	130,180.3	142,474.1	164,962.7
GDP(mp) Millions of USD	54,985.4	51,389.8	51,245.1	58,406.7	62,936.3	72,092.5
CAB/GDP	-9.7	-5.8	-3.5	-3.9	-2.4	-1.4
CAB/GDP (excl. current official transfers)	-10.1	-6.0	-3.8	-4.2	-2.6	-1.6
Gross Official Reserves	4,093.7	4,325.6	5,900.3	5,044.6	5,567.6	4,767.7
Months of Imports	4.6	5.4	6.8	5.7	7.3	5.3
Exchange rate (end of period)	1,725.8	2,148.5	2,172.6	2,230.1		



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.3: Exports by Type of Commodity

Commodity	Unit	2016	2017	2018	2019	2020 ^P
Traditional exports:						
Coffee						
Value	Millions of USD	153.7	126.3	148.4	152.2	145.2
Volume	'000' Tonnes	58.7	41.8	56.3	76.2	64.0
Unit price	USD/Tonne	2,616.8	3,019.2	2,633.0	1,996.5	2,268.9
Cotton						
Value	Millions of USD	46.8	36.8	69.2	91.8	87.5
Volume	'000' Tonnes	33.0	25.3	47.4	79.0	72.6
Unit price	USD/Tonne	1,416.1	1,450.3	1,461.1	1,162.2	1,206.4
Sisal						
Value	Millions of USD	17.2	28.7	18.8	19.3	17.6
Volume	'000' Tonnes	8.6	17.0	12.3	12.2	11.2
Unit price	USD/Tonne	2,002.1	1,686.7	1,535.6	1,581.7	1,566.2
Tea						
Value	Millions of USD	44.8	49.1	46.5	45.7	32.4
Volume	'000' Tonnes	26.3	27.5	26.9	31.7	24.1
Unit price	USD/Tonne	1,700.8	1,783.6	1,727.4	1,444.2	1,345.5
Tobacco						
Value	Millions of USD	339.2	195.8	273.5	146.5	148.7
Volume	'000' Tonnes	74.3	48.3	75.0	42.6	42.6
Unit price	USD/Tonne	4,562.7	4,055.6	3,648.6	3,440.9	3,494.2
Cashew nuts						
Value	Millions of USD	320.2	529.7	110.8	353.1	359.6
Volume	'000' Tonnes	217.5	329.5	70.1	295.6	320.9
Unit price	USD/Tonne	1,472.4	1,607.5	1,580.6	1,194.6	1,120.6
Cloves						
Value	Millions of USD	10.5	55.4	0.4	9.1	17.1
Volume	'000' Tonnes	1.3	7.0	0.1	1.8	3.6
Unit price	USD/Tonne	7,989.3	7,865.1	4,384.6	5,047.8	4,770.0
Sub-total	Millions of USD	932.4	1,021.8	667.5	817.7	808.1
Non-traditional exports:						
Minerals	Millions of USD	1,930.0	1,694.5	1,634.2	2,326.7	3,369.1
Manufactured goods	Millions of USD	684.9	676.3	826.8	851.8	908.6
Other exports	Millions of USD	883.5	708.1	773.9	1,007.6	975.6
Sub-total	Millions of USD	3,498.4	3,078.9	3,234.9	4,186.0	5,253.3
Grand total	Millions of USD	4,430.8	4,100.7	3,902.5	5,003.8	6,061.3

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Figures do not include adjustments of unrecorded trade; r denotes revised data; and p, provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.4: Exports by Type of Commodity

Commodity	Unit	2016	2017	2018	2019	2020 ^P
Traditional exports:						
Coffee						
Value	Millions of TZS	335,553.8	342,565.4	335,227.2	348,112.5	333,113.2
Volume	'000' Tonnes	59.7	58.7	56.3	76.2	64.0
Unit price	TZS/Tonne	5,619,091.5	5,831,558.0	5,949,375.0	4,566,843.6	5,204,875.1
Cotton						
Value	Millions of TZS	101,749.2	104,390.5	150,815.9	210,056.6	200,796.8
Volume	'000' Tonnes	33.0	33.0	47.4	79.0	72.6
Unit price	TZS/Tonne	3,078,974.0	3,161,620.8	3,184,807.6	2,660,110.2	2,766,949.1
Sisal						
Value	Millions of TZS	37,523.9	38,411.0	42,416.0	44,081.3	40,269.9
Volume	'000' Tonnes	15.2	15.2	12.3	12.2	9.6
Unit price	TZS/Tonne	2,473,069.6	2,531,533.1	3,458,169.9	3,619,223.6	4,213,740.8
Tea						
Value	Millions of TZS	97,381.2	99,726.0	104,909.6	104,577.5	74,356.4
Volume	'000' Tonnes	27.5	29.3	26.9	31.7	24.1
Unit price	TZS/Tonne	3,543,769.2	3,404,386.0	3,898,685.0	3,303,617.1	3,085,897.3
Tobacco						
Value	Millions of TZS	707,817.4	778,076.6	619,168.9	335,250.4	341,132.9
Volume	'000' Tonnes	66.3	65.9	75.0	42.6	42.6
Unit price	TZS/Tonne	10,671,789.7	11,802,175.9	8,260,867.1	7,873,281.3	8,015,714.8
Cashewnuts						
Value	Millions of TZS	726,181.3	743,157.5	247,971.6	808,346.7	824,866.3
Volume	'000' Tonnes	171.7	171.2	70.1	295.6	320.9
Unit price	TZS/Tonne	4,228,290.6	4,340,705.4	3,536,307.7	2,734,585.7	2,570,869.6
Cloves						
Value	Millions of TZS	85,474.7	23,240.5	830.7	20,911.0	39,110.1
Volume	'000' Tonnes	2.8	3.1	0.0	1.8	3.6
Unit price	TZS/Tonne	30,714,547.7	7,554,850.2	34,611,729.5	11,552,673.2	10,922,979.6
Sub-total	Millions of TZS	2,091,681.6	2,129,567.5	1,501,339.8	1,871,336.1	1,853,645.6
Non-traditional exports:						
Minerals	Millions of TZS	4,181,675.9	4,281,778.7	3,685,730.3	5,324,022.2	7,730,142.4
Manufactured goods	Millions of TZS	1,507,140.5	1,542,969.8	1,864,918.8	1,949,017.4	2,084,843.8
Other exports	Millions of TZS	1,957,970.2	2,005,688.4	1,745,957.4	2,305,728.7	2,239,347.5
Sub-total	Millions of TZS	7,646,786.6	7,830,436.9	7,296,606.5	9,578,768.3	12,054,333.6
Grand total	Millions of TZS	9,738,468.2	9,960,004.4	8,797,946.3	11,450,104.4	13,907,979.2

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Figures do not include adjustments of unrecorded trade; r denotes revised data; and p, provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.5: Imports (f.o.b) by Major Commodity Groups

Commodity	Millions of USD					
	2015	2016	2017	2018	2019	2020 ^P
Capital goods	3,813.0	3,497.4	2,688.4	3,492.7	3,703.9	3,220.7
Transport equipment	1,096.5	907.7	694.2	1,218.3	1,079.9	782.8
Building and construction	908.0	817.2	581.8	862.6	1,006.7	936.8
Machinery	1,808.4	1,772.5	1,412.5	1,411.8	1,617.4	1,501.2
Intermediate goods	3,696.6	2,863.2	2,704.4	2,655.2	2,682.7	2,231.8
Oil	2,760.7	1,807.7	1,850.6	1,573.4	1,793.8	1,281.3
Fertilizers	145.6	118.6	124.9	180.5	129.9	186.3
Industrial raw materials	790.4	937.0	728.9	901.2	759.0	764.2
Consumer goods	2,333.5	2,103.0	2,158.9	2,333.1	2,404.3	2,434.2
Food and food stuffs	541.7	445.5	405.3	460.0	412.1	386.7
All other consumer goods	1,791.8	1,657.5	1,753.6	1,873.0	1,992.2	2,047.6
Total	9,843.1	8,463.6	7,551.7	8,483.1	8,793.1	7,889.0

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: r denotes revised data; and p, provisional data

