



BANK OF TANZANIA

ANNUAL REPORT 2008/09

For inquiries contact:

Director of Economic Policy

Bank of Tanzania P.O. Box 2939, Dar es Salaam

Telephone: (255-22), 223 3328/9, 223 3349/50

Fax: (255-22) 223 4060

Website: <http://www.bot-tz.org>





ABBREVIATIONS AND SYMBOLS

AIC	Administration and Internal Control
AML	Anti Money Laundering
ATM	Automatic Teller Machine
ADF	African Development Fund
BIS	Bank for International Settlements
CBS	Central Banking System
DMS	Document Management System
DOD	Disbursed Outstanding Debt
EAC	East African Community
EAC-CU	East African Community Customs Union
E-Banking	Electronic Banking
ECGS	Export Credit Guarantee Scheme
EFP	Economic and Financial Policies
EFT	Electronic Fund Transfer
EIB	European Investment Bank
EPZ	Export Processing Zone
FCD	Foreign Currency Deposits
FDI	Foreign Direct Investment
FEMO	Foreign Exchange Market Operations
FSAP	Financial Sector Assessment Program
FSD	Financial Stability and Deepening
FIU	Financial Intelligence Unit
Gazette	Government Gazette
GDP	Gross Domestic Product
GNDI	Gross National Disposable Income
HIPC	Highly Indebted Poor Countries
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFMS	Integrated Financial Management Systems
IMF	International Monetary Fund
IOR-ARC	Indian Ocean Rim-Association for Regional Cooperation
IPTL	Independent Power Tanzania Limited
MAC	Monetary Affairs Committee
MDRI	Multilateral Debt Relief Initiative
MFI	Micro Finance Institutions
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania (The Kiswahili acronym for NSGRP)
MKUZA	Mkakati wa Kukuza Uchumi Zanzibar (The Kiswahili acronym for ZSGRP)
MPI	Manufacturing Production Index
MTEF	Medium Term Expenditure Framework
NCPI	National Consumer Price Index
NMB	National Microfinance Bank
NODF	Nordic Development Fund



NORTF	Nordic Trust Fund
NPS	National Payments System
NSGRP	National Strategy for Growth and Reduction of Poverty
OMO	Open Market Operations
PBZ	People's Bank of Zanzibar
REPOS	Repurchase Agreements
SAAP	Southern Africa Power Pool
SACCOS	Savings and Credit Cooperative Societies
SADC	Southern African Development Community
SGFSR	Second Generation Financial Sector Reform
SME	Small and Medium Scale Enterprises
SME-CGS	Small and Medium Scale Enterprises Credit Guarantee Scheme
SMZ	Serikali ya Mapinduzi Zanzibar
TANESCO	Tanzania Electricity Supply Company
TIB	Tanzania Investment Bank
TISS	Tanzania Interbank Settlement System
TNNS	Tanzania National Net Settlement Service
TPB	Tanzania Postal Bank
TTCL	Tanzania Telecommunications Company Limited
URT	United Republic of Tanzania
VAT	Value Added Tax
ZIPA	Zanzibar Investment Promotion Authority
ZPA	Zanzibar Port Authority
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty
ZSSF	Zanzibar Social Security Fund
ZSTC	Zanzibar State Trading Corporation
e	Estimated
na	Not applicable
p	Provisional
pe	Partly estimated
r	Revised
•	Figure not significant
-	No figure available
...	Available at a later date

June 22nd, 2010

Hon. Mustafa Mkulo (MP)
Minister for Finance and Economic Affairs
United Republic of Tanzania
DAR ES SALAAM

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21 (1) of the Bank of Tanzania Act 2006, I hereby submit:

- (a) A report of the Bank's operations and principal functions, in particular, the implementation of monetary policy and other activities during the year, and
- (b) The balance sheet as at 30th June 2009, the Profit and Loss Accounts for the year ended 30th June 2009 and associated financial statements as well as 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. Benno J. Ndulu
Governor
Bank of Tanzania



BOARD OF DIRECTORS



*Prof. Benno Ndulu
Governor and Chairman*



*Dr. Enos Bukuku
Deputy Governor, Economic
and Financial Policies (EFP)*



*Mr. Lila Mkila
Deputy Governor, Financial
Stability and Deepening (FSD)*



*Mr. Juma H. Reli
Deputy Governor,
Administration and Internal
Controls (AIC)*



*Mr. Ramadhan M. Khijjah
Permanent Secretary
to the Treasury (URT)*



*Prof. Haidari Amani
Director*



*Mr. Khamis M. Omary
Principal Secretary to the
Treasury (RGZ)*



*Dr. Natu E. Mwamba
Director*



*Mr. Ali Mufuruki
Director*



*Mr. Athumani H. Mtengeti
Secretary to the Bank*



TABLE OF CONTENTS

BOARD OF DIRECTORS	iv
BANK OF TANZANIA MISSION.....	vi
BANK OF TANZANIA INFLATION CONTROL STRATEGY	vi
MONETARY POLICY INSTRUMENTS	vi
MONETARY POLICY IMPLEMENTATION BY THE BANK OF TANZANIA...vii	
EXECUTIVE SUMMARY	viii
PART I: AN OVERVIEW OF ECONOMIC DEVELOPMENTS.....	xi
CHAPTER ONE: OUTPUT AND PRICES	1
CHAPTER TWO: PUBLIC FINANCE	12
CHAPTER THREE: MONETARY AND FINANCIAL DEVELOPMENTS.....	15
CHAPTER FOUR: BALANCE OF PAYMENTS DEVELOPMENTS	27
CHAPTER FIVE: NATIONAL DEBT DEVELOPMENTS	33
CHAPTER SIX: ECONOMIC DEVELOPMENT IN ZANZIBAR	38
CHAPTER SEVEN: INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS	53
PART II: BANK OF TANZANIA OPERATIONS	67
BRANCH ACTIVITIES	83
PART III: REPORT OF THE AUDITORS	86
PART IV: CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY EVENTS, MARCH 1992 TO JUNE 2009.....	218
PART V: STATISTICAL TABLES	226
PART VI: LIST OF MANAGEMENT	291



BANK OF TANZANIA MISSION

The Bank's mission is:

“To maintain price stability that is conducive to the attainment of financial and macroeconomic stability for balanced and sustainable growth of the national economy of Tanzania”.

BANK OF TANZANIA INFLATION CONTROL STRATEGY

- The primary objective of the Bank of Tanzania is price stability. The Bank therefore, has the responsibility of ensuring that it establishes monetary conditions that are consistent with low and stable inflation.
- Inflation control is not an end in itself, but rather, the means by which monetary policy contributes to overall economic performance.
- Low inflation allows the economy to function more efficiently, thereby contributing to a better overall economic performance.
- The Bank of Tanzania controls inflation by managing the growth of money supply. The Bank targets broad money (M2), which is defined as currency in circulation outside banks, and total deposits held by commercial banks, excluding foreign currency deposits. M2 is chosen because it is the monetary aggregate that is estimated to have closest relationship with the rate of inflation.
- To influence the growth of M2, the Bank controls reserve money (base money or high powered money), which is directly related to money supply through the money multiplier. Reserve money is defined as the liabilities of a central bank, which include currency held outside the central bank and deposit money banks' deposits with the central bank.

MONETARY POLICY INSTRUMENTS

The Bank of Tanzania uses indirect instruments of monetary policy to influence the level of money supply.

- The main instrument is Open Market Operations (OMO), which involves sale or purchase of securities (Treasury bills and bonds) by the Bank to withdraw or inject liquidity into the financial system in order to influence reserve money.
- Other instruments include Foreign Exchange Market Operations (FEMO), the discount rate, repurchase agreement transactions, statutory reserve requirements and moral suasion.



MONETARY POLICY IMPLEMENTATION BY THE BANK OF TANZANIA

- At the beginning of every fiscal year, the Bank of Tanzania sets annual monetary policy targets in its Monetary Policy Statement (MPS).
- Upon approval by the Bank of Tanzania Board, the Monetary Policy Statement is submitted to the Minister for Finance and Economic Affairs, who tables it to the Parliament.
- The same procedure is followed in the submission of half-year review of monetary policy implementation.
- The Monetary Policy Committee (MPC) of the Board, which is chaired by the Governor, closely monitors monetary policy implementation on a monthly basis.
- The Monetary Policy Operations Committee (MPOC) discusses, on weekly basis, progress on monetary policy implementation and plans for the subsequent week.
- A technical committee reviews liquidity developments daily and agrees on market intervention strategies.



EXECUTIVE SUMMARY

In 2008, the Tanzanian economy continued to register good performance amid rising international crude oil prices. Real GDP grew by 7.4 percent from 7.1 percent attained in 2007 underpinned by strong performance in communication (20.5 percent) followed by financial intermediation (11.9 percent), and construction (10.5 percent). The growth was also supported by prudent fiscal policy which resulted into a substantial increase in domestic revenue as well as continued government initiatives in accelerating investments in economic infrastructure. With the exception of mining which recorded a lower growth rate of 2.5 percent from 10.7 percent in the previous year, all other major economic activities recorded higher growth rates compared with the rates recorded in the proceeding year.

During 2008/09, the economy experienced inflationary pressures emanating from prolonged surge in domestic oil and food prices. Inflation, which had remained in single digit for the past nine years rose to an average of 10.3 percent in 2008 compared to 7.0 percent in 2007. Average inflation rate for 2008/09 also increased to 11.8 percent much higher than 8.4 percent recorded in the previous year.

In 2008/09, the government implemented a range of policy and institutional reforms in order to strengthen revenue collections. These included: broadening the tax base, improvement of business and investment climate, strengthening accountability among taxpayers and tax collectors. The Government also strengthened the capacity

of the customs and excise department in the supervision and collection of revenue, as well as improving the tax structures, and procedures for non-tax revenue collection. Despite the efforts, revenue collection as a percentage of GDP declined slightly, mainly on account of a slowdown in economic activities due to the global economic and financial crisis. During the period under review, revenue collection declined to 15.9 percent of GDP from 16.9 percent recorded in 2007/08. On the other hand, total Government expenditure was equivalent to 25.1 percent of GDP. Overall, fiscal operations registered a deficit of about 4.5 percent of GDP, of which 82.0 percent was financed by borrowing from abroad and the balance was sourced from domestic sources.

Meanwhile, liquidity pressure during the period remained fairly modest, with monetary policy stance becoming accommodative particularly in the last quarter of 2008/09 in response to the need to address the adverse effects of the global financial crisis on various economic activities, notably the export sector. Mindful of the pass-through of the global financial crisis on liquidity in the banking sector, and the subsequent need to accommodate banks for liquidity requirements, the Bank of Tanzania relaxed its liquidity stance (beginning February 2009) to allow more liquidity to the market players. Hence, M2 and M3 growth targets were revised upwards to 22.3 percent and 22.0 percent, respectively from 18 percent; Credit to private sector was targeted to grow annually



by 39.8 percent. All growth targets of the monetary aggregates were achieved, save for credit to private sector, which grew by 33.2 percent.

Consistent with relaxed monetary policy stance, interest rates in the financial markets took a significant downward trend, particularly from March 2009. The overall weighted average yield which had reached 13.33 percent in March 2009 from 7.8 percent in June 2008, declined to 6.97 percent in June 2009. Similarly, the overall inter-bank cash market rate dropped to 5.0 percent from 10.1 percent in March 2009, whereas repo rate dropped to 4.9 percent from 9.73 percent. However, this downturn in interest rates did not filter into commercial banks interest rates because of the wait-and-see attitude of banks due to potential risks of the global financial crisis.

During the period under review, financial intermediation by banks in Tanzania sustained good performance as reflected in deposit mobilization and lending to private sector businesses. The ratio of private sector credit to total private sector deposits held in the banking system increased to 73.1 percent by end June 2009, compared to 66.2 percent recorded in the corresponding period in 2008.

Foreign exchange operations of the Bank of Tanzania continued to be guided by the need to promote an orderly market, characterized by stable market-determined exchange rates, without jeopardizing the country's external sector competitiveness, and the targeted level of foreign reserves. In 2008/09, the Bank sold on net basis USD 867.9 million in the Interbank Foreign

Exchange Market (IFEM) compared to USD 579.2 million sold in the preceding year. The sharp increase in the sales of foreign exchange reflects the Bank's efforts to calm down market fears that foreign exchange would dry up, as the global financial crisis unfolds. Despite the large sales of foreign exchange, the stock of gross official reserves of the Bank of Tanzania rose to USD 2,918.6 million from USD 2,664.9 million recorded in June 2008. The level of reserves was sufficient to cover about 4.6 months of imports of goods and services. On the other hand, the Shilling depreciated against the US dollar; the annual average exchange rate was TZS 1,263.4 per US dollar in 2008/09 compared to an average of TZS 1,201.13 per US dollar recorded in the preceding year.

The overall Balance of payments recorded a surplus of USD 254.0 million, lower than USD 500.7 million recorded in the previous year. The reduction in surplus was largely attributed to widening of current account deficit to USD 2,548.1 million from a deficit of USD 2,318.2 million in the previous year. This development was explained by an increase in imports of goods and services that surpassed increase in exports.

The national debt stock which includes external and domestic debts rose by 15.1 percent to USD 8,740.5 million as at the end of June 2008, from levels recorded in the preceding year. The increase was attributed to new disbursements, exchange rate fluctuations, accumulation of interest arrears and issuance of new domestic bonds.

The Zanzibar economy grew by 5.4 percent



during 2008, compared with 6.3 percent registered in 2007. The slowdown in growth was largely attributed to decline in the services sector particularly tourism, in the wake of global financial and economic crisis.

Zanzibar budgetary operations during 2008/09 registered a deficit after grants on cheques cleared of TZS 16.2 billion compared to a deficit of TZS 10.7 billion recorded in 2007/08. The deficit to GDP

slightly increased to 2.2 percent compared to 1.8 percent registered in 2007/08. The deficit was mainly financed by foreign loans to the tune of TZS 12.7 billion, while domestic financing amounted to TZS 3.5 billion.

In 2008/09, the Zanzibar's current account registered a deficit of USD 5.8 million, from a surplus of USD 8.0 million registered in 2007/08, mainly on account of a decline in official current transfers.



PART I

AN OVERVIEW OF ECONOMIC DEVELOPMENTS





CHAPTER ONE OUTPUT AND PRICES

Gross Domestic Product

The Tanzanian economy continued to register good performance amid rising international crude oil prices. Real GDP grew by 7.4 per cent in 2008, up from 7.1 per cent achieved in 2007 (**Chart 1.1**). The highest growth was recorded in communication sub-activity (20.5%) followed by financial intermediation (11.9%) and construction (10.5%). The good performance in communication was mainly due to increase in mobile phone subscribers as well as increase in sales of airtime, while the strong performance of financial intermediation was largely due to the effect of ongoing financial sector reforms and growth in credit to the private

sector. The growth and contribution of various economic activities to GDP are depicted in **Table 1.1 and Chart 1.2**. In line with the improved economic growth, the per capita income also increased, albeit at a lower rate of 4.7 percent in 2008 compared to 4.9 percent recorded in the preceding year.

Real GDP growth for 2009 is, however, estimated to slow to around 5.0 percent mainly due to the impact of the global financial and economic crisis. The crisis is expected to affect growth through trade channels mainly tourism, cash crops, and regional manufacturing exports and by lower capital inflows - foreign assistance and private investment inflows.

Chart 1.1: GDP Growth at Constant 2001 Prices (in percent)



Source: National Bureau of Statistics



Table 1.1: Growth and Distribution of GDP by Activity, at Constant 2001 Prices

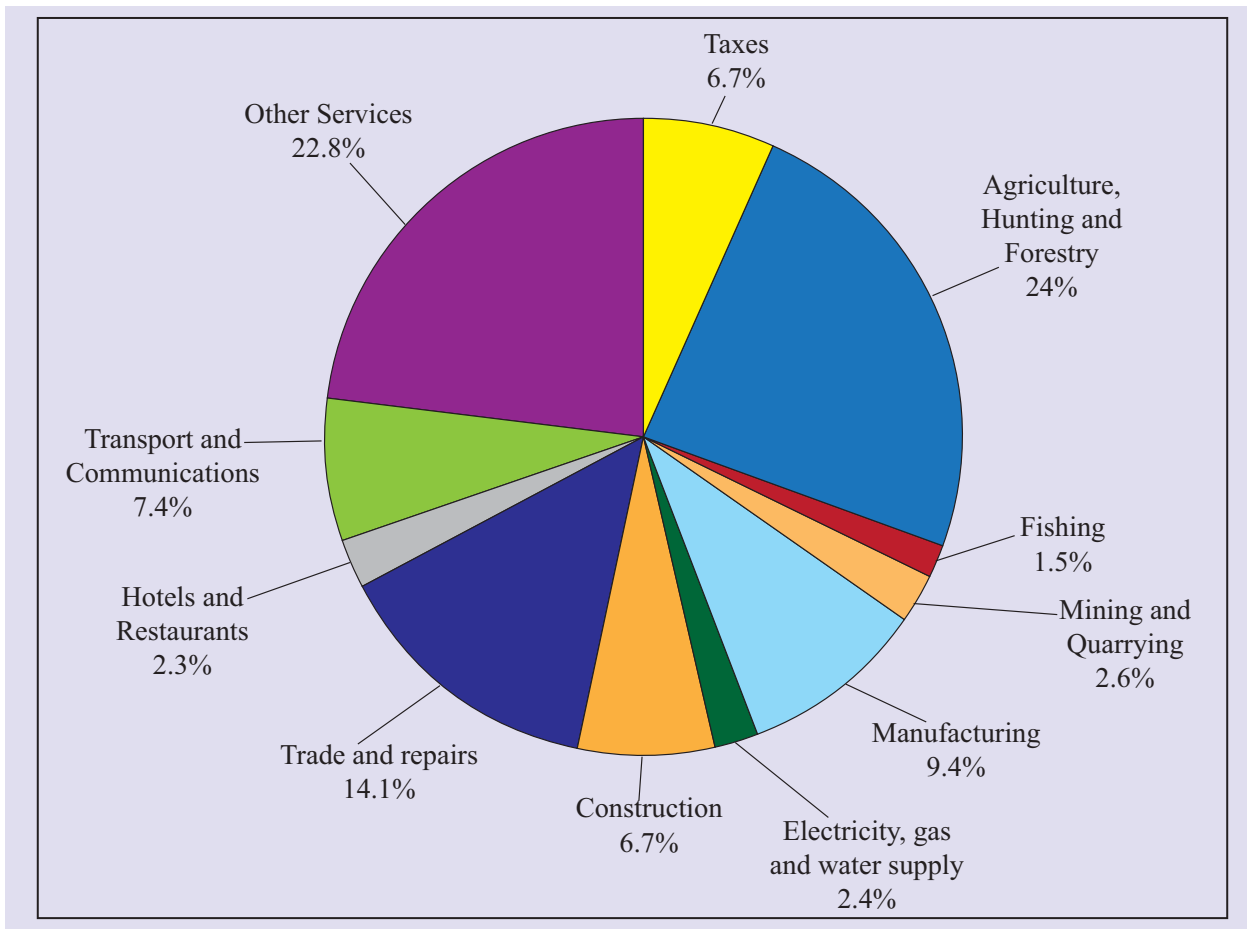
Item	In Percent				
	2004	2005	2006	2007r	2008p
Growth rates					
Agriculture	5.9	4.3	3.8	4.0	4.6
Fishing	6.7	6.0	5.0	4.5	5.0
Industry and construction	10.9	10.4	8.5	9.5	8.6
Mining and quarrying	16.0	16.1	15.6	10.7	2.5
Manufacturing	9.4	9.6	8.5	8.7	9.9
Electricity, gas	7.5	9.4	-1.9	10.9	5.4
Water supply	5.2	4.3	6.2	6.5	6.6
Construction	13.0	10.1	9.5	9.7	10.5
Services	7.8	8.0	7.8	8.1	8.5
Trade and repairs	5.8	6.7	9.5	9.8	10.0
Hotels and restaurants	3.6	5.6	4.3	4.4	4.5
Transport	8.6	6.7	5.3	6.5	6.9
Communications	17.4	18.8	19.2	20.1	20.5
Other services*	8.7	8.5	6.7	6.6	7.4
Gross value added at basic prices	7.8	7.4	6.7	7.2	7.4
Taxes on products	7.8	7.4	6.8	6.9	7.8
GDP	7.8	7.4	6.7	7.1	7.4
As Percent of GDP					
<i>Agriculture, Hunting and Forestry</i>	26.9	26.1	25.4	24.6	24.0
<i>Fishing</i>	1.7	1.6	1.6	1.6	1.5
<i>Industry and construction</i>	19.6	20.2	20.5	20.9	21.2
Mining and quarrying	2.3	2.4	2.6	2.7	2.6
Manufacturing	8.7	8.9	9.0	9.2	9.4
Electricity, gas	2.1	2.2	2.0	2.1	2.0
Water supply	0.4	0.4	0.4	0.4	0.4
Construction	6.1	6.2	6.4	6.5	6.7
<i>Services</i>	46.1	46.4	46.9	47.3	47.8
Trade and repairs	13.2	13.1	13.5	13.8	14.1
Hotels and restaurants	2.5	2.5	2.4	2.4	2.3
Transport	5.2	5.2	5.1	5.1	5.1
Communications	1.5	1.7	1.9	2.1	2.3
Other services*	22.6	22.9	22.9	22.8	23.9
Taxes on products	6.7	6.7	6.7	6.7	6.7

*Includes financial intermediation, public admin, real estate, education, health and others

Source: National Bureau of Statistics



Chart 1.2: Contribution to GDP by Economic Activities during 2008 (at 2001 prices)



*Includes financial intermediation, public administration, real estate, education, health and others

Developments in Selected Economic Activities

During 2008, most of the major economic activities with the exception of Manufacturing and Construction, performed strongly by recording higher growth rates compared with the preceding year. The Manufacturing and Construction experienced slower growth due to decelerated growth in mining and quarrying, electricity and gas sub-activities.

The agriculture activity which contributed about 24.0 percent of GDP grew by 4.6 percent in 2008 compared to 4.0 percent recorded in the preceding year on account of good weather condition, subsidy on

fertilisers and other farm inputs as well as good producer prices. Meanwhile, preliminary estimates issued by Ministry of Agriculture, Food and Cooperative indicated that production of food crops in 2008/09 season increased by 3.3 percent to 10.9 million tons from 10.6 million tons recorded in the preceding season. Production of non-cereals increased to 5.7 million tons from 5.2 million tons achieved in the previous season, whereas production of cereal declined to 5.3 million from 5.6 million tons recorded in the previous season. The country is therefore, projected to be self sufficiency in food supply at 103 percent during the 2009/10. Nevertheless, 10 regions namely Singida, Mwanza, Coast, Shinyanga, Mara, Manyara, Kilimanjaro,



Dodoma, Arusha, and Dar es Salaam will be facing food deficits at varying degrees.

Production of the six major traditional cash crops exhibited mixed trends in 2008/09 when compared to outturn recorded in 2007/08. Production of coffee, seed cotton and tobacco increased mainly due to good weather condition, good producer prices, and increased usage of agro-inputs such as agrochemicals and fertilizers.

Increased production was also attributed to usage of improved farming techniques, commencement of production from new farms. On the contrary, production of tea, cashew nuts and sisal declined during the review period due to bad weather condition, delayed distribution and application of agrochemicals and other farm inputs. Production of selected major crops is depicted in **Table 1.2**.

Table 1.2: Tanzania: Production of Selected Major Crops

	2004/05	2005/06	2006/07	2007/08 ^r	2008/09 ^e	Percent Change	Peak Production Period	000' Tons
Total	575.1	596.6	390.9	454.1	627.2	38.1		
Coffee	56.4	34.3	54.8	43.5	68.3	57.0	1980/81	67.0
Seed Cotton	342.0	374.7	130.6	200.7	368.7	83.7	2005/06	374.7
Tea*	30.7	30.3	31.3	32.7	32.0	-2.1	2004/05	30.7
Cashew nuts	72.0	77.4	92.6	92.3	79.1	-14.4	1973/74	145.0
Tobacco	47.0	52.0	50.7	50.8	55.4	9.0	1997/98	52.0
Sisal*	27.0	27.8	30.9	34.1	23.8	-30.3	1964	230.0

Note: * Calendar year (e.g. 2004/05 represent 2004)

Source: Ministry of Agriculture, Food and Cooperative & Crop Boards

Producer prices for three traditional export crops, namely, tea, cashew nuts and tobacco increased, amid the onset of the global economic slowdown. While producer prices for cotton remained unchanged at TZS 450 per kilogram, coffee and sisal prices declined from TZS 1,850

per kilogram to TZS 1,500 per kilogram and USD 1,026 per ton to USD 800 per ton, respectively (**Table 1.3**). Decline in producer prices for coffee and sisal can be explained by substantial fall in demand for these crops in major importing countries.



Table 1.3: Tanzania: Average Producer Prices for Traditional Export Crops

Period	Coffee		Seed	Green	Raw	FCV	Tobacco		Sisal*
	Arabica	Robusta	Cotton	Tea	Cashew		DFC	Burley	UG
2000/01	470	200	183	60	252	603	555		540
2001/02	400	106	175	65	300	543	519		540
2002/03	430	95	180	85	360	568	550		574
2003/04	500	130	280	86	462	725	680		786
2004/05	950	250	250	86	650	918	782		885
2005/06	1,100	300	250	93	550	983	735		899
2006/07	1,450	500	350	94	600	1,102	680	910	925
2007/08	1,850	700	450	98	610	1,172	841	917	1026
2008/09	1,500	700	450	112	675	1,437.1	1,066.3	1,202.8	800

Note: * USD/Ton

Source: Ministry of Agriculture, Food Security and Cooperatives & Crop Boards

Manufacturing activity grew by 9.9 percent in 2008 compared to 8.7 percent recorded in 2007, contributing about 9.4 percent of GDP. Similarly, Manufacturing Production Index (MPI) increased by 22.0 percent to 416.0 from 341.0 recorded in 2007 (**Chart 1.3**). Improvement in performance of the manufacturing industry is attributed to good outturn in most of the manufacturing sub activities. Growth in production of manufactured commodities was attributed to expanding domestic market, promotion of Export Processing Zone industrialization, improvement in transportation and communication, expanded market outreach under trading

arrangements such as AGOA and EPA as well as regional groupings of SADC and EAC. The performance in manufacturing activities was also attributed to operations of the credit guarantee schemes that enabled exporters and small & medium enterprises to access finance from the banking sector.

During the year under review, higher output was recorded in production of instant coffee, blended tea, textiles, rolled steel and pyrethrum extracts. Production of other commodities namely; vegetable oils and fats, paints, sugar, cigarettes, sisal ropes and twines, and cement registered modest growth (**Table 1.4**).



Chart 1.3: Manufacturing Production Index

(Index 1985 = 100)



Table 1.4: Tanzania: Volume of Selected Manufactured Commodities

Commodity	Unit	2004	2005	2006	2007	2008*	% Change
1 Fish fillets	M/tons	43,119	44,691	42,371	44,029	43,087	-2.1
2 Vegetable oils & fats	M/tons	76,658	94,124	111,967	117,065	125,354	7.1
4 Wheat flour	M/tons	338,076	368,019	421,973	304,176	284,141	-6.6
5 Sugar, refined	000' M/Tons	202	269	173	286	295	3.3
6 Instant coffee	M/tons	325	410	340	392	1,330	239.3
7 Blended tea	M/tons	5,341	5,823	6,993	9,148	53,106	480.5
8 Soft drinks	000' Ltr	264	293	383	449	339	-24.6
9 Distilled spirits	000' Lts	4,105	4,489	5,365	7,614	4,049	-46.8
10 Beer	000' Lts	202,628	216,604	299,036	310,194	293,543	-5.4
11 Chibuku	000' Lts	10,119	11,106	11,559	10,320	10,255	-0.6
12 Cigarettes	Mill Pcs	4,219	4,445	5,095	5,821	6,101	4.8
13 Textiles	000'Sq. Mt.	127,051	110,520	130,716	127,231	155,088	21.9
14 Sisal ropes	M/tons	5,161	5,943	5,854	7,295	7,783	6.7
15 Fishnet & products	M/tons	260	274	119	156	-	-100.0
16 Plywood	Cubic Mt.	578	918	1,032	1,080	925	-14.4
17 Pyrethrum extract	000' M/tons	23	164	33	30	137	356.7
18 Paints	000'Ltrs	16,621	16,222	18,384	22,849	24,857	8.8
19 Petroleum fuels	000' M/tons	-	-	-	-	-	0.0
20 Cement	000' M/tons	1,281	1,366	1,370	1,630	1,756	7.7
21 Rolled steel	M/tons	40,029	47,652	50,654	38,171	67,976	78.1
22 Iron Sheets	M/tons	29,573	25,088	30,293	36,000	35,868	-0.4
23 Aluminium sheets/circles	M/tons	171	103	105	110	85	-22.7
24 Dry cells	000 Pcs	74,000	81,000	82,000	84,000	53,000	-36.9
25 Battery, auto	Pieces	29,000	42,000	50,000	12,000	-	-100.0

Source: National Bureau of Statistics



Construction activities that contributed 6.7 percent of GDP in 2008 grew by 10.5 percent compared to 9.7 percent recorded in 2007. The increase in construction activities was explained by improvements in infrastructure, including roads and bridges, water projects, residential and non-residential buildings.

During 2008, **fishery activities** grew by 5.0 percent compared to 4.5 percent recorded in 2007, mainly on account of increase in fish catches and improvement in conservation of the breeding grounds. In the review period, 350,311.4 tons fish valued at TZS 235.3 billion were caught compared to 327,807.5 tons worth TZS 291.7 billion realised in 2007. Meanwhile, the Government is finalising regulation to guide implementation of Deep Sea Fishing Authority Act number 6 of 2007 in line with

Exclusive Economic Zone (EEZ) initiative to ensure good utilisation of resources and control illegal fishing.

Growth rate of value added in electricity and gas declined to 5.4 percent compared to 10.9 percent recorded in the preceding year though its contribution to GDP rose to 1.7 percent from 1.6 percent recorded in 2007. Electricity generated and supplied to the national grid was 4,357.2 GWH in 2008, being an increase of 16.1 percent from 4,132.5 GWH recorded in 2007. The improvement was explained by increase in hydropower generation from Kihansi power plant and commencement of production at the Ubungo gas plant. Electricity from other sources (imports and independent power plants) declined to 1,440.1 GWH from 1,619.2 GWH recorded in 2007 (**Table 1.5**).

Table 1.5: Electricity Aailed for Distribution (MWh)

	2004	2005	2006	2007	2008	% Change
Hydropower	2,010,619	1,778,060	1,436,244	2,512,392	2,648,911	5.4
Thermal power	137,075	9,365	16,921	433	268,149	61,835.4
Diesel	137,075	9,365	16,921	433	-	-100.0
UBUNGO-WATSILA					266,168	100.0
Imports	46,001	50,388	61,498	60,472	55,369	-8.4
Uganda	26,619	31,959	39,748	43,094	46,047	6.9
Zambia	19,382	18,429	21,750	17,378	9,322	-46.4
IPP's	1,122,451	1,742,636	1,981,346	1,559,157	1,384,759	-11.2
Songas	359,661	1,149,374	1,300,708	1,138,073	1,125,718	-1.1
AGGREKO			29,434	263,301	180,397	-31.5
Dowans				111,892	73,417	-34.4
APR				462	4	-99.1
IPTL	743,680	577,785	640,370	37,135	1,829	-95.1
Kiwira	12,764	9,436	5,923	4,062	3,394	-16.4
TANWAT	5,165	4,749	4,691	4,233	-	-100.0
Ilovo	1,180	1,292	221	-	-	0.0
Total	3,316,146	3,580,450	3,496,009	4,132,454	4,357,189	5.4

Source: TANESCO



During the period under review, contribution of **mining activities** to GDP declined to 2.6 percent from 2.7 percent recorded in 2007 with growth rate decelerating to 2.5 percent from 10.7 percent. Production of gold, which account for the largest share of the mineral production in the country, declined to 36,433 kilograms from 40,193.2 kilograms recorded in the preceding year partly explained by breakdown in mining infrastructure at Geita Gold Mines, one of

the largest mining companies, and recovery of gold ore with low mineral content. Similarly, production of diamond declined to 235,654 carats from 282,786 carats produced in 2007 following management change at Mwadui Diamond Limited which disrupted smooth mining operations. Production of other minerals namely; gemstone, gypsum and tanzanite increased, while that of limestone, pozzolana, coal, silver and copper declined (**Table 1.6**).

Table 1.6: Tanzania: Production of Selected Minerals

Item	Unit	2004	2005	2006	2007	2008p	% Change
Diamond	000' Carats	303.9	219.6	272.2	282.8	235.7	-16.7
Gold	000' Kgs	48.2	47.3	39.7	40.2	36.4	-9.4
Gemstone	Kgs	1,613.8	627.8	2,498.6	1,286.3	1,858.3	44.5
Salt	000' Tons	57.1	51.2	34.8	35.2	25.9	-26.5
Gypsum	000' Tons	59.2	23.1	32.6	52.8	55.7	5.6
Limestone	000' Tons	1,390.9	2,006.4	1,607.6	1,322.0	1,281.8	-3.0
Pozzolana	000' Tons	152.7	163.5	129.3	223.0	260.4	16.8
Coal	000' Tons	65.0	30.8	17.9	27.2	15.2	-44.0
Tanzanite	Kgs			5,504.0	8,187.0	11,770.0	43.8

Source: Ministry of Energy and Minerals

Service activities grew by 8.5 percent during 2008 compared to 8.1 percent recorded in 2007 and its contribution to GDP rose to 47.8 percent from 47.3 percent. The good performance in services activities was largely attributed to increased investments in trade and repair, hotels and restaurants, transport, communication, education and health services.

Value added in the hotel and restaurants, that include tourism, grew by 4.5 percent compared to 4.4 percent recorded in the previous year whereas its contribution to GDP declined to 2.6 compared to 2.7 percent. During the period the number of foreign tourists increased to 765,000 from 719,013 whereas hotel occupancy

by foreign tourists rose to 715,000 from 673,722 recorded in 2007. Growth in tourism was associated with public-private initiatives to advertise Tanzania's tourist attractions abroad especially in USA and Europe and increased investment in tourist facilities especially in Dar es Salaam, Arusha, Manyara and Coast regions.

Transportation activity grew by 6.9 percent in 2008 compared to 6.5 percent recorded in 2007 mainly on account of investment in construction of roads and bridges and improvement of airports and harbours. Provision of air transport improved during the period, on account of increase in the number of passenger and cargo flights. However, marine and railway



services continued to face difficulties resulting from congestion of cargo at the port, dilapidated rail and lack of adequate wagons and engines.

During the review period, provision of **communication** services grew by 20.5 percent compared to that of 20.1 percent recorded in 2007. This performance was attributed to increased investment in telecommunication services especially provision of mobile telephone services and utilisation of modern communication facilities including e-mail and facsimile.

Gross National Disposable Income

Gross National Disposable Income (GNDI)¹ in real terms grew by 9.1 percent in 2008 compared to 7.1 percent recorded

in the preceding year. This rate of growth was higher than consumption expenditure growth of 6.5 percent, implying an increase in savings relative to consumption. The resource balance (defined as Savings minus Investment) has decreased substantially reflecting increased investments. The gap between savings and investment also narrowed during the period under review reflecting increased foreign direct investments (**Table 1.7**).

Aggregate Demand

Domestic aggregate demand or absorption, comprising of final consumption and capital formation increased by 5.5 percent in real terms, compared to 7.9² percent in 2007. The relatively lower level of growth in domestic demand was associated with slow down in both capital formation and final consumption (**Table 1.7**).

¹ GNDI is obtained by adding net current transfers from abroad to Gross National Income

² Provisional statistics reported in the 2007/08 annual report was 10.7 percent.



Table 1.7: Tanzania Mainland: Analysis of Savings-Investment Relationship

(In Millions of TZS)

Item	2004	2005	2006	2007	2008
Nominal					
National Disposable Income	13,475,728	14,918,697	16,949,332	19,769,948	23,032,501
Final Consumption	11,714,438	13,386,429	15,340,093	18,270,124	20,754,564
Government final consumption	2,361,721	2,804,521	3,144,881	4,038,989	4,321,718
Household final consumption	9,352,717	10,581,908	12,195,212	14,231,135	16,432,846
Gross Capital Formation (Investment)	3,153,367	4,001,088	4,957,782	6,209,741	7,381,257
Government investment	1,072,402	1,202,323	1,276,400	1,494,333	1,628,172
Private investment (+change in inventories)	1,960,923	2,683,283	3,539,559	4,570,749	5,344,872
Savings	1,395,649	1,294,078	1,432,663	1,258,199	2,868,999
Saving - Investment Gap	-1,757,718	-2,707,010	-3,525,119	-4,951,542	-4,512,258
GDP (at market price)	13,971,593	15,965,296	17,941,268	20,948,403	24,781,679
Deflator	124	132	139	152	167
CPI (annual average)		121	130	139	153
GDP at basic prices	12,972,591	14,597,767	16,278,225	18,989,844	22,452,059
Absorption	14,867,805	17,387,517	20,297,875	24,479,865	23,814,103
At Constant 2001 prices					
National Disposable Income	11,239,734	12,068,090	12,881,163	13,801,921	15,053,922
Final Consumption	9,748,544	10,855,260	11,735,476	12,517,666	13,328,592
Government final consumption	1,882,023	2,106,670	2,279,417	2,495,962	2,824,652
Household final consumption	7,866,521	8,748,590	9,456,059	10,021,704	10,503,940
Gross Capital Formation (Investment)	2,144,198	2,535,317	2,938,619	3,358,305	3,616,866
Government investment	810,827	849,534	840,621	886,387	974,953
Private investment	1,333,371	1,685,783	2,097,998	2,471,917	2,641,913
Savings	1,122,758	978,187	1,028,599	828,968	1,717,963
Saving - Investment Gap	(1,021,440)	(1,557,130)	(1,910,020)	(2,529,336)	(1,898,903)
GDP (at market price)	11,239,734	12,068,090	12,881,163	13,801,921	14,828,345
Absorption	10,010,719	11,283,907	12,394,678	13,380,009	14,120,806
Annual Change					
National Disposable Income	7.8	7.4	6.7	7.1	9.1
Final Consumption	7.7	11.4	8.1	6.7	6.5
Government final consumption	14.6	11.9	8.2	9.5	13.2
Household final consumption	6.2	11.2	8.1	6	4.8
Gross Capital Formation (Investment)	10.2	18.2	15.9	14.3	7.7
Absorption	7.0	12.7	9.8	7.9	5.5

Source: National Bureau of Statistics



1.2 Inflation Developments

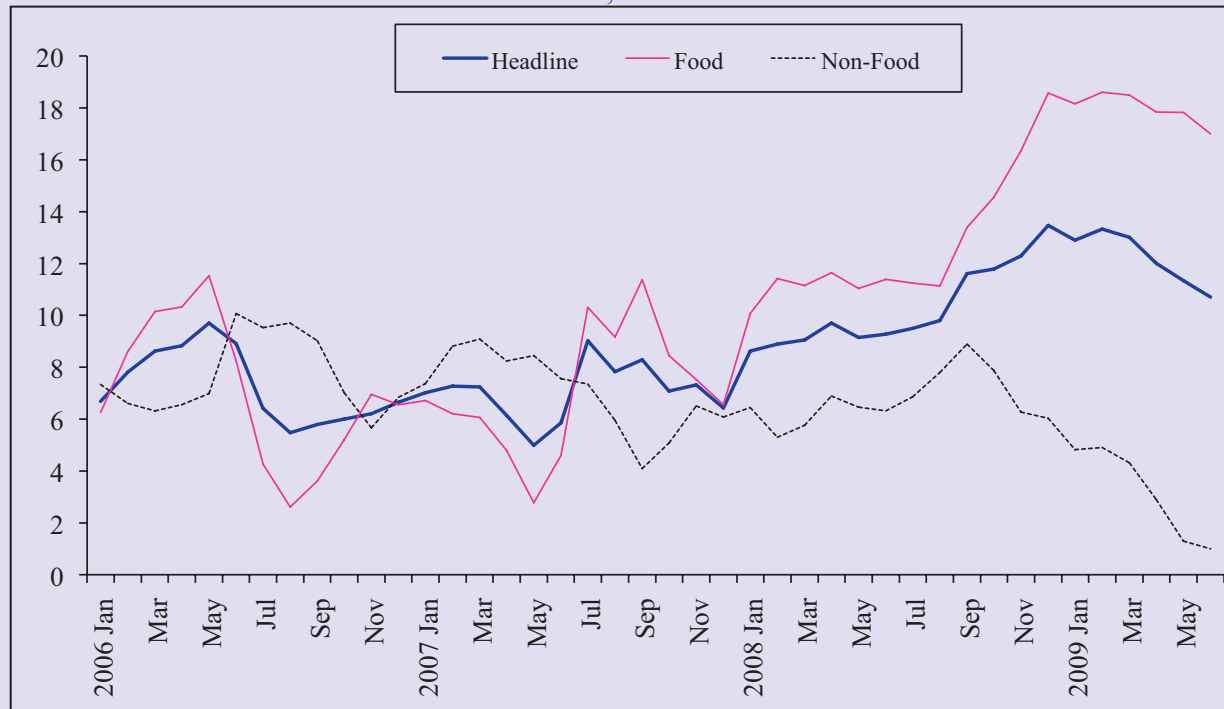
Inflation, which had remained in single digit for the past nine years to August 2008, rose to 11.6 percent in September 2008, and further to 13.5 percent in December 2008. The average annual inflation was high at 10.3 percent in 2008 compared to 7.0 percent in 2007. Average inflation rate for 2008/09 also increased to 11.8 percent which is higher than 8.4 percent recorded in the previous year. The increase in inflation was mainly due to intense pressures emanating from a protracted surge in oil and food prices.

Food inflation experienced an increasing trend between September 2008 and March 2009 partly explained by high demand of food in neighbouring countries and high transportation costs. Food inflation increased from 13.4 percent in September

2008 to 18.6 percent in December 2008, and then experienced a mixed trend before declining to 17.0 percent in June 2009. The 12-months average annual food inflation reached 16.1 percent in June 2009 compared to 10.0 percent in the corresponding period in 2008.

Annual non-food inflation declined from 8.9 percent in September 2008 to 4.8 percent in January 2009. The rate increased slightly to 4.9 percent in February 2009, thereafter declined steadily to 1.0 percent in June 2009. The downward movement in non-food inflation was associated with the decline in fuel and power prices. The average non-food inflation for 2008/09 was 5.2 percent which was lower than the average of 6.0 percent recorded in 2007/08, reflecting sustained prudent monetary policy (**Chart 1.5**).

Chart 1.5: Annual Headline, Food and Non-food Inflation



Source: National Bureau of Statistics



CHAPTER TWO PUBLIC FINANCE

Overview

In 2008/09, the Government continued to implement a range of policy and institutional reforms in order to strengthen revenue collections. Efforts to improve revenue collections mainly covered the following areas:

- Broadening the tax base;
- Improvement of business and investment climate;
- Implementation of Tanzania Revenue Authority (TRA) Third Five -Year Corporate Plan 2008/09 - 2012/13, which aims at strengthening accountability among taxpayers and tax collectors for efficient revenue collection;
- Strengthening the capacity of the Customs and Excise Tax Department

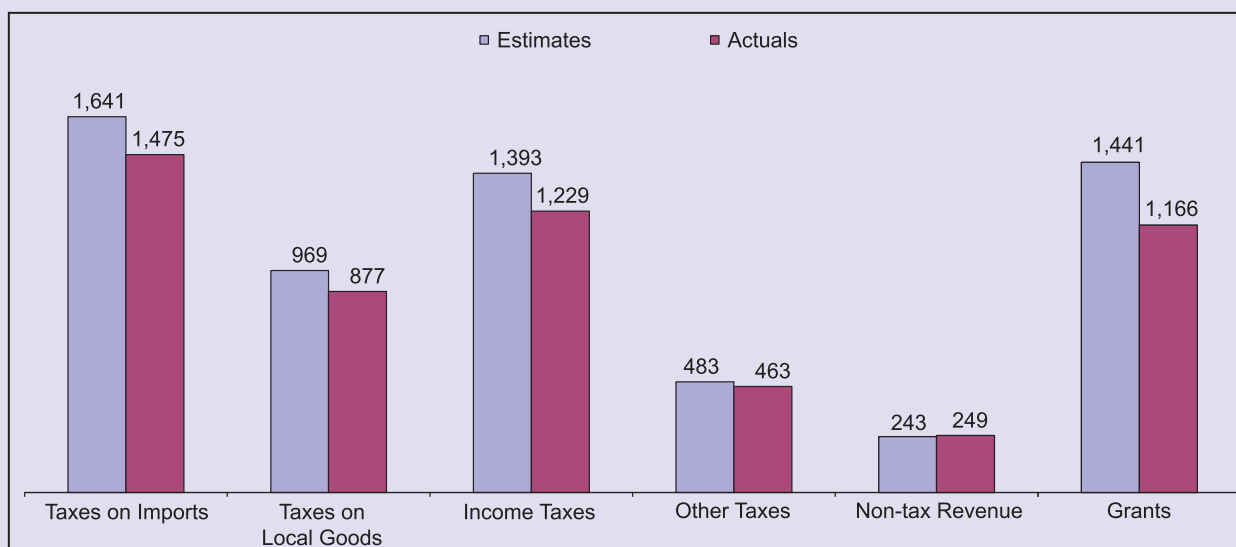
in the supervision and collection of revenue;

- Improving the procedures for collection of non – tax revenue; and
- Improving the tax structure, fees, levies and other revenue sources.

Government Resources

During 2008/09, total domestic revenue amounted to TZS 4,293.1 billion, being 90.8 percent of the target for the year. As a proportion of GDP, revenue declined slightly from 16.9 percent recorded in 2007/08 to 15.9 percent. The underperformance was mainly attributed to the slow down of economic activities due to the global financial crisis. Meanwhile, grants received amounted to TZS 1,166.4 billion or 4.9 percent of GDP (**Chart 2.1**).

Chart 2.1: Government Resources in 2008/09 - (Billions of TZS)



Source: Bank of Tanzania



Domestic Revenue

Tax revenue amounted to TZS 4,043.7 billion, equivalent to 90.2 percent of the estimates. Low collections were recorded in all major tax categories namely: import taxes, VAT, excise duty and income tax. Non-tax revenue amounted to TZS 249.4 billion, slightly above the target of TZS 243.5 billion.

Grants

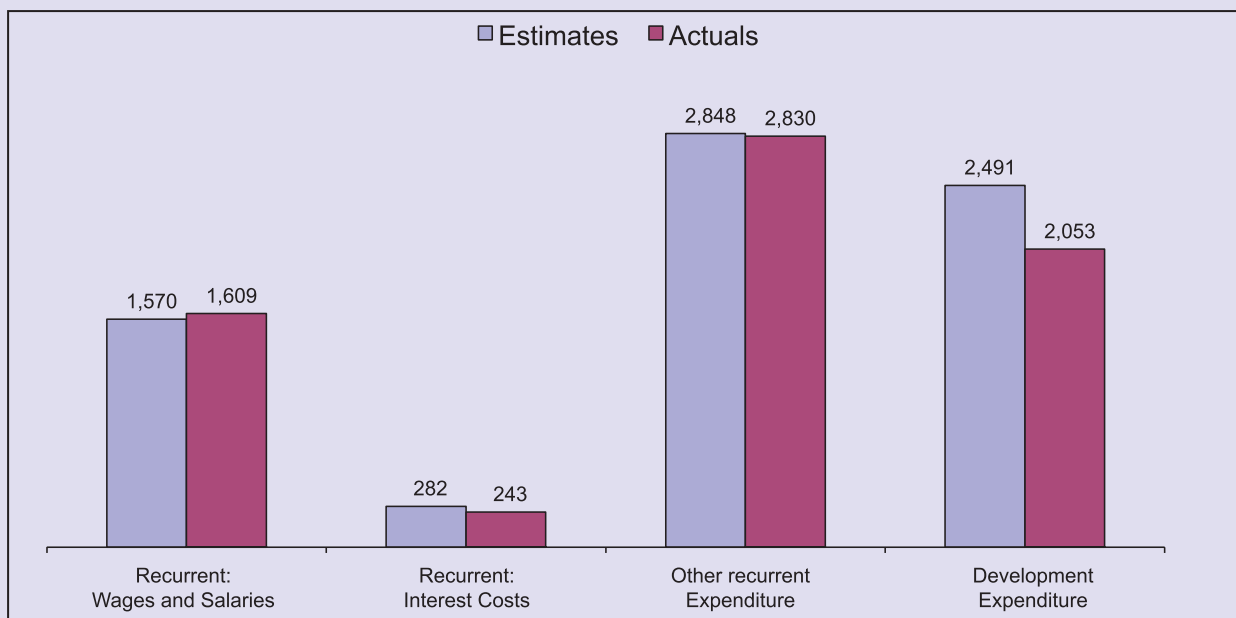
During the period under review, the government received grants amounting to TZS 1,166.4 billion or 80 percent of the estimates. Specifically, program grants amounted to TZS 603.5 billion, while TZS 289.0 billion was received for development projects, and TZS 194.1 billion for specific sectors such as health, education, and public sector reform. In addition, the government received TZS 79.7 billion in debt relief.

Government Expenditure

During 2008/09, the government continued to give priority to economic infrastructure, delivery of public social services, and completion of the ongoing development projects. Total government expenditure amounted to TZS 6,734.1 billion or 25.1 percent of GDP. The expenditure was below the target of TZS 7,192.1 billion reflecting government efforts to align its expenditure with the resource.

Recurrent expenditure during the period under review amounted to TZS 4,681.5 billion in line with the target, while development expenditure amounted to TZS 2,052.6 billion, representing 82.4 percent of the budget. Development expenditure was lower than expected mainly on account of a shortfall in the disbursement of project grants – which were 51.9 percent of the target (**Chart 2.2**).

Chart 2.2: Government Expenditure in 2008/09 - (Billions of TZS)



Source: Bank of Tanzania



Financing

The overall government budgetary operations during 2008/09 registered a deficit of TZS 1,215.0 billion, equivalent to 4.5 percent of GDP. During the same period, net foreign financing amounted to TZS 956.4 billion, while domestic borrowing amounted to TZS 213.7 billion, which was within the PSI program borrowing limit of TZS 323.0 billion.

Prospects for the 2009/10 Budget

The basic assumptions and targets for the 2009/10 budget are guided by the National Development Vision 2025 which aims at transforming Tanzania into a middle income country; National Strategy for Growth and Reduction of Poverty; Tanzania Mini Tiger Plan 2020; and the Millennium Development Goals. In order to mitigate the adverse impact of the global financial and economic crisis, the Government will

put emphasis on improving agriculture by allocating more resources to agricultural related activities.

On the revenue side, the government is committed to strengthen domestic revenue collections. Domestic revenue for the year 2009/10 is projected at TZS 5,096.0 billion, equivalent to 16.4 percent of GDP compared to 15.9 percent of GDP in 2008/09. Foreign grants and loans are projected to amount to TZS 3,181.9 billion, while domestic borrowing is estimated at TZS 506.2 billion.

During the year 2009/10, implementation of expenditure policies will focus on the following areas: to mitigate the adverse impact of the global financial and economic crisis; improve productivity in agriculture and livestock; increase access to clean and safe water as well as water for irrigation; continue to improve education and health services; infrastructure; tourism; Research and Development (R & D).



CHAPTER THREE MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Framework

The monetary policy stance for 2008/09 was set against a backdrop of rising inflation, driven by huge increase in world price of oil and food. The pressure on inflation was compounded by high liquidity in the economy which was partly explained by existence of central government deposits among banks. In an effort to contain the pressure, the Bank of Tanzania aimed at reducing money supply (M2) and (M3) growth rates from 33.4 percent and 25.2 percent, respectively, recorded in June 2008 to 18 percent each by June 2009. These targets would allow credit to the private sector to grow by 22 percent in 2008/09.

The monthly average reserve money which is the operating target of monetary policy was targeted to grow by 19.0 percent on annual basis, consistent with the broad money supply targets. In addition, two changes were made on minimum reserve requirements in January 2009. First, the minimum reserve requirements on central government deposits were raised from 10 percent to 20 percent and second, recognition of 50 percent of cash in the vaults of commercial banks as eligible component of minimum reserve requirement was abolished. These measures would have a downward effect on liquidity and thus help to contain inflation.

As the impact of the global financial crisis unfolded in the third quarter of 2008/09, the cash flows of entities involved in

production for exports began to weaken, threatening credit flow to the private sector, while the government revenue began to fall short of the budget estimates. To address the emerging situation, the monetary policy stance was relaxed to cover the government revenue shortfall and to sustain credit flow to the private sector. Accordingly, M2 and M3 growth targets for June 2009 were revised upwards to 22.4 percent and 22.0 percent, respectively. The growth target of credit to the private sector was also raised to 39.8 percent. In line with the revised money and credit targets, the monthly average reserve money growth was revised upwards to 28.9 percent.

Money Supply and Credit Developments

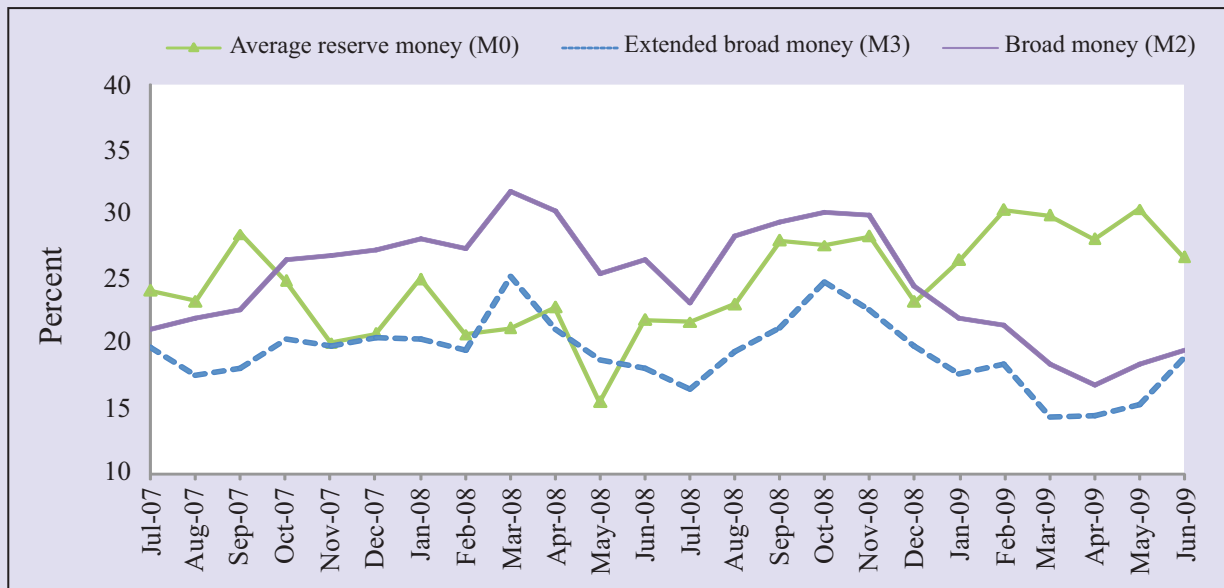
Monetary developments in 2008/09 were characterised by moderate growth rate, with M3 recording an annual growth rate of 19.0 percent, which was slightly higher than 18.1 percent recorded in 2007/08. On the contrary, the growth of M2 dropped to 19.5 percent, which was lower than 26.5 percent recorded in the preceding year. The overall deceleration of money supply expansion was mainly explained by slow down in the growth rate of credit to the private sector, partly associated with the global financial crisis and the adjustment of banks' portfolios following the changes made on minimum reserve requirements in January 2009. However, the growth rates of M3 and M2 had registered their lowest levels of 14.4 percent and 16.8 percent in



March and April, respectively after which they began to accelerate, responding to the relaxation of monetary policy stance in the last quarter of 2008/09 (Chart 3.1

and Table 3.1). Meanwhile, the growth of reserve money remained high in the last two quarters of the year under review.

Chart 3.1: Tanzania: Annual Growth Rates of Monetary Aggregates



Source: Bank of Tanzania

Table 3.1: Tanzania: Selected Money Supply Components

Billions of TZS

Item	May-08	Jun-08	May-09	Jun-09	Monthly Change		Annual Growth		
					May-09	Jun-09	Jun-08	May-09	Jun-09
Net Foreign Assets of the Banking System	3,780.3	3,694.8	4,197.5	4,572.1	-41.7	374.6	4.6	11.0	23.7
Bank of Tanzania	3,206.1	3,125.6	3,487.0	3,770.5	-100.8	283.4	14.9	8.8	20.6
Other Depository Corporations	574.2	569.2	710.5	801.7	59.1	91.2	-29.7	23.7	40.8
Net Domestic Assets of the Banking System	2,818.0	2,917.4	3,413.4	3,294.0	25.2	-119.4	41.1	21.1	12.9
Domestic Claims	3,374.4	3,384.8	4,426.2	4,774.2	144.2	348.0	21.1	31.2	41.1
Claims on central government (net)	(168.4)	(151.1)	(258.8)	63.0	94.2	321.8	-162.0	53.7	-141.7
Claims on Central Government	2,325.2	2,139.9	2,062.9	2,317.9	-7.7	254.9	-4.8	-11.3	8.3
Liabilities to Central Government	2,493.5	2,291.0	2,321.7	2,254.9	-101.9	-66.8	14.3	-6.9	-1.6
Claims on Other Sectors	3,542.8	3,535.8	4,684.9	4,711.1	50.0	26.2	38.6	32.2	33.2
Extended Broad Money Supply (M3)	6,598.2	6,612.1	7,610.9	7,866.1	-16.5	255.2	18.1	15.3	19.0
Foreign Currency Deposits (FCD) in National Currency	1,873.4	1,781.6	2,016.4	2,093.6	-59.0	77.3	0.0	7.6	17.5
FCD in millions of US dollar	1,564.9	1,508.6	1,538.8	1,611.3	-33.0	72.5	7.4	-1.7	6.8
Broad Money Supply (M2)	4,724.8	4,830.6	5,594.5	5,772.5	42.5	177.9	26.5	18.4	19.5
Other Deposits in National Currency	2,036.9	2,000.7	2,514.9	2,623.4	26.5	108.5	26.7	23.5	31.1
Narrow Money Supply (M1)	2,687.9	2,829.9	3,079.7	3,149.1	16.0	69.5	26.4	14.6	11.3
Currency in Circulation	1,183.0	1,269.5	1,366.3	1,424.1	16.7	57.9	14.3	15.5	12.2
Transferable Deposits in National Currency	1,504.9	1,560.4	1,713.4	1,725.0	-0.6	11.6	38.3	13.9	10.5

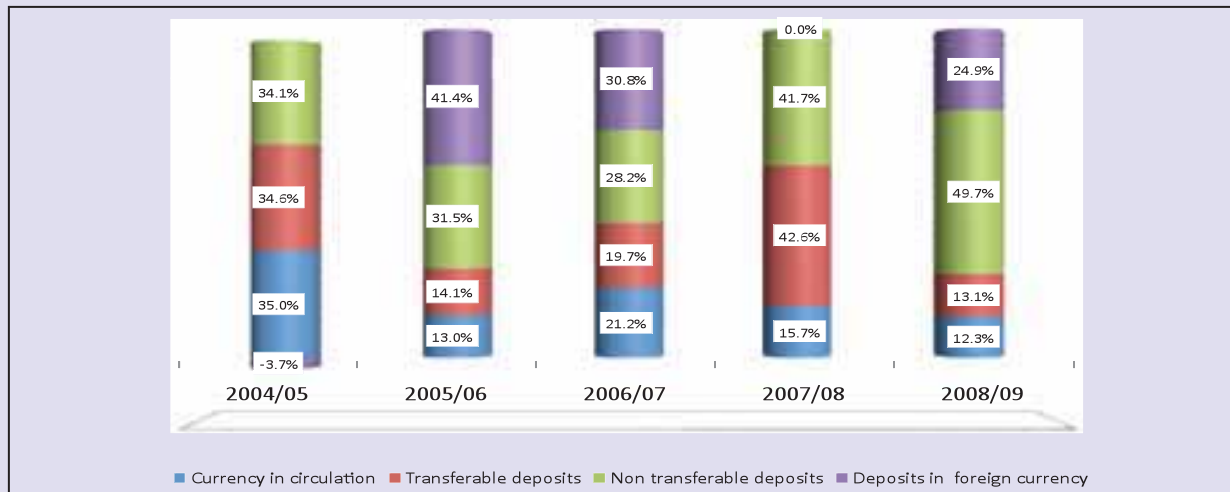
Source: Bank of Tanzania



The largest change in M3 in 2008/09 occurred in non-transferable deposits (savings and time deposits), with demand deposits share taking a downward trend (**Chart 3.2**), following the slowdown of growth of credit to private sector. As a result of these developments, the share of non-transferable deposits to total M3 increased to 33.4 percent in June 2009 from 30.3 percent in June 2008 (**Chart 3.3**).

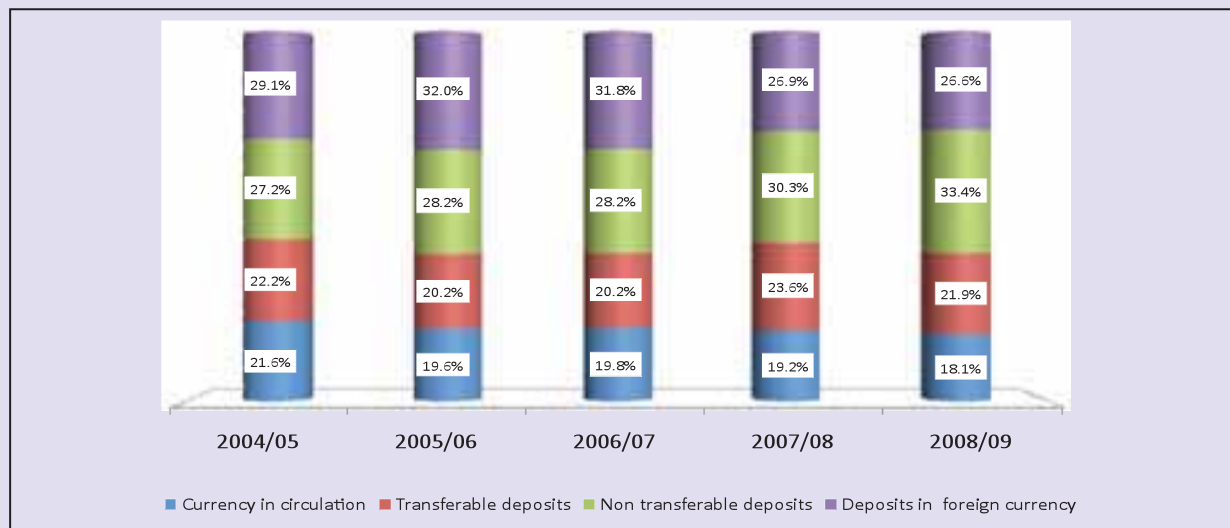
The share of foreign currency deposits to the change in M3 picked up after having diminished in 2007/08 following the general appreciation of the shilling against US dollar that had happened from the last quarter of 2007 to the second quarter of 2008. The pick up in the share of foreign currency deposits reflects the response to the depreciation of the Shilling against the US dollar that began towards the end of 2008, triggered by the global financial crisis.

Chart 3.2: Contribution to Change in M3



Source: Bank of Tanzania

Chart 3.3: Contribution to M3



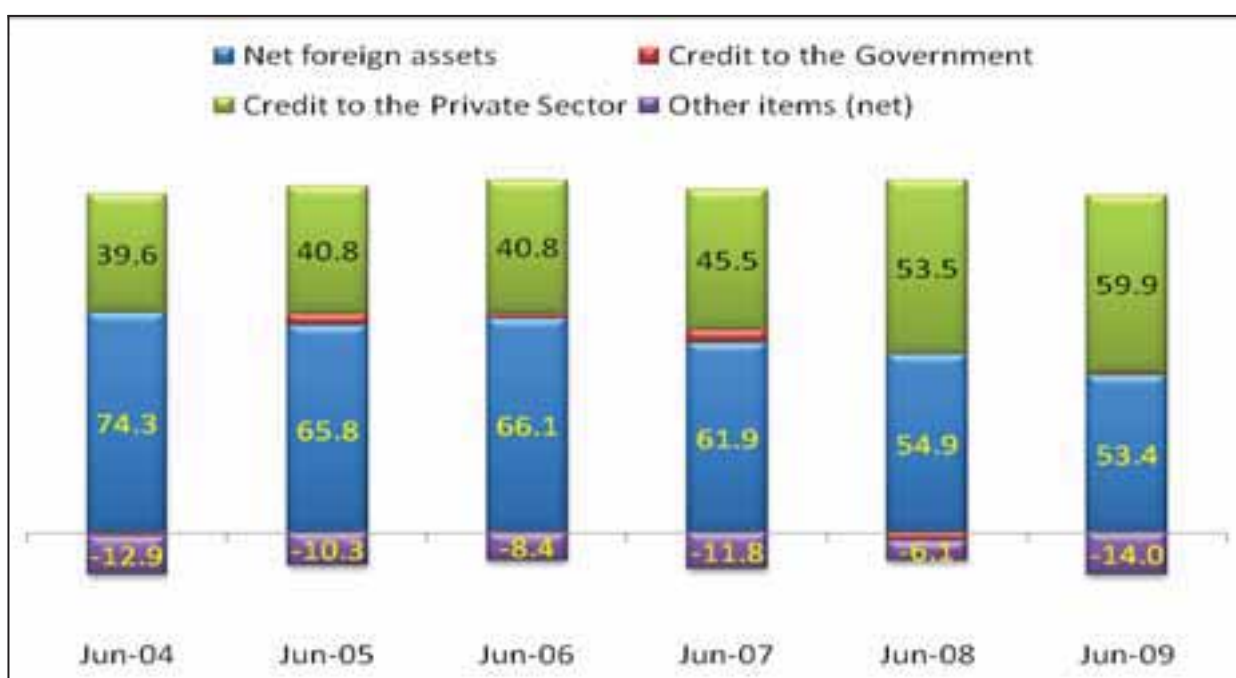
Source: Bank of Tanzania



On the assets side of the depository corporations' survey, an increasing proportion of money supply has been used to extend credit to the private sector as opposed to acquisition of foreign assets. About 59.9 percent of monetary liabilities of the depository corporations were in form of credit to the private sector at the end of June 2009, an increase from 53.5

percent at the end of June 2008. The proportion of credit to the private sector has been on increasing trend in the recent past, consistent with strong performance in domestic economic activity. Meanwhile, the proportion foreign assets dropped from 54.9 percent at the end of June 2008 to 53.4 percent at the end of June 2009 (Chart 3.4).

Chart 3.4: The Structure of the Assets Side of Depository Corporations Survey



Source: Bank of Tanzania

Credit Developments

Credit to the private sector registered a growth rate of 33.2 percent in 2008/09, which represents an increase of TZS 1,174.4 billion in absolute terms to a stock of TZS 4,710.2 billion. The growth of credit to private sector was however less than 38.6 percent registered in 2007/08, manifesting the increased cautiousness of banks in lending to the private sector in the wake of the global financial crisis. The combination of high growth in reserve money in the last two quarters of the year under review, and

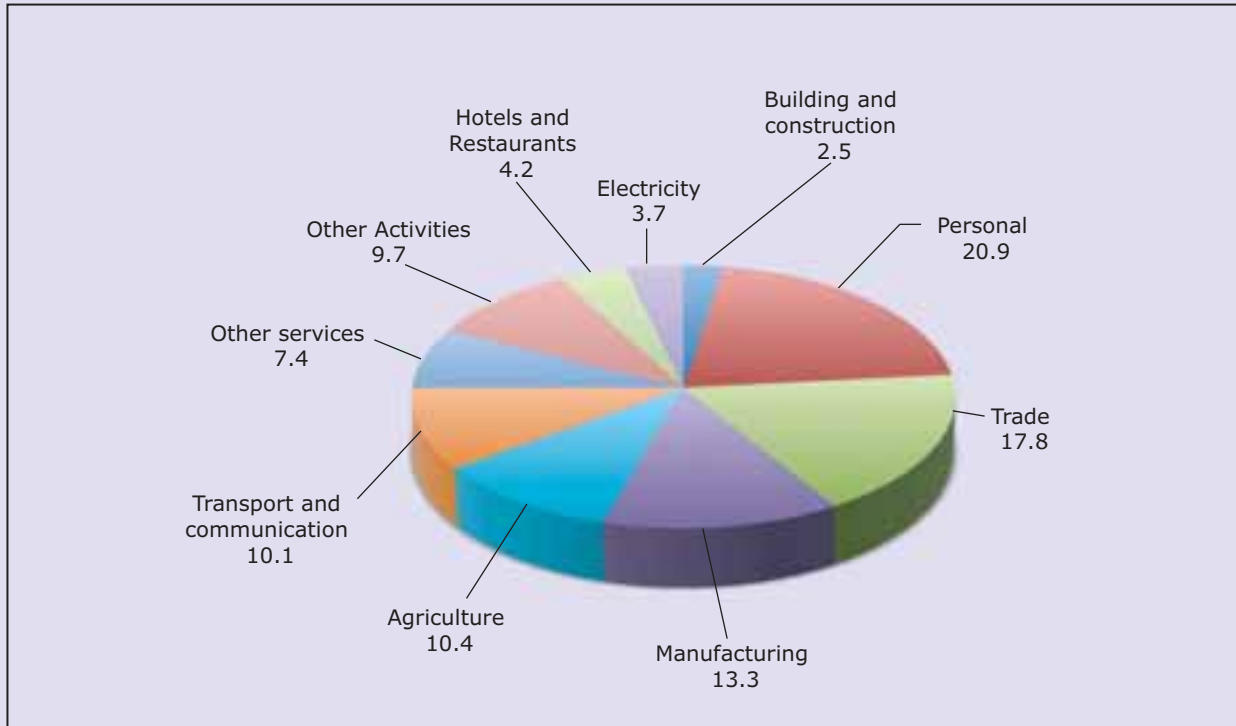
slowdown in the growth of credit to the private sector led to increase in liquidity among banks, manifested in declining interest rates in the money market.

In terms of composition, the largest share of the outstanding credit to the private sector at the end of June 2009 was held in personal loans accounting for 20.9 percent, followed by trade and manufacturing activities that accounted for 17.8 percent and 13.3 percent, respectively. Credit to entities marketing agricultural products was 10.4 percent of the outstanding credit,



while credit to transport and communication was about 10.1 percent (**Chart 3.5**).

Chart 3.5: Tanzania: Composition of Credit to the Private Sector



Source: Bank of Tanzania

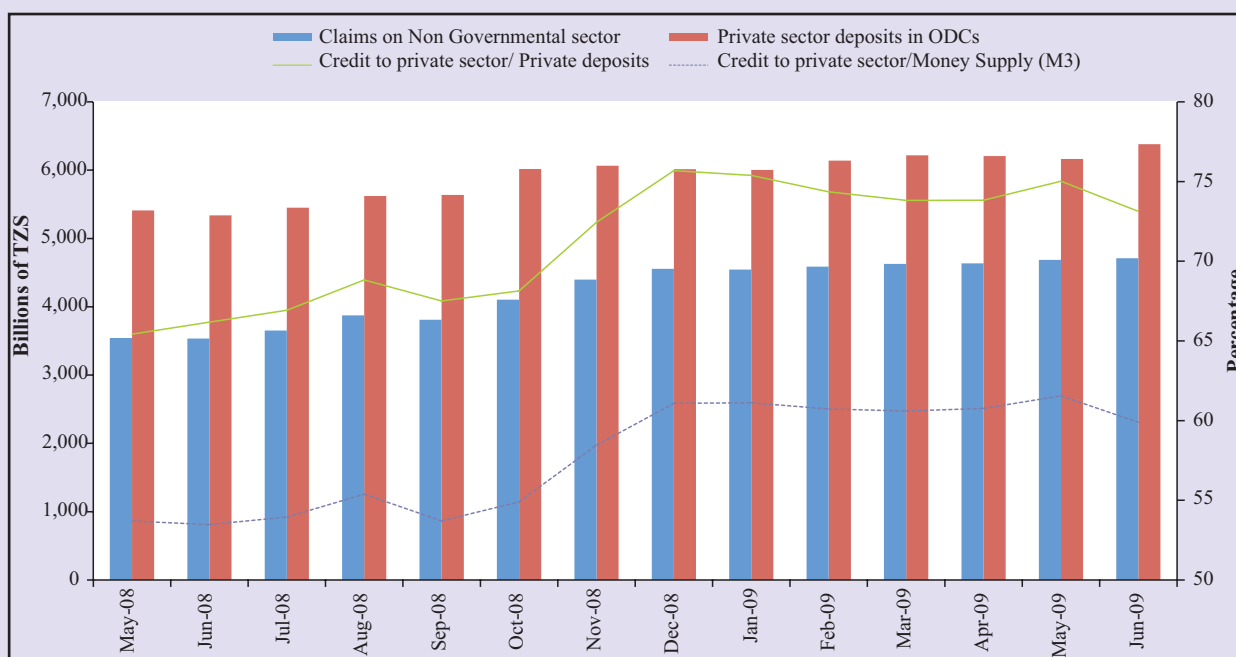
Financial Intermediation

Financial intermediation by banks in Tanzania sustained good performance as indicated by increase in bank deposits and credit to the private sector. During 2008/09, non government deposits increased by TZS 1,099.3 billion while banks' credit to the private sector

increased by TZS 1,174.4 billion, pushing the stock of credit to the private sector to TZS 4,710.2 billion. The share of credit to private sector stock in total private sector deposits held in banks increased to about 73.1 percent 66.2 percent recorded in the preceding year (**Chart 3.6**).



Chart 3.6: Total Deposits and Credit of the Banking System



Source: Bank of Tanzania

Interest Rate Developments

Interest rates took a significant downward trend, particularly from March 2009 following the modest relaxation of monetary policy stance. The monetary policy stance, which was partly implemented through reduction of the tender sizes for Treasury securities, dampened interest rates in the money market. Consequently, the overall weighted average yield, which had increased from 7.84 percent in June 2008 to 13.33 percent in March 2009 declined to 6.97 percent in June 2009. Similar developments were observed in interbank cash market and in repo transactions. The overall interbank cash market rate dropped to 5.0 percent in June 2009 from 10.1

percent in March 2009, having increased from 3.61 percent in June 2008. The repo rate also dropped to 4.9 percent in June 2009 from 9.73 percent in March 2009. The repo rate had increased from 3.75 percent in June 2008.

These developments of interest rates in the financial markets were however not fully echoed by banks. While the savings deposits rates continued with the gradual downward trend reaching 2.69 percent in June 2009 from 2.79 in June 2008, the overall lending rate rose to 15.48 percent from 14.76 percent. Meanwhile, the negotiated lending rates increased to 14.03 percent from 13.07 percent in June 2008 (Table 3.2).



Table 3.2: Weighted Average Interest Rates Structure

Item	Percent													
	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Overall Interbank cash market rate	3.83	3.61	3.61	3.70	4.32	5.45	5.85	6.54	8.41	9.81	10.10	9.58	6.80	5.03
Overnight interbank cash market	3.59	3.45	3.49	3.64	4.19	5.23	5.51	6.27	8.31	9.63	9.90	9.29	6.49	4.46
REPO Rate	3.66	3.75	3.79	3.76	4.02	4.89	5.32	6.42	7.55	9.09	9.73	8.25	6.10	4.90
Discount Rate	12.00	12.84	14.46	14.47	15.17	15.30	15.33	15.99	17.53	17.85	18.33	16.01	13.00	10.31
Overall Treasury bills rate	7.00	7.84	9.46	9.47	10.17	10.30	10.33	10.99	12.53	12.85	13.33	11.01	9.27	6.97
35 days	4.67	5.03	5.70	5.33	5.78	5.93	6.44	6.88	7.43	7.54	7.62	7.03	6.40	4.81
91 days	4.95	5.76	7.93	8.62	10.36	10.39	10.76	11.20	11.60	11.99	12.43	10.55	8.25	5.56
182 days	6.75	7.63	8.51	10.11	10.53	10.81	11.00	12.13	13.28	14.64	14.86	12.04	10.20	7.86
364 days	9.03	10.00	11.15	11.48	11.56	11.63	11.97	12.79	15.32	14.74	14.99	12.57	10.69	9.11
Savings Deposit Rate	2.74	2.79	2.68	2.65	2.67	2.63	2.66	2.71	2.61	2.72	2.69	2.72	2.72	2.69
Treasury Bonds Rates														
2-years	12.23	12.87	12.87	12.87	13.20	13.20	14.35	14.35	14.35	14.35	15.28	15.28	15.28	11.51
5-years	14.49	14.49	14.49	14.49	14.49	16.39	16.39	16.39	17.32	17.32	17.32	17.32	16.58	16.58
7-years	17.18	17.18	17.04	17.04	17.04	17.04	17.04	17.04	17.04	17.04	17.04	17.06	17.06	17.06
10-years	17.09	17.09	17.09	19.47	19.47	19.47	19.47	19.47	19.47	19.92	19.92	19.92	19.92	19.92
Overall Time Deposits Rate	6.71	6.66	6.58	5.86	6.43	6.22	6.38	6.39	6.41	6.57	6.79	6.85	6.81	6.52
12 month time deposit rate	8.76	8.29	8.17	7.48	8.05	8.20	8.76	8.29	8.65	8.47	8.44	8.85	9.13	8.79
Negotiated Deposit Rate	11.07	10.62	9.26	9.63	10.27	10.11	10.26	10.23	10.66	10.82	10.99	11.27	11.03	10.13
Overall Lending rate	14.78	14.76	15.05	14.83	14.91	14.82	14.30	16.05	14.93	14.95	15.12	15.45	15.39	15.48
Short-term lending rate (up to 1 year)	13.58	13.93	13.35	13.86	14.04	13.27	13.57	13.56	13.41	13.45	13.44	13.87	13.68	14.57
Negotiated Lending Rate	12.57	13.07	11.01	12.18	12.68	13.38	11.96	11.91	12.27	12.13	12.85	13.87	13.93	14.03
Margin between short-term lending and one-year time deposit rates	4.82	5.64	5.18	6.38	6.00	5.07	4.81	5.27	4.76	4.99	5.00	5.03	4.55	5.78

Source: Bank of Tanzania

Financial Markets Developments

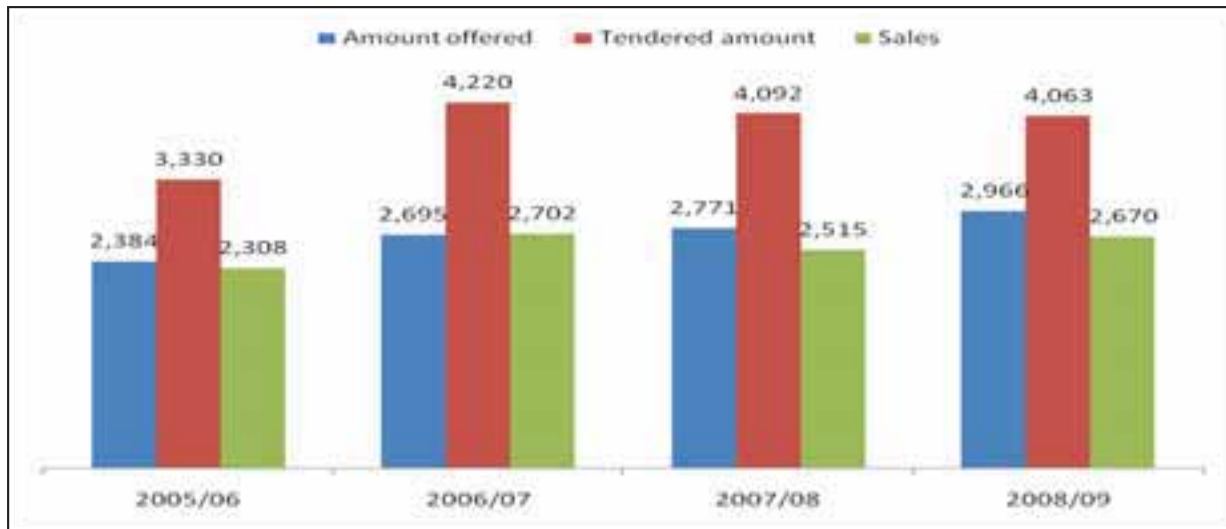
During 2008/09, financial markets in Tanzania experienced some effects of the global financial crisis, particularly in the second, third and fourth quarters of the year under review. In the second and third quarters of the year under review the demand for Treasury bills, bonds and repo declined substantially, largely due to increased loan syndications, Initial Public Offers by companies, and the increase in the minimum reserve requirements on government deposits from 10 percent to 20 percent in January 2009. In the last quarter of the year under review, expansion of credit to private sector slowed down while measures were taken to relax monetary policy in order to mitigate the impact of the global financial crisis. This led to accumulation of liquidity among banks which was manifested in the market increase in demand for repos and government securities.

Treasury bills market

During 2008/09, financial markets in Tanzania experienced some effects of the financial crisis, particularly in the second, third and fourth quarters of the year under review. In the second and third quarters of the year under review the demand for Treasury bills, bonds and repo declined substantially, largely due to increased loan syndications, Initial Public Offers by companies, and the increase in the minimum reserve requirements on government deposits from 10 percent to 20 percent in January 2009. In the last quarter of the year under review, expansion of credit to private sector slowed down while measures were taken to relax monetary policy in order to mitigate the impact of the global financial crisis. This led to accumulation of liquidity among banks which was manifested in the market increase in demand for repos and government securities (Charts 3.7 and 3.8).

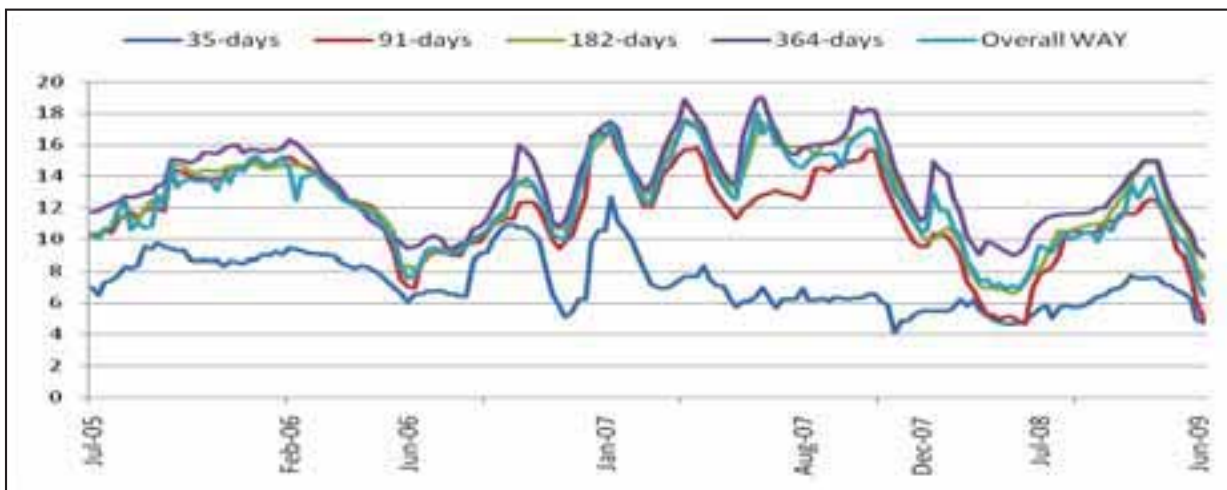


Chart 3.7: Treasury Bills Performance (Billions of TZS)



Source: Bank of Tanzania

Chart 3.8: Treasury Bills yields: July 2005-June 2009



Source: Bank of Tanzania

Treasury bonds market

In the Treasury bond market, the trend of performance was much similar to the Treasury bills market. In total, Treasury bonds worth TZS 396.5 billion were floated while demand stood at TZS 414.8 billion, which was much lower by TZS 102.6 billion, when compared with the preceding year (Chart 3.9). Most of the demand was recorded on the short end of the market—

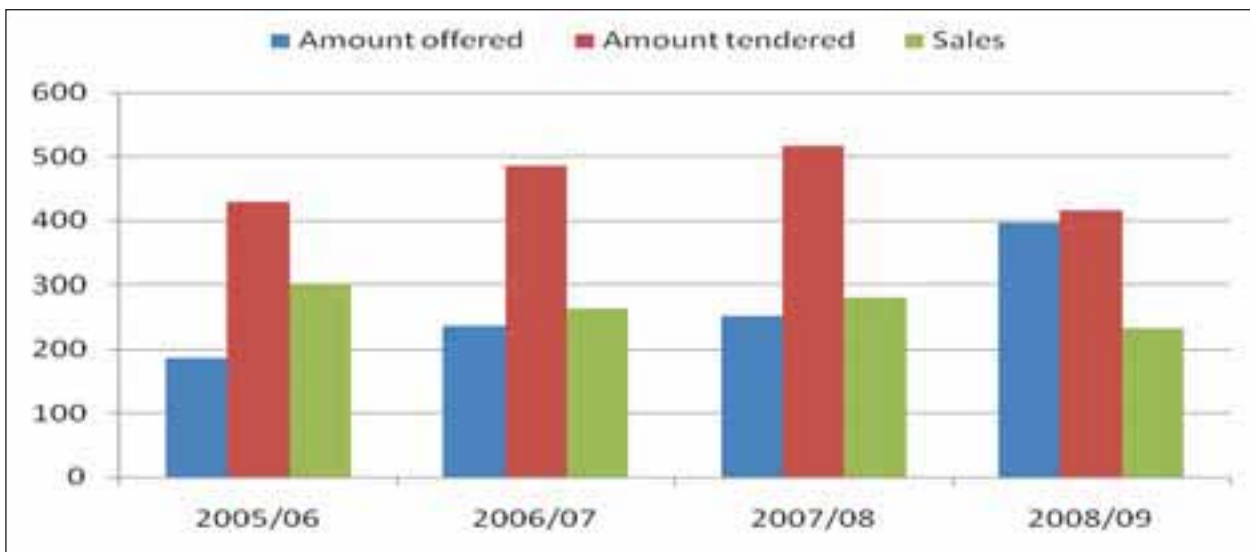
2-year Treasury bond—while the 10-year bond was the least preferred (Chart 3.10). Successful bids amounted to TZS 233.3 billion, representing about 59 percent of the tender size and little more than half of the total market demand. Despite the decline in demand for bonds in the second and third quarters of the year under review, interest rates on bonds were generally lower compared with the preceding years, save for the 10-year bond (Table 3.3).



