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MONETARY POLICY STATEMENT 2013/14

**GOVERNOR
BANK OF TANZANIA**

June 2013



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11th June, 2013

**Hon. Dr. William A. Mgimwa (MP),
Minister for Finance,
Dar es Salaam,
TANZANIA.**

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21 (3) to (6) of the Bank of Tanzania Act 2006, I hereby submit the **Monetary Policy Statement** of the Bank of Tanzania for the year 2013/14.

The Statement reviews macroeconomic developments and monetary policy implementation during 2012/13. It then outlines the monetary policy stance and measures that the Bank of Tanzania intends to pursue in 2013/14, aimed at maintaining price stability and ensuring stability of the financial system, with a view to promoting high and sustainable economic growth.

Yours Sincerely,

**Prof. Benno J. Ndulu
GOVERNOR
BANK OF TANZANIA**



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EXECUTIVE SUMMARY

Introduction

The annual Monetary Policy Statement is a statutory document of the Bank of Tanzania that specifies monetary policy targets, reasons for adopting those targets, and measures that the Bank intends to take to achieve them. The 2013/14 Statement reviews policy implementation in 2012/13, and outlines the monetary program for 2013/14.

Global Economic Developments

Global output grew by 3.2 per cent in 2012, compared to 4.0 per cent recorded in 2011. Real GDP growth in the advanced and emerging market and developing economies slowed down to 1.2 per cent and 5.1 per cent in 2012, from 1.6 per cent and 6.4 per cent recorded in 2011, respectively, mainly on account of a fall in industrial production, investment and consumption. Likewise, real GDP growth in Sub-Saharan Africa declined to 4.8 per cent from 5.3 per cent recorded in 2011 largely due to floods in Nigeria, labour strikes in South Africa, interruption of oil exports from South Sudan and civil conflicts in Mali and Guinea Bissau. According to the IMF World Economic Outlook (WEO) of April 2013, the global economy is forecasted to register a modest growth in 2013 and 2014, in line with policy actions taken by respective governments to reduce the severity of the crisis in the Euro Area and the United States.

Global inflation eased in 2012, as demand pressures remained modest. Inflation in advanced economies slowed down largely on account of decline in energy prices, while that of emerging market and developing economies decelerated due to fall in food prices. Similarly, inflation in Sub-Saharan Africa eased largely due to monetary policy tightening and lower food prices associated with a recovery in food production. According to the IMF WEO report of April 2013, global inflation is expected to ease further in 2013.



Economic Developments in Tanzania

Tanzania Mainland

Economic growth was strong in 2012, at 6.9 per cent compared to projected growth of 6.8 per cent and 6.4 per cent recorded in 2011. The outturn was a result of good weather and timely supply of subsidized inputs by the government that boosted agricultural production, and normalization of power generation which increased industrial production. Other activities that recorded high growth were communication and trade. Growth is expected to accelerate in 2013/14 to 7.1 per cent supported by the on-going investments in infrastructure and the projected good weather conditions. In addition, regional integration initiatives offer higher prospects for increased exports of manufactured goods and increase in transport services in the region that will contribute positively to growth.

Inflation eased to single digit in March 2013, after a protracted 21 months of double digits. The main driver of this moderation was favourable weather conditions in the East African region which improved food production. In addition, fiscal consolidation and tight monetary policy contributed to the slowdown in inflation. Specifically, headline inflation halved, reaching 9.4 per cent in April 2013 compared to 18.7 per cent in April 2012, while food inflation dropped to 10.2 per cent from 24.7 per cent. Core inflation remained in single digits throughout the period.

During July 2012 to March 2013, government domestic revenue collection reached 92.5 per cent of the target. Tax revenue collected was 95.6 per cent of the target, mainly driven by good performance in income taxes following close monitoring of block management system and intensified tax audits. Government expenditure was 85.0 per cent of the estimate, with recurrent expenditure being 88.2 per cent of the estimate; while development expenditure was 78.8 per cent of the estimate due to shortfall in disbursement of foreign project funds and delays in the receipt of non-concessional loan.



The banking sector remained sound and strong as depicted by financial soundness indicators. Most commercial banks have complied with new capital requirement of TZS 15.0 billion, well ahead of the February 2015 deadline. During the period under review, the Bank granted provisional licences to two microfinance companies to carry out banking business; and granted approval for three banks to carry out agent banking, following issuance of guidelines on agent banking in February 2013. These guidelines allow banks to extend their outreach through retail outlets, thus delivering financial services to a wider range of customers at low costs. In addition, several banks continued to partner with telecommunication companies to offer financial services using mobile phones, which facilitate convenient, cost effective and reliable fund transfer, and payment system for settling various obligations. Following various developments in the financial sector, requirements of best practice and risks arising from financial innovations, the Bank is in the process of reviewing various regulations and enacting new ones.

During the first ten months of 2012/13, the current account deficit narrowed to USD 3,332.7 million from a deficit of USD 3,680.1 million recorded in the corresponding period in 2011/12. This development was due to good performance of traditional and manufactured goods exports, coupled with decline in imports of machinery, industrial raw materials and consumer goods.

Gross official reserves amounted to USD 4,384.7 million as at end April 2013, sufficient to cover about 4.3 months of projected imports of goods and services excluding those financed by foreign direct investments. Meanwhile, the value of gross foreign assets of banks amounted to USD 913.8 million.



Zanzibar

The Zanzibar economy grew by 7.0 per cent in 2012, compared to 6.7 per cent recorded in 2011, and the projected growth of 7.5 per cent for the year. The growth was mostly driven by strong growth of construction, transport and communication output.

Inflation remained at single digits, recording a rate of 3.9 per cent in the year ending April 2013, compared to 9.9 per cent recorded in the corresponding period of 2012. This development was mainly on account of decrease in prices of rice, wheat flour and sugar.

During July 2012 to April 2013, government resources amounted to TZS 297.6 billion, out of which domestic revenue was TZS 222.3 billion, below the target by 6.9 per cent. Government expenditure was TZS 357.8 billion, out of which recurrent expenditure was TZS 227.4 billion and development expenditure was TZS 130.4 billion. The overall deficit was TZS 52.2 billion, financed from foreign sources.

The current account registered a deficit of USD 68.4 million during July 2012 to April 2013, compared with a surplus of USD 67.6 million recorded in the corresponding period of 2011/12. This outturn was largely on account of decrease in volume and average export price of cloves, coupled with a substantial increase in imports of food stuffs and machinery.

Implementation of Monetary Policy in 2012/13

Monetary Policy Objectives

In 2012/13, monetary policy continued to support broader macroeconomic objectives of the Government by maintaining appropriate level of liquidity in the economy. In particular, the Bank aimed at achieving the following targets:



- i. Annual growth of average reserve money not exceeding 16.0 per cent;
- ii. Annual growth of extended broad money (M3) of 18.0 per cent;
- iii. Annual growth of private sector credit of 20.0 per cent; and
- iv. Accumulation of gross official reserves adequate to cover at least 4.5 months of projected imports of goods and services.

Monetary Policy Implementation

During July 2012 to April 2013, the Bank continued to pursue tight monetary policy to anchor inflation expectations. Consistent with this, the Bank reviewed upwards the minimum reserve requirements on government deposits from 30 per cent to 40 per cent in December 2012, and enhanced open market operations and sale of foreign exchange in the Interbank Foreign Exchange Market to mop up excess liquidity. As a result, average reserve money was kept below the program targets throughout the period, while extended broad money supply grew by 15.3 per cent in the year ending March 2013 compared to the projected 18.0 per cent under the Policy Support Instrument (PSI) and Standby Credit Facility (SCF). Growth of credit to the private sector was 21.1 per cent in the year ending March 2013 compared to the projected growth of 18.2 per cent; supported by portfolio switch by banks from foreign assets to domestic assets. In the year ending April 2013, M3 grew by 16.5 per cent, while credit to the private sector grew by 20.1 per cent, compared to respective targets of 18.0 percent and 20.0 percent for the year ending June 2013.

In line with the monetary policy stance, the overnight interbank cash market rate, and overall Treasury bills rate exhibited a general upward trend, which was partly reflected in the rise in overall time deposits and lending rates.

Meanwhile, all indicative targets for end March 2013 under the Policy Support Instrument (PSI) and Standby Credit Facility (SCF) were met, except for the ceiling on Net Domestic Financing (NDF) of the Government,





which was missed by TZS 149.7 billion, equivalent to 0.3 per cent of GDP. This was largely due to cash flow mismatch between revenue and expenditure, expected to be corrected by end June 2013.

Macroeconomic Policy Framework and Monetary Program for 2013/14

In 2013/14, fiscal policy will be geared towards maintaining fiscal consolidation through strengthening tax administration, coupled with improved expenditure and debt management. The Government intends to attain a real GDP growth of 7.1 per cent based on the projected GDP growth of 7.0 per cent for 2013 and 7.2 per cent for 2014, while maintaining a single digit inflation rate.

In support of the broader macroeconomic policy objectives of the Government, monetary policy will focus on achieving the following targets, while enhancing access to banking services for the unbanked and the under banked population:

- i. Annual growth of average reserve money not exceeding 14.0 per cent;
- ii. Annual growth of M3 of 15.0 per cent;
- iii. Annual growth of private sector credit of 19.6 per cent; and
- iv. Accumulation of gross official reserves adequate to cover at least 4.0 months of projected imports of goods and services, excluding Foreign Direct Investments (FDIs) related imports.

Monetary policy formulation and implementation will continue to operate under the reserve money programming framework, deploying a mix of monetary policy instruments to meet these targets. The Bank intends to complement its current framework by making the policy rate a more active instrument of monetary policy. Under this framework, the Bank will announce changes in the policy rate when injecting or mopping up liquidity, thus improving transparency in monetary operations.



The Treasury bills market will continue to provide an anchor to market determined interest rates. On its part, the Bank will continue to promote an efficient money market with the view to minimizing volatility in yields. The exchange rate will remain market determined, and the Bank will continue to participate in the foreign exchange market for liquidity management, while taking appropriate actions to dampen excessive volatility in the exchange rate. This will be implemented while ensuring that an adequate level of reserves is maintained.

Conclusion

The anti-inflationary strategy of 2012/13 has been successful in helping to bring down inflation to single digits, while supporting growth. This stance will be sustained in 2013/14. Economic growth is expected to pick-up in 2013/14, aided by the on-going investments in infrastructure; projected stability in global oil prices; and good weather conditions. Continued efforts to deepen regional integration offer higher prospects for increased exports of manufactured goods to neighbouring countries and increased earnings from transportation services. These will also contribute to higher domestic growth.

The Bank will maintain its vigilance in monitoring upside risks to inflation and review its monetary policy targets if need arises. In addition, the Bank will continue to take measures to ensure stability in the financial sector while promoting access to financial services.

The Bank will review its monetary policy toolkit with the aim of making the policy rate a more active instrument of monetary policy, which will also improve transparency in its monetary operations. With the government commitment in implementing results oriented policies including ensuring food self-sufficiency and sustainable fiscal policies, the Bank is confident that the monetary policy objectives set for 2013/14 will be attained.



PART I

1.0 INTRODUCTION

The annual Monetary Policy Statement is a statutory document of the Bank of Tanzania that specifies monetary policy targets, reasons for adopting those targets, and measures that the Bank intends to take to achieve them. The 2013/14 Statement reviews policy implementation in 2012/13, and outlines the monetary program for 2013/14.

The Statement is divided into seven parts. Part II presents the macroeconomic policy framework for 2012/13, while Part III covers the review of macroeconomic developments during the period between July 2012 and April 2013. Part IV reviews the progress in the implementation of monetary policy in 2012/13. Part V presents the macroeconomic policy framework for 2013/14, and outlines the monetary policy objectives of the Bank of Tanzania, consistent with macroeconomic objectives of the Government. Part VI presents the monetary program of the Bank during 2013/14, and Part VII concludes.

1.1 MANDATE AND MODALITIES FOR MONETARY POLICY IMPLEMENTATION

1.1.1 Mandate of the Bank of Tanzania

Section 7 (1) of the Bank of Tanzania Act 2006 states that:

“The primary objective of the Bank shall be to formulate, define and implement monetary policy directed to the economic objective of maintaining domestic price stability conducive to a balanced and sustainable growth of the national economy”.

Section 7(2) of the Bank of Tanzania Act, 2006 further states that:

“Without prejudice to subsection (1), the Bank shall 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”.

1.1.2 Modalities for Monetary Policy Implementation

The Bank employs a variety of indirect instruments of monetary policy to maintain liquidity in the economy within desired levels; this includes the use of Open Market Operations (OMO) in the market for government securities, as well as sale and purchase of foreign currency in the Inter-bank Foreign Exchange Market (IFEM). The liquidity management effort is further complemented by periodic adjustments in the pricing of standby facilities namely; the discount window and the Lombard facility; while intraday loan facility is provided to smooth out payment and settlement operations among banks. Also, the Bank uses repurchase agreements (repos) and reverse repos to manage short-term liquidity fluctuations in the economy.



THE MODALITIES FOR MONETARY POLICY IMPLEMENTATION

- *At the beginning of every fiscal year, the Bank sets the annual monetary policy targets in its Monetary Policy Statement, in accordance with the broader macroeconomic policy objectives of the Government.*
- *The Statement is approved by the Bank's Board of Directors and submitted to the Minister for Finance, who in turn submits it to the Parliament.*
- *The same procedure is followed in the mid-year review of the Monetary Policy Statement which shows progress in the implementation of the monetary policy and the outlook for the remaining period.*
- *The Monetary Policy Committee of the Board of Directors of the Bank, which is chaired by the Governor, is responsible for setting the monetary policy direction bi-monthly, consistent with the ultimate objective of maintaining domestic price stability.*
- *At the Bank, the Liquidity Management Committee, chaired by the Governor, meets weekly to evaluate weekly progress on monetary policy implementation and decide on appropriate measures.*
- *At the Bank, the Surveillance Committee meets daily to evaluate progress in monetary policy implementation and approve appropriate measures for liquidity management.*
- *A Technical Committee reviews liquidity developments on daily basis and advises Surveillance Committee on appropriate daily measures for liquidity management.*



PART II

2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2012/13

2.1 Macroeconomic Policy Objectives

In 2012/13, Government continued to focus on sustaining macroeconomic stability and growth through implementation of the Five-Year Development Plan. Specifically, the Government aimed at attaining the following macroeconomic objectives:

- i. A real GDP growth of 6.9 per cent for fiscal year 2012/13 based on the projected GDP growth of 6.8 per cent for 2012 and 7.0 per cent for 2013;
- ii. A single digit annual inflation rate by end June 2013;
- iii. Domestic revenue equivalent to 18.6 per cent of GDP;
- iv. Total expenditure equivalent to 28.2 per cent of GDP; and
- v. Government net domestic financing of 1.0 per cent of GDP and external non-concessional borrowing not exceeding TZS 1,254.1 billion.

