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MONETARY POLICY STATEMENT

*The Mid-Year Review
2016/17*

**GOVERNOR
BANK OF TANZANIA**

February 2017



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7th February, 2017

**Hon. Dr. Philip I. Mpango (MP),
Minister for Finance and Planning,
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 2016/17 for subsequent submission to the National Assembly.

The Statement reviews the implementation of monetary policy during the first half of 2016/17. It then outlines the monetary policy stance and measures that the Bank of Tanzania intends to pursue in the second half of 2016/17 to meet its policy objectives.

Yours Sincerely,



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 2016/17, and outlines the monetary policy stance that the Bank intends to adopt in the remainder of 2016/17.

Global and Regional Economic Developments

The global economy is estimated to have grown by 3.1 percent in 2016, compared with 3.2 percent recorded in 2015, with much of the slowdown recorded in advanced economies and sub-Saharan Africa. Whereas the slowdown in real GDP growth in advanced economies was largely due to renewed policy uncertainties, weak external demand and subdued productivity; growth in sub-Saharan Africa was mainly affected by low commodity prices, weak external demand and drought.

According to the IMF's World Economic Outlook update of January 2017, the global economy is projected to grow by 3.4 percent in 2017, supported by recovery in emerging market and developing economies; largely due to anticipated increase in commodity prices, particularly oil and domestic demand. Growth in sub-Saharan Africa is expected to pick-up, largely attributed to increase in commodity prices and private demand.

During the first half of 2016/17, inflation rates in most of the advanced and emerging market economies recorded a general increasing trend. The inflation rate accelerated in the United States, United Kingdom, Euro Area and China, while it decreased in India. In the Eastern and Southern Africa regions, average inflation rate rose, mainly on account of an



increase in food prices; as most countries in the SADC region experienced consecutive years of below average food crops production. According to the IMF's World Economic Outlook update of January 2017, inflation rate in the advanced economies is projected to increase to 1.7 percent in 2017 from 0.7 percent recorded in 2016, largely driven by expected increase in oil prices emanating from an agreement among OPEC member countries to reduce production. Inflation rate in emerging market and developing economies is projected to remain at 4.5 percent in 2017.

Economic Developments in Tanzania

Tanzania Mainland

Real GDP growth picked up to an average rate of 6.5 percent in the first three quarters of 2016, compared with 6.3 percent recorded in the corresponding period of 2015. The sustained strong economic growth was supported by continued improvement in infrastructure, stability of power supply, investment in provision of mobile and internet services, and subdued global oil prices. GDP growth was contributed by a number of activities led by transport and storage (15.4 percent), construction (11.0 percent), information and communication (9.5 percent), wholesale and retail trade (9.0 percent) and mining and quarrying (7.9 percent). Inflation remained moderate at 5.0 percent in December 2016 compared with 5.5 percent recorded in June 2016, while core inflation was contained below 3 percent throughout the period. The moderate inflation rate was largely attributed to the monetary policy stance pursued by the Bank, fiscal consolidation; stability of the value of the shilling against the US dollar; and subdued prices of some items under food and energy subgroup.



During the first half of 2016/17, revenue deposited at the Bank of Tanzania was TZS 8,065.2 billion, 22.1 percent higher than the amount deposited during similar period in the preceding year, representing 96.0 percent of estimate for the period. Improvement in revenue collection was on account of increase in tax collection efforts by Tanzania Revenue Authority and increased non-tax revenue collection. During the same period, total expenditure on cash basis amounted to TZS 8,535.4 billion, 1.3 percent higher than during the similar period in the preceding year, representing 95.0 percent of the estimate. Out of the total expenditure, development spending was TZS 2,083.0 billion which was 14.7 percent higher than the amount recorded in the similar period in 2015/16; and TZS 6,452.4 billion was recurrent expenditure, which was 2.3 percent lower than the amount recorded in the similar period of the preceding year.

During the first half of 2016/17, the current account deficit narrowed by 33.2 percent to a deficit of USD 1,000.4 million, compared with a deficit of USD 1,498.5 million registered in the corresponding period in 2015/16. This development was mainly attributed to decline in import of goods and services as exports remained broadly the same. The overall balance of payments registered a surplus of USD 500.3 million, compared with a deficit of USD 173.6 million, recorded in the corresponding period in 2015/16, mainly driven by the improvement recorded in the current account balance. The stock of gross official reserves amounted to USD 4,325.6 million at the end of December 2016, sufficient to cover 4.2 months of projected imports of goods and services. Gross foreign assets of commercial banks amounted to USD 768.2 million, while foreign currency deposits held by residents in commercial banks amounted to USD 2,870.8 million at the end of December 2016.



The stock of public sector debt decreased by USD 123.5 million to USD 18,495.5 million at the end of December 2016, from USD 18,619.1 million recorded at the end of June 2016; the decrease was on account of repayment and exchange rate fluctuation, mainly appreciation of US dollar against Special Drawing Rights. External debt stock, including that of the private sector, decreased by 1.1 percent to USD 16,986.2 million at the end of December 2016, compared to USD 17,180.9 million recorded at the end of June 2016, out of which, 80.6 percent was public debt. Debt sustainability analysis conducted in November 2016 indicates that the present value of external debt to GDP was 19.9 percent, well below the international threshold of 40.0 percent, implying that Tanzania's debt is sustainable. The Government domestic debt increased by 4.5 percent to TZS 10,468.2 billion at the end of December 2016, from TZS 10,012.7 billion recorded at the end of June 2016, largely on account of issuance of government securities for budget financing.

The banking sector remained sound, stable and profitable with levels of capital and liquidity above regulatory requirements. The ratio of core capital to total risk weighted assets and off-balance sheet exposures was 17.8 percent at the end of December 2016, above the minimum legal requirement of 10 percent. In the same period, the ratio of liquid assets to demand liabilities stood at 42.4 percent, above the minimum regulatory requirement of 20 percent. The quality of the banking sector's assets deteriorated as reflected by the ratio of non-performing loans to gross loans, which increased to 9.5 percent from 6.4 percent recorded at the end of December 2015.

During the first half of 2016/17, the clearing, payment and settlement systems continued to operate efficiently, exhibiting continuous growth



in access and usage due to increased utilization of digital technology in financial services delivery. Following enactment of the National Payment Systems Act 2015 and publication of the Payment Systems Licensing and Approval Regulations 2015 and Electronic Money Regulations 2015, new non-bank payment service providers obtained license to provide various payment systems services. During the review period, the interbank transactions through Tanzania Interbank Settlement System (TISS) recorded modest increase with notable growth in government transactions resulting from the Government's drive to utilize TISS and other electronic modes of transactions for settling its obligations. The cross border transactions through the East African Cross Border Payment System (EAPS) also exhibited an increase, with high flow of transactions recorded between Tanzania and Kenya, and between Tanzania and Uganda; following increased trade relations between these countries. The upgrading of the Tanzania Automated Clearing House (TACH) to support cheques truncation technology has resulted into a significant drop in the clearing cycle with increased efficiency.

The interoperability of mobile payment services has contributed to substantial increase in transactions across network operators. In the first half of the financial year 2016/17, 20.1 million transactions valued at TZS 988.9 billion took place, which is much higher than 4.4 million transactions valued at TZS 178.1 billion that took place during similar period of the preceding financial year. The Bank is facilitating establishment of a switch to facilitate interoperability of mobile banking and mobile payment systems in order to increase efficiency of digital financial services. At the end of December 2016, the number of active users of mobile phone financial services was 17.02 million.



Zanzibar

During the first three quarters of 2016, real GDP grew at an average of 4.4 percent compared with 8.0 percent recorded in the corresponding period in 2015. The moderate growth was primarily attributed to decline in the growth rates of construction, and information and communication activities. The strong growth rates were recorded in arts and entertainments, finance and insurance, professional, scientific and technical, mining and quarrying and administrative and support services. During the period, headline inflation slowed down to 2.3 percent in November 2016 before increasing slightly to 3.0 percent in December 2016, down from 9.3 percent recorded in June 2016. This decrease was largely driven by decline in food prices.

During the first half of 2016/17, total domestic revenue amounted to TZS 250.2 billion, surpassing the target by 6.1 percent, due to improved collection in import taxes, VAT and excise duties. Total expenditure amounted to TZS 282.1 billion, or 1.1 percent above the estimate, with recurrent expenditure accounting for 79.7 percent and development expenditure 20.3 percent. Total grants amounted to TZS 22.1 billion compared with the projection of TZS 5.4 billion, owing to increased inflows of official development assistance.

During the first half of 2016/17, current account balance recorded a surplus of USD 35.4 million compared to a deficit of USD 40.9 million recorded in the corresponding period in 2015/16. This development was largely explained by the increase in exports of goods and services, mainly tourism receipts, coupled with decline in imports of goods and services particularly oil.



Implementation of Monetary Policy in 2016/17

Monetary Policy Objectives

In support of the broader macroeconomic objectives of the Government, the Bank of Tanzania will continue to primarily focus on maintaining price stability by achieving the following monetary policy targets:

- i. Annual growth of average reserve money not exceeding 13.0 percent;
- ii. Annual growth of broad money (M3) not exceeding 14.8 percent;
- iii. Annual growth of private sector credit of about 20.5 percent; 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 2016/17

During the first half of 2016/17, the Government continued with efforts to enhance revenue mobilization and tight expenditure management. In the same time, foreign budgetary inflows remained relatively low compared with historical performance. These developments together with the transfer of public institutions' deposits to the Bank of Tanzania contributed to liquidity tightness in the banking system during the period under review. The Bank of Tanzania took liquidity injecting policy actions to address the tightness of liquidity in the banking system. Throughout the period, the Bank closely monitored key monetary indicators to ensure that liquidity remained at the appropriate level to support demands of various activities in the economy, while safeguarding stability of money market interest rates and inflation.



Despite the policy actions taken to inject liquidity, average reserve money remained below the targeted path. The impact of the sustained lower levels of average reserve money on the broader monetary aggregates was partly dampened by a general increase in money multiplier associated with increased use of mobile phone payment system and improvement in financial services delivery and products. The tight liquidity situation, particularly in the first three months of 2016/17, was also mirrored in the general rise of the rate at which commercial banks lend cash to each other overnight (the interbank cash market rate) to an average of about 16.15 percent in September 2016 from 12.76 percent in June 2016. However, the liquidity situation improved subsequently following sizable liquidity injection through reverse repos, purchase of foreign exchange, foreign exchange swaps. The Bank also granted some loans to banks as a lender of last resort. As a result, the overnight interbank cash market rate declined beginning October 2016 through December 2016 and stabilized at around 13.7 percent, which is closer to the 12-months average of about 13 percent.

The sustained moderate growth rate of average reserve money, led to a deceleration in the growth of broader monetary aggregates, with the growth of extended broad money supply (M3) and credit to the private sector slowing down to 2.9 percent and 7.2 percent, respectively in the year ending December 2016 from 12.5 percent and 19.1 percent in the year ending June 2016. Banks' elevated cautiousness to lending which has been associated with the increase in non-performing loans also contributed to the slowdown in the growth of monetary aggregates. The value of the shilling against the US dollar sustained a notable stability throughout the first half of 2016/17, consistent with monetary policy stance and the improvement in the current account. Following cautious implementation of monetary policy, enhanced government expenditure management and revenue efforts, the end December 2016 quantitative assessment criteria



under the Policy Support Instrument (PSI) Program with the IMF on average reserve money and accumulation of net international reserves were met with comfortable margins.

Macroeconomic Outlook

Real GDP growth is projected to remain at around 7 percent in 2016 and the medium term, supported by implementation of policies under the Second Five Year Development Plan (FYDP II). The Plan focuses on among others: increasing supply of reliable power; rehabilitation and construction of the railway lines, ports, airports, and utility infrastructures; increase in foreign direct investment in construction of liquefied natural gas plants; recoveries of minerals including coal, iron, nickel; and setting up of new special economic zones. Inflation is projected to remain around the medium-term target of 5 percent, supported by moderation in energy costs on account of increased use of natural gas for generation of reliable power, prudent fiscal and monetary policies, subdued global oil prices, and continued stability of the value of Tanzania shilling against the US dollar. However, risks remain for inflation to increase on account of unfavourable weather conditions and possible rise in oil prices.

The current account deficit is projected to improve further to about 4 percent of GDP in 2016/17, from 5.6 percent recorded in 2015/16, on account of projected increase in exports, while import bill is projected to remain low. This trend will be reversed in the medium term following among others implementation of projects under FYDP II.

The banking sector is expected to remain sound and stable, with liquidity and capital buffers remaining well above the minimum requirement to withstand shocks. The Bank will continue to monitor risks to the banking sector stability and intensify its efforts towards strengthening risk



management practices. This will be done in order to ensure that the level of non-performing loans which has depicted an upward trend over the recent past is reduced to below 5 percent target set by the Bank. The Bank will also continue to promote efficient and effective payment system in order to safeguard the financial sector stability, enhance access to financial services, and promote development of the financial market.

Monetary Policy Stance for the Second Half of 2016/17

In light of recent developments in the monetary aggregates, and tight fiscal stance in the first half of 2016/17, the targets contained in the Monetary Policy Statement presented in June 2016 are projected to be as follows, at the end of June 2017:

- i. Annual growth of average reserve money not exceeding 12.0 percent;
- ii. Annual growth of broad money (M3) not exceeding 12.3 percent;
- iii. Annual growth of private sector credit of about 12.5 percent; 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.

In the second half of 2016/17, the Bank of Tanzania will continue with its cautious monetary policy in the midst of the projected moderate rate of inflation and slowdown of credit to the private sector. The Bank will also continue to closely monitor the trend in key monetary indicators and participate actively in the money markets with a view to maintaining stability of short-term interest rates and availability of adequate liquidity among banks in support of economic activities. The Bank will continue with reforms to facilitate adoption of a forward looking monetary policy



framework with the use of interbank cash market rate as an operational target. The reforms include among others the development of an electronic platform for interbank cash market operations, integration of the forecasting and policy analysis (FPAS) into the monetary policy formulation process, improvement in the functioning of domestic financial markets, expansion of the range of eligible collaterals for monetary operations and enhancement of coordination with the fiscal policy.

Conclusion

Monetary policy in the first half of 2016/17 was shaped by the change in liquidity outcomes of fiscal operations. The Bank took liquidity injecting actions using a mix of instruments that helped to provide sufficient liquidity to support economic activities. These measures notwithstanding, the period witnessed a general slowdown in the growth rates of monetary aggregates. These developments set a stage for monetary policy stance for the remainder of 2016/17. The Bank will continue to closely monitor key monetary indicators and use its monetary policy toolkit to ensure that annual growth of the broader monetary aggregates is consistent with the medium-term inflation objective of 5 percent, and real GDP growth of about 7 percent, while maintaining stability of the short-term interest rates.

Over the short to medium-term, the domestic economy is expected to be supported by sustained improvement and stability of power supply, construction and rehabilitation of the railway lines, ports, airports, and utility infrastructures, increase in foreign direct investment for construction of liquefied natural gas plants, recoveries of minerals such as coal, iron, nickel, and setting up of new special economic zones. Inflation is projected to remain within the single digits, driven by reduction in the production costs on account of reliable and affordable power supply, prudent fiscal and monetary policies, and continued stability of the value of Tanzania



shilling against the US dollar. However, upside risks to inflation persist largely associated with unfavourable weather conditions and possible increase in oil prices.

In the course of implementing monetary policy in the remainder of 2016/17, the Bank will continue to participate actively in the money markets to ensure stability of short-term interest rates and availability of adequate liquidity in the economy. To improve the functioning of the money market, the Bank will start developing an electronic platform for interbank cash market operations, review the collateral framework, and continue promoting an efficient and effective payment system. This will go in tandem with enhancing communications with market players, while strengthening the supervision of the banking sector. Furthermore, the Bank is reviewing its monetary policy framework aiming at promoting transmission mechanism and effective attainment of monetary policy targets. Given the envisaged monetary policy measures, coupled with the fiscal discipline in place, the Bank is confident that the objectives set for 2016/17 will be attained.



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 2016/17, and outlines the monetary policy stance that the Bank intends to adopt in the remaining period of 2016/17. 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 2016/17, while Part III covers the review of recent economic developments for the period July to December 2016. Part IV reviews the progress in the implementation of monetary policy in the first half of 2016/17. Part V presents the macroeconomic outlook for the second half of 2016/17, while part VI outlines the monetary policy stance for the second half of 2016/17, 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 market-based instruments of monetary policy to maintain liquidity in the economy within desired levels. This includes the use of Open Market Operations (OMO) in the market for government securities, as well as sale and purchase of foreign currency in the Inter-bank Foreign Exchange Market (IFEM). The liquidity management effort is further complemented by periodic adjustments in the pricing of standby facilities namely: the discount window and the Lombard facility (the lenders of last resort facilities); while the Intraday Loan Facility (ILF) is provided to smooth out payment and settlement operations among banks. Also, the Bank uses repurchase agreements (repos) and reverse repos to manage short-term liquidity fluctuations in the economy. When necessary, the Bank adjusts the minimum reserve requirement in order to manage structural liquidity 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 and Planning, who in turn submits it to the National Assembly.*
- *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 of the year and measures to be undertaken in order to achieve the policy 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 and measures to be undertaken in the subsequent day. 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 POLICY FRAMEWORK FOR 2016/17

2.1 Macroeconomic Policy Objectives

During 2016/17, economic development priorities of the government focus on sustainable development as stated in the Second Five Year Development Plan (FYDP II 2016/17 – 2020/21) and successor to MKUZA II. The main emphasis is on strategically mobilizing and organizing national resources for human and industrial development needed to transform Tanzania into a middle income country. In particular, the Government aims at attaining the following macroeconomic objectives:

- i. Real GDP growth of 7.3 percent in 2016/17 based on the projected growth of 7.2 percent in 2016 and 7.4 percent in 2017;
- ii. Single digit annual inflation rate by end June 2017; and
- iii. Budget deficit including grants of 4.5 percent of GDP (including clearance of arrears).

For Zanzibar, real GDP growth is projected at 6.8 percent in 2016/17, based on projected growth of 6.3 percent in 2016 and 7.2 percent in 2017.