The major investors were banks accounting for about half of the market turnover and dominating on the 2 and 3-year bonds. Pension funds ranked second by accounting for nearly 41 percent and their preference was well marked on 7 and 10-year bonds.

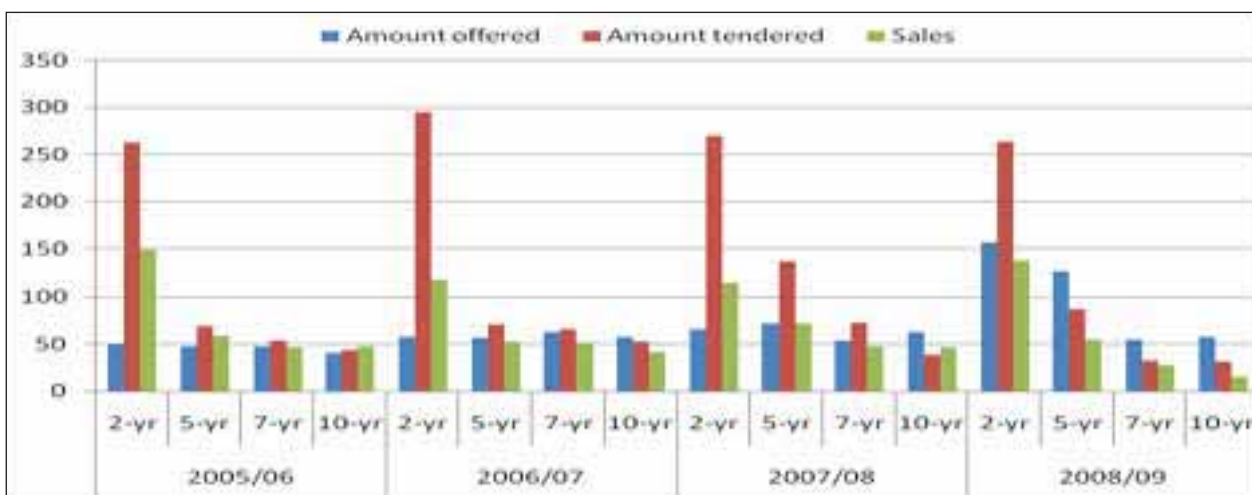
By end of June 2009, outstanding stock of Treasury bonds was TZS 972.3 billion. The debt profile was somewhat evenly distributed in terms of maturities. The 2, 5 and 7-year bonds each represented 26 percent of the outstanding total stock while the 10-year bond represented about 22 percent.

Chart 3.9: Treasury Bonds Sales (Billions of TZS)



Source: Bank of Tanzania

Chart 3.10: Treasury Bonds Sales by Maturity (Billions of TZS)



Source: Bank of Tanzania



Table 3.3: Treasury Bonds Yields (In Percent)

	2005/06	2006/07	2007/08	2008/09
2-yr	15.81	16.42	16.13	14.85
5-yr	16.16	16.64	18.20	15.20
7-yr	17.05	17.52	18.59	17.05
10-yr	18.50	17.46	18.66	19.69

Source: Bank of Tanzania

Interbank Foreign Exchange Market

Developments in the Interbank Foreign Exchange Market (IFEM) during the year were somehow mixed. The more than one-year relative strength and stability of the Shilling turned around to a sharp weakening and large volatility, at least starting from October 2008. To a large extent, this was attributed to anxiety and reduced confidence in the market arising from the global financial crisis, leading to increase in demand for foreign exchange. The Bank of Tanzania participated in

the market actively for monetary policy purposes as part of its strategic instrument mix, smoothing the exchange rate movement, and partly to bridge supply gap caused by growing current account deficit. A total of USD 867.9 million were sold in 2008/09 compared to USD 579.2 million sold in the preceding year. Annual average exchange rate was TZS 1,263.4 per US dollar in 2008/09 compared to TZS 1,201.13 per US dollar recorded in a year earlier. In June 2009, the shilling traded at an average of TZS 1,313.13 per US dollar (Table 3.4).

Table 3.4: IFEM Transactions (USD mn, unless specified)

Period	Average TZS/USD	Total IFEM	BOT sales	BOT Purchases
Jul-Sep 2005	1135.9	198.5	0.0	0.0
Oct-Dec 2005	1162.3	234.3	0.0	0.0
Jan-Mar 2006	1193.3	212.8	87.3	39.0
Apr-Jun 2006	1240.6	317.2	210.6	1.2
2005/06	1183.0	962.7	297.9	40.2
Jul-Sep 2006	1293.7	342.9	216.7	11.4
Oct-Dec 2006	1281.9	276.4	141.3	24.2
Jan-Mar 2007	1279.3	238.9	108.5	30.0
Apr-Jun 2007	1267.7	304.3	31.0	166.3
2006/07	1280.6	1162.4	497.4	231.8
Jul-Sep 2007	1270.7	315.2	112.1	87.3
Oct-Dec 2007	1160.6	383.1	221.2	0.0
Jan-Mar 2008	1171.3	197.5	83.7	0.0
Apr-Jun 2008	1201.8	355.8	162.2	0.0
2007/08	1201.1	1251.6	579.2	87.3
Jul-Sep 2008	1162.9	373.4	90.0	0.0
Oct-Dec 2008	1253.9	326.1	232.0	0.0
Jan-Mar 2009	1311.3	459.3	329.9	2.5
Apr-Jun 2009	1325.6	385.6	216.0	0.2
2008/09	1263.4	1544.3	867.9	2.7

Source: Bank of Tanzania



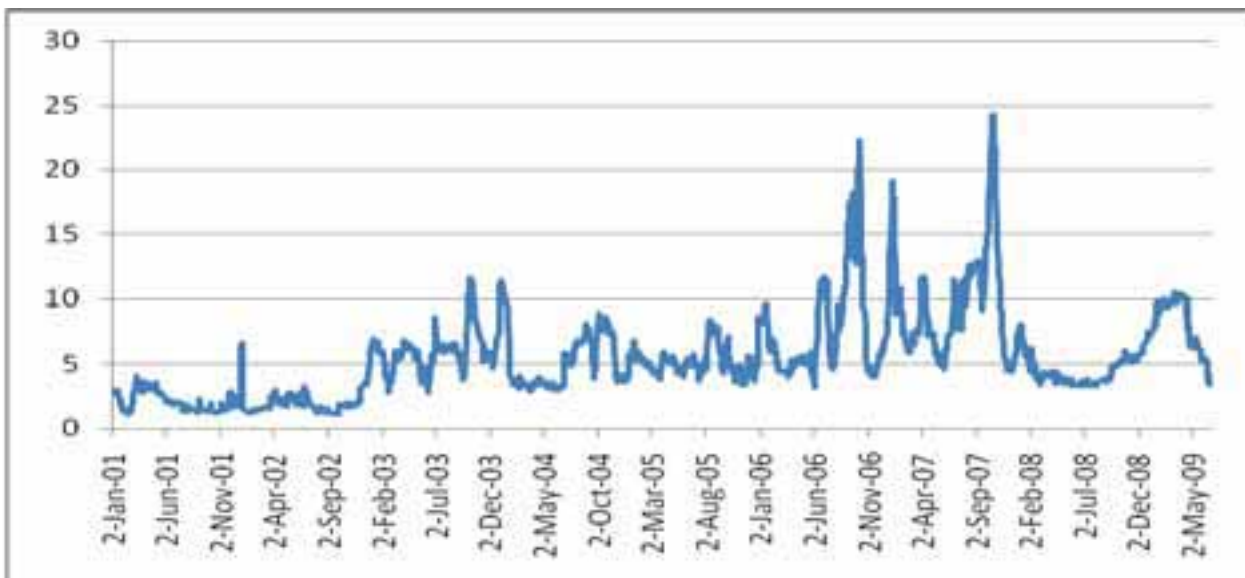
Repurchase Agreements

During 2008/09, the Bank conducted repurchase agreement (repo) with commercial banks amounting to TZS 5,419.8 billion as part of the mix of monetary policy instruments compared with TZS 5,153.3 billion transacted in the previous year. The maturities were predominately 7 days in the first two quarters and 14 days in the fourth quarter. The repo rates generally moved in tandem with Treasury bills, rising to around 10 percent in the second and third quarters and declining to around 5 percent in June 2009.

Developments in inter-bank cash market

During the year under review, developments in the inter-bank cash market were consistent with other money markets. Average overnight interest rate evolved at less than 5 percent in most part of the first quarter of 2008/09 but rose to more than 9 percent in February 2009. This trend was reversed, declining to as low as 3.9 percent at the end of June 2009 (**Chart 11**).

Chart 11: Tanzania: Daily Overnight Interbank Interest Rate



Source: Bank of Tanzania

Policy Direction and Challenges for 2009/10

During 2009/10, the Bank will continue to pursue the moderately relaxed monetary policy to provide more fiscal space to the Government of 1.6 percent of GDP in addition to 1.2 percent of GDP which was provided in the last quarter of 2008/09. This initiative translates into about TZS 505 billion government domestic borrowing in

2009/10. That notwithstanding, the Bank will remain firmly focused on formulation and implementation of monetary policy aimed at restoring and maintaining low and stable inflation.

Specifically, the Bank aims at achieving the following objectives for 2009/10:

- i. Money supply (M2) and (M3) growth to be around 20 percent each by end June 2010 from the rates recorded in May 2009.



- ii. Allowing credit to the private sector to increase at an annual rate of 28.7 percent by June 2010.
- iii. Maintaining a level of international reserves adequate to cover not less than 4 months of imports of goods and services.



CHAPTER FOUR BALANCE OF PAYMENTS DEVELOPMENTS

Overall Balance

During the year ending June 2009, the overall balance of payments recorded a surplus of USD 254.0 million down from USD 500.7 million recorded in the previous year. The decline in surplus was mainly

associated with the current account deficit which widened to USD 2,548.1 million from a deficit of USD 2,318.2 million recorded in the previous year (**Table 4.1**). The widening current account deficit was largely attributed to the rise in imports of goods and services relative to exports.

Table 4.1 Tanzania: Current Account Balance

Item	July-June		Millions of USD
	2007/08	2008/09	% Change
Goods Account (net)	-3,427.1	-3,427.1	-0.0
Exports	2,275.5	2,543.0	11.8
Traditional	336.6	488.4	45.1
Non traditional	1,938.9	2,054.6	6.0
o/w Gold	920.6	809.3	-12.1
Imports	5,702.6	5,970.0	4.7
Capital Goods	2,165.2	2,602.4	20.2
Intermediate Goods	2,339.8	2,036.3	-13.0
o/w Oil	1,683.4	1,433.3	-14.9
Consumer Goods	1,197.6	1,331.4	11.2
Services Account (net)	468.8	277.5	-40.8
Receipts	1,957.2	1,909.3	-2.4
Payments	1,488.4	1,631.8	9.6
Goods and services (net)	-2,958.3	-3,149.5	6.5
Exports of goods and services	4,232.7	4,452.3	5.2
Imports of goods and services	7,191.0	7,601.8	5.7
Income Account (net)	-44.8	-86.1	92.3
Receipts	128.4	122.8	-4.4
Payments	173.2	208.9	20.6
Current Transfers (net)	684.9	687.5	0.4
Inflows	762.8	755.7	-0.9
o/w General Government	659.3	657.6	-0.3
Outflows	77.9	68.2	-12.5
Current Account Balance	-2,318.2	-2,548.1	9.9

Note:

p = Provisional data.

Totals may not add up due to rounding of numbers.

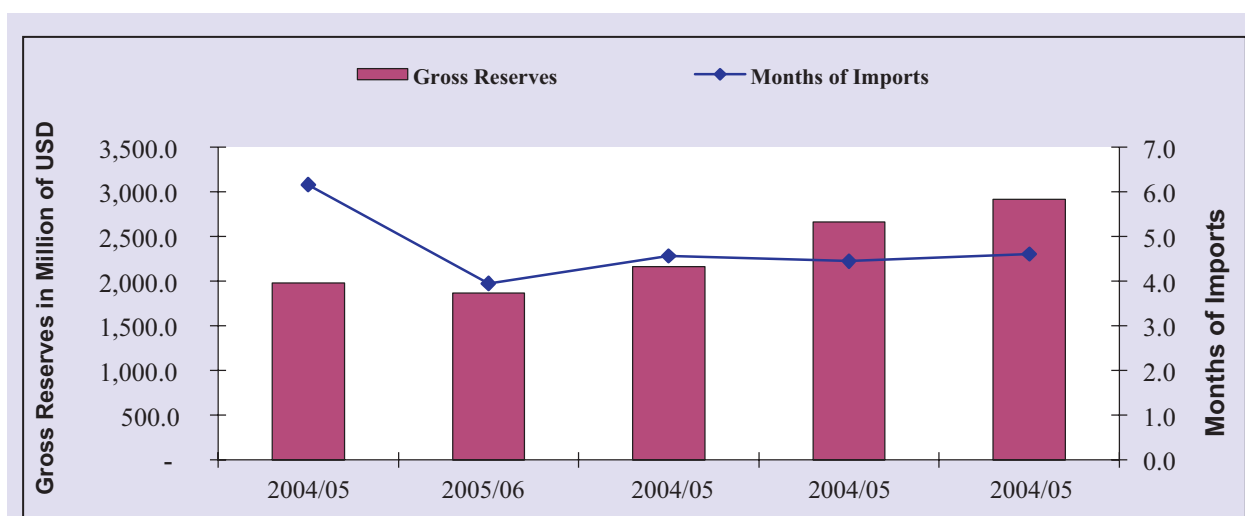
Source: Bank of Tanzania



As at end June 2009, the Bank of Tanzania's stock of gross official reserves rose to USD 2,918.6 million from USD 2,664.9 million recorded in June 2008. The increase was mainly associated with balance of

payments support received under the IMF's Exogenous Shock Facility. The level of reserves was sufficient to cover about 4.6 months of imports of goods and services (Chart 4.1).

Chart 4.1: Bank of Tanzania Gross Reserves



Source: Bank of Tanzania

Goods Export

During the year ending June 2009, goods export increased by 11.8 percent to USD 2,543.0 million with both traditional and non-traditional exports recording increases. Traditional exports went up by 45.1 percent to USD 488.4 million largely on account of increased export volumes of coffee, cotton, tobacco and cloves. The increase in export volumes was attributed to relatively higher production levels following good weather conditions and timely provision of inputs through the Agricultural Sector Development Programme (ASDP). With the exception of tea and tobacco, unit prices for most of the traditional exports recorded declines partly associated with the global financial crisis which suppressed demand in the world market.

The value of non-traditional exports went up by 6.0 percent to USD 2,054.6 million during the year ending June 2009, mainly on account of manufactured goods and horticultural products which increased by 53.3 percent and 54.5 percent to USD 636.8 million and USD 36.5 million, respectively. The increase in export of manufactured goods was largely due to growth of manufacturing activity coupled with improved security in the region where manufactured exports are largely destined. The exported manufactured goods include iron and steel products, wheat flour, plastic items and electrical equipment.

Horticultural exports increased largely due to the expansion in horticultural production coupled with new investments in flower cutting and seeds. Conversely, the value of gold exports declined by

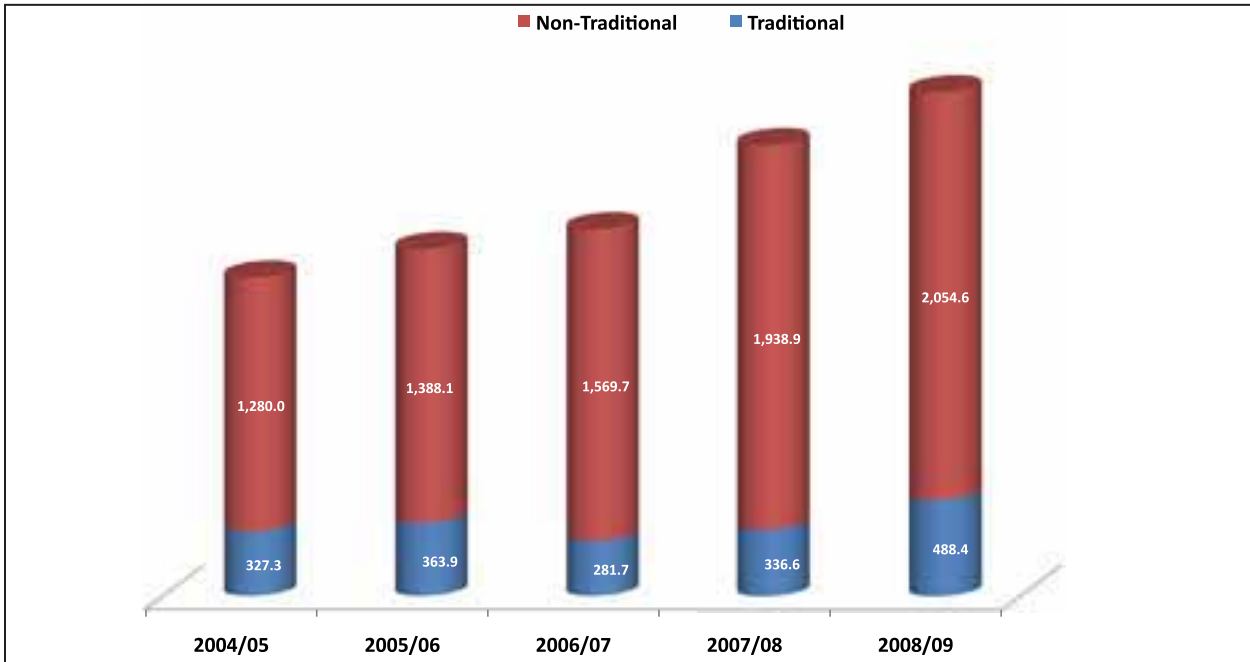


12.1 percent to USD 809.3 million largely due to a fall in export volume from 35.1 tons to 27.9 tons. However, the price of gold in the world market increased by 6.2 percent to USD 873.7 per troy ounce from

the price recorded last year. Exports of other minerals including Tanzanite, rubies, sapphires, copper and silver also went down by 22.6 percent to USD 30.3 million (Charts 4.2 and 4.3).

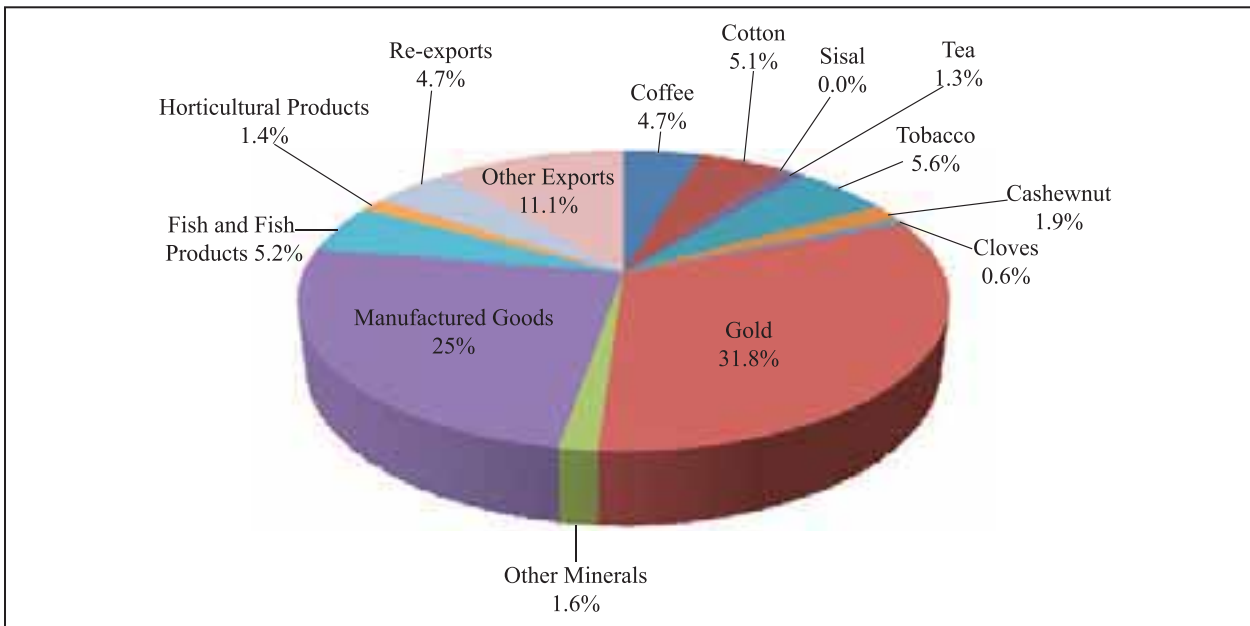
Chart 4.2: Trend and Structure of Tanzania Exports

(Millions of USD)



Source: Bank of Tanzania

Chart 4.3: Contribution of Commodities to Total Exports Earnings 2008/09



Source: Bank of Tanzania

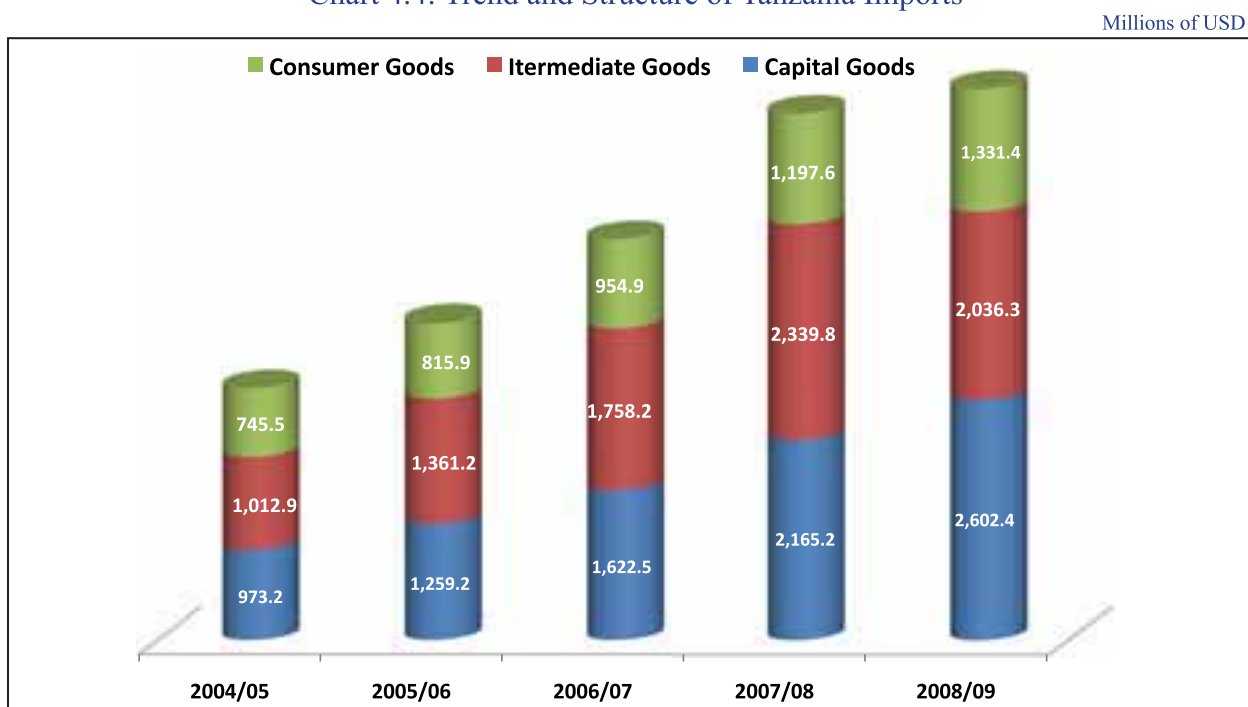


Goods Import

During the year under review, imports of goods went up by 4.7 percent to USD 5,970 million mainly due to increase in imports of capital and consumer goods. Imports of capital goods went up by 20.2 percent to USD 2,602.4 million with much of the increase coming from machinery goods which went up by 25.5 percent to USD 1,254.6 million. Likewise, importation of consumer goods rose by 11.2 percent to USD 1,331.4 million largely due to increased import of cereals to augment domestic food supply, pharmaceutical products, plastic goods and paper products. Import of cereals, particularly wheat, rice and maize rose by 7.5 percent, 2.2 percent and 7.3 percent to USD 219.8 million, USD 23.3 million and USD 5.9 million, respectively in 2008/09. Import of cereals, account for about 70 percent of import of food and food stuffs.

Conversely, import of intermediate goods declined by 13.0 percent to USD 2,036.3 million on account of fall in prices of oil and industrial raw materials. Prices of white products in the world market dropped to USD 652.4 per ton from USD 878.6 per ton in the previous year. Consequently, the value of oil imports went down by 14.9 percent to USD 1,433.3 million inspite of the increase in volume of imports that rose by 21.1 percent to 2,627,250 tons. The value of fertilizer imports rose by 36.1 percent to USD 133.5 million largely due to increase in volume and the world market prices. Fertilizer imports went up to 191,353.9 tons from 190,318.3 tons recorded in the previous year whereas, the world market price of Urea, the world most common fertilizer, rose from USD 309.4 per ton in 2007 to USD 770.0 per ton in August 2008 (Chart 4.4).

Chart 4.4: Trend and Structure of Tanzania Imports



Source: Bank of Tanzania



Services Account

During the year ending June 2009, services receipts declined by 2.4 percent to USD 1,909.3 million largely due to fall in transportation receipts that went down by 20.4 percent to USD 326.5 million as a result of decrease in transit trade. The development was partly due to the global recession that affected trade in the neighbouring countries and **congestion at the Dar es Salaam port compelled some importers to diverge consignments to other ports like Mombasa, Beira and Durban.** Receipts from travel rose slightly to USD 1,250.4 million from USD 1,228.7 million recorded during the corresponding period in 2007/08, despite the decrease in the number of tourist arrivals which declined to 719,769 in 2008/09 from 767,921 recorded during the corresponding period last year.

Meanwhile, services payment increased by 9.6 percent to USD 1,631.8 million, largely due to increase in payments of freight, travel and insurance services in line with the increase in merchandise imports, globalisation and increased integration with the world economy.

Income Account

During the period under review, the deficit in the income account widened to USD 86.1 million from USD 44.8 million. Income payments rose to USD 208.9 million from USD 173.2 million in the previous period, largely due to an increase in compensation of employees and payments for investments which included dividends and profits. On the other hand, income receipts went down

by 4.4 percent to USD 122.8 million largely attributed to fall in investment income and compensation of employees.

Current and Capital Transfers

Official current transfers decreased slightly to USD 657.6 million during the year ending June 2009, from USD 659.3 million recorded in the corresponding period in 2008. Most of the funds were disbursed under General Budget Support (GBS) which accounted for about 70 percent, while the remaining was sectoral basket. Likewise, official capital transfers went down slightly to USD 618.9 million from USD 622.4 million.

Financial Account

Financial account recorded a surplus of USD 1,592.0 million during 2008/09, largely due to an increase in Foreign Direct Investment (FDI) and external loans. During the year ending June 2009, FDI increased to USD 725.4 million, up from USD 695.5 million recorded in the corresponding period in 2008. Likewise, loan disbursements increased by 17.7 percent to USD 1,057.2 million, with government loan accounting for about 75.9 percent.

World Commodity Prices

During the year ending June 2009, world market prices for most of the agricultural and non agricultural commodities recorded declines with the exception of tea (Average price and Mombassa Auction), sisal and gold (**Table 4.2**). The prices of coffee



Robusta and Arabica declined largely on account of increased production in Brazil. According to International Coffee Organization, global coffee production reached 128.8 million bags in 2008/09 up from 118.1 million bags produced in the preceding year. Similar developments were also observed in the prices of cotton, “A Index” and “Memphis” that dropped by 13.8 percent and 11.1 percent, respectively, on account of decline in the global demand.

Prices of tea rose in response to strong demand from Russia, Middle East and

Pakistan coupled with low supply following unfavourable weather condition in Kenya. Similarly, the price of sisal (UG) increased from USD 1,075.0 per metric ton to USD 1,213.0 per metric ton following rise in world demand.

During the period under review, the prices of crude oil and white products declined largely attributable to the drop in the global demand for oil amid the global financial and economic crisis. Gold prices rose by 6.2 percent to USD 873.6 per troy ounce.

Table 4.2: World Commodity Prices

Commodity	Units	Year Ending June			% Change
		2006/07	2007/08	2008/09	
Robusta Coffee	USD per kg	1.72	2.24	1.95	-13.0
Arabica Coffee	USD per kg	2.57	3.03	2.98	-1.4
Tea (Average Price)	USD per kg	1.89	2.31	2.40	3.7
Tea (Mombasa Auction)	USD per kg	1.76	1.96	2.22	13.1
Cotton, “A Index”	USD per kg	1.28	1.59	1.37	-13.8
Cotton, Memphis”	USD per kg	1.34	1.62	1.44	-11.1
Sisal (UG)	USD per metric ton	925.00	1,075.00	1,213.00	12.8
Cloves	USD per metric ton	3,693.54	4,068.94	3,972.85	-2.4
Crude oil*	USD per barrel	62.79	94.35	68.75	-27.1
Crude oil**	USD per barrel	61.18	90.29	67.66	-25.1
White Products***	USD per ton	601.00	878.59	652.43	-25.7
Jet/Kerosine	USD per ton	619.86	925.65	685.47	-25.9
Premium Gasoline	USD per ton	617.13	830.28	613.93	-26.1
Heat Oil	USD per ton	566.02	879.84	657.88	-25.2
Gold	USD per troy ounce	638.47	822.96	873.60	6.2

Note: * Average of U. K. Brent, Dubai and West Texas Intl.
 ** f.o.b. Dubai
 *** Average of Premium gasoline, Gas oil and Jet/Kerosine, f. o. b. West Mediterranean

Source: Bank of Tanzania



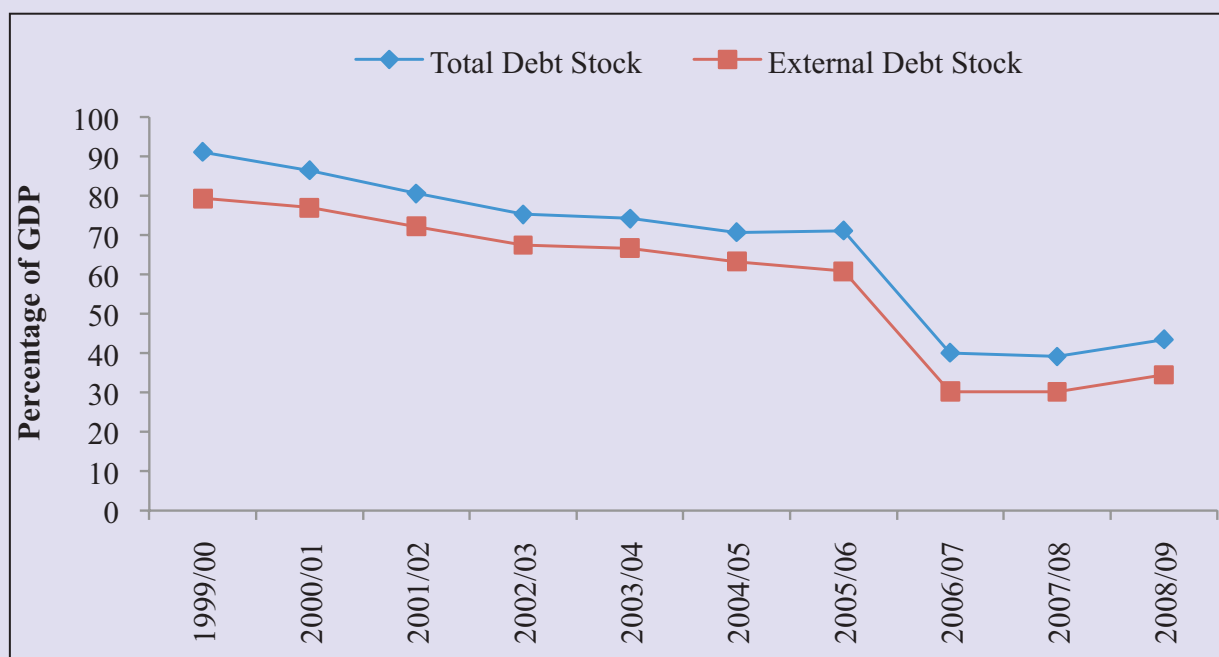
CHAPTER FIVE DEBT DEVELOPMENTS

Overview

National debt stock increased by 15.1 percent to USD 8,740.5 million as at the end of June 2009, compared to the amount recorded at the end of preceding year. The increase was attributed to new disbursements, exchange rate fluctuations, accumulation of interest arrears and

issuance of new domestic bonds. Out of total debt stock, external debt accounted for 80.0 percent and domestic debt was 20.0 percent. The country indebtedness as a ratio of GDP was 35.8 percent, well below the debt sustainability threshold and MKUKUTA target of 50 percent (**Chart 5.1**).

Chart 5.1: Debt Sustainability Ratios



Source: Bank of Tanzania

External Debt

During the year under review, the external debt stock increased by 19.5 percent from USD 5,856.5 million recorded at the end of June 2008 to USD 6,999.4 million at the end of June 2009, out of which USD 5,483.0 million or 78.3 percent was Disbursed Outstanding Debt (DOD) and

USD 1,516.3 million was interest arrears. The profile of external debt stock by creditor category indicates that debt owed to multilateral creditors was USD 3,440.1 million or 49.1 percent, whereas bilateral creditors accounted for 22.9 percent. Commercial and export credits accounted for 15.3 percent and 12.7 percent respectively (**Table 5.1**).


Table 5.1: Tanzania: External Debt Stock by Creditor Category

Creditor	Millions of USD					
	2006/07		2007/08		2008/09	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Bilateral	1,440.30	31.2	1,540.60	26.3	1,603.00	22.9
Paris Club	516.2	11.2	549.3	9.4	595.4	8.5
Non Paris Club	924.1	20	991.3	16.9	1,005.80	14.4
Multilateral	1,782.80	38.7	2,628.30	44.9	3,440.10	49.1
AfDB	294.4	6.4	586.7	10	669	9.6
World Bank Group	1,248.90	27.1	1,796.80	30.7	2,170.30	31
IMF	17	0.4	18.3	0.3	263.2	3.8
Others	222.5	4.8	226.5	3.9	337.6	4.8
Commercial	846.3	18.4	1,048.70	17.9	1,067.50	15.3
Export Credit	539.6	11.7	638.9	10.9	888	12.7
Total External Debt	4,609.00	100	5,856.50	100	6,999.40	100

Source: Bank of Tanzania

The structure of external debt stock by borrower category indicates that 68.5 percent was Government debt, while debt owed by private sector and public corporations was 20.8 percent and 10.7 percent respectively. The public corporations debt increased by

53.8 percent owing to disbursement of USD 246.7 million under the IMF's Exogenous Shocks Facility (ESF) to cushion the country from the effect of global financial crisis. (Table 5.2)

Table 5.2: Tanzania's External Debt Stock by Borrower Category

Borrower	Millions of USD					
	2006/07	Share (%)	2007/08	Share (%)	2008/09	Share (%)
Central Government	3,229.3	70.1	4,198.0	71.7	4,791.4	68.5
DOD	2,692.0	58.4	3,582.5	61.2	4,118.2	58.9
Interest Arrears	537.3	11.7	615.5	10.5	673.2	9.6
Private Sector	918.7	19.9	1,171.2	20.0	1,458.4	20.8
DOD	582.5	12.6	744.4	12.7	972.4	13.9
Interest Arrears	336.2	7.3	426.8	7.3	486.0	6.9
Public Corporations	461.0	10.0	487.3	8.3	749.5	10.7
DOD	167.8	3.6	156.3	2.7	392.4	5.6
Interest Arrears	293.2	6.4	331.0	5.7	357.1	5.1
Total External Debt	4,609.0	100.0	5,856.5	100.0	6,999.4	100.0

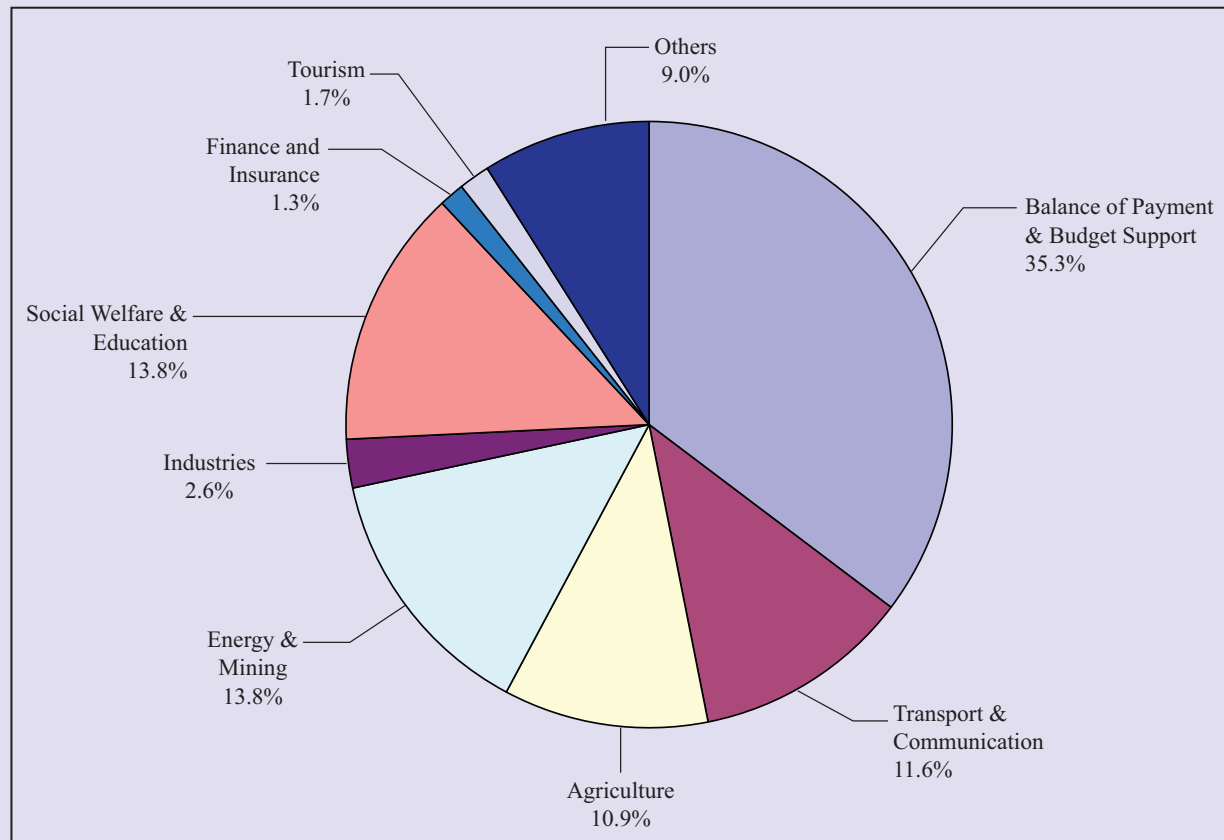
Source: Bank of Tanzania and MOFEA



The profile of DOD by use of fund shows that 35.3 percent was utilized for balance of payments and budget support followed by energy and mining (13.8 percent), social

welfare and education (13.8 percent) and transport and telecommunications (11.6 percent). The proportion used for other activities was as shown in **(Chart 5. 2)**.

Chart 5.2: Tanzania: Disbursed Outstanding Debt by Use of Funds



Source: Bank of Tanzania

Loans Contracted, Disbursements and Repayments

During the period under review, new debt contracted and recorded amounted to USD 875.9 million, comprising USD 514.0 million being public and publicly guaranteed debt and the remaining USD 361.9 million was contracted by private sector. The recorded disbursements amounted to USD 941.2 million, out of which USD 480.2 million or 51.0 percent was disbursed to the Government and the rest to public corporation and private companies.

During 2008/09, external debt service payments amounted to USD 56.0 million, representing 20.7 percent of USD 271.0 million scheduled for payments. The low debt service payment was due to accumulation of arrears on non-serviced debt and inadequate flow of information from private borrowers.

Domestic Debt

As at the end of June 2009, the stock of domestic debt stood at TZS 2,262.3 billion out of which, government securities were TZS 2,254.1 billion or 99.6 percent, and



other debts TZS 8.3 billion or 0.4 percent. The debt was 10.4 percent higher than TZS 2,048.7 billion registered at the end of the corresponding period in 2008 mainly due to issuance of government bonds.

The profile of **domestic debt by instruments** indicates that government securities amounted to TZS 2,254.1 billion, higher than TZS 2,040.5 billion recorded at the end of end June 2008. Outstanding

Treasury bills were TZS 284.7 billion, being a decline of 27.3 percent from TZS 391.9 billion recorded at the end of June 2008. Government stocks decreased marginally from TZS 312.9 billion to TZS 310.3 billion while, government bonds increased by 24.2 percent from TZS 1,335.6 billion to TZS 1,659.0 billion. Other government debts remained at the same level of TZS 8.3 billion recorded at the end of June 2008 (**Table 5.3**).

Table 5.3: Tanzania: Government Domestic Debt as at End of June 2009

Instrument	Billions of TZS					
	2006/07	Share (%)	2007/08	Share (%)	2008/09	Share (%)
Government Securities	2,041.5	99.6	2,040.5	99.6	2,254.1	99.6
Treasury Bills	582.7	28.4	391.9	19.1	284.7	12.6
Government Stocks	180.0	8.8	312.9	15.3	310.3	13.7
Government Bonds	1,278.8	62.4	1,335.6	65.2	1,659.0	73.3
Tax Certificates	0.1	0.0	0.1	0.0	0.1	0.0
Other Gov't Debt	8.3	0.4	8.3	0.4	8.3	0.4
Interest Arrears	0.1	0.0	0.1	0.0	0.0	0.0
Total Domestic Debt	2,049.9	100.0	2,048.9	100.0	2,262.3	100.0
Stock						

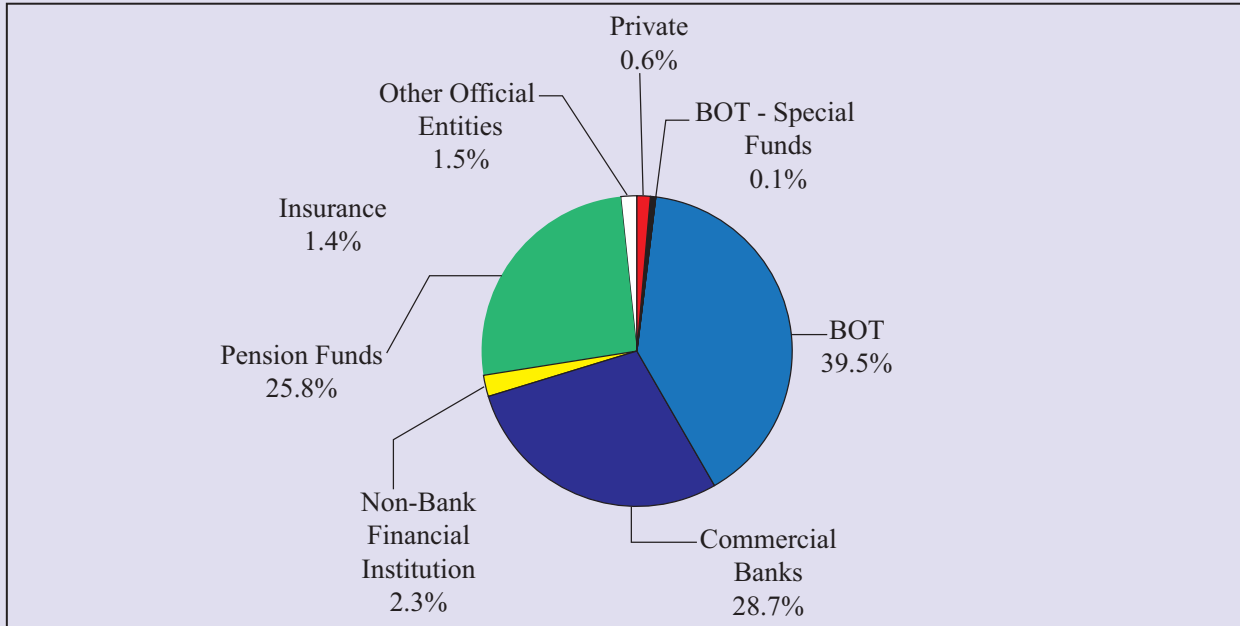
Source: Bank of Tanzania and MOFEA

The composition of domestic **debt by creditor category** as at the end of June 2009 indicates that Bank of Tanzania was the largest creditor holding 39.5 percent of total domestic debt stock, followed

by the commercial banks (28.7 percent), Pension funds (25.8 percent). **Chart 5.3** summarizes the domestic debt by creditor category.



Chart 5.3: Tanzania: Domestic Debt by Holder



Source: Bank of Tanzania

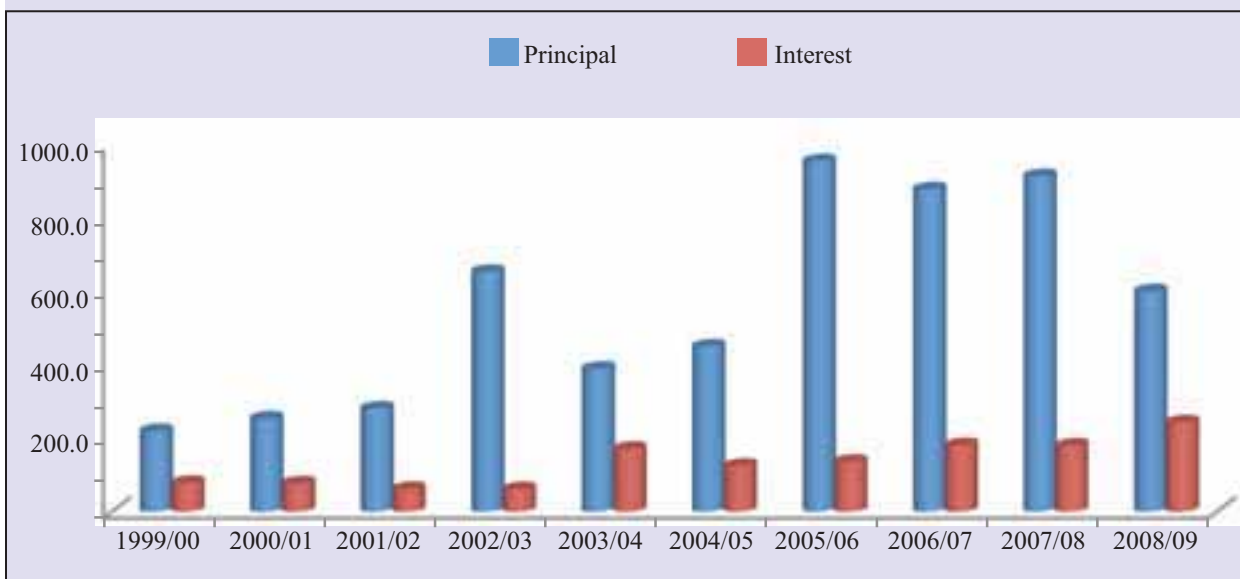
Domestic Debt Service Payments

During the year under review, domestic debt amounting to TZS 843.9 billion fell due for payment, out of which interest amounting to TZS 243.1 was paid out of government

revenue, while principal amount of TZS 600.8 billion was rolled over. The amount was 22.9 percent lower than TZS 1,094.8 billion that fell due for payment during the year ending June 2008 (Chart 5.4).

Chart 5.4: Domestic Debt Service

Billions of TZS



Source: Bank of Tanzania



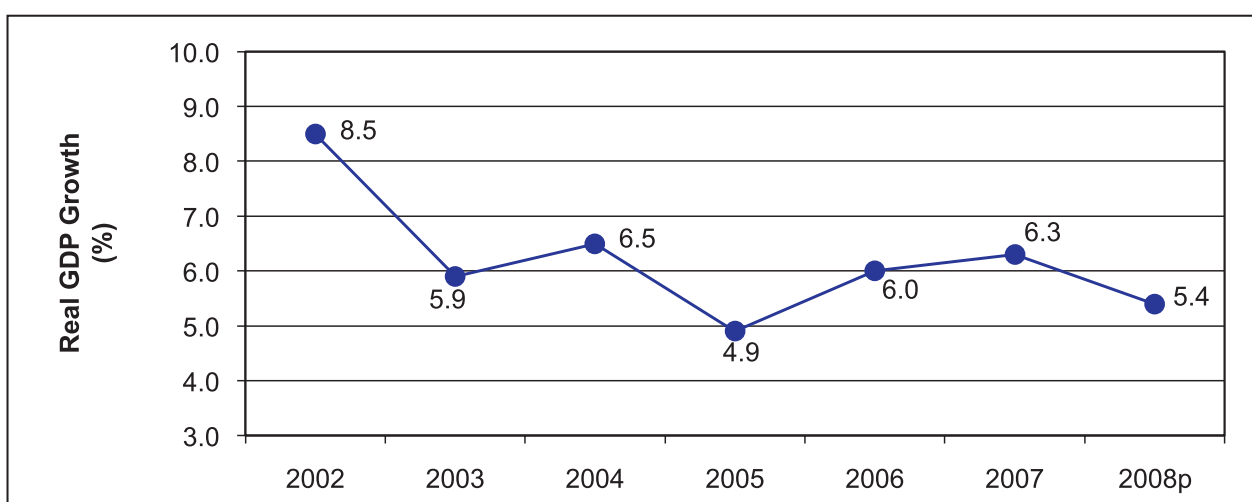
CHAPTER SIX ECONOMIC DEVELOPMENTS IN ZANZIBAR

The Overall Economic Performance

The Zanzibar real GDP growth declined to 5.4 percent from 6.3 percent registered in 2007 (Chart 6.1). The slower growth rate was associated global economic slowdown which adversely affected the services activity notably the tourism related sub-activities. Growth of the services activity

which accounts for the highest share in GDP decelerated to 6.4 percent from 10.4 percent registered in 2007. Notwithstanding the slowdown in economic growth, the GDP per capita increased by 20.0 percent to TZS 0.6 million (USD 534) in 2008 from TZS 0.5 million (USD 414) recorded in 2007.

Chart 6.1: Real GDP Development, 2002 – 2008



Source: Office of the Chief Government Statistician, Zanzibar

Review of Sectoral Developments

Services Activity

Growth of services activity decelerated to 6.4 percent from 10.4 percent registered in 2007 **while its** share to GDP increased from 46.9 percent in 2007 to 47.4 percent in 2008. During 2008, the performance of services sub-activities was rather mixed. The hotels and restaurants sub-activity declined to negative 0.4 percent in 2008 compared to a growth rate of 4.6 percent recorded in 2007, due to a fall in the number of tourist arrivals by 10.3

percent, from 143,283 in 2007 to 128,440. Notwithstanding the decline in the hotels and restaurants, the share of the sub-activity to total services activity virtually remained stable at 16.0 percent during 2007 and 2008. The transport and communication sub-activity fell to 29.1 percent in 2008 from 37.3 percent recorded in 2007 mainly attributed to cargo decrease in both air and sea ports. The cargo handled in Zanzibar Ports fell from 410,408 tons in 2007 to 311,680 tons in 2008, while cargo handled through airports dropped significantly from 1,113 tons in 2007 to 459 tons in 2008.



Agricultural Sector

Agricultural sector which includes livestock, forestry, hunting and fishing grew significantly to 5.7 percent from negative 0.4 percent registered in 2007, owing to increased crop production and fishing. Growth in crop production rose from negative 2.0 percent in 2007 to 6.5 percent in 2008 driven by increase in production of

cloves, seaweeds and rubber (**Table 6.1**). The increase in cloves production was attributed to favorable weather conditions whereas, the agricultural programs pursued by the government, particularly the Marine and Coastal Environmental Management Project (MACEMP) contributed to the increased seaweed production during the year under review.

Table 6.1: Zanzibar: Traditional Crop Procurement

Crop	2004	2005	2006	2007	2008 ^p	Tons	
						2006/07	2007/08
Cloves	4,097.60	3,266.70	3,156.70	1,085.60	3,968.50	-65.6	265.6
Clove Stems	476	350.6	128.8	226.5	345.4	75.9	52.5
Seaweeds	7,184.40	7,361.80	7,543.10	8,485.00	11,177.00	12.5	31.7
Rubber	683	711	886.8	974.2	1,479.00	9.9	51.8
Total	12,441.00	11,690.00	11,715.40	10,771.30	16,969.90	-8.1	57.5

Source: Office of Chief Government Statistician – Zanzibar

The overall food crops production declined by 3.9 percent to 348,445 tons in 2008, emanating from low production of non-cereal crops which accounts for more than 90.0 percent of total food production (**Table 6.2**). However, cereal crops production

increased by 2.7 percent to 23,387 tons in 2008, largely attributed to increased paddy production following improved irrigation, timely distribution and application of fertilizers and seeds.

Table 6.2: Zanzibar: Production of Food Crops

Item	2004	2005	2006	2007	2008 ^p	Tons	
						% change 2007/08	
Cereals							
Maize	2,515	1,419	3,927	1,931	1,920		-0.6
Sorghum	145	459	409	794	610		-23.2
Paddy	20,405	15,935	24,730	20,038	20,857		4.1
Sub-total	23,065	17,813	29,066	22,763	23,387		2.7
Non-Cereals							
Cassava	166,106	102,886	190,266	187,213	153,050		-18.2
Banana	37,998	22,984	88,438	93,641	100,873		7.7
Sweet potatoes	36,018	13,211	63,949	45,620	55,294		21.2
Yams	3,691	2,394	5,100	8,192	3,516		-57.1
Tania	3,227	7,542	8,408	4,191	8,459		101.8
Others	907	1,249	2,760	847	3,866		356.4
Sub-total	247,947	150,266	358,921	339,704	325,058		-4.3
Grand total	271,012	168,079	387,987	362,467	348,445		-3.9

Source: Office of Chief Government Statistician - Zanzibar



Fishing sub-activity grew by 5.2 percent, compared to 1.8 percent recorded during 2007, following increase in fish catches from 23,582 tons in 2007 to 24,803 tons. Increase in fish catches was a result of government provision of fish gears to fishermen under MACEMP program.

Industrial Activity

During 2008, the growth of industrial value added decreased to 1.9 percent from 4.6 percent registered in 2007, due to poor performance in all industrial sub-activities with exception of the quarrying which grew by 23.1 percent. As a result of slowdown in

industrial activities, its share to real GDP declined from 15.0 percent in 2007 to 14.5 percent in 2008.

The contribution of manufacturing sub-activity remained low as most of the industries are still nascent and some of the privatized firms have not yet started full scale production. During 2008, the contribution of manufacturing sub-activity to real GDP declined to 4.4 percent from an average of 5.1 percent recorded during the period 2003- 2007. The poor performance of the manufacturing sub-activity was partly attributed to closure of animal feed mill and power-outage, particularly in May/June 2008 (**Table 6.3**).

Table 6.3: Zanzibar: Production of Selected Commodities

Commodity	Units	2003	2004	2005	2006	2007	2008p	% change 2007/08
Wheat Flour	Ton	21,446	16,753	14,822	10,590	1,026	0	-100
Beverage	Litres'000'	6,250	7,132	8,435	10,246	9,925	9,417	-5
Animal Feed	Tons	1,520	1,277	1,001	842	1,115	215	-81
Video/Radio tapes	Cartoon	0	95,262	79,015	86,579	80,687	61,167	-24
Bread	No.'000'	59,992	68,706	77,331	87,037	97,960	108,942	11
Dash Dash Fashion	Pcs	0	4,929	3,860	2,004	5,338	3,778	-29
Jewellery (Gold/Silver)	Grams	29,165	35,125	19,090	16,737	7,563	7,526	-1
Noodles	Kg	159,133	193,656	93,830	61,085	58,807	71,072	21
Door UPVC	Nos.	0	70	18	32	53	33	-38
Window UPVC	Nos.	0	150	15	59	161	35	-78

Source: Office of Chief Government Statistician - Zanzibar.

The growth of **Construction** sub-activity, declined significantly to 0.8 percent in 2008 from 6.2 percent registered in 2007, following the completion of Malindi port rehabilitation. Consequently, the share of the sub-activity to GDP decreased to 7.6 percent, compared to 8.0 percent attained in 2007.

The value added in **Electricity and Water Supply** sub-activity declined to 2.0 percent in 2008, from 6.3 percent recorded in 2007. The quantity of electricity supplied

declined to 130.7 million kWh from 137.1 million kWh in 2007, partly associated to the one month power outage experienced in Unguja Island during May/June 2008. As a result, the contribution of electricity and water supply to GDP declined slightly from 1.6 percent in 2007 to 1.5 percent. Household sector was the major user of electricity accounting for 44.7 percent of total electricity supplied, followed by large industries (31.4 percent) and commercial premises (10.4 percent) (**Table 6.4**).



Table 6.4: Zanzibar: Quantity of Electricity Distribution (National Grid) kWh '000'

Industries	2003	2004	2005	2006	2007	2008p
Commercial	17,778	13,701	16,450	21,461	22,787	13,651
Domestic	48,126	48,815	54,083	61,570	63,058	58,400
Large Industry	15,326	18,968	27,072	32,470	37,881	41,030
Medium Industry	4,518	5,518	6,529	6,654	11,665	16,560
Small Industry	738	902	733	738	907	600
Street Lights	379	420	447	786	809	446
Total	86,865	88,324	105,314	123,680	137,107	130,687

Notes: kWh = kilowatt-hour.

Source: Zanzibar State Fuel and Power Corporation.

The proportion of people with access to safe and clean water remained unchanged at 85.0 percent, same rate recorded in 2007, though the number of paying users

increased substantially from 319 in 2007 to 1,347 in 2008, following introduction of cost sharing exercise on water consumption (Table 6.5).

Table 6.5: Zanzibar: Proportion of People with Access to Safe and Clean Water

Region	2003	2004	2005	2006	2007	2008p
Urban West	60.0	75.0	75.0	95.7	95.7	95.7
North Unguja	11.0	75.0	71.0	96.5	96.5	96.5
South Unguja	29.0	70.0	78.0	90.3	90.3	90.3
North Pemba	72.0	75.0	80.0	68.7	68.7	68.7
South Pemba	72.0	75.0	80.0	72.5	72.5	72.5
All	48.8	74.0	76.8	84.7	84.7	84.7

Source: Ministry of Water, Construction, Energy and Lands

Gross Capital Formation

Capital formation continued to exhibit an upward trend in 2008, albeit at a slower pace as compared to the preceding year. Capital formation increased by 12.0 percent to TZS 145.2 billion from TZS 129.4 billion recorded in 2007. The relatively lower growth during the year under review was mainly attributed to completion of

rehabilitation and construction of major roads and delayed foreign inflows for new projects. Construction of roads, bridges and land improvements accounted for the highest share of 36.0 percent of total capital formation, followed by buildings which accounted for 32.0 percent (Table 6.6). The ratio of capital formation to GDP decreased from 23.7 percent in 2007 to 19.4 percent in 2008.



Table 6.6: Capital Formations by Type of Asset

Item	Million of TZS				
	2004	2005	2006	2007	2008*
A. Buildings					
Residential	3,440	4,128	6,435	7,730	9,180
Rural Construction	3,043	3,641	5,676	6,818	8,097
Non Residential	10,797	12,965	20,211	24,276	28,829
Total Buildings	17,280	20,734	32,322	38,824	46,106
B. Other Works					
Land Improvements	10,867	13,039	20,325	24,414	28,992
Roads, Bridges etc.	8,397	10,076	15,707	18,867	22,406
Total Others Works	19,264	23,115	36,032	43,281	51,398
C. Equipment					
Transport Equipment	8,822	10,309	13,224	22,429	27,606
Other Equipment	11,580	20,189	17,606	20,768	16,593
Total Equipment	20,402	30,498	30,830	43,197	44,199
D. Others					
Change inventory	-320	1,831	2,139	4,126	3,447
E. Capital Formation	56,626	76,178	101,323	129,428	145,150
F. Of which:					
Subsistence	3,043	3,641	5,676	6,818	8,097
Monetary	53,583	72,537	95,647	122,610	137,053
Capital Formation	56,626	76,178	101,323	129,428	145,150

Source: Office of the Chief Government Statistician

Inflation Developments

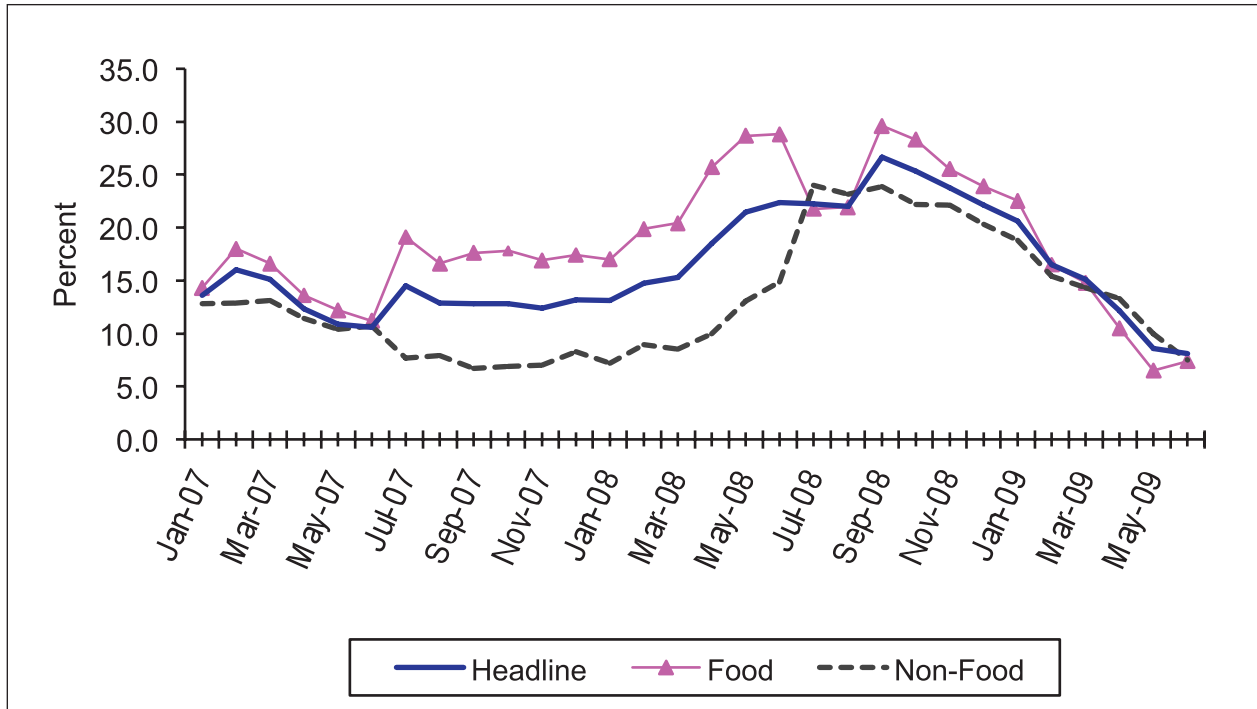
Average annual headline inflation rate for 2008, increased to 20.6 percent compared to 13.0 percent recorded in 2007. The sharp increase was mainly driven by increases in the world food and oil prices. Low domestic food production also contributed to the increase in inflation during the year.

The inflationary pressure surged from a rate of 13.1 percent in January 2008 and peaked at 26.6 per cent in September 2008,

the highest level recorded during the year. However, inflation eased during the last quarter of the year following decline in food and oil prices globally. Moreover, the fall in inflation towards the end of 2008 was partly associated with completion of rehabilitation of Malindi port that reduced upward pressure on transportation costs for imported goods which were previously shipped via Dar es Salaam and Mombasa ports. As a result, inflation rate dropped from 22.1 percent in December 2008 to 8.1 percent in June 2009 (**Chart 6.2**).



Chart 6.2: Zanzibar: Annual Headline, Food and Non-food Inflation



Source: Office of Chief Government Statistician (OCGS)

Government Budgetary Operations

Overall Performance

Budgetary operations during the fiscal year 2008/09 registered a deficit after grants on cheques cleared of TZS 16.2 billion compared to a deficit of TZS 10.7 billion recorded in 2007/08 and was below the target of TZS 63.9 billion. The deficit to GDP slightly increased to 2.2 percent compared to 1.8 percent registered in 2007/08. The deficit was mainly financed by foreign loans to the tune of TZS 12.7 billion, while domestic financing amounted to TZS 3.5 billion.

Revenue

As at end 2008/09 total revenue collection amounted to TZS 139.7 billion, surpassing the annual target of TZS 134.6 billion by 3.8 percent, on account of increased tax

collection, specifically imports tax, VAT and excise duties (local), an increase of 26.2 percent compared to TZS 110.7 billion collected in 2007/08.

Revenue performance by category showed that tax revenue amounted to TZS 130.3 billion, above the target of TZS 122.9 billion, and represented 93.2 percent of the total revenue. Non-tax revenue sources amounted to TZS 9.5 billion, below target of TZS 11.6 billion, and accounted for 6.8 percent of total revenue.

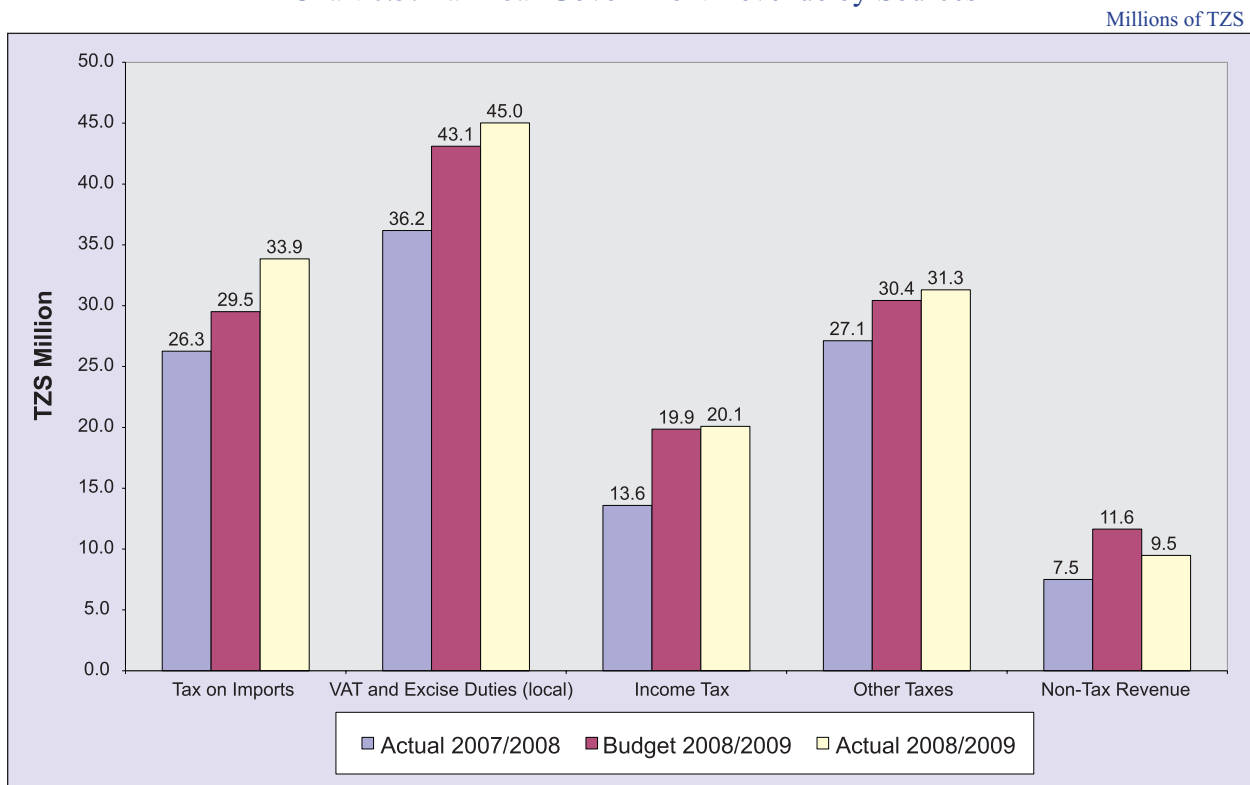
VAT and excise duty amounted to TZS 45.0 billion, exceeding the target of TZS 43.1 billion and accounted for 32.2 percent of total revenue. Tax on imports was TZS 33.9 billion or 24.2 percent of total revenue and surpassed the target of TZS 29.5 billion. The performance was on account of increase in imports after completion of rehabilitation of Malindi port. Income



tax amounted to TZS 20.1 billion, slightly above the target of TZS 19.9 billion. Other taxes stood at TZS 31.3 billion, above the target of TZS 30.4 billion. Revenue from

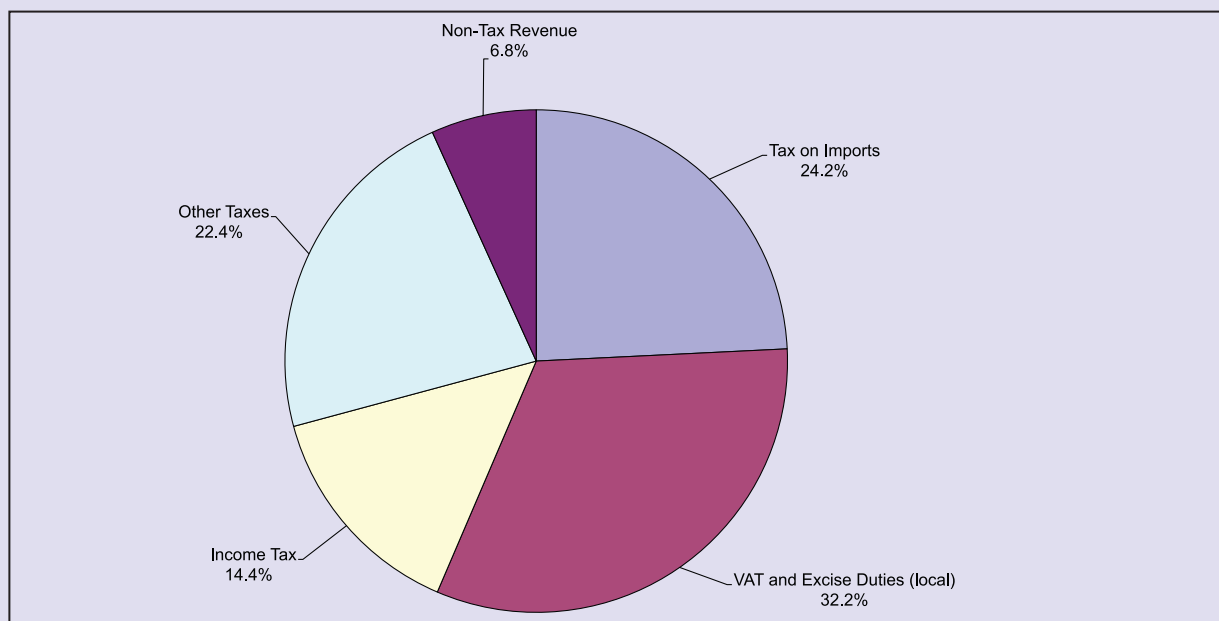
non-tax sources amounted to TZS 9.5 billion below the target of TZS 11.6 billion (Charts 6.3 and 6.4).

Chart 6.3: Zanzibar Government Revenue by Sources



Source: Ministry of Finance and Economic Affairs –Zanzibar

Chart 6.4: Government Revenue by Sources, Percentage Share to Total Revenue 2008/2009



Source: Ministry of Finance and Economic Affairs –Zanzibar



Expenditure

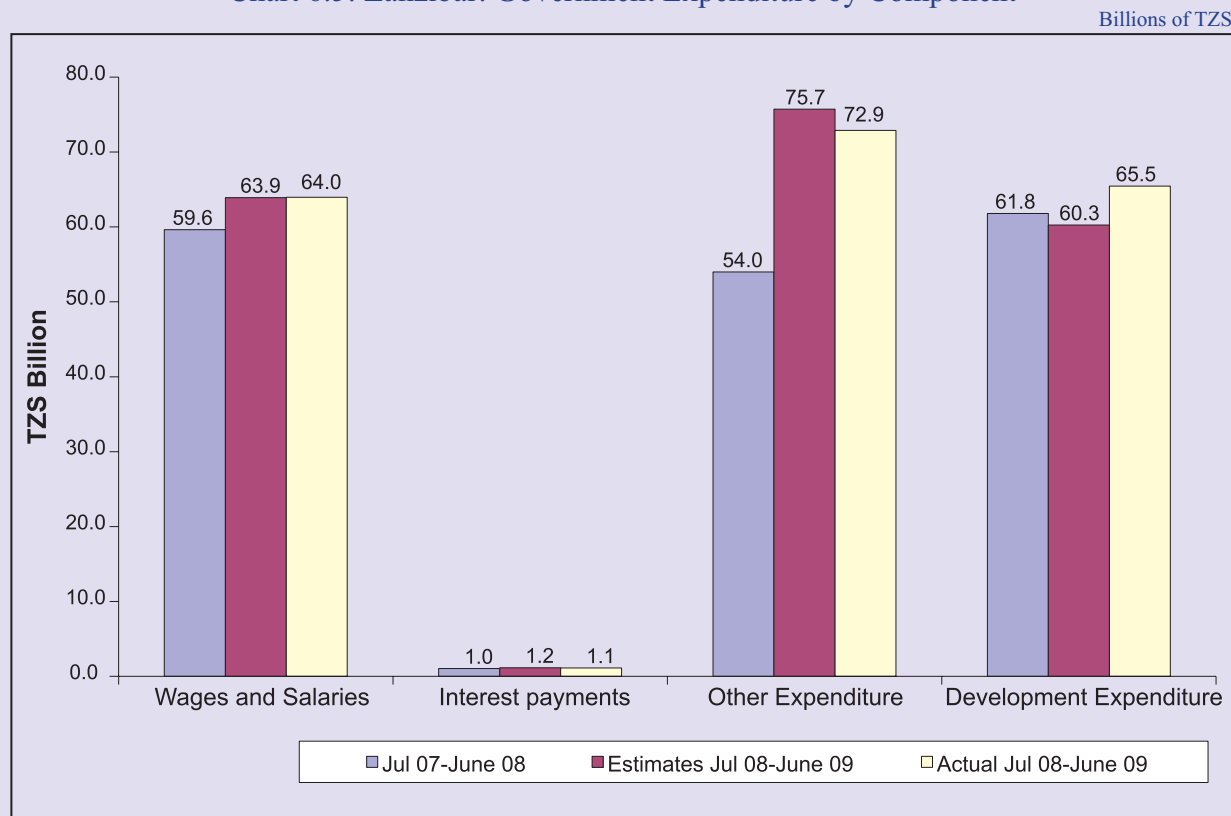
Government expenditure for the year 2008/09 amounted to TZS 203.4 billion, representing 56.5 percent of the target of TZS 341.7 billion and was 27.2 percent of GDP. The expenditure below target was due to adherence to cash budget management and less than expected donor disbursements.

Recurrent expenditure amounted to TZS 138.0 billion or 92.4 percent of the estimated level. Development expenditure amounted to TZS 65.4 billion, and was below the estimated amount of TZS 192.3 billion.

Total wage bill increased by 7.7 percent to TZS 64.0 billion from the amount spent in 2007/08 to cover salary adjustments. Nonetheless, the share of wage bill to total expenditure decreased to 31.4 percent from 33.8 percent registered in 2007/08. Other expenditure amounted to TZS 72.9 billion while interest payments and amortization were TZS 1.1 billion and TZS 1.5 billion, respectively.

Development expenditure increased to TZS 65.5 billion, or 32.2 percent of the total expenditure from TZS 61.8 billion, spent in 2007/2008 mainly due to increased domestic contributions, that **increased** by TZS 13.1 billion. Contribution from the donors declined to TZS 42.2 billion from TZS 51.6 billion disbursed in the preceding year (**Chart 6.5**).

Chart 6.5: Zanzibar: Government Expenditure by Component



Source: Ministry of Finance and Economic Affairs, Zanzibar.



Budget Focus 2009/10

The major theme for the 2009/10 budget is “Infrastructural Budget for Strengthening Agriculture and Tourism”. In line with the theme, 33 percent of the budget has been allocated to activities related to energy, water supply, roads and airports.

Total government resources for 2009/10 are estimated at TZS 412.6 billion, of which; domestic revenue will contribute TZS 159.7 billion or 38.7 percent of total resources. General Budget Support (GBS) is projected to contribute TZS 50.2 billion, or 12.2 percent. Contributions from other sources include Government securities (TZS 3.5 billion or 0.8 percent of total resources), Programme/Project Grants (TZS 96.9 billion or 23.5 percent of total resources) and Programme/Project Loans (TZS 102.3 billion or 24.8 percent of total resources).

During 2009/10, the following revenue measures have been proposed.

- Strengthening procedures for collection of non tax revenues.
- Establishment of tax payer’s consultative forum.
- Drafting revenue collection and supervision policy.
- Introduce land tax along the sea, specifically for jetty construction by tourism hotels.
- Reduction of VAT from 20.0 to 18.0 percent with view to enhance tax compliance.

On the expenditure side, the Government plans to spend TZS 412.6 billion during 2009/10, **equivalent to 55.2 percent**

of GDP, out of which 41.9 percent will be recurrent and the rest development expenditure. Expenditure on infrastructure related activities is estimated at 33.0 percent of the total allocation.

Debt Developments

As at end of June 2009, Zanzibar public debt stock declined to USD 106.4 million, from USD 109.6 million recorded in the corresponding period in 2008. Similarly, the ratio of debt to GDP declined to 18.5 percent from 24.8 percent. The external debt accounted for 58.4 percent of total debt stock, while domestic debt was 41.6 percent.

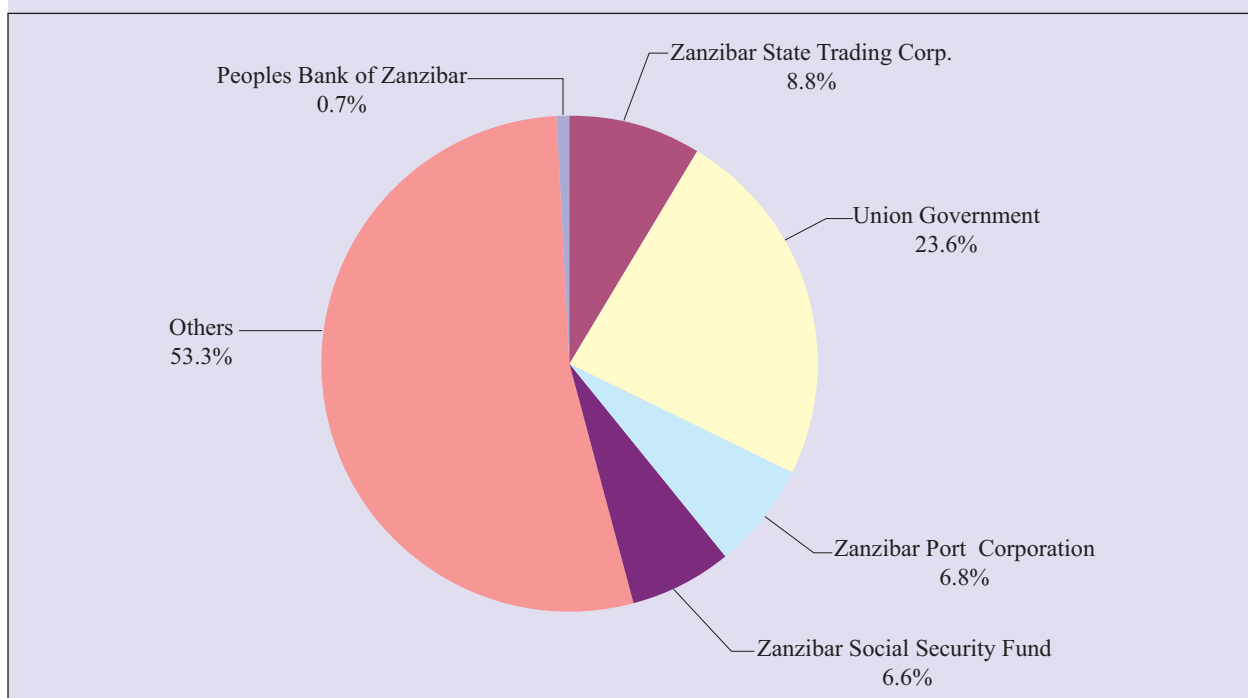
Domestic Debt

As at end of the period under review, total domestic debt stock rose to TZS 57.5 billion, from TZS 54.2 billion registered in the preceding year on account of government borrowing from the public through treasury bonds.

Domestic debt by creditors indicated that, as at June 2009, debts owed to domestic suppliers and pensioners increased to TZS 30.7 billion from TZS 26.1 billion recorded at the same period in the previous year. The Union Government and Zanzibar Port Corporation (ZPC) debt remained unchanged at TZS 13.6 billion and TZS 3.9 billion, respectively. The Zanzibar State Trading Corporation (ZSTC) and Zanzibar Social Security Fund (ZSSF) debt decreased by 5.0 percent and 20.8 percent, to TZS 5.1 billion and TZS 3.8 billion, respectively. People’s Bank of Zanzibar (PBZ) debt was TZS 0.4 billion **(Chart 6.6)**.



Chart 6.6: Zanzibar: Domestic Debt by Creditor as at the End of June 2009



Source: Ministry of Finance and Economic Affairs Zanzibar.

Domestic Debt by Maturity as at end June 2009 shows that, debts with ‘undetermined maturity’ (pensioner’s claims, supplier’s credits) was TZS 30.9 billion or 53.7 percent of the total domestic debt stock. Debt maturing within 2 to 5 years amounted to TZS 20.2 billion or 35.1 percent of the total domestic debt, while debts with maturity of less than one year was TZS 6.5 billion, equivalent to 11.3 percent of the total.

External Debt

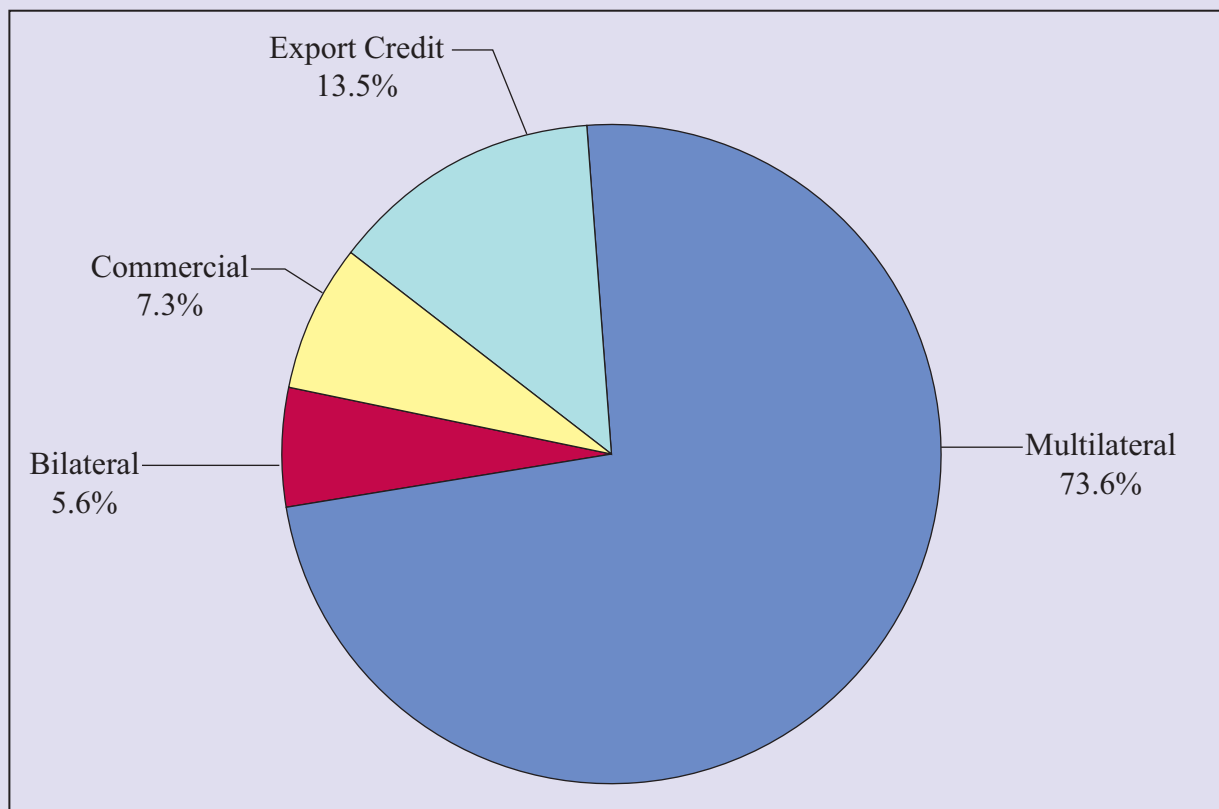
Zanzibar external debt stock decreased by 11.1 percent, to USD 62.1 million at the end of June 2009, from USD 62.7 million recorded at end June 2008, mainly

associated with exchange rate fluctuations. Out of the external debt stock, debt guaranteed by the Union Government amounted to USD 46.4 million, or 74.7 percent, while the remaining USD 15.7 million was non-guaranteed debt.

External debt by creditor category showed that, multilateral creditors continued to dominate by claiming USD 45.8 million, down from USD 46.1 million registered at the corresponding period in the previous year. Debt owed to bilateral creditors amounted to USD 3.5 million, while claims by commercial and export creditors were USD 4.5 million and USD 8.4 million, respectively (**Chart 6.7**).