Table A4.6: Imports (f.o.b) by Major Commodity Groups

Commodity	Million of TZS					
	2015	2016	2017	2018	2019	2020 ^P
Capital goods	7,587,426.1	7,614,006.1	5,992,080.5	7,906,653.2	8,475,374.2	7,388,815.8
Transport equipment	2,181,924.0	1,976,044.5	1,547,187.7	2,757,990.3	2,470,930.5	1,795,748.1
Building and construction	1,806,892.7	1,779,113.5	1,296,736.5	1,952,680.5	2,303,501.7	2,149,193.0
Machinery	3,598,609.5	3,858,848.1	3,148,156.3	3,195,982.4	3,700,942.0	3,443,874.7
Intermediate goods	7,355,951.2	6,233,489.8	6,027,687.9	6,010,694.7	6,138,491.4	5,120,129.6
Oil	5,493,476.5	3,935,406.4	4,124,684.9	3,561,918.0	4,104,511.8	2,939,545.5
Fertilizers	289,677.5	258,131.0	278,332.9	408,604.0	297,161.2	427,422.2
Industrial raw materials	1,572,797.2	2,039,952.4	1,624,670.1	2,040,172.8	1,736,818.4	1,753,161.9
Consumer goods	4,643,383.3	4,578,420.9	4,811,910.1	5,281,560.2	5,501,515.9	5,584,470.8
Food and food stuffs	1,077,930.0	969,838.6	903,324.3	1,041,433.2	943,041.7	887,043.5
All other consumer goods	3,565,453.3	3,608,582.3	3,908,585.9	4,240,127.1	4,558,474.2	4,697,427.3
Total	19,586,760.6	18,425,916.9	16,831,678.6	19,198,908.2	20,115,381.5	18,093,416.2

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: r denotes revised data; and p, provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.7: Imports (c.i.f) by Major Commodity Groups

Commodity	Million of TZS					
	2015	2016	2017	2018 ^r	2019	2020 ^p
Capital goods	8,337,830.9	8,367,039.7	6,584,703.9	8,690,867.4	9,315,911.9	8,121,826.3
Transport equipment	2,397,718.7	2,171,477.5	1,700,206.3	3,031,539.0	2,715,982.9	1,973,896.0
Building and construction	1,985,596.4	1,955,069.8	1,424,985.1	2,146,355.3	2,531,949.4	2,362,404.6
Machinery	3,954,515.9	4,240,492.4	3,459,512.5	3,512,973.0	4,067,979.6	3,785,525.7
Intermediate goods	8,083,462.8	6,849,988.8	6,623,832.9	6,606,860.0	6,747,270.8	5,628,074.2
Oil	6,036,787.3	4,324,622.5	4,532,620.8	3,915,203.6	4,511,573.1	3,231,164.3
Fertilizers	318,326.9	283,660.5	305,860.3	449,131.0	326,631.9	469,824.8
Industrial raw materials	1,728,348.6	2,241,705.9	1,785,351.8	2,242,525.4	1,909,065.8	1,927,085.1
Consumer goods	5,102,619.0	5,031,231.8	5,287,813.3	5,805,407.0	6,047,123.8	6,138,480.4
Food and food stuffs	1,184,538.5	1,065,756.7	992,664.0	1,144,726.8	1,036,567.0	975,043.0
All other consumer goods	3,918,080.5	3,965,475.1	4,295,149.3	4,660,680.2	5,010,556.8	5,163,437.5
Total	21,523,912.7	20,248,260.3	18,496,350.1	21,103,134.4	22,110,306.5	19,888,380.9

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: r denotes revised data; and p, provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.8: Exports by Country of Destination

	Millions of TZS					
	2015	2016	2017	2018	2019	2020 ^P
Australia	8,977.4	16,497.0	10,305.2	8,757.7	7,765.2	8,784.4
Belgium	295,288.5	616,178.6	429,842.1	541,542.4	425,097.7	284,386.9
Burundi	77,673.3	113,462.1	113,236.4	107,876.7	200,177.7	409,835.7
Canada	11,826.1	10,146.7	8,110.8	15,644.1	8,372.5	7,256.0
China	1,112,872.5	770,945.5	316,022.0	325,410.2	532,207.1	545,593.1
Democratic Republic of Congo	392,428.4	634,887.1	2,693.6	304,104.7	375,182.8	329,389.4
Denmark	5,465.7	8,497.9	8,479.8	6,164.7	9,445.5	8,500.0
Eire/Ireland	1,332.1	2,561.9	1,375.5	1,019.6	817.6	636.6
France	27,798.9	51,990.3	30,351.3	47,613.1	26,523.2	48,973.4
Germany	446,692.3	250,990.0	108,583.0	90,670.3	95,749.6	116,555.4
Hong Kong	67,259.7	65,326.8	96,193.9	87,992.7	112,919.7	292,710.8
India	2,274,810.2	1,530,006.5	2,182,438.4	1,654,380.5	1,975,728.5	1,206,533.2
Indonesia	12,730.5	37,421.7	32,286.1	52,232.8	31,211.3	24,573.3
Italy	71,182.1	91,726.5	80,982.8	63,103.4	46,402.1	50,340.7
Japan	456,063.2	301,495.8	165,609.9	150,121.0	146,042.2	127,475.5
Kenya	1,452,035.1	683,147.8	390,644.5	482,237.3	614,902.6	526,287.6
Malaysia	57,758.0	28,474.5	21,933.6	18,717.7	13,504.1	33,039.6
Mozambique	37,020.8	26,853.8	29,088.9	15,378.5	74,313.3	48,021.8
Netherland	151,448.3	139,050.4	159,738.9	171,865.9	179,820.2	14.7
New Zealand	4,406.9	12,185.9	6,614.0	7,511.1	735.5	1,931.6
Norway	2,845.3	1,735.6	1,048.6	1,548.7	1,211.3	529.9
Pakistan	39,380.7	32,338.0	26,920.3	68,689.8	111,795.1	185,632.9
Portugal	38,792.5	41,004.1	43,820.8	46,677.9	29,294.0	17,998.0
Singapore	13,112.3	22,835.8	12,083.4	6,374.6	17,241.1	99,658.9
Somalia	5,528.6	845.8	2,885.5	2,188.6	5,407.5	3,593.1
South Africa	1,336,621.1	1,374,237.3	1,553,437.7	1,662,185.7	2,211,922.3	2,652,547.2
Spain	37,034.6	34,109.8	44,945.3	37,521.1	33,186.6	444,772.5
Sri Lanka	3,472.0	1,685.4	3,489.5	1,630.9	2,342.0	15,724.0
St. Helena	1.9	0.0	n.a	4,613.6	0.0	0.0
Sweden	10,228.5	12,116.0	12,751.1	7,158.2	6,276.1	5,517.5
Switzerland	304,642.7	1,671,353.8	584,189.5	584,262.2	743,462.2	1,988,501.5
Taiwan	4,370.1	4,631.0	2,467.3	2,279.1	2,131.3	3,767.2
Thailand	13,119.9	19,602.7	20,571.3	26,256.5	43,504.0	27,308.2
Uganda	99,881.8	126,744.3	53,630.2	238,736.7	281,558.7	436,886.8
United Arab Emirates	311,846.4	138,158.3	195,628.3	193,172.5	899,711.3	1,723,636.1
United Kingdom	45,600.3	49,680.8	40,385.9	35,146.3	35,459.5	33,601.9
United States	100,478.9	123,788.9	138,266.7	135,781.2	119,358.3	107,332.0
USSR/Russia	23,085.4	24,124.3	25,306.6	29,431.2	14,033.7	17,267.7
Zambia	12,439.8	70,815.5	108,312.3	114,266.0	130,236.9	124,297.9
Others	412,087.6	596,813.9	2,895,333.6	1,761,172.8	1,887,188.3	1,899,661.8
Total	9,779,640.5	9,738,468.2	9,960,004.4	9,111,438.1	11,452,238.5	13,859,074.6

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: n.a denotes not available; and p, provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.9: Imports (c.i.f) by Country of Origin

