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BANK OF TANZANIA



ANNUAL REPORT

2007/08



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ABBREVIATIONS AND SYMBOLS

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



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



June 22nd, 2009

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

Honourable Minister,

LETTER OF TRANSMITTAL

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

- (a) A report of the Bank's operations and principal functions in particular its monetary policy and other activities during the year, and
- (b) The balance sheet as at 30th June 2008, the Profit and Loss Accounts for the year ended 30th June 2008 and associated financial statements as well as detailed notes to the accounts for the year and the previous year's comparative data certified by external auditors along with the auditors' opinion.

Yours sincerely,

Prof. Benno J. Ndulu
Governor
Bank of Tanzania



BOARD OF DIRECTORS



Prof. B. Ndulu
Governor and Chairman



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



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



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



Mr. R. M. Khijah
Permanent Secretary
to the Treasury (URT)



Prof. H. Amani
Director



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



Dr. N. E. Mwamba
Director



Mr. A. Mfuruki
Director



Mr. A. H. Mtengeti
Secretary to the Bank



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BANK OF TANZANIA MISSION

The Bank's mission is:

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

BANK OF TANZANIA INFLATION CONTROL STRATEGY

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

MONETARY POLICY INSTRUMENTS

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

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



MONETARY POLICY IMPLEMENTATION BY THE BANK OF TANZANIA

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



EXECUTIVE SUMMARY

According to the revised national accounts, Tanzania's real GDP for 2007 is estimated to have grown by 7.1 percent, higher than the growth rate of 6.7 percent attained in 2006. The growth was underpinned by recovery in agriculture and electricity generation in the wake of improved weather conditions and continued strong performance in communication, transport, trade, financial intermediation, and real estate and business services. The growth was also supported by prudent fiscal policy which resulted into a substantial increase in domestic revenue as well as continued government initiatives in accelerating investments in economic infrastructure. With the exception of fishing which recorded a lower growth rate of 5.0 percent from 4.5 percent of the previous year, all other major economic activities recorded higher growth rates compared with the rates recorded in the proceeding year.

The annual average inflation rate stood at 8.4 percent, which was higher than 6.3 percent registered in the corresponding period of 2006/07. The pressure on inflation was largely triggered by the rising domestic oil prices following the persistent increase in world market prices and rising food prices.

In 2007/08, the government implemented a range of policy and institutional reform measures in order to strengthen revenue collections and broaden the tax base. These included: registration of new tax payers; reviewing the tax rates and revenue collection procedures; increasing non-tax

revenue collections; and improvement of the business environment. Consequently, revenue collection improved from 14.5 percent of GDP recorded in 2006/07 to 16.9 percent in 2007/08. Analysis of government revenue and expenditure shows that the overall fiscal deficit in 2007/08 was TZS 926.5 billion or 4.3 of GDP, being lower than 6.3 percent of the previous financial year.

The economy continued to experience growing liquidity pressures emanating from government spending of donor funds, particularly during the first quarter where a large part of donor funds were front loaded. In order to achieve desired levels of liquidity in the economy on a month to month basis, the Bank monitored on daily basis developments in reserve money, in the inter-bank money market, and on fiscal flows. This was done in order to determine the appropriate market-based interventions required to achieve the intended level of liquidity in the economy.

During the second quarter of 2007/08, the Bank revised its monetary policy strategy by introducing a better mix of its instruments; specifically Treasury Bills were complemented with daily sales of small amounts of foreign exchange in the inter-bank market and supplemented by repurchases agreements. Also, beginning January, 2008, the Bank reduced the frequency of Treasury bill auctions from weekly to fortnightly and to once per month for bonds.



In order to improve the transparency in the conduct of monetary policy, the Bank introduced monthly meetings with Chief Executives of financial institutions to inform them on the decisions of the Monetary Policy Committee (MPC), specifically on the monetary policy measures to be implemented by the Bank in the respective months and the rationale behind the adopted monetary policy stance.

Tanzania's overall Balance of payments recorded a surplus of USD 299.8 million, higher than USD 232.6 million recorded in the previous year. This development was mainly attributed to an increase in Foreign Direct Investment (FDI) which went up by 13.3 percent to USD 740.2 million. However, the current account balance deteriorated to a deficit of USD 2,327.7 million from a deficit of USD 1,553.2 million in the previous year. This was largely explained by an increase in imports of goods and services which surpassed the increase in exports.

The national debt stock (external and domestic) stood at USD 7,581.4 million at the end of June 2008, being an increase of 23.1 percent from USD 6,158.8 million registered at the end of June 2007. There

was no change on the position of HIPC debt relief from Non-Paris Club Creditors in the form of debt cancellation from that reported in the previous year of USD 184.6 million and USD 171.2 million, respectively. However, negotiations were initiated with the governments of Iran and Zambia for HIPC debt relief, as well as with China for additional debt relief.

The Zanzibar economy grew at the rate of 6.7 percent during 2007, compared with 6.0 percent registered in 2006. The growth was driven by a remarkable improvement in the services sector particularly tourism.

Zanzibar budgetary operations as at the end of 2007/08 registered a deficit after grants on a cheque cleared basis to the tune of TZS 10.7 billion, which was below the deficit of TZS 13.5 billion of the previous year. The ratio of deficit to GDP declined to 2.0 percent from 2.6 percent registered during 2006/07.

The current account balance registered a surplus of USD 8.9 million, from a surplus of USD 33.1 million registered in 2007. The underperformance was largely on account of a rise in the imports bill coupled with a decline in donor inflows. The trade account deficit also widened to USD 77.8 million, compared to USD 65.1 million recorded during the preceding year.



PART I

AN OVERVIEW OF ECONOMIC DEVELOPMENTS



CHAPTER ONE OUTPUT AND PRICES

Gross Domestic Product

The National Bureau of Statistics (NBS) revised and published a new set of national account estimates for Tanzania Mainland in September 2007. The revision which is based on 2001 prices has resulted into a number of changes in the GDP tables in terms of structure, level and share due to the use of data from new surveys as well as the adoption of the System of National Accounts 1993 in the compilation of the estimates.

The 1992 GDP series was compiled at factor cost while the 2001 series is compiled at basic prices. In terms of the structure of the economy, a major change was observed in agriculture whose share to GDP in 2006 declined substantially from 44.7 percent in the old series to 25.4 percent in the new series. According to the revised national account estimates, GDP growth rate for 2007 was estimated at 7.1 percent, being slightly higher than the growth rate of 6.7 percent attained in 2006. The growth and contribution of various economic activities to GDP is depicted in **Chart 1.1 and Table 1.2**.

The growth was underpinned by recoveries in agriculture and electricity in the wake of

improved weather conditions, and continued strong performance in communication, transport, trade, financial intermediation, real estate and business services consistent with the government's commitment to reforms. The growth was also supported by prudent fiscal policy, characterized by substantial increase in domestic revenue and assistance from development partners. This has reduced government's recourse to domestic borrowing, thereby widening the space for expansion of credit to the private sector. Hitherto, the structural reforms have focused on economic liberalization, improved public financial management and revenue administration as well as financial sector development and business environment. Economic growth for 2008 is projected at 7.8 percent on account of improved weather conditions and continued Government initiatives in accelerating investments in economic infrastructure—particularly roads, water supply and generation of electricity and implement reform policies geared at increased economic activities and promotion of private sector-led growth.



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

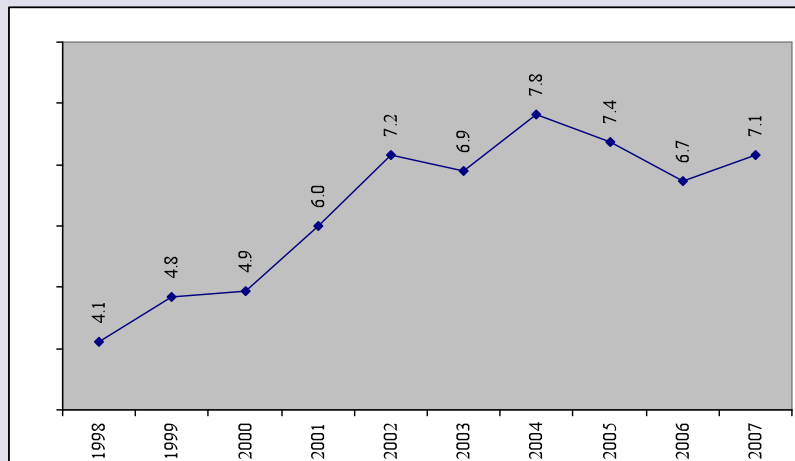




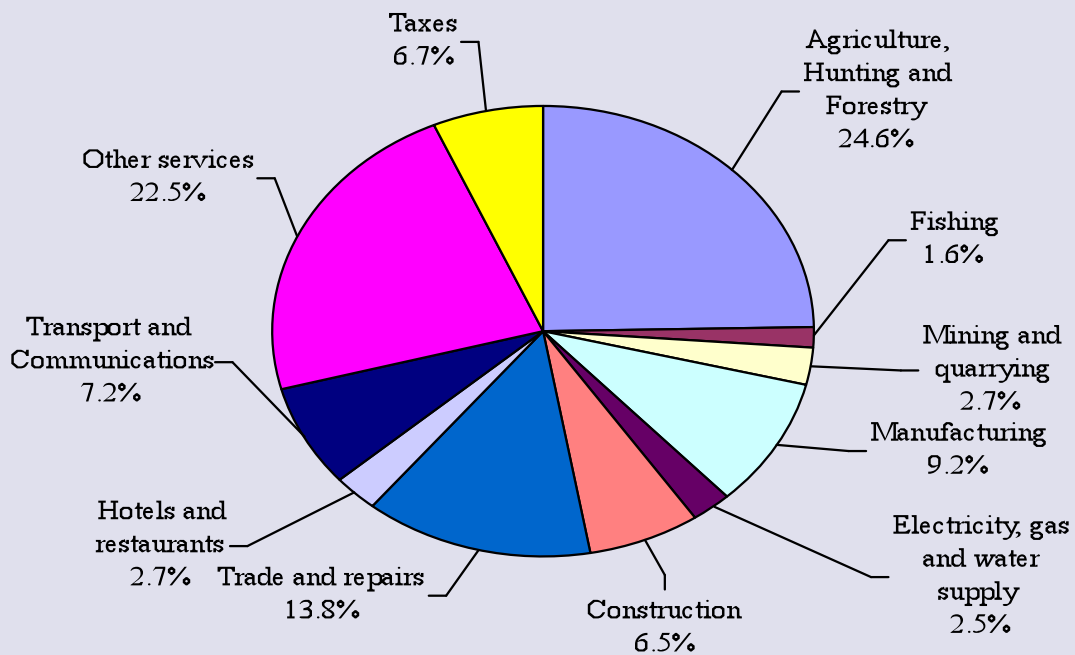
Table 1.1: Growth and Distribution of Gross Domestic Product by Activity,
at Constant 2001 Prices

Economic Activity	2001	2002	2003	2004	2005	In Percent	
						2006 ^r	2007 ^p
Millions of TZS							
<i>Agriculture</i>	4.9	4.9	3.1	5.9	4.3	3.8	4
<i>Fishing</i>	4.8	6.8	6	6.7	6	5	4.5
<i>Industry and construction</i>	6.6	9.4	10.9	10.9	10.4	8.5	9.5
Mining and quarrying	13.9	16.9	17.1	16	16.1	15.6	10.7
Manufacturing	5	7.5	9	9.4	9.6	8.5	8.7
Electricity, gas	5.9	6.2	7.2	7.5	9.4	-1.9	10.9
Water supply	3.5	2.8	4.5	5.2	4.3	6.2	6.5
Construction	7.6	11.9	13.8	12	10.1	9.5	9.7
<i>Services</i>	6.4	7.7	7.8	7.8	8	7.8	8.1
Trade and repairs	6.4	8.3	9.7	5.8	6.7	9.5	9.8
Hotels and restaurants	4.8	6.4	3.2	3.6	5.6	4.3	4.4
Transport	4.9	5.9	5	8.6	6.7	5.3	6.5
Communications	8.7	10.4	15.6	17.4	18.8	19.2	20.1
Other services*	7	7.8	7.2	8.7	8.5	6.7	6.6
<i>Gross value added at basic prices</i>	6	7.2	6.9	7.8	7.4	6.7	7.2
Taxes on products	6	7.2	6.9	7.8	7.4	6.8	6.9
<i>GDP growth at market price</i>	6	7.2	6.9	7.8	7.4	6.7	7.1
Share of GDP							
<i>Agriculture, Hunting and Forestry</i>	29	28.4	27.4	26.9	26.1	25.4	24.6
<i>Fishing</i>	1.7	1.7	1.7	1.7	1.6	1.6	1.6
<i>Industry and construction</i>	18	18.4	19.1	19.6	20.2	20.5	20.9
Mining and quarrying	1.8	1.9	2.1	2.3	2.4	2.6	2.7
Manufacturing	8.4	8.4	8.6	8.7	8.9	9	9.2
Electricity, gas	2.2	2.1	2.1	2.1	2.2	2	2.1
Water supply	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Construction	5.2	5.5	5.8	6.1	6.2	6.4	6.5
<i>Services</i>	45.5	45.7	46.1	46.1	46.4	46.9	47.3
Trade and repairs	13	13.1	13.5	13.2	13.1	13.5	13.8
Hotels and restaurants	2.8	2.7	2.6	2.5	2.5	2.4	2.4
Transport	5.4	5.3	5.2	5.2	5.2	5.1	5.1
Communications	1.2	1.3	1.4	1.5	1.7	1.9	2.1
<i>Other services*</i>	22.3	22.4	22.5	22.6	22.9	22.9	22.8
Taxes on products	6.7	6.7	6.7	6.7	6.7	6.7	6.7

*Includes Financial intermediation, Public admin, real estate, education, health and others

Source: National Bureau of Statistics

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



Developments in Selected Economic Activities

During 2007 higher growth rates were recorded in Agriculture, Forestry and Hunting, Industry and Construction and Services, when compared with the rates recorded in the preceding year.

The agricultural activity which accounted for about 24.6 percent of GDP grew at a higher rate of 4.0 percent in 2007 compared to 3.8 percent in the preceding year. The crop sub-activity, which accounted for 76 percent of the agricultural

activity, grew at 4.5 percent compared to 4.0 percent in 2006 mainly due to good weather conditions and good producer prices. Meanwhile, **production food crop** during 2007/08 season is estimated to have increased to 10.8 million tons, compared to 10.7 million tons produced in the previous season. Wholesale prices for most food crops increased significantly during 2007/08 compared with prices recorded in the previous year mainly due to worldwide decline in food supplies and hike in oil prices (**Table 1. 2**).



Table 1.2: National Average Wholesale Prices for Selected Food Items

Item	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	TZS per 100 kg
							Percent Change
Maize	12,090.4	19,710.2	15,802.6	24,008.7	18,681.9	27,938.7	49.5
Rice	30,334.3	46,966.7	51,760.5	63,120.6	69,376.1	75,270.4	8.5
Beans	35,426.6	38,679.1	46,795.6	54,080.1	57,329.0	80,380.5	40.2
Sorghum	14,423.3	24,003.8	20,758.5	28,350.3	26,625.7	32,692.7	22.8
Finger millet	26,000.4	28,358.3	27,961.8	35,747.8	38,226.9	45,777.5	19.8
Round potatoes	19,314.3	21,541.7	25,036.3	29,832.3	33,031.8	38,474.7	16.5

Source: Ministry of Industry, Trade and Marketing

Production of the six major traditional export crops performed relatively better with the exception of coffee whose production declined during the review period. The increase in production of these crops is generally attributed to good weather, timely distribution and usage of inputs. Other factors which contributed to good performance include increase in acreage under cultivation, good producer prices, and timely distribution and use of agrochemicals such as fertilizers and insecticides. Production of seed cotton during 2007/08 increased substantially by 53.7 percent to 200,662 tons from 130,585 tons recorded in the previous season. Sisal production increased mainly due to out

growers-schemes and increased worldwide demand for sisal, while tea, cashew nuts, tobacco and sisal increased mainly due to good weather. Production of coffee on the contrary, declined during the review period due to low coffee cycles (**Table 1.3**).

In particular, the development in cashewnut production is partly on account of the willingness of farmers to sell their crop under the newly introduced Warehouse Receipt Payment System (WRPS). The crop purchasing system introduced recently aims at allowing farmers to realize better prices for their produce particularly cash crops.



Table 1.3: Production of Selected Major Crops, 2001/02 – 2007/08

Item	2003/04	2004/05	2005/06	2006/07 ^r	2007/08 ^r	percent Change	000' Tons	
							Peak Production Period	Tons
Total Export Crops	339.0	572.7	596.6	390.9	461.7	18.1		
Coffee	32.0	54.0	34.3	54.8	43.1	-21.4	1980/81	67.0
Seed Cotton	140.0	342.0	374.7	130.6	200.7	53.7	2004/05	342.0
Tea	30.0	30.7	30.3	31.3	34.8	10.9	2007/08	34.8
Cashew nuts	79.0	72.0	77.4	92.6	99.1	7.1	1973/74	145.0
Tobacco	34.0	47.0	52.0	50.7	50.8	0.3	1997/98	52.0
Sisal*	24.0	27.0	27.8	30.9	33.3	7.7	1964	230.0

* Calendar year (e.g. 2003/04 represents 2003)

Producer prices for all traditional export crops recorded increases during 2007/08 due to improved quality and increased demand of these crops in the world market. Meanwhile, producer prices for

sisal increased on account of expansion of alternative uses of sisal. The uses include biogas production, construction, paper making, handcraft, and automobiles industries (**Table 1.4**).

Table 1.4: Average Producer Prices for Traditional Export Crops

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

Note: * USD/Ton

** Flue cured tobacco

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

Manufacturing activity continued to perform well contributing on average about 8.9 percent of GDP in the past five years. In 2007 value added in manufacturing activity grew by 8.7 percent compared

to 8.5 percent in the preceding year. The Manufacturing Production Index (MPI) that measure production of commodities in real terms grew by 60.6 percent to an index of 326.5 from that of 225.8 recorded



in 2006 (**Chart 1.3**). The improved performance in manufacturing since mid 1990's has been due to implementation of various structural and economic reforms by the government which has attracted new investments, improved capacity utilisation in the privatised firms, the newly established firms under Export Processing Zones (EPZ), improved support services like transportation, communication and increased demand for domestically manufactured goods. Furthermore, trading arrangements under African Growth and Opportunity Act (AGOA), Economic Partnership Arrangement (EPA) and the regional groupings such as Southern African Development Community (SADC) and East African Community (EAC) provided expanded markets for the

country's manufactured goods. Growth in manufacturing was also explained by expansion in provision of financial services including the credit guarantee schemes which assisted exporters, small and medium enterprises to access commercial banks funding.

During 2007, higher output was recorded in cigarettes, textiles, sisal ropes and twines, blended tea, spirits, beer, soft drink, sugar, and iron sheets (**Table 1.5**). Production of other commodities namely, fish fillets, vegetable oils and fats and dry cells grew marginally. On the other hand, production of cement and rolled steel declined despite rising demand for construction materials, partly due to rising cost of raw materials.

Chart 1.3: Volume of Production in Manufacturing Industry

(Index 1985 = 100)

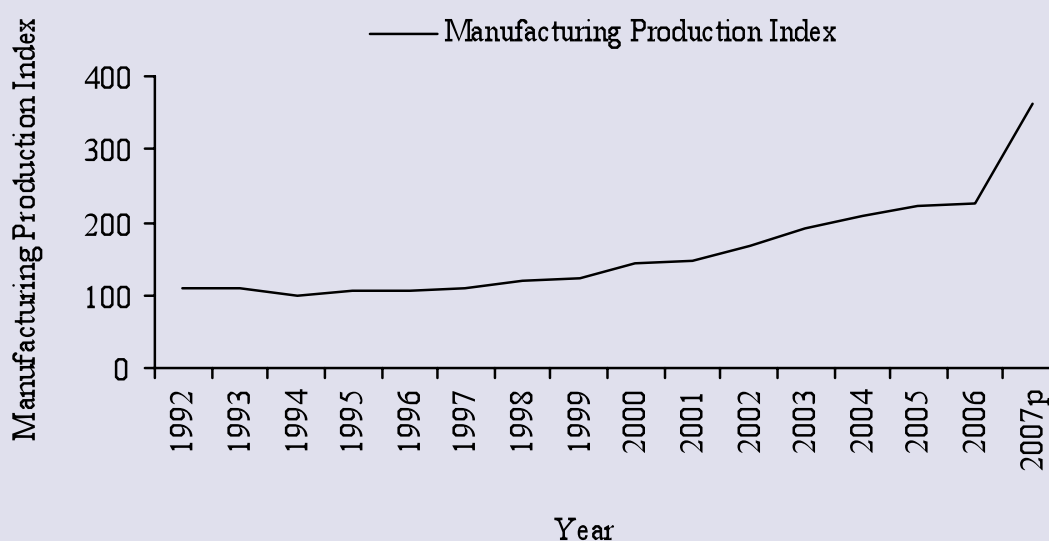




Table 1.5: Volume of Selected Manufactured Commodities

Commodity	Unit	2002	2003	2004	2005	2006	2007p	percent Change
Fish fillets	M/tons	35,140	39,870	43,119	44,691	42,371	42,979	1.4
Vegetable oils and fats	M/tons	93,298	88,263	76,658	94,124	111,967	117,365	4.8
Cigarettes	Mil. Sticks	3,778	3,920	4,219	4,445	4,612	5,821	26.2
Textiles	Mil. M2	106	127	127	111	125	151	21.4
Sisal ropes and twines	M/tons	5,901	6,839	5,161	5,943	5,854	9,082	55.1
Instant coffee	M/tons	306	273	325	410	340	392	15.3
Blended tea	M/tons	4,564	4,997	5,341	5,823	6,693	9,148	36.7
Spirits	000' Litre	2,937	3,738	4,105	4,489	4,982	7,614	52.8
Beer	Mil.' Litre	176	194	203	217	274	310	13.2
Soft drinks	000' Litre	209	213	264	293	321	449	39.8
Sugar, refined	000' M/Tons	190	213	202	269	173	276	59.1
Cement	000' M/tons	1,026	1,186	1,281	1,366	1,432	1,270	-11.3
Aluminium and corrugated iron Sheets	M/tons	35,067	31,018	29,573	25,088	30,293	36,492	20.5
Rolled steel	M/tons	25,418	38,794	40,029	47,652	53,818	46,016	-14.5
Dry cells	Mil. Pcs	42	43	74	81	82	84	2.4

Source: National Bureau of Statistics

Transport activity grew by 6.5 percent in 2007 compared to 5.3 percent recorded in 2006 due to implementation of the transport sector investment programme that aims at constructing all weather roads connecting all regional headquarters, improvement of railway lines, airports and harbours. During the year, there was a substantial increase in number of up country and town buses. Similarly, provision of air transport and marine services increased during the period compared to levels recorded in 2006 as a result of improvement of aerodromes and port facilities.