Chart 6.7: Zanzibar: External Debt by Creditor as at End June 2009



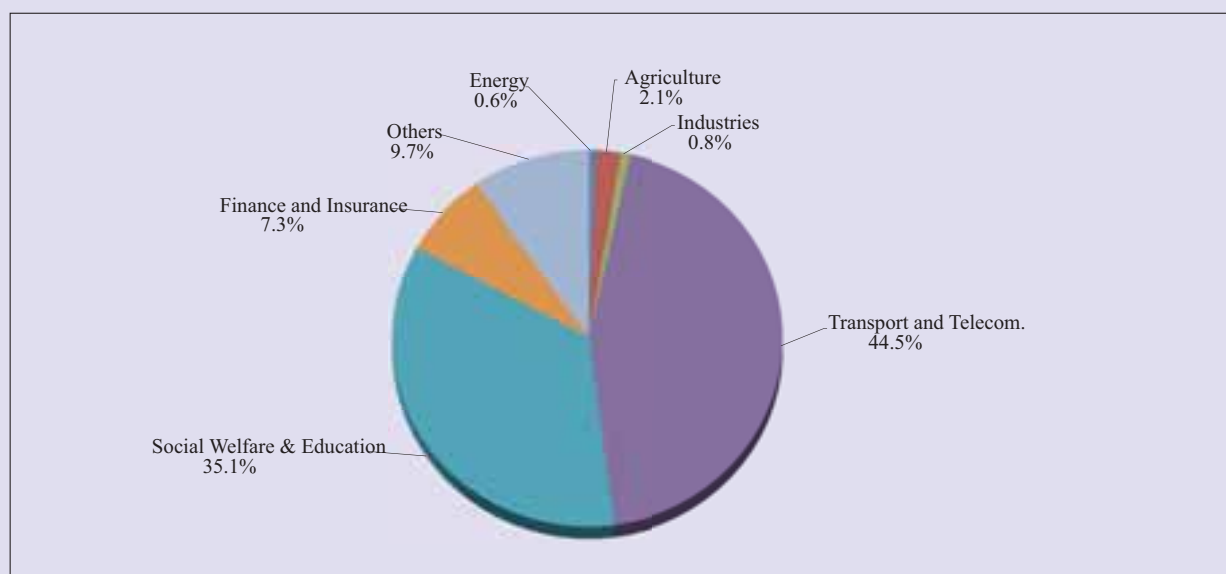
Source: Ministry of Finance and Economic Affairs.

External debt by maturity showed that, long-term debts dominated the external debt of Zanzibar at the end of June 2009. Specifically, debt with maturity beyond 20 years amounted to USD 40.3 million, or 64.8 percent of total external debt, having decreased from USD 40.6 million, registered at end the of June 2008. Debts maturing between 5 to 10 years amounted to USD 16.3 million, or 26.3 percent of the total external debt, while debts with maturity of 10 to 20 years were USD 5.5 million, or 8.9 percent.

External debt by use of funds indicated that, the largest holder was transport and communication with USD 27.6 million, followed by Social Welfare and Education (USD 21.8 million) and, Finance and Insurance (USD 4.5 million). Agriculture and industries held USD 1.3 million and USD 0.5 million, respectively. **Chart 6.8** summarizes external debt by use of funds.



Chart 6.8: Zanzibar: External Debt by Use of Funds as at End - June 2009



Source: Ministry of Finance and Economic Affairs, Zanzibar.

External Sector Developments

Current Account

During the period under review, the Zanzibar's current account registered a deficit of USD 5.8 million, down from a surplus of USD 8.0 million registered in 2007/08, mainly on account of a decline in official current transfers (**Table 6.7**).

Table 6.7: Zanzibar: Current Account

Item	Year Ending June					Annual % Change
	2005	2006	2007	2008	2009 ^P	
Goods Account (net)	-71.7	-67.2	-61.2	-78.5	-74.9	4.6
Exports	7.2	11.8	15.9	16.3	21.8	33.7
Imports (fob)	78.9	79	77.1	94.8	96.7	2.0
Services Account (net)	20.8	19.9	41.5	33.5	31.3	-6.6
Receipts	58.9	81.2	92.2	85.5	97.4	13.9
Payments	38.1	61.3	50.7	52.0	66.0	26.9
Goods and Services (net)	-50.9	-47.2	-19.6	-45.0	-43.6	3.1
Exports of Goods and Services	66.1	93	108.1	101.8	119.2	17.1
Imports of Goods and Services	117	140.2	127.7	146.8	162.8	10.9
Income Account (net)	0.2	0.4	0.2	-0.6	-4.2	-600.0
Receipts	0.19	0.36	0.3	0.2	0.3	50.0
Payments	0.02	0	0.1	0.8	4.5	462.5
Current Transfers (net)	11.2	50.2	56.4	53.7	41.9	-12.3
Inflows	11.2	50.2	56.4	53.7	41.9	-12.3
Outflows	0	0	0.0	0.0	0.0	
Current Account Balance	-39.5	3.4	37.0	8.0	-5.8	-92.5

Source: Tanzania Revenue Authority and Bank of Tanzania.



Goods Account

Zanzibar goods account for the year 2008/09, recorded a deficit of USD 74.9 million, compared to a deficit of USD 78.5 million in the corresponding period in 2008. Goods export amounted to USD 21.8 million, up from USD 16.3 million

recorded during 2007/08 following substantial increase in cloves exports. The increase was mainly associated with cyclic pattern of the crop as the volume of cloves increased to 2,600 tons, from 1,100 tons recorded in 2008. The crop average unit price however, declined to USD 3,592.7 per ton from USD 3,870.1 per ton (**Table 6.8**).

Table 6.8: Zanzibar: Exports by Type of Commodity

Item	Units	Year Ending June					Millions of USD
							Annual %
		2005	2006	2007	2008	2009 ^p	Change
Traditional							
Cloves							
Value	Millions	5.1	9.3	9.7	4.3	9.5	120.9
Volume	000 Tons	1.7	3.2	3.0	1.1	2.6	136.4
Unit Price	USD/Ton	3,078.9	2,927.3	3,206.8	3,870.1	3,592.7	-7.2
Non-Traditional							
Seaweeds							
Value	Millions	1.3	1.4	1.8	2.5	2.4	-4.0
Volume	000 Tons	6.3	7.1	8.3	9.9	10.2	3.0
Unit Price	USD/Ton	207.3	193.7	215.6	254.2	235.6	-7.3
Manufactured Goods	Millions	0.3	0.2	2.8	4.1	5.1	24.4
Fish and Fish Produce	Millions	0.1	0.4	0.1	0.2	0.2	0.0
Horticultural produce	Millions	0	0	0.0	0.0	0.0	
Others Exports	Millions	0.4	0.6	1.4	5.1	4.7	-7.8
SUB TOTAL	Millions	2.1	2.6	6.1	11.9	12.3	3.4
GRAND TOTAL	Millions	7.2	11.9	15.9	16.3	21.8	33.7

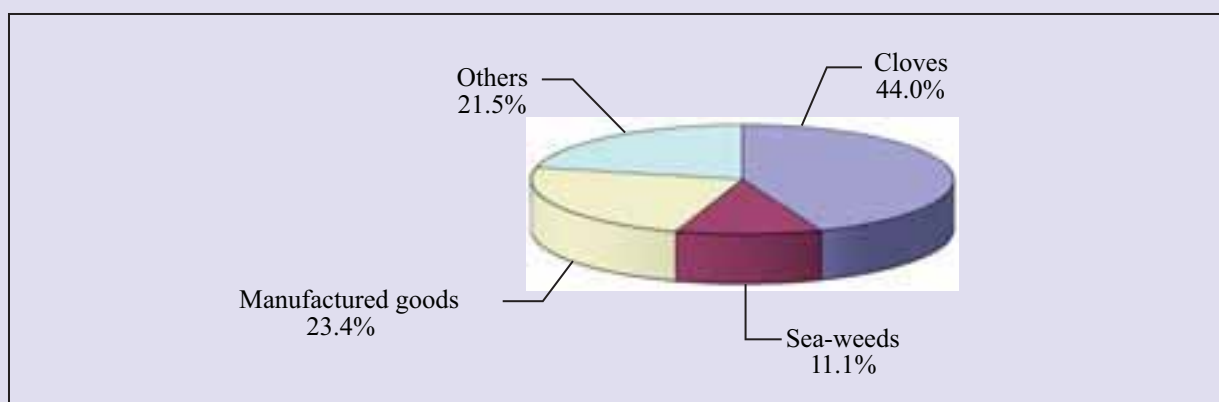
Source: Tanzania Revenue Authority

The value of seaweeds export declined to USD 2.4 million, from USD 2.5 million recorded during 2007/08 due to fall in unit price. Similarly, export of manufactured

goods rose to USD 5.1 million compared to USD 4.1 million. **Chart 6.10** summarises contribution of selected export items to total exports.



Chart 6.10: Zanzibar: Contribution of Export items to Total Exports



Source: Tanzania Revenue Authority & Bank of Tanzania

Imports

During the year ending June 2009, Zanzibar total goods import (c.i.f) increased to USD 106.3 million, from USD 104.2 million recorded in the preceding year. Capital goods import increased by 4.6 percent to USD 45.6 million or 42.9 percent of the total goods import. The increase in capital goods was largely driven by transport

equipment and construction materials. Intermediate goods amounted to USD 38.1 million, below USD 38.3 million, and accounted for 35.8 percent of total goods imports. Oil imports which accounted for 26.4 percent of total good imports, declined by 3.4 percent to USD 28.1 million. Consumer goods import was USD 22.6 million compared to USD 22.4 million of the preceding year (**Table 6.9**).

Table 6.9: Imports, by Major Categories

Import Category	Year Ending June					Millions of USD
	2005	2006	2007	2008	2009 ^P	Annual %
						Change
Capital Goods	33.5	34.9	43.6	43.6	45.6	4.6
Transport Equipment	9.1	10.2	13.2	24.0	27.0	12.5
Building and Constructions	7.9	9.2	12.5	6.5	8.7	33.8
Machinery	16.5	15.5	17.8	13.0	9.9	-23.8
Intermediate Goods	25.2	27.3	21.8	38.3	38.1	-0.5
Oil imports	18.6	22.1	16.5	29.1	28.1	-3.4
Industrial raw materials	6.6	5.2	5.4	9.2	10.0	8.7
Consumer Goods	28.0	24.5	19.3	22.4	22.6	0.9
Food and food stuffs	14.6	12.5	5.0	9.4	6.5	-30.9
All other consumer goods	13.4	12	14.2	13.0	16.1	23.8
Grand Total (CIF)	86.7	86.7	84.7	104.2	106.3	2.0
Grand Total (FOB)	78.9	78.9	77.1	94.8	96.7	2.0

Source: Tanzania Revenue Authority



Services Account

During 2008/09, the services account recorded a surplus of USD 31.3 million, being below USD 33.5 million recorded in the previous year. Services receipts amounted to USD 97.4 million from USD 85.5 million, while payments amounted to USD 66.0 million from USD 52.0 million.

Income Account

The income account deteriorated to a deficit of USD 4.2 million for the year ending June 2009 from a deficit of USD 0.6 million recorded in 2008, mainly due to increase in investment payments (**Table 6.10**).

Table 6.10: Zanzibar: Services and Income Account

Item		Year Ending June					Millions of USD
		2005	2006	2007	2008	2009p	% Change
A. Services Account	Net	20.80	19.90	41.5	33.5	31.3	-6.6
	Receipt	58.9	81.2	92.2	85.5	97.4	13.9
	Payment	38.1	61.3	50.7	52.0	66.0	26.9
B. Income Account	Net	0.2	0.4	0.22	-0.6	-4.2	-600.0
	Receipt	0.2	0.4	0.30	0.2	0.3	50.0
	Payment	0	0	0.08	0.8	4.5	462.5

Source: Commercial Banks, Non-banks, Bureaus de Change and Bank of Tanzania



CHAPTER SEVEN

INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

Global Economic Developments

The global economy expanded by 3.1 percent in 2008, down from 5.1 percent recorded in 2007, with activity slowing in both advanced and emerging economies (**Table 7.1**). The drastic deceleration of the world economy was largely attributed by adverse effects of the global financial turmoil that put severe strains in the banking systems. While the global growth was led by China and India, economic activities in Italy and Japan contracted.

In the United States (US), the economy expanded by 1.1 percent in 2008, down from 2.0 percent recorded in 2007. The deceleration in growth was the result of the decline in consumer spending as well as net exports. Consumer spending which accounts for about two thirds of GDP in the US slowed on account of decline in purchases particularly of durable goods in response to falling net worth following restrictive credit conditions. Labour market deteriorated as job losses surged in the middle of uncertainty on economic prospects. Moreover, fixed investment on residential and non residential investments contributed negatively to the economy. However, the economy in the United States was supported by the increase in government expenditure particularly on national defence. The Japanese economy contracted to negative 0.7 percent in 2008, from 2.3 percent recorded in 2007. The contraction in output was largely due to the

decline in exports as the global financial crisis unfolds and a strong yen dampened the demand for Japanese goods. There was also a deterioration of domestic demand and business investments.

In the Euro area, real GDP expanded by 0.7 percent in 2008, down from 2.7 percent recorded in 2007. Within the region, the deterioration in activity was largely attributed by the deterioration in exports and domestic demand. Exports of goods to major trading partners of Euro area such as the United States, Japan and the United Kingdom declined. Domestic demand was adversely affected by falling financial wealth as credit conditions were tightened and worsening labour market conditions.

The United Kingdom recorded real GDP growth of 0.8 percent in 2008, down from 3.0 percent recorded in 2007. The deceleration in growth largely emanated from the decline in both the services and production, in particular manufacturing and construction industries. However, the economy was supported by the ongoing moderation in private consumption growth. In Canada, the economy decelerated on account of the decline in exports, particularly manufactured goods. Domestic demand grew at a slower pace than in 2007 as personal spending on housing activities decelerated and housing construction declined. Nevertheless, GDP growth was slightly supported by the increase in business investments in non-residential structures, machinery and equipment.



Table 7.1: Rates of Growth of Gross Domestic Products (GDP)

Country	2004	2005	2006	2007	2008
World	5.3	4.9	5.5	5.1	3.1
Advanced Economies:	3.3	2.6	3.1	2.8	0.8
Britain	3	2.3	3.1	3	0.8
Germany	1.2	0.8	3	2.5	1.3
Japan	2.7	1.9	2	2.3	-0.7
USA	3.6	2.9	2.8	2	1.1
Italy	1.5	0.7	2	1.6	-1
France	2.5	1.7	2.2	2.3	0.4
Canada	3.1	3.1	2.8	2.7	0.5
Euro Zone	2.3	1.8	2.9	2.7	0.7
European Union	2.5	1.8	2.4	2.9	0.9
Africa:	5.5	5.2	5.9	6.2	5.2
Sub-Saharan	5.6	5.5	6.4	6.9	5.5
Developing Asia:	8.8	9.2	9.7	10.6	7.6
China	10.4	10.4	11.1	13	9
India	7.5	9.4	9.6	9.4	7.3
ASEAN-4:	6.1	5	5.5	6.3	3.2
Indonesia	5	5.7	5.5	6.3	6.1
Malaysia	6.8	5	5.9	6.3	4.6
Philippines	6.4	4.9	5.4	7.1	3.8
Thailand	6.3	4.5	5.1	4.9	2.6
Middle East**	6.2	6.2	6.6	6.3	5.9
Newly Industrialized Asian Economies	7.1	5.8	6.3	5.7	1.5
Hong Kong	8.6	7.5	7	6.3	2.4
Korea	4.6	4	5.1	5	2.5
Singapore	9	7.3	8.2	7.7	1.1
Taiwan Province of China	6.2	4.2	4.9	5.7	0.12

Source: Central Banks, National Statistical Offices and Various Publications

**Includes Oil exporters [Bahrain, Iran, Iraq, Kuwait, Libya, Saudi Arabia, United Arab Emirates (UAE)] and Yemen, Egypt, Jordan and Syrian Arab Republic

Although the economic performance in China and India slowed in 2008, it still recorded the strongest growth compared with the rest of the world. As the result, economic growth in China eased to 9.0 percent in 2008, from an expansion of 13.0 percent in 2007. The slowdown in growth was largely driven by a decline

in the external demand, and investments, while private consumption remained strong. There was also a slowdown in industry particularly on mechanical products, textiles as well as the services while contributed greatly to the slowdown in GDP. In India, GDP growth moderated to 7.3 percent in 2008 on account.



In the Asian region, the region's four highly- open, Newly Industrialised Economies (NIEs) as well as the four large Association of Southeast Asian Nations Economies (ASEAN-4) recorded slowdown in growth rate in 2008. Along with the drop in the external demand and domestic investments, consumption also fell dramatically in the NIEs and ASEAN-4 economies. The extent of the slowdown was less in ASEAN 4 than among the NICs, mainly due to less reliant on exports. The worst- hit economies within the NIEs region were Taiwan Province of China and Singapore which recorded the lowest growth rates of 0.1 percent and 1.1 percent in 2008, respectively. In addition, Thailand and Philippines had the largest declines among the ASEAN economies, with GDP almost dropped by half in 2008. The Thai economy was adversely affected by the political unrest that plunged tourism, investment and consumer confidence. The decline in growth rate in Philippine was largely on concerns of a decline in worker's remittances.

On the other hand, growth in Sub Sahara Africa (SSA) deteriorated by 5.5 percent in 2008, from 6.9 percent recorded in 2007, driven largely by the decline in tourism and Foreign Direct Investments. The lowest growth rates within the region were recorded in Sudan, Congo, Kenya and Zimbabwe partly due to political

instability. Economic activity in the Middle East decelerated to 5.9 percent in 2008, down from 6.3 percent recorded in 2007. While growth remained almost at the same level in the oil exporting countries, it strengthened in low-income countries and mixed developments were recorded in the emerging market economies.

Global Inflation Rate Developments

During 2008, headline inflations in most of the economies increased, especially during the first half of 2008. In some advanced economies like in the Euro Area, UK and USA, the inflation rates were above the central bank's inflation targets. The rise in inflation was largely due to a surge in oil and food prices. The increase in oil prices was largely associated with supply disruptions in the Middle East, instability in Nigeria and robust demand for oil particularly in China and India. The strong demand reflects the impacts of government's policy of providing subsidies that limit the pass through effect of high crude prices to retail products. On the other hand, high food prices have been largely attributed to unfavourable weather condition and strong demand for animal feeds and for production of bio-fuels. In most of the SSA and emerging economies, the high inflationary pressures are also on account of high weight of food in price index (**Table 7.2**).



Table 7.2: Consumer Price Index

Country	Percent Change from Previous Year					
	2003	2004	2005	2006	2007	2008
World	3.6	3.7	3.8	3.8	4.2	
Advanced Economies	1.9	3.1	2.6	2.8	2.3	3.4
Britain	1.4	2.2	1.9	2.3	2.3	3.6
Germany	1.0	1.8	1.9	1.8	2.3	2.8
Japan	-0.3	0.0	-0.3	0.2	0.1	1.4
USA	2.3	2.7	3.4	3.2	2.9	3.8
Italy	2.7	2.3	2.0	2.7	2.0	3.5
France	2.1	2.3	1.7	1.9	1.6	3.2
Canada	2.8	1.8	2.2	2.0	2.1	2.4
Euro Zone	2.1	2.0	2.2	2.2	2.1	3.3
European Union	2.0	2.2	2.2	2.1	2.3	3.7
Africa:	10.8	8.1	8.4	9.5	9.7	10.1
Sub-Saharan	13.4	9.7	10.5	11.5	7.2	11.7
Developing Asia	2.5	4.2	3.6	3.9	5.1	7.0
China	1.2	3.9	1.8	1.5	4.8	5.9
India	5.4	6.4	4.4	5.4	4.4	5.9
ASEAN-4	3.3	4.1	6.4	6.9	3.4	4.4
Indonesia	6.8	6.1	10.5	13.1	6.4	11.1
Malaysia	1.1	1.4	3.0	3.6	2.0	5.4
Philippines	3.5	6.0	7.6	6.2	2.8	9.3
Thailand	1.8	2.8	4.5	4.6	2.3	5.5
Middle East	5.8	6.9	6.4	7.3	9.2	15.6
Newly Industrialized Asian Economies	1.4	2.4	2.3	1.6	2.2	4.5
Hong Kong	-2.6	-0.4	1.0	2.0	2.0	4.3
Korea	3.5	3.6	2.8	2.2	2.5	4.7
Singapore	0.5	1.7	0.5	1.0	2.1	6.5
Taiwan Province of China	-0.3	1.6	2.3	0.6	1.8	3.5

Source: Central Banks, National Statistical Offices and Various Publications

In the emerging market economies, inflation rates almost doubled in most of the countries, except in the developing Asia economies. The acceleration in inflation rates was largely due to rising global oil and food prices. The highest increase in inflation rates were recorded in Philippines owing to significant increase in the price of rice. The government of Philippines increased purchases of rice from the global market during the first half of 2008, when prices were high. There was also a rise in

food prices in China, largely due to high transport costs and unfavourable weather condition that destroyed major crops in some of the regions.

High inflation rates in the Middle East and Sub Sahara Africa was also a result of the rising international food and fuel prices. In the Middle East region, double digits inflation rates were recorded partly due to depreciation of the US dollar to which many currencies are pegged.



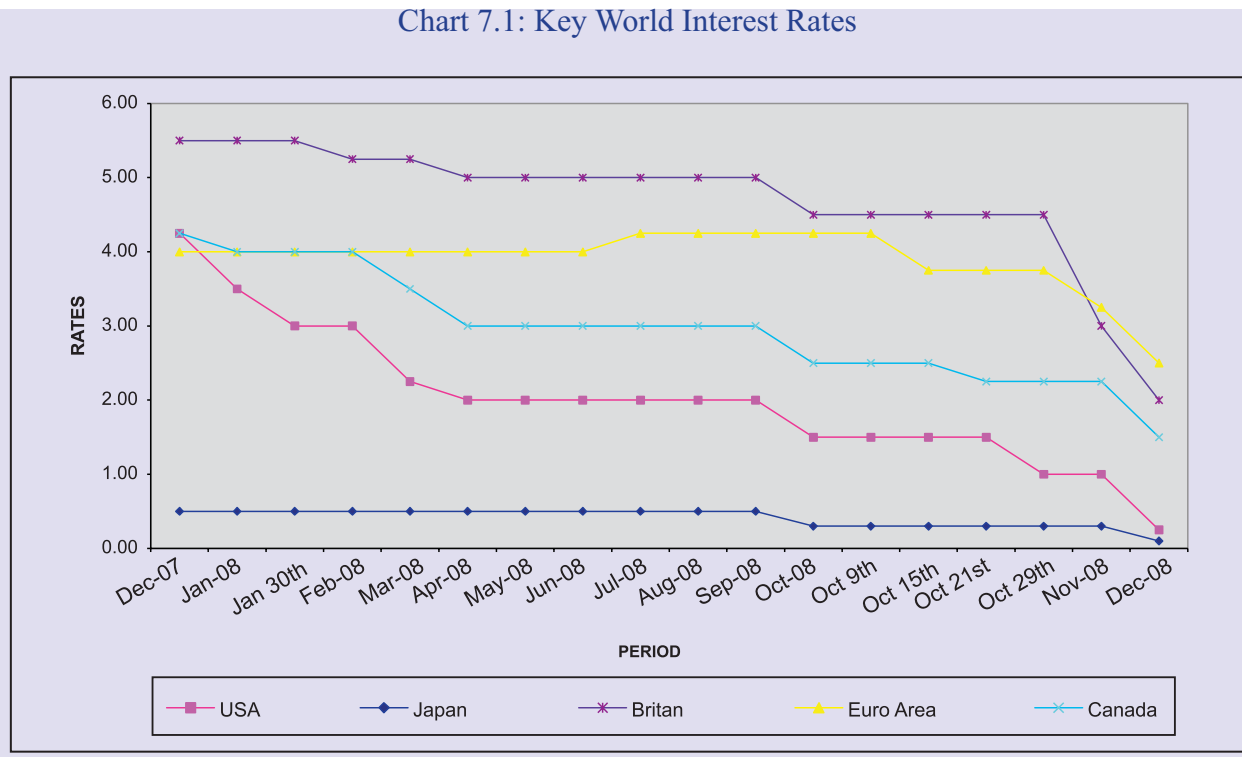
Monetary Policy Developments

The worsening of the global financial crisis and indications for major downturn in real activity, prompted implementation of monetary and fiscal policy measures to restore confidence, growth and employment (**Chart 7.1**). In the USA, official monetary policy rates were significantly lowered since the beginning of 2008 in response to severe market turbulence, deceleration in economic activity and waning inflation. Before December 16th 2008, the federal interest rate was lowered in six occasions for a total of 325 basis points from 3.50 percent to 1.0 percent. Thereafter on December 16th 2008, the interest rate was at a range of 0 to 0.25 percent, being decreased at a range of 75 -100 points. This was the lowest level since June 2003. In Japan, interest rates were lowered to near zero in December 2008, from 0.50 percent in two occasions of a total 40 basis points in 2008.

The policy reaction of the European Central Bank (ECB) came late but has been sizable. Concerns about the high inflation pressures, ECB raised policy rates by 50 percent points to 4.25 percent in July 2008. It decided to change its direction by lowering rates on its main refinancing operations by 175 basis points to 2.5 percent in December 2008. In 2008, the Bank of England moved fast in cutting policy rates in successive steps from 5.25 percent in February 2008 to 2.0 percent in December 2008, as residential investments deteriorated. Similarly, the Bank of Canada lowered its policy rates by a total of 2.75 percentage points in January 2008 to 1.50 percent in end December 2008.

Apart from the substantial reductions in policy rates, central banks in most of the advanced economies have taken a number of extraordinary measures in order to increase liquidity in the financial markets and boost economic activities.

Chart 7.1: Key World Interest Rates





Regional Economic Development

Tanzania Participation in EAC, SADC and WTO

During 2008/09, Tanzania continued to participate effectively in the programs earmarked for implementation under the East African Community (EAC), Southern Africa Development Community (SADC), AGOA and World Trade Organization (WTO).

In the EAC region, the government continued to implement the Custom Union Protocol by considering the elimination of internal tariff and non-tariff barriers. In addition, in the period under review an assessment was carried out with a view to identifying benefits and challenges experienced in the implementation of the Custom Union Protocol. The results of the assessment revealed that exports by Tanzania to EAC market increased from USD 106.7 million in 2005 to USD 311.8 million in 2008. Whereas imports of products from EAC market increased from USD 171.4 million in 2005 to USD 215.9 million in 2008. Trade among EAC member countries was dominated by consumer goods and raw materials such as salt, electricity and its accessories, cooking oils, cereals, cloths, flasks etc. Following these developments the implementation of the Customs Union Protocol indicates the strengthening of trade among Member States. As a result, trade balance between Tanzania and other EAC member countries improved from a surplus of USD 53.6 million to USD 95.9 million in 2007 and 2008 respectively. In a nutshell, the assessment on the implementation of the Custom Union Protocol in the region

revealed considerable increase in trade, revenue and investments in respective member states than previously thought. On the other hand, Rwanda and Burundi started implementing the Custom Union Protocol in 1st July 2009.

During the same period, Common Market Protocol continued to be negotiated whereas the concerns of each member state were considered. During the Arusha Summit meeting held in April 2009, the EAC Heads of States agreed in principle that the controversial issue of residency and land tenancy should be handled separately by considering country specific laws and regulations that are currently in force. Either, it was agreed that passports would continue to be used as travel documents within the EAC region except in cases where countries would bilaterally agree to use national identity cards. In the meantime, Member States agreed to continue the implementation of sectoral programmes and projects under the Common Market Protocol including manpower survey exercise. According to agreed schedule of events, the Common Market Protocol is programmed to be signed in November 2009 and its actual implementation would start in January 2010.

On the other hand, the EAC Member States continued with the Economic Partnership Agreement (EPA) negotiations with European Community (EU). The current EAC-EPA negotiations were supposed to be concluded by 31 July, 2009, although a number of outstanding issues, including rules of origin, the most-favored nation clause, agriculture, trade in services, and sustainable development are yet to be concluded. However, the Interim



Framework on Economic Partnership Agreement (FEPA) signed in November 2007 by the EAC and European Commission (EC), contains a clause that provides areas for future negotiations. It is worth noting that the main area of contention for EAC is on how EU would compensate EAC member countries for the revenue lost when implementing full EPA. The EAC market access offer to the EU consists of 82 percent liberalization of imports from the EU over a 25-year period. EAC also require assistance from EU in creating, the necessary capacity that would enable EAC countries to craft trade policies with a view to achieving sustainable development, poverty reduction, and successful integration into the global trading system.

On the other front, in July 2008, the EAC entered into Trade and Investment Framework Agreement (TIFA) with the United States of America. The agreement aims at strengthening trade and investment cooperation between USA and EAC Member States. Also, the EAC Member States were involved in the preparations for the forthcoming 8th meeting of African Growth and Opportunity Act (AGOA) planned for Nairobi, Kenya from 4th to 6th August 2009.

Furthermore, in August 2008, Heads of States of EAC-COMESA-SADC met in Kampala, Uganda to discuss the possibility of establishing a Free Trade Area (FTA) that would involve the three blocks (i.e. Tripartite Trade Arrangement). The Heads of States agreed to establish FTA with a view of deepening regional integration. Once the FTA is in place, the three blocks would embark onto establishing Customs Union for the region.

In the SADC region, Tanzania continued

to implement the Trade Protocol and effectively participated in the inauguration of SADC Free Trade Area in August 2008. In the same period, Tanzania continued to effectively participate in the negotiations on the establishment of SADC Customs Union.

The Southern Africa Development Community (SADC)

Macroeconomic performance

Generally, the economic growth in the SADC region remained robust in 2008 despite the existence of global financial turmoil and high energy and food prices. However, the overall average growth rate decreased slightly in 2008. On the other hand, inflation depicted a mixed behaviour in the SADC region, for example, in some countries inflation surged, although in some others it remained constant whereas other countries experienced tremendous reduction in inflation rates from double digit to single digit levels.

Gross Domestic Product (GDP)

Over the past five years, the SADC region generally made remarkable gains in promoting high economic growth. However, the current global economic crisis has eroded the gains as the demand for its exports fell, declined commodity prices and low foreign investments. The average GDP growth rate in the SADC region for 2008 slowed down to 5.9 percent (excluding Zimbabwe) from 7.4 percent recorded in 2007. However, when Zimbabwe is included the average GDP growth rate slowed down further to 4.6 percent from 6.5 percent recorded in the year before. Except for Zimbabwe and



Seychelles that recorded negative growth all other member states maintained positive growth. The substantial economic growth is registered in Angola with 16.3 percent, followed by DRC 10.0 percent, Malawi 8.0 percent, Madagascar 7.2 percent, Tanzania 7.5 percent and Mozambique 6.5 percent. The slowdown growth rates in Angola is attributed to the mining sector which is hardest hit in the region with commodity prices of copper, nickel, uranium and oil falling to their lowest level in two years. Similarly the mining sector in Zambia

was hit hard by the global financial crisis resulting to losses of government revenues from taxes. On the other, hand Zimbabwe economic growth continued to worsen by recording higher negative GDP growth rate of 14.3 percent in 2008 from a negative 6.1 percent realized in the previous year (Chart 7.2 and Table 7.2).

For agricultural products the picture is not different as the prices of food and traditional commodities fell due to low demand.

Chart 7.2: Annual Real Growth for SADC Countries, 2007 – 2008

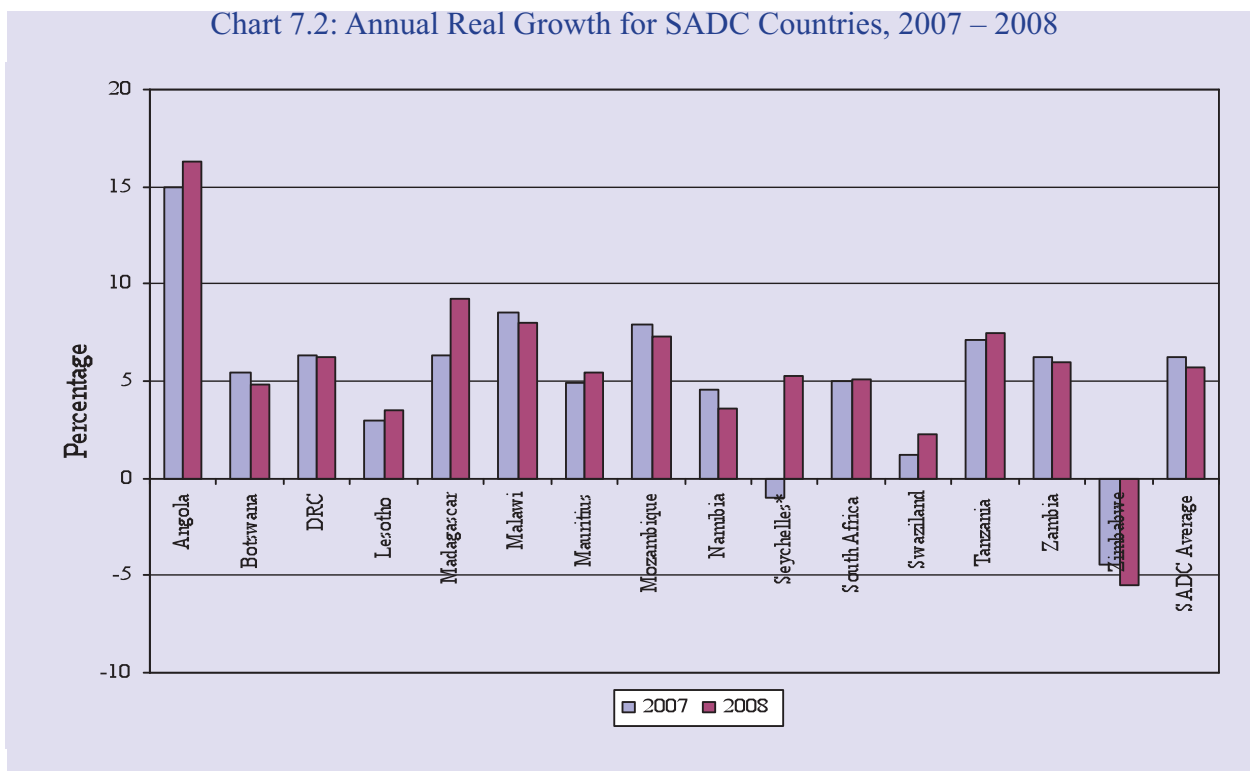




Table 7.2: Percentage growth of real GDP for SADC countries, 2001 – 2008

Country	2001	2002	2003	2004	2005	2006	2007	2008 ^p
Angola	5.2	15.5	3.4	11.7	20.6	18.6	23.3	16.6
Botswana	9.1	1.6	9.5	3.4	9.2	0.6	5.3	3.3
DRC	-2.1	3.5	5.8	6.6	6.5	5.6	6.3	10
Lesotho	3.2	3.5	3.3	3.2	4	7.2	5.1	3.5
Madagascar	n/a	-12.7	9.8	5.3	4.6	5	6.2	7.2
Malawi	-4.1	2.1	3.9	5.1	2.3	6.7	8.6	9.7
Mauritius	5.4	2.1	3.6	4.5	2.3	5.1	5.4	5.2
Mozambique	13.1	8.2	7.9	7.5	6.2	8.5	7.3	6.5
Namibia	2.4	2.5	3.7	5.9	4.8	7.1	4.1	3.4
Seychelles*	-2.3	1.2	-5.9	-2.9	1.2	9.6	9.9	-1.3
South Africa	2.7	3.6	3.1	4.8	4.9	5.3	5.1	3.1
Swaziland	1.8	2.8	2.4	2.1	2.3	2.9	3.5	2.6
Tanzania	5.7	6.2	5.7	6.7	6.8	6.7	7.1	7.5
Zambia	5	3	4	5	5.1	6.2	6.3	5.8
Zimbabwe	-2.8	-5.7	-8.3	-2.5	-4	-2	-6.1	-14.3
SADC average (Excluding Zimbabwe)	3.5	3.1	4.3	4.9	5.8	6.8	7.4	5.9
SADC Average	3.0	2.5	3.5	4.4	5.1	6.2	6.5	4.6

Source: Statistics for SADC Countries and world economic outlook database

* Ceased to be a member of SADC since 2005, P = Provisional

Inflation

In 2008, SADC region (excluding Zimbabwe) registered double digit average annual inflation rate of 13.9 percent from single digit levels recorded over the past five years. Except for Madagascar all other SADC member countries recorded higher rates of inflation when compared with levels recorded in 2007. In spite of the reported

inflationary pressures, three countries in the region namely Madagascar, Malawi and Mauritius sustained single digit inflation rates while Zimbabwe continue to record the highest rate in the region. The surge in inflation was mainly on account of increase in food and fuel prices, exacerbated by the impact of the global financial crisis. (Table 7.3).



Table 7.3: Rates of Inflation for SADC Countries, 2000-2008

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008p
Angola	3.9	5.2	14.4	3.4	31.0	18.5	12.2	11.8	13.2
Botswana	7.9	7.2	5.5	9.3	7.8	11.4	11.6	7.1	12.6
DRC	511.2	135.1	15.8	4.4	9.2	21.3	13.2	16.7	23.8
Lesotho	6.1	6.9	11.9	5.9	5.1	3.4	6.0	7.8	10.8
Madagascar					14.0	18.4	10.8	10.3	9.4
Malawi	29.6	27.2	14.8	9.6	11.5	15.4	13.9	8.0	8.8
Mauritius	4.2	4.8	5.9	5.1	4.7	4.9	8.9	8.8	9.7
Mozambique	11.4	21.9	9.1	13.8	9.1	6.4	13.2	8.2	10.3
Namibia	9.3	9.3	11.3	7.3	3.9	2.3	5.1	6.7	10.3
Seychelles*	6.3	6.0	0.2	3.2	3.9	1.0	-1.9	5.3	37.0
South Africa	5.4	5.7	9.2	5.8	1.4	3.9	4.7	6.2	11.6
Swaziland	7.3	7.5	11.7	7.4	3.4	4.8	5.3	8.1	12.6
Tanzania	5.9	5.1	4.6	4.4	4.1	4.4	7.3	7.0	10.3
Zambia	26.1	21.7	38.0	17.0	18.0	15.9	9.0	10.7	13.6
Zimbabwe	55.9	76.7	133.2	365.0	350.0	585.8	1016.7	6273.7	1594745.0
SADC average (Excluding Zimbabwe)	48.8	20.3	11.7	7.4	9.1	9.4	8.5	8.8	13.9
SADC Average	49.3	24.3	20.4	33.0	31.8	47.9	75.7	426.4	106329.3

Source: Economic Development, Statistics for SADC Countries and World Economic Outlook database.

* Ceased to be a member of SADC since 2005, P = Provisional

External Sector

In 2008, performance of the external sector, measured by the ratio of current account to GDP, in the SADC region worsened to an overall deficit of 8.2 percent in 2008 compared with a deficit of 3.5 percent recorded in year 2007. The deterioration was largely due to weakening export

capacity, unfavorable terms of trade for most of traditional commodities, rise in world oil prices and slowdown in tourism. The target for a current account deficit as a percentage of GDP in the region was set at or below 9 percent by year 2008. (Table 7.4)



Table 7.4: Current Account as Percentage of GDP in SADC Countries, 2000-2008

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008p
Angola	-9.0	-15.0	-1.3	-5.2	3.5	15.7	26.1	15.8	21.2
Botswana	6.0	4.6	11.6	5.6	31.6	13.3	0.2	0.7	15.0
DRC	-1.0	-4.0	-4.1	-1.1	-3.9	-4.4	-2.1	-1.5	-7.3
Lesotho	-18.0	-14.0	-16.1	-14.7	-4.7	-6.1	4.4	12.6	12.6
Madagascar	-	-	-	-	-14.6	-10.9	-8.8	-14.6	-22.8
Malawi	-18.0	-11.0	5.2	1.8	-1.8	-34.0	-7.2	-1.7	-6.3
Mauritius	-1.0	5.0	2.2	2.4	-1.8	-5.0	-9.4	-5.7	-10.5
Mozambique	10.0	-23.6	-17.8	-15.1	10.0	-1.1	-9.1	-3.7	-6.1
Namibia	7.0	2.0	2.2	4.0	10.2	7.1	15.1	8.5	3.8
Seychelles	-8.0	-17.0	-16.3	6.4	5.3	-14.4	-12.9	-30.3	-69.0
South Africa	-0.4	-0.3	0.3	-1.3	-3.4	-3.8	-6.3	-7.3	-7.4
Swaziland	-19.6	-2.1	-1.0	-4.6	-4.8	7.2	-7.4	-2.0	-15.4
Tanzania	-5.5	-5.1	-2.6	-4.7	-3.9	-7.7	-8.3	-11.0	-9.8
Zambia	30.0	28.0	-15.5	-14.8	-10.7	-11.8	-3.4	-5.4	-4.2
Zimbabwe	-2.0	-4.0	-4.0	-2.9	-9.0	-12.0	-5.5	-6.5	-16.6
SADC Average	-2.1	-4.0	-4.1	-3.2	0.1	-4.5	-2.3	-3.5	-8.2

Source: SADC and World Economic Outlook Database, P = Provisional

The East African Community (EAC)

Macroeconomic performance in EAC Countries

The economies of the EAC countries with exception of Kenya, sustained strong economic growth amid exogenous shocks associated with global financial crisis, high world oil and food prices. These shocks posed risks of dampening growth and fuelling inflation thereby compromising efforts to achieve food security and poverty eradication in the region. The EAC member countries continued to implement policies

aimed at achieving the set macroeconomic convergence indicators for the region.

Gross Domestic Product (GDP)

The economy of the EAC region grew at an average of 6.9 percent in 2008 up from 6.8 percent in 2007. The good performance was driven by high growth rates recorded in Rwanda, Uganda, Tanzania and Burundi. The Kenyan economy registered low growth rate because of internal and external shocks that included the post 2007 elections violence, drought and the global financial crisis (**Table 7.5**).



Table 7.5: EAC Real GDP, 2000-2008

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008p
Burundi	-1.7	2.1	4.4	-1.2	4.8	0.9	5.1	3.6	4.5
Kenya	1.7	4.7	0.3	2.8	4.6	5.9	6.4	7.0	2.0
Rwanda	0.7	8.5	11	0.3	5.3	7.2	7.3	7.9	11.2
Tanzania	2.9	6	7.2	6.9	7.8	7.4	6.7	7.1	7.4
Uganda	6.2	5.2	8.7	6.5	6.8	6.3	10.8	8.6	9.5
EAC Average	2.0	5.3	6.3	3.1	5.9	5.5	7.3	6.8	6.9

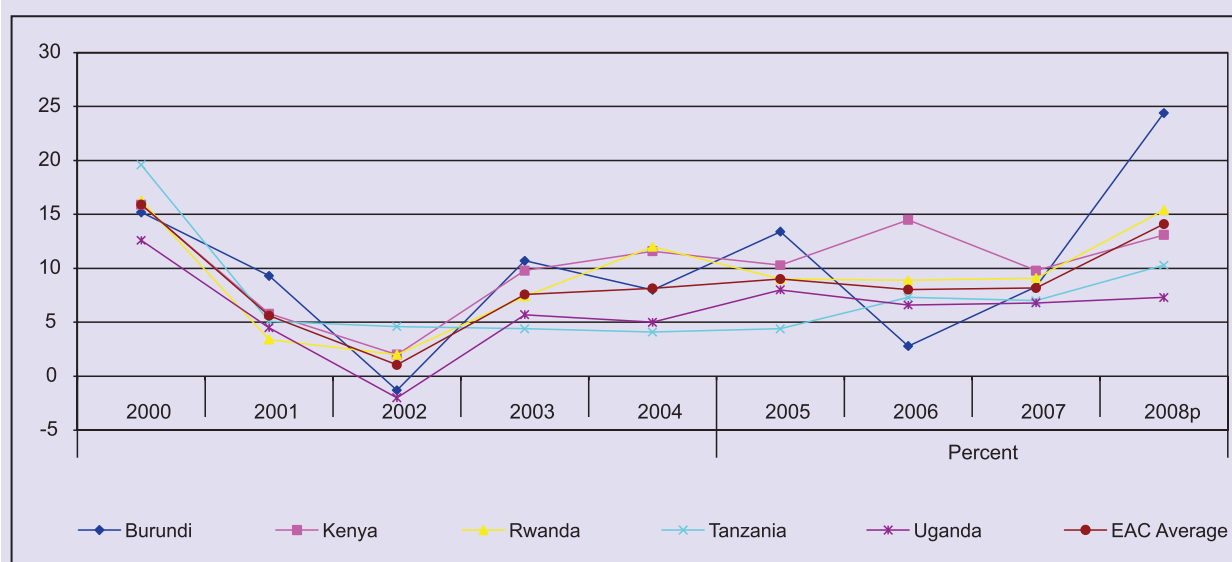
Source: World Economic Outlook, April 2009, P = Provisional

Inflation

In 2008, all the EAC member states recorded double-digit inflation rates with exception of Uganda that had a rate of 7.3 percent,

thus deviating from the convergence target of a single digit. On average, the regional inflation rose to 14.1 percent in 2008 from 8.0 percent recorded in 2007 (**Chart 7.3**).

Chart 7.3: Annual Average Rates of Inflation for EAC Countries, 2000 –2008



Source: World Economic Outlook, April 2009

External sector performance

EAC region average current account deficit (excluding grants) widened to 7.6 percent of GDP in 2008 from a deficit of 6.7 percent recorded in 2007. The Uganda current account deficit as a percentage of

GDP widened slightly to 3.2 percent in 2008 from 3.1 recorded in 2007, while the deterioration of current account balance in Tanzania, Kenya, Burundi and Rwanda’s was partly due to higher import value of oil and food (**Table 7.6**).



Table 7.6: Current Account Balance as a Percentage of GDP, 2000 – 2008

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008p
Burundi	-8.6	-4.6	-3.5	-4.6	-8.4	-1.2	-14.5	-15.7	-11.1
Kenya	-2.3	-3.1	2.2	-0.2	0.1	-0.8	-2.5	-4.1	-6.7
Rwanda	-5.0	-6.0	-10.7	-12.4	1.9	2.3	-3.9	-1.7	-7.2
Tanzania	-5.3	-4.5	-6.2	-4.2	-3.6	-4.1	-7.7	-9.0	-9.7
Uganda	-7.1	-3.7	-4.6	-4.7	0.1	-1.4	-3.4	-3.1	-3.2
EAC Average	-5.7	-4.4	-4.6	-5.2	-2.0	-1.0	-6.4	-6.7	-7.6

Source: World Economic Outlook, April 2009, P = Provisional

Intra-regional trade

Kenya continued to dominate the regional trade during 2008. However, trade balance between Tanzania and Kenya improved significantly in favor of Tanzania from a surplus of USD 0.9 million in 2007 to a surplus of USD 36.7 million in 2008. Tanzania imports from Kenya increased to USD 195.6 million in 2008 from USD 100.2 million in 2007, whereas exports to

Kenya more than doubled to USD 232.2 million in 2008 from USD 101.1 million in the previous year. Tanzania exports to Kenya include among others electric transformers, mosquito nets, tea, wood and wood products, paper products and fish. On the other hand, Tanzania continued to be a net exporter to Uganda, Rwanda and Burundi (Table 7.7).

Table 7.7: Tanzania's Trade with Kenya, Uganda, Rwanda and Burundi, (2000-2008)

	Millions of USD									
	2000	2001	2002	2003	2004	2005	2006	2007	2008p	
Tanzania's Trade with Kenya										
A. Exports to Kenya	32.1	38.1	35.3	78.2	83.7	76.3	89.3	101.1	232.2	
B. Imports from Kenya	93.1	203.4	95.2	115.8	130.2	155.3	153.2	100.2	195.6	
Trade Balance (A-B)	-61.0	-165.3	-59.9	-37.7	-46.5	-79.0	-63.9	0.9	36.7	
Tanzania's Trade with Uganda										
A. Exports to Uganda	8.5	5.5	5.5	10.3	11.7	20.1	19.6	19.3	40.0	
B. Imports from Uganda	5.6	11.4	2.7	8.2	7.7	5.1	3.8	6.4	6.3	
Trade Balance (A-B)	2.9	-5.9	2.8	2.1	4.0	15.0	15.8	12.9	33.7	
Tanzania's Trade with Burundi										
A. Exports to Burundi	4.2	6.1	7.0	4.7	7.5	7.3	3.5	41.5	19.2	
B. Imports from Burundi	0.0	0.2	0.0	0.3	0.0	0.3	0.0	0.0	0.4	
Trade Balance (A-B)	4.2	5.9	7.0	4.4	7.5	7.0	3.5	41.5	18.8	
Tanzania's Trade with Rwanda										
A. Exports to Rwanda	1.8	2.3	3.9	2.6	2.9	3.0	2.7	11.2	20.3	
B. Imports from Rwanda	0.1	0.1	0.0	0.8	0.1	0.0	0.2	0.0	0.0	
Trade Balance (A-B)	1.7	2.2	3.9	1.8	2.8	3.0	2.5	11.2	20.3	
A: Total Exports to EAC	46.7	52.0	51.7	95.8	105.9	106.7	115.1	173.1	311.8	
B: Total Imports to EAC	110.1	238.2	103.4	142.2	153.5	171.4	164.8	119.5	215.9	
Trade Balance (A-B)	-63.4	-186.2	-51.7	-46.4	-47.6	-64.7	-49.6	53.6	95.9	

Source: Bank Reports (various), IFS and TRA, P = Provisional



Tanzania's exports to the region improved considerably with her export share to Kenya (the highest) increasing to 74.5 percent in 2008 from 58.4 percent recorded in the

preceding year. Meanwhile, penetration to Rwanda and Burundi market remain very low with limited exports (**Table 7.8**).

Table 7.8: Tanzania's Shares of Trade with Kenya, Uganda, Rwanda and Burundi, 2000 – 2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008p
Share of Exports to:									
Kenya	68.8	73.3	68.3	81.7	79.1	71.5	77.6	58.4	74.5
Uganda	18.2	10.6	10.6	10.8	11.1	18.8	17	11.1	12.8
Burundi	9.1	11.8	13.6	4.9	7.1	6.9	3.1	2.4	6.2
Rwanda	3.9	4.4	7.5	2.7	2.8	2.8	2.4	6.5	6.5
Total	100	100	100	100	100	100	100	100	100

Source: Bank of Tanzania and Tanzania Revenue Authority, P = Provisional

EAC Countries' Experience with the Global Financial and Economic Crisis

Generally, the EAC Partner States are not strongly integrated to global financial markets and hence, the direct impact of global financial turmoil was less severe than in the advanced and emerging economies. However, the banking systems in EAC countries may be affected through the second round effects identified to include decline in remittances from diaspora, slowdown in Foreign Direct Investments (FDI), decline in NGO transfers, official aid

flows, falling commodity prices, decline in key export earnings and possibility of a decline in the quality of credit portfolios.

Banks in the EAC have taken mitigating measures in view of the crisis, principally by building up capital, tightening credit underwriting standards, revamping and testing liquidity contingency plans, reviewing risk management frameworks and proactive management of relationships with foreign banks.



PART II

BANK OF TANZANIA OPERATIONS



Governor's Office

The Directorate of Governor's Office continued to play an important role of coordination to ensure effective implementation of all decisions of the Bank's Board of Directors' and Management meetings. The Directorate implements a strategy to follow-up execution of decisions entrusted to the functional directorates of the Bank. Management Meetings are conducted weekly to discuss and make decisions on various issues related to the core functions of the Bank.

The meetings between the Governor and Chief Executive Officers of Commercial Banks (CEOs) continued to get prominence with increasing participation of CEOs. The meetings were used to communicate decisions made by the Bank's Monetary Policy Committee (MPC) of the Board of Directors to the CEOs and to ask for feedback.

To inform on the country's macroeconomic conditions, the Governor conducted interviews with various local and international media, including **FIRST** Magazine of London and **INTERCOM** for the London-based International Herald Tribune. A TV commercial was also prepared for promoting the country's economic and investment potentials overseas.

The Bank, on behalf of the government, hosted the IMF/Africa International Economic Conference, which discussed various issues of interest to the continent as well as its partnership with the International Monetary Fund. The Bank's decision to focus more on its core activities

and gradually shed off non-core activities continued to gain ground. The strategy has been on educating the stakeholders on the role and achievements of the Bank in implementing its main activities. The Bank organised press conferences, issued press releases and statements and conducted interviews with print and electronic media. The Bank participated in local fairs held in Dar es Salaam, Dodoma, Arusha, Mwanza and Mbeya. The thrust of the participation was to educate the public on the core activities of the Bank, provide response to queries from members of the public and receive comments from stakeholders. Parallel to these efforts, the Bank launched a new-look website, which is updated regularly to give stakeholders opportunity to know better about the activities of the Bank including Bank's tenders, advertised in local and international media.

Strategic Planning and Performance Review

During 2008/09, the Bank of Tanzania conducted a Management Retreat in Zanzibar in December 2008 to review the 2007/08 Annual Corporate Plan Performance Report and brainstorm on six key issues that were influencing or impacting adversely on the Bank business. The issues included implementation of the Bank's internal communication system; refocusing the Bank on core functions and systematic shedding-off of non-core functions; the impact of global financial crisis on Bank operations; managing technological advancements in the Bank; retirement benefits of Bank staff; and succession planning process in the Bank.



The Bank also conducted a Planning Team workshop in April 2009 to chart out the 2009/10-2013/14 Corporate Plan and prepared 2009/10–2013/14 Corporate Plan Document I, 2009/10-2013/14 Directorate Operational Plans (Document II) and 2009/10 Departmental Action Plans (Document III).

In addition, the Bank initiated preparations for establishment of Corporate-wide Risk Management framework. Terms of Reference for the procurement of a consultant to develop Corporate Risk Management framework were prepared and Request for Proposal (RFP) for pre-qualified firms were issued.

The Bank also engaged a consultant to conduct job evaluation and review of the organization structure. Further, the Bank reviewed Operations and Procedures Manuals for key functions in the Banking and Finance directorates with a view to modernizing business processes. During the period under review, the Bank continued to implement activities under the Second Generation Financial Sector Reforms (SGFSR) program. Several studies were conducted during the review period.

i. Deposit Insurance and Operational Structure

Consultancy work on the study of the Legal and Operational Framework of Deposit Insurance Board (DIB) began in June 2008 and a draft final report submitted and was discussed by stakeholders at a workshop in April 2009.

ii. Credit Reference Databank

Draft databank regulations prepared and submitted to the Minister for Finance and Economic Affairs for approval and gazetting. Terms of Reference to procure an advisor to assist in the establishment of a credit reference databank were prepared and nine (9) firms expressed interest of carrying out the task of which four firms were short listed and provided with request for proposal documents.

iii. Credit Reference Bureau

Credit reference bureau regulations and licensing guidelines were prepared and submitted to the Minister for Finance and Economic Affairs for approval and gazetting.

iv. The Social Security Act 2008

The social Security (Regulatory Authority) Act 2008 became effective on 1st November 2008. The Act established a regulator for pension funds in Tanzania. It also gave the Bank of Tanzania powers to supervise the financial matters of pension funds and issue investment guidelines. The Ministry of Labour, Employment and Youth Development is preparing regulations that will operationalize the Social Security (Regulatory Authority) Act. The stakeholders have already reviewed the draft regulations.

A Team has been formed in the Bank to develop a supervisory framework for pension schemes. Commencement of supervision will



be upon establishment of the office of the Social Security Regulatory Authority. The World Bank indicated willingness to meet the costs of establishing the office, should the government fail to raise funds for this purpose during the 2008/09 financial year.

v. Lease Finance

Following the enactment of the Financial Lease Act in April 2008, the Bank prepared draft of financial leasing regulations to operationalize the Act. The regulations will be finalized in 2009/10.

vi. Mortgage Finance

The draft bills on Mortgage Finance (Special Provisions), which amended 4 pieces of legislation (The Land Act, The Land Registration Act, The Magistrate Court Act, and The Civil Procedure Act) and on Unit Titles, were passed into laws by the National Assembly in November 2008. A team has been formed under the Ministry of Lands, Housing, and Human Settlement Development to develop regulations in order to operationalize the Mortgage Act. BOT is also developing mortgage finance regulations that will apply on financial institutions to be involved in the mortgage finance business.

vii. Transformation of Tanzania Investment Bank

As part of financial sector reforms, the Government has taken a decision

to transform TIB into a Development Finance Institution (DFI)/Development Bank. During 2008/09, the Government has allocated TZS 27 billion towards recapitalization of TIB.

viii. Rural Financial Services Strategy

M/s Oxford Policy Management (OPM) was engaged to conduct a study on Developing a Strategy for Rural Financial Services. Consultant's final report and a draft Rural Financial Services Strategy were prepared and submitted to the Government for approval and adoption.

ix. SACCOS Supervisory Function

A study on strengthening the supervisory function at the Cooperative Development Department (CDD) of the Ministry of Agriculture, Food Security and Cooperative, was initiated.

x. Bank's Corporate Risk Management Framework

The process to recruit a consultant to put in place a corporate-wide risk management framework that will improve the BOT's risk management capabilities in line with its functions and international best practices has already begun. Twenty-nine firms expressed interest in carrying out the task, and four short listed firms were provided with request for proposal documents.



xi. Corporate and Municipal Bonds Market

A consultant to conduct feasibility study and recommend policies and implementation strategy for the development of municipal bonds in Tanzania was hired. The consultant submitted a draft report.

Banking Supervision

The Bank continued to undertake its core activities of licensing and conducting on-site and off-site surveillance of banks, financial institutions and foreign exchange bureaux in accordance with the provisions of the Bank of Tanzania Act, 2006, Banking and Financial Institutions Act, 2006, Foreign Exchange Act, 1992 and various regulations governing banking business and bureaux de change operations in Tanzania. Bank of Tanzania effective July 2007 adopted risk based supervision approach.

As at 30th June 2009, the banking sector was made up of 36 banking institutions. Five new deposit taking financial institutions had been issued with provisional licences. Total number of branches and agencies national wide was 369, most of which were concentrated in the commercial city of Dar es Salaam. During the period under review, the overall banking sector was adequately capitalized with total capital amounted to TZS 1,128.07 billion from TZS 902.5 billion recorded in the previous year. The total assets of the banking sector amounted to TZS 9,100.66 billion. The ratios of Core Capital and Total Capital to Risk Weighted Assets and off Balance Sheet Exposures were 17.51% and 17.82%, respectively,

compared to the legal minimum requirements of 10% and 12% respectively. The ratio of total capital to total assets was 10.61%, indicating that more than 10% of the banking sector's assets were financed by shareholders' funds.

Major Balance Sheet Items

To promote the overall standard and quality of banking supervision in line with best international practices, and to harmonize banking supervisory practices in the region, the Bank continued to collaborate on banking regulatory and supervisory issues with other regional institutions like the East Africa Regional Technical Assistance Centre (East - AFRITAC), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), East and Southern Africa Anti-money Laundering Group (ESAAMLG), Monetary Affairs Committee (MAC) of the East African Community, Committee of Central Bank Governors (CCBG) and Committee of Central Bank Officials (CCBO) in SADC.

Total assets of Tanzania banking sector kept growing. As at 30th June 2009 total assets amounted to TZS 9,100.66 billion the increase in total assets was mainly attributed to increase in deposits during the year. Total deposits demonstrated positive trend amounted to TZS 7,404.04 billion. Out of the total deposits, 31.41% were foreign currency deposits. During the period, the foreign currency loans were 31.07% of the sector's total loans advanced. Lending to private sector was 17.84% of GDP, while lending to non-government sector (private sector plus public corporations



and parastatals) accounted for 18.70% of GDP. Projected GDP for the year 2009 is TZS 24,754.46 billion.

Bureau de Change Operations

The Bank conducts supervision on effective consolidated supervisory framework to ensure that all risk exposures of banks, financial institutions and their subsidiaries are considered. The Bank adopted electronic system for submission of bureaux de change returns and banking sector stress testing which are performed quarterly to assess exposure and resilience of individual banking institutions as well as the banking sector as a whole to three main shocks namely Credit, Interest Rate

and Foreign Exchange risks.

As at June 2009, there were 178 bureaux de change, of which 26 were in Zanzibar. The total volume of transactions conducted by Bureau de changes system dropped by 9.05% to USD 855.12 million, intensify largely by both foreign exchange outflows and inflows. The increase in the outflows was principally associated with an increase in foreign exchange payments for travel and education purposes. The increase in inflows was partly attributable to the rise in foreign exchange receipts from export proceeds. During the period under review, both buying and selling rates appreciated slightly against the US dollar to an average of TZS 1,214.58 per USD and TZS 1,291.92 per USD respectively (**Table 1 - II**).

Table 1 - II: Inter-Bank Foreign Exchange Market Developments

Item	Bureau de Change Operations		
	2007/08	2008/09	% Change
Sales*	467.48	428.34	-9.14
Purchases*	472.78	426.78	-10.78
Volume of Transactions*	940.26	855.12	-9.96
Buying rate (TZS per US dollar)	1,188.08	1,214.58	2.18
Selling rate (TZS per US dollar)	1,269.96	1,291.92	1.70

Note: TZS-Tanzania Shilling
Source: Bank of Tanzania

Micro-finance Operations

During 2008/09, the Bank completed the establishment of microfinance supervisory function by putting in place the off and on-site supervision framework and enhanced the current Retail Banking System (RBS) to accommodate supervision of microfinance institutions. Efforts are also underway to put in place a framework for monitoring credit only institutions.

In collaboration with the Ministry of Agriculture, Food Security and Cooperatives, the Bank carried out a survey and identified seventeen SACCOS and **one Network (SCULT)** in eight regions of Tanzania Mainland that qualify licensing and supervision by Bank of Tanzania. Regional distribution of the SACCOS shows that six are in Dar es Salaam, Kagera (2), Arusha (2) Mbeya (2) Coast (1), Iringa (1), Kilimanjaro (1)



and Mwanza (1). The SACCOS provided financial services to 38,621 members with total savings and deposits amounting to TZS 21,725.00 million. The Bank carried out awareness and sensitisation workshop in Morogoro to enhance understanding of Microfinance Institutions (Financial Cooperative Societies) regulations 2005, specifically on the licensing procedures.

Personnel and Administration

At the end of the 2008/09, the Bank had a total of 1,310 employees. The Bank recruited 24 employees to fill vacancies, and processed separation of 40 employees: 9 due to retirement; 3 due to death; 8 due to expiry of contract, 10 due to resignation and 10 due to termination.

During the period under review, the Bank also continued with the efforts to modernize its processes and systems in order to among other issues, improve the customer service delivery. The Bank provided required support to M/S. Deloitte, Consultant for Job Evaluation and Organizational Review.

The Bank continued to maintain and improve its office and residential premises as well as maintenance of machineries and equipments. The Bank also collaborated with various contractors and other service providers to perfect some problems in the new office premises at Head Office and Zanzibar branch. Other office-related facilities were provided in order to create comfortable work environment.

Further, the Bank provided efficient and effective administrative and logistical services to employees. These included

office support; procurement; inventory management/store; travel; catering; printing; postal/mail; telecommunication; maintenance of the Bank's buildings, machinery and equipment.

The Bank provided employees at all levels with opportunities for training and development so as to enhance their work competencies, sustain performance excellence and also to assist them in their self-development and career development efforts.

In compliance with the new Public Procurement Act – PPA (2004), a Procurement Management Unit (PMU) was established, responsible for all procurement processes in the Bank.

National Payment Systems

The main payment instruments and streams currently in use include electronic funds transfer systems, cheques, cash, payment cards, mobile phone payment schemes, fund remittance services and internet banking services. The core clearing and settlement systems include the Tanzania Inter-bank settlement system (TISS), the Tanzanian Shilling (TZS) and US Dollar cheques systems, the Electronic Fund Transfer (EFT) system, Payment Cards Switches and mobile phone payment services.

The Bank continued with the modernization of the National Payments Systems (NPS) aiming at developing and maintaining strong and efficient financial market infrastructure that promotes competition, innovation, safe and efficient payments,



clearing and settlement systems. To achieve these objectives, the Bank regulates and participates in payment systems, and provides clearing and settlement services. Activities conducted during the period include:

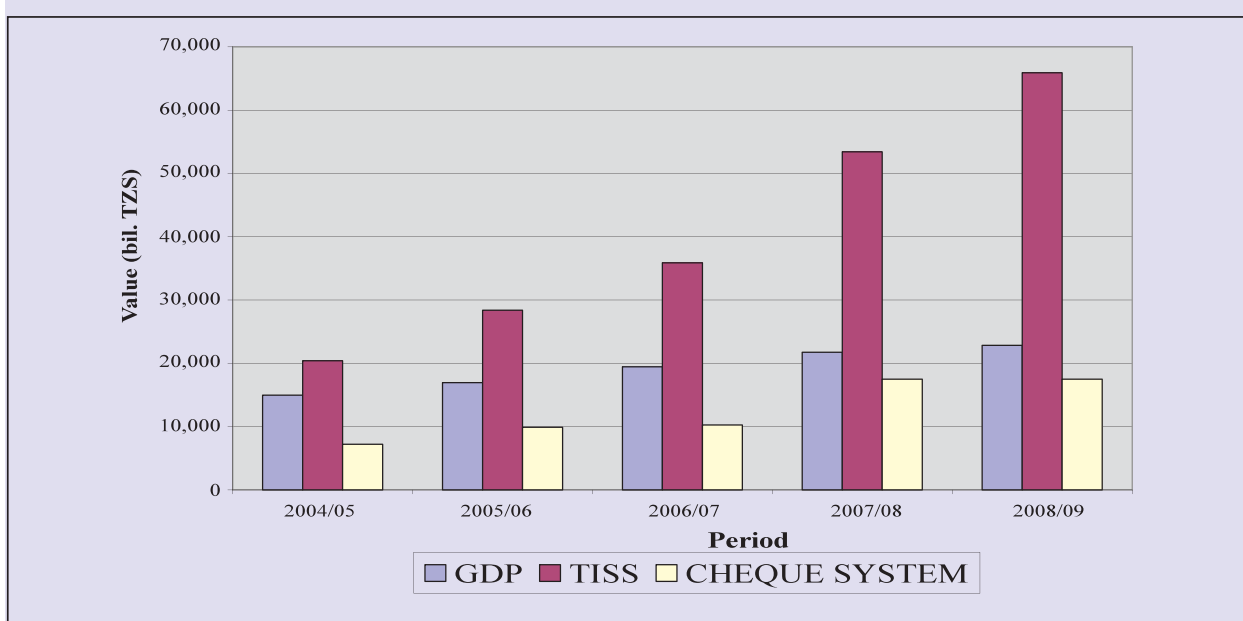
Clearing Facilities and Settlement Services

The Bank continued to operate and maintain the Tanzania Inter-bank Settlement System (TISS) which processes wholesale and time sensitive payments, and the Electronic clearing houses systems which clears cheques and EFT transactions.

During the period the systems operated smoothly with significant increases

in volumes and values of transactions giving a positive signal for the systems' reliability and increase of financial and economic activities in the country. The total volume and value of transactions processed through TISS was 241,181 and TZS 65.9 Trillion respectively, implying that the later is more than twice the annual GDP. The volume and value indicate an increase of 23.4% and 19% respectively, compared to the previous year. The total value of transactions processed through the Cheques systems was TZS 11.7 Trillion for local cheques and USD 465 Million for dollar denominated cheques. See visual comparative analysis of TISS and Cheque versus GDP for five consecutive years on **Chart 1 - II.**

Chart 1-II: TISS and Cheques Values versus GDP 2008/2009



TISS is also used to collect large tax revenue. The amount of revenue collected through TISS was TZS 3.9 Trillion an increase of 18% compared to the previous period.

The inter-bank EFT transactions were 1033 which had an aggregate valued of TZS 1,030 Billion, indicating an increase of 110% and 14% respectively compared to the previous period. These increases suggest that the system is becoming more popular for small value payments. The



inter-bank EFT clears mainly recurrent end of month obligations such as salaries and other small monthly obligations.

In compliance with the Monetary Affairs Committee of the East Africa Community, the Bank implemented cheque capping in the clearing houses. Effective 1 March 2009 all cheques above TZS 10 million ceased to be processed through the clearing houses except for government cheques. This directive was carried out to minimise risks inherent in cheques as a payment instrument. Accordingly, the clearing houses system was upgraded to enforce the value limit of cheques.

The Bank also automated Mbeya Clearing House and the USD clearing operations in the Dar es Salaam. In compliance with Anti Money Laundering regulations, the large value payment system (TISS) was enhanced to enable it to receive full transactions' information of TISS payment, which facilitates follow-up on suspected transactions when needed.

New Payment Instruments and Payment System Infrastructure

There are three interbank card switches that provide the retail payment system infrastructure for card systems in the country. These are Tanzania National Net Settlement System (TNNSS) that provide switching facility for VISA member banks, E-card and Umoja Switches which provide card infrastructure locally. These switches operated smoothly during the period. Number of ATMs increased from 521 to 707 which are distributed countrywide. POS terminals at retail outlet increased from 2418 to 3,728 during the same period.

Banks also offer internet banking services and mobile banking that enable customers to enquire and receive account balances using mobile phones. Funds remittance services are offered by Western Union, Money gram and Travelex, Coinstar and EMS offered by Tanzania Postal Bank services.

The introduction of mobile payments in the country has extended banking facilities to reach the un-banked community. Mobile phone payments service providers include Mobipawa and Z-pesa provided by e-Fulusi and FBME, and M-pesa provided by Vodacom (T) Ltd and NBC, and ZAP provided by Celtel (T) Ltd in collaboration with Citibank (T) Ltd.

The Bank facilitated implementation of these services by providing standards and guidelines as well as undertaking the oversight function to ensure systems' compliance to the laid down standards. The Bank also continued to sensitize the public and stakeholders on various payments systems developments through conducting workshops, participating in the national saba saba and nane nane celebrations and publications in various newspapers.

Development of Legal and Institutional Framework for Regulating NPS

The Bank continued with oversight operations to ensure safety and efficiency in payments, clearing and settlement systems. The aim is to maintain reliability, integrity and efficiency of payment system. The Bank monitored operations of the clearing and settlement systems, conducted risk assessment of the country's payment systems including the development of new



non-cash retail payment instruments and services such as mobile phone payment services to ascertain compliance with the national and international safety and efficiency standards.

The Bank reviewed the draft proposals for the NPS and Electronic Transactions Acts to take into account the shortcomings of the existing NPS related legislations. The NPS Rules and Regulations were also reviewed to accommodate new developments and system updates.

Regional Harmonization Initiatives

The Bank participated in the SADC and EAC payment systems harmonization activities. In collaboration with other East African Central Banks the Bank continued to implement the East African Payment System (EAPS). The legal framework for the EAPS which include agreements between the Central Banks, participating agreements and the rules and operational procedures for EAPS were reviewed and agreed upon by all members.

Macroeconomic and Financial Programmes

IMF Facilities

During 2008/2009, the IMF staff conducted the Fourth and Fifth reviews of the Policy Support Instrument (PSI) for Tanzania that took place in December, 2008 and March, 2009 respectively. The IMF Executive Board concluded that the country's track record of sound macroeconomic policies and structural reforms over the past decade

has helped to sustain high rates of economic growth with generally low inflation. However, despite those gains, progress in poverty reduction has been mixed. Furthermore, the global financial crisis is having a serious impact on Tanzania. Real GDP growth is expected to fall significantly in 2009, as key sectors of the economy, including exported cash crops and tourism, face a severe downturn and cutbacks in foreign investment weaken aggregate demand. The authorities' expansionary fiscal and monetary policies in the current situation are appropriate to cushion the effects of the crisis.

The Board further observed that although the banking sector is sound, vulnerabilities remain in some areas. Commercial banks and non financial institutions are well capitalized and non-performing loans remain at a low level. Nonetheless, the economic slowdown will raise banks' credit risk, and the steps already taken to raise supervisory standards need to be reinforced, especially for the fast-growing pension funds.

On May 29 2009, The Executive Board of the IMF approved a 12 month SDR 218.79 million (about US\$336mn) arrangements for Tanzania under the Fund's Exogenous Shocks Facility (ESF) to cushion the country from the effects of the global economic crisis. The facility would bolster the country's foreign reserves and support its balance of payments which have been undermined by a decline in prices of major exports particularly cotton and a severe downturn in tourism and foreign direct investment.



World Bank Facilities

The World Bank current portfolio for Tanzania entails 23 active projects with commitments of \$2 billion in all major sectors with undisbursed balance of US\$ 1.1 billion. Apart from the ongoing projects and programs, those approved during 2008/2009 by the Bank's Board are as follows (in US\$ million):

Accelerated Food Security Project (\$160)
- 09/06/09

- i. Additional Financing for Agricultural Sector Development Project (\$30)-09/06/09
- ii. Seventh Poverty Reduction Support Credit (\$190) - 09/06/09
- iii. Additional Financing for Tanzania Second Social Action Fund (TASAF II) (\$30) - 09/06/09
- iv. Sustainable Management of Mineral Resources (\$50) - 09/06/09
- v. Family Pedal Power and Lighting Project East Africa (\$.2) - 30/12/08
- vi. Providing Affordable and Reliable Solar Systems in Northern Tanzania (\$.2) - 30/12/08
- vii. Sixth Poverty Reduction Support Credit (\$160) - 21/10/08
- viii. Second Central Transport Corridor Project (\$190) -27/05/08
- ix. Science and Technology Higher Education Program – Phase 1 (\$100) -27/05/08

IMF and World Bank Missions

IMF Missions

Apart from the PSI reviews, a number of the IMF Missions visited the country during

the year 2008/2009. They include the

- (i) Monetary and Capital Markets (August 25-September 5, 2008)
- (ii) Harmonisation of Monetary and Financial Statistics (September 8-10, 2008)
- (iii) At the initiative of His Excellency President of the United Republic of Tanzania, Mr. Jakaya Mrisho Kikwete and the Managing Director of the IMF, Mr. Dominique Strauss-Kahn a conference with the theme "Changes-Successful Partnership for Africa's Growth Challenge" (also known as the IMF-Africa Economic Conference) was held in Dar-Es-Salaam from 10-11 March, 2009. The Conference brought together policy makers across Africa, senior officials from International Financial Institutions and donor organisations, leading academicians and key members of civil society. The Conference was aimed at having a frank and open exchange to explore the challenges that global economic crisis poses to future growth, how to build on the lessons of recent successes in Africa, and the role of African nations and the international community in forging a positive path to the future.

The conference also offered a unique opportunity to send a clear message to the G20 in London during April, 2009, and the world as a whole regarding Africa's concerns and views about the crisis and what we think should be done to deal with it or mitigate the impact of the crisis on our economies and livelihood.



Financial Programming

During 2008/09, two workshops of the inter-institutional Financial Programming Working Group (FPWG)³ were held in Dar es Salaam, first in September, 2008 and the second in March, 2009. The objectives of both workshops were to review recent economic developments, reconcile macroeconomic data, and produce short and medium term projections for the Money and Banking, Balance of Payments, Real Sector and Government Operations. During the same period, the Bank in collaboration with Swiss State Secretariat for Economic Affairs, SECO, organized and conducted a two-week workshop on Flow of Funds for Financial Programming.

Data Warehouse Project

During 2008/09, the Bank initiated the process of implementing the first phase of the data warehouse. The Bank advertised through local and foreign media, invitation for Expression of Interest (EOI) for provision of consultancy services on preparation of requirement specifications for implementation of a Data Warehouse (DWH). Nineteen (19) firms expressed interest of carrying out the task of which eight (8) firms were short listed and provided with request for proposal documents.

Microfinance Operations

During 2008/09, the Bank successfully finalized development of Microfinance Monitoring System (MMS), which will

³ The FPWG comprises of participants from institutions involved in compilation and/or projection of macroeconomic data namely; Ministry of Finance and Economic Affairs (MoFEA), Planning Commission (POPC), Bank of Tanzania (BoT), Tanzania Revenue Authority (TRA), and National Bureau of Statistics (NBS).

be used for monitoring performance of microfinance industry in Tanzania.

The Bank conducted a census of all MFIs in Tanzania Mainland and Zanzibar to update the Directory of Microfinance (2005). The Bank also collected routine data of 220 MFIs from five regions in Tanzania Mainland and 5 regions in Zanzibar. The finalization of the MMS will facilitate recording and analysis of data from the MFIs to produce status reports.

The Bank revised the operational guidelines that will provide standards for Government and donor investments in rural and microfinance. The Guidelines will be submitted to the Ministry of Finance and Economic Affairs for approval and adoption. Furthermore, the Bank will assist in overseeing dissemination and implementation of the guidelines.

To ensure fair lending and business practices by Credit only MFIs, the Bank decided to conduct a study on “Improving the Enabling Environment and Business Conduct of Credit Only Micro-finance Institutions in Tanzania”. The study commenced in April 2009 and will be finalized in August 2009.

The following challenges continue to face the microfinance industry in the country;-

- New developments in the microfinance sector including technological advancement in telecommunication, that prompt for a need to review the National Microfinance Policy;
- Non-existence of operational standards in the sector resulting from absence of strong microfinance network;



- Generally low outreach of financial services in rural areas where the majority of the poor Tanzanians live. The rural based institutions are dominated by SACCOS, which have limited financial resources;
- Slow progress of NGOs and SACCOS in transforming into regulated entities that can mobilize public deposit as provided under the Microfinance regulations (2005).
- There is inadequate information on the micro finance sector to enable stakeholders to make informed decisions.

To address the challenges the Bank undertakes the following;-

- Development of a Financial Literacy Strategy with support from Financial Sector Deepening Trust (FSDT) and the Financial Sector Support Project;
- In collaboration with the Ministry of Finance and Economic Affairs, the Bank will carry out an in-depth review of the National Microfinance Policy (NMP) beginning the next financial year. The Bank will also provide technical support for the development of microfinance policy in Zanzibar;
- Continue to collect, analyse and disseminate information on the development of microfinance sector to key stakeholders and the general public; and
- To coordinate implementation of the Tanzania Rural Finance Strategy;

Trade and Investment Policies

Survey of Foreign Private Capital Flows

In 2008/09, the Bank of Tanzania in collaboration with Tanzania Investment Centre (TIC) and the National Bureau of Statistics (NBS) continued to conduct surveys on Foreign Direct Investments (FDI) into Tanzania Mainland. Similar undertaking took place in Zanzibar. Draft reports for Tanzania Mainland and Zanzibar for 2007 (TIR07 & ZIR07) were prepared and will be published in the next financial year. The reports contain analysis of FDI flows and stocks by type, sectors, regional distributions and source country.

In the same period, the collaborating institutions in both Mainland and Zanzibar made the necessary preparations for the fifth round of surveys. The sample surveys fieldwork involving about 400 companies commenced in May 2009 in the Mainland Tanzania and scheduled to be finalized in September 2009. Similarly, the census in Zanzibar, are planned to end in September 2009.

Regional Harmonisation on Private Capital Flows

The Bank continued to team up with the **Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)** Member Countries in the development of regional software for capturing, storing and processing of Private Capital Flows (PCF) data. Up to June 2009, the member countries agreed to up-load test data into the system to enable the testing exercise to be implemented to its fullest. Upon successful testing, the system will be ready for launch



and will assist in the harmonization of the methodologies for compilation and analysis of PCF data as well as to ease data comparability both regionally and internationally

Trade and Investment Policy Development

The Bank of Tanzania continued to participate in the implementation of National Trade Policy (NTP) of 2003 particularly the Bank participated in the following major activities:

1. Negotiations on the Promotion and Protection of Bilateral Investment Agreements with Canada and Sultanate of Oman. The negotiations with the two countries are still on going;
2. Preparatory meeting for Indian Ocean Rim-Association for Regional Cooperation;
3. Implementation of regional integration programmes as follows:

i. East African Community:

- Negotiations on Economic Partnership Agreements (EPA) under the East African Community (EAC) configuration, and
- EAC Council of Ministers meetings.
- Negotiations of the EAC Common Market Protocol;

ii. Southern African Development Community:

- Meetings of Committees and Sub-Committees of SADC Central Bank Governors (CCBG), specifically on:-

- Macroeconomic convergence.
- Contribution of Exchange Control Liberalization Process.
- Legal and operational frameworks for SADC Central Banks where a Model Central Bank Bill has been developed.
- Bi-annual meetings of Governors in the SADC region.

International Economics

Balance of Payments

During 2008/09, the Bank continued with its efforts to improve quality and coverage of Balance of Payments (BOP) statistics. In view of this, the Bank in collaboration with the Ministry of Natural Resources and Tourism (MNRT), National Bureau of Statistics (NBS), Immigration Department, and the Zanzibar Commission for Tourism conducts Tourism Sector Surveys. The surveys facilitate estimation of tourism earnings to improve compilation of National Accounts (NA) and Balance of Payments (BOP) statistics; and formulation of policies to promote tourism. In August 2008, the participating institutions signed a Memorandum of Understanding (MOU) for building the Tourism Satellite Account (TSA). The TSA shall host statistical presentation that describes economic activities and transactions in tourism and assists in measuring contribution of tourism to the economy.

In December 2008, the International Visitors' Exit Survey was conducted in the



major entry points namely; Julius Nyerere International Airport (JNIA), Kilimanjaro International Airport (KIA), Zanzibar Airport (ZAA), Namanga (NAM) and Tunduma. Preliminary results show that:-

- Europe and the United States are the major tourist source markets for Tanzania,
- Majority of visitors came for leisure and holiday,
- Tanzania has unique tourist destinations that impressed the tourists, and
- Complaints about poor infrastructure especially airports and roads leading to Tarangire and Serengeti.

Programme Aid

During 2008/09, Development Partners (DPs) disbursed a total of USD 1,084.6 million as programme aid that is about 95.8 percent of total pledges of USD 1,132.4 million. The amount was however lower than that of USD 1,117.7 million disbursed under similar arrangement in the preceding year. Large share of the assistance was received in the beginning of the year, which enabled the Government to effectively implement the National Strategy for Growth and Reduction Poverty (NSGRP) popularly know in Kiswahili acronym as MKUKUTA. The DPs commitment in assisting Tanzania is largely due to implementation of sound macroeconomic policies and structural reforms that have helped the country sustain high rates of economic growth.

Out of the total disbursements in 2008/09, grants amounted to USD 657.6 million while USD 427.1 million was given as loans. The World Bank and United Kingdom were the

leading DPs under Programme Aid as they disbursed a total of USD 249.6 million and USD 202.2 million, respectively. Most of the World Bank funds were released under the Poverty Reduction Support Credit (PRSC) while funds from the United Kingdom were disbursed through General Budget Support (GBS).

Grants assistance was received through GBS and Basket financing from bilateral Development Partners and European Union (EU). Total GBS grants from bilateral Development Partners and EU were about USD 429.0 million, out of which USD 429.8 million was provided by bilateral DPs and USD 64.2 million was received from EU. Total basket financing provided in a form of grants was USD 163.5 million.

Total programme loans disbursed in 2008/09 amounted to USD 427.1 million. African Development Bank (AfDB) disbursed a total of USD 157.4 million under Poverty Reduction Support Loan (PRSL).

In June 2009, the Executive Board of IMF approved SDR 218.8 million (about USD 328.0 million) for Tanzania under Exogenous Shock Facility (ESF) to cushion the country from the effects of the global financial crisis. The first disbursement of USD 245.8 million was disbursed by end of June 2006.

Management Information Systems

During 2008/09, the Bank continued to improve ICT delivery functions aiming to raise the Bank's productivity, development and growth. The improvement and new developments are recorded in areas of ICT infrastructure, office automation, business applications and service support. Other areas include; preparation and reporting on



corporate plans implementation, business support services and IT Governance, Business Continuity Management (BCM). The Bank also provided day to day ICT services and user support aimed at ensuring critical business processes run smoothly at all times without compromising integrity of stored data.

Other notable developments include:

- Improved the management of Systems Incident Report and Change Request by developing Incident Management System
- Developed and deployed the Millennium Challenge Account Monitoring Web reporting portal to simplify information sharing and monitoring,
- Conducted enterprise wide security compliance assessment,
- Improved branches' network connectivity by installing Point-to-Point links between HQ-Arusha and HQ-Mbeya branches,
- Designed web enabled Electronic Data Interchange (EDI) to enable Banks and Financial Institutions to submit their Returns online (using secure website access),
- Improved Integrated Human Resources Information System (IHRIS) to accommodate changes related to staff benefits and make it accessible from Branches,
- Initiated new projects: Working Area Recovery (WAR) site, Wide Area Network (WAN), Data warehouse and BPM,
- Implemented a Treasury Management System (TMS) for the reserve

management and monetary policy operations of the Bank, and

- Designed and developed Central Banking Reporting System for monitoring SWIFT messages inflows and Outflow related financial transactions (SWIFT FINFORM).

Internal Audit

During 2008/09, the Bank continued to strengthen measures aimed at enhancing the monitoring and control of the Bank's operations. Attention was given to audit of the critical operational functions of the Bank namely financial markets, banking operations, payments system, banking supervision, finance/accounts and other support functions including administration, legal, management information system and branch audit assignments.

During the period the Bank verified the Bank's assets for proper valuation and presentation in the financial statements in compliance with International Financial Reporting Standards [IFRS]. The Bank also undertook special audit for Foreign Reserves management and Interim Audit. The Bank performed post implementation review of two core systems namely Integrated Financial Management System and Treasury Management System.

To strengthen audit activities during the financial year 2009/10 the Bank aims at:

- Modernizing the internal audit operations by focusing on risk based audit away from transactions compliance, and
- Enhancing staff capabilities through structured training.



BRANCH ACTIVITIES

Arusha Branch

The Branch implemented banking operations, economic activities and administrative issues in line with Bank Corporate Plan for 2008/09.

Government departments and banks in the zone were duly served to facilitate payments and commercial banking operations. The number of commercial banks branches increased from 15 in previous year to 17 as at end of June 2009, on account of increased economic operations in the northern zone. Distribution and management of currency continued in line with the clean money policy of ensuring that good quality banknotes are issued and circulated. The public was educated on the security features of Banknotes, identification of counterfeit notes. Campaigns were also conducted to sensitize on the use of non cash instruments.

The Branch continued to host the Arusha Bankers Electronic Clearing House (ABECH). The ABECH member banks now stand at 18 including the Bank of Tanzania Arusha Branch. The USD Clearing remained manual during the year under review with 15 members.

The Branch participated in economic meetings that were held in Arusha region. A paper on *The World economic overview, financial Crisis - magnitude, impact and remedial measures* was presented at Arusha Region Consultative meeting. Another paper titled *Role of financial institutions in the economy* was presented at Arusha Investors Forum meeting meant to educate

the public on the Bank's activities. The Branch participated in Nane Nane Exhibition (Farmers DAY) and undertook responsibility of educating the stakeholders and general public on the Bank activities and responded to enquiries on economic issues. The branch distributed the Bank's publications to inform the general public on economic developments.

Mbeya Branch

During 2008/09, the Branch continued to monitor economic developments in the Southern Highlands Zone. The following activities were undertaken:

- (i) Sensitization campaign to the public on the importance of providing accurate data to the Bank,
- (ii) Participated in the Farmers Agricultural Trade Fair (Nane Nane) in the Southern Highlands Zone, to disseminate information on the core functions of the Bank in a simple and clear language.
- (iii) Distribution of the Bank of Tanzania publications to Stakeholders in Southern Highlands Zone and
- (iv) Implementation of clean money policy pursuant to the Bank objectives. Visits to Mbeya, Ruvuma, Rukwa and Iringa regions were made for the purpose of educating the general public on notes handling and detection of fake notes.

Mbeya Banker's Clearing House (MBCH) was instituted to facilitate smooth inter-banks exchange and processing of payment of instruments for the purpose of settling commercial banks intraday financing. In local clearing, a total of 36,743 inward and outwards instruments valued at TZS



127.5 billion were recorded and exchanged during 2008/09, while in the USD clearing, 77 instruments valued at USD 0.72 million were transacted.