	Millions of TZS					
	2015	2016	2017	2018	2019	2020 ^P
Argentina	34,528.6	15,396.7	53,566.3	7,404.0	4,371.5	54,222.5
Australia	205,934.2	140,445.7	145,777.0	143,092.6	353,269.2	108,261.2
Belgium	126,911.5	141,386.8	145,082.2	145,938.3	137,423.8	142,168.2
Brazil	33,932.0	60,629.3	117,490.9	45,347.0	36,755.1	42,894.4
Burundi	2,121.6	1,685.9	521.3	2,338.3	831.5	638.5
Canada	119,613.3	219,588.3	88,587.0	78,924.1	69,840.3	71,533.0
China	3,700,358.4	3,566,894.8	3,359,881.1	4,009,049.4	4,596,417.4	4,970,234.6
Democratic Republic of Congo	1,253.4	777.8	26.5	1,270.7	2,980.1	4,938.7
Denmark	131,738.8	88,470.6	95,621.2	81,594.1	69,138.0	60,378.8
Eire/Ireland	34,145.3	49,507.2	97,424.2	53,061.1	52,445.5	67,775.5
Finland	100,078.5	75,557.7	165,736.8	98,624.7	113,628.4	93,000.1
France	190,060.6	147,168.2	150,288.2	233,609.7	197,949.1	186,635.3
Germany, Federal	320,148.4	417,265.8	518,787.6	500,917.7	531,365.1	551,928.0
Hong Kong	90,589.6	112,306.3	114,845.3	136,597.6	109,920.2	109,943.2
India	2,512,648.4	3,110,402.5	2,610,263.5	2,769,670.5	2,911,783.6	2,511,264.9
Indonesia	283,642.9	140,724.0	321,368.7	302,371.7	391,490.6	302,626.4
Iran	33,583.1	22,956.9	39,373.5	56,950.3	37,853.5	20,649.7
Italy	157,773.8	190,834.7	200,995.1	218,608.4	266,091.5	408,283.9
Japan	790,187.5	807,663.4	919,901.8	905,518.5	1,127,463.3	866,711.9
Kenya	473,678.2	582,864.0	450,305.1	563,073.5	614,398.1	571,151.7
Malaysia	337,162.5	567,020.1	413,982.8	338,947.2	237,633.1	264,917.9
Mexico	14,677.5	10,474.7	13,742.2	18,374.1	23,406.2	20,724.7
Mozambique	66,075.2	26,026.9	20,677.0	54,600.4	19,256.7	5,502.8
Netherlands	189,505.4	229,584.5	189,519.6	193,776.4	195,145.1	309,283.6
New Zealand	7,697.3	7,841.0	6,375.3	7,638.4	5,530.2	3,323.8
Norway	9,426.9	15,286.5	26,402.1	189,274.7	103,592.8	26,333.5
Pakistan	80,888.7	70,138.4	52,770.7	89,766.7	71,522.5	66,021.3
Portugal	7,432.8	6,873.7	17,729.5	20,212.2	64,039.3	12,000.6
Saudi Arabia	4,019,058.6	479,693.6	1,051,617.0	1,292,481.2	988,243.4	791,592.8
Singapore	183,597.9	114,593.1	137,796.8	68,791.5	152,041.2	71,047.7
Somalia	850.6	0.0	0.0	0.0	0.0	3.8
South Africa	1,020,625.9	1,027,974.0	929,196.2	994,807.6	1,016,150.5	797,094.2
South Korea	450,276.3	359,878.9	315,035.1	1,569.0	253,362.8	290,273.2
Spain	63,214.4	68,590.7	78,248.8	83,651.9	137,879.2	118,535.3
Sri Lanka	21,419.7	7,042.3	7,662.1	12,317.8	8,555.4	5,837.2
Swaziland	74,138.8	89,699.7	83,154.4	87,520.8	112,169.1	60,742.9
Sweden	118,880.7	150,179.9	79,281.9	125,422.4	112,699.7	137,037.2
Switzerland	856,409.2	282,505.4	460,663.2	282,235.4	377,961.9	230,713.5
Taiwan	108,871.2	57,670.2	63,698.2	55,172.4	66,164.4	62,441.3
Thailand	183,744.2	171,077.9	205,054.4	268,363.9	253,988.3	195,198.3
Turkey	156,801.2	142,329.6	172,912.4	388,657.8	386,207.1	516,544.7
Uganda	78,309.9	66,848.5	76,481.8	119,947.2	138,724.5	170,652.7
United Arab Emirate	1,674,224.8	1,289,428.3	1,326,921.8	1,983,145.0	2,195,236.5	1,900,379.1
United Kingdom	361,532.2	337,544.4	293,230.7	361,990.0	323,301.4	268,832.3
United States	641,744.2	548,576.0	452,137.7	540,782.3	739,944.9	555,912.3
USSR/Russia	245,853.9	233,773.9	280,119.3	140,145.4	111,184.8	394,910.3
Zambia	64,729.4	72,926.8	120,357.5	116,033.2	109,268.9	117,995.3
Zimbabwe	11,408.7	4,520.5	2,508.9	2,803.5	2,266.4	10,746.4
Others	3,093,249.5	5,920,484.3	6,304,702.6	2,384,787.1	1,797,535.6	1,081,978.8
Total	23,484,736.0	22,251,110.4	22,777,823.4	20,577,177.5	21,628,427.9	19,631,817.9

Source: Tanzania Revenue Authority and Bank of Tanzania computations
 Note: n.a denotes not available; and p, provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.10: Tanzania Exports to COMESA Countries

	Millions of TZS					
	2015	2016	2017	2018	2019	2020 ^P
Burundi	77,673.3	113,462.1	113,236.4	107,876.7	200,177.7	409,835.7
Comoro	371,921.3	375,192.9	11,386.0	7,338.8	10,425.9	10,946.9
Djibout	15,401.2	6,408.5	905.9	74.5	1,112.1	194.1
Ethiopia	293.8	1,789.4	5,720.4	7,503.5	12,839.8	5,663.4
Kenya	1,452,035.1	683,147.8	390,644.5	482,237.3	614,902.6	526,287.6
Lesotho	n.a	n.a	n.a	n.a	0.9	5.1
Malawi	111,089.8	67,007.8	80,273.7	104,454.5	130,758.1	107,648.5
Mauritius	2,514.8	3,590.6	5,343.0	5,567.8	3,255.8	2,392.5
Rwanda	81,736.7	14,188.4	134,667.9	179,647.5	434,792.0	475,369.1
Somalia	5,528.6	845.8	2,885.5	2,188.6	5,407.5	3,593.1
Swaziland	18,074.2	247.3	1,225.7	4,613.6	13,431.8	133.6
Uganda	99,881.8	126,744.3	53,630.2	238,736.7	281,558.7	436,886.8
Zambia	87,513.6	70,815.5	108,312.3	114,266.0	130,236.9	124,297.9
Zimbabwe	12,439.8	13,821.4	18,621.3	19,784.4	42,724.0	48,944.4
Total	2,336,104.0	1,477,261.7	926,852.9	1,274,290.0	1,881,623.9	2,152,198.5

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: n.a denotes not available; and p, provisional data

Table A4.11: Tanzania Imports from COMESA Countries

	Millions of TZS					
	2015	2016	2017	2018	2019	2020 ^P
Burundi	2,121.6	1,685.9	521.3	2,338.3	831.5	638.5
Comoro	186.7	10,153.6	37.7	67.1	8.2	70.8
Djibout	273.9	293.6	375.2	322.7	0.0	0.3
Ethiopia	4,677.4	283.2	432.0	549.2	714.3	5,071.6
Kenya	473,678.2	582,864.0	450,305.1	563,073.5	614,398.1	571,151.7
Lesotho	1,017.3	998.3	605.6	1,532.6	2,841.5	1,541.3
Malawi	26,999.1	57,834.7	36,965.5	41,657.8	55,263.7	51,713.5
Mauritius	49,329.4	32,900.1	17,486.4	16,840.3	19,331.3	12,803.3
Rwanda	2,210.7	2,444.0	2,905.4	3,099.2	3,449.7	5,182.1
Somalia	850.6	0.0	0.0	0.0	0.0	3.8
Swaziland	74,138.8	282,505.4	83,154.4	87,520.8	112,169.1	60,742.9
Uganda	78,309.9	66,848.5	76,481.8	119,947.2	138,724.5	170,652.7
Zambia	64,729.4	72,926.8	120,357.5	116,033.2	109,268.9	117,995.3
Zimbabwe	11,408.7	4,520.5	2,508.9	2,803.5	2,266.4	10,746.4
Total	789,931.6	1,116,258.8	792,136.9	955,785.4	1,059,267.3	1,008,314.0

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.12: Trade with SADC Member States