During the review period, value added in **communication** services grew by 20.1 percent compared to that of 19.2 percent recorded in 2006. The performance

was attributed to ongoing investment in telecommunication, especially in provision of mobile telephone, teleconference and distance learning services.

Value added by the **electricity and gas sub-activity** grew by 10.9 percent in 2007 compared to a decline of 1.9 percent in 2006 following increase in electricity generated and supplied to the National Grid amounting to 2,512.83 GWh in 2007 from 1,453.17 GWh in 2006. The increase in power generated was mainly a result of improved weather conditions which resulted to increased water supply to hydro power plants at Mtera and Kidatu, and installation of additional gas turbines.

Water Supply sub-activity grew by 6.5



percent in 2007, compared to 6.2 percent recorded in 2006 while its contribution to GDP stagnated at 0.4 percent for the past five years. During 2007 there was a significant increase in investment in rural water supply infrastructure leading to an increase in availability of clean and safe water from 53.7 percent in 2006 to 55.7 percent in 2007. Urban water supply increased slightly to 100.2 million cubic meters in 2007 from 100.0 million cubic meters in the previous year. Urban water availability was 73 percent in 2007.

Construction activities grew by 9.7 percent in 2007, from the growth of 9.5 percent in 2006. In the past 5 years construction grew at an average of 11.0 percent, largely due to increased infrastructure developments, including roads and bridges, water supply projects in Dar es Salaam, Shinyanga, land development and construction of buildings.

During 2007 value added in **services**¹ grew by 8.1 percent compared to 7.8 percent in 2006, while its contribution to GDP rose to 47.3 percent from 46.9 percent the preceding year. This growth was largely attributed to continued investments in trade and repair, hotels and restaurants, transport, communication and health sub-activities. Hotels and restaurants grew by 4.4 percent in 2007 compared to 4.3 percent recorded in 2006. Increased promotion of exports and tourism, construction of new hotels, and increased number of tourists contributed to this growth.

Gross National Disposable Income

Gross National Disposable Income (GNDI)² comprising of compensation of employees, property income, net current transfers, operating surplus or mixed income, grew by 7.1 percent in 2007 in real terms compared to a growth of 6.7 percent in the preceding year. This rate of growth is higher than consumption expenditure growth of 6.7 percent, implying a significant increase of savings relative to consumption. The resource balance (defined as Savings minus Investment) has increased substantially reflecting a rise in current transfers (foreign savings) to complement domestic resources. The gap between savings and investment widened during the period under review reflecting increased foreign direct investments (**Table 1.6**).

Aggregate Demand

Domestic aggregate demand or absorption, comprising of final consumption and capital formation increased by 10.7 percent in real terms, compared to 10.9 percent in 2006. The higher domestic demand is associated with increased government spending in the priority sectors (Education and health), investment in power generation, and increased investment activities by the private sector. Increased consumer spending was reflected mainly in imports. Real domestic aggregate demand maintained an average growth of about 10 percent in the past five years.

Final consumption in real terms increased by 6.7 percent in 2007 compared to 8.1 percent in the preceding year. Consumption

¹ On the basis of the revised national accounts series, services comprise of trade and repairs, hotels and restaurants, transport and communication, financial intermediation, real estate and business services, public administration, education and health, and other social and personal services.

² GNDI is obtained by adding net current transfers from abroad and Gross National Income



of both household and government sectors continued to increase leading to a decline in real savings. Despite the decline in savings, investment continued to register a

higher positive real growth of 14.3 percent, compared with an increase of 15.9 percent registered in 2006.

Table 1.6: Tanzania Mainland: Analysis of the Savings-Investment Relationship, 2002–2007

Item	2002	2003	2004	2005	2006	2007
Millions of TZS						
Nominal						
National Disposable Income	10,120,217	11,814,626	13,475,728	14,918,697	16,949,332	19,769,948
Final Consumption	8,885,098	10,300,882	11,714,438	13,386,429	15,340,093	18,270,124
Government final consumption	1,372,744	1,858,769	2,361,721	2,804,521	3,144,881	4,038,989
Household final consumption	7,512,354	8,442,113	9,352,717	10,581,908	12,195,212	14,231,135
Gross Capital Formation (Investment)	1,795,412	2,320,538	3,153,367	4,001,088	4,957,782	6,209,741
Government investment	627,427	826,355	1,072,402	1,202,323	1,276,400	1,494,333
Private investment(+change in inventories)	1,095,086	1,416,204	1,960,923	2,683,283	3,539,559	4,570,749
Savings	814,566	1,134,162	1,395,649	1,294,078	1,432,663	1,258,199
Saving - Investment Gap	-980,846	-1,186,376	-1,757,718	-2,707,010	-3,525,119	-4,951,542
GDP (at market price)	10,444,508	12,107,061	13,971,593	15,965,296	17,941,268	20,948,403
Deflator	107	116	124	132	139	152
GDP at basic prices	9,739,933	11,275,355	12,972,591	14,597,767	16,278,225	18,989,844
Absorption	10,680,510	12,621,420	14,867,805	17,387,517	20,297,875	24,479,865
At Constant 2001 prices						
National Disposable Income	9,752,178	10,423,735	11,239,734	12,068,090	12,881,163	13,801,921
Final Consumption	8,486,320	9,052,080	9,748,544	10,855,260	11,735,476	12,517,666
Government final consumption	1,272,712	1,641,796	1,882,023	2,106,670	2,279,417	2,495,962
Household final consumption	7,213,608	7,410,284	7,866,521	8,748,590	9,456,059	10,021,704
Gross Capital Formation (Investment)	1,711,262	1,945,657	2,144,198	2,535,317	2,938,619	3,358,305
Government investment	667,503	768,003	810,827	849,534	840,621	886,387
Private investment	1,043,759	1,177,654	1,333,371	1,685,783	2,097,998	2,471,917
Savings	760,571	976,472	1,122,758	978,187	1,028,599	828,968
Saving - Investment Gap	-950,691	-969,185	-1,021,440	-1,557,130	-1,910,020	-2,529,336
GDP (at market price)	9,752,178	10,423,735	11,239,734	12,068,090	12,881,163	13,801,921
Annual Change						
National Disposable Income	7.2	6.9	7.8	7.4	6.7	7.1
Final Consumption	7.4	6.7	7.7	11.4	8.1	6.7
Government final consumption	18.4	29.0	14.6	11.9	8.2	9.5
Household final consumption	5.7	2.7	6.2	11.2	8.1	6.0
Gross Capital Formation (Investment)	7.8	13.7	10.2	18.2	15.9	14.3

Source: National Bureau of Statistics

Inflation Developments

Inflation remained above the national medium term target of 5.0 percent, mainly due to persistent increase in world oil and food prices. During 2007/08, headline

inflation averaged 8.4 percent, which is higher than 6.3 percent registered in the previous year. The increase in average inflation was largely on account of rising prices of fuel, power and water, furniture, household equipment, transportation costs



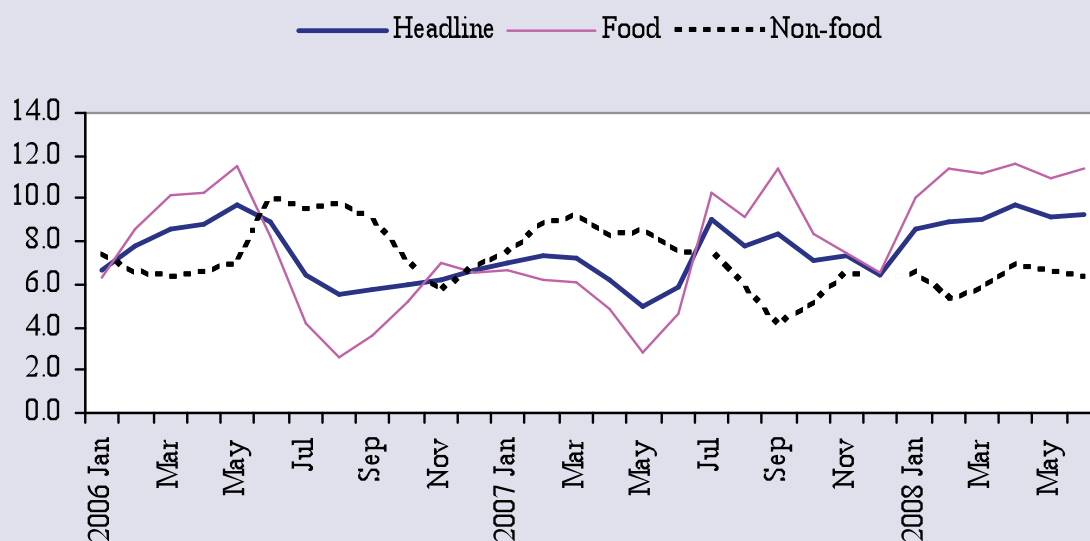
and general food prices.

Food inflation experienced downward trend starting July 2007 following improvement in food supply in the wake of food crop harvests. As a result, annual food inflation decreased from 10.3 percent in July 2007 to 6.6 percent in December 2007. However, the rate increased in the first half of 2008 reaching 11.4 percent in June 2008. The pressure on food prices also pushed-up the 12-months average annual

food inflation to 10.0 percent in June 2008 from 5.0 percent recorded in the previous year.

Non-food inflation showed a mixed trend during the period under review. Annual non-food inflation decreased from 7.5 percent in June 2007 to 6.1 percent in December 2007. However, the rate went up during the first half of 2008 reaching 6.3 percent June 2008 mainly on account of increase in fuel prices (**Chart 1.4**).

Chart 1.4: Annual Headline, Food and Non-food Inflation





CHAPTER TWO PUBLIC FINANCE

Overview

In 2007/08, the Government implemented a range of policy and institutional reforms in order to strengthen revenue collections and broaden the tax base. Efforts to improve revenue mainly covered the following areas:

- Registration of new tax payers emanating from the “MKURABITA” initiative, which essentially aims at increasing the number of registered businesses from the informal sector;
- Reviewing of tax rates and revenue collection procedures with a view to increasing voluntary compliance and reducing tax administration costs;
- Increasing non-tax revenues, particularly from natural resources; and
- Improvement of the business environment to facilitate strong growth of the private sector and consequently expand the tax base.

Government Revenue and Grants

During 2007/08 domestic revenue collection improved from 14.5 percent of GDP recorded in 2006/07 to 16.9 percent. In nominal terms, the realization of revenue for the year under review reached TZS 3,634.6 billion, being 3.8 percent above the year’s target.

The main contributor to government revenues continued to be taxes, which was 92.4 percent of total revenue or 14.9 percent of GDP. On the other hand, non-tax revenue amounted to TZS 275.3 billion, representing 1.3 percent of GDP. Good performance in tax revenue was recorded in all major tax categories namely: VAT, excise duty and income tax; with non-tax revenue, in particular parastatal dividends exceeding the target.

During the year under review, the government continued to receive grants and concessional financing, which amounted to TZS 1,103.1 billion or 5.1 percent of GDP. This amount included TZS 606.9 billion for general budget support (GBS), TZS 124.8 billion for sectoral basket funds, and TZS 258.4 billion for development projects. In addition, the government received a total of TZS 113.6 billion in debt relief.

The government resource envelope for priority expenditures in 2007/08 stood at TZS 4,737.7 billion, which was equivalent to 22.1 percent of GDP, being higher than the previous budget of 17.4 percent.

Government Expenditure

During 2007/08, the government gave high priority to economic infrastructure, delivery of public social services, and completion of the ongoing development projects. By the end of the fiscal year, realization of government expenditures reached TZS 5,288.7 billion, or 96.5 percent of the target, and 24.6 percent of GDP.



Analysis of expenditure by major categories shows that recurrent expenditure amounted to TZS 3,398.0 billion and was 10.5 percent below the target, while development expenditures reached TZS 1,890.7 billion, representing 85.1 percent of the budget. Spending on other charges was lower than targeted mainly due to delays in procurement processes.

Budget Deficit and Financing

The overall fiscal deficit in 2007/08 was TZS 926.5 billion or equivalent to 4.3 percent of GDP, being slightly above the projected deficit of TZS 855.6 billion, which represented 4.0 percent of GDP. The higher than projected deficit was mainly on account of a shortfall in foreign grants to the tune of TZS 587.8 billion.

During 2007/08, net foreign financing of fiscal deficit amounted to TZS 1,277.7 billion or 6.0 percent of GDP, while there was a net accumulation of resources in the banking system amounting to TZS 351.2 billion representing 1.6 percent of GDP.

Prospects for the 2008/09 Budget

In line with the National Development Vision 2025 and the National Strategy for Growth and Reduction of Poverty,

fiscal policy in 2008/09 will continue to focus on priority areas that are expected to stimulate economic growth and improve social services delivery. Moreover, the government intends to undertake prudent measures to reduce dependence of budget on external resources. Starting from the fiscal year 2008/09, the level of overall budget dependence on foreign resources is expected to decline to 34.0 percent from 42.0 percent recorded in 2007/08.

On the revenue side, the government is committed to widen the tax base by registering new taxpayers, adjusting tax rates, and continuing to improve investment and business environment. Following these measures, domestic revenue is projected to increase from 16.7 percent of GDP collected in 2007/08 to 18.5 percent. With regard to expenditure, the government targets to increase spending to TZS 7,216.1 billion, equivalent to 28.2 percent of GDP. Meanwhile, the overall budget deficit after grants is projected at 4.1 percent of GDP, being higher than 2.6 percent recorded for 2007/08.



CHAPTER THREE MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Framework

The monetary policy framework for 2007/08 was designed against a backdrop of increasing inflation expectations and high interest rates on government securities. In the wake of rising global fuel and food prices, inflation had increased to 5.9 percent in June 2007, above the medium term target of 5.0 percent. At the same time interest rates on government securities had risen to 17.1 percent in June 2007 from 8.2 percent in June 2006. Against this background, monetary policy aimed at absorbing excess liquidity in the economy, reducing interest rates on government securities, and stabilizing the exchange rate. Accordingly, monetary policy aimed at containing M3 growth at 21.0 percent. The framework provided for expansion of credit to private sector, consistent with the projected GDP growth rate of 7.5 percent for the fiscal year 2007/08.

Implementation of Monetary Policy

The Bank monitored on daily basis, developments in reserve money, the inter-bank money market and fiscal flows in order to determine the appropriate market-based interventions required to achieve the intended level of liquidity in the economy. However, it is important to note that in 2007/08, the economy experienced growing liquidity pressures emanating from government spending of donor funds, especially during the first quarter when a larger part of donor funds were front-loaded. Monetary policy instruments could

not absorb the excess liquidity without causing rising interest rates.

.....

During the second quarter of 2007/08, the Bank revised its monetary policy strategy by introducing a better mix of instruments, so as to mop-up liquidity, while minimizing volatility in Treasury bill yields and in the exchange rate. Specifically, sales of Treasury bills were complemented with daily sales of foreign exchange in the inter-bank market and supplemented by repurchase agreements. In addition, effective January 2008, the Bank reduced the frequency of Treasury bill auctions from weekly to fortnightly and to once a month for bonds. The new strategy succeeded to encourage competitive bidding, which was instrumental in reducing the level and the volatility of interest rates in the economy. Evidently, the overall weighted average Treasury bill rate fell sharply, from 15.1 percent in June 2007 to single digits starting from February 2008. By June 2008, the overall Treasury bill rate was already at 7.8 percent.

During the year, the Bank also took measures to improve transparency in the conduct of monetary policy. In this regard, the Bank started to inform the Chief Executives of financial institutions the decisions arrived at by the Monetary Policy Committee (MPC) on monetary policy measures to be implemented by the Bank in the respective month and the rationale behind the adopted monetary policy stance. This event occurs on a monthly basis within a day or two after the monthly meetings



of the MPC. Furthermore, the Bank introduced quarterly press conferences to inform the general public on economic developments, and solicit the much needed feedback on the Bank's performance on its responsibilities.

Monetary Developments

During 2007/08, the Bank implemented measures aimed at containing the growth of money supply within the desired path consistent with the primary objective of attaining the targeted rate of inflation and economic growth.

Consequent to the tight monetary policy measures implemented by the Bank, the growth of money supply was contained within the projected levels. Annual growth rate of M3 closed at 22.7 percent in June 2008, slightly above the target of 21.0 percent. On the contrary, the growth of M2 was high at 30.8 percent. The main factors behind the surge in M2 during the review period were the rapid expansion in private sector credit and change in portfolio preference in favour of shilling deposits, induced by strengthening of the shilling against the US dollar. During the year to June 2008, credit to private sector registered an annual growth of 44.6 percent against the target of 39.5 percent.

By component, the sharp growth in M2 was largely reflected in savings and time deposits, which rose by 36.7 percent and 23 percent respectively, during the year compared to growth rates of 25 percent and 13.8 percent recorded in the previous year. The increase in savings and time deposits was attributed in part to the improvement in time deposit interest rates

and the growing public confidence in the value of the domestic currency, following the appreciation of exchange rate.

Domestic Credit Developments

During 2007/08, commercial banks' credit to the private sector increased at an average rate of 44.6 percent, being higher than 36.4 percent recorded during the previous period. The strong growth in credit has been possible following substantial decline in government reliance on domestic borrowing, increased number of credit-worthy customers, decline in lending rates, availability of credit guarantee schemes and increased number of syndicated loans to corporate customers. In absolute terms, the outstanding credit to private sector stood at TZS 3,268.9 billion at the end of June 2008.

Financial intermediation as measured by the ratio of private sector loans to total deposits has also been improving over time. During the year ending June 2008, the ratio rose to 61.8 percent from 53.1 percent recorded in the preceding year. The sharp increase in financial intermediation during the year under review is largely associated with the declining yields on government securities, which made banks to become more aggressive in lending to private sector.

During the year, the Bank of Tanzania continued to manage, on behalf of the government, credit guarantee schemes aimed at enhancing commercial banks' credit for export businesses and empowering small and medium enterprises. The Bank is also at the forefront in supporting measures to finalize the transformation



of the Tanzania Investment Bank into a development bank that will provide long term finance.

Commercial Banks Interest Rates

Although to a larger extent, interest rates applied by commercial banks are still influenced by the remaining structural impediments in the economy, interest rates obtaining in the Treasury bills market continued to provide an anchor for interest rates in the banking sector. Interest rates on Treasury bills registered a steep downward trend on account of the monetary policy measures taken by the Bank. The downward trend influenced interest rates developments in commercial banks. For instance, during the year under review, the overall lending rate declined from 16.3 percent in June 2007 to 14.8 percent in June 2008. Similarly, the negotiated lending rate offered to prime customers, dropped from 12.6 percent to 11.0 percent.

Savings deposit rate increased to 2.8 percent in June 2008, from 2.7 percent in June 2007, whereas the overall time deposit rate fell to 6.7 percent from 7.8 in the previous period. Improvements in the interest rate structure are foreseen in the near future as implementation of financial sector reforms continues. These reforms are aimed at removing the remaining obstacles so as to increase the efficient delivery of financial services to a broader population.

Delivery of Financial Services

One of the major achievements of financial sector reforms has been the increased

number of financial service providers and a range of financial services available to bank customers in the country. The number of commercial banks increased from 3 in 1991 to 30 by June 2008. However, despite these achievements, there is a limited access to basic financial services to majority of Tanzanians. This situation continues to pose a major challenge towards economic development and poverty reduction in Tanzania.

Financial Markets Developments

Introduction

During the year 2007/08, the Bank of Tanzania was actively involved in the government securities and foreign exchange markets for implementation of monetary and fiscal policy, with the objective of ensuring stability and efficiency. Beginning October 2007, the Bank of Tanzania reduced over reliance on the sale of Treasury bills in liquidity management by increasing foreign exchange sales. In addition, the auction frequency of Treasury bills was changed from weekly to once fortnightly while that of Treasury bonds was changed to once every month. The settlement cycle was changed from T+2 to T+1 in order to harmonize redemptions and settlement of Treasury Securities.

Government Securities Market

Treasury Bills

Total amount of Treasury bills offered for liquidity management and rolling over maturing government debt obligations

³ Note that T+2 and T+1 is the conventional way of presenting settlement period whereby T stands for time and 1 or 2 stands for number of days. In this case treasury securities are sold on Wednesday and settlement done on Thursday (T+1).



was TZS 2,770.5 billion, being 2.8 percent higher than the amount offered in the preceding year. Save for the first two months (July and August 2007) during which the market was undersubscribed, the rest of the period was marked by a declining over-subscription. The demand for Treasury bills, as measured by value of bids received amounted to TZS 4,091.8 billion, which was lower than TZS 4,220.5 billion in the preceding year. This slight decline in demand was partly attributed to the fall in yields by nearly half when compared to the level recorded in the preceding year (**Charts 3.1 and 3.2**).

Successful bids amounted to TZS 2,462.5 billion, being 11.1 percent lower than the amount offered. Out of the total amount sold, 70.8 percent was for liquidity management and remaining was for government financing.

During the review period, Treasury bills yields recorded decreases in response to the reduction in over reliance on Treasury bills as the major liquidity management instrument and the change of auction frequency from weekly to bi-weekly starting from January 2008, which in essence increased competition in the market. Yields declined by more than half, from as high as 17.0 percent at the beginning of the year to 7.0 percent in June 2008.

In terms of participation, commercial banks continued to dominate the Treasury bills market by taking about 63.3 percent of the market share, followed by pension funds and insurance companies. However, when compared with the 2006/07 share of 69.7 percent, the market share of commercial banks declined in favour of pension funds and insurance companies (**Table 3.1**).