2.2 Monetary Policy Objectives

In support of the macroeconomic objectives of the Government, the Bank continued to focus on maintaining price stability by achieving the following targets:

- i. Annual growth of average reserve money not exceeding 16.0 per cent;
- ii. Annual growth of M3 of 18.0 per cent;
- iii. Annual growth of private sector credit of 20.0 per cent; and
- iv. Accumulation of gross official reserves adequate to cover at least 4.5 months of projected imports of goods and services.



PART III

3.0 MACROECONOMIC DEVELOPMENTS DURING 2012/2013

3.1 Overview of Global Economic Developments

3.1.1 GDP Performance

Global output grew by 3.2 per cent in 2012, compared to 4.0 per cent recorded in 2011 (**Table 3.1**). Real GDP growth in the advanced and emerging market and developing economies slowed down to 1.2 per cent and 5.1 per cent in 2012, from 1.6 per cent and 6.4 per cent recorded in 2011, respectively. This development was mainly due to Euro Zone debt crisis, slowdown of industrial production, investment and consumption. Similarly, real GDP growth in developing Asian countries was 6.6 per cent down from 8.1 per cent recorded in 2011 mainly on account of weakening of exports both within and outside Asia. Likewise, real GDP growth in Sub-Saharan Africa declined to 4.8 per cent from 5.3 per cent registered in 2011, largely due to the impact of floods in Nigeria, labour protests in South Africa, interruption of oil exports from South Sudan and civil conflict in Mali and Guinea Bissau.

In China, real GDP growth was 7.8 per cent in 2012, compared to a growth of 9.3 per cent recorded in 2011, mainly due to weak demand in advanced countries and efforts to tighten monetary policy in China. Likewise, real GDP growth rate in India declined significantly to 4.5 per cent from a growth rate of 7.9 per cent recorded in 2011, mainly due to decline in consumption, investments and exports. High interest rates and rising inflation contributed to the fall in investments.

According to the IMF's World Economic Outlook (WEO) of April 2013,





the global economy is forecasted to grow by 3.3 per cent in 2013 and 4.0 per cent in 2014, up from 3.2 per cent recorded in 2012. Growth in the advanced economies is projected at an average of 1.2 per cent in 2013 and 2.2 per cent in 2014, following policy action by respective governments to lower acute crisis in the Euro Area and the United States. Real GDP growth in emerging market and developing economies is projected to grow by 5.3 per cent in 2013, compared with a growth rate of 5.1 per cent registered in 2012. Real GDP growth in developing Asian countries is projected to expand by 7.1 per cent in 2013 up from 6.6 per cent recorded in 2012, mainly on account of recovering external demand and continued solid domestic demand. Real GDP in Sub-Sahara Africa is projected to grow by 5.6 per cent in 2013, compared with 4.8 per cent registered in 2012 due to strong domestic demand, on-going investment in infrastructure and expansion in productive capacity.

Table 3.1: Global Real GDP Growth Rates and Projections

Per cent

	2008	2009	2010	2011	2012	Projections	
						2013	2014
World	2.8	-0.6	5.1	4.0	3.2	3.3	4.0
Advanced Economies	0.1	-3.5	3.0	1.6	1.2	1.2	2.2
USA	-0.3	-3.1	2.4	1.8	2.2	1.9	3.0
Euro Area	0.4	-4.4	2.0	1.4	-0.6	-0.3	1.1
Japan	-1.0	-5.5	4.5	-0.6	2.0	1.6	1.4
United Kingdom	-1.0	-4.0	1.8	0.9	0.2	0.7	1.5
Emerging and Developing Economies	6.1	2.7	7.4	6.4	5.1	5.3	5.7
Developing Asian Countries	7.9	6.9	9.9	8.1	6.6	7.1	7.3
India	6.9	5.9	10.1	7.7	4.0	5.7	6.2
China	9.6	9.2	10.4	9.3	7.8	8.0	8.2
Sub-Saharan Africa	5.6	2.8	5.3	5.3	4.8	5.6	6.1
South Africa	3.6	-1.5	2.9	3.5	2.5	2.8	3.3
Tanzania	7.4	6.0	7.0	6.4	6.9	7.0	7.2

Source: IMF WEO, April 2013 and National Bureau of Statistics





3.1.2 Inflation Developments

During 2012, global inflation eased as demand pressures remained modest. Inflation rates in the advanced economies slowed down largely on account of decline in energy prices, while that of emerging market and developing economies decelerated due to fall in food prices. Similarly, inflation in Sub-Saharan Africa eased largely due to monetary policy tightening and lower food prices associated with a recovery in food production. The IMF WEO report of April 2013 shows that global inflation is expected to ease further in 2013 (**Table 3.2**).

Table 3.2: Global Inflation and Projections

	2008	2009	2010	2011	2012	<i>Per cent</i>	
						Projections	
						2013	2014
World	6.0	2.4	3.7	4.9	3.9	3.8	3.8
Advanced Economies	3.4	0.1	1.5	2.7	2.0	1.7	2.0
Emerging Market and Developing Economies	9.2	5.1	6.0	7.2	5.9	5.9	5.6
Sub-Saharan Africa	12.9	9.4	7.4	9.3	9.1	7.2	6.3

Source: IMF, WEO, April 2013

3.2 Domestic Economic Developments

3.2.1 GDP Performance

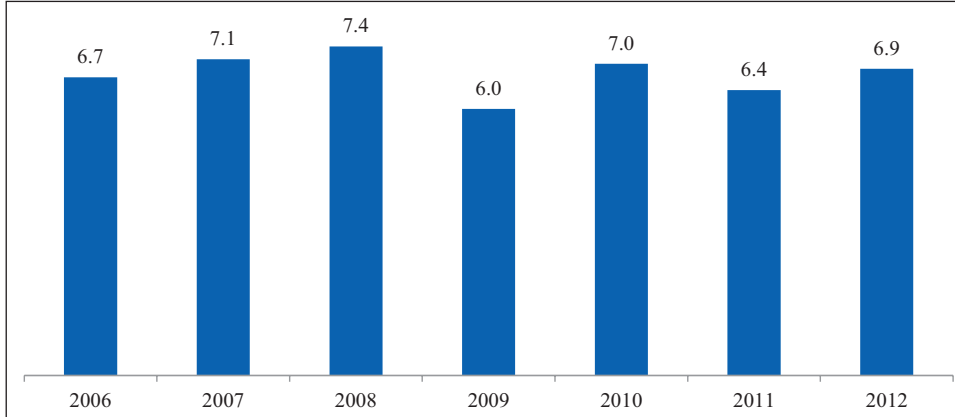
In 2012, GDP growth was 6.9 per cent compared to 6.4 per cent in 2011 and projected growth of 6.8 per cent. The robust growth was aided by favourable weather; government efforts to supply subsidized inputs timely, which boosted agricultural production; and normalization of power generation, which increased industrial production. Other activities that contributed to strong growth were communication and trade following increased usage of mobile phone services, and start-up of new trade services (**Chart 3.1 and 3.2**).





Chart 3.1: Real GDP Growth

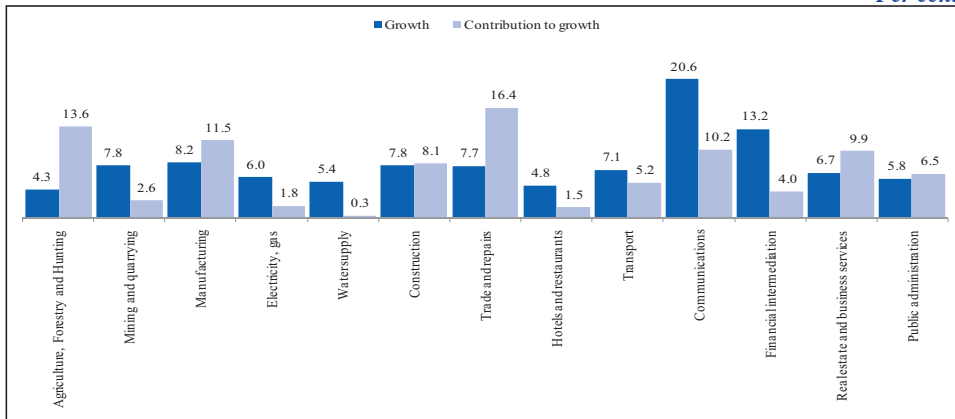
Per cent



Source: National Bureau of Statistics and Bank of Tanzania

Chart 3.2: Real GDP Growth in 2012 and Contribution by Activity

Per cent



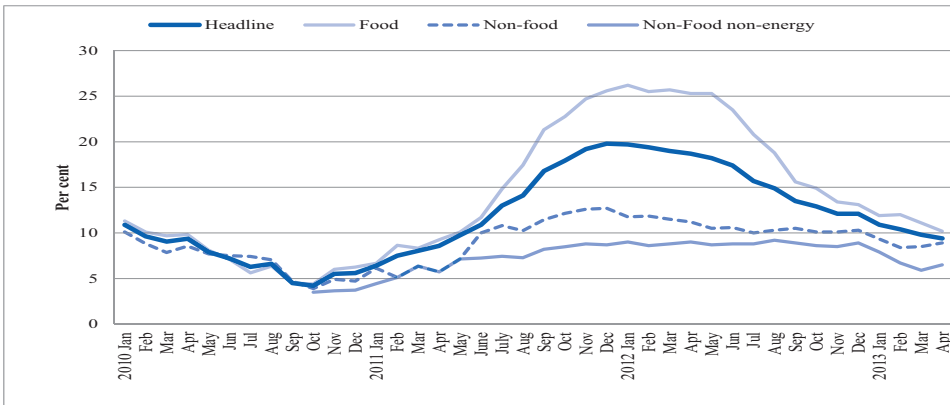
Source: National Bureau of Statistics and Bank of Tanzania



3.2.2 Inflation Developments

Inflationary pressure eased progressively to a single digit in March 2013 after staying in double digits for 21 months. This development was a result of favourable weather conditions in the East African region which improved food supply. In addition, fiscal consolidation and tight monetary policy contributed to the slowdown in inflation. Specifically, headline inflation declined to 9.8 per cent in March and further down to 9.4 per cent in April 2013 from 18.7 per cent recorded in April 2012. In the same period, food inflation eased to 10.7 and further down to 10.2 per cent from 24.7 per cent, while core inflation (excluding food and energy) remained in single digits throughout the period (Chart 3.3).

Chart 3.3: Annual Headline, Food and Non-food Inflation



Source: Bank of Tanzania

3.2.3 Government Budgetary Performance

During July 2012 to March 2013, central government domestic revenue was TZS 6,061.0 billion, equivalent to 92.5 per cent of the target. Tax



revenue was 95.6 per cent of the target, while non-tax revenue was 56.0 per cent of the target. Strong performance was recorded in income taxes mainly corporate taxes and withholding taxes, which were above the target by 14 per cent and 21 per cent, respectively. This performance was associated with close monitoring of block management system and intensified tax audits. Grants amounted to TZS 1,481.9 billion, compared to the projected amount of TZS 1,566.7 billion or 94.6 per cent of the estimate.

Government expenditure amounted to TZS 8,917.2 billion, equivalent to 85.0 per cent of the estimate for the review period. Recurrent expenditure was TZS 6,124.0 billion equivalent to 88.2 per cent of the estimate; while development expenditure was 78.8 per cent of the estimate due to shortfall in disbursement of foreign project funds and delays in the receipt of non-concessional loan.

3.2.4 External Sector Developments

During July 2012 to April 2013, current account deficit narrowed to USD 3,332.7 million from a deficit of USD 3,680.1 million recorded in the corresponding period in 2011/12, reflecting a combined effect of increase in exports of goods and services and decline in imports (**Table 3.3**). The value of exports of goods and services went up by 5.6 per cent to USD 6,953.2 million, owing to good performance of traditional exports, manufactured goods and travel. The value of traditional exports increased by 16.3 per cent to USD 780.9 million, driven by increase in volume as unit export prices recorded a decline for most of the commodities. The good performance was mainly attributed to good weather in the growing areas coupled with good prices in the preceding years that led to substantial increase in the production of coffee, cotton and cashew nuts.

Manufactured exports increased by 18.4 per cent to USD 848.2 million



during the ten months period ending April 2013. Some of the items that recorded significant increases include salt, fertilizers and wheat flour. Meanwhile, the pace of increase in travel receipts continued to pick up, rising to USD 1,385.6 million compared to USD 1,251.3 million, largely due to increase in the number of tourist arrivals, mainly associated with the enhanced promotion of Tanzania as a tourist destination.

Table 3.3: Tanzania: Current Account Balance

Millions of USD

Items	July - April		% Change
	2012	2013 ^P	
Goods Account (net)	-4,345.7	-4,104.2	-5.6
Exports*	4,522.9	4,601.5	1.7
Imports	8,868.6	8,705.7	-1.8
Services Account (net)	77.3	330.8	328.2
Receipts	2,059.5	2,351.7	14.2
Payments	1,982.3	2,020.9	1.9
Goods and services (net)	-4,268.4	-3,773.4	-11.6
Export of goods and services	6,582.5	6,953.2	5.6
Import of goods and services	10,850.9	10,726.6	-1.1
Income Account (net)	-236.5	-248.5	5.1
Receipts	130.2	101.5	-22.1
Payments	366.7	350.0	-4.6
Current Transfers (net)	824.8	689.1	-16.5
Inflows	913.2	803.1	-12.1
o/w General Government	570.3	521.4	-8.6
Outflows	88.4	114.0	28.9
Current Account Balance	-3,680.1	-3,332.7	-9.4

Source: Bank of Tanzania

*Note: *Include adjustment of unrecorded exports*

P= Provisional data

The value of imports of goods and services was USD 10,726.6 million, being 1.1 per cent lower compared to the value recorded in the corresponding period in 2011/12. Most of the decline was observed in the value of machinery, industrial raw materials, fertilizers and consumer goods. The decline was driven mostly by general fall in world commodity prices. It is worth noting that while industrial raw material imports registered a decline, manufactured exports increased on account of good performance in cotton yarn, tobacco products, and edible oil which depend mostly on domestic raw materials. Meanwhile, the value of imported oil rose to USD 3,191.5



million compared with USD 3,042.6 million recorded in the corresponding period in 2011/12. Also, services payment increased following a rise in travel expenses, communication and government services.