Mwanza Branch

In 2008/09 the Branch continued to provide banking and currency services to Government Departments and commercial banks in the Lake Zone including facilitating clearing transactions, receiving cash deposits and issuing serviceable notes mainly through commercial banks. The Branch also provided counter services for encashment and deposit of cheques.

During the period, the Branch staff also toured Kagera and Shinyanga regions to educate the public on the security features of banknotes' so as to enable differentiation between genuine and counterfeits, and proper ways of handling banknotes. In ensuring efficient payment and settlement system, the Branch continued to host the Mwanza Electronic Clearing House (MWECH).

The Branch continued to monitor economic developments and performance in the Lake Zone, with main focus on agriculture, livestock, fisheries, mining, tourism, industrial sector, and cross border trade activities. During the year the Branch attended Regional Consultative Committee (RCC) meetings where regional economic development issues were discussed.

Zanzibar Branch

During 2008/09, Zanzibar branch continued to provide banking services to both governments (Union and Zanzibar) and commercial banks based in Zanzibar.

The branch also maintained a pro-active engagement stance with all stakeholders in the Isles as highlighted below.

- 8th June 2009 -The Governor presented a paper to the Zanzibar Revolutionary Council, at the State House, Zanzibar, on the “Global Financial Crisis and likely impact on Tanzania economy”.
- 20th-24th April 2009 – the Branch conducted Macroeconomic course to 15 staff from the Revolutionary Government of Zanzibar (RGOZ) Ministry of Finance and Economic Affairs (MOFEA) and the Office of Chief Government Statistician (OCGS) The Branch also conducted a seminar to officials of RGOZ Ministries, Independent Government Departments of both GOZ and URT and Commercial banks discussing on the payment instruments systems.
- The Branch in collaboration with the Ministry of Tourism, Trade and Investment (MTTI), facilitated two Business Council meetings on 29th January and 4th March 2009.
- 16th February 2009, the Branch in collaboration with the Directorate of National Payment System (DNPS), conducted a one day seminar on Tanzania Interbank settlement System (TISS) to officials from MOFEA, Zanzibar Revenue Board (ZRB), Tanzania Revenue Authority (TRA) and Peoples' Bank of Zanzibar (PBZ).
- In mid February 2009, the Branch in collaboration with OCGS and East-AFRITAC hosted a workshop on Quarterly National Accounts Statistics for Zanzibar and United



Republic of Tanzania (URT). The workshop drew participants from National Bureau of Statistics and OCGS.

- In January 2009, a study on ‘The Impact of World Market Prices of Rice on Inflation in Zanzibar (2009)’ was presented to the **Standing Committee of the Board on the Monetary Policy**.
- In December 2008, the Branch in collaboration with MOFEA presented a paper on “Global Financial Crisis and Likely Impact on Zanzibar Economy” to senior officials of (RGoZ) commercial banks and private sector representatives. During the period, the Branch also conducted a seminar to Members of the House of Representatives on the role of the BOT Branch to the economy of Zanzibar.
- The Branch hosted a MEFM¹ and Development Finance International (DFI) mission from 24th to 26th November 2008, aimed at discussing progress in the implementation of Private Capital Flows Surveys.
- In collaboration with the Head Office, the Branch successfully concluded negotiations and the signing of the MOUs and Agreements with RGoZ regarding implementation of the Zanzibar Economic Empowerment and Employment Creation Programme.

Bank of Tanzania Training Institute

During 2008/09, the Bank of Tanzania continued to pursue its objectives of

capacity building in order to support its overall mission of Price and Financial Stability. This is through designing and conducting demand driven programmes for the financial sector, mainly on banking and finance, at the Bank’s Training Institute in Mwanza. Courses that were conducted during the year under review include Credit Management and Loan Appraisal, Risk Management for Banks, Microfinance, Treasury Management for Banks, Foundation course in Banking and Bank of Tanzania Prudential Guidelines.

The Bank also hosted in-house programmes for the staff and other training activities that were organized by other Institutions through hiring Institute facilities.

During the year, the Institute conducted a total of thirty four (34) courses out of which twenty one (21) were for staff of the Bank and thirteen (13) for banks and financial institutions. This compares with a total of twenty eight (28) courses conducted during the previous year. Similarly, 21 in-house courses were conducted, compared to 12 courses in the preceding year, mainly due to training requirements for the users of Integrated Financial Management System (IFMS) in the Bank.

A total of ninety five (95) training related events were hosted during the year compared with ninety six (96) events recorded in the previous year. The Institute also provide facilities for Tanzania Institute of Bankers (TIOB) and the National Board of Accountants and Auditors (NBAA) review programmes.



PART III
REPORT OF THE AUDITORS



BANK OF TANZANIA

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2009





DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

1. INTRODUCTION

In accordance with Section 21 (2) of the Bank of Tanzania Act, 2006, the Board of Directors of the Bank of Tanzania (“the Bank”) is required to prepare financial statements showing the financial position of the Bank and the profit or loss for the year, statement of changes in equity, cash flow statement and related notes.

2. STATUTE AND PRINCIPAL ACTIVITIES

Bank of Tanzania (BoT) is the Central Bank of the United Republic comprising Tanzania mainland and Zanzibar, and is wholly owned by the Government of the United Republic of Tanzania. Its operations are governed by the Bank of Tanzania Act, 2006.

Its functions and objectives are summarised as follows:

- To formulate, implement and be responsible for monetary policy, including foreign exchange rate policy, to issue currency, to regulate and supervise banks and financial institutions including mortgage financing, development financing, lease financing, and revocation of licenses and to deal, hold and manage gold and foreign exchange reserves of Tanzania;
- To compile, analyse, and publish the monetary, financial, balance of payments statistics and other statistics covering various sectors of the national economy;
- To regulate and supervise the clearing and settlement system;
- To act as a banker and fiscal agent of the Government of the United Republic and the Revolutionary Government of Zanzibar (“the Governments”);
- To ensure the integrity of the financial system and support the general economic policy of the Government and promote sound monetary, credit and banking conditions conducive to the development of the national economy.

The main achievements for the current year included:

- Maintenance of price stability through controlling the inflation rate to 9.3 % in June 2009;
- Improvement of the effectiveness of market operations, including privatization;
- Strengthening the foreign exchange reserves of the Bank from USD 2,648.6 million at the beginning of the year to USD 2,918.6 million as at 30 June 2009;
- The maintenance of a sound regulatory framework and National Payment System;



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

- The oversight of the stability of the country's financial system through maintaining a safe and sound financial system and ability to act swiftly and effectively in minimizing disruptions in the financial system in the event of financial distress or crisis affecting the banks.

3. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of the Bank are responsible for the preparation of the financial statements which give a true and fair view of the Bank's state of affairs and its operating results in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets.

The directors confirm that the core functions of the Bank's were not affected and neither were the financial systems in the country. The directors assure the stakeholders that the control environment at the Bank is presently operating effectively. In the current financial year various measures have been taken by directors and other parties in order to continue strengthening the internal controls, governance and risk management at the Bank. Such measures include:

- Implementing recommendations of the International Monetary Fund (IMF) Voluntary Safe Guard Assessment which was conducted in June 2008;
- Continuing to cooperate with relevant law enforcing organs;
- Recruiting additional staff to strengthen the internal audit function and capacity building;
- Establishing a Procurement Management Unit (PMU) to ensure compliance with the requirement of the Public Procurement Act, 2004;
- Reviewing of the risk profile in the Bank's operations and implementation of a strategy to mitigate them; and
- Capacity building in the International Financial Reporting Standards (IFRS) in the Bank.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for the foreseeable future based on forecast and available cash resources. These financial statements support the viability of the Bank.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

4. FINANCIAL PERFORMANCE

4.1 Financial results

During the year, the Bank made a profit of TZS 203,339.4 million (2008: loss of TZS 96,484.0 million). Out of the above profit, an amount of TZS 67,594.4 million is related to normal activities of the Bank while TZS 135,745.1 million is attributed to reversal of an impairment loss provided in 2005/06 and 2006/07. Details have been provided under Note 39 of the accounts. As a result, dividend payable to the Governments during the year is TZS 1,669.9 million.

4.2 Financial position

The financial position of the Bank is as set out in the Balance sheet shown on page 13. During the year total assets of the Bank increased by TZS 1,001,080.8 million. This was mainly attributed to the increase of available for sale Foreign Currency Marketable Securities, Deferred Currency Cost and Government Securities amounting to TZS 834,265.9 million, TZS 105,788.7 million and TZS 381,672.4 million respectively.

On the other hand total equity and liabilities increased by TZS 1,001,080.8 million. This was mainly attributable to increase in Deposit Banks of TZS 367,894.7 million, Poverty Reduction and Growth Facility Liabilities TZS 321,593.6 million, Reserves TZS 255,707.1 million and Notes and Coins in Circulation of TZS 231,071.0 million.

5. DONATIONS, SUBSCRIPTIONS AND CONTRIBUTIONS

The Bank made various donations, subscriptions and contributions during the year. Key among these were to the African Rural and Agricultural Credit Association (AFRACA); the African Association of Central Banks (AACB); Macroeconomic and Financial Management Institute (MEFMI); Capital Markets and Securities Authority (CMSA); Deposit Insurance Board (DIB); Financial Institutions Development Project (FIDP II); Second Generation Financial Sector Reforms; Tanzanian Institute of Bankers (TIB); Other Professional Associations; and Charities. Such payments amounted to TZS 2,509.8 million (2008: TZS 2,916.1 million) Note 37.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

6. 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's establishment Act, referred to as 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 summarized below:

- (a) In terms of the provisions of Section 9(1) of the Bank of Tanzania Act, 2006, the Bank's Board of Directors is the supreme policy making body in the Bank, and apart from its specified function of approving the budget of the Bank, it is expected to discharge other functions as may specifically be conferred or imposed upon it by the Act or any other written law.
- (b) In the discharge of its functions, four Committees are currently assisting the Bank's Board of Directors. These are Monetary Policy Committee, Audit Committee, Banking Supervision and Finance and Investment Committee.

The Monetary Policy Committee is established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. Its membership comprise; the Governor who is the Chairman, the Deputy Governors, and two Non-executive directors. In an endeavour to assist the management in their day-to-day functions, and to get the Board involved more closely in the affairs of the Bank, the following functions of the Board have been delegated to the Monetary Policy Committee:

- (i) Review of monetary policy targets;
- (ii) Review of research papers before they are submitted to the relevant authorities;
- (iii) Review of recommendations of major economic and monetary policy changes before they are adopted by the Board;
- (iv) Review of the Governments' revenue and expenditure patterns and borrowing by commercial banks and formulate appropriate recommendations to the Board for adoption;
- (v) Monitoring of Management of external reserves, gold and foreign exchange and formulate appropriate recommendations to the Board for adoption;
- (vi) Review of external and domestic debt management operations and formulate appropriate recommendations to the Board for adoption;
- (vii) Review of the statutory reports of the Bank related to implementation of monetary and financial policies and formulates appropriate recommendations to the Board for adoption, and;
- (viii) Undertake such other tasks as the Board may direct from time to time.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

- (c) The Audit Committee is established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. The Chairman of the Committee is a Non-Executive Director and other members are Deputy Governor-Administration and Internal Controls, and two other Non-Executive Directors (see item number 7 on page 95).

Board of Directors is responsible for determination of the policy of the Bank, approval of the Bank's budget, and it is expected to discharge other functions as may specifically be conferred or imposed upon it by the Act or any other written law.

The detailed Terms of Reference for the Audit Committee are as follows:-

Internal Control

- (i) Evaluate whether management is setting an appropriate control culture;
- (ii) Ensure the adequacy of the internal control systems implemented by management for the approval and recording of financial data;
- (iii) Ensure that the control processes implemented by management to prepare the financial statements derive from the underlying financial systems and comply with International Financial Reporting Standards [IFRS];
- (iv) Review the effectiveness of the system for monitoring compliance with laws and regulations and follow-up on non-compliance; and
- (v) Evaluate the overall effectiveness of the internal control and risk management frameworks that safeguard the Bank's assets and consider whether recommendations made by the internal and external auditors have been implemented by management.

Financial Reporting

- (i) Review significant accounting and reporting issues and their impact on the financial reports. And ensure current financial risk areas are being managed appropriately;
- (ii) Ensure the adequacy of the financial reporting process implemented by management. Meet with management and the external auditors to review the financial statements and compliance with IFRS;
- (iii) Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies are discussed with the external auditor; and
- (iv) Review the annual accounts before approval by the Board and release.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

External Audit

- (i) Review the external auditors' proposed audit scope and approach, the audit conduct, and audit deliverables;
- (ii) Obtain satisfactory assurances that the audit is conducted in accordance with International Standards on Auditing;
- (iii) Ensure that significant findings and recommendations made by the external auditors are appropriately acted on; and
- (iv) Review draft accounts before the same are submitted to the External Auditors for audit.

Internal Audit

- (i) Review the activities and resources of the internal audit function;
- (ii) Review the effectiveness of the internal audit function and ensure that it has an appropriate standing and independence within the Bank;
- (iii) Ensure the internal audit plan addresses key areas of risk; and
- (iv) Ensure that significant findings and recommendations made by the internal auditors are appropriately acted on.

The Committee also undertakes such other related tasks as may be directed by the Board from time to time.

- (d) The Banking Supervision Committee is created under the provision of Section 12(1) of the BoT Act, 2006. Members of the Committee comprise the Governor who is the Chairman, the Deputy Governors, Permanent Secretary, the Treasury, Government of the United Republic of Tanzania and Principal Secretary, the Treasury, Revolutionary Government of Zanzibar and two Non-executive directors.

The Banking Supervision Committee is responsible for review of:

- (i) Internal control and systems in banks and financial institutions and recommend improvements deemed necessary;
- (ii) The activities and recommendations of the Banking Supervision function and advise the Board on appropriate policy, legislative and regulatory measures;
- (iii) Proposals by the Banking Supervision function on changes in banking policies and practices in the light of banking developments and formulate recommendations to the Board;



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

- (iv) Adequacy of provisions of prevailing legal and regulatory framework and propose amendments should this be deemed necessary;
 - (v) Adherence to banking ethics and standards and make recommendations on improving compliance;
 - (vi) Operating performance of banks, financial institutions and bureaux de change with a view to ensuring safety and soundness in the banking system;
 - (vii) Emerging supervisory issues and, where appropriate, direct development of policies that promote a safe and sound banking system and high supervisory standards and practices; and;
 - (viii) Financial stability reports before publication.
- (e) The Finance and Investment Committee is created 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 three Non- Executive Members of the Board.

The Finance and Investment Committee is responsible for review of:

- (i) Proposed budgets and supplementary budget requests and recommend to the Board for approval;
- (ii) Quarterly budget performance reports and recommend to the Board for adoption;
- (iii) Requests for reallocation of funds involving the capital sub-votes and recommend to the Board for approval;
- (iv) Financial Regulations and Staff by- Laws with a view to recommending to the Board for approval any changes that may be necessary;
- (v) Submission for disposal of immovable assets and recommend to the Board for approval;
- (vi) Annual Bank's Corporate Plan and recommend to the Board for approval;
- (vii) Requests for write off / back of receivables and debts (except Governments debts) with value exceeding USD 10,000 or TZS equivalent and recommend to the Board for approval;
- (viii) Financial policies and changes thereto and recommend to the Board for approval;
- (ix) The appropriateness of the investment policy with regards to investment goals and objectives and formulates recommendation to the Board;
- (x) Appropriateness of assets allocation strategy and make recommendation to the Board;



DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2009

- (xi) Quarterly, semi annual and annual reports and compare investment performance against an appropriate index, peer group and investment policy objectives and make recommendations to the Board;
- (xii) Periodically qualitative and/or organisational changes of investment decision makers and make recommendations to the Board;
- (xiii) Risk Management Framework for the Bank's operations and recommend to the Board for approval;
- (xiv) Project Management framework and recommend to the Board; and
- (xv) All administrative matters requiring Board's approval before the same are submitted to the Board.

7. DIRECTORS

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

1	Prof. Benno Ndulu	The Governor and Chairman of the Board
2	Dr. Enos Bukuku	Deputy Governor
3	Mr. Juma Hassan Reli	Deputy Governor (Also member of the Audit Committee)
4	Mr. Lila Mkila	Deputy Governor
5	Mr. Ramadhani Khijjah	Member *
6	Mr. Khamis Mussa Omar	Member **
7	Dr. Natu Mwamba	Member *** (Also member of the Audit Committee)
8	Prof. Haidari Amani	Member *** (Also member of the Audit Committee)
9	Mr. Ali Mufuruki	Member **** (Also member of the Audit Committee)
10	Mr. Athuman Mtengeti	Secretary to the Board

*Permanent Secretary, the Treasury, Government of the United Republic of Tanzania.

**Principal Secretary, the Treasury, Revolutionary Government of Zanzibar.

***Non-Executive Directors.

**** Non-Executive Director and Chairman of the Audit Committee of the Board



DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2008

Meetings attended by members of the Board from 1st July 2008 to 30th June 2009.

		Board	MPC	BSC	AC	FIC
	Number of meetings	19	12	4	9	9
	Names					
1	Prof. Benno Ndulu	16	10	3	N/A	8
2	Dr. Enos Bukuku	19	11	4	N/A	9
3	Mr. Juma Hassan Reli	17	11	4	8	9
4	Mr. Lila Mkila	14	9	4	N/A	9
5	Mr. Ramadhani Khijjah	8	11	3	N/A	N/A
6	Mr. Khamis Mussa Omar	12	10	2	N/A	N/A
7	Dr. Natu Mwamba	13	6	N/A	5	7
8	Prof. Haidari Amani	17	12	3	8	8
9	Mr. Ali Mufuruki	15	N/A	N/A	9	5
10	Mr. Athman Mtengeti	19	12	4	9	9

KEY

- Board:** Board of Directors
MPC: Monetary Policy Committee
BSC: Banking Supervision Committee
AC: Audit Committee
FIC: Finance and Investments Committee

8. DIRECTORS EMOLUMENTS

The directors' emoluments have been disclosed in Note 50.2 of this report.

9. HUMAN RESOURCES AND STAFF WELFARE

The Bank believes that its employees should find working for the Bank a stimulating and personally enriching experience, and consequently accepts co-responsibility for the development of each employee to his/her full potential. Career progress is based on the contribution made by the individual towards the fulfilment of the responsibilities of the Bank and initiative; innovative thinking and professional expertise are therefore systematically developed and rewarded.

The Bank is convinced that equal opportunities for all, irrespective of ethnicity, race, gender, disability or religion, should be pursued.

The Bank accepts that only through the loyalty and dedication of its employees will be able to achieve its goal and fulfil its aims.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

The Bank provides various benefits to staff such as insurance cover, long time service awards for staff serving for 25 years, loans and advances to cover various staff needs, training to develop staff career and medical cover to staff, one spouse and children not exceeding four.

10. CREDIT CRUNCH AND ITS IMPACT ON THE FINANCIAL STATEMENTS

The financial year 2008/09 was characterised by a substantial deterioration in global market conditions, including a severe shortage of liquidity and credit availability. These conditions have led to a reduction in the level of market activities for many assets.

In a bid to mitigate credit risk the Bank of Tanzania has been reducing exposure to commercial banks, which are prone to higher credit risk by redeeming all maturing deposits. For capital preservation purposes, the proceeds from redemption of maturing deposits are placed in sovereign institutions, which are currently earning near zero overnight interest rates. This may jeopardise higher return objective and hence affect Bank's income projections. Accordingly, the financial results of the Bank were also affected.

Owing to the impact of global crisis emanating from the credit crunch, particularly on the impact of the balance of payments, the Government of United Republic of Tanzania (URT) entered into an exogenous shocks facility (ESF) arrangement with the International Monetary Fund (IMF) for SDR 218.79 million, the equivalent to USD 336.0 million.

Further, the Government has taken unprecedented action to mitigate these circumstances including the provision of rescue package to borrowers from commercial banks affected by the crisis.

11. CAPITAL

Section 17 of the Bank of Tanzania Act, 2006 states that "the authorized 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 authorized by the Minister, by Notice published in the Government Gazette."

The capital of the Bank shall be subscribed and held only by the Government of the United Republic.



DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

12. 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 2000), Sections. 26 -37 of the Public Finance Act No. 6 of 2001 (revised 2004) and section 20(6) of the Bank of Tanzania Act, 2006. Ernst & Young, Certified Public Accountants were appointed by the CAG to audit the financial statements of the Bank on behalf of the CAG, pursuant to section 37(5) of the Public Finance Act, 2001.

BY ORDER OF THE BOARD

Benno J. Ndulu 22-12-2009

.....
Prof. Benno J. Ndulu
The Governor and Chairman of the Board



THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE

Telegram: "Ukaguzi"
Telephone: 255222115157/8
Fax: 255 222117527
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz
In reply please quote
Ref. No. CAC.45/491/01
and date



Office of the Controller and
Auditor General,
National Audit Office,
Samora Avenue/Ohio Street
P.O. Box 9080
DAR ES SALAAM

THE MEMBERS OF THE BOARD OF BANK OF TANZANIA

REPORT OF THE CONTROLLER AND AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE BANK OF TANZANIA FOR THE YEAR ENDED 30TH JUNE 2009

I have audited the accompanying financial statements of the Bank of Tanzania ('the Bank'), set out on pages 101 to 216, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Controller and Auditor-General 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.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank of Tanzania Act, 2006. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Controller and auditor generals' responsibility

My responsibility is to express an independent opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.



REPORT OF THE CONTROLLER AND AUDITOR-GENERAL (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; I considered the internal controls relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Unqualified Opinion

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Bank of Tanzania Act, 2006.

Report on compliance with procurement legislation

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions I have reviewed as part of this audit, I report that I did not find any material divergences by management from the requirement of the Public Procurement Act of 2004 and its related Regulations of 2005.

Ludovick S. L. Utouh
Controller and Auditor General
22 December 2009

Office of the Controller and Auditor General
National Audit Office Salaam
Dar es Salaam





INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	30.06.2009 TZS '000	30.06.2008 TZS '000
Operating Income			
Interest income	6	181,812,802	200,589,424
Interest expenses	7	(90,681,401)	(61,318,150)
Net interest income		91,131,401	139,271,274
Foreign exchange revaluation gains	31	119,945,949	-
Fees and commissions	32	19,275,082	18,030,333
Other income	33	39,621,848	14,497,079
		178,842,879	32,527,412
Net operating income		269,974,280	171,798,686
Operating Expenses			
Foreign exchange revaluation losses	31	-	98,590,770
Administrative expenses	34	34,669,544	29,605,751
Currency issue and related expenses	35	58,006,149	56,423,145
Personnel expenses	36	59,546,257	46,285,421
Depreciation	19	28,216,343	19,647,191
Amortization	20	2,392,055	2,171,924
Loss on impairment of assets	38	4,752,524	292,242
Amount Written Off	16	20,472	107,592
Loss on disposal of property and equipment	19	159,234	502,156
Share of loss of an associate Company	15	-	31,887
Other expenses and losses	37	14,617,330	14,625,104
		202,379,908	268,282,699
Operating profit/(loss) for the year		67,594,372	(96,484,013)
Exceptional item	39	135,745,071	-
Net Profit/(Loss) for the year		203,339,443	(96,484,013)

Notes on pages 106 to 216 form an integral part of these financial statements.
Independent auditors report on pages 99 to 100.



BALANCE SHEET

AS AT 30 JUNE 2009

	Note	30.06.2009 TZS '000	30.06.2008 TZS '000
ASSETS			
Cash and cash equivalent	8	669,408,905	896,346,861
Accommodation to banks	9	3,165,875	9,194,606
Holdings of Special Drawing Rights	10	148,684	174,498
Financial Assets Held for Trading	11	324,732,333	270,079,776
Foreign currency marketable securities-Available for Sale	11	2,795,616,000	1,961,350,127
Equity investment - Available for Sale	12	1,559,262	1,417,080
Government securities Held-to-Maturity	13	908,479,399	526,807,045
Inventories	14	4,761,694	4,631,310
Investment in Associate Company	15	1	1
Quota in International Monetary Fund	10	400,673,986	381,949,400
Loans and Receivables	16	193,749,557	342,235,095
Deferred Currency Cost	17	114,320,855	8,532,190
Other assets	18	37,879,730	73,943,838
Property and equipment	19	795,108,728	774,706,335
Intangible assets	20	11,758,602	8,914,667
TOTAL ASSETS		6,261,363,610	5,260,282,829
LIABILITIES			
Deposits - banks and non-bank financial institutions	21	995,959,123	628,064,443
Deposits - Governments	22	251,709,847	414,199,089
Deposits - Others	23	207,610,161	132,370,245
Foreign currency financial liabilities	24	399,293,601	367,828,464
Poverty Reduction and Growth Facility	25	343,101,021	21,507,457
Repurchase agreements	26	131,171,714	104,732,152
BoT liquidity papers	27	1,034,960,844	1,167,705,919
Provisions	28	4,970,817	4,375,953
Other liabilities	29	27,040,186	55,782,127
IMF related liabilities	10	380,535,501	368,437,666
Allocation of Special Drawing Rights	10	63,197,307	60,243,925
Notes and coins in circulation	30	1,682,526,787	1,451,455,775
TOTAL LIABILITIES		5,522,076,909	4,776,703,215
EQUITY			
Authorised and Paid up Capital	42	100,000,000	100,000,000
Reserves	43	639,286,701	383,579,614
TOTAL EQUITY		739,286,701	483,579,614
TOTAL EQUITY AND LIABILITIES		6,261,363,610	5,260,282,829

These financial statements were approved by the Board of Directors for issue on 22-12-, 2009 and were signed on its behalf by:

Name: Benno J. Ndulu Title: Governor Signature: [Signature]
Name: A. A. Mufsoni Title: Director Signature: [Signature]

Notes on pages 17 to 99 form an integral part of these financial statements.
Independent auditors report on pages 10 to 11.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Details	Share Capital (Note 42)	General Reserve (Note 43(a))	Retained Earnings	Capital Reserve (Note 43(b))	Exchange Equalization Reserve (Note 43(c))	Reserve for Projects (Note 43(d))	Staff Housing Fund Reserve (Note 43(e))	Assets Revaluation Reserve (Note 43(f))	Securities Revaluation Reserve (Note 43(g))	Foreign Currency Revaluation Reserve (Note 43(h))	Reserve for Dividends	Total
(Amounts in TZS'000)												
At 01 July 2008	100,000,000	73,628,286	-	99,307,372	113,194,510	-	15,848,244	73,773,032	(5,028,173)	(5,982,532)	18,838,877	483,579,615
Profit for the year	-	-	203,339,443	-	-	-	-	-	-	-	-	203,339,443
Transfer of exceptional item to General Reserve	-	135,745,071	(135,745,071)	-	-	-	-	-	-	-	-	-
Realised foreign exchange gain from the previous year	-	-	-	-	(5,982,532)	-	-	-	-	5,982,532	-	-
Transfer of unrealised income to Foreign Currency Revaluation Reserve	-	-	(2,280,414)	-	-	-	-	-	-	2,280,414	-	-
Amortisation of capital grant	-	-	-	(22,624)	-	-	-	-	-	-	-	(22,624)
Dividend paid to the Government	-	-	-	-	-	-	-	-	-	-	-	-
Mark to market for available for Sale Securities	-	-	-	-	-	-	-	-	70,845,909	-	(18,838,877)	(18,838,877)
Recovery from staff housing fund	-	-	-	-	-	-	383,235	-	-	-	-	383,235
Appropriation of 2008/9 Profit	-	6,759,437	(65,313,958)	-	33,504,901	20,000,000	3,379,719	-	-	-	1,669,901	-
At 30 June 2009	100,000,000	216,132,794	-	99,284,748	140,716,879	20,000,000	19,611,198	73,773,032	65,817,736	2,280,414	1,669,901	739,286,701

Notes on pages 106 to 216 form an integral part of these financial statements.
Independent auditors report on pages 99 to 100.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Details	Share Capital	General Reserve	Retained Earnings	Capital Reserve	Exchange Equalization Reserve	Reserve for Projects	Staff Housing Fund Reserve	Assets Revaluation Reserve	Securities Revaluation Reserve	Foreign Currency Revaluation Reserve	Reserve for Dividends	Total
	(Note 42)	(Note 43(a))	(Note 43(b))	(Note 43(c))	(Note 43(d))	(Note 43(e))	(Note 43(f))	(Note 43(g))	(Note 43(h))			
(Amounts in TZS'000)												
At 01 July 2007	100,000,000	8,368,163	-	69,329,752	200,488,136	30,000,000	15,838,776	73,889,901	(16,625,939)	5,314,612	55,949,763	542,553,164
Loss for the year	-	-	(96,484,013)	-	-	-	-	-	-	-	-	(96,484,013)
Release of Impairment loss previously recognized in equity	-	63,153,366	-	-	-	-	-	-	-	-	-	63,153,366
Derecognition of revaluation reserve on disposed assets	-	-	-	-	-	-	-	(321)	-	-	-	(321)
Transfer of exchange Loss to exchange equalization reserve	-	-	98,590,770	(98,590,770)	-	-	-	-	-	-	-	-
Transfer of deferred exchange gain realized during the year to Exchange Equalization Reserve	-	-	-	5,314,612	-	-	-	-	-	(5,314,612)	-	-
Transfer of foreign exchange loss unrealized to Exchange Equalization Reserve	-	-	-	5,982,532	-	-	-	-	-	(5,982,532)	-	-
Impairment loss on buildings previously revalued charged to assets revaluation reserve	-	-	-	-	-	-	-	(116,548)	-	-	-	(116,548)
Dividend paid to the Government	-	-	-	-	-	-	-	-	-	-	(37,110,887)	(37,110,887)
Interest earned from investment of Staff Housing Fund	-	-	-	-	-	-	102,365	-	-	-	-	102,365
Amortisation of capital grant	-	-	(22,380)	-	-	-	-	-	-	-	-	(22,380)
Amount Spent on Capital Project	-	-	30,000,000	(30,000,000)	-	-	-	-	-	-	-	-
Mark to market for available for Sale Securities	-	-	-	-	-	-	-	-	11,597,766	-	-	11,597,766
Recovery from staff housing fund	-	-	-	-	-	-	(92,897)	-	-	-	-	(92,897)
Appropriation of 2007/8 Profit	-	2,106,757	(2,106,757)	-	-	-	-	-	-	-	-	-
At 30 June 2008	100,000,000	73,628,286	-	99,307,372	113,194,510	-	15,848,244	73,773,032	(5,028,173)	(5,982,532)	18,838,876	483,579,614

Notes on pages 166 to 216 form an integral part of these financial statements.

Independent auditors report on pages 99 to 100.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	30.06.2009 TZS '000	30.06.2008 TZS '000
Cash flows from operating activities			
Cash generated from operating activities	41	219,899,063	(223,549,203)
Dividends paid to the Government		(18,838,877)	(37,110,887)
Net cash inflows/(outflows) from operating activities		201,060,186	(260,660,090)
Cash flows from investing activities			
Purchase of property and equipment		(48,807,323)	(85,897,536)
Disposal of property and equipment		91,860	96,948
Purchase of intangible assets		(5,241,498)	(2,925,142)
Acquisition of government securities		(245,927,283)	(1,851,936)
Increase in foreign currency marketable securities		(882,935,898)	(527,678,126)
(Increase)/ decrease in quota in IMF		(18,724,586)	68,402
Decrease in holdings of SDRs		25,814	158,651
Net cash outflows from investing activities		(1,201,518,913)	(618,028,739)
Cash flows from financing activities			
Increase in notes and coins issued		231,071,012	270,688,998
Increase in IMF related liabilities		12,097,835	202,535
Increase/(decrease) in foreign currency financial liabilities		353,058,701	(93,558,634)
Increase/(decrease) in allocation of SDRs		2,953,382	(10,788)
Increase in deposits		280,645,354	405,264,521
Increase in Repurchase Agreements (REPOs)		26,439,562	89,725,084
Increase/(Decrease) in BOT liquidity papers		(132,745,075)	80,448,124
Net cash inflows from financing activities		773,520,771	752,759,840
Net decrease in cash and cash equivalent		(226,937,956)	(125,928,989)
Cash and cash equivalent at the beginning of the year		896,346,861	1,022,275,849
Cash and cash equivalent at the end of the year	8	669,408,905	896,346,861



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PREPARATION, FORM OF PRESENTATION AND LEGAL FRAMEWORK

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 Tanzania 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 (IFRS) and Interpretations to those Standards in so far as they are practically applicable to the Bank.

Form of presentation

In exceptional circumstances, as allowed by Section 41 of the Bank of Tanzania Act, 2006, the Bank may act as the “lender of last resort” to financial institutions in difficulty in order to prevent a loss of confidence spreading through the financial system as a whole. In some cases, confidence can best be sustained if the Bank’s support is disclosed only when the conditions giving rise to potential instability in the economy have improved. Although the financial effects of such operations are included in the financial statements of the Bank, these statements may not explicitly identify such support.

Legal framework

In terms of Section 4 of the Bank of Tanzania Act, 2006 (‘the Act’), the Bank of Tanzania (‘the Bank’) is established to act as the Central Bank for the United Republic of Tanzania. Its main place of business is at 10 Mirambo Street, Dar es Salaam, Tanzania and it operates branches in Arusha, Mbeya, Mwanza and Zanzibar. The Bank is an independent institution with its own legal personality and tables its reports to the Minister for Finance.

The Bank’s principal responsibilities are to:

- conduct monetary policy and manage the exchange rate policy of the Tanzania Shillings, taking into account the orderly and balanced economic development of Tanzania;



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PREPARATION, FORM OF PRESENTATION AND LEGAL FRAMEWORK (Continued)

Legal framework (Continued)

- regulate and supervise financial institutions carrying on activities in, or from within, Tanzania, including mortgage financing, lease financing, development financing, licensing and revocation of licenses;
- manage, in collaboration with other relevant supervisory and regulatory bodies, the clearing, payment and settlement systems of Tanzania;
- collect, compile, disseminate, on a timely basis, monetary and related financial statistics; and
- hold and manage gold and foreign exchange reserves of Tanzania.

Under Section 17 of the Bank of Tanzania Act, 2006, the authorized capital of the Bank shall be one hundred billion shillings (TZS 100 billion), provided that it may be increased by such amount as may be determined by the Board, and authorized by the Minister for Finance, by notice published in the Gazette.

The capital of the Bank shall be subscribed and held solely by the Government of the United Republic of Tanzania. Further, the amount paid as capital of the Bank may be increased from time to time by transfer from the General Reserve of such amounts as the Board may, with the approval of the Minister, resolve. The paid up capital shall not be reduced.

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 unrealized 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 cent (25%) of the net profits until such time that the total capital of the Bank reach a sum equivalent to at least ten per cent (10%) of the total assets of the Bank less its assets in gold and foreign currencies, thereafter the Bank shall transfer not less than ten per cent (10%) of its net profits to the General Reserve Fund.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PREPARATION, FORM OF PRESENTATION AND LEGAL FRAMEWORK (Continued)

Legal framework (Continued)

In terms of Section 18(3) of the Act, the Board shall determine, whenever the authorized capital, the General Reserve Fund, the Foreign Exchange Revaluation Reserve and other appropriate asset revaluation reserves or retained net unrealized gains reserves set up by the Board are below five per cent (5%) 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; unrealized 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 realized components shall be transferred to the Income statement.

Section 18(5) of the Act, requires both realized and unrealized gains and losses to be included in the profit calculation but only the residual of any net realized profits of the Bank shall 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 realized profits to the reduction or discharge of the indebtedness and thereafter such amount as relates to the net realized 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 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 balance sheet indicates that the amount of its assets is less than the amount of its liabilities and the statutory fund, the Minister 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PREPARATION, FORM OF PRESENTATION AND LEGAL FRAMEWORK (Continued)

Legal framework (Continued)

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.

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. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Bank are consistent with those used in the previous financial year.

The Bank has adopted the following new and amended International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation (IFRIC) as of 1 July 2008.

- IAS 39 and IFRS 7 Financial instruments: Disclosure –Reclassification of financial assets (Amendments)
- IFRIC 13, Customer Loyalty Programmes (effective from 1 July 2008)
- IAS 23 Borrowing Costs
- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments
- IFRS 2 Share-based Payments – Vesting Conditions and Cancellations

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Bank



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets

The amendments allow entities to reclassify certain financial assets out of held-for-trading if they are no longer held for trading for the purpose of being sold or purchased in the near term.

- Financial assets that would be eligible for classification as loans and receivables (i.e. those assets which, apart from not being held with the intent to sale in the near term, have fixed or determinable payments, are not quoted in active market and contain no features which could cause the holder not to recover substantially all of its initial investment except through credit deterioration) may be transferred from Held-for-Trading to 'Loans and Receivables', if the entity has the intention and ability to hold them for the foreseeable future.
- Financial assets that are not eligible for classification as loans and receivables may be transferred from 'Held-for-Trading to Available-for-Sale or to 'Held-to-Maturity, only in rare circumstances.

The amendment requires detailed disclosures relating to such reclassifications. The effective date of the amendment is 1 July 2008 and reclassifications before that date are not permitted.

The Bank has a group of other assets category and has reclassified certain assets from other assets into the 'Loans and Receivables category, as of 1 July 2008. A full analysis of the financial impact of the reclassifications is provided in Note 16.

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The changes have no impact on the Bank's financial statements since no qualifying asset has been acquired through borrowing.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments

Amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (Continued)

The Bank does not hold puttable financial instruments hence these amendments do not have any impact on the financial performance or position of the Bank.

IFRS 2 Share-based Payments – Vesting Conditions and Cancellations

This amendment to IFRS 2 Share-based payments was published in January 2008 and became effective for financial years beginning on or after 1 January 2009. The Standard restricts the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted.

In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Bank has not entered into share-based payment schemes with non-vesting conditions attached and, hence early adoption of amendments to IFRS 2 do not have any impact on the financial performance or position of the Bank.

IFRIC 13 Customer Loyalty Programmes

IFRIC Interpretation 13 was issued in June 2007 and became effective for annual periods beginning on or after 1st July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. IFRIC 13 is not relevant to the Bank’s operations as the Bank currently does not operate royalty programmes.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions 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 ongoing basis.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

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. The 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

(i) Impairment losses on loans and advances:

The Bank reviews its loans and advances at each reporting date to assess whether an impairment loss should be recognized in the income statement. In particular, judgement 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.

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 loan 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

b. Impairment of assets (Continued)

(ii) Impairment of non-financial assets:

The Bank adopted an incurred loss approach to impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of occurrence of one or more past events since initial recognition. 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 non 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 group 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.

(iii) Impairment of available for sale financial assets

The Bank classifies certain assets as available for sale and recognises movements in their fair value in Securities Revaluation Reserve. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognised in the income statement.

c. Held to maturity investments:

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

c. Held to maturity investments: (Continued)

This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

d. Fair value of financial instruments:

Where the fair values of financial assets and financial liabilities recorded on the balance sheet 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.

e. Useful lives of property, equipment and intangible assets:

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

The useful lives of items of property and equipment have been estimated annually and are in line with the rate at which they are depreciated

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognized to the extent that 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 also be met before revenue is recognized:



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Interest and similar income and expenses

For all financial instruments measured at amortised cost and interest bearing financial instruments classified as available-for-sale financial investments, interest income or expense 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 costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. 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 or a group of similar financial assets 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 provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) 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.

Dividend income

Revenue is recognised when the Bank's right to receive the payment is established.

Other income

Other income is recognised in the period in which it is earned.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividend payable

Dividend is recognized as a liability in the period in which it is declared. Proposed dividends are disclosed as a separate component of equity.

Employees' benefits including post employment benefits

Short-term employment benefits such as salaries, social security contributions, and leave fare assistance are recognized in the income statement when they fall due.

Post retirement benefits

The Bank operates a defined contribution plan whereby each of its employees and the Bank contribute 2% and 18%, respectively of the employee's monthly salaries to the state owned and managed (statutory) Funds namely the Parastatal Pension Fund (PPF) or the National Social Security Fund (NSSF). Apart from these monthly contributions, the Bank has no further commitments or obligations to the Funds and it has no other post retirement benefit scheme. The contributions are charged to the income statement in the year to which they relate.

Other employee benefits

The Bank provides free medical treatment to staffs and their dependants. The cost is charged to the income statement. The estimated monetary liability for employees' accrued leave entitlement at the balance sheet date is recognized as an expense accrual.

Provision

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.

Where the Bank expects some or all of a 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 presented in the income statement 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

No provision for income tax is made in the Financial Statements as Section 10 Second Schedule of the Income Tax Act, 2004 (as amended under Finance Act, 2006) exempts the Bank from any taxation imposed by law in respect of income or profits. This exemption includes stamp duty in respect of instruments executed by or on behalf of the Bank.

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.

Foreign currency translation

(i) 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.

(ii) 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 and from the translation at year-end exchange rates of monetary assets (bid price) and liabilities (offer price) denominated in foreign currencies are recognized in the income statement.

The realised foreign exchange gains and losses are separated from the unrealised. The unrealised part is excluded from distributable profits for the year and is carried in a separate reserve until realised in subsequent years thereby becoming part of the distributable profits.

- (a) For each currency USD, GBP, EUR and SDR; cash inflows and outflows are determined at yearly intervals.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

- (b) Proportions of outflows against the inflows on a First in First out (FIFO) basis are determined for the year and this is assumed to be the proportion of realised gains or losses that have to be separated from the accumulated realized and unrealized amount in the Revaluation Account.
- (c) The realised amounts are computed based on the proportions determined in (b) above.

Investment in associate company

The Bank's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Bank has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Bank's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Bank recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Bank and the associate are eliminated to the extent of the interest in the associate. Where necessary, adjustments are made to bring the accounting policies in line with those of the Bank.

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, at which time it is reclassified as property and equipment in use.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Subsequent expenditures are capitalized only when they increase the current economic benefits and meet the recognition criteria. Expenditure incurred to replace a component of item of property and equipment is accounted for separately and capitalized while the major replaced component is derecognised. All other expenditure items which do not meet recognition criteria are recognised in the income statement as expenses as they are incurred.

Bank's immovable property (buildings) is subsequently shown at their Fair value (market values), based on valuation by external independent valuers. Increases in the carrying amounts arising on subsequent valuation are credited to an Assets Revaluation Reserve. Decreases that offset previous increases of the same asset are charged against Assets Revaluation Reserve while other decreases are charged to the income statement.

Revaluation of the Bank's immovable property is conducted after every five years. The last revaluation was done on 30 June 2006 by M/S Real Estate Surveyors and Associate Limited, professional and Independent valuers.

Depreciation is charged to income statement 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.

The review of residual values took into account of the market requirements where 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 early). Annual depreciation rates applied in 2008/09 financial year were as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Asset classification	Annual depreciation Rate
Office Premises	1%
Staff Club Premises	1%
Residential Premises	1.5%
Computer Servers	25%
Computer Printers	25%
Personal Computers	25%
Network Equipment	20%
Motor Vehicles	20%
Currency Processing Machines	12.5%
Machinery and Equipment	10%
Security Monitoring, Fire Detection and Fire Fighting Systems	20%
Office Furniture	15%

No depreciation charge is made 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 and 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets consist of computer application software and computer packages. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Generally, costs associated with developing computer software programmes are recognised as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally generated intangible assets are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

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 20% - 33.33%. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. 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 the income statement. 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.

Capital grant

The Bank recognises Government grants using capital approach method. Government grants such as that related to depreciable assets are recognized based on date of receipt at their fair value and accounted for as part of property and equipment and in the equity. The same amount proportional to depreciation charges is amortisation from equity to income statement to offset items of expenses which they finance over their estimated useful life.

Currency printing and minting expenses

Notes printing and coins minting expenses which include ordering, printing, minting, freight, carriage insurance and handling costs are first deferred.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency printing and minting expenses (Continued)

Based on the currency issued into circulation, the respective proportional actual costs incurred are released to the income statement from the deferred currency costs account.

Currency in circulation

Currency in circulation 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.

Impairment of assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. 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. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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 the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether 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 the income statement.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (Continued)

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.

Foreign currency swaps through profit or loss

Foreign currency SWAPS are contracts with commercial banks in which a spot sale/purchase of currencies and a simultaneous commitment to a forward purchase/sale of the same currencies is entered into with the Bank. Currency SWAPS are accounted for at their fair value as at the balance sheet date with gains and losses arising being recognized in the income statement.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

However, presently the Bank has no lease arrangement in place instead it had rental arrangements with landlords for Properties that it occupies but not owned by the Bank. In which case no upfront significant payments are made rather periodical rental payments are paid based on space (square meters) occupied by the Bank. The rental agreements are renewable periodically normally yearly or periods not exceeding three years each. As for the Land owned by the Bank, the Bank obtained these on long term Leasehold (mainly 99 years) from the Government.

No significant payments are made in advance to the Government other than Government fees/rates normally paid on lease application and renewal based on fixed Government rates that are published from time to time and which are insignificant and not related to the value of Land or period of occupation.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sale and Repurchase Agreements (REPOs)

REPO is an arrangement involving the sale for cash, of security at a specified price with a commitment to repurchase the same or similar securities at a fixed price either at a specific future date or at maturity.

- (i) The Bank treats REPOs as collateralized loans for accounting purposes. In this case, a REPO is recorded as a secured advance and is shown separately as REPO Agreement.
- (ii) REPOs continue to be recognised in the balance sheet and are measured in accordance with policies for financial liabilities.
- (iii) The difference between sales and repurchase price is treated as interest expenditure and is recognized in the income statement.

Foreign Exchange Equalization Reserve

The Bank has a policy whereby both net realized and unrealized exchange gains and losses are firstly recognized in the Income Statement in accordance with the requirements of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The net realized foreign exchange gains or losses for the year arising from daily revaluation of foreign assets and liabilities are transferred to the Foreign Exchange Equalisation Reserve to form part of the Bank's equity. Where the balance in the Foreign Exchange Equalization Reserve is insufficient to absorb the net realised loss, the first recourse is the General Reserve. The net unrealised gains or losses are transferred to the Foreign Currency Revaluation Reserve.

Effective 30th June 2009 the Board determines the amount of the net realized foreign exchange gains, for the year to be transferred to the Foreign Exchange Equalization Reserve and the balance is available for appropriation as part of the distributable profit.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reserve for Dividend

This reserve accommodates the amount declared as dividend payable to the Governments.

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 indebtedness to the Bank, the Bank shall first apply the remainder of its net realized profits to the reduction or discharge of the Governments indebtedness

Financial instruments – initial recognition and subsequent measurement

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the settlement date, that is the date that the Bank commits to purchase or sell the asset. Derivatives are recognised on settlement date.

Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially 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 costs of acquisition or issue.

Derivatives recorded at fair value through profit or loss

Derivatives include interest rate swaps and futures, credit default swaps, cross currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives held for trading are included in 'Net Operating income'.

Financial assets at fair value through profit or loss

Financial assets and financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the balance sheet at fair value. Changes in fair value are recorded in “net operating income”

Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract, while dividend income is recorded in other operating income when the right to the payment has been established.

Included in this classification are loans and advances to customers which are economically hedged by credit derivatives which do not qualify for hedge accounting as well as structured notes which are managed on a fair value basis.

Held to maturity financial investments

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in ‘Interest income’ in the income statement. The losses arising from impairment of such investments are recognised in the income statement. The Bank classifies Government Securities it holds as held-to-maturity.

Due from banks and loans and advances

‘Due from banks’ and ‘Loans and advances’ are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market, they are not entered into with the intention of immediate or short-term resale and are not classified as, designated as ‘Financial investment - available-for-sale’ or ‘Financial assets designated at fair value through profit or loss’.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

After initial measurement, amounts due from banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'Interest' in the income statement. The losses arising from impairment are recognised in the income statement.

The Bank has classified the following financial assets as loans and receivables. Loans and advances; amounts due from the Governments; accommodation to banks; accounts receivable; IMF Related Assets; prepayments and cash and cash equivalents.

Available for sale financial investments

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances. They include money market and other debt instruments.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'Securities Revaluation Reserve'. When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in 'Other operating income' or 'Other operating expenses'.

Where the Bank holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available – for – sale financial investments are recognised in the income statement as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the income statement and removed from the Securities Revaluation Reserve.

The Bank classified some foreign currency marketable securities as available-for-sale financial assets.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Foreign marketable money-market investments: The fair value of foreign marketable money-market investments is based on quoted bid rates, excluding transaction costs.

Foreign marketable securities: The fair values of marketable securities are the quoted fair values as obtained from Bloomberg. The dealers utilise quoted market prices for quoted financial instruments and accepted valuation techniques for unquoted financial instruments in their determination of fair value.

Other financial liabilities

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as liabilities under ‘Other financial liabilities’, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, debt issued and other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

The Bank has classified the following financial liabilities as “other financial liabilities”: notes and coins issued; foreign currency financial liabilities; IMF Related Liabilities; and other liabilities.

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 group 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

De-recognition of financial assets and financial liabilities (Continued)

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender 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.

Determination of fair value

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Held-to-maturity financial investments

For held-to-maturity investments the Bank assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the 'Impairment losses on financial investments'.

Available for sale financial investments

For available-for-sale financial investments, the Bank assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest Income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Due from banks, loans and advances

For amounts due from banks, loans and advances carried at amortised cost, the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Impairment of loans and advances'.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

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 credit risk 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 group 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Other liabilities

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

Other assets

Other assets are stated at fair value and subsequently at amortised cost using effective interest rate method less allowance for impairment. Due to their short term nature, the nominal value or cost are considered to approximate their fair value and as such stated at cost less any impairment loss.

Cash and Cash equivalent

Cash and cash equivalent comprise of cash balances with central banks, time deposit with commercial banks and notes and coins and denominated foreign currency.

Inventories

The Bank owns all inventories stated in the Balance Sheet.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories (Continued)

Inventories are valued at the lower of cost and net realizable value. Cost is determined using weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Provision for impairment is made for slow moving and obsolete stocks.

Credit Guarantee Schemes

The schemes are operated in accordance with the rules governing the schemes and administered by the Bank of Tanzania on behalf of the 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.

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND NOT YET EFFECTIVE

A number of new standards, amendments and interpretations to existing standards have been published, including:

IFRS 2: Share-based Payment

Scope of IFRS 2 and revised IFRS 3 amendment to confirm that in addition to business combinations as defined by IFRS 3 (2008) the contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2 Share-based Payment. The amendment is effective for annual periods beginning on or after 1 July 2009. Since the Bank has no joint venture, this is not applicable to the Banks operations.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND NOT YET EFFECTIVE (Continued)

IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations

The IFRS 5 has been amended to clarify the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Consequently, disclosures in other IFRSs will not apply to such assets (or disposal groups) unless:

- Those IFRSs specifically require disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
- The disclosures relate to the measurement of assets or liabilities within a disposal group that are outside the scope of IFRS 5's measurement requirements and the information is not disclosed elsewhere in the financial statements.

The amendment to IFRS 5 is effective for the periods beginning on or after 1 January 2010. The standard may be applied prospectively. Earlier application is permitted. However, the Bank has not adopted early the application of the amendment to this standard in the 2008/09 accounts. Non application of this standard does not have any financial impact on the financial statements

IFRS 8: Operating Segments

IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the USA standard SFAS 131, (Disclosures about segments of an enterprise and related information). The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The management is still assessing the expected impact should this standard have on the Bank's reporting framework.

IAS 36: Impairment of Assets - Unit of account for goodwill impairment test

IAS 36.80 states that goodwill arising from a business combination should be allocated to (groups of) cash-generating units for impairment testing. The level of this allocation should be the lowest level where management monitors goodwill. However, this unit may not be 'larger than an operating segment determined in accordance with IFRS 8'. This amendment does not have impact on the Bank financial reporting.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND NOT YET EFFECTIVE (Continued)

IAS 36: Unit of accounting for goodwill impairment test

The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments (i.e. before the aggregation of segments with similar economic characteristics permitted by IFRS 8.12). The amendment is effective for annual periods beginning on or after 1 January 2010 prospectively. Earlier adoption is permitted. The Bank does not fall within the scope of accounting for business combination and segmental reporting. Therefore, this requirement is neither relevant nor effective for the Banks operations.

IAS 17: Classification of leases of land and buildings

The amendment requires deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17. This amendment was originally proposed as part of the 2007/08 improvements project effective for annual periods beginning on or after 1 January 2010 with earlier application permitted. The amendment applies retrospectively to existing leases if the necessary information is available at the inception of the lease. Otherwise land leases should be reassessed on the date of adoption of the amendment.

IAS 7: Classification of expenditures on unrecognized assets

The amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities for annual periods beginning on or after 1 January 2010. Earlier application is encouraged. Currently, this is not effective for the Banks operations.

IAS 38: Additional consequential amendments arising from IFRS 3(2008)

The amendments to paragraphs 36 and 37 of IAS 38 Intangible Assets requires to clarify the requirements under IFRS 3(2008) regarding accounting for intangible assets acquired in a business combination effective for annual periods beginning on or after 1 July 2009 prospectively. It is linked to application of IFRS 3 (2008) i.e. measuring the fair value of an intangible asset acquired in a business combination.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND NOT YET EFFECTIVE (Continued)

IAS 38: Additional consequential amendments arising from IFRS 3(2008) (Continued)

Further, amendments to paragraphs 40 and 41 of IAS 38 requires clarification for the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. The amendment is effective for annual periods beginning on or after 1 January 2010 to be applied prospectively. During the year ended 30 June 2009 the Bank did not acquire any entity's net assets that constitute a business or acquired interests of one or more entities and obtained control that qualify for accounting for business combination. Therefore, this amendment is neither effective nor relevant to the Bank's operations.

IAS 39: Financial Instruments Recognition and measurement

Loans relating loan prepayment penalties as closely related derivatives. The amendment requires clarification that prepayment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk, should be considered closely related to the host debt contract. Such amendment will apply for annual periods beginning on or after 1 January 2010. Earlier application permitted.

Scope exemption for business combination contracts

IAS 39 paragraph 2(g) on Financial Instruments: Recognition and Measurement are amendments to the scope exemption to clarify that: -

- It only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquire at a future date;
- The term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and
- The exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions. The amendment is effective for annual periods beginning on or after 1 January 2010 to be applied prospectively to all unexpired contracts. Earlier application is permitted.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND NOT YET EFFECTIVE (Continued)

IAS 1: Revised Presentation of Financial Statements

IAS 1 Revised (Presentation of Financial Statements) was issued in September 2007 and became effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The Statement of Changes in Equity will include only details of transactions with owners. All non-owner changes in equity are presented as a single line. In addition, the Standard introduces the Statement of Comprehensive Income. Such statement presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Bank will adopt IAS 1 revised effective from 2009/10.

Cash flow hedge accounting

Amendment to clarify when to recognise gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. This amendment is for annual periods beginning on or after 1 January 2010. To be applied prospectively to all unexpired contracts and earlier application permitted.

Hedging using internal contracts

Amendment to clarify that an entity should no longer use hedge accounting for transactions between segments in their separate financial statements, this amendment was originally made as part of the 2007/08 improvements project – but the Board has taken the opportunity to make further textual amendments in this regard in paragraph 80 of the Standard. The amendment is for annual periods beginning on or after 1 January 2009. Earlier application permitted.

However, during the year ended 30 June 2009 the Bank did not acquire any entity's net assets that constitute a business or acquired interests of one or more entities and obtained control. Further, it had no embedded derivatives or hedge accounting. Accordingly, these are not relevant to the Banks operations.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND NOT YET EFFECTIVE (Continued)

IFRIC 9: Scope of IFRIC 9 and revised IFRS 3

Amendment to confirm that, in addition to business combinations as defined by IFRS 3(2008), derivatives acquired in the formation of a joint venture and in common control transactions are outside the scope of IFRIC 9. These amendments (together with amendments to IFRIC 16) were exposed separately in January 2009 and are effective for annual periods beginning on or after 1 July 2009. The same are applied prospectively and linked to application of IFRS 3(2008).

IFRIC 16: Amendment to restrict hedging instruments.

Amendment aims to clarify that hedging instruments may be held by any entity or entities within the group. This includes a foreign operation that itself is being hedged. These amendments (together with amendments to IFRIC 9) were exposed separately in January 2009. They are effective for annual periods beginning on or after 1 July 2009. Earlier application permitted. Since the bank has no hedge accounting, this amendment is not relevant to the Bank's operations.

IFRS 7: Measuring and disclosing fair value of financial instruments in markets that are no longer active.

The Bank has not disclosed a numerical analysis of fair values into three levels of fair value hierarchy, including comparative information since this amendment was made on 1st March 2009.

Improvements to IFRS

In May 2008 the IASB issued its first annual set of non-urgent amendments to the standards, primarily with the view to removing inconsistencies and clarifying wording. The Bank has decided not to early adopt the amendments and does not expect that their application to have significant effect.

6. INTEREST INCOME

Interest income from foreign operations relates to interest earned from investment in foreign fixed income securities, money market operations and foreign deposits.

Interest on domestic investment relates to interest earned from investment in United Republic of Tanzania government bonds, stocks and discounted treasury bills.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

6. INTEREST INCOME (Continued)

	Received	Accrued	30.06.2009	30.06.2008
	TZS '000	TZS '000	Total	Total
	TZS '000	TZS '000	TZS '000	TZS '000
From foreign operations				
Sterling Investments	12,523,767	6,388,377	18,912,144	23,621,223
USD Investments	46,548,389	12,998,203	59,546,592	88,718,677
EURO Investments	16,280,804	16,281,229	32,562,033	31,187,602
Other Foreign Interest Income	11,251	-	11,251	23,022
	75,364,211	35,667,809	111,032,020	143,550,524
From domestic operations				
Interest on Domestic Investments	49,693,397	14,975,776	64,669,173	56,871,530
Interest on loans and advances	6,035,337	-	6,035,337	-
Interest on Staff Loans	76,272	-	76,272	83,488
Interest on BoT Loans to Staff Housing Fund	-	-	-	15,086
Repurchase Agreements	-	-	-	68,796
	55,805,006	14,975,776	70,780,782	57,038,900
	131,169,217	50,643,585	181,812,802	200,589,424

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

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Income from available for sale financial instruments	90,499,129	115,281,318
Income from financial instruments Held to Maturity	64,669,173	56,871,530
Income from loans and receivables	17,309,649	20,006,092
	172,477,951	192,158,940
Income from assets held for trading	9,334,851	8,430,484
	181,812,802	200,589,424

The subtotals have been included to show interest income on financial assets that are not recorded at fair value through profit or loss as required by IFRS 7.20 (b)



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

7. INTEREST EXPENSES

	Incurred	Accrued	30.06.2009	30.06.2008
	TZS '000	TZS '000	Total	Total
	TZS '000	TZS '000	TZS '000	TZS '000
BoT Liquidity Papers	41,536,188	45,522,902	87,059,090	54,399,816
Repurchase agreements	3,450,597	171,714	3,622,311	6,918,334
	44,986,785	45,694,616	90,681,401	61,318,150

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 there from is shared between the Bank and the Government in accordance with the Memorandum of understanding in force.

8 CASH AND CASH EQUIVALENT

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Cash Balances with Central Banks	651,562,416	103,275,201
Demand, Time Deposits with Commercial Banks and Foreign Currency Notes & Coins	17,792,912	789,043,881
Accrued interest on Deposits	53,577	4,027,779
TOTAL	669,408,905	896,346,861

Cash balances with Central Banks consist of Demand Deposits; two-day notes accounts and time deposits with maturities of less than six months and carry interest at market rates. There is no restriction on the use of these funds except for the balances related to Poverty Reduction and Budget Support (PRBS) which has zero balance and BIS OPEC funds amounting to USD 0.7 million (2008 USD 4.4 million) which are designated for specific purposes. This class is categorised as loans and receivables.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

8. CASH AND CASH EQUIVALENT (Continued)

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
Demand and time deposits with commercial banks consist of:		
Demand Deposits	17,084,870	41,057,861
Foreign Currency Notes and Coins	708,042	706,294
Time Deposits	-	747,279,726
	<u>17,792,912</u>	<u>789,043,881</u>

9 ACCOMMODATION TO BANKS

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
BOT Clearing Account	3,165,875	9,194,606
	<u>3,165,875</u>	<u>9,194,606</u>

This balance represents values of outward clearing instruments, which are held by the Bank while awaiting clearing by respective commercial banks. It includes values of clearing instruments such 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 out by each clearing centre.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

10. INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	30.06.2009		30.06.2008	
	Equivalent SDR '000'	Equivalent TZS '000	Equivalent SDR '000'	Equivalent TZS '000
Assets				
Holding of SDRs	74	148,684	91	174,498
Quota in IMF	198,900	400,673,986	198,900	381,949,400
	198,974	400,822,670	198,991	382,123,898
Liabilities				
IMF Account No. 1	188,900	380,530,186	191,721	368,432,523
IMF Account No. 2	3	5,315	3	5,143
	188,903	380,535,501	191,724	368,437,666
Allocation of SDRs	31,372	63,197,307	31,372	60,243,925
	220,275	443,732,808	223,096	428,681,591

Relationship

The Bank of Tanzania 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 channeled through the Bank of Tanzania. Repayment of the IMF loans as well as charges is the responsibility of the Bank of Tanzania.

Currency of Transactions with the IMF

Borrowings from and repayments to the IMF are denominated in Special Drawing Rights (SDRs). The SDR balances in IMF accounts are translated into TZS and any unrealized gains or losses are accounted for in accordance with accounting policy on Foreign Currencies.

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 are repayable according to the repayment schedules of the agreement. The interest rate as at 30 June 2009 was 2.8 percent, the same rate as it was in the previous year. A total of SDR 198.9 million equivalent to TZS 400,673.9 million (2008: TZS 381,949.4 million) in the Tanzania's quota in the IMF represents the reserve tranche held with the IMF. On a quarterly basis, the IMF pays remuneration (interest) to those members who have a remunerated reserve tranche position at a 1.9 percent to 2.33 percent annual floating rate.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

10. INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES (Continued)

Participation in the HIPC Initiative

The United Republic of Tanzania enjoys a debt relief program under the Highly Indebted Poor Countries (HIPC) initiative. Accordingly, the IMF administers a donor-contributed Fund in the form of a PRGF-HIPC Trust Umbrella Account for Tanzania. The facility is used to settle part of Tanzania's PRGF Loans as and when they fall due. As at 30 June 2009, the facility had a nil balance.

11. FOREIGN CURRENCY MARKETABLE SECURITIES

(a) Financial Assets Available for Sale

Financial assets available for sale consists of foreign currency marketable securities that are internally managed. Majority of such securities are sovereign issues with a minimum credit rating of AA, bearing fixed interest and specified maturities.

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Financial Assets Available for sale	2,761,414,948	1,936,374,819
Accrued interest	34,201,052	24,975,308
	<u>2,795,616,000</u>	<u>1,961,350,127</u>

(b) Financial Assets Held for Trading

These are externally managed portfolio managed by the World Bank Treasury under a special program known as Reserve Advisory Management Program (RAMP).

Financial Assets Held for Trading	323,292,461	269,168,518
Accrued interest	1,439,872	911,258
	<u>324,732,333</u>	<u>270,079,776</u>
Total (a+b)	<u>3,120,348,333</u>	<u>2,231,429,903</u>

Analysis of foreign currency marketable securities available for sale and financial assets held for trading by concentration into sovereign issues, supranational securities and agency securities:



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

11. FOREIGN CURRENCY MARKETABLE SECURITIES (Continued)

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Sovereign Issues		
USD	911,481,427	1,060,335,383
GBP	334,471,215	69,859,295
EUR	655,952,069	371,138,200
	1,901,904,711	1,501,332,878
Supranational Securities		
USD	234,232,237	381,947,700
GBP	79,959,675	23,358,810
EUR	50,236,404	231,732,984
	364,428,316	637,039,494
Agency Securities		
USD	671,017,336	54,336,740
GBP	47,415,271	-
EUR	94,610,623	12,834,225
	813,043,230	67,170,965
Total investments		
USD	1,816,731,000	1,496,619,823
GBP	461,846,161	93,218,105
EUR	800,799,096	615,705,409
Accrued interest	40,972,076	25,886,566
	3,120,348,333	2,231,429,903



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

12. EQUITY INVESTMENT - AVAILABLE FOR SALE

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Equity Investment in Afreximbank	1,559,262	1,417,080
	<u>1,559,262</u>	<u>1,417,080</u>

The African Export-Import Bank (Afreximbank) is a supranational institution, established on 27 October 1993. The principal activity of the bank is to finance and facilitate trade among African countries and between Africa and the rest of the world. Bank of Tanzania's authorized equity interest in Afreximbank is 300 ordinary shares of par value of USD 10,000 each, with five calls. As at 30th June 2009 two calls had been made and the Bank paid a total of USD 1,200,000. The proportion of Bank of Tanzania's equity interest to the total holding in this bank is 0.4 percent. The shares are classified as available for sale financial instruments. They are currently reflected at cost as they are not traded in any stock exchange and cost approximates to its fair value.

13. GOVERNMENT SECURITIES-HELD TO MATURITY

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Treasury Special Bonds	602,570,539	362,893,234
LART Bonds	85,189,195	85,189,195
Treasury EPA Stock	205,743,889	69,998,818
	<u>893,503,623</u>	<u>518,081,247</u>
Accrued interest at 30 June 2009	14,975,776	8,725,798
	<u>908,479,399</u>	<u>526,807,045</u>

The Bank holds various government fixed income securities issued by the Government. Treasury special stocks and bonds are issued at face value, discount or premium and are held to maturity. Treasury stocks are issued at a fixed coupon and the Bank holds them to maturity. The Bank has ability to hold these securities to maturity.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

13. GOVERNMENT SECURITIES-HELD TO MATURITY (Continued)

Treasury Special Bonds

Treasury Special Bonds are long-term coupon instruments issued at fixed coupon of between 7.82% to 11.44% for Government financing. The bonds are held to maturity and the semi annual interest arising thereof forms part of the Bank's interest income. Advances granted to the Government which were to be repaid at the end of financial year 1994 were converted into five years 25% Special Stock 1993/98 of TZS 42,243.0 million. Thereafter in 1999 the stock plus the earned interest were restructured into two stocks namely 15% Special Stock 2018/19 and 14% Special Stock 2008/09 each with face value of TZS 51,333.3 million with semi annual coupon payments.

Further, the Board of Directors at its 313th meeting approved issuance of 10 Year Special Government Bond 2009/2019 with a face value of TZS 323,000.0 million. The approval was made in accordance with section 34, 35 and 69 of the Bank of Tanzania Act, 2006. The bond carries an annual coupon of 8.0 percent payable semi annually. The purpose of the bond was to bridge Government revenue shortfall mainly attributed to the impact of the global financial crisis to the economy. The bond was issued on 2nd June 2009 and the accrued interest up to 30th June 2009 forms part of the interest income. The value of Treasury Special Bonds as at 30th June 2009 was TZS 602,570.5 million (2008: TZS 362,893.2 million).

LART Bonds

Following the decision by the Government to take over the debts in 1991, the Government issued two Loans and Advances Realization Trust (LART) bonds of 20 years maturity period in settlement of loans advanced to defunct parastatal organizations and co-operative unions by National Bank of Commerce (NBC) and CRDB Bank. These bonds have face values of TZS 11,658.5 million and TZS 73,530.7 million mature on 25 November, 2011 and carry annual interests of 11 percent and 5 percent respectively payable semi-annually. As at 30th June 2009 the total value of such bonds was TZS 85,189.2 million (2008: TZS 85,189.2 million). This was the same amount by the end of the previous year.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

13. GOVERNMENT SECURITIES-HELD TO MATURITY (Continued)

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 BoT to facilitate their administration and control. According to the arrangement of sharing such obligations, the externalization of EPA obligations is done on the basis of agreed exchange rates. The exchange rate differential between the TZS exchange rate prevailing when the beneficiaries are paid and the rate ruling when the funds were initially deposited to the commercial banks resulted into exchange losses, which are recoverable from the Government. However, as the Government could not in the short term raise the required levels of TZS to compensate the Bank for the losses, the Government had given approval to convert the reported amount of EPA losses into an EPA stock.

The Government has effective from 1st 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. Furthermore, on 1st 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 31st December 2007. The stock has a maturity of 20 years with annual coupon of 8.5 percent payable semi annually. As at 30th June 2009 the aggregate position of Special EPA stocks was TZS 205,743.8 million (2008:TZS 69,998.8 million).

14. INVENTORIES

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
The inventory balance consists of the following:		
Currency machine spare parts	2,241,037	2,506,178
Building, machinery and maintenance consumables	465,334	647,634
Stationery	423,803	313,925
Drugs and medicines	150,727	170,142
Copier parts and consumables	277,971	251,759
Cheque books	855,682	712,456
Inventory in - transit	-	372
ICT accessories and consumables	347,140	28,844
	<u>4,761,694</u>	<u>4,631,310</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

15. INVESTMENT IN ASSOCIATE COMPANY

The Bank holds 3,000 unquoted ordinary shares of Mwananchi Gold Company Ltd (MGC Ltd) each with a par value of USD 40. Such holding is equivalent to 35 percent of the total MGC Ltd shares which have been reported at fair value after considering operating loss for the year ended 31 March 2007.

MGC is a Ltd locally registered company whose principal activities include to:

- Establish precious metals refinery plant's) in Tanzania
- Buy unrefined and or refined precious metals
- Keep in safe custody unrefined and refined precious metals
- Sell directly as brokers of refined metals.

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
The investment in associate balance consists of the following:		
Investment in Mwananchi Company	253,894	253,894
Share of Loss of Mwananchi Company Ltd	(253,893)	(253,893)
	<u>1</u>	<u>1</u>

Following unsatisfactory performance by the company, the operations ceased in 2007.

16. LOANS AND RECEIVABLES

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
ECGS Accounts Receivable	5,062,890	5,062,890
Staff Loans and Advances	27,606,784	26,774,318
Accounts Receivable	99,895,711	282,200,700
Purchased Interest Receivable	-	3,304,108
Secured Loan to Mwananchi Gold Company Ltd	8,606,418	7,583,085
Cash Loss Recoverable from NBC Limited	5,144,000	5,144,000
Loans for Refinancing Facility	61,841,122	22,589,122
Intermediary Accounts Receivable	706,856	698,400
	<u>208,863,781</u>	<u>353,356,623</u>
Less: Provision for Impairment	(15,114,224)	(11,121,528)
	<u>193,749,557</u>	<u>342,235,095</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

16. LOANS AND RECEIVABLES (Continued)

Analysis of impairment by line items

ECGS Accounts Receivable	5,036,748	5,036,748
Staff Loans and Advances	308,346	-
Accounts receivable	231,634	940,780
Secured Loan to Mwananchi Gold Company Ltd	4,393,496	-
Cash Loss Recoverable from NBC Limited	5,144,000	5,144,000
Loans for Refinancing Facility	-	-
	<u>15,114,224</u>	<u>11,121,528</u>

Movement in provision for impairment

Provision for impairment of loans and receivables stood at TZS 15,114.2 million (2008: TZS 11,121.5 million). The movement of impairment is indicated below:

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Balance at the beginning of the year	11,121,528	11,121,528
Addition (Note 38)	4,702,262	107,592
Reversal	(689,094)	-
Write-offs	(20,472)	(107,592)
Balance at the end of the year	<u>15,114,224</u>	<u>11,121,528</u>

The reversal of impairment relates to accounts receivables

Accounts Receivable

Account receivable represent short term claims recoverable within twelve months. As at 30 June 2009, the account had a balance of TZS 99,895.7 million (2008: TZS 282,200.7 million). Major components under Account Receivable include the following:-

(i) Input VAT Claims : TZS 22,271.1 million

During the financial year 2005/06 the Bank's tax exemption status was by mistake or otherwise rescinded by the Income Tax Act No 11 of 2004 and Finance Act No. 13 of 2005. Accordingly, TRA did not recognise the exemption status of Bank of Tanzania in accordance with Section 25 of the Bank of Tanzania Act, 1995. This development had an adverse impact on the implementation of the 10 Mirambo Office Extension and Gullioni office - Zanzibar projects.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

16. LOANS AND RECEIVABLES (Continued)

(i) Input VAT Claims : TZS 22,271.1 million (Continued)

The agreement between Bank of Tanzania (BoT) and M/s Group Five International, the main contractor for 10 Mirambo Office Extension and Zanzibar Gulioni Projects is a tax free contract based on the exemption status that the Bank enjoyed prior to 2005/06. During the aforesaid financial year, M/s Group Five International was assessed for output Value Added Tax (VAT) amounting to TZS 17,816.1 million. Due to lack of exemption status, input VAT claims by M/s Group Five International amounting to TZS 22,271.1 million has not been refunded by Tanzania Revenue Authority (TRA).

The Government has vide letter TYC/B/60 of 2nd July 2009 undertaken to finalise procedural requirements with the Parliament of the United Republic of Tanzania to approve remission of the output VAT assessed. It is the commitment of the Government to have this matter resolved within 2009/10. Once the Government has resolved the issue, the input VAT amount of TZS 22,316.1 million would be refunded directly to the Bank.

(ii) Interest on Liquidity Management

Interest receivable on liquidity management amounted to TZS 35,491.3 million (2008: TZS 180,000.0 million). This represent the Bank's claim against the 2008/09 Government share of interest on mopping up costs.

(iii) Receivable for overdrawn Government accounts

Pursuant to Section 34 of the Bank of Tanzania Act, 2006, the Government net position was overdrawn in various periods. Such adverse positions attracted interest amounting to TZS 5,068.6 million which was charged and forms part of the interest income for the year. As at 30th June 2009 unpaid interest amounted to TZS 3,565.8 million.

(iv) Economic empowerment

A total of TZS 21,630.0 million is receivable from the Government in respect of funds advanced by the Bank of Tanzania to facilitate implementation of the economic empowerment programs.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

16. LOANS AND RECEIVABLES (Continued)

(v) Staff Loans and Advances

Employees of the Bank are entitled to loans and advances as approved by the Board of Directors. Staff loans are granted to employees to assist them in acquisition of residential houses, motor vehicles, computers and furniture. Staff advances are financial accommodations granted to employees to meet short term financial obligations. These loans and advances are recovered from the employees' salaries on a monthly basis. The facilities are secured against the borrowers' employment and terminal benefits. As at 30 June 2009 the balance of staff loans and advances was TZS 27,606.8 million (2008: TZS 26,774.3 million)

The advances are granted at preferential rates of interest determined by the Bank presently at 5% fixed over the period of the loan (Note 50.1).

Loans for Refinancing Facility

The Government has taken measures to support development of financing infrastructure in the economy that improve credit environment in order to support exporters with viable export businesses but lacking adequate collateral to secure bank financing. As at 30 June 2009 such facility had a balance of TZS 61,841.1 million (2008: TZS 22,589.1 million)

17. DEFERRED CURRENCY COST

This represents deferred notes printing and coins minting costs related to costs of printed notes and minting coins that have not yet been released in circulation. During 2008/09, the movement on deferred notes printing cost balance was as follows:

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
At 01 July 2008	8,532,190	33,752,411
Add: Cost of notes and coins received during the year	159,632,089	27,683,812
Less: Cost of notes and coins issued in circulation (Note 35)	(53,843,424)	(52,904,033)
At 30 June 2009	<u>114,320,855</u>	<u>8,532,190</u>



FOR THE YEAR ENDED 30 JUNE 2009
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 OTHER ASSETS

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Prepayments	3,354,609	39,247,553
Export Credit Guarantee Fund Investments Account	32,411,356	29,055,301
SME CGS Contribution Investment Account	619,649	609,324
Claims on Government EPA - NBC	-	135,745,071
Accrued Interest on ECGS Investment	950,484	688,386
Development Finance Guarantee Investments Account	-	2,730,566
Staff Imprest	447,762	1,507,896
Petty Cash Balances	55,500	37,500
Others	85,125	67,312
	37,924,485	209,688,909
Less: Provision for Impairment (Note 38)	(44,755)	(135,745,071)
	37,879,730	73,943,838
Analysis of impairment by line items		
Prepayments	-	135,745,071
Claims on Government EPA - NBC	44,755	-
	44,755	135,745,071

Movement in provision for impairment

During the year provision for impairment of other assets was TZS 44.8 million (2008: TZS 135,755.1 million).The movement of impairment is indicated below:

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Balance at the beginning of the year	135,745,071	135,745,071
Addition (Note 38)	44,755	-
Reversal (Note 39)	(135,745,071)	-
Balance at the end of the year	44,755	135,745,071

Export Credit Guarantee Investment Account: TZS 32,411.3 million

The balance represent funds invested in Treasury Bills for the purpose of enhancing the Fund. As at 30th June 2009 the investment account had a balance of TZS 32,411.3 million (2008:TZS 29,055.3 million).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

19. PROPERTY AND EQUIPMENT

Cost/valuation	Land and buildings	*Machinery & equipment	Motor vehicles	Fixtures & fittings	**Computers, servers & printers	Capital work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 01 July 2008	513,842,053	171,615,602	7,118,294	4,875,909	8,475,126	121,315,516	827,242,500
Additions	23,819,952	2,847,810	67,477	170,089	2,793,218	19,108,777	48,807,323
Transfers*	100,868,887	14,514,857	-	897,319	-	(116,281,063)	-
Disposals	(215,000)	(131,235)	(28,833)	(73,988)	(143,542)	-	(592,598)
At 30 June 2009	638,315,892	188,847,034	7,156,938	5,869,329	11,124,802	24,143,230	875,457,225
Accumulated depreciation and impairment							-
At 01 July 2008	4,684,201	36,994,080	4,348,412	1,279,174	5,230,298	-	52,536,165
Charges for the Year	4,490,058	21,613,381	399,473	610,538	1,102,893	-	28,216,343
Impairment	(62,507)	-	-	-	-	-	(62,507)
Disposals	(5,160)	(107,253)	(28,821)	(65,731)	(134,539)	-	(341,504)
At 30 June 2009	9,106,592	58,500,208	4,719,064	1,823,981	6,198,652	-	80,348,497
Net Book Value							
At 30 June 2009	629,209,300	130,346,826	2,437,874	4,045,348	4,926,150	24,143,230	795,108,728

* A total of TZS 116,281.1 million comprise transfers made from construction work in progress to land and buildings which is related to capital work completed at 10 Mirambo office buildings mainly in respect of conference centre (TZS 100,868.9 million), machinery and equipment (TZS 14,514.8 million) and furniture and fittings (TZS 897.3 million.)



**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

19. PROPERTY AND EQUIPMENT (Continued)

Cost/valuation	Land and buildings	Machinery & equipment	Motor vehicles	Fixtures & fittings	Computers, servers & printers	Capital work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 01 July 2007	182,103,853	86,916,598	6,196,927	1,099,822	7,679,678	461,527,843	745,524,721
Additions	37,189,647	20,810,555	1,193,623	830,396	1,355,690	24,517,625	85,897,536
Transfers**	296,069,795	65,029,382	-	3,012,016	20,386	(364,131,579)	-
Disposals	(674,296)	(1,140,933)	(272,256)	(66,325)	(580,628)	-	(2,734,438)
Reclassification***	(846,946)	-	-	-	-	(598,373)	(1,445,319)
At 30 June 2008	513,842,053	171,615,602	7,118,294	4,875,909	8,475,126	121,315,516	827,242,500
Accumulated depreciation and impairment							
At 01 July 2007	864,007	23,760,481	4,322,616	839,735	4,711,567	-	34,498,406
Charges for the Year	3,749,725	14,085,213	282,507	494,254	1,035,492	-	19,647,191
Impairment	130,594	8,192	9,361	-	-	-	148,147
Disposals	(60,125)	(859,806)	(266,072)	(54,815)	(516,761)	-	(1,757,579)
At 30 June 2008	4,684,201	36,994,080	4,348,412	1,279,174	5,230,298	-	52,536,165
Net book value							
At 30 June 2008	509,157,852	134,621,522	2,769,882	3,596,735	3,244,828	121,315,516	774,706,335

** A total of TZS 364,131.6 million comprise transfers made from construction work in progress to land and buildings which relate to capital work completed at 10 Mirambo and Gulioni Office Buildings (TZS 296,069.8 million), machinery and equipment TZS (65,029.4 million) and furniture and fittings (TZS 3,012.0 million).



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

19. PROPERTY AND EQUIPMENT (Continued)

*** A total of TZS 1,445.3 million included in reclassification relates to expenses related to renovation of rented Saza road godown rents and 10 Mirambo office project implementation of non capital expenditure which were reclassified and charged in 2007/08 to Income Statement.

****1. Machinery and equipment include currency machines and security monitoring system which are depreciated at the rate of 10 percent and 12.5 percent respectively.

*****2. Computer servers and printers includes network equipment, computers, printers and servers which are depreciated at the rate of 20 percent, 25 percent and 25 percent respectively.

These are indicated in Note 4 on the summary of significant accounting policies.

Property and equipment (movable) are stated at cost less accumulated depreciation and impairment losses if any. Bank's immovable properties (buildings) are stated in the financial statements at revalued amounts (fair values) less accumulated depreciation and impairment losses if any. If were measured using the cost model, the carrying amounts of land and buildings would be as follows.

Details	30.06.2009	30.06.2008
	TZS '000	TZS '000
Cost	614,506,692	490,931,586
Accumulated depreciation and impairment	8,986,720	3,857,936
Carrying amount	605,519,972	487,073,650

Effective from 2007/8 revaluation of the Bank's immovable property is conducted after five years. The revaluation date was carried as follows:

Revaluation date	Registered/Professional Valuer
30-Jun-02	M/S Real Estate Surveyors and Associate Limited
30-Jun-06	M/S Real Estate Surveyors and Associate Limited

Work- in - progress relates to capital expenditure incurred in the extension of the head office building. No depreciation is charged on capital work in progress until it is substantially completed. Based on the assessment made by the project quantity surveyors, it is anticipated that the project will be completed during financial year ending 30 June 2009.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

19. PROPERTY AND EQUIPMENT (Continued)

Reconciliation of items disposed during the period by class of assets

Loss on Disposal of Property and Equipment

CLASS OF ASSET	2008/09			2008/09	2007/08
	COST	ACCUMMULATED DEPRECIATION	CASH PROCEEDS	NET GAIN/(LOSS)	NET GAIN/(LOSS)
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Land and buildings	215,000	5,160	-	(209,840)	(194,171)
Machinery & equipment	131,235	107,253	33,662	9,680	(292,425)
Motor vehicles	28,833	28,821	10,388	10,376	55,833
Fixtures & fittings	73,988	65,731	8,945	688	(10,507)
Computers, servers & printers	143,542	134,539	38,865	29,862	(60,886)
	592,598	341,504	91,860	(159,234)	(502,156)

20. INTANGIBLE ASSETS

	Computer software	Computer software - WIP	Total
	TZS '000	TZS '000	TZS '000
2009			
Cost/valuation			
At 01 July 2008	13,816,912	1,947,207	15,764,119
Additions	1,179,970	4,061,528	5,241,498
Transfers	1,924,516	(1,924,516)	-
Disposal	-	-	-
At 30 June 2009	16,921,397	4,084,219	21,005,617



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

20. INTANGIBLE ASSETS (Continued)

Accumulated amortisation and impairment

At 01 July 2008	6,826,761	22,691	6,849,452
Charges for the Year	2,392,055		2,392,055
Impairment	-	5,508	5,508
Disposal	-	-	-
At 30 June 2009	9,218,816	28,199	9,247,015
Net book value			
At 30 June 2009	7,702,581	4,056,020	11,758,602

2008

Cost/valuation

At 01 July 2007	7,604,020	5,280,661	12,884,681
Additions	987,725	1,937,417	2,925,142
Transfers	5,270,871	(5,270,871)	-
Disposal	(45,704)	-	(45,704)
At 30 June 2008	13,816,912	1,947,207	15,764,119

Accumulated amortisation and impairment

At 01 July 2007	4,690,111	-	4,690,111
Charges for the Year	2,171,924	-	2,171,924
Impairment	-	22,691	22,691
Disposal	(35,274)	-	(35,274)
At 30 June 2008	6,826,761	22,691	6,849,452
Net book value			
At 30 June 2008	6,990,151	1,924,516	8,914,667

21. DEPOSITS - BANKS AND NON - BANK FINANCIAL INSTITUTIONS

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Deposit - Commercial Bank Deposits	983,401,180	627,980,759
Deposits - Non Bank Financial Institutions	12,557,943	83,684
	995,959,123	628,064,443

These are non-interest earning deposits, which include demand deposits and statutory minimum reserve accounts.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

22. DEPOSITS - GOVERNMENTS

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Deposits - Revolutionary Government of Zanzibar	9,849,933	4,863,229
Deposits - Government of the United Republic of Tanzania	241,859,914	409,335,860
	251,709,847	414,199,089

These are non-interest earning Government deposits.

23. DEPOSITS - OTHERS

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Export Credit Guarantee Fund	33,150,025	29,701,683
Small and Medium Enterprises Guarantee Fund	662,137	616,808
Redemption of Government Stock/Bonds	33,688	1,635,019
Tegeta ESCROW TZS Sub Account	78,680,222	48,327,007
Development Finance Guarantee Fund	22,421,951	22,138,872
Debt Service Cash Cover	19,094,553	9,973,938
TIB Structured Financing Facility	36,500,000	1,648,000
Deposit Staff	3,842,731	3,505,110
Debt Conversion Scheme	2,098,960	2,098,960
Bank Drafts Issued	76,947	397,558
Interest on refinancing facility	3,213,365	2,878,313
Deposit Insurance Fund	103,199	3,096
Economic Empowerment Programme	4,565,284	6,476,936
Miscellaneous Deposits	878,681	680,527
	205,321,743	130,081,827
External Payment Arrears – NBC	2,288,418	2,288,418
	207,610,161	132,370,245



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

23. DEPOSITS - OTHERS (Continued)

Export Credit Guarantee Fund

This is a Fund established by the government under the Export Credit Guarantee Scheme, in a bid to promote exports. The Fund provides guarantees to commercial banks to cover risk of default in repaying the loans by their borrowers. As at 30 June 2009 the balance of TZS 33,150.0 million (2008 TZS 29,701.7 million) comprised of Government contribution, BOT contribution and investment in treasury bills amounting to TZS 18,000.0 million and TZS 1,500.0 million and TZS 13,650.0 million respectively which form part of the capital of the Fund. As at 30th June 2009 interest earned on treasury bills investments and guarantee fees amounted to TZS 3,448.3 million (2008:TZS 4,090.6 million).

