



ISSN 0856 - 6976

MONETARY POLICY STATEMENT

The Mid - Year Review

**GOVERNOR
BANK OF TANZANIA**

February 2015



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February 2015



5th February, 2015

**Hon. Saada Mkuya Salum (MP),
Minister for Finance,
Dar es Salaam,
TANZANIA.**

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21 (5) of the Bank of Tanzania Act 2006, I hereby submit the Mid-Year Review of the *Monetary Policy Statement* of the Bank of Tanzania for the financial year 2014/15.

The Statement reviews the implementation of monetary policy during the first half of 2014/15. It then outlines the monetary policy stance and measures that the Bank of Tanzania intends to pursue in the second half of 2014/15 to meet its policy objectives.

Yours Sincerely,

A handwritten signature in black ink, which appears to read "B. Ndulu".

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





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EXECUTIVE SUMMARY

Introduction

This mid-year review of the Monetary Policy Statement examines the progress made in the implementation of monetary policy in the first half of 2014/15, and outlines the monetary policy stance that the Bank intends to adopt in the remainder of 2014/15.

Global Economic Developments

The recovery of the global economy remained modest despite recovery of growth in the US and UK economies. The Eurozone economy continues to suffer from growth stagnation, while emerging market and developing economies remained resilient.

According to the IMF's World Economic Outlook Update, January 2015, global economic growth is expected to rise gradually from 3.3 percent in 2014 to 3.5 percent in 2015, largely driven by advanced economies, particularly US and UK, while emerging market economies are expected to moderately increase their growth rates underpinned by a rise in both external and domestic demand.

The sharp fall in world oil and commodity prices has contributed to a more benign global inflation environment since July 2014. Inflation in the United States has declined from 2.1 percent in June to 0.8 percent in December 2014, largely on account of sliding energy prices. The Euro area experienced deflation in December 2014, after recording relatively stable inflation since July 2014. In the United Kingdom, inflation remained below the Bank of England's target of 2 percent in the course of 2014, while in China, price pressures were on a downward path, thanks to a fall in prices of food. In India, inflation was 0.1 percent in December 2014, after having recorded zero inflation rate in November 2014, the lowest in more than



five years, on account of decline in prices of food, fuel and manufactured items. In Japan, inflation rate continued its slide, dragged down by sharp drops in global oil prices and declining consumer spending.

Economic Developments in Tanzania

Tanzania Mainland

The economy maintained its strong growth path in the first half of 2014, growing at 7.1 percent, close to the projected growth of 7.2 percent for the year. The favorable economic performance resulted from the impact of good weather and increased application of agricultural inputs, which boosted agricultural activity; continued implementation of infrastructure projects and strong regional and domestic demand which bolstered manufacturing activity. The recently revised national accounts point to a more diversified economy with the dominance of agriculture being reduced in favor of more dynamic, resilient and taxable activities like manufacturing and financial intermediation.

Headline inflation remained well contained given sharp fall in global oil prices, reflected in declining domestic pump prices; and modest increase in the price of most foodstuffs following regional bumper harvest. In addition, the tight monetary policy stance pursued by the Bank since the end of 2011 has been successful in containing core inflation at around 3 percent during the first half of 2014/15. Headline inflation reached 4.8 percent in the year ending December 2014, slightly below the medium term target of 5.0 percent, and the lowest rate attained in the last four years.

In the first half of 2014/15, domestic revenue collected by the Central Government exceeded recurrent expenditure by TZS 756.2 billion. Total revenue was TZS 5,240.6 billion or 86.9 percent of the target, with tax revenue recording 88.8 percent performance. All tax categories save for VAT underperformed, partly due to decline in imports of final consumer





goods and delays in the implementation of some tax measures announced during the 2014/15 budget. Total grants amounted to TZS 499.8 billion, which was 54 percent of the projections.

Total expenditure amounted to TZS 6,694.9 billion, or 78.4 percent of the estimate. Since July 2014 local development spending was mainly financed through domestic borrowing consistent with Government initiative to frontload net domestic financing, as well as proceeds from domestic revenue collection.

During July to November 2014, the current account balance recorded a deficit of USD 1,999.7 million compared with a deficit of USD 2,575.3 million recorded in the corresponding period of 2013. The narrowing of the deficit reflects in part a fall in the import bill and increase in export earnings from manufacturing, which exceeded the decline in earnings from gold, traditional exports and tourism. It is worth noting that earnings from manufacturing, transport and tourism have more than doubled in a period of five years. Continued decline in global oil prices, and increased earnings from manufacturing exports point to further improvement in the current account in the near term.

Gross official reserves amounted to USD 4,388.6 million as at end of December 2014, sufficient to cover 4.2 months of projected imports of goods and services excluding those financed by foreign direct investment. Gross foreign assets of banks stood at USD 760.6 million at the year ending December 2014.

Total external debt stock amounted to USD 14,126.8 million at the end of December 2014, an increase of USD 931.2 million from the amount recorded at the end of December 2013. The increase was mainly on account of new disbursements received by the government. As at end December 2014, the stock of Government's domestic debt increased to TZS 7,481.7



billion from TZS 6,043.1 billion recorded at the end of December 2013. The increase was on account of new issuance of Government securities for budget financing.

The banking sector remains profitable and well capitalized. The sector continues to introduce new products, such as mobile banking services, agent banking, Islamic banking, and extend services regionally. These developments are closely monitored by the Bank to keep abreast with the challenges and risks. Supervision of banks will further be strengthened, with efforts focusing on consolidated supervision and development of new regulations to cater for Islamic banking, as well as mortgage financing.

Zanzibar

In the first three quarters of 2014, real GDP grew by 8.5 percent compared to 6.0 percent recorded in the corresponding period in 2013. The increase was mainly attributed to growth in manufacturing, finance and insurance, fishing and tourism related activities, mainly accommodation and food services.

The Office of Chief Government Statistician released the revised nominal GDP estimates for Zanzibar in October, 2014 with 2007 as the new base year instead of 2001. The new GDP figure for 2013, at current prices is 28.8 percent higher than the same year in the old series.

Annual headline inflation increased to 4.4 percent in December 2014 from 3.8 in November 2014, mainly due to increase in prices of fish, rice and banana. Inflation is projected to remain at single digit during the second half of 2014/15 as fuel prices continue to fall.

During the first half 2014/15, domestic revenue was TZS 182.7 billion or 94.6 percent of the target, out of which tax revenue was TZS 165.1 billion.



Program loans amounted to TZS 21.1 billion, while grants were TZS 22.1 billion. Total expenditure was TZS 231.9 billion, out of which, recurrent expenditure was TZS 171.8 billion. Development expenditure was TZS 60.1 billion, above estimates by 57.6 percent, mainly due to increase in foreign inflows.

The current account balance recorded a surplus of USD 12.6 million during July to November 2014, a decline by 8.5 percent compared to the surplus of USD 14.8 million recorded in the corresponding period of 2013, largely associated with decline of inflows from development partners. Nevertheless, the total value of exports of goods and services increased to USD 104.8 million compared to USD 89.5 million recorded in the corresponding period last year.

Implementation of Monetary Policy in 2014/15

Monetary Policy Objectives

In support of the broader macroeconomic objectives of the Government, the Bank will continue to primarily focus on maintaining price stability by achieving specific targets. The targets contained in the Monetary Policy Statement presented in June 2014 have been revised in light of new developments and are now as follows:

- i. Annual growth of average reserve money not exceeding 15.0 percent;
- ii. Annual growth of M3 not exceeding 15.8 percent;
- iii. Annual growth of private sector credit of about 19.5 percent, consistent with the growth target of M3; and
- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDIs related imports.



Monetary Policy Implementation in the First Half of 2014/15

Liquidity conditions in the banking system during the first half of 2014/15 remained generally adequate. Some banks accessed the Lombard window intermittently to meet short term liquidity needs while others participated in repo and foreign exchange operations to square their cash positions. Reflecting the short term liquidity shocks, the interbank cash market rate was characterized by high volatility, with the rate increasing from an average of 10.57 percent in June 2014 to an average of 14.39 percent in July 2014. The rate softened starting mid-August 2014 and remained so until the end of November 2014. The rate rose again gradually during December 2014 in line with seasonal factors. Treasury bills rate were elevated throughout the period, while deposit and lending rates remained relatively stable with small interim movements.

Broader monetary aggregates remained broadly within the growth path for 2014/15, while all assessment criteria for end December 2014 under the PSI Program were met. The Shilling exchange rate in the Interbank Foreign Exchange Market (IFEM) generally depreciated against the US dollar; mainly due to the strengthening of the US dollar against all major currencies.

Macroeconomic outlook

Growth is expected to remain strong in the period ahead, fostered by sustained growth in manufacturing and buoyance in services as well as investments in infrastructure projects.

Inflation is expected to remain subdued in the period to June 2015, supported by better than expected domestic food supply conditions, modest global oil prices and the waning away of the impact of the increase in domestic power tariff in January 2014. However, upside risks to inflation may emerge largely from continued strengthening of the US economy,



which may adversely affect the Shilling exchange rate, hence prices of imported goods.

Proceeds from the external non-concessional borrowing (ENCB), coupled with increased purchase of equities by foreigners at the Dar es Salaam Stock Exchange following removal of restrictions from September 2014, are expected to cushion the foreign exchange market in the second half of 2014/15. Moreover, subdued global oil prices are expected to continue to reduce the oil import bill going forward, partly easing the demand for the US dollar, while positively impacting on the current account.

Monetary Policy Stance for the second half of 2014/15

The Bank of Tanzania will further improve the effectiveness of the monetary policy operations in managing liquidity by unifying the SMR account with clearing account that commercial banks maintain at the Bank and allow partial reserve averaging. This will give banks more flexibility in liquidity management and avoid sporadic liquidity squeeze. In addition the Bank will finalize a study on the relationship between banks' excess reserves and overnight interest rates which will provide analytical ground for targeting a smoother path of excess reserves that will reduce interest rate volatility in the IBCM and enhance monetary policy transmission. These initiatives are consistent with gradual move towards a price based monetary policy framework and harmonization of monetary policy operations within the EAC.

Conclusion

The implementation of monetary policy during the first half of 2014/15 remained in line with objectives stipulated in the annual monetary policy statement for 2014/15. All monetary targets for the first half were realized with broader macroeconomic targets also performing well. GDP growth in the first half was 7.1 percent, while inflation was below the medium





term target of 5.0 percent. This impressive performance was aided by improvement in manufacturing and services activities, good weather and continued prudent monetary policy. Furthermore, the global economy continued to strengthen, thereby contributing positively to our domestic economic development.

Growth is expected to remain on course, anchored by the sustained growth in manufacturing and the buoyancy in services activities; and continue implementation of infrastructure projects. Inflation is expected to remain low on account of better than expected domestic food supply condition, the subdued global oil prices and the fading away of the impact of the increase in domestic power tariffs in January 2014. On the other hand the current account is expected to improve due to decline in oil prices and increasing manufactured exports.

The Bank will continue with the current monetary policy stance to ensure that the positive macroeconomic developments achieved in the first half of 2014/15 are consolidated and inflation is contained to the targeted level. The Bank will continue to build capacity in forecasting and modeling to facilitate the implementation of forward looking monetary policy framework. In addition, measures will be taken to improve the functioning of the money markets, including measures to increase the role of interest rates in the operating framework and also improve the monetary policy transmission mechanism.

The Bank is optimistic that with the continued support from prudent fiscal policy, enhanced resource flows and good investment climate, the 2014/15 monetary policy objectives will be achieved with a considerable degree of success and hence contribute to higher growth of the national economy.



PART I

1.0 INTRODUCTION

This mid-year review of the Monetary Policy Statement examines the progress made in the implementation of monetary policy in the first half of 2014/15, and outlines the monetary policy stance that the Bank intends to adopt in the remaining period of 2014/15. In particular, the review focuses on evaluating progress made towards attaining the primary objective of price stability, which is key towards promoting macroeconomic stability.

The Statement is divided into seven parts including this introductory part. Part II presents the macroeconomic policy framework for 2014/15, while Part III covers the review of recent macroeconomic developments for the period July to December 2014. Part IV reviews the progress in the implementation of monetary policy in the first half of 2014/15. Part V covers the outlook for the second half of 2014/15, while part VI outlines the monetary policy stance for the second half of 2014/15, and Part VII concludes the Statement.

1.1 MANDATE AND MODALITIES FOR MONETARY POLICY IMPLEMENTATION

1.1.1 The 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 government securities market, 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 and Lombard facilities. The Intraday Loan Facility (ILF) is provided to smooth out short term payment and settlement mismatch 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 annual monetary policy targets in its Monetary Policy Statement, in accordance with the broader macroeconomic policy objectives of the Government.*
- *The Monetary Policy 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, outlook for the remaining period and measures necessary to achieve the objectives*
- *The Monetary Policy Committee (MPC) 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 targets in the Monetary Policy Statement*
- *The Surveillance Committee, which is a management committee, meets daily to evaluate daily liquidity developments. A Technical Committee chaired by the Director of Economic Research and Policy reviews liquidity developments on daily basis and advises the Surveillance Committee on appropriate daily measures.*



PART II

2.0 MACROECONOMIC FRAMEWORK FOR 2014/15

2.1 Macroeconomic Policy Objectives

The fiscal policy stance in 2014/15 focuses on continued implementation of the Five Year Development Plan, MKUKUTA II and MKUZA II with particular emphasis on priority programs under the Big Results Now (BRN) initiative, while observing the limit on the budget deficit. Specifically, the Government aims at attaining the following macroeconomic objectives:

- i. A real GDP growth of 7.3 percent for fiscal year 2014/15 based on the projected GDP growth of 7.2 percent for 2014 and 7.4 percent for 2015;
- ii. Maintaining single digit annual inflation rate by end June 2015;
- iii. A budget deficit (after grants) of 4.9 percent of GDP, financed by 3.8 percent borrowing from foreign sources and 1.1 percent borrowing from domestic sources. Out of the foreign loans, TZS 1,320.0 billion is projected to be sourced from external non-concessional sources.

2.2 Monetary Policy Objectives

In support of the broader macroeconomic objectives of the Government, the Bank will continue to primarily focus on maintaining price stability by achieving specific targets. The targets contained in the MPS presented in June 2014 have been revised in light of new developments and are now as follows:

- i. Annual growth of average reserve money not exceeding 15.0 percent;
- ii. Annual growth of M3 not exceeding 15.8 percent;
- iii. Annual growth of private sector credit of about 19.5 percent, consistent with the growth target of M3; and



- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDIs related imports.



PART III

3.0 MACROECONOMIC DEVELOPMENTS

3.1 Overview of Global Economic Developments

3.1.1 GDP Performance

Global economic activity remained modest led by the US and UK whose economies on average have now reached pre-crisis levels underpinned by improvement in private demand. The Eurozone economy is still struggling, while emerging market and developing economies remained resilient, albeit with differences remaining across countries.

According to IMF's World Economic Outlook (WEO) Update, January 2015, global economic growth is expected to rise gradually to 3.5 percent in 2015 from 3.3 percent in 2014, largely driven by advanced economies particularly US and UK, while emerging market economies are expected to moderately increase their growth rates underpinned by a rise in both external and domestic demand (**Table 3.1**).