2.2 Monetary Policy Objectives

In support of the broader macroeconomic objectives of the Government, the Bank of Tanzania will continue to primarily focus on maintaining price stability by achieving the following monetary policy targets:

- i. Annual growth of average reserve money not exceeding 13.0 percent;



- ii. Annual growth of broad money supply (M3) not exceeding 14.8 percent;
- iii. Annual growth of private sector credit of about 20.5 percent; 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 and Regional Economic Developments

3.1.1 GDP Performance

The global economy is estimated to have grown by 3.1 percent in 2016, compared with 3.2 percent recorded in 2015, with much of the slowdown recorded in the advanced economies and sub-Saharan Africa (Table 3.1). GDP in advanced economies is estimated to have grown by 1.6 percent in 2016, lower than 2.1 percent recorded in 2015, mainly due to renewed policy uncertainties, weak external demand, and subdued productivity growth. In the United States, GDP growth was 1.6 percent in 2016, lower than 2.6 percent recorded in 2015 mainly due to decline in exports, continued drawdown in inventories, and deceleration in private investment. In the Euro Area GDP growth slowed to 1.7 percent in 2016, from 2.0 percent recorded in 2015, mainly due to a fall in domestic demand and exports. In Japan, GDP growth decelerated to 0.9 percent in 2016, compared to 1.2 recorded in 2015, largely on account of a weak investment and exports. GDP growth in emerging market and developing economies was 4.1 percent in 2016 same level as recorded in 2015. In China, GDP is estimated to have grown by 6.7 percent in 2016 compared with 6.9 percent recorded in 2015, mainly due to a decline in investment in the private sector. Growth in Sub-Saharan Africa is estimated to have decelerated to 1.6 percent in 2016 compared with 3.4 percent recorded in 2015, largely on account of low commodity prices, weak external demand and drought. El Niño-related drought caused sharp falls in agricultural production in eastern and southern areas (Ethiopia, Lesotho, Malawi, Mozambique, Rwanda, South



Africa, Uganda), and cutbacks in hydro-electricity generation, particularly in South Africa and Zambia.

According to the IMF's World Economic Outlook update of January 2017, the global economy is projected to grow by 3.4 percent in 2017, supported by recovery in emerging market and developing economies. In the advanced economies, GDP growth is projected to be 1.9 percent in 2017 and 2.0 percent in 2018, up from 1.6 percent recorded in 2016 with growth expected to increase in the United States, while slowing down in the United Kingdom, Euro Area and Japan. Among the advanced economies, the United Kingdom is expected to experience the largest slowdown with real GDP projected to grow at 1.5 percent in 2017 and 1.4 percent in 2018, compared to 2.0 percent recorded in 2016. In the Euro Area, real GDP growth is projected to decline to 1.6 percent in both 2017 and 2018, from 1.7 percent registered in 2016, largely on account of increased uncertainty which is expected to reduce business and consumer confidence. However, real GDP in the United States is projected to grow by 2.3 percent in 2017 and 2.5 percent in 2018, up from 1.6 percent in 2016, largely due to the expected rebound in manufacturing activity.

Growth in emerging market and developing economies is expected to increase in 2017 and 2018, largely due to anticipated increase in commodity prices, particularly oil and domestic demand. In India, real GDP growth is projected to be higher in 2017 and 2018 than in 2016, largely supported by increased consumer demand and investment. However, growth is projected to slowdown in China in 2017 and 2018, largely due to a fall in investment and trade growth. Growth in sub-Saharan Africa is expected to increase to 2.8 percent in 2017 and 3.7 percent in 2018 from 1.6 percent recorded in 2016, largely attributed to increase in commodity prices and private demand.



Table 3.1: Global and Regional Real GDP Growth Rates

Percent

	2012	2013	2014	2015	2016	Projection	
						2017	2018
World	3.5	3.3	3.4	3.2	3.1	3.4	3.6
Advanced economies	1.2	1.2	1.9	2.1	1.6	1.9	2.0
United States	2.2	1.5	2.4	2.6	1.6	2.3	2.5
Euro Area	-0.9	-0.3	1.1	2.0	1.7	1.6	1.6
Japan	1.7	1.4	0.0	1.2	0.9	0.8	0.5
United Kingdom	1.2	2.2	3.1	2.2	2.0	1.5	1.4
Emerging Markets and Developing Economies	5.3	4.9	4.6	4.1	4.1	4.5	4.8
Emerging and Developing Asia	6.9	6.9	6.8	6.7	6.3	6.4	6.3
China	7.7	7.7	7.3	6.9	6.7	6.5	6.0
India	5.6	6.6	7.2	7.6	6.6	7.2	7.7
Sub-Saharan Africa	4.3	5.2	5.1	3.4	1.6	2.8	3.7
Nigeria	4.3	5.4	6.3	2.7	-1.5	0.8	2.3
South Africa	2.2	2.2	1.6	1.3	0.3	0.8	1.6

Source: IMF, World Economic Outlook Update of January 2017

3.1.2 Inflation Developments

During the first half of 2016/17, inflation rates in most of the advanced and emerging market economies recorded a general increasing trend (Table 3.2). The inflation rate accelerated in the United States mainly due to an increase in prices of energy, motor vehicle, insurance, education and communication. In the United Kingdom, inflation rate went up largely due to rise in prices of air fares and food. The increase in inflation rate in the Euro Area was mainly driven by a rise in prices of fuels, while in China it was largely on account of food and non-food prices. In India, inflation eased mainly due to a fall in prices of food and beverages. In the Eastern and Southern Africa regions, average inflation rate rose mainly on account of an increase in food prices as most countries in the SADC region experienced consecutive years of less than average food crops production.



Table 3.2: Inflation Rates for Selected Countries

Percent

Country	2016											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
USA	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1
Euro Area	0.3	-0.2	0.0	-0.2	-0.1	0.1	0.2	0.2	0.4	0.5	0.6	1.1
Japan	0.0	0.3	-0.1	-0.3	-0.4	-0.4	-0.4	-0.5	-0.5	0.1	0.5	n.a
United Kingdom	0.3	0.3	0.5	0.3	0.3	0.5	0.6	0.6	1.0	0.9	1.2	1.6
China	1.8	2.3	2.3	2.3	2.0	1.9	1.8	1.3	1.9	2.1	2.3	2.1
India	5.7	5.3	4.8	5.5	5.8	5.8	6.1	5.1	4.4	4.2	3.6	3.4
EAC	6.5	6.1	5.4	4.6	4.6	5.3	5.5	5.8	5.6	5.7	5.9	6.8
SADC	8.0	8.5	8.7	9.3	9.6	10.0	10.3	10.4	10.6	10.2	10.4	11.3

Note: n.a means not available

Source: OECD and Respective National Statistical Offices

According to the IMF's World Economic Outlook update of January 2017, inflation rate in the advanced economies is projected to increase to 1.7 percent in 2017 from 0.7 percent recorded in 2016; largely driven by expected increase in oil prices emanating from an agreement among OPEC member countries to reduce production. Inflation rate in emerging market and developing economies is projected to be 4.5 percent in 2017, same level recorded in 2016.

3.2 Domestic Economic Developments

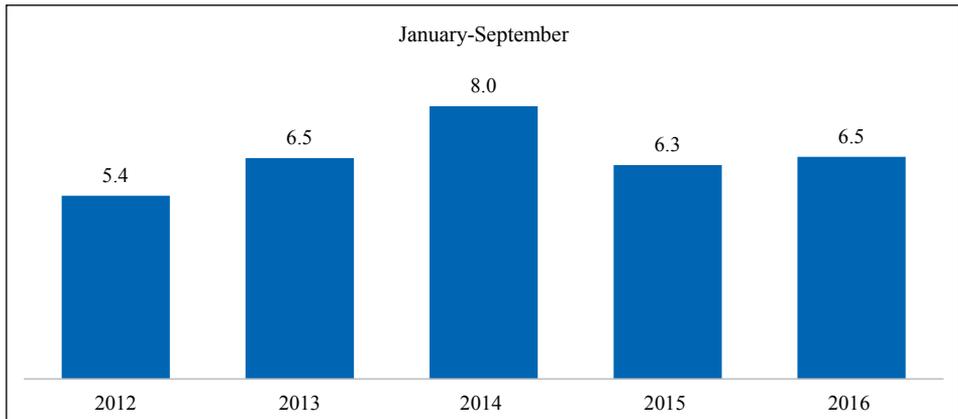
3.2.1 GDP Performance

Real GDP growth picked up to 6.5 percent in the first three quarters of 2016 compared to the growth of 6.3 percent recorded in the corresponding period of 2015 (Chart 3.1). The sustained strong economic growth was on account of continued improvement in infrastructure, stability of power supply, investment in provision of mobile and internet services, and subdued global oil prices. The main contributors to GDP growth were transport and storage (15.4 percent), construction (11.0 percent), information and communication (9.5 percent), wholesale and retail trade (9.0 percent) and mining and quarrying (7.9 percent) (Chart 3.2).



Chart 3.1: Real GDP Growth

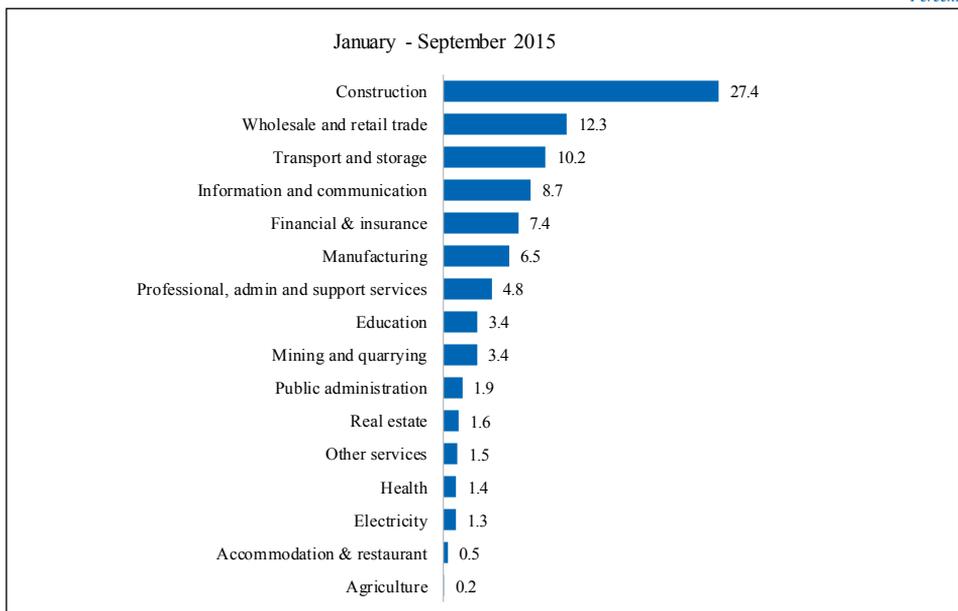
Percent

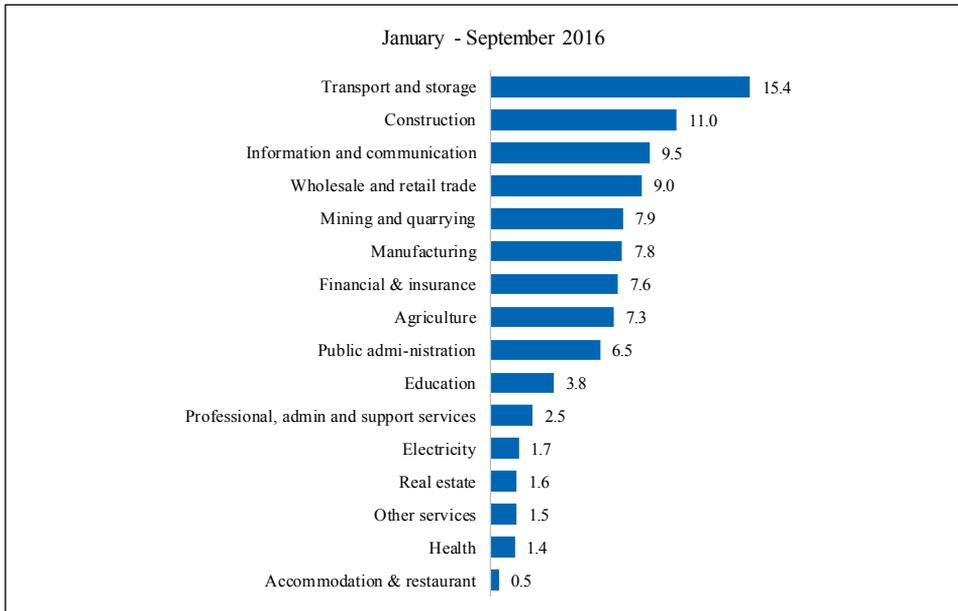


Source: National Bureau of Statistics

Chart 3.2: Contribution to Real GDP Growth by Major Economic Activities

Percent





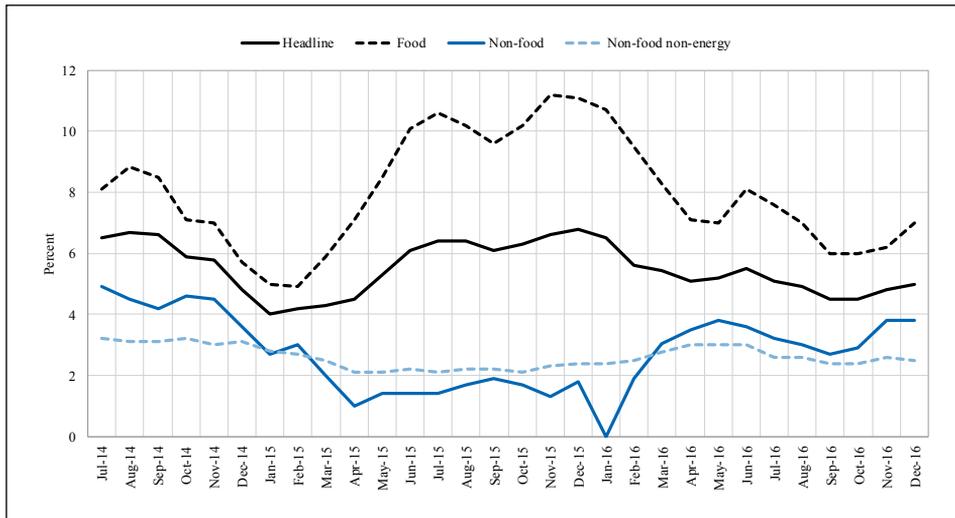
Source: National Bureau of Statistics and Bank of Tanzania

3.2.2 Inflation Developments

During the first half of 2016/17, inflation remained moderate at single digits and consistent with the medium term target of 5 percent. This outturn was attributed to the monetary policy stance pursued by the Bank, fiscal consolidation; stability of the value of the shilling against the US dollar and subdued prices of some items under food and energy subgroup. Headline inflation was 5.0 percent in December 2016 compared with 5.5 percent recorded in June 2016, while core inflation (which excludes food and energy) was contained below 3 percent throughout the period (Chart 3.3).



Chart 3.3: Inflation Developments



Source: Bank of Tanzania

3.2.3 Government Budgetary Performance (On Cash Basis)

During the first half of 2016/17, revenue deposited at the Bank of Tanzania was TZS 8,065.2 billion, 22.1 percent higher than the amount deposited during similar period in the preceding year, representing 96.0 percent of estimate for the period (Chart 3.4). This outturn was associated with increased tax collection efforts by the Tanzania Revenue Authority and increased non-tax revenue collection. During the same period, total expenditure on cash basis amounted to TZS 8,535.4 billion, 1.3 percent higher than during the similar period in the preceding year, representing 95.0 percent of the estimate. Out of the total expenditure, development spending was TZS 2,083.0 billion, which was 14.7 percent higher than the amount recorded in the similar period in 2015/16; and TZS 6,452.4 billion was recurrent expenditure, which was 2.3 percent lower than the amount recorded in the similar period in 2015/16 (Table 3.3).



Table 3.3: Government Budgetary Operations on Cash Basis

Billions of TZS

	July - December 2015		July - December 2016	
	Actual	Estimate	Actual	Act/Est (%)
Revenue	6,604.8	8,397.4	8,065.2	96.0
Total Expenditure	8,423.6	8,984.5	8,535.4	95.0
Recurrent expenditure ¹	6,607.2	6,732.7	6,452.4	95.8
Development expenditure ²	1,816.4	2,251.8	2,083.0	92.5

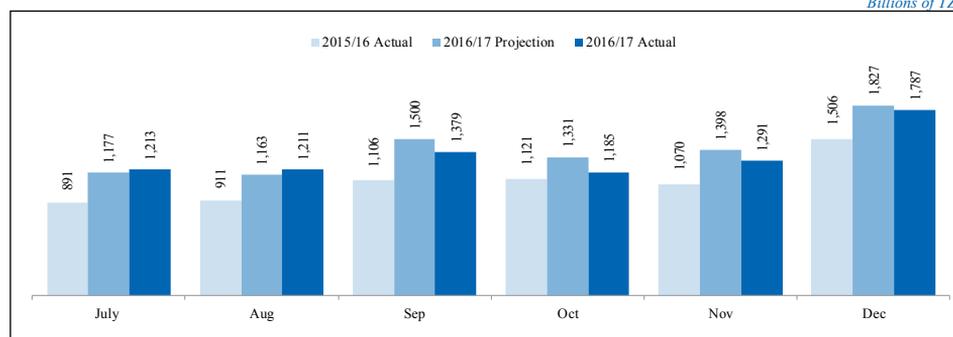
Note: ¹Net of rollover and Local Government Authorities' own sources

²Excludes direct to project funds

Source: Ministry of Finance and Planning and Bank of Tanzania

Chart 3.4: Domestic Revenue Performance

Billions of TZS



Source: Ministry of Finance and Planning and Bank of Tanzania

3.2.4 External Sector Developments

During the first half of 2016/17, the current account deficit narrowed by 33.2 percent to a deficit of USD 1,000.4 million, compared with a deficit of USD 1,498.5 million registered in the corresponding period in 2015/16 (Table 3.4). This development was mainly attributed to decline in import of goods and services as exports remained broadly the same. The overall balance of payments registered a surplus of USD 500.3 million, compared with a deficit of USD 173.6 million, recorded in the corresponding period



in 2015/16, mainly driven by the improvement recorded in the current account balance. Meanwhile, the stock of gross official reserves amounted to USD 4,325.6 million as at the end of December 2016, sufficient to cover 4.2 months of projected imports of goods and services excluding those financed through foreign direct investment. Gross foreign assets of commercial banks amounted to USD 768.2 million, while foreign currency deposits held by residents in commercial banks amounted to USD 2,870.8 million at the end of December 2016.