Development Finance Guarantee Fund

Development Finance Guarantee Fund is a fund, which was formed by the government of Tanzania with the purpose of financing development projects that manufacture products for export purposes. The guarantee issued will be for long-term period ranging from five years to twenty years. As at 30th June 2009 the fund had a balance of TZS 22,421.9 million(2008: TZS 22,138.8 million)

Debt Service Cash Cover

This is cash cover received by the Bank from the Government for the purpose of settlement of debts and other services in foreign currency.

TIB Structured Financing Facility

This relates to part of the credit facility to be availed to flower and vegetable export companies following request for government support by horticultural companies. The Bank of Tanzania and Tanzania Investment Bank are executing agencies.

Tegeta ESCROW TZS Sub Account

The Bank is a party to an ESCROW arrangement between Tanzania National Electric Supply Company (TANESCO) and Independent Power Tanzania Limited (IPTL) for power purchase payments in favor of IPTL. The Bank receives deposits from TANESCO for such monthly power bills claimed by IPTL. Such deposits accumulated to TZS 78,680.2 million as at 30th June 2009 (2008: TZS 48,327.0 million). TANESCO and IPTL are currently engaged in a dispute over the bills. As at 30th June 2009 arbitration proceedings between TANESCO and IPTL were yet to be settled and therefore no payment has been made to IPTL from the ESCROW account.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

23. DEPOSITS - OTHERS (Continued)

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 utilization of previous disbursements, so as to justify further disbursements.

24. FOREIGN CURRENCY FINANCIAL LIABILITIES

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
IMF Multilateral Debt Relief Initiative Fund	108,673,511	162,435,716
Special Projects	230,408,251	171,537,243
Domestic Banks Foreign Currency Deposits	53,982,247	26,951,981
TIB Structured Financing Facility	-	126,974
Multilateral Agencies	3,515,623	4,380,629
Foreign Banks	59,856	59,855
Domestic Non Banks Foreign Currency Deposits	71,149	12,029
Other Foreign Currency Deposits	2,582,964	2,324,037
	<u>399,293,601</u>	<u>367,828,464</u>

Special Projects Funds

These are Government funds received from donors for financing various Government projects.

Other Foreign Currency Liabilities

Other Foreign Currency Liabilities include USD 22.1 million equivalent to TZS 28,729.2 million deposits from Tanzania National Electric Supply Company (TANESCO). The Bank is a signatory to an ESCROW arrangement between TANESCO Ltd and IPTL for power purchase payments in favor of IPTL. TANESCO and IPTL are currently engaged in a dispute over the bills. As at 30th June 2009 arbitration proceedings between TANESCO and IPTL were yet to be settled and therefore no payment has been made to IPTL from the ESCROW account.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

24. FOREIGN CURRENCY FINANCIAL LIABILITIES (Continued)

Poverty Reduction and Budget Support

Poverty Reduction and Budget Support Liabilities relate to donor funds granted to the government by donors as a support to the budget in implementation of various poverty alleviation projects.

TIB Structured Financing Facility

This relates to part of the credit facility to be availed to flower and vegetable export companies converted into USD at the request of the involved parties because of the increasing trend of TZS depreciation against the USD. Bank of Tanzania and Tanzania Investment Bank are executing agencies.

Foreign Banks

Foreign Banks liabilities are non-interest bearing demand deposit accounts of foreign banks in the Bank's books of account (VOSTRO Accounts).

Local Banks Foreign Deposits

Local banks liabilities are non-interest bearing current account denominated in USD, maintained by the Bank for USD cheques clearing purposes.

25. POVERTY REDUCTION AND GROWTH FACILITY (PRGF)

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
PRGF (IMF Drawings)	343,101,021	21,507,457
	<u>343,101,021</u>	<u>21,507,457</u>

This relates to funds disbursed by IMF to the Bank of Tanzania 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 fund attracts charges, which are repaid quarterly as charges on IMF drawings, which are borne by the Bank. The Government of United Republic of Tanzania (URT) has entered into an Exogenous Shocks Facility -(ESF) arrangement with the IMF for SDR 218.79 million, equivalent to USD 336.0 million. Such an arrangement was approved on 29th May 2009. Following approval the Bank had on 12 June 2009 received a total of SDR 159,200,000 (USD 245,767,568.01) equivalent to TZS 318,195.1 million being the first tranche.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

25. POVERTY REDUCTION AND GROWTH FACILITY (PRGF) (Continued)

The first tranche is repayable in ten years, including five and half years grace period, payable semi annually in ten equal installments on 14 December and 14 June beginning 14th December 2014. The loan carry an interest of 0.5 percent per annum payable semi annually beginning 14th December 2009. As at 30th June 2009 the balance of PRGF account was TZS 343,101.0 million (2008:TZS 21,507.5 million).

26. REPURCHASE AGREEMENTS (REPOs)

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
Repurchase Agreements	131,000,000	104,700,000
Accrued interest as at 30 June 2009	171,714	32,152
	<u>131,171,714</u>	<u>104,732,152</u>

27. BOT LIQUIDITY PAPERS

BOT liquidity papers	989,437,942	1,117,116,936
Accrued interest as at 30 June 2009	45,522,902	50,588,983
	<u>1,034,960,844</u>	<u>1,167,705,919</u>

These are financial instruments issued by the Bank under the open market operations to mop up excess liquidity in the economy. They are issued in 35-day, 91-day, 182-day and 364-day maturities. Interest incurred on these instruments is accrued and recognized in the income statement as an expense. As at 30 June, 2009 the maturities profile as follows:

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
35-Day Treasury Bills	43,500,000	49,306,322
91-Day Treasury Bills	171,775,010	184,168,062
182-Day Treasury Bills	298,937,970	265,956,335
364-Day Treasury Bills	475,224,962	617,686,217
	<u>989,437,942</u>	<u>1,117,116,936</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

28. PROVISIONS

Provision for leave pay	2,741,962	2,034,888
Provision for retirement benefits	2,131,855	2,341,065
Provision for legal expenses	97,000	-
	<u>4,970,817</u>	<u>4,375,953</u>

Movements in provision

Leave pay		
Carrying amount at the beginning of the period	2,034,888	2,741,118
Addition provision made during the period	707,074	-
Amount used during the period	-	(706,230)
Amount reversed during the period	-	-
	<u>2,741,962</u>	<u>2,034,888</u>

Retirement benefits		
Carrying amount at the beginning of the period	2,341,065	2,184,068
Addition provision made during the period	2,058,688	2,701,614
Amount used during the period	(2,267,898)	(2,544,617)
Amount reversed during the period	-	-
	<u>2,131,855</u>	<u>2,341,065</u>

29. OTHER LIABILITIES

Accounts Payable	24,436,237	42,858,973
Accruals	1,267,144	1,523,334
Intermediary Account Payable	954,662	10,876,874
Stale Drafts Payable	92,680	25,878
Employees Tax Payable	212,995	202,359
Others	76,468	294,709
	<u>27,040,186</u>	<u>55,782,127</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

30. NOTES AND COINS IN CIRCULATION

Notes

Notes Issued	6,362,199,881	2,819,299,312
Less: Notes in Custody	(4,714,153,386)	(1,400,524,073)
Notes in Circulation (A)	<u>1,648,046,495</u>	<u>1,418,775,239</u>

Coins

Coins Issued	51,544,607	36,846,607
Less: Coins in Custody	(17,064,315)	(4,166,071)
Coins in Circulation (B)	<u>34,480,292</u>	<u>32,680,536</u>
	<u>1,682,526,787</u>	<u>1,451,455,775</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 netted off against the liability for notes and coins in circulation because they do not represent currency in circulation.

Furthermore, included under notes and coins in circulation figure of TZS 1,682,532.8 million is the face value of TZS 99,540.1 million representing bank notes that were phased out in 2003. These notes represent the liability of the Bank of Tanzania and exchangeable at the Bank counters.

31. GAIN/(LOSS)

During the year the realised and unrealised net foreign exchange revaluation gains amounted to TZS 119,945.9 million. This amount has been included in the income statement in determining the Bank's profit for the year in order to comply with the requirements of Accounting for the effects of changes in Foreign Exchange rates (IAS 21).

The foreign exchange revaluation gain of TZS 33,504.9 million has been transferred to Foreign Exchange Equalization Reserve in accordance with the Bank's policy and Section 18(4) of the Bank of Tanzania Act, 2006. The unrealised foreign exchange revaluation gain as at 30 June 2009 has been transferred to Foreign Currency Revaluation Reserve TZS 2,280.4 million.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

31. GAIN/(LOSS) (Continued)

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Reconciliation of realized and unrealized foreign exchange revaluation		
Net Realized Foreign Exchange Revaluation (loss)/gain during the year	111,683,003	(87,293,626)
Add: Unrealized Foreign Exchange Revaluation (loss)/gain during the year	2,280,414	(5,982,532)
	113,963,417	(93,276,158)
Less: Opening balance	(5,982,532)	5,314,612
Net foreign exchange revaluation (loss)/gain during the year	119,945,949	(98,590,770)

32. FEES AND COMMISSION

Commission on Buying and Selling Foreign Currency	18,659,852	17,616,187
Bureau de Change Application Fees	170,800	47,500
Bureau de Change Registration Fees	49,150	15,600
Banks and Financial Institutions Applications/ Licensing Fees	6,700	5,729
Bureau de Change Penalty Fees	62,784	14,926
Inter- bank Charges and Fees (TISS)	320,317	311,241
Tender Application Fees	5,479	19,150
	19,275,082	18,030,333

Commission on buying and selling foreign exchange relates to income received from buying or selling foreign currency and fund transfers by SWIFT.

33. OTHER INCOME

Foreign Operations

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Realized Gains on De-recognition of Available for Sale Investments	30,502,383	11,887,281
Income from Equity Investment	78,335	55,973
Miscellaneous Income	5,516,167	1,545,608
	36,096,885	13,488,862



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

33. OTHER INCOME (Continued)

Domestic Operations

Income – Domestic Operations	366,582	500,117
Income from sale of Government Securities	1,972,110	
Rental Income Staff Quarters	446,273	176,243
Income on Hostel Accommodation	40,276	43,078
Income on Cafeteria Operations	23,826	19,294
Miscellaneous Income	675,896	269,485
	3,524,963	1,008,217
	39,621,848	14,497,079

34. ADMINISTRATIVE EXPENSES

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
Board Expenses	791,101	648,821
Transport and Traveling Expenses	5,402,835	3,717,560
Maintenance - Computer, Software and Related Expenses	4,539,692	3,724,117
Maintenance - Furniture, Machinery and Equipment	627,400	812,455
Maintenance - Bank Premises	4,276,444	2,419,438
Legal and Investigation expenses	561,102	1,753,338
Audit Fees 2008/09	671,943	-
Audit Fees 2007/08	563,536	651,810
Special Audit and Related Expenses	333,880	873,523
Fees, Rates and Security Expenses	2,393,578	2,102,762
Water and Electricity	3,877,970	2,071,063
Telecommunication and Postage	1,896,197	1,268,523
Printing, Stationery and Office Supplies	1,303,353	1,538,190
Meetings, Conferences and Seminars	3,808,328	2,869,820
Reclassification of capitalized items***	-	546,587
Hospitality	251,985	149,677
Budget and Annual Accounts Preparation Expenses	369,530	298,937
Insurance expenses	1,064,021	1,974,341
Other Administrative Expenses	1,936,649	2,184,789
	34,669,544	29,605,751

*** A total of TZS 1,445.3 million under Note 19 includes TZS 546.5 million reclassification relates to administration expenses



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

35. CURRENCY ISSUE AND RELATED EXPENSES

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Notes Printing and Related Expenses (see Note 17)	49,887,804	51,883,141
Coins Minting and Related Expenses (see Note 17)	3,955,620	1,020,892
Cost of notes and coins issued in circulation	53,843,424	52,904,033
Currency Transport, Storage and Handling	206,517	156,130
Maintenance of Currency Machines	3,427,213	2,936,783
Other Currency Expenses	528,995	426,199
	<u>58,006,149</u>	<u>56,423,145</u>

The amount of TZS 49,887.8 million and TZS 3,955.6 million in respect of notes printing and related expenses and coins minting and related expenses respectively, refers to the proportionately amortized portion of deferred notes printing and coins minting cost for the currency notes and coins that were issued into circulation during the year. The amount of TZS 206.5 million and TZS 528.9 million are in respect of inland currency distribution expenses that include; transportation, handling, storage, and other related expenses incurred and recognized in the income statement during the current financial year.

A total of TZS 3,427.2 million (2008: TZS 2,936.8 million) was incurred during the year in respect of currency machines maintenance expenses.

36. PERSONNEL EXPENSES

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Staff Salaries and Allowances	38,794,558	29,545,348
Contribution to PPF Scheme	4,370,831	3,620,221
Contribution to NSSF Scheme	624,416	571,020
Staff Medical Expenses	2,478,216	2,851,056
Staff Training Expenses	2,878,560	2,012,310
Staff Uniforms Expenses	86,247	106,256
TUICO and Worker's Council Expenses	886,764	619,855
Course Functions & Field trips Expenses	18,496	19,784
Travel on Leave Expenses	3,120,294	1,321,921
Retirement Expenses	2,346,074	2,544,617
Condolence, Survivors' Benefits and Related Expenses	276,917	242,909
Motor Vehicles Expenses	1,007,227	639,435
Long Term Service Awards	54,000	21,000
Management Car Maintenance Expenses	1,566,403	1,276,690
Furniture Grant Expenses	441,519	408,562
HR Planning Policies Expenses	200,983	248,909
Cafeteria Expenses	394,752	235,528
	<u>59,546,257</u>	<u>46,285,421</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

37. OTHER EXPENSES

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Foreign operations		
Charges on IMF Drawings	1,069,345	2,131,911
Foreign Currency Management Expenses	1,382,871	1,459,639
Financial Markets Development Expenses	19,600	55,604
Commission and Fees on Foreign Operations	82,444	43,346
Realized Losses on De-recognition of Available for Sale financial investment	8,403,162	5,232,248
Cross Rates Losses	-	744,030
Amortized Premium	966,209	1,383,201
Miscellaneous Expenses	7,634	7,567
	11,931,265	11,057,546
Domestic operations		
Contributions and Subscriptions		
- Contribution to Professional Associations, Charities	937,214	1,743,058
- Contribution to National Development Programs/Projects	1,531,389	1,134,626
- Subscriptions	41,148	38,433
	2,509,751	2,916,117
Cheques Printing	176,314	145,748
Contractors All Risks and Professional Indemnity Insurance	-	505,693
	176,314	651,441
	14,617,330	14,625,104
Analysis of Contributions and Subscriptions (Note 37)		
African Association of Central Banks and African Rural and Agriculture Credit Association	13,957	19,249
National Board of Accountants and Auditors and National Board of Materials Management	38,428	34,332
Tanzania Institute of Bankers	360,200	352,200
Deposit Insurance Board	191,355	253,182
Dar es Salaam Commercial Court	200,000	-
Second Generation of Financial Sector Reforms	490,947	641,495
Monetary and Economic Financial Management Institute	338,034	292,158
Capital Markets and Securities Authority	400,000	350,000
Associations and Charities	461,761	461,335
National Economic Empowerment Program	-	493,130
Others	15,069	19,036
	2,509,751	2,916,117



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

38. IMPAIRMENT LOSSES

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Property and Equipment (Note 19)	-	31,590
Intangible Assets (Note 20)	5,508	22,691
Loans and Receivables (Note 16)	4,702,261	
Other assets (Note 18)	44,755	237,961
	4,752,524	292,242

39. EXCEPTIONAL ITEM

Release of EPA impairment losses	135,745,071	-
----------------------------------	-------------	---

In 2005/06 the Government had authorised issuance of two non redeemable Treasury EPA Bonds with total value of TZS 140,000.0 million. The total amount utilised was TZS 135,745.0 million. Since the Bonds did not bear interest and were non redeemable an impairment loss of TZS 135,745.0 million was provided in the financial statements to ensure compliance with the requirements of International Accounting Standards, IAS 39.

In order to ensure that the bonds are performing, the Government has effective 1st August 2008 reissued the two EPA Special Stocks, reviewed their tenures and attached annual coupons. Accordingly, the impairment loss aggregating to TZS 135,745.0 million has been reversed in 2008/09.

40. PRIOR YEAR ADJUSTMENT

	30.06.2008	30.06.2007
	TZS '000	TZS '000
Contractors All Risks Insurance and Professional Indemnity Insurance	-	1,868,301
	-	1,868,301



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

41. CASH (USED BY)/ GENERATED FROM OPERATIONS

	30.06.2008	30.06.2007
	TZS '000	TZS '000
Net Profit/(Loss) for the Year	203,339,443	(96,484,013)
Depreciation of property and equipment, transfers and impairment	28,216,343	19,795,338
Amortisation of intangible assets and impairment	2,392,055	2,194,615
Adjustment for non cash exceptional item	(135,745,071)	-
Mark to market for available for sale securities recognized in equity	70,845,909	11,597,766
Release of Impairment loss previously recognized in equity	-	63,153,366
Amortisation of capital grant	(22,624)	(22,380)
Recovery against staff housing fund	383,235	(92,897)
Net loss on Disposal of property and equipment	159,234	502,156
Unrealized Foreign Exchange Gains	(5,982,532)	5,982,532
Reclassification of capitalized items (Note 19)	-	1,445,319
Provision for Impairment	4,752,524	292,242
(Increase)/Decrease in fair value of equity investment	(142,182)	104,892
Share of Loss of Associate Company	-	31,887
Bad debts written off	20,472	107,592
Net Cash Generated from Operating Activities	168,216,807	8,608,414
Changes in Working Capital		
Increase/(Decrease) in Loans and receivables, other assets and deferred currency cost	74,090,220	(116,863,088)
Increase in Inventories	(130,384)	(120,488)
Decrease/(Increase) in Accommodation to Banks	6,028,731	(6,868,599)
Decrease in Other Liabilities	(28,306,311)	(108,305,442)
Net Changes in Working Capital	51,682,256	(232,157,617)
Cash generated from/(used by) operations	219,899,063	(223,549,203)

42. AUTHORISED AND PAID-UP SHARE CAPITAL

Authorized Capital	100,000,000	100,000,000
Issued and Paid-up Capital	100,000,000	100,000,000

The Authorized and paid up capital of the Bank is determined in accordance with Section 17(i) of the Bank of Tanzania Act, 2006.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

43. RESERVES

General Reserve	216,132,794	73,628,286
Capital Reserve	99,284,748	99,307,372
Foreign Exchange Equalization Reserve	140,716,879	113,194,510
Reserve for Capital Projects	20,000,000	-
Staff Housing Fund	19,611,198	15,848,244
Assets Revaluation Reserve	73,773,032	73,773,032
Securities Revaluation Reserve	65,817,736	(5,028,173)
Foreign Currency Revaluation Reserve	2,280,414	(5,982,532)
Reserve for Dividends	1,669,901	18,838,877
	<u>639,286,701</u>	<u>383,579,616</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 Bank shall 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 shall transfer not less than five percent of its net profits to the General Reserve Fund. As at 30 June 2009 the reserve had a balance of TZS 216,132.8 million (2008: TZS 73,628.3 million).

b. Capital Reserve

The Capital Reserve was established in 2001/02. 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 2009 the reserve had a balance of TZS 99,284.7 million (2008: TZS 99,307.3 million).



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

43. RESERVES (Continued)

c. Foreign Exchange Equalization Reserve

The reserve was established on 30th June 2006. The Foreign Exchange Equalization Reserve acts as a cushion against any significant future exchange losses, which may arise from any significant appreciation of Tanzania Shilling compared to other international currencies a condition which if left unabated may cause a high risk of a significant erosion of the Bank's net worth and financial stability.

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, to ensure conformance with International Financial Reporting Standards (IFRS), 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 2009 the total amount standing at the credit of the Foreign Exchange Equalization Reserve amounted to TZS 140,716.9 million (2008: TZS 113,194.5 million).

d. Reserve for Capital Projects

This reserve was established by a resolution of the Bank's Board of Directors in 1991/92. The purpose of the reserve is to provide funds for financing capital projects of the Bank. On an annual basis, the Board determines the amount to be appropriated from the distributable profit to the reserve. As at 30 June, 2009 the reserve had a balance of TZS 20,000.0 million.

e. Staff Housing Fund

The Staff Housing Fund was established by a resolution of the Board of Directors in 1989/90. The purpose of this fund is to provide housing loans to Bank's employees. On an annual basis, the Board determines the amount to be appropriated into the fund out of distributable profits. During the year, the amount appropriated was 5% of the distributable profit. As at 30 June 2009, the fund had a balance of TZS 19,611.2 million (2008: TZS 15,848.2 million) that include loans from the Bank and interest on fund's investments.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

43. RESERVES (Continued)

f. Assets Revaluation Reserve

The Bank maintains Assets Revaluation Reserve to account for revaluation surpluses or deficits. To ensure compliance with requirement of International Accounting Standards (IAS 16), if an asset carrying amount increases as a result of revaluation, the increase is credited directly to Asset Revaluation Reserve. However, the increase is recognized in income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized in income statement. If an asset's carrying amount decreases as a result of revaluation, the decrease is recognized in income statement. However, the decrease is debited directly to Assets Revaluation Account to the extent of any credit balance existing in the revaluation surplus in respect of that asset. As at 30 June 2009, the reserve had remained with a credit balance of TZS 73,773.0 million.

g. Securities Revaluation Reserve

The Bank maintains a Securities Revaluation Reserve to account for unrealized gains and losses arising from fair value valuation (mark to market) of financial instruments classified as available for sale. Gains and losses arising from change in fair value of Available-For-Sale (AFS) financial assets are recognized directly to equity. When these financial assets are sold, collected or otherwise disposed of, the cumulative gains or losses recognized in equity are transferred to the income statement. As at 30 June 2009 the reserve had a credit balance of TZS 65,817.7 million (2008: TZS 5,028.2 million debit balance).

h. Foreign Currency Revaluation Reserve

In accordance with Section 18(4) of the Bank of Tanzania Act, 2006, unrealized gains or losses on foreign exchange are transferred to this reserve account. However, pursuant to the requirements of the International Financial Reporting Standards (IFRS), in particular IAS – 21, all realized and unrealized foreign exchange valuations should be taken to the income statement.

Both realized and unrealized gains and losses are therefore taken to income statement for purposes of computation of profit for the year. Until such gains or losses are realized, they are not available for distribution; in the interim, the unrealized amounts are reflected in the Foreign Currency Revaluation Reserve.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

43. RESERVES (Continued)

h. Foreign Currency Revaluation Reserve (Continued)

The separation of realized from unrealized exchange gains and losses is done by use of an “inventory accounting for foreign exchange net assets and liabilities”. As at 30 June 2009 the reserve had TZS 2,280.4 million (2008: TZS 5,928.5 million debit balance).

44. RISK MANAGEMENT

44.1 Introduction

Risk is inherent in the Bank’s activities but is managed through a process of identification, measuring, prioritization, monitoring and reviewing policies, subject to risk limits and other controls. This process of risk management is critical to the Bank’s continued profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk, credit risk and liquidity risk.

The Bank’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Bank.

Risk Management at the Bank, forms an integral part of reserves management within the governance structure of the Bank starting from the level of the Board. Risk management is carried out under the Foreign Exchange Reserves Management Policy and Strategic Asset Allocation approved by the Board. The Finance and Investment Committee of the Board is responsible for reviewing the appropriateness of Foreign Reserve Management Policy and make recommendations to the Board. The Investment committee is responsible for approving and monitoring compliance with Foreign Exchange Reserves Management guidelines.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank’s policy is to monitor those business risks through the Bank’s strategic planning process.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.1 Introduction (Continued)

Strategy in using financial instruments

By nature, the Bank's activities necessitate the use of financial instruments. The Bank accepts deposits from commercial banks and the Government, the required minimum reserves from commercial banks operating in the United Republic of Tanzania. It also accepts or places short-term funds/securities through open market operations in order to achieve the reserve target and influence the short-term interest rates; the primary tool of monetary policy to establish price stability.

Foreign exchange deposits placed with the Bank and foreign exchange acquired by the Bank through the use of International Monetary Fund (IMF) resources, Inter bank Foreign Exchange Market and through the Government of the United Republic of Tanzania constitute the sources of foreign exchange reserves of the Bank. The Bank holds foreign exchange reserves for the purposes of servicing foreign debts and other Government obligations as a fiscal agent of the Government of the United Republic of Tanzania and for servicing its own foreign exchange obligations, The Bank also holds foreign exchange reserves for liquidity against external shocks, implementation of monetary and exchange rate policies, and providing confidence to the markets. In view of the Bank's priorities of safe investment, liquidity and return, as stipulated by the Bank of Tanzania Act, 2006, the Bank with a prudent approach, subjects its foreign exchange reserves to investments in international markets.

In this framework, most of the financial risks to which the Bank is exposed arise while fulfilling its legal obligations, such as implementing monetary and exchange rate policies, managing foreign exchange reserves and rendering certain banking services to the banking sector and the Government of the United Republic of Tanzania. The Bank is exposed to credit, market and liquidity risks due to the aforementioned operations.

In the process of implementing monetary and exchange rate policies the Bank is exposed to financial risks arising from the change in cross currency exchange rates. Financial risks that arise in the management of foreign exchange reserves result from market behaviour. The Bank endeavours to minimize such risks by managing them in accordance with the Strategic Asset Allocation framework. Foreign exchange reserves are managed by observing the investment criteria defined in the Investment Policies approved by the Board and in compliance with the targets and limits stipulated in the Investment Guidelines, which are reviewed by the Investment Committee once a year or whenever need arise.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.2 Risk Management Structure

44.2.1 The Board of Directors

The Board of Directors is responsible for approving risk management framework and policy to guide the management in managing and monitoring risks.

44.2.2 Management

The management is responsible for identifying, measuring, ranking, and monitoring the risks within the approved risk management framework and policy. In performing these roles the following functional departments' are involved.

44.2.3 Strategic Planning and Performance Review Function

The Strategic Planning and Performance Review Function are responsible for establishing and maintaining a comprehensive corporate wide risk management framework for mitigating and responding to risks. In discharging this responsibility it develops a Corporate Risk Management (CRM) framework, develop and implement action plans for risk mitigation in each functional unit and monitor implementation of risk management action plans in each functional unit.

44.2.4 Financial Markets Function

The Financial Markets Function is responsible for the development and implementation of the risk management framework for reserves management. It identifies, measures and monitors risks arising from reserves management and implementation of monetary policy.

44.2.5 Internal Audit Function

Risk Management processes in the Bank is audited by the internal audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.3. Risk measurement and reporting systems

The Bank's financial risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models 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.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The compiled financial risk data is examined, analyzed and processed in order to identify risks and control them on a timely basis. This information is presented and explained to the Board of Directors. On a monthly basis, detailed reporting of interest, currency, liquidity and geographic risks takes place. The Finance and Investment Committee of the Board receives quarterly investment reports which cover inter alia comprehensive risk management reports.

A daily and weekly briefing is given to the surveillance and liquidity management meeting on; the performance of Treasury Bills and Treasury Bonds market, Repurchase agreements, Foreign Exchange market, interbank cash market, reserve money, daily liquidity forecast, government revenue and expenditure, utilization of market limits and any other risk developments.

44.4 Risk mitigation

As part of its overall risk management, the Bank uses various limits specified in its guidelines and policies to manage exposures resulting from changes in interest rates, foreign currencies, equity risk, credit risk and exposure arising from forecast transactions. Such limits specify various types of risk and the amount the Bank is willing and able to take.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.4 Risk mitigation (Continued)

Consequently, interest rate risk arising from foreign investment is mitigated by targeting average duration of the foreign assets and investing in low risk assets such as short term government debt. Strategic currency risk is mitigated by limiting foreign assets to major reserves currencies in such a way that the weight of individual currency matches expected Government and Bank foreign obligations in that currency. To lessen the impact of the credit risk, the Bank engages with counterparts of high credit quality which have been rated by International Credit Rating Agencies. From time to time depending on the type of transaction, the Bank demands collateral of high market value to protect against credit risks. In the course of mitigating its financial risks, the Bank does not utilize derivative instruments. Derivative instruments may be used during monetary policy implementation.

44.5 Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by the changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of the credit risks are controlled and managed accordingly

44.6 Financial Risks

a. Credit Risk

In its financial operations, the Bank is exposed to credit risk, defined as the probability of a complete or partial failure of a counterpart to fulfil his obligations arising from a financial transaction. Credit risk basically originates from the 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

a. Credit Risk (Continued)

Although the credit risk faced during the implementation of monetary policy is an inevitable risk, such risks are managed by securing the entire transaction amount, also including a certain margin by assets that have high credit quality and are tradable in the secondary markets.

The management of the credit risk that the Bank is exposed to in the foreign exchange reserve management is based on the principal of minimizing default probabilities of the counter parties and the financial loss in case of default. In this framework, the Bank confines its investment to leading international financial institutions and debtors that meet the minimum rating criteria specified in the Investment Policy based on credit ratings given by the International Credit Rating Agencies. The specified minimum rating criteria depends on whether the investment is short or long term in nature.

Accordingly, for short term investments, the Bank takes on exposure to issuers/issues having at least F1 according to Standard and Poor's (S&P) with a maturity up to one year while it can invest in securities issued or directly guaranteed by foreign governments and Supranational which have a long-term rating of at least 'A' according to S&P or an equivalent credit rating. The average maturity of the long term investments is guided by the Investment Guidelines which is reviewed and approved by the Investment Committee once a year.

Securities issued by the US, UK, German and France governments can constitute 100% of the Bank's foreign reserves. Investments in other selected OECD countries are limited to 10% of the investible foreign reserves. Sovereign agencies and supranational are limited to one third of the total reserves in a bid to protect the Bank against spread risks. By settling this overall credit risk limit within the scope of Investment Guidelines, the Bank aims to prevent credit risk from exceeding its risk tolerance.

The institutions eligible for transactions are chosen among those institutions meeting the minimum credit rating limitation set in the guideline, using the fundamental and the financial analysis methods. In all transactions executed with these institutions, credit risk exposure amounts that are calculated on the basis of transactions type are immediately reflected on their limits, and the use of these limits are regularly monitored and reported.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

a. Credit Risk (Continued)

Overall, the credit risk assumed during reserve management remains 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 2009 and 30 June 2008 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).

	30.06.2009		30.06.2008	
	TZS '000	TZS Share (%)	TZS '000	TZS Share (%)
Due from banks				
Deposits				
Central Banks(AAA)	648,802,333	12.8%	103,275,201	2%
Foreign Commercial Banks	20,606,572	0.4%	793,071,661	18%
F1+	20,606,572		749,052,819	
F1			11,843,960	
NR			32,174,882	
Loans and Receivables	193,749,557	3.8%	459,093,391	10%
Investment securities	402,882,7731		2,758,236,949	
Available for sale	2,795,616,000	55.4%	1,961,350,127	44%
AAA	2,543,208,315		1,877,609,299	
AA+	111,301,422		40,071,215	
AA	102,480,452			
A+	38,625,811		43,669,613	
N/R				
Trading-AAA	324,732,332	6.4%	270,079,776	6%
Held to maturity	908,479,399	18.0%	526,807,045	12%
Others	168,288,092	3.2%	316,640,041	9%
Total	5,039,667,713	100%	4,079,294,934	100%

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

(a) Credit Risk (Continued)

The sectoral classification of the Bank's credit exposure as of 30 June 2009 is as follows:

Details	Foreign Country		Supranational		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	
2009													
Due from banks													
Central Banks	547,017,613	-	-	-	-	-	101,784,720	-	-	-	-	-	648,802,333
Commercial Banks	-	-	-	-	-	-	20,606,572	-	-	-	-	-	20,606,572
Loans and Receivables	-	-	-	-	-	-	-	-	-	-	-	-	193,749,557
Investment in securities													
Financial Assets Held for Trading	-	-	-	-	-	-	-	-	-	-	-	-	324,732,333
Foreign Currency	1,778,816,150	394,136,567	-	-	-	-	251,911,340	370,751,943	-	-	-	-	2,795,616,000
Marketable securities- Available for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Securities - Held to Maturity	-	-	-	-	85,189,195	-	-	-	-	-	-	823,290,204	908,479,399
Others	-	-	-	-	155,366,460	-	402,381,932	-	-	-	-	-	557,748,392
Total	2,325,833,763	394,136,567	759,037,545	776,684,564	370,751,943	823,290,204	5,449,734,586						

The sectoral classification of the Bank's credit exposure as of 30 June 2008 is as follows:





BANK OF TANZANIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

(a) Credit Risk (Continued)

Details	Foreign Country 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	
2009													
Due from banks													
Central Banks	-	-	-	-	-	-	103,275,201	-	-	-	-	-	103,275,201
Commercial Banks	-	-	-	-	-	-	793,062,418	-	-	-	-	-	793,062,418
Loans and Receivables	-	-	-	-	-	-	459,093,391	-	-	-	-	-	459,093,391
Investment in Securities	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets -Held for Trading	-	-	-	-	-	-	270,079,776	-	-	-	-	-	270,079,776
Foreign Currency	1,257,139,668	637,039,497	-	-	-	-	40,413,629	26,757,333	-	-	-	-	1,961,350,127
Marketable Securities-Available for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Securities - Held to Maturity	-	-	-	-	-	-	-	-	-	-	-	-	526,807,045
Others	-	-	-	-	-	-	383,540,978	-	-	-	-	-	475,211,612
Total	1,257,139,668	637,039,497	550,764,025	550,764,025	1,590,372,002	1,590,372,002	26,757,333	26,757,333	526,807,045	526,807,045	526,807,045	475,211,612	4,588,879,570



**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

**44. RISK MANAGEMENT (Continued)
44.6 Financial Risks (Continued)
b. Credit risk (Continued)**

Geographical analysis of concentrations of assets and liability of the Bank as of 30 June 2009 is as follows:

	Tanzania		USA		UK		Other European Countries		Other Countries		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
2009												
Assets												
Cash Balances with Central Banks	-	417,382,025	45,503,574	-	184,696,769	1,219,964	648,802,332					
Demand & Time Deposits with Commercial Banks and Notes and Coins	1,042,752	4,871,632	12,290,811	2,144,507	20,606,573							
Accommodation to banks	3,165,875	-	-	-	3,165,875							
Holdings of Special Drawing Rights (SDRs)	-	148,684	-	-	148,684							
Financial Assets Held for Trading	-	324,732,333	-	-	324,732,333							
Foreign Currency Marketable Securities-Available for Sale	-	1,283,785,886	1,399,731,061	68,347,550	43,751,502	2,795,616,000						
Equity investments Available for Sale	-	-	-	-	1,559,262	1,559,262						
Government securities - Held to Maturity	908,479,399	-	-	-	908,479,399							
Inventories	4,761,694	-	-	-	4,761,694							
Investment in associate Company	1	-	-	-	1							
Quota in International Monetary Fund (IMF)	-	400,673,986	-	-	400,673,986							
Loans and Receivables	193,749,557	-	-	-	193,749,557							
Deferred Currency Cost	114,320,855	-	-	-	114,320,855							
Other assets	37,879,730	-	-	-	37,879,730							
Property and equipment	795,108,728	-	-	-	795,108,728							
Intangible assets	11,758,602	-	-	-	11,758,602							
Total Assets	2,070,267,192	2,431,594,546	1,457,525,446	255,188,826	46,787,599	6,261,363,610						
Liabilities												
Deposits - banks and non-banks financial institutions	995,959,123	-	-	-	995,959,123							
Deposits - Governments	251,709,847	-	-	-	251,709,847							
Deposits - others	207,610,161	-	-	-	207,610,161							
Foreign currency financial liabilities	399,293,601	-	-	-	399,293,601							
Poverty Reduction and Growth Facility	343,101,021	-	-	-	343,101,021							
Repurchase agreements	131,171,714	-	-	-	131,171,714							
BoT liquidity papers	1,034,960,844	-	-	-	1,034,960,844							
Other liabilities	27,040,186	-	-	-	27,040,186							
Provisions	4,970,817	-	-	-	4,970,817							
IMF related liabilities	-	380,535,501	-	-	380,535,501							
Allocation of Special Drawing Rights (SDRs)	-	63,197,307	-	-	63,197,307							
Notes and coins in circulation	1,682,526,787	-	-	-	1,682,526,787							
Shareholders equity	739,286,701	-	-	-	739,286,701							
Total liabilities and equity	5,817,630,802	443,732,808	-	-	-	6,261,363,610						



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

b. Credit risk (Continued)

Geographical analysis of concentrations of assets and liability of the Bank as of 30 June 2008 is as follows:

2008 Assets	Tanzania	USA	UK	Other European	Other	Total
	TZS '000	TZS '000	TZS '000	Countries TZS '000	Countries TZS '000	TZS '000
Cash Balances with Central Banks	-	66,704,732	7,320,223	29,147,597	102,648	103,275,200
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	597,713	99,209,049	295,858,243	387,272,217	10,134,439	793,071,661
Accommodation to banks	9,194,606	-	-	-	-	9,194,606
Holdings of Special Drawing Rights (SDRs)	-	174,498	-	-	-	174,498
Financial Assets Held for Trading	-	270,079,776	-	-	-	270,079,776
Foreign Currency Marketable Securities-Available for Sale	-	744,737,070	1,071,988,317	132,532,642	12,092,098	1,961,350,127
Equity investments Available for Sale	-	-	-	-	1,417,080	1,417,080
Government securities - Held to Maturity	526,807,045	-	-	-	-	526,807,045
Inventories	4,631,310	-	-	-	-	4,631,310
Quota in International Monetary Fund (IMF)	-	381,949,400	-	-	-	381,949,400
Loans and Receivables	342,235,095	-	-	-	-	342,235,095
Deferred Currency Cost	8,532,190	-	-	-	-	8,532,190
Other assets	73,943,838	-	-	-	-	73,943,838
Property, plant and equipment	774,706,335	-	-	-	-	774,706,335
Intangible assets	8,914,667	-	-	-	-	8,914,667
Total Assets	1,749,562,799	1,562,854,525	1,375,166,783	548,952,456	23,746,265	5,260,282,828

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

**44. RISK MANAGEMENT (Continued)
44.6 Financial Risks (Continued)**

b. Credit risk (Continued)

Liabilities					
Deposits - banks and non-banks financial institutions	628,064,443	-	-	-	628,064,443
Deposits - Governments	414,199,089	-	-	-	414,199,089
Deposits - others	132,370,244	-	-	-	132,370,244
Foreign currency financial liabilities	367,828,464	-	-	-	367,828,464
Poverty Reduction and Growth Facility	21,507,457	-	-	-	21,507,457
Repurchase agreements	104,732,152	-	-	-	104,732,152
BoT liquidity papers	1,167,705,919	-	-	-	1,167,705,919
Other liabilities	55,782,127	-	-	-	55,782,127
Provisions	4,375,953	-	-	-	4,375,953
IMF related liabilities	-	368,437,666	-	-	368,437,666
Allocation of Special Drawing Rights (SDRs)	-	60,243,925	-	-	60,243,925
Notes and coins in circulation	1,451,455,775	-	-	-	1,451,455,775
Shareholders equity	483,579,614	-	-	-	483,579,614
Total liabilities and equity	4,831,601,237	-	428,681,591	-	5,260,282,828





NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

b. 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. 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.

30.06.2009

Details	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	669,408,905	-	-	669,408,905
Foreign currency marketable securities –Available for Sale	2,795,616,000	-	-	2,795,616,000
Financial assets Held for Trading	324,732,333	-	-	324,732,333
Government Securities Held to Maturity	908,479,399	-	-	908,479,399
Investment in Associate Company	-	-	253,893	253,893
Equity Investment	1,559,262	-	-	1,559,262
Loans and Receivables	208,863,781	96,744	4,702,261	213,662,786
Other assets	37,834,975	-	44,755	37,879,730
Total	4,946,494,655	96,744	5,000,909	4,951,592,308

30.06.2008

Details	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	896,346,861	-	-	896,346,861
Foreign currency marketable securities –Available for Sale	1,961,350,127	-	-	1,961,350,127
Financial assets Held for Trading	270,079,776	-	-	270,079,776
Government Securities Held to Maturity	526,807,046	-	-	526,807,046
Investment in Associate Company	-	-	253,893	253,893
Equity Investment	1,417,080	-	-	1,417,080
Loans and Receivables	342,032,824	202,271	11,121,528	353,356,623
Other assets	73,943,838	-	135,745,071	209,688,909
Total	4,071,977,552	202,271	147,120,492	4,219,300,315

The maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements (that is netting agreements that do not qualify for offsetting in accordance with IAS 32)



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

Credit quality per class of financial assets (Continued)

Details	Gross Maximum Exposure 30.06.2009	Gross Maximum Exposure 30.06.2008
	TZS '000	TZS '000
Cash and cash equivalent	669,408,905	896,346,861
Foreign currency marketable securities –Available for Sale	2,795,616,000	1,961,350,127
Financial assets Held for Trading	324,732,333	270,079,776
Government Securities Held to Maturity	908,479,399	526,807,046
Investment in Associate Company	253,894	253,894
Equity Investment	1,559,262	1,417,080
Loans and Receivables	193,749,557	342,235,095
Other Assets	37,879,730	73,943,838

b. Liquidity Risk

Liquidity risk is the risk that the Bank though solvent, either does not have sufficient resources available to meet its obligations when they fall due, or can secure them only by converting assets to cash at a price lower than their fair value. Thus inability of the Bank to meet its own foreign exchange obligations and that of government timely without incurring huge price concession is reflected as liquidity risk.

Due to its nature of business (externalization of the government obligations), a huge amount of expected foreign cash flows is not reflected in the balance sheet. As a result, assets-liabilities management may not be effective. Thus to manage this risk, the Bank divides its foreign exchange reserves into Liquidity, Investment and Stable trenches. The liquidity tranche is intended to meet both anticipated and unanticipated monthly cash outflows requirements thus matching both on and off balance sheet 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 groupings based on the remaining period at balance sheet date to contractual maturity date.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

b. Liquidity risk (Continued)

2009 Assets	Up to 1 Month	From 1 to 3 Months	From 3 to 12 Months	From 1 to 5 Years	Over 5 Years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	651,562,416	17,846,489	-	-	-	669,408,905
Accommodation to Banks	3,165,875	-	-	-	-	3,165,875
Holdings of Special Drawing Rights (SDRS)	-	-	148,684	-	-	148,684
Financial Assets Held for trading	6,633,318	-	23,388,260	289,197,307	5,513,447	324,732,332
Foreign currency marketable securities-Available for Sale	13,294,657	8,630,018	308,534,126	1,891,227,054	573,930,145	2,795,616,000
Equity Investment Available for Sale	-	-	-	-	1,559,262	1,559,262
Government securities - Held to Maturity	-	-	-	328,398,702	580,080,697	908,479,399
Inventories	-	-	4,761,694	-	-	4,761,694
Investment in associate Company	-	-	-	-	1	1
Quota in International Monetary Fund	-	-	-	-	400,673,986	400,673,986
Loans and Receivables	706,856	-	120,491,603	72,551,098	-	193,749,557
Deferred Currency Cost	-	-	114,320,855	-	-	114,320,855
Other Assets	503,261	-	33,838,898	3,537,571	-	37,879,730
Property and Equipment	-	-	29,609,304	79,218,608	686,280,816	795,108,728
Intangible Assets	-	-	-	-	11,758,602	11,758,602
Total assets	675,866,383	26,476,507	635,093,424	2,664,130,340	2,259,796,956	6,261,363,610

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

b. Liquidity risk (Continued)

	Up to 1	From 1 to 3	From 3 to 12	From 1 to 5	Over 5	Total
	Month	Months	Months	Years	Years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Liabilities						
Deposit Banks and Non Banks Financial Institutions	663,972,749	-	331,986,374	-	-	995,959,123
Deposit Governments	82,839,818	103,549,772	43,015,106	22,305,151	-	251,709,847
Deposit Others	3,982,639	76,947	-	200,386,497	3,164,078	207,610,161
Foreign Currency Financial Liabilities	55,494,876	77,209	634,432	343,087,084	-	399,293,601
Poverty Reduction and Growth Facility	-	-	343,101,021	-	-	343,101,021
Repurchase Agreements	131,171,714	-	-	-	-	131,171,714
BOT Liquidity Papers	43,500,000	171,775,010	819,685,834	-	-	1,034,960,844
Other Liabilities	6,255,893	12,744,830	5,132,829	2,863,224	43,410	27,040,186
Provisions	-	-	4,970,817	-	-	4,970,817
IMF Related Liabilities	-	-	-	-	380,535,501	380,535,501
Allocation of SDRs	-	63,197,307	-	-	-	63,197,307
Notes and Coins Issued	-	-	-	-	1,682,526,787	1,682,526,787
Authorized and Paid up Capital	-	-	-	-	100,000,000	100,000,000
Reserves	-	-	-	-	639,286,701	639,286,701
Total Equity and Liabilities	987,217,689	351,421,075	1,548,526,413	568,641,955	2,805,556,478	6,261,363,610
Net Liquidity gap	398,314,352	(653,342,598)	(1,070,196,421)	2,138,766,804	193,543,032	-
Cumulative gap	398,314,352	(255,028,246)	(1,325,224,667)	813,542,138	1,007,085,170	-





NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

b. Liquidity risk (Continued)

2008 Assets	Up to 1	From 1 to 3	From 3 to 12	From 1 to 5	Over 5	Total
	Month	Months	Months	Years	Years	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	896,346,861	-	-	-	-	896,346,861
Accommodation to Banks	9,194,606	-	-	-	-	9,194,606
Holdings of Special Drawing Rights (SDRs)	-	-	174,498	-	-	174,498
Foreign currency marketable securities-Available for Sale	-	-	5,093,309	873,704,988	1,082,551,830	1,961,350,127
Financial Assets Held for trading	-	3,588,521	5,955,250	260,536,005	-	270,079,776
Government securities - Held to Maturity	-	-	-	258,696,660	268,110,385	526,807,045
Inventories	-	-	4,631,310	-	-	4,631,310
Equity Investments	-	-	-	-	1,417,080	1,417,080
Quota in International Monetary Fund	-	-	-	-	381,949,400	381,949,400
Loans and Receivables	698,400	-	-	202,898,486	3,304,108	342,235,095
Deferred Currency Cost	-	-	135,334,101	-	-	135,334,101
Other Assets	1,545,396	-	8,532,190	-	-	8,532,190
Property and Equipment	-	-	35,415,901	36,982,541	-	73,943,838
Intangible Assets	-	-	29,609,304	79,218,608	665,878,423	774,706,335
Total assets	907,785,263	3,588,521	224,745,863	1,712,037,288	2,412,125,893	5,260,282,828

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

b. Liquidity risk (Continued)

	Up to 1 Month	From 1 to 3 Months	From 3 to 12 Months	From 1 to 5 Years	Over 5 Years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Liabilities						
Deposit Banks and Non Banks Financial Institutions	-	-	628,064,443	-	-	628,064,443
Deposit Governments	82,839,818	103,549,772	124,259,727	103,549,772	-	414,199,089
Deposit Others	-	89,779,155	-	42,591,090	-	132,370,245
Foreign Currency Financial Liabilities	29,518,423	176,572,386	-	161,737,655	-	367,828,464
Poverty Reduction and Growth Facility	-	-	21,507,457	-	-	21,507,457
Repurchase Agreements	104,732,152	-	-	-	-	104,732,152
BOT Liquidity Papers	49,306,322	184,168,062	934,231,535	-	-	1,167,705,919
Other Liabilities	11,079,233	42,642,124	2,034,889	25,879	-	55,782,125
Provisions	-	4,375,953	-	-	-	4,375,953
IMF Related Liabilities	-	-	-	-	368,437,666	368,437,666
Allocation of SDRs	-	60,243,925	-	-	-	60,243,925
Notes and Coins Issued	-	-	-	-	1,451,455,775	1,451,455,775
Authorized and Paid up Capital	-	-	-	-	100,000,000	100,000,000
Reserves	-	-	-	-	383,579,615	383,579,615
Total Equity and Liabilities	277,475,948	682,773,837	1,688,093,014	308,401,975	2,304,236,097	5,260,282,828
Net Liquidity gap	633,613,423	(682,773,837)	(1,648,584,593)	1,591,550,019	105,496,946	-
Cumulative gap	633,613,423	(49,160,414)	(1,697,745,007)	(106,194,988)	(698,042)	-





NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

c. Interest Rate Risk

The interest rate risk is the exposure of the Bank to possible adverse movements in interest rates. The parallel changes in the level of interest rates account for about 90% of the total interest rate risk. The remainder resulted from the changes in the shape which is steepening or flattening and curvature of the interest rate curves. The interest rate risk is managed through duration targeting. Duration measures sensitivity of a portfolio value to movements in market yields. Duration of 1.5 indicates that the portfolio's value will change by approximately 1.5% if rates change by 1%.

The policy target duration is 2 years with deviation allowance of ± 1.5 months. As of 30 June 2009 portfolio duration stood at 2.6 years while that of 30 June 2008 was 1.28 years. The increased duration reflects increase in the long dated maturity instruments as the Bank investing in money market deposits due to deterioration of the credit markets following a collapse of the Lehman Brothers in September 2008.

The Bank uses both price value of one basis point (PVO1) and Value at Risk (VaR) measures to assess and monitor interest rate risk. The PVO1 measures approximate change in value of the portfolio for a one basis point (0.01%) change in yield. The use of PVO1 has limitations. Firstly, it is a good measure when the term structure is flat. Secondly, it assumes the movements in yield are parallel across maturity spectrum. Thus the Bank compliments it with VaR.

VaR is a probability-based measure of risk, which provides an estimate of the potential loss in value of the Bank's available for sale positions due to adverse interest rate movements over a defined time horizon with a specified confidence level. For the VaR numbers reported below, a one month time horizon and a 95% confidence level were used. This means that there is a 5% chance that the monthly income would fall below the expected monthly income by an amount at least as large as reported VaR. Historical data were used to estimate the reported VaR numbers. To better reflect current asset volatilities, the Bank weighted historical data to give greater importance to more recent observations. Because of such reliance on historical data, VaR is most effective in estimating risk exposures in markets in which there are no sudden fundamental changes in market conditions.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

c. Interest Rate Risk (Continued)

The huge leap in reported VaR numbers resulted from the increase in the level of Available for Sale and financial assets at fair value through profit or loss securities and the recent credit crisis which increased correlation among asset classes. VaR is highly sensitive to correlation among asset classes.

The table below shows various risk measured parameters

Portfolio Characteristics	30.06.2009		30.06.2008	
	USD	TZS '000	USD	TZS '000
Positions of securities	175	175	167	167
Base currency	USD	TZS '000	USD	TZS '000
Market value of Available for Sale financial instruments	2,151,491,833	2,795,616,000	1,884,946,779	1,961,350,127
Financial assets held for trading	249,912,349	324,732,333	228,706,728	270,079,776
Money Markets placements	340,063,540	441,873,429	636,755,468	751,944,532
Duration	2.6 years	2.6 years	1.68 years	613 days
Spread Duration	0.73years	0.73 years	0.80 years	291 days

The tracking errors and VaR was as per breakdown below

Details	30.06.2009		30.06.2008	
	USD	TZS '000	USD	TZS '000
Monthly Tracking Error	17,536,737	22,786,971	13,163,963	15,545,324
95% Monthly VaR	(28,467,564)	(36,990,323)	(21,652,793)	(25,569,783)



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

c. Interest Rate Risk (Continued)

Price value of 1 BPS in USD

Details	30.06.2009		30.06.2008	
	USD	TZS '000	USD	TZS '000
USD	273,674	355,608	274,866.00	324,589
EUR	177,983	326,525	127,213.17	150,226
GBP	92,388	199,616	20,467.98	24,171
Total	544,046	881,476	422,547.15	498,986

The Bank invests in some securities which trade on spread to the foreign government treasuries. To assess the relative risk of spread products, the Bank measures Credit Risk of one basis point (CR01). The CR01 measures changes in the value of spread product for a one basis point widening of spread. A spread is a difference in yield to maturity between government and spread securities of the same characteristics. The Table below indicates the spread risks for comparative period in each of the three major currencies.

Details	30.06.2009		30.06.2008	
	USD	TZS '000	USD	TZS '000
USD	102,294	132,919	154,054.00	181,922
EUR	24,695	45,266	37,394.46	44,159
GBP	21,101	45,591	11,116.23	13,127
Total	148,090	223,776	202,564.69	239,208

For measuring the sensitivity of the Bank's foreign exchange reserves to interest rate risk, the table below shows the sensitivity of the Bank's foreign reserves values in USD given 10, 20 and 30 basis points parallel change in yield curves of three major foreign reserves currencies i.e. USD, EUR and GBP.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

c. Interest Rate Risk (Continued)

30.06.2009 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	(3,164,598)	(2,506,371)	(1,464,835)	(7,135,803)	(9,272,154.71)
20	(6,316,652)	(4,996,704)	(2,920,588)	(14,233,944)	(18,495,371.52)
30	(9,456,229)	(7,471,131)	(4,367,331)	(21,294,692)	(27,670,001.17)

30.06.2008 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	(3,846,653.61)	(1,275,086.97)	(204,411.45)	(5,326,152.03)	(6,289,653)
20	(7,676,857.04)	(2,544,538.83)	(408,005.64)	(10,629,401.51)	(12,552,260)
30	(11,490,704.33)	(3,808,389.11)	(610,786.77)	(15,909,880.21)	(18,787,978)

Yield decrease in 1 BPS

30.06.2009 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	3,177,208.19	2,522,542.25	1,473,987.27	7,173,737.71	9,321,446.45
20	6,367,094.80	5,061,390.48	2,957,199.57	14,385,684.85	18,692,541.68
30	9,569,728.03	7,616,680.72	4,449,709.92	21,636,118.67	28,113,645.90

30.06.2008 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	3,863,198.52	1,280,755.85	205,232.92	5,349,187.29	6,316,855
20	7,743,037.35	2,567,214.60	411,291.54	10,721,543.49	12,661,071
30	11,639,612.54	3,859,410.52	618,180.15	16,117,203.21	20,441,610



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

c. Interest Rate Risk (Continued)

It is also possible to stress test Bank's foreign reserves portfolio to mimic a variety of the extreme yet probable market conditions. To that end, the Bank considered three main scenarios i.e. spread widening, curve steepening and flattening by 50 basis points. The result of stress testing scenarios is as shown on the table below.

30.06.2009 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	TZS '000
Spread widening by 50	(5,898,800.85)	(1,330,282.96)	(1,660,379.04)	(8,889,462.84)	(11,550,833.79)
Curve Steepening by 50	(607,472.04)	(4,172,941.84)	(2,598,893.85)	(7,379,307.73)	(9,588,561.04)
Curve Flattening by 50	652,920.20	4,263,918.13	2,650,000.44	7,566,838.76	9,832,236.03

30.06.2008 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	TZS '000
Spread widening by 50	(9,514,725.00)	(1,270,524.08)	(551,180.70)	(11,336,429.78)	(13,387,190)
Curve Steepening by 50	(1,416,641.00)	(108,453.00)	64,718.00	(1,460,376.00)	(1,724,558)
Curve Flattening by 50	1,460,397.00	115,408.00	(64,335.00)	1,511,470.00	1,784,895



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

44 RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

c. Interest Rate Risk (Continued)

Cash flow and fair value interest rate risk

Interest sensitivity of assets and liabilities

For accounting purposes, cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates, both in the United Republic of Tanzania and abroad. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The exposures to both kinds of interest rate risk arise in the course of the Bank's activities.

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 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.

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 approved Foreign Exchange Reserves Policy and stated in the Guidelines. The currency positions of the Bank as of 30 June 2009 and 2008 which provides the Bank's assets, liabilities and equity at carrying amounts, categorized by currency is summarized below.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

d. Currency risk (Continued)

2009	GBP		USD		EUR		SDR		TZS		OTHERS		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	TZS '000	TZS '000
Assets														
Cash and cash equivalent	50,643,157	433,755,669	183,423,757	-	-	-	-	-	-	-	1,586,322	-	-	669,408,905
Accommodation to banks	-	-	-	-	-	-	-	-	3,165,875	-	-	-	-	3,165,875
Holdings of Special Drawing Rights (SDRs)	-	-	-	-	-	148,684	-	-	-	-	-	-	-	148,684
Financial Assets - Held for Trading	-	324,732,332	-	-	-	-	-	-	-	-	-	-	-	324,732,332
Foreign currency marketable securities-Available for Sale	462,140,644	1,495,460,769	838,014,587	-	-	-	-	-	-	-	-	-	-	2,795,616,000
Equity Investments Available for Sale	-	1,559,262	-	-	-	-	-	-	-	-	-	-	-	1,559,262
Government securities - Held to Maturity	-	-	-	-	-	-	-	-	908,479,399	-	-	-	-	908,479,399
Inventories	-	-	-	-	-	-	-	-	4,761,694	-	-	-	-	4,761,694
Investment in associate Company	-	-	-	-	-	-	-	-	1	-	-	-	-	1
Quota in International Monetary Fund (IMF)	-	-	-	-	-	-	400,673,986	-	-	-	-	-	-	400,673,986
Loans and Receivables	-	-	-	-	-	-	-	-	193,749,557	-	-	-	-	193,749,557
Deferred Currency Cost	-	-	-	-	-	-	-	-	114,320,855	-	-	-	-	114,320,855
Other Assets	-	-	-	-	-	-	-	-	37,879,730	-	-	-	-	37,879,730
Property and Equipment	-	-	-	-	-	-	-	-	795,108,728	-	-	-	-	795,108,728
Intangible Assets	-	-	-	-	-	-	-	-	11,758,602	-	-	-	-	11,758,602
Total assets	512,783,801	2,255,508,032	1,021,438,344	400,822,670	2,069,224,440	1,586,322	6,261,363,610							

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

d. Currency risk (Continued)

	GBP		USD		EUR		SDR		TZS		OTHERS		Total	
	TZS '000	000	TZS '000	000	TZS '000	000	TZS '000	000	TZS '000	000	TZS '000	000	TZS '000	000
Liabilities														
Deposit banks and non-banks financial institutions	-	-	-	-	-	-	-	-	995,959,123	-	-	-	995,959,123	
Deposit - Governments	-	-	-	-	-	-	-	-	251,709,847	-	-	-	251,709,847	
Deposit - others	-	-	-	-	-	-	-	-	207,610,161	-	-	-	207,610,161	
Foreign currency financial liabilities	-	-	-	-	-	-	-	-	397,184,018	2,109,583	-	-	399,293,601	
Poverty Reduction and Growth Facility	-	-	-	-	-	-	343,101,021	-	-	-	-	-	343,101,021	
Repurchase Agreements	-	-	-	-	-	-	-	-	131,171,714	-	-	-	131,171,714	
BOT Liquidity Papers	-	-	-	-	-	-	-	-	1,034,960,844	-	-	-	1,034,960,844	
Provisions	-	-	-	-	-	-	-	-	4,970,817	-	-	-	4,970,817	
Other Liabilities	-	-	-	-	-	-	-	-	27,040,186	-	-	-	27,040,186	
IMF Related Liabilities	-	-	380,535,501	-	-	-	-	-	-	-	-	-	380,535,501	
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	-	-	63,197,307	-	-	-	-	-	63,197,307	
Notes and Coins in circulation	-	-	-	-	-	-	-	-	1,682,526,787	-	-	-	1,682,526,787	
Total liabilities	-	-	380,535,501	-	-	-	406,298,328	-	4,733,133,497	2,109,583	-	-	5,522,076,909	
Equity	-	-	-	-	-	-	-	-	100,000,000	-	-	-	100,000,000	
Reserves	-	-	-	-	-	-	-	-	639,286,701	-	-	-	639,286,701	
Total equity	-	-	-	-	-	-	-	-	739,286,701	-	-	-	739,286,701	
Total equity and liabilities	-	-	722,745,381	11,556,055	60,243,925	4,442,963,357	23,472,153	-	-	-	-	-	6,261,363,610	
Net balance sheet position	512,783,801	1,532,762,651	1,009,882,290	340,578,745	(2,373,738,916)	(21,885,831)	-	-	-	-	-	-	-	
Scenario of 10.06% appreciation	51,586,050	154,195,923	101,594,158	34,262,222	(238,798,135)	(2,201,715)	-	-	-	-	-	-	-	



**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

d. Currency risk (Continued)

2008 Assets	GBP		USD		EUR		SDR		TZS		OTHERS		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	TZS '000	TZS '000
Cash and cash equivalent	319,728,954	335,279,186	230,333,012	-	-	-	-	-	9,194,606	11,005,709	-	-	896,346,861	
Accommodation to banks	-	-	-	-	-	-	-	-	9,194,606	-	-	-	9,194,606	
Holdings of Special Drawing Rights (SDRs)	-	-	-	-	-	-	174,498	-	-	-	-	-	174,498	
Financial Assets - Held for Trading	-	270,079,776	-	-	-	-	-	-	-	-	-	-	270,079,776	
Foreign currency marketable securities-Available for Sale	93,218,105	1,252,426,607	615,705,415	-	-	-	-	-	-	-	-	-	1,961,350,127	
Equity Investments Available for Sale	-	1,417,080	-	-	-	-	-	-	526,807,045	-	-	-	1,417,080	
Government securities - Held to Maturity	-	-	-	-	-	-	-	-	4,631,310	-	-	-	526,807,045	
Inventories	-	-	-	-	-	-	-	-	1	-	-	-	4,631,310	
Investment in associate Company	-	-	-	-	-	-	-	-	-	-	-	-	1	
Quota in International Monetary Fund (IMF)	-	-	-	-	-	-	381,949,400	-	-	-	-	-	381,949,400	
Loans and Receivables	-	10,887,193	-	-	-	-	-	-	331,347,902	-	-	-	342,235,095	
Deferred Currency Cost	-	-	-	-	-	-	-	-	8,532,190	-	-	-	8,532,190	
Other Assets	-	-	-	-	-	-	-	-	73,943,838	-	-	-	73,943,838	
Property and Equipment	-	-	-	-	-	-	-	-	774,706,335	-	-	-	774,706,335	
Intangible Assets	-	-	-	-	-	-	-	-	8,914,667	-	-	-	8,914,667	
Total assets	412,947,059	1,870,089,842	846,038,427	382,123,898	1,738,077,894	11,005,709	5,260,282,829							

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

44. RISK MANAGEMENT (Continued)

44.6 Financial Risks (Continued)

d. Currency risk (Continued)

	GBP	USD	EUR	SDR	TZS	OTHERS	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Liabilities							
Deposit banks and non-banks financial institutions	-	-	-	628,064,443	-	-	628,064,443
Deposit - Governments	-	-	-	414,199,089	-	-	414,199,089
Deposit - others	-	-	-	132,370,245	-	-	132,370,245
Foreign currency financial liabilities	332,800,258	11,556,055	-	-	23,472,151	-	367,828,464
Poverty Reduction and Growth Facility	21,507,457	-	-	-	-	-	21,507,457
Repurchase Agreements	-	-	-	104,732,152	-	-	104,732,152
BOT Liquidity Papers	-	-	-	1,167,705,919	-	-	1,167,705,919
Provisions	-	-	-	4,375,953	-	-	4,375,953
Other Liabilities	-	-	-	55,782,126	-	-	55,782,126
IMF Related Liabilities	368,437,666	-	-	-	-	-	368,437,666
Allocation of Special Drawing Rights (SDRs)	-	-	60,243,925	-	-	-	60,243,925
Notes and Coins in circulation	-	-	-	1,451,455,775	-	-	1,451,455,775
Total liabilities	722,745,381	11,556,055	60,243,925	3,958,685,702	23,472,151	-	4,776,703,214
Equity	-	-	-	100,000,000	-	-	100,000,000
Reserves	-	-	-	383,579,614	-	-	383,579,614
Total equity	-	-	-	483,579,615	-	-	483,579,615
Total equity and liabilities	722,745,381	11,556,055	60,243,925	4,442,963,357	23,472,153	-	5,260,282,829
Net balance sheet position	412,947,059	1,146,794,271	834,482,372	321,879,973	(2,704,335,272)	(12,466,444)	-
Scenario of 8.5% appreciation	35,100,500	97,477,513	70,931,002	27,359,798	(229,868,498)	(1,059,648)	-



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.7 Non Financial Risks

a. Operational Risk

Operational risk is the risk of loss in both financial and non financial resulting from inadequate systems, management failures, ineffective internal control processes, fraud, theft and human errors.

The Bank addresses this risk inter alia through ensuring existence of Business Continuity Management (BCM) and sound internal control system which includes: operational and procedural manuals, 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 monitors this risk.

The Bank has taken various measures such as segregation of duties, instituting codes of conduct and ethics and setting out benchmark limits. The Bank understands the fact that the lower the human intervention, the lower the operational risk. In view of this fact, the Bank has automated most of its major operations.

b. Human Resource Risk

The particular nature of the activities of the Bank necessitates specialized knowledge in many areas.

The Bank ensures that there is an adequate knowledge base for all specialized job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organizes workshops, seminars, conferences and job attachments to its staff as an effort to improve its human resource requirements. It also revises its staff retention scheme to compete with the prevailing labour market.

c. 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

44. RISK MANAGEMENT (Continued)

44.7 Non Financial Risks (Continued)

c. Legal Risk (Continued)

In mitigating this type of the risk, the Bank ensures that all business agreements are contracted under Standard Industry Contracts, e.g. ISDA, ISMA, etc. Where new contracts and substantive changes to existing contracts are entered to, external lawyers are contracted. The Bank has in place a clear procedure of the delegation of authorities. Also strict code of conduct and ethics is used to minimize chances of causing legal disputes between the Bank and its counterparts.

d. Reputational Risk

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, Public Procurement Act, No. 21 of 2004 and Public Procurement Regulations, 2005.

In view of the above, the Bank's management ensures that to the best of its ability 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 principals 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 fiduciary duties of good governance and by ensuring a proper balance between accountability and the best interests of the Bank and its various stakeholders.

The function of the Bank of overseeing and ensuring the integrity of the country's banking 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 significant reputation risk. The Bank adheres to international best practice 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

45. 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 4 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:

	Loans and Receivables		Held to maturity	Profit or loss/ Held for trading	Available for sale	Other Financial Liabilities	Total		Fair values
	TZS '000	TZS '000					TZS '000	TZS '000	
2009									
Financial assets									
Cash and cash equivalent	669,408,905	-	-	-	-	-	669,408,905	669,408,905	
Accommodation to banks	3,165,875	-	-	-	-	-	3,165,875	3,165,875	
Holdings of Special Drawing Rights (SDRs)	-	-	-	-	148,684	-	148,684	148,684	
Financial Assets Held for Trading	-	-	-	324,732,333	-	-	324,732,333	324,732,333	
Foreign Currency Marketable Securities available for sale	-	-	-	-	2,795,616,000	-	2,795,616,000	2,795,616,000	
Equity investments available for sale	-	-	-	-	1,559,262	-	1,559,262	1,559,262	
Government securities- held to maturity	-	908,479,399	-	-	-	-	908,479,399	908,479,399	
Quota in International Monetary Fund (IMF)	-	-	-	-	400,673,986	-	400,673,986	400,673,986	
Loans and Receivables	193,749,557	-	-	-	-	-	193,749,557	193,749,557	
Other assets	-	-	-	-	37,879,730	-	37,879,730	37,879,730	

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

45. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (Continued)

	Loans and Receivables		Held to maturity		Profit or loss/ Held for trading		Available for sale		Other Financial Liabilities		Total		Fair values	
	TZS '000		TZS '000		TZS '000		TZS '000		TZS '000		TZS '000		TZS '000	
Financial Liabilities														
Foreign currency financial liabilities	-		-		399,293,601		-		-		399,293,601		399,293,601	
Poverty Reduction and Growth Facility	-		-		343,101,021		-		-		343,101,021		343,101,021	
Repurchase agreements	-		-		-		-		131,171,714		131,171,714		131,171,714	
BoT liquidity papers	-		-		-		-		1,034,960,844		1,034,960,844		1,034,960,844	
Other liabilities	-		-		-		-		27,040,186		27,040,186		27,040,186	
IMF related liabilities	-		-		-		-		380,535,501		380,535,501		380,535,501	
Allocation of Special Drawing Rights (SDRs)	-		-		-		-		63,197,307		63,197,307		63,197,307	
Notes and coins in circulation	-		-		-		-		1,682,526,787		1,682,526,787		1,682,526,787	





**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

45. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (Continued)

	Loans and Receivables		Held to maturity		Profit or loss/ Held for trading		Available for sale		Other Financial Liabilities		Total		Fair values	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
2008														
Financial assets														
Cash and cash equivalent	896,346,861	-	-	-	-	-	-	-	-	-	-	896,346,861	896,346,861	
Accommodation to banks	9,194,606	-	-	-	-	-	-	-	-	-	-	9,194,606	9,194,606	
Holdings of Special Drawing Rights (SDRs)	-	-	-	-	-	-	20,606,572	-	-	-	-	20,606,572	20,606,572	
Financial Assets Held for Trading	-	-	-	-	270,079,776	-	-	-	-	-	-	270,079,776	270,079,776	
Foreign Currency Marketable Securities available for sale	-	-	-	-	-	-	1,961,350,127	-	-	-	-	1,961,350,127	1,961,350,127	
Equity investments available for sale	-	-	-	-	-	-	1,417,080	-	-	-	-	1,417,080	1,417,080	
Government securities- held to maturity	-	-	-	-	-	-	-	-	-	-	-	526,807,045	526,807,045	
Quota in International Monetary Fund (IMF)	-	-	-	-	-	-	381,949,400	-	-	-	-	381,949,400	381,949,400	
Loans and Receivables	342,235,095	-	-	-	-	-	-	-	-	-	-	342,235,095	342,235,095	
Other assets	-	-	-	-	-	-	73,943,838	-	-	-	-	73,943,838	73,943,838	

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009**

45. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (Continued)

	Loans and Receivables		Held to maturity		Profit or loss/ Held for trading		Available for sale		Other Financial Liabilities		Total		Fair values	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Financial Liabilities														
Foreign currency financial liabilities	-	-	-	367,828,464	-	-	-	-	-	-	-	367,828,464	-	367,828,464
Poverty Reduction and Growth Facility	-	-	-	21,507,457	-	-	-	-	-	-	-	21,507,457	-	21,507,457
Repurchase agreements	-	-	-	-	-	-	-	104,732,152	-	-	-	104,732,152	-	104,732,152
BoT liquidity papers	-	-	-	-	-	-	-	-	1,167,705,919	-	-	1,167,705,919	-	1,167,705,919
Other liabilities	-	-	-	-	-	-	-	-	55,782,127	-	-	55,782,127	-	55,782,127
IMF related liabilities	-	-	-	380,535,501	-	-	-	-	-	-	-	380,535,501	-	380,535,501
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	-	-	-	-	60,243,925	-	-	60,243,925	-	60,243,925
Notes and coins in circulation	-	-	-	-	-	-	-	-	-	-	-	1,682,526,787	-	1,682,526,787





NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

46. CAPITAL

Section 17 of the Bank of Tanzania Act, 2006 states that “the authorized 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 authorized 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 was as shown below and further detailed in the statement of owners’ equity on page 12.

Details	30.06.2009	30.06.2008
	TZS (Millions)	TZS (Millions)
Capital	100,000	100,000
Reserves	639,287	383,579
Total	739,287	483,579

The Bank is not subject to any regulatory requirements concerning the level of capital it must maintain, 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 retention of un-distributable element of the profit.

The Bank is not for profit organization, nor does it seek profit maximization. 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 the foreign exchange reserves should the Tanzania Shilling appreciate significantly against other world currencies.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

47. CONTINGENT LIABILITIES

Contingent liabilities arise in the normal course of the Bank's business activities.

47.1 Outstanding Legal Matters

Pursuant to the Bank of Tanzania Act, 2006 the Bank of Tanzania is a Banker to the Government of the United Republic of Tanzania. Arising from that responsibility there is a legal dispute relating to a transaction involving the Government of the United Republic of Tanzania and D.P. Valambia in which the Bank of Tanzania was involved in its capacity as a Banker to the Government of the United Republic of Tanzania. A Garnishee Order was issued by the High Court of Tanzania on 4th June 2001 ordering the Bank of Tanzania to pay a decree holder US\$ 55,099,117.66 from funds of the Government of the United Republic of Tanzania in the custody of the Bank of Tanzania.

Pursuant to the Order, the Government instituted court proceeding against the decree holder and the Bank on the same matter.

The assets/properties of the Bank and the Government under the custody of the Bank are granted immunity against execution and attachment, subject to the provisions of the Act.

Due to the above, it is in the opinion of the directors that the assets/properties of the Bank are well safeguarded. There are no other significant legal cases requiring disclosure.

47.2 External Payment Arrears Deposit Account

During the 1970s and 1980s there was serious 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 National Bank of Commerce (NBC) for the required amount of forex and subject to availability of forex and priority, the forex amount will be remitted to the intended overseas supplier.

However, due to forex shortage not all funds deposited with NBC by private and public importers were remitted to the overseas suppliers' accounts.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

47. CONTINGENT LIABILITIES (Continued)

47.2 External Payment Arrears Deposit Account (Continued)

In 1985, the Government of the United Republic of Tanzania formally assumed the responsibility of handling EPA liabilities from NBC. The Bank of Tanzania (BOT) was given the responsibility to manage EPA liabilities on behalf of the Government. At 30th June 2009 the balance in this liability account was TZS 2,288.4 million (2008 TZS 2,288.4 million). This balance represents funds in original values that await externalisation to the various overseas suppliers. Differences between exchange rate prevailing on date of actual payments and the exchange rate used in recording the original EPA liabilities are usually met by the Government and not the Bank.

In the mean time, the Bank has suspended all transactions relating to EPA. Further, a consultant firm was engaged in April 2009 to carry out a review of the status of EPA account and relevant procedures in order to address weaknesses identified in the Special Audit report. The consultant had already submitted an inception report in August 2009 and measures are underway to review it to pave way for the next phase of the engagement.

47.3 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 shorts 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. As at 30th June 2009 outstanding guarantees aggregated to TZS 123,005.4 million (2008: TZS 129,770.4 million) while the balance of the Fund as at 30th June 2009 was TZS 33,172.1 million (2008: TZS 29,710.9 million). The movement of the Fund during the year is as summarized below.

	30.06.2009	30.06.2008
	TZS '000	TZS '000
Balance of funds		
Capital	14,463,252	14,463,452
Surplus	18,708,863	15,237,630
Total	33,172,115	29,710,882



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

47. CONTINGENT LIABILITIES (Continued)

47.4 Small & Medium Enterprises –Credit Guarantee Scheme

The Bank operationalise 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 that 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 30th June 2009 outstanding guarantees had a value aggregating to TZS 2,273.4 million (2008: TZS 2,778.4 million) while the balance of the fund as at 30th June 2009 was TZS 662.1 million (2008: TZS 616.8 million).

48. OUTSTANDING COMMITMENTS

48.1 Uncalled and unpaid Capital to Afriximbank

The Afreximbank was established on 27th October 1993. The major function of the bank is to finance and facilitate trade among African countries and between Africa and the rest of the world. The Bank of Tanzania's authorized equity interest in Afreximbank is 300 ordinary shares of par value USD 10,000 each payable in five equal instalments. Two instalments with value of USD 1.2 million have been called and paid up.

As at 30 June 2009, the Bank had a commitment of USD 1.8 million in respect of three instalments of uncalled and unpaid capital attached to its shareholding in the Afreximbank. The Bank of Tanzania proportion of equity total holding in the Afreximbank is 0.4 percent.

48.2 Capital commitments

As at 30 June 2009, the Bank's capital commitments in respect of Intangible Assets, Property and Equipment and major capital projects aggregated to TZS 42,900.9 million. The Percentage share of the major capital expenditure commitments items is as reflected herewith below:

Item	Percentage
Office buildings	24.28
Residential buildings	4.42
Machinery and Equipment	50.70
Information, Communication and Technology equipment (ICT)	2.39
Motor vehicles	14.79
Furniture and Fittings	0.92
Intangible Assets	2.49
Total	100



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

48. OUTSTANDING COMMITMENTS (Continued)

48.2 Capital commitments (Continued)

The above commitments have been included and approved for payment in accordance with the Approved 2009/10 Budget Estimates.

48.3 Currency issuance and related commitments

The Bank has a contract with Royal Mint London of United Kingdom for supply of coins with denominations of 50 and 100 at a total contract price of GBP 2,600,500.00. As at 30th June 2009 outstanding commitments in respect of coins supply contract relating to undelivered currency was GBP 50,523.20 (2008: GBP 1,266,176.2).

Further the Bank has a contract with M/S Giesecke and Devrient of Germany for manufacturing, delivery, installation and commissioning of currency processing machines and currency management system under the “currency processing system expansion programme” at head office in Dar es Salaam and at branches in Arusha, Mwanza, Mbeya and Zanzibar at a total cost of EUR 59,260,875. As at 30th June 2009, outstanding commitments in respect of this contract aggregated to EUR 8,313,960.5

The Bank’s management is confident that net income and other funding arrangements will be sufficient to meet these commitments when they fall due for settlement.

48.4 Post employment benefits

Effective from 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 6.5 million involving nine retired staff with their spouses who retired in 2008/09.

49. EVENTS AFTER THE BALANCE SHEET DATE (IAS 10)

a. Remission of output VAT assessed to M/S Group Five International Pty Ltd TZS 7,862.4 million

On 31st July 2009, the Parliament of the United Republic of Tanzania approved a Government request to abandon revenue. The request included a remission of output value added tax amounting to TZS 7,862.4 million assessed to M/s Group Five International (Pty) Ltd.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

49. EVENTS AFTER THE BALANCE SHEET DATE (IAS 10) (Continued)

a. Remission of output VAT assessed to M/S Group Five International Pty Ltd TZS 7,862.4 million (Continued)

Following this development the Bank has initiated measures aiming at requesting repayment of input VAT amounting to TZS 22,316.1 million from the Treasury and Tanzania Revenue Authority in line with the agreed Government procedure.

b. Supply of Bank notes

On 24th July 2009, the Bank entered into contracts with M/S Crane Currency AB of Sweden and M/S De la Rue of UK with value of GBP 88.2 million and EURO 20.9 million respectively for the supply of currency notes. The Bank's management is confident that net income and other funding arrangements will be sufficient to meet these commitments when they fall due for settlement.

50. DISCLOSURES ON RELATED PARTY TRANSACTIONS

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, and The Deposit Insurance Fund. The related party transactions during the year are:

50.1 Loans

The Bank extends loan facilities to its members of staff, the Governor and the Deputy Governors. Loans and advances (Note 16) include advances to employees that as at 30 June 2009 amounted to TZS 27,606.8 million (2008: TZS 26,774.3 million). The advances are granted at preferential rates of interest determined by the Bank presently at 5% fixed over the period of the loan. The following is the break down of loans and emoluments granted to key management personnel.

i Loans to Senior Management (i.e. Governor, Deputy Governors, Directors (Excluding Deputy Directors))

	<u>30.06.2009</u>	<u>30.06.2008</u>
	TZS '000	TZS '000
At start of the year	952,901	758,062
Loans granted during the year	442,611	514,242
Loans repaid during the year	<u>(780,461)</u>	<u>(319,403)</u>
Balance	615,051	952,901



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2009

50. DISCLOSURES ON RELATED PARTY TRANSACTIONS (Continued)

50.1 Loans (Continued)

ii Senior Management emoluments:

Salaries, allowances and benefits	2,565,335	2,113,855
Other long term benefits		
Total	<u>2,565,335</u>	<u>2,113,855</u>

For the purpose of this note, senior Management of the Bank is defined to include the Governor, Deputy Governors, Directors (excluding Deputy Directors) and Secretary to the Bank. As at 30 June 2009, the total number of key management personnel was 27 (2008: 27).

In accordance with Section 15 of the Bank of Tanzania Act, 2006, remuneration of the Governor and Deputy Governors are determined by the President of the United Republic of Tanzania. Remuneration of other executive directors including Secretary to the Bank is determined by the Board.

50.2 Emoluments to the Members of the Board of Directors

In 2008/09, emoluments paid to the members of the Board amounted to TZS 243.3 million (2008: TZS 494.3 million). As of 30 June 2009 and 30 June 2008 there were no loans advanced by the Bank to Non-Executive Directors of the Board.

Further, there were no other related party transactions with non executive members of the Board. Transactions with director-related entities which occurred in the normal course of the Bank operations were conducted on terms that were no more favourable than similar transactions with other employees or customers.

50.3 Government of the United Republic of Tanzania

Transactions entered into with the Government include:

- (a) No interest and no Bank charges on Government deposits accounts;
- (b) Cost sharing of liquidity management costs arising from issue and redemption of liquidity papers and Repurchase Agreements in accordance with the memorandum of understanding in force.
- (c) Settlement of foreign currency denominated debt and other remittances at a fee;



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

50. DISCLOSURES ON RELATED PARTY TRANSACTIONS (Continued)

50.3 Government of the United Republic of Tanzania (Continued)

- (d) Financial accommodation on temporary short falls in Government positions;
- (e) 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 2009, the following balances, which are included in various balance sheet categories, were outstanding:

	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Due from Government of Tanzania (Note 16)	73,937,603	208,873,108
IMF funds on-lent to the Government (Note 10)	380,535,501	368,437,666
Governments of URT and RGZ deposits (Note 22)	251,709,847	414,199,088
Investments in Government Securities (Note 12)	908,479,399	526,807,046
Development Finance Guarantee Fund (Note 16)	61,841,122	32,310,069
Export Credit Guarantee Fund (Note 18)	32,411,356	29,055,301
Small and Medium Enterprises Guarantee Fund (Note 18)	619,649	609,324

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.

50.4 Deposit Insurance Fund Board

The Bank has a close working relationship with the Deposit Insurance Fund Board, an entity incorporated under the Banking and Financial Institution Act, 1991 (as amended 2006) and provides it with staff and office accommodation.

The balance outstanding from the Fund and included in deposit others as at year end was TZS million 103.2 million (2008: TZS 3.1 million).



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2009

50. DISCLOSURES ON RELATED PARTY TRANSACTIONS (Continued)

50.5 Bank of Tanzania Training Institute – Mwanza

Bank of Tanzania Training Institute – Mwanza is operated as a branch and the results of its operations are incorporated in the financial statements of the Bank.

50.6 Loans to Associate Company – Mwananchi Gold Company Limited (MGCL)

The MGCL started operations on 1st January 2006. Currently the Bank has a 35% equity stake in MGCL. During 2008/09 the Bank did not grant any additional loan to MGCL. As at 30 June 2009 outstanding loans stood at USD 6,062,220.57. The loans are secured against MGCL industrial property located at Vingunguti Industrial Area. Such loans attract interest at Libor + 0.50 four basis points.

Following unsatisfactory performance, the company has continued to generate operating losses posing a high risk of a significant erosion of its net worth. The Bank as a major shareholder and lender to the company has initiated insolvency proceedings in order to realize its investment in the company. There are all indications that the Bank will recover significant value of the loans granted on disposal of industrial property located at Vingunguti Industrial area with total market value of USD 3.9 million, equivalent to TZS 5,000.0 million as at 15th February 2007. The proceeds arising from disposal will be credited in the income under other income.

51. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted or excluded to conform to changes in presentation in the current year.



PART IV
CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY
EVENTS, JANUARY 1992 TO JUNE 2009



2009 Mar: The Bank on behalf of the Government hosted the IMF/Africa, International Economic Conference which discussed Africa's Growth challenge and its partnership with the International Monetary Fund on 10 - 11 March 2009

2008 Jan: As per the Bank of Tanzania Act, 2006, His Excellency, the President of the United Republic of Tanzania, Hon. Jakaya Mrisho Kikwete, appointed Prof. Benno J. Ndulu to be the sixth Governor of the Bank of Tanzania, Dr. Enos S. Bukuku, Deputy Governor (Incharge of Economic and Financial Policies - EFP), Mr. Juma H. Reli Deputy Governor (Incharge of Administration and Internal Controls - AIC), and Mr. Lila H. Mkila (Incharge of Financial Stability and Deepening- FSD). The effective date of their appointments was 8th January 2008.

2008 January: Settlement cycle was changed from T+2 to T+1 in order to harmonize redemptions and settlement of Treasury Securities. "T" is defined as a settlement day.

2008 January: The auction frequency of Treasury bills was changed from weekly to once fortnightly whilst that of Treasury bonds was changed to once every month.
2007 October: The Bank issued a Press release in the Interbank Foreign Exchange Market indicating that the Bank was going to be on the selling side.

2007 June: As per the Bank of Tanzania Act, 2006, His Excellency, the President of the United Republic of Tanzania, Hon. Jakaya Mrisho Kikwete, appointed three Bank of Tanzania Deputy Governors, Prof. Benno J. Ndulu, (Incharge of Economic

and Financial Policies - EFP), Mr. Juma H. Reli (Incharge of Administration and Internal Controls - AIC) and Mr. Lila H. Mkila (Incharge of Financial Stability and Deepening- FSD). The effective date of their appointments was 26th June 2007.

2007 June: Bank of Tanzania-Zanzibar Branch officially moved in the new office building located at Gulioni on 25th June 2007.

2006 June: The Bank of Tanzania Act, 2006 and the Banking and Financial Institutions Act, 2006 were gazetted and became effective on 1st July 2006.

2006 April: The Boards of Directors of the African Development Bank and African Development Fund approved the ADF's participation in Multilateral Debt Relief Initiative (MDRI). The impact of the approval will be cancellation of outstanding debt as at end of December 2004 that remained unpaid until the end of 2005. Though the ADF implementation of MDRI was 01 January 2006, actual delivery is expected to be done retroactively by the end of the 3rd quarter of 2006.

2006 January: The International Monetary Fund (IMF) cancelled debt worth USD 338 million being 100 percent of disbursed outstanding debt as at December 2004 that remained outstanding until December 2005.

2005 December: Introduction of the Two-way quote system in the Interbank Foreign Exchange Market (IFEM).

2005 October: Tanzania Net Settlement Services system (TNNSS) which is a system



used to facilitate settlement of transactions arising from visa member banks obligations went live on 10th October 2005 linking 4 local banks with VISA International network branded cards.

2005 July: 10 percent withholding tax charged on Treasury bills and bonds with the exception of all bonds with maturities longer than two years.

2005 June: The G8 Finance Ministers on June 11th 2005 announced a proposal on debt cancellation for Highly Indebted Poor Countries. The proposal envisages 100 percent cancellation of HIPC's disbursed outstanding debt as at 31st December 2004 due to IMF, World Bank and African Development Bank. The announcement entails cancellation of Tanzania debt worth USD 4.832 billion.

2005 June: Zanzibar Investment Promotion Authority (ZIPA) was established as a government focal point for the promotion and facilitation of investment in Zanzibar.
2005 May: Office of Chief Government Statistician GOZ completed the Zanzibar Household Budget Survey (HBS).