Table 3.1: Performance of Treasury Bills

Item	Billions of TZS		
	2006/2007	2007/2008	Percent Change
Amount Offered	2,694.5	2,770.5	2.82
Amount Tendered	4,220.5	4,091.8	-3.05
Sales (Cost Value)	2,605.1	2,462.5	-5.47
Redemption	2,120.3	2,678.8	26.34

Source: Bank of Tanzania

Chart 3.1: Developments in the Treasury Bills Yields

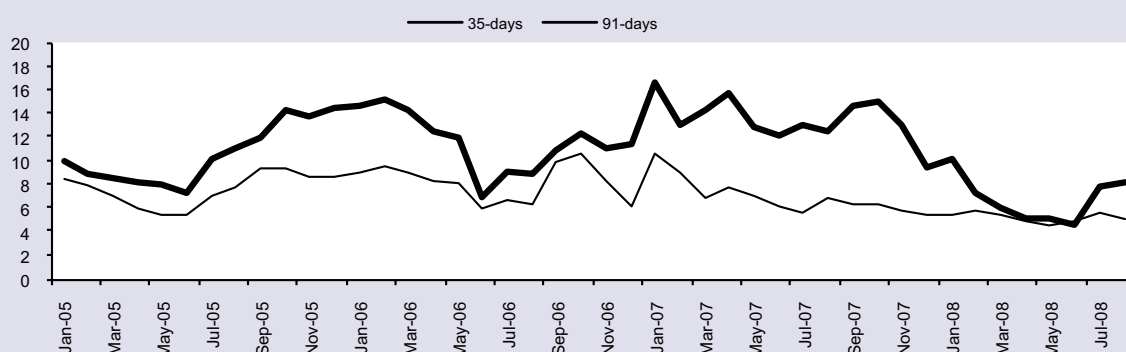
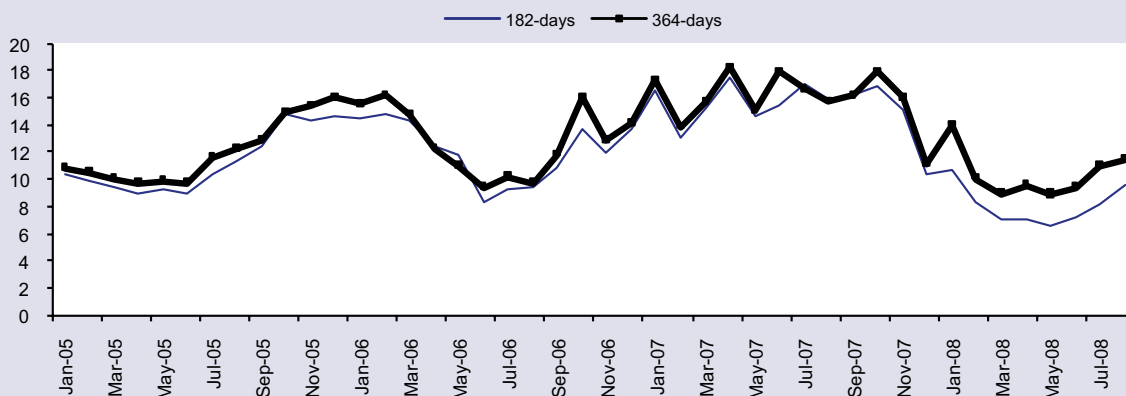




Chart 3.2: Developments in Treasury Bills Yields



As at end June 2008, the stock of outstanding liquidity papers was TZS 1,744.6 billion, which is 48.1 percent above the closing stock position of TZS 1,178.4 billion recorded at the end of June 2007. The stock of financing papers was TZS 705.7 billion compared with TZS 583.6 billion at the end of the previous financial year.

Treasury Bonds

During the 2007/08, Treasury bonds worth TZS 253.0 billion were floated. However, the demand was erratic but generally higher than the tender size in most of the auctions. Total demand for the whole period amounted to TZS 517.4 billion,

which was more than double the tender size. Investors had strong preference in favour of the short end of the Treasury bonds markets, in particular the 2-year bond. In total, successful bids amounted to TZS 269.0 billion, out of which TZS 187.5 billion was used for payment of amount due for redemption.

As regards investors' composition, commercial banks dominated the auctions by purchasing 54.9 percent of the successful bids, followed by pension funds 26.0 percent. The share of commercial banks was higher when compared to 43.5 percent recorded in the previous year (**Table 3.2**).

Table 3.2: Performance of Treasury Bonds

Item	Billions of TZS		
	2006/07	2007/08	Percent Change
Amount Offered	216.0	253.03	17.14
Amount Tendered	485.0	517.36	6.7
Successful Amount	253.3	269.04	5.4
Redemption	77.9	187.5	140.7

Source: Bank of Tanzania



Table 3.3: Treasury Bond Performance by Tenure

Billions of TZS

Tenure	Description	2006/07	2007/08	Percent Change
2-years	Offered	58.0	65.4	12.8
	Tendered	295.8	269.9	-8.8
	Successful	125.8	115.7	-7.9
	Redemption	61.2	135.2	121.1
5-years	Offered	49.0	71.4	45.7
	Tendered	70.5	136.2	93.2
	Successful	44.7	72.1	61.4
	Redemption	16.7	52.3	213.2
7-years	Offered	59.0	53.2	-9.8
	Tendered	65.9	72.6	10.1
	Successful	45.8	47.9	4.6
10-years	Offered	50.0	63.0	26.0
	Tendered	52.8	38.6	-26.8
	Successful	37.1	33.3	-10.1

Source: Bank of Tanzania

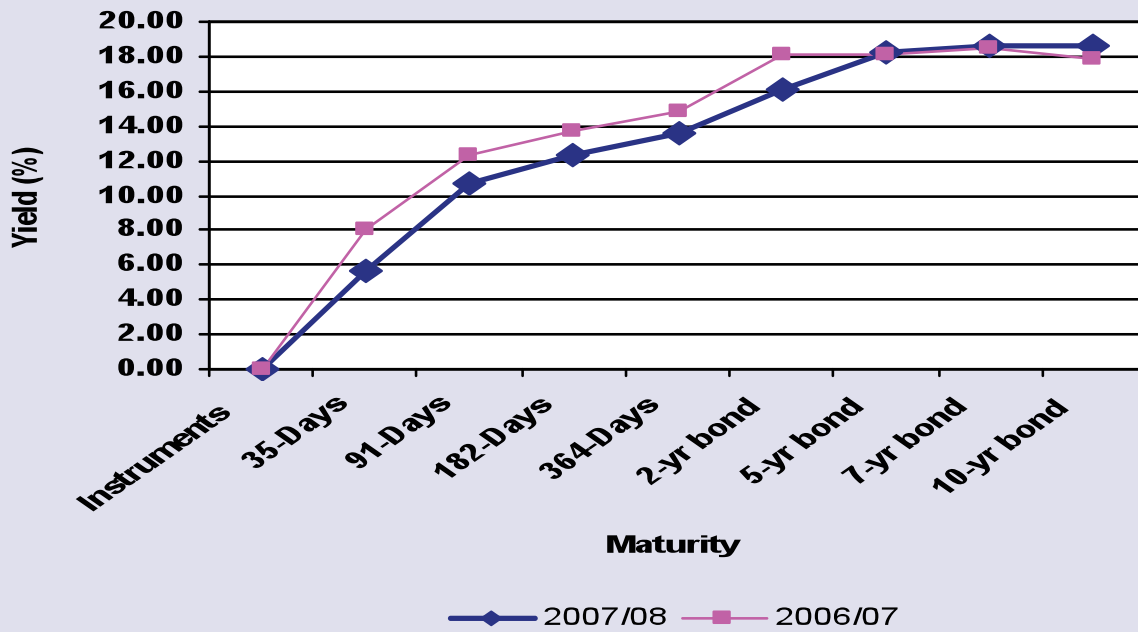
Yields on Treasury bonds declined in the second half of the year under review following the change in the auction frequency from weekly to once every month, although towards the end of the

year the yields on the 2-year and 10-year bonds picked up. It is also noticeable that bond yields were in aggregate slightly higher in comparison with the preceding year (**Table 3.4** and **Chart 3.3**).

Table 3.4: Treasury Bonds Yields Spread

Maturity	2006/2007		2007/2008	
	Range in Percent	Spread	Range in Percent	Spread
2-years	11.87-19.47	7.60	12.23-20.07	8.0
5-years	13.64 -18.37	4.73	14.49-20.54	6.05
7-Year	15.35-20.69	5.33	17.18-20.43	3.25
10-years	16.29-18.51	2.23	17.09-20.28	3.19

Source: Bank of Tanzania

Chart 3.3: Yields on Government Securities
Government Securities Yield Trend


Repurchase Agreements

During the year under review, the Bank continued to conduct repurchase agreements (repo) with commercial banks for management of short-term liquidity in

the banking system. A total of repurchase agreements worth TZS 5,157.0 billion were conducted, out of which TZS 5,073.2 billion was redeemed. The repo rate ranged between 3.5 percent and 12.5 percent (**Table 3.5**).

⁴ Non-commercial banks are deposit-taking banks, which do not operate current accounts with customers.



Table 3.5: Repo Rates

Tenure	Repo Rates in Percentage	
	2006/2007	2007/2008
Overnight	4.5-12.00	3.50-12.50
7 – days	3.5-14.75	3.50-12.00
14 - days	6.17-8.25	3.50-12.00

Source: Bank of Tanzania

Lombard Facility

During the period under review, eleven banks accessed the Lombard facility and borrowed TZS 23.3 billion at rates ranging between 6.9 percent and 36.4 percent. The amount borrowed was lower by 18.0 percent in the preceding year.

Foreign Exchange Developments

During 2007/08, the volume transacted amounted to USD 1,203.02 million, being higher by 24.9 percent when compared with the levels recorded in the previous period. The increase in the volume traded was partly associated with rise in demand for foreign exchange to finance increase in the imports bill.

The shilling traded between TZS 1,123.1 and TZS 1,285.1 per US Dollar during the year. The weighted average exchange rate by the end of the year was TZS 1,176.2 per USD. The shilling appreciated by 8.7 percent from TZS 1,279.7 registered in the previous year. The appreciation of the shilling could be attributed to the policy announcement of October 2007 indicating that the Bank was going to be on the selling side and increase in export proceeds.

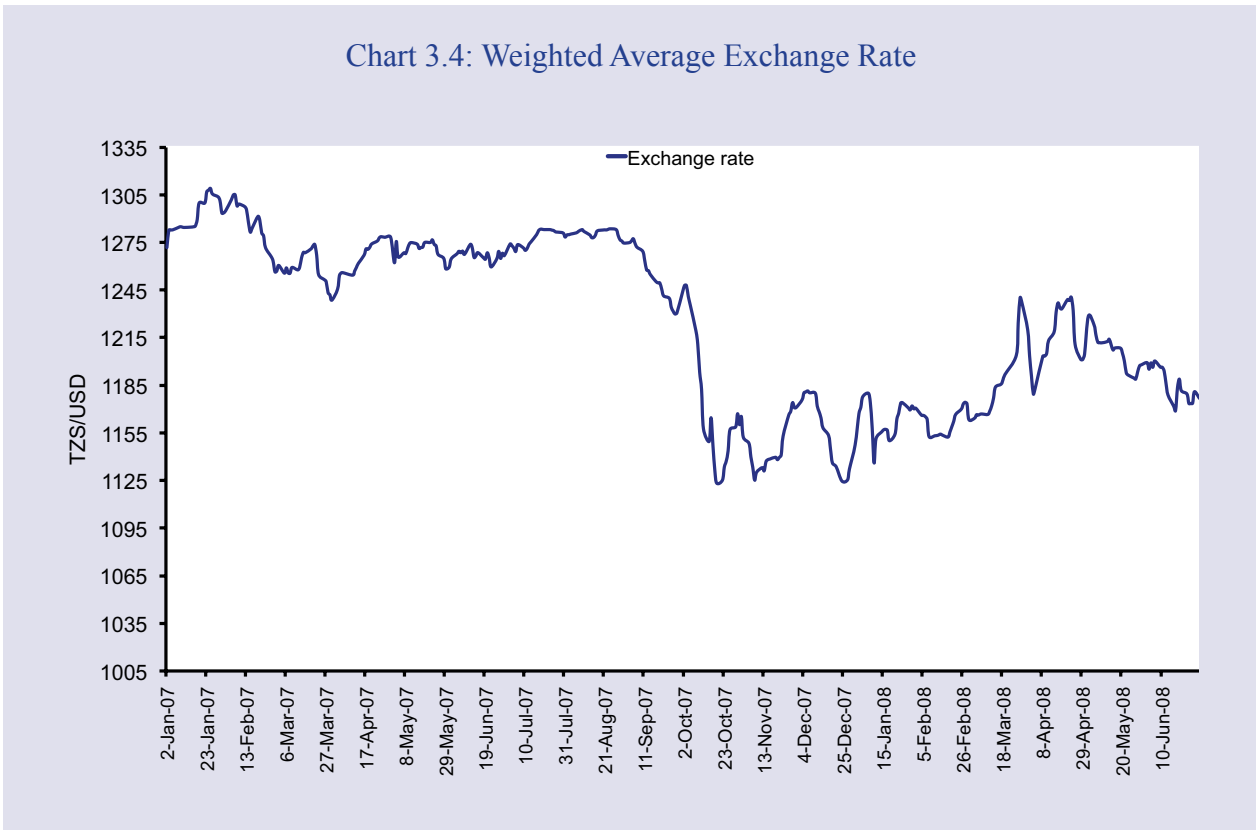
Participation in the market depicted an imbalance between supply and demand for foreign exchange. On a net basis, commercial banks bought a total of USD 487.3 million while the non-bank financial institutions sold USD 10.6 million (**Table 3.6** and **Chart 3.4**).

Table 3.6: IFEM Participation by Dealer Category

Item	2007/08			2006/07		
	Sales	Purchases	Net	Sales	Purchases	Net
Bank of Tanzania	536.20	87.29	-448.91	543.350	66.640	-476.71
Commercial banks	584.95	1,099.18	514.23	398.675	886.018	487.343
Non-commercial banks	81.87	16.55	-65.32	21.433	10.800	-10.633
TOTAL	1,203.02	1,203.02		963.458	963.458	

Source: Bank of Tanzania

Chart 3.4: Weighted Average Exchange Rate



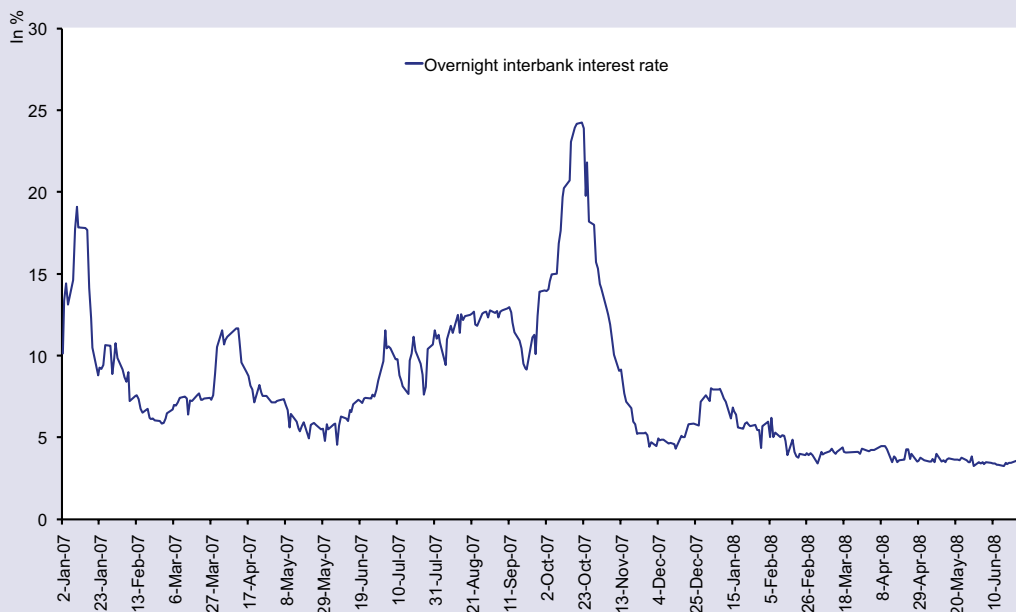
Interbank Cash Market

Annual interbank cash market transactions amounted to TZS 4,049.5 billion, an increase of about 7.6 percent over the preceding year. Overnight transactions were the same as in the previous year and accounted for 68.3 percent of the total transactions. The average overnight interest rate was high, escalating in the first quarter

of 2007/08, after which it plummeted and stabilized at around 4.0 percent during the last two quarters of the year. The sharp decline and thereafter stability of the overnight interest rates was consistent with the policy decision to change the auction frequency and enhancement of foreign exchange sales for liquidity management (Chart 3.5).



Chart 3.5: Weighted Average Interbank Interest Rates



Inter-bank Foreign Exchange Market

The total volume traded at the Inter-Bank Foreign Exchange Market (IFEM) went up slightly to USD 1,203.0 million in 2007/08, from USD 1,159.4 million recorded in the 2006/07 (**Table 3.7**). On net basis, commercial banks purchased USD 514.2 million, while the Bank and non-commercial banks sold USD 448.9 million and USD 65.3 million, respectively.

Bureau de Change Operations

The total volume of transactions conducted by Bureau de changes system rose by 16.0

percent to USD 881.9 million, largely due to rise in both foreign exchange outflows and inflows. The increase in the outflows is largely associated with an increase in foreign exchange payments for travel and education purposes. On the other hand, the increase in inflows was partly attributable to the rise in foreign exchange receipts from export proceeds. During the period under review, both buying and selling rates appreciated slightly against the US dollar to an average of TZS 1,202.3 per USD and TZS 1,228.8 per USD respectively (**Table 3.7**).



Table 3.7: Inter-Bank Foreign Exchange Market Developments

Millions of USD

Item	Period		Percent Change
	2006/07	2007/08	
IFEM			
Amount Offered*	1,159.40	1,203.02	3.76
Amount Sold*	1,159.40	1,203.02	3.76
Exchange Rate (TZS per US Dollar)	1,277.24	1,200.24	-6.03

Bureau de Change Operations

Sales*	379.45	437.62	15.33
Purchases*	380.57	444.30	16.75
Volume of Transactions*	760.02	881.92	16.04
Buying rate (TZS per US dollar)	1,227.75	1,202.33	-2.07
Selling rat (TZS per US dollar)	1,291.77	1,228.75	-4.88

Note: TZS-Tanzania Shilling
Source: Bank of Tanzania



CHAPTER FOUR

BALANCE OF PAYMENTS DEVELOPMENTS

Overall Balance

During 2007/08, the Tanzania's overall Balance of Payments recorded a surplus of USD 299.8 million up from USD 232.6 million in the previous year. This development was mainly associated with huge inflows of capital transfers, foreign direct investments and foreign borrowing. Notwithstanding this development, the

current account balance widened to a deficit of USD 2,327.7 million from a deficit of USD 1,553.2 million recorded in 2006/07, (Table 4.1). The deterioration in the current account was largely attributed to an increase in imports of goods and services that surpassed the increase in exports. As a ratio of GDP, the current account deficit increased to 14.9 percent compared to 13.1 percent in the year ending June 2007.

Table 4.1 Current Account Balance

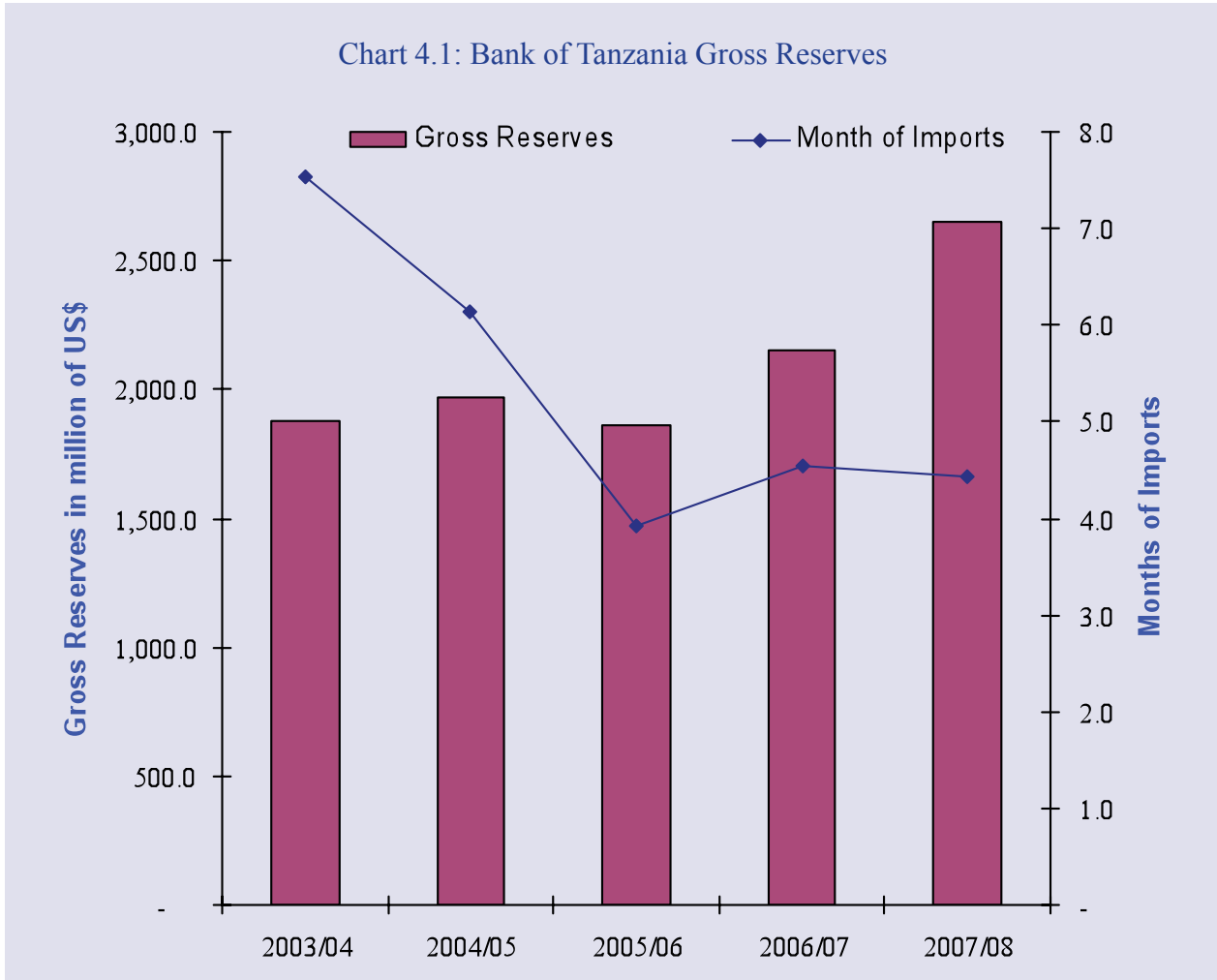
Item	July-June		%
	2006/07	2007/08 ^P	Change
Goods Account (Net)	-2,299.0	-3,211.4	39.7
Exports f.o.b. ¹	2,036.6	2,467.9	21.2
Imports f.o.b.	-4,335.6	-5,679.4	31.0
Services Account (Net)	307.3	396.4	29.0
Receipts	1,656.2	1,883.0	13.7
Payments	-1,348.9	-1,486.6	10.2
Goods and Services (Net)	-1,991.8	-2,815.0	41.3
Exports of goods and services	3,692.7	4,350.9	17.8
Imports of goods and services	-5,684.5	-7,165.9	26.1
Income Account (Net)	-79.8	-113.4	42.2
Receipts	68.2	73.0	7.0
Payments	-148.0	-186.4	26.0
Current transfers (Net)	518.4	600.8	15.9
Inflows	590.5	678.7	14.9
Outflows	-72.1	-77.9	8.1
Current Account Balance	-1,553.2	-2,327.7	49.9

¹ = Exports are adjusted to cover unrecorded trade.