Table 3.4: Current Account

Millions of USD

Items	July - December		Percentage Change
	2015/16	2016/17 ^p	
Goods account (net)	-1,783.6	-1,696.4	-4.9
Exports*	2,820.1	2,726.0	-3.3
Imports	4,603.7	4,422.4	-3.9
Services account (net)	578.6	963.2	66.5
Receipts	1,950.4	1,966.9	0.8
Payments	1,371.8	1,003.8	-26.8
Goods and services (net)	-1,205.0	-733.2	-39.2
Export of goods and services	4,770.6	4,692.9	-1.6
Import of goods and services	5,975.5	5,426.1	-9.2
Primary Income account (net)	-470.7	-462.0	-1.9
Receipts	51.6	44.3	-14.2
Payments	522.3	506.3	-3.1
Secondary Income account (net)	177.1	194.8	9.9
Inflows	214.8	247.8	15.4
o/w General Government	33.9	56.3	66.3
Outflows	37.6	53.0	40.8
Current Account Balance	-1,498.5	-1,000.4	-33.2

*Note: p denotes provisional; *Adjusted for informal cross border exports*

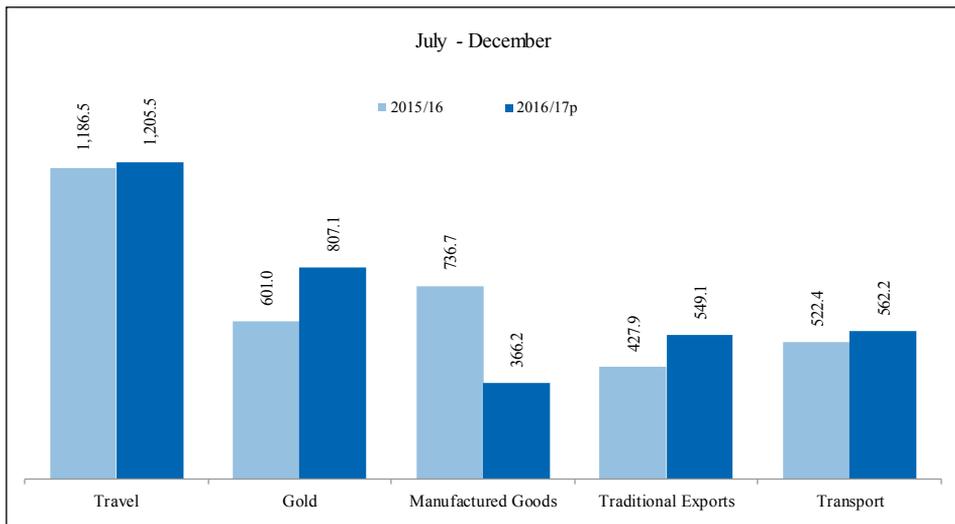
Source: Bank of Tanzania



During the period under review, the value of export of goods and services amounted to USD 4,692.9 million, being 1.6 percent lower compared to the amount recorded in the corresponding period in 2015/16. Good performance was recorded in exports of gold, traditional crops, transport and travel receipts. The value of gold exports increased to USD 807.1 million from USD 601.0 million, largely on account of increase in the volume exported as prices in the world market declined. Traditional export increased by 28.3 percent to USD 549.1 million with significant increase recorded in all traditional exports save for tea, sisal and cloves. The increase in export values of these crops is largely explained by increased production owing to favorable weather condition and timely usage of pesticides. Meanwhile, transport receipts increased by 7.6 percent to USD 562.2 million (Chart 3.5).

Chart 3.5: Export Performance of Selected Goods and Services

Millions of USD

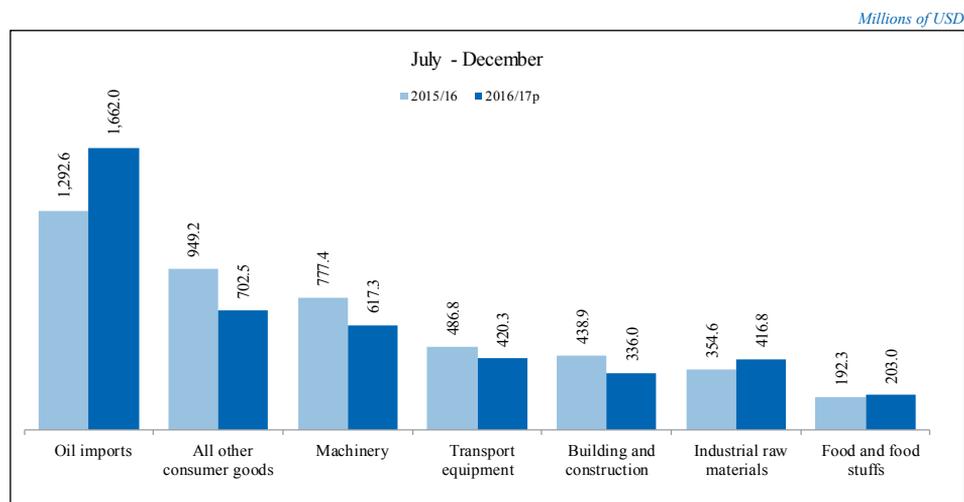


*Note: p denotes provisional
Source: Bank of Tanzania*



In the period under review, the value of import of goods and services was USD 5,426.1 million, 9.2 percent lower than the value recorded in the corresponding period in 2015/16. During the period, all categories of goods imports recorded a decline with the exception of oil imports, industrial raw materials and food. (Chart 3.6). The value of oil which account for largest share in goods imports increased to USD 1,662.0 million from USD 1,292.6 million, largely due to increase in imported volume as the prices in the world market remained low. The volume of imported white petroleum products increased by 2.9 percent to 1.2 million metric tons.

Chart 3.6: Import Performance of Goods



Note: p denotes provisional

Source: Bank of Tanzania

3.2.5 National Debt Developments

The stock of public sector debt stood at USD 18,495.5 million¹ at the end of December 2016, a decrease of USD 123.5 million from USD 18,619.1

¹ This does not include short-term overdraft amounting to TZS 1,218.8 billion at the end of December 2016



million recorded at the end of June 2016. The decrease was on account of repayment and exchange rates fluctuation, mainly appreciation of US dollar against Special Drawing Rights (SDR). Out of the public debt stock, external debt was 74.1 percent and the balance was domestic debt.

Total external debt stock, including that of the private sector, decreased by 1.1 percent to USD 16,986.2 million at the end of December 2016, compared to USD 17,180.9 million recorded at the end of June 2016, out of which, 80.6 percent was public debt. Debt sustainability analysis conducted in November 2016 indicates that the present value of external debt to GDP was 19.9 percent, well below the international threshold of 40.0 percent, implying that Tanzania's risk of debt distress remains low.

During the first half of 2016/17, external disbursements amounted to USD 420.8 million, out of which USD 345.3 million was received by the Government in form of cash and direct project financing. External debt payments during the period amounted to USD 409.8 million, out of which USD 277.3 million was principal repayments and USD 132.5 million was interest payments.

The Government domestic debt increased by 4.5 percent to TZS 10,468.2 billion at the end of December 2016, from TZS 10,012.7 billion recorded at the end of June 2016. The increase was on account of issuance of government securities for budget financing.

3.2.6 Economic Developments in Zanzibar

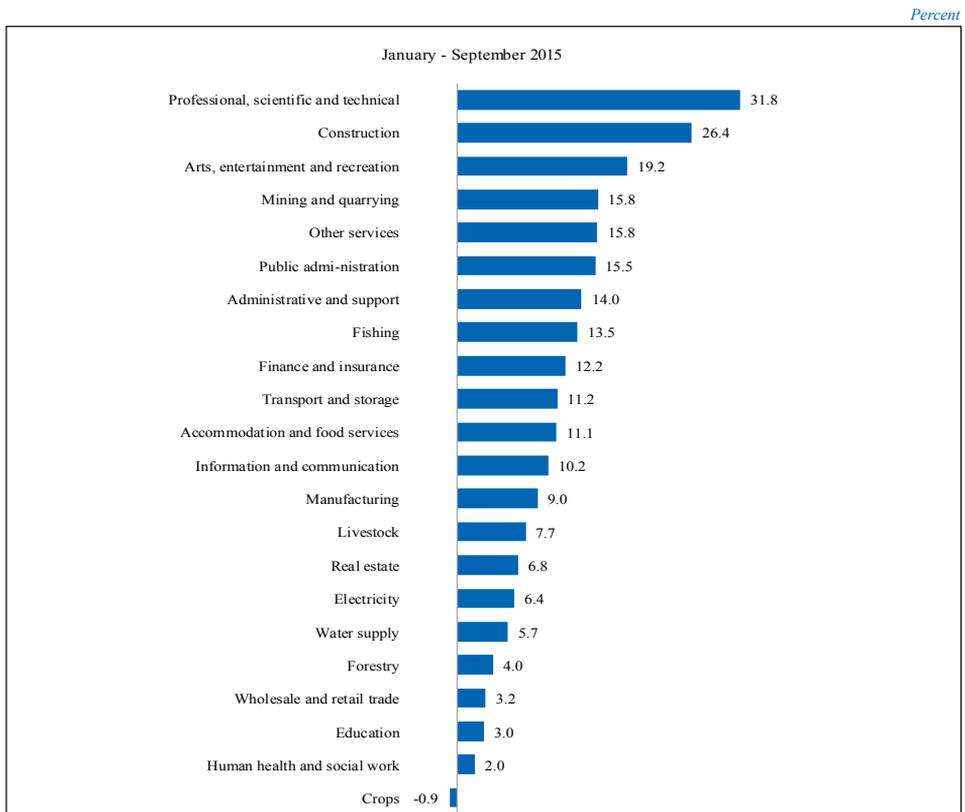
3.2.6.1 Real GDP Performance

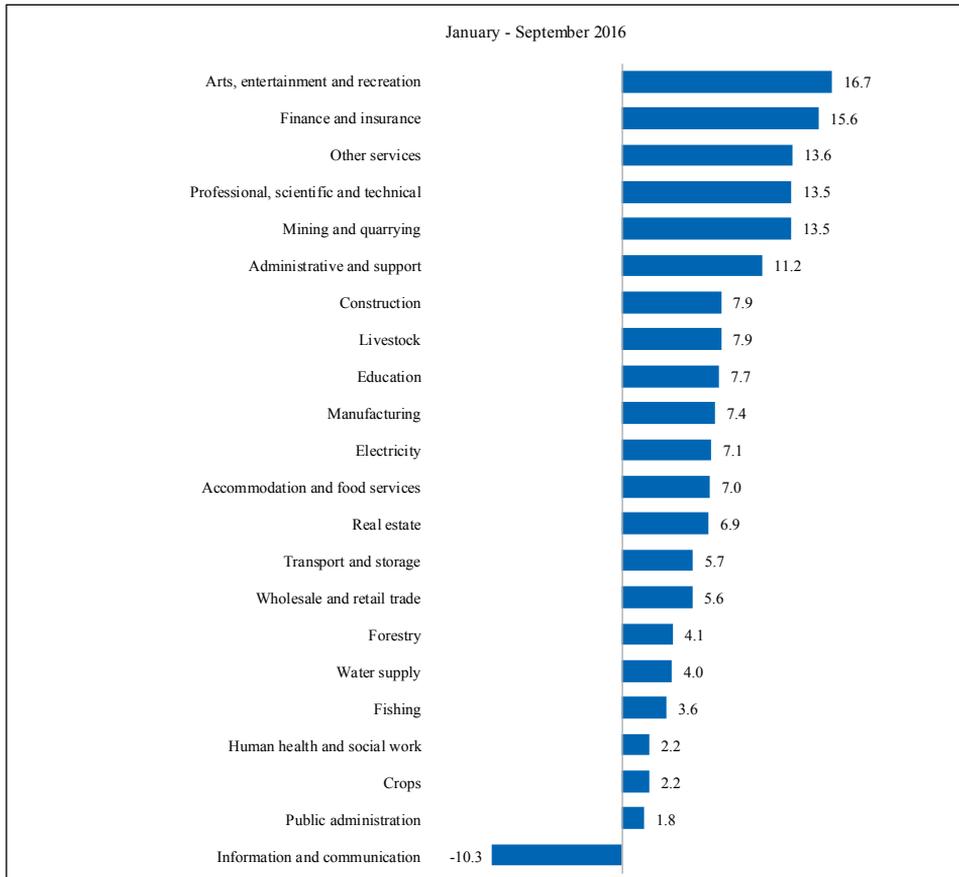
During the first three quarters of 2016, real GDP grew at an average of 4.4 percent compared with 8.0 percent recorded in the corresponding period in 2015. The moderate growth was primarily attributed to decline



in the growth rates of construction, and information and communication activities. The strong contributors to growth were arts and entertainments (16.7 percent), followed by finance and insurance (15.6 percent), professional, scientific and technical (13.5 percent), mining and quarrying (13.5 percent), administrative and support services (11.2 percent) and construction (7.9 percent) (Chart 3.7). During the period, crops subsector, which is the mainstay of the economy grew at 2.2 percent from a contraction of 1.0 percent recorded in corresponding period of 2015, largely due to improvement in horticultural production.

Chart 3.7: Contribution to Real GDP Growth





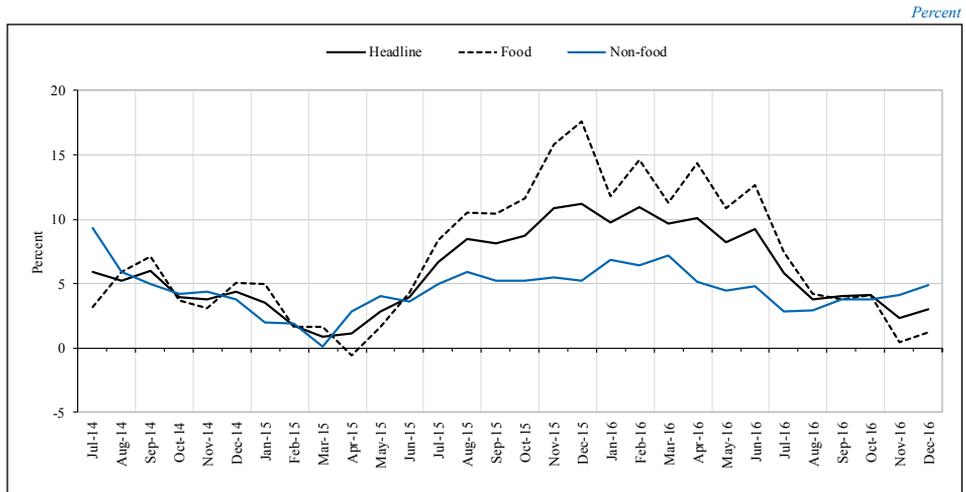
Source: Office of Chief Government Statistician

3.2.6.2 Inflation Developments

During the first half of 2016/17, headline inflation slowed down to 2.3 percent in November 2016 before increasing slightly to 3.0 percent in December 2016, down from 9.3 percent recorded in June 2016. The decline was mainly driven by food inflation which declined to 1.2 percent in December 2016 from 12.7 percent in June 2016. In the same period, non-food inflation rate was 4.9 percent, up from 4.8 percent (Chart 3.8).



Chart 3.8: Inflation Developments



Source: Office of Chief Government Statistician

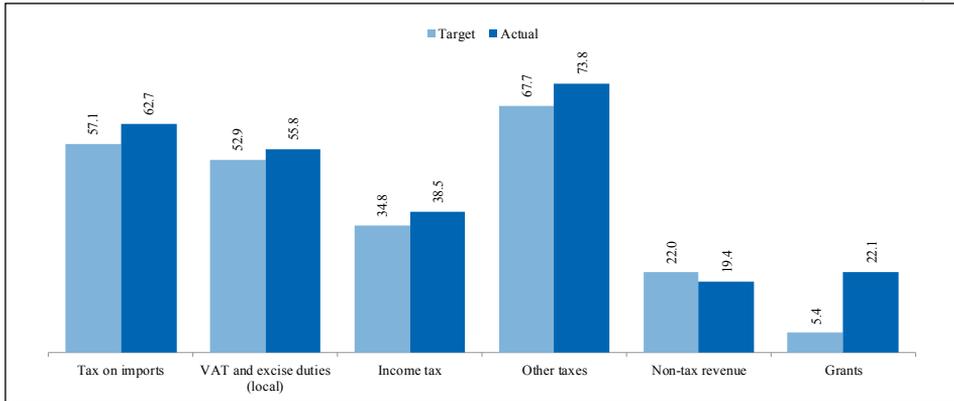
Government Budgetary Operations

During the first half of 2016/17, total domestic revenue amounted to TZS 250.2 billion, surpassing the target by 6.1 percent, due to improved collection in import taxes, VAT and excise duties. Tax revenue amounted to TZS 230.8 billion, above the target by 8.0 percent. Total grants amounted to TZS 22.1 billion compared with the projection of TZS 5.4 billion, owing to increased inflows of official development assistance (Chart 3.9).



Chart 3.9: Government Revenue by Sources

Billions of TZS

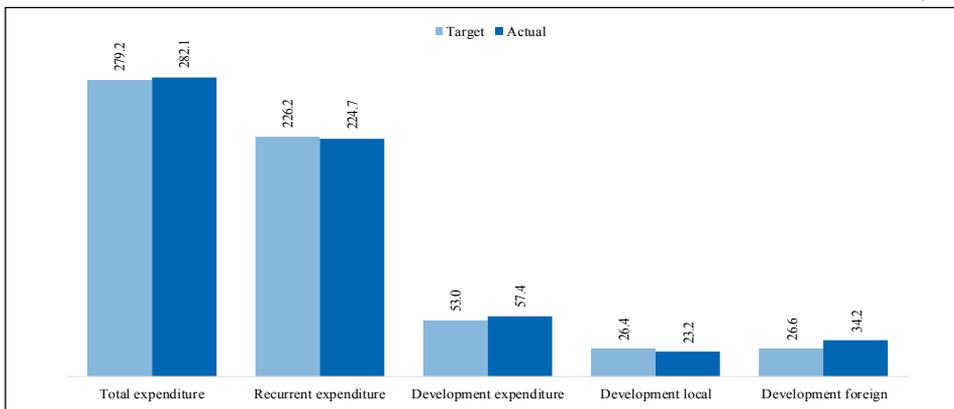


Source: Ministry of Finance and Economic Planning

During the period under review, total expenditure amounted to TZS 282.1 billion, or 1.1 percent above the estimate (Chart 3.10); with recurrent expenditure accounting for 79.7 percent and development expenditure 20.3 percent. Development expenditure was mainly funded by development partners at 59.5 percent and local contribution of 40.5 percent.