2005 March: Bank of Tanzania issued Microfinance Regulations 2005.

2005 March: Zanzibar Business Council was inaugurated. The Council is under the Chairmanship of the Zanzibar President. The council's main objective is to promote development dialogue and propose common strategies for addressing problems facing the private sector growth.

2005 January: The East African Community Customs Union that was

ratified by the Partner States in December 2004 commenced its operations. Under the protocol, trade on goods originating and traded among the Partner States attracts a zero tariff. A three-band Common External Tariff (CET) structure of 0percent, 10percent, and 25percent is applied to goods imported into EAC. A selected list of sensitive items attracts rates above 25percent as an additional protection measure for similar locally produced products.

2004 December: Effective end of December 2005, the government developed and introduced a computerized risk-management system aimed at expanding customs clearance primarily through reducing significantly the number of shipments that are physically inspected.

2004 December: The East African Legislative Assembly enacted the East African Community Customs Management Act, 2004.

2004 November: The National Assembly passed the National Economic Empowerment act, 2004. Under the act, the government has resolved to take measures designed to promote and facilitate economic initiatives aimed at empowering Tanzanians.

2004 October: The Electronic Fund Transfer (EFT) system, which is used to transfer low value high volume interbank payments, went live in 2004.

2004 July: 15 percent withholding tax was reinstated on Treasury bills and bonds with the exception of bonds with maturities longer than two years.



2004 April: The Bank introduced the Tanzania Inter-bank Settlement System (TISS) in April 2004, which is an online, real time gross settlement system.

2004 March: The Protocol on the Establishment of the East African Community Customs Union was signed.

2004 March: Commencement of the National account Household Budget Survey (HBS) by Office of the Chief Government Statistician (OCGS).

2004 March: The second and final closing of the Debt Buyback Scheme took place on March 31st 2004 under which debts worth USD 43.8 million, made up of both principal and interest was retired at a price of 12 cents on a dollar of principal amount tendered.

2004 March: Financial Markets Leaders Forum was established in order to promote dialogue and networking among stakeholders in the financial markets. Structured and informal knowledge sharing facilitated by the Forum has enhanced comprehension of the market intricacies among market participants.

2003 December: The Bank introduced Intraday and Lombard standby credit facilities to provide overnight-collateralized advances to commercial banks

2003 June: The President of the Union Government of Tanzania as empowered in section 134 of the Constitution of the Union Republic of Tanzania of 1977 (as amended) established the Joint Finance Commission (JFC) and Joint Finance Bill No 14 of 1996.

2003 May: The Chief Government Statistician reviewed the basis of National Account Database.

- Changed National Account base year from 1991 to 2001
- Adopted the national account statistics to internationally accepted standards

2003 May: Effective 21st May 2003, the Tanzanian Government opened up the Dar es Salaam Stock Exchange to foreign investors. Several regulations were published in 2003 to guide foreign investor's dealings in the Stock Exchange and establish regulatory safeguards for orderly stable market activities.

2003 March: Effective 3rd March, the Delphis Bank was ordered to stop operations by the Bank of Tanzania and was put under statutory supervision of the Bank of Tanzania.

2003 February: The Bank of Tanzania Act (1995) was amended by the Financial Laws (Miscellaneous Amendments) Act, 2003 to give the Bank general powers on the national payment, clearing and settlement system matters comprising oversight and regulation of the National Payment System.

2002 October: The Ministry of Finance converted additional non-marketable stocks into marketable securities worth TZS 80.0 billion.

2002 August: The Bank of Tanzania on behalf of the Government launched a 10-year Treasury bond with a fixed coupon rate of 7.75 percent.



2002 July: The Bank of Tanzania established an Export Credit Guarantee Scheme (ECGS) to hasten the provision of credit to the export sector, notably non-traditional exports in order to augment efforts towards increased export earnings.

2002 July: The Ministry of Finance issued additional unsecuritized domestic debts worth TZS 20.0 billion to be converted into marketable securities.

2002 July: The Bank of Tanzania on behalf of the Government launched a 7-year Treasury bond with a fixed coupon rate of 7.75 percent.

2002 May: The Bank of Tanzania in collaboration with the Ministry of Finance, converted unsecuritized domestic debts worth TZS 20.0 billion into marketable securities.

2002 May: The Bank of Tanzania re-introduced the 35-day Treasury bill as an instrument of monetary policy.

2002 May: Effective 29th May, the Bank of Tanzania reinstated the 35-days Treasury bill to cater for monetary policy implementation in the country.

2002 April: The Bank of Tanzania changed the 2-year Treasury bond auctions from uniform prices to multiple prices.

2002 March: Effective 1st March, the Bank of Tanzania established a Bank of Tanzania Electronic Clearing House (BOTECH) system at the Dar es Salaam Clearing House, targeted at enhancing the check processing speed, minimizing errors and acts of fraud in the inter-bank transactions. Also,

the Magnetic Ink Character Recognition (MICR) equipment for processing paper instruments and generation of electronic files was commissioned to be used by the Electronic Clearing House and the Central Banking System (CBC) at three sites of Dar es Salaam, Mwanza and Arusha.

2002 February: The Bank of Tanzania on behalf of the Government launched a 5-year Treasury bond with a fixed coupon rate of 7.5 percent under the tranching/reopening mechanism. The bond is listed at the Dar es Salaam Stock Exchange. The aim was to extend the maturity profile of government debt, lengthen the yield curve, and increase the number of tradable instruments in the market.

2002 January: The Paris Club Creditors met on January 17, 2002 and agreed to offer debt relief under Cologne Stock Terms by cancelling 90 percent stock of their debts amounting to USD 737 million in net present value terms or USD 1.0 billion in nominal terms. This was part of HIPC Initiative.

2001 November: Tanzania fulfilled all the conditions and managed to reach HIPC Floating Completion Point in November 2001 that was 15 months ahead of originally scheduled time of 36 months.

2001 June: The first closing of the Tanzania debt buyback operation took place on 6th June with debt worth about USD 155.7 million (principal and interest) being retired, utilizing about USD 7.2 million from the grant. The first closing of the operation represents an important step towards the implementation of the Government's debt reduction strategy.



2001 May: The Management of Risk Assets Regulations, 2001 came into effect on 1st May 2001 and repealed “The Guidelines on Management of Risk Assets, Classification of Loans and Other Risk Assets, Provisioning for Losses and Accrual of Interest” issued on 18th October 1991.

2001 May: The Credit Concentration and Other Exposure Limits Regulations, 2001 came into effect on 1st May 2001 and repealed “The Guidelines on Concentration of Credit and Other Exposure Limits” issue on 22nd December 1992.

2001 May: The Capital Adequacy Regulations, 2001 became effective on 1st May 2001 and repealed “Guidelines for Measuring Capital Adequacy” issued on 1st October 1993 and the Addendum to Circular No. 3 on Capital Adequacy issued on 27th March 1996.

2001 February: The Government launched a national micro-finance policy on 2nd February that lays out the principles of upgrading services through efficient and effective micro-finance systems.

2001 January: Effective 1st January the petroleum sector was fully and effectively liberalized and the Government stopped extending subsidies to Tanzania Petroleum Development Corporation (TPDC).

2001 January: On 15th January, the Heads of State of Tanzania, Kenya and Uganda, formally inaugurated the East African Community (EAC) at the Sheikh Amri Abeid Stadium Arusha.

2000 October: Effective October 1st Tanzania pulled out of Common Market for East and Southern Africa (COMESA).
2000 September: The Publication by commercial banks of Financial Statements Regulations, 2000 was officially made operational on 1st September 2000.

2000 September: The Liquid Assets Ratio Regulations, 2000 became effective on 1st September 2000.

2000 September: Effective on 1st September 2000, the Independent Auditors Regulations, 2000 became operational.

2000 September: Circular No. 8: The Money Laundering Control aimed at guiding banks and financial institutions on uncovering, reporting and controlling money laundering became effective on 1st September, 2000.

2000 May: The Bank of Tanzania took over the management of 1st Adili Bancorp on 15th of May due to its poor performance and shareholders inability to inject more capital in the bank to cover for the heavy losses sustained in its operations.

2000 April: Agreed minute was signed on 14th April in relation to Tanzania’s qualification for Paris Club VI rescheduling arrangement. Under this arrangement Tanzania will be treated under Cologne terms, which provide cancellation of 90 percent of the debt service due up to the Completion Point of the enhanced HIPC Initiative.

2000 March: Tanzania at end March reached a Decision Point and qualified for consideration of additional debt relief under



HIPC Program, after the IMF approved Tanzania's three year Poverty Reduction and Growth Facility (PRGF).

2000 January: Effective January 15, 2000 the Minimum Reserve Requirement was set at 10 percent of total deposit liabilities (including foreign currency deposits) plus 50 percent of vault cash excluding deposit in the clearing account.

1999 July: The Bank of Tanzania introduced a computerized book entry system and a central depository system for Treasury bills. The system entails record keeping, transfer and updating ownership of the Treasury bills without having to issue physical certificates, thus improving efficiency. The system also facilitates divisibility of securities into smaller lots, which promotes secondary market trading.

1998 July: Establishment of the Primary Dealership system

1998 April: Trading activities at the Dar-es-Salaam Stock Exchange commenced after two years of preparatory work under the stewardship of the Government through the Capital Markets and Securities Authority. The opening of the Trading Floor coincided with the listing of TOL Limited (formerly Tanzania Oxygen Limited), as the first company on the new Exchange.

1997 July: Repurchase agreements were introduced to complement Treasury bills and bonds in the open market operations.
1997 March: The first Treasury bond auction was held. 2-year Treasury bond was the only maturity offered.

1996 September: The Dar es Salaam Stock Exchange was incorporated as a private company limited by guarantee and not having a share capital under the Companies Ordinance.

July 1996: The 10.0 percent withholding tax on income from Treasury bills and deposits was abolished.

1996: The Capital Markets and Securities Authority (CMSA) was established, in order to facilitate establishment of a stock exchange for mobilizing and allocating savings for medium and long-term investments.

1995 November: Commercial bank and financial institutions were required to determine and report on foreign exchange purchases, sales, the maximum net open position, and average balances and send reports weekly to the Bank of Tanzania.

1994 December: The 364-day Treasury bill was introduced.

1994 December: Issuance of the 35-day Treasury bill was discontinued.

1994 July: A fully-fledged Bank of Financial Markets was established in the Bank in order to develop and supervise the functioning of the markets.

1994 June: The Interbank Foreign Exchange Market was introduced, replacing the weekly foreign exchange auction system. The IFEM, which is a wholesale market, facilitated determination of the exchange rate.



1994 February: 182-day Treasury bill was introduced.

1994 January: The Capital Market and Securities Act was enacted.

1993 September: 35-day Treasury bill was introduced.

1993 August: Treasury Bills Auctions were introduced as a tool for financing short term government deficit, as an instrument of liquidity management, and as a reference point for the determination of market interest rates. The Auctions began with the 91-day Treasury bill

1993 July: BOT began auctioning of foreign exchange as a tool for liquidity management as well as for determination of a market-based exchange rate.

1993 July: Foreign exchange auctions were introduced.

1993 June: Certificates of Deposit as an instrument of monetary policy were introduced for the first time.

1993 April: Inception of the Bureaux de Change markets as an effort to liberalize foreign exchange regime.

1992 March: The Foreign Exchange Act 1992 was enacted. The Act liberalized the external trade and created an enabling environment for determination of market exchange rates.



PART V
STATISTICAL TABLES



A1.0 OUTPUT AND PRICES

A1.1	Gross Domestic Product (GDP) by Kind of Economic Activity at Current Prices, Mainland Tanzania	230
A1.2	Gross Domestic Product (GDP), by Kind of Economic Activity, Percentage Share Current Prices, Mainland Tanzania.....	231
A1.3	Gross Domestic Product (GDP), by Kind of Economic Activity at Constant 2001 Prices, Tanzania Mainland	232
A1.4	Gross Domestic Product (GDP), by Kind of Economic Activity, Percentage Share, at 2001 Prices, Tanzania Mainland	233
A1.5	Gross Domestic Product (GDP), by Kind of Economic Activity, Percentage Growth Rates, at Constant 2001 Prices, Tanzania Mainland.....	234
A1.6	Production of Major Agricultural Crops, Tanzania Mainland	235
A1.7	Agricultural Production Indices, Tanzania Mainland	236
A1.8	Production in Selected Commodities, Tanzania Mainland	237
A1.9	Industrial Production Indices, Tanzania Mainland	238
A1.10	Mineral Recoveries, Tanzania Mainland	239
A1.11	National Consumer Prices Index, Tanzania Mainland.....	240
A1.12	National Consumer Price Index, Percentage Change on the Previous Year ...	241
A1.13	Dar es Salaam Cost of Living Index – Middle Income Group	242
A1.14	Dar es Salaam Retail Price Index – Wage Earners	243

A2.0 GOVERNMENT FINANCE

A2.1	Analysis of Central Government Finance.....	244
A2.2	Treasury Bills Auctions – Actual Sales by Transactor.....	245
A2.3	Central Government Outstanding Stocks and Notes by Holders.....	246

A3.0 MONEY AND BANKING

A3.1	Depository Corporations Survey	247
A3.2	Bank of Tanzania – Assets	248
A3.3	Bank of Tanzania – Liabilities	249
A3.4	Tanzania Notes in Circulation.....	250
A3.5	Tanzania Coins in Circulation.....	251
A3.6	Commercial Banks – Assets	252
A3.7	Commercial Banks – Liabilities	253
A3.8	Commercial Banks – Analysis of Liquidity.....	254
A3.9	Commercial Banks – Analysis of Domestic Assets	255
A3.10	Commercial Banks – Lending and Holding of Securities	256
A3.11	Commercial Banks - Domestic Lending by Borrowing Sector	257
A3.12	Commercial Banks – Deposits.....	258
A3.13	Weight Average Interest Rates Structure of Commercial Banks	259



A4.0 BALANCE OF PAYMENTS AND FOREIGN TRADE DEVELOPMENTS

A4.1	Tanzania's Balance of Payments in USD.....	260
A4.2	Tanzania's Balance of Payments in TZS	261
A4.3	Tanzania's Exports by Type of Commodity in USD.....	262
A4.4	Tanzania's Exports by Type of Commodity in TZS.....	263
A4.5	Tanzania's Imports (c.i.f) by Major Category in USD.....	264
A4.6	Tanzania's Imports (c.i.f) by Major Category in TZS	265
A4.7	Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS	266
A4.8	Tanzania's Trade Balance	267
A4.9	Tanzania's Exports by Major Commodity Groups	268
A4.10	Tanzania's Imports (c.i.f) by Major Commodity Groups	269
A4.11	Tanzania's Exports by Country of Destination	270
A4.12	Tanzania's Imports by Country of Origin	271
A4.13	Tanzania's Exports to PTA Countries	272
A4.14	Tanzania's Direct Imports from PTA Countries.....	273
A4.15	Tanzania's Services, Income and Transfers	274
A4.16	Foreign Reserves Position	275

A5.0 NATIONAL DEBT DEVELOPMENTS

A5.1	National Debt Developments.....	276
------	---------------------------------	-----

A6.0 ZANZIBAR

A6.1 OUTPUT AND PRICES

A6.1.1	Gross Domestic Product (GDP) by kind of Economic Activity, at Current Prices.....	277
A6.1.2	Gross Domestic Product (GDP) by kind of Economic Activity, Percentage share, at Current Prices.....	278
A6.1.3	Gross Domestic Product (GDP) by kind of Economic Activity at 2001 Prices.....	279
A6.1.4	Gross Domestic Product (GDP) by kind of Economic Activity, Percentage share at 2001 Prices.....	280
A6.1.5	Gross Domestic Product (GDP) by kind of Economic Activity, Percentage Annual Growth Rates, at 2001 Prices.....	281
A6.1.6	Marketed Production of Major Export Commodities	282
A6.1.7	Production in Selected Commodities.....	283



A6.1.8	Consumer Price Index (CPI).....	284
A6.1.9	Consumer Price Index, Percentage Change on the Previous Year.....	285

A6.2 ZANZIBAR GOVERNMENT FINANCE

A6.2.1	Zanzibar Central Government Operations.....	286
--------	---	-----

A7.0 INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

A7.1	Economic Performance in G-7 Countries and the Euro Area	287
A7.2	World Market Prices for Selected Commodities	288
A7.3	Selected Exchange Rates – Currency Units per US Dollar (period average)	289
A7.4	Bureau de Change Quarterly Transactions	290


Table A1.1: Gross Domestic Product (GDP), by Kind of Economic Activity at Current Prices, Tanzania Mainland, 1999-2008

Economic Activity	Millions of TZS									
	1999	2000	2001	2002	2003	2004	2005	2006r	2007p	2008p
A: Monetary										
Gross domestic product at market prices	6,044,850	6,839,645	7,638,099	8,795,422	10,214,161	11,680,834	13,431,438	15,152,834	17,761,462	20,834,475
Agriculture, Hunting and Forestry	1,348,695	1,483,902	1,610,975	1,824,450	2,104,035	2,404,037	2,589,263	2,737,686	3,154,263	3,696,524
Crops	993,849	1,062,007	1,151,820	1,324,078	1,523,553	1,743,041	1,831,665	1,901,931	2,250,434	2,638,184
Livestock	220,635	277,816	307,313	336,310	399,611	447,491	529,630	580,430	631,254	744,879
Forestry and hunting	134,211	144,079	151,842	164,062	180,871	213,505	227,968	255,325	272,575	313,461
Fishing	134,541	141,609	149,760	168,598	182,929	201,771	219,930	235,045	269,831	288,719
Industry and construction	1,249,733	1,379,079	1,550,360	1,957,554	2,437,259	2,776,974	3,149,293	3,515,928	4,173,741	4,895,331
Mining and quarrying	98,531	119,175	159,979	220,000	288,200	357,368	457,431	576,363	742,932	839,513
Manufacturing	657,919	715,649	762,400	866,228	1,002,827	1,129,558	1,269,145	1,395,282	1,625,504	1,935,975
Electricity, gas	135,834	170,220	196,860	209,640	227,081	244,977	271,925	276,915	335,898	421,216
Water supply	17,211	23,850	29,840	32,421	37,597	42,697	47,696	54,872	57,816	63,482
Construction	340,238	350,185	401,281	629,265	881,554	1,002,374	1,103,096	1,212,496	1,411,592	1,635,146
Services	2,972,532	3,390,939	3,795,004	4,230,646	4,763,613	5,419,639	6,247,148	7,170,793	8,413,349	9,884,310
Trade and repairs	944,963	1,046,788	1,182,797	1,298,349	1,454,527	1,593,717	1,752,826	2,044,421	2,416,506	2,875,642
Hotels and restaurants	208,825	225,000	250,978	269,120	286,883	319,365	394,417	459,584	559,722	649,278
Transport	402,795	447,314	487,062	526,710	577,977	637,720	706,291	769,830	886,844	1,037,608
Communications	84,362	97,143	112,783	130,496	161,623	206,877	277,216	374,241	487,132	611,350
Financial intermediation	117,571	127,297	140,000	179,715	204,766	229,370	265,261	299,734	345,000	403,727
Real estate and business services	454,214	565,642	591,482	621,333	723,952	819,300	980,660	1,120,466	1,318,834	1,416,251
Public administration	462,814	540,229	640,649	754,654	866,917	1,076,215	1,278,881	1,440,913	1,652,556	2,026,815
Education	152,000	169,000	188,733	211,372	223,409	236,813	251,022	268,594	289,617	333,060
Health	75,921	97,373	118,972	151,993	174,789	200,933	233,032	275,726	327,658	383,360
Other social & personal services	69,067	75,153	81,548	86,904	88,770	99,329	107,542	117,284	129,482	147,221
Gross value added before adjustments	5,705,501	6,395,529	7,106,099	8,181,248	9,487,836	10,802,421	12,205,634	13,659,452	16,011,184	18,764,884
less FISIM	-89,257	-85,035	-80,000	-90,400	-105,382	-120,588	-141,723	-169,661	-208,281	-260,029
Gross value added at current basic prices	5,616,244	6,310,494	7,026,099	8,090,848	9,382,454	10,681,833	12,063,911	13,489,791	15,802,903	18,504,855
Add Taxes on products	428,606	529,151	612,000	704,574	831,707	999,001	1,367,527	1,663,043	1,958,559	2,329,620
B: Non-Monetary										
Gross domestic product at market prices	1,177,711	1,313,144	1,462,175	1,649,085	1,892,899	2,290,757	2,533,855	2,788,434	3,186,941	3,947,204
Agriculture, Hunting and Forestry	831,883	923,398	1,025,218	1,163,933	1,375,611	1,712,407	1,821,215	1,970,870	2,258,995	2,677,952
Crops	638,191	710,944	794,125	912,131	1,118,034	1,379,855	1,440,478	1,550,759	1,732,893	2,062,143
Livestock	123,903	137,533	152,135	166,490	163,524	221,530	262,193	287,342	359,742	424,496
Forestry & hunting	69,789	74,921	78,958	85,312	94,053	111,022	118,544	132,769	166,360	191,313
Fishing	3,504	3,688	3,900	4,391	4,764	5,254	5,727	6,409	7,358	7,873
Industry and construction	73,592	83,197	88,099	94,005	101,224	122,289	167,464	208,050	257,315	299,102
Water supply	12,830	13,382	14,000	16,245	16,327	18,777	20,909	20,937	27,166	29,828
Construction	60,762	69,815	74,099	77,760	84,897	103,512	146,555	187,113	230,149	269,274
Services	268,732	302,861	344,958	386,756	411,300	450,807	539,449	603,105	663,273	962,277
Real estate & business services	268,732	302,861	344,958	386,756	411,300	450,807	539,449	603,105	663,273	962,277
Total Gross Domestic Product at market prices	7,222,561	8,152,789	9,100,274	10,444,507	12,107,060	13,971,591	15,965,293	17,941,268	20,948,403	24,781,679

Note: * From September 2007 the National Bureau of Statistics revised the Set of National Account Estimates - rebasing them to 2001 constant prices

Source: National Bureau of Statistics, Per Capita GDP-BoT computation



A1.0 Output and Prices
Table A1.2: Gross Domestic Product (GDP), by Kind of Economic Activity, Percentage Share at Current Prices, Tanzania Mainland, 1999 - 2008

Economic Activity	1999	2000	2001	2002	2003	2004	2005	2006r	2007p	2008p
A: Monetary										
Gross domestic product at market prices	83.7	83.9	83.9	84.2	84.4	83.6	84.1	84.5	84.8	84.1
Agriculture, Hunting and Forestry	18.7	18.2	17.7	17.5	17.4	17.2	16.2	15.3	15.1	14.9
Crops	13.8	13.0	12.7	12.7	12.6	12.5	11.5	10.6	10.7	10.6
Livestock	3.1	3.4	3.4	3.2	3.3	3.2	3.3	3.2	3.0	3.0
Forestry and hunting	1.9	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.3	1.3
Fishing	1.9	1.7	1.6	1.6	1.5	1.4	1.4	1.3	1.3	1.2
Industry and construction	17.3	16.9	17.0	18.7	20.1	19.9	19.7	19.6	19.9	19.8
Mining and quarrying	1.4	1.5	1.8	2.1	2.4	2.6	2.9	3.2	3.5	3.4
Manufacturing	9.1	8.8	8.4	8.3	8.3	8.1	7.9	7.8	7.8	7.8
Electricity, gas	1.9	2.1	2.2	2.0	1.9	1.8	1.7	1.5	1.6	1.7
Water supply	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	4.7	4.3	4.4	6.0	7.3	7.2	6.9	6.8	6.7	6.6
Services	41.2	41.6	41.7	40.5	39.3	38.8	39.1	40.0	40.2	39.9
Trade and repairs	13.1	12.8	13.0	12.4	12.0	11.4	11.0	11.4	11.5	11.6
Hotels and restaurants	2.9	2.8	2.8	2.6	2.4	2.3	2.5	2.6	2.7	2.6
Transport	5.6	5.5	5.4	5.0	4.8	4.6	4.4	4.3	4.2	4.2
Communications	1.2	1.2	1.2	1.2	1.3	1.5	1.7	2.1	2.3	2.5
Financial intermediation	1.6	1.6	1.5	1.7	1.7	1.6	1.7	1.7	1.6	1.6
Real estate and business services	6.3	6.9	6.5	5.9	6.0	5.9	6.1	6.2	6.3	5.7
Public administration	6.4	6.6	7.0	7.2	7.2	7.7	8.0	8.0	7.9	8.2
Education	2.1	2.1	2.1	2.0	1.8	1.7	1.6	1.5	1.4	1.3
Health	1.1	1.2	1.3	1.5	1.4	1.4	1.5	1.5	1.6	1.5
Other social & personal services	1.0	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.6	0.6
Gross value added before adjustments	79.0	78.4	78.1	78.3	78.4	77.3	76.5	76.1	76.4	75.7
less FISIM	-1.2	-1.0	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.1
Gross value added at current basic prices	77.8	77.4	77.2	77.5	77.5	76.5	75.6	75.2	75.4	74.7
Add Taxes on products	5.9	6.5	6.7	6.7	6.9	7.2	8.6	9.3	9.3	9.4
B: Non-Monetary										
Gross domestic product at market prices	16.3	16.1	16.1	15.8	15.6	16.4	15.9	15.5	15.2	15.9
Agriculture, Hunting and Forestry	11.5	11.3	11.3	11.1	11.4	12.3	11.4	11.0	10.8	10.8
Crops	8.8	8.7	8.7	8.7	9.2	9.9	9.0	8.6	8.3	8.3
Livestock	1.7	1.7	1.7	1.6	1.4	1.6	1.6	1.6	1.7	1.7
Forestry & hunting	1.0	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.8	0.8
Fishing	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	1.0	1.0	1.0	0.9	0.8	0.9	1.1	1.2	1.2	1.2
Water supply	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Construction	0.8	0.9	0.8	0.7	0.7	0.7	0.9	1.0	1.1	1.1
Services	3.7	3.7	3.8	3.7	3.4	3.2	3.4	3.4	3.2	3.9
Real estate & business services	3.7	3.7	3.8	3.7	3.4	3.2	3.4	3.4	3.2	3.9
Total Gross Domestic Product at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics



A1.0 Output and Prices
Table A1.3: Gross Domestic Product (GDP) by Kind of Economic Activity, at Constant 2001 Prices, Tanzania Mainland, 1999 - 2008

Economic Activity	Millions of TZS											
	1998	1999	2000	2001	2002	2003	2004	2005	2006*	2007*	2008*	
A: Monetary												
GDP at market prices	6,502,739	6,832,708	7,172,563	7,638,006	8,223,867	8,833,128	9,525,201	10,300,744	11,021,170	11,852,682	12,767,259	
Agriculture and Fishing	1,520,667	1,588,638	1,656,413	1,760,735	1,858,279	1,913,425	1,993,064	2,114,515	2,187,610	2,277,890	2,379,345	
Crops	961,993	1,012,183	1,070,541	1,151,820	1,225,544	1,259,304	1,312,030	1,399,662	1,446,975	1,510,406	1,587,437	
Livestock	288,178	298,484	295,549	307,313	316,043	323,067	334,237	351,232	359,519	371,398	379,387	
Forestry and hunting	135,836	139,049	147,324	151,842	156,806	161,575	165,963	171,937	179,847	185,827	191,750	
Fishing	134,660	138,922	142,999	149,760	159,886	169,479	180,834	191,684	201,269	210,259	220,772	
Industry and construction	1,300,531	1,390,233	1,453,272	1,550,268	1,699,749	1,893,028	2,106,686	2,326,418	2,522,828	2,760,870	2,996,217	
Mining and quarrying	112,578	122,805	140,400	159,979	187,000	219,000	254,000	295,000	341,000	377,559	386,998	
Manufacturing	653,575	693,058	726,358	762,400	819,200	893,000	977,000	1,071,000	1,162,000	1,263,435	1,388,515	
Electricity, gas	168,323	175,038	185,847	196,860	209,000	223,953	240,708	263,218	258,347	286,507	301,978	
Water supply	26,772	27,594	28,654	29,748	30,569	32,062	33,903	35,417	37,950	40,841	43,536	
Construction	339,283	371,738	372,013	401,281	453,980	525,013	601,075	661,783	723,531	792,529	875,190	
Services	3,230,772	3,380,254	3,563,385	3,795,004	4,096,913	4,422,457	4,775,960	5,166,826	5,580,151	6,044,462	6,567,737	
Trade and repairs	1,005,241	1,065,186	1,111,165	1,182,797	1,281,544	1,405,698	1,486,931	1,585,906	1,736,631	1,906,821	2,097,503	
Hotels and restaurants	217,000	230,000	239,528	250,978	267,162	275,836	285,732	301,873	314,921	328,859	343,658	
Transport	428,679	445,166	464,481	487,062	516,000	541,901	588,574	627,951	661,000	703,965	752,539	
Communications	92,158	98,248	103,716	112,783	124,549	144,039	169,158	200,900	239,537	287,684	346,659	
Financial intermediation	121,250	126,100	131,000	140,000	154,108	170,643	184,775	204,694	228,000	251,280	281,120	
Real estate and business services	525,132	544,686	572,296	591,482	639,474	684,602	734,880	796,832	860,219	925,021	990,698	
Public administration	510,027	524,000	580,000	640,649	699,561	766,760	871,169	970,786	1,033,488	1,102,951	1,180,158	
Education	157,368	162,969	169,462	188,733	202,000	207,606	215,910	224,547	235,774	248,742	265,905	
Health	103,837	107,158	112,629	118,972	129,229	140,437	151,370	163,572	177,520	193,142	210,525	
Other social and personal services	70,080	76,741	79,108	81,548	83,286	84,935	87,461	89,765	93,061	95,998	98,974	
Gross value added excluding adjustments	6,051,967	6,359,125	6,673,070	7,106,007	7,654,941	8,228,910	8,875,710	9,607,759	10,290,589	11,083,223	11,943,299	
less FISIM	-74,437	-76,978	-78,049	-80,000	-87,000	-97,154	-106,931	-119,497	-137,287	-158,292	-175,704	
Gross value added at basic prices	5,977,530	6,282,147	6,595,021	7,026,007	7,567,941	8,131,756	8,768,779	9,488,262	10,153,302	10,924,931	11,767,595	
T axes on products	525,209	550,560	577,542	612,000	655,926	701,372	756,422	812,482	867,868	927,751	999,664	
B: Non-Monetary												
GDP at market prices	1,301,188	1,348,963	1,412,775	1,462,268	1,528,311	1,590,607	1,714,533	1,767,345	1,859,993	1,949,239	2,061,086	
Agriculture, forestry, hunting & fishing	925,414	956,694	1,002,430	1,029,118	1,072,250	1,111,424	1,210,467	1,230,544	1,287,138	1,337,492	1,401,663	
Crops	727,475	752,936	777,030	794,125	830,090	863,057	950,694	962,268	1,010,398	1,057,549	1,111,484	
Livestock	122,831	126,762	146,311	152,135	156,457	159,934	168,763	173,877	177,979	179,000	185,322	
Forestry and hunting	71,640	73,431	75,413	78,958	81,539	84,019	86,301	89,407	93,520	95,468	99,109	
Fishing	3,468	3,565	3,676	3,900	4,164	4,414	4,709	4,992	5,241	5,475	5,749	
Industry and construction	77,208	80,268	83,680	88,192	92,275	95,053	97,933	106,843	117,074	128,648	142,024	
Water supply	13,010	13,374	13,709	14,093	14,515	15,066	16,283	16,955	17,633	18,797	19,797	
Construction	64,197	66,894	69,971	74,099	77,760	79,877	82,279	90,560	100,119	111,015	123,227	
Services	298,566	312,001	326,665	344,958	363,786	384,130	406,133	429,958	455,781	483,099	517,399	
Real estate and business services	298,566	312,001	326,665	344,958	363,786	384,130	406,133	429,958	455,781	483,099	517,399	
Total Gross domestic product at market prices	7,803,927	8,181,671	8,585,338	9,100,274	9,752,178	10,423,735	11,239,734	12,068,089	12,881,163	13,801,921	14,828,345	

Note: * From September 2007 the National Bureau of Statistics Revised the Set of National Account Estimates - rebasing them to 2001 constant prices
 Source: National Bureau of Statistics, Per Capita GDP-BoT computation



A1.0 Output and Prices
Table A1.4: Gross Domestic Product (GDP) by Kind of Economic Activity, Percentage Share at Constant 2001 Prices, Tanzania Mainland, 1999 - 2008

Economic Activity	Percent									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 ^a
A: Monetary										
Agriculture and Fishing										
Crops	19.4	19.3	19.3	19.1	18.4	17.7	17.5	17.0	16.5	16.1
Livestock	12.4	12.5	12.7	12.6	12.1	11.7	11.6	11.2	10.9	10.7
Forestry and hunting	3.6	3.4	3.4	3.2	3.1	3.0	2.9	2.8	2.7	2.6
Fishing	1.7	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.3	1.3
Industry and construction	17.0	16.9	17.0	17.4	18.2	18.7	19.3	19.6	20.0	20.2
Mining and quarrying	1.5	1.6	1.8	1.9	2.1	2.3	2.4	2.6	2.7	2.6
Manufacturing	8.5	8.5	8.4	8.4	8.6	8.7	8.9	9.0	9.2	9.4
Electricity, gas	2.1	2.2	2.2	2.1	2.1	2.1	2.2	2.0	2.1	2.0
Water supply	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	4.5	4.3	4.4	4.7	5.0	5.3	5.5	5.6	5.7	5.9
Services	41.3	41.5	41.7	42.0	42.4	42.5	42.8	43.3	43.8	44.3
Trade and repairs	13.0	12.9	13.0	13.1	13.5	13.2	13.1	13.5	13.8	14.1
Hotels and restaurants	2.8	2.8	2.8	2.7	2.6	2.5	2.5	2.4	2.4	2.3
Transport	5.4	5.4	5.4	5.3	5.2	5.2	5.2	5.1	5.1	5.1
Communications	1.2	1.2	1.2	1.3	1.4	1.5	1.7	1.9	2.1	2.3
Financial intermediation	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.8	1.8	1.9
Real estate and business services	6.7	6.7	6.5	6.6	6.6	6.5	6.6	6.7	6.7	6.7
Public administration	6.4	6.8	7.0	7.2	7.4	7.8	8.0	8.0	8.0	8.0
Education	2.0	2.0	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.8
Health	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Other social and personal services	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7
Gross value added excluding adjustments	77.7	77.7	78.1	78.5	78.9	79.0	79.6	79.9	80.3	80.5
less Financial Services Indirectly Measured	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1	-1.2
Gross value added at basic prices	76.8	76.8	77.2	77.6	78.0	78.0	78.6	78.8	79.2	79.4
<i>Taxes on products</i>	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
GDP at market prices	83.5	83.5	83.9	84.3	84.7	84.7	85.4	85.6	85.9	86.1
B: Non-Monetary										
Agriculture, forestry, hunting & fishing										
Crops	11.7	11.7	11.3	11.0	10.7	10.8	10.2	10.0	9.7	9.5
Livestock	9.2	9.1	8.7	8.5	8.3	8.5	8.0	7.8	7.7	7.5
Forestry and hunting	1.5	1.7	1.7	1.6	1.5	1.5	1.4	1.4	1.3	1.2
Fishing	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Industry and construction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water supply	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	1.0
Construction	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Services	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8
Real estate and business services	3.8	3.8	3.8	3.7	3.8	3.6	3.6	3.5	3.5	3.5
GDP at market prices	16.5	16.5	16.1	15.7	15.3	15.3	14.6	14.4	14.1	13.9
C: Total Gross Domestic Product at Constant prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics



A1.0 Output and Prices
Table A1.5: Gross Domestic Product (GDP) by Kind of Economic Activity, Percentage Growth Rates, at Constant 2001 Prices, Tanzania Mainland, 1999 - 2008

Economic Activity	Percent										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*	
A: Monetary											
Gross Domestic Product at market prices											
Agriculture, forestry, hunting & fishing	5.1	5.0	6.5	7.7	7.4	7.8	8.1	7.0	7.5	7.7	
Crops	4.5	4.3	6.3	5.5	3.0	4.2	6.1	3.5	4.1	4.5	
Livestock	3.6	5.8	7.6	6.4	2.8	4.2	6.7	3.4	4.4	5.1	
Forestry and hunting	2.4	-1.0	4.0	2.8	2.2	3.5	5.1	2.4	3.3	2.2	
Fishing	3.2	6.0	3.1	3.3	3.0	2.7	3.6	4.6	3.3	3.2	
Industry and construction	6.9	4.5	6.7	9.6	6.0	6.7	6.0	5.0	6.0	5.0	
Mining and quarrying	9.1	14.3	13.9	16.9	11.4	11.3	10.4	8.4	9.4	8.5	
Manufacturing	6.0	4.8	5.0	7.5	17.1	16.0	16.1	15.6	10.7	2.5	
Electricity, gas	4.0	6.2	5.9	6.2	7.2	9.4	9.6	8.5	8.7	9.9	
Water supply	3.1	3.8	3.8	2.8	4.9	5.7	9.4	-1.9	10.9	5.4	
Construction	9.6	0.1	7.9	13.1	15.6	14.5	10.1	9.3	7.6	6.6	
Services	4.6	5.4	6.5	8.0	7.9	8.0	8.2	8.0	9.5	10.4	
Trade and repairs	6.0	4.3	6.4	8.3	9.7	5.8	6.7	9.5	9.8	10.0	
Hotels and restaurants	6.0	4.1	4.8	6.4	3.2	3.6	5.6	4.3	4.4	4.5	
Transport	3.8	4.3	4.9	5.9	5.0	8.6	6.7	5.3	6.5	6.9	
Communications	6.6	5.6	8.7	10.4	15.6	17.4	18.8	19.2	20.1	20.5	
Financial intermediation	4.0	3.9	6.9	10.1	10.7	8.3	10.8	11.4	10.2	11.9	
Real estate and business services	3.7	5.1	3.4	8.1	7.1	7.3	8.4	8.0	7.5	7.1	
Public administration	2.7	10.7	10.5	9.2	9.6	13.6	11.4	6.5	6.7	7.0	
Education	3.6	4.0	11.4	7.0	2.8	4.0	4.0	5.0	5.5	6.9	
Health	3.2	5.1	5.6	8.6	8.7	7.8	8.1	8.5	8.8	9.0	
Other social and personal services	9.5	3.1	3.1	2.1	2.0	3.0	2.6	3.7	3.2	3.1	
Gross value added before adjustments	5.1	4.9	6.5	7.7	7.5	7.9	8.2	7.1	7.7	7.8	
less <i>FISIM</i>	3.4	1.4	2.5	8.7	11.7	10.1	11.8	14.9	15.3	11.0	
Gross value added at basic prices	5.1	5.0	6.5	7.7	7.5	7.8	8.2	7.0	7.6	7.7	
<i>Taxes on products</i>	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.8	6.9	7.8	
B: Non-Monetary											
Gross Domestic Product at market prices											
Agriculture, forestry, hunting & fishing											
Crops	3.7	4.7	3.5	4.5	4.1	7.8	3.1	5.2	4.8	5.7	
Livestock	3.4	4.8	2.7	4.2	3.7	8.9	1.7	4.6	3.9	4.8	
Forestry & hunting	3.5	3.2	2.2	4.5	4.0	10.2	1.2	5.0	4.7	5.1	
Fishing	3.2	15.4	4.0	2.8	2.2	5.5	3.0	2.4	0.6	3.5	
Industry & construction	2.5	2.7	4.7	3.3	3.0	2.7	3.6	4.6	2.1	3.8	
Water supply	2.8	3.1	6.1	6.8	6.0	6.7	6.0	5.0	4.5	5.0	
Construction	4.0	4.3	5.4	4.6	3.0	3.0	9.1	9.6	9.9	10.4	
Services	2.8	2.5	2.8	3.0	3.8	3.9	4.0	4.1	4.0	6.6	
Real estate & business services	4.2	4.6	5.9	4.9	2.9	2.9	10.1	10.6	10.9	11.0	
C: Total Gross Domestic Product at Contant prices	4.5	4.7	5.6	5.5	5.6	5.7	5.9	6.0	6.0	7.1	
Notes: P = Provisional	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.7	7.1	7.4	

The 1998 - 2006 series have been revised
 Source: National Bureau of Statistics



A1.0 Output and Prices

Table A1.6 : Production of Major Agricultural Crops, Tanzania Mainland, 1999 - 2009

000³ Metric Tons

Crop type	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08 ^p	2008/09 ^p
Food Crops:											
Maize	2,452.0	2,009.0	2,579.0	2,705.0	2,322.0	3,157.0	3,219.0	3,373.0	3,302.1	3,593.7	3,555.8
Rice	506.0	508.0	564.0	640.0	713.0	688.0	759.0	784.0	872.2	896.7	875.1
Wheat	82.0	32.0	89.0	77.0	74.0	67.0	102.0	110.0	82.8	86.4	92.4
Pulses	528.0	674.0	733.0	683.0	850.0	879.0	886.0	1,018.0	1,156.0	1,111.2	1,125.5
Cash Crops:											
Coffee	46.6	47.9	58.1	37.5	52.4	32.5	54.0	34.3	54.8	43.1	62.3
Cotton	39.0	35.0	41.2	49.9	63.4	46.9	114.6	125.6	43.8	67.3	123.6
Tea	21.9	24.8	26.7	24.7	27.6	30.1	30.7	30.3	31.3	34.8	32.0
Cashewnuts	103.3	121.2	98.6	67.3	95.0	79.0	72.0	77.4	92.6	99.1	79.1
Tobacco	38.0	31.8	24.8	28.0	28.0	34.0	47.0	52.0	50.7	50.8	55.4
Sisal	24.0	20.6	20.5	23.5	23.6	23.8	27.0	27.8	30.9	33.3	23.8
Pyrethrum	4.0	0.6	1.5	1.7	1.1	0.8	1.0	2.8	2.1	2.3	3.3

Note: na = Not available
p = Provisional

Source: Ministry of Agriculture, Food Security and Cooperatives & Crop Boards

Table A1.7: Agricultural Production Indices, Tanzania Mainland, 1999-2009

1980/81=100

Crop type	1980/81	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Food Crops:											
Maize	1839.6	109.2	140.2	147.0	126.2	171.6	175.0	183.4	179.5	195.3	186.2
Paddy	349.5	145.4	161.4	183.1	204.0	196.9	217.2	224.3	249.6	256.6	241.4
Wheat	90.5	35.4	98.3	85.1	81.8	74.0	112.7	121.5	91.5	95.4	108.2
Pulses	271.6	248.2	269.9	251.5	313.0	323.6	326.2	374.8	425.6	409.1	399.6
Cash Crops:											
Coffee	54.9	87.2	105.8	68.3	95.5	59.2	98.4	62.5	99.9	78.5	113.6
Cotton	56.7	61.7	72.7	88.1	111.7	82.8	202.2	221.5	77.2	118.6	218.0
Tea	17.6	140.9	152.0	140.3	156.6	171.1	174.4	172.4	178.1	197.6	181.9
Cashewnuts	54	224.4	226.3	124.8	171.1	146.3	133.3	143.4	171.4	183.5	146.4
Tobacco	14.8	214.9	168.9	189.2	189.2	229.7	317.6	351.4	342.3	343.1	374.0
Sisal	82.5	25.0	25.5	29.1	29.1	29.1	32.7	33.7	37.5	40.4	28.8
Pyrethrum	2.7	21.1	54.3	64.3	40.4	31.2	37.0	103.7	75.8	85.2	121.5

Source: Ministry of Agriculture and BOT computation





A1.0 Output and Prices

Table A1.8: Production in Selected Industries, Tanzania Mainland, 1999 - 2008

Commodity	Unit	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 ^p
Biscuits & pasta	tons	611	891	1,215	2,284	5,906	10,214	10,912	10,565	11,273.0	15,435.0
Wheat flour	tons	144,693	162,634	180,098	219,118	334,601	338,076	368,019	421,973	412,823.0	287,925.0
Sugar, refined	000' M/Tons	110	135	184	190	213	202	269	173	285.6	310.1
Konyagi	000' Lts	1,630	2,214	2,287	2,937	3,738	4,105	4,489	4,982	7,614.0	4,049.0
Beer	000' Lts	167,353	183,003	175,649	175,870	194,100	202,628	216,604	274,142	310,194.0	291,178.0
Chibuku	000' Lts	12,392	17,041	18,750	19,400	14,825	10,119	11,106	11,559	10,320.0	10,255.0
Cigarrattes	Mill Pcs	3,371	3,745	3,491	3,778	3,920	4,219	4,445	4,612	5,821.0	6,101.0
Textiles	000'Sq. Mt.	49,757	73,566	84,548	106,305	126,900	127,051	110,520	124,716	127,231.0	155,088.0
Sisal ropes and twines	tons	3,253	3,900	4,796	5,901	6,839	5,161	5,943	5,854	7,295.0	7,783.0
Fishnet & products	tons	24	42	57	30	41	260	274	119	156.0	-
Plywood	Cubic Mt.	1,953	568	450	304	562	578	918	1,032	1,080.0	925.0
Pyrethrum extract	000' tons	17	44	71	36	16	23	164	33	30.0	423.0
Paints	000'Ltrs	12,903	7,085	9,662	13,564	16,842	16,621	16,222	18,402	22,849.0	24,857.0
Cement	000' tons	833	833	900	1,026	1,186	1,281	1,366	1,432	1,629.9	1,755.9
Rolled steel	tons	8,982	11,182	16,340	25,418	38,794	40,029	47,652	53,818	46,016.0	77,365.0
Iron Sheets	tons	23,028	25,046	25,937	35,067	31,018	29,573	25,088	30,293	36,369.0	31,751.0
Aluminium sheets/circles	tons	187	133	137	141	199	171	103	105	110.0	105.0
Dry cells	000 Pcs	46,000	44,000	39,000	42,000	43,000	74,000	81,000	82,000	84,000.0	53,000.0
Battery, auto	Pieces	4,000	14,000	11,000	17,000	27,000	29,000	42,000	50,000	12,000.0	-

p = Provisional

Source: National Bureau of Statistics



A1.0 Output and Prices

Table A1.9: Industrial Production Indices, Tanzania Mainland, 1999 - 2008

1985=100

Commodity	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 ^p
Biscuits & pasta	62	90	123	231	597	1,033	1,103	1,068	1,140	1,561
Wheat flour	372	418	463	563	860	869	946	1,084	1,061	740
Sugar, refined	98	121	145	170	190	181	240	147	255	277
Konyagi	169	230	238	305	389	427	467	518	791	421
Beer	221	242	232	232	256	267	286	363	409	384
Chibuku	113	156	172	177	136	93	102	106	94	94
Cigarattes	126	140	131	142	147	158	167	180	218	229
Textiles	86	127	146	183	219	219	190	216	219	267
Sisal ropes and twines	22	27	33	41	47	36	41	40	50	54
Fishnet & products	25	44	59	31	43	271	285	129	163	0
Plywood	123	36	28	19	35	36	58	65	68	58
Pyrethrum extract	44	113	182	92	41	59	421	85	77	1,085
Paints	946	519	708	994	1,235	1,219	1,189	1,349	1,675	1,822
Cement	222	222	239	273	315	341	363	378	433	467
Rolled steel	79	99	145	225	343	354	422	489	407	685
Iron Sheets	106	116	120	162	143	136	116	140	168	147
Aluminium sheets/circles	8	6	6	6	8	7	4	4	5	4
Dry cells	104	100	88	95	98	168	184	190	190	120
Battery, auto	26	92	72	112	178	191	276	329	79	0

p = Provisional

Source: National Bureau of Statistics & BOT computation



1.0 Output and Prices

Table A1.10 : Mineral Recoveries, Tanzania Mainland, 2000- 2008

Item	Unit	2000	2001	2002	2003	2004	2005	2006	2007	2008 ^P
Diamond	000'Carats	354.4	254.3	239.8	236.4	303.9	219.6	272.2	282.8	235.7
Gold	Kgs	15,060.0	30,088.0	43,320.0	48,018.0	48,175.7	47,269.5	39,749.8	40,193.2	36,433.0
Gemstone	Tons	150.8	96.9	195.8	1,531.5	1,613.8	627.8	2,498.6	1,286.3	1,858.3
Salt	000'Tons	70.0	65.0	71.2	59.0	57.1	51.2	34.8	35.2	25.9
Gypsum	000'Tons	60.0	72.0	73.0	33.2	59.2	23.1	32.6	52.8	55.7
Limestone	000'Tons	1,500.0	2,269.4	2,856.7	1,206.2	1,390.9	2,006.4	1,607.6	1,322.0	1,281.8
Pozzolana	Tons	57,014.0	41,468.0	52,000.0	105,910.8	152,678.6	163,499.3	129,295.3	184,070.4	78,269.0
Coal	000' Tons	79.2	77.8	79.2	54.6	65.0	30.8	17.9	27.2	15.2
Tanzanite	Kilogram							5,504.0	8,187.0	11,770.0
Phosphate	Tonnes	5,100.0	4,000.0	1,182.0	3,738.0	6,570.0	1,975.3	2,880.7	8,261.1	28,684.0
Copper	Pounds	5,832,158.0	9,239,428.3	8,191,035.0	9,348,180.6	8,072,118.0	7,241,639.0	7,222,390.0	6,288,503.0	

Note: P = Provisional

Source: Ministry of Energy and Minerals



Table A1.11: National Consumer Price Index (Revised), 2001 - 2009

Base: 2001 = 100

Period	Non - Food													
	General Index	Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Recreation & entertain.	Transportation	Educa- tion	Misc. goods & services
Weight (%)	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	101.0	101.0	100.9	100.5	100.8	101.1	102.1	101.0	100.6	100.9	100.7	100.5	100.4	100.6
2003	104.5	105.6	102.9	102.0	102.8	107.1	104.7	103.1	101.7	103.8	102.8	101.7	102.6	102.8
2004	108.9	111.8	104.6	101.5	105.1	109.6	109.5	103.3	102.6	104.4	104.9	102.7	103.2	102.3
2005	120.9	129.4	110.1	116.0	92.8	125.5	134.4	96.7	102.4	97.0	94.0	110.2	91.0	93.9
2006	129.6	138.5	118.5	125.0	99.3	132.3	145.8	104.3	104.4	107.8	98.7	120.2	93.3	101.5
2007	138.8	148.2	126.8	138.1	105.2	137.1	154.8	112.5	113.4	110.9	107.4	128.7	102.2	102.3
2008	153.0	167.0	135.4	149.3	106.7	140.4	171.3	119.2	117.0	116.5	113.4	137.5	109.4	104.1
2005 Mar	113.9	118.9	106.9	103.0	106.0	109.0	115.0	102.4	103.5	107.9	103.6	106.2	103.6	102.1
Jun	113.3	118.0	107.0	103.3	104.5	109.0	116.0	101.6	103.1	107.5	103.4	107.2	103.1	100.9
Sep	113.6	118.1	108.1	104.1	104.1	109.3	119.9	102.3	102.7	108.0	103.1	108.2	103.1	100.4
Dec.	113.7	118.5	108.3	104.3	103.8	109.4	120.6	102.5	102.7	108.7	103.4	108.7	102.8	100.4
2006 Mar	127.9	138.6	114.4	119.7	98.1	128.8	138.2	100.8	101.0	107.6	98.0	115.3	90.2	102.0
Jun	131.2	142.5	117.1	121.4	98.3	131.5	145.5	102.9	102.7	106.2	97.5	119.1	91.6	101.0
Sep	127.8	133.3	120.9	127.7	99.7	134.5	151.7	105.9	105.0	107.2	98.3	122.8	94.4	101.6
Dec.	131.7	139.7	121.7	131.1	101.2	134.5	147.9	107.6	108.9	110.3	100.8	123.8	96.9	101.3
2007 Mar	137.0	147.3	124.0	133.6	104.5	136.0	149.1	111.4	111.6	109.9	105.3	125.9	100.6	101.8
Jun	138.7	148.2	126.6	137.6	105.3	136.6	154.7	112.3	114.0	110.6	106.9	127.8	101.4	103.1
Sep	138.5	147.0	127.9	138.0	105.2	137.5	158.3	112.4	114.3	110.9	108.5	129.9	102.8	102.0
Dec.	140.8	150.2	128.9	143.0	105.6	138.3	157.0	113.8	113.8	112.3	108.9	130.9	104.1	102.2
2008 Mar	149.2	163.4	131.2	146.8	105.3	138.9	161.6	116.6	115.1	113.6	110.0	132.9	106.2	103.4
Jun	151.7	165.1	134.9	148.5	106.4	139.5	172.0	118.1	117.1	114.7	111.4	136.5	107.8	103.9
Sep	152.8	164.5	137.9	149.7	106.4	141.6	179.2	120.1	116.8	117.4	114.5	141.0	110.8	104.2
Dec	158.4	175.0	137.6	152.1	108.6	141.6	172.5	122.1	119.1	120.3	117.6	139.6	112.7	104.9
2009-Mar	168.7	193.5	137.3	154.8	109.7	156.4	164.5	124.8	120.7	122.3	121.4	137.7	116.9	106.9
Jun	168.6	192.9	137.9	160.5	114.1	157.5	159.6	126.5	122.9	123.8	122.2	135.1	120.6	108.1

Notes: Base (1) 2001 = 100 up to August 2006, (2) December 2001 = 100 from September 2006

Please note that NBS has adjusted CPI figures from September 2006. Despite the adjustments the previous published figures remains the official measure of inflation in the past (The old and adjusted CPI figures are yet to be harmonized)

Source: National Bureau of Statistics.



A1.0 Output and Prices

Table A1.12: National consumer Price Index, Percentage Change on the Previous Year- (Revised), 2002 - 2009

2001 = 100

Period	General Food Index										Non - Food									
	Weight	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8	9.7	2.6	1.5	
2002	1.0	1.0	0.9	0.9	0.5	0.8	1.1	2.1	0.9	0.6	0.6	0.9	0.9	0.9	0.6	0.6	0.5	0.4	0.6	
2003	3.5	4.5	2.0	2.0	1.5	2.0	5.9	2.5	2.1	1.1	2.9	2.9	2.9	2.9	2.1	2.1	1.2	2.2	2.2	
2004	4.2	5.9	1.6	-0.5	2.3	2.3	2.3	4.6	0.2	0.9	0.5	0.5	0.5	0.5	2.1	2.1	1.0	0.6	-0.5	
2005	4.4	5.9	2.9	2.1	-0.5	-0.4	7.7	7.7	-1.1	0.5	3.5	3.5	3.5	3.5	-1.5	-1.5	4.7	-0.1	-1.4	
2006	7.3	7.0	7.6	7.7	7.7	7.0	5.5	8.5	7.8	2.0	11.2	11.2	11.2	5.0	5.0	9.1	2.5	8.0		
2007	7.0	7.0	7.0	10.5	8.1	5.9	3.6	6.1	7.9	8.6	2.9	2.9	2.9	8.9	8.9	7.0	9.6	0.8		
2008	10.3	12.7	6.7	6.7	8.1	1.5	2.4	10.7	6.0	3.2	5.0	5.0	5.0	5.5	5.5	6.9	7.0	1.8		
2005 Mar	4.1	5.5	2.2	0.9	-3.3	-3.3	2.0	-0.4	-0.4	1.7	1.1	1.1	1.1	-2.4	-2.4	3.7	0.9	-1.3		
June	4.1	5.0	3.2	2.0	-5.2	-5.2	3.0	1.1	-1.9	1.4	5.1	5.1	5.1	0.7	0.7	5.7	1.2	-2.9		
Sep	4.5	6.3	2.8	2.7	3.7	3.7	-0.9	-0.9	-1.1	-0.7	4.2	4.2	4.2	-2.0	-2.0	4.9	-1.2	-0.8		
Dec	4.8	6.9	3.4	2.9	-1.7	-1.7	4.2	10.0	-1.1	-0.5	3.9	3.9	3.9	-2.1	-2.1	4.7	-1.1	-0.4		
2006 Mar	7.7	8.3	6.8	5.6	7.9	7.9	8.5	7.3	4.7	-1.1	16.9	16.9	16.9	4.9	4.9	7.5	0.3	9.4		
June	9.2	10.0	7.9	6.0	7.4	7.4	7.7	9.5	6.8	0.3	13.6	13.6	13.6	5.5	5.5	10.0	2.1	7.7		
Sep	5.9	3.5	9.4	9.8	6.9	6.9	3.9	12.0	10.1	2.6	10.5	10.5	10.5	7.0	7.0	11.2	5.0	8.6		
Dec.	6.3	6.2	6.5	9.2	5.9	5.9	2.3	5.4	9.8	6.0	4.8	4.8	4.8	2.8	2.8	7.8	2.5	6.6		
2007 Mar	7.2	6.3	8.4	11.7	6.5	6.5	5.6	7.9	10.6	10.5	2.1	2.1	2.1	7.4	7.4	9.2	11.6	-0.2		
June	5.7	4.1	8.1	13.3	7.2	7.2	3.9	6.3	9.2	11.0	4.2	4.2	4.2	9.6	9.6	7.4	10.7	2.1		
Sep	8.4	10.3	5.8	8.1	5.5	5.5	2.2	4.3	6.2	8.9	3.4	3.4	3.4	10.4	10.4	5.8	8.9	0.4		
Dec.	6.9	7.5	5.9	9.1	4.3	4.3	2.8	6.2	5.8	4.5	1.9	1.9	1.9	8.1	8.1	5.7	7.5	0.9		
2008 Mar	8.9	10.9	5.8	9.9	0.8	0.8	2.1	8.4	4.6	3.1	3.4	3.4	3.4	4.4	4.4	5.5	5.6	1.6		
June	9.4	11.4	6.6	7.9	1.1	1.1	2.1	11.2	5.2	2.7	3.7	3.7	3.7	4.1	4.1	6.8	6.3	0.7		
Sep	10.3	11.9	7.8	8.5	1.1	1.1	3.0	13.2	6.8	2.2	5.9	5.9	5.9	5.5	5.5	8.5	7.8	2.2		
Dec	12.5	16.5	6.7	6.4	2.8	2.8	2.4	9.9	7.2	4.7	7.1	7.1	7.1	8.0	8.0	6.6	8.3	2.6		
2009 Mar	13.1	18.4	4.6	5.5	4.1	4.1	12.6	1.8	7.0	4.9	7.7	7.7	7.7	10.4	10.4	3.6	10.1	3.4		
Jun	11.2	16.8	2.2	8.1	7.2	7.2	12.9	-7.2	7.0	5.0	7.9	7.9	7.9	9.7	9.7	-1.0	11.9	4.0		

Source: National Bureau of Statistics.



A1.0 Output and Prices

Table A1.13: Dar es Salaam Cost of Living Index - Middle Income Group*, 2001 - 2008

Base: 2001 = 100

Period	Non - Food										Miscel. goods & services			
	General Index	Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health		Transportation	Recreation & entertain.	Educ ation
Weight	100.0	57.0	43.0	7.9	7.5	1.2	6.9	1.3	2.0	2.1	10.7	1.0	1.7	0.6
2001	102.1	100.9	103.8	105.1	103.9	100.0	105.2	100.6	101.3	103.1	103.5	104.5	100.7	105.4
2002	103.5	103.5	103.5	101.5	104.1	103.3	103.3	103.9	103.7	103.5	104.6	101.6	103.3	109.9
2003	105.9	105.7	106.1	106.6	108.2	108.5	109.0	101.7	105.6	104.1	103.3	101.8	102.5	123.0
2004	114.6	116.3	112.4	110.5	106.8	111.9	139.2	103.7	109.1	102.3	106.0	104.6	102.8	119.5
2005	123.7	127.8	118.3	107.2	105.0	119.3	162.9	110.7	105.8	106.6	114.3	114.0	108.0	122.9
2006	135.0	135.6	134.3	122.7	111.0	132.8	196.6	133.1	109.9	115.7	133.6	114.3	117.1	115.4
2007	150.2	149.0	151.9	142.6	129.3	146.1	219.8	147.4	120.1	116.9	150.9	117.8	152.3	106.0
2008	173.6	173.6	173.8	164.5	121.0	197.9	275.0	169.6	148.7	131.0	172.1	128.3	173.9	105.7
2005-Mar	119.7	123.3	114.9	104.1	104.3	111.9	152.3	107.8	103.4	105.5	113.1	109.4	105.6	120.6
Jun	121.3	124.3	117.3	106.0	104.9	111.9	162.9	109.9	105.0	106.4	113.2	110.5	107.5	121.0
Sep	126.0	130.5	120.0	109.1	105.4	126.7	165.7	112.1	107.2	107.9	115.7	119.2	109.1	122.7
Dec	127.9	133.2	120.8	109.6	105.4	126.5	170.6	112.9	107.7	106.6	115.2	116.7	110.1	127.3
2006-Mar	131.5	134.5	127.6	114.1	109.1	129.9	178.7	126.9	108.4	110.9	127.6	118.7	115.3	123.8
Jun	135.1	136.7	133.1	119.2	110.8	132.8	195.1	131.2	109.0	115.2	132.7	114.2	117.4	119.3
Sep	135.6	134.3	137.2	126.8	110.2	134.3	204.8	135.3	110.5	118.0	137.0	113.4	116.7	108.5
Dec	137.9	136.8	139.4	130.9	113.8	134.3	207.6	139.2	111.6	118.6	137.2	110.9	119.1	109.8
2007-Mar	143.2	142.5	144.2	133.3	118.8	146.1	215.8	144.2	113.6	117.4	140.0	114.4	143.4	106.3
Jun	148.7	148.7	148.7	142.8	128.9	146.1	215.1	148.8	112.6	117.8	142.0	118.1	151.7	106.3
Sep	152.3	149.4	156.0	144.2	134.0	146.1	227.2	148.6	120.2	114.7	157.4	119.3	157.8	106.1
Dec	156.8	155.3	158.8	150.1	135.4	146.1	221.2	148.1	133.8	117.9	164.0	119.5	156.4	105.3
2008-Mar	166.5	166.4	167.6	160.5	122.7	195.1	259.4	163.5	130.5	125.9	165.7	124.2	168.4	103.9
Jun	171.4	173.8	168.1	160.8	119.1	195.1	266.9	167.7	140.7	128.2	162.1	129.0	165.4	104.0
Sep	175.7	174.0	177.9	165.5	120.3	197.9	286.6	172.0	157.8	132.2	176.7	129.5	182.7	106.9
Dec	180.8	180.1	181.8	171.2	121.7	203.5	287.1	175.0	165.8	137.5	183.9	130.6	179.2	107.8

* People with monthly incomes TZS 17,500/= up to 40,000/=

Source: National Bureau of Statistics.



A1.0 Output and Prices

Table A1.14: Dar es Salaam Retail Price Index - Wage earners*, 2001 - 2008

Base: 2001 = 100

Period	General Index	Non - Food												
		Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Transportation	Recreation & entertain.	Education	Miscel. goods & services
Weights	100.0	67.52	32.5	2.5	4.1	0.8	10.4	0.6	1.8	1.3	8.6	0.8	1.2	0.3
2001	103.1	103.6	102.1	100.8	103.7	100.0	103.1	105.4	101.6	101.4	100.3	102.5	103.5	102.5
2002	103.8	104.0	103.5	103.0	103.5	111.9	104.2	103.3	104.7	107.4	100.3	105.7	108.8	102.6
2003	109.8	109.6	110.1	114.0	111.5	111.9	118.5	102.6	102.5	109.3	100.4	109.3	109.1	105.8
2004	116.8	117.1	116.1	123.2	111.9	111.9	133.2	113.0	102.2	118.5	100.9	103.7	111.2	103.4
2005	126.5	125.7	128.0	120.0	108.7	113.6	162.3	115.7	110.0	113.6	109.8	110.4	115.0	121.1
2006	141.1	138.6	146.2	141.8	108.0	132.8	193.7	115.4	109.6	118.8	134.0	113.6	93.8	139.3
2007	154.0	151.2	159.8	159.5	124.6	146.1	209.1	131.7	119.1	115.0	148.5	114.9	104.0	128.4
2008	180.9	174.6	194.0	175.0	139.3	199.3	269.8	160.5	138.4	134.1	179.3	110.9	99.3	137.3
2005-Mar	123.3	124.1	121.8	120.3	107.5	113.6	149.0	119.2	109.3	110.2	103.4	108.2	118.0	112.8
Jun	124.7	123.2	127.9	119.7	109.6	113.6	163.4	115.3	109.4	111.0	108.4	110.0	116.7	114.5
Sep	126.8	125.7	129.0	119.9	108.9	113.6	165.9	114.5	110.2	113.8	110.4	111.7	105.3	119.9
Dec	131.0	129.9	133.3	119.9	108.8	113.6	170.9	113.7	111.3	119.2	116.8	111.6	120.1	137.3
2006-Mar	137.0	135.2	140.7	130.2	107.7	129.9	179.6	114.4	108.4	119.8	133.0	117.6	98.0	149.7
Jun	141.7	139.7	146.0	137.6	106.1	132.8	195.0	114.6	108.9	119.9	133.8	114.1	89.9	148.4
Sep	140.9	137.4	148.3	148.6	106.8	134.3	199.1	116.3	110.0	117.8	134.5	112.9	91.2	129.0
Dec	144.6	142.0	149.9	150.9	111.4	134.3	201.1	116.3	111.0	117.8	134.7	109.7	96.1	130.1
2007-Mar	150.8	150.0	152.6	156.6	117.0	146.1	203.0	122.7	112.9	117.7	135.6	110.3	99.7	125.9
Jun	151.1	150.1	153.1	158.4	124.0	146.1	199.8	133.6	112.6	117.0	135.7	115.7	105.2	128.8
Sep	153.6	148.3	164.7	159.3	124.2	146.1	217.1	133.5	123.7	110.6	156.2	118.1	107.3	130.4
Dec	160.5	156.5	168.9	163.8	133.2	146.1	216.5	137.0	127.4	114.7	166.4	115.4	103.6	128.6
2008-Mar	170.7	167.2	178.1	169.6	145.2	195.1	234.7	160.7	122.2	126.2	166.5	102.9	98.8	132.1
Jun	177.1	172.8	185.9	171.4	149.6	195.1	252.9	172.2	134.1	132.2	166.4	107.8	98.0	142.1
Sep	182.2	173.1	201.3	178.0	136.2	203.5	283.5	163.4	146.7	136.1	187.4	112.1	102.2	141.3
Dec	191.4	185.4	203.6	181.0	134.4	203.5	280.4	168.2	150.6	141.7	197.0	120.1	101.8	142.5

* People with Monthly incomes up to TZS 17,500/=.

Source: National Bureau of Statistics.



Table A2.1: Analysis of Central Government Finance (Actual), 2000-2009

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Total Revenue	929,624.0	1,042,955.1	1,217,517.0	1,459,302.0	1,773,709.4	2,124,843.7	2,739,022.4	3,653,605.2	4,293,074.3
Tax Revenue	827,788.4	939,266.8	1,116,555.5	1,340,139.0	1,615,247.0	1,946,432.6	2,529,439.4	3,358,381.8	4,043,673.0
Taxes on Imports	363,540.6	402,159.1	458,285.6	572,806.2	679,992.4	819,800.5	1,018,569.5	1,278,882.5	1,475,496.4
Sales/VAT and Excise on Local Goods	188,838.6	216,066.8	259,747.2	325,609.6	402,136.1	478,395.4	575,968.3	730,048.5	876,987.0
Refunds	4,195.4	32,552.4	36,105.8	-48,245.5	-64,376.4	-69,961.0	-106,712.5	659,646.9	
Income Taxes	194,012.9	220,630.8	276,049.7	366,680.5	465,243.8	581,243.8	716,320.5	974,312.1	1,228,645.8
Other taxes	81,396.3	100,410.1	111,663.5	123,288.2	132,040.2	136,954.0	118,581.1	385,727.7	462,543.8
Non-tax Revenue	101,835.6	103,688.3	111,771.1	119,163.0	158,462.4	178,411.1	209,583.0	295,223.4	249,401.3
Total Expenditure 1/	1,305,035.3	1,466,136.9	1,896,854.1	2,550,308.2	3,164,215.5	3,873,254.8	4,474,680.9	5,327,779.3	6,734,078.0
Recurrent expenditure	1,018,782.1	1,121,526.0	1,423,665.5	1,872,382.4	2,093,054.9	2,661,862.5	3,137,469.5	3,398,023.9	4,681,459.3
Roadtoll fund	45,285.9	54,110.9	62,874.3	72,534.4	435,780.1	0.0	0.0	0.0	
Retention fund	25,711.3	25,142.8	47,949.7	50,895.2	104,290.4	61,260.2	84,819.9	58,014.9	44,658.9
Wages and salaries	308,051.5	341,981.4	397,770.1	462,963.5	189,709.0	656,788.5	976,094.3	1,134,709.3	1,608,591.1
Interest payments	128,149.7	121,081.7	99,780.0	99,465.0	95,055.1	218,861.3	215,562.9	264,833.1	242,668.9
Domestic 2/	77,788.4	64,605.2	57,009.3	55,085.6	973,808.7	163,694.8	185,050.4	237,372.6	207,744.5
Foreign	50,361.3	56,476.1	42,770.7	44,379.4	68,511.7	55,166.5	30,512.4	27,460.6	34,924.4
Other goods, services and transfers	582,580.9	658,462.0	926,115.4	1,309,953.9	502,573.3	1,786,212.7	1,945,812.3	1,998,481.5	2,830,199.3
Dev. Expenditure and net lending	286,253.2	344,610.9	473,188.6	677,925.8	1,071,160.6	1,211,392.2	1,337,211.4	1,929,757.4	2,052,618.7
Local	35,069.1	50,235.9	95,661.7	133,041.3	239,651.1	296,100.0	503,291.2	567,421.0	906,023.2
Foreign	251,184.1	294,375.0	377,526.9	544,884.5	831,509.5	915,292.2	833,920.2	1,362,336.3	1,146,595.5
Overall Balance (cheque issued) before Grants	-375,411.3	-423,181.8	-679,337.0	-1,091,006.2	-1,390,506.2	-1,748,411.0	-1,735,658.5	-1,699,784.0	-2,441,003.7
Grants	286,306.0	379,849.4	622,302.1	655,378.8	724,396.5	1,000,160.2	952,225.5	1,144,811.6	1,166,371.2
Program (CIS/OGL)	114,018.9	183,000.2	293,927.7	278,500.1	364,280.3	331,024.6	479,883.3	606,883.3	603,501.1
Project	123,629.8	140,192.0	255,516.2	235,042.1	131,735.2	416,771.0	241,826.6	305,916.7	289,025.5
Basket funds	0.0	0.0	0.0	65,085.7	156,071.6	175,975.3	111,559.8	122,576.9	194,114.8
HIPC Relief	48,657.3	56,657.2	72,858.2	76,750.9	72,309.4	76,389.3	119,001.7	109,434.7	67,997.2
Overall defc.(cheq.issued) after Grants	-89,105.3	-43,332.4	-57,035.0	-435,627.3	-666,109.6	-748,250.9	-783,433.0	-554,972.4	-1,274,632.5
Expenditure float			-79,389.1	-89,548.2	140,141.5	69,713.1	-131,315.2	-298,883.5	-216,706.2
Adjustments to cash and other items (net)	-25,447.4	3,203.8	921.5	190,125.3	-59,596.2	-245,875	-41,048.7	31,281.0	
Overall Balance (cheques issued)	-114,552.7	-40,128.6	-135,502.6	-335,050.3	-727,075.2	-924,412.5	-955,797.0	-902,809.2	-1,215,042.2
Financing:	114,552.7	38,575.0	135,502.6	335,050.3	727,075.2	924,412.5	955,797.0	902,809.2	1,215,042.2
Foreign Financing (net)	90,354.2	121,842.5	172,016.5	374,393.0	582,130.1	561,219.0	717,789.3	1,250,859.3	956,367.4
Loans	172,880.4	187,355.5	273,341.8	457,025.1	689,219.7	668,934.5	700,148.9	1,119,944.7	820,717.6
Program loans	45,326.1	33,171.2	151,331.0	214,170.4	65,395.6	257,677.1	266,946.0	362,415.4	331,922.5
Development Project loans	127,554.3	154,184.3	122,010.8	242,854.7	467,079.3	328,955.7	433,202.9	757,529.3	488,795.1
Basket Support				1,901.9	156,744.7	82,301.8	47,330.9	176,313.5	162,927.5
Amortization	-82,526.2	-65,514.0	-101,325.3	-84,534.0	-107,089.6	-107,715.5	-29,690.5	-45,398.9	-27,277.7
Domestic (net)	-2,494.4	-24,159.0	-36,513.9	-39,342.8	144,945.2	363,193.5	238,007.7	-348,050.2	258,674.8
Domestic Financing			-36,263.0	-44,262.7	97,313.2	348,885.7	238,007.7	-348,050.2	213,674.8
Bank borrowing	-18,654.8	-59,180.9	-5,557.9	-83,681.2	47,632.0	129,644.6	25,532.6	-320,341.2	212,566.8
Non-Bank (net of amortization)	16,160.4	36,574.3	-30,705.1	39,418.4	0.0	219,241.1	220,029.0	-13,060.8	1,108.0
Amortization of contingent debt	-256,372.9	-1,552.0	-250.9	-4,846.8	0.0	-19,001.4	0.0	-14,648.1	
Privatization Proceeds	26,692.9	0.0	0.0	9,766.8	0.0	33,309.2	0.0	-14,648.2	

Notes: /1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures

/2 Domestic Interest payments and amortization include Cash and Non cash

Source: Ministry of Finance, Bank of Tanzania and National Bureau of Statistics.

Table A2.3 : Central Government Outstanding Stocks, Bonds and Notes by Holders, 1999-2009

End of period	Bank of Tanzania		Deposit Money banks		Other banks		Other Financial Institutions		Official Entities	Private Sector	Others	Total
	Tanzania	Money banks	Money banks	Other banks	Other Financial Institutions	Institutions						
1999	293,118.4	258,731.0	16,006.6	74,784.2	14,475.2	3,573.8	0.0	660,689.2				
2000	296,941.6	289,862.0	14,336.4	67,073.0	35,150.1	3,062.9	0.0	706,426.0				
2001	296,941.7	180,539.4	14,892.9	118,228.1	1,406.4	1,844.7	0.0	613,853.2				
2002	207,454.4	179,741.5	14,068.9	153,870.2	1,490.6	347.3	0.0	556,972.9				
2003	199,455.8	187,368.2	14,795.3	218,956.0	1,640.4	674.4	29,095.8	651,985.9				
2004	199,231.0	200,701.6	13,890.3	269,604.3	1,490.4	839.6	500.0	686,257.2				
2005	297,335.2	271,334.3	19,769.3	326,364.2	76,899.3	1,467.6	0.0	993,169.9				
2006	367,050.1	348,785.9	19,449.3	434,214.3	70,284.0	5,956.0	0.0	1,245,739.6				
2007	361,220.1	400,708.2	35,596.5	492,535.7	27,235.3	9,403.5	0.0	1,326,699.3				
2008	659,901.6	392,083.9	47,058.6	468,928.6	23,386.6	11,204.0	0.0	1,602,563.3				
2007-Mar	367,050.1	374,529.1	19,787.3	456,275.4	70,284.0	6,563.0	0.0	1,294,488.9				
Jun	367,050.1	361,411.2	19,919.8	479,444.1	68,192.4	6,801.7	0.0	1,302,819.3				
Sep	364,870.1	384,392.8	27,289.5	469,162.2	27,235.2	7,845.9	0.0	1,280,795.7				
Dec	361,220.1	400,708.2	35,596.5	492,535.7	27,235.3	9,403.5	0.0	1,326,699.3				
2008-Mar	651,945.3	418,400.5	35,449.7	478,927.2	23,635.2	9,687.6	0.0	1,618,045.5				
Jun	662,138.8	416,707.9	41,551.4	489,479.5	23,633.6	10,334.7	0.0	1,643,845.9				
Sep	659,901.6	391,083.9	42,216.6	499,633.5	23,589.8	10,975.0	0.0	1,627,400.4				
Dec	659,901.6	392,083.9	47,058.6	468,928.6	23,386.6	11,204.0	0.0	1,602,563.3				
2009-Mar	620,081.6	412,230.4	48,494.4	505,697.2	28,373.5	12,382.2	0.0	1,627,259.3				
Jun	897,003.6	412,077.2	51,091.4	568,132.0	28,269.5	12,703.4	0.0	1,969,277.1				

Notes: * 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

Source: Bank of Tanzania





A3.0 Money and Banking

Table A3.1: Depository Corporations Survey (Revised), 2004 - 2009

End of Period	Millions of TZS																								
	Domestic assets (net)					M3,			M2,			M1,			Memorandum item:										
	Foreign assets (net)		Domestic credit (net)			Claims on government (net)		Claims on private sector* (net)		Other items (net)		sum(2-5) or sum(9-12)		M2,		M1,		Extended Broad Money		Broad Money		Base Money			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
2004	2,498,824.7	-272,123.6	1,312,725.0	1,312,725.0	-385,644.9	3,153,781.1	2,211,041.4	1,359,019.2	694,543.7	664,475.5	852,022.3	942,739.7	999,985.7	305,442.0											
2005	2,665,071.1	192,072.1	1,654,274.7	1,654,274.7	-260,693.0	4,250,725.0	2,960,415.6	1,791,337.1	889,989.1	901,348.0	1,169,078.5	1,290,309.4	1,284,685.4	394,696.3											
2006	3,617,378.9	-282,628.7	2,310,136.2	2,310,136.2	-480,430.7	5,164,455.6	3,454,491.0	2,006,767.4	1,033,988.8	972,778.6	1,447,723.6	1,709,964.6	1,504,124.5	470,135.7											
2007	3,641,902.0	-319,844.4	3,151,210.9	3,151,210.9	-249,679.9	6,223,588.6	4,394,622.7	2,590,523.1	1,162,514.2	1,428,008.9	1,804,099.5	1,828,966.0	1,879,047.6	716,533.4											
2008	4,086,757.4	-334,967.2	4,556,167.7	4,556,167.7	-849,178.9	7,458,779.1	5,468,460.8	3,158,306.3	1,438,644.8	1,719,661.5	2,310,154.5	1,990,318.3	2,276,437.1	837,792.3											
2007-Mar	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9	3,411,360.9											
Jun	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3	3,465,174.3											
Sep	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8	3,958,516.8											
Dec	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0	3,641,902.0											
2008-Mar	4,052,396.1	-141,509.1	3,403,035.9	3,403,035.9	-639,008.6	6,674,914.3	4,705,843.0	2,726,258.7	1,140,880.3	1,585,378.4	1,979,584.2	1,969,071.3	1,943,950.4	803,070.1											
Jun	3,628,827.2	-151,058.2	3,535,839.0	3,535,839.0	-401,461.5	6,612,146.5	4,830,591.4	2,829,905.8	1,269,499.0	1,560,406.8	2,000,685.5	1,781,555.1	2,079,536.9	810,037.9											
Sep	3,559,616.1	-26,052.8	3,809,307.4	3,809,307.4	-249,901.2	7,092,969.5	5,267,169.7	3,076,284.4	1,449,865.0	1,626,419.5	2,190,885.2	1,825,799.9	2,363,560.5	913,695.5											
Dec	4,086,757.4	-334,967.2	4,556,167.7	4,556,167.7	-849,178.9	7,458,779.1	5,468,460.8	3,158,306.3	1,438,644.8	1,719,661.5	2,310,154.5	1,990,318.3	2,276,437.1	837,792.3											
2009-Mar	4,145,258.4	-369,938.0	4,626,199.5	4,626,199.5	-768,008.6	7,633,511.3	5,573,538.5	3,098,195.2	1,366,552.4	1,731,642.8	2,475,343.3	2,059,972.9	2,478,542.7	1,111,990.3											
Jun	4,196,786.8	61,508.6	4,710,228.2	4,710,228.2	-1,102,495.5	7,866,028.1	5,772,391.8	3,149,051.0	1,424,057.5	1,724,993.5	2,623,340.8	2,093,636.3	2,678,959.4	1,254,901.9											
2009-Jan	3,998,089.4	-229,413.2	4,544,326.1	4,544,326.1	-877,271.9	7,435,730.5	5,465,706.5	3,196,145.8	1,407,957.0	1,788,188.8	2,269,560.6	1,970,024.0	2,489,458.4	1,081,501.4											
Feb	4,116,481.1	-218,788.7	4,586,902.1	4,586,902.1	-931,585.5	7,553,009.0	5,531,180.2	3,148,433.8	1,384,294.4	1,764,139.5	2,382,746.4	2,021,828.8	2,451,441.5	1,067,147.2											
Mar	4,145,258.4	-369,938.0	4,626,199.5	4,626,199.5	-768,008.6	7,633,511.3	5,573,538.5	3,098,195.2	1,366,552.4	1,731,642.8	2,475,343.3	2,059,972.9	2,478,542.7	1,111,990.3											
Apr	4,197,830.7	-352,970.6	4,634,937.1	4,634,937.1	-852,394.2	7,627,403.0	5,552,014.9	3,063,612.4	1,349,582.0	1,714,030.3	2,488,402.5	2,075,388.1	2,558,642.3	1,209,060.2											
May	4,140,830.6	-265,979.1	4,684,949.2	4,684,949.2	-948,883.1	7,610,917.6	5,594,539.9	3,079,655.6	1,366,255.2	1,713,400.4	2,514,884.4	2,016,377.6	2,550,160.0	1,183,904.8											
Jun	4,196,786.8	61,508.6	4,710,228.2	4,710,228.2	-1,102,495.5	7,866,028.1	5,772,391.8	3,149,051.0	1,424,057.5	1,724,993.5	2,623,340.8	2,093,636.3	2,678,959.4	1,254,901.9											

Notes: * Formerly known as "Claims on other domestic sectors"

- Other deposits include saving and time deposits in national currency

** ODC = Other Depository Corporations or initially called Commercial Banks

- Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

Source: Bank of Tanzania



Table A3.2: Bank of Tanzania - Assets (revised), 1999 - 2009

End of period	Foreign assets				Claims on government				Items in process of collection**				Total
	Foreign exchange	Gold reserve	SDRs	Quota in IMF	Advances	Treasury bills*	Other securities	Total	Lending to banks	Revaluation account	Premises and equipment	Other assets	
1999	582,315.0	25,002.0	104.0	217,803.0	0.0	0.0	302,788.0	302,788.0	4,160.0	36,326.0	22,492.0	31,483.0	1,285,780.0
2000	746,522.8	25,352.6	314.4	208,448.0	0.0	0.0	296,673.3	296,673.3	0.0	59,864.0	27,967.0	53,705.2	1,443,819.3
2001	1,018,903.2	29,013.3	345.2	228,839.3	0.0	0.0	296,673.3	296,673.3	0.0	-15,580.6	37,164.0	61,807.1	1,698,665.1
2002	1,452,491.1	26,926.4	101.6	263,040.6	0.0	0.0	201,457.1	201,457.1	0.0	0.0	82,527.5	110,355.0	2,178,444.8
2003	2,151,412.7	0.0	525.0	307,705.3	0.0	0.0	202,202.4	202,202.4	0.0	0.0	124,562.6	122,364.7	2,921,192.4
2004	2,378,542.2	0.0	73.5	321,091.3	0.0	0.0	199,211.2	199,211.2	0.0	0.0	213,442.4	210,070.7	3,328,362.4
2005	2,523,457.4	0.0	821.8	331,293.9	0.0	0.0	234,679.1	234,679.1	0.5	0.0	390,796.4	283,421.4	3,766,190.0
2006	2,666,180.5	0.0	28.3	377,203.3	0.0	0.0	453,175.5	453,175.5	0.0	0.0	583,686.8	2,112.2	4,481,552.8
2007	3,101,139.7	0.0	124.8	355,430.6	0.0	0.0	448,004.5	448,004.5	0.0	0.0	752,205.2	0.0	5,151,115.3
2008	3,654,372.4	0.0	39.2	400,544.2	0.0	0.0	650,864.5	650,864.5	57,441.1	-397,005.0	860,112.9	588,410.8	5,823,680.5
2007- Mar	2,497,961.5	0.0	175.2	373,809.4	0.0	0.0	453,650.3	453,650.3	0.0	0.0	609,982.4	423,335.1	4,359,641.3
Jun	2,711,755.8	0.0	277.3	382,017.8	0.0	0.0	450,856.9	450,856.9	0.0	0.0	664,160.9	430,654.0	4,639,722.7
Sep	3,409,729.3	0.0	210.5	380,225.7	0.0	0.0	450,624.8	450,624.8	0.0	0.0	754,244.4	479,273.8	5,474,308.6
Dec	3,101,139.7	0.0	124.8	355,430.6	0.0	0.0	448,004.5	448,004.5	0.0	0.0	752,205.2	0.0	5,151,115.3
2008- Mar	3,385,859.7	0.0	246.2	402,323.7	0.0	0.0	602,725.7	602,725.7	23,149.9	-334,958.4	815,890.0	751,826.6	5,714,765.6
Jun	3,132,134.4	0.0	174.5	381,949.4	0.0	0.0	600,588.3	600,588.3	22,310.1	-334,739.5	857,510.0	779,470.0	5,439,744.2
Sep	3,153,933.1	0.0	536.7	365,705.0	0.0	0.0	604,715.5	604,715.5	57,162.1	-333,172.1	861,025.6	725,809.8	5,438,609.7
Dec	3,654,372.4	0.0	39.2	400,544.2	0.0	0.0	650,864.5	650,864.5	57,441.1	-397,005.0	860,112.9	588,410.8	5,823,680.5
2009- Mar	3,510,752.9	0.0	86.6	411,002.8	0.0	0.0	638,630.9	638,630.9	57,441.1	-301,500.2	863,329.4	717,612.7	5,993,610.4
Jun	3,777,783.2	0.0	148.7	400,674.0	0.0	0.0	908,549.4	908,549.4	61,841.1	-302,361.6	877,493.0	586,448.8	6,323,485.7
2009- January	3,509,635.4	0.0	245.5	402,640.3	0.0	0.0	648,674.6	648,674.6	57,441.1	-397,008.3	861,450.3	574,454.0	5,662,065.9
February	3,512,182.7	0.0	85.9	407,478.1	0.0	0.0	648,320.4	648,320.4	57,441.1	-397,013.4	861,988.1	571,746.0	5,669,170.9
March	3,510,752.9	0.0	86.6	411,002.8	0.0	0.0	638,630.9	638,630.9	57,441.1	-301,500.2	863,329.4	717,612.7	5,993,610.4
April	3,597,274.3	0.0	170.1	413,084.1	0.0	0.0	623,663.4	623,663.4	57,441.1	-301,499.7	865,828.2	50.1	7,155,334.0
May	3,492,912.8	0.0	82.1	400,113.9	0.0	0.0	620,513.1	620,513.1	57,441.1	-301,499.1	869,267.8	820.0	5,893,876.6
June	3,777,783.2	0.0	148.7	400,674.0	0.0	0.0	908,549.4	908,549.4	61,841.1	-302,361.6	877,493.0	586,448.8	6,323,485.7