	Millions of USD					
	2015	2016	2017	2018	2019	2020 ^P
South Africa						
Exports	673.2	631.3	699.8	736.6	966.5	1,156.2
Imports	514.1	472.2	415.2	440.8	444.0	347.4
Trade balance	159.2	159.1	284.6	295.7	522.5	808.8
DRC						
Exports	197.7	291.6	153.6	134.8	163.9	143.6
Imports	4.9	0.4	1.0	0.6	1.3	2.2
Trade balance	192.8	291.3	152.7	134.2	162.6	141.4
Malawi						
Exports	56.0	30.8	69.1	46.3	57.1	46.9
Imports	32.6	26.6	16.5	18.5	24.1	22.5
Trade balance	23.4	4.2	52.7	27.8	33.0	24.4
Zambia						
Exports	44.1	32.5	46.0	50.6	56.9	54.2
Imports	37.3	33.5	53.7	51.4	47.7	51.4
Trade balance	6.7	-1.0	-7.7	-0.8	9.2	2.7
Mozambique						
Exports	18.6	12.3	12.9	6.8	32.5	20.9
Imports	24.8	12.0	9.2	24.2	8.4	2.4
Trade balance	-6.2	0.4	3.6	-17.4	24.1	18.5
Namibia						
Exports	0.7	0.3	0.2	0.4	0.8	0.3
Imports	13.6	6.1	7.4	9.3	6.6	4.6
Trade balance	-12.9	-5.8	-7.2	-9.0	-5.8	-4.3
Madagascar						
Exports	3.3	1.0	4.6	6.8	5.8	2.3
Imports	33.3	5.6	10.9	13.8	8.6	2.5
Trade balance	-30.0	-4.6	-6.3	-7.0	-2.9	-0.3
Zimbabwe						
Exports	6.3	6.3	8.3	8.8	18.7	21.3
Imports	0.1	2.1	1.1	1.2	1.0	4.7
Trade balance	6.1	4.3	7.2	7.5	17.7	16.7
Mauritius						
Exports	1.3	1.6	2.4	2.5	1.4	1.0
Imports	5.7	15.1	7.9	7.5	8.4	5.6
Trade balance	-4.5	-13.5	-5.5	-5.0	-7.0	-4.5
Angola						
Exports	3.8	4.6	10.2	2.7	3.6	0.4
Imports	0.0	0.0	0.0	0.2	0.0	0.5
Trade balance	3.8	4.5	10.2	2.4	3.6	0.0
Swaziland						
Exports	9.1	0.1	0.6	2.0	5.9	0.1
Imports	1.5	41.2	37.2	38.8	49.0	26.5
Trade balance	7.6	-41.1	-36.7	-36.7	-43.1	-26.4
Seychelles						
Exports	14.0	0.2	0.2	0.0	0.0	0.3
Imports	0.6	0.1	2.4	1.9	0.0	0.0
Trade balance	13.4	0.2	-2.2	-1.9	0.0	0.3
Botswana						
Exports	0.1	0.0	0.4	0.4	0.6	0.0
Imports	0.5	0.3	0.2	0.3	0.1	1.5
Trade balance	-0.4	-0.3	0.2	0.1	0.5	-1.5
Lesotho						
Exports	0.0	0.0	0.0	0.0	0.0	0.0
Imports	0.1	0.5	0.3	0.7	1.2	0.7
Trade balance	-0.1	-0.5	-0.3	-0.7	-1.2	-0.7
Exports to SADC	1,028.1	1,012.7	1,008.4	998.6	1,313.8	1,447.6
Imports from SADC	669.2	615.5	563.1	609.2	600.8	472.5
Trade balance	358.9	397.2	445.4	389.4	713.0	975.1

Source: Tanzania Revenue Authority and Bank of Tanzania computations
Note: p denotes provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.13: Tanzania's Shares of Trade with SADC Member States

	2015	2016	2017	2018	2019	Percent 2020 ^P
Exports:						
South Africa	65.5	62.3	69.4	73.8	73.6	79.9
DRC	19.2	28.8	15.2	13.5	12.5	9.9
Malawi	5.4	3.0	6.9	4.6	4.3	3.2
Zambia	4.3	3.2	4.6	5.1	4.3	3.7
Mozambique	1.8	1.2	1.3	0.7	2.5	1.4
Namibia	0.1	0.0	0.0	0.0	0.1	0.0
Madagascar	0.3	0.1	0.5	0.7	0.4	0.2
Zimbabwe	0.6	0.6	0.8	0.9	1.4	1.5
Mauritius	0.1	0.2	0.2	0.2	0.1	0.1
Angola	0.4	0.5	1.0	0.3	0.3	0.0
Swaziland	0.9	0.0	0.1	0.2	0.4	0.0
Seychelles	1.4	0.0	0.0	0.0	0.0	0.0
Botswana	0.0	0.0	0.0	0.0	0.0	0.0
Lesotho	0.0	0.0	0.0	0.0	0.0	0.0
Imports:						
South Africa	76.8	76.7	73.7	72.4	73.9	73.5
DRC	0.7	0.1	0.2	0.1	0.2	0.5
Malawi	4.9	4.3	2.9	3.0	4.0	4.8
Zambia	5.6	5.4	9.5	8.4	7.9	10.9
Mozambique	3.7	1.9	1.6	4.0	1.4	0.5
Namibia	2.0	1.0	1.3	1.5	1.1	1.0
Madagascar	5.0	0.9	1.9	2.3	1.4	0.5
Zimbabwe	0.0	0.3	0.2	0.2	0.2	1.0
Mauritius	0.9	2.5	1.4	1.2	1.4	1.2
Angola	0.0	0.0	0.0	0.0	0.0	0.1
Swaziland	0.2	6.7	6.6	6.4	8.2	5.6
Seychelles	0.1	0.0	0.4	0.3	0.0	0.0
Botswana	0.1	0.0	0.0	0.0	0.0	0.3
Lesotho	0.0	0.1	0.0	0.1	0.2	0.1

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data



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A5.0: National Debt Statistics

Table A5.1: Debt Developments

Item	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20 ^r	2020/21 ^p
Millions of USD									
1. Overall total external debt committed ²	17,087.4	18,804.1	20,718.9	23,118.3	25,692.9	28,063.1	29,573.9	33,072.9	35,993.4
Disbursed outstanding external debt	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,029.3	20,958.4	23,250.9
Undisbursed external debt	6,001.0	6,172.0	6,170.6	7,170.2	8,441.7	9,298.0	9,544.6	12,114.5	12,742.5
2. Disbursed external debt by creditor category ²	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,029.3	20,958.4	23,250.9
Bilateral debt	1,018.9	1,057.9	923.3	1,112.5	1,155.9	981.7	1,057.1	1,113.4	1,168.0
Multilateral debt	6,406.1	6,997.3	7,602.6	8,044.4	8,711.1	9,509.2	9,966.4	10,703.3	11,775.8
Commercial debt	2,976.4	3,780.0	4,871.5	5,572.9	5,879.8	6,498.5	6,922.8	7,051.8	8,056.5
Export credits	685.1	796.9	1,150.8	1,218.3	1,504.4	1,775.7	2,083.0	2,089.9	2,250.6
3. Disbursed external debt by borrower category ²	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,029.3	20,958.4	23,250.9
Central government	8,993.6	10,416.3	11,986.8	12,944.5	13,901.6	14,978.8	15,727.2	16,764.6	18,640.1
Public corporations	454.8	491.2	427.2	337.0	282.2	180.4	95.0	49.2	37.2
Private sector	1,638.0	1,724.5	2,134.3	2,666.6	3,067.4	3,605.9	4,207.1	4,144.6	4,573.6
4. Disbursed external debt by use of funds ²	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,029.3	20,958.4	23,250.9
BOP and budget support	2,627.0	2,582.7	2,383.8	2,544.3	3,053.6	2,723.7	2,836.4	2,705.4	3,395.8
Transport and telecommunication	1,821.7	2,953.5	3,291.0	3,649.3	3,891.6	4,077.0	4,634.0	5,733.3	5,944.0
Agriculture	960.3	613.7	604.1	615.7	1,118.9	1,207.0	1,256.0	1,300.0	1,369.0
Energy and mining	910.5	1,698.2	2,324.0	2,700.6	2,785.0	2,970.0	3,105.0	3,083.0	3,217.0
Industries	224.4	215.2	345.2	400.0	435.0	605.0	666.0	749.0	805.0
Social welfare and education	2,236.9	2,154.9	2,255.7	2,350.1	2,512.5	2,999.0	3,254.0	3,705.0	4,134.0
Finance and insurance	357.3	395.8	637.2	732.6	895.2	1,049.0	1,186.0	1,071.0	1,217.0
Tourism	104.3	101.5	97.5	46.9	67.3	68.0	171.0	182.0	185.0
Real estate and construction		182.2	555.0	733.4	796.2	1,096.0	1,109.0	1,012.0	1,744.0
Other	1,844.0	1,734.4	2,054.8	2,175.2	1,696.0	1,970.4	1,811.9	1,417.7	1,240.1
5. Total amount of loan contracted ¹	1,937.0	1,159.2	1,415.0	850.2	1,182.7	282.7	155.4	134.6	134.6
Central government	1,006.3	430.9	500.0	0.0	400.0	0.0	0.0	0.0	0.0
Public corporations	263.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private sector	667.6	728.3	915.0	850.2	782.7	282.7	155.4	134.6	134.6
5. External debt disbursements ¹	2,351.2	2,347.4	2,584.1	1,800.0	1,634.9	1,599.3	1,469.5	2,212.1	2,300.4
Central government	1,949.7	1,934.7	2,033.9	1,145.2	1,310.3	1,394.7	1,351.1	1,883.2	2,219.4
Public corporations	114.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private Sector	287.3	412.6	550.2	654.8	324.6	204.6	118.4	328.9	81.0
6. Actual external debt service ¹	148.3	489.0	565.5	880.5	854.2	1,072.3	990.5	2,005.9	1,431.2
Principal	54.5	326.7	334.3	529.6	544.7	760.7	693.2	1,710.9	977.1
Interest	62.8	162.3	225.1	350.8	309.6	311.6	297.2	295.0	454.1
Other payments	31.0	0.0	6.0	0.1	0.0	0.0	0.0	0.0	0.0
7. Net flows on external debt ¹	2,296.6	2,020.7	2,249.8	1,270.3	1,090.2	838.6	776.3	501.2	1,323.3
8. Net transfers on external debt ¹	2,202.9	1,858.4	2,018.6	919.5	780.6	526.9	479.1	206.2	869.2
9. External debt arrears by creditors category ²	2,770.8	3,339.2	3,146.8	2,350.5	3,142.8	4,279.5	4,789.3	4,979.7	5,622.4
Principal	1,375.0	1,734.4	1,811.1	1,117.7	1,742.9	2,541.6	2,897.6	2,985.4	3,354.0
Bilateral debt	356.5	379.0	427.3	327.7	346.8	326.0	320.7	329.7	372.5
Multilateral debt	19.8	24.2	34.6	28.1	72.0	100.7	117.2	137.1	166.1
Commercial debt	674.6	831.5	754.6	416.3	730.9	807.3	1,281.5	1,246.9	1,619.6
Export credits	324.0	499.8	594.6	345.6	593.2	1,307.6	1,178.2	1,271.7	1,195.8
Interest	1,395.8	1,604.8	1,335.7	1,232.8	1,399.9	1,737.9	1,891.7	1,994.3	2,268.4
Bilateral debt	767.2	835.4	678.3	730.4	784.8	840.9	901.4	969.9	1,063.0
Multilateral debt	5.4	10.9	11.2	7.7	14.9	29.4	25.2	38.5	59.5
Commercial debt	516.1	594.5	439.8	295.3	365.7	359.9	536.2	521.6	632.4
Export credits	107.1	163.9	206.4	199.3	234.6	507.7	428.9	464.3	513.5
10. Total debt stock	16,001.6	18,198.5	19,692.6	21,788.1	24,639.0	26,971.0	28,412.8	29,708.9	33,773.1
External debt stock	12,482.2	14,236.9	15,884.0	17,180.9	18,651.1	20,503.0	21,921.0	22,952.7	25,519.3
Domestic debt stock	3,519.4	3,961.7	3,808.6	4,607.2	5,987.8	6,468.0	6,491.8	6,756.2	8,253.8
Memorandum items:									
Export of goods and services	8,341.5	8,589.3	8,852.3	8,405.8	8,430.4	8,588.5	8,298.0	9,049.4	8,536.5
GDP at market (current) prices	42,207.1	47,155.0	43,792.6	46,517.8	50,917.5	54,464.5	58,220.8	62,956.4	67,323.2
External debt stock as percent of GDP	29.6	30.2	36.3	36.9	36.6	37.6	37.7	36.5	37.9
Total debt stock as percent of GDP	37.9	38.6	45.0	46.8	48.4	49.5	48.8	47.2	50.2
External debt service as percent of exports	1.8	5.7	6.4	10.5	10.1	12.5	11.9	22.2	16.8
External debt as percent of exports	149.6	165.8	179.4	204.4	221.2	238.7	264.2	253.6	298.9
Domestic debt stock as percent of GDP	8.3	8.4	8.7	9.9	11.8	11.9	11.2	10.7	12.3
End of period exchange rate (TZS/USD)	1,602.7	1,649.7	2,020.3	2,178.9	2,230.1	2,277.7	2,289.5	2,296.5	2,298.9