Chart 3.10: Government Expenditure

Billions of TZS



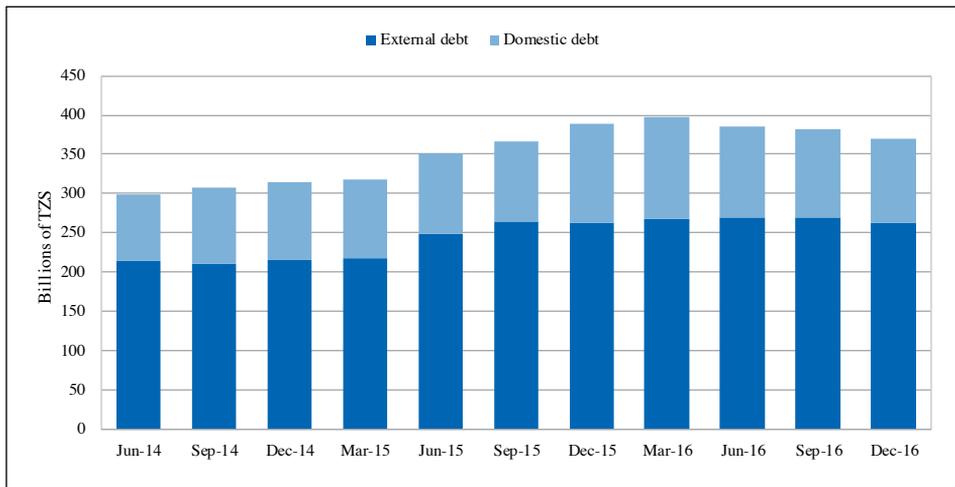
Source: Ministry of Finance and Economic Planning



Debt Developments

Total debt stock decreased by 4.0 percent to TZS 370.3 billion at end of December 2016, from TZS 385.6 billion registered at the end of June 2016. The decline was mainly on account of settlement of domestic debts by the government, particularly suppliers and gratuity claims. This is reflected in the decrease in domestic debt by 7.4 percent to TZS 108.3 billion in December 2016 from the amount recorded at the end of June 2016 (Chart 3.11). External debt amounted to USD 120.4 million (equivalent to TZS 261.7 billion), being a decline of USD 2.9 million from the amount recorded at the end of June 2016. The share of external debt to total debt stock was 70.7 percent, mainly guaranteed by the Union Government.

Chart 3.11: Debt Developments



Source: Ministry of Finance and Economic Planning



External Sector Developments

During the first half of 2016/17, external current account recorded a surplus of USD 35.4 million compared to a deficit of USD 40.9 million recorded in the corresponding period in 2015/16 (Table 3.5). This development was largely explained by the increase in exports of goods and services coupled with a decline in imports of goods and services. The improvement in services receipts was associated with increase in tourism activities (Chart 3.12). Oil import bill declined by 4.4 percent, following a fall in oil prices in the world market. The current account balance is projected to improve further in the remainder of 2016/17, supported by increase in receipts from tourism activities, which is attributed to the projected increase in the number of tourists as the global economy continues to recover.



Table 3.5: Zanzibar Current Account Balance

Thousands of USD

Item	July - December		Percentage change
	2015	2016 ^p	
Goods account net	-81,180.0	-27,637.6	-66.0
Exports	25,311.4	28,782.0	13.7
Imports (fob)	106,491.4	56,419.7	-47.0
Services account net	33,642.8	47,992.6	12.2
Receipts	62,588.4	72,343.7	15.6
Payments	28,945.6	24,351.1	-15.9
Goods and services net	-47,537.2	20,354.9	---
Exports of goods and services	87,899.8	101,125.7	15.0
Imports of goods and services	135,437.0	80,770.8	-40.4
Income account net	383.7	1,092.0	---
Receipts	6,049.0	3,756.8	-37.9
Payments	5,665.3	2,664.8	-53.0
Current transfers net	6,263.0	13,924.8	---
Inflows	6,263.0	14,309.0	---
Outflows	0.0	384.3	---
Current account balance	-40,890.5	35,371.7	-35.1

Note: p means provisional

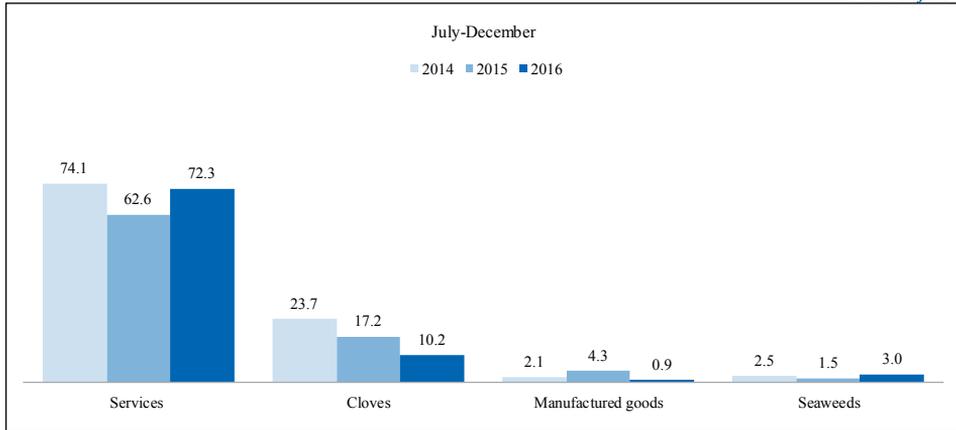
--- implies large number

Source: Tanzania Revenue Authority and Bank of Tanzania



Chart 3.12: Export Performance of Selected Goods and Services

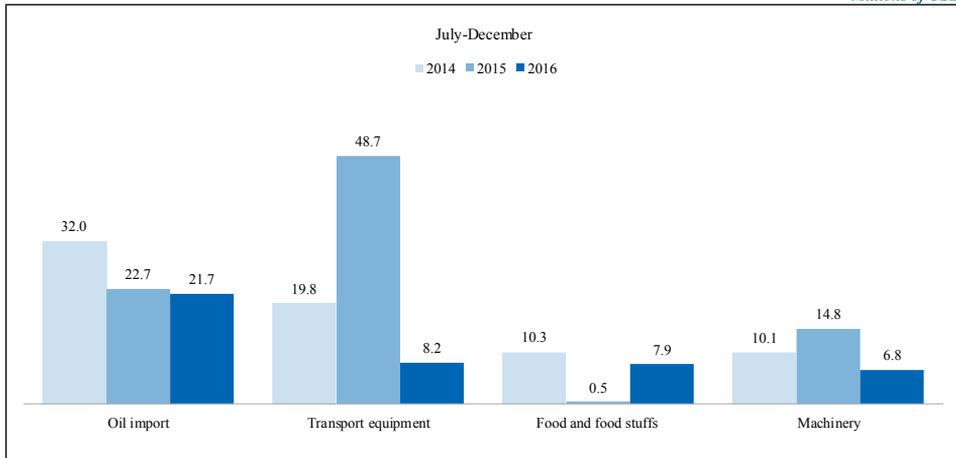
Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania

Chart 3.13: Performance of Selected Goods Import

Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania



PART IV

4.0 MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF 2016/17

4.1 Liquidity Management and Interest Rates Developments

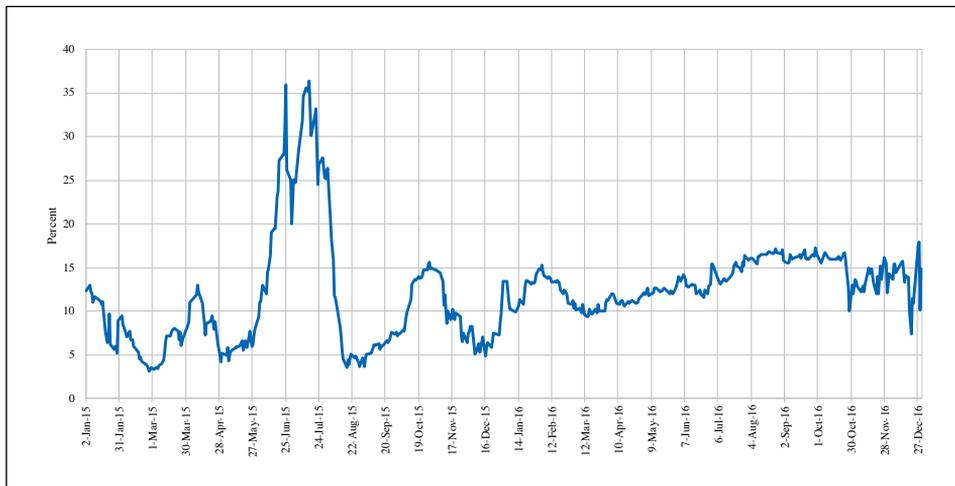
During the first half of 2016/17, the Government continued with efforts to enhance revenue mobilization and tight expenditure management. In the same time, foreign budgetary inflows remained relatively low compared with historical performance. These developments together with the transfer of public institutions' deposits to the Bank of Tanzania contributed to liquidity tightness in the banking system during the period under review. The Bank of Tanzania took liquidity injecting policy actions to address the tightness of liquidity in the banking system. Throughout the period, the Bank closely monitored key monetary indicators to ensure that liquidity remained at the appropriate level to support demands of various activities in the economy, while safeguarding stability of money market interest rates and inflation.

Despite the policy actions taken to inject liquidity, average reserve money remained below the targeted path. The impact of the sustained lower levels of average reserve money on the broader monetary aggregates was partly dampened by a general increase in money multiplier associated with increased use of mobile phone payment system and improvement in financial services delivery and products. The tight liquidity situation, particularly in the first three months of 2016/17, was also mirrored in the general rise of the rate at which commercial banks lend cash to each other overnight (the interbank cash market rate) to an average of about 16.15 percent in September 2016 from 12.76 percent in June 2016. However, the liquidity situation improved subsequently following sizable liquidity



injection through reverse repos, purchase of foreign exchange, foreign exchange swaps. The Bank also granted some loans to banks as a lender of last resort. As a result, the overnight interbank cash market rate declined beginning October 2016 through December 2016 and stabilized at around 13.7 percent, which is closer to the 12-months average of about 13 percent (Chart 4.1).

Chart 4.1: Evolution of the Interbank Cash Market Rate

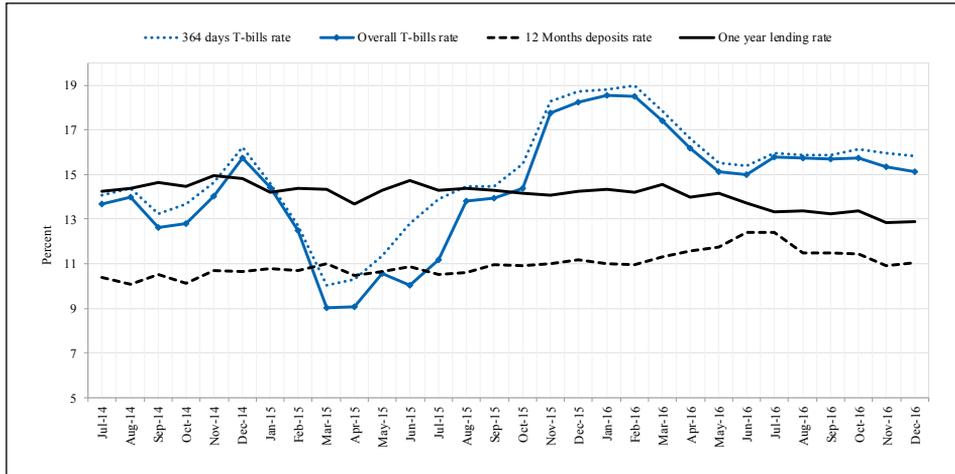


Source: Bank of Tanzania

Treasury bills rates registered a gradual increase during the period under review to 15.12 percent in December 2016 from 14.98 percent recorded in June 2016. This is associated with the increased demand for domestic financing of the budget following shortfalls in foreign financing associated with delays in the disbursement of program assistance and realization of non-concessional borrowing. On the other hand, one year lending and deposits rates remained fairly stable during the period (Chart 4.2).



Chart 4.2: Selected Interest Rates Developments

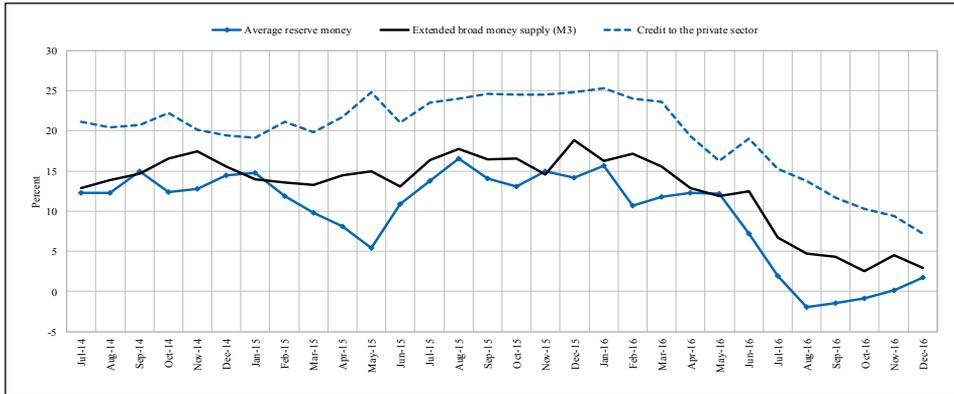


Source: Bank of Tanzania

The sustained moderate growth rate of average reserve money, led to a deceleration in the growth rates of broader monetary aggregates, with the growth of extended broad money supply (M3) and credit to the private sector slowing down to 2.9 percent and 7.2 percent, respectively in the year ending December 2016 from 12.5 percent and 19.1 percent in the year ending June 2016 (Chart 4.3). Banks’ elevated cautiousness to lending which has been associated with the increase in non-performing loans also contributed to the slowdown in the growth of monetary aggregates.



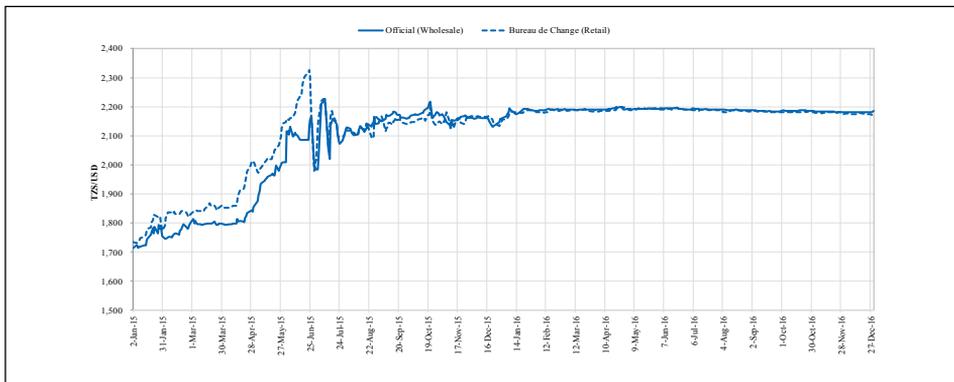
Chart 4.3: Annual Growth of Monetary Aggregates



Source: Bank of Tanzania

The value of the shilling against the US dollar sustained a notable stability throughout the first half of 2016/17, consistent with monetary policy stance and the improvement in the current account. The exchange rate fluctuated within a range of about TZS 2,180 to TZS 2,194 against the US dollar, compared with a range of TZS 1,984 to TZS 2,227 per USD recorded in the corresponding period of 2015/16 (Chart 4.4).

Chart 4.4: Nominal Exchange Rate Movements (TZS/USD)



Source: Bank of Tanzania



Following cautious implementation of monetary policy, enhanced government expenditure management and revenue efforts, the end December 2016 quantitative assessment criteria under the Policy Support Instrument (PSI) Program with the IMF on average reserve money and accumulation of net international reserves were met with comfortable margins (Table 4.1).

Table 4.1: Performance against the PSI Targets

Items	Jun-16		Sep-16		Dec-16		
	Assessment Criteria	Actual	Indicative Target	Actual	Assessment Criteria	Prel. Actual	Change
ARM - Billions of TZS (ceiling)	7,076.0	6,623.5	7,418.0	6,635.9	7,729.0	6,980.4	-748.6
NIR - Millions of USD (cumulative from July, floor)	3,679.9	3,695.0	3,475.7	3,766.0	3,604.7	4,061.1	456.4
Change in NIR - Millions of USD (cumulative floor)	-284.0	-246.0	-119.0	171.3	10.0	466.4	456.4
ENCB - Millions of USD - (cumulative from July)	533.0	0.0	315.0	0.0	629.0	0.0	-629.0
Program assistance - Millions of USD - (cumulative from July)	257.0	247.4	55.0	42.9	160.0	68.9	-91.1

Note: ARM denotes average reserve money, NIR means net international reserves and ENCB denotes external non-concessional borrowing

Source: Bank of Tanzania

4.2 Financial Sector Stability

During the first half of 2016/17, one new bank—Mwalimu Commercial Bank Plc—started business, while the number of branches of the existing institutions increased. The banking sector in aggregate remained sound, stable and profitable with levels of capital and liquidity staying above regulatory requirements. As at the end of December 2016, the ratio of core capital to total risk weighted assets and off-balance sheet exposures was 17.8 percent, which is above 17.5 percent recorded in December 2015 and above the minimum legal requirement of 10 percent. Meanwhile, the ratio of liquid assets to demand liabilities stood at 42.4 percent which was above 37.4 percent recorded in December 2015 and the minimum regulatory requirement of 20 percent. The quality of the banking sector's assets deteriorated as reflected by the ratio of non-performing loans to gross loans, which increased to 9.5 percent at the end of December 2016 from 6.4 percent recorded at the end of December 2015 (Table 4.2).



The sector continues to maintain steady growth with total assets growing by 2.6 percent to TZS 27,978.2 billion at the end of December 2016 compared with TZS 26,917.2 billion recorded at the end of December 2015. During the period under review, deposits accounted for 79.8 percent of total liabilities.

Table 4.2: Financial Soundness Indicators

Indicator	Regulatory limit	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Capital adequacy						
Core capital to total risk weighted assets plus off balance sheet exposure	Minimum 10	17.5	18.0	17.2	17.3	17.8
Total capital to total risk weighted assets plus off balance sheet exposure	Minimum 12	19.5	20.0	19.2	19.2	19.8
Liquidity						
Liquid assets to demand liabilities	Minimum 20	37.4	36.6	37.0	34.2	42.4
Total loans to customer deposits	N/A	78.9	82.6	85.8	87.1	86.3
Earnings and profitability						
Return on assets	N/A	2.7	3.2	3.0	2.5	2.4
Return on equity	N/A	12.9	16.7	15.3	12.0	10.5
Non-interest expenses to total income	N/A	68.1	63.9	65.0	66.9	67.56
Assets quality						
Non-performing loans to gross loans	N/A	6.4	8.34	8.87	9.06	9.54

Source: Bank of Tanzania



The Bank of Tanzania continued to implement prudential measures to strengthen risk management practices in the financial sector. In this regard, the Bank has initiated the process of reviewing the different guidelines in order to ensure that there exists prudential regulations and guidelines which are up to date and are compliant with the internationally accepted standards. In order to foster higher level of corporate governance in banking institutions, the Bank is reviewing the existing Guidelines for Directors of Banks and Financial Institutions. Other guidelines that are under review are Outsourcing Guidelines and Business Continuity Management Guidelines. The Bank is also reviewing the Agent Banking Guidelines with a view to addressing implementation challenges that have been observed. Further, in order to make sure that the existing supervision practices are in line with the internationally accepted standards, the Bank has continued to develop implementation rules for Basel II/III guidelines.