* Bills valued at purchase price. From July, 1983 total claims on Government differ from the totals given in the statements of assets and liabilities since government securities are in nominal value instead of book value. ** reported on gross level from July 2001

Figures has been revised from 2006

Source: Bank of Tanzania



A3.0: Money and Banking

Table A3.3 : Bank of Tanzania - Liabilities (revised), 1999 - 2009

End of period	Currency in circulation	Central government deposits	Bank's deposits	Other deposits	Foreign liabilities	International Monetary fund	Allocation of SDRs	Items in process of collection*	Other liabilities	Capital and reserves	Total**
1999	427,447.0	84,012.0	81,227.0	24,516.0	285,985.0	180,886.0	34,354.0		115,804.0	51,549.0	964,449.0
2000	443,050.9	149,731.9	113,380.0	-9,014.6	346,741.9	200,507.0	32,878.0		102,874.3	63,669.9	1,285,780.0
2001	456,205.6	173,799.6	128,163.5	4,231.4	372,840.3	212,712.4	36,094.3	29,928.9	242,819.4	41,869.7	1,443,819.3
2002	546,615.4	210,474.8	149,085.8	11,709.5	470,501.0	231,438.7	41,488.7	4,438.5	472,823.7	39,868.6	1,698,665.0
2003	606,592.5	369,648.4	176,716.5	18,224.1	663,947.8	271,954.6	48,533.6	2,873.6	697,860.6	64,840.7	2,178,444.8
2004	727,785.3	389,817.9	239,990.7	43,526.0	679,473.3	305,135.9	50,644.9	456.5	796,985.7	94,546.1	2,921,192.4
2005	932,815.3	441,554.8	303,265.3	60,807.7	760,488.1	315,928.9	52,254.2	-1,198.8	750,751.3	149,523.3	3,328,362.4
2006	1,102,282.5	1,181,216.6	341,247.4	69,341.0	334,682.8	354,656.8	59,495.3	319.1	733,563.7	304,747.6	3,766,190.0
2007	1,354,603.8	2,254,482.3	528,816.9	3,791.9	9,090.2	388,399.7	-34,337.0	0.0	658,871.1	97,864.8	5,261,583.7
2008	1,710,160.6	2,124,750.6	570,649.5	7,378.2	8,639.6	390,992.2	-14,075.2	0.0	1,022,435.7	2,749.3	4,481,552.8
2007 - Mar	1,147,803.2	1,708,579.1	394,774.8	6,608.5	13,983.4	375,710.9	4,620.2		440,931.6	317,808.2	4,410,819.8
Jun	1,244,287.4	1,736,201.1	422,097.6	19,947.4	5,342.4	389,746.4	53.3		324,487.9	4,687,657.1	4,359,641.3
Sep	1,290,432.0	2,466,878.5	374,271.9	3,950.6	9,882.8	389,795.9	-20,785.7		97,873.5	5,682,393.6	4,639,722.7
Dec	1,354,603.8	2,254,482.3	528,816.9	3,791.9	9,090.2	388,399.7	-34,337.0		97,864.8	5,261,583.7	5,474,308.6
2008 - Mar	1,325,838.4	2,097,955.1	622,485.1	40,452.8	3,889.8	391,186.4	24,291.6		1,110,802.4	97,864.0	5,714,765.6
Jun	1,451,472.5	1,972,241.3	632,437.5	4,661.8	4,442.5	389,945.1	-36,911.8		924,187.8	97,267.5	5,439,744.2
Sep	1,674,069.4	1,886,021.6	693,864.1	6,687.5	3,894.3	389,030.4	23,368.9		703,910.4	57,763.0	5,438,609.7
Dec	1,710,160.6	2,124,750.6	570,649.5	7,378.2	8,639.6	390,992.2	-14,075.2		1,022,435.7	2,749.3	5,823,680.5
2009 - Mar	1,629,717.0	1,927,301.3	853,198.8	49,876.0	8,307.4	391,581.1	8,237.0		1,026,158.6	99,233.3	5,993,610.4
Jun	1,682,725.5	1,668,158.8	1,000,607.0	60,918.7	3,577.7	716,696.9	11,663.3		1,079,906.7	99,231.1	6,323,485.7
2009 - January	1,645,578.7	1,865,894.9	848,252.8	25,810.6	7,942.8	391,110.2	-13,749.7		888,476.3	2,749.3	5,662,065.9
February	1,630,912.4	1,756,443.4	824,902.3	28,728.8	7,943.5	391,382.6	-9,534.2		1,035,642.8	2,749.3	5,669,170.9
March	1,629,717.0	1,927,301.3	853,198.8	49,876.0	8,307.4	391,581.1	8,237.0		1,026,158.6	99,233.3	5,993,610.4
April	1,604,659.4	1,912,801.1	958,355.9	70,851.9	7,260.8	391,698.3	10,660.4		2,099,802.8	99,243.3	7,155,334.0
May	1,596,513.6	1,745,932.9	958,019.4	82,384.7	3,542.4	396,126.2	32,869.5		979,240.6	99,247.3	5,893,876.6
June	1,682,725.5	1,668,158.8	1,000,607.0	60,918.7	3,577.7	716,696.9	11,663.3		1,079,906.7	99,231.1	6,323,485.7

Notes: - Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

* Included from July 2001 on gross level

** Revised from Jan-02

Source: Bank of Tanzania



Table A3.4 : Tanzania Notes in Circulation, 1999 - 2009

End of Period	Millions of TZS													Percent of Total									
	10/-	20/-	50/-	100/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-	Total	10/-	20/-	50/-	100/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-		
1999	99.8	498.5	n/a	n/a	8,374.0	40,506.3	42,070.0	92,848.8	234,880.1	419,277.3	0.0	0.1	n/a	n/a	2.0	9.7	10.0	22.1	56.0				
2000	99.8	498.3	n/a	n/a	6,671.7	27,412.5	57,732.1	97,177.0	243,507.7	433,099.1	0.0	0.1	n/a	n/a	1.5	6.3	13.3	22.4	56.2				
2001	99.8	498.2	n/a	n/a	3,171.3	19,359.7	71,544.1	88,310.2	261,404.8	444,388.2	0.0	0.1	n/a	n/a	0.7	4.4	16.1	19.9	58.8				
2002	99.7	498.1	-	-	2,231.0	37,816.2	68,391.1	112,493.1	308,925.7	530,454.9	0.0	0.1	-	-	0.4	7.1	12.9	21.2	58.2				
2003	99.7	498.0	-	-	1,978.0	37,760.4	40,775.6	38,542.2	154,817.8	314,648.6	0.0	0.1	-	-	0.3	6.4	6.9	6.5	26.3	53.4			
2004	99.7	497.8	-	-	1,974.2	36,901.9	54,312.0	60,871.6	132,013.8	421,347.4	0.0	0.1	-	-	0.3	5.2	7.7	8.6	18.6	59.5			
2005	99.7	497.8	-	-	1,971.0	36,808.7	41,682.9	65,332.1	184,512.8	579,825.7	0.0	0.1	-	-	0.2	4.0	4.6	7.2	20.3	63.7			
2006	99.7	497.8	-	-	1,970.6	36,863.8	47,303.0	65,568.1	188,248.6	736,620.7	0.0	0.1	-	-	0.2	3.4	4.4	6.1	17.5	68.4			
2007	99.7	497.8	-	-	1,970.0	41,057.0	63,285.4	107,542.4	237,656.2	873,664.5	0.0	0.0	0.0	0.0	0.1	3.1	4.8	8.1	17.9	65.9			
2008	99.7	497.7	-	-	1,969.7	44,290.9	75,479.4	81,643.0	257,586.4	1,216,469.3	0.0	0.0	-	-	0.1	2.6	4.5	4.9	15.4	72.5			
2007 -Mar	99.7	497.8	-	-	1,970.7	36,029.5	48,598.1	84,601.8	178,642.8	716,373.9	0.0	0.1	-	-	0.2	3.4	4.6	7.9	16.7	67.2			
Jun	99.7	497.8	-	-	1,969.7	36,419.6	55,671.3	91,388.4	229,630.9	738,679.9	0.0	0.0	-	-	0.2	3.2	4.8	7.9	19.9	64.0			
Sep	99.7	497.8	-	-	1,970.0	41,630.4	64,314.0	113,419.6	237,692.6	816,779.3	0.0	0.0	-	-	0.2	3.3	5.0	8.9	18.6	64.0			
Dec	99.7	497.8	-	-	1,970.0	41,057.0	63,285.4	107,542.4	237,656.2	873,664.5	0.0	0.0	0.0	0.0	0.1	3.1	4.8	8.1	17.9	65.9			
2008 -Mar	99.7	497.8	-	-	1,969.8	40,257.5	60,486.2	89,935.6	222,094.9	881,282.6	0.0	0.0	-	-	0.2	3.1	4.7	6.9	17.1	68.0			
Jun	99.7	497.8	-	-	1,969.7	42,190.1	63,639.6	86,758.9	234,075.5	992,395.0	0.0	0.0	-	-	0.1	3.0	4.5	6.1	16.5	69.8			
Sep	99.7	497.7	-	-	1,969.7	45,326.8	79,101.7	91,458.9	261,352.4	1,163,412.8	0.0	0.0	-	-	0.1	2.8	4.8	5.6	15.9	70.8			
Dec	99.7	497.7	-	-	1,969.7	44,290.9	75,479.4	81,643.0	257,586.4	1,216,469.3	0.0	0.0	-	-	0.1	2.6	4.5	4.9	15.4	72.5			
2009 -Mar	99.7	497.8	-	-	1,969.8	40,257.5	60,486.2	89,935.6	222,094.9	881,282.6	0.0	0.0	-	-	0.2	3.1	4.7	6.9	17.1	68.0			
Jun	99.7	497.7	-	-	1,969.5	44,880.0	76,820.8	60,536.1	246,996.1	1,217,524.2	0.0	0.0	-	-	0.1	2.7	4.7	3.7	15.0	73.8			
2009 - January	99.7	497.7	-	-	1,969.6	43,457.8	74,422.1	79,380.8	247,993.9	1,165,356.6	0.0	0.0	-	-	0.1	2.7	4.6	4.9	15.4	72.2			
February	99.7	497.7	-	-	1,969.6	43,406.1	76,188.2	70,867.1	242,334.9	1,162,670.7	0.0	0.0	-	-	0.1	2.7	4.8	4.4	15.2	72.8			
March	99.7	497.8	-	-	1,969.8	40,257.5	60,486.2	89,935.6	222,094.9	881,282.6	0.0	0.0	-	-	0.2	3.1	4.7	6.9	17.1	68.0			
April	99.7	497.7	-	-	1,969.6	44,928.5	75,142.7	64,948.4	230,585.1	1,153,432.9	0.0	0.0	-	-	0.1	2.9	4.8	4.1	14.7	73.4			
May	99.7	497.7	-	-	1,969.5	44,914.0	75,503.1	60,629.4	223,638.0	1,155,619.2	0.0	0.0	-	-	0.1	2.9	4.8	3.9	14.3	73.9			
June	99.7	497.7	-	-	1,969.5	44,880.0	76,820.8	60,536.1	246,996.1	1,217,524.2	0.0	0.0	-	-	0.1	2.7	4.7	3.7	15.0	73.8			

Source: Bank of Tanzania



A3.0 Money and Banking
Table A3.5: Tanzania Coins in Circulation, 1999 - 2009

End of Period	Millions of TZS																Percent of Total								
	-/05	-/10	-/20	-/50	1/-	5/-	10/-	20/-	25/-	50/=	100/-	200/-	Total	-/05	-/10	-/20	-/50	1/-	5/-	10/-	20/-	25/-	50/=	100/-	200/-
1999	8.8	4.5	38.4	45.7	167.4	388.6	694.9	859.2	11.6	984.6	4,565.0	462.8	8,231.3	0.1	0.1	0.5	0.6	2.0	4.7	8.4	10.4	0.1	12.0	55.5	5.6
2000	8.8	4.5	38.3	45.7	167.5	389.5	711.9	870.5	22.6	1,359.1	5,220.3	1,126.5	9,965.4	0.1	0.1	0.4	0.5	1.7	3.9	7.1	8.7	0.2	13.6	52.4	11.3
2001	8.8	4.6	38.4	45.8	167.4	392.7	737.8	901.3	11.6	1,850.2	6,556.8	3,062.7	13,778.2	0.1	0.0	0.3	0.3	1.2	2.9	5.4	6.5	0.1	13.4	47.6	22.2
2002	8.8	4.6	38.4	45.9	167.5	397.0	753.3	916.1	11.7	2,245.8	7,585.7	3,986.0	16,160.8	0.1	0.0	0.2	0.3	1.0	2.5	4.7	5.7	0.1	13.9	46.9	24.7
2003	8.8	4.4	38.4	45.9	167.6	398.5	770.8	927.4	11.7	2,521.1	8,048.9	4,195.3	17,138.7	0.1	0.0	0.2	0.3	1.0	2.3	4.5	5.4	0.1	14.7	47.0	24.5
2004	8.8	4.4	38.4	45.9	167.6	410.4	790.1	949.2	11.7	3,102.5	8,920.8	5,317.0	19,766.9	0.0	0.0	0.2	0.2	0.8	2.1	4.0	4.8	0.1	15.7	45.1	26.9
2005	8.8	4.4	38.4	46.0	167.7	419.9	822.7	987.8	11.7	3,341.9	9,283.2	6,952.2	22,084.6	0.0	0.0	0.2	0.2	0.8	1.9	3.7	4.5	0.1	15.1	42.0	31.5
2006	8.8	4.4	38.4	46.0	167.7	428.8	835.4	1,003.6	11.7	3,944.9	10,434.3	8,186.2	25,110.1	0.0	0.0	0.2	0.2	0.7	1.7	3.3	4.0	0.1	15.7	41.6	32.6
2007	8.8	4.4	38.4	46.0	167.7	433.7	839.6	1,006.5	11.7	4,358.4	11,547.0	9,839.0	28,301.0	0.0	0.0	0.1	0.2	0.6	1.5	3.0	3.6	0.0	15.4	40.8	34.8
2008	8.8	4.4	38.4	46.0	167.7	438.1	840.7	1,005.7	11.7	4,669.6	13,096.8	11,713.6	32,041.3	0.0	0.0	0.1	0.1	0.5	1.4	2.6	3.1	0.0	14.6	40.9	36.6
2007 - Mar	8.8	4.4	38.4	46.0	167.7	430.2	839.3	1,010.7	11.7	4,050.1	10,649.7	8,436.0	25,692.9	0.0	0.0	0.1	0.2	0.7	1.7	3.3	3.9	0.1	15.8	41.5	32.8
Jun	8.8	4.4	38.4	46.0	167.7	431.5	840.0	1,009.9	11.7	4,150.9	10,896.9	8,803.5	26,409.5	0.0	0.0	0.1	0.2	0.6	1.6	3.2	3.8	0.0	15.7	41.3	33.3
Sep	8.8	4.4	38.4	46.0	167.7	432.6	840.5	1,009.7	11.7	4,298.1	11,272.9	9,366.0	27,496.7	0.0	0.0	0.1	0.2	0.6	1.6	3.1	3.7	0.0	15.6	41.0	34.1
Dec	8.8	4.4	38.4	46.0	167.7	433.7	839.6	1,006.5	11.7	4,358.4	11,547.0	9,839.0	28,301.0	0.0	0.0	0.1	0.2	0.6	1.5	3.0	3.6	0.0	15.4	40.8	34.8
2008 - Mar	8.8	4.4	38.4	46.0	167.7	435.1	840.8	1,007.7	11.7	4,366.5	11,692.4	10,413.2	29,032.6	0.0	0.0	0.1	0.2	0.6	1.5	2.9	3.5	0.0	15.0	40.3	35.9
Jun	8.8	4.4	38.4	46.0	167.7	436.3	841.3	1,007.9	11.7	4,393.3	12,049.2	10,824.5	29,829.4	0.0	0.0	0.1	0.2	0.6	1.5	2.8	3.4	0.0	14.7	40.4	36.3
Sep	8.8	4.4	38.4	46.0	167.7	437.5	840.7	1,006.4	11.7	4,552.8	12,577.7	11,431.2	31,123.1	0.0	0.0	0.1	0.1	0.5	1.4	2.7	3.2	0.0	14.6	40.4	36.7
Dec	8.8	4.4	38.4	46.0	167.7	438.1	840.7	1,005.7	11.7	4,669.6	13,096.8	11,713.6	32,041.3	0.0	0.0	0.1	0.1	0.5	1.4	2.6	3.1	0.0	14.6	40.9	36.6
2009 - Mar	8.8	4.4	38.4	50.0	167.7	438.4	840.0	1,003.3	11.7	4,769.1	13,298.4	11,859.6	32,489.6	0.0	0.0	0.1	0.2	0.5	1.3	2.6	3.1	0.0	14.7	40.9	36.5
Jun	8.8	4.4	38.4	46.0	167.7	441.4	839.4	1,001.3	11.7	5,020.6	13,503.2	12,128.2	33,210.9	0.0	0.0	0.1	0.1	0.5	1.3	2.5	3.0	0.0	15.1	40.7	36.5
2009 - January	8.8	4.4	38.4	46.0	167.7	438.3	840.7	1,005.4	11.7	4,699.5	13,193.0	11,754.7	32,208.6	0.0	0.0	0.1	0.1	0.5	1.4	2.6	3.1	0.0	14.6	41.0	36.5
February	8.8	4.4	38.4	46.0	167.7	438.3	840.1	1,003.6	11.7	4,732.4	13,254.0	11,802.6	32,348.0	0.0	0.0	0.1	0.1	0.5	1.4	2.6	3.1	0.0	14.6	41.0	36.5
March	8.8	4.4	38.4	50.0	167.7	438.4	840.0	1,003.3	11.7	4,769.1	13,298.4	11,859.6	32,489.6	0.0	0.0	0.1	0.2	0.5	1.3	2.6	3.1	0.0	14.7	40.9	36.5
April	8.8	4.4	38.4	46.0	167.7	439.5	840.1	1,003.4	11.7	4,869.1	13,354.0	11,967.1	32,750.1	0.0	0.0	0.1	0.1	0.5	1.3	2.6	3.1	0.0	14.9	40.8	36.5
May	8.8	4.4	38.4	46.0	167.7	440.6	839.6	1,001.6	11.7	4,955.2	13,408.4	12,043.2	32,965.5	0.0	0.0	0.1	0.1	0.5	1.3	2.5	3.0	0.0	15.0	40.7	36.5
June	8.8	4.4	38.4	46.0	167.7	441.4	839.4	1,001.3	11.7	5,020.6	13,503.2	12,128.2	33,210.9	0.0	0.0	0.1	0.1	0.5	1.3	2.5	3.0	0.0	15.1	40.7	36.5

Source: Bank of Tanzania



Table A3.6 : Commercial Banks-- Assets, 1999 - 2009

Millions of TZS

End of period	Domestic assets							Foreign assets					Total
	Cash	Deposit with Bank of Tanzania	Treasury bills	Other govt. securities	Loans and bills	Other*	Liquid**	Others	Fixed assets				
1999	42,599.0	80,611.1	65,911.8	264,799.3	312,082.0	876,803.0	290,975.1	10,103.8	46,146.2	1,990,031.4			
2000	50,646.7	121,449.7	89,620.2	313,339.4	341,428.2	1,085,655.0	398,949.4	12,040.8	46,965.4	2,460,094.8			
2001	44,566.7	132,761.9	102,319.0	192,523.1	405,373.1	2,969,481.5	499,433.8	39,628.8	56,673.6	4,442,761.5			
2002	51,169.8	143,983.2	192,929.2	171,708.4	570,668.3	6,223,754.6	547,210.4	24,362.2	65,886.9	7,991,673.0			
2003	53,546.7	173,323.3	176,360.9	146,046.5	817,125.2	503,445.1	657,754.9	27,733.4	48,086.1	2,603,422.2			
2004	63,637.3	246,789.5	147,928.3	190,613.1	1,060,077.3	645,777.0	605,328.2	78,337.4	52,060.0	3,090,548.2			
2005	89,657.9	305,767.3	459,030.9	254,019.9	1,425,062.3	700,566.8	760,581.2	75,058.6	60,783.7	4,130,528.5			
2006	126,696.6	352,872.5	774,417.6	325,781.2	2,028,294.3	399,081.6	1,052,506.9	72,863.7	74,253.4	5,206,767.8			
2007	190,479.6	566,873.6	1,150,984.3	382,256.2	2,883,789.5	600,083.0	852,722.3	27,104.3	118,815.0	6,773,107.8			
2008	333,350.2	629,538.7	1,536,287.7	27,207.6	4,627,833.2	542,458.2	668,488.6	104,411.9	306,245.1	8,775,821.3			
2007- Mar	150,175.3	409,669.4	1,347,427.7	75,337.9	2,305,998.7	328,199.7	956,590.2	58,000.9	227,487.5	5,858,887.1			
Jun	170,304.4	500,320.6	1,640,676.8	76,943.8	2,425,110.1	447,071.5	860,769.6	54,456.5	185,979.2	6,361,632.4			
Sep	180,879.9	455,598.4	1,721,749.3	80,677.2	2,816,060.7	481,532.1	818,334.4	48,281.6	204,191.1	6,807,304.8			
Dec	236,517.2	593,817.0	1,673,738.3	13,530.7	3,180,183.6	472,330.9	832,088.2	67,263.4	227,151.2	7,296,620.7			
2008- Mar	243,655.8	613,101.1	1,729,966.3	24,097.2	3,455,685.2	563,790.6	861,480.3	105,106.7	237,812.7	7,834,695.9			
Jun	228,601.8	713,264.6	1,519,942.5	25,390.8	3,575,122.3	508,707.5	782,352.8	104,140.5	259,160.1	7,716,682.9			
Sep	282,097.5	702,594.7	1,507,640.3	15,324.8	3,944,376.7	689,151.0	663,792.4	111,327.4	282,915.1	8,199,220.0			
Dec	333,350.2	629,538.7	1,536,287.7	27,207.6	4,627,833.2	542,458.2	668,488.6	104,411.9	306,245.1	8,775,821.3			
2009- Mar	315,227.8	924,646.1	1,402,283.3	26,978.1	4,664,467.5	498,142.7	768,318.0	68,737.1	332,416.0	9,001,216.6			
Jun	322,543.5	1,079,783.3	1,392,326.2	15,459.8	4,802,902.4	551,278.8	797,590.1	173,404.9	349,953.1	9,485,242.0			
2009- January	297,359.8	925,523.4	1,432,989.5	31,445.6	4,569,720.9	477,822.3	658,576.4	91,724.4	319,927.0	8,805,089.4			
February	301,113.5	848,335.3	1,344,005.0	30,877.8	4,724,527.5	502,575.9	725,361.8	109,157.7	324,902.8	8,910,857.2			
March	315,227.8	924,646.1	1,402,283.3	26,978.1	4,664,467.5	498,142.7	768,318.0	68,737.1	332,416.0	9,001,216.6			
April	311,044.0	993,010.7	1,433,200.0	20,189.8	4,677,695.7	512,468.9	726,293.9	120,776.7	337,932.4	9,132,612.2			
May	287,635.0	1,007,618.6	1,422,038.4	25,624.0	4,689,140.4	534,976.6	775,469.2	131,400.3	343,741.2	9,217,643.6			
June	322,543.5	1,079,783.3	1,392,326.2	15,459.8	4,802,902.4	551,278.8	797,590.1	173,404.9	349,953.1	9,485,242.0			

* Includes claims on other banks and from January 1995 includes also claims on other financial institutions

**Includes deposits with Foreign Banks and foreign Units

Source: Bank of Tanzania



A3.0 Money and Banking

Table A3.7 : Commercial Banks -- Liabilities, 1999 - 2009

End of period	Domestic liabilities				Foreign liabilities				Capital and Reserves	Total
	Due to Bank of Tanzania		Due to other banks		*Foreign banks		Due to other			
	Deposits	Other	banks	Other						
1999	854,339.3	5,429.6	25,079.9	1,076,826.8	927.8	115.7	27,312.3	1,990,031.4		
2000	1,031,371.1	1.2	38,137.7	1,273,093.7	4,056.4	106.8	113,327.9	2,460,094.8		
2001	1,254,411.9	0.0	47,665.4	2,990,776.7	3,015.1	13,154.6	133,737.9	4,442,761.5		
2002	1,583,057.2	83.0	104,532.6	6,126,719.6	5,542.9	29,650.2	142,087.6	7,991,673.0		
2003	1,917,103.2	50.0	138,725.9	332,695.1	6,321.9	554.6	207,971.4	2,603,422.2		
2004	2,319,435.0	0.0	160,902.3	348,027.8	19,042.1	0.0	243,140.9	3,090,548.2		
2005	3,279,030.4	0.0	107,384.8	374,719.9	27,571.8	27,663.2	314,158.6	4,130,528.5		
2006	4,057,250.2	0.0	175,205.4	483,581.2	64,041.5	12,000.0	414,689.5	5,206,767.8		
2007	4,980,587.6	0.0	212,424.5	733,949.7	199,589.8	82,266.5	564,289.7	6,773,107.8		
2008	6,012,857.7	10,449.7	209,779.9	1,201,168.5	153,806.6	186,318.0	1,001,441.0	8,775,821.3		
2007-Mar	4,292,038.5	14,301.7	180,373.6	654,000.9	37,716.3	37,129.2	643,326.8	5,858,887.1		
Jun	4,468,587.9	18,335.0	331,649.1	706,420.9	100,064.1	42,259.7	694,315.6	6,361,632.4		
Sep	4,697,587.9	0.0	242,433.9	795,118.5	220,740.9	99,663.2	751,760.3	6,807,304.8		
Dec	5,057,337.8	0.0	242,441.7	879,225.5	191,888.7	118,477.6	807,249.5	7,296,620.7		
2008-Mar	5,493,682.7	0.0	204,327.6	970,744.1	190,592.4	112,192.2	863,157.0	7,834,695.9		
Jun	5,338,087.2	0.0	121,064.7	996,083.7	252,990.4	110,930.7	897,526.2	7,716,682.9		
Sep	5,636,518.6	0.0	279,533.3	996,406.7	204,083.8	138,881.2	943,796.3	8,199,220.0		
Dec	6,012,857.7	10,449.7	209,779.9	1,201,168.5	153,806.6	186,318.0	1,001,441.0	8,775,821.3		
2009-Mar	6,217,184.5	0.0	254,835.3	1,221,866.3	105,532.1	95,455.2	1,106,343.3	9,001,216.6		
Jun	6,381,153.5	0.0	357,234.3	1,385,356.0	115,220.7	117,996.9	1,128,280.6	9,485,242.0		
2009- January	6,002,064.3	2,741.3	171,576.0	1,298,344.3	131,589.7	130,320.6	1,068,453.2	8,805,089.4		
February	6,140,087.4	553.6	183,640.1	1,276,271.1	118,573.5	110,110.3	1,081,621.3	8,910,857.2		
March	6,217,184.5	0.0	254,835.3	1,221,866.3	105,532.1	95,455.2	1,106,343.3	9,001,216.6		
April	6,207,070.6	0.0	226,785.0	1,339,459.1	118,703.9	132,917.3	1,107,676.2	9,132,612.2		
May	6,162,379.2	500.0	233,406.7	1,448,255.7	125,888.9	127,857.7	1,119,355.4	9,217,643.6		
June	6,381,153.5	0.0	357,234.3	1,385,356.0	115,220.7	117,996.9	1,128,280.6	9,485,242.0		

* Revised Figures

Note: Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

Source: Bank of Tanzania



Table A3.8 : Analysis of Commercial Bank's Liquidity*, 1999 - 2009

Millions of TZS

End of Period	Govt. net position with Bank of Tanzania	Net foreign liquid assets of banking system	Currency in circulation outside banks	Other transactions net**	Net liquidity effect on commercial banks	Bank of Tanzania lending to commercial banks	Change in commercial banks' liquid assets	Cash	Deposits with Bank of Tanzania	Treasury bills	Net foreign liquid assets***
1999	-35,276.0	13,829.3	25,719.6	-42,009.8	-37,737.0	0.0	-37,737.0	10,675.4	-12,073.4	-19,073.4	-17,265.7
2000	-38,413.5	61,788.4	20,752.0	-38,856.4	5,270.5	0.0	5,270.5	14,626.0	-6,460.2	1,188.9	-4,084.2
2001	-1,893.9	13,482.7	2,135.3	-18,266.6	-4,542.6	0.0	-4,542.6	10,681.4	-379.6	6,908.0	-21,752.4
2002	-81,009.3	114,410.7	45,696.4	-12,746.9	66,350.9	0.0	66,350.9	5,599.0	-20,003.9	23,516.9	57,239.0
2003	-30,334.7	70,731.1	14,379.6	-41,412.7	13,363.4	0.0	13,363.4	1,034.8	13,851.2	9,095.9	-10,618.5
2004	-42,877.7	-1,096.9	-2,140.8	28,024.8	-18,090.7	0.0	-18,090.7	-4,943.6	1,631.1	-307.8	-14,470.4
2005	48,681.4	-139,142.7	30,625.0	21,376.2	-38,460.1	0.0	-38,460.1	-1,322.6	-43,383.0	12,574.9	-6,329.4
2006	-131,201.0	-59,226.8	18,639.1	187,976.7	16,188.0	0.0	16,188.0	19,930.0	-96,080.0	86,592.5	5,745.5
2007	33,626.7	-85,008.7	16,381.3	134,318.0	99,317.3	-2,268.6	97,048.7	31,848.2	13,033.4	-45,586.7	97,753.8
2008	4,537.8	276,531.1	-13,585.8	-353,605.2	-86,122.0	-4,463.2	-90,585.2	51,462.1	-31,307.0	-168,012.2	57,271.9
2007-Mar	-57,751.6	-122,408.7	5,393.8	94,476.5	-80,290.0	-768.4	-81,058.3	-10,281.3	-89,205.9	69,790.3	-51,361.4
Jun	-134,862.7	119,614.9	70,274.6	63,551.6	118,578.4	-185.8	118,392.6	6,094.5	-26,608.3	149,706.9	-10,800.6
Sep	-288,774.2	196,869.3	-6,979.5	54,135.0	-44,749.4	4,522.4	-40,227.1	-3,931.5	-62,176.7	2,596.6	23,284.6
Dec	33,626.7	-85,008.7	16,381.3	134,318.0	99,317.3	-2,268.6	97,048.7	31,848.2	13,033.4	-45,586.7	97,753.8
2008-Mar	34,554.2	319,988.6	3,167.6	-184,955.3	172,755.1	-1,573.4	171,181.7	22,491.4	2,848.4	17,052.3	128,789.7
Jun	125,427.9	-86,797.9	86,470.8	-278,650.5	-153,549.7	-270.3	-153,820.1	2,753.3	73,617.9	-189,045.6	-41,145.7
Sep	-117,965.0	118,458.1	82,918.5	-17,422.1	65,989.6	1,488.9	67,478.5	15,052.2	-13,892.6	115,957.0	-49,638.1
Dec	4,537.8	276,531.1	-13,585.8	-353,605.2	-86,122.0	-4,463.2	-90,585.2	51,462.1	-31,307.0	-168,012.2	57,271.9
2009-Mar	-181,851.1	28,777.3	-17,742.0	374,932.9	204,117.0	584.1	204,701.1	14,114.3	76,310.8	58,278.3	55,997.7
Jun	352,856.2	55,956.2	57,802.3	-361,064.5	105,550.2	4,599.9	110,150.1	34,908.5	72,164.7	-29,712.2	32,789.1
2009-January	256,797.4	-88,668.0	-30,687.7	31,176.8	168,618.4	382.3	169,000.8	-35,990.4	295,984.7	-103,298.3	12,304.7
February	109,303.8	118,391.7	-23,662.7	-286,504.7	-82,471.8	-145.6	-82,617.5	3,753.6	-77,188.1	-88,984.5	79,801.5
March	-181,851.1	28,777.3	-17,742.0	374,932.9	204,117.0	584.1	204,701.1	14,114.3	76,310.8	58,278.3	55,997.7
April	-1,647.1	52,572.3	-16,970.3	5,674.9	39,629.9	271.7	39,901.5	-4,183.8	68,364.6	30,916.7	-55,196.0
May	165,923.2	-57,000.2	16,673.1	-102,870.6	22,725.6	-697.9	22,027.6	-23,409.0	14,607.9	-11,161.6	41,990.3
June	352,856.2	55,956.2	57,802.3	-361,064.5	105,550.2	4,599.9	110,150.1	34,908.5	72,164.7	-29,712.2	32,789.1

Notes: * Includes corrections for change in commercial banks holding of Treasury Securities

** Previously known as Treasury bills - Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

Source: Bank of Tanzania



Table A3.9 : Commercial Banks - Analysis of Domestic Assets, 1999 - 2009

Millions of TZS

End of period	Other financial							Total
	Bank of Tanzania	Other banks	Institutions	Central govt.	Official entities	Private sector	Other assets	
1999	123,210.1	46,283.2	36.7	331,260.2	9,305.7	302,227.2	876,629.3	1,688,952.5
2000	172,096.4	78,490.1	266.6	403,759.8	7,363.8	333,264.3	1,053,863.7	2,049,104.6
2001	177,328.7	105,955.3	0.0	295,702.9	1,018.1	403,494.2	2,920,199.8	3,903,698.9
2002	195,153.0	217,202.4	0.0	364,637.6	0.0	570,668.3	6,072,439.1	7,420,100.4
2003	226,870.1	316,436.6	0.0	322,407.4	0.0	817,125.2	235,094.6	1,917,933.9
2004	310,426.8	428,220.2	0.0	338,541.5	0.0	1,060,077.3	269,616.9	2,406,882.6
2005	395,425.1	451,486.0	0.0	713,050.9	0.0	1,425,062.3	309,864.5	3,294,888.8
2006	479,569.1	128,228.3	0.0	1,100,198.8	0.0	2,028,294.3	345,106.7	4,081,397.2
2007	757,353.3	110,081.9	0.0	1,533,240.5	0.0	2,883,789.5	608,816.1	5,893,281.2
2008	824,957.8	118,758.7	0.0	1,501,798.0	0.0	4,376,439.6	845,416.2	7,667,370.3
2007-Mar	506,153.8	71,539.0	0.0	1,257,182.4	0.0	2,133,897.1	405,704.3	4,374,476.4
Jun	610,986.1	112,063.2	0.0	1,528,540.7	0.0	2,260,321.2	506,693.2	5,018,604.5
Sep	556,830.3	102,592.5	0.0	1,590,807.8	0.0	2,577,508.2	598,192.1	5,425,930.9
Dec	757,353.3	110,081.9	0.0	1,533,240.5	0.0	2,883,789.5	608,816.1	5,893,281.2
2008-Mar	760,654.4	129,866.8	0.0	1,603,403.6	0.0	3,109,698.3	747,715.5	6,351,338.4
Jun	864,881.0	137,825.1	0.0	1,475,558.9	0.0	3,387,042.3	715,850.3	6,581,157.6
Sep	903,837.2	199,529.0	0.0	1,471,182.0	0.0	3,945,274.6	850,260.4	7,370,083.2
Dec	824,957.8	118,758.7	0.0	1,501,798.0	0.0	4,376,439.6	845,416.2	7,667,370.3
2009-Mar	1,172,791.4	209,406.3	0.0	1,414,077.2	0.0	3,984,769.8	358,857.6	7,139,902.3
Jun	1,288,526.9	237,126.8	0.0	1,406,941.3	0.0	4,042,866.5	375,005.7	7,350,467.1
2009-January	1,121,899.4	205,517.5	0.0	1,443,594.6	0.0	3,892,170.8	359,539.0	7,022,721.3
February	1,206,545.2	212,665.3	0.0	1,354,572.5	0.0	3,931,429.3	356,274.5	7,061,486.8
March	1,172,791.4	209,406.3	0.0	1,414,077.2	0.0	3,984,769.8	358,857.6	7,139,902.3
April	1,254,858.3	214,609.5	0.0	1,446,997.8	0.0	3,988,265.7	359,301.5	7,264,032.8
May	1,234,624.6	233,149.9	0.0	1,435,151.3	0.0	4,013,549.2	370,743.8	7,287,218.9
June	1,288,526.9	237,126.8	0.0	1,406,941.3	0.0	4,042,866.5	375,005.7	7,350,467.1

Notes: *Starting March 2003 other assets are calculated on net basis

**From July 2006 liquidity papers formerly regarded as part of other banks have been reclassified as part of central government deposits.

- Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

Source: Bank of Tanzania



A3.0. Money and Banking

Table A3.10 :Commercial Banks* - Lending and Holdings of Securities (Revised), 2004 - 2009

End of Period	Millions of TZS													
	Domestic lending													Total
	Loans to the Central Bank (Repos)	Loans to Depository Corporations	Loans to Other Financial Corporations	Loans to Central Government	Loans to State and Local Government	Loans to Nonfinancial Corporations	Loans to Public Nonfinancial Corporations	Loans to Other Nonfinancial Corporations	Loans to Other Resident Sectors	Loans to Non-residents	Total	Lending to deposit ratio	Securities	
2004	997.5	30,747.8	0.0	0.0	0.0	0.0	0.0	1,127,570.1	0.0	2,127.9	1,161,443.4	45.8	672,639.9	
2005	947.5	32,839.8	0.0	0.0	0.0	0.0	1,487,178.2	0.0	21,862.5	1,542,828.0	43.6	1,164,578.7		
2006	924.7	36,547.4	459.8	0.0	459.8	2,112,894.5	0.0	33,859.8	2,185,145.9	50.2	1,195,570.9			
2007	89,387.9	79,784.0	50.0	0.0	50.0	3,010,961.8	0.0	67,263.4	3,247,497.0	58.1	1,673,738.3			
2008	60,397.5	141,074.9	195,041.7	10,583.3	3,292.5	2,334,138.8	1,540,145.5	104,290.8	4,734,243.9	74.1	1,536,287.7			
2007-Mar	10,592.6	70,372.4	393.6	0.0	0.0	2,224,640.1	0.0	58,000.9	2,364,393.1	50.7	1,347,427.7			
Jun	24,425.4	42,881.4	0.0	0.0	0.0	2,357,803.3	0.0	54,456.5	2,479,566.5	51.7	1,640,676.8			
Sep	74,680.1	55,312.6	3,804.7	0.0	3,804.7	2,682,263.3	0.0	48,281.6	2,868,147.0	57.4	1,721,749.3			
Dec	89,387.9	79,784.0	50.0	0.0	50.0	3,010,961.8	0.0	67,263.4	3,247,497.0	58.1	1,673,738.3			
2008-Mar	94,583.2	114,141.2	0.1	0.0	0.0	3,246,960.7	0.0	105,106.7	3,560,791.9	57.4	1,729,966.3			
Jun	47,627.1	105,623.2	108,013.8	19,378.6	23,360.9	1,913,702.2	1,183,712.7	104,047.5	3,654,809.2	61.4	1,519,942.5			
Sep	130,398.0	119,315.1	162,390.1	11,189.7	1,821.3	1,867,588.3	1,298,616.9	111,235.0	4,078,802.8	68.5	1,507,640.3			
Dec	60,397.5	141,074.9	195,041.7	10,583.3	3,292.5	2,334,138.8	1,540,145.5	104,290.8	4,734,243.9	74.1	1,536,287.7			
2009-Mar	60,801.1	100,172.7	175,233.8	11,762.8	5,086.4	2,345,563.0	1,621,688.4	68,614.3	4,742,424.5	80.4	1,402,283.3			
Jun	33,625.0	152,848.9	209,430.1	14,583.9	4,812.4	2,342,133.3	1,694,266.5	173,282.6	4,995,098.5	81.3	1,392,326.2			
2009-January	40,398.0	125,789.6	173,772.1	10,574.0	2,720.4	2,299,968.8	1,564,628.2	91,602.7	4,666,080.5	82.6	1,432,989.5			
February	139,398.0	138,941.4	172,325.1	10,536.4	5,826.2	2,313,624.1	1,596,154.8	109,035.0	4,836,016.4	83.5	1,344,005.0			
March	60,801.1	100,172.7	175,233.8	11,762.8	5,086.4	2,345,563.0	1,621,688.4	68,614.3	4,742,424.5	80.4	1,402,283.3			
April	45,798.0	111,083.8	181,412.5	13,766.7	2,565.6	2,449,617.0	1,522,023.6	120,653.5	4,803,476.8	81.2	1,433,200.0			
May	50,719.8	76,059.3	197,589.5	13,081.7	4,032.7	2,344,779.7	1,653,187.5	131,277.5	4,837,304.5	82.0	1,422,038.4			
June	33,625.0	152,848.9	209,430.1	14,583.9	4,812.4	2,342,133.3	1,694,266.5	173,282.6	4,995,098.5	81.3	1,392,326.2			

Source: Bank of Tanzania



Table A3.11: Commercial Banks - Domestic Lending by Activity (Borrowing Sector), 2004 - 2009

End of Period	Millions of TZS														Total	
	Public Sector*	Agriculture, Hunting and Forestry	Fishing	Financial Intermediaries	Mining and Quarrying	Manufacturing**	Building and Construction	Real Estate Leasing	Transport and Communication	Trade	Tourism, Hotels and Restaurants	Warehousing and Storage	Electricity, Gas and Water	Education and Health		Personal and Other Services
2004	2,156.2	147,111.2	-	46,098.7	6,196.1	242,075.5	42,157.1	-	92,206.1	249,914.2	27,418.2	-	-	-	204,744.0	1,060,077.3
2005	14,314.0	177,320.3	-	85,743.2	27,091.9	293,812.5	83,074.3	-	108,426.1	338,352.0	33,897.2	-	-	-	263,029.8	1,425,061.2
2006	0.0	274,282.5	17,609.5	47,405.2	21,935.3	438,961.6	83,456.9	52,442.5	194,353.9	395,728.7	97,889.9	3,044.3	128,384.4	21,233.2	315,523.7	2,093,649.9
2007	0.0	309,543.1	18,180.1	92,269.3	41,480.8	559,422.8	104,102.5	50,028.4	208,556.8	511,317.6	128,685.4	16,202.1	129,525.9	43,619.3	761,888.1	2,976,276.0
2008	0.0	523,361.6	17,227.6	122,001.1	37,727.8	612,670.6	142,992.8	88,352.3	320,600.6	737,092.1	180,143.9	4,020.3	204,425.2	64,641.0	1,319,159.6	4,376,452.2
2008-Mar	0.0	277,431.7	17,457.6	88,568.1	30,722.3	536,980.9	120,095.9	70,694.0	272,410.1	553,181.4	146,123.2	6,548.2	171,132.6	45,880.8	870,788.8	3,209,512.2
Jun	0.0	279,694.9	15,546.6	79,286.0	27,572.2	444,583.9	113,509.0	89,020.8	294,304.6	545,701.4	176,109.3	4,038.2	173,553.2	49,416.3	1,093,231.6	3,386,964.2
Sep	0.0	443,011.0	18,443.1	88,124.9	37,149.4	541,889.6	158,931.7	94,311.3	302,193.1	634,404.3	200,219.4	3,529.4	202,848.3	62,504.8	1,155,785.0	3,945,118.2
Dec	0.0	523,361.6	17,227.6	122,001.1	37,727.8	612,670.6	142,992.8	88,352.3	320,600.6	737,092.1	180,143.9	4,020.3	204,425.2	64,641.0	1,319,159.6	4,376,452.2
2009-Mar	0.0	458,372.8	16,694.6	83,228.5	25,545.9	613,562.9	133,973.4	83,620.4	335,164.0	778,847.3	206,347.1	14,180.5	191,555.3	70,420.3	1,443,465.1	4,456,894.0
Jun	0.0	488,058.7	19,228.1	106,015.4	15,688.2	609,729.4	114,872.3	95,082.4	459,585.2	813,710.1	220,459.2	13,552.2	245,173.5	73,554.6	1,293,322.6	4,569,861.6
																In Percent of Total
End of Period	Public Sector	Agriculture, Hunting and Forestry	Fishing	Financial Intermediaries	Mining and Quarrying	Manufacturing	Building and Construction	Real Estate Leasing	Transport and Communication	Trade	Tourism, Hotels and Restaurants	Warehousing and Storage	Electricity, Gas and Water	Education and Health	Other Social and Personal Services	Total
2004	0.2	13.9	-	4.3	0.6	22.8	4.0	-	8.7	23.6	2.6	-	-	-	19.3	100.0
2005	1.0	12.4	-	6.0	1.9	20.6	5.8	0.0	7.6	23.7	2.4	-	-	-	18.5	100.0
2006	0.0	13.1	0.8	2.3	1.1	21.0	4.0	2.5	9.3	18.9	4.7	0.1	6.1	1.0	15.1	100.0
2007	0.0	10.4	0.6	3.1	1.4	18.8	3.5	1.7	7.0	17.2	4.3	0.5	4.4	1.5	25.6	100.0
2008	0.0	12.0	0.4	2.8	0.9	14.0	3.3	2.0	7.3	16.8	4.1	0.1	4.7	1.5	30.1	100.0
2008-Mar	0.0	8.6	0.5	2.8	1.0	16.7	3.7	2.2	8.5	17.2	4.6	0.2	5.3	1.4	27.1	100.0
Jun	0.0	8.3	0.5	2.3	0.8	13.1	3.4	2.6	8.7	16.1	5.2	0.1	5.1	1.5	32.3	100.0
Sep	0.0	11.2	0.5	2.2	0.9	13.7	4.0	2.4	7.7	16.1	5.1	0.1	5.1	1.6	29.3	100.0
Dec	0.0	12.0	0.4	2.8	0.9	14.0	3.3	2.0	7.3	16.8	4.1	0.1	4.7	1.5	30.1	100.0
2009-Mar	0.0	10.3	0.4	1.9	0.6	13.8	3.0	1.9	7.5	17.5	4.6	0.3	4.3	1.6	32.4	100.0
Jun	0.0	10.7	0.4	2.3	0.3	13.3	2.5	2.1	10.1	17.8	4.8	0.3	5.4	1.6	28.3	100.0

Note: Beginning June 2006, new BOT Form 16-1 was introduced with coverage of more economic activities

* Formerly known as Public Administration

** Prior 2004 commercial banks lending to the manufacturing activities include lending extended to the mining activities.

Source: Bank of Tanzania

Table A3.12: Commercial Bank's Deposits (Revised), 2004 - 2009

Millions of TZS

End of Period	Other Financial Corporations	State and Local Government	Public Nonfinancial Corporations	Other Nonfinancial Corporations statals	Other Resident Sectors domestic	Total	of which		
							Transferrable Deposits*	Non-Transferrable Deposits**	Foreign Currency Deposits
2004	67,047.6	119,759.1	204,038.4	1,019,627.1	1,035,493.0	2,445,965.2	662,257.5	848,906.1	934,801.6
2005	92,126.4	163,113.0	280,045.3	1,398,420.2	1,419,312.8	3,353,017.7	898,112.7	1,165,901.2	1,289,003.9
2006	112,644.4	188,070.7	349,742.6	1,732,297.6	1,741,183.7	4,123,939.0	969,547.5	1,444,465.3	1,709,926.2
2007	140,143.9	251,911.9	416,755.2	2,094,473.6	2,154,053.2	5,057,337.8	1,424,809.5	1,803,949.7	1,828,578.6
2008	580,448.4	266,825.9	253,056.6	1,641,613.6	3,270,913.2	6,012,857.7	1,715,739.4	2,307,861.7	1,989,256.6
2007-Mar	116,932.4	198,060.9	362,984.7	1,800,646.3	1,813,414.1	4,292,038.5	1,031,599.2	1,502,575.1	1,757,864.2
Jun	122,880.9	210,446.5	375,160.4	1,867,633.8	1,892,466.3	4,468,587.9	1,125,533.0	1,575,215.8	1,767,839.1
Sep	130,022.8	226,749.1	390,717.0	1,954,062.8	1,996,036.2	4,697,587.9	1,246,554.5	1,672,405.2	1,778,628.3
Dec	140,143.9	251,911.9	416,755.2	2,094,473.6	2,154,053.2	5,057,337.8	1,424,809.5	1,803,949.7	1,828,578.6
2008-Mar	151,728.5	277,254.8	452,076.5	2,274,285.2	2,338,337.7	5,493,682.7	1,582,025.4	1,943,009.6	1,968,647.7
Jun	381,843.1	211,707.1	207,805.3	2,347,970.5	2,188,761.2	5,338,087.2	1,556,901.7	2,000,251.7	1,780,933.9
Sep	383,012.5	232,936.1	196,782.9	1,446,461.5	3,377,325.6	5,636,518.6	1,622,070.7	2,189,262.9	1,825,184.9
Dec	580,448.4	266,825.9	253,056.6	1,641,613.6	3,270,913.2	6,012,857.7	1,715,739.4	2,307,861.7	1,989,256.6
2009-Mar	574,856.3	320,612.6	181,476.8	1,912,011.7	3,228,227.1	6,217,184.5	1,727,818.8	2,452,909.8	2,036,455.9
Jun	570,519.5	251,165.4	145,571.3	1,895,410.5	3,518,486.8	6,381,153.5	1,721,150.8	2,622,900.9	2,037,101.8
2009-Jan	517,903.9	306,412.3	211,672.4	1,718,910.1	3,247,165.6	6,002,064.3	1,784,425.5	2,268,834.9	1,948,803.9
Feb	530,343.7	359,624.6	196,151.8	1,746,238.9	3,307,728.5	6,140,087.4	1,760,255.7	2,380,752.2	1,999,079.5
Mar	574,856.3	320,612.6	181,476.8	1,912,011.7	3,228,227.1	6,217,184.5	1,727,818.8	2,452,909.8	2,036,455.9
Apr	546,557.6	291,899.3	174,450.1	1,771,127.9	3,423,035.7	6,207,070.6	1,710,358.7	2,484,940.5	2,011,771.4
May	620,065.5	280,395.3	177,138.9	1,846,861.7	3,237,917.9	6,162,379.2	1,709,798.3	2,500,244.3	1,952,336.7
Jun	570,519.5	251,165.4	145,571.3	1,895,410.5	3,518,486.8	6,381,153.5	1,721,150.8	2,622,900.9	2,037,101.8

Notes: * Demand deposits

** Savings and Time Deposits

Source: Bank of Tanzania





A3.0 Money and Banking

Table A3.13: Weighted Average Interest Rates Structure of Commercial Banks, 2006-2009

Item	2006				2007*				Percent 2008*				Percent 2009	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
A: Domestic Currency														
1. Interbank Cash Market Rates														
Overnight	4.5	8.5	15.2	6.7	7.5	6.7	12.1	5.4	4.1	3.4	4.2	6.3	9.9	4.5
2 to 7 days	4.9	6.0	14.1	7.4	7.8	7.6	12.8	6.0	4.3	3.7	4.2	6.6	10.2	5.4
8 to 14 days	6.5	10.7	14.0	9.6	7.3	7.0	12.0	5.9	4.4	4.0	4.6	6.2	10.8	5.3
15 to 30 days	6.4	7.6	7.3	6.1	9.6	6.0	6.5	9.2	6.5	4.9	4.0	5.9	11.8	5.8
31 to 60 days	9.2	6.7	8.4	7.2	7.9	9.6	11.2	5.8	6.3	4.7	6.1	8.8	11.8	5.3
61 to 90 days	12.6	12.6	8.5	9.3	10.0	10.8	10.8	10.8	5.9	5.9	5.9	11.0	12.2	12.2
91 to 180 days	13.0	12.3	9.5	9.7	14.9	12.5	14.8	9.8	6.3	5.5	10.5	11.7	12.0	8.6
181 and above	14.5	8.8	13.5	11.6	11.6	12.9	15.2	12.1	7.0	7.9	8.5	13.0	14.4	12.0
Overall interbank cash market rate	5.1	5.1	12.6	6.4	7.6	7.2	12.3	5.8	4.2	3.6	4.3	6.5	10.1	5.0
2. Lombard Rate	13.3	9.7	22.8	13.3	11.3	10.0	18.1	8.2	8.0	7.5	8.7	10.3	14.9	7.4
3. REPO Rate	5.1	5.1	12.6	6.4	6.9	6.3	11.6	5.1	3.8	3.7	4.0	6.4	9.7	4.9
4. Treasury Bills Rates														
35 days	8.9	6.4	10.6	8.8	7.2	6.5	6.3	5.5	5.4	5.0	5.8	6.9	7.6	4.8
91 days	13.4	7.8	11.1	14.4	14.9	12.6	14.8	9.9	5.7	5.8	10.4	11.2	12.4	5.6
182 days	13.7	8.5	11.7	15.0	16.4	16.7	16.4	10.2	7.0	7.6	10.5	12.1	14.9	7.9
364 days	13.9	9.6	13.0	15.6	17.2	18.4	17.0	12.9	9.4	10.0	11.6	12.8	15.0	9.1
5. Overall Treasury bills rate	13.4	8.2	12.0	15.0	16.0	17.1	15.6	11.4	7.4	7.8	10.2	11.0	13.3	7.0
6. Treasury Bonds:														
2-years	16.1	13.4	16.9	18.5	19.2	18.3	20.1	15.0	15.0	12.9	13.2	14.4	15.3	11.5
5-years	17.8	15.8	17.4	15.2	16.2	18.4	20.5	17.6	14.5	14.5	14.5	16.4	17.3	16.6
7-years	18.1	15.3	17.4	17.3	20.7	18.6	19.2	18.1	17.2	17.2	17.0	17.0	17.0	17.1
10-years	20.3	16.0	17.4	17.7	18.5	17.5	19.9	17.7	17.7	17.1	19.5	19.5	19.9	19.9
7. Discount Rate	17.5	13.4	16.7	20.1	20.1	21.4	20.6	16.4	12.4	12.8	15.2	16.0	18.3	10.3
8. Savings Deposit Rate	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.7	2.6	2.8	2.6	2.7	2.7	2.7
9. Time Deposits Rates	6.0	6.6	6.9	7.2	7.7	7.7	8.2	8.3	8.0	6.7	6.4	6.6	7.0	6.8
Call Accounts	1.5	1.7	1.4	0.9	1.3	1.3	1.1	0.8	1.0	0.8	0.8	0.6	0.9	1.1
1 month	5.1	7.9	8.4	7.3	7.7	6.7	7.4	9.3	7.7	6.1	6.1	6.8	7.5	6.4
2 months	9.8	7.8	7.2	7.4	8.6	7.8	8.6	7.0	8.6	6.9	8.1	8.3	8.2	7.6
3 months	5.0	6.8	6.8	7.6	7.5	8.6	9.9	9.3	8.8	7.9	7.3	7.9	8.9	8.6
6 months	6.8	5.6	8.6	9.0	8.9	9.3	8.8	8.7	10.1	9.0	7.6	8.5	9.2	8.6
12 months	7.4	8.7	8.2	8.7	9.2	8.9	9.6	10.1	9.3	8.3	8.1	8.5	8.6	9.1
24 months	6.3	7.9	7.7	9.4	10.9	11.3	11.9	12.9	10.7	7.7	7.1	5.8	5.7	6.0
10. Negotiated Deposit Rates	10.4	10.1	10.1	9.3	16.4	15.7	15.9	15.3	15.1	14.8	14.9	16.1	15.1	15.5
11. Lending rates	14.8	15.4	16.7	16.4	19.3	19.3	19.3	19.3	19.3	20.3	19.3	19.3	19.3	21.3
Call Loans	19.3	19.3	19.3	19.3	14.9	14.0	14.1	14.7	13.9	13.9	14.0	13.6	13.4	14.6
Short-term (up to 1 year)	15.0	15.8	15.9	15.7	16.8	17.0	16.8	16.6	16.1	15.6	15.7	16.6	15.3	15.6
Medium-term (1-2 years)	15.9	17.9	18.9	19.3	15.4	14.6	15.2	15.5	15.4	14.6	15.7	17.2	14.9	15.1
Medium-term (2-3 years)	14.9	16.2	16.5	16.6	16.5	15.6	16.5	16.7	16.9	16.6	15.9	16.5	15.3	15.2
Long-term (3-5 years)	14.2	15.3	16.7	14.9	18.1	17.4	17.1	12.8	13.5	13.1	13.2	16.4	16.6	16.9
Term Loans (over 5 years)	13.8	12.1	15.6	15.7										
12. Negotiated Lending Rates	11.6	11.2	10.5	10.6	11.7	12.2	11.9	12.0	11.8	13.1	12.7	12.1	13.0	14.3
B: Foreign Currency														
1. Deposits Rates:	1.4	1.9	1.9	2.0										
Savings Deposits	0.6	0.6	0.6	0.7	1.5	0.8	1.7	1.6	1.4	2.0	1.6	1.4	2.4	2.4
Overall Time Deposits	1.7	2.5	2.6	2.7	2.9	2.7	3.6	4.5	4.6	4.4	2.9	3.9	3.8	2.3
1-months	1.5	2.0	2.6	2.5	2.6	1.8	3.2	5.0	4.8	5.0	2.9	3.5	3.8	2.4
2-months	1.6	2.5	2.7	2.8	2.6	2.2	3.5	4.1	3.0	4.5	2.6	3.7	3.8	1.8
3-months	2.2	1.9	2.6	2.5	3.3	2.9	3.9	3.9	4.9	4.0	3.1	4.6	4.6	2.4
6-months	1.4	2.4	2.2	3.1	3.0	3.0	3.9	4.8	3.5	5.2	2.9	4.1	3.8	2.7
12-months	2.0	3.8	3.0	2.8	3.0	3.8	3.6	4.6	7.0	3.5	3.2	3.4	3.2	2.2
2. Lending Rates	8.1	8.2	9.1	8.8	8.1	7.6	7.6	7.7	7.9	8.2	9.5	9.6	9.5	9.7
Short-term (up to 1 year)	7.7	7.5	9.3	8.9	8.2	8.0	5.9	3.8	4.8	6.7	5.3	6.3	5.9	7.0
Medium-term (1-2 years)	8.2	8.3	8.6	8.5	8.6	8.6	8.4	8.5	8.7	8.7	10.3	10.5	10.8	10.1
Medium-term (2-3 years)	8.8	8.8	8.1	7.6	7.9	7.9	8.2	8.9	8.7	8.6	10.7	10.4	9.9	10.8
Long-term (3-5 years)	7.2	8.0	9.8	9.8	7.8	7.1	7.0	9.0	8.5	8.3	10.0	10.2	10.5	10.5
Term Loans (over 5 years)	8.8	8.3	9.9	9.2	7.7	6.2	8.3	8.5	8.7	8.7	11.1	10.6	10.3	10.0

* Provisional

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A 4.1: Tanzania's Balance of Payments 2001-2008

	Millions of USD							
Item	2001	2002	2003	2004	2005	2006	2007r	2008p
A. Current Account	-237.36	83.63	-118.1	-365.9	-862.8	-1,143.2	-1,580.3	-2,350.7
Balance on Goods	-709.04	-531.76	-712.6	-1,001.2	-1,318.5	-1,946.5	-2,634.1	-3,446.7
Goods: Exports f.o.b.	851.31	979.57	1,220.9	1,481.6	1,679.1	1,917.6	2,226.6	3,036.7
Traditional	231.06	206.08	220.5	297.8	354.5	267.1	319.7	418.4
Non-traditional	620.25	773.49	1,000.4	1,183.9	1,324.6	1,476.2	1,704.5	2,270.6
o/w Gold	254.07	341.10	502.8	629.9	655.1	786.4	788.2	932.4
Goods: Imports f.o.b.	-1560.34	-1511.32	-1,933.5	-2,482.8	-2,997.6	-3,864.1	-4,860.6	-6,483.4
Balance on Services	264.91	287.60	222.1	158.9	61.8	278.7	460.3	570.9
Services: Credit	914.62	920.13	947.8	1,133.6	1,269.2	1,528.1	1,875.7	2,168.9
Transportation	105.95	117.07	138.9	183.0	222.9	343.7	331.1	364.6
Travel	615.1	635.0	646.5	746.0	823.6	950.2	1,198.8	1,354.0
Other	193.6	168.0	162.3	204.6	222.7	234.1	345.8	450.2
Services: Debit	-649.7	-632.5	-725.7	-974.7	-1,207.3	-1,249.4	-1,415.4	-1,598.0
Transportation	-194.2	-176.9	-214.7	-267.1	-319.5	-418.3	-485.0	-658.0
Travel	-327.3	-337.5	-353.2	-445.3	-553.8	-534.5	-595.3	-720.7
Other	-128.1	-118.1	-157.8	-262.3	-334.0	-296.6	-335.1	-219.3
Balance on Goods and Services	-444.1	-244.2	-490.5	-842.3	-1,256.6	-1,667.8	-2,173.7	-2,875.8
Balance on income	-188.52	-88.83	-138.5	-112.4	-102.0	-64.1	-58.1	-91.9
Income: Credit	55.3	67.9	87.1	81.8	80.9	80.3	107.3	121.6
Income: Debit	-243.8	-156.8	-225.6	-194.2	-182.9	-144.4	-165.4	-213.5
Balance on Goods, Services and Income	-632.6	-333.0	-629.1	-954.7	-1,358.6	-1,731.9	-2,231.9	-2,967.7
Balance on Current transfers	395.3	416.6	511.0	588.8	495.7	588.7	651.5	617.0
Current transfers: Credit	474.8	477.9	574.2	653.8	563.3	654.6	724.0	697.2
Government	418.4	427.7	507.6	581.7	477.9	559.7	626.9	594.2
o/w Multilateral HIPC relief	71.3	68.8	68.2	73.7	75.7	42.1	36.7	0.0
Other sectors	56.4	50.2	66.6	72.1	85.4	94.9	97.1	103.0
Current transfer: Debit	-79.5	-61.3	-63.3	-65.0	-67.5	-65.9	-72.5	-80.2
B. Capital Account	361.5	785.7	692.8	459.9	393.2	5,183.5	923.7	637.5
Capital transfers: Credit	361.5	785.7	692.8	459.9	393.2	5,183.5	923.7	637.5
General Government	339.2	0.0	655.5	420.0	350.1	5,135.0	870.5	577.7
Project	339.2	755.6	320.9	253.7	238.0	173.3	347.5	577.7
Other sectors	22.3	30.1	37.3	39.9	43.1	48.6	53.2	59.8
Capital transfers: Debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	124.1	869.3	574.6	94.0	-469.7	4,040.3	-656.7	-1,713.2
C. Financial Account, excl. reserves and related items	-353.716	255.382	160.6	306.3	555.6	-3,954.6	946.0	1,883.3
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	467.2	387.6	308.2	330.6	494.1	597.0	647.0	744.0
Portfolio investment	0.0	2.2	2.7	2.4	2.5	2.6	2.8	2.9
Other investment	-829.1	-134.4	-150.3	-26.7	59.0	-4,554.2	296.3	1,136.4
Assets	-76.7	2.9	-59.0	52.3	-90.9	-187.6	34.1	181.6
Liabilities	-752.5	-137.3	-91.3	-79.1	150.0	-4,366.6	262.2	954.9
Total, Groups A through C	-229.6	1124.7	735.2	400.3	85.9	85.7	289.4	170.1
D. Net Errors and Omissions	-580.0	-806.8	-346.2	-116.3	-313.7	375.0	123.3	-61.3
Overall balance (Total, Groups A through D)	-809.6	317.9	389.1	284.0	-227.8	460.7	412.6	108.8
E. Reserves and Related Items	809.6	-317.9	-389.1	-284.0	-227.8	-460.7	-412.6	-108.8
Reserve assets	-182.2	-372.4	-508.8	-308.2	253.1	-126.5	-419.4	-108.3
Use of Fund credit and loans	15.6	26.0	-2.9	-33.8	-50.5	-334.2	6.7	-0.4
Exceptional financing	976.2	28.5	122.6	58.0	25.1	0.0	0.0	0.0
Rescheduled debt	131.4	9.8	86.9	0.0	0.0	0.0	0.0	0.0
Debt forgiveness	642.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	67.4	18.4	29.5	21.9	25.1	0.0	0.0	0.0
Principal arrears	135.2	0.4	6.2	36.1	0.0	0.0	0.0	0.0
Memorandum items								
GDP(mp) Mill. TZS	8,304,338.6	9,399,085.8	12,107,062.0	12,828.0	14,139.1	14,308.4	16,838.6	21,179.2
GDP(mp) Mill. USD	9,475.6	9,724.0	11,653.4					
CAB/GDP	-2.5	0.9	-1.0	-2.9	-6.1	-8.0	-9.4	-11.1
CAB/GDP (excl. current official transfers)	-6.9	-3.5	-5.4	-7.4	-9.5	-11.9	-13.1	-13.9
Gross Official Reserves	1,156.6	1,529.0	2,037.8	2,307.7	2,054.6	2,137.5	2,761.9	2,869.7
Months of Imports	6.3	8.6	7.1	6.6	4.8	4.1	4.1	4.4
Net International Reserves (year end)	761.2	1,058.4	1,413.5	1,882.6	1,707.5	2,122.0	2,736.1	2,845.7
Change in Net International Reserves	-218.5	-297.2	-366.8	-321.5	175.1	-414.5	-614.1	-109.6
Exchange rate (end of period)	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6	1,132.1	1,280.3
Exchange rate (annual average)	876.4	966.6	1,038.9	1,089.1	1,129.2	1,253.9	1,244.1	1,196.3

Notes: 1. Revision is based on new data from the Private Capital Flows survey and adoption of new data sources for some other items in the services account 11653.357

2. Change in gross official reserves will not necessarily be equal to reserve

beginning 2006 assets given a new methodology of computing reserve assets which nets out the impact of valuation was introduced

3. Figure on exports for 2006 and 2007 include adjustments on unrecorded trade

p = Provisional

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A 4.3: Tanzania Exports by Type of Commodity 2000-2009

Commodity	January - June									
	2000	2001	2002	2003	2004	2005	2006	2007P	2008P	2009P
A: Traditional Exports:										
COFFEE										
Value	47.76	38.9	18.8	32.5	23.9	45.7	31.9	62.7	49.2	70.0
Volume	25.99	30.1	19.3	29.9	18.8	28.7	15.2	29.4	20.9	35.1
Unit Price	1,837.63	1,292.2	970.1	1,086.0	1,271.3	1,591.0	2,107.4	2,134.0	2,357.3	5,454.0
COTTON										
Value	10.03	6.9	5.1	18.7	10.4	29.4	37.0	8.2	26.1	41.3
Volume	9.81	6.1	5.2	21.2	14.7	28.8	36.6	8.2	19.0	38.4
Unit Price	1,022.51	1,142.5	985.7	885.4	706.7	1,018.7	1,011.9	1,000.8	1,369.1	2,803.9
SISAL										
Value	3.06	2.9	3.1	3.7	4.0	4.0	3.1	5.4	2.1	0.0
Volume	7.45	6.1	6.2	7.3	7.4	5.1	4.1	6.2	2.0	0.0
Unit Price	410.56	481.1	502.4	500.6	543.3	793.5	767.5	874.3	1,062.4	0.0
TEA										
Value	18.71	18.7	16.1	16.0	18.5	16.3	18.2	19.8	25.2	16.3
Volume	13.44	14.5	13.2	13.8	14.9	14.2	14.2	14.3	16.7	10.3
Unit Price	1,391.61	1,289.7	1,215.4	1,160.1	1,246.8	1,153.1	1,276.2	1,385.4	1,506.3	4,843.8
TOBACCO										
Value	23.41	16.2	23.5	8.2	16.2	17.4	15.6	33.3	14.0	49.1
Volume	12.01	10.1	11.7	4.1	10.7	10.4	5.9	15.8	8.3	18.6
Unit Price	1,948.52	1,599.5	2,010.4	1,997.8	1,513.1	1,673.7	2,644.4	2,110.8	1,695.8	2,644.4
CASHEWNUTS										
Value	29.32	25.6	6.3	3.7	10.5	4.0	19.4	8.7	39.4	50.7
Volume	30.44	41.1	10.7	5.2	16.7	4.6	26.1	17.8	53.9	67.1
Unit Price	963.19	621.3	592.2	706.2	626.7	874.7	744.3	488.9	729.9	756.0
CLOVES										
Value	9.37	0.6	0.2	5.9	5.2	1.4	2.4	4.0	4.0	5.4
Volume	2.73	0.2	0.0	2.7	2.7	0.5	0.8	1.4	1.1	1.8
Unit Price	3,431.4	2,930.7	5,560.2	2,241.8	1,923.5	2,996.0	3,197.4	2,954.8	3,516.3	7,798.2
Sub Total	141.6	109.8	73.1	88.7	88.7	118.3	127.7	142.3	159.9	232.8
B. Non-Traditional Exports:										
Minerals	80.39	140.8	188.0	240.4	313.4	355.8	386.3	416.7	551.4	406.6
Manufactured Goods	16.59	21.3	29.3	34.4	44.8	64.5	89.8	120.9	226.6	197.1
Others Exports	97.19	119.5	138.3	171.4	169.7	205.2	212.8	245.0	238.9	193.5
Sub Total	194.2	281.6	355.6	446.3	527.9	625.5	689.0	782.6	1,017.0	797.1
Grand Total	335.8	391.4	428.7	535.0	616.6	743.8	816.7	924.9	1,176.9	1,029.9

Note: 1) Volume in '000 Tons; Value in Millions of USD; Unit Price in USD/Ton

2) Since 1999 onwards clove exports started to be reported separately. Before they were reported under other exports

3) Figures does not include adjustments on unrecorded trade

4) Other Exports include Fish and Fish products, Horticulture, Re-exports and Others.

5) P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority (Customs Department).



A4.0 Balance of Payments and Foreign Trade Developments
Table A.4: Tanzania's Exports by Type of Commodity 2000-2009

Commodity	January - June									
	2000	2001	2002	2003	2004	2005	2006	2007P	2008P	2009P
A: Traditional Exports:										
COFFEE										
Value	38,204.1	32,707.3	17,928.5	33,308.6	26,379.4	50,453.6	38,412.6	80,085.4	58,061.0	90,159.9
Volume	26.0	30.1	19.3	29.9	18.8	28.7	15.2	29.4	20.9	35.1
Unit Price	1,470,143.0	1,102,244.3	927,595.8	1,114,301.2	1,402,966.4	1,756,638.3	2,535,010.4	2,723,708.9	2,784,537.6	2,571,429.4
COTTON										
Value	8,022.8	5,771.3	4,843.8	19,153.6	11,402.0	32,566.5	44,835.5	10,508.5	30,917.1	53,409.7
Volume	9.8	6.1	5.2	21.2	14.7	28.8	36.6	8.2	19.0	38.4
Unit Price	817,881.7	974,590.0	931,054.0	905,170.5	777,918.8	1,129,088.9	1,225,961.8	1,277,316.2	1,624,131.3	1,392,175.4
SISAL										
Value	2,445.5	2,490.5	3,021.2	3,776.6	4,454.9	4,467.1	3,789.3	6,893.6	2,512.6	0.0
Volume	7.4	6.1	6.2	7.3	7.4	5.1	4.1	6.2	2.0	0.0
Unit Price	328,422.3	410,367.6	483,441.1	514,030.1	601,616.4	877,816.7	928,063.8	1,114,136.2	1,268,989.2	0.0
TEA										
Value	14,963.1	15,795.1	15,437.0	16,499.7	20,528.4	18,078.7	22,165.7	25,216.6	24,353.7	20,982.4
Volume	13.4	14.5	13.2	13.8	14.9	14.2	14.2	14.3	12.4	10.3
Unit Price	1,113,118.7	1,100,213.4	1,169,237.1	1,193,472.5	1,379,760.9	1,276,554.9	1,555,706.8	1,761,721.1	1,956,609.9	2,040,095.7
TOBACCO										
Value	18,724.7	13,419.8	22,434.6	8,394.5	17,838.6	19,122.2	18,824.5	42,535.5	16,494.2	63,905.4
Volume	12.0	10.1	11.7	4.1	10.7	10.4	5.9	15.8	8.3	18.6
Unit Price	1,558,540.2	1,364,431.9	1,920,627.4	2,052,185.0	1,665,541.4	1,836,415.2	3,191,667.1	2,693,993.8	1,997,376.8	3,439,314.6
RAW CASHENUTS										
Value	23,435.0	20,856.8	5,961.4	3,728.5	11,393.0	4,353.5	22,938.7	11,204.5	45,800.8	65,778.5
Volume	30.4	41.1	10.7	5.2	16.7	4.6	26.1	17.8	53.9	67.1
Unit Price	769,965.2	529,973.0	557,148.0	713,923.9	680,540.3	953,214.5	879,177.4	630,885.1	849,242.0	980,531.8
CLOVES										
Value	7,496.6	492.4	157.7	6,069.3	5,677.3	1,567.4	2,873.0	5,209.9	4,616.8	6,943.6
Volume	2.7	0.2	0.0	2.7	2.7	0.5	0.8	1.4	1.1	1.8
Unit Price	2,746,337.9	2,537,999.5	5,256,937.3	2,289,619.9	2,108,946.6	3,292,833.5	3,779,651.1	3,812,400.4	4,108,385.9	3,838,360.2
Sub/Total Traditional	113,291.7	91,533.1	69,784.1	90,930.9	97,673.7	130,609.1	153,839.2	181,654.0	182,756.2	301,179.5
B: Non Traditional:										
Minerals	64,297.1	120,709.2	180,911.9	247,677.2	348,026.3	395,095.5	471,181.5	530,861.2	654,545.4	523,588.3
Manufactured goods	13,280.5	18,089.0	28,255.4	35,510.9	49,660.1	71,683.4	109,356.6	153,834.0	268,443.6	255,564.5
Other exports	77,737.4	101,949.7	133,023.9	176,228.3	187,816.6	227,894.5	258,953.5	312,265.1	282,985.2	248,452.1
Sub/Total non-Traditional	155,315.0	240,747.9	342,191.2	459,416.3	585,503.0	694,673.5	839,491.6	996,960.3	1,205,974.1	1,027,604.8
Grand Total	268,606.7	332,281.0	411,975.3	550,347.2	683,176.7	825,282.5	993,330.8	1,178,614.3	1,388,730.3	1,328,784.3

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates

2) Volume in '000 Tons; Value in Millions of TZS; Unit Price in TZS/Ton

3) Since 1999 onwards clove exports started to be reported separately. Before they were reported under other exports

4) Export figures does not include adjustments on unrecorded trade on annual data

5) Other Exports include Fish and Fish products, Horticulture, Re-exports and Others.

6) P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority (Customs Department).

Table A4.5: Tanzania's Imports (c.i.f) by Major Category 2000-2009

Category	January - June										Millions of USD
	2000	2001	2002	2003	2004	2005	2,006	2007P	2008P	2009P	
A. Capital Goods:	297.1	361.3	364.4	364.8	415.2	539.6	738.7	944.5	1,384.3	1,317.1	
Transport Equipment	119.4	85.2	109.4	109.2	122.0	130.8	199.9	229.3	430.3	386.1	
Building and Construction	64.9	73.5	59.6	83.8	92.5	124.4	177.0	217.7	314.5	276.8	
Machinery	112.8	202.7	195.3	171.8	200.7	284.5	361.8	497.5	639.5	654.2	
B. Intermediate Goods :	149.2	184.5	195.7	286.5	392.7	565.1	779.3	978.6	1,384.1	818.0	
Oil	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7	1,003.8	558.4	
o/w Crude Oil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54.5	36.1	
White	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7			
Fertilizers	5.9	5.0	7.0	8.4	21.5	27.4	7.9	11.7			
Industrial Raw Material	76.2	90.3	91.9	117.2	124.6	122.5	177.4	206.2	325.8	223.5	
C. Consumer Goods :	304.3	261.5	244.8	282.8	400.9	377.4	446.4	559.4	639.3	690.6	
Food and Food stuffs	92.2	100.9	80.5	79.4	153.9	84.2	161.0	149.6	132.1	197.0	
All Other Consumer Goods	212.1	160.7	164.3	203.4	246.9	293.2	285.4	409.8	507.1	493.6	
TOTAL	750.6	807.4	804.9	934.1	1,208.7	1,482.1	1,964.3	2,482.4	3,407.7	2,825.7	

Note: P = Provisional

Source: Bank of Tanzania and Tanzania Revenue Authority





A4.0 Balance of Payments and Foreign Trade Developments

Table A4.6: Tanzania's Imports (c.i.f) by Major Category 2000-2009

Category	January - June									
	2000	2001	2002	2003	2004	2005	2006	2007P	2008P	2009P
A. Capital Goods:	237,667.7	308,233.1	350,056.3	375,430.0	459,244.6	598,517.8	900,330.1	1,201,716.5	1,646,345.5	1,690,918.6
Transport Equipment	95,523.4	72,639.0	105,096.7	112,322.6	134,977.5	145,071.3	243,394.7	291,827.6	511,822.9	496,448.4
Building and Construction	51,943.6	62,720.8	57,282.0	86,251.2	102,457.8	137,927.4	215,841.5	277,198.3	373,441.2	356,063.9
Machinery	90,200.6	172,873.3	187,677.6	176,856.2	221,809.3	315,519.1	441,093.9	632,690.6	761,081.4	838,406.3
B. Intermediate Goods:	119,302.3	157,590.3	188,043.3	295,309.2	434,491.7	625,753.8	950,298.4	1,247,866.2	1,596,190.4	1,047,292.1
Oil	53,625.5	76,102.1	93,053.0	165,985.7	272,742.1	459,332.3	724,304.2	970,178.3	1,192,801.4	713,348.2
Fertilizers	4,701.7	4,287.4	6,726.8	8,734.8	23,882.7	30,470.3	9,686.6	14,827.0	64,989.3	46,787.4
Industrial Raw Material	60,975.1	77,000.8	88,263.5	120,588.7	137,866.8	135,951.2	216,307.5	262,860.9	338,399.7	287,156.5
C. Consumer Goods:	243,394.9	223,085.6	235,146.4	290,937.4	443,743.4	418,787.4	544,036.7	712,192.9	759,479.8	886,145.8
Food and Food stuffs	73,733.3	86,031.1	77,310.1	81,720.1	170,361.1	93,434.7	196,488.9	190,658.6	156,060.0	251,985.3
All Other Consumer Goods	169,661.6	137,054.5	157,836.3	209,217.3	273,382.3	325,352.6	347,547.8	521,534.4	603,419.8	634,160.6
TOTAL	600,364.9	688,709.1	773,246.0	961,676.6	1,337,479.6	1,643,059.0	2,394,665.1	3,161,775.6	4,002,015.7	3,624,356.5

Notes: P = Provisional

Conversion to TZS from USD is done using monthly average exchange rate

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0: Balance of Payments and Foreign Trade Developments

Table A4.7: Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS, 1999 - 2009

End of Period	Bureau* (average) U.S. Dollar	Official (End of Period)										
		Pound Sterling	U.S. Dollar	Deutsche Mark	Swiss Francs	Dutch Guilder	French Francs	Belgium Francs	Italian Lire	Swedish Kroner	Japanese Yen	Euro
1999	746.083	1,291.619	797.330	410.517	500.206	364.342	122.403	19.904	0.415	107.682	7.809	802.915
2000	807.733	1,194.532	803.260	382.914	493.099	339.845	114.172	18.565	0.387	84.651	7.036	748.921
2001	877.320	1,330.196	916.300	415.188	548.451	368.457	123.792	20.130	0.419	87.178	6.980	812.026
2002	979.108	1,457.993	965.718	434.200	626.561	385.365	129.463	21.052	0.439	100.569	7.778	918.870
2003	1,070.000	1,894.206	1,063.620	479.916	857.307	425.940	143.095	23.268	0.485	147.285	9.945	1,337.185
2004	1,072.000	2,009.317	1,042.960	470.594	920.812	417.666	140.315	22.818	0.475	157.487	10.167	1,420.565
2005	1,140.958	2,012.606	1,165.510	525.890	889.770	466.743	156.802	25.497	0.531	147.101	9.941	1,384.746
2006	1,263.417	2,479.505	1,261.640	569.265	1,034.172	505.239	169.735	27.600	0.575	183.816	10.614	1,662.023
2007	1,263.333	2,262.541	1,132.090	510.811	1,008.182	453.360	152.306	24.766	0.516	177.229	10.119	1,669.382
2008	1,303.000	1,849.845	1,280.300	577.684	1,210.623	512.712	172.246	28.008	0.584	165.035	14.174	1,803.305
2008-January	1,176.0	2,326.0	1,171.9	528.8	1,080.7	528.8	157.7	25.6	0.5	184.4	11.0	1,739.6
February	1,188.0	2,332.5	1,173.2	529.4	1,116.7	529.4	157.8	25.7	0.5	190.1	11.2	1,781.4
March	1,225.0	2,464.6	1,236.8	558.1	1,241.6	558.1	166.4	27.1	0.6	208.0	12.4	1,953.9
April	1,225.0	2,363.3	1,201.2	542.0	1,158.0	542.0	161.6	26.3	0.5	199.9	11.6	1,870.7
May	1,244.0	2,363.3	1,197.2	540.2	1,142.1	540.2	161.1	26.2	0.5	199.3	11.4	1,858.5
June	1,212.0	2,354.4	1,180.9	532.8	1,160.4	472.9	158.9	25.8	0.5	197.9	11.4	1,864.5
July	1,204.0	2,306.2	1,164.1	525.2	1,111.3	466.2	156.6	25.5	0.5	192.1	10.8	1,813.6
August	1,171.0	2,134.1	1,164.7	525.5	1,073.9	466.4	156.7	25.5	0.5	182.1	10.7	1,717.6
September	1,170.0	2,106.8	1,168.9	527.4	1,067.5	468.1	157.3	25.6	0.5	171.9	11.2	1,678.9
October	1,242.0	2,090.7	1,277.9	576.6	1,120.2	511.8	171.9	28.0	0.6	167.1	13.0	1,640.5
November	1,293.0	1,938.0	1,258.7	567.9	1,047.9	504.1	169.3	27.5	0.6	158.2	13.2	1,624.3
December	1,303.0	1,849.8	1,280.3	577.7	1,210.6	512.7	172.2	28.0	0.6	165.0	14.2	1,803.3
2009-January	1,356.0	1,829.0	1,287.0	580.7	1,114.8	515.4	173.1	28.2	0.6	156.2	14.4	1,658.9
February	1,344.0	1,862.2	1,302.5	587.7	1,117.8	521.6	175.2	28.5	0.6	145.1	13.3	1,658.4
March	1,331.0	1,868.5	1,313.7	592.8	1,146.2	526.1	176.7	28.7	0.6	159.0	13.5	1,738.6
April	1,340.0	1,975.2	1,320.6	595.9	1,164.6	528.8	177.7	28.9	0.6	165.5	13.3	1,759.5
May	1,369.9	2,128.0	1,311.1	591.6	1,227.0	525.0	176.4	28.7	0.6	173.4	13.8	1,853.9
June	1,327.1	2,134.4	1,301.1	587.1	1,197.6	521.0	175.0	28.5	0.6	168.8	13.4	1,824.9

* Period Average

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.8: Tanzania's Trade Balance 1999 - 2009

Million of TZS

Period	Total Exports	Total Imports (f.o.b)	Trade Balance
1999	455,656.9	1,090,595.9	-634,939.0
2000	587,997.8	1,094,638.2	-506,640.4
2001	510,862.1	916,915.5	-406,053.3
2002	616,593.6	1,065,765.5	-449,171.9
2003	1,270,085.4	2,011,339.1	-741,253.7
2004	1,606,630.3	2,697,276.6	-1,090,646.3
2005	1,900,603.1	3,390,754.3	-1,490,151.2
2006	2,186,017.5	4,855,151.0	-2,669,133.5
2007	2,510,567.2	6,025,493.3	-3,514,926.1
2008	3,220,495.7	7,754,465.6	-4,533,970.0
2005-1st Q	429,045.4	790,453.7	-361,408.4
2nd Q	396,237.1	704,729.9	-308,492.8
3rd Q	483,637.3	914,335.3	-430,698.0
4th Q	591,683.3	981,235.3	-389,552.0
2006-1st Q	479,606.1	967,455.5	-487,849.4
2nd Q	513,724.7	1,211,689.8	-697,965.0
3rd Q	541,226.7	1,278,118.9	-736,892.1
4th Q	651,460.0	1,397,886.9	-746,426.9
2007-1st Q	619,547.4	1,447,453.0	-827,905.6
2nd Q	559,066.9	1,429,762.8	-870,695.9
3rd Q	652,215.1	1,536,283.2	-884,068.1
4th Q	679,737.8	1,611,994.3	-932,256.5
2008-1st Q	722,191.6	1,609,991.7	-887,800.2
2nd Q	671,622.1	2,072,609.0	-1,400,986.9
3rd Q	866,641.8	2,051,546.8	-1,184,905.0
4th Q	960,040.2	2,020,318.1	-1,060,277.9
2009-1st Q	735,624.3	1,760,784.6	-1,025,160.3
2nd Q	679,125.8	1,593,036.6	-913,910.7

Note: 1) Figures for 2006 and 2007 are provisional

2) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002, monthly average exchange rates are used to compute figures in TZS.