Source: Bank of Tanzania

Note: Multilateral arrears are those owed by the private sector. ¹ denotes debt flows during the period; ² stock position at the end of period; r. revised data; and p. provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.1: Gross Domestic Products by Activity at Current Prices

Activity	Million of TZS					
	2015	2016	2017 ^r	2018 ^r	2019 ^r	2020 ^P
Agriculture, forestry and fishing	519,718.9	603,033.4	694,698.3	777,912.4	875,199.9	959,380.0
Crops	227,704.6	256,455.8	312,784.6	315,521.7	306,783.5	369,651.4
Livestock	113,538.0	166,745.2	165,055.7	224,028.3	320,404.5	331,328.9
Forestry	41,251.0	42,627.8	51,377.8	48,401.7	49,980.4	51,957.9
Fishing	137,225.4	137,204.6	165,480.2	189,960.7	198,031.5	206,441.8
Industry	433,500.9	528,604.9	631,556.9	652,893.3	756,276.3	826,205.7
Mining and quarrying	23,463.6	28,885.7	36,289.3	42,661.5	43,583.4	42,935.7
Manufacturing	180,115.0	195,133.2	210,685.0	217,762.8	281,920.5	324,928.3
Electricity and gas	11,658.2	28,904.8	29,866.2	31,139.1	48,531.8	58,968.6
Water supply and sewerage	19,565.8	20,706.8	21,589.9	22,081.1	24,588.5	24,009.9
Construction	198,698.4	254,974.3	333,126.5	339,248.8	357,652.1	375,363.2
Services	1,197,783.8	1,368,142.3	1,613,850.1	1,940,016.8	2,137,032.3	2,059,160.0
Trade and repairs	162,086.3	175,084.7	200,459.4	199,982.3	205,674.5	211,669.7
Transport and storage	101,969.3	109,118.4	109,288.9	115,708.3	129,840.2	141,760.4
Accommodation and food services	331,006.3	388,084.5	479,219.7	721,688.4	833,359.5	666,543.9
Accommodation	268,136.6	318,470.5	393,954.8	601,940.4	698,061.7	571,063.9
Food and beverage services	62,869.6	69,614.0	85,264.9	119,748.0	135,297.9	95,480.0
Information and communication	52,507.0	51,159.5	37,311.6	36,746.1	56,834.0	70,827.1
Financial and insurance activities	78,575.3	90,732.9	117,506.9	139,724.9	145,665.7	144,763.6
Real estate activities	127,917.6	180,398.8	273,923.7	300,646.9	320,126.7	348,864.6
Professional, scientific and technical	3,595.5	4,285.0	4,413.3	4,831.4	4,913.6	5,165.6
Administrative and support services	25,008.0	24,936.7	28,526.3	29,528.3	33,451.4	27,894.2
Public administration	181,857.5	194,437.9	199,330.2	213,895.1	216,372.0	229,695.5
Education	69,438.5	75,266.4	80,280.9	85,343.5	92,793.9	99,800.8
Human health and social work	29,728.4	33,802.6	36,233.0	37,457.2	39,941.9	43,530.7
Arts, entertainment and recreation	1,891.7	2,321.6	2,650.9	3,074.5	3,064.4	3,159.1
Other service activities	27,002.6	33,146.8	39,166.6	45,673.8	48,257.5	58,454.7
Domestic services	5,199.8	5,366.6	5,538.7	5,716.3	6,737.1	7,030.2
Less: FISIM	-23,938.1	-31,130.3	-38,955.3	-41,786.3	-45,860.5	-49,132.1
GDP at basic prices	2,127,065.4	2,468,650.2	2,901,150.0	3,329,036.2	3,722,648.0	3,795,613.5
Add: Taxes on products	229,891.2	278,509.8	332,305.8	387,384.3	409,337.6	413,248.9
GDP at market prices	2,356,956.6	2,747,160.0	3,233,455.7	3,716,420.4	4,131,985.5	4,208,862.4
Population in '000'	1,414.3	1,455.0	1,534.0	1,577.0	1,621.0	1,666.0
GDP per capita in TZS '000'	1,666.5	1,888.1	2,107.9	2,356.7	2,549.0	2,526.0
Exchange rate TZS/USD, period average	1,997.0	2,177.2	2,228.9	2,264.0	2,289.0	2,298.0

Source: Office of the Chief Government Statistician
 Note: r denotes revised data; and p, provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.2: Gross Domestic Product by Activity at Current Prices, Percentage Share in Total GDP