Table 3.1: Global Real GDP Growth

	2009	2010	2011	2012	2013	2014	Percent	
							2015	2016
World	0.0	5.4	4.1	3.4	3.3	3.3	3.5	3.7
Advanced economies	-3.4	3.1	1.7	1.2	1.3	1.8	2.4	2.4
United States	-2.8	2.5	1.6	2.3	2.2	2.4	3.6	3.3
Euro area	-4.5	1.9	1.6	-0.7	-0.5	0.8	1.2	1.4
Japan	-5.5	4.7	-1.6	1.5	1.6	0.1	0.6	0.8
United Kingdom	-5.2	1.7	1.1	0.3	1.7	2.6	2.7	2.4
Emerging Market and Developing Economies	3.1	7.5	6.2	5.1	4.7	4.4	4.3	4.7
Emerging and Developing Asia	7.5	9.5	7.7	6.7	6.6	6.5	6.4	6.2
China	9.2	10.4	9.3	7.7	7.8	7.4	6.8	6.3
India	8.5	10.4	6.6	4.7	5.0	5.8	6.3	6.5
Sub-Saharan Africa	4.1	6.9	5.1	4.4	5.2	4.8	4.9	5.2
South Africa	-1.5	3.1	3.6	2.5	2.2	1.4	2.1	2.5

Source: IMF WEO Update, January 2015





3.1.2 Inflation Developments

The sharp fall in international oil and commodity prices has led to a more benign global inflation environment since July 2014 (**Table 3.2**). In the United States, inflation has moderated from its recent peak of 2.1 percent in June 2014 to 0.8 percent in December 2014, largely on account of fall in energy prices. The Euro area experienced deflation in December 2014, after recording relatively stable inflation since July 2014. In the United Kingdom, inflation remained below the Bank of England’s target of 2 percent in the course of 2014, while in China, price pressures were on a downward path, thanks to a fall in prices of food. In India, inflation was 0.1 percent in December 2014, after having recorded zero inflation rate in November 2014, the lowest in about five and half years, on account of decline in prices of food, fuel and manufactured items. In Japan, inflation continued to ease due to sharp drops in global oil prices and decline in consumer spending.

Table 3.2: Global Inflation Rates for Selected Countries

Annual percent change

Country	2013		2014											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
USA	1.2	1.5	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8
Euro Area	0.9	0.8	0.8	0.7	0.5	0.7	0.5	0.5	0.4	0.4	0.3	0.4	0.3	-0.2
Japan	1.5	1.6	1.4	1.5	1.6	3.4	3.7	3.6	3.4	3.3	3.2	2.9	2.4	n.a
United Kingdom	2.1	2.0	1.9	1.7	1.6	1.8	1.5	1.9	1.6	1.5	1.2	1.3	1.0	0.5
China	3.0	2.5	2.5	2.0	2.4	1.8	2.5	2.3	2.3	2.0	1.6	1.6	1.4	1.5
India	7.5	6.2	5.1	4.7	5.7	5.2	6.0	5.7	5.4	3.7	2.4	1.8	0.0	0.1

Source: OECD and Respective National Statistical Offices

According to IMF’s WEO Update of January 2015, inflation in advanced economies is forecasted to decline to 1.0 percent in 2015, from 1.4 percent registered in 2014, mainly due to low oil prices. On the other hand, inflation in the emerging markets and developing economies is projected to increase to 5.7 percent in 2015 from 5.4 percent recorded in 2014.



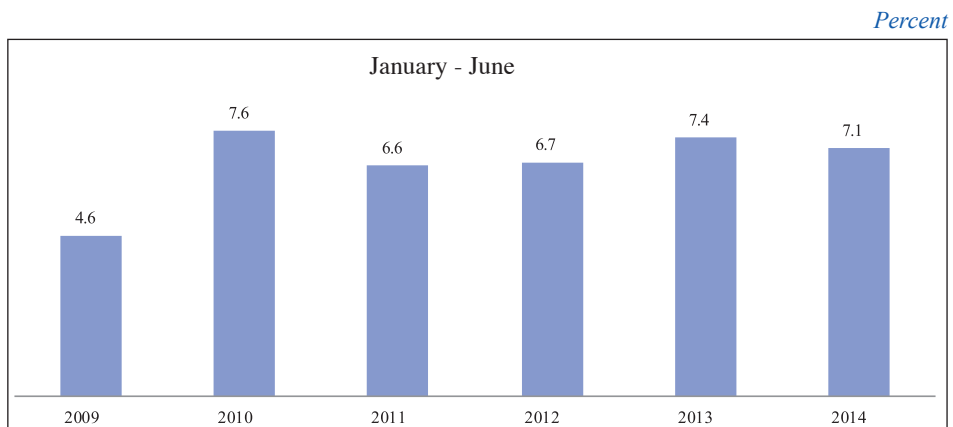
3.2 Domestic Economic Developments

3.2.1 GDP Performance

The economy continued to register robust growth in the first half of 2014, growing at 7.1 percent, close to the projected growth of 7.2 percent for the year. The favorable economic performance benefited from the impact of good weather and timely availability of agricultural inputs, which boosted agricultural activity, continued implementation of major infrastructure projects and strong regional and domestic demand, which bolstered manufacturing activity (**Chart 3.1** and **Chart 3.2**).

The recently revised national accounts point to a more diversified economy with the dominance of agriculture being reduced in favor of more dynamic, resilient and taxable activities like manufacturing and financial intermediation.

Chart 3.1: Real GDP Growth

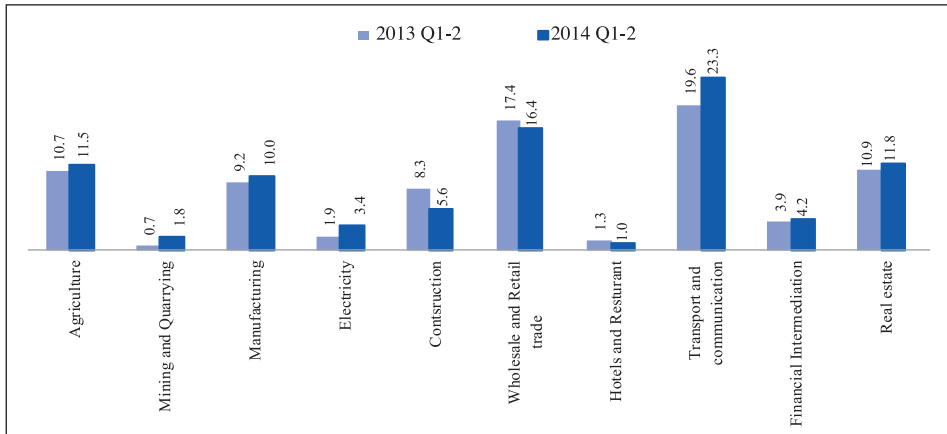


Source: National Bureau of Statistics



Chart 3.2: Contribution to GDP Growth

Percent



Source: National Bureau of Statistics and Bank of Tanzania



Box 3.1: Rebasing of GDP

In October 2014, the NBS released the revised nominal GDP estimates for Tanzania Mainland with 2007 as the new base year instead of 2001, marking the 5th revision, after that of 1966, 1976, 1992 and 2001. The new GDP figure for 2013 is 31.4 percent higher than the same year in the old series. This will not change the poverty status of Tanzania but it will only portray better the economic activities in the country and ensure international comparability. In addition, all indicators that use GDP as a denominator will change with different implications.

Tanzania Old and New GDP Figures

Millions of TZS

Year	GDP at Constant Prices		GDP at Current prices	
	Old GDP (base 2001)	Rebased GDP (base 2007)	Old GDP (base 2001)	Rebased GDP (base 2007)
2006	12,881,163	24,611,776	17,941,268	23,313,030
2007	13,801,921	26,770,432	20,978,701	26,770,432
2008	14,828,345	28,265,847	24,651,687	32,638,007
2009	15,721,301	29,790,735	28,212,646	37,755,658
2010	16,828,563	31,683,688	32,293,479	43,570,962
2011	17,913,803	34,192,503	37,532,962	52,377,608
2012	19,155,765	35,953,216	44,717,663	61,316,057
2013	20,489,150	38,571,030	53,174,678	69,854,399

Source: National Bureau of Statistics

The Structure of the economy has changed (Constant Prices)

OLD 2007 GDP - BASE YEAR 2001	% OF GDP	POSITION	% OF GDP	OLD 2007 GDP - BASE YEAR 2007
Agriculture, forestry and hunting	25.8	1	25.2	Agriculture, forestry and hunting
Trade and repairs	11.5	2	9.9	Trade and repairs
Real estate and business service	9.5	3	8.1	Public administration
Taxes on products	9.3	4	7.9	Construction
Public administration	7.9	5	7.0	Manufacturing
Construction	7.8	6	6.8	Taxes on products
Manufacturing	7.8	7	6.0	Real estate and business service
Transport	4.2	8	5.9	Transport
Mining and quarrying	3.5	9	5.8	Other social and personal services
Hotels and restaurants	2.7	10	3.5	Mining and quarrying
Communication	2.3	11	3.2	Education
Financial Intermediation	1.6	12	2.8	Financial Intermediation
Electricity, gas	1.6	13	2.3	Communication
Health	1.6	14	1.8	Hotels and restaurants
Education	1.4	15	1.6	Health
Fishing	1.3	16	1.6	Fishing
Other social and personal services	0.6	17	0.9	Water supply
Water supply	0.4	18	0.9	Electricity, gas

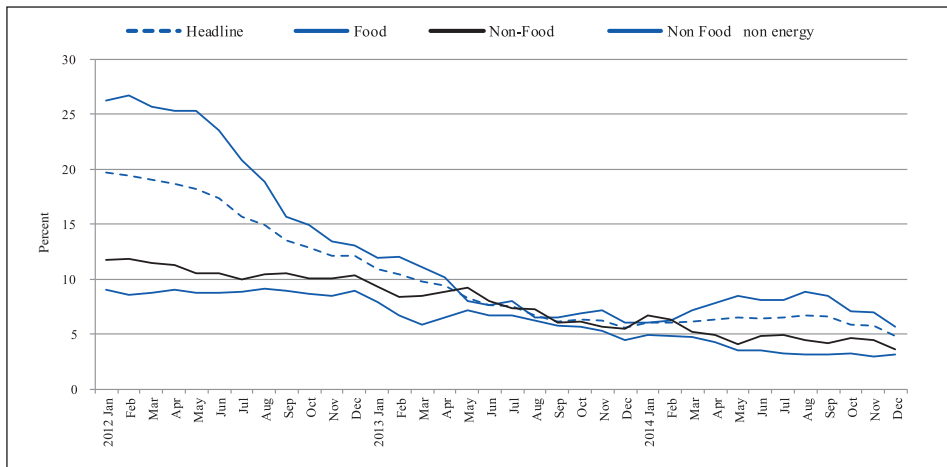
Source: National Bureau of Statistics



3.2.2 Inflation Developments

Headline inflation remained subdued in line with moderation in global oil prices, which moved in tandem with domestic pump prices; and the slower rate of price increases of most foodstuffs following regional bumper harvest. In addition, monetary policy measures, which were undertaken since the end of 2011, have been successful in containing core inflation within the desired trajectory. Headline inflation was 4.8 percent in December 2014, the lowest in the past five years and slightly below the medium term target of 5 percent. Core inflation hovered around 3 percent since July 2014 (**Chart 3.3**).

Chart 3.3: Headline, Food and Non-food Inflation



Source: Bank of Tanzania

3.2.3 Government Budgetary Performance

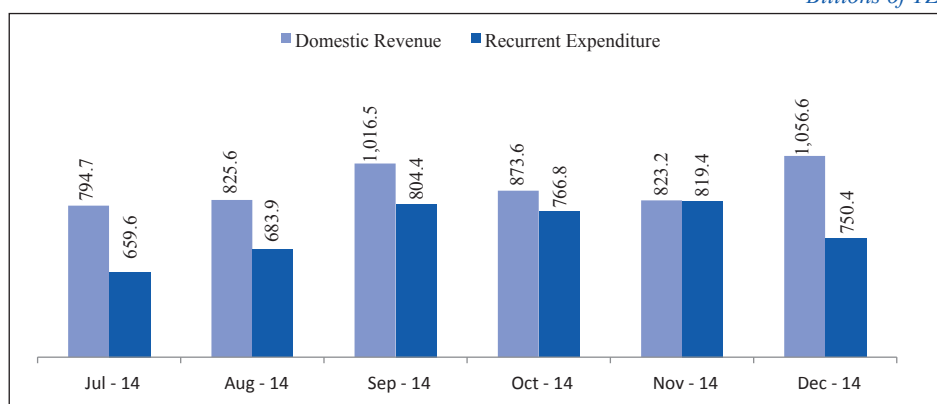
In the first half of 2014/15 domestic revenue collected by the Central Government was TZS 5,240.6 billion, more than sufficient to cover recurrent expenditure for the period. Total revenue was 86.9 percent of the target, with tax revenue recording 88.8 percent performance. All tax



categories save for VAT underperformed, partly due to decline in imports of final consumer goods and delays in the implementation of some tax measures announced during the 2014/15 budget. Total grants amounted to TZS 499.8 billion, which was 54 percent of the projections (**Chart 3.4a & 3.4b**).

Chart 3.4a: Government Revenue and Recurrent Expenditure

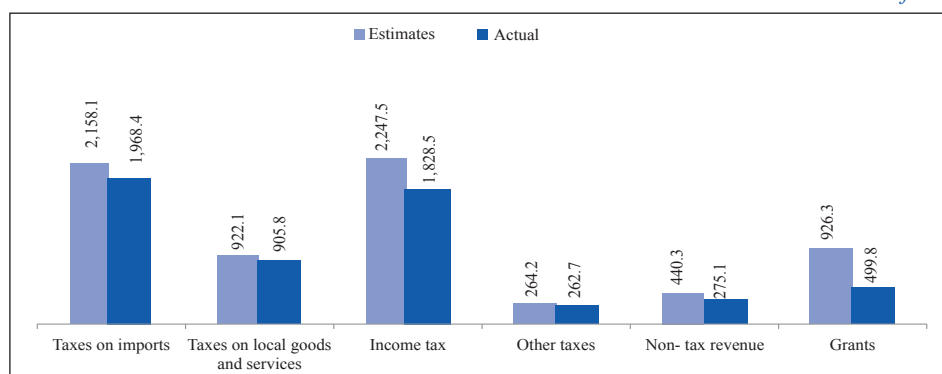
Billions of TZS



Source: Ministry of Finance

Chart 3.4b: Government Resources

Billions of TZS

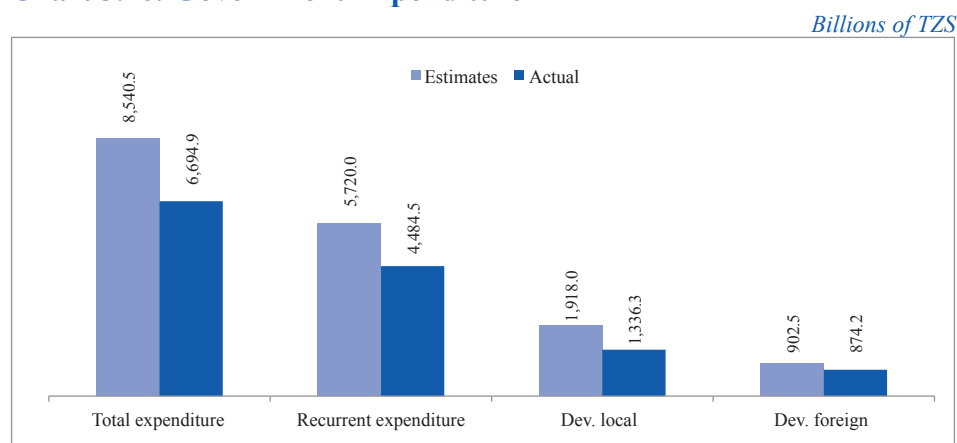


Source: Ministry of Finance



Total expenditure amounted to TZS 6,694.9 billion, or 78.4 percent of the estimate, with recurrent expenditure amounting to TZS 4,484.5 billion or 78.4 percent of the estimate (**Chart 3.4c**). Since July 2014, local development spending was mainly financed through domestic borrowing consistent with Government initiative to frontload net domestic financing; as well as proceeds from domestic revenue collection.