Source: Bank of Tanzania, TRA

During the period under review, the Bank of Tanzania’s stock of gross official reserves rose to USD 2,648.5 million from USD 2,153.4 million recorded in June 2007.

This level of reserves was enough to cover for about 4.4 months of imports of goods and services (**Chart 4.1**).



Goods Export

During the year ending June 2008, total goods exports went up by 23.4 percent to USD 2,285.1 million due to the increase in both traditional and non-traditional exports. Traditional exports rose by 20.3 percent to USD 338.8 million largely due to improved performance in exports of cotton and cashewnuts following an increase in export volumes as well as unit prices. During the year ending June 2008, the export volume of cotton increased

significantly to 71,402 tons compared to 26,667 tons, while export volume of cashew went up by 33.5 percent to 77,442 tons. The increase in export volumes of the two crops was largely due to recovery in production following improved weather conditions and timely provision of the required inputs.

The export unit price for cotton increased by 21.2 percent to USD 1,039.5 per ton due to a decline in global supply amid reduction in cotton acreage in US as farmers decide to shift to food production. Meanwhile, the



increase in cashewnuts price was partly on account of a decline in supply in the world market following unfavorable weather conditions in Vietnam and Brazil.

Non-traditional exports increased by 24.0 percent to USD 1,946.3 million during the year ending June 2008. This development was largely due to good performance in manufactured export which rose significantly to USD 413.4 million from USD 226.8 million recorded during 2006/07. The growth in manufactured exports is largely attributable to increased investments in the manufacturing sector. Most of the manufactured goods are exported to the neighbouring countries including Democratic Republic of Congo, Kenya, Malawi, Rwanda and Zambia. Manufactured goods exports include

plastic items, textile apparels wheat flour, and articles of iron and steel. Improvement was also recorded in gold exports which increased by 11.7 percent to USD 910.6 million following a rise in gold prices in the world market as export volumes declined. The annual average gold prices in the world market increased from USD 638.4 per troy ounce recorded in the previous year to USD 823.0 per troy ounce. Conversely, the volume of gold exports declined from 44.5 tons in the previous year to 34.9 tons. Gold from Tanzania is mostly exported to Switzerland, South Africa and United Kingdom. Similarly, other minerals namely Tanzanite, rubies, sapphires, copper and silver went up by 87.8 percent to USD 54.2 million. **Chart 4.2** depicts the performance of merchandise exports for the year ending June 2008.

Chart 4.2: Trend and Structure of Tanzania Exports

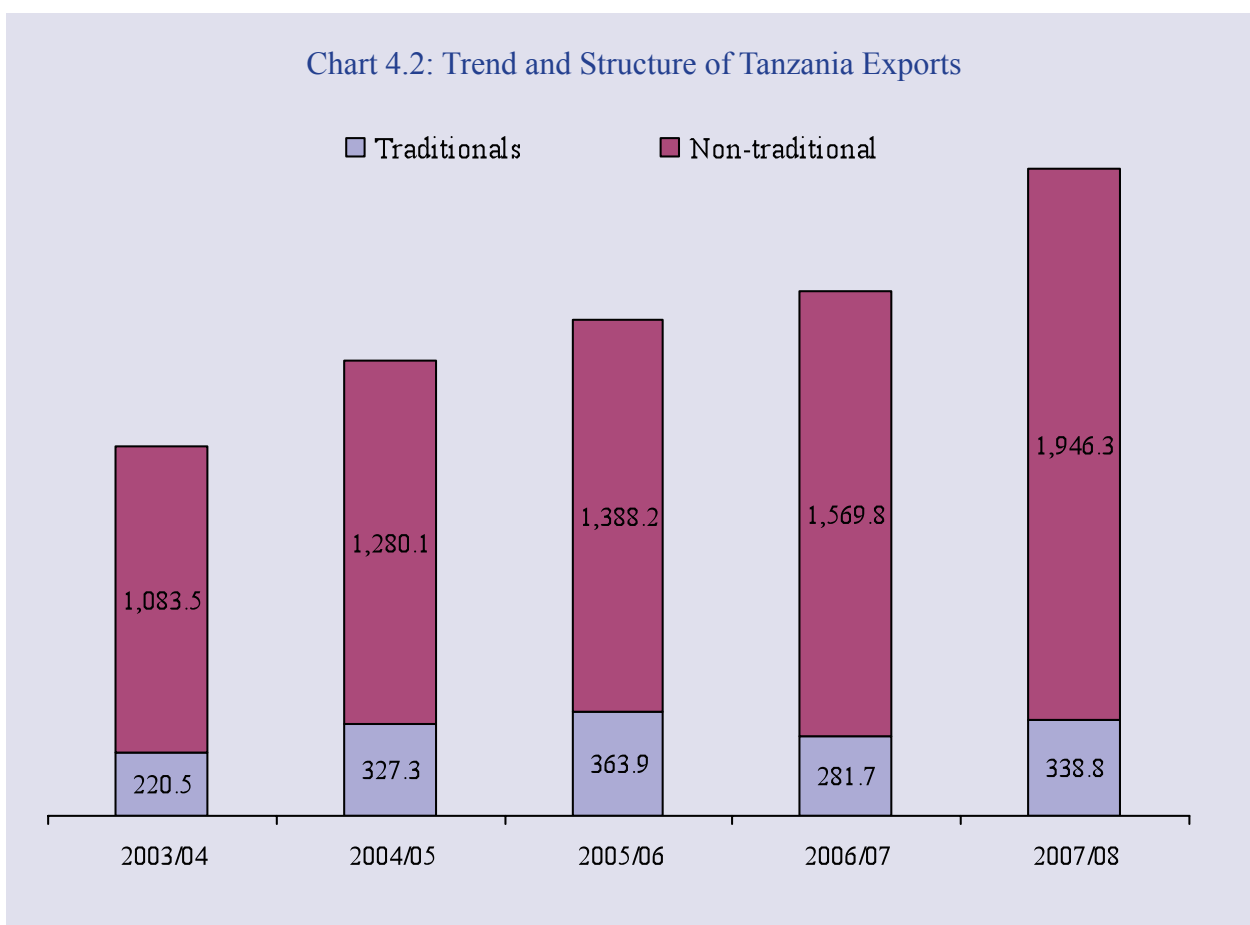
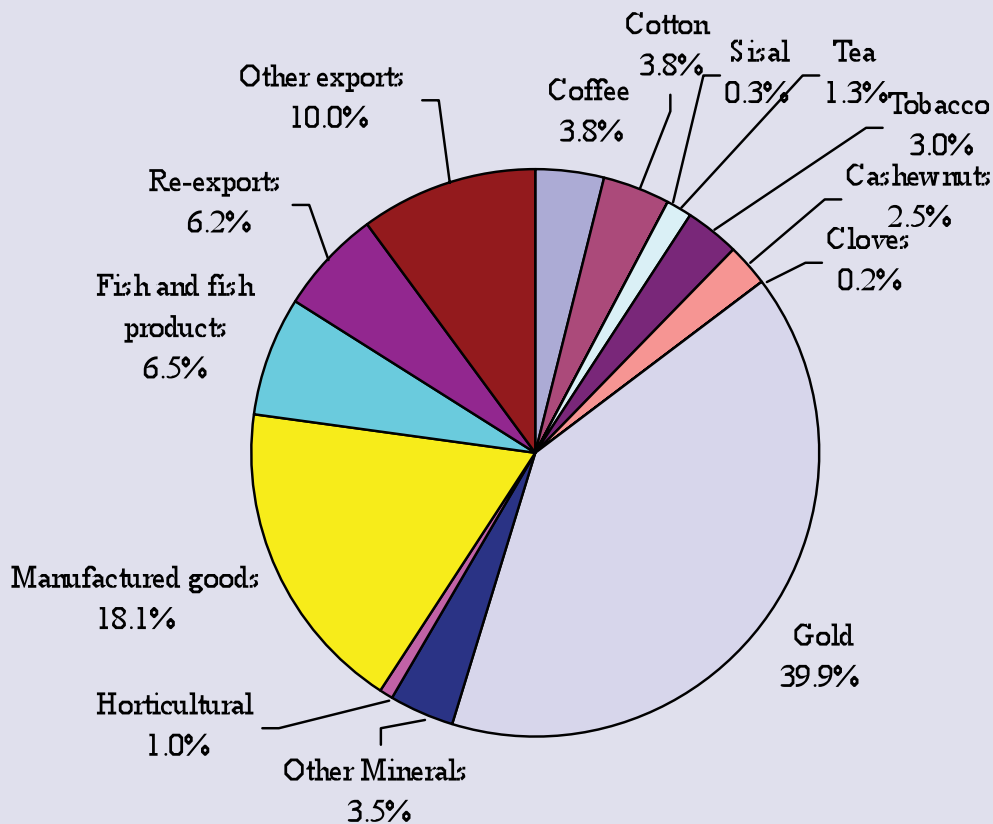


Chart 4.3: Contribution of Commodities to Total Exports Earnings 2007/08



Goods Import

During the period under review, goods import bill went up by 31.0 percent to USD 5,679.4 million dominated by intermediate goods which accounted for about 40.7 percent. Intermediate goods import rose by 31.5 percent to USD 2,312.7 million following an increase in value of oil imports. It is worthy noting that, the increase in oil imports was due to a rise in oil prices in the world market as the imported volume recorded a decline. The prices of refined oil in the world market rose to USD 878.6 per ton from USD 601.0 per ton recorded in 2006/07, while the volume of imported oil went down to 2,169,740 tons from

2,353,757 tons recorded in the previous year.

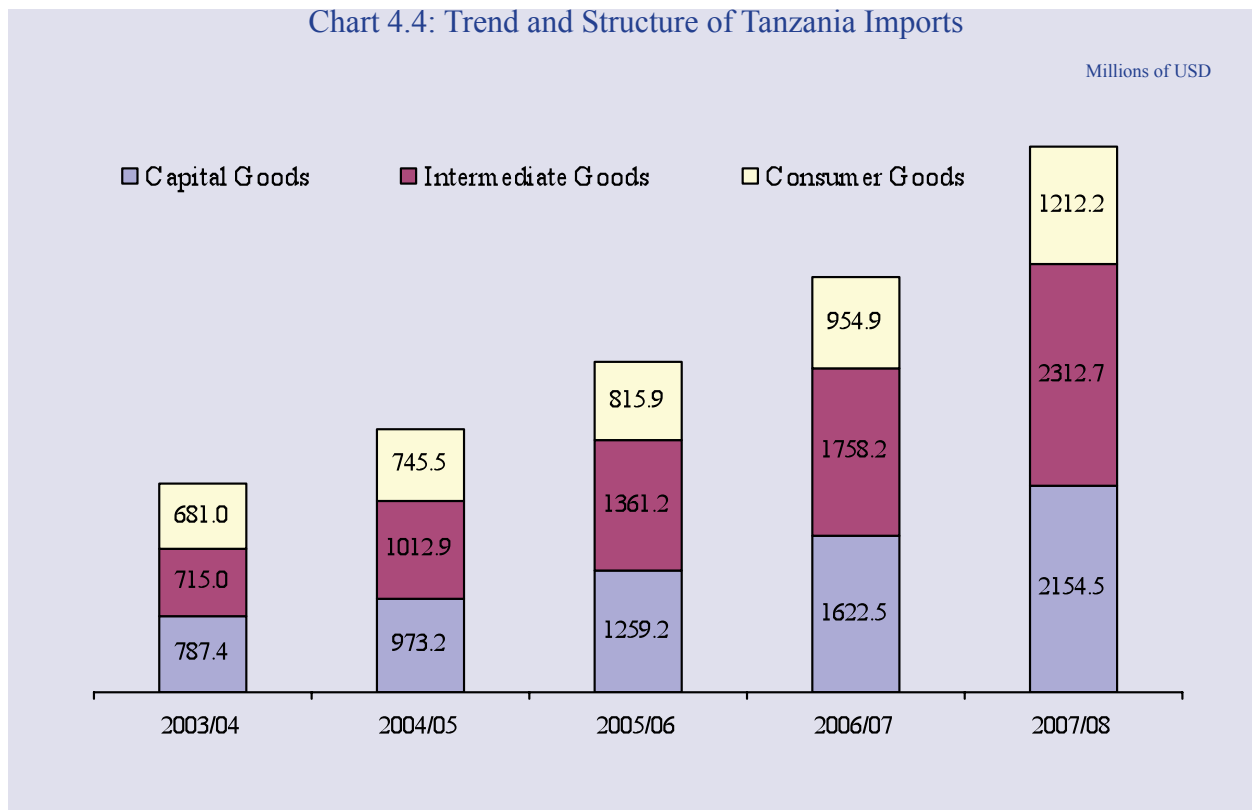
During 2007/08, importation of capital goods increased by 32.8 percent to USD 2,154.5 million in line with growth of economic activities in the transportation, construction, communication and manufacturing sectors. Similarly, consumer goods import went up by 26.9 percent to USD 1,212.2 million largely due to a rise in importation of cereals and other consumer goods such as pharmaceutical products, plastic items and paper products. The surge in imports of food and foodstuff was largely associated with an increase in maize imports from 4,706.2 tons in 2006/07



to 21,198.0 tons, following government's decision to waive tax on imported maize in order to offset domestic food shortages

(Chart 4.4).

Chart 4.4: Trend and Structure of Tanzania Imports



Services Account

During the year ending June 2008, services account recorded a surplus of USD 396.4 million compared to a surplus of USD 307.3 million in the previous year. The performance was largely attributed to improvement in transportation and tourism activities. Transportation services receipts increased by 31.3 percent to USD 438.2 million driven largely by increase in volume of transit goods and a surge in transportation costs. The volume of transit goods rose from 2,324,764 tons in 2006/07 to 2,614,530 tons.

Similarly, travel receipts increased to USD

1,126.6 million from USD 1,018.9 million recorded during the corresponding period. This development was mainly attributable to the on-going promotional campaigns on tourist attractions and improved air access to Tanzania. Also, improvement of accommodation facilities in Tanzania mainland and Zanzibar contributed to the positive performance of the tourism sector in recent years.

Meanwhile, services payment increased by 10.2 percent to USD 1,486.6 million, in 2007/08 largely due to increase in freight, travel and insurance services payments. The increase in freight and

⁵ Tourism accounts for about 80 percent of travel receipts



insurance payments was in line with the increase in merchandise imports, while the rise in travel was largely associated with globalisation and growth of the economy.

Income Account

During the period under review, the deficit in the income account widened by 42.1 percent to USD 113.4 million due to increase in income payments that outweighed receipts. Income payments rose to USD 186.4 million from USD 148.0 million in the previous period, largely due to an increase in compensation of employees and payments for investment related activities which include dividends and distributed profits. On the other hand, income receipts went up by 7.0 percent to USD 73.0 million, with receipts from short term foreign assets accounting for about 71.0 percent.

Current and Capital Transfers

The official current transfers increased to USD 581.2 million during the year ending June 2008, compared to USD 496.9 million recorded in the previous period, largely due to increase in disbursements under the General Basket Support (GBS) by the development partners. A total of USD 440.5 million was disbursed in 2007/08 compared to USD 333.2 million in the previous period. Conversely, official capital transfers declined to USD 574.6 million from USD 5,337.6 million 2006/07. It is worthy noting that in 2006/07 there was a significant cancellation of debts worth USD 4,626.0 million under the Multilateral Debt Relief Initiatives (MDRI) by the World Bank and African Development Bank (AfDB).

Financial Account

Financial account recorded a surplus of USD 1,689.6 million during 2007/08, largely associated with developments in Foreign Direct Investment and external loans. During the year ending June 2008, estimated FDI increased to USD 740.2 million, up from USD 653.4 million in 2006/07. Likewise, loan disbursements increased by 11.6 percent to USD 993.7 million, with government loan accounting for about 88.5 percent.

World Commodity Prices

During the year ending June 2008, the world market prices of all agricultural and non-agricultural commodities recorded notable increases (**Table 4.2**). Prices of coffee increased largely due to the decline in global coffee stocks, following unfavourable weather conditions in Brazil and Vietnam. Similar developments were observed in the prices of tea and cotton. The increase in the prices of tea was largely on account of the drop in supply, following adverse weather conditions in India and Sri Lanka. Meanwhile, the increase in the price of cotton emanated largely from a reduction in cotton acreage in US in favour of cereals production for bio fuel. Likewise, there was an increase in price for sisal (UG) during 2007/08, partly due to increased usage of sisal for making handicrafts and power generation.

During the period under review, prices of crude oil and white products recorded significant increases partly due to disruptions in the global oil supply caused by geopolitical tensions in the Middle East



and civil unrest in Nigeria. Likewise, the increase in price of gold was mainly driven by increased investment usage following

weakening of the U.S dollar and instability in the financial markets (**Table 4.2**).

Table 4.2: World Commodity Prices

Commodity	Units	Year Ending June			Percent Change
		2005/06	2006/07	2007/08	
Robusta Coffee	USD per kg	1.25	1.72	2.24	29.99
Arabica Coffee	USD per kg	2.43	2.57	3.03	17.80
Tea (Average price)	USD per kg	1.76	1.89	2.30	21.83
Tea (Mombasa auction)	USD per kg	1.78	1.76	1.96	11.08
Cotton, "A Index"	USD per kg	1.25	1.28	1.59	24.28
Cotton, "Memphis"	USD per kg	1.32	1.34	1.63	21.46
Sisal (UG)	USD per metric ton	898.75	925.00	1,025.83	10.90
Cloves	USD per metric ton	3,590.28	3,760.21	4,014.36	6.76
Crude oil*	USD per barrel	61.47	62.79	94.35	50.26
Crude oil**	USD per barrel	57.64	61.18	90.29	47.58
White products***	USD per ton	595.39	601.00	878.59	46.19
Jet/Kerosine	USD per ton	622.68	619.86	925.65	49.33
Premium Gasoline	USD per ton	600.48	617.13	830.28	34.54
Heat Oil	USD per ton	563.02	566.02	879.84	55.44
Gold	USD per troy ounce	526.62	638.43	822.98	28.91

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

Source: Bank of Tanzania

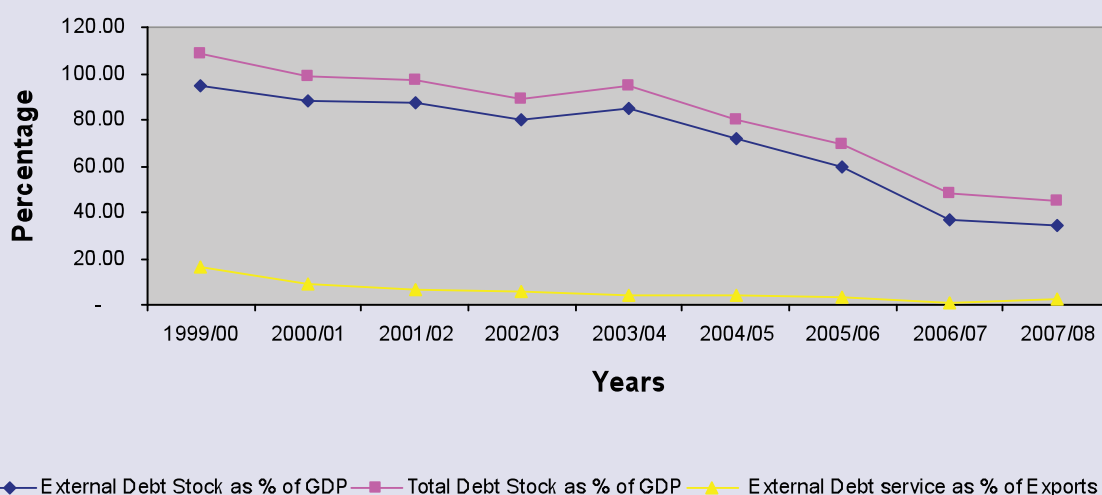
CHAPTER FIVE DEBT DEVELOPMENTS

Overview

National debt stock (domestic and external) as at end June 2008 stood at USD 7,581.4 million, representing an increase of 23.1 percent from USD 6,158.8 million registered at the end of June 2007. External debt accounted for 77.1 percent and the remaining was domestic. The increase was mainly on account of exchange rate

fluctuations, accumulated arrears and recording of new disbursements and new domestic debts. However, there has been improvement on the country's indebtedness as indicated by debt sustainability ratios (Chart 5.1), following debt relief obtained under the Enhanced HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI).