Gross official reserves amounted to USD 4,384.7 million as at the end of April 2013, sufficient to cover about 4.3 months of projected imports of goods and services excluding those financed by foreign direct investments. Meanwhile, the value of gross foreign assets of banks amounted to USD 913.8 million.

3.2.5 National Debt Developments

During the year ending March 2013 external debt stock increased by 18.5 per cent to USD 11,732.4 million from the level recorded in the corresponding period in 2012, out of which 81.1 per cent was public debt. The increase was on account of new disbursements and accumulation of interest arrears. Recorded disbursements amounted to USD 1,679.7 million, out of which USD 1,477 million was disbursed to the Government. While principal repayment was USD 51.8 million, the interest and other charges were USD 48.2 million and USD 36.8 million, respectively. In nominal terms, the ratio of total external debt to GDP was 41.2 per cent at the end of March 2013, while public external debt was 33.9 per cent. In net present value terms, (taking into account the very long maturities of the debt) the external debt to GDP ratio was significantly lower, at 18.9 per cent of GDP compared to the threshold of 50.0 per cent (**Table 3.4**).



Table 3.4: External Debt Sustainability Indicators

	Ratio	Threshold
PV of Debt to GDP	18.9	50.0
PV of Debt to Exports of Goods and Services	56.2	200.0
PV of Debt to Revenue	111.3	300.0
Debt Service to Exports of Goods and Services	2.5	25.0
Debt Service to Domestic Revenue	5.0	35.0

Source: Bank of Tanzania

Note: PV=Present value

Domestic debt increased by 29.5 per cent to TZS 5,463 billion compared to TZS 4,226 billion recorded in the year ending March 2012. The increase was mainly due to securitization of past government net domestic financing maintained as advances, and net issuance of government securities.

3.2.6 Economic Developments in Zanzibar

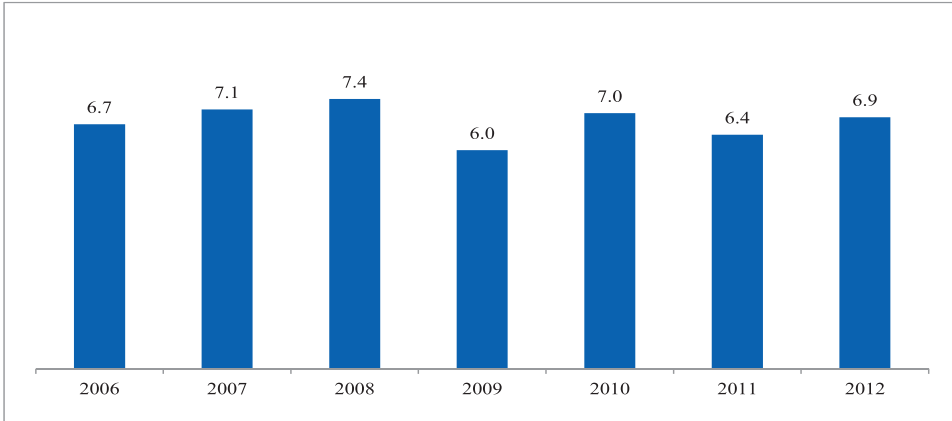
GDP Performance

GDP growth was 7.0 per cent in 2012, slightly lower than the projected growth of 7.5 per cent, but higher than 6.7 per cent recorded in 2011 (**Chart 3.4**). The good economic performance was driven mainly by strong growth in construction, transport and communication activities; following on-going construction of the international airport and roads, and increased sales of airtime (**Chart 3.5**).



Chart 3.4: Real GDP Growth

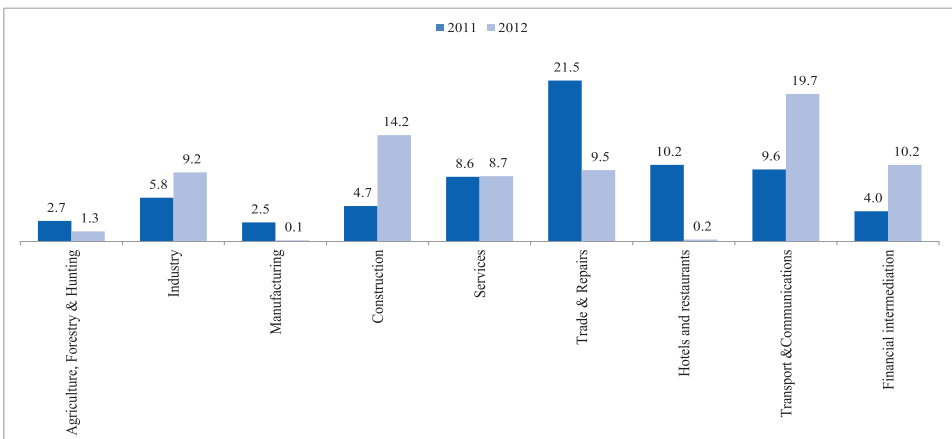
Per cent



Source: Office of Chief Government Statistician

Chart 3.5: GDP Growth by Activity

Per cent

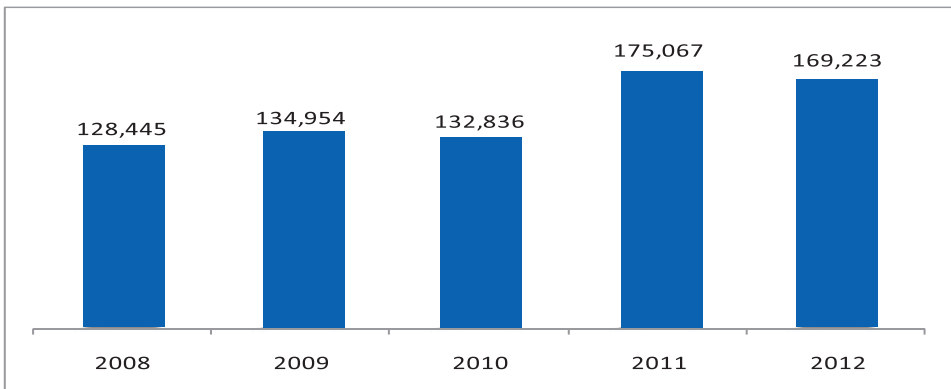


Source: Office of Chief Government Statistician



Meanwhile, growth in hotels and restaurants activity, which used to contribute significantly to the overall GDP growth, deteriorated during 2012, mainly on account of decrease in tourist arrivals from the major source markets for tourism (Italy, UK, Germany, France, and USA), associated with slowdown in global aggregate demand (**Chart 3.6**).

Chart 3.6: Tourist Arrivals in Zanzibar



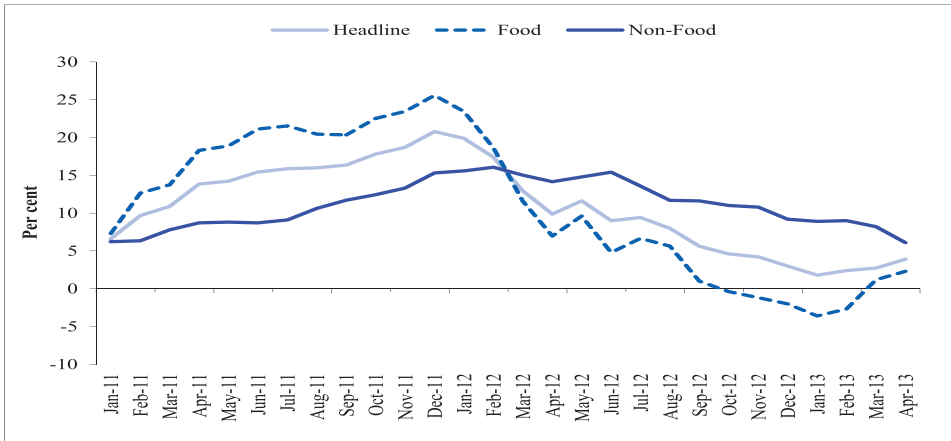
Source: Office of Chief Government Statistician

Inflation Developments

Inflation developments continued to be mostly influenced by movements in world food prices, as Zanzibar is a net importer of rice, wheat flour and sugar. Inflation remained at single digits, recording a rate of 3.9 per cent in the year ending April 2013, compared to 9.9 per cent in the corresponding period of 2012; mainly on account of decrease in prices of rice, wheat flour and sugar (**Chart 3.7**).



Chart 3.7: Annual Headline, Food and Non-food Inflation Rates



Source: Office of Chief Government Statistician

Government Budgetary Performance

During July 2012 to April 2013, total resources were TZS 297.6 billion, out of which 74.7 per cent was from domestic revenue and the balance was grants. Tax revenue amounted to TZS 207.5 billion, below the target by 7.3 per cent, with most of the shortfall being recorded in other tax category, following decline in tourist arrivals. Total grants during the period amounted to TZS 75.3 billion; out of which General Budget Support (GBS) was TZS 17.9 billion and program grants was TZS 57.4 billion.

Government expenditure was TZS 357.8 billion in line with the projection. Recurrent expenditure was TZS 227.4 billion, while development expenditure amounted to TZS 130.4 billion, with foreign component accounting for 84.1 per cent. During the period, budgetary operations recorded an overall deficit of TZS 52.2 billion, financed from foreign sources.



External Sector Developments

During July 2012 to April 2013, the current account registered a deficit of USD 68.4 million compared with a surplus of USD 67.6 million recorded in the corresponding period of 2011/12 (**Table 3.5**). This outturn was mainly on account of increase in imports, and decrease in volume and average export price of cloves, following the recovery in other clove producing countries that increased supply in the world market.

Table 3.5: Zanzibar Current Account Balance

Item	July -April		% Change
	2011/12	2012/13 ^P	
Goods Account (net)	-42.8	-175.2	309.3
Exports	70.9	34.6	-51.2
Imports (fob)	113.7	209.7	84.4
Services Account (net)	78.8	51.3	-34.9
Receipts	191.2	184.4	-3.6
Payments	112.4	133.1	18.4
Goods and Services (net)	36.0	-123.9	-444.2
Exports of Goods and Services	262.2	218.9	-16.5
Imports of Goods and Services	226.1	342.8	51.6
Income Account (net)	-2.0	-3.3	65.0
Receipts	1.1	1.7	54.5
Payments	3.2	5.0	56.2
Current Transfers (net)	33.6	58.8	75.0
Donor Inflows	33.6	58.8	75.0
Outflows	0.0	0.0	
Current Account Balance	67.6	-68.4	-201.2

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p = provisional

Imports of goods and services amounted to USD 342.8 million, being 51.6 per cent higher than the value recorded in the corresponding period in 2011/12; driven mainly by capital goods for infrastructure developments and food stuffs. Meanwhile, services payment rose by 18.4 per cent to USD 133.1 million, with much of the increase registered in payments for transportation, particularly freight and passenger charges.



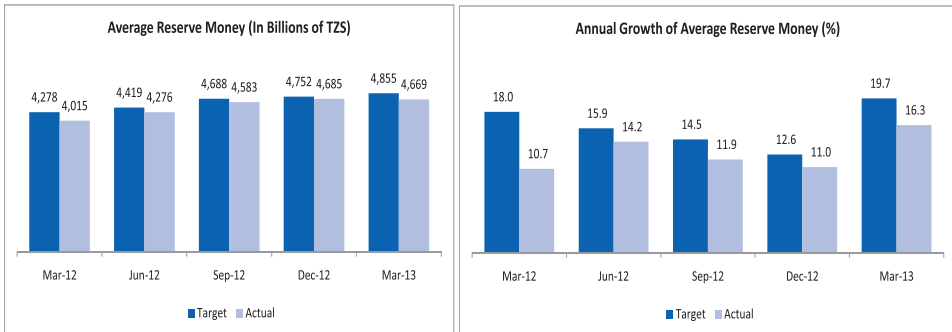
PART IV

4.0 MONETARY POLICY IMPLEMENTATION DURING 2012/13

4.1 Liquidity Management and Interest Rate Developments

During July 2012 to April 2013, the Bank, under the reserve money programming framework, continued to pursue a tight monetary policy stance adopted since the last quarter of 2011 to anchor inflation expectations. Consistent with this, the Bank reviewed upward the minimum reserve requirements on government deposits from 30 per cent to 40 per cent in December 2012, and enhanced open market operations and sale of foreign exchange in the Interbank Foreign Exchange Market (IFEM) to mop up excess liquidity. As a result, average reserve money (ARM) was kept below the program targets throughout the period (**Chart 4.1**).

Chart 4.1: Average Reserve Money Path



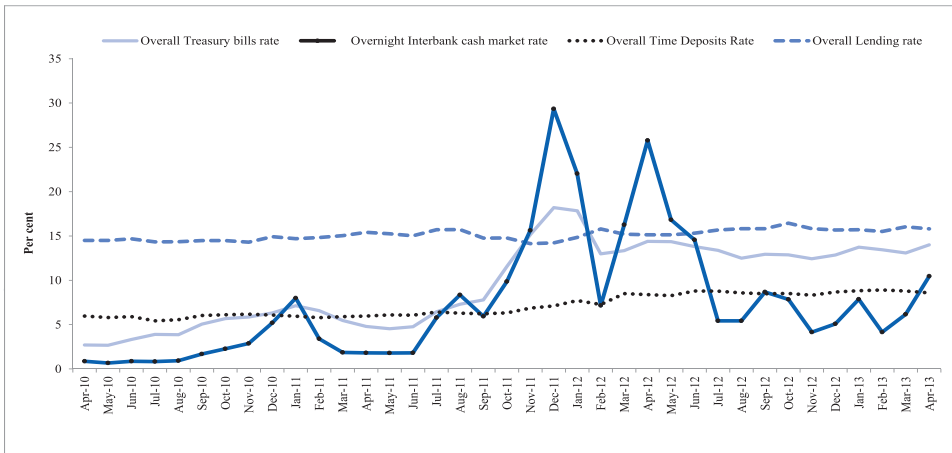
Source: Bank of Tanzania

In line with the monetary policy stance, the overnight interbank cash market rate and overall Treasury bills rate exhibited a general upward trend



when compared to the period prior to October 2011. Developments in the Treasury bills rate were partly reflected in the rise in overall time deposits offered by banks; while lending rates charged by banks rose marginally (**Chart 4.2**).