Chart 3.4c: Government Expenditure



Source: Ministry of Finance

3.2.4 External Sector Developments

During July to November 2014, the current account deficit narrowed to USD 1,999.7 million compared to a deficit of USD 2,575.3 million recorded in the corresponding period in 2013 (**Table 3.3**). The narrowing of the deficit was mainly due to decline in all goods imports with the exception of food and foodstuffs (**Chart 3.5**). However, much of the decrease was recorded in the value of oil imports, owing to a decline in oil prices in the world market, which dropped by 10.1 percent to USD 850.9 per ton.



Table 3.3: Tanzania Current Account

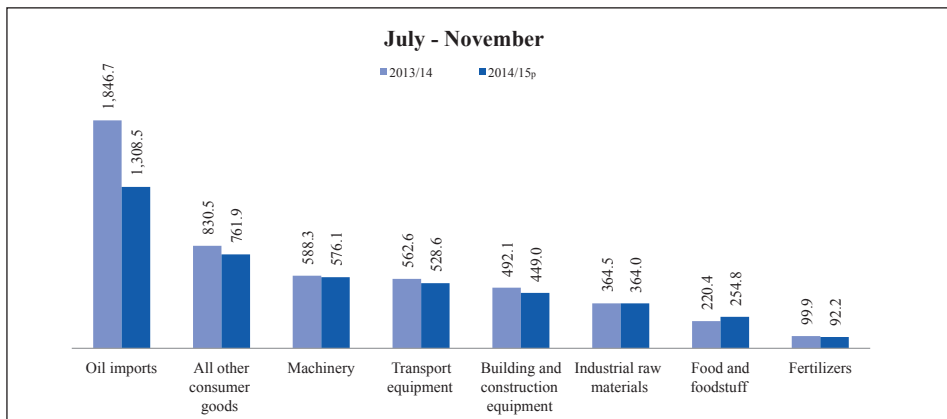
Millions of USD

Item	July - November		% Change
	2013	2014	
Current Account Balance	-2,575.3	-1,999.7	-22.4
Traditional Exports	439.3	388.1	-11.7
Non-traditional Exports	1,674.3	1,643.6	-1.8
o/w Gold	685.1	504.0	-26.4
Manufactured Goods	540.5	615.6	13.9
Imports	5,005.9	4,336.1	-13.4
o/w Oil	1,846.7	1,308.5	-29.1
Services (net)	426.4	232.1	-45.6
Receipts	1,545.4	1,402.5	-9.2
o/w Travel	961.7	922.8	-4.0
Transportation	343.5	296.5	-13.7
Payment	1,119.0	1,170.4	4.6
o/w Travel	460.3	492.8	7.1
Transportation	516.0	479.9	-7.0

Source: Computed by Bank of Tanzania from various sources

Chart 3.5: Tanzania Performance of Goods Imports

Millions of USD



Note: p=Provisional

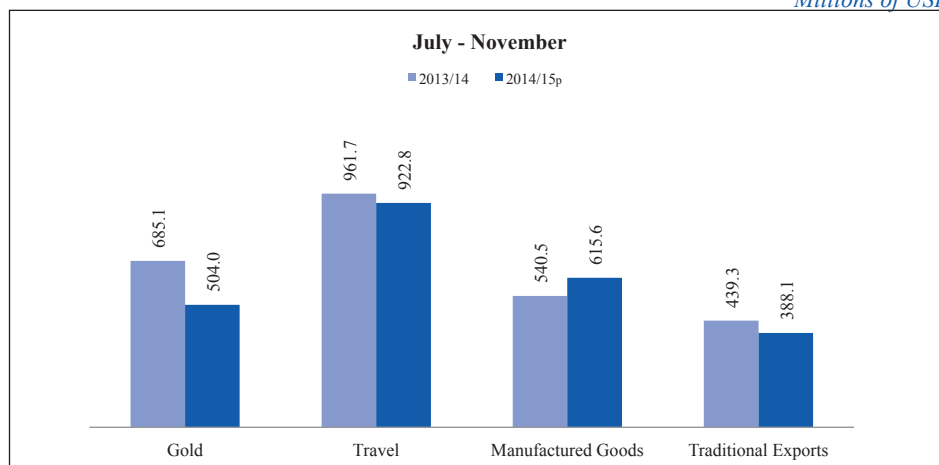
Source: Bank of Tanzania



Earnings from exports of goods and services declined when compared with the corresponding period in 2013 (**Table 3.3**), owing to low export earnings from traditional crops, gold and travel. The decline in value of traditional exports was due to decrease in both export volumes and unit prices of cotton and tobacco, while coffee, sisal and cloves recorded decline in only export volumes. The fall in prices of traditional exports was mainly influenced by movements of commodity prices in the world market. The value of gold exports went down by 26.4 percent to USD 504.0 million following a fall in both volume and unit price. Nonetheless, good performance was recorded in exports of manufactured goods which rose by 13.9 percent to USD 615.6 million with a notable increase recorded in edible oil, textile apparels, plastic goods and paper products. (**Chart 3.6**). It is also worth noting that earnings from manufacturing, transport and travel have more than doubled in a period of five years. Buoyant manufacturing exports, increased disbursement of program assistance and slumping global oil prices, point to further improvement in the current account balance in the period ahead.

Chart 3.6: Export Performance of Selected Goods and Services

Millions of USD



Note: p=Provisional

Source: Bank of Tanzania



The stock of gross official reserves amounted to USD 4,388.6 million as at end of December 2014, sufficient to cover 4.2 months of projected imports of goods and services excluding those financed by foreign direct investment. Gross foreign assets of banks stood at USD 760.6 million as at the year ending December 2014.

3.2.5 National Debt Developments

Total external debt stock amounted to USD 14,126.8 million at the end of December 2014, an increase of USD 931.2 million from the amount recorded at the end of December 2013 (**Table 3.4**). The increase was mainly on account of new disbursements received by the government. Out of the total debt stock, 90 percent was disbursed outstanding debt and 10 percent was interest arrears.

Table 3.4: Recent Trend in External Debt

Millions of USD

	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
External debt stock	7,768.9	9,306.3	9,938.5	10,564.9	13,195.6	14,126.8
GDP	21,602.4	23,138.1	24,099.2	28,451.6	33,263.3	34,502.5
as % of GDP	36.0	40.2	41.2	37.1	39.7	40.9
Public external debt stock	6,247.4	7,561.1	8,127.7	8,682.8	10,938.2	12,177.8
as % of GDP	28.9	32.7	33.7	30.5	32.9	35.3
as % of External debt stock	80.4	81.2	81.8	82.2	82.9	86.2
Private external debt Sstock	1,521.5	1,745.2	1,810.8	1,882.1	2,257.4	1,949.0
as % of GDP	7.0	7.5	7.5	6.6	6.8	5.6
as % of External debt stock	19.6	18.8	18.2	17.8	17.1	13.8

Source: Ministry of Finance and Bank of Tanzania

As at end of December 2014, the stock of Government's domestic debt increased to TZS 7,481.7 billion from TZS 6,043.1 billion recorded at the end of December 2013. The increase was on account of new issuance of government securities for budget financing. Treasury bonds accounted for 66.7 percent followed by treasury bills, which accounted for 29.8 percent of Government domestic debt stock (**Table 3.5**).



Table 3.5: Government Domestic Debt by Instruments

Billions of TZS

	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	(%) stock
GOVERNMENT SECURITIES	1,917.6	2,504.6	3,387.0	4,043.2	5,151.4	6,035.2	7,476.9	99.9
Treasury Bills (Financing, FV)	290.5	282.0	669.4	849.5	1,042.8	1,388.7	2,233.2	29.8
Government Stocks	309.2	257.9	257.1	257.1	257.1	257.1	257.1	3.4
Government Bonds	1,317.9	1,964.6	2,460.4	2,936.5	3,851.5	4,389.5	4,986.6	66.7
Tax Certificates	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Non securitized Debt	8.2	8.2	8.2	8.2	0.0	8.0	4.8	0.1
Mabibo /CBA loan	8.2	8.2	8.2	8.2	-	8.0	4.8	0.1
Total Dom. Debt (without liquidity papers)	1,925.9	2,512.8	3,395.2	4,051.4	5,151.5	6,043.1	7,481.7	100.0

Source: Ministry of Finance and Bank of Tanzania

3.2.6 Economic Developments in Zanzibar

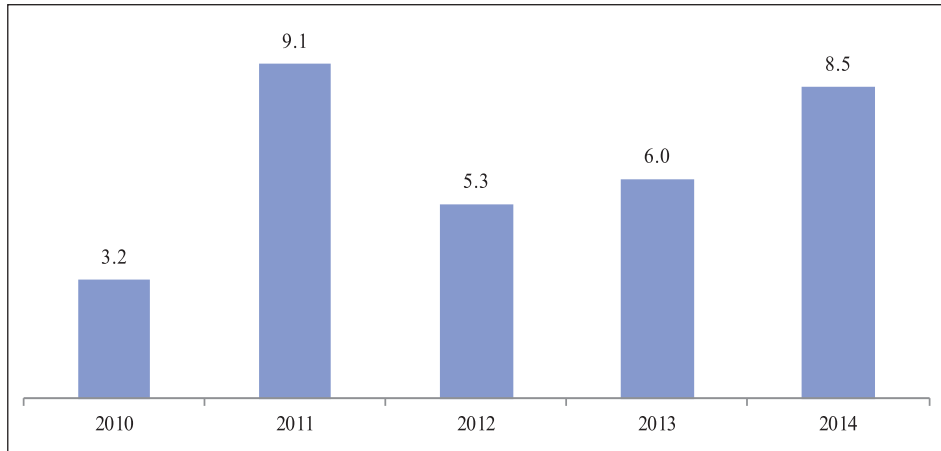
GDP Developments

In the first three quarters of 2014, Zanzibar real GDP grew by 8.5 percent compared to 6.0 percent recorded in the same period in 2013 (**Chart 3.7**). The increase was mainly attributed to growth in manufacturing, finance and insurance, fishing and tourism related activities, mainly accommodation and food services (**Chart 3.8**).



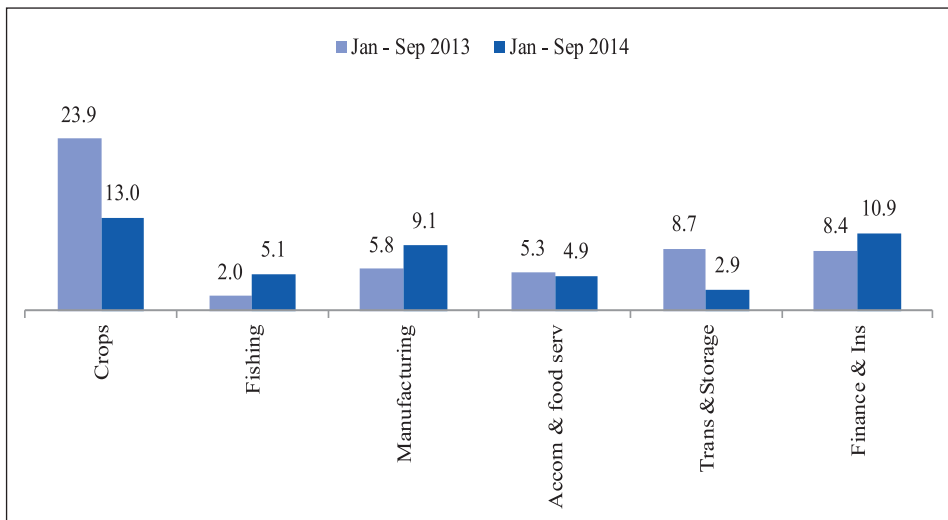
Chart 3.7: Real GDP Growth, January – September

Percent



Source: Office of the Chief Government Statistician.

Chart 3.8: GDP Growth Rates by Major Economic Activities



Source: Office of the Chief Government Statistician



Box 3.2: Rebasing of Zanzibar GDP

The Office of Chief Government Statistician (OCGS) released the revised nominal GDP estimates for Zanzibar in October, 2014 with 2007 as the new base year instead of 2001, marking the 5th revision, after that of 1976, 1985, 1991 and 2001. Under the new base year, coverage, compilation techniques and source data for national accounts have been improved. The new GDP figure for 2013, at current prices is 28.8 percent higher than the same year in the old series.

Zanzibar Old and New GDP Figures

Billions of TZS

Year	GDP at Constant Prices		GDP at Current Prices	
	Old GDP (base 2001)	Rebased GDP (base 2007)	Old GDP (base 2001)	Rebased GDP (base 2007)
2009	361.0	816.0	875.2	940.0
2010	384.0	849.0	942.3	1,051.0
2011	409.0	928.0	1,191.9	1,344.0
2012	438.0	973.0	1,342.6	1,565.0
2013	471.0	1,044.0	1,442.8	1,858.0

Source: Office of Chief Government Statistician

The Structure of the economy has changed

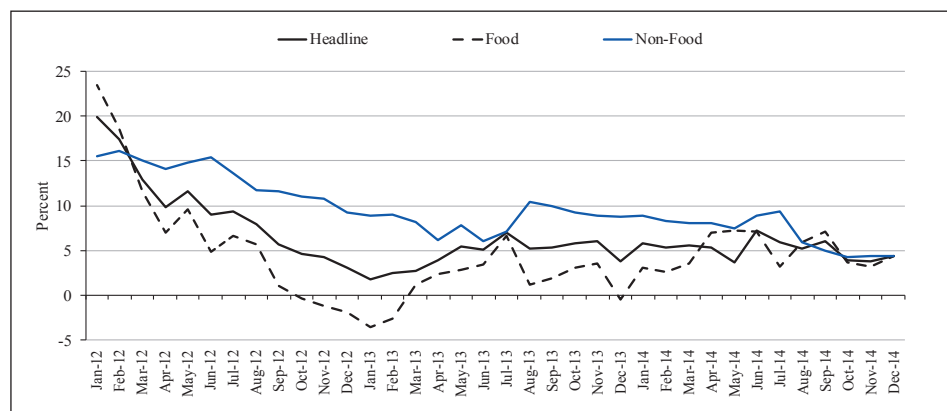
Real GDP: Base Year 2001			Real GDP: Base Year 2007		
Sectors	% of GDP	Position	% of GDP	Sectors	
Agriculture, forestry & fishing	19.0	1	21.4	Agriculture, forestry & fishing	
Transport & communication	18.4	2	12.4	Taxes on products	
Taxes on products	15.6	3	9.9	Public administration	
Trade & repairs	10.2	4	9.3	Construction	
Public administration	7.8	5	7.8	Accommodation and food services	
Construction	7.1	6	7.7	Manufacturing	
Hotels & restaurants	6.7	7	7.1	Trade & repairs	
Education	4.4	8	5.7	Real estate & business services	
Manufacturing	3.6	9	5.3	Transport & communication	
Financial intermediation	2.0	10	4.3	Financial intermediation	
Mining & quarrying	1.4	11	2.3	Education	
Electricity, gas & water supply	1.4	12	1.5	Mining & quarrying	
Health	1.1	13	1.0	Health	
Real estate & business services	0.8	14	0.6	Other social & personal services	
Other social & personal services	0.3	15	0.3	Electricity, gas & water supply	

Source: Office of Chief Government Statistician



Annual headline inflation increased to 4.4 percent in December 2014 from 3.8 percent recorded in December 2013, mainly due to increase in prices of fish, rice and banana. Food inflation was 4.3 percent compared to negative 0.5 percent in December 2013, while non-food inflation rate was 4.4 percent compared to 8.9 percent recorded in December 2013 (**Chart 3.9**). The slowdown in non-food inflation was mainly on account of decline in prices of fuel. Inflation is projected to remain at single digit during the second half of 2014/15 as fuel prices continue to fall.