Chart 5.1: Debt Sustainability Ratios



External Debt

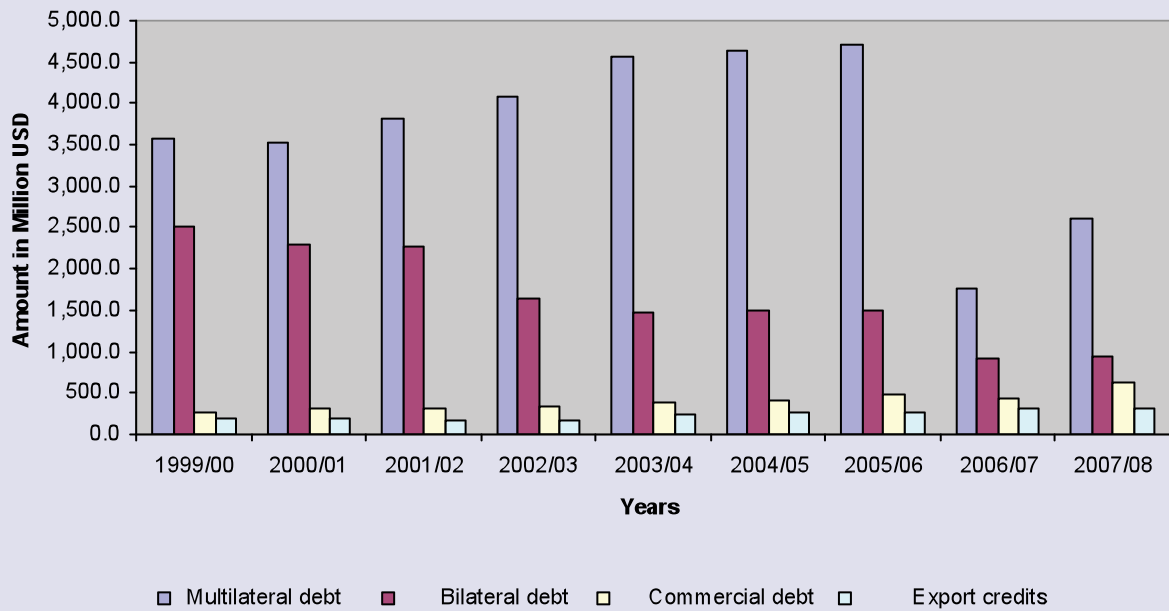
External debt stock as at end of June 2008 increased by 25.4 percent to USD 5,846.4 million, from USD 4,660.9 million registered during the previous period. Out of the total debt stock, principal and interest arrears were USD 1,089.8 million and USD 1,363.3 million respectively.

The profile of disbursed outstanding debt (DOD) by creditor indicates that

multilateral, bilateral, commercial debt and export credits accounted for 58.4 percent, 20.8 percent, 13.8 percent and 6.9 percent respectively. The high proportion of multilateral debt is attributed to government's policy of borrowing concessional loans mainly offered by the International Development Association (IDA) and Africa Development Fund (ADF) (Chart 5.2).



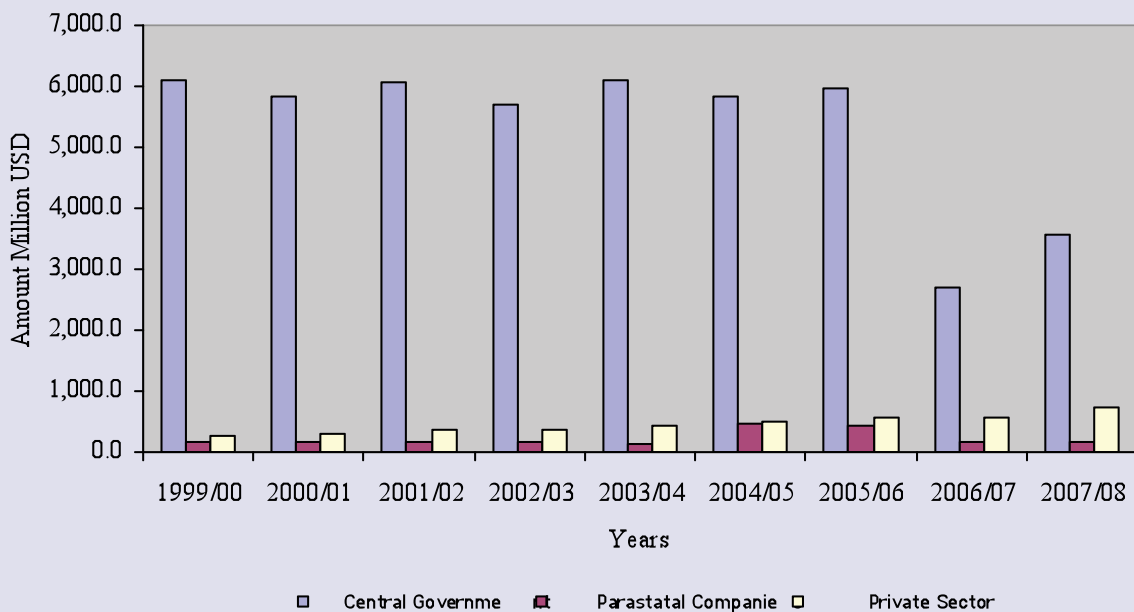
Chart 5.2: Disbursed Outstanding Debtor by Creditor Category



Composition of DOD by borrower category shows that the share of Central Government remained higher at 79.9 percent, while that

of private and parastatal companies were 16.6 percent and 3.5 percent, respectively (Chart 5.3).

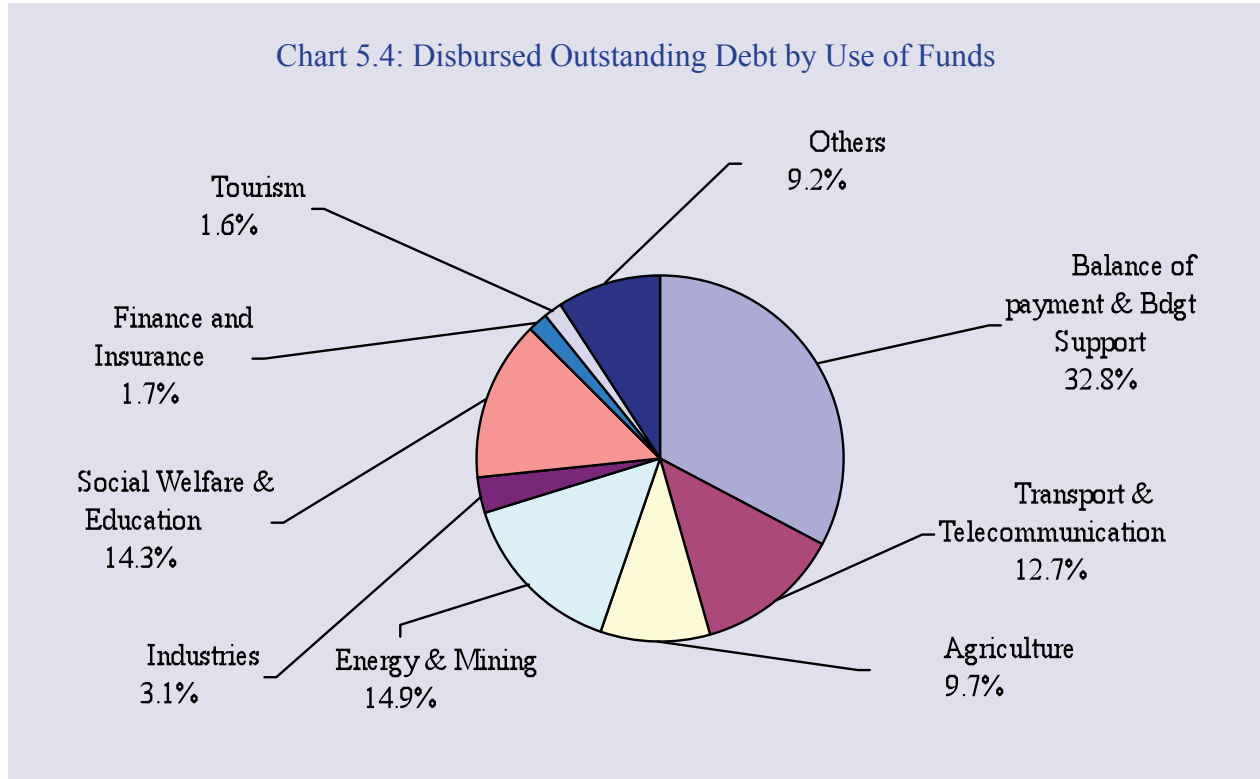
Chart 5.3: Disbursed Outstanding Debt by Borrower category



Debt by use of funds shows that 32.8 percent of total debt was utilized for budget support, energy and mining 14.9 percent, social welfare and education 14.3 percent,

transport and telecommunications 12.7 percent, while the remaining 25.3 percent was utilised by other activities (Chart 5.4).

Chart 5.4: Disbursed Outstanding Debt by Use of Funds



Loans Contracted, Disbursements and Repayments

New loans contracted and recorded during the period under review amounted to USD 457.1 million, out of which USD 231.9 million were government loans, while the remaining was contracted by private companies. Out of the total amount of new loans contracted by the government, 92.5 percent were concessional loans from multilateral institutions. Total recorded disbursements amounted to USD 586.1 millions, out of which USD 560.6 million went to the Government, while the remaining portion went to private companies.

Actual debt service payments during 2007/08 amounted to USD 86.0 million, which represents 44.5 percent of USD 193.2 million scheduled for debt service payments. Lower debt service payments were attributed to accumulation of arrears on non-serviced debt and reimbursement from Multilateral Debt Relief Initiative (MDRI). Although the implementation date for MDRI debt relief from ADF was January 2006, the relief was released on January 2007 retroactively. The refundable relief in the form of debt service payments was fully recovered through debt service reduction for the period February 2007 up to March 2008.



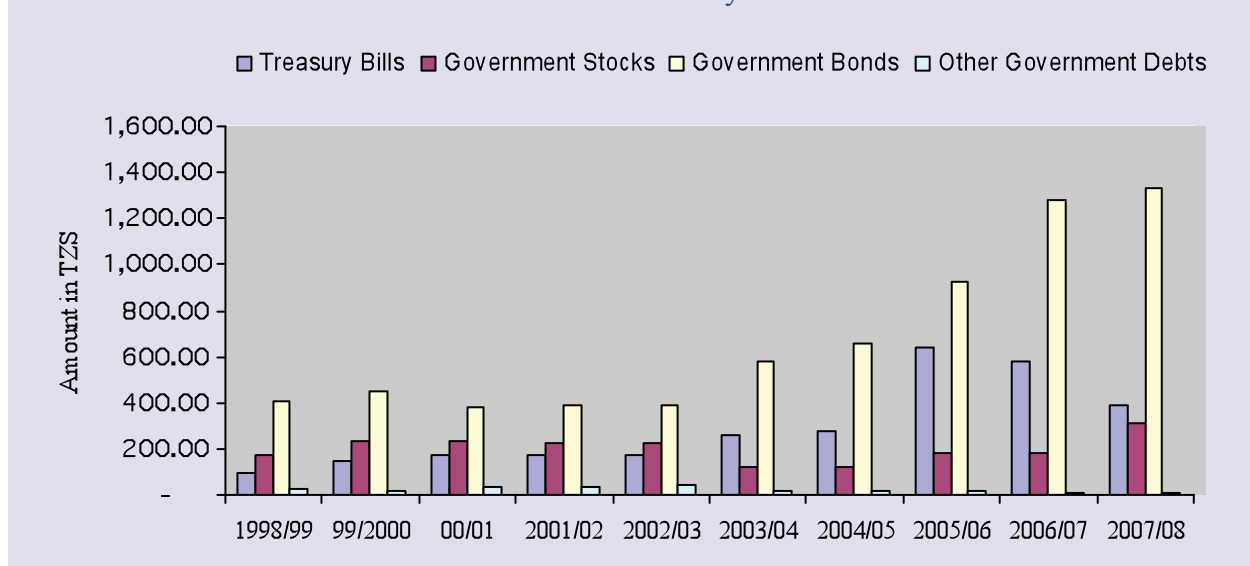
Domestic Debt

Domestic debt stock stood at TZS 2,048.9 billion as at end June 2008, depicting a marginal decline from TZS 2,049.8 billion recorded at end June 2007. Government securities accounted for 99.6 percent of the total debt stock.

The profile of **domestic debt by instruments** during the period under review indicated mixed developments. Total government securities were TZS 2,040.0 billion, marginally below TZS

2,041.5 billion recorded at end June 2007. The outstanding Treasury bills were TZS 391.9 billion being a decrease by 32.7 percent from TZS 582.7 billion recorded as at end of the preceding period. Government stocks increased from TZS 179.5 billion to TZS 312.9 billion as at end of June 2008, while government bonds increased by 73.8 percent from TZS 1,278.8 billion to TZS 1,335.6 billion. Other government debts remained at the same level of TZS 8.3 billion recorded at end June 2007 (**Chart 5.5**).

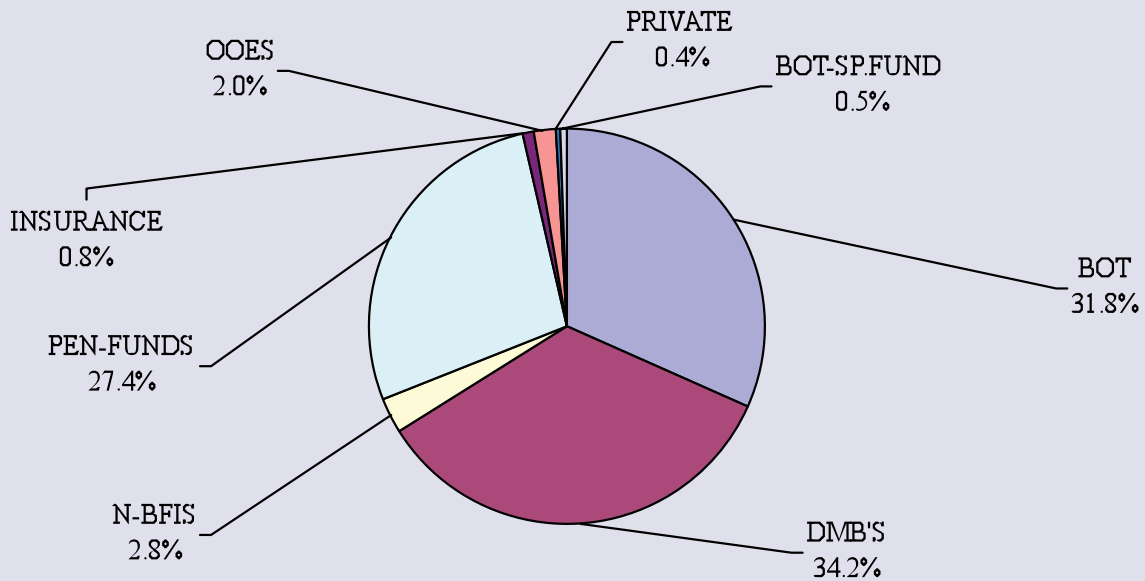
Chart 5.5: Domestic Debt by Instruments



Composition of domestic debt by creditor category as at the end of June 2008 indicates that Depository Money Banks (DMBs) were the leading government creditors by holding 34.2 percent of total domestic debt

stock, followed by the Bank of Tanzania that held 31.8 percent. Pension funds held 27.4.0 percent, while the rest were held by other creditors (**Chart 5.6**).

Chart 5.6: Domestic Debt by Holder

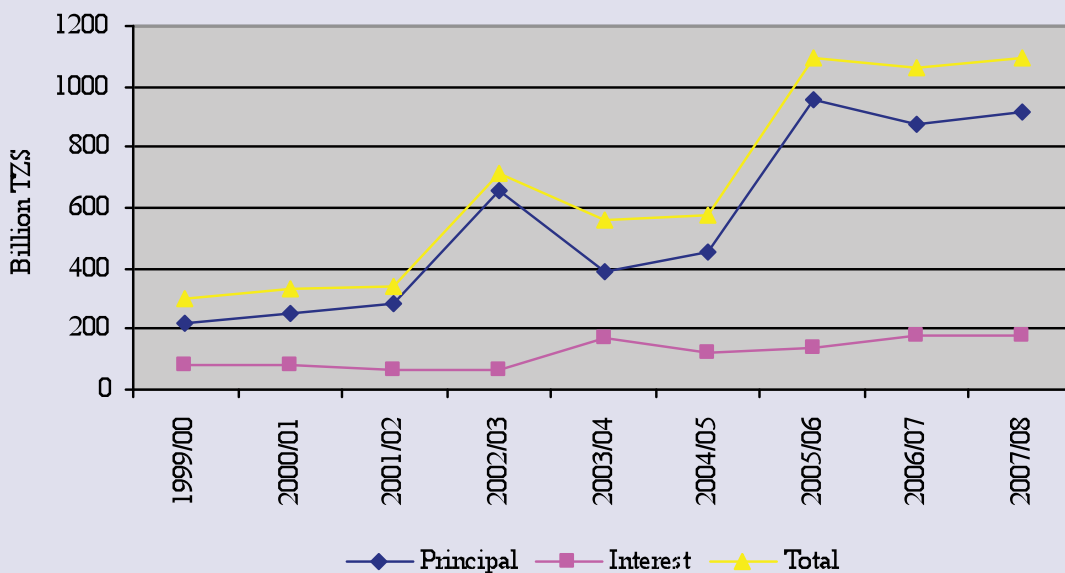


Domestic Debt Service Payments

During the year under review, a total of TZS 1,094.8 billion (principal and interest) fell due for payment. The amount represents an increase of 2.2 percent compared to TZS 1,070.9 billion paid during the year

ending June 2007. Out of the debt service, TZS 179.8 billion was interest which was paid out of government revenue, while principal amount of TZS 915.0 billion was rolled over (Chart 5.7).

Chart 5.7 Domestic Debt Service





CHAPTER SIX

ZANZIBAR ECONOMIC DEVELOPMENTS

Overview

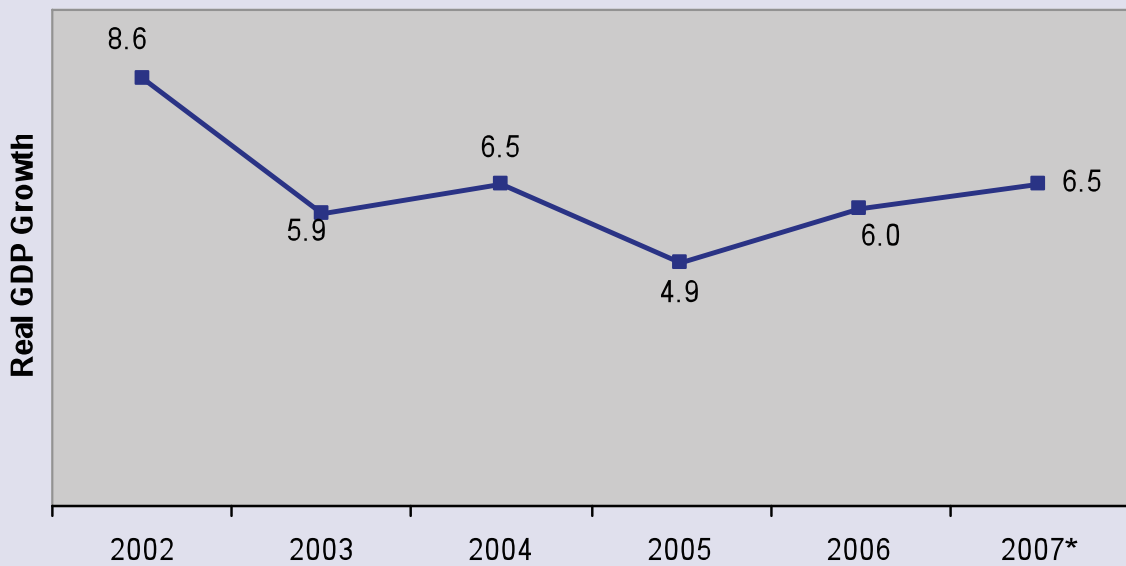
The Zanzibar economic development plan is guided by the Zanzibar Vision 2020; the Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA) and the Zanzibar Growth Strategy (ZGS). The economic growth averaged 6.4 percent during the five year period (2002 – 2006), with varying growth rates between 8.6 percent and 4.9 percent. The economy continued to exhibit robust growth in 2007, despite hike in global oil and food prices. Real GDP growth reached 6.5 percent in 2007 from 6.0 percent registered in 2006, this growth was marginally below the target of 6.6 percent (**Chart 6.1**). However, the attained growth rate was below the desired rate of 8-10 percent envisaged to have profound impact on poverty reduction measures.

The Zanzibar economic growth was driven by remarkable growth in services sector particularly tourism related sub-sectors. The services sector growth rebounded from a decline of 2.8 percent registered in 2006 to 10.5 percent in 2007 mainly on account of steady improvement in growth in the transport and communication services. The

sub-sector recorded considerable growth from 0.4 percent in 2006 to 37.7 percent on the back of expanded operations of mobile telephone service providers and tour operators for tourism sector. The share of services sector to GDP increased from 45.2 percent in 2006 to 46.9 percent in 2007. Trade and repairs sub-sector growth increased from 1.0 percent in 2006 to 8.9 percent in 2007; while financial intermediation remarkably improved from negative 10.2 percent in 2006 to 16.9 percent in 2007 reflecting acceleration of growth in lending and deposit operations by commercial banks.

The share of agriculture sector to GDP declined from 24.0 percent registered in 2006 to 22.2 percent, as its growth reversed to negative 1.7 percent from 18.7 percent recorded in 2006. The underperformance was attributed to unfavourable weather that affected both food and cash crops - mainly cloves output. Industrial sector contribution to GDP increased marginally to 15.4 percent from 15.2 percent registered in the previous year; and its growth slumped to 7.6 percent from 17.6 percent registered in 2006. The dismal performance emanated from manufacturing sub sector.

Chart 6.1: Real GDP Development, 2002 – 2007



* Provisional
Source: Office of the Chief Government Statistician, Zanzibar.

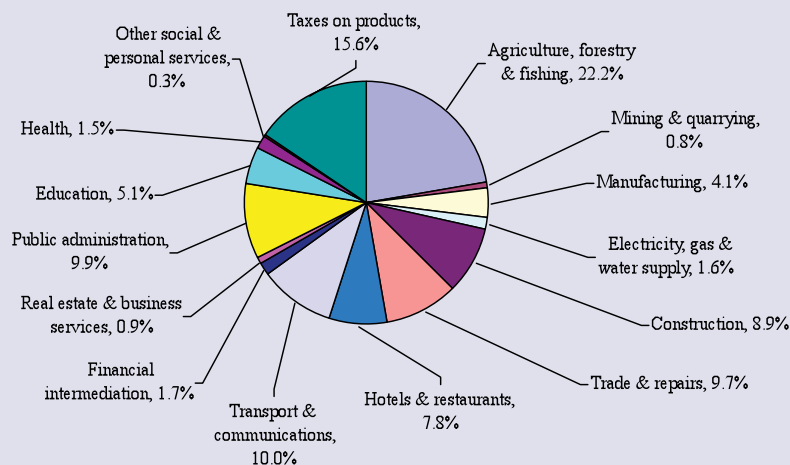
GDP per capita increased from TZS 462,000.0 (USD 368.0) in 2006 to TZS 518,000 (USD 415) in 2006 marking an increase of 12.1 percent.