Activity	2015	2016	2017	2018	2019	Percent 2020 ^P
Agriculture, forestry and fishing	22.1	22.0	21.5	20.9	21.2	22.8
Crops	9.7	9.3	9.7	8.5	7.4	8.8
Livestock	4.8	6.1	5.1	6.0	7.8	7.9
Forestry and hunting	1.8	1.6	1.6	1.3	1.2	1.2
Fishing	5.8	5.0	5.1	5.1	4.8	4.9
Industry	18.4	19.2	19.5	17.6	18.3	19.6
Mining and quarrying	1.0	1.1	1.1	1.1	1.1	1.0
Manufacturing	7.6	7.1	6.5	5.9	6.8	7.7
Electricity and gas	0.5	1.1	0.9	0.8	1.2	1.4
Water supply and sewerage	0.8	0.8	0.7	0.6	0.6	0.6
Construction	8.4	9.3	10.3	9.1	8.7	8.9
Services	50.8	49.8	49.9	52.2	51.7	8.4
Trade and repairs	6.9	6.4	6.2	5.4	5.0	5.0
Transport and storage	4.3	4.0	3.4	3.1	3.1	3.4
Accommodation and food services	14.0	14.1	14.8	19.4	20.2	15.8
Accommodation	11.4	11.6	12.2	16.2	16.9	13.6
Food and beverage services	2.7	2.5	2.6	3.2	3.3	2.3
Information and communication	2.2	1.9	1.2	1.0	1.4	1.7
Financial and insurance activities	3.3	3.3	3.6	3.8	3.5	3.4
Real estate activities	5.4	6.6	8.5	8.1	7.7	8.3
Professional, scientific and technical	0.2	0.2	0.1	0.1	0.1	0.1
Administrative and support services	1.1	0.9	0.9	0.8	0.8	0.7
Public administration	7.7	7.1	6.2	5.8	5.2	5.5
Education	2.9	2.7	2.5	2.3	2.2	2.4
Human health and social work	1.3	1.2	1.1	1.0	1.0	1.0
Arts, entertainment and recreation	0.1	0.1	0.1	0.1	0.1	0.1
Other service activities	1.1	1.2	1.2	1.2	1.2	1.4
Domestic services	0.2	0.2	0.2	0.2	0.2	0.2
Less: FISIM	-1.0	-1.1	-1.2	-1.1	-1.1	-1.2
GDP at basic prices	90.2	89.9	89.7	89.6	90.1	90.2
Taxes on products	9.8	10.1	10.3	10.4	9.9	9.8
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0

Source: Office of the Chief Government Statistician

Note: r denotes revised data; and p, provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.3: Gross Domestic Product by Activity at Constant 2015 Prices

Activity	Millions of TZS					
	2015	2016	2017	2018	2019 ^f	2020 ^p
Agriculture, forestry and fishing	519,718.9	539,470.4	581,961.7	603,772.3	619,373.1	639,786.9
Crops	227,704.6	235,942.4	261,048.2	270,621.4	254,884.7	258,117.7
Livestock	113,538.0	124,643.2	136,036.8	146,732.3	171,666.1	185,746.4
Forestry and hunting	41,251.0	42,286.7	44,076.5	44,195.5	45,854.2	43,848.3
Fishing	137,225.4	136,598.0	140,800.2	142,223.0	146,968.0	152,074.5
Industry	433,501.0	466,959.2	493,084.6	511,768.5	565,815.6	595,431.1
Mining and quarrying	23,463.6	27,200.7	32,719.2	37,066.7	36,423.4	34,248.6
Manufacturing	180,115.0	194,561.1	211,321.3	215,700.7	259,876.2	276,775.6
Electricity and gas	11,658.3	12,613.4	13,147.7	13,823.2	14,538.2	14,067.8
Water supply and sewerage	19,565.8	20,913.3	22,448.9	23,077.8	26,065.0	26,528.5
Construction	198,698.4	211,670.7	213,447.5	222,100.0	228,912.9	243,810.6
Services	1,196,482.6	1,265,172.3	1,360,137.6	1,498,199.0	1,626,737.3	1,613,575.9
Trade and repairs	162,086.3	169,431.7	180,256.9	194,707.0	212,486.9	228,156.7
Transport and storage	101,969.0	107,633.1	111,365.1	121,812.1	127,504.8	119,128.0
Accommodation and food services	331,006.3	375,533.9	429,210.0	504,749.2	562,674.1	490,958.3
Accommodation	268,136.6	305,243.5	350,029.4	409,489.3	457,850.3	405,925.2
Food and beverage services	62,869.6	70,290.4	79,180.6	95,259.9	104,823.8	85,033.1
Information and communication	52,507.0	44,692.8	51,598.5	53,369.0	56,281.1	54,452.5
Financial and insurance activities	78,575.4	83,656.5	91,571.9	95,620.4	98,564.9	100,413.8
Real estate activities	128,418.7	136,157.9	144,662.6	153,990.7	164,204.9	175,373.4
Professional, scientific and technical	3,595.5	3,941.0	3,815.6	4,013.7	3,899.0	3,943.4
Administrative and support services	23,206.0	22,767.9	24,415.6	25,604.1	27,368.8	26,102.0
Public administration	181,857.5	180,874.7	175,947.2	185,600.0	207,252.8	234,697.7
Education	69,438.5	71,529.8	73,336.8	78,464.1	84,378.7	92,532.4
Human health and social work	29,728.4	30,822.1	31,249.2	31,979.5	32,767.4	33,215.9
Arts, entertainment and recreation	1,891.7	2,387.2	2,734.2	3,261.8	3,370.3	3,204.0
Other service activities	27,002.6	30,377.3	34,435.4	39,311.1	40,083.9	45,309.6
Domestic services	5,199.8	5,366.6	5,538.7	5,716.3	5,899.6	6,088.3
Less FISIM	-23,938.1	-27,901.4	-27,660.3	-24,845.9	-25,492.8	-28,482.9
GDP at basic prices	2,125,764.4	2,243,700.6	2,407,523.6	2,588,893.9	2,786,433.2	2,820,311.0
Add: Taxes on products	229,891.2	247,696.9	276,822.6	286,613.6	291,232.5	296,020.5
GDP at market prices	2,355,655.6	2,491,397.5	2,684,346.2	2,875,507.5	3,077,665.7	3,116,331.5

Source: Office of the Chief Government Statistician
 Note: r denotes revised data; and p, provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.4: Gross Domestic Product by Activity at Constant 2015 Prices, Percentage Annual Growth Rates

Economic Activity	Percent					
	2015	2016	2017	2018	2019 ^r	2020 ^p
Agriculture, forestry and fishing	5.3	3.8	7.9	3.7	2.6	3.3
Crops	3.9	3.6	10.6	3.7	-5.8	1.3
Livestock	13.3	9.8	9.3	7.7	17.0	8.2
Forestry and hunting	1.6	2.5	4.2	0.3	3.8	-4.4
Fishing	2.9	-0.5	3.1	1.0	3.3	3.5
Industry	9.8	7.7	5.6	3.8	10.6	5.2
Mining and quarrying	9.8	15.9	20.3	13.3	-1.7	-6.0
Manufacturing	10.9	8.0	8.6	2.1	20.5	6.5
Electricity and gas	6.7	8.2	4.2	5.1	5.2	-3.2
Water supply and sewerage	8.0	6.9	7.3	2.8	12.6	2.0
Construction	9.1	6.5	0.8	4.1	3.1	6.5
Services	5.7	5.7	7.5	10.2	8.6	-1.0
Trade and repairs	-2.9	4.5	6.4	8.0	9.2	7.4
Transport and storage	3.5	5.6	3.5	9.4	4.7	-6.6
Accommodation and food services	11.1	13.5	14.3	17.6	11.5	-12.7
Accommodation	11.5	13.8	14.7	17.0	11.8	-11.3
Food and beverage services	9.8	11.8	12.6	20.3	10.0	-18.9
Information and communication	-9.0	-14.9	15.5	3.4	5.5	-3.2
Financial and insurance activities	21.8	6.5	9.5	4.4	2.8	2.2
Real estate activities	5.8	6.0	6.2	6.4	6.6	6.8
Professional, scientific and technical	9.2	9.6	-3.2	5.2	-2.9	1.1
Administrative and support services	3.1	-1.9	7.2	4.9	6.9	-4.6
Public administration	7.1	-0.5	-2.7	5.5	11.7	13.2
Education	3.4	3.0	2.5	7.0	7.5	9.7
Human health and social work	0.3	3.7	1.4	2.3	2.5	1.4
Arts, entertainment and recreation	17.0	26.2	14.5	19.3	3.3	-4.9
Other service activities	3.6	12.5	13.4	14.2	2.0	12.9
Domestic services	3.2	3.2	3.2	3.2	3.2	3.2
Less FISM	12.7	16.6	-0.9	-10.2	2.6	11.7
Taxes on products	5.0	7.7	11.5	3.8	1.7	1.6
GDP at market prices	6.2	5.8	7.7	7.1	7.0	1.3

Source: Office of the Chief Government Statistician

Note: r denotes revised data; and p, provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.5: Production of Major Cash Crops

Crop	Tonnes					
	2015	2016	2017	2018	2019	2020 ^P
Cloves	3,322.0	4,678.7	8,277.2	675.2	1,691.0	3,072.1
Clove stem	217.4	974.7	1,630.6	172.8	150.8	542.3
Seaweed	16,724.0	11,114.5	10,980.9	10,424.9	9,663.2	5,387.1
Rubber	25.0	10.0	0.0	0.0	0.0	0.0

Source: Zanzibar State Trading Corporation (ZSTC), Ministry of Agriculture, Natural Resources, Livestock and Fishing; and AGROTEX Company
Note: p denotes provisional data