Chart 3.9: Annual Headline, Food and Non-food Inflation



Source: Office of Chief Government Statistician

Government Budgetary Performance

During the first half of 2014/15, total budgetary resources amounted to TZS 204.8 billion, with domestic sources accounting for 89.2 percent. Domestic revenue was TZS 182.7 billion, or 94.6 percent of the target, out of which tax revenue was TZS 165.1 billion. Program loans amounted to TZS 21.1 billion, while grants were TZS 22.1 billion.

Total expenditure was TZS 231.9 billion, out of which, recurrent expenditure was TZS 171.8 billion. Development expenditure was TZS



60.1 billion, above estimates by 57.6 percent, mainly due to increase in foreign inflows, which accounted for 63.0 percent.

External Sector Developments

The current account balance recorded a surplus of USD 12.6 million during July to November 2014, a decline by 8.5 percent compared to the surplus of USD 14.8 million recorded in the corresponding period of 2013, largely associated with decline of inflows from development partners. Nevertheless, total value of export of goods and services increased to USD 104.8 million compared to USD 89.5 million recorded in the corresponding period last year (Table 3.6).

Table 3.6: Zanzibar Current Account Balance

Millions of USD

Items	July - November		% Change
	2013	2014 _p	
Goods Account (net)	-64.6	-43.0	-34.4
Exports	30.5	43.6	43.0
Imports (fob)	95.2	86.6	-9.0
Services Account (net)	39.2	36.6	-6.6
Receipts	59.0	61.2	3.7
Payments	19.8	24.6	24.2
Goods and Services (net)	-25.5	-6.4	-74.9
Exports of Goods and Services	89.5	104.8	17.1
Imports of Goods and Services	115.0	111.2	-3.3
Income Account (net)	-2.3	0.9	---
Receipts	2.3	5.0	---
Payments	4.6	4.2	-8.6
Current Transfers (net)	42.6	18.1	-57.5
Inflows	47.1	18.1	-61.6
Outflows	4.5	0.0	---
Current Account Balance	14.8	12.6	-14.9

Note: p = Provisional

Source: Tanzania Revenue Authority and Bank of Tanzania



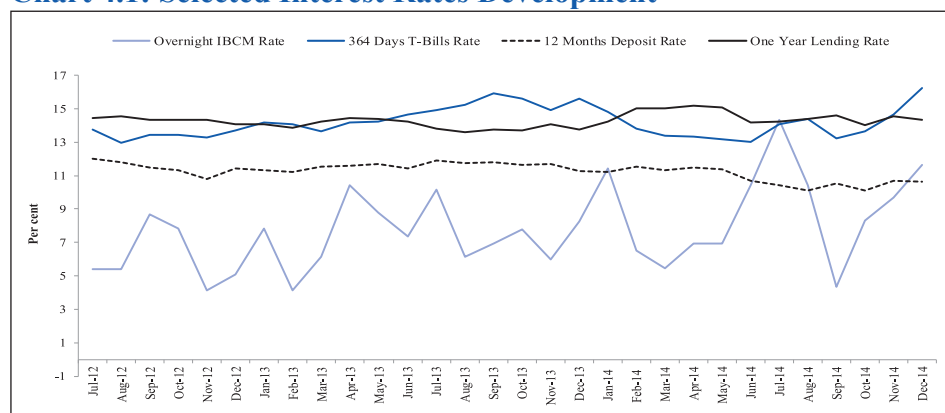
PART IV

4.0 MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF 2014/15

4.1 Liquidity Management and Interest Rates Developments

During the first half of 2014/15, liquidity conditions in the banking system remained generally adequate. Some banks accessed the Lombard window intermittently to meet short term liquidity needs while others participated in repo and foreign exchange operations to square their cash positions. Reflecting the short term liquidity shocks, the interbank cash market (IBCM) rate was characterized by high volatility, with the rate increasing from an average of 10.57 percent in June 2014 to an average of 14.39 percent in July 2014. The rate softened starting mid-August 2014 and remained so until the end of November 2014. The rate picked up again gradually during December 2014 in line with seasonal factors. Treasury bills rate were elevated throughout the period, while deposit and lending rates remained relatively stable with small interim movements (**Chart 4.1**).

Chart 4.1: Selected Interest Rates Development



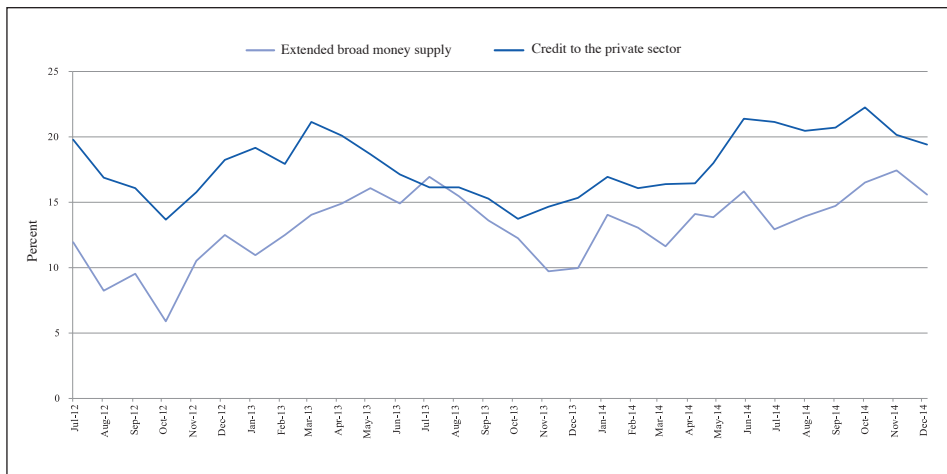
Source: Bank of Tanzania



Given the developments in the market, the Bank reduced the statutory minimum reserves (SMR) ratio on private deposits from 10 percent to 8 percent effective 29th December 2014. This is expected to reduce the cost of capital on commercial banks and provide more liquidity to banks, which may enhance credit growth to the private sector in support of economic activity.

In line with liquidity development broader monetary aggregates remained generally within the PSI target and 2014/15 trajectory. M3 grew at an average of 15.2 percent during July to December 2014 compared with 15.8 percent projected for the year (**Chart 4.2**), while all assessment criteria for end December 2014 under the PSI Program were met (**Table 4.1**). Private sector credit growth remained around 20 percent throughout the review period, in line with increased level of economic activity.

Chart 4.2: Annual Growth of M3 and Private Sector Credit



Source: Bank of Tanzania



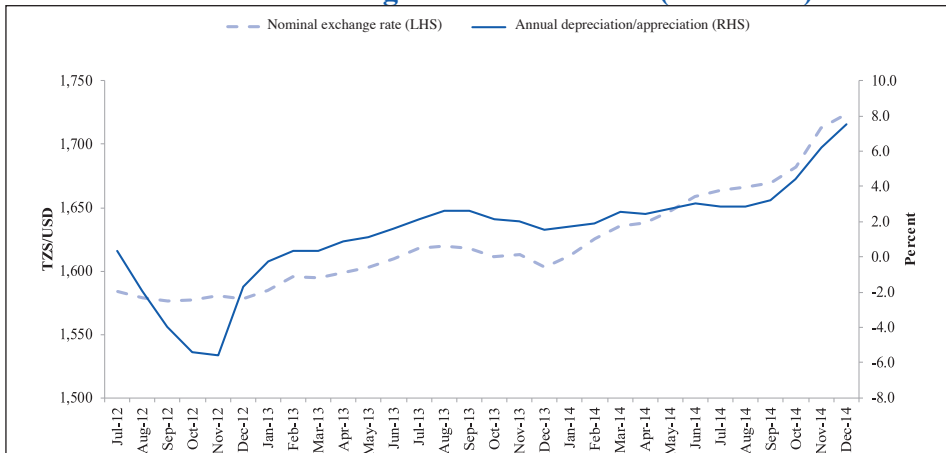
Table 4.1: Performance against the PSI Targets

Item	Jun-14			Sep-14			Dec-14		
	Assessment Criteria	Actual	Change	Indicative Target	Actual	Change	Assessment Criteria	Prel. Actual	Change
NDF - Billions of TZS (Cumulative Ceiling from July)	1,093.0	976.7	-116.3	443.1	872.8	429.7	864.0	531.1	-332.9
ARM (Upper Limit) - Billions of TZS (Ceiling)	5,685.3	5,571.8	-113.5	5,903.4	5,904.6	1.2	6,032.6	6,011.1	-21.6
Change in NIR - Millions of USD (Cumulative Floor)	86.1	132.4	46.3	-99.9	-269.8	-169.8	-235.0	-77.4	157.6
External Nonconcessional Borrowing - disbursed for budget financing-(Cumulative from July)	675.0	259.1	-415.9	225.0	0.0	-225.0	149.0	300.0	151.0
Program Assistance (Millions of USD)-(Cumulative from July)	907.0	889.7	-17.3	384.0	111.9	-272.1	202.0	199.8	-2.2

Source: Bank of Tanzania

The Shilling exchange rate in the Interbank Foreign Exchange Market (IFEM) generally depreciated against the US dollar; mainly due to the strengthening of the US dollar against all major currencies (**Chart 4.3**).

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



Note: LHS = Left hand scale

RHS = Right hand scale

Source: Bank of Tanzania



4.2 Financial Sector Stability

The banking sector continues to expand and enjoy growth in the provision of banking services to a larger population, and thereby promoting growth. Continued usage of alternative banking services delivery channels has enabled banks to mobilize untapped resources from the unbanked and under banked populations. This is partly evidenced by annual increase in the level of deposits, which almost doubled, from TZS 1,091.5 billion in November 2013 to TZS 2,174.2 billion in November 2014.

The banking sector remained strong and sound with adequate liquidity and capital above regulatory requirements. Capital Adequacy Ratio was 16.6 percent in November 2014 compared with a minimum regulatory requirement of 10 percent, while liquidity ratio was 37.1 percent compared to a minimum requirement of 20 percent. However, there was a slight deterioration in loan quality, which affected the ratio of gross non-performing loans (NPLs) to gross loans (**Table 4.2**).

Table 4.2: Financial Soundness Indicators

Indicator	Legal/Regulatory Limit	Nov-13	Mar-14	Jun-14	Sep-14	Nov-14
Capital Adequacy						
Core Capital to Total Risk Weighted Assets plus Off Balance Sheet Exposure	Minimum 10	17.6	18.5	16.7	16.8	16.6
Total Capital to Total Risk Weighted Assets plus Off Balance Sheet Exposure	Minimum 12	18.2	19.3	17.8	18.1	17.8
Liquidity						
Liquid Assets to Demand Liabilities	Minimum 20	38.3	36.4	35.6	37.7	37.1
Total Loans to Customer Deposits	Maximum 20	65.8	71.9	73.3	72.7	70.0
Earnings and Profitability						
Return on Assets	N/A	2.5	3.0	3.0	2.9	2.5
Return on Equity	N/A	13.4	15.3	15.5	15.0	13.1
Non-Interest Expenses to Total Income	N/A	66.8	64.7	65.7	66.0	52.1
Asset Quality						
Non-performing Loans to Gross Loans	N/A	6.7	8.3	8.1	8.4	7.4

Source: Bank of Tanzania



The Bank continued to support development of new products and financial innovations while monitoring closely these dynamics so as to keep abreast with technological advancements and the changing risk profile associated with new products and the ways of doing business. In this regard:

- i. With the assistance from the IMF, the Bank is developing the consolidated supervision framework of commercial banks, and a Consolidated Supervision Regulation is among the regulations, which were gazetted in August 2014. The framework will provide a group-wide assessment, to ensure that all risk exposures of a banking institution arising in the bank or in a parent, subsidiary, affiliate or conglomerate group, are taken into account. Meanwhile, the Bank has entered into Memoranda of Understanding (MOUs) with other regulators and foreign central banks to cater for, among others, supervision of banking groups in a consolidated manner. The MOU between the East African countries is at final stage. Full implementation of consolidated supervision is expected by 2017.
- ii. The Bank is at an advanced stage in developing frameworks for regulation and supervision of Islamic banking and financial leasing in Tanzania with technical assistance from FIRST Initiative.
- iii. A reporting framework for the pensions sector has been developed by the Bank and investment guidelines for this sector have been reviewed to incorporate various developments that have happened in the sector. These developments will enable the BOT to effectively discharge its mandate of supervising financial matters of the pensions.
- iv. The Bank has reviewed and approved for implementation, mortgage regulations, investment guidelines and the examination procedures for the Tanzania Mortgage Refinance Company (TMRC).



4.3 National Payment Systems Developments

The current regulatory framework for the National Payment Systems (NPS) in the country derives its mandate from the Bank of Tanzania Act 2006, which empowers the Bank to regulate, oversee and monitor the National Payment Systems. However, due to the advancement in the modernization of the National Payment Systems and its significance in financial stability, there has been need for a comprehensive regulatory framework for NPS. The Government approved the NPS Bill which will be the principle legislation for the NPS in the country. The legislation will provide an opportunity for an enhanced and effective regulatory framework for the NPS. The proposed Bill is now with the Office of the Attorney General, ready to be presented to the Parliament for enactment. The National Payment Systems Act will pave the way for the issuance of other Payment Systems regulations such as Mobile Payments Regulations.

Mobile Network Operators (MNOs) providing mobile financial services have expanded beyond Tanzanian borders. Within East Africa, Tigo Tanzania and Tigo Rwanda has enabled their customers to transact through their Tigo Pesa product. Vodacom has also requested to partner with Safaricom to offer M-Pesa services between their customers in Tanzania and Kenya, while Airtel Tanzania has submitted to the Bank their request to start offering Airtel Money services between Airtel entities in East Africa. By having these products in the market, not only the majority of unbanked will be reached, but will also facilitate trade and boost the economies of the East African countries by enhancing money transfers through mobile phone systems.



PART V

5.0 MACROECONOMIC OUTLOOK

5.1 GDP Growth

Growth is expected to remain on course, anchored by the sustained growth in manufacturing and the buoyancy in services activities. In addition, continued implementation of infrastructure projects like the gas pipeline, rehabilitation of ports, oil exploration, and real estate will further brighten growth prospects for 2014/15 and beyond.

5.2 Inflation

Inflation is expected to remain low in the coming months on account of better than expected domestic food supply condition, the subdued global oil prices and the fading away of the impact of the increase in domestic power tariffs in January 2014. However, upside risks to inflation may emerge, largely from continued strengthening of the US economy which may adversely affect import prices through exchange rate depreciation.

5.3 External Sector

Proceeds from external non-concessional borrowing (ENCB) amounting to USD 300 million received in December 2014, coupled with increased foreign investors participation in equities at the Dar es Salaam Stock Exchange following removal of restrictions from September 2014, are expected to provide significant support for the foreign exchange market in the second half of the financial year 2014/15. Subdued global oil prices are expected to continue to reduce the oil import bill going forward, partly easing the demand for the Dollar, while positively impacting on our current account and gross official reserves.



5.4 Banking Sector and National Payments System

The banking sector will continue to be stable in the coming months in light of the positive macroeconomic outlook in the domestic economy. National payment system (NPS) will continue to spearhead developments and support of payment systems aiming at ensuring safety and efficiency geared towards maintaining financial stability and development of the financial markets. Specifically, the Bank will finalize the implementation of Tanzania Automated Clearing House for cheques and electronic funds transfer clearing operations, follow up the enactment of the NPS Act and issuance of mobile payment regulations.