Chart 4.2: Selected Interest Rates Developments



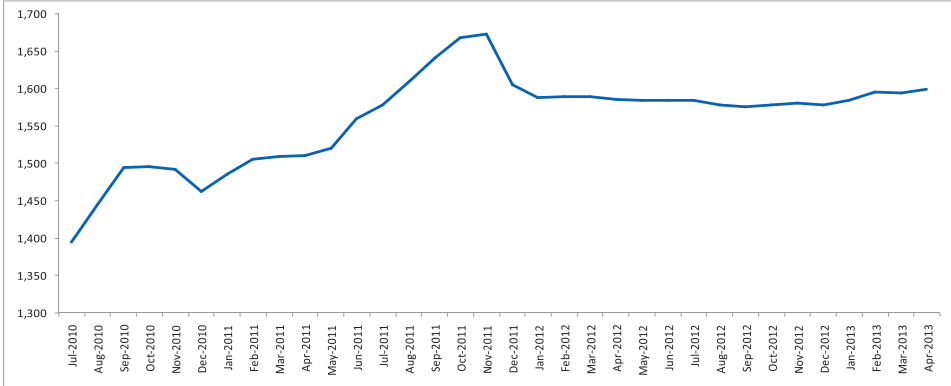
Source: Bank of Tanzania

4.2 Exchange Rate Developments

The exchange rate of the Shilling against US dollar remained generally stable during July to December 2012, fluctuating between TZS 1,576 per US dollar and TZS 1,584 per US dollar; before it registered moderate depreciation beginning January through April 2013 to a range of TZS 1,585 per US dollar and TZS 1,599 per US dollar. This development was supported by effective liquidity management, and reduction of banks’ prudential limit on foreign currency net open position from 10 per cent to 7.5 per cent of core capital which was effected in December 2012 (**Chart 4.3**).



Chart 4.3: Nominal Exchange Rate Movements (TZS/USD)



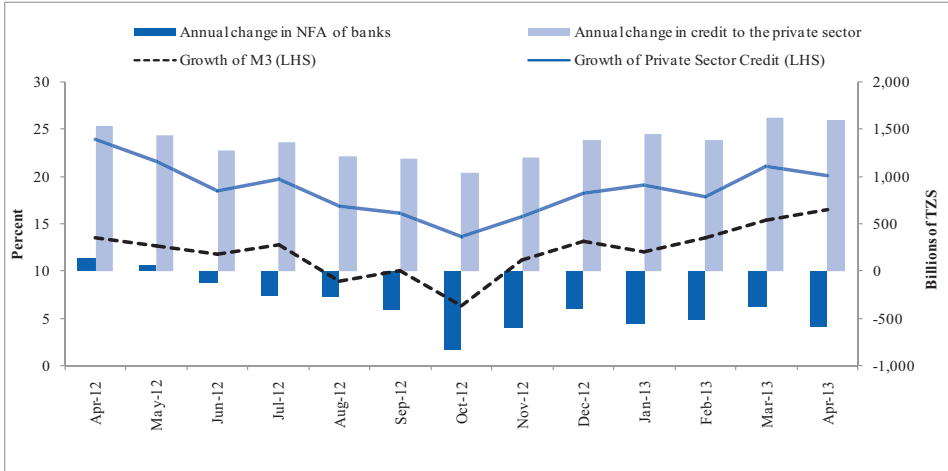
Source: Bank of Tanzania

4.3 Money Supply and Credit Developments

In line with the tight monetary policy stance, extended broad money supply (M3) grew by 15.3 per cent in the year ending March 2013 compared to 18.0 per cent projected under the Policy Support Instruments (PSI) and Standby Credit Facility (SCF). Growth of credit to the private sector was 21.1 per cent in the year ending March 2013 compared to the projected growth of 18.2 per cent; supported by portfolio switch by banks from foreign assets to domestic assets. In the year ending April 2013, M3 grew by 16.5 per cent, while credit to the private sector grew by 20.1 per cent compared to the projected growth of 18.0 per cent and 20.0 per cent for the year ending June 2013, respectively (**Chart 4.4**).



Chart 4.4: Annual Growth in Extended Broad Money and its Sources



Source: Bank of Tanzania

Meanwhile, all indicative targets under the PSI/SCF for end March 2013 were met, except for the ceiling on Net Domestic Financing (NDF) of the Government, which was missed by TZS 149.7 billion equivalent to 0.3 per cent of GDP. This was largely due to cash flow mismatch between revenue and expenditure, expected to be corrected by end June 2013. The change in net international reserves (NIR) was above the program floor by USD 185.4 million, mainly due to lower than projected payments of government foreign obligations (**Table 4.1**).



Table 4.1: Performance against PSI/SCF Targets

Items	Sep-12			Dec-12			Mar-13		
	Indicative Targets /1	Actual Outturn	Change	Assessment Criteria /1	Actual Outturn	Change	Indicative Target/1	Prel. Actual	Change
NDF - Billions of TZS (Cumulative Ceiling from July)	500.0	-111.9	-611.9	600.0	504.7	-95.3	514.7	664.4	149.7
ARM (Upper bound) - Billions of TZS (Ceiling)	4,735.0	4,582.8	-152.2	4,800.0	4,684.6	-115.4	4,855.0	4,669.2	-185.8
Change in NIR - Millions of USD (Cumulative Floor from July)	-33.7	181.8	215.5	121.3	166.4	45.1	360.5	545.9	185.4
External Nonconcessional Borrowing - disbursed for budget financing -(Cumulative from July)	240.0	36.7	-203.3	429.0	39.4	-389.6	619.0	640	20.9
Program Assistance (Millions of USD)- (Cumulative from July)	397.0	349.7	-47.3	566.8	567.6	0.8	746.0	653.6	-92.4

Source: Bank of Tanzania

Note: 1/ NDF and NIR have been adjusted upward and downward, respectively, by the amount of shortfall in US dollars in foreign program assistance and external non-concessional borrowing

4.4 Financial Sector Stability

The Bank continued to implement measures aimed at enhancing the efficiency of the banking sector as well as financial inclusion. During the period under review, the Bank granted provisional licences to two microfinance companies to carry out banking business; and granted approval for three banks to carry out agent banking, following issuance of guidelines on agent banking in February 2013. This allows banks to extend their outreach through retail outlets, thus delivering financial services to a wider range of customers at low costs. Following various developments in the financial sector, requirements of best practice and risks arising from financial innovations, the Bank is in the process of reviewing various regulations and enacting new ones.

The performance of the banking sector continues to be sound as depicted by financial soundness indicators and most commercial banks have complied



with the new capital requirement of TZS 15.0 billion, well ahead of the February 2015 deadline set by the Bank. At the end of March 2013, the banking sector's ratio of core capital to total risk-weighted assets was 18.6 per cent, above the minimum regulatory ratio of 10.0 per cent, mainly attributed to adequate capitalization coupled with high profitability. The ratio of liquid assets to demand liabilities was 38.4 per cent, above the regulatory minimum of 20.0 per cent. The quality of assets as measured by the ratio of gross non-performing loans (NPLs) to gross loans was 7.1 per cent in March 2013, lower than the 7.5 per cent recorded in March 2012. The Bank continues to closely monitor the NPL ratio, to ensure that banks take necessary measures to bring it down to the targeted ceiling of 5.0 per cent.

The Bank launched the Tanzania Financial Stability Forum on 11th March 2013, as an avenue for coordination, cooperation and information exchange among the authorities responsible for safeguarding stability of the financial system. These include: Ministries of Finance (United Republic of Tanzania and Revolutionary Government of Zanzibar); Bank of Tanzania; Capital Markets and Securities Authority; Tanzania Insurance Regulatory Authority; Social Securities Regulatory Authority, and Deposit Insurance Board.

4.5 National Payment Systems Developments

Mobile financial services continued to grow, transforming the economies of households by facilitating convenient, cost effective and reliable payment services for settling various obligations and in turn expediting consumption, trade and business activities. The potential of this payment channel for economic growth and financial inclusion is enormous due to its wide span and outreach to urban and rural areas, including remote areas. As at end April 2013, registered customer base of mobile payment services was 28.8



million accounts with 8.5 million active users. The volume of transactions has reached 71.6 million per month, with a value of TZS 2,030.2 million per month. Cumulative total balance of trust accounts where consumers' funds are secured has reached TZS 190.1 billion. The Bank closely monitors the trust account balances to ensure that they reconcile with the electronic money in circulation at all times and consumers' funds are secured.

The number of Automatic Teller Machines (ATMs) continued to grow with increase in bank branch network, and mobile payment connectivity to ATMs, which enable mobile payment services users to easily draw money. In enhancing security on ATMs following recent incidences of cyber fraud on ATMs, the Bank directed financial institutions with ATMs to comply with Europay, MasterCard and Visa (EMV) Standards for issuing payment cards and deployment of cards infrastructure. This initiative together with other regulatory reforms on cybercrime will ensure that ATMs and the payment cards in the country are effective in combating ATM cyber theft.



PART V

5.0 MACROECONOMIC POLICY FRAMEWORK FOR 2013/14

5.1 Macroeconomic Objectives

Government policies during 2013/14 will be geared towards maintaining fiscal consolidation through strengthening tax administration, and ensuring appropriate expenditure and debt management. Specifically, the Government intends to attain the following objectives:

- i. A real GDP growth of 7.1 per cent for fiscal year 2013/14 based on the projected GDP growth of 7.0 per cent for 2013 and 7.2 per cent for 2014;
- ii. Maintaining a single digit annual inflation rate by end June 2014;
- iii. Domestic revenue (including Local Government Authorities own sources) equivalent to 19.9 per cent of GDP¹;
- iv. Total expenditure equivalent to 29.1 per cent of GDP¹; and
- v. Government net domestic financing of TZS 552.3 billion and external non-concessional borrowing not exceeding TZS 1,156.4 billion.

5.2 Monetary Policy Objectives

In support of the broader macroeconomic policy objectives of the Government, monetary policy will focus on setting monetary targets which are consistent with the objective of maintaining low and stable inflation, while continuing to enhance access to banking services for the unbanked and the under banked. Specifically, the Bank aims at achieving the following targets in 2013/14:

¹ As agreed under PSI/SCF



- i. Annual growth of average reserve money not exceeding 14.0 per cent;
- ii. Annual growth of M3 of 15.0 per cent;
- iii. Annual growth of private sector credit of 19.6 per cent; and
- iv. Accumulation of gross official reserves adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDI related imports.



PART VI

6.0 MONETARY PROGRAM DURING 2013/14

6.1 Liquidity Management

Monetary policy formulation and implementation will continue to operate under the reserve money programming framework, deploying a mix of monetary policy instruments to ensure appropriate level of liquidity in the economy and sustainance of the disinflation path. The tight monetary policy stance of the Bank will be supported by the projected stability in global oil prices, good weather and policy measures by the Government to manage supply side shocks that have direct impact on food prices. The Bank will remain vigilant by monitoring upside risks to inflation and take appropriate measures.

The Bank intends to complement its current framework by making the policy rate a more active instrument for signalling the direction of monetary policy. Under this framework, the Bank, will announce changes in the policy rate when injecting or mopping up liquidity, thus improving transparency in monetary policy. The Bank has started reviewing the existing liquidity management framework and the operations of the inter-bank cash market. In addition, the Bank has adopted measures to enhance in house capacity to develop and maintain a model that will determine the appropriate policy rate and modalities for its application.

6.2 Interest Rate Policy

The Treasury bills market will continue to provide an anchor to market determined interest rates. On its part, the Bank will continue to promote an efficient money market with the view to minimizing volatility in yields.



6.3 Exchange Rate Policy

The exchange rate will remain market determined, and the Bank will continue to participate in the foreign exchange market for liquidity management, while taking appropriate actions to dampen excessive volatility in the exchange rate. This will be implemented while ensuring that an adequate level of reserves is maintained.

6.4 Measures for Financial Sector Stability and Access

The Bank is aware of potential downside risks to the financial sector which may arise from the intensification of global economic and financial challenges. In this regard, the Bank in collaboration with other financial sector regulators, under the umbrella of the Tanzania Financial Stability Forum, will continue to closely monitor such developments and take appropriate measures to mitigate risks.

Effective implementation of the proposed amendments to the prudential banking regulations and the introduction of new regulations is expected to dampen potential risks arising from increasing financial innovations. In addition, the changes in the regulatory architecture are expected to create conducive environment to accelerate financial inclusion.



PART VII

CONCLUSION

The anti-inflationary strategy of 2012/13 has been successful in helping to bring down inflation to single digits, while supporting growth. This stance will be maintained in 2013/14. Economic growth is expected to pick-up in 2013/14, supported by the on-going investments in infrastructure; projected stability in global oil prices; and good weather conditions. Regional integration initiatives offer high prospects of bolstering exports of manufactured goods and transportation services, thus contributing positively to economic growth. The Bank will maintain its vigilance in monitoring upside risks to inflation and review its monetary policy targets if need arises. In addition, the Bank will continue to take measures to ensure stability in the financial sector, while promoting access to financial services to the unbanked and the under banked population.

The Bank will review its monetary policy toolkit with the aim of making the policy rate a more active instrument of monetary policy. This will also improve transparency in monetary operations and make the policy rate a key reference rate in the money market. With the government commitment to implementing results oriented policies including ensuring food self-sufficiency, the Bank is confident that the monetary policy objectives for 2013/14 will be attained.