The period under review has also witnessed an increase in credit information sharing. This was reflected in the increased usage of Credit Reference System and the increased number of non-regulated institutions participating in the credit reference system. This increased use of the Credit Reference System is expected to make borrowers more responsible in their borrowing behavior.

4.3 National Payment Systems Developments

During the first half of 2016/17, the clearing, payment and settlement systems continued to operate efficiently exhibiting continuous growth in access and usage due to increased utilization of digital technology in financial services delivery. Following enactment of the National Payment Systems Act 2015 and publication of the Payment Systems Licensing and Approval regulations 2015 and Electronic Money Regulations 2015, new non-bank payment service providers obtained license to provide various payment systems services.

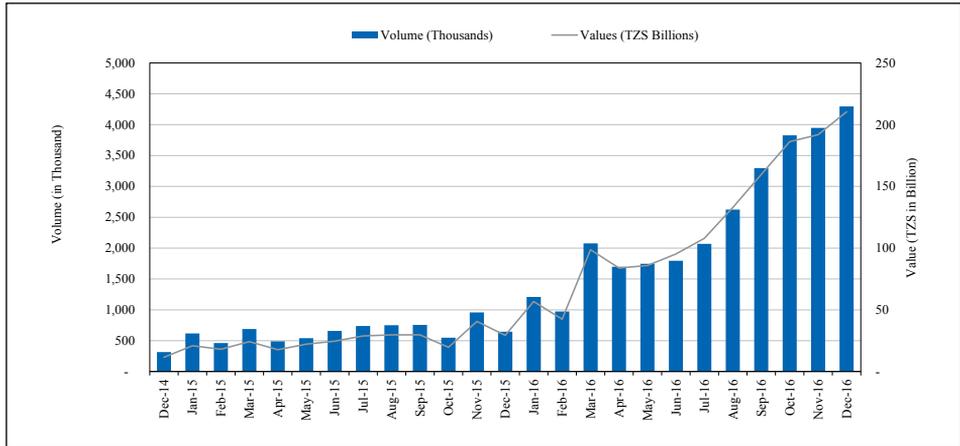


During the period under review, the interbank transactions through Tanzania Interbank Settlement System (TISS) recorded modest increase, with notable growth in government transactions resulting from the Government's drive to utilize TISS and other electronic modes of transactions for settling its obligations. The cross border transactions through the East African Cross Border Payment System (EAPS) also exhibited an increase, with sizable flow of transactions recorded between Tanzania and Kenya (1,055 transactions valued at KES 1.6 billion, an increase of 23.7 percent in volume and decrease of 12.1 percent in value, when compared with corresponding period of 2015/16); and Tanzania and Uganda (122 transactions valued at UGX 6.4 billion, an increase of 35.6 percent in volume and 3.4 percent in value, when compared with corresponding period of 2015/16); following increased trade relations between these countries. The upgrading of the Tanzania Automated Clearing House (TACH) to support the cheques truncation technology has resulted into a significant drop in the clearing cycle with increased efficiency.

The interoperability of mobile payment services has contributed to substantial increase in transactions across network operators. In the first half of the financial year 2016/17, 20.1 million transactions valued at TZS 988.9 billion took place, which is much higher than 4.4 million transactions valued at TZS 178.1 billion, that took place during similar period of the preceding financial year. The Bank is facilitating establishment of switch to facilitate interoperability of mobile banking and mobile payment systems in order to increase efficiency of digital financial services. The usage of digital technology in financial services has made Tanzania as one of the global hot spots of innovative financial services. By the end of December 2016, the number of registered active users of mobile phone financial services was above 17.02 million.



Chart 4.5: Mobile Payment Services Interoperability



Source: Bank of Tanzania



PART V

5.0 MACROECONOMIC OUTLOOK

5.1 GDP Growth

Real GDP growth is projected to remain at around 7 percent in 2016 and the medium term, supported by implementation of policies under the Second Five Year Development Plan (FYDP II). The Plan focuses on among others: increasing supply of reliable power; rehabilitation and construction of the railway lines, ports, airports, and utility infrastructures; increase in foreign direct investment in construction of liquefied natural gas plants; recoveries of minerals including coal, iron, nickel; and setting up of new special economic zones.

5.2 Inflation

Inflation is projected to remain around the medium-term target of 5 percent in the second half of 2016/17, supported by moderation in energy costs on account of increased use of natural gas for generation of reliable power; prudent fiscal and monetary policies; subdued global oil prices, and continued stability of the value of Tanzania shilling against the US dollar. However, risks remain for inflation to increase on account of unfavourable weather conditions and possible rise in oil prices following recent agreement among OPEC member countries to cut down production.

5.3 External Sector

The current account deficit is projected to improve further to about 4 percent of GDP in 2016/17, from 5.6 percent recorded in 2015/16, on account of projected increase in exports, while import bill is projected to remain low. This trend will be reversed in the medium term following among others implementation of projects under FYDP II.



5.4 Banking Sector and National Payment Systems

The banking sector is expected to remain sound and stable, with liquidity and capital buffers remaining well above the minimum requirement to withstand shocks. The Bank will continue to monitor risks to the banking sector stability and intensify its efforts towards strengthening risk management practices. This will be done to ensure that the level of non-performing loans, which has depicted an upward trend over the recent past is reduced to below 5 percent target set by the Bank. The Bank will also continue to promote efficient and effective payment system in order to safeguard the financial sector stability, enhance access to financial services, and promote development of the financial market.



PART VI

6.0 MONETARY POLICY STANCE FOR THE SECOND HALF OF 2016/17

6.1 Liquidity Management

In light of recent developments in the monetary aggregates, and tight fiscal stance in the first half of 2016/17, the targets contained in the Monetary Policy Statement presented in June 2016 are projected to be as follows at the end of June 2017:

- i. Annual growth of average reserve money not exceeding 12.0 percent;
- ii. Annual growth of broad money (M3) not exceeding 12.3 percent;
- iii. Annual growth of private sector credit of about 12.5 percent; 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.

In the second half of 2016/17, the Bank of Tanzania will continue with its cautious monetary policy in the midst of the projected moderate rate of inflation and slowdown of credit to the private sector. The Bank will also continue to closely monitor the trend in key monetary indicators and participate actively in the money markets with a view to maintaining stability of short-term interest rates and availability of adequate liquidity among banks in support of economic activities. The Bank will continue with reforms to facilitate adoption of a forward looking monetary policy framework with the use of interbank cash market rate as an operational target. The reforms include among others the development of an electronic platform for interbank cash market operations, integration of the forecasting and policy analysis (FPAS) into the monetary policy formulation process,



improvement in the functioning of domestic financial markets, expansion of the range of eligible collaterals for monetary operations and enhancement of coordination with the fiscal policy.

6.2 Interest Rate Policy

Interest rates will continue to be market determined. The Bank will continue to promote development of a more efficient interbank cash market in order to improve price discovery and reduce interest rate volatility, while promoting transmission mechanism of the monetary policy actions.

6.3 Exchange Rate Policy

Exchange rates will continue to be market determined and the Bank of Tanzania will remain in the interbank foreign exchange market solely for liquidity management purposes and intervene occasionally to smooth out short-term volatility in the exchange rate. These operations will however continue to be undertaken consciously without compromising the objective of maintaining adequate level of international reserves.



PART VII

7.0 CONCLUSION

Monetary policy in the first half of 2016/17 was shaped by the change in liquidity outcomes of fiscal operations. The Bank took liquidity injecting actions using a mix of instruments that helped to provide sufficient liquidity to support economic activities. These measures notwithstanding, the period witnessed a general slowdown in the growth rates of monetary aggregates. These developments set a stage for monetary policy stance for the remainder of 2016/17. The Bank will continue to closely monitor key monetary indicators and use its monetary policy toolkit to ensure that annual growth of the broader monetary aggregates is consistent with the medium-term inflation objective of 5 percent, and real GDP growth of about 7 percent, while maintaining stability of the short-term interest rates.

Over the short to medium-term, the domestic economy is expected to be supported by sustained improvement and stability of power supply, construction and rehabilitation of the railway lines, ports, airports, and utility infrastructures, increase in foreign direct investment for construction of liquefied natural gas plants, recoveries of minerals such as coal, iron, nickel, and setting up of new special economic zones. Inflation is projected to remain within the single digits, driven by reduction in the production costs on account of reliable and affordable power supply, prudent fiscal and monetary policies, and continued stability of the value of Tanzania shilling against the US dollar. However, upside risks to inflation persist largely associated with unfavourable weather conditions and possible increase in oil prices.



In the course of implementing monetary policy in the remainder of 2016/17, the Bank will continue to participate actively in the money markets to ensure stability of short-term interest rates and availability of adequate liquidity in the economy. To improve the functioning of the money market, the Bank will start developing an electronic platform for interbank cash market operations, review the collateral framework, and continue promoting an efficient and effective payment system. This will go in tandem with enhancing communications with market players, while strengthening the supervision of the banking sector. Furthermore, the Bank is reviewing its monetary policy framework aiming at promoting transmission mechanism and effective attainment of monetary policy targets. Given the envisaged monetary policy measures, coupled with the fiscal discipline in place, the Bank is confident that the objectives set for 2016/17 will be attained.



APPENDICES



Table A1: Global and Regional GDP Growth Rates

	Percent									
	2012	2013	2014	2015	2016	Projection		2017	2018	
World	3.5	3.3	3.4	3.2	3.1	3.4	3.6	3.4	3.6	
Advanced economies	1.2	1.2	1.9	2.1	1.6	1.9	2.0	1.9	2.0	
United States	2.2	1.5	2.4	2.6	1.6	2.3	2.5	2.3	2.5	
Euro Area	-0.9	-0.3	1.1	2.0	1.7	1.6	1.6	1.6	1.6	
Japan	1.7	1.4	0.0	1.2	0.9	0.8	0.5	0.8	0.5	
United Kingdom	1.2	2.2	3.1	2.2	2.0	1.5	1.4	1.5	1.4	
Emerging Markets and Developing Economies	5.3	4.9	4.6	4.1	4.1	4.5	4.8	4.5	4.8	
Emerging and Developing Asia	6.9	6.9	6.8	6.7	6.3	6.4	6.3	6.4	6.3	
China	7.7	7.7	7.3	6.9	6.7	6.5	6.0	6.5	6.0	
India	5.6	6.6	7.2	7.6	6.6	7.2	7.7	7.2	7.7	
Sub-Saharan Africa	4.3	5.2	5.1	3.4	1.6	2.8	3.7	2.8	3.7	
Nigeria	4.3	5.4	6.3	2.7	-1.5	0.8	2.3	0.8	2.3	
South Africa	2.2	2.2	1.6	1.3	0.3	0.8	1.6	0.8	1.6	

Source: IMF, *World Economic Outlook Update of January 2017*



Table A2: Selected Economic Indicators

Items	Unit	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
1. Prices														
1.5 Annual change in consumer price index														
1.5.1 Headline inflation	Percent	6.8	6.5	5.6	5.4	5.1	5.2	5.5	5.1	4.9	4.5	4.5	4.8	5.0
1.5.2 Food inflation	Percent	11.1	10.7	9.5	8.3	7.1	7.0	8.1	7.6	6.9	6.0	6.0	6.2	7.0
1.5.3 Core inflation	Percent	2.4	2.4	2.5	2.8	3.0	3.0	3.0	2.6	2.6	2.4	2.4	2.4	2.5
2. Money credit and interest rates														
2.1 Extended broad money supply (M3) ¹	Percent	18.8	16.2	17.1	15.5	12.9	11.9	12.5	6.7	4.7	4.3	2.5	4.6	2.9
2.2 Reserve money ¹	Percent	15.6	16.3	6.8	16.7	11.9	10.3	3.0	-2.2	-0.6	1.2	-2.1	1.5	0.3
2.3 Average reserve money ¹	Percent	14.2	15.6	10.7	11.8	12.3	12.2	7.2	1.9	-2.0	-1.5	-0.9	0.1	1.7
2.4 Credit to the private sector ¹	Percent	24.8	25.3	24.0	23.6	19.3	16.2	19.1	15.2	13.8	11.7	10.3	9.4	7.2
2.5 364-days Treasury bill rate ²	Percent	18.7	18.8	19.0	17.8	16.6	15.5	15.4	15.9	15.9	15.9	16.2	15.9	15.8
2.6 Overnight inter-bank rate ²	Percent	7.1	11.9	13.3	10.1	11.1	12.3	12.8	14.4	16.3	16.2	15.5	13.2	13.7
2.7 12-Months deposit rate ²	Percent	11.2	11.0	10.9	11.3	11.6	11.8	12.4	12.4	11.5	11.5	11.4	10.9	11.0
2.8 Short-term (up to 1 year) lending rate ²	Percent	14.2	14.3	14.2	14.6	14.0	14.2	13.7	13.3	13.4	13.2	13.4	12.8	12.9
3. Balance of payments														
3.1 Gross official reserves	Millions of USD	4,093.7	3,998.8	4,014.4	3,948.8	3,845.0	3,894.1	3,870.3	3,883.4	4,078.7	4,096.0	4,050.9	4,254.1	4,325.6
3.2 Exchange rate														
3.2.1 Period average	TZ\$USD	2,144.2	2,172.4	2,177.8	2,179.2	2,181.8	2,181.7	2,182.3	2,180.0	2,177.9	2,174.0	2,175.5	2,172.1	2,170.4
3.2.2 End of period	TZ\$USD	2,148.5	2,177.3	2,179.5	2,179.6	2,178.9	2,182.3	2,178.9	2,179.0	2,176.5	2,175.3	2,175.1	2,171.0	2,172.6
4. Public finance														
4.1 Domestic revenue ³	Billions of TZ\$	1,505.5	1,060.3	1,022.0	1,309.5	1,045.3	1,051.0	1,518.4	1,212.5	1,210.9	1,378.5	1,185.3	1,291.3	1,786.6
4.2 Recurrent expenditure ³	Billions of TZ\$	1,226.3	1,007.8	961.8	1,346.4	1,173.8	1,024.2	1,439.3	667.1	1,053.2	1,291.4	1,017.6	1,027.3	1,395.8
4.3 Development expenditure ³	Billions of TZ\$	570.2	150.1	379.1	165.3	351.8	339.0	472.7	44.6	272.7	326.0	324.4	531.3	583.9
4.4 Program assistance	Millions of USD	24.7	0.0	6.1	25.1	1.1	15.4	60.0	2.3	6.5	34.1	0.0	1.1	25.0
4.4.1 General budget support	Millions of USD	0.0	0.0	0.0	0.0	0.0	0.0	56.0	0.0	0.0	16.6	0.0	0.0	0.0
4.4.2 Basket funds	Millions of USD	24.7	0.0	6.1	25.1	1.1	15.4	4.0	2.3	6.5	17.5	0.0	1.1	25.0

Notes: ¹ Annual growth

² Monthly average

³ Domestic revenue and expenditure on cash basis

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



Table A3 (a): Tanzania Mainland: Gross Domestic Product at Constant 2007 Prices by Economic Activity

Economic Activity	2011	2012	2013	2014	2015
	Millions of TZS				
Agriculture, forestry and fishing	8,621,829.4	8,901,917.2	9,186,730.6	9,497,468.2	9,719,965.4
Crops	4,454,218.8	4,640,786.7	4,801,783.2	4,993,854.5	5,106,026.9
Livestock	2,948,017.2	3,001,944.0	3,062,481.1	3,129,647.2	3,204,928.5
Forestry and hunting	745,683.7	771,589.6	808,231.3	849,445.4	871,447.9
Fishing	473,909.7	487,597.0	514,234.9	524,521.1	537,562.1
Industry and construction	7,271,804.3	7,566,056.9	8,287,309.1	9,144,463.9	10,174,155.7
Mining and quarrying	1,141,798.2	1,217,823.0	1,264,844.8	1,383,349.2	1,508,923.3
Manufacturing	2,554,119.3	2,659,199.5	2,831,399.9	3,024,322.7	3,222,076.7
Electricity, gas	284,393.6	293,803.6	332,080.1	363,109.5	384,271.4
Water supply	260,049.8	267,407.2	274,506.8	284,755.1	285,002.7
Construction	3,031,443.4	3,127,823.6	3,584,477.5	4,088,927.4	4,773,881.5
Services	16,341,277.7	17,520,835.1	18,767,585.4	20,119,051.3	21,511,358.1
Wholesale and retail trade; repairs	3,541,264.9	3,675,197.1	3,839,851.5	4,223,836.7	4,552,421.9
Transport and storage	1,980,177.1	2,062,518.3	2,314,221.4	2,603,499.3	2,810,378.3
Hotels and restaurants	543,172.8	579,597.9	595,724.3	609,111.0	622,966.5
Information and communication	1,177,462.0	1,439,325.7	1,631,262.5	1,762,115.8	1,974,819.1
Financial and insurance activities	1,374,536.5	1,445,139.6	1,534,231.5	1,699,700.0	1,900,296.7
Real estate	1,719,706.1	1,754,125.6	1,790,574.3	1,829,107.2	1,869,781.7
Professional, scientific and technical activities	655,946.9	617,853.5	651,358.4	654,929.9	699,555.6
Administrative and support service activities	892,397.2	1,104,371.7	1,239,494.9	1,313,617.9	1,375,561.5
Public administration and defence	2,231,564.5	2,435,459.5	2,625,280.5	2,728,182.5	2,854,132.1
Education	1,143,384.9	1,228,099.3	1,280,673.0	1,341,506.6	1,425,991.8
Human health and social work activities	541,093.0	602,631.6	655,861.2	709,309.8	742,628.6
Arts, entertainment and recreation	116,005.3	128,764.3	136,161.6	143,932.6	152,891.3
Other service activities	320,943.8	341,382.2	363,702.1	388,120.3	414,880.9
Activities of households as employers;	103,622.8	106,369.0	109,188.1	112,081.8	115,052.2
FISIM	-561,275.4	-568,182.9	-568,579.6	-623,557.7	-696,520.6
All economic activities	31,673,636.0	33,420,626.3	35,673,045.5	38,137,425.8	40,708,958.5
Taxes on products	2,505,660.8	2,515,832.8	2,873,500.2	3,093,938.8	3,391,850.3
GDP at market prices	34,179,296.8	35,936,459.1	38,546,545.7	41,231,364.5	44,100,808.8
	Real Growth by Economic Activities (Percent)				
Agriculture, forestry and fishing	3.5	3.2	3.2	3.4	2.3
Crops	4.8	4.2	3.5	4.0	2.2
Livestock	1.6	1.8	2.0	2.2	2.4
Forestry and hunting	3.3	3.5	4.7	5.1	2.6
Fishing	2.6	2.9	5.5	2.0	2.5
Industry and construction	12.0	4.0	9.5	10.3	11.3
Mining and quarrying	6.3	6.7	3.9	9.4	9.1
Manufacturing	6.9	4.1	6.5	6.8	6.5
Electricity, gas	-4.3	3.3	13.0	9.3	5.8
Water supply	-1.2	2.8	2.7	3.7	0.1
Construction	22.9	3.2	14.6	14.1	16.8
Services	8.4	7.2	7.1	7.2	6.9
Wholesale and retail trade; repairs	11.3	3.8	4.5	10.0	7.8
Transport and storage	4.4	4.2	12.2	12.5	7.9
Hotels and restaurants	4.1	6.7	2.8	2.2	2.3
Information and communication	8.6	22.2	13.3	8.0	12.1
Financial and insurance activities	14.8	5.1	6.2	10.8	11.8
Real estate	1.9	2.0	2.1	2.2	2.2
Professional, scientific and technical activities	4.8	-5.8	5.4	0.5	6.8
Administrative and support service activities	5.1	23.8	12.2	6.0	4.7
Public administration and defence	15.9	9.1	7.8	3.9	4.6
Education	5.6	7.4	4.3	4.8	6.3
Human health and social work activities	5.3	11.4	8.8	8.1	4.7
Arts, entertainment and recreation	7.7	11.0	5.7	5.7	6.2
Other service activities	6.2	6.4	6.5	6.7	6.9
Activities of households as employers;	2.7	2.7	2.7	2.7	2.7
FISIM	22.6	1.2	0.1	9.7	11.7
All economic activities	7.6	5.5	6.7	6.9	6.7
Taxes on products	12.1	0.4	14.2	7.7	9.6
GDP at market prices	7.9	5.1	7.3	7.0	7.0