PART VI

6.0 MONETARY POLICY STANCE FOR THE SECOND HALF OF 2014/15

6.1 Liquidity Management

The Bank of Tanzania will further improve the effectiveness of the monetary policy operations in managing liquidity in line with the level of economic activity. Apart from the recent downward review of SMR on private deposits, the Bank will unify the SMR account with clearing account that commercial banks maintain at the Bank and allow partial reserve averaging before the end of April 2015. This measure is aimed at providing banks with adequate liquidity and avoid intermittent liquidity squeeze. In addition the Bank will finalize a study on the relationship between banks' excess reserves and overnight interest rates which will provide analytical ground for targeting a smoother path of excess reserves that will reduce interest rate volatility in the IBCM and enhance monetary policy transmission mechanism. These initiative are consistent with gradual move towards a price based monetary policy framework and harmonization of monetary policy operations within the EAC.

6.2 Interest Rate Policy

Interest rates will continue to be market determined. On its part the Bank will continue to improve the function of the money market in order to reduce volatility in the interbank cash market and increase the role of interest rates in the operating framework.

6.3 Exchange Rate Policy

The exchange rate will remain market determined and the Bank will continue to participate in the interbank foreign exchange market for liquidity management purposes and to smooth out short-term excessive volatility in the exchange rate, while ensuring the maintenance of an adequate level of international reserves.



PART VII

7.0 CONCLUSION

The implementation of monetary policy during the first half of 2014/15 remained in line with the annual monetary policy statement for 2014/15. All monetary targets for the first half were realized with broader macroeconomic targets also performing well. GDP growth in the first half was 7.1 percent, inflation declined to 4.8 percent in December 2014 below the medium term target of 5.0 percent. The impressive performance of the domestic economy was aided mostly by improvement in manufacturing and services activities; good weather and continued prudent monetary policy. Furthermore, the global economy continued to strengthen, thereby contributing positively to our domestic economic development.

Growth is expected to remain on course, anchored by the sustained growth in manufacturing and the buoyancy in services activities and implementation of infrastructure projects. Inflation is expected to remain low on account of better than expected domestic food supply condition, the subdued global oil prices and the fading away of the impact of the increase in domestic power tariffs in January 2014. The current account is expected to improve due to decline in oil prices and increasing manufactured exports.

The Bank will continue with the current monetary policy stance to ensure that the positive macroeconomic developments achieved in the first half of 2014/15 are consolidated and inflation is contained to the targeted level. The Bank will continue to build capacity in forecasting and modeling to facilitate the implementation of forward looking monetary policy framework. In addition, measures will be taken to improve the functioning of the money markets, including measures to increase the role of interest rates in the operating framework and also improve the monetary policy transmission mechanism.

The Bank is optimistic that with the continued support from prudent fiscal policy enhanced resource flows and good investment climate, the 2014/15 monetary policy objectives will be achieved with a considerable degree of success and hence contribute to higher growth of the national economy.



APPENDICES



Table A1: Global GDP Growth Rates, Actual and Projections

Percent

	2008	2009	2010	2011	2012	2013	Projections	
							2014	2015
World	3.0	0.0	5.4	4.1	3.4	3.3	3.3	3.8
Advanced economies	0.1	-3.4	3.1	1.7	1.2	1.4	1.8	2.3
United States	-0.3	-2.8	2.5	1.6	2.3	2.2	2.2	3.1
Euro area	0.4	-4.5	1.9	1.6	-0.7	-0.4	0.8	1.3
Japan	-1.0	-5.5	4.7	-1.6	1.5	1.5	0.9	0.8
United Kingdom	-0.8	-5.2	1.7	1.1	0.3	1.7	3.2	2.7
Emerging Market and Developing Economies	5.8	3.1	7.5	6.2	5.1	4.7	4.4	5.0
Emerging and Developing Asia	7.1	7.5	9.5	7.7	6.7	6.6	6.5	6.6
China	9.6	9.2	10.4	9.3	7.7	7.7	7.4	7.1
India	3.9	8.5	10.4	6.6	4.7	5.0	5.6	6.4
Sub-Saharan Africa	6.3	4.1	6.9	5.1	4.4	5.1	5.1	5.8
South Africa	3.6	-1.5	3.1	3.6	2.5	1.9	1.4	2.3
Tanzania	7.4	6.0	7.0	6.4	6.9	7.0	7.2	7.5

Source: IMF World Economic Outlook, October 2014 and National Bureau of Statistics



Table A2: Selected Economic Indicators

Items	Unit	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
1. Prices														
1.5 Annual Change in Consumer Price Index														
1.5.1 Headline Inflation	Percent	5.6	6.0	6.0	6.1	6.3	6.5	6.4	6.5	6.7	6.6	5.9	5.8	4.8
1.5.2 Food Inflation	Percent	6.0	6.0	6.2	7.2	7.8	8.7	8.1	8.1	8.8	8.5	7.1	7.0	5.7
1.5.3 Core Inflation	Percent	4.5	4.9	4.8	4.7	4.3	3.5	3.5	3.2	3.1	3.1	3.2	3.0	3.1
2. Money Credit and Interest Rates														
2.1 Extended Broad Money Supply (M3) ¹	Percent	10.0	14.0	13.0	11.6	14.1	13.8	15.8	12.9	13.9	14.7	16.5	17.4	15.6
2.2 Reserve Money ¹	Percent	11.1	10.7	15.8	8.4	13.4	10.0	14.8	11.6	15.4	13.9	10.4	15.8	17.5
2.3 Average Reserve Money ¹	Percent	12.1	11.9	12.3	14.0	11.8	11.7	13.7	12.3	12.3	14.9	12.4	12.7	14.5
2.4 Credit to Non-Government Sector ¹	Percent	15.3	16.9	16.1	16.4	16.4	18.0	21.4	21.1	20.5	20.7	22.3	20.1	19.4
2.5 364-days Treasury Bill Rate ²	Percent	15.6	14.8	13.8	13.4	13.3	13.2	13.0	14.1	14.4	13.3	13.7	14.6	16.2
2.6 Overnight Inter-bank rate ²	Percent	8.3	11.4	6.5	5.5	6.9	6.9	10.4	14.4	10.4	4.3	8.3	9.7	11.7
2.7 12-Months Deposit Rate ²	Percent	11.1	11.2	11.5	11.3	11.5	11.4	10.7	10.4	10.1	10.5	10.1	10.7	10.6
2.8 Short-term (up to 1 year) Lending Rate ²	Percent	13.8	14.4	15.1	15.0	15.2	15.1	14.2	14.3	14.4	14.6	14.0	14.6	14.3
3. Balance of Payments														
3.1 Gross Official Reserves	Mill. USD	4,676.2	4,511.7	4,521.1	4,620.4	4,647.5	4,886.9	4,634.1	4,639.4	4,536.4	4,301.8	4,269.8	4,251.8	4,388.6
3.2 Exchange Rate														
3.2.1 Period Average	TZS/USD	1,594.2	1,602.9	1,617.8	1,626.4	1,629.3	1,639.2	1,651.0	1,655.9	1,657.6	1,661.7	1,674.6	1,706.5	1,716.1
3.2.2 End of Period	TZS/USD	1,578.6	1,616.8	1,620.4	1,629.6	1,635.0	1,645.9	1,651.0	1,654.3	1,660.7	1,666.0	1,684.6	1,731.3	1,723.2
4. Public Finance														
4.1 Domestic Revenue ³	Mill. TZS	954,174.1	808,130.8	692,360.4	952,604.6	1,001,560.3	727,639.0	922,260.0	746,238.3	734,113.9	953,234.2	859,651.8	752,716.8	1,063,563.3
4.2 Recurrent Expenditure ³	Mill. TZS	770,214.3	1,040,767.8	858,981.2	840,108.3	851,995.8	903,623.2	983,026.8	594,334.9	925,818.9	1,013,264.8	1,109,378.5	786,857.4	707,180.8
4.3 Development Expenditure ³	Mill. TZS	99,656.1	127,564.4	175,970.9	153,726.3	577,780.6	172,783.5	403,451.4	876.6	351,383.3	317,433.5	301,880.5	43,603.9	130,672.2
4.4 Program Assistance	Mill. USD	132.1	13.6	64.8	28.6	11.7	0.0	190.9	55.7	32.4	23.8	26.3	29.9	31.7
4.4.1 General Budget Support	Mill. USD	99.2	0.0	59.3	0.0	11.7	0.0	185.9	54.5	14.6	0.0	0.0	0.0	15.0
4.4.2 Basket Funds	Mill. USD	32.9	13.6	5.6	28.6	0.0	0.0	5.0	1.1	17.8	23.8	26.3	29.9	16.7

Note:

¹ Annual growth

² Monthly average

³ Domestic revenue and expenditure on cash basis, excludes expenditure float
Source: Bank of Tanzania, Ministry of Finance and National Bureau of Statistics



Table A3 (a): Tanzania Mainland: Gross Domestic Product at Constant 2001 Prices by Economic Activity

Economic Activity	2008	2009	2010	2011r	2012r	2013p
	Millions of TZS					
Agriculture, Hunting and Forestry	3,554,488	3,669,645	3,824,428	3,960,673	4,129,431	4,306,789
Crops	2,698,921	2,790,684	2,913,474	3,015,446	3,157,172	3,299,244
Livestock	564,708	577,922	597,572	620,877	640,125	664,449
Forestry and hunting	290,859	301,039	313,382	324,350	332,135	343,095
Fishing	226,521	232,637	236,126	238,960	245,890	251,299
Industry and construction	3,138,241	3,357,703	3,633,664	3,883,366	4,184,808	4,500,597
Mining and quarrying	386,998	391,642	402,331	411,182	443,154	473,731
Manufacturing	1,388,515	1,499,596	1,618,064	1,744,273	1,887,303	2,032,179
Electricity, gas	301,978	327,344	360,733	366,144	388,113	405,190
Water supply	62,333	65,824	69,955	72,753	76,682	80,439
Construction	998,416	1,073,297	1,182,581	1,289,013	1,389,556	1,509,058
Services	7,085,136	7,594,661	8,214,209	8,860,652	9,567,176	10,351,802
Trade and repairs	2,097,503	2,254,816	2,439,711	2,637,328	2,840,402	3,076,155
Hotels and restaurants	343,658	358,779	380,664	398,175	417,287	443,576
Transport	752,539	797,691	853,529	910,715	975,376	1,035,850
Communications	346,659	422,577	515,967	614,001	740,485	909,316
Financial intermediation	281,120	306,339	337,356	373,453	422,748	474,324
Real estate and business services	1,508,097	1,610,647	1,723,392	1,835,413	1,958,386	2,083,722
Public administration	1,180,158	1,232,313	1,312,414	1,401,658	1,482,954	1,559,099
Education	265,905	284,704	305,402	328,002	349,322	369,792
Health	210,525	224,654	240,058	253,021	267,190	282,196
Other social and personal services	98,974	102,141	105,716	108,887	113,025	117,772
Gross value added before adjustments	14,004,385	14,854,646	15,908,427	16,943,651	18,127,304	19,410,487
less FISIM	-175,704	-190,990	-208,370	-231,708	-261,135	-289,598
Gross value added at 2001 basic prices	13,828,681	14,663,656	15,700,057	16,711,943	17,866,169	19,120,889
Add Taxes on products	999,664	1,057,645	1,128,507	1,201,860	1,289,596	1,368,261
Gross Domestic Product at 2001 market prices	14,828,345	15,721,301	16,828,563	17,913,803	19,155,765	20,489,150

Real Growth by Economic Activities (Percent)

Agriculture and Fishing	4.6	3.2	4.2	3.6	4.3	4.3
Crops	5.1	3.4	4.4	3.5	4.7	4.5
Livestock	2.6	2.3	3.4	3.9	3.1	3.8
Forestry and hunting	3.4	3.5	4.1	3.5	2.4	3.3
Fishing	5.0	2.7	1.5	1.2	2.9	2.2
Industry and construction	8.6	7.0	8.2	6.9	7.8	7.5
Mining and quarrying	2.5	1.2	2.7	2.2	7.8	6.9
Manufacturing	9.9	8.0	7.9	7.8	8.2	7.7
Electricity, gas	5.4	8.4	10.2	1.5	6.0	4.4
Water supply	6.6	5.6	6.3	4.0	5.4	4.9
Construction	10.5	7.5	10.2	9.0	7.8	8.6
Services	8.5	7.2	8.2	7.9	8.0	8.2
Trade and repairs	10.0	7.5	8.2	8.1	7.7	8.3
Hotels and restaurants	4.5	4.4	6.1	4.6	4.8	6.3
Transport	6.9	6.0	7.0	6.7	7.1	6.2
Communications	20.5	21.9	22.1	19.0	20.6	22.8
Financial intermediation	11.9	9.0	10.1	10.7	13.2	12.2
Real estate and business services	7.1	6.8	7.0	6.5	6.7	6.4
Public administration	7.0	4.4	6.5	6.8	5.8	5.1
Education	6.9	7.1	7.3	7.4	6.5	5.9
Health	9.0	6.7	6.9	5.4	5.6	5.6
Other social and personal services	3.1	3.2	3.5	3.0	3.8	4.2
Gross value added excluding adjustments	7.5	6.1	7.1	6.5	7.0	7.1
less FISIM	11.0	8.7	9.1	11.2	12.7	10.9
Gross value added at basic prices	7.4	6.0	7.1	6.4	6.9	7.0
Add Taxes on products	7.8	5.8	6.7	6.5	7.3	6.1
Gross domestic product at market prices	7.4	6.0	7.0	6.4	6.9	7.0

Note: p = Provisional
r = Revised

Source: National Bureau of Statistics



Table A3 (b): Tanzania Mainland: Gross Domestic Product at 2001 Prices by Economic Activity

Percent

Economic Activity	2008	2009	2010	2011r	2012r	2013p
Contribution in real GDP by Economic Activities						
Agriculture and Fishing	25.7	24.6	24.9	24.6	24.7	24.5
Crops	19.0	18.4	17.8	17.4	17.6	17.6
Livestock	4.7	4.0	4.7	4.6	4.6	4.4
Forestry and hunting	2.0	2.2	2.4	2.5	2.5	2.6
Fishing	1.2	1.4	1.4	1.4	1.4	1.4
Industry and construction	21.0	22.0	21.5	21.9	22.1	22.2
Mining and quarrying	3.4	3.3	3.3	3.3	3.5	3.3
Manufacturing	7.8	8.6	8.1	8.4	8.4	8.5
Electricity, gas	1.7	1.7	1.8	1.8	1.9	1.8
Water supply	0.4	0.4	0.4	0.3	0.3	0.3
Construction	7.7	7.9	8.0	8.0	8.1	8.3
Services	43.8	43.6	43.9	44.0	43.9	44.3
Trade and repairs	11.6	11.8	12.1	12.2	12.3	12.1
Hotels and restaurants	2.6	2.3	2.3	2.3	2.3	2.5
Transport	4.2	5.0	5.1	5.3	5.3	5.8
Communications	2.5	2.1	2.1	2.2	2.3	2.4
Financial intermediation	1.6	1.7	1.8	1.8	1.8	1.8
Real estate and business services	9.6	9.0	8.8	8.6	8.5	8.4
Public administration	8.2	8.1	8.0	8.0	7.8	7.8
Education	1.3	1.4	1.4	1.4	1.4	1.4
Health	1.5	1.6	1.6	1.7	1.7	1.7
Other social and personal services	0.6	0.6	0.6	0.6	0.6	0.6