APPENDICES



Table A1: Global GDP Growth Rates, Actual and Projections

Per cent

	2008	2009	2010	2011	2012	Projections	
						2013	2014
World	2.8	-0.6	5.1	4.0	3.2	3.3	4.0
Advanced Economies	0.1	-3.5	3.0	1.6	1.2	1.2	2.2
USA	-0.3	-3.1	2.4	1.8	2.2	1.9	3.0
Euro Area	0.4	-4.4	2.0	1.4	-0.6	-0.3	1.1
Japan	-1.0	-5.5	4.5	-0.6	2.0	1.6	1.4
United Kingdom	-1.0	-4.0	1.8	0.9	0.2	0.7	1.5
Emerging and Developing Economies	6.1	2.7	7.4	6.4	5.1	5.3	5.7
Developing Asian Countries	7.9	6.9	9.9	8.1	6.6	7.1	7.3
India	6.9	5.9	10.1	7.7	4.0	5.7	6.2
China	9.6	9.2	10.4	9.3	7.8	8.0	8.2
Sub-Saharan Africa	5.6	2.8	5.3	5.3	4.8	5.6	6.1
South Africa	3.6	-1.5	2.9	3.5	2.5	2.8	3.3
Tanzania	7.4	6.0	7.0	6.4	6.9	7.0	7.2

Source: IMF World Economic Outlook, April 2013 and National Bureau of Statistics

Table A2: Selected Economic Indicators

Item	Unit	Jan-11	Mar-11	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
1. Prices																
1.5 Annual Change in Consumer Price Index																
1.5.1 Headline Inflation	Per cent	10.9	19.0	17.7	18.2	17.4	15.7	14.9	13.5	12.9	12.1	12.1	10.9	10.4	9.8	9.4
1.5.2 Food Inflation	Per cent	12.3	25.7	25.3	23.3	23.5	20.8	18.8	15.6	14.9	13.4	13.1	11.9	12.0	11.1	10.2
1.5.3 Core Inflation	Per cent	7.2	8.8	9.0	8.7	8.8	8.8	9.2	8.9	8.6	8.5	8.9	7.9	6.7	5.9	6.5
2. Money Credit and Interest Rates																
2.1 Extended Broad Money Supply (M3) ¹	Per cent	22.0	15.7	13.6	12.7	11.8	12.8	9.0	10.1	6.3	11.1	13.1	12.1	13.5	15.3	16.5
2.2 Reserve Money ¹	Per cent	12.5	9.2	9.7	16.5	21.2	15.6	14.1	6.0	11.8	17.3	10.1	9.2	14.5	21.5	20.7
2.3 Average Reserve Money ¹	Per cent	19.3	10.7	11.2	12.7	14.2	14.6	13.3	11.9	6.8	11.7	11.0	10.2	15.2	16.3	19.4
2.4 Credit to Non-Government Sector ¹	Per cent	25.6	21.9	24.0	21.6	18.5	19.7	16.8	16.1	13.6	15.7	18.2	19.1	17.9	21.1	20.1
2.5 364-days Treasury Bill Rate ²	Per cent	6.5	13.9	14.9	14.9	14.4	13.8	12.9	13.4	13.4	13.3	13.7	14.2	14.1	13.7	14.2
2.6 Overnight Inter-bank rate ²	Per cent	1.8	16.3	25.8	16.8	14.6	5.4	5.4	8.7	7.8	4.1	5.1	7.9	4.1	6.2	10.5
2.7 12-Months Deposit Rate ²	Per cent	7.9	10.5	11.6	11.5	12.2	12.0	11.8	11.3	11.2	10.5	11.1	11.0	11.1	11.4	10.4
2.8 Short-term (up to 1 year) Lending Rate ²	Per cent	14.7	13.9	14.3	14.2	13.9	14.5	14.5	14.4	14.4	14.3	14.1	14.1	13.9	14.3	14.4
3. Balance of Payments																
3.1 Gross Official Reserves	Mill USD	3,610.0	3,322.0	3,486.7	3,524.2	3,797.1	3,865.7	3,869.0	4,060.7	4,104.6	3,887.5	4,069.1	3,868.5	3,837.0	4,404.5	4,384.7
3.2 Exchange Rate:																
3.2.1 Period Average	TZS/USD	1,543.9	1,573.6	1,569.3	1,569.0	1,575.2	1,575.9	1,570.7	1,568.0	1,569.9	1,572.7	1,570.5	1,576.9	1,586.7	1,586.8	1,590.8
3.2.2 End of Period	TZS/USD	1,572.1	1,575.0	1,568.4	1,570.8	1,568.9	1,574.8	1,567.2	1,569.3	1,572.0	1,571.4	1,571.6	1,584.2	1,587.5	1,590.5	1,591.0
4. Public Finance																
4.1 Domestic Revenue																
4.1.1 Domestic Revenue (Including LGAS Own Sources) ³	Bill TZS	624.8	678.9	508.2	630.3	863.9	591.6	618.7	811.3	640.5	649.5	916.6	637.7	597.9	717.4	
4.1.2 Domestic Revenue (Excluding LGAS Own Sources)	Bill TZS	611.5	671.3	504.0	627.6	856.7	574.4	601.5	794.1	623.3	632.3	899.4	637.7	597.9	717.4	
4.2 Recurrent Expenditure	bill TZS	1,156.4	663.0	414.9	547.4	1,246.7	463.9	566.6	736.5	733.3	890.0	608.1	662.0	761.7	681.8	
4.3 Development Expenditure	Bill TZS	289.4	178.5	134.9	297.0	982.4	151.7	177.3	292.9	491.5	292.3	599.3	243.9	353.2	327.0	
4.4 Program Assistance	Mill USD	23.8	38.7	43.0	133.7	60.6	157.7	49.1	143.0	29.1	60.1	128.7	32.1	2.0	52.0	30.7
4.4.1 GBS	Mill USD	0.0	19.9	40.3	118.8	20.1	130.7	37.0	142.6	10.2	0.0	28.1	0.0	0.0	18.8	24.6
4.4.2 Basket Funds	Mill USD	23.8	18.7	2.7	14.9	40.5	26.9	12.1	0.4	18.9	60.1	100.7	32.1	2.0	33.2	6.1

Source: Bank of Tanzania, Ministry of Finance and National Bureau of Statistics

Notes: 1 Annual Growth

2 Monthly Average

3 Data for LGAs available up to December 2012





Table A3: Gross Domestic Product at Constant 2001 Prices by Economic Activity

Economic Activity	2006	2007	2008	2009	2010	2011r	2012p
	TZS Millions						
Agriculture, Hunting and Forestry	3,268,238	3,399,648	3,554,488	3,669,645	3,824,428	3,960,673	4,129,431
Crops	2,457,373	2,567,955	2,698,921	2,790,684	2,913,474	3,015,446	3,157,172
Livestock	537,498	550,398	564,708	577,922	597,572	620,877	640,125
Forestry and hunting	273,367	281,295	290,859	301,039	313,382	324,350	332,135
Fishing	206,510	215,734	226,521	232,637	236,126	238,960	245,890
Industry and construction	2,639,902	2,889,519	3,138,241	3,357,703	3,633,664	3,883,366	4,184,808
Mining and quarrying	341,000	377,559	386,998	391,642	402,331	411,182	443,154
Manufacturing	1,162,000	1,263,435	1,388,515	1,499,596	1,618,064	1,744,273	1,887,303
Electricity, gas	258,347	286,507	301,978	327,344	360,733	366,144	388,113
Water supply	54,905	58,474	62,333	65,824	69,955	72,753	76,682
Construction	823,650	903,544	998,416	1,073,297	1,182,581	1,289,013	1,389,556
Services	6,035,932	6,527,561	7,085,136	7,594,661	8,214,209	8,860,652	9,567,176
Trade and repairs	1,736,631	1,906,821	2,097,503	2,254,816	2,439,711	2,637,328	2,840,402
Hotels and restaurants	314,921	328,859	343,658	358,779	380,664	398,175	417,287
Transport	661,000	703,965	752,539	797,691	853,529	910,715	975,376
Communications	239,537	287,684	346,659	422,577	515,967	614,001	740,485
Financial intermediation	228,000	251,280	281,120	306,339	337,356	373,453	422,748
Real estate and business services	1,316,000	1,408,120	1,508,097	1,610,647	1,723,392	1,835,413	1,958,386
Public administration	1,033,488	1,102,951	1,180,158	1,232,313	1,312,414	1,401,658	1,482,954
Education	235,774	248,742	265,905	284,704	305,402	328,002	349,322
Health	177,520	193,142	210,525	224,654	240,058	253,021	267,190
Other social and personal services	93,061	95,998	98,974	102,141	105,716	108,887	113,025
Gross value added before adjustments	12,150,582	13,032,462	14,004,385	14,854,646	15,908,427	16,943,651	18,127,304
less FISIM	-137,287	-158,292	-175,704	-190,990	-208,370	-231,708	-261,135
Gross value added at 2001 basic prices	12,013,295	12,874,170	13,828,681	14,663,656	15,700,057	16,711,943	17,866,169
Add Taxes on products	867,868	927,751	999,664	1,057,645	1,128,507	1,201,860	1,289,596
Gross Domestic Product at 2001 market prices	12,881,163	13,801,921	14,828,345	15,721,301	16,828,563	17,913,803	19,155,765
	Real Growth by Economic Activities (Per cent)						
Agriculture and Fishing	3.8	4.0	4.6	3.2	4.2	3.6	4.3
Crops	4.0	4.5	5.1	3.4	4.4	3.5	4.7
Livestock	2.4	2.4	2.6	2.3	3.4	3.9	3.1
Forestry and hunting	4.6	2.9	3.4	3.5	4.1	3.5	2.4
Fishing	5.0	4.5	5.0	2.7	1.5	1.2	2.9
Industry and construction	8.5	9.5	8.6	7.0	8.2	6.9	7.8
Mining and quarrying	15.6	10.7	2.5	1.2	2.7	2.2	7.8
Manufacturing	8.5	8.7	9.9	8.0	7.9	7.8	8.2
Electricity, gas	-1.9	10.9	5.4	8.4	10.2	1.5	6.0
Water supply	6.2	6.5	6.6	5.6	6.3	4.0	5.4
Construction	9.5	9.7	10.5	7.5	10.2	9.0	7.8
Services	7.8	8.1	8.5	7.2	8.2	7.9	8.0
Trade and repairs	9.5	9.8	10.0	7.5	8.2	8.1	7.7
Hotels and restaurants	4.3	4.4	4.5	4.4	6.1	4.6	4.8
Transport	5.3	6.5	6.9	6.0	7.0	6.7	7.1
Communications	19.2	20.1	20.5	21.9	22.1	19.0	20.6
Financial intermediation	11.4	10.2	11.9	9.0	10.1	10.7	13.2
Real estate and business services	7.3	7.0	7.1	6.8	7.0	6.5	6.7
Public administration	6.5	6.7	7.0	4.4	6.5	6.8	5.8
Education	5.0	5.5	6.9	7.1	7.3	7.4	6.5
Health	8.5	8.8	9.0	6.7	6.9	5.4	5.6
Other social and personal services	3.7	3.2	3.1	3.2	3.5	3.0	3.8
Gross value added excluding adjustments	6.8	7.3	7.5	6.1	7.1	6.5	7.0
less FISIM	14.9	15.3	11.0	8.7	9.1	11.2	12.7
Gross value added at basic prices	6.7	7.2	7.4	6.0	7.1	6.4	6.9
Add Taxes on products	6.8	6.9	7.8	5.8	6.7	6.5	7.3
Gross domestic product at market prices	6.7	7.1	7.4	6.0	7.0	6.4	6.9

Source: National Bureau of Statistics

Note: p = provisional

r = revised



Table A4: Gross Domestic Product at 2001 Prices by Economic Activity

Economic Activity	Per cent						
	2006	2007	2008	2009	2010p	2011r	2012P
Agriculture and Fishing	25.4	24.6	24.0	23.3	24.3	22.1	21.6
Crops	19.1	18.6	18.2	17.8	18.5	16.8	16.5
Livestock	4.2	4.0	3.8	3.7	3.8	3.5	3.3
Forestry and hunting	2.1	2.0	2.0	1.9	2.0	1.8	1.7
Fishing	1.6	1.6	1.5	1.5	1.5	1.3	1.3
Industry and construction	20.5	20.9	21.2	21.4	23.1	21.7	21.8
Mining and quarrying	2.6	2.7	2.6	2.5	2.6	2.3	2.3
Manufacturing	9.0	9.2	9.4	9.5	10.3	9.7	9.9
Electricity, gas	2.0	2.1	2.0	2.1	2.3	2.0	2.0
Water supply	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Construction	6.4	6.5	6.7	6.8	7.5	7.2	7.3
Services	46.9	47.3	47.8	48.3	52.2	49.5	49.9
Trade and repairs	13.5	13.8	14.1	14.3	15.5	14.7	14.8
Hotels and restaurants	2.4	2.4	2.3	2.3	2.4	2.2	2.2
Transport	5.1	5.1	5.1	5.1	5.4	5.1	5.1
Communications	1.9	2.1	2.3	2.7	3.3	3.4	3.9
Financial intermediation	1.8	1.8	1.9	1.9	2.1	2.1	2.2
Real estate and business services	10.2	10.2	10.2	10.2	11.0	10.2	10.2
Public administration	8.0	8.0	8.0	7.8	8.3	7.8	7.7
Education	1.8	1.8	1.8	1.8	1.9	1.8	1.8
Health	1.4	1.4	1.4	1.4	1.5	1.4	1.4
Other social and personal services	0.7	0.7	0.7	0.6	0.7	0.6	0.6

Source: National Bureau of Statistics and Bank of Tanzania

Note: p = provisional

Table A5: Tanzania Mainland - Quarterly GDP Growth

	Per cent						
	2006	2007	2008	2009	2010	2011	2012
First Quarter	9.8	4.5	7.9	5.6	7.6	6.1	7.2
Second Quarter	8.9	5.9	6.1	3.9	7.6	6.8	7.0
Third Quarter	5.7	7.2	7.7	5.9	6.4	5.5	6.7
Fourth Quarter	2.9	11.2	8.0	8.7	6.8	7.6	6.8
Annual growth	6.8	7.2	7.4	6.0	7.0	6.4	6.9

Source: National Bureau of Statistics and Bank of Tanzania

Table A6: Zanzibar -Quarterly GDP Growth

	Per cent						
	2006	2007	2008	2009	2010	2011	2012
First Quarter	5.2	4.0	8.0	11.3	-5.0	14.7	5.9
Second Quarter	15.1	8.5	-4.0	5.1	10.9	0.5	12.5
Third Quarter	1.7	7.5	5.5	11.3	10.7	3.1	6.6
Fourth Quarter	4.5	5.7	10.4	-0.4	8.4	9.2	4.3

Source: Office of Chief Government Statistician, Zanzibar



Table A7: Zanzibar Gross Domestic Product at Constant 2001 Prices by Economic Activity