Note: *p* means provisional
r denotes revised

FISIM implies financial intermediation indirectly measured

Source: National Bureau of Statistics



Table A3 (b): Tanzania Mainland: Gross Domestic Product at 2007 Prices by Economic Activity

Economic Activity	<i>Percent</i>				
	2011	2012	2013	2014	2015
Contribution in real GDP by Economic Activities					
Agriculture, Forestry and Fishing	25.2	24.8	23.8	23.0	22.0
Crops	13.0	12.9	12.5	12.1	11.6
Livestock	8.6	8.4	7.9	7.6	7.3
Forestry and hunting	2.2	2.1	2.1	2.1	2.0
Fishing	1.4	1.4	1.3	1.3	1.2
Industry and construction	21.3	21.1	21.5	22.2	23.1
Mining and quarrying	3.3	3.4	3.3	3.4	3.4
Manufacturing	7.5	7.4	7.3	7.3	7.3
Electricity, gas	0.8	0.8	0.9	0.9	0.9
Water supply	0.8	0.7	0.7	0.7	0.6
Construction	8.9	8.7	9.3	9.9	10.8
Services	47.8	48.8	48.7	48.8	48.8
Wholesale and retail trade; repairs	10.4	10.2	10.0	10.2	10.3
Transport and storage	5.8	5.7	6.0	6.3	6.4
Hotels and restaurants	1.6	1.6	1.5	1.5	1.4
Information and communication	3.4	4.0	4.2	4.3	4.5
Financial and insurance activities	4.0	4.0	4.0	4.1	4.3
Real estate	5.0	4.9	4.6	4.4	4.2
Professional, scientific and technical activities	1.9	1.7	1.7	1.6	1.6
Administrative and support service activities	2.6	3.1	3.2	3.2	3.1
Public administration and defence	6.5	6.8	6.8	6.6	6.5
Education	3.3	3.4	3.3	3.3	3.2
Human health and social work activities	1.6	1.7	1.7	1.7	1.7
Arts, entertainment and recreation	0.3	0.4	0.4	0.3	0.3
Other service activities	0.9	0.9	0.9	0.9	0.9
Activities of households as employers;	0.3	0.3	0.3	0.3	0.3
FISIM	-1.6	-1.6	-1.5	-1.5	-1.6
Taxes on products	7.3	7.0	7.5	7.5	7.7
GDP at market prices	100.0	100.0	100.0	100.0	100.0

Note: p means provisional

r denotes revised

FISIM implies financial intermediation indirectly measured

Source: National Bureau of Statistics



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

Percent

Economic Activity	2013				2014				2015				2016				January - September 2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015	2016
Agriculture	3.8	3.0	1.8	4.0	3.4	4.2	4.3	1.6	-1.9	-1.9	5.1	10.2	2.6	3.2	0.3	0.4	0.4	2.0
Mining and quarrying	-6.3	3.4	3.3	14.6	19.7	6.4	5.2	7.6	0.6	11.2	8.0	15.7	6.5	20.5	19.9	6.6	15.6	
Manufacturing	4.5	6.0	10.4	4.9	8.2	10.1	6.3	3.0	9.9	5.2	2.1	9.5	7.4	9.1	4.5	5.7	7.0	
Electricity	8.6	7.8	2.1	13.8	9.8	1.6	13.0	3.5	9.1	8.0	-0.6	-2.2	2.5	6.0	13.0	5.5	7.1	
Construction	7.8	13.0	16.3	19.9	21.4	37.5	-0.7	5.2	23.2	13.2	17.6	13.8	4.3	9.0	6.9	18.0	6.7	
Wholesale and retail trade	1.9	4.3	6.7	5.1	10.6	12.3	12.6	4.6	7.3	9.5	5.6	8.7	5.8	5.2	5.9	7.5	5.6	
Accommodation & restaurant	6.6	3.6	-0.4	1.9	3.4	3.0	0.2	2.5	-1.0	1.0	6.2	2.6	-1.3	2.5	5.5	2.1	2.2	
Transport and storage	12.4	-3.0	19.3	19.1	14.7	9.6	13.2	11.7	14.5	9.4	6.7	1.4	7.9	30.6	12.2	10.2	16.9	
Information and communication	2.6	17.9	8.4	23.7	17.1	18.4	12.9	-11.4	12.8	11.8	13.4	10.2	13.4	12.6	14.3	12.7	13.4	
Finance and insurance	5.9	4.0	6.8	7.9	11.2	14.2	10.1	8.0	11.5	10.0	12.9	12.6	13.5	12.5	8.8	11.5	11.6	
Public administration	10.0	7.6	3.8	10.1	-2.1	4.2	9.9	3.5	-1.2	1.3	4.9	12.8	10.2	7.3	3.5	1.7	7.0	
Professional, administration and support services	24.8	9.6	-1.0	7.6	8.2	11.0	-15.0	13.3	4.9	9.6	4.3	2.6	0.1	4.2	7.0	6.2	3.8	
Real estate	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.3	2.6	2.3	2.3	2.2	2.4	
Education	5.1	5.1	3.5	3.5	5.4	5.4	4.1	4.1	7.4	7.4	5.3	5.3	8.0	8.0	6.8	6.7	7.6	
Health	9.6	8.9	8.5	8.4	8.4	8.3	8.1	7.8	5.8	4.9	4.3	3.8	5.3	5.7	5.4	5.0	5.5	
Other services	6.7	6.0	4.7	5.3	6.1	6.0	5.0	6.0	5.1	5.7	7.1	6.1	6.3	6.4	6.9	6.0	6.5	
FISIM	-3.0	-2.2	2.0	3.2	8.9	11.2	9.0	9.7	15.1	5.8	7.4	18.4	10.5	16.4	8.6	9.4	11.9	
All industry at basic prices	6.0	5.5	6.4	9.0	8.2	10.1	5.5	3.9	5.9	5.5	6.9	8.7	5.4	8.0	6.1	6.1	6.5	
Taxes on products	10.2	11.2	17.9	17.1	8.1	9.2	8.7	4.9	2.0	10.9	11.7	13.3	6.4	6.3	7.6	8.2	6.8	
GDP at constant market prices	6.3	5.9	7.2	9.6	8.2	10.1	5.7	4.0	5.7	5.9	7.3	9.0	5.5	7.9	6.2	6.3	6.5	

Note: *p* means provisional

r denotes revised

FISIM implies financial intermediation indirectly measured

Source: National Bureau of Statistics



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

Economic Activity	2011	2012	2013	2014	2015p
	Millions of TZS				
Agriculture, forestry and fishing	214,646.0	196,783.1	222,796.4	221,861.6	226,808.1
Crops	118,070.5	96,360.5	118,389.1	109,858.2	106,461.0
Livestock	25,894.4	27,640.4	29,042.1	31,221.5	33,571.3
Forestry	24,202.6	25,137.0	26,009.0	27,023.0	28,099.4
Fishing	46,478.5	47,645.1	49,356.3	53,758.9	58,676.5
Mining and quarrying	14,347.7	16,169.8	15,581.1	16,893.7	18,740.4
Manufacturing	72,149.1	74,731.7	79,865.8	87,780.3	95,683.5
Electricity and gas	3,092.7	3,385.0	3,491.6	3,656.3	3,901.8
Water supply and sewerage	3,781.9	3,912.2	4,148.5	4,349.0	4,597.3
Construction	86,572.3	95,180.2	96,993.3	100,232.1	112,755.9
Trade and repairs	80,076.0	71,730.5	73,800.7	83,422.3	84,249.7
Transport and storage	43,683.9	50,198.9	54,908.3	58,731.7	61,794.3
Accommodation and food services	73,445.0	74,530.6	81,638.7	87,274.7	96,275.2
Accommodation	57,015.9	55,065.4	56,500.4	61,417.5	70,344.4
Food and beverage services	16,429.1	19,465.3	25,138.3	25,857.2	25,930.8
Information and communication	31,750.5	35,540.5	30,801.9	38,378.3	41,319.0
Financial and insurance activities	39,609.9	42,625.2	44,799.9	49,552.6	55,112.8
Real estate activities	52,185.5	55,627.1	59,345.1	63,361.2	67,698.7
Professional, scientific and technical	1,389.7	1,686.8	2,494.7	3,576.3	4,111.9
Administrative and support services	6,236.7	6,546.5	6,954.2	7,091.8	8,007.6
Public administration	87,956.6	98,491.4	103,579.3	114,816.2	130,095.0
Education	22,928.4	23,935.5	24,261.0	26,066.4	26,978.4
Human health and social work	9,410.2	9,639.5	9,931.8	10,662.4	10,681.6
Arts, entertainment and recreation	3,251.8	3,227.9	3,469.0	3,674.1	4,305.5
Other service activities	5,716.5	5,711.0	6,087.5	6,413.0	7,352.8
Domestic services	1,170.8	1,208.4	1,247.1	1,287.1	1,328.4
Less FISIM	-10,726.7	-11,242.1	-12,450.9	-13,871.2	-15,777.7
GDP at basic prices	842,673.6	859,619.7	913,744.9	975,209.9	1,046,020.3
Taxes on products	84,830.9	113,193.0	129,170.1	140,244.0	141,435.8
GDP at Constant Market prices	927,504.6	972,812.7	1,042,915.0	1,115,453.9	1,187,456.1
	Real Growth by Economic Activities (Percent)				
Agriculture, forestry and fishing	4.7	-8.3	13.2	-0.4	2.2
Crops	1.7	-18.4	22.9	-7.2	-3.1
Livestock	4.0	6.7	5.1	7.5	7.5
Forestry	3.8	3.9	3.5	3.9	4.0
Fishing	13.9	2.5	3.6	8.9	9.1
Mining and quarrying	18.4	12.7	-3.6	8.4	10.9
Manufacturing	7.0	3.6	6.9	9.9	9.0
Electricity and gas	35.5	9.5	3.1	4.7	6.7
Water supply and sewerage	8.2	3.4	6.0	4.8	5.7
Construction	29.8	9.9	1.9	3.3	12.5
Trade and repairs	7.7	-10.4	2.9	13.0	1.0
Transport and storage	14.9	14.9	9.4	7.0	5.2
Accommodation and food services	18.1	1.5	9.5	6.9	10.3
Accommodation	12.6	-3.4	2.6	8.7	14.5
Food and beverage services	41.9	18.5	29.1	2.9	0.3
Information and communication	13.3	11.9	-13.3	24.6	7.7
Financial and insurance activities	5.9	7.6	5.1	10.6	11.2
Real estate activities	6.5	6.6	6.7	6.8	6.8
Professional, scientific and technical	-3.5	21.4	47.9	43.4	15.0
Administrative and support services	9.7	5.0	6.2	2.0	12.9
Public administration	1.7	12.0	5.2	10.8	13.3
Education	5.5	4.4	1.4	7.4	3.5
Human health and social work	1.3	2.4	3.0	7.4	0.2
Arts, entertainment and recreation	9.3	-0.7	7.5	5.9	17.2
Other service activities	8.1	-0.1	6.6	5.3	14.7
Domestic services	3.2	3.2	3.2	3.2	3.2
Less FISIM	15.7	4.8	10.8	11.4	13.7
GDP at basic prices	9.3	2.0	6.3	6.7	7.3
Taxes on products	9.6	33.4	14.1	8.6	0.8
GDP at Constant Market prices	9.3	4.9	7.2	7.0	6.5

Note: p means provisional
FISIM implies financial intermediation indirectly measured

Source: Office of Chief Government Statistician, Zanzibar



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

Percent

Economic Activity	2013				2014				2015				2016				January - September 2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015	2016
Crops	36.0	10.3	21.0	24.5	0.3	1.2	-5.2	-10.6	5.0	-1.2	-6.5	-6.6	2.1	1.0	3.5	-0.9	-0.9	2.2
Livestock	4.2	4.7	5.5	5.8	7.1	7.5	7.5	7.9	7.6	7.7	7.7	7.7	8.0	7.3	8.4	7.7	7.7	7.9
Forestry	3.1	3.6	3.6	3.6	3.7	3.6	3.9	4.1	4.3	3.9	3.9	3.8	3.9	3.9	4.5	4.0	4.0	4.1
Fishing	0.4	4.6	1.0	8.8	8.0	5.3	7.5	15.0	17.1	14.7	8.8	-2.9	7.2	5.3	-1.8	13.5	13.5	3.6
Mining and quarrying	-10.8	-3.5	1.3	-0.9	-1.2	-7.3	8.2	17.4	33.9	10.6	2.9	-0.5	3.9	8.9	27.5	15.8	15.8	13.5
Manufacturing	7.7	-1.9	10.8	10.9	7.9	13.4	5.8	12.6	10.6	6.6	9.9	8.3	5.4	6.6	10.2	9.0	9.0	7.4
Electricity	-0.6	7.7	4.2	1.9	5.4	1.7	5.1	6.5	7.8	8.7	2.9	7.5	3.0	5.0	13.4	6.4	6.4	7.1
Water supply	8.9	4.1	0.3	10.9	5.3	5.0	4.5	4.5	3.4	5.5	8.3	5.5	4.0	6.6	1.3	5.7	5.7	4.0
Construction	2.2	20.5	-35.9	40.8	18.4	-24.3	44.9	-11.4	44.9	49.5	-15.2	-23.9	-2.5	13.7	12.5	26.4	26.4	7.9
Wholesale and retail trade	10.2	-9.3	-6.2	18.3	4.2	19.7	7.7	19.9	-0.6	-0.8	11.1	-4.7	15.2	5.2	-3.6	3.2	3.2	5.6
Accommodation and food services	16.4	7.9	-8.4	24.6	8.2	7.4	7.5	4.8	1.7	12.4	19.3	9.9	6.1	20.3	-5.4	11.1	11.1	7.0
Transport and storage	9.6	8.4	8.1	11.4	2.4	12.1	-5.7	19.0	13.6	2.8	17.3	-8.9	2.0	10.1	4.9	11.2	11.2	5.7
Information and communication	-20.3	-15.5	6.5	-19.4	41.2	34.4	17.9	6.3	23.1	7.7	-0.1	-2.9	-4.8	-14.5	-11.8	10.2	10.2	-10.3
Finance and insurance	6.2	12.9	6.2	-3.6	2.9	9.8	11.5	18.1	18.0	10.8	7.7	9.2	31.1	7.5	8.4	12.2	12.2	15.6
GDP at constant market prices	10.2	4.1	2.7	11.7	14.0	5.8	7.4	2.7	9.6	10.3	4.3	2.1	4.7	6.3	2.2	8.0	8.0	4.4

Source: Office of Chief Government Statistician, Zanzibar



Table A4 (a): National Consumer Price Index (NCPI)

Main Groups	Weight (%)	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Food and non alcoholic beverages	38.5	101.0	102.3	102.9	103.5	104.0	105.1	105.0	103.9	102.9	103.0	105.3	107.0
Alcoholic, tobacco and narcotics	3.7	100.2	100.3	100.6	102.6	103.4	103.6	104.2	104.5	104.5	104.6	105.0	105.1
Clothing and footwear	8.3	100.9	101.1	101.1	101.3	101.9	102.4	102.6	102.9	102.9	102.9	103.3	103.7
Housing, water, electricity, gas and other fuel	11.6	100.6	103.7	106.2	106.4	108.3	107.1	107.3	107.3	108.8	109.8	110.6	109.9
Furnishing, housing equipment and routine maintenance of the house	6.3	100.5	100.3	100.7	101.6	101.4	101.5	101.5	101.9	102.2	102.1	103.2	104.0
Health	2.9	100.5	102.0	102.3	102.8	103.0	103.8	103.8	104.1	104.2	104.5	104.6	104.7
Transport	12.5	99.7	99.1	98.6	98.7	98.8	99.3	99.5	100.0	99.9	99.7	100.0	100.3
Communication	5.6	100.0	100.0	98.6	98.6	98.9	99.0	99.1	99.2	99.1	99.0	99.1	99.1
Recreation and culture	1.6	100.3	100.2	100.7	100.7	100.8	101.3	101.1	101.6	101.1	101.5	101.7	101.8
Education	1.5	101.0	102.2	102.2	102.2	102.4	102.4	102.5	102.7	102.6	102.6	102.6	102.6
Restaurants and hotels	4.2	100.3	100.4	100.9	103.6	103.4	103.8	103.7	104.7	104.7	103.8	104.2	104.2
Miscellaneous goods and services	3.1	100.6	101.1	100.9	101.2	101.5	101.7	101.6	101.9	102.2	102.3	102.7	102.9
Total – All Items Index	100.0	100.7	101.1	101.9	102.5	103.0	103.5	103.5	103.3	103.1	103.2	104.3	105.0
Other Selected Groups													
Food and non-alcoholic beverages - combining food consumed at home and food consumed in restaurants	37.1	101.1	102.4	103.1	104.1	104.5	105.7	105.6	104.4	103.3	103.4	105.7	107.4
Energy and fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	101.4	102.8	105.0	105.0	108.1	107.2	108.3	108.7	110.3	110.8	111.9	111.7
All items less food	62.9	100.5	100.9	101.4	101.7	102.2	102.3	102.4	102.7	103.1	103.2	103.7	103.8
All items less food and energy	54.3	100.4	100.6	100.8	101.1	101.3	101.5	101.5	101.8	101.9	102.0	102.3	102.5