*Note: P = provisional
R = revised*

Source: National Bureau of Statistics and Bank of Tanzania

Table A3 (c): Tanzania Mainland: Quarterly GDP Growth Rates by Economic Activity

Percent

Economic Activity	2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Agriculture	-1.2	5.9	5.1	-0.2	0.4	5.1	5.7	2.5	1.4	5.3	6.1	2.5	1.6	5.4
Fishing	2.1	0.3	1.5	1.0	2.0	6.5	1.5	0.9	1.8	2.4	3.1	0.9	2.5	2.1
Mining and quarrying	0.8	5.6	1.2	1.0	23.8	-5.1	1.3	14.8	-4.7	4.3	10.4	13.2	8.7	3.0
Manufacturing	4.6	8.5	12.0	5.8	4.9	8.2	11.6	7.4	8.6	5.8	5.8	8.1	8.5	7.0
Electricity	4.5	10.1	-2.8	-3.2	5.1	-1.1	7.6	12.2	6.3	4.5	2.3	3.8	12.6	7.7
Construction	0.4	4.9	-5.4	31.8	3.7	4.3	6.5	13.2	5.3	12.3	7.3	7.1	6.6	5.9
Wholesale and retail trade	13.7	5.3	6.6	7.2	12.1	7.0	6.1	6.0	9.5	5.9	7.0	8.5	8.0	7.1
Hotels and restaurants	3.1	2.7	5.3	6.7	3.9	2.7	6.4	5.6	3.4	3.2	4.2	9.3	3.0	4.0
Transport and communication	15.8	17.2	11.6	3.4	16.2	13.6	10.6	10.3	22.2	14.8	11.6	13.1	16.5	16.8
Financial intermediation	10.0	10.0	11.0	11.6	13.1	11.0	11.3	17.9	13.7	15.2	11.6	12.2	13.2	13.9
Real estate	8.8	6.4	5.9	4.6	8.1	6.9	5.0	6.5	10.0	6.7	5.3	7.3	8.1	6.5
Public administration	6.0	6.3	6.9	8.0	6.8	6.3	5.5	4.6	3.6	5.0	5.1	5.9	5.1	4.8
Education	5.7	5.2	9.4	9.2	6.0	6.5	6.7	6.8	5.6	5.7	5.4	5.6	5.2	6.3
Other services	5.2	4.0	4.1	5.4	4.9	5.5	5.4	4.5	4.3	3.8	4.8	5.0	4.5	4.8
FISIM	13.5	15.3	8.8	7.9	16.0	15.8	9.3	10.6	16.7	15.9	7.8	7.9	16.1	14.2
All indust. at basic prices	6.2	6.8	5.7	7.2	7.3	6.2	6.7	7.5	7.6	6.8	6.6	7.6	7.5	7.1
Taxes on products	5.8	10.4	8.2	2.8	6.6	5.2	16.0	1.9	5.3	4.4	5.5	-13.6	7.2	4.3
GDP at market prices	6.1	7.1	5.9	6.8	7.3	6.2	7.2	7.0	7.5	6.7	6.5	6.0	7.4	6.9

Source: National Bureau of Statistics and Bank of Tanzania



Table A3 (d): Zanzibar Gross Domestic Product at Constant 2007 Prices by Economic Activity

Economic Activity	2008	2009	2010	2011	2012	2013
	Billions of TZS					
Agriculture, forestry & fishing	191.3	198.5	205.1	214.6	196.7	223.8
Crops	105.8	111.2	116.1	118.1	96.4	119.7
Livestock	24.2	24.5	24.9	25.9	27.6	28.8
Forestry	21.8	22.5	23.3	24.2	25.1	26.0
Fishing	39.5	40.2	40.8	46.5	47.6	49.3
Industry	137.9	145.4	152.0	179.9	193.5	200.3
Mining & quarrying	10.1	11.4	12.1	14.3	16.2	15.5
Manufacturing	62.2	65.1	67.4	72.1	74.8	80.1
Electricity and gas	2.4	2.4	2.3	3.1	3.4	3.5
Water supply and sewage	3.3	3.4	3.5	3.8	3.9	4.2
Construction	59.9	63.1	66.7	86.6	95.2	97.0
Services	435.6	464.7	485.2	532.2	555.0	584.7
Trade & repairs	77.5	75.5	74.3	80.0	71.7	74.0
Transport and storage	28.7	32.7	38.0	43.7	50.2	54.9
Accommodation and food services	60.4	61.1	62.2	73.4	74.5	81.6
Accommodation	48.8	48.1	50.6	57.0	55.1	56.5
Food and beverages services	11.6	12.9	11.6	16.4	19.5	25.1
Information and communication	25.0	22.7	28.0	31.8	35.5	31.3
Financial and insurance services	26.1	32.7	37.4	39.6	42.6	44.8
Real estate activities	43.3	46.1	49.0	52.2	55.6	59.3
Professional, scientific and technical	1.4	1.3	1.4	1.4	1.5	1.5
Administrative and support services	5.4	5.7	5.7	6.2	6.5	7.0
Public administration	68.8	86.5	86.5	88.0	98.5	103.6
Education	20.8	21.2	21.7	22.9	23.9	24.3
Human health and social work	8.9	9.1	9.3	9.4	9.6	9.9
Arts, entertainment and recreation	2.7	2.9	3.0	3.3	3.2	3.5
Other service activities	4.9	5.1	5.3	5.7	5.7	6.1
Domestic services	1.1	1.1	1.1	1.2	1.2	1.2
Less FISIM	6.7	-8.5	-9.3	-10.7	-11.2	-12.5
GDP at basic prices	697.7	738.9	770.8	842.6	859.4	914.6
Taxes on products	67.9	77.3	78.2	85.5	113.2	129.2
GDP at purchaser prices	765.6	816.2	849.0	928.1	972.6	1,043.8
	Real Growth by Economic Activities (Percent)					
Agriculture, forestry & fishing	5,5	3,8	3,3	4,7	-8,3	13,7
Crops	6,6	5,1	4,3	1,7	-18,4	24,2
Livestock	2,7	1,3	1,8	4,0	6,6	4,4
Forestry	3,5	3,3	3,5	3,8	3,9	3,5
Fishing	5,4	1,9	1,5	13,9	2,5	3,4
Industry	11,6	5,4	4,6	18,4	7,5	3,5
Mining & quarrying	19,8	12,6	6,6	18,4	12,7	-4,0
Manufacturing	-0,5	4,7	3,5	7,0	3,7	7,1
Electricity and gas	-0,7	0,9	-4,7	35,5	9,5	3,1
Water supply and sewage	0,4	3,0	2,8	8,2	3,5	6,1
Construction	27,6	5,2	5,7	29,8	9,9	1,9
Services	1,9	6,7	4,4	9,7	4,3	5,3
Trade & repairs	-8,9	-2,6	-1,5	7,7	-10,4	3,2
Transport and storage	-1,0	13,8	16,4	14,9	14,9	9,4
Accommodation and food services	-6,5	1,1	1,8	18,1	1,5	9,5
Accommodation	-7,2	-1,3	5,2	12,6	-3,4	2,6
Food and beverages services	-3,3	11,0	-10,5	41,9	18,5	29,1
Information and communication	40,3	-9,2	23,3	13,3	11,9	-11,8
Financial and insurance services	1,0	25,0	14,5	5,9	7,6	5,1
Real estate activities	6,2	6,3	6,4	6,5	6,6	6,7
Professional, scientific and technical	30,3	-4,1	9,3	-3,5	6,1	0,8
Administrative and support services	7,2	5,0	-0,5	9,7	5,0	6,2
Public administration	22,3	25,7	-0,1	1,7	12,0	5,2
Education	4,4	1,9	2,5	5,5	4,4	1,4
Human health and social work	1,0	2,4	2,4	1,3	2,4	3,0
Arts, entertainment and recreation	-0,2	4,9	3,4	9,3	-0,7	7,5
Other service activities	0,3	4,5	3,3	8,1	-0,1	6,6
Domestic services	3,2	3,2	3,2	3,2	3,2	3,2
Gross Domestic Product at purchaser prices	4,2	6,6	4,0	9,3	4,8	7,3

Source: Office of Chief Government Statistician, Zanzibar

Table A3 (e): Zanzibar: Quarterly GDP growth Rates by Economic Activity

Percent

Economic Activity	2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Crops	3.0	10.5	1.5	-4.7	-28.9	-28.9	-15.6	-5.0	37.4	10.3	24.0	25.5	11.4	12.1	15.5
Livestock	2.0	3.3	4.5	6.1	7.9	7.0	6.3	5.2	4.4	4.3	4.8	4.3	4.9	4.8	4.9
Forestry	3.5	3.5	4.1	4.1	4.4	3.9	3.6	3.6	3.1	3.6	3.6	3.6	3.7	3.6	3.9
Fishing	4.6	8.9	14.0	28.2	3.1	11.3	14.7	-15.9	0.6	4.8	0.6	8.0	6.3	3.4	5.8
Mining & quarrying	4.2	5.0	27.3	35.7	39.8	16.9	4.2	-2.8	-10.8	-5.0	1.3	-0.9	-1.2	-5.9	8.2
Manufacturing	9.4	14.3	5.8	0.2	0.4	10.3	0.7	3.8	7.9	-1.8	11.1	11.1	7.8	13.3	6.3
Electricity and gas	443.2	2.4	4.7	14.5	11.8	10.7	8.9	6.6	-0.6	7.7	4.2	1.9	5.4	1.7	5.1
Water supply and sewage	10.7	8.2	9.5	4.4	2.1	8.8	3.6	0.3	9.0	4.1	0.5	11.0	5.7	5.3	3.0
Construction	-23.5	19.0	115.2	67.0	16.5	6.4	19.8	-5.1	2.2	20.5	-36.0	40.8	18.4	-25.3	44.8
Wholesale and retail	1.8	4.5	12.5	11.5	-10.8	0.5	-5.6	-23.0	10.6	-9.2	-5.7	18.7	-4.7	6.1	1.7
Accommodation and food services	27.1	22.3	21.2	5.8	0.0	23.3	1.3	-7.7	16.4	7.9	-8.4	24.6	8.5	7.6	-1.4
Transport and storage	12.4	24.4	3.1	21.2	18.4	10.6	22.3	9.1	9.6	8.4	8.1	11.4	2.4	12.1	-5.7
Information and communication	37.1	9.0	3.0	9.9	14.2	23.0	-6.9	17.4	-8.8	-5.2	7.0	-33.1	-48.1	-51.2	-37.2
Financial and insurance services	7.7	2.6	15.6	-1.1	7.4	2.8	3.3	17.2	6.2	12.9	6.2	-3.7	4.4	13.2	15.0
Real estate activities	6.5	6.5	6.5	6.5	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7	6.7	6.8	6.8
Professional, scientific and technical	-6.1	-6.7	0.0	-1.1	29.4	9.6	-0.6	-13.1	-1.8	-3.8	-2.3	13.7	-35.4	-17.6	-12.9
Administrative and support services	19.0	14.6	11.9	-2.2	7.4	33.6	-1.4	-6.1	9.8	-11.3	-0.4	23.1	4.0	10.3	-8.4
Public administration	-1.0	0.7	0.5	6.7	11.7	12.5	13.9	10.0	5.0	4.5	6.8	4.4	13.5	11.3	18.6
Education	7.2	5.5	5.0	4.2	3.2	4.0	4.9	5.5	1.4	1.4	1.4	1.3	2.7	5.7	2.6
Human health and social work	-1.0	0.8	2.9	2.5	6.8	2.1	-0.3	1.3	-0.7	2.1	3.5	7.2	9.5	8.8	8.1
Arts, entertainment and recreation	31.8	10.6	8.7	-6.7	4.1	15.3	-8.3	-4.7	6.2	2.6	-0.7	20.0	8.8	15.3	-3.6
Other service activities	26.0	8.1	7.7	-5.2	3.8	11.5	-6.6	-3.5	5.7	2.7	-0.1	17.0	7.9	11.8	-2.5
Households employers	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
GDP at Market Prices	3.9	8.9	14.5	10.1	3.2	6.8	5.8	3.5	10.7	4.4	2.9	11.2	12.5	3.7	9.2

Source: Office of Chief Government Statistician, Zanzibar





Table A4 (a): National Consumer Price Index (NCPI), 12 Months Percentage Change

Main Groups	Weight (%)	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Food and Non-Alcoholic Beverages	47.8	6.0	6.0	6.2	7.2	7.8	8.7	8.1	8.1	8.8	8.5	7.1	7.0	5.7
Alcoholic, Tobacco and Narcotics	3.3	7.8	7.1	7.1	7.1	6.8	6.6	5.4	4.7	4.6	5.0	5.4	5.4	5.5
Clothing and Footwear	6.7	3.9	3.9	3.5	3.3	3.2	3.1	3.0	2.8	2.4	2.2	2.7	2.8	3.2
Housing, Water, Electricity, Gas and Other Fuel	9.2	10.2	14.9	13.3	9.0	9.2	8.3	11.3	11.7	10.3	10.7	10.8	11.3	7.8
Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	2.3	2.0	1.8	1.8	2.5	2.4	2.2	2.1	2.0	1.7	1.5	1.4	1.2
Health	0.9	1.5	1.8	2.0	2.1	3.6	3.6	4.2	3.9	4.0	4.7	4.6	4.6	4.5
Transport	9.5	8.2	8.9	9.0	8.7	5.3	2.3	2.7	2.4	2.1	2.0	1.6	1.6	0.5
Communication	2.1	0.5	0.5	0.5	0.5	0.7	0.7	1.6	1.1	1.0	0.7	0.7	0.6	0.4
Recreation and Culture	1.3	1.0	0.6	1.2	1.3	0.8	0.6	0.8	0.6	0.5	0.6	0.7	0.7	0.6
Education	1.7	2.4	5.9	5.3	5.3	5.3	5.3	5.3	5.1	5.1	5.1	5.1	5.1	5.1
Restaurants and hotels	6.4	2.2	1.7	1.5	1.7	2.1	2.6	2.6	2.4	2.7	4.1	3.6	3.2	3.5
Miscellaneous goods and services	4.5	4.0	4.1	4.6	5.2	7.7	8.3	8.1	6.8	6.6	5.6	5.5	5.6	5.3
TOTAL – ALL ITEMS INDEX	100.0	5.6	6.0	6.0	6.1	6.3	6.5	6.4	6.5	6.7	6.6	5.9	5.8	4.8
Other Selected Groups														
Food and Non-alcoholic Beverages - combining food consumed at home and food consumed in restaurants	51.0	6.6	6.6	6.9	7.9	8.5	9.4	8.7	7.9	8.5	8.3	7.0	6.9	5.7
Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	12.8	18.7	16.1	10.3	10.4	9.5	13.7	14.0	11.8	12.1	11.6	12.2	6.2
All Items Less Food	49.0	5.5	6.7	6.3	5.2	4.9	4.1	4.8	4.9	4.5	4.2	4.6	4.5	3.6
All Items Less Food and Energy	43.3	4.5	4.9	4.8	4.7	4.3	3.5	3.5	3.2	3.1	3.1	3.2	3.0	3.1

Source: National Bureau of Statistics

Table A4 (b): Zanzibar National Consumer Price Index (NCPI), 12 Months Percentage Change