Table A6.6: Production of Selected Commodities

Commodity	Units	2015	2016	2017	2018	2019	2020 ^P
Beverages*	Liters in '000'	16,972.0	19,811.0	21,699.0	20,166.0	22,031.0	22,291.0
	Mill. of TZS	5,315.0	7,232.2	7,921.6	7,362.0	8,043.0	8,204.0
Bread	Pcs. in '000'	161,911.0	174,350.0	194,893.0	209,439.0	231,540.0	237,918.0
	Mill. of TZS	19,720.2	20,852.9	23,192.2	24,923.2	34,731.0	35,688.0
Wheat flour	Tonnes	27,749.0	23,834.0	25,196.0	26,963.0	30,230.0	35,513.0
	Mill. of TZS	23,836.0	23,085.2	23,939.3	24,711.8	29,156.0	33,717.0
Diary products	Liters in '000'	7,745.0	10,475.5	8,174.3	7,709.3	7,874.0	8,041.0
	Mill. of TZS	12,552.9	13,061.3	7,751.0	8,702.2	8,888.0	9,077.0
Noodles	Kgs	277,990.0	181,872.0	247,350.0	295,701.0	373,053.0	387,414.0
	Mill. of TZS	500.4	327.4	455.2	532.3	728.0	774.0
Door UPVC	Pcs. in '000'	229.0	93.0	121.0	239.0	222.0	40.5
	Mill. of TZS	31.5	13.3	17.4	33.9	31.0	11.0
Window UPVC	No. in '000'	320.0	149.0	71.0	121.0	111.0	150.0
	Mill. of TZS	42.0	17.7	13.3	21.7	21.0	17.0
Gaments dish-dash	Pcs	0.0	4,814.0	677.0	3,339.0	6,467.0	0.0
	Mill. of TZS	0.0	6,258.2	1,211.2	5,969.5	10,994.0	0.0
Jewellery (gold/silver)	Gms	3,419.0	3,674.0	3,119.0	2,973.0	2,971.0	1,392.0
	Mill. of TZS	98.3	110.8	104.6	103.6	91.0	29.0
Sugar	Tonnes	7,032.0	5,915.0	5,060.0	5,684.0	5,282.0	8,315.0
	Mil. of TZS	15.3	15.1	12.3	12.1	18.0	39.0
Essential products	Pcs	0.0	0.0	227,088.0	224,045.0	230,318.0	234,924.0
	Mil. of TZS	0.0	0.0	811,832.0	800,955.0	850.0	955.0

Source: Office of the Chief Government Statistician

Note: p denoted provisional data; and * includes mineral water, soft drinks and juice; and essential products, clove stem oil, lemongrass oil, cinnamon leaf oil, eucalyptus citriodora oil, eucalyptus camaldulensis oil and sweet basi oil



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.7: Consumer Price Index

Period	All items	Food	Non-food	Alcoholic beverages, tobacco and narcotics			Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishing, household equipment and routine household maintenance	Health	Transport	Communication	Recreation and culture	Education	Restaurants and hotels	Miscellaneous goods and services
				Alcoholic beverages, tobacco and narcotics	Clothing and footwear	Housing, water, electricity, gas and other fuels										
Old weights (%)	100.0	51.7	48.3	0.3	9.3	17.1	4.6	2.8	6.3	2.6	0.8	1.3	2.1	3.2		
2014	109.2	103.8	115.3	108.9	116.0	113.3	107.7	104.2	106.6	167.6	125.0	132.5	100.7	120.7		
2015	115.4	111.4	119.7	113.6	123.9	116.6	112.5	110.9	102.2	192.2	128.2	137.9	113.5	126.1		
2016	123.1	120.2	125.4	117.5	132.4	120.7	117.9	123.6	102.6	199.5	131.2	150.6	140.2	137.5		
2020	114.0	114.3	113.7	135.2	108.1	115.7	120.3	124.0	111.1	114.8	113.3	113.2	107.1	109.8		
2020-Jan	113.6	113.7	113.4	134.9	107.1	114.6	119.4	118.8	115.0	114.8	110.1	113.2	106.7	109.4		
Feb	114.5	115.4	113.8	134.9	107.0	115.0	119.5	121.5	115.5	114.8	110.1	113.2	106.7	109.5		
Mar	113.6	113.0	114.1	134.9	107.3	115.5	120.2	122.0	115.0	114.8	112.9	113.2	107.1	109.5		
Apr	114.2	114.9	113.6	134.9	107.6	114.7	120.6	121.8	113.0	114.8	112.9	113.2	107.1	109.7		
May	116.7	119.0	114.9	134.9	108.7	119.3	120.4	123.5	110.8	114.8	114.4	113.2	107.1	110.3		
Jun	115.1	117.5	113.3	134.9	108.8	117.0	119.9	123.6	105.6	114.8	114.4	113.2	107.1	110.3		
Jul	114.8	115.7	114.2	135.8	108.7	118.4	119.9	123.6	108.0	114.8	114.4	113.2	107.1	111.0		
Aug	114.3	116.0	113.0	135.8	108.4	113.9	120.9	124.0	109.8	114.9	114.1	113.2	107.1	109.9		
Sep	112.7	111.7	113.4	135.1	108.4	114.5	120.9	127.2	110.2	114.9	114.1	113.2	107.7	109.4		
Oct	112.6	111.1	113.8	135.9	108.6	115.6	120.5	127.2	110.2	114.9	114.1	113.2	107.7	109.4		
Nov	112.6	110.9	113.8	135.1	108.2	115.8	120.7	127.2	110.3	114.9	114.1	113.2	107.1	109.6		
Dec	112.9	112.3	113.3	135.1	108.1	114.7	120.6	127.2	109.6	114.9	113.9	113.2	107.1	109.6		
2021-Jan	114.1	115.3	113.2	135.1	108.0	113.3	120.9	127.2	109.4	114.9	113.9	124.9	107.1	110.0		
Feb	115.2	115.7	114.9	135.1	108.2	117.4	122.3	126.9	110.6	114.9	112.3	125.3	107.1	110.0		
Mar	115.3	115.8	115.0	135.1	108.2	116.8	122.3	128.6	111.9	114.9	112.3	125.3	107.1	110.0		
Apr	116.3	117.0	115.8	135.1	109.0	117.5	124.5	128.6	113.9	114.9	112.3	125.3	107.1	110.6		
May	117.7	119.7	116.1	135.1	110.0	117.7	124.7	128.7	114.3	114.9	112.3	125.3	107.1	110.4		
Jun	117.2	117.7	116.9	135.1	109.7	119.7	125.1	129.0	115.1	114.9	112.4	125.3	107.1	112.2		

Source: Office of the Chief Government Statistician



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar
Table A6.8: Consumer Price Index, Twelve Months Percentage Change

Period	All items	Food	Non-food	Alcoholic beverages, tobacco and narcotics	Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishing, household equipment and routine household maintenance	Health	Transport	Communication	Recreation and culture	Education	Restaurants and hotels	Miscellaneous goods and services
2014	5.6	4.5	6.8	1.5	5.3	5.8	3.5	1.4	2.0	38.6	13.5	14.2	0.7	6.8
2015	5.7	7.3	3.9	4.3	6.8	2.9	4.5	6.4	-4.1	14.7	2.6	4.1	12.6	4.5
2016	6.6	7.9	4.7	3.4	6.9	3.4	4.8	11.4	0.3	3.8	2.3	9.2	23.5	9.0
2020	3.4	5.7	1.6	11.3	1.3	2.0	2.3	11.0	-2.3	2.4	3.9	3.2	0.8	2.5
2020 Jan	4.9	7.8	2.8	22.2	0.2	1.8	2.6	9.1	1.0	15.8	2.2	3.2	0.4	3.6
Feb	6.2	9.5	3.8	22.5	0.2	2.6	2.9	11.6	3.7	15.8	2.3	3.2	0.4	3.7
Mar	5.0	8.1	2.8	22.5	2.0	2.1	3.6	12.1	3.2	0.0	4.9	3.2	0.8	3.7
Apr	4.7	8.1	2.2	22.4	1.8	1.8	3.4	11.3	0.7	0.0	5.0	3.2	0.8	3.5
May	5.3	8.7	2.5	22.4	1.4	4.5	2.9	12.8	-2.1	0.0	5.8	3.2	0.8	3.3
Jun	3.4	6.3	1.3	22.4	1.7	3.3	2.4	12.9	-7.1	0.0	4.5	3.2	0.8	3.0
Jul	3.6	6.7	1.4	11.4	1.9	4.2	2.2	8.6	-7.1	0.0	3.9	3.2	0.8	3.6
Aug	2.4	4.9	0.5	24.5	1.5	-1.7	2.3	7.3	0.9	15.8	4.7	4.0	6.0	4.9
Sep	2.1	4.1	0.7	0.2	1.2	0.9	1.8	11.4	-4.4	0.1	3.6	3.2	1.4	1.1
Oct	1.6	2.3	1.0	0.7	1.1	1.4	1.4	11.3	-2.9	0.1	3.6	3.2	1.4	1.0
Nov	1.0	1.5	0.7	0.2	0.8	1.3	1.2	11.3	-3.9	0.1	3.6	3.2	0.8	1.0
Dec	0.5	0.8	0.3	0.2	1.0	0.1	0.9	11.3	-4.1	0.1	3.5	3.2	0.8	1.0
2021 Jan	0.5	1.3	-0.2	0.2	0.9	-1.1	1.3	7.1	-4.9	0.1	3.4	10.3	0.3	0.6
Feb	0.7	0.3	0.9	0.2	1.1	2.0	2.3	4.4	-4.3	0.1	2.0	10.7	0.3	0.4
Mar	1.5	2.5	0.8	0.2	0.9	1.1	1.8	5.5	-2.7	0.1	-0.5	10.7	0.0	0.4
Apr	1.9	1.8	2.0	0.2	1.3	2.4	3.2	5.6	0.8	0.1	-0.5	10.7	0.0	0.8
May	0.8	0.4	1.0	0.2	1.2	-1.4	3.5	4.2	3.2	0.1	-1.8	10.7	0.0	0.1
Jun	1.9	0.2	3.2	0.2	0.8	2.3	4.3	4.3	9.0	0.1	-1.7	10.7	0.0	1.7

