



Bank of Tanzania Monetary Policy Communication Strategy

November 2023

1. Introduction

The Bank of Tanzania, hereafter referred to as the Bank, is mandated to formulate, define, and implement monetary policy with the primary objective of maintaining price stability that is conducive to the balanced and sustainable growth of the economy. In pursuit of the mandate, the Bank formulates and implements monetary policy using interest rate as the operating target variable. This practice constitutes what is referred to as the interest rate-based monetary policy framework. This framework involves generating inflation forecasts and determining interest rate as an anchor to the attainment of the inflation objective.

For successful implementation of the framework, the Bank uses this Monetary Policy Communication Strategy to convey information on the conduct of the monetary policy to stakeholders (financial markets, Government, and the general public). This is expected to enhance trust, transparency, and credibility with stakeholders and ultimately influence economic decisions and outcomes that will support the attainment of price stability. Therefore, this Monetary Policy Communication Strategy guides the Bank in effectively communicating its policy goals and decisions.

2. Monetary Policy Decision-Making Process

At the beginning of every fiscal year, the Bank sets annual monetary policy targets in its Monetary Policy Statement, consistent with the broader macroeconomic policy objectives of the Government. The Monetary Policy Statement is approved by the Board of Directors of the Bank and submitted to the Parliament through the Minister responsible for finance. The same procedure is followed for the Mid-Year Review of the Monetary Policy Statement, showing progress on the implementation of the monetary policy, the outlook for the remaining period of the year, and measures to be taken. The Monetary Policy Committee (MPC) of the Bank's Board of Directors is responsible for setting quarterly monetary policy targets in line with the targets set in the Monetary Policy Statement.

3. Processes and Operations of Monetary Policy Communication

3.1 Monetary Policy Spokesperson

The Governor shall be the Spokesperson of the Bank but may delegate such powers to a member of the MPC or an officer of the Bank. The spokesperson shall communicate the MPC meeting deliberations and decisions to stakeholders.

3.2 Target Audience

The target audience shall be the general public through meeting with the media or targeted group as needed. In addition, the MPC meeting statement shall be issued to the general public.

3.3 Calendar of MPC Meetings and Announcements

At the beginning of the fiscal year, the Bank shall publish an annual calendar of MPC meetings, which shall be held on a quarterly basis, outlining the dates of MPC meetings. The calendar shall be accessible through the Bank's website and other communication channels. In addition, the calendar shall contain the date of decision announcements. During the decision announcement, the spokesperson may respond to questions from the audience.

There shall be flexibility in convening MPC meetings and decision announcements in the event of extraordinary economic circumstances. The circumstances shall be explained and communicated to the general public.

3.4 Monetary Policy Communication Channels

The MPC shall communicate the monetary policy goals and decisions through meetings and publication of the Monetary Policy Statement and MPC meeting statement. The communication of the Statements may be through prints, the Bank website or any other media outlets. In addition, the Bank shall publish the Monetary Policy Reports detailing outcomes and decisions, as well as the assessment of the current and future performance of the global and domestic economies. The report shall be released on a quarterly basis. Furthermore, the Bank may conduct workshops and

seminars and participate in exhibitions and other awareness sessions for communicating monetary policy.

3.5 Feedback Mechanism

The Bank shall obtain feedback on the conduct of monetary policy and its outcomes through surveys, media platforms, exhibitions and enquiries. The feedback shall facilitate the improvement of the conduct of monetary policy and the evaluation of public sentiments.