Source: National Bureau of Statistics



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

Main Groups	Weight (%)	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Food and non alcoholic beverages	38.5	10.7	9.5	8.3	7.1	7.0	8.1	7.6	6.9	6.0	6.0	6.2	7.0
Alcoholic, tobacco and narcotics	3.7	1.7	1.8	2.1	4.1	4.9	4.9	5.5	5.2	5.3	5.3	5.6	5.1
Clothing and footwear	8.3	4.8	4.5	4.2	4.3	4.5	4.6	4.2	3.7	4.2	3.8	3.9	3.7
Housing, water, electricity, gas and other fuel	11.6	0.1	0.8	5.5	7.0	8.8	7.6	7.4	6.8	6.5	7.2	10.9	9.9
Furnishing, housing equipment and routine Maintenance of the house	6.3	3.5	3.1	3.8	4.9	4.4	4.2	3.4	3.6	3.5	3.6	4.3	4.0
Health	2.9	4.4	6.0	6.2	6.4	6.6	6.8	6.0	5.9	6.0	5.8	5.5	4.7
Transport	12.5	1.3	2.0	2.6	2.0	1.6	1.3	0.4	-0.4	-0.8	0.1	0.7	0.3
Communication	5.6	0.5	0.4	-1.0	-1.0	-0.6	-0.6	-0.4	-0.2	-0.4	-0.7	-0.6	-0.9
Recreation and culture	1.6	3.6	3.3	4.1	4.1	3.9	3.4	3.3	3.5	1.2	1.5	1.8	1.8
Education	1.5	3.4	3.6	2.6	2.6	2.7	2.7	2.8	3.0	2.9	2.9	2.9	2.6
Restaurants and hotels	4.2	4.3	2.8	2.8	4.8	4.9	5.3	4.3	5.2	5.2	4.3	4.4	4.2
Miscellaneous goods and services	3.1	4.0	3.9	3.6	3.9	3.9	3.7	4.0	3.9	3.2	3.2	3.1	2.9
Total – All Items Index	100.0	6.5	5.6	5.4	5.1	5.2	5.5	5.1	4.9	4.5	4.5	4.8	5.0
Other Selected Groups													
Food and non-alcoholic beverages - combining food consumed at home and food consumed in restaurants	37.1	10.3	8.1	8.0	7.3	7.2	8.3	7.8	7.0	6.0	6.0	6.4	7.4
Energy and fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	0.3	-0.6	5.2	6.6	9.1	7.5	7.3	5.9	4.9	6.2	11.7	11.7
All Items less food	62.9	0.0	1.9	3.0	3.5	3.8	3.6	3.2	3.0	2.6	2.9	3.8	3.8
All Items less food and energy	54.3	2.4	2.5	2.8	3.0	3.0	3.0	2.6	2.6	2.4	2.4	2.6	2.5

Source: National Bureau of Statistics



Table A4 (c): Zanzibar National Consumer Price Index (NCPI)

	Weights (%)	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Headline	100.0	121.3	120.6	119.0	121.4	122.2	124.9	125.9	125.3	123.9	123.5	123.9	124.8
Food	51.7	118.5	117.7	115.7	119.4	119.6	123.7	124.8	122.7	120.1	119.3	119.5	120.5
Non-Food	48.3	123.6	123.0	121.9	122.9	123.9	125.3	126.3	127.3	127.1	127.1	127.9	128.6
Alcoholic beverages, tobacco & narcotics	0.3	115.4	115.4	115.4	115.4	115.4	115.4	119.6	119.6	119.6	119.6	119.6	119.6
Clothing and footwear	9.3	130.4	130.2	129.8	129.9	130.8	132.1	133.4	133.7	134.1	134.5	134.7	135.4
Housing, water, electricity, gas and other fuels	17.1	119.0	118.1	116.2	118.1	119	120.7	121.6	122.6	122.3	122.1	123.6	124.5
Furnishing, household equipment and routine household maintenance	4.6	116.8	116.8	117.2	117.4	117.6	118.1	118.2	118.2	118.3	118.5	118.9	119.1
Health	2.8	118.1	117.9	117.9	118.0	121.4	124.8	124.8	127.8	127.8	127.8	128.4	128.4
Transport	6.3	102.4	101.5	98.7	100.0	101.4	102.8	103.9	104.8	103.6	102.9	103.9	104.9
Communication	2.6	199.9	199.4	199.4	199.4	199.4	199.6	199.6	199.6	199.2	199.4	199.4	199.4
Recreation and culture	0.8	130.3	130.3	130.3	130.3	130.3	129.5	131	132.1	132.3	132.3	132.8	132.8
Education	1.3	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6
Restaurants and hotels	2.1	134.5	134.7	134.7	134.5	147	147	140.1	142.5	142.8	141	141.9	141.3
Miscellaneous goods & services	3.2	131.8	131.8	131.9	133.2	133.9	134.9	138.5	141.1	142.6	143	143.1	143.8

Source: Office of Chief Government Statistician, Zanzibar



Table A4 (d): Zanzibar National Consumer Price Index (NCPD), 12 Months Percentage Change

	Weights (%)	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Headline	100.0	9.8	10.9	9.7	10.1	8.2	9.3	5.8	3.7	4.0	4.1	2.3	3.0
Food	51.7	11.8	14.6	11.4	14.4	10.9	12.7	7.4	4.2	3.8	4.1	0.4	1.2
Non-Food	48.3	6.8	6.4	7.2	5.1	4.5	4.8	2.9	2.9	3.8	3.8	4.1	4.9
Alcoholic beverages, tobacco & narcotics	0.3	2.5	2.4	2.3	2.3	2.3	2.3	6.1	4.2	4.5	4.5	4.2	3.7
Clothing and footwear	9.3	15.7	11.1	9.7	8.8	8.4	6.9	5.2	2.7	3.5	3.9	4.0	4.7
Housing, water, electricity, gas and other fuels	17.1	5.8	5.4	6.3	0.9	0.3	1.9	1.4	2.2	3.7	3.6	4.8	5.5
Furnishing, household equipment and routine household maintenance	4.6	6.0	6.2	6.5	6.3	6.1	6.0	5.1	4.1	3.3	3.2	2.7	2.3
Health	2.8	11.5	11.4	11.4	11.5	12.6	11.7	11.2	13.8	11.0	11.0	10.0	10.0
Transport	6.3	0.4	-0.5	3.8	4.5	2.0	2.6	-3.8	-2.9	-1.0	-1.6	-0.9	2.4
Communication	2.6	8.6	8.3	8.3	8.3	8.3	8.4	-0.3	-0.3	-0.4	-0.5	-0.5	-0.5
Recreation and culture	0.8	4.2	4.1	4.1	3.4	1.6	0.9	0.8	1.7	1.8	1.8	1.9	1.9
Education	1.3	10.7	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Restaurants and hotels	2.1	31.3	31.9	31.0	31.0	41.5	40.3	41.6	12.7	13.8	12.5	6.4	6.1
Miscellaneous goods & services	3.2	8.4	7.8	7.8	8.3	8.0	8.8	8.3	9.5	10.5	10.6	10.5	9.7

Source: Office of Chief Government Statistician, Zanzibar



Table A5: Tanzania: Depository Corporations Survey

Billions of TZS

Items	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Net foreign assets (NFA) of the banking system	8,244.0	8,040.7	7,939.5	7,529.9	7,477.4	7,579.0	7,472.2	7,555.8	7,878.9	7,737.2	7,625.6	7,894.7	8,209.0
NFA of the Bank of Tanzania	7,528.2	7,444.0	7,477.4	7,316.3	7,075.6	7,203.8	7,146.1	7,207.3	7,668.3	7,693.6	7,616.1	8,061.1	8,304.1
Net international reserves (Millions of USD)	3,762.5	3,671.9	3,685.9	3,615.9	3,509.9	3,562.7	3,570.4	3,584.6	3,779.7	3,797.2	3,756.7	3,964.6	4,067.7
NFA of the banks	715.9	596.8	462.1	213.5	401.8	375.2	326.1	548.5	210.6	43.6	9.5	-166.4	-95.1
Banks NFA (Millions of USD)	333.2	274.1	212.0	98.0	184.4	171.9	149.6	251.7	96.8	20.0	4.4	-76.6	-43.8
Net domestic assets of the banking system	13,871.3	13,738.2	14,070.1	14,118.6	14,520.2	14,658.6	14,990.8	14,468.6	14,520.8	14,457.6	14,611.3	14,632.1	14,551.4
Domestic claims	20,374.4	20,410.2	20,814.7	20,969.3	21,479.8	21,727.8	21,889.2	21,254.1	21,363.6	21,340.1	21,447.2	21,353.0	20,890.9
Claims on central government (net)	4,881.6	4,645.8	4,851.0	4,885.9	5,314.4	5,334.6	5,229.2	4,604.3	4,677.7	4,717.3	4,792.8	4,721.1	4,282.0
Claims on central government	7,012.8	6,958.4	7,201.3	7,088.4	7,377.2	7,533.6	7,310.1	7,032.8	7,156.6	6,927.7	7,091.3	6,992.2	7,166.9
Ow Securities held by banks	3,727.3	3,851.6	4,004.4	4,133.3	4,215.7	4,291.5	4,326.6	4,299.4	3,968.7	3,923.7	3,984.3	3,896.6	4,058.1
Liabilities to central government	2,131.1	2,312.6	2,350.4	2,022.4	2,062.8	2,199.1	2,080.9	2,428.5	2,478.9	2,210.4	2,298.5	2,271.1	2,884.9
Claims on the private sector	15,492.7	15,764.4	15,963.8	16,083.3	16,165.4	16,393.2	16,659.9	16,686.0	16,622.8	16,654.4	16,631.9	16,631.9	16,608.9
Ow Extended in Shillings	2,660.2	2,696.9	2,712.5	2,690.6	2,689.9	2,730.2	2,711.1	2,699.1	2,710.9	2,671.5	2,665.6	2,707.9	2,690.9
Extended in foreign currency	5,715.5	5,871.8	5,912.1	5,864.5	5,861.0	5,958.1	5,907.1	5,881.3	5,900.4	5,811.3	5,797.9	5,878.7	5,846.3
Equivalent in millions of USD	2,660.2	2,696.9	2,712.5	2,690.6	2,689.9	2,730.2	2,711.1	2,699.1	2,710.9	2,671.5	2,665.6	2,707.9	2,690.9
Other items net	-6,503.1	-6,672.0	-6,744.6	-6,850.6	-6,959.6	-7,069.1	-6,898.4	-6,785.4	-6,842.8	-6,882.6	-6,835.9	-6,720.9	-6,339.5
Extended broad money supply (M3)	22,115.3	21,778.9	22,009.6	21,648.5	21,997.6	22,237.6	22,463.0	22,224.4	22,399.7	22,194.8	22,236.9	22,526.8	22,760.4
Foreign currency deposits (FCD)	6,335.2	6,359.2	6,285.1	6,160.9	6,233.5	6,421.7	6,311.7	6,427.8	6,500.1	6,274.6	6,260.7	6,186.2	6,237.2
FCD (Millions of USD)	2,948.6	2,920.8	2,883.7	2,826.6	2,860.8	2,942.7	2,896.8	2,949.9	2,986.5	2,884.4	2,878.3	2,849.5	2,870.8
Broad money supply (M2)	15,780.1	15,419.7	15,724.4	15,487.6	15,764.2	15,815.9	16,151.3	15,796.6	15,899.6	15,920.2	15,976.1	16,340.7	16,233.2
Other deposits	6,204.4	6,184.3	6,426.4	6,198.4	6,252.8	6,316.8	6,341.8	6,217.1	6,263.4	6,415.8	6,405.4	6,586.7	6,536.5
Narrow money supply (M1)	9,575.7	9,235.4	9,298.0	9,289.2	9,511.4	9,499.1	9,809.5	9,579.5	9,636.2	9,504.4	9,570.8	9,753.9	9,986.7
Currency in circulation	3,678.5	3,542.1	3,452.0	3,466.1	3,452.9	3,522.7	3,739.7	3,731.2	3,721.2	3,672.0	3,550.5	3,581.1	3,608.7
Transferable deposits	5,897.2	5,693.3	5,846.0	5,823.1	6,058.5	5,976.4	6,069.8	5,806.4	5,915.0	5,832.4	6,020.2	6,172.8	6,378.0
Memorandum Items													
Reserve money	6,833.1	6,617.9	6,350.4	6,522.6	6,434.1	6,464.7	6,772.7	6,565.1	6,733.6	6,619.0	6,536.9	6,930.2	6,854.4
Banks' reserves	2,401.3	2,472.9	2,299.4	2,400.9	2,389.0	2,328.1	2,399.8	2,190.5	2,382.1	2,324.3	2,325.1	2,690.8	2,548.9
Currency outside Bank of Tanzania	4,431.8	4,145.0	4,051.0	4,121.7	4,045.1	4,136.6	4,373.0	4,374.6	4,351.5	4,294.7	4,211.7	4,239.4	4,305.5
Average reserve money	6,862.5	6,862.5	6,539.2	6,533.0	6,433.6	6,453.4	6,623.5	6,584.9	6,599.4	6,635.9	6,576.4	6,754.2	6,980.4
Nominal exchange rate (end of period) (TZS/USD)	2,148.5	2,177.3	2,179.9	2,179.6	2,178.9	2,179.0	2,178.9	2,179.0	2,178.9	2,175.1	2,175.1	2,171.0	2,172.6
Gross official reserves (Millions of USD)	4,093.7	3,998.8	4,014.4	3,948.8	3,845.0	3,894.1	3,870.3	3,883.4	4,076.0	4,096.0	4,050.9	4,254.1	4,325.6
Foreign assets of banks (Millions of USD)	1,012.1	958.8	934.2	855.0	915.7	842.8	835.0	876.7	791.5	766.6	775.5	769.9	768.2
Gross foreign assets of the banking system (Millions of USD)	5,105.8	4,957.6	4,948.7	4,803.8	4,760.6	4,737.0	4,703.3	4,760.1	4,870.2	4,862.7	4,826.4	5,024.0	5,093.8
Annual growth rates (%)													
Stock of reserve money	15.6	16.3	6.8	16.7	11.9	10.3	3.0	-2.2	-0.6	1.2	-2.1	1.5	0.3
Average reserve money	14.2	15.6	10.7	11.8	12.3	12.2	7.2	1.9	-2.0	-1.5	-0.9	0.1	1.7
Extended broad money supply (M3)	18.8	16.2	17.1	15.5	12.9	11.9	12.5	6.7	4.7	4.3	2.5	4.6	2.9
Broad money supply (M2)	13.4	10.0	14.5	13.2	12.3	11.7	12.9	7.8	6.6	7.2	4.6	6.0	4.7
Credit to the private sector	24.8	25.3	24.0	23.6	19.3	16.2	19.1	15.2	13.8	11.7	10.3	9.4	7.2

Source: Bank of Tanzania



Table A6: Tanzania Capital and Money Market Interest Rates

Items	Percent												
	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Interbank cash market rates													
Overnight	7.10	11.89	13.29	10.12	11.06	12.25	12.76	14.40	16.34	16.15	15.51	13.23	13.69
2 to 7 days	14.42	12.50	13.35	11.11	11.59	12.64	13.21	14.61	16.54	16.50	15.94	13.49	13.24
8 to 14 days	12.36	15.00	13.67	11.10	6.83	12.50	12.62	15.00	16.67	16.51	15.00	13.50	13.64
15 to 30 days	18.48	12.23	18.00	11.50	11.50	11.50	10.50	13.00	14.56	14.50	16.34	16.34	13.00
31 to 60 days	12.00	12.00	12.00	12.00	12.00	12.00	12.00	16.00	16.00	16.00	16.50	16.50	12.86
61 to 90 days	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.60
91 to 180 days	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
181 and above	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94
Overall Interbank cash market rate	7.29	12.02	13.31	10.39	11.17	12.32	12.82	14.49	16.38	16.22	15.64	13.35	13.49
Lombard rate	11.11	17.84	19.93	15.18	16.59	18.38	19.13	21.60	24.51	24.23	23.27	19.85	20.54
REPO rate	5.41	5.41	5.41	5.41	5.13	5.13	5.13	5.13	5.13	5.13	5.13	5.13	5.13
Treasury bills rates													
35 days	7.40	7.40	7.40	7.40	7.32	7.35	7.32	7.35	7.33	7.34	7.26	7.00	6.80
91 days	9.28	9.02	8.78	8.59	8.15	7.98	7.28	7.56	7.50	7.46	7.51	7.28	7.09
182 days	17.15	17.67	17.79	17.08	15.78	14.86	15.06	15.67	15.71	15.45	15.51	14.91	14.54
364 days	18.72	18.81	18.96	17.83	16.62	15.50	15.38	15.94	15.88	15.85	16.15	15.94	15.80
Overall Treasury bills rate	18.25	18.55	18.52	17.39	16.16	15.12	14.98	15.76	15.75	15.68	15.72	15.34	15.12
Treasury bonds rates													
2-years	16.76	17.29	17.29	17.51	17.51	17.29	17.29	17.29	17.39	17.39	17.66	17.66	17.67
5-years	17.52	17.52	18.79	18.79	17.07	17.07	17.07	17.78	17.78	17.87	17.87	17.96	17.96
7-years	17.58	16.23	16.23	18.17	18.17	18.17	17.46	17.46	17.91	17.91	17.91	18.34	18.34
10-years	17.62	17.62	18.82	18.82	18.85	18.85	17.96	17.96	17.96	17.63	17.63	17.63	17.63
15-years	17.97	17.97	17.97	19.76	19.76	18.75	18.75	18.94	18.94	18.87	18.87	18.87	18.73
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