3) Export figures does not include adjustments on unrecorded trade which is done on annual data

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.9 : Tanzania's Exports by Major Commodity Groups 1999-2009

Millions of TZS

Period	Coffee	Cotton	Sisal	Tea	Tobacco	Cashewnuts	Petroleum Products	Minerals	Manufactured Products	Others	Total
1999	56,995.0	21,744.7	5,380.8	18,305.6	31,998.6	79,197.2	318.0	56,090.2	22,412.6	119,761.5	412,204.1
2000	67,062.6	30,423.0	4,481.9	26,214.5	30,713.1	67,666.5	n.a	142,661.6	34,652.5	183,566.8	403,875.6
2001	49,150.4	29,812.2	5,857.7	25,115.6	31,072.6	49,159.2	n.a	265,927.0	49,638.0	241,009.7	746,742.4
2002	34,052.1	27,797.3	6,343.9	28,649.7	53,756.8	45,449.8	n.a	371,317.2	63,951.2	317,284.9	948,602.9
2003	51,707.4	48,322.9	7,558.3	25,660.8	41,752.2	43,892.4	n.a	574,707.1	87,344.6	389,139.5	1,270,085.4
2004	53,820.7	80,072.4	7,882.7	32,816.6	62,229.6	72,256.9	n.a	745,876.0	119,310.3	432,365.2	1,606,630.3
2005	83,557.3	127,177.7	8,176.1	28,830.4	91,361.4	54,234.2	n.a	802,997.8	177,271.4	526,996.9	1,900,603.1
2006	76,357.9	69,083.0	7,618.4	38,682.7	83,047.2	48,619.7	n.a	1,050,622.5	245,717.2	566,268.9	2,186,017.5
2007	121,980.5	79,942.5	11,091.9	35,890.5	108,563.7	30,983.7	n.a	1,056,594.0	383,242.5	682,277.9	2,510,567.2
2008	117,807.6	137,574.6	4,016.2	48,817.3	131,802.1	46,815.2	0.0	1,186,923.7	794,821.2	749,408.4	3,220,495.7
2005-1st Q	38,227.4	20,690.0	2,223.1	10,778.3	17,709.7	3,851.5	n.a	191,207.7	32,728.6	111,629.1	429,045.4
2nd Q	12,226.2	11,876.5	2,244.0	7,300.4	1,412.5	502.0	n.a	203,887.8	38,954.8	117,832.8	396,237.1
3rd Q	6,286.8	31,909.0	2,025.0	3,471.6	32,685.8	169.7	0.0	204,511.1	42,633.7	159,944.5	483,637.3
4th Q	26,816.9	62,702.2	1,684.0	7,280.1	39,553.3	49,710.9	n.a	203,391.1	62,954.2	137,590.5	591,683.3
2006-1st Q	27,598.7	24,573.6	2,258.2	10,085.1	12,280.2	22,039.8	n.a	203,691.5	49,897.1	127,181.8	479,606.1
2nd Q	10,813.9	20,261.8	1,531.1	12,080.6	6,544.2	898.9	n.a	267,489.9	59,459.6	134,644.7	513,724.7
3rd Q	6,467.6	11,003.8	459.2	7,353.7	38,407.8	624.8	0.0	261,027.6	62,993.3	152,889.0	541,226.7
4th Q	31,477.7	13,243.7	3,369.9	9,163.4	25,815.0	25,056.2	n.a	318,413.5	73,367.2	151,553.4	651,460.0
2007-1st Q	52,539.6	6,953.6	3,703.6	11,773.7	28,881.7	10,672.6	n.a	274,014.6	69,113.5	161,894.4	619,547.4
2nd Q	27,545.8	3,554.9	3,189.9	13,442.9	13,653.8	531.9	n.a	256,846.6	84,720.5	155,580.7	559,066.9
3rd Q	11,113.1	23,351.8	2,702.0	4,216.4	33,006.1	599.7	0.0	285,080.2	118,204.2	173,941.6	652,215.1
4th Q	30,782.0	46,082.2	1,496.3	6,457.4	33,022.2	19,179.5	n.a	240,652.7	111,204.4	190,861.2	679,737.8
2008-1st Q	39,903.5	16,585.4	793.5	14,148.1	14,752.4	45,573.2	n.a	307,692.1	133,510.6	149,232.8	722,191.6
2nd Q	18,152.8	14,328.2	1,719.1	15,829.0	1,741.7	227.6	n.a	346,567.5	134,812.0	138,244.3	671,622.1
3rd Q	10,830.7	56,830.6	0.0	7,932.5	31,878.5	0.0		303,331.5	264,929.5	188,399.1	866,641.8
4th Q	48,920.7	49,830.4	1,503.6	10,907.7	83,429.5	1,014.3		229,332.6	261,569.1	273,532.2	960,040.2
2009-1st Q	45,291.4	23,368.5	0.0	12,332.4	50,032.7	64,832.6		251,856.6	135,370.0	152,540.2	735,624.3
2nd Q	46,054.8	30,668.9	0.0	8,869.9	13,900.3	945.9		310,466.0	123,814.0	144,406.1	679,125.8

Notes: Figures for 2006 and 2007 are provisional

na = Not applicable

- Prior to 1998 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 1998 monthly average exchange rates are used to compute figures in TZS.

- Value in Millions of TZS

- Export figures does not include adjustments on unrecorded trade

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.10: Tanzania's Imports (c.i.f) by Major Commodity Groups 1999-2009

Millions of TZS									
Period	Transport. equipments	Building and construction	Machinery	Oil	Fertilizers	Industrial raw materials	Food and food stuffs	Other consumer goods	Total
1999	222,840.1	99,358.7	258,509.6	98,422.4	10,034.8	149,200.0	133,779.7	281,413.1	1,253,558.52
2000	185,195.0	104,455.0	228,492.8	113,789.2	13,583.0	132,275.5	144,993.0	306,895.1	1,229,678.55
2001	166,799.4	126,512.7	356,964.2	192,911.8	13,641.5	179,943.7	147,580.9	320,199.6	1,504,553.8
2002	210,732.8	130,303.2	355,642.3	188,347.6	19,618.4	201,209.3	142,408.6	357,173.6	1,605,435.8
2003	242,650.3	172,680.1	431,840.8	420,218.6	29,803.0	257,364.5	189,915.6	465,789.9	2,210,262.7
2004	274,058.7	221,417.4	531,532.9	684,762.0	64,593.3	271,303.3	297,986.0	618,386.7	2,964,040.2
2005	361,239.3	320,289.7	659,589.2	1,051,579.8	80,505.5	316,573.4	209,558.1	726,768.6	3,726,103.6
2006	516,422.2	466,475.8	998,263.2	1,582,296.9	76,129.2	520,749.9	342,020.5	832,972.9	5,335,330.8
2007	649,792.5	568,312.8	1,189,576.5	1,998,112.3	79,605.2	610,800.6	424,907.2	1,100,314.1	6,621,421.2
2008	1,036,754.3	815,628.0	1,629,800.2	2,413,100.1	198,892.5	738,536.1	382,485.3	1,306,194.5	8,521,390.8
2005-1st Q	78,655.1	73,479.4	161,586.3	258,016.0	15,071.1	71,036.0	46,503.9	164,282.6	868,630.5
2nd Q	66,416.2	64,448.0	153,932.9	201,316.2	15,399.2	64,915.2	46,930.8	161,070.0	774,428.5
3rd Q	84,801.6	73,806.7	169,158.8	317,312.7	25,379.5	81,390.6	54,541.9	198,372.3	1,004,764.0
4th Q	131,366.5	108,555.6	174,911.2	274,934.9	24,655.6	99,231.6	61,581.5	203,043.7	1,078,280.6
2006-1st Q	119,184.3	93,473.2	200,963.7	299,819.9	3,477.6	94,754.5	87,449.5	164,015.2	1,063,137.9
2nd Q	124,210.4	122,368.3	240,130.1	424,484.3	6,209.1	121,553.0	109,039.4	183,532.6	1,331,527.2
3rd Q	136,774.0	120,914.8	278,591.9	383,401.7	34,968.7	142,774.3	76,787.6	230,313.1	1,404,526.2
4th Q	136,253.6	129,719.6	278,577.4	474,590.9	31,473.8	161,668.1	68,744.0	255,112.0	1,536,139.5
2007-1st Q	125,502.2	137,316.2	292,378.8	505,545.3	4,501.4	140,054.5	112,322.9	272,986.3	1,590,607.7
2nd Q	166,325.4	139,882.1	340,311.8	464,633.0	10,325.6	122,806.3	78,335.7	248,548.0	1,571,167.9
3rd Q	170,833.3	145,272.0	278,933.6	562,584.0	35,398.6	162,558.6	67,183.8	265,459.3	1,688,223.3
4th Q	187,131.6	145,842.4	277,952.3	465,349.9	29,379.5	185,381.2	167,064.9	313,320.1	1,771,422.0
2008-1st Q	212,904.3	167,635.4	282,108.2	522,071.1	8,853.3	191,362.7	97,964.2	286,322.5	1,769,221.7
2nd Q	298,765.5	205,614.3	478,597.1	670,252.9	56,059.8	194,667.6	58,047.3	315,587.9	2,277,592.3
3rd Q	263,417.1	204,816.1	489,353.7	632,671.0	57,393.2	167,616.6	96,960.4	342,218.8	2,254,447.0
4th Q	261,667.3	237,562.2	379,741.2	588,105.2	76,586.2	184,889.2	129,513.3	362,065.3	2,220,129.7
2009-1st Q	256,026.7	215,037.9	427,448.8	400,837.3	32,998.4	158,523.1	118,317.6	325,738.4	1,934,928.2
2nd Q	247,946.1	145,432.1	425,991.7	326,934.2	14,012.1	132,990.0	138,716.5	318,567.0	1,750,589.7

Note: Figures for 2006 and 2007 are provisional

- Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.11: Tanzania's Exports by Country of Destination 1999-200

Country	Millions of TZS									
	1999	2000	2001	2002	2003	2004	2005	2006p	2007P	2008P
Australia	1874.5	949.77	2,064.9	2,899.9	1,837.0	2,285.0	2,784.1	3,748.2	9,608.5	7,333.9
Belgium	12527.6	14717.18	9,264.3	20,518.8	36,460.5	28,848.3	34,130.6	32,979.1	32,079.9	53,929.9
Burundi	2505.7	3388.06	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8	4,416.2	51,645.5	23,026.9
Canada	430.6	421.79	469.2	1,355.5	1,710.1	5,202.8	44,236.8	7,295.6	2,819.7	4,438.1
China	90.6	483.75	620.4	688.3	3,796.8	76,742.7	101,838.0	149,327.3	175,726.7	264,279.9
Democratic Republic of Congo	2772.7	87.48	4,773.2	15,307.0	12,839.9	11,050.4	14,251.0	26,859.4	69,409.6	150,644.2
Denmark	1043.2	1713.69	1,965.6	1,573.3	2,738.4	2,787.9	1,812.1	956.0	2,118.8	4,558.2
France	1672.9	29056.72	119,342.9	147,180.9	80,728.7	10,393.2	7,369.9	9,329.5	11,323.5	27,761.9
Germany	26178.0	52933.94	33,545.6	26,667.9	32,075.0	35,845.2	76,198.8	125,860.7	105,204.0	77,790.6
Hong Kong	5828.0	7042.23	7,593.7	10,787.4	10,254.9	13,376.3	10,810.1	8,459.5	17,582.0	15,785.0
India	84022.3	78811.054	72,043.8	62,093.9	75,129.7	109,671.9	71,299.6	70,439.1	96,171.0	203,097.2
Indonesia	6737.9	3502.98	2,541.5	3,960.2	7,538.4	6,325.6	7,934.2	10,150.3	19,543.6	28,665.0
Italy	4797.2	7192.22	6,852.8	23,625.4	24,203.3	30,252.1	41,232.4	36,333.5	69,176.5	79,549.7
Japan	32702.9	27370.13	60,068.2	93,075.8	92,164.9	70,065.3	77,602.4	82,003.2	71,038.2	161,859.3
Kenya	15630.9	25811.06	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8	111,502.9	125,790.9	277,819.7
Malaysia	1595.7	2460.06	2,591.5	2,835.0	1,223.7	2,469.2	18,144.3	1,763.8	2,150.8	3,484.9
Mozambique	517.4	1180.32	1,231.4	1,575.2	1,812.0	3,694.3	7,339.1	13,109.5	23,762.9	37,142.9
Netherlands	23234.5	36577.68	45,320.9	52,142.7	70,206.3	65,072.5	101,091.7	108,244.8	112,651.0	184,508.2
Norway	443.7	123.4	130.9	235.3	287.7	198.8	610.9	637.7	2,163.9	2,165.5
Pakistan	5662.3	5443.07	6,139.7	8,505.8	7,941.1	7,888.4	8,139.7	17,228.8	31,167.6	13,460.4
Portugal	4678.3	5132.5	4,371.8	3,856.9	4,105.5	5,112.8	5,401.2	9,290.4	38,120.6	15,493.6
Singapore	18399.4	5143.33	5,218.6	3,816.9	13,750.7	16,672.9	21,332.9	5,593.4	4,958.6	13,179.5
Somalia	74.8	365.84	129.6	327.9	166.0	-	163.5	248.0	533.3	3,315.5
South Africa	4910.6	9646.34	7,639.0	15,979.4	38,781.2	124,015.6	310,978.1	198,557.2	201,331.5	274,866.9
Spain	2548.8	3619.94	6,728.4	6,464.8	10,537.8	12,536.6	10,478.5	13,066.8	23,048.8	30,640.2
St. Helena	6546.1	3753.06	1,143.9	2,439.1	2,096.9	4,344.0	1,993.9	0.1	74.3	442.5
Sweden	210.8	336.3	121.8	170.7	1,241.2	833.5	670.3	635.4	3,148.6	1,738.1
Switzerland	1802.0	2448.45	3,721.1	5,520.7	13,017.0	32,444.7	123,193.2	299,805.4	498,327.3	668,711.0
Taiwan	2210.7	2173.42	874.6	1,619.8	1,721.3	2,807.2	2,687.0	1,280.5	1,587.4	751.7
Thailand	2870.0	3577.53	3,645.8	1,670.5	3,770.9	5,844.0	13,938.7	11,590.6	14,401.1	16,207.2
Uganda	3467.2	6770.89	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6	24,466.8	23,992.1	47,871.3
United Arab Emirates	4969.7	5017.51	8,374.0	13,916.8	15,926.0	19,093.6	38,060.5	51,389.6	110,022.1	77,325.4
United Kingdom	70149.9	117501.52	123,085.5	156,356.9	402,153.1	506,516.3	132,490.3	84,324.4	31,875.0	76,505.2
United States	13372.8	12205.4	13,275.0	13,065.4	11,701.5	14,949.0	18,658.6	24,223.4	42,518.8	65,122.8
USSR/Russia	50.1	1468.8	594.9	2,493.5	2,148.4	3,202.0	2,502.4	2,809.8	6,471.1	6,002.7
Yugoslavia	0.0	0	208.8	7.8	11.7	10.0	14.6	6.9	7.2	-
Zambia	2119.5	3778.48	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9	18,948.8	27,910.2	43,237.0
Others	87007.7	105791.89	118,121.9	169,140.6	172,855.4	256,270.1	463,919.5	834,791.4	694,320.6	251,474.4
Grand Total	455,656.9	587,997.8	746,886.2	948,602.9	1,270,085.4	1,606,630.3	1,900,603.1	2,404,572.3	2,762,373.0	3,220,495.7

Notes: 1) P = provisional

2) Others include data for unrecorded exports for 2006 and 2007

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.12: Tanzania's Imports(c.i.f) by Country of Origins 1999 - 2008

Country	Millions of TZS									
	1999	2000	2001	2002	2003	2004	2005	2006p	2007P	2008P
Argentina	14,256.2	7,115.7	2,656.2	3,904.6	2,838.0	28,661.1	30,351.9	17,350.0	30,983.3	73,480.0
Australia	60,646.6	75,669.2	123,743.8	70,071.2	56,923.1	81,839.2	47,218.4	33,464.4	31,464.1	67,419.6
Belgium	17,166.0	11,606.9	19,313.1	22,404.1	34,733.3	28,433.0	52,655.6	92,631.6	135,951.8	147,083.8
Brazil	12,936.4	8,185.8	4,065.4	2,942.6	29,425.3	7,408.6	18,272.6	14,878.6	24,508.0	15,568.2
Canada	19,853.0	25,853.8	20,228.9	17,094.5	19,831.9	43,271.7	39,883.8	46,281.9	44,284.7	67,545.8
China	43,213.3	54,455.3	61,830.4	76,335.1	120,836.0	186,806.9	245,399.1	381,692.1	512,890.5	841,597.9
Denmark	17,865.7	18,490.6	15,340.3	15,141.8	20,986.5	23,707.1	26,746.4	15,467.7	28,043.1	31,505.4
Eire/Ireland	1,645.3	3,626.6	4,595.5	7,975.6	9,891.6	14,253.2	13,295.5	19,100.7	31,135.6	22,158.2
Finland	9,811.8	7,538.7	4,197.5	15,770.4	17,304.6	30,375.1	24,374.8	18,736.0	132,226.1	50,262.2
France	15,993.3	20,397.2	36,420.5	37,633.9	42,339.6	44,123.7	101,366.0	71,087.6	162,119.1	188,717.9
Germany, Federal	46,524.0	41,706.1	59,689.6	57,994.5	71,117.2	82,045.5	99,024.1	187,389.6	194,240.2	249,035.3
Hong Kong	2,363.2	3,449.2	6,196.7	7,563.3	10,266.9	7,505.5	8,735.1	10,244.8	14,678.7	21,392.8
India	70,444.1	71,056.7	76,661.7	103,266.3	174,081.9	235,431.2	211,290.9	293,344.2	631,862.4	1,016,503.4
Indonesia	14,295.6	33,095.1	42,277.2	59,929.8	78,906.7	94,189.1	101,631.7	196,028.5	159,404.0	107,733.2
Italy	36,418.0	28,511.0	44,462.9	43,435.9	40,758.2	44,219.2	45,360.9	113,221.1	102,750.6	104,384.1
Japan	132,711.7	113,872.0	132,075.1	134,051.2	174,790.5	196,765.2	225,925.7	310,375.3	325,726.2	405,343.6
Kenya	70,799.0	74,734.0	84,205.8	90,280.8	120,287.3	141,789.9	175,332.0	191,252.1	124,630.1	233,967.0
Malaysia	17,865.9	11,197.3	15,959.3	12,132.8	18,352.8	21,091.2	23,813.2	118,687.4	182,428.7	192,254.7
Netherlands	27,295.8	23,644.4	27,075.2	26,461.1	33,050.5	46,611.0	75,922.8	106,637.9	106,273.9	248,052.9
New Zealand	0.0	0.0	842.3	1,334.4	1,671.4	2,419.7	1,870.3	2,092.7	3,012.6	3,702.9
Pakistan	11,660.7	6,150.7	8,623.2	20,628.3	13,590.0	8,162.0	7,830.3	18,370.8	15,119.1	20,052.2
Saudi Arabia	20,237.3	43,601.2	51,032.0	45,611.7	53,383.7	60,386.5	46,722.5	312,889.5	272,318.0	304,719.1
Singapore	7,266.9	5,070.6	7,876.9	5,573.1	17,100.1	47,997.5	10,417.2	16,611.1	31,354.5	518,267.5
South Africa	127,231.3	139,577.1	178,292.2	182,473.1	284,591.5	360,025.5	440,090.2	675,401.5	730,969.6	935,205.5
South Korea	13,810.8	17,573.6	13,806.4	17,743.3	29,104.5	28,983.8	37,945.3	82,165.3	93,625.6	100,735.3
Spain	8,100.1	7,364.4	9,002.9	9,917.7	13,969.4	32,021.0	16,051.8	17,247.0	22,224.5	34,692.4
Swaziland	9,325.7	10,296.2	11,083.9	13,096.2	12,682.5	18,762.2	20,856.4	20,746.1	25,062.1	90,423.8
Sweden	13,299.4	13,814.0	11,083.9	21,233.5	39,983.3	25,822.1	80,804.8	64,454.9	128,595.2	167,644.2
Switzerland	10,918.3	10,865.6	9,262.0	22,074.0	23,814.5	20,481.9	28,593.0	84,076.7	214,218.6	162,881.0
Taiwan	4,489.8	4,627.9	4,425.1	7,656.8	8,903.4	11,083.6	13,441.9	14,394.7	20,746.3	13,436.4
Thailand	13,345.6	22,523.2	32,749.9	34,749.7	21,503.4	32,296.5	28,032.1	45,613.7	73,378.3	88,341.7
Turkey	5,144.2	2,951.1	1,961.8	3,096.4	4,656.5	5,023.9	9,409.8	38,857.8	57,646.7	93,229.1
Uganda	4,489.9	4,501.0	9,962.5	2,561.4	8,538.5	8,330.5	5,786.3	4,766.4	7,980.4	7,588.6
United Arab Emirate	37,995.7	45,584.9	95,506.8	93,824.8	152,331.1	201,204.2	220,274.8	618,949.9	963,802.7	1,053,525.3
United Kingdom	95,553.6	85,267.9	96,945.7	91,630.6	111,107.3	120,177.3	135,618.2	194,536.0	214,155.8	195,135.0
United States	73,963.0	47,158.7	57,238.0	88,321.3	72,310.7	85,113.2	112,741.8	150,019.1	233,287.9	236,992.6
USSR/Russia	0.0	0.0	10,959.2	9,788.9	7,063.8	2,277.8	36,993.1	53,694.5	88,679.5	87,823.1
Yugoslavia	0.0	0.0	52.0	21.6	15.2	0.0	0.0	0.9	0.0	0.0
Zambia	5,408.4	1,919.8	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9	14,334.2	2,288.7	32,663.2
Zimbabwe	0.0	0.0	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3	1,611.0	23,035.2	1,732.1
Others	159,212.9	127,016.2	98,897.1	112,008.4	243,271.3	512,840.3	882,050.5	601,734.5	357,611.5	194,497.6
Grand Total	1,253,558.5	1,230,069.7	1,504,739.1	1,605,435.8	2,210,262.7	2,964,040.1	3,726,103.6	5,335,330.8	6,621,420.8	8,521,390.8

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority

Table A4.13: Tanzania's Exports to COMESA Countries 1999-2008

Country	1999	2000	2001	2002	2003	2004	2005	2006p	2007P	2008P
Burundi	2,505.7	3,388.1	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8	4,416.2	51,645.5	23,026.9
Comoro	6.9	25.8	14.9	347.3	1,334.8	1,275.9	1,568.2	9,322.2	4,470.3	58,707.8
Djibouti	75.5	87.2	24.9	48.8	29.0	66.3	9.1	4.9	59.5	383.5
Ethiopia	235.8	358.7	643.5	359.4	729.7	1,921.7	1,893.4	786.9	1,098.2	1,091.4
Kenya	15,630.9	25,811.1	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8	111,502.9	125,790.9	277,819.7
Lesotho	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Malawi	6,867.9	4,927.1	4,932.0	17,172.1	8,746.4	13,530.2	916.6	22,206.9	24,476.1	49,913.5
Mauritius	59.8	158.3	288.7	280.7	738.5	583.0	3,713.8	1,134.0	2,196.0	1,084.8
Rwanda	2,136.1	1,457.0	1,992.4	3,742.0	2,644.5	3,177.5	3,376.8	3,401.5	13,913.2	24,340.0
Somalia	74.8	365.8	129.6	327.9	166.0	0.0	163.5	248.0	533.3	3,315.5
Swaziland	150.1	170.8	0.0	360.3	5.3	3,103.7	626.3	2,350.4	242.7	759.1
Uganda	3,467.2	6,770.9	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6	24,466.8	23,992.1	47,871.3
Zambia	2,119.5	3,778.5	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9	18,948.8	27,910.2	43,237.0
Zimbabwe	1,954.1	2,149.8	369.4	1,356.9	3,966.7	1,347.3	1,750.5	1,483.2	857.2	1,360.1
Grand Total	35,284.3	49,449.0	56,829.8	86,993.9	131,117.6	144,466.9	140,976.6	200,272.8	277,185.1	532,910.7

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority





Table A4.14: Tanzania's Direct Imports from COMESA Countries 1999-2008

Country	1999	2000	2001	2002	2003	2004	2005	2006 ^P	2007 ^P	2008 ^P
Burundi	8.2	9.27	140.1	7.3	335.2	17.4	292.7	2.2	19.8	505.8
Comoro	0.0	0.0	0.0	0.7	0.3	0.0	28.4	23.6	0.0	17.2
Djibouti	20.77	12.48	0.0	2.3	415.7	297.1	1,378.8	0.0	0.0	1.4
Ethiopia	643.375	2,602.8	468.4	633.5	128.8	1,138.1	1,181.1	202.2	114.7	32.5
Kenya	70,799.0	74,734.0	84,205.8	91,630.6	120,287.3	141,789.9	175,332.0	191,252.1	124,630.1	233,967.0
Lesotho	15.174	0	0.1	0.1	0.0	0.0	0.0	79.5	10.9	2.6
Malawi	2602.138	1520.85	1,809.1	1,398.4	1,455.3	3,090.3	3,629.4	4,586.2	8,034.3	7,889.7
Mauritius	2472.413	2574.69	3,656.3	1,674.6	1,831.1	4,426.6	5,154.7	3,788.7	3,247.0	1,375.1
Rwanda	6.0	115.84	68.5	41.6	833.1	126.8	32.7	190.1	18.2	59.4
Somalia	56.682	1.45	7.1	5.5	69.7	16.0	5.6	5.6	119.5	1,112.3
Swaziland	9325.746	10296.23	11,083.9	15,096.2	12,682.5	18,762.2	20,856.4	20,746.1	25,062.1	90,423.8
Uganda	4489.871	4501	9,962.5	2,561.5	8,538.5	4,989.4	4,766.4	4,766.4	7,980.4	7,588.6
Zambia	5408.443	1919.79	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9	14,334.2	2,288.7	32,663.2
Zimbabwe	4173.957	3619.6	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3	1,611.0	23,035.2	1,732.1
Grand Total	100,021.78	101,907.94	115,620.6	119,139.6	149,880.2	182,952.0	219,037.4	241,587.9	194,560.9	377,370.6

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority

Table A 4.15: Tanzania: Services, Income and Transfers 1999 - 2009

Millions TZS

Period	Services			Income			Current Transfers		
	Net	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments
1999	-140,111.71	449,304.7	589,416.4	-86013.27	24,154.6	110,167.9	246,413.9	335,321.2	88,907.3
2000	-44,017.20	502,170.7	546,187.9	-104160.70	40,302.6	144,463.3	315,362.9	378,139.7	62,776.8
2001	235,106.15	803,487.3	568,381.2	-133519.61	48,766.9	182,286.5	344,484.8	415,024.3	70,539.5
2002	278,134.60	889,335.0	611,200.4	-85,695.8	65,570.0	151,265.8	285,318.9	344,570.6	59,251.7
2003	230,210.20	984,865.9	754,655.7	-143,534.7	90,724.5	234,259.2	533,547.7	599,225.5	65,677.7
2004	174,336.70	1,232,378.9	1,058,042.2	-123,872.5	88,631.0	212,503.5	634,725.4	705,588.1	70,862.8
2005	68,704.60	1,434,007.9	1,365,303.3	-117,241.4	91,627.3	208,868.7	564,303.4	640,549.2	76,245.8
2006	348,941.40	1,916,071.1	1,567,129.7	-117,707.6	66,562.7	184,270.3	751,067.4	833,626.2	82,558.8
2007	575,191.85	2,333,405.5	1,758,213.7	-71,771.4	133,511.4	205,282.7	812,802.4	903,114.4	90,312.0
2008	670,634.4	2,593,905.6	1,923,271.2	-111,556.1	144,912.6	256,468.7	739,197.4	834,389.8	95,192.4
2006: Q1	92,369.8	435,325.3	342,955.5	-16,401.1	22,307.5	38,708.6	59,959.0	79,164.6	19,205.6
Q2	64,749.5	446,107.3	381,357.8	-21,020.8	21,925.4	42,946.2	94,058.0	114,596.3	20,538.3
Q3	119,677.9	545,843.7	426,165.8	-42,914.9	12,202.7	55,117.6	363,658.0	384,726.1	21,068.1
Q4	72,144.1	488,794.7	416,650.6	-37,370.7	10,127.2	47,497.9	234,180.3	255,927.1	21,746.8
2007p: Q1	152,201.2	588,461.1	436,259.9	-13,083.3	24,467.8	37,551.1	56,513.9	80,748.8	24,234.9
Q2	122,909.6	571,188.9	448,279.3	-18,268.7	32,831.1	51,099.8	13,595.4	38,816.0	25,220.6
Q3	191,400.0	629,013.3	437,613.3	-23,013.1	41,946.0	64,959.1	586,889.5	608,270.4	21,380.9
Q4	110,837.4	544,742.3	433,904.9	-17,406.3	34,266.5	51,672.8	155,803.6	175,279.2	19,475.6
2008p: Q1	133,382.6	573,418.0	440,035.5	-15,551.3	38,166.7	53,718.0	53,588.7	74,039.5	20,450.8
Q2	160,678.2	633,209.1	472,530.9	-33,471.3	40,127.9	73,599.2	51,960.4	84,112.5	32,152.1
Q3	230,481.6	700,548.3	470,066.7	-18,614.5	36,177.0	54,791.4	267,142.7	289,312.1	22,169.4
Q4	146,092.0	686,730.2	540,638.1	-43,919.1	30,441.0	74,360.1	366,505.5	386,925.7	20,420.2
2009p: Q1	80,945.5	646,788.2	565,842.7	-16,908.0	54,586.1	71,494.1	196,319.1	217,472.8	21,153.6
Q2	43,818.4	538,190.5	494,372.2	-15,907.2	51,020.4	66,927.6	97,513.9	119,009.7	21,495.7

Notes: As from 2001 onwards, the estimation technique for government service payments has been revised leading to the change in service payments

P = provisional

r = revised, Q = Quarter

Source: Bank of Tanzania





A4.0 Balance of Payments and Foreign Trade Developments
Table A4.16 : Foreign Reserve Position* (revised), 2000 - 2008

End of Period	Bank of Tanzania																	Total Net Position						
	Foreign Exchange										Central government						Commercial banks							
	Assets		Liabilities		Net	Reserves		Gold		Other Foreign		Net official Position	Liquid Foreign Assets		Liabilities		Net		Other Foreign Assets		Liabilities		Net Foreign Assets	
Millions of TZS																								
2000	412,222.9	40,169.4	372,053.5	23,002.2	420.7	295.7	9,856.3	205,918.7	199,709.6	0.0	199,709.6	267,295.6	417.3	266,878.4	5,842.0	125.8	272,594.6	386,836.1	1,282.2	385,553.9	7,924.8	79.8	393,398.9	
2001	564,478.7	33,890.3	530,588.4	25,235.2	263.8	320.6	10,685.5	253,140.3	313,953.3	0.0	313,953.3	456,880.1	7,693.4	449,186.7	43,537.2	163.5	492,560.4	547,712.0	3,054.2	544,657.8	42,132.1	11,048.6	575,741.3	
2002	1,111,165.8	64,896.4	1,046,269.4	24,076.9	426.7	38.6	12,598.1	352,921.4	730,488.3	0.0	730,488.3	638,738.5	2,798.3	635,940.2	20,508.5	198.8	656,249.9	602,793.9	3,853.4	598,940.5	51,681.0	133.7	650,487.8	
2003	1,704,048.4	114,331.2	1,589,717.2	28,920.3	157.0	273.1	14,660.3	418,691.9	1,215,036.0	0.0	1,215,036.0	22,851.7	611,458.9	72,235.8	4,611.4	679,083.2	2,345,096.4	915,715.8	87,606.3	828,109.5	60,562.1	27,831.5	860,840.1	
2004	2,062,664.1	150,444.3	1,912,219.7	0.0	488.1	146.8	16,250.7	460,231.8	1,468,873.6	0.0	1,468,873.6	1,396.0	277.3	19,155.9	21,511.3	2,537,150.2	0.0	885,914.9	100,064.1	785,850.8	73,448.0	21,899.3	837,399.5	
2005	2,200,117.3	128,916.6	2,071,200.7	0.0	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	1,666,013.2	2,913.3	1,468,873.6	1,666,013.2	1,666,013.2	1,666,013.2	1,666,013.2	804,053.5	144,218.3	659,835.2	31,072.9	87,613.6	603,294.5	
2006	2,315,310.2	272,003.7	2,043,306.6	0.0	929.3	80.7	18,385.8	15,444.1	2,047,258.3	0.0	2,047,258.3	911.3	175.2	18,793.8	21,049.1	2,320,505.5	-	982,706.3	37,716.3	944,989.9	72,077.9	16,040.0	1,001,027.9	
2007	2,710,359.8	172,527.6	2,537,832.2	0.0	1,396.0	277.3	19,155.9	21,511.3	2,537,150.2	0.0	2,537,150.2	826.6	210.5	19,116.4	21,410.4	3,164,032.1	0.0	885,914.9	100,064.1	785,850.8	73,448.0	21,899.3	837,399.5	
2008	3,107,989.2	206,095.4	2,901,893.8	0.0	302.6	174.5	19,203.1	21,507.5	2,900,066.5	0.0	2,900,066.5	724.1	124.8	17,869.8	20,014.2	2,930,895.8	0.0	852,722.3	199,589.8	653,132.5	27,104.3	82,266.5	597,970.3	
2009: Mar	3,372,461.8	146,383.5	3,226,078.4	0.0	1,058.9	192.3	20,357.9	22,800.9	3,224,886.6	0.0	3,224,886.6	1,058.9	192.3	20,357.9	22,800.9	3,224,886.6	0.0	897,286.4	207,555.4	689,731.0	34,009.0	76,747.3	646,992.8	
Jun	3,107,989.2	206,095.4	2,901,893.8	0.0	302.6	174.5	19,203.1	21,507.5	2,900,066.5	0.0	2,900,066.5	302.6	174.5	19,203.1	21,507.5	2,900,066.5	0.0	804,053.5	144,218.3	659,835.2	31,072.9	87,613.6	603,294.5	
Sep	3,108,479.2	243,183.5	2,865,295.6	0.0	-265.2	536.7	18,386.4	20,592.7	2,863,360.8	0.0	2,863,360.8	-265.2	536.7	18,386.4	20,592.7	2,863,360.8	0.0	705,476.6	157,508.2	547,968.4	33,834.1	53,462.3	528,340.2	
Dec	3,684,717.6	269,402.8	3,415,314.8	0.0	1,224.5	-359.9	20,138.0	22,682.6	3,413,634.8	0.0	3,413,634.8	1,224.5	-359.9	20,138.0	22,682.6	3,413,634.8	0.0	726,418.8	73,930.7	652,488.0	44,942.8	95,624.3	601,806.5	
2009: Jan	3,215,342.1	166,508.7	3,048,833.4	0.0	579.9	689.9	18,652.4	20,890.7	3,047,864.9	0.0	3,047,864.9	579.9	689.9	18,652.4	20,890.7	3,047,864.9	0.0	863,778.9	199,589.8	664,189.1	34,840.0	82,266.5	616,762.7	
Feb	3,221,054.4	159,517.3	3,061,537.1	0.0	972.4	177.6	18,802.0	21,058.2	3,060,430.8	0.0	3,060,430.8	972.4	177.6	18,802.0	21,058.2	3,060,430.8	0.0	774,988.2	247,317.9	527,670.3	26,328.7	95,248.7	458,750.2	
Mar	3,372,461.8	146,383.5	3,226,078.4	0.0	1,058.9	192.3	20,357.9	22,800.9	3,224,886.6	0.0	3,224,886.6	1,058.9	192.3	20,357.9	22,800.9	3,224,886.6	0.0	897,286.4	207,555.4	689,731.0	34,009.0	76,747.3	646,992.8	
Apr	3,261,653.2	192,093.3	3,069,559.9	0.0	1,002.5	184.4	19,252.2	21,868.2	3,068,403.9	0.0	3,068,403.9	1,002.5	184.4	19,252.2	21,868.2	3,068,403.9	0.0	806,483.6	190,592.4	615,891.2	33,682.9	74,710.1	574,864.0	
May	3,215,246.5	215,341.4	2,999,905.1	0.0	996.3	-238.9	19,434.7	21,766.9	2,998,330.3	0.0	2,998,330.3	996.3	-238.9	19,434.7	21,766.9	2,998,330.3	0.0	738,561.8	187,019.5	551,542.3	29,563.7	63,247.5	517,858.5	
Jun	3,107,989.2	206,095.4	2,901,893.8	0.0	302.6	174.5	19,203.1	21,507.5	2,900,066.5	0.0	2,900,066.5	302.6	174.5	19,203.1	21,507.5	2,900,066.5	0.0	804,053.5	144,218.3	659,835.2	31,072.9	87,613.6	603,294.5	
Jul																								
Aug																								
Sep	3,108,479.2	243,183.5	2,865,295.6	0.0	-265.2	536.7	18,386.4	20,592.7	2,863,360.8	0.0	2,863,360.8	-265.2	536.7	18,386.4	20,592.7	2,863,360.8	0.0	705,476.6	157,508.2	547,968.4	33,834.1	53,462.3	528,340.2	
Oct																								
Nov	3,684,717.6	269,402.8	3,415,314.8	0.0	1,224.5	-359.9	20,138.0	22,682.6	3,413,634.8	0.0	3,413,634.8	1,224.5	-359.9	20,138.0	22,682.6	3,413,634.8	0.0	726,418.8	73,930.7	652,488.0	44,942.8	95,624.3	601,806.5	
Dec																								
2009: Jan																								
Feb																								
Mar																								
Apr																								
May																								
Jun																								

Note: SDRs => Special Drawing Rights, RPF => Reserve Position in the Fund, UFC => Use of Fund Credit

Source: Bank of Tanzania



A6.1 Zanzibar Output and Prices

Table A6.1.1: Gross Domestic Product (GDP) by kind of Economic Activity, at Current Prices, 2000-2008

Economic Activity	Millions of TZS								
	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Agriculture, forestry & fishing	44,085.9	56,487.8	63,636.9	61,312.1	80,434.8	92,529.2	150,500.0	161,000.0	230,800.0
Crops	24,200.3	35,943.3	40,085.5	35,552.4	47,281.7	51,700.0	104,200.0	100,300.0	160,800.0
Livestock	9,352.4	9,420.7	10,644.8	12,221.6	14,786.1	16,280.8	20,900.0	25,800.0	34,400.0
Forestry & hunting	918.0	1,059.6	1,083.3	1,097.2	1,181.6	1,268.9	1,800.0	2,200.0	2,600.0
Fishing	9,615.2	10,064.3	11,823.3	12,440.9	17,185.5	23,279.5	23,500.0	32,700.0	33,000.0
Industry	21,125.0	24,600.7	29,783.3	37,640.6	45,902.5	53,580.5	75,400.0	88,400.0	106,400.0
Mining & quarrying	984.3	1,130.1	1,507.9	2,236.2	2,512.0	3,190.3	3,800.0	4,700.0	7,000.0
Manufacturing	10,735.8	11,274.1	13,708.0	16,845.6	17,229.7	19,399.2	23,400.0	26,600.0	32,000.0
Electricity, gas & water supply	3,465.1	3,659.6	4,248.9	4,726.9	5,638.6	6,435.8	9,900.0	11,100.0	12,800.0
Construction	5,939.8	8,536.9	10,318.5	13,831.9	20,522.1	24,555.3	38,300.0	46,000.0	54,600.0
Services	93,873.3	106,634.3	126,138.4	148,605.3	173,687.4	199,197.0	222,100.0	258,600.0	318,600.0
Trade & repairs	19,479.0	23,722.1	25,408.1	27,811.8	30,628.2	38,600.0	45,300.0	55,400.0	62,000.0
Hotels & restaurants	15,710.1	13,316.8	16,082.6	16,128.6	19,869.9	30,580.9	38,900.0	46,000.0	55,200.0
Transport & communications	11,021.3	13,868.3	15,725.3	23,522.0	27,005.1	31,500.0	34,500.0	40,500.0	62,300.0
Financial intermediation	2,677.7	2,938.9	3,770.8	4,581.4	5,569.1	7,800.0	8,000.0	10,800.0	13,700.0
Real estate & business services	2,095.1	2,266.4	2,501.2	2,862.9	3,240.1	3,728.9	4,500.0	5,400.0	6,800.0
Public administration	28,599.6	34,046.4	43,315.4	50,578.9	60,138.0	56,729.3	53,700.0	59,200.0	71,900.0
Education	10,914.3	12,655.0	14,852.2	17,355.7	20,556.0	22,660.3	27,700.0	30,500.0	33,600.0
Health	2,595.8	2,953.7	3,513.6	4,622.2	5,356.6	6,090.6	7,500.0	8,700.0	10,600.0
Other social & personal services	780.4	866.8	969.3	1,141.7	1,324.4	1,506.9	1,800.0	2,100.0	2,500.0
Adjustment to market prices									
Taxes on products	31,432.0	34,675.5	36,393.3	39,073.0	44,300.9	49,569.0	62,000.0	78,700.0	92,300.0
GDP at Current Market Prices	190,516.2	222,398.3	255,951.9	286,631.0	344,325.6	394,875.7	510,000.0	586,700.0	748,100.0
Population "000"	916.0	944.0	982.0	1,011.0	1,041.0	1,072.0	1,104.0	1,137.0	1,171.0
GDP per capita: TZS "000"	208.0	235.6	260.6	283.5	330.8	368.0	462.0	516.0	639.0
Exchange rate: TZS/USD	800.0	889.0	946.0	1,040.0	1,091.0	1,127.9	1,255.0	1,247.8	1,197.0

Notes: * Provisional

Source: Office of Chief Government Statistician-Zanzibar

Table A6.1.2: Gross Domestic Product (GDP) by kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, 2000-2008

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Agriculture, forestry & fishing	23.1	25.4	24.9	21.4	23.4	23.4	29.5	27.4	30.9
Crops	12.7	16.2	15.7	12.4	13.7	13.1	20.4	17.1	21.5
Livestock	4.9	4.2	4.2	4.3	4.3	4.1	4.1	4.4	4.6
Forestry & hunting	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.3
Fishing	5.1	4.5	4.6	4.3	5.0	5.9	4.6	5.6	4.4
Industry	11.1	11.1	11.6	13.1	13.3	13.6	14.8	15.1	14.2
Mining & quarrying	0.5	0.5	0.6	0.8	0.7	0.8	0.7	0.8	0.9
Manufacturing	5.6	5.1	5.4	5.9	5.0	4.9	4.6	4.5	4.3
Electricity, gas & water supply	1.8	1.6	1.7	1.6	1.6	1.6	1.9	1.9	1.7
Construction	3.1	3.8	4.0	4.8	6.0	6.2	7.5	7.8	7.3
Services	49.3	47.9	49.3	51.8	50.4	50.4	43.5	44.1	42.6
Trade & repairs	10.2	10.7	9.9	9.7	8.9	9.8	8.9	9.4	8.3
Hotels & restaurants	8.2	6.0	6.3	5.6	5.8	7.7	7.6	7.8	7.4
Transport & communications	5.8	6.2	6.1	8.2	7.8	8.0	6.8	6.9	8.3
Financial intermediation	1.4	1.3	1.5	1.6	1.6	2.0	1.6	1.8	1.8
Real estate & business services	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9
Public administration	15.0	15.3	16.9	17.6	17.5	14.4	10.5	10.1	9.6
Education	5.7	5.7	5.8	6.1	6.0	5.7	5.4	5.2	4.5
Health	1.4	1.3	1.4	1.6	1.6	1.5	1.5	1.5	1.4
Other social & personal services	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Adjustment to market prices									
Taxes on products	16.5	15.6	14.2	13.6	12.9	12.6	12.2	13.4	12.3
GDP at Current Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0





A6.1 Zanzibar Output and Prices

Table A 6.1.3 : Zanzibar Gross Domestic Product (GDP) by kind of Economic Activity, at 2001 Constant Prices, 2000-2008

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Agriculture, forestry & fishing	49,612.3	56,487.8	55,614.1	57,959.7	59,579.1	61,279.6	72,700.0	72,400.0	76,500.0
Crops	30,691.5	35,943.3	34,823.1	36,557.2	37,288.8	37,900.9	49,000.0	48,000.0	51,100.0
Livestock	9,108.6	9,420.7	9,743.9	10,086.5	10,441.7	10,810.1	11,200.0	11,600.0	12,000.0
Forestry & hunting	989.9	1,059.6	1,083.3	1,097.2	1,138.2	1,178.9	1,200.0	1,300.0	1,300.0
Fishing	8,822.2	10,064.3	9,963.8	10,218.8	10,710.3	11,389.7	11,300.0	11,500.0	12,100.0
Industry	22,956.1	24,600.7	28,056.1	32,633.6	36,726.0	39,146.8	46,000.0	48,100.0	49,000.0
Mining & quarrying	1,015.7	1,130.1	1,431.5	1,946.4	2,027.9	2,341.7	2,400.0	2,600.0	3,200.0
Manufacturing	12,274.8	11,274.1	13,013.4	14,662.7	13,908.8	14,239.4	14,700.0	14,800.0	14,800.0
Electricity, gas & water supply	3,536.5	3,659.6	3,815.4	3,985.0	4,222.8	4,541.6	4,800.0	5,100.0	5,200.0
Construction	6,129.1	8,536.9	9,795.7	12,039.5	16,566.6	18,024.1	24,100.0	25,600.0	25,800.0
Services	99,175.1	106,634.3	120,095.4	125,213.2	133,587.6	140,646.4	136,700.0	150,880.0	160,590.0
Trade & repairs	20,094.9	23,722.1	24,129.7	24,217.4	24,748.0	28,400.0	28,600.0	30,900.0	28,700.0
Hotels & restaurants	16,211.0	13,316.8	15,267.7	14,038.6	15,648.8	21,899.4	23,900.0	25,000.0	24,900.0
Transport & communications	12,327.7	13,868.3	16,348.9	19,755.5	21,122.7	23,200.0	23,300.0	32,000.0	41,300.0
Financial intermediation	2,702.9	2,938.9	3,543.0	3,852.7	4,587.4	5,214.1	4,700.0	5,700.0	5,900.0
Real estate & business services	2,166.9	2,266.4	2,371.2	2,481.5	2,597.7	2,720.1	2,800.0	3,000.0	3,100.0
Public administration	30,454.4	34,046.4	40,400.8	41,773.1	44,657.4	38,616.1	31,600.0	32,000.0	33,100.0
Education	11,622.2	12,655.0	13,852.9	14,334.1	15,264.5	15,425.1	16,300.0	16,500.0	17,500.0
Health	2,764.1	2,953.7	3,277.2	3,817.5	3,977.7	4,145.9	4,390.0	4,680.0	4,890.0
Other social & personal services	831.0	866.8	904.0	942.9	983.5	1,025.7	1,100.0	1,100.0	1,200.0
Adjustment to market prices									
Taxes on products	31,723.8	34,675.5	37,638.8	39,863.0	42,427.6	44,500.0	47,200.0	50,100.0	52,800.0
Total GDP at market Prices	171,743.5	187,722.8	241,400.0	255,700.0	272,400.0	285,600.0	302,600.0	321,480.0	338,890.0

Notes: *Provisional

Source: Office of Chief Government Statistician-Zanzibar


Table A 6.1.4: Zanzibar Gross Domestic Product (GDP) by kind of Economic Activity, Percentage Share in Total GDP, at 2001 Constant Prices, 2000-2008

Economic Activity	Percent								
	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Agriculture, forestry & fishing	28.9	30.1	23.0	22.7	21.9	21.5	24.0	22.5	22.6
Crops	17.9	19.1	14.4	14.3	13.7	13.3	16.2	14.9	15.1
Livestock	5.3	5.0	4.0	3.9	3.8	3.8	3.7	3.6	3.5
Forestry & hunting	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Fishing	5.1	5.4	4.1	4.0	3.9	4.0	3.7	3.6	3.6
Industry	13.4	13.1	11.6	12.8	13.5	13.7	15.2	15.0	14.5
Mining & quarrying	0.6	0.6	0.6	0.8	0.7	0.8	0.8	0.8	0.9
Manufacturing	7.1	6.0	5.4	5.7	5.1	5.0	4.9	4.6	4.4
Electricity, gas & water supply	2.1	1.9	1.6	1.6	1.6	1.6	1.6	1.6	1.5
Construction	3.6	4.5	4.1	4.7	6.1	6.3	8.0	8.0	7.6
Services	57.7	56.8	49.7	49.0	49.0	49.2	45.2	46.9	47.4
Trade & repairs	11.7	12.6	10.0	9.5	9.1	9.9	9.5	9.6	8.5
Hotels & restaurants	9.4	7.1	6.3	5.5	5.7	7.7	7.9	7.8	7.3
Transport & communications	7.2	7.4	6.8	7.7	7.8	8.1	7.7	10.0	12.2
Financial intermediation	1.6	1.6	1.5	1.5	1.7	1.8	1.6	1.8	1.7
Real estate & business services	1.3	1.2	1.0	1.0	1.0	1.0	0.9	0.9	0.9
Public administration	17.7	18.1	16.7	16.3	16.4	13.5	10.4	10.0	9.8
Education	6.8	6.7	5.7	5.6	5.6	5.4	5.4	5.1	5.2
Health	1.6	1.6	1.4	1.5	1.5	1.5	1.5	1.5	1.4
Other social & personal services	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.4
Adjustment to market prices									
Taxes on products	18.5	18.5	15.6	15.6	15.6	15.6	15.6	15.6	15.6
Total GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: * Provisional

Source: Office of Chief Government Statistician-Zanzibar and BoT



A6.1 Zanzibar Output and Prices

Table A 6.1.5: Gross Domestic Product (GDP) by kind of Economic Activity, Percentage Annual Growth Rates, at 2001 Constant Prices, 2000-2008

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Agriculture, forestry & fishing	-1.3	13.9	-1.5	4.2	2.8	2.8	18.7	-0.4	5.7
Crops	-0.9	17.1	-3.1	5.0	2.0	1.6	29.4	-2.0	6.5
Livestock	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.6	3.4
Forestry & hunting	1.9	7.0	2.2	1.3	3.7	3.6	3.8	8.3	0.0
Fishing	-7.2	14.1	-1.0	2.6	4.8	6.3	-1.0	1.8	5.2
Industry	-10.3	7.2	14.1	16.3	12.5	6.6	17.6	4.6	1.9
Mining & quarrying	-0.4	11.3	26.7	36.0	4.2	15.5	3.0	8.3	23.1
Manufacturing	-0.9	-8.2	15.4	12.7	-5.1	2.4	3.5	0.7	0.0
Electricity, gas & water supply	4.9	3.5	4.3	4.4	6.0	7.6	5.0	6.3	2.0
Construction	-30.5	39.3	14.7	22.9	37.6	8.8	33.8	6.2	0.8
Services	10.2	7.5	12.6	4.3	6.7	5.3	-2.8	10.4	6.4
Trade & repairs	2.0	18.1	1.7	0.4	2.2	14.6	1.0	8.0	-7.1
Hotels & restaurants	17.1	-17.9	14.6	-8.1	11.5	39.9	9.2	4.6	-0.4
Transport & communications	14.6	12.5	17.9	20.8	6.9	9.9	0.4	37.3	29.1
Financial intermediation	20.7	8.7	20.6	8.7	19.1	13.7	-10.2	21.3	3.5
Real estate & business services	4.6	4.6	4.6	4.7	4.7	4.7	4.7	7.1	3.3
Public administration	13.2	11.8	18.7	3.4	6.9	-13.5	-18.3	1.3	3.4
Education	4.7	8.9	9.5	3.5	6.5	1.1	5.4	1.2	6.1
Health	7.7	6.9	11.0	16.5	4.2	4.2	5.9	6.6	4.5
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3	0.0	9.1
Total GDP at market prices	3.6	9.3	8.5	5.9	6.5	4.9	6.0	6.3	5.4

Notes: * Provisional

Source: Office of Chief Government Statistician-Zanzibar

Table A 6.1.6 Marketed Production of Zanzibar Major Export Commodities, 2000-2008

Crop	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Cloves	460.0	2,061.9	5,959.8	5,219.0	4,097.6	3,266.7	3,156.7	1,085.6	3,968.5
Clove Stems	242.1	323.5	187.3	497.0	476.0	350.6	128.8	226.5	345.4
Seaweeds	4,990.7	8,117.0	9,090.7	9,261.0	7,184.5	7,361.8	7,543.1	8,485.0	11,177.0
Rubber	0.0	0.0	0.0	0.0	683.0	711.0	886.8	974.2	1,479.0

Notes: * Provisional

Source: Office of Chief Government Statistician - Zanzibar





A6.1 Zanzibar Output and Prices

Table A 6.1.7: Production in Selected Commodities in Zanzibar, 2000-2008

Commodity	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Wheat Flour	Ton	0.0	0.0	18,154.0	21,446.0	16,753.0	14,822.0	10,590.0	1,026.0	0.0
Beverage	Litres'000'	6,320.0	5,689.0	5,419.0	6,250.0	7,132.0	8,435.0	10,246.0	9,925.0	9,417.0
Animal Feed	Tons	2,206.0	1,534.0	1,674.0	1,520.0	1,277.0	1,001.0	842.0	1,115.0	215.0
Video/Radio tapes	Cartoon	0.0	0.0	0.0	0.0	95,262.0	79,015.0	86,579.0	80,687.0	61,167.0
Bread	No. '000'	20,585.0	53,059.0	54,519.0	59,992.0	68,706.0	77,331.0	87,037.0	97,960.0	108,942.0
Dash Dash Fashion	Pcs	0.0	0.0	0.0	0.0	4,929.0	3,860.0	2,004.0	5,338.0	3,778.0
Jewellery (Gold/Silver)	Grams	0.0	0.0	0.0	29,165.0	35,125.0	19,090.0	16,737.0	7,563.0	7,526.0
Noodles	Kg	0.0	0.0	0.0	159,133.0	193,656.0	93,830.0	61,085.0	58,807.0	71,072.0
Door UPVC	Nos.	-	-	-	-	70.0	18.0	32.0	53.0	33.0
Window UPVC	Nos.	-	-	87.0	-	150.0	15.0	59.0	161.0	35.0

Note: * Provisional,

0.0 = No Production

Source: Office of Chief Government Statistician - Zanzibar.



A6.1 Zanzibar Output and Prices

Table A.6.1.8: Zanzibar Consumer Price Index, 2005-2009

Base: December 2005 = 100

End of Period	Non-Food											Total			
	General Index	Food	Alcoholic Beverages, Tobacco & Narcotics	Clothing & Footwear	Housing, Water, Electricity, Gas & Other fuels	Furnishing, H/H Equipmt. & Routine H/H Maintenance	Health	Transport	Communication	Recreation & Culture	Education		Restaurants & Hotels	Miscellaneous Goods & services	
Weights (%)	100	57.4	42.6	0.6	6.2	15.6	5.3	2.1	3.4	2.4	0.4	1.1	3.1	2.4	
2005 - Dec	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006	106.5	107.0	105.9	112.7	102.6	107.1	104.1	103.7	114.5	99.4	107.0	100.9	107.3	105.3	105.3
2007	120.4	124.2	116.0	125.9	109.4	116.4	115.4	118.2	131.6	95.3	121.3	113.3	135.8	100.0	100.0
2008	145.4	154.4	135.4	136.0	118.5	141.9	130.6	139.3	156.8	93.8	131.5	121.7	168.2	119.1	119.1
2007-Mar	115.9	117.9	113.5	123.8	107.4	115.5	110.7	112.3	130.6	96.1	115.4	112.8	123.2	100.0	100.0
Jun	117.5	119.9	114.6	126.7	108.8	115.6	113.9	114.0	126.2	95.6	119.8	113.4	132.7	100.0	100.0
Sep	122.5	127.6	116.3	126.7	109.2	116.8	116.2	121.1	133.6	94.7	123.4	113.4	133.7	100.0	100.0
Dec	125.8	131.2	119.6	126.5	112.3	117.7	120.8	125.1	136.0	94.9	126.7	113.4	153.6	100.0	100.0
2008-Mar	132.5	140.5	123.3	124.6	115.1	120.7	123.6	131.8	137.3	94.0	130.8	119.9	161.4	113.5	113.5
Jun	142.0	153.2	129.0	126.0	115.6	127.5	129.6	137.7	151.1	93.9	130.5	121.6	167.1	122.9	122.9
Sep	151.5	158.9	143.8	145.2	120.0	159.6	133.0	142.7	171.2	93.4	131.3	122.2	168.7	119.0	119.0
Dec	155.6	165.2	145.3	148.2	123.2	159.7	136.1	145.2	167.6	93.9	133.5	122.9	175.7	120.8	120.8
2009-Mar	155.6	165.5	143.2	149.2	124.1	154.9	139.1	148.3	157.1	93.9	134.5	126.2	185.7	128.6	128.6
Jun	155.5	165.7	142.2	148.4	125.1	154.9	140.4	150.8	145.0	93.9	135.3	127.7	184.5	133.0	133.0
2008-Jan	129.1	135.0	122.2	124.4	114.9	120.8	122.7	132.0	136.8	94.0	130.8	119.1	160.9	113.2	113.2
Feb	133.3	141.8	123.3	124.4	115.2	122.7	122.9	132.0	137.4	94.0	130.8	120.3	161.7	112.8	112.8
Mar	135.2	144.6	124.4	125.1	115.2	122.7	125.2	131.4	137.7	94.0	130.8	120.3	161.7	114.6	114.6
Apr	139.0	150.5	125.7	125.6	113.7	123.4	128.3	135.2	138.5	93.9	130.4	120.3	165.3	121.1	121.1
May	143.1	155.3	129.1	125.8	113.9	128.5	128.5	135.2	155.7	93.9	130.4	122.2	165.3	121.4	121.4
Jun	143.8	153.8	132.3	126.6	119.3	130.5	131.9	142.6	159.0	93.9	130.8	122.2	170.7	126.3	126.3
Jul	148.5	153.9	143.2	145.7	119.4	158.7	131.6	142.0	172.8	93.9	130.5	122.2	166.9	119.2	119.2
Aug	148.6	154.1	143.2	144.5	118.9	159.0	132.3	143.0	170.3	93.9	130.5	122.2	168.5	117.9	117.9
Sep	157.3	168.6	145.1	145.4	121.7	161.2	135.2	143.0	170.6	92.4	132.8	122.2	170.8	119.8	119.8
Oct	156.5	167.3	144.8	147.9	122.9	160.0	135.5	144.1	168.2	93.9	132.8	122.2	171.6	119.1	119.1
Nov	156.2	165.8	145.8	148.3	123.2	160.4	136.2	145.7	168.6	93.9	133.5	123.3	176.5	121.3	121.3
Dec	154.1	162.4	145.2	148.3	123.5	158.6	136.5	145.7	166.0	93.9	134.1	123.3	179.0	121.9	121.9
2009-Jan	155.7	165.4	145.2	148.7	123.7	156.0	138.5	148.3	162.6	93.9	134.1	123.3	189.8	123.7	123.7
Feb	155.3	165.2	142.3	149.6	124.1	154.3	139.3	148.3	156.0	93.9	134.8	127.7	183.6	130.8	130.8
Mar	155.7	165.9	142.1	149.2	124.6	154.4	139.4	148.3	152.8	93.9	134.6	127.7	183.6	131.4	131.4
Apr	155.9	166.3	142.4	149.2	124.7	154.9	139.8	149.7	149	93.9	134.6	127.7	184.5	133.6	133.6
May	155.4	165.5	142.1	148	125.2	154.9	140.3	151.4	143	93.9	134.9	127.7	184.5	132.7	132.7
June	155.3	165.3	142.2	148	125.5	154.9	141.2	151.4	143	93.9	136.5	127.7	184.5	132.8	132.8

H/H - House Hold

Source: Office of Chief Government Statistician - Zanzibar.



A6.1 Zanzibar Output and Prices

Table A.6.1.9: Zanzibar Consumer Price Index, Percentage Change on the Previous Year, 2005-2009

End of Period	Non-Food										Total			
	General Index	Food	Alcoholic Beverages, Tobacco & Narcotics	Clothing & Footwear	Housing, Water, Electricity, Gas & Other fuels	Furnishing, H/H Equipmt. & Routine H/H Maintenance	Health	Transport	Communication	Recreation & Culture		Education	Restaurants & Hotels	Miscellaneous Goods & services
Weights (%)	100	57.4	42.6	0.6	6.2	15.6	5.3	2.1	3.4	2.4	0.4	1.1	3.1	2.4
2006 - Dec	11.4	11.6	11.5	23.6	5.2	12.8	8.7	10.2	29.1	-3.9	12.7	1.2	15.8	11.1
2007	13.0	15.8	9.7	12.7	6.7	8.9	10.8	13.9	15.8	-4.1	13.4	14.7	26.4	-5.0
2008	20.6	24.3	16.5	8.0	8.3	21.8	13.1	18.0	19.2	-1.6	8.4	7.4	24.5	19.1
2007-Mar	14.6	15.9	13.1	22.6	7.5	15.4	10.1	12.3	30.0	-3.9	14.3	12.8	23.0	-1.0
Jun	11.2	12.3	10.8	23.0	7.3	9.0	10.9	10.8	18.1	-4.4	13.4	21.7	25.3	-3.7
Sep	13.4	17.8	7.5	2.9	5.7	6.8	10.8	17.0	9.8	-4.8	12.8	12.1	23.9	-6.5
Dec	12.8	17.4	7.4	2.3	6.3	4.4	11.4	15.3	5.4	-3.3	12.9	12.1	33.3	-8.6
2008 - Mar	14.4	19.1	8.6	0.7	7.1	4.5	11.7	17.3	5.1	-2.2	13.4	6.3	31.0	13.5
Jun	20.8	27.7	12.6	-0.6	6.2	10.2	13.7	20.8	19.7	-1.8	9.0	7.2	26.0	22.9
Sep	23.6	24.5	23.7	14.6	9.9	36.7	14.5	17.8	28.2	-1.4	5.9	7.8	26.2	19.0
Dec	23.7	25.9	21.5	17.2	9.7	35.7	12.6	16.0	23.2	-1.1	5.4	8.4	14.4	20.8
2009 - Mar	17.4	17.8	16.1	19.7	7.8	28.4	12.5	12.5	14.4	-0.1	2.8	5.3	15.0	13.3
Jun	9.6	8.2	10.2	17.8	8.2	21.5	8.4	9.6	-4.0	0.0	3.7	5.1	10.4	8.2
2008 - Jan	13.1	17.0	7.2	0.6	6.9	3.7	11.6	18.4	5.5	-2.2	16.1	5.0	32.4	13.2
Feb	14.7	19.9	8.9	0.9	7.6	3.4	11.3	18.4	5.6	-2.2	14.0	7.7	33.1	12.8
Mar	15.3	20.4	8.5	0.5	7.0	6.3	12.0	15.3	4.3	-2.2	10.2	6.1	27.7	14.6
Apr	18.5	25.7	10.0	-0.9	4.7	6.8	13.2	18.6	11.7	-2.3	9.7	6.1	25.4	21.1
May	21.5	28.7	13.1	-0.7	4.7	11.2	12.5	18.6	27.7	-2.3	9.9	7.8	24.3	21.4
Jun	22.4	28.8	14.8	-0.1	9.3	12.7	15.4	25.1	19.9	-0.8	7.3	7.8	28.2	26.3
Jul	22.2	21.8	24.0	15.0	9.5	36.3	14.0	24.6	30.3	-0.8	5.2	7.8	25.3	19.2
Aug	22.0	21.9	23.1	14.1	9.7	36.2	14.2	14.5	28.4	-0.8	6.5	7.8	24.6	17.9
Sep	26.6	29.5	23.9	14.8	10.4	37.4	15.1	14.8	25.8	-2.4	6.1	7.8	28.7	19.8
Oct	25.3	28.3	22.2	16.0	8.7	36.3	13.4	15.4	24.9	-0.8	5.7	7.8	20.3	19.1
Nov	23.7	25.5	22.1	16.4	10.2	36.6	12.8	16.4	23.2	-0.9	5.2	8.7	15.4	21.3
Dec	22.1	23.9	20.3	19.2	10.4	34.1	11.6	16.2	22.7	-1.6	5.2	8.7	8.3	21.9
2009 - Jan	20.6	22.5	18.8	19.5	7.7	31.6	12.9	12.3	18.9	-0.1	2.5	3.5	18.0	9.3
Feb	16.5	16.5	15.4	20.3	7.7	27.7	13.3	12.3	13.5	-0.1	3.1	6.2	13.5	16.0
Mar	15.1	14.8	14.3	19.2	8.2	25.9	11.3	12.8	11.0	-0.1	2.9	6.1	13.5	14.6
Apr	12.2	10.5	13.3	18.8	9.7	25.5	9.0	10.7	7.6	0.0	3.2	6.2	11.6	10.3
May	8.6	6.5	10.0	17.7	9.9	20.3	9.3	12.0	-8.2	0.0	3.4	4.4	11.6	9.3
Jun	8.1	7.4	7.5	16.9	5.2	18.6	7.0	6.1	-10.0	0.0	4.3	4.4	8.1	5.1

H/H - House Hold

Source: Office of Chief Government Statistician - Zanzibar.


Table A6.2.1: Central Government Operations (Actuals), 2000/01 - 2008/09

Item	Millions of TZS								
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Total Revenue	38,669.0	42,395.9	45,388.7	50,955.7	59,763.6	68,648.8	89,627.8	110,651.9	139,742.1
Tax Revenue	37,462.0	39,870.4	42,595.4	47,477.6	55,734.0	63,749.7	83,147.8	103,154.5	130,267.7
Tax on Imports	20,609.0	17,603.6	17,640.5	16,629.8	14,823.1	14,503.8	20,421.5	26,264.5	33,852.5
Sales tax and excise duties (local)	5,543.0	8,919.2	9,781.2	13,591.9	19,266.4	22,023.3	29,091.7	36,172.2	45,019.8
Income Tax	2,889.0	3,763.2	4,394.3	4,971.8	5,743.9	7,871.6	10,071.1	13,593.4	20,085.3
Other taxes	8,421.0	9,584.5	10,779.4	12,284.2	15,900.6	19,351.0	23,563.4	27,124.4	31,310.1
Non-Tax revenue	1,207.0	2,525.5	2,793.3	3,478.1	4,029.6	4,899.0	6,480.0	7,497.4	9,474.4
Total Expenditure	43,291.0	47,353.9	59,919.9	70,215.6	75,684.4	136,702.0	166,189.4	176,455.4	203,434.1
Recurrent Expenditure	42,272.0	46,016.4	57,353.6	68,985.6	72,661.8	91,246.8	93,098.8	114,654.8	137,977.4
Wages and Salaries	22,571.0	31,494.5	40,301.6	51,115.6	46,308.2	46,933.9	46,638.3	59,637.8	63,974.8
Interest Payment	591.0	0.0	40.3	0.0	0.0	1,029.4	2,388.9	1,031.0	1,111.9
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	2,388.9	1,031.0	1,111.9
Local	591.0	0.0	40.3	0.0	0.0	1,029.4	0.0	0.0	0.0
Other expenditure	19,110.0	14,521.9	17,011.6	17,870.0	26,353.6	43,283.6	44,071.6	53,985.9	72,890.8
Recurrent Deficit	-3,603.0	-3,620.5	-11,964.8	-18,029.8	-12,898.2	-22,598.0	-3,471.0	-4,003.0	1,764.7
Development Expenditure	1,019.0	1,337.5	2,566.3	1,230.0	3,022.6	45,455.2	73,090.6	61,800.6	65,456.7
Previous year float									
Overall Deficit before Grants	-4,622.0	-4,958.0	-14,571.5	-19,259.9	-15,920.8	-68,053.3	-76,561.6	-65,803.5	-63,692.0
Grants (cash)	0.0	7,797.0	10,100.0	15,295.4	16,575.5	14,770.0	71,467.1	63,733.3	52,995.2
Overall Deficit after Grants	-4,622.0	2,839.0	-3,327.0	-3,964.5	654.7	-53,283.3	-5,094.5	-2,070.2	-10,696.8
Adjustment to cash and other items	-11,843.0	-4,382.4	-9,260.4	3,765.0	9,232.7	-2,959.0	8,411.9	8,661.6	5,487.0
Overall Deficit cheques issued	-7,221.0	-7,221.4	-5,933.4	-7,729.4	-8,578.0	-50,324.3	-13,506.4	-10,731.7	-16,183.8
Financing:	7,221.0	7,221.4	5,933.4	7,729.4	8,578.0	50,324.3	13,506.4	10,731.7	16,183.8
Program loans and I/ Support(cash)	0.0	0.0	0.0	0.0	0.0	43,725.7	14,009.1	15,014.6	12,713.4
Domestic Financing	7,221.0	7,221.4	5,933.4	7,729.4	8,578.0	11,498.6	8,000.0	470.1	4,940.5
Bank	7,221.0	7,221.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Bank	0.0	0.0	5,933.4	7,729.4	8,578.0	11,498.6	8,000.0	470.1	4,940.5
Amortization (local)			1,373.1	1,105.0		-4,900.0	-8,502.7	-4,753.0	-1,470.1

*Provisional

GDP TZS 748.1 billion (2008 current prices)

Source: Office of Chief Government Statistician-Zanzibar



A7.0 International Economic and Financial Developments

Table A7.1: Economic Performance in G-7 Countries and the Euro Area, 1999-2009

G-7	2007										2008				2009	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Q1	Q2	Q3	Q4	Q1	Q2
Canada																
Real GDP ¹	5.5	5.3	1.9	3.3	2.0	2.3	3.9	2.7	2.8	-0.2	0.8	0.7	0.2	0.2	0.1	0.2
Inflation ¹	1.7	2.7	2.5	2.3	2.0	1.9	2.2	1.8	2.2	2.4	2.2	2.2	2.4	1.8	2.3	3.4
Interest rates ²	4.8	5.8	2.2	2.5	2.9	2.3	2.5	3.1	4.2	3.1	4.2	4.2	4.0	4.0	4.0	3.0
France																
Real GDP ¹	3.2	4.2	2.1	1.1	0.3	2.1	1.4	2.2	2.2	-0.2	0.3	0.8	0.4	0.5	-0.3	0.1
Inflation ¹	0.6	1.8	1.8	1.9	2.1	2.3	1.9	1.9	1.8	3.2	1.6	1.4	2.4	3.3	3.7	3.6
Interest rates ²	4.3	4.6	4.3	4.0	3.5	3.3	3.3	3.4	3.5	0.0	3.5	3.5	3.5	n.a.	n.a.	n.a.
Germany																
Real GDP ¹	2.0	2.9	0.8	0.1	-0.1	1.6	0.8	2.9	2.6	-0.4	0.2	0.7	0.3	1.3	-0.4	-0.5
Inflation ¹	0.6	1.4	1.9	1.3	1.1	1.8	1.9	1.8	2.8	2.7	2.6	2.7	2.9	2.9	3.0	3.3
Interest rates ²	2.7	4.1	4.4	3.3	2.3	1.8	2.1	2.6	3.6	3.5	3.6	3.8	3.5	3.5	3.5	3.5
Italy																
Real GDP ¹	1.7	3.1	1.8	0.4	0.4	-0.2	0.0	1.8	1.5	-0.6	0.1	0.4	-0.4	0.5	-0.3	-0.6
Inflation ¹	1.7	2.6	2.7	2.6	2.7	2.3	2.2	2.7	2.1	3.3	1.9	1.7	2.4	3.3	3.0	4.0
Interest rates ²	3.0	4.4	4.3	3.3	2.3	2.1	2.1	2.4	3.5	0.0	3.5	3.5	3.5	n.a.	n.a.	n.a.
Japan																
Real GDP ¹	0.2	2.8	0.4	-0.4	2.5	2.7	1.9	2.4	2.1	-1.1	-0.3	0.3	0.6	0.6	-1	-0.6
Inflation ¹	-0.3	-0.9	-0.7	-0.9	-0.2	0.0	-0.3	0.2	0.1	1.4	-0.1	-0.1	0.5	1.0	1.4	2.2
Interest rates ²	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5
UK																
Real GDP ¹	2.4	3.1	2.1	1.9	2.3	3.3	1.8	2.9	3.0	-0.5	0.8	0.7	0.6	0.3	0.0	-0.6
Inflation ¹	2.3	2.1	2.1	2.2	2.8	2.2	2.0	2.3	2.4	3.6	2.6	1.8	2.1	2.4	3.4	4.8
Interest rates ²	5.2	5.3	4.3	3.9	3.6	4.3	4.8	4.5	5.3	1.8	5.3	5.3	5.3	n.a.	n.a.	5.0
USA																
Real GDP ¹	4.5	3.7	0.8	1.6	2.5	3.6	3.1	2.9	2.2	-0.8	3.8	4.8	-0.2	0.9	2.8	-0.5
Inflation ¹	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.9	3.9	2.7	2.4	4.0	4.1	4.4	5.3
Interest rates ²	5.0	6.2	3.9	1.7	1.1	1.1	2.2	2.1	5.3	1.9	5.2	5.3	5.3	5.3	n.a.	2
EURO AREA																
Real GDP ¹	2.8	3.5	1.5	0.9	0.8	2.1	1.4	2.8	2.6	-0.4	0.7	0.8	0.4	0.7	-0.2	-0.6
Inflation ¹	1.1	2.1	2.4	2.3	2.1	2.0	2.2	2.2	2.3	3.3	2.1	2.0	2.9	3.3	3.6	3.8
Interest rates ²	2.7	4.1	4.4	3.3	2.3	2.0	2.1	2.4	3.8	2.7	3.8	3.9	3.9	3.9	n.a.	4.3

¹ Annual percent change.² Percent.

Q = Quarter

Source: IMF World Economic Outlook, April 2005 IFS, The Economist,

Various issues.

National Statistics Offices, National Central Banks, n.a figures are not available

Table A7.2: World Market Prices for Selected Commodities, 1999-2009

Commodity	Unit Price	Year																						
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2007			2008			2009						
												Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Coffee (arabica)	US\$/Kg	3.3	2.3	1.9	1.4	1.4	1.4	1.4	1.4	1.4	1.8	2.5	2.5	2.7	3.1	2.55	2.71	2.96	3.29	3.15	3.21	2.68	2.84	3.20
Cotton (A index)	US\$/Kg	2.2	1.2	1.3	1.1	1.0	1.4	1.4	1.4	1.4	1.2	1.3	1.3	1.4	1.6	1.27	1.49	1.53	1.68	1.67	1.68	1.27	1.21	1.32
Sisal (UG grade)	US\$/ton	710.4	691.5	631.8	699.2	659.6	697.9	862.1	885.0	885.0	885.0	995.8	1,156.5	1,030.00	1,033.33	1,035.00	1,035.00	1,025.00	1,025.00	1,175.00	1,213.00	1,213.00	1,213.00	1,213.00
Tea**	US\$/Kg	1.6	1.8	1.9	1.9	1.5	1.5	1.5	1.5	1.5	1.6	1.5	2.0	1.7	2.2	1.60	1.67	1.73	2.22	2.22	2.53	1.91	2.14	2.28
Gold	US\$/troy ounce	384.2	278.8	279.0	271.0	310.0	363.5	409.2	444.9	604.4	696.7	640.2	667.40	681.1	788.00	926.8	896.00	869.60	926.8	896.00	869.60	795.00	909.00	922.00

Note: * Provisional

** Mombasa Auction price replaces London Auction price beginning July 1998.

Source: <http://www.imf.org> and worldbank.org/prospects



A7.0 International Economic and Financial Developments

Table A7.3 : Selected Exchange Rates-Currency Units per US Dollar (Period Average), 1999-2009

Period	In TZS									
	Pound Sterling	Deutsche Marks	Swiss Francs	Dutch Guilders	French Francs	Belgium Francs	Italian Lira	Swedish Kroners	Japanese Yen	
1999	0.618	1.841	1.374	2.034	6.124	37.517	1,809.321	8.305	113.789	
2000	0.661	2.122	1.688	2.391	7.118	43.774	2,109.218	9.163	107.726	
2001	0.694	2.184	1.687	2.461	7.325	45.047	2,162.188	10.331	121.460	
2002	0.667	2.220	1.557	2.501	7.444	45.780	2,197.392	9.721	125.257	
2003	0.612	2.216	1.346	2.497	7.433	45.711	2,194.087	8.083	115.947	
2004	0.546	2.216	1.243	2.497	7.438	45.711	2,194.087	7.191	108.115	
2005	0.428	2.209	1.246	2.489	7.408	45.562	2,186.914	7.098	111.035	
2006	0.541	2.238	1.248	2.493	7.422	45.643	2,190.831	7.349	115.854	
2007	0.500	2.216	1.200	2.497	7.433	45.711	2,194.087	6.759	117.669	
2008	0.554	2.217	1.077	2.498	7.435	45.726	2,194.803	6.668	102.825	
2005-Quarter1	0.546	2.216	1.184	2.497	7.433	45.711	2,194.087	6.335	108.115	
Quarter2	0.539	2.216	1.226	2.497	7.433	45.723	2,194.668	6.405	107.602	
Quarter3	0.056	2.201	1.273	2.480	7.382	45.400	2,179.126	7.681	111.187	
Quarter4	0.572	2.202	1.301	2.481	7.385	45.413	2,179.775	7.972	117.234	
2006-Quarter1	0.571	2.203	1.296	2.482	7.389	45.440	2,181.066	7.770	116.934	
Quarter2	0.537	2.316	1.223	2.497	7.433	45.711	2,194.087	7.305	112.656	
Quarter3	0.534	2.216	1.237	2.497	7.433	45.711	2,194.087	7.242	116.188	
Quarter4	0.522	2.216	1.234	2.497	7.433	45.711	2,194.087	7.081	117.638	
2007-Quarter1	0.511	2.216	1.231	2.497	7.433	45.711	2,194.087	7.006	119.264	
Quarter2	0.503	2.216	1.222	2.482	7.433	45.711	2,194.087	6.870	120.720	
Quarter3	0.495	2.216	1.199	2.497	7.433	45.711	2,194.087	6.745	117.730	
Quarter4	0.489	2.216	1.145	2.497	7.433	45.711	2,194.088	6.413	112.963	
2008-Quarter1	0.508	2.216	1.069	2.497	7.433	45.711	2,194.087	6.408	107.842	
Quarter2	0.508	2.219	1.033	2.500	7.443	45.771	2,196.953	5.995	104.690	
Quarter3	0.529	2.216	1.072	2.497	7.433	45.711	2,194.087	6.299	107.604	
Quarter4	0.668	2.216	1.134	2.497	7.433	45.711	2,194.087	7.972	91.163	
2009-Quarter1	0.697	2.216	1.148	2.497	7.433	45.711	2,194.087	8.377	93.416	
Quarter2										

Source: IFS, Bank of Tanzania



A7.0 International Economic and Financial Developments

Table A7.4: Bureau de Change Quarterly Transactions, 1999-2009

End of Period	Volume of Transactions (Millions of US\$)		Exchange Rates (Average TZS/US\$)		Mean Rate TZS/US\$
	Purchases	Sales	Buying	Selling	
1999	350.70	334.20	720.29	746.13	733.21
2000	288.19	280.99	796.94	807.73	802.34
2001	282.30	271.97	865.74	877.32	871.53
2002	220.03	211.09	960.68	979.10	969.89
2003	257.08	253.59	1,032.01	1,049.58	1,040.79
2004	310.80	327.60	1,083.13	1,100.93	1,092.03
2005	406.34	409.15	1,122.34	1,139.18	1,130.76
2006	374.73	375.62	1,241.99	1,263.42	1,252.70
2007	423.87	422.43	1,236.92	1,263.25	1,250.09
2008	453.21	448.63	1,193.17	1,221.08	1,207.12
2005: Quarter1	79.12	78.40	1,089.70	1,111.33	1,100.52
Quarter2	108.03	104.21	1,108.33	1,127.40	1,117.87
Quarter3	117.19	119.85	1,128.00	1,143.33	1,135.67
Quarter4	102.00	106.69	1,163.33	1,174.67	1,169.00
2006: Quarter1	104.64	104.16	1,185.00	1,205.00	1,195.00
Quarter2	84.47	85.81	1,234.33	1,252.67	1,243.50
Quarter3	98.40	98.82	1,279.62	1,302.00	1,290.81
Quarter4	87.22	86.83	1,269.00	1,294.00	1,281.50
2007: Quarter1	98.01	97.08	1,266.67	1,289.00	1,277.84
Quarter2	96.94	96.71	1,258.67	1,279.67	1,269.17
Quarter3	113.26	113.64	1,264.67	1,281.33	1,273.00
Quarter4	115.66	115.00	1,157.67	1,203.00	1,180.34
2008: Quarter1	106.67	106.45	1,172.33	1,196.33	1184.33
Quarter2	114.78	108.25	1,193.00	1,227.00	1210.00
Quarter3	124.67	127.63	1,158.00	1,181.67	1169.84
Quarter4	107.09	106.30	1,249.33	1,279.33	1264.33
2009: Quarter1	84.04	84.26	1,323.00	1,343.07	1333.04
Quarter2	88.93	97.63	1,318.40	1,345.66	1332.03

* Provisional

Source: Bank of Tanzania



PART VI: LIST OF MANAGEMENT

Name	Title	Telephone Direct
EXECUTIVE OFFICE		
Prof. B. Ndulu	Governor	022 223 3020/1/2
Dr. E. Bukuku	Deputy Governor, First (EFP)	022 223 3040/1
J. H. Reli	Deputy Governor (AIC)	022 223 3042/3
L. H. Mkila	Deputy Governor (FSD)	022 223 3044/5
1. DIRECTORATE OF GOVERNOR'S OFFICE		
B. N. Msami	Director	022 223 3160/1
A. Liyumba	Director, Special Duties	022 223 3200/4
J. B. Kimaro	Deputy Director, Communications	022 223 3166/7
M. Mugo	Deputy Director, Special Duties I	022 223 3164
T. Mwakilema	Deputy Director, Special Duties II	02 223 5676
J. N. Makindi	Deputy Director, Special Duties, (Staff Counseling & Manpower Planning)	022 223 3201
D. D. Kweka	Project Manager	022 223 5382/3
2. DIRECTORATE OF BANKING		
S. Jengo	Director	022 223 5415/6
Banking Department		
E. Balele	Deputy Director	022 223 5134/5
Currency Department		
K. J. Jurango	Deputy Director	022 2118491
Systems Operations Department		
A. Massawe	Deputy Director	022 223 5138/9



3. DIRECTORATE OF BANKING SUPERVISION

J. M. B. Massawe Director 022 223 5482/3

Banks Supervision (Banks) Department

C. Gama Deputy Director 022 223 5530/1

Non-Banks Supervision Department

S. Kazimoto Deputy Director 022 223 5480/1

Operation & Policy Review Department

A. E. Kobello Deputy Director 022 223 5576/7

Microfinance Institutions Department

H. Ndambala Deputy Director 022 223 5585/6

4. DIRECTORATE OF ECONOMIC POLICY

Dr. J. L. Massawe Director 022 223 3328/9

A. J. Mengo Associate Director 022 2115614

Dr. B. Tarimo Associate Director 022 223 3376

Monetary & Financial Affairs Department

Mrs. C. Kiliaki Deputy Director 022 223 3349/50

International Economics Department

G. Mwakibolwa Deputy Director 022 223 3303/4

Debt Management Department

Y. A. Mchujuko Deputy Director 022 223 3378/9

Macroeconomic & Financial Programs Department

P. L. Kadesha Deputy Director 022 223 3330/1

Trade, Finance and Investment Policies Department

S. S. Mrutu Deputy Director 022 223 3282/3

Real Sector Department

D. D. Thewa Deputy Director 022 223 3390/1



Research Department

I. A. Ntambwe Deputy Director 022 223 518/9

Micro-Finance Analysis and Policy Department

Mrs. F. Rutabanzibwa Deputy Director 022 223 3280/1

5. DIRECTORATE OF FINANCE

J. Angelo Director 022 223 5126/7

Domestic Accounts Department

E. M. Boaz Deputy Director 022 223 5624/5

Foreign Accounts Department

M. Kobello Deputy Director 022 223 5628/9

6. DIRECTORATE OF FINANCIAL MARKETS

K. S. Mbatia Director 022 223 3522/3

Domestic Markets Department

J. K. Ndissi (Mrs) Deputy Director 022 223 3473/4

Foreign Markets Department

A. Libabu Deputy Director 022 223 3520/1

Credit Guarantee Scheme Department

E. Maganga Deputy Director 022 223 3568/9

Risk Management Department

A. K. Ng'winamila Ag. Deputy Director 022 223 3570

7. DIRECTORATE OF INTERNAL AUDIT

A. Mwinyimvua Director 022 223 5240/1

**Internal Audit 1 Department**

R. Mwanga Deputy Director 022 223 5243

Internal Audit 11 Department

H. M. Mnjovu (Mrs) Deputy Director 022 223 5256

8. DIRECTORATE OF MANAGEMENT INFORMATION SYSTEMS

E. Makwaia Director 022 2115124

Management Information System Department

G. M. Mahinya Deputy Director 022 223 5373/4

Systems Analysis and Administration Department

C. M. Kitwanga Deputy Director 022 223 5380/1

Networks and Office Automation Department

T. N. Kalinjuna Deputy Director 022 223 5378/9

9. DIRECTORATE OF NATIONAL PAYMENTS SYSTEMS

L. Kinunda Director 022 2235432/3

Payment System Oversight and Policy Department

G. Tabaro Deputy Director 022 223 5439/40

System Development & Support Department

B. J. Dadi Deputy Director 022 223 5434/5

10. DIRECTORATE OF PERSONNEL AND ADMINISTRATION

L. Kisarika Director 022 223 5144/5

Personnel Management Department

R. Wambali Deputy Director 022 223 5148/9



Training and Development Department

S. Mahembe Deputy Director 022 223 5146/7

Estate Management Department

P. Mutoni Deputy Director 022 223 5098/9

Administrative & General Services Department

J. P. Mpelebwa Associate Director 022 223 5194/5

Facilities Management Department

E. Twininge Deputy Director 022 223 5555

11. OFFICE OF THE SECRETARY TO THE BANK

A. H. M. Mtengeti Secretary to the Bank 022 223 3240/1

Internal Security & Investigation Department

S. T. Mbanga Deputy Director 022 223 5376/7

Board Services and Exchange Liberalization Department

Y. E. Tongola Deputy Director 022 223 3242/3

Legislation Department

N.D. Mukirya Deputy Director 022 223 3248/9

Litigation Department

M.K. Ismail Deputy Director 022 223 3256

12. DIRECTORATE OF STRATEGIC PLANNING & PERFORMANCE REVIEW

P. M. Noni Director 022 223 3423/4

Strategic Planning Department

A. Haule Deputy Director 022 223 3425/6

Programmes Coordination Department



M. Mbawala Deputy Director 022 223 3434/5

Organization and Methods Department

F. Kazimoto Deputy Director 022 223 3475

13. BANK OF TANZANIA TRAINING INSTITUTE MWANZA

W. Mgimwa Principal 028 2500352
J. Mlay Director of Studies 028 2500982
..... Deputy Director, Finance
& Administration 028 2502697

14. BOT BRANCHES

Arusha

O. Kitine Director 027 2502928
E.Y. Ndesingo Deputy Director, Operations 027 2504047
S.M. Chiguma Deputy Director, Economics 027 2548443
G. Maganga Deputy Director, Finance
& Administration 027 2504009

Mbeya

M. Gasabile Director 025 2504158
O. Katundu Deputy Director, Operations 025 2502055
F. Rugemalira Deputy Director, Economics 025 2502839
J. M. Munazi Deputy Director, Finance
& Administration 025 2502700

Mwanza

K.T. Mkango Director 028 2501015
J. Rushaka Deputy Director, Operations 028 2500024
W. L. Tawe Deputy Director, Economics 028 2500622
..... Deputy Director, Finance
& Administration 028 2500352/2000027

**Zanzibar**

<i>J. S. Mhando</i>	<i>Director</i>	<i>024 223 2140</i>
<i>S.S. Mwakalukwa</i>	<i>Deputy Director, Operations</i>	<i>024 223 1441</i>
<i>N.K. Mboje</i>	<i>Deputy Director, Economics</i>	<i>024 223 2715</i>
<i>C. Kiponda</i>	<i>Deputy Director, Finance & Administration</i>	<i>024 223 2687</i>
<i>I. Nungu</i>	<i>Deputy Director, Special Assign. (PBZ)</i>	<i>024 223 8480</i>