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Headline	100.0												
Weights (%)	3.8	5.7	5.3	5.6	5.3	7.0	8.1	5.9	5.9	6.0	3.9	3.8	4.4
Food	-0.5	3.0	2.6	3.5	3.7	7.3	7.4	3.2	6.1	7.1	3.0	3.8	4.3
Non-Food	8.9	8.9	8.3	8.1	6.9	7.1	8.9	9.3	5.8	5.0	5.0	3.9	4.4
Alcoholic beverages, tobacco & narcotics	5.2	4.5	4.6	-1.7	-1.7	-1.9	-1.9	0.1	2.8	3.4	3.4	3.4	3.1
Clothing and footwear	10.3	11.7	8.7	7.2	7.0	6.8	7.1	3.7	3.3	2.9	2.8	1.8	1.8
Housing, water, electricity, gas and other fuels	10.6	9.8	6.5	6.5	5.1	5.5	9.0	8.7	5.8	5.0	3.0	2.7	2.7
Furnishing, household equipment and routine household maintenance	5.3	1.7	2.2	2.4	2.8	3.5	3.7	3.1	4.1	4.1	4.1	4.2	4.1
Health	2.1	1.4	1.3	2.0	1.7	1.7	1.7	1.7	1.0	1.1	1.2	1.2	0.5
Transport	0.7	0.5	2.8	2.9	0.0	0.2	4.1	4.1	3.9	1.5	1.6	0.4	1.8
Communication	2.4	52.0	52.1	52.1	52.1	52.1	52.1	84.3	22.0	22.0	22.0	21.6	21.6
Recreation and culture	0.4	3.3	15.2	14.0	13.6	13.1	13.1	13.2	13.1	13.1	13.1	13.1	13.1
Education	1.1	17.3	14.6	14.6	19.1	17.9	15.0	14.9	13.1	11.7	11.7	11.7	11.7
Restaurants and hotels	3.1	-1.8	-1.7	-1.3	1.4	1.7	1.2	2.3	-5.7	2.4	1.6	1.7	2.1
Miscellaneous goods & services	2.4	7.8	9.0	8.9	9.0	8.7	6.7	6.5	6.8	5.3	5.5	5.5	3.2

Source: Office of Chief Government Statistician, Zanzibar



Table A5: Tanzania: Depository Corporations Survey

Billions of TZS

Items	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	June-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14
Net Foreign Assets of the Banking System	6,576.3	6,388.5	6,294.8	6,601.9	6,706.4	6,299.5	6,772.6	6,764.3	6,644.1	6,370.8	6,257.4	6,465.9	6,581.5
Bank of Tanzania	1,877.5	6,075.3	6,095.4	6,294.3	6,356.6	6,140.6	6,399.0	6,430.0	6,399.1	6,399.0	5,973.2	6,120.0	6,380.4
Net International Reserves (Millions of USD)	4,216.2	4,033.4	4,060.2	4,160.0	4,186.4	4,028.5	4,174.0	4,183.7	4,084.9	3,861.0	3,837.5	3,817.7	3,992.2
Banks NEA	388.8	313.2	199.5	307.6	349.9	158.9	373.6	333.9	349.1	415.2	284.2	345.9	171.1
Banks NEA (Millions of USD)	246.3	193.7	123.1	188.8	214.0	96.6	226.3	201.8	210.2	249.2	168.7	199.8	99.3
Net Domestic Assets of the Banking System	9,530.4	10,059.5	10,245.9	9,947.7	10,314.7	10,983.5	10,883.9	11,136.0	11,516.5	12,347.3	12,347.3	12,341.9	12,062.7
Domestic Claims	12,947.2	13,272.4	13,217.6	13,636.4	14,065.0	14,607.2	14,778.1	14,900.1	15,509.7	15,986.5	16,713.7	17,074.5	16,900.2
Claims on central government (net)	2,554.6	2,711.3	2,912.0	2,773.3	2,935.3	3,609.2	3,219.2	3,211.7	3,687.4	4,043.4	4,587.4	4,861.7	3,678.3
Claims on Central Government	5,900.4	6,012.1	6,185.1	5,849.8	6,313.1	6,432.6	6,407.3	5,981.7	5,959.6	6,623.3	7,144.6	7,031.4	6,451.5
o/w Securities held by banks	3,700.3	3,784.6	3,821.0	3,964.1	4,083.0	4,055.2	4,041.0	3,835.4	3,810.3	4,125.9	4,259.5	4,162.7	3,913.9
Liabilities to Central Government	3,348.8	3,300.7	3,367.0	3,273.0	3,377.8	3,063.4	3,188.1	2,769.9	2,272.2	2,579.9	2,557.2	2,169.6	2,773.1
Chains on the private sector	10,392.7	10,561.1	10,625.6	10,863.1	11,129.8	11,298.0	11,588.9	11,697.4	11,822.2	11,943.3	12,126.3	12,212.7	12,411.8
o/w Extended in Shillings	6,809.0	6,841.0	6,874.9	7,074.6	7,182.9	7,311.1	7,557.4	7,614.3	7,729.1	7,820.1	7,863.5	7,916.2	7,978.4
Extended in foreign currency	3,583.7	3,720.1	3,750.6	3,788.5	3,946.9	3,986.6	4,001.5	4,083.1	4,093.1	4,123.0	4,262.7	4,296.5	4,433.4
(Equivalent in USD million)	2,270.2	2,301.0	2,314.6	2,324.8	2,414.0	2,422.4	2,423.7	2,468.2	2,464.7	2,474.7	2,330.4	2,481.7	2,572.7
Extended Broad Money Supply (M3)	16,106.8	16,488.0	16,540.7	16,539.6	17,021.1	17,383.0	17,656.5	17,990.3	18,160.6	18,274.3	18,604.6	18,807.8	18,644.2
Less: Deposits in National Currency	4,216.2	4,273.2	4,238.0	4,239.9	4,466.8	4,431.8	4,415.4	4,576.3	4,613.0	4,553.2	4,621.8	4,735.3	4,697.1
FCID in millions of US dollar	2,670.9	2,643.3	2,609.3	2,601.8	2,719.8	2,668.4	2,674.4	2,767.5	2,778.1	2,733.0	2,743.6	2,735.0	2,725.7
Broad Money Supply (M2)	11,890.6	12,174.8	12,312.7	12,309.7	12,574.3	12,891.2	13,241.1	13,322.1	13,547.0	13,721.0	13,982.9	14,072.6	13,917.0
Other Deposits in National Currency	4,672.4	4,715.6	4,904.0	4,844.3	4,867.0	4,973.6	5,243.4	5,230.4	5,381.7	5,473.5	5,619.6	5,745.7	5,632.9
Narrow Money Supply (M1)	7,218.1	7,459.1	7,408.7	7,465.4	7,707.3	7,917.7	7,997.7	8,091.7	8,165.3	8,247.6	8,363.3	8,326.9	8,284.2
Currency in Circulation	2,764.0	2,693.5	2,675.8	2,731.7	2,732.7	2,893.9	3,071.6	3,163.8	3,116.5	3,143.3	3,188.1	3,232.2	3,244.7
Transferable Deposits in National Currency	4,454.16	4,765.65	4,732.85	4,733.68	4,973.88	5,023.78	4,926.13	4,927.88	5,048.78	5,104.32	5,175.13	5,094.73	5,039.43
Stock of Reserve Money	5,027.8	5,202.6	5,401.7	5,113.9	5,461.7	5,474.9	5,647.8	5,901.3	5,916.3	5,799.1	5,898.9	6,032.8	5,909.5
Advance Reserve Money	5,249.7	5,169.3	5,277.5	5,333.9	5,300.0	5,457.2	5,571.8	5,685.4	5,778.3	5,904.6	5,868.3	5,866.9	6,011.1
Annual growth rates (%)													
Stock of Reserve Money	11.1	10.7	15.8	8.4	13.4	10.0	14.8	11.6	15.4	13.9	10.4	15.8	17.5
Average Reserve Money	12.1	11.9	12.3	14.0	11.8	11.7	13.7	12.3	12.3	14.9	12.4	12.7	14.5
Extended Broad Money Supply (M3)	10.0	14.0	13.0	11.6	14.1	13.8	15.8	12.9	13.9	14.7	16.5	17.4	15.6
Broad Money Supply (M2)	10.9	15.3	14.8	12.6	14.5	15.0	17.7	13.5	14.7	16.8	17.5	17.6	17.0
Credit to the private sector	15.3	16.9	16.1	16.4	16.4	18.0	21.4	21.1	20.5	20.7	22.3	20.1	19.4
Memorandum Items													
Net Credit to Central Government/ Domestic Credit (%)	19.7	20.4	21.5	20.3	20.9	23.0	21.8	21.5	23.8	25.3	27.4	28.5	22.9
Credit to the Private Sector/ Domestic Credit (%)	80.3	79.6	78.5	79.7	79.1	76.0	78.2	78.5	76.2	74.7	72.6	71.5	77.1
Net Credit to Government/ Domestic Credit (%)	20.0	20.8	20.6	20.0	21.8	23.0	21.0	21.0	22.0	21.6	20.8	20.0	22.5
Net Broad Money Growth Rate (end of period) (TZS/USD)	1,578.6	1,616.8	1,620.6	1,629.6	1,635.0	1,645.9	1,651.0	1,654.3	1,660.7	1,666.0	1,684.6	1,731.3	1,723.2
Gross Official Reserves (Millions of USD)	4,676.2	4,511.7	4,521.1	4,620.4	4,647.5	4,486.9	4,634.1	4,639.4	4,536.4	4,301.8	4,269.8	4,251.8	4,388.6
Foreign Assets of Banks (Millions of USD)	873.0	825.7	873.1	845.4	769.6	865.4	808.6	808.6	824.3	848.5	806.9	838.8	760.6
Gross Foreign Assets of the Banking System (Millions of USD)	5,543.5	5,384.7	5,346.8	5,493.5	5,492.9	5,256.5	5,498.5	5,448.0	5,360.6	5,150.3	5,076.7	5,090.6	5,149.2

Source: Bank of Tanzania



Table A6: Tanzania: Capital and Money Market Interest Rates

Items	<i>Percent</i>												
	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Interbank Cash Market Rates													
Overnight	8.26	11.43	6.53	5.45	6.93	6.94	10.43	14.35	10.43	4.34	8.29	9.67	11.66
31 to 60 days	10.18	14.54	10.00	10.71	11.83	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
61 to 90 days	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	10.00	10.00	15.00
91 to 180 days	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	8.00	8.00	14.00	14.00
181 and above	14.50	14.50	14.50	14.50	14.50	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94
Overall Interbank cash market rate	8.58	11.56	6.72	5.93	7.07	7.25	10.57	14.39	10.98	4.98	8.32	9.87	11.82
Lombard Rate	9.91	13.71	7.83	8.80	8.80	8.82	12.52	17.23	12.51	5.98	9.95	11.60	13.99
REPO Rate	5.04	5.83	3.86	3.39	3.39	4.05	4.43	4.43	4.27	3.21	5.50	2.00	7.13
Treasury Bills Rates													
35 days	4.71	4.71	6.02	7.33	7.33	7.35	6.82	7.00	7.58	4.98	5.24	5.65	5.22
91 days	13.62	13.83	13.47	12.47	12.16	11.47	10.62	11.84	12.38	10.86	10.59	12.06	13.20
182 days	15.46	14.77	13.71	13.24	13.24	13.04	12.81	13.65	13.97	13.16	13.26	13.91	15.22
364 days	15.63	14.84	13.83	13.40	13.33	13.16	13.01	14.06	14.38	13.26	13.67	14.63	16.23
Overall Treasury bills rate	15.20	14.70	13.73	13.04	13.10	12.67	12.65	13.68	13.98	12.62	12.82	14.04	15.73
Treasury Bonds Rates													
2-years	15.00	15.07	15.07	14.40	15.07	15.07	13.83	13.83	14.12	14.12	14.83	14.83	14.83
5-years	15.44	15.44	14.53	14.92	14.92	14.92	14.92	15.68	15.68	15.68	16.00	16.00	16.00
7-years	15.90	15.90	15.90	15.56	15.69	15.69	15.69	15.15	15.15	15.75	15.75	15.97	15.97
10-years	15.96	15.96	15.96	15.96	16.04	16.43	16.43	16.82	16.82	16.33	16.33	16.50	16.50
15-years	16.65	16.65	16.94	16.94	17.33	17.33	17.33	17.33	17.51	17.51	17.91	17.91	17.91
Discount Rate	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Bank Rate	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 A7: Tanzania: Banks' Interest Rates

Percent

Items	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
A: Domestic Currency													
Savings Deposit Rate	3.04	3.15	3.13	3.14	3.15	3.15	3.12	3.11	3.10	3.10	3.15	3.12	3.07
Overall Time Deposits Rate	8.71	8.69	8.89	8.66	8.80	8.69	8.12	8.03	8.27	8.22	8.02	8.15	8.59
1 month	8.98	7.78	8.08	8.68	9.00	9.75	8.32	8.06	8.29	8.57	7.92	7.75	9.59
2 months	8.85	9.30	10.34	9.61	10.42	9.91	7.89	7.66	8.26	8.70	8.21	8.67	9.45
3 months	9.94	10.38	10.60	10.35	10.27	9.61	9.33	9.33	9.59	9.34	9.55	9.68	9.63
6 months	11.26	11.33	10.85	10.36	10.40	10.52	10.47	9.98	10.46	10.22	9.85	10.09	10.48
12 months	11.12	11.24	11.55	11.33	11.49	11.35	10.71	10.40	10.10	10.52	10.12	10.68	10.63
24 months	8.43	8.32	8.42	7.84	7.63	8.26	7.67	7.61	8.45	7.53	7.77	7.54	7.68
Negotiated Deposit Rate	10.51	11.63	11.63	11.34	10.89	10.76	10.83	10.38	11.09	10.60	11.08	10.61	11.39
Overall Lending rate	16.01	16.39	16.64	16.75	16.57	16.51	16.43	16.30	16.38	15.80	15.67	15.67	15.39
Short-term (up to 1 year)	13.78	14.36	15.10	15.04	15.18	15.09	14.17	14.25	14.39	14.63	14.03	14.57	14.32
Medium-term (1-2 years)	16.69	16.99	17.10	17.39	16.83	17.19	17.28	17.10	16.64	16.06	16.17	15.55	15.66
Medium-term (2-3 years)	16.27	16.33	16.31	16.57	16.65	16.54	16.54	16.62	16.69	16.07	16.30	16.18	15.47
Long-term (3-5 years)	16.71	16.78	16.75	16.68	16.49	16.53	16.46	16.32	16.75	15.24	15.28	15.28	14.99
Term Loans (over 5 years)	16.61	17.50	17.95	18.08	17.68	17.18	17.69	17.21	17.42	17.02	16.59	16.79	16.50
Negotiated Lending Rate	13.13	13.12	12.77	12.93	12.98	13.09	13.30	12.62	11.97	12.62	13.18	12.34	12.01
B: Foreign Currency													
Deposits Rates													
Savings Deposits Rate	1.09	0.94	1.41	0.90	1.38	0.91	1.09	0.96	1.39	1.38	1.10	1.37	1.29
Overall Time Deposits Rate	2.94	3.09	4.30	4.04	3.77	4.48	3.78	4.08	3.65	3.82	3.50	3.55	3.06
1-months	3.20	2.40	2.36	1.70	1.82	1.49	2.24	3.23	3.91	3.88	4.10	3.57	3.01
2-months	2.24	2.56	4.84	4.97	3.84	4.97	2.24	3.56	3.60	3.73	3.24	3.40	3.00
3-months	1.74	2.74	4.90	3.79	3.75	3.97	3.71	3.31	3.85	3.80	3.61	3.68	2.01
6-months	4.03	4.17	4.84	4.84	4.83	4.14	2.70	3.57	3.21	4.16	3.21	3.63	2.86
12-months	3.50	3.56	4.55	4.88	4.62	7.83	6.99	6.69	3.70	3.52	3.34	3.47	3.51
Overall Lending Rate	6.97	6.92	7.00	6.85	6.83	6.79	6.65	7.39	7.21	6.88	6.72	6.77	5.59
Short-term (up to 1 year)	3.64	3.15	3.30	2.26	1.59	1.90	1.84	1.77	4.29	1.55	2.62	3.21	3.66
Medium-term (1-2 years)	8.56	8.43	8.64	8.69	8.40	8.42	8.12	9.33	7.54	8.20	8.66	8.52	6.06
Medium-term (2-3 years)	8.42	8.45	8.34	8.38	8.11	8.18	8.16	9.27	8.45	10.45	8.24	8.04	6.11
Long-term (3-5 years)	7.37	7.53	7.48	7.55	7.52	7.30	7.18	8.42	8.16	7.23	7.07	7.13	6.07
Term Loans (over 5 years)	6.84	7.06	7.27	7.38	8.52	8.13	7.95	8.13	7.61	6.99	7.02	6.95	6.04