Economic Activity	2006	2007	2008	2009	2010	2011	2012p
	TZS Million						
Agriculture, forestry & fishing	72,700	72,400	76,500	79,900	82,400	84,700	85,700
Crops	49,000	48,000	51,100	53,700	55,600	55,900	56,200
Livestock	11,200	11,600	12,000	12,400	12,800	13,200	13,600
Forestry & hunting	1,200	1,300	1,300	1,400	1,400	1,500	1,500
Fishing	11,300	11,500	12,100	12,400	12,600	14,100	14,400
Industry	46,000	48,100	49,200	50,800	51,800	54,700	59,700
Mining & quarrying	2,400	2,600	3,200	3,600	3,800	4,300	5,000
Manufacturing	14,700	14,800	15,000	15,300	15,800	16,200	16,200
Electricity, gas & water supply	4,800	5,100	5,200	5,300	5,300	6,100	6,400
Construction	24,100	25,600	25,800	26,600	26,900	28,100	32,100
Services	136,700	150,880	160,600	174,700	190,700	207,000	225,400
Trade & repairs	28,600	30,900	30,100	31,300	33,500	40,700	44,600
Hotels & restaurants	23,900	25,000	24,900	26,100	26,900	29,600	29,700
Transport & communications	23,300	32,000	39,800	48,700	58,100	63,600	76,200
Financial intermediation	4,700	5,700	5,900	6,000	7,500	7,800	8,600
Real estate & business services	2,800	3,000	3,100	3,300	3,400	3,600	3,800
Public administration	31,600	32,000	33,200	34,600	35,500	35,600	35,700
Education	16,300	16,500	17,500	18,500	19,400	19,900	20,200
Health	4,390	4,680	4,900	5,000	5,100	4,900	5,200
Other social & personal services	1,100	1,100	1,200	1,200	1,300	1,300	1,400
Adjustment to market prices							
Taxes on products	47,200	50,100	52,900	56,400	60,000	64,100	68,500
Gross Domestic Product at market prices	302,600	321,480	339,200	361,800	384,900	410,500	439,300
	Percentage Growth Rates						
Agriculture, forestry & fishing	18.7	-0.4	5.7	4.4	3.1	2.7	1.3
Crops	29.4	-2.0	6.5	5.1	3.6	0.5	0.6
Livestock	3.5	3.6	3.5	3.6	3.1	3.1	3.1
Forestry & hunting	3.8	3.7	3.0	4.3	3.1	6.4	1.2
Fishing	-1.0	1.8	5.2	2.4	1.2	11.9	2.3
Industry	17.6	4.6	1.9	3.4	1.9	5.8	9.2
Mining & quarrying	3.0	9.1	22.8	11.4	5.4	12.9	16.2
Manufacturing	3.5	0.5	1.1	2.4	3.1	2.5	0.1
Electricity, gas & water supply	5.0	7.5	0.9	2.4	-0.5	15.9	4.7
Construction	33.8	6.3	0.5	3.2	1.1	4.7	14.2
Services	-2.8	10.4	6.1	8.7	9.3	8.6	8.7
Trade & repairs	1.0	9.9	-4.3	4.0	7.0	21.5	9.5
Hotels & restaurants	9.2	4.5	-0.5	5.0	3.0	10.2	0.2
Transport & communications	0.4	37.3	24.1	22.1	19.6	9.6	19.7
Financial intermediation	-10.2	21.3	4.0	2.6	24.1	4.0	10.2
Real estate & business services	4.7	4.8	4.8	4.8	4.9	4.9	4.9
Public administration	-18.3	1.3	4.0	4.0	2.8	1.0	0.3
Education	5.4	1.3	6.4	5.6	4.8	2.8	1.2
Health	5.9	6.6	4.5	2.2	2.7	-3.6	5.2
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Gross Domestic Product at market prices	6.0	6.4	5.3	6.7	6.4	6.7	7.0

Source: Office of Chief Government Statistician, Zanzibar

Note: p = provisional

Table A8 (a): National Consumer Price Index (NCPD), 12-Months Percentage Change

Main Groups	Weight	June-11	Mar-12	Apr-12	May-12	June-12	July-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Food and Non-Alcoholic Beverages	47.8	12.3	25.7	25.3	25.3	23.5	20.8	18.8	15.6	14.9	13.4	13.1	11.9	12.0	11.1	10.2
Alcoholic, Tobacco and Narcotics	3.3	5.8	9.3	9.3	8.7	11.7	18.0	20.4	20.3	20.3	21.3	22.8	23.0	18.9	17.4	17.7
Clothing and Footwear	6.7	9.8	15.0	15.4	15.5	15.1	15.0	14.4	13.4	12.4	12.0	11.6	9.8	7.9	6.4	5.8
Housing, Water, Electricity, Gas and Other Fuel	9.2	18.8	17.4	16.2	14.7	14.6	12.5	14.4	16.5	17.4	17.3	17.1	15.3	16.3	20.4	19.9
Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	14.4	9.0	9.1	9.1	9.0	8.7	8.6	8.3	7.9	8.4	8.2	7.2	6.1	5.1	4.6
Health	0.9	1.5	2.8	3.2	3.2	3.3	3.7	3.3	3.0	2.3	2.9	3.4	2.9	3.0	3.7	3.2
Transport	9.5	8.4	9.7	8.6	6.7	5.9	4.7	3.8	1.7	2.7	2.3	3.2	2.7	2.5	1.3	4.2
Communication	2.1	-2.0	-0.7	-0.7	-0.7	-0.9	-1.6	-1.7	-1.7	-1.8	-1.7	-1.9	-1.8	-0.3	-0.4	-0.6
Recreation and Culture	1.3	3.6	9.1	9.1	9.2	11.7	11.9	11.0	11.3	11.1	10.8	10.5	8.9	3.6	3.1	3.5
Education	1.7	3.5	4.8	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.2	2.2	2.2	2.2
Restaurants and hotels	6.4	6.7	18.2	18.8	17.5	17.8	16.1	16.0	17.5	16.3	16.1	15.7	13.5	9.0	6.8	5.9
Miscellaneous goods and services	4.5	2.8	12.3	12.8	13.2	13.1	10.8	11.6	8.3	8.4	8.0	9.1	8.8	6.6	5.0	5.2
TOTAL - ALL ITEMS INDEX	100.0	10.9	19.0	18.7	18.2	17.4	15.7	14.9	13.5	12.9	12.1	12.1	10.9	10.4	9.8	9.4
Other Selected Groups																
Food and Non-alcoholic Beverages - combining food consumed at home and food consumed in restaurants	51.0	11.7	24.9	24.7	24.5	22.9	20.3	18.5	15.8	15.0	13.7	13.3	12.1	11.7	10.7	9.7
Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	29.0	29.4	24.9	21.2	20.5	16.3	16.9	19.4	18.4	18.6	17.8	17.4	18.3	22.6	21.6
All Items Less Food	49.0	10.0	11.5	11.2	10.5	10.5	10.0	10.3	10.5	10.1	10.0	10.3	9.3	8.4	8.5	8.9
All Items Less Food and Energy	43.3	7.2	8.8	9.0	8.7	8.8	8.8	9.2	8.9	8.6	8.5	8.9	7.9	6.7	5.9	6.5

Source: National Bureau of Statistics



Table A8 (b): Zanzibar National Consumer Price Index (NCPI), 12-Months Percentage Change

	Weights (%)	Jun-11	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	
Headline	100.0	15.4	12.9	9.9	11.6	9.0	9.4	8.0	8.0	5.6	4.6	4.2	3.0	1.8	2.4	2.7	3.9
Food	57.4	21.1	11.5	7.0	9.6	4.8	6.7	5.6	1.0	-0.4	-1.2	-2.0	-3.6	-2.8	1.2	2.3	2.3
Non-Food	42.6	8.7	14.9	14.2	14.8	15.4	13.6	11.7	11.6	11.0	10.8	9.2	8.9	9.0	8.2	6.1	6.1
Alcoholic beverages, tobacco & narcotics	0.6	18.2	31.1	30.6	32.6	29.2	36.5	36.5	35.2	37.7	34.7	27.4	28.2	28.1	15.8	11.1	11.1
Clothing and footwear	6.2	11.3	24.6	24.3	22.4	25.7	26.7	18.4	18.6	18.9	18.0	18.3	18.2	14.9	14.6	13.6	13.6
Housing, water, electricity, gas and other fuels	15.6	8.1	10.9	8.6	8.7	8.9	6.0	5.0	5.7	5.1	4.3	1.4	1.1	4.6	5.0	5.0	5.0
Furnishing, household equipment and routine household maintenance	5.3	8.3	25.9	26.2	26.9	29.4	27.2	23.7	20.8	18.8	20.4	16.5	12.8	10.8	9.4	8.0	8.0
Health	2.1	19.6	14.4	15.2	23.9	23.9	19.5	19.2	19.6	20.7	21.9	19.9	20.7	13.8	10.9	8.9	8.9
Transport	3.4	13.5	7.8	6.4	7.5	2.4	1.3	0.9	3.1	3.2	1.8	1.9	4.9	3.9	2.9	5.5	5.5
Communication	2.4	1.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-0.2	-0.2	-0.2	-0.2	-0.3	-0.6	-0.6	-0.6
Recreation and culture	0.4	6.1	12.9	15.4	15.4	19.1	13.0	11.9	11.9	14.8	14.2	17.2	15.7	16.9	17.4	13.9	13.9
Education	1.1	5.5	17.9	17.9	17.9	17.9	17.9	17.9	18.9	18.9	18.9	18.9	18.9	12.4	12.4	12.9	12.9
Restaurants and hotels	3.1	9.2	13.5	15.4	15.4	18.5	15.9	15.9	11.6	7.3	7.2	8.5	8.2	7.6	3.8	1.8	1.8
Miscellaneous goods & services	2.4	-9.7	13.2	14.0	15.7	17.1	15.8	14.5	14.2	17.5	21.2	19.8	18.4	17.9	16.2	14.8	14.8

Source: Office of Chief Government Statistician, Zanzibar



Table A9: Tanzania: Depository Corporations Survey

Billions of TZS

Items	June-11	Mar-12	Apr-12	May-12	June-12	July-12	Aug-12	Sept-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Net Foreign Assets of the Banking System	5,804.0	5,863.8	5,762.1	5,697.5	6,033.8	6,290.8	6,177.1	6,375.2	6,707.7	6,699.4	6,401.7	5,934.0	5,850.5	6,793.6	6,519.4
Bank of Tanzania	4,618.1	4,531.4	4,455.5	4,546.3	4,969.0	5,097.3	5,071.5	5,367.0	5,447.8	5,400.2	5,391.0	5,113.3	4,912.5	5,838.9	5,800.5
Net International Reserves (Millions of USD)	3,242.3	3,170.1	3,134.3	3,180.4	3,453.5	3,522.7	3,524.5	3,711.8	3,757.0	3,502.1	3,721.3	3,519.8	3,381.6	3,955.0	3,931.8
Bank's NFA	1,185.9	1,332.4	1,066.8	1,151.1	1,064.8	1,193.5	1,105.5	1,006.3	983.3	994.3	1,010.7	820.7	938.0	954.7	718.9
Bank's NFA (In Millions of USD)	754.4	846.0	833.1	732.8	678.7	757.9	705.4	642.5	622.1	632.8	643.1	518.1	590.9	600.3	451.8
Net Domestic Assets of the Banking System	6,153.9	7,137.9	7,223.6	7,385.1	7,337.4	7,373.8	7,727.9	7,716.3	7,920.6	8,579.8	8,329.0	8,639.7	8,908.7	8,202.8	8,613.8
Domestic Claims	8,477.3	9,625.3	9,609.3	9,831.6	9,827.6	9,991.5	10,283.4	10,146.7	10,385.4	11,566.2	11,097.7	11,388.0	11,600.1	11,512.6	11,679.2
Claims on central government (net)	1,617.9	1,917.7	1,669.2	1,781.3	1,696.3	1,678.8	1,834.9	1,546.5	1,807.5	2,289.9	2,089.8	2,359.8	2,668.4	1,978.8	2,122.2
o/w Bank of Tanzania	1,498.2	1,717.3	1,498.3	1,603.3	1,500.3	1,495.3	1,617.7	1,324.4	1,517.7	1,914.5	1,724.5	1,974.5	2,208.6	1,549.9	1,617.7
Claims on Government	4,088.2	4,089.9	3,331.0	3,999.3	4,054.3	3,897.3	4,164.3	4,091.5	4,481.1	4,907.5	4,762.4	4,907.5	5,206.6	4,790.7	4,948.6
State Securities held by banks	2,446.3	2,412.9	2,373.3	2,322.6	2,269.8	2,363.2	2,505.3	2,689.4	2,758.3	2,954.4	2,877.3	2,970.0	2,974.6	3,066.6	3,205.0
Liabilities to Central Government	2,470.5	2,091.2	2,163.8	2,238.0	2,358.6	2,218.4	2,329.2	2,483.1	2,687.7	2,856.6	2,618.8	2,687.7	2,801.8	2,826.4	2,826.4
Claims on the private sector	6,859.4	7,707.6	7,900.3	8,070.2	8,131.3	8,311.3	8,448.5	8,580.2	8,718.1	8,666.5	9,007.9	9,028.1	9,151.7	9,333.7	9,557.0
o/w Extended in Shilings	4,911.9	5,265.4	5,364.8	5,436.7	5,495.9	5,648.6	5,743.3	5,808.8	5,845.5	5,925.1	6,101.7	6,093.2	6,207.0	6,262.4	6,334.1
Extended in foreign currency	2,267.5	2,442.2	2,595.5	2,633.6	2,635.4	2,663.1	2,705.0	2,771.3	2,872.6	2,941.4	2,965.2	2,944.9	2,944.7	3,071.3	3,222.9
(Equivalent in USD million)	1,442.4	1,550.6	1,654.9	1,676.6	1,679.8	1,691.1	1,726.0	1,766.0	1,827.4	1,871.8	1,849.2	1,852.7	1,854.9	1,931.0	2,025.6
Extended Broad Money Supply (M3)	11,957.9	13,001.7	12,985.7	13,082.6	13,371.2	13,664.6	13,904.9	14,091.5	14,291.3	14,679.2	14,730.7	14,573.7	14,759.2	14,906.4	15,133.2
Foreign Currency Deposits (FCD) in National Currency	3,259.3	3,620.4	3,603.7	3,662.8	3,680.0	3,817.4	3,701.7	3,789.2	3,838.2	3,955.5	4,066.1	4,015.2	4,034.3	4,064.8	4,148.4
FCD in millions of US dollar	2,073.2	2,298.7	2,297.7	2,331.9	2,274.2	2,424.1	2,302.0	2,414.6	2,441.6	2,517.2	2,549.0	2,534.6	2,541.2	2,555.6	2,607.4
Broad Money Supply (M2)	8,698.7	9,381.2	9,382.0	9,419.7	9,803.2	9,847.2	10,203.3	10,302.3	10,433.1	10,723.7	10,724.5	10,558.6	10,724.9	10,931.6	10,984.7
Deposits in National Currency	6,617.5	7,236.0	7,234.2	7,197.8	7,485.7	7,492.5	7,692.4	7,822.3	8,038.1	8,305.3	8,309.7	8,263.6	8,443.2	8,538.9	8,620.7
Other Deposits in National Currency	3,771.5	3,669.8	3,699.1	3,696.6	3,771.9	3,757.2	3,840.4	3,906.4	3,990.0	4,121.1	4,186.0	4,101.6	4,131.7	4,166.2	4,150.7
Narrow Money Supply (M1)	4,927.1	5,711.4	5,682.9	5,723.2	6,031.3	6,089.9	6,362.8	6,396.0	6,463.1	6,602.6	6,538.6	6,456.9	6,593.2	6,765.4	6,834.0
Currency in Circulation	2,081.1	2,145.2	2,147.8	2,221.9	2,317.5	2,354.7	2,530.9	2,480.0	2,415.0	2,408.4	2,444.8	2,395.0	2,281.7	2,392.7	2,464.0
Transferable Deposits in National Currency	2,846.0	3,566.2	3,535.1	3,501.2	3,713.8	3,733.3	3,831.9	3,915.9	4,048.1	4,184.2	4,123.8	4,162.0	4,311.5	4,372.7	4,470.0
Stock of Reserve Money (Billions of TZS)	3,790.0	3,881.1	3,991.9	4,236.4	4,591.6	4,514.1	4,627.8	4,492.0	4,695.0	4,839.8	4,525.6	4,699.8	4,663.4	4,715.5	4,816.6
Average Reserve Money (Billions of TZS)	3,745.6	4,014.5	3,970.9	4,103.1	4,276.5	4,406.9	4,590.5	4,582.8	4,545.3	4,705.2	4,684.6	4,620.2	4,699.1	4,669.2	4,739.3
Annual growth rates (%)															
Stock of Reserve Money	12.5	9.2	9.7	16.5	21.2	15.6	14.1	6.0	11.8	17.3	10.1	9.2	14.5	21.5	20.7
Average Reserve Money	19.3	10.7	11.2	12.7	14.2	14.6	13.3	11.9	6.8	11.7	11.0	10.2	15.2	16.3	19.4
Extended Broad Money Supply (M3)	22.0	15.7	15.6	12.7	13.8	12.8	9.0	10.1	-6.3	11.1	13.1	12.1	13.5	15.3	16.5
Broad Money Supply	19.4	14.8	12.9	11.1	12.7	12.5	12.8	13.0	13.0	15.1	16.0	13.1	14.6	16.5	17.1
Credit to the private sector	24.3	21.9	24.0	21.6	18.3	19.7	16.8	16.1	13.6	15.7	18.2	19.1	17.9	21.1	20.1
Memorandum Items															
Net Claims on Central Government/ Domestic Credit (%)	19.1	19.9	17.3	17.9	17.3	16.8	17.8	15.4	17.6	20.5	18.8	20.7	22.2	17.5	18.2
Claims on Private Sector/ Domestic Credit (%)	80.9	80.1	82.7	82.1	82.7	83.2	82.2	84.6	82.4	79.5	81.2	79.3	77.8	82.5	81.8
FCD/M3 (%)	27.3	27.8	27.8	28.0	26.7	27.9	26.6	26.9	26.9	27.2	27.6	27.2	27.6	27.3	27.1
Nominal Exchange Rate (end of period) (TZS/USD)	1,572.1	1,575.0	1,568.4	1,570.8	1,574.8	1,567.2	1,569.3	1,572.0	1,571.4	1,571.6	1,584.2	1,587.5	1,590.5	1,591.0	1,591.0
Gross Official Reserves (Millions of USD)	3,610.0	3,522.0	3,486.7	3,524.2	3,797.1	3,865.7	3,869.0	4,060.7	4,104.6	3,887.5	4,069.1	3,868.5	3,837.0	4,404.5	4,384.7
Foreign Assets of Banks (Millions of USD)	1,055.3	1,022.0	1,018.1	948.2	911.4	900.7	975.9	966.0	843.8	895.6	887.1	718.7	806.3	972.0	913.8
Gross Foreign Assets of the Banking System (Millions of USD)	4,665.3	4,544.0	4,504.8	4,472.4	4,708.5	4,856.4	4,844.9	4,966.7	4,948.4	4,783.1	4,956.2	4,887.2	4,643.3	5,376.4	5,298.5