Source: Bank of Tanzania



Table A7: Tanzania: Banks' Interest Rates

Percent

Items	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
A: Domestic currency													
Savings deposit rate	3.42	3.44	3.38	3.41	3.40	3.41	3.40	3.37	3.40	3.42	3.44	3.11	3.48
Overall time deposits rate	9.30	9.08	9.14	8.64	8.98	9.93	10.21	9.97	8.78	9.02	9.24	8.56	8.78
1 month	10.21	10.39	9.99	10.51	10.89	11.53	10.56	11.25	10.33	9.75	9.96	7.72	7.76
2 months	10.39	10.00	10.29	7.47	8.63	10.70	11.64	11.18	10.17	9.29	10.35	9.71	9.07
3 months	10.19	9.81	11.13	10.23	9.94	10.70	11.00	10.62	9.52	10.96	10.43	10.16	11.45
6 months	10.30	10.08	9.77	9.75	9.62	10.57	10.65	9.68	9.19	10.03	10.52	10.10	10.01
12 months	11.16	11.01	10.95	11.30	11.56	11.75	12.39	12.40	11.50	11.46	11.42	10.90	11.03
24 months	9.90	9.43	9.21	8.61	9.63	11.59	12.65	12.00	8.07	8.56	8.81	8.30	9.35
Negotiated deposit rate	11.21	11.25	11.20	11.01	10.94	11.37	11.23	11.85	11.83	11.96	11.70	12.04	11.28
Overall lending rate	16.39	16.28	16.43	16.26	16.12	15.95	16.03	15.75	15.80	15.83	15.74	15.65	15.66
Short-term (up to 1 year)	14.22	14.34	14.20	14.55	13.96	14.17	13.70	13.31	13.37	13.23	13.37	12.84	12.87
Medium-term (1-2 years)	17.70	17.76	17.84	17.56	17.57	16.10	17.09	16.59	16.62	16.94	16.47	16.36	16.65
Medium-term (2-3 years)	16.49	16.46	16.49	15.95	15.87	16.32	16.11	15.87	15.86	15.67	15.88	15.72	16.23
Long-term (3-5 years)	15.87	15.78	15.73	15.57	15.65	15.67	15.62	15.59	15.66	15.79	15.43	15.59	15.15
Term loans (over 5 years)	17.65	17.05	17.87	17.66	17.53	17.46	17.62	17.41	17.48	17.54	17.57	17.75	17.42
Negotiated lending rate	14.41	12.16	12.04	11.34	12.21	11.76	12.10	12.03	11.87	12.25	12.32	13.05	12.54
B: Foreign currency													
Deposits rates													
Savings deposits rate	0.83	0.98	1.15	0.99	1.79	1.59	1.60	1.41	1.41	1.42	1.41	1.45	1.68
Overall time deposits rate	2.81	2.52	2.73	3.27	2.74	2.79	2.29	2.69	2.33	2.46	2.41	2.52	2.91
1-months	2.59	1.69	2.69	2.87	2.39	2.86	2.96	1.77	1.66	2.11	2.58	2.80	3.05
2-months	2.54	2.50	2.77	3.39	2.83	3.36	2.34	3.46	2.24	3.06	2.90	2.84	3.40
3-months	2.58	2.67	2.29	3.25	2.94	3.28	1.70	2.57	3.07	2.92	2.71	3.03	3.92
6-months	2.99	2.82	2.82	3.54	2.50	2.63	2.30	2.69	2.84	2.52	2.17	2.17	1.71
12-months	3.37	2.93	3.07	3.29	3.04	1.83	2.15	2.96	1.81	1.68	1.69	1.75	2.46
Overall lending rate	6.73	6.52	6.78	4.76	6.78	6.86	6.92	7.42	7.43	7.35	7.39	7.49	7.07
Short-term (up to 1 year)	4.15	3.21	4.18	4.16	3.08	5.11	5.04	5.39	5.43	5.28	5.36	6.19	4.49
Medium-term (1-2 years)	7.68	7.65	7.71	7.27	8.72	7.73	7.76	7.92	7.97	7.82	7.83	7.83	7.87
Medium-term (2-3 years)	8.13	8.14	7.42	3.49	7.24	7.42	7.76	8.13	8.11	8.07	8.08	7.50	7.39
Long-term (3-5 years)	7.61	7.51	8.11	5.67	7.04	6.62	6.55	6.75	6.74	6.75	6.77	6.97	6.70
Term loans (over 5 years)	6.10	6.10	6.50	3.24	7.82	7.41	7.47	8.94	8.92	8.84	8.92	8.95	8.92

Source: Bank of Tanzania



Table A8: Zanzibar Central Government Operations

Billions of TZS

	Budget 2016/17	July - December 2016		Percent of Estimates
		Estimates	Actual	
Total revenue	434.6	235.7	250.2	106.1
Tax revenue	395.1	213.7	230.8	108.0
Tax on imports	113.8	57.1	62.7	109.8
VAT and excise duties (local)	109.1	52.9	55.8	105.4
Income tax	64.7	34.8	38.5	110.8
Other taxes	107.4	68.9	73.8	107.0
Non-tax revenue	39.5	22.0	19.4	88.1
Total expenditure	707.7	279.2	282.1	101.1
Recurrent expenditure	376.4	226.2	224.7	99.4
Wages and salaries	184.5	100.8	99.4	98.6
Interest payment (Public debt)	0.0	0.0	0.0	
Local	0.0	0.0	0.0	
Foreign	0.0	0.0	0.0	
Other expenditure	191.9	125.3	125.3	100.0
Development expenditure	331.3	53.0	57.4	108.3
Local	65.9	26.4	23.2	88.1
Foreign	265.4	26.6	34.2	128.3
Overall surplus/ deficit before grants	-273.1	-43.4	-31.9	73.5
Grants	115.8	5.4	22.1	408.8
4.5% Budget support	40.0	0.0	0.0	
Debt relief	0.6	0.0	0.0	
Project grant	86.8	5.4	22.1	408.8
Overall surplus/deficit after grants	-157.3	-38.0	-9.8	25.8
Adjustment to cash and other items	0.0	16.8	-2.2	-13.3
Overall deficit cheques cleared	-177.1	-21.2	-12.0	56.7
Financing	177.1	21.2	12.0	56.7
Foreign	162.1	21.2	12.0	56.7
Import support	0.0	0.0	0.0	
Program loans	162.1	21.2	12.0	56.7
Amortization (foreign)	0.0	0.0	0.0	
Domestic (net)	33.0	0.0	0.0	
Bank	0.0	0.0	0.0	
Non-bank	33.0	0.0	0.0	
Amortization (local)	0.0	0.0	0.0	

Source: Ministry of Finance and Economic Planning, Zanzibar



Table A9: Tanzania's Balance of Payments

Millions of USD

Items	2011	2012	2013	2014	2015r
A. Current account	-4,381.0	-3,768.9	-4,988.0	-5,343.7	-4,005.7
Balance on goods	-4,729.6	-4,429.9	-5,771.1	-5,723.7	-4,440.7
Goods: exports f.o.b.	5,097.9	5,889.2	5,258.1	5,194.1	5,402.3
Traditional	685.5	956.7	868.9	828.8	793.3
Nontraditional	3,747.5	4,164.4	3,703.3	3,798.6	4,117.9
o/w Gold	2,224.1	2,117.4	1,644.8	1,324.1	1,183.3
Unrecorded trade	664.9	768.2	685.8	566.8	491.1
Goods: imports f.o.b.	-9,827.5	-10,319.1	-11,029.1	-10,917.8	-9,843.1
Balance on services	92.2	427.5	713.2	727.3	849.8
Services: credit	2,300.3	2,786.4	3,201.7	3,396.0	3,519.6
Transport	556.0	641.1	811.8	902.6	1,023.9
Travel	1,353.2	1,712.7	1,880.4	2,010.1	2,010.1
Other	391.2	432.6	509.5	483.2	485.5
Services: debit	-2,208.1	-2,358.9	-2,488.5	-2,668.7	-2,669.7
Transport	-977.9	-1,046.9	-1,137.8	-1,163.0	-1,087.6
Travel	-898.6	-967.0	-1,033.9	-1,101.6	-1,195.3
Other	-331.6	-344.9	-316.7	-404.1	-386.8
Balance on goods and services	-4,637.3	-4,002.4	-5,057.9	-4,996.4	-3,590.9
Balance on primary income	-645.8	-574.0	-705.7	-824.7	-894.3
Primary income: credit	184.2	131.1	130.1	118.4	111.9
o/w Investment income	159.8	109.6	99.9	86.5	87.8
Primary income: debit	-830.0	-705.1	-835.8	-943.1	-1,006.2
o/w Direct investment income	-728.7	-560.2	-617.0	-740.3	-776.4
Balance on goods, services and primary income	-5,283.1	-4,576.4	-5,763.6	-5,821.1	-4,485.2
Balance on secondary income	902.2	807.5	775.7	477.4	479.4
Secondary income: credit	994.9	913.0	837.4	535.6	559.6
Government	609.7	544.3	485.7	178.0	194.3
Financial corporations, nonfinancial corporations, households and NPISH:	385.2	368.7	351.7	357.6	365.3
Secondary income: debit	-92.7	-105.4	-61.8	-58.2	-80.2
B. Capital account	690.9	777.2	658.8	522.2	354.4
Capital transfers credit	690.9	777.2	658.8	522.2	354.4
General government	627.3	713.6	595.2	457.9	290.3
Financial corporations, nonfinancial corporations, households and NPISH:	63.6	63.6	63.6	64.2	64.0
Capital transfers debit	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-3,690.0	-2,991.7	-4,329.2	-4,821.6	-3,651.4
C. Financial account, excl. reserves and related items	-2,843.1	-3,879.6	-5,021.0	-3,500.9	-3,072.0
Direct investments	-1,229.4	-1,799.6	-2,087.3	-1,672.6	-1,604.6
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	1,229.4	1,799.6	2,087.3	1,672.6	1,604.6
Portfolio investment	-11.3	-6.1	-4.5	-11.5	-27.6
Other investment	-1,602.5	-2,073.9	-2,929.3	-1,816.9	-1,439.8
Total, Groups A through C	-6,533.2	-6,871.3	-9,350.2	-8,322.5	-6,723.4
D. Net errors and omissions	644.9	-561.8	-183.9	1,068.8	380.3
Overall balance (Total, Groups A through D)	-202.0	326.2	507.9	-251.8	-199.1
E. Reserves and related items	-202.0	326.2	507.9	-251.8	-199.1
Reserve assets	-206.3	324.7	621.4	-307.3	-273.7
Use of Fund credit and loans	4.4	1.5	-113.5	55.5	74.6
Exceptional financing	0.0	0.0	0.0	0.0	0.0
Memorandum items					
GDP at market prices (Millions of USD)	37,804.1	39,445.8	45,144.0	49,865.6	54,985.4
CAB/GDP	-11.6	-9.6	-11.0	-10.7	-7.3
CAB/GDP (excl. current official transfers)	-13.2	-10.9	-12.1	-11.1	-7.6
Gross official reserves	3,744.6	4,068.1	4,689.7	4,377.2	4,093.7
Months of imports	3.5	3.6	4.1	4.2	4.1
Exchange rate (end of period)	1,453.5	1,566.7	1,571.6	1,574.0	1,725.8

Notes: "r" means 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

f.o.b means free on board

CAB means current account balance

NPISHs denotes non-profit institutions serving households

Source: Bank of Tanzania



Table A10: Tanzania Exports by Type of Commodity

Items	Unit	July - December		Percentage change
		2015	2016 ^p	
Traditional exports:				
Coffee				
Value	Millions of USD	72.5	75.1	3.7
Volume	000 Tons	26.2	28.8	10.1
Unit price	USD per Ton	2,766.6	2,606.0	-5.8
Cotton				
Value	Millions of USD	25.4	40.1	57.7
Volume	000 Tons	24.8	28.0	12.6
Unit price	USD per Ton	1,023.4	1,432.5	40.0
Sisal				
Value	Millions of USD	17.1	8.1	-52.5
Volume	000 Tons	9.3	4.1	-55.9
Unit price	USD per Ton	1,845.9	1,986.1	7.6
Tea				
Value	Millions of USD	19.4	14.3	-26.5
Volume	000 Tons	11.1	8.4	-24.0
Unit price	USD per Ton	1,755.2	1,696.3	-3.4
Tobacco				
Value	Millions of USD	156.1	196.9	26.2
Volume	000 Tons	38.9	39.1	0.6
Unit price	USD per Ton	4,017.2	5,038.1	25.4
Cashewnuts				
Value	Millions of USD	120.2	204.3	69.9
Volume	000 Tons	102.8	109.6	6.6
Unit price	USD per Ton	1,169.1	1,863.8	59.4
Cloves				
Value	Millions of USD	17.2	10.3	-40.1
Volume	000 Tons	2.2	1.4	-37.1
Unit price	USD per Ton	7,954.1	7,574.6	-4.8
Sub total	Millions of USD	427.9	549.1	28.3
Non-traditional exports:				
Minerals				
Minerals	Millions of USD	653.9	851.4	30.2
Gold	Millions of USD	601.0	807.1	34.3
Diamond	Millions of USD	24.6	17.8	-27.5
Other minerals ¹	Millions of USD	28.3	26.4	-6.7
Manufactured goods				
Manufactured goods	Millions of USD	736.7	366.2	-50.3
Cotton yarn	Millions of USD	7.2	5.9	-18.2
Manufactured coffee	Millions of USD	0.1	0.0	-100.0
Manufactured tobacco	Millions of USD	19.4	8.5	-56.0
Sisal products (yarn & twine)	Millions of USD	6.8	13.3	95.4
Other manufactured goods ²	Millions of USD	703.2	338.5	-51.9
Fish and fish products	Millions of USD	79.5	58.0	-26.9
Horticultural products	Millions of USD	11.2	11.9	5.6
Re-exports	Millions of USD	163.8	227.0	38.6
Other exports ³	Millions of USD	490.8	414.5	-15.5
Sub total	Millions of USD	2,135.9	1,929.1	-9.7
Grand total ⁴	Millions of USD	2,820.1	2,726.0	-3.3

Note: 1 Includes tanzanite, rubies, sapphires, emeralds, copper, silver and other precious stones

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

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

4 Includes adjustments for unrecorded exports

p means provisional data

Source: Bank of Tanzania and Tanzania Revenue Authority



Table A11: Tanzania Imports (f.o.b value) by Major Category

Millions of USD

Items	July - December		Percentage change
	2015	2016p	
Capital goods	1,703.1	1,373.6	-19.3
Transport equipment	486.8	420.3	-13.7
Building and construction	438.9	336.0	-23.5
Machinery	777.4	617.3	-20.6
Intermediate goods	1,759.2	2,143.3	21.8
Oil imports	1,292.6	1,662.0	28.6
Fertilizers	112.0	64.4	-42.5
Industrial raw materials	354.6	416.8	17.5
Consumer goods	1,141.4	905.5	-20.7
Food and food stuffs	192.3	203.0	5.6
All other consumer goods ¹	949.2	702.5	-26.0
Grand total	4,603.7	4,422.4	-3.9

Note: ¹ Includes pharmaceutical products, paper products, plastic items, optical/photographic materials and textile apparels
P means provisional data
f.o.b denotes free on board

Source: Bank of Tanzania and Tanzania Revenue Authority



Table A12: Zanzibar: Goods Exports by Major Category

Millions of USD

Items	Unit	July - December		Percentage change
		2015	2016 ^P	
Traditional				
Clove				
Value	Millions of USD	17.2	10.2	-40.6
Volume	000 Tonnes	2.2	1.4	-37.6
Unit Price	USD/Tonne	7,952.4	7,751.3	-2.5
Non-traditional				
Seaweeds				
Value	Millions of USD	1.5	3.0	96.7
Volume	000 Tonnes	4.2	3.9	-8.1
Unit price	USD/Tonne	346.3	765.8	121.2
Manufactured goods	Millions of USD	4.3	0.9	-80.3
Fish and fish produce	Millions of USD	0.02	1.1	4,670.2
Others exports	Millions of USD	2.2	4.6	110.1
Sub Total	Millions of USD	8.1	9.6	18.0
Grand Total	Millions of USD	25.3	19.8	-21.8

Note: Other exports include mainly souvenirs and spices.
p means provisional

Source: Tanzania Revenue Authority and Bank of Tanzania



Table A13: Zanzibar: Imports by Major Categories

Millions of USD

	July - December		Percentage change
	2015	2016 ^P	
Capital goods	67.9	18.3	-73.0
Transport equipment	48.7	8.2	-83.2
Building and constructions	4.4	3.4	-23.1
Machinery	14.8	6.8	-54.2
Intermediate goods	30.2	27.4	-9.5
Oil imports	22.7	21.7	-4.4
Industrial raw materials	7.6	5.7	-24.9
Consumer goods	18.9	16.3	-13.5
Food and food stuffs	0.5	7.9	
All other consumer goods	18.4	8.5	-53.9
Grand total (c.i.f)	117.0	62.0	-47.0

Note: p means provisional.

f.o.b denotes free on board

c.i.f means cost insurance and freight

Source: Tanzania Revenue Authority and Bank of Tanzania



Table A14: Payment Systems Performance

Item	July - December		Percentage Change
	2015	2016	
Tanzania Interbank Settlement System (TISS)			
TISS TZS			
Volume (Thousands)	657.0	697.6	6.2
Value (Billions of TZS)	63,406.8	93,177.6	47.0
TISS USD			
Volume (Thousands)	95.6	106.1	11.0
Value (Billions of TZS)	9.1	8.4	(8.2)
East Africa Payment System (EAPS)			
TZS			
Volume	789.0	835.0	5.8
Value (Billions of TZS)	32.3	18.9	(41.6)
KES			
Volume	853.0	1,055.0	23.7
Value (Billions of KES)	1.8	1.6	(12.0)
UGX			
Volume	90.0	122.0	35.6
Value (Billions of UGX)	6.2	6.4	3.4
Tanzania Automated Clearing Systems (TACH)			
TZS Cheque			
Volume (Thousands)	614.2	628.0	2.2
Value (Billions of TZS)	2,097.0	2,118.8	1.0
Electronic Fund Transfers (EFT)			
Volume (Thousands)	2,191.2	2,533.5	15.6
Value (Billions of TZS)	1,319.1	1,557.5	18.1
USD Cheque			
Volume (Thousands)	139.3	133.8	(4.0)
Value (Millions of USD)	363.8	323.2	(11.1)
Mobile Financial Services (MFS)			
Mobile Payment Services			
Volume (Thousands)	744,113.3	843,731.4	13.4
Value (Billions of TZS)	26,253.3	30,219.5	15.1
MFS Inter-operability			
Volume (Thousands)	4,397.7	20,057.4	356.1
Value (Billions of TZS)	178.1	988.9	455.3
Agents			
Super Agents	1,186.0	2,307.0	94.5
Retail agents	270,974.0	371,132.0	37.0

Source: Bank of Tanzania



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 Treasury bills rate as a base plus a factor that is 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.

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 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.



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