Source: Bank of Tanzania





Table A8: Central Government Operations - Tanzania Mainland

Billions of TZS

Item	Budget	July - December 2014		
	2014/15	Estimate	Actual	% of Projection
Total revenue (including LGAs)	12,636,505	6,261,428	5,390,210	86.1
Total revenue - Central Government	12,178,034	6,032,193	5,240,607	86.9
Tax revenue	11,297,272	5,591,846	4,965,463	88.8
Taxes on imports	4,317,356	2,158,100	1,968,426	91.2
Sales/VAT and excise on local goods	1,865,387	922,062	905,831	98.2
Income taxes	4,594,112	2,247,522	1,828,532	81.4
Other taxes	520,418	264,162	262,674	99.4
Non-tax revenue	880,762	440,347	275,144	62.5
LGA Own Sources	458,471	229,235	149,603	65.3
Total Expenditure /1	17,194,055	8,540,496	6,694,868	78.4
Recurrent expenditure	10,721,054	5,719,959	4,484,453	78.4
Wages and salaries	5,433,561	2,713,691	2,613,282	96.3
Interest payments	994,514	586,432	527,087	89.9
Domestic	652,428	395,094	376,193	95.2
Foreign	342,086	191,339	150,894	78.9
Other goods, services and transfers	4,292,978	2,419,836	1,344,084	55.5
Dev. Expenditure and net lending	6,473,001	2,820,537	2,210,415	78.4
Local	4,453,570	1,918,018	1,336,257	69.7
Foreign	2,019,431	902,519	874,157	96.9
Balance before grants	-4,557,550	-2,279,068	-1,304,658	57.2
Grants	1,481,165	926,279	499,833	54.0
Program	546,709	523,760	143,533	27.4
Project	745,344	372,672	282,276	75.7
Basket funds	189,112	29,847	74,025	
Balance (cheques issued) after grants	-3,076,386	-1,352,789	-804,825	
Expenditure float	0	0	-248,318	
Adjustments to cash and other items (net)	0	0	-438,893	
Overall balance (cheques cleared)	-3,076,386	-1,352,789	-1,492,036	
Financing:	3,076,386	1,352,789	1,492,036	110.3
Foreign financing (net)	2,390,001	643,546	959,947	149.2
Loans	2,780,434	792,959	1,056,445	133.2
Program loans	375,459	292,959	24,186	
Development project loans	2,320,000	500,000	939,094	187.8
Non-concessional Borrowing	1,320,000	0	514,402	
Basket support	84,975	0	93,165	
Amortization	-390,433	-149,414	-96,497	64.6
Domestic (net) /2	686,385	709,244	532,089	
Bank & Non Bank Financing (NDF)	686,385	709,244	532,089	
Bank borrowing	686,385	709,244	459,096	
Non-bank (net of amortization)	0	0	72,993	
Borrowing/roll over	-2,262,487	-965,410	-903,475	
Domestic & contingent debt amortization	2,262,487	965,410	903,475	

Note:

1/Exclude amortization and Expenditure Float, includes road fund and Retention Expenditure

2/Domestic Interest payments and amortization includes Cash and Non Cash

Source: Ministry of Finance and Bank of Tanzania



Table A9: Zanzibar Central Government Operations

Billions of TZS

	Budget 2014/15	July - December 2014 Projection	Actual	Actual as % of Projection
Total Revenue	365.8	193.2	182.7	94.6
Tax Revenue	337.6	180.8	165.1	91.3
Tax on Imports	103.6	55.7	43.3	77.8
VAT and Excise Duties (local)	80.7	47.1	44.4	94.2
Income Tax	78.7	26.3	27.1	103.1
Other Taxes	74.6	51.8	50.3	97.2
Non-Tax Revenue	28.2	12.3	17.6	142.8
Total Expenditure	707.7	218.0	231.9	106.4
Recurrent Expenditure	376.4	179.9	171.8	95.5
Wages and Salaries	184.5	89.5	90.1	100.6
Interest Payment	0.0	1.5	0.0	
Local	0.0	1.5	0.0	
Foreign	0.0	0.0	0.0	
Other Expenditure	191.9	88.9	81.7	92.0
Development Expenditure	331.3	38.1	60.1	157.6
Local	65.9	21.9	22.2	101.4
Foreign	265.4	16.2	37.9	233.4
Overall (surplus) Deficit before grants	-341.9	-24.9	-49.2	197.8
Grants	127.4	31.3	22.1	70.6
4.5% Budget Support	40.0	10.7	5.3	49.3
Debt relief	0.6	0.0	0.0	
Program Grant	86.8	20.6	16.8	81.6
Overall Deficit after grants	-214.5	6.5	-27.1	-420.2
Adjustment to cash and other items	0.0	0.0	-6.7	
Overall Deficit cheques cleared	-177.1	-14.1	-33.8	239.0
Financing	177.1	14.1	33.8	239.0
Foreign	162.1	4.1	21.1	509.3
Import Support	0.0	0.0	0.0	
Program Loans	162.1	4.1	21.1	509.3
Amortization (foreign)	0.0	0.0	0.0	
Domestic (net)	15.0	10.0	12.7	127.0

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



Table A10: Tanzania's Balance of Payments

Millions of USD

<i>Items</i>	2009^r	2010^r	2011^r	2012^r	2013^p
A. Current Account	-1,779.2	-2,210.8	-4,480.9	-3,758.6	-4,702.5
Balance on Goods	-2,536.1	-2,841.2	-4,729.6	-4,429.9	-5,771.1
Goods: exports f.o.b.	3,298.1	4,324.3	5,097.9	5,889.2	5,258.1
Traditional	486.4	583.2	685.5	956.7	868.9
Nontraditional	2,372.9	3,177.0	3,747.5	4,164.4	3,703.3
o/w Gold	1,229.5	1,516.6	2,224.1	2,117.4	1,644.8
Unrecorded trade	438.9	564.0	664.9	768.2	685.8
Goods: imports f.o.b.	-5,834.1	-7,165.5	-9,827.5	-10,319.1	-11,029.1
Balance on Services	132.7	156.9	92.2	427.5	704.0
Services: credit	1,854.6	2,045.7	2,300.3	2,786.4	3,192.5
Transportation	334.4	445.5	548.8	632.2	791.6
Travel	1,159.8	1,254.5	1,353.2	1,712.7	1,880.4
Other	360.4	345.7	398.3	441.5	520.4
Services: debit	-1,722.0	-1,888.9	-2,208.1	-2,358.9	-2,488.5
Transportation	-604.9	-722.8	-973.7	-1,039.0	-1,130.7
Travel	-766.2	-830.4	-898.6	-967.0	-1,033.9
Other	-350.9	-335.7	-335.8	-352.8	-323.9
Balance on Goods and Services	-2,403.4	-2,684.4	-4,637.3	-4,002.4	-5,067.0
Balance on income	-267.1	-577.6	-745.7	-574.0	-411.0
Income: credit	161.1	160.1	184.2	131.1	130.1
Income: debit	-428.2	-737.7	-929.9	-705.1	-541.1
Balance on Goods, Services and Income	-2,670.5	-3,262.0	-5,383.1	-4,576.4	-5,478.0
Balance on Current transfers	891.2	1,051.2	902.2	817.8	775.5
Current transfers: credit	959.7	1,130.2	994.9	923.3	837.3
Current transfer: debit	-68.4	-79.0	-92.7	-105.4	-61.8
B. Capital Account	442.2	537.9	690.9	777.2	647.6
Capital transfers: credit	442.2	537.9	690.9	777.2	647.6
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-1,337.0	-1,672.8	-3,790.0	-2,981.4	-4,054.9
C. Financial Account, excl. reserves and related items	1,981.2	3,063.8	2,955.5	3,874.5	4,723.9
Direct investment abroad	0	0	0	0	0
Direct investment in Tanzania	952.6	1,813.2	1,349.0	1,799.6	1,872.4
Portfolio investment	3.4	3.3	4.0	1.0	6.7
Other investment	1,025.1	1,247.4	1,602.5	2,073.9	2,844.8
Total, Groups A through C	644.2	1,391.0	-834.5	893.1	669.0
D. Net Errors and Omissions	-278.0	-1,021.2	632.6	-566.9	-173.3
Overall balance	366.2	369.8	-202.0	326.2	495.7
E. Reserves and Related Items	-366.2	-369.8	202.0	-326.2	-495.7
Reserve assets	-676.8	-395.4	206.3	-324.7	-607.8
Use of Fund credit and loans	310.6	25.6	-4.4	-1.5	112.1
Exceptional financing	0.0	0.0	0.0	0.0	0.0
Memorandum items					
CAB/GDP	-8.4	-9.7	-18.7	-13.3	-14.2
CAB/GDP (excl. current official transfers)	-11.4	-13.2	-21.3	-15.3	-15.6
Gross Official Reserves (millions of USD)	3,552.5	3,948.0	3,744.6	4,068.1	4,676.2
Months of Imports	5.6	5.2	3.7	3.9	3.8
Months of Imports (Excluding FDI related imports)	6.3	6.2	4.1	4.3	4.3
Exchange rate (end of period)	1,313.29	1,453.54	1,566.66	1,571.62	1,578.57

Note:

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

Source: Bank of Tanzania



Table A11: Tanzania Exports by Type of Commodity

Items	Units	July - November		
		2013	2014 ^p	% Change
Traditional Exports:				
COFFEE				
Value	Mill USD	44.2	43.2	-2.2
Volume	000 Tons	18.1	15.7	-13.2
Unit Price	USD per Ton	2,437.2	2,744.6	12.6
COTTON				
Value	Mill USD	68.7	44.1	-35.8
Volume	000 Tons	57.6	39.7	-31.1
Unit Price	USD per Ton	1,192.3	1,111.1	-6.8
SISAL				
Value	Mill USD	9.3	7.2	-22.4
Volume	000 Tons	6.9	4.8	-29.8
Unit Price	USD per Ton	1,358.8	1,502.6	10.6
TEA				
Value	Mill USD	16.2	16.6	2.2
Volume	000 Tons	9.0	10.6	18.0
Unit Price	USD per Ton	1,801.5	1,560.4	-13.4
TOBACCO				
Value	Mill USD	245.1	210.6	-14.1
Volume	000 Tons	46.4	42.7	-8.0
Unit Price	USD per Ton	5,278.1	4,932.6	-6.5
CASHEWNUITS				
Value	Mill USD	30.7	46.8	52.4
Volume	000 Tons	27.5	43.9	59.5
Unit Price	USD per Ton	1,115.9	1,066.0	-4.5
CLOVES				
Value	Mill USD	25.2	19.6	-22.0
Volume	000 Tons	2.3	1.7	-25.3
Unit Price	USD per Ton	10,880.8	11,363.0	4.4
Sub Total	Mill USD	439.3	388.1	-11.7
Non-Traditional Exports:				
Minerals		731.6	562.4	-23.1
Gold	Mill USD	685.1	504.0	-26.4
Diamond	Mill USD	18.1	30.8	70.0
Other minerals ¹	Mill USD	28.5	27.6	-2.9
Manufactured Goods	Mill USD	540.5	615.6	13.9
Cotton Yarn	Mill USD	4.4	3.5	-21.2
Manufactured Coffee	Mill USD	0.6	0.7	20.1
Manufactured Tobacco	Mill USD	16.3	15.4	-5.3
Sisal Products (Yarn & Twine)	Mill USD	4.0	3.7	-8.0
Other manufactured Goods ²	Mill USD	515.3	592.4	15.0
Fish and Fish Products	Mill USD	50.7	74.4	46.7
Horticultural products	Mill USD	10.5	11.3	7.5
Re-exports	Mill USD	86.5	85.6	-1.0
Other Exports³	Mill USD	254.4	294.2	15.6
Sub Total	Mill USD	1,674.3	1,643.6	-1.8
GRAND TOTAL⁴	Mill USD	2,430.7	2,336.4	-3.9

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

Source: Bank of Tanzania, Tanzania Revenue Authority



Table A12: Tanzania Imports (f.o.b value) by Major Category

Millions of USD

Items	July - November		
	2013	2014 ^p	% Change
CAPITAL GOODS	1,643.1	1,553.8	-5.4
Transport Equipment	562.6	528.6	-6.0
Building and Constructions	492.1	449.0	-8.8
Machinery	588.3	576.1	-2.1
INTERMEDIATE GOODS	2,311.0	1,764.7	-23.6
Oil imports	1,846.7	1,308.5	-29.1
Fertilizers	99.9	92.2	-7.7
Industrial raw materials	364.5	364.0	-0.1
CONSUMER GOODS	1,050.9	1,016.7	-3.3
Food and food stuffs	220.4	254.8	15.6
All other consumer goods ¹	830.5	761.9	-8.3
GRAND TOTAL (F.O.B)	5,005.9	4,336.1	-13.4

Note:

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

p = Provisional

f.o.b = Free on board

Source: Bank of Tanzania and Tanzania Revenue Authority



Table A13: Zanzibar: Goods Exports by Major Category

Millions of USD

Items	Units	July - November		% Change
		2013	2014 ^p	Annual
Traditional				
Clove				
Value	Millions of USD	26.9	19.6	-27.1
Volume	000 Tonnes	2.5	1.7	-32.0
Unit price	USD/Tonne	10846.9	11361.2	4.7
Non-traditional				
Seaweeds				
Value	Millions of USD	1.8	2.1	16.6
Volume	000 Tonnes	4.3	5.4	25.6
Unit price	USD/Tonne	421.4	393.6	-6.6
Manufactured goods	Millions of USD	0.8	2.0	---
Fish and fish products	Millions of USD	0.0	0.0	1.1
Others exports	Millions of USD	1.0	19.9	---
Sub-total	Millions of USD	3.7	24.0	---
Grand-total	Millions of USD	30.5	43.6	43.0

Note: Other exports include mainly souvenirs and spices.

p = Provisional "... implies large number

Source: Tanzania Revenue Authority and Bank of Tanzania

Table A14: Zanzibar: Imports by Major Categories

Millions of USD

Import category	July - November		% Change
	2013	2014 ^p	Annual
Capital goods	51.0	33.1	-35.1
Transport equipment	19.6	18.1	-7.7
Building and construction	12.2	6.5	-46.7
Machinery	19.2	8.4	-56.3
Intermediate goods	22.3	37.3	67.3
Oil imports	18.7	29.2	56.1
Industrial raw materials	3.6	8.1	---
Consumer goods	31.3	24.8	-20.8
Food and food stuffs	11.2	9.6	-14.3
All other consumer goods	20.0	15.2	-24.0
Grand total (c.i.f)	104.6	95.2	-9.0
Grand total (f.o.b)	95.2	86.6	-9.0

Note: p = Provisional. "----"implies large number

Source: Tanzania Revenue Authority



GLOSSARY

Discount Rate

The rate of interest at which the Bank of Tanzania charges on loans it extends to banks and to the Government. It uses Bank rate as a base plus a loaded factor, which can be changed from time to time depending on the liquidity situation in the market.

Exchange Rate

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

Excess Reserves

These are banks' reserves in excess of the reserve requirement set by the Bank of Tanzania.

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. 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 from the Bank of Tanzania 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 borrowing 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



Repo and Reverse Repos

A repurchase agreement, also known as a repo, is a sale of securities together with an agreement for the seller to buy back the securities at a later date.

A reverse repo is simply the same as a repurchase agreement from the buyer's viewpoint. Hence, the seller executing the transaction would describe it as a 'repo', while the buyer in the same transaction would describe it as a 'reverse repo'.

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).

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