Review of Sector Developments

In line with the Zanzibar Growth Strategy (2006 - 2015), the services sector (mainly tourism and trade sub sectors) has been identified as a the leading sector in the

Zanzibar economy. During 2007 the services sector contributed 46.9 percent of GDP slightly exceeding 45.2 percent registered in 2006. The industrial sector contribution to GDP increased marginally from 15.2 percent attained in 2006 to 15.4 percent; while that of agriculture sector declined to 22.2 percent compared with 24.0 percent recorded in 2006 (**Chart 6.2**).

Chart 6.2: Activity Distribution of GDP in 2007 (at 2001 Constant Prices)



Source: Office of the Chief Government Statistician, Zanzibar.



Agriculture

During 2007, agricultural sector share to GDP declined to 22.2 percent from 24.0 percent registered in 2006 and its growth slumped to negative 1.7 percent from 18.7 percent registered in 2006; mainly attributable to inadequate rainfall, lack of farm inputs and outbreak of cassava brown streak disease. Food crops production declined by 5.0 percent from 383,982 tons in 2006 to 363,513 tons in 2007. Cloves production decreased drastically by 65.6 percent to 1,085.6 tons compared with 3,156.7 tons procured during 2006.

Production in the fishing sub-sector increased by 2.4 percent, reversing from negative growth of 1.0 percent recorded during the preceding year in the wake of increased demand in tourists hotels, coupled with government provision of fishing gear and boats to registered groups of fishermen. The fishing catch increased from 23,105 tons in 2006 to 23,581.6 tons in 2007. Seaweed procurement increased by 12.5 percent from 7,543.1 tons in 2006 to 8,485.0 tons in 2007 mainly on account of favourable producer prices. Procurement of rubber stood at 974.2 tons having increased by 9.9 percent from 886.8 tons in 2006 (**Table 6.1**).

Table 6.1: Zanzibar Traditional Crop Procurement

Crop							Tons
	2002	2003	2004	2005	2006	2007*	percent change 2006/07
Cloves	5,959.8	5,219.0	4,097.6	3,266.7	3,156.7	1,085.6	-65.6
Clove Stems	187.3	497.0	476.0	350.6	128.8	226.5	75.9
Seaweeds	9,090.7	9,261.0	7,184.5	7,361.8	7,543.1	8,485.0	12.5
Rubber	0.0	0.0	683.0	711.0	886.8	974.2	9.9
Total	15,237.8	14,977.0	12,441.1	11,690.1	11,715.4	10,771.3	-8.1

* = Provisional

Source: Zanzibar State Trading Corporation (ZSTC)

Services Sector

During 2007, the growth of value added in services rebounded to 10.5 percent from negative 2.8 percent registered in the previous year. Remarkable growth rates were evidenced in the transport and communications and financial intermediation sub sectors. The contribution of the services sector to GDP increased from 45.2 percent recorded in 2006 to 46.9 percent.

Transport and Communications

During the period under review, growth in transport and communication sector surged to 37.7 percent rising from 0.4 percent recorded in 2006, buoyed by travel and telecommunication. Consequently, the sub-sector's share to GDP increased from 7.7 percent in 2006 to 10.0 percent in 2007.



Hotel and Restaurants

Despite increased investments in hotels and restaurant industry in recent years, the growth of the sub-sector deteriorated from 9.2 percent recorded in 2006 to 4.5 percent in 2007. The number of tourists increased to 143,265 in 2007 compared to 137,111 registered in 2006 and the share of the sub-sector to total services sector virtually remained unchanged at 7.8 percent during 2006 and 2007.

Industrial Sector

During 2007, the industrial output declined sharply from 17.6 percent registered in 2006 to 7.6 percent in 2007. The decline was attributed to poor performance in manufacturing sub sector. However, the share of industrial sector to total GDP increased slightly from 15.2 percent recorded in 2006 to 15.4 percent in 2007.

Manufacturing

The manufacturing sub sector is basically run by micro, small and medium enterprises.

These include woodwork, bakery products, mineral water, lime making, recycling of used wearing apparel, traditional weaving and animal feed. The contribution of manufacturing in the economy has remained relatively low and stagnant as most of the industries in the sub sector are still nascent. During the period under review, value added in manufacturing activities declined to negative 11.4 percent from 3.5 percent recorded during 2006. In tandem with growth deceleration, share of manufacturing sector to GDP declined to 4.1 percent from 4.9 percent in 2006. The poor performance of the manufacturing sector was mainly attributed to closure of wheat flour industry due to port rehabilitation which inhibited docking of large ships of wheat cargo. Further more, production of mineral water, video tapes, jewellery and soft drinks slumped during 2007 mainly on account of stiff competition from imported products. Production of bakery and wood products, clothes and animal feed exhibited modest improvements, responding to increased demand in domestic market (Table 6.2).

Table 6.2: Volume of Selected Manufactured Commodities

Commodity	Units	2003	2004	2005	2006	2007p	Percent Change 2006 - 07
Wheat Flour	Ton	21,446.0	16,753.0	14,822.0	10,590.0	1,026.0	-90.3
Beverage	Litres'000'	6,250.0	7,132.0	8,435.0	10,246.0	9,925.0	-3.1
Animal Feed	Tons	1,520.0	1,277.0	1,001.0	842.0	1,115.0	32.4
Super Shine Audio	Cartoon	0.0	54,685.0	47,976.5	63,240.0	70,597.0	11.6
Super Shine Video	Cartoon	0.0	40,577.0	31,038.5	23,339.0	10,090.0	-56.8
Coconut oil	Tons	3.1	66.0	89.0	82.0	77.0	-6.1
Bread	No.'000'	59,992.0	68,706.0	77,331.0	87,037.0	97,960.0	12.5
Dash Dash Fashion (clothes)	Pcs	0.0	4,929.0	3,860.0	2,004.0	5,338.0	166.4
Copra Cakes	Tons	2.0	59.0	31.0	46.0	49.0	6.5
Jewellery (Gold/Silver)	Grams	29,165.0	35,125.0	19,090.0	16,737.0	7,563.0	-54.8
Noodles	Kg	159,133.0	193,656.0	93,830.0	61,085.0	58,807.0	-3.7
Mineral Water	Litres'000'	0.0	3,136.0	2,975.1	5,033.0	3,631.0	-27.9
Door UPVC	Nos.	0.0	70.0	18.0	32.0	48.0	50.0
Window UPVC	Nos.	0.0	150.0	15.0	59.0	30.0	-49.2
Video/Radio Tape	Cartons	97,223.0	107,273.0	81,918.0	86,579.0	80,687.0	-6.8
Garments Dish Dash (Nguo)	Pcs	3,324.0	4,929.0	3,860.0	2,004.0	5,338.0	166.4

Source: Office of Chief Government Statistician – Zanzibar



Construction

Construction sub-sector has been the second largest in industrial sector accounting for an average of 5.8 percent of GDP during 2002-2006. The sector grew at an average rate of 23.5 percent during the same period. During 2007 the share of construction to GDP increased marginally to 8.9 percent compared to 8.0 percent attained a year before. Construction activities increased by 19.1 percent compared to 33.8 percent recorded in 2006 mainly on account of

completion of some major projects.

Electricity and Water Supply

During 2007, the energy sub-sector grew by 7.5 percent from 5.7 percent in the previous year. This growth was in tandem with increase in electricity supply by 10.9 percent to 137.1 million kWh up from 123.7 million kWh supplied in 2006. The increase in electricity supply was mainly associated with expanding medium size industrial activities (**Table 6.3**).

Table 6.3: Quantity of Electricity Distribution (National Grid) kWh '000'

Industries	2002	2003	2004	2005	2006	2007p
Commercial	17,004	17,778	13,701	16,450	21,461	22,787
Domestic	39,888	48,126	48,815	54,083	61,570	63,058
Large Industry	15,929	15,326	18,968	27,072	32,470	37,881
Medium Industry	1,781	4,518	5,518	6,529	6,654	11,665
Small Industry	219	738	902	733	738	907
Street Lights	457	379	420	447	786	809
Total	75,278	86,865	88,324	105,314	123,680	137,107

Note: kWh = kilowatt-hour.

Source: Zanzibar State Fuel and Power Corporation.

New water projects and rehabilitation programs were initiated in 2006 with support from donor community. However, full operations were not realised in 2007.

In this regard, the proportion of people with access to safe and clean water remained unchanged at 85.0 percent recorded in 2006 (**Table 6.4**).

Table 6.4: Proportion of people with Access to Safe and Clean Water

Region	2002	2003	2004	2005	2006	2007p
Urban West	61.0	60.0	75.0	75.0	95.7	95.7
North Unguja	12.0	11.0	75.0	71.0	96.5	96.5
South Unguja	27.0	29.0	70.0	78.0	90.0	90.0
North Pemba	43.0	72.0	75.0	80.0	68.7	68.7
South Pemba	57.0	72.0	75.0	80.0	73.0	73.0
All	40.0	48.8	74.0	76.8	84.8	84.8

Source: Ministry of Water, Construction, Energy and Lands



Gross Capital Formation

Capital formation in Zanzibar continued to exhibit upward trend since 2002, averaging TZS 62.4 billion for the period 2002 - 2006. During 2007 investment increased to TZS 139.3 billion, up from TZS 101.3 billion recorded in 2006. The good performance in capital formation was mainly due to increased investment in infrastructure projects. Private sector investment concentrated in construction of tourist hotels while government investments were directed to economic and social infrastructure in line with the reforms currently taking place under MKUZA.

Investments by type revealed that, buildings investments amounted to TZS 43.5 billion accounting for 31.2 percent of total investments out of which TZS 27.2 billion were non-residential, mainly tourist hotels. Investment in equipments amounted to TZS 43.2 billion accounting for 31.0 percent of the total investments, out of which transport equipments accounted for TZS 22.4 billion or 51.9 percent. Capital investment in the form of other works amounted to TZS 48.5 billion accounting for 34.8 percent of total investments. The ratio of total investment to GDP increased from 19.9 in 2006 to 23.7 percent in 2007 (Table 6.5).

Table 6.5: Capital Formations by Type of Asset

Item	Millions of TZS					
	2002	2003	2004	2005	2006	2007p
A. Buildings						
Residential	1,730	2,319	3,440	4,128	6,435	8,662
Rural Construction	1,530	2,051	3,043	3,641	5,676	7,641
Non Residential	5,502	7,273	10,797	12,965	20,211	27,204
Total Buildings	8,762	11,643	17,280	20,734	32,322	43,507
B. Other Works						
Land Improvements	5,465	7,326	10,867	13,039	20,325	27,358
Roads, Bridges etc.	4,223	5,661	8,397	10,076	15,707	21,142
Total Others Works	9,688	12,987	19,264	23,115	36,032	48,500
C. Equipment						
Transport Equipment	4,521	12,062	8,822	10,309	13,224	22,429
Other Equipment	8,357	10,345	11,580	20,189	17,606	20,768
Total Equipment	12,878	22,407	20,402	30,498	30,830	43,197
D. Others						
Change inventory	3,944	-4,514	-320	1,831	2,139	4,126
E. Capital Formation	35,272	42,523	56,626	76,178	101,323	139,330
F. Of which:						
Subsistence	1,530	2,051	3,043	3,641	5,676	7,641
Monetary	33,742	40,472	53,583	72,537	95,647	131,689
Capital Formation	35,272	42,523	56,626	76,178	101,323	139,330

Source: Office of the Chief Government Statistician, 2007.



Zanzibar Inflation Developments

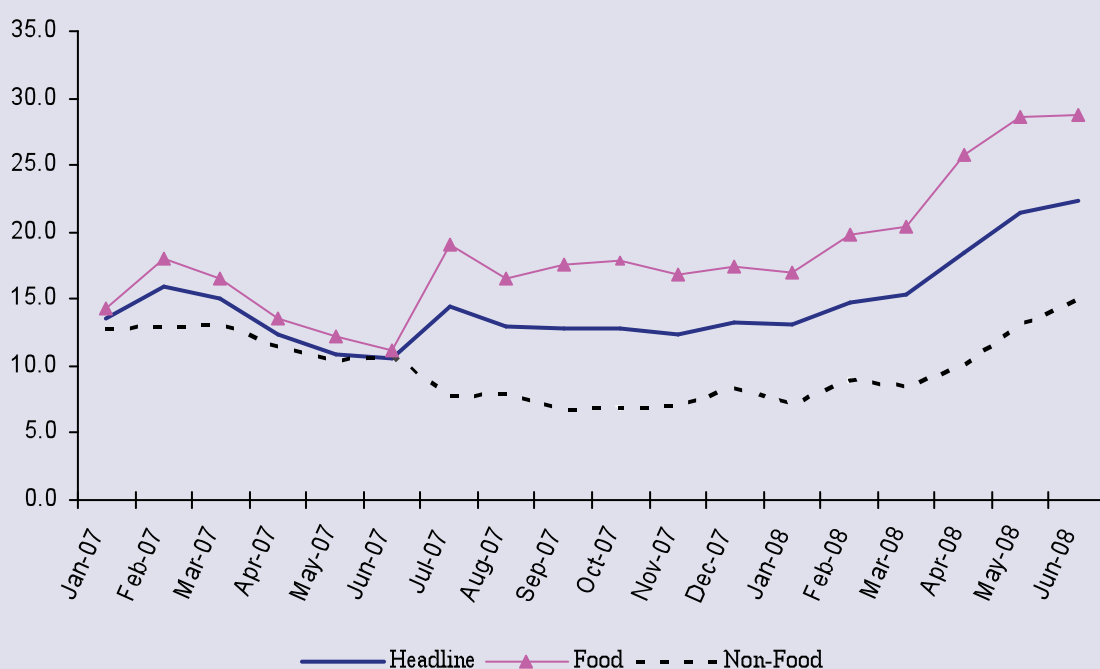
Zanzibar revised the CPI series using new weights from January 2006, with a view of updating the basket of goods and services. The revised weights and the new basket were based on Zanzibar's 2004/5 Household Budget Survey replacing the index and weights which were based on the 1991 survey.

Headline inflation by end June 2007 stood at 11.2 percent, and accelerated to 20.8 percent in June 2008, on account of rise in global oil and food prices. Similarly, the annual average headline inflation rose to 13.0 percent in 2008 from 11.4 percent in

2007 (Chart 6.3).

The inflation spike was largely driven by increase in food inflation, as food accounts for 57.4 percent of consumer basket. The food prices increased from an average of 11.6 percent in 2007 to 15.8 percent in 2008. The pressure on food inflationary emanated mainly from increased transportation costs resulting from higher fuel prices, world shortage of cereals including rice, impact of rehabilitation of Malindi port which forced cargo ships to dock at Dar es Salaam and Mombasa ports. Similarly, non-food inflation increased to 14.8 percent in June 2008 from 10.8 percent in June 2007 on account of increase in fuel prices.

Chart 6.3: Zanzibar: Annual Headline, Food and Non-food Inflation



Source: Office of the Chief Government Statistician (OCGS)



Government Budgetary Operations

Overall Performance

Zanzibar annual fiscal performance has evidenced improvement since 2004/5, whereby revenue collections has been increasing at average of 22.3 percent from low outturn of TZS 59.7 billion to TZS 110.4 billion in 2007/08. The expenditure front showed modest performance, by increasing on average by 35.0 percent from TZS 75.6 billion in 2004/05 to TZS 176.5 billion in 2007/08 to cater for expanding economic activities.

Budgetary operations as at end 2007/08 registered budget deficit, after grants on cheques cleared, to the tune of TZS 10.7 billion below the target of TZS 67.5 billion. The latter was below deficit of TZS 13.5 billion registered in the previous fiscal year. The deficit to GDP declined to 2.0 percent from 2.6 percent registered in 2006/2007. The deficit was mainly financed by external sources.

Revenue

Revenue outturn as at end 2007/08 reached TZS 110.3 billion, below projected TZS 114.6 billion, mainly on account of under-collection of non-tax revenue. However,

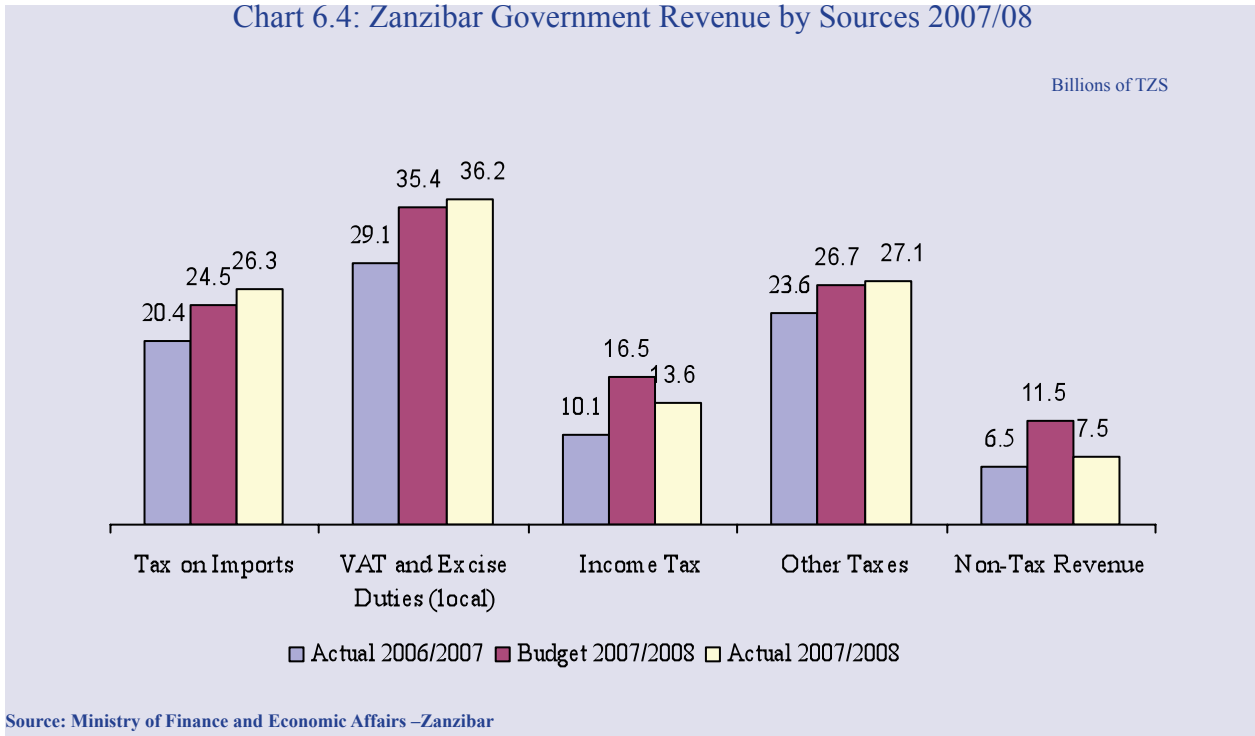
the performance surpassed TZS 89.6 billion collected in 2006/07. The relatively higher collections stemmed largely from VAT and excise duty following increased tourism and trading activities.

Revenue performance by category showed that tax revenue amounted to TZS 102.8 billion, below the target of TZS 103.0 billion, and represented 93.2 percent of the total collections. Non-tax revenue sources amounted to TZS 7.5 billion, below target of TZS 11.5 billion, and accounted for 6.8 percent of total collections.

VAT and excise duty remained the main source of revenue, and amounted to TZS 36.2 billion, exceeding the target of TZS 35.4 billion. The collection was driven by relative increase in tourism related activities. Tax on imports stood at TZS 26.1 billion exceeding the target of TZS 24.5 billion. The performance was on account of increase in imports after partial completion of port rehabilitation. Income tax amounted to TZS 13.6 billion, below the target of TZS 16.5 billion due to non-consolidation of salary emoluments. Collections from other taxes amounted to TZS 27.0 billion, above the target of TZS 29.0 billion. Revenue from non-tax sources underperformed by fetching TZS 7.5 billion below the target of TZS 10.3 billion (**Chart 6.4**).



Chart 6.4: Zanzibar Government Revenue by Sources 2007/08



Expenditure

Total government expenditure reached TZS 186.3 billion, representing 67.5 percent of the target of TZS 276.0 billion and accounting for 31.6 percent of GDP. The under-expenditure was due to adherence to cash budget management and less than expected donor disbursements for development projects.

Recurrent expenditure stood at TZS 124.5 billion, accounting for 88.7 percent of the target TZS 140.4 billion and represented 66.8 percent of the total expenditure. Development expenditure amounted to TZS 61.8 billion, below the target of TZS 135.6 billion.

Total wage bill reached TZS 59.4 billion, having increased by 27.5 percent from TZS 46.6 billion spent in 2006/07 to cover salary adjustments. However, the expenditure was below the target of TZS 72.6 billion and accounted for 31.0 percent

of total expenditure. Other expenditures amounted to TZS 65.0 billion, below the target amount of TZS 66.8 billion, and accounted for 35.0 percent of the total expenditure. Debt servicing amounted to TZS 6.0 billion below the target of TZS 7.5 billion, out of which amortization amounted to TZS 4.8 billion and interest payments was to TZS 1.2 billion.

Development expenditure amounted to TZS 61.8 billion, and accounted for 45.5 percent of the target of TZS 135.6 billion, and accounted for 33.2 percent of the total expenditure. The expenditure was below TZS 73.1 billion, spent in 2006/2007 mainly due to lower than expected donor disbursements for development projects and low local contributions. Local contribution stood at TZS 10.1 billion below annual target of TZS 16.5 billion. Contribution from the donors amounted to TZS 51.6 billion against annual target of TZS 119.1 billion (**Table 6.6**).