Source: Bank of Tanzania



Table A10: Tanzania Capital and Money Market Interest Rates

	Jun-11	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	
<i>Per cent</i>																
Interbank Cash Market Rates																
Overnight	1.81	16.27	25.79	16.82	14.56	5.42	5.43	8.67	7.85	4.15	5.08	7.85	4.15	6.16	10.45	
2 to 7 days	2.21	18.59	24.89	18.69	15.59	9.17	6.05	9.22	9.03	4.81	6.62	8.80	5.47	7.98	12.20	
8 to 14 days	2.00	18.10	25.15	19.88	19.88	9.67	6.32	11.16	8.97	6.32	6.90	9.23	5.62	9.63	14.05	
15 to 30 days	4.25	19.17	22.00	21.55	12.45	12.45	12.45	10.83	7.62	7.00	11.25	9.21	9.50	15.63	15.63	
31 to 60 days	2.00	23.00	22.00	22.00	18.00	18.00	18.00	18.00	11.77	7.70	7.70	7.70	7.70	11.90	13.50	
61 to 90 days	3.37	17.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	14.00	14.00	14.00	14.00	14.00	
91 to 180 days	4.00	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	12.43	12.43	12.43	14.40	14.40	
181 and above	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	
Overall Interbank cash market rate	1.81	16.84	25.68	17.34	14.74	6.21	5.54	8.79	8.42	4.56	5.80	8.13	4.76	6.77	11.08	
Lombard Rate	2.17	19.53	30.94	20.19	17.47	6.50	6.51	10.41	9.42	4.97	6.10	9.42	4.98	7.40	12.54	
REPO Rate	1.31	3.75	3.75	3.75	8.94	6.04	4.82	6.69	5.94	3.56	3.51	5.05	3.57	3.59	3.50	
Treasury Bills Rates																
35 days	2.71	5.24	5.24	5.24	6.67	4.37	4.24	4.24	8.34	7.44	6.99	6.89	6.60	6.60	6.65	
91 days	3.74	12.77	13.80	13.82	13.39	13.22	11.83	12.27	12.29	11.85	11.89	10.26	11.80	11.57	11.74	
182 days	4.83	13.13	13.90	14.02	13.52	13.47	12.74	12.92	13.25	12.86	12.96	12.98	13.36	13.19	13.99	
364 days	6.46	13.91	14.86	14.91	14.44	13.78	12.95	13.44	13.44	13.31	13.69	14.17	14.06	13.66	14.17	
Overall Treasury bills rate	4.76	13.35	14.40	14.37	13.81	13.39	12.50	12.93	12.88	12.43	12.85	13.73	13.44	13.08	13.99	
Treasury Bonds Rates																
2-years	8.05	13.73	13.73	14.45	14.76	14.76	13.82	13.82	13.84	13.84	14.27	14.27	14.30	14.30	14.06	
5-years	10.75	14.82	14.82	14.93	14.74	14.74	14.74	14.49	14.53	14.53	14.94	14.94	14.38	14.38	15.00	
7-years	12.81	13.84	14.63	15.45	15.45	14.86	14.86	15.06	15.06	15.25	15.25	15.59	15.59	14.99	15.20	
10-years	13.69	14.80	14.99	14.99	15.16	15.16	15.07	15.07	15.28	15.82	15.82	15.82	15.82	14.28	14.28	
Bank Rate	7.58	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	

Source: Bank of Tanzania



Table A11: Tanzania: Commercial Banks Interest Rates

	Per cent														
	Jun-11	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
A: Domestic Currency															
Savings Deposit Rate															
Overall Time Deposits Rate	2.39	2.86	2.88	2.93	2.88	2.91	2.94	3.02	2.88	2.89	2.88	3.00	2.88	2.89	3.08
1 month	6.06	8.50	8.37	8.27	8.78	8.77	8.58	8.47	8.52	8.32	8.67	8.82	8.91	8.79	8.58
2 months	5.11	7.87	7.47	6.94	7.54	7.68	8.50	7.99	9.29	8.54	9.05	9.25	9.22	8.85	8.79
3 months	6.85	7.94	7.89	8.30	7.59	9.58	8.61	8.84	8.77	9.53	9.83	9.11	9.97	9.41	9.86
6 months	6.19	9.44	8.69	8.37	9.45	10.52	9.57	10.05	10.59	10.32	10.43	10.28	9.71	10.31	9.76
12 months	6.81	10.37	9.85	10.03	10.92	11.33	11.56	10.90	10.67	10.19	10.29	10.44	10.72	10.74	10.93
24 months	7.88	11.24	11.60	11.48	12.15	12.04	11.81	11.31	11.17	10.50	11.06	10.96	11.05	11.40	10.43
	8.30	11.61	11.97	11.87	12.40	9.21	8.94	9.14	7.90	7.87	8.75	9.07	9.56	9.59	9.14
Negotiated Deposit Rate															
	7.44	10.16	10.38	10.12	9.79	9.64	9.32	10.10	9.22	9.98	10.09	10.25	9.86	10.00	9.67
Overall Lending Rate															
Short-term (up to 1 year)	15.02	15.19	15.13	15.14	15.32	15.67	15.82	15.83	16.45	15.83	15.68	15.71	15.51	16.03	15.80
Medium-term (1-2 years)	14.72	13.98	14.25	14.22	13.92	14.45	14.55	14.35	14.37	14.33	14.09	14.07	13.84	14.22	14.35
Long-term (3-5 years)	17.90	15.33	15.52	15.78	16.31	16.47	16.81	16.61	17.27	16.84	16.94	16.56	16.76	17.85	16.93
Term Loans (over 5 years)	14.40	15.33	15.31	15.38	15.63	15.81	15.55	16.02	16.73	16.33	16.14	16.02	15.61	16.81	16.63
	14.66	15.72	15.43	15.37	15.62	15.85	15.94	16.25	17.14	16.75	16.84	16.81	16.64	16.77	16.47
	13.42	15.41	15.15	14.98	15.14	15.75	16.23	15.89	16.73	14.88	14.38	15.11	14.69	14.50	14.64
Negotiated Lending Rate															
	13.81	14.25	13.86	13.34	14.21	14.00	13.30	14.38	14.36	13.87	14.54	14.85	14.18	15.13	14.07
B: Foreign Currency															
Deposits Rates															
Savings Deposits Rate															
Overall Time Deposits Rate	0.51	0.64	0.68	0.54	0.38	0.32	0.53	0.38	0.66	0.65	0.32	0.31	0.32	0.63	0.35
1-months	1.31	1.33	1.19	1.12	1.42	1.26	1.61	1.63	1.64	1.71	1.63	1.68	1.21	1.79	1.94
2-months	1.58	0.71	0.65	1.03	1.21	0.87	1.05	0.89	1.16	1.26	1.14	1.04	1.39	1.67	1.88
3-months	0.88	0.79	0.80	0.92	0.82	0.09	1.56	1.55	1.54	1.52	1.78	1.53	0.32	1.52	1.29
6-months	1.07	1.62	1.56	1.04	1.87	1.74	1.72	1.72	1.83	1.61	1.66	1.67	0.59	2.06	1.87
12-months	1.59	1.94	1.57	1.03	1.47	1.43	1.61	1.64	1.66	1.76	1.46	1.83	1.70	1.51	2.03
Overall Lending Rate															
Short-term (up to 1 year)	8.26	8.37	9.51	10.12	10.14	7.27	7.21	7.23	6.46	7.20	7.25	7.26	7.12	8.10	8.20
Medium-term (1-2 years)	3.55	5.99	7.32	6.76	8.52	6.41	6.22	6.27	2.26	5.99	5.78	5.92	6.17	6.46	6.93
Long-term (3-5 years)	10.37	9.40	10.14	11.20	11.06	7.87	7.82	8.13	8.14	8.20	8.29	8.02	7.87	8.18	8.22
Term Loans (over 5 years)	7.82	8.91	10.38	10.42	10.43	7.64	7.64	7.11	7.37	7.26	7.17	7.35	7.03	8.49	8.69
	10.04	8.76	10.34	10.36	10.35	7.48	7.44	7.57	7.47	7.44	7.28	7.28	7.00	8.01	7.84
	9.49	8.80	9.38	11.85	10.36	6.96	6.93	7.10	7.08	7.13	7.76	7.74	7.56	9.35	9.35

Source: Bank of Tanzania





Table A12: Central Government Operations - Tanzania Mainland

Millions of TZS

Item	BUDGET 2012/13	Jul 2012 - Mar 2013		Act/Est
		Estimate	Actual	
Total Revenue (including LGAs)	9,149,176	6,825,883	6,164,038	90.3%
Total Revenue (Excluding LGAs)	8,714,670	6,554,229	6,060,983	92.5%
Tax Revenue	8,054,035	6,041,622	5,773,781	95.6%
Taxes on Imports	3,157,892	2,369,989	2,214,038	93.4%
Sales/VAT and Excise on Local Goods	1,760,039	1,323,654	1,090,691	82.4%
Income Taxes	2,744,315	2,052,565	2,186,585	106.5%
Other taxes	391,788	295,414	282,468	95.6%
Non- tax Revenue	660,635	512,606	287,202	56.0%
LGA Own Sources	362,206	271,654	103,055	37.9%
Radar Refund	72,300	-	-	
Total Expenditure /1	13,812,246	10,486,113	8,917,182	85.0%
Recurrent expenditure	9,284,407	6,943,725	6,124,027	88.2%
Wages and salaries	3,781,100	2,833,455	2,882,395	101.7%
Interest payments	555,216	405,752	483,129	119.1%
Domestic /2	335,169	249,965	358,788	143.5%
Foreign	220,047	155,787	124,341	79.8%
Other goods, services and transfers	4,948,090	3,704,518	2,758,504	74.5%
Dev. Expenditure and net lending	4,527,839	3,542,388	2,793,156	78.8%
Local	2,213,608	1,806,715	1,341,262	74.2%
Foreign	2,314,231	1,735,673	1,451,893	83.7%
Balance before Grants	(4,663,070)	(3,660,230)	(2,753,145)	75.2%
Grants	2,008,511	1,566,691	1,481,951	94.6%
Program (CIS/OGL)	622,503	527,185	654,365	124.1%
Project	696,458	522,343	257,228	49.2%
Basket funds	255,916	191,937	380,089	198.0%
MDRI/MCA(T)	433,634	325,226	190,269	58.5%
Balance (cheq.issued) after Grants	(2,654,559)	(2,093,539)	(1,271,194)	60.7%
Expenditure float	-	-	(351,034)	
Adjustments to cash and other items (net)	-	-	(701,877)	
Overall Balance (cheques cleared)	(2,654,559)	(2,093,539)	(2,324,105)	111.0%
Financing:	2,654,559	2,093,539	2,324,105	111.0%
Foreign Financing (net)	2,170,708	1,584,091	1,659,697	104.8%
Loans	2,402,299	1,744,743	1,711,710	98.1%
Program loans	219,984	219,984	83,302	37.9%
Development Project loans	2,023,095	1,405,344	1,464,316	104.2%
Non-Concessional Borrowing	1,254,092	828,592	1,004,101	121.2%
Basket Support	159,220	119,415	164,092	137.4%
Amortization	(231,591)	(160,652)	(52,013)	32.4%
Domestic (net) /3	483,851	509,448	664,408	130.4%
Bank borrowing	435,466	509,448	282,544	55.5%
Non-Bank (net of amortization)	48,385	-	381,864	
Borrowing/Roll over	1,148,107	871,343	1,177,060	135.1%
Domestic & Contingent debt Amortization	(1,148,107)	(871,343)	(1,177,060)	135.1%