Source: Office of the Chief Government Statistician



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.9: Government Operations

	Millions of TZS					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 ^P
Total revenue	425,349.0	521,856.8	685,871.5	748,410.9	787,457.3	740,961.3
Tax revenue	386,738.7	465,749.8	606,932.7	653,729.7	677,875.7	647,272.1
Tax on imports	102,777.7	122,332.3	142,797.5	144,644.3	141,254.7	155,008.8
VAT and excise duties (local)	92,167.2	114,032.5	166,212.7	174,515.8	188,895.8	152,543.9
Income tax	68,455.1	81,475.6	113,151.8	143,469.3	136,033.4	143,605.6
Other taxes	123,338.6	147,909.3	184,770.6	191,100.2	211,691.8	196,113.7
Non-tax revenue	38,610.3	56,107.0	78,938.9	94,681.3	109,581.6	93,689.2
Total expenditure	484,375.8	591,246.6	924,442.3	1,131,520.6	1,024,519.4	937,835.5
Recurrent expenditure	400,868.4	475,465.9	623,301.0	702,831.4	722,724.1	738,670.5
Wages and salaries	196,041.2	217,865.0	282,207.0	334,629.6	369,705.5	406,795.0
Interest payment	0.0	0.0	0.0	0.0	0.0	0.0
Local	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	1,000.0	0.0	0.0	0.0	0.0	0.0
Other expenditure	204,827.2	257,601.0	341,094.0	368,201.8	353,018.6	331,875.5
Development expenditure	83,507.4	113,538.8	301,141.3	428,689.1	301,795.3	199,165.0
Local	27,007.2	51,277.0	107,086.7	102,525.1	138,989.4	68,011.0
Foreign	56,500.2	62,257.7	194,054.6	326,164.1	162,805.9	131,154.0
Overall surplus/deficit before grants	-59,026.8	-69,389.9	-238,570.7	-383,109.6	-237,062.1	-196,874.2
Grants	28,889.9	39,004.8	40,472.1	42,708.8	34,179.1	17,447.0
4.5% Budget support	7,674.0	5,656.5	2,357.0	5,642.8	7,031.1	0.0
Program grant	21,215.9	33,348.3	38,115.1	37,066.0	27,148.1	17,447.0
Overall surplus/deficit after grants	-30,136.9	-30,385.1	-198,098.6	-340,400.8	-202,882.9	-179,427.2
Adjustment to cash and other items	-25,892.8	1,475.7	22,159.0	11,316.8	44,355.0	10,152.8
Overall deficit cheques cleared	-56,029.6	-28,909.4	-175,939.6	-329,084.0	-158,527.9	-169,274.4
Financing	56,029.6	28,909.4	175,939.6	329,084.0	158,527.9	169,274.4
Foreign	32,946.6	28,909.4	155,939.4	294,484.0	115,612.0	115,594.7
Program loans	32,946.6	28,909.4	155,939.4	294,484.0	115,612.0	115,594.7
Amortization (foreign)	0.0	0.0	0.0	0.0	0.0	1,000.0
Domestic (net)	23,083.0	0.0	20,000.2	34,600.0	42,915.9	53,679.8
Bank	23,083.0	0.0	0.0	0.0	0.0	0.0
Non-bank	0.0	0.0	20,000.2	34,600.0	42,915.9	53,679.8
Amortization (local)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance and Planning, Zanzibar

Note: p denotes provisional data



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A7.0 International Economics and Financial Statistics

Table A7.1: Economic Performance in G-7 Countries and the Euro Area

	2016	2017	2018	2019	2020	2021	
						Q1	Q2
G-7 Countries							
Canada							
Real GDP ¹	1.0	3.0	2.4	1.9	-5.4	1.4	-0.3
Inflation ¹	1.4	1.6	2.3	2.0	0.7	1.4	3.3
France							
Real GDP ¹	1.1	2.3	1.9	1.5	-8.2	0.0	1.1
Inflation ¹	0.3	1.2	2.1	1.3	0.5	0.7	1.4
Germany							
Real GDP ¹	2.2	2.6	1.3	0.6	-4.9	-2.0	1.6
Inflation ¹	0.4	1.7	1.9	1.4	0.4	1.4	2.3
Italy							
Real GDP ¹	1.3	1.7	0.9	0.3	-8.9	0.2	2.7
Inflation ¹	-0.1	1.3	1.2	0.6	-0.1	0.6	1.2
Japan							
Real GDP ¹	0.8	1.7	0.6	0.3	-4.8	-1.1	0.5
Inflation ¹	-0.1	0.5	1.0	0.5	0.0	-0.5	-0.8
UK							
Real GDP ¹	1.7	1.7	1.3	1.4	-9.9	-1.4	5.5
Inflation ¹	0.7	2.7	2.5	1.8	0.9	0.6	2.0
USA							
Real GDP ¹	1.7	2.3	3.0	2.2	-3.5	1.5	1.6
Inflation ¹	1.3	2.1	2.4	1.8	1.2	1.9	4.9
EURO AREA							
Real GDP ¹	1.9	2.6	1.9	1.3	-6.6	-0.3	2.0
Inflation ¹	0.2	1.5	1.8	1.2	0.3	1.0	1.8

Source: IMF World Economic Outlook, Bloomberg system and OECD Statistics.

Notes: ¹ Percent change from preceding quarter

² Percent, and n.a denotes not available



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A7.0 International Economics and Financial Statistics

Table A7.2: World Market Prices of Selected Commodities

Commodity	Unit price	2020						2021	
		2016	2017	2018	2019	2020	Q1	Q2	
Coffee "Arabica"	USD per Kg	3.6	3.3	2.9	2.9	3.3	3.6	4.0	
Coffee "Robusta"	USD per kg	2.0	2.2	1.9	1.6	1.5	1.6	1.8	
Cotton "A index"	USD per Kg	1.6	1.8	2.0	1.7	1.6	2.0	2.0	
Cloves (Madagascar cif Singapore)	USD per tonne	8.5	8.8	8.0	6.4	5.8	6.3	8.0	
Sisal (UG)	USD per Kg	1.8	1.8	1.7	1.7	1.7	1.7	1.7	
Tea (Mombasa auction)	USD per Kg	2.4	3.0	2.6	2.2	2.0	2.0	1.9	
Maize	USD per tonne	159.2	154.5	164.4	170.1	165.5	241.6	288.5	
Rice (Thai 5%)	USD per tonne	396.2	398.9	420.7	418.0	496.8	542.3	484.7	
Wheat (SRW)	USD per tonne	176.3	178.2	203.9	211.3	227.7	275.2	275.8	
Gold	USD per oz t	1,249.0	1,257.6	1,269.2	1,392.5	1,770.3	1,797.8	1,815.0	
Crude oil*	USD per barrel	42.8	52.8	68.3	61.4	41.3	59.3	67.1	
Crude oil**	USD per barrel	41.2	53.1	69.2	63.2	42.2	59.5	66.4	
White products***	USD per tonne	504.6	519.3	669.0	593.3	374.6	530.4	618.2	

Source: www.worldbank.org/en/research/commodity-markets, Bloomberg and Tanzania Sisal Board

Note: UG denotes under grade; * average spot price of Brent, Dubai and West Texas Intermediate, equally weighed; ** f.o.b. Dubai;

*** average of premium gasoline, gas oil and jet/kerosene, f. o. b. West Mediterranean; and oz t, troy ounce