Table 6.6: Zanzibar Government Expenditure by Component 2007/08

Item	Billions of TZS					
	2005/06 Budget	2005/06 Actual	2006/07 Budget	2006/07 Actual	2007/08 Budget	2007/08 Actual
Total Revenue	73,124.3	68,648.8	83,187.0	89,627.8	114,558.0	108,981.9
Recurrent Revenue	73,124.3	68,648.8	83,187.0	89,627.8	114,558.0	108,981.9
Tax Revenue	67,811.5	63,749.7	76,676.0	83,147.8	103,013.0	103,154.5
Non-Tax revenue	5,312.8	4,899.0	6,511.0	6,480.0	11,545.0	5,827.4
Total Expenditure	157,484.0	136,702.0	214,801.1	166,189.4	276,001.0	176,455.4
Recurrent Expenditure	88,409.0	91,246.8	110,356.1	93,098.8	140,356.0	114,654.8
Recurrent Deficit	-15,284.7	-22,598.0	-27,169.1	-3,471.0	-25,798.0	-5,673.0
Development Expenditure	69,075.0	45,455.2	104,445.0	73,090.6	135,645.0	61,800.6
Overall Deficit before grants	-84,359.7	-68,053.3	131,614.1	-76,561.6	161,443.0	-67,473.5
Grants (cash)	34,333.0	14,770.0	29,196.0	71,467.1	84,797.0	63,733.3
Overall Deficit after grants	-50,026.7	-53,283.3	102,418.1	-5,094.5	-76,646.0	-3,740.2
Adjustment to cash and other items	-6,542.5	-2,959.0	-12,879.1	8,411.9	-9,100.0	6,991.6
Overall Deficit cheques issued	-43,484.2	-50,324.3	-89,539.0	-13,506.4	-67,546.0	-10,731.7
Financing	43,484.2	50,324.3	89,539.0	13,506.4	67,546.0	10,731.7
Foreign	42,198.0	43,725.7	95,587.0	14,009.1	70,508.0	15,014.6
Domestic (net)	1,286.2	6,598.6	-9,743.0	-502.7	-2,962.0	-4,282.9
Bank	0.0	-	0.0	0.0	0.0	0.0
Non-Bank	7,829.0	11,498.6	6,831.0	8,000.0	6,138.0	470.1
Amortization (local)	-6,542.8	-4,900.0	-16,574.0	-8,502.7	-9,100.0	-4,753.0
Memorandum Items						
GDP at Market Prices (2001 Prices)		285,600.0		303,100.0		322,200.0

Source: Ministry of Finance and Economic Affairs -Zanzibar

Debt Developments

The Zanzibar public debt as at end June 2008 stood at TZS 128.2 billion (USD 108.5 million), having declined from TZS 199.0 billion (USD 157.3 million) as at end June 2007. The slow down was due to debt relief, servicing of multilateral debt and domestic debts, coupled with depreciation of Tanzania shilling against foreign currencies. Debt to GDP ratio declined from 33.8 percent in 2007 to 21.8 percent, at end of June 2008.

Domestic Debt

During the year ending June 2008, domestic debt amounted to TZS 54.2 billion, compared to TZS 67.6 billion recorded in the preceding year. The decline largely resulted from partial settlement of debt due to Peoples Bank of Zanzibar, domestic suppliers and retired civil servants.

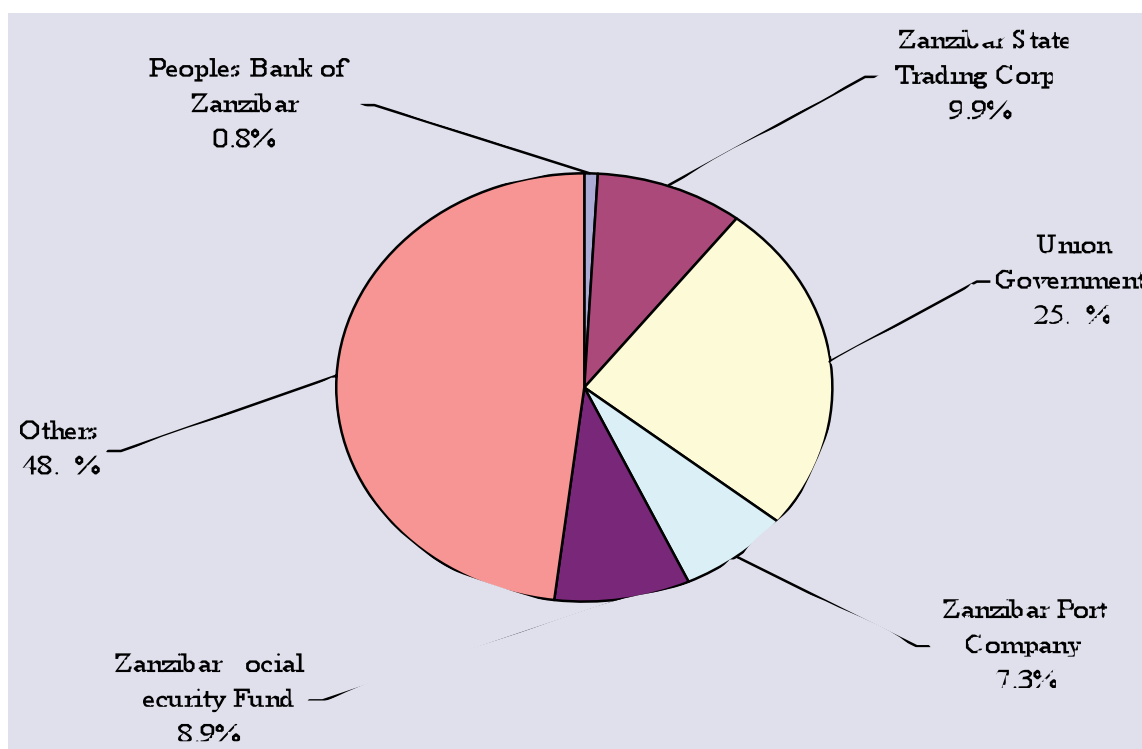
The debt profile by creditor category shows that, domestic suppliers and pensioners remained major creditors, with claims



amounting to TZS 26.0 billion. Union Government debt remained unchanged at TZS 13.6 billion, accounting for 25.1 percent of the domestic debt. Zanzibar State Trading Corporation (ZSTC) and Zanzibar State Social Security Fund (ZSSF) claims

amounted to TZS 5.3 billion and TZS 4.8 billion, respectively. Zanzibar Port Company (ZPC) claims amounted TZS 3.9 billion, whereas debt due to the Peoples Bank of Zanzibar (PBZ) stood at TZS 0.4 billion (**Chart 6.5**).

Chart 6.5: Domestic Debt by Creditor as at End – June 2008



Source: Ministry of Finance and Economic Affairs Zanzibar.

During the period under review, debt profile by instruments reveal that government loans were the highest at TZS 18.4 billion, accounting for 34.0 percent of total domestic debt. Treasury bonds stood at TZS 10.7 billion or 19.7 percent, while government stocks amounted to TZS 8.9 billion representing 16.4 percent of domestic debt. Debt in the form of Treasury bills stood at TZS 6.5 billion or 12.0 percent of total domestic debt, while other debt instruments (suppliers' credits and pensioners' claims) amounted to TZS

9.6 billion, equivalent to 17.8 percent of total domestic debt.

The profile of domestic debt by maturity shows that debt with undetermined maturity (predominantly gratuity and supplier's claims), amounted to TZS 33.0 billion, accounting for 60.9 percent of total domestic debt. Debt maturing between 2 – 5 years stood at TZS 14.7 billion, or 27.1 percent of domestic debt, and debt maturing in less than a year amounted to TZS 6.5 billion.

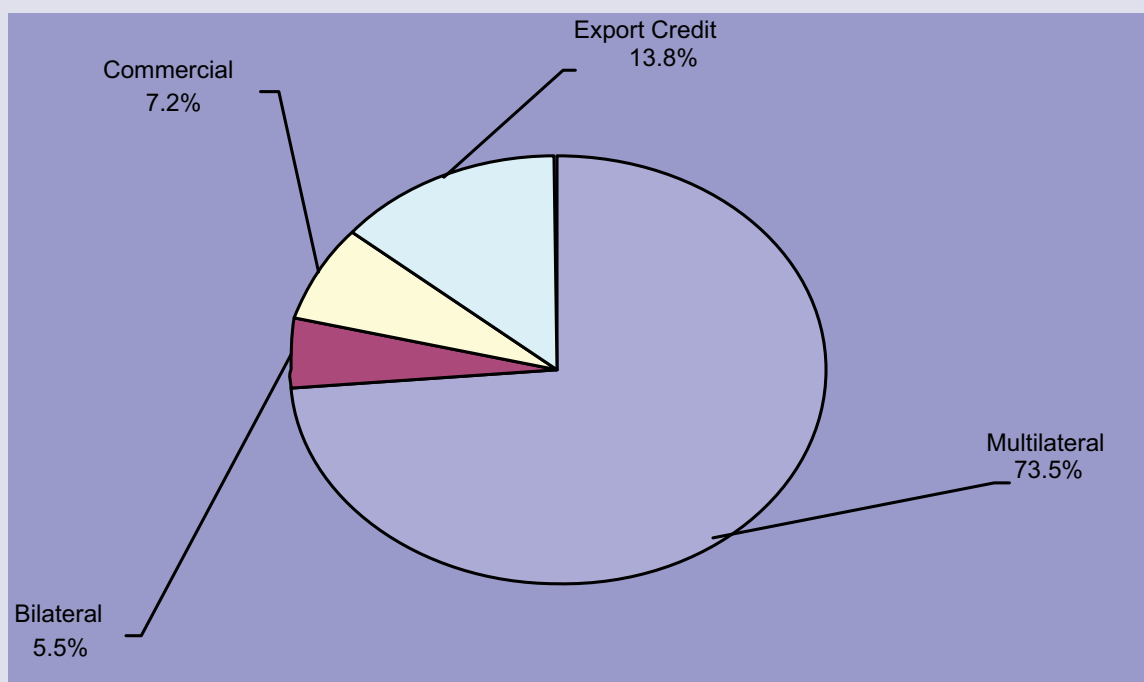
External Debt

Zanzibar external debt as at end of June 2008, declined to USD 62.7 million (TZS 74.0 billion), compared with USD 103.8 million (TZS 131.3 billion) registered in June 2007. The decrease was mainly associated with servicing of multilateral debt, coupled with reconciliation of commercial and export credits. Debt guaranteed by the Union government stood at USD 46.7 million representing 74.5 percent of the external debt, while non-guaranteed debt stood at USD 16.0 million

or 25.5 percent of total external debt.

During the review period, debt by creditor category showed that debt owed to multilateral creditors amounted to USD 46.1 million (TZS 54.4 billion) or 73.5 percent of total external debt. Bilateral creditors debt stood at USD 3.5 million (TZS 4.2 billion), while Commercial debt stood at USD 4.5 million (TZS 5.3 billion). Export credit amounted to USD 8.6 million, equivalent to TZS 10.2 billion **(Chart 6.6)**.

Chart 6.6: External Debt by Creditor as at End – June 2008



Source: Ministry of Finance and Economic Affairs.

During the year ending June 2008, external debt by maturity shows that debt maturing beyond 20 years amounted to USD 40.6 million, representing 64.7 percent of the total external debt. Debt maturing within 10 to 20 years stood at USD 5.5 million, equivalent to 8.8 percent of total external

debt, whereas debt maturing between 5 to 10 years was USD 16.6 million or 26.5 percent of total external debt.

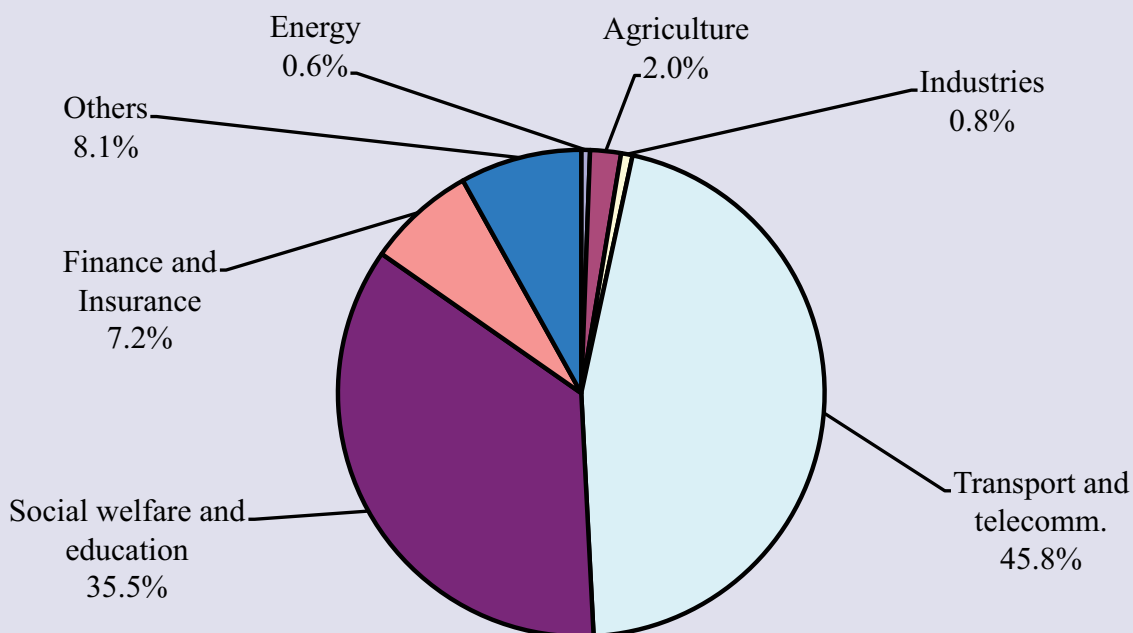
External debt by use of funds indicates that, transport and telecommunications sector received USD 28.7 million, equivalent to



45.8 percent of the external debt. Social welfare and education received USD 22.3 million or 35.5 percent of external debt. Finance and insurance had USD 4.5 million, while agriculture and energy

sectors received USD 1.3 million and USD 0.4 million, respectively. Industrial sector received USD 0.5 million and other sectors absorbed USD 5.1 million (**Chart 6.7**).

Chart 6.7: External Debt by Use of Funds as at End - June 2008



Source: Ministry of Finance and Economic Affairs, Zanzibar.

External Sector Developments

Current Account

During the year ending June 2008, Zanzibar

current account registered a surplus of USD 8.9 million, down from a surplus of USD 33.1 million recorded in 2007 mainly driven by a rise in imports bill coupled with a decline in donor inflows (**Table 6.7**).



Table 6.7: Zanzibar Current Account

Item	Year Ending June					Millions of USD
	2004	2005	2006	2007	2008p	Annual % Change
Goods Account (net)	-51.28	-71.62	-67.04	-65.08	-77.84	19.60
Exports	13.06	7.24	11.80	15.87	16.00	0.83
Imports (f.o.b)	64.34	78.86	78.84	80.95	93.84	15.92
Services Account (net)	11.07	20.80	19.91	41.56	34.11	-17.93
Receipts	39.42	58.91	81.18	92.21	75.87	-17.72
Payments	28.35	38.11	61.27	50.65	41.76	-17.55
Goods and Services (net)	-40.21	-50.82	-47.14	-23.52	-43.73	85.91
Exports of Goods and Services	52.48	66.15	92.97	108.08	91.87	-15.00
Imports of Goods and Services	92.69	116.97	140.11	131.61	135.60	3.04
Income Account (net)	-0.10	0.17	0.36	0.21	-1.02	-579.75
Receipts	0.00	0.19	0.36	0.30	0.17	-42.48
Payments	0.10	0.02	0.00	0.08	1.19	1300.22
Current Transfers (net)	14.22	11.24	50.20	56.40	53.69	-4.80
Inflows	14.22	11.24	50.20	56.40	53.69	-4.80
Outflows	0.00	0.00	0.00	0.00	0.00	0.0
Current Account Balance	-26.09	-39.41	3.43	33.09	8.94	-72.99

p = Provisional

Source: Tanzania Revenue Authority and Bank of Tanzania.

Trade Account

The trade account registered a higher deficit of USD 77.8 million, compared with USD 65.1 million recorded during the preceding year. The outturn was associated with a rise in goods imports relative to exports.

Goods Exports

During the period under review, Zanzibar goods export (fob) amounted to USD 16.0 million, slightly above USD 15.9 million recorded in 2007 due to slowdown in

cloves exports. Proceeds from export of cloves declined to USD 4.3 million from USD 9.7 million mainly due to decrease in volume, associated with lean harvest. Clove price rose to USD 3,876.0 per ton from USD 3,206.8 per ton realised in 2007. Seaweeds export realised USD 2.6 million, from USD 1.8 million recorded in 2007, on account of volume and unit price increases. Table 6.8 shows values of exports by type.



Table 6.8: Exports by Type of Commodity

Commodity	Year Ending June					Millions of USD
	2004	2005	2006	2007	2008p	Annual %Change
Traditional:						
Cloves						
Value	9.5	5.1	9.3	9.7	4.3	-56.0
Volume	5.6	1.7	3.2	3.0	1.1	-63.6
Unit Price	1,695.1	3,078.9	2,927.3	3,206.8	3,876.0	20.9
Sub Total	9.5	5.1	9.3	9.7	4.3	-56.0
Non-Traditional:						
Seaweeds						
Value	1.6	1.3	1.4	1.8	2.6	46.5
Volume	7.9	6.3	7.1	8.3	10.3	24.1
Unit Price	208.0	207.3	193.7	215.6	254.5	18.1
Manufactured Goods	0.9	0.3	0.2	2.8	3.9	37.3
Fish and Fish Produce	0.2	0.1	0.4	0.1	0.2	86.9
Horticultural produce	0.0	0.0	0.0	0.0	0.0	
Others Exports	0.9	0.4	0.6	1.4	5.0	253.7
Sub Total	3.6	2.1	2.5	6.1	11.7	90.8
Grand Total	13.1	7.2	11.8	15.9	16.0	0.8

Note: Volume in "Thousands of tons"; Value in "Millions of USD"; Unit price in USD/ton

p = Provisional

Source: Tanzania Revenue Authority

Imports

During the year ending June 2008, import bill (c.i.f) amounted to USD 103.1 million, up from USD 89.0 million for the preceding

year on account of high value of imports of both intermediate and consumer goods. The increase was associated with hiked global prices of oil and food items. Table 6.9 shows imports by major categories.



Table 6.9: Imports by Major Categories

Import Category	Year Ending June					Millions of USD
	2004	2005	2006	2007	2008p	Annual % Change
Capital Goods	22.5	33.5	34.8	43.6	42.9	-1.6
Transport Equipments	11.5	9.1	10.2	13.2	23.4	77.0
Building and Constructions	2.7	7.9	9.2	12.5	5.8	-53.5
Machinery	8.4	16.5	15.4	17.8	13.6	-23.5
Intermediate Goods	16.7	25.2	27.3	26.1	37.2	42.5
Oil imports	12.3	18.6	22.1	20.7	29.3	41.6
Fertilizers	0.02	...	
Industrial raw materials	4.5	6.6	5.2	5.4	7.9	46.7
Consumer Goods	31.7	28.0	24.6	19.3	23.0	19.5
Food and food stuffs	21.5	14.6	12.5	5.0	10.3	105.7
All other consumer goods	10.2	13.4	12.0	14.2	12.7	-10.9
Grand Total (c.i.f)	71.0	86.7	86.6	89.0	103.1	15.9
Grand Total (f.o.b)	64.6	78.9	78.8	81.0	93.8	15.9

Note:

... = Very small values

Source: Tanzania Revenue Authority & Customs Dept

Services Account

During the year ending June 2008, the services account balance narrowed to USD 34.1 million from USD 41.6 million registered in 2007, on account of relatively higher decline in services receipts compared to payments (**Table 6.10**). The slow down in services receipts was largely due to a decline in travel receipts. Travel receipts declined by 55.0 percent to USD 36.1

million from USD 80.3 million received in the previous year.

Income Account

During the year ending June 2008, the income account registered a deficit of USD 1.0 million, compared with a surplus of USD 0.2 million recorded in 2007. The deficit was associated with a decline in investment income (**Table 6.10**)



Table 6.10: Services and Income Account

Item	Year Ending June					Millions of USD	
	2004	2005	2006	2007	2008p	Annual % Change	
Services & Income Account (Net)	10.97	20.97	20.26	41.77	33.09	-20.78	
A. Services & Income Balance	Net	11.07	20.80	19.91	41.56	34.11	-17.93
	Receipt	39.42	58.91	81.18	92.21	75.87	-17.72
	Payment	28.35	38.11	61.27	50.65	41.76	-17.55
B. Income Account	Net	-0.10	0.17	0.36	0.21	-1.02	-579.75
	Receipt	0.00	0.19	0.36	0.30	0.17	-42.48
	Payment	0.10	0.02	0.00	0.08	1.19	1,300.22

p=provisional

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



CHAPTER SEVEN

INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

Global Economic Growth

The global economy expanded moderately, led by the rapid growth in China and India (**Table 7.1**). In the United States the annual growth rate slowed to 2.0 percent in 2007, from 2.8 percent recorded in 2006 owing to poor performance in the business sector as a result of weak capital spending on equipment and software as well as residential buildings. The contraction in U.S. was largely attributed to the deterioration in economic and financial conditions, which caused significant tightening of commercial loans. Moreover, growth in personal consumption slowed particularly for non-durable goods following the decline in consumers' purchasing power amid high energy and food prices coupled

with tighter credit conditions. In Japan, real GDP growth declined to 2.6 percent in 2007 after increasing by 2.9 percent in 2006, owing to a decline in consumer spending and contraction in residential investments.

In the Euro area, real GDP decelerated to 2.6 percent in 2007, from 2.8 percent recorded in 2006. This development was largely a result of the slow down in economic activities in the two largest economies in the Euro area namely Germany and Italy. In Germany, the deceleration was due to a slowdown in consumer spending caused by an increase in VAT in January 2007, while growth in Italy slowed down on account of the decline in net exports (**Table 7.1**).



Table 7.1: Rates of Gross Domestic Products (GDP)

Country	Percent Change from Previous Year				
	2003	2004	2005	2006	2007
World	4.1	5.3	4.9	5.5	5.0
Advanced Economies:	2.0	3.3	2.6	3.1	2.8
Britain	2.7	3.3	1.8	2.9	3.0
Germany	-0.2	1.2	0.9	2.9	2.6
Japan	2.7	2.7	1.9	2.9	2.6
USA	2.5	3.6	2.9	2.8	2.0
Italy	0.4	1.2	0.1	1.9	1.5
France	0.9	2.5	1.7	2.2	2.2
Canada	1.9	3.1	3.1	2.8	2.8
Euro Zone	0.8	1.8	1.5	2.8	2.6
European Union	1.3	2.5	1.8	2.4	2.2
Africa:	4.6	5.5	5.2	5.9	6.5
Sub-Sahara	4.2	5.6	5.5	6.4	6.8
Developing Asia:	8.4	8.8	9.2	9.7	10.0
China	10.1	10.4	10.4	11.1	11.4
India	8.5	7.5	9.4	9.6	8.7
ASEAN-4:	5.7	6.1	5.0	5.5	6.2
Indonesia	4.8	5.0	5.7	5.5	6.3
Malaysia	5.8	6.8	5.0	5.9	6.3
Philippines	4.9	6.4	4.9	5.4	7.3
Thailand	7.1	6.3	4.5	5.1	4.8
Middle East**	6.7	6.2	6.2	6.6	6.4
Newly Industrialized Asian Economies	3.2	7.1	5.8	6.3	6.2
Hong Kong	3.2	8.6	7.5	7.0	6.3
Korea	3.1	4.6	4.0	5.1	5.0
Singapore	3.5	9.0	7.3	8.2	7.7
Taiwan Province of China	3.5	6.2	4.2	4.9	5.7

Source: Various Publications

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



Economic growth in China remained strong at 11.4 percent during 2007. The growth was supported by strong domestic demand associated to a surge in income both in urban and rural as well as remittances. Moreover, high growth rate was a result of robust export growth, despite the implementation of domestic policies like reduction of export rebates and restriction on processing exports, imposed by the government to reduce the pace of growth. China continued to be a big importer of intermediate goods and prominent exporter of final goods. On the other hand, the economic performance in India slowed from 9.6 percent in 2006 to 8.7 percent recorded in 2007. The deceleration in growth was due to a drop in consumer spending as a result of inflationary pressure and high borrowing costs. It also reflected the tightened monetary policy stance pursued by the government to reduce liquidity in the economy. Other government measures included: imposed export tariff on 142 products, reduced or abolished export tax rebates and restricted import on certain products.