Source: Ministry of Finance, Bank of Tanzania and National Bureau of Statistics

Note: 1/ Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures

2/ Domestic Interest payments and amortization include Cash and Non cash

3/ Positive value means financing and a negative value means repayment



Table A13: Zanzibar Central Government Operations

Millions of TZS

	Budget 2012/13	Jul 2012 - Apr 2013		
		Estimates	Actual	Act/ Est
Total Revenue	294,100.0	238,865.6	222,281.4	93.1
Tax Revenue	267,101.0	223,833.3	207,497.7	92.7
Tax on Imports	67,080.0	56,733.3	54,520.6	96.1
VAT and Excise Duties (local)	74,460.0	64,715.8	58,553.1	90.5
Income Tax	61,060.0	41,038.9	45,460.4	110.8
Other Taxes	64,501.0	61,345.3	48,963.6	79.8
Non-Tax Revenue	26,999.0	15,032.3	14,783.7	98.3
Total Expenditure	648,900.0	357,262.0	357,768.0	100.1
Recurrent Expenditure	307,800.0	234,047.0	227,379.8	97.2
Wages and Salaries	139,600.0	109,556.0	109,785.5	100.2
Other Expenditure	168,200.0	124,491.0	117,594.3	94.5
Development Expenditure	341,100.0	123,215.0	130,388.2	105.8
local	47,900.0	36,316.0	20,741.9	57.1
Overall (surplus) Deficit before grants	-354,800.0	-118,396.4	-135,486.6	114.4
Grants	145,300.0	45,194.0	75,313.4	166.6
4.5% Budget Support	39,900.0	22,508.0	17,890.0	79.5
Program Grant	105,400.0	22,686.0	57,423.4	253.1
Overall Deficit after grants	-209,500.0	-73,202.4	-60,173.2	82.2
Adjustment to cash and other items	0.0	8,989.4	7,950.3	88.4
Overall Deficit cheques cleared	-209,500.0	-64,213.0	-52,222.9	81.3
Financing	209,500.0	64,213.0	52,222.9	81.3
Foreign	187,800.0	64,213.0	52,222.9	81.3
Program Loans	187,800.0	64,213.0	52,222.9	81.3
Domestic (net)	21,700.0	0.0	0.0	
Bank	5,900.0	0.0	0.0	
Non-bank	15,800.0	0.0	0.0	

Source: President's Office Finance, Economy and Development Planning, Zanzibar, and Bank of Tanzania



Table A14: Tanzania Exports by Type of Commodity

Items	Unit	July - April		% Change
		2012	2013 ^p	
Traditional Exports:				
COFFEE				
Value	Mill.USD	132.4	188.0	42.0
Volume	'000 Tons	29.2	64.4	120.7
Unit Price	USD per Ton	4,538.8	2,919.8	-35.7
COTTON				
Value	Mill.USD	81.3	158.1	94.4
Volume	'000 Tons	51.0	131.2	157.0
Unit Price	USD per Ton	1,593.3	1,205.1	-24.4
SISAL				
Value	Mill.USD	14.6	12.1	-17.5
Volume	'000 Tons	11.3	9.2	-18.5
Unit Price	USD per Ton	1,295.1	1,310.4	1.2
TEA				
Value	Mill.USD	40.7	47.6	17.1
Volume	'000 Tons	21.6	22.1	2.5
Unit Price	USD per Ton	1,886.6	2,154.5	14.2
TOBACCO				
Value	Mill.USD	243.5	222.6	-8.6
Volume	'000 Tons	75.1	65.1	-13.4
Unit Price	USD per Ton	3,239.9	3,418.5	5.5
CASHEWNUTS				
Value	Mill.USD	103.4	132.1	27.8
Volume	'000 Tons	91.0	120.8	32.8
Unit Price	USD per Ton	1,136.5	1,093.5	-3.8
CLOVES				
Value	Mill.USD	55.9	20.5	-63.3
Volume	'000 Tons	4.4	2.2	-50.1
Unit Price	USD per Ton	12,824.2	9,434.5	-26.4
Sub Total	Mill.USD	671.8	780.9	16.3
Non-Traditional Exports:				
Minerals				
Gold	Mill.USD	1,954.7	1,660.5	-15.1
Diamond	Mill.USD	1,907.8	1,580.0	-17.2
Other minerals ¹	Mill.USD	7.1	30.9	336.9
Other minerals ¹	Mill.USD	39.9	49.5	24.2
Manufactured Goods				
Cotton Yarn	Mill.USD	716.6	848.2	18.4
Manufactured Coffee	Mill.USD	3.4	8.5	152.2
Manufactured Tobacco	Mill.USD	1.1	0.6	-39.8
Sisal Products (Yarn & Twine)	Mill.USD	15.4	33.0	114.1
Other manufactured Goods ²	Mill.USD	9.9	8.3	-16.5
Fish and Fish Products	Mill.USD	686.7	797.7	16.2
Horticultural products	Mill.USD	121.3	117.8	-2.9
Re-exports	Mill.USD	23.4	47.9	104.7
Other Exports ³	Mill.USD	102.1	134.4	31.7
Sub Total	Mill.USD	343.1	411.5	19.9
Sub Total	Mill.USD	3,261.2	3,220.4	-1.3
GRAND TOTAL	Mill.USD	4,522.9	4,601.5	1.7

Source: Bank of Tanzania, Tanzania Revenue Authority

Note:

1 Include tanzanite, rubies, sapphires, emeralds, copper, silver and other precious stones

2 Include plastic items, textile apparels iron/steel and articles thereof

3 Include edible vegetables, oil seeds, cereals, cocoa, raw hides and skins, woods and articles thereof

p = Provisional data



Table A15: Tanzania Imports (f.o.b value) by Major Category

Millions of USD

Items	July - April		% Change	% Contribution for year ending April 2013
	2012	2013 ^P		
Capital Goods	3,055.3	2,936.8	-3.9	33.7
Transport Equipment	835.0	966.2	15.7	11.1
Building and Constructions	626.3	695.6	11.1	8.0
Machinery	1,594.0	1,275.0	-20.0	14.6
Intermediate Goods	3,870.9	3,890.4	0.5	44.7
Oil imports	3,042.6	3,191.5	4.9	36.7
Fertilizers	155.5	113.9	-26.7	1.3
Industrial raw materials	672.8	585.0	-13.1	6.7
Consumer Goods	1,940.5	1,876.6	-3.3	21.6
Food and food stuffs	559.2	546.9	-2.2	6.3
All other consumer goods ¹	1,381.3	1,329.7	-3.7	15.3
Grand Total (F.O.B)	8,868.6	8,705.7	-1.8	100.0
Grand Total (C.I.F)	9,745.7	9,566.7	-1.8	100.0

Source: Bank of Tanzania and Tanzania Revenue Authority

Note:

1 Includes pharmaceutical products, paper products, plastic items, optical/photographic materials and textile apparels

p = Provisional data

f.o.b = Free on board



Table A16: Tanzania's Balance of Payments

Millions of USD

<i>Item</i>	2008^r	2009^r	2010^r	2011^r	2012^p
A. Current Account	-2,577.1	-1,809.9	-1,960.1	-3,992.2	-3,658.1
<i>Balance on Goods</i>	<i>-3,433.5</i>	<i>-2,536.1</i>	<i>-2,841.2</i>	<i>-4,729.6</i>	<i>-4,412.6</i>
Goods: exports f.o.b.	3,578.8	3,298.1	4,324.3	5,097.9	5,912.3
Traditional	507.3	486.4	583.2	685.5	956.7
Nontraditional	2,604.7	2,372.9	3,177.0	3,747.5	4,184.4
o/w Gold	1,108.3	1,229.5	1,516.6	2,224.1	2,107.4
Unrecorded trade	466.8	438.9	564.0	664.9	771.2
Goods: imports f.o.b.	-7,012.3	-5,834.1	-7,165.5	-9,827.5	-10,324.9
<i>Balance on Services</i>	<i>336.9</i>	<i>132.7</i>	<i>156.9</i>	<i>92.2</i>	<i>269.5</i>
Services: credit	1,998.8	1,854.6	2,045.7	2,300.3	2,632.1
Services: debit	-1,661.9	-1,722.0	-1,888.9	-2,208.1	-2,362.6
<i>Balance on Goods and Services</i>	<i>-3,096.6</i>	<i>-2,403.4</i>	<i>-2,684.4</i>	<i>-4,637.3</i>	<i>-4,143.1</i>
<i>Balance on income</i>	<i>-314.3</i>	<i>-297.8</i>	<i>-326.9</i>	<i>-257.1</i>	<i>-305.9</i>
Income: credit	122.7	161.1	160.1	184.2	131.6
Income: debit	-437.0	-458.9	-487.0	-441.3	-437.4
<i>Balance on Goods, Services and Income</i>	<i>-3,410.9</i>	<i>-2,701.1</i>	<i>-3,011.3</i>	<i>-4,894.4</i>	<i>-4,449.0</i>
<i>Balance on Current transfers</i>	<i>833.8</i>	<i>891.2</i>	<i>1,051.2</i>	<i>902.2</i>	<i>790.9</i>
Current transfers: credit	913.4	959.7	1,130.2	994.9	923.4
Current transfer: debit	-79.6	-68.4	-79.0	-92.7	-132.6
B. Capital Account	524.2	442.2	537.9	690.9	779.5
Capital transfers: credit	524.2	442.2	537.9	690.9	779.5
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-2,052.9	-1,367.7	-1,422.2	-3,301.3	-2,878.6
C. Financial Account, excl. reserves and related items	2,592.8	1,984.4	3,074.3	3,424.5	3,653.0
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	1,383.3	952.6	1,812.5	1,229.4	1,706.9
Portfolio investment	1.8	3.5	3.4	4.0	1.0
Other investment	1,207.8	1,028.3	1,258.4	2,191.1	1,945.0
<i>Total, Groups A through C</i>	<i>539.9</i>	<i>616.7</i>	<i>1,652.1</i>	<i>123.2</i>	<i>774.4</i>
D. Net Errors and Omissions	-391.9	-250.5	-1,282.3	-325.2	-447.1
<i>Overall balance</i>	<i>148.0</i>	<i>366.2</i>	<i>369.8</i>	<i>-202.0</i>	<i>327.3</i>
E. Reserves and Related Items	-148.0	-366.2	-369.8	202.0	-327.3
Reserve assets	-147.0	-676.8	-395.4	206.3	-325.7
Use of Fund credit and loans	-0.2	310.6	25.6	-4.4	-1.5
Exceptional financing	0.0	0.0	0.0	0.0	0.0
Memorandum items					
Gross Official Reserves	2,872.6	3,552.5	3,948.0	3,744.6	4,069.1
Months of Imports	4.0	5.6	5.2	3.7	3.8
Months of Imports, excl. FDIs related imports	4.6	6.3	6.2	4.1	4.3
Net International Reserves (year end)	2,855.0	3,224.3	3,594.2	3,395.2	1,882.9
Change in Net International Reserves	-148.4	-369.4	-369.9	199.0	-294.9
Exchange rate (end of period)	1,280.3	1,313.3	1,453.5	1,566.7	1,571.6
Exchange rate (annual average)	1,196.9	1,306.0	1,395.7	1,557.4	1,571.7

Source: Bank of Tanzania

Notes:

r = Revised—based on new data obtained from the completion of Private Capital Flows Survey, adoption of new data sources for some other transfers and inclusion of reinvested earnings in the income account

p = Provisional

O/w = Of which

f.o.b = Free on board



GLOSSARY

Bank Rate/ Policy Rate

The rate of interest the Bank of Tanzania charges on loans it extends to banks and to the Government.

Currency in Circulation outside Banks

Notes and coins accepted as legal tender in the domestic economy, excluding amounts held by the banking system.

Exchange Rate

The price at which one currency can be purchased with another currency, for instance TZS per USD.

Inflation

Inflation is defined as the rate at which the average level of domestic prices is increasing over a period of time.

Core Inflation

This is a measure of price movements caused by factors other than food and energy prices over a specified period of time. It provides a better indication of the effectiveness of monetary policy.

Non-Food Inflation

This is a measure of price movements caused by factors other than food



prices.

Gross Official Reserves or Reserve Assets

Gross official reserves consist of external assets that are readily available to, and controlled by the Bank of Tanzania for direct financing of balance of payments, and for indirectly regulating the magnitude of balance of payments imbalances through intervention in foreign exchange markets. For the case of Tanzania, gross official reserves comprise the Bank of Tanzania's holdings of monetary gold, special drawing rights (SDRs), reserve position in the International Monetary Fund, and foreign exchange resources, available to the Bank of Tanzania for meeting external financing needs.

Lombard Facility

An overnight facility established to enable banks to borrow at their own discretion, by pledging eligible government securities as collateral.

Minimum Reserve Requirement

These are the legal balances which banks are required to keep with the Bank of Tanzania, determined as a percentage of their total deposit liabilities and short and medium-term borrowings from the public.

Money Supply (M)

The sum of currency in circulation outside the banking system and deposits of residents with banks defined in various levels of aggregation. In Tanzania, three aggregates of money supply are compiled and reported, namely: narrow money (M1), broad money (M2), and extended broad money (M3).



M1 – Currency in circulation outside banking system plus demand deposits (cheque account)

M2 – M1 plus fixed deposits and savings deposits

M3 – M2 plus residents' foreign currency deposits

Reserve Money (M0)

The Bank of Tanzania's liabilities in the form of currency in circulation outside the banking system, cash held by banks in their vaults and deposits of banks kept with the Bank of Tanzania in national currency. Reserve money is also referred to as Base money, or the monetary base or high-powered money.

Reserve Money Program

Operational framework used by the Bank of Tanzania to achieve money supply growth target (intermediate target) consistent with inflation target (ultimate objective).

Downside (Upside) Risk

The chance of unexpected decline (rise) due to change in market conditions.

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