Growth rate of output among ASEAN economies increased with the exception of Thailand, whose growth slowed to 4.8 percent in 2007, from 5.1 percent recorded in 2006. The decline in growth rate was on concerns of political instability that eroded consumption and investment spending. The other ASEAN economies picked up, largely driven by a surge in consumer spending and robust exports growth owing to the boom in global agricultural prices. In terms of growth by sectors, the higher GDP growth in most of the ASEAN economies was mainly contributed by the services sector, while in Thailand growth emanated

from the industrial sector. The overall economic activity in the Newly Industrial Asians Economies (NIEs) with the exception of Taiwan decelerated, following weak manufacturing output in Hong Kong, Korea and Singapore. Growth in Taiwan was boosted by the strong manufacturing output and exports.

Growth in sub Sahara Africa (SSA) expanded by 6.8 percent in 2007, from 6.4 percent recorded in 2006, driven by growing production in oil exporting countries, rising domestic investments and productivity. This development was largely associated with successful implementation of structural reforms. Growth in SSA was also supported by solid global demand for commodities, greater flows of capital and debt relief. It is worth noting that high growth rates were recorded in oil exporting countries of Angola, Nigeria, and Equatorial Guinea. In Zimbabwe and Côte d'Ivoire, growth lagged partly due to political instability and post election violence.

Economic activity in the Middle East decelerated to 6.4 percent in 2007, from 6.6 percent recorded in 2006. While growth remained almost at the same level in the oil exporting countries, it strengthened in low-income countries and was mixed in the emerging market economies.

Global Inflation Rate Developments

During 2007, global inflation increased despite the increase in global economic activities. The rise in inflation was largely due to a surge in oil and food prices. The surge in oil prices was largely driven by concerns of supply disruptions in the



Middle East and Nigeria. On the other hand, food prices have been attributed to unfavourable weather conditions and strong demand for animal feeds and for production of bio-fuels, among others. The inflationary pressure was high in most

of the SSA and emerging economies due to higher weight of food in their price index. In the Euro zone, inflation rate was above the European Central Bank's inflation target of less than but close to 2.0 percent (Table 7.2).

Table 7.2: Consumer Price Index

Country	Percent Change from Previous Year					
	2002	2003	2004	2005	2006	2007
World	3.4	3.6	3.7	3.8	3.8	4.2
Advanced Economies	1.2	1.9	3.1	2.6	2.8	3.0
Britain	2.2	1.4	2.2	1.9	2.3	2.3
Germany	1.4	1.0	1.8	1.9	1.8	2.8
Japan	-1.1	-0.3	0.0	-0.3	0.2	0.1
USA	1.6	2.3	2.7	3.4	3.2	2.8
Italy	2.6	2.7	2.3	2.0	2.7	2.1
France	1.9	2.1	2.3	1.7	1.9	1.8
Canada	2.3	2.8	1.8	2.2	2.0	2.2
Euro Zone	2.3	2.1	2.0	2.2	2.2	2.3
European Union	2.2	2.0	2.2	2.2	2.1	2.2
Africa:	9.9	10.8	8.1	8.4	9.5	9.7
Sub-Sahara	12.3	13.4	9.7	10.5	11.5	11.7
Developing Asia	2.0	2.5	4.2	3.6	3.9	5.1
China	-0.8	1.2	3.9	1.8	1.5	4.8
India	4.3	5.4	6.4	4.4	5.4	4.4
ASEAN-4	4.3	3.3	4.1	6.4	6.9	3.4
Indonesia	11.8	6.8	6.1	10.5	13.1	6.4
Malaysia	1.8	1.1	1.4	3.0	3.6	2.0
Philippines	2.9	3.5	6.0	7.6	6.2	2.8
Thailand	0.6	1.8	2.8	4.5	4.6	2.3
Middle East	4.3	5.8	6.9	6.4	7.3	9.2
Newly Industrialized Asian Economies	0.9	1.4	2.4	2.3	1.6	2.0
Hong Kong	-3.0	-2.6	-0.4	1.0	2.0	2.0
Korea	2.7	3.5	3.6	2.8	2.2	2.5
Singapore	-0.4	0.5	1.7	0.5	1.0	2.1
Taiwan Province of China	-0.2	-0.3	1.6	2.3	0.6	1.8

Source: Various Publications



In the emerging market economies, inflation trend varied across countries. Inflation rates in China, Korea, Singapore and Taiwan accelerated in 2007 due to the hike in oil and food prices. While inflation remained constant in Hong Kong, it decelerated in India and ASEAN- 4 economies as a result of government's measures to subsidize food imports and controlling exports. The rise in food prices in China was due to high costs of imported grains and an outbreak of pig disease that caused shortfall of meat, while in Taiwan there was low farm production following severe typhoon.

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

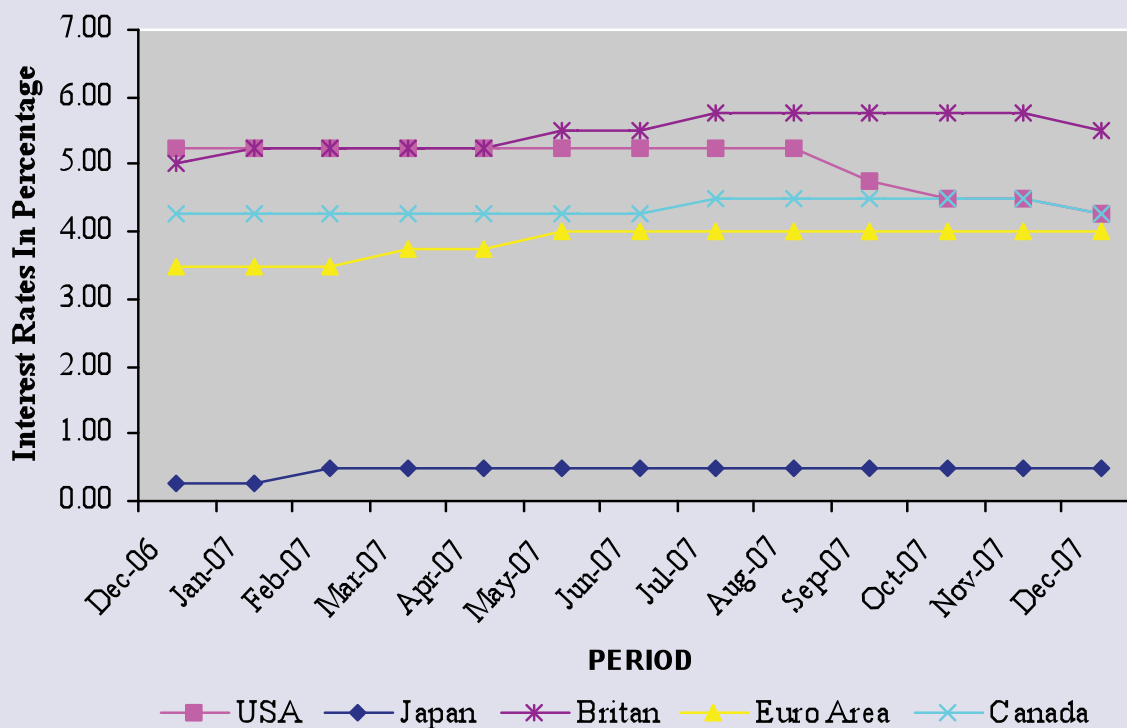
Monetary Policy Developments

Monetary policy in the advanced industrial countries faced two conflicting challenges during the period under review. In some economies, tensions in financial markets

threatened to spill-over into the real economy by way of tighter credit conditions and a loss in confidence. The development called for low interest rates in order to offset the drop in aggregate demand. On the other hand, inflation pressures that stemmed from rising commodity prices, together with high capacity utilization and tight labour markets in many economies, threatened to feed into longer-term inflation expectations thus calling for a tighter monetary policy stance. The manifestations of these challenges varied across countries and regions, hence central banks dealt with them in different ways. In the USA, weakness in the housing sector and related turmoil substantially clouded the outlook for growth. The Federal Reserve reduced the target federal fund rate on three occasions from 4.75 percent in September 2007 reaching 4.25 percent in December 2007. In other regions where the impact was less pronounced, monetary policy was driven to a greater extent by inflation developments. Central Banks of European Union, Australia, and New Zealand tightened their policy rates (**Chart 7.1**).



Chart 7.1: Key World Policy Rates



Regional Economic Development

Tanzania continued to participate in the implementation of various programs under the Southern Africa Development Community (SADC) and East African Community (EAC). In the EAC, negotiations for the Common Market Protocol started in the period under review with establishment of High Level Task Force (HLTF) to negotiate the Protocol. A study for the establishment of Single Currency in the region was also commissioned. While December 2008 was set as target date for concluding and signing the common market protocol, June 2009 was set as a target date for ratification of the common market protocol by EAC Member States, and January 2010 for official launch of the Common Market.

Meanwhile, negotiations between East African Community and European Community under the Economic Partnership Agreement (EAC-EC-EPA) gained momentum following initiation of the interim Framework for Economic Partnership Agreement (FEPA) in November 2007. The framework agreement is a first step towards a comprehensive EPA, which is expected to be concluded by 1st July 2009.

A major development in the region was the expansion of EAC to include the Republics of Rwanda and Burundi effective July 2007. The joining of these countries has widened the EAC market to nearly 120 million people.



In the SADC region, all Member States had by August 2007 signed the Finance and Investment Protocol (FIP) and were moving towards ratifying it. In another development, the SADC Member Countries were expected to launch the SADC Free Trade Area in August 2008, as an initial stage towards the Customs Union by 2010.

The Southern Africa Development Community (SADC)

Macroeconomic Performance

Considerable progress was made in attaining reasonable levels of economic growth in the region with growth remaining strong while inflation continued to slow down. During the review period macroeconomic performance of most of SADC member countries registered positive growth compared to the previous year. Real GDP growth remained positive in all SADC member countries except Zimbabwe that experienced some economic hardships in recent years. On average, the rates of

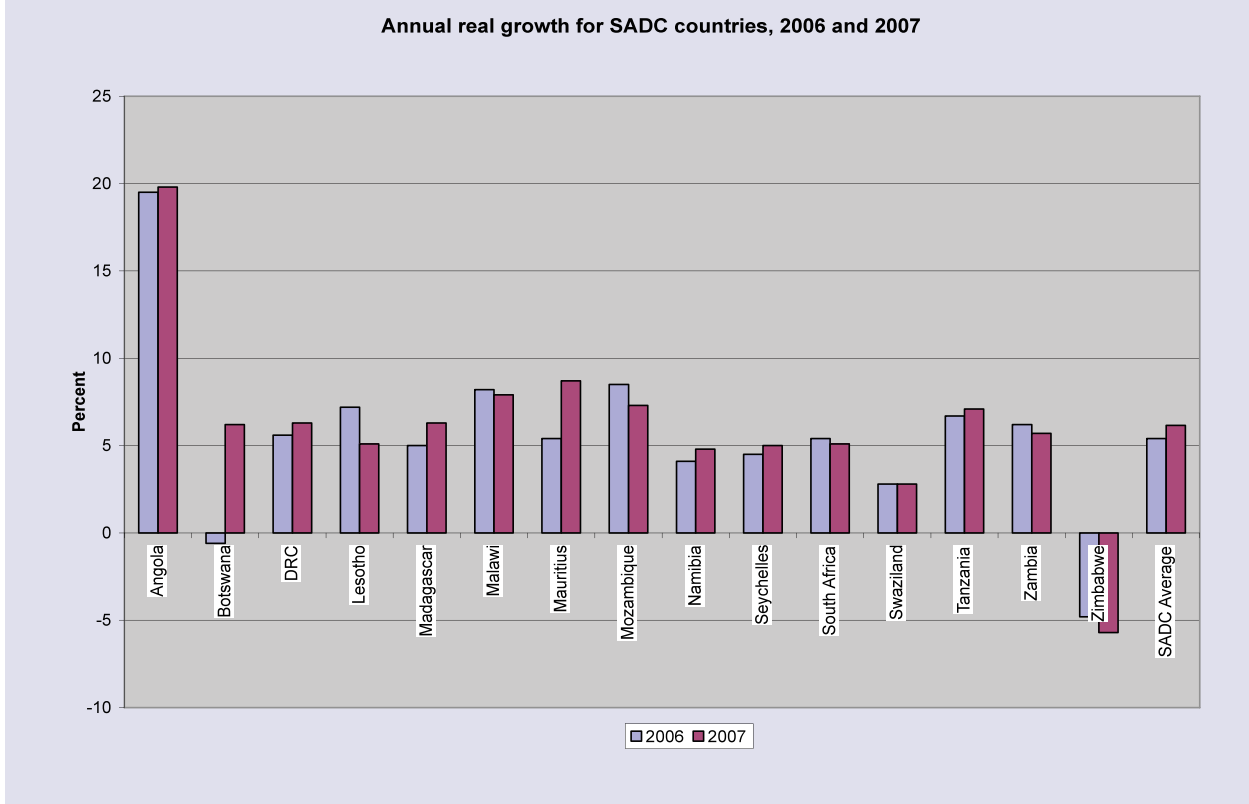
inflation for the region doubled to the highest level in the past ten years, current account balances improved marginally and foreign reserve assets deteriorated.

Gross Domestic Product (GDP)

On the economic front, the regional performance was satisfactory in 2007 recording an average GDP growth rate of 7.0 percent (excluding Zimbabwe) from 6.3 percent recorded in the previous year. However, when Zimbabwe is included the average GDP growth rate reached 6.2 percent from 5.4 percent recorded in the year before. Most countries recorded positive growth for five consecutive years, and substantial economic growth was registered in Angola with 19.8 percent, followed by Mauritius 8.7 percent, Malawi 7.9 percent, Mozambique 7.3 percent and Tanzania 7.1 percent. It is worth noting that significant achievement was made by Botswana that recorded real GDP growth of 6.2 percent in 2007 from -0.6 percent in 2006 (**Chart 7.2 and Table 7.3**).



Chart 7.2: Annual Real Growth for SADC Countries, 2006 – 2007



It is worth noting that, the favourable growth rates in the region were mainly on account of good performance in the agricultural sector in 2007 coupled with continued positive developments in the mining and manufacturing sectors as well as increased foreign investment inflows. Good oil industry performance in Angola

resulted to real GDP growth rate of 19.8 percent contributing 14 percent of total share of GDP in SADC region. In absolute terms, South Africa's performance was a driving force behind the regional growth accounting for about 64 percent of SADC GDP in 2007.



Table 7.3: Percentage Growth of Real GDP for SADC Countries, 2000 – 2007

Country	2000	2001	2002	2003	2004	2005	2006	2007p
Angola	3.9	5.2	15.5	3.4	11.7	20.6	19.5	19.8
Botswana	7.3	9.1	1.6	9.5	3.4	9.2	-0.6	6.2
DRC	-6.9	-2.1	3.5	5.8	6.6	6.5	5.6	6.3
Lesotho	1.3	3.2	3.5	3.3	3.2	4	7.2	5.1
Madagascar			-12.7	9.8	5.3	4.6	5.0	6.3
Malawi	0.8	-4.1	2.1	3.9	5.1	2.3	8.2	7.9
Mauritius	9.5	5.4	2.1	3.6	4.5	2.3	5.4	8.7
Mozambique	1.9	13.1	8.2	7.9	7.5	6.2	8.5	7.3
Namibia	3.5	2.4	2.5	3.7	5.9	4.8	4.1	4.8
Seychelles*	4.3	-2.3	1.2	-5.9	-2.9	1.2	4.5	5.0
South Africa	4.2	2.7	3.6	3.1	4.8	4.9	5.4	5.1
Swaziland	2.0	1.8	2.8	2.4	2.1	2.3	2.8	2.8
Tanzania	4.9	5.7	6.2	5.7	6.7	6.8	6.7	7.1
Zambia	3.6	5	3	4	5	5.1	6.2	5.7
Zimbabwe	-7.9	-2.8	-5.7	-8.3	-2.5	-4.0	-4.8	-5.7
SADC Average (Excluding Zimbabwe)	3.1	3.5	3.1	4.3	4.9	5.8	6.3	7.0
SADC Average	2.3	2.9	2.5	3.4	4.3	4.9	5.4	6.2

* Ceased to be a member of SADC since 2005

Source: Statistics for SADC Countries and world economic outlook data base

Inflation

In 2007, the average inflation rate in the region continued to maintain a single digit level when Zimbabwe is excluded. During the review period, only five countries registered rates of inflation in excess of 10 percent, these include Angola, Madagascar,

Seychelles, Zambia and Zimbabwe. The attainment of single digit inflation rate by most of SADC countries indicate that countries are striving to observe the macroeconomics convergence programme targeting single digit inflation rate by end of 2008.



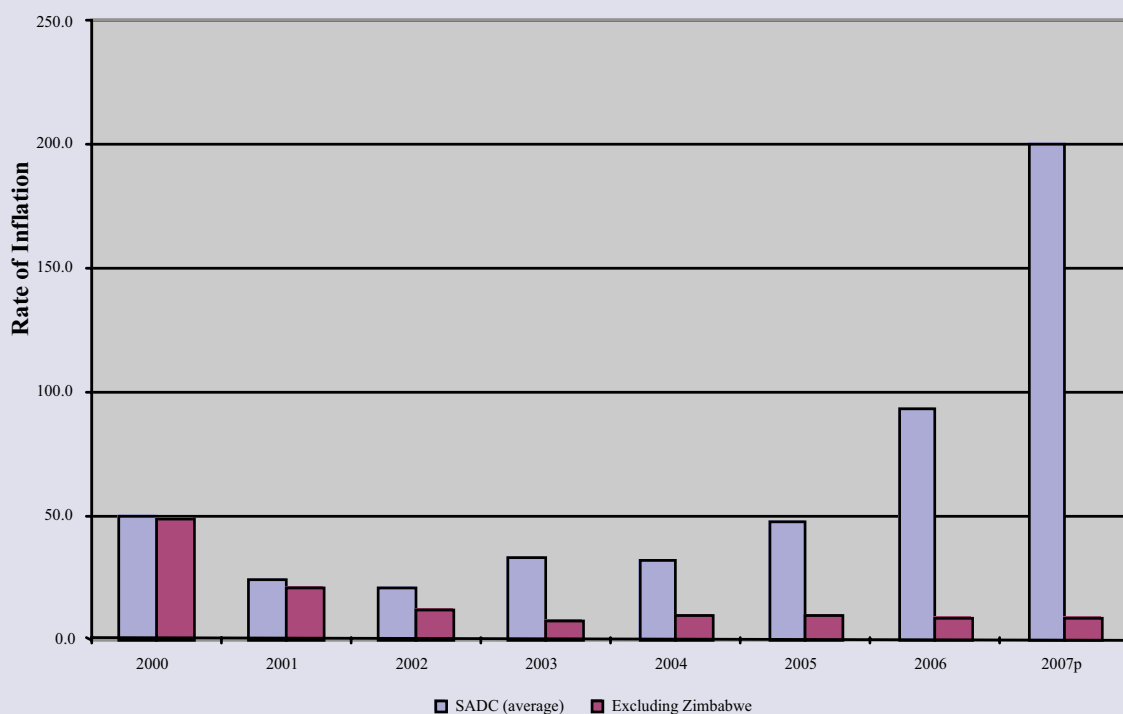
Table 7.4: Rates of Inflation for SADC Countries, 2000 – 2007

Country	2000	2001	2002	2003	2004	2005	2006	2007p
Angola	3.9	5.2	14.4	3.4	31.0	18.5	12.2	10.2
Botswana	7.9	7.2	5.5	9.3	7.8	11.4	11.6	7.1
DRC	511.2	135.1	15.8	4.4	9.2	21.3	18.2	9.9
Lesotho	6.1	6.9	11.9	5.9	5.1	3.4	6.0	7.9
Madagascar					14.0	18.4	10.8	10.3
Malawi	29.6	27.2	14.8	9.6	11.5	15.4	13.9	8.0
Mauritius	4.2	4.8	5.9	5.1	4.7	4.9	6.1	9.8
Mozambique	11.4	21.9	9.1	13.8	9.1	6.4	13.2	8.2
Namibia	9.3	9.3	11.3	7.3	3.9	2.3	5.1	5.9
Seychelles*	6.3	6.0	0.2	3.2	3.9	1.0	-0.4	11.0
South Africa	5.4	5.7	9.2	5.8	1.4	3.9	4.7	7.1
Swaziland	7.3	7.5	11.7	7.4	3.4	4.8	5.3	5.8
Tanzania	5.9	5.1	4.6	4.4	4.1	4.4	7.3	7.0
Zambia	26.1	21.7	38.0	17.0	18.0	15.9	9.1	10.7
Zimbabwe	55.9	76.7	133.2	365.0	350.0	585.8	1281.1	2879.5
SADC (average)	49.3	24.3	20.4	33.0	31.8	47.9	93.6	199.9
Excluding Zimbabwe	48.8	20.3	11.7	7.4	9.1	9.4	8.9	8.6

* Ceased to be a member of SADC since 2005.

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

Chart 7.3: SADC Average Inflation and Average Excluding Zimbabwe, 2000 – 2007





External Sector

The performance of the external sector in the region deteriorated to a deficit of 2.6 percent compared 0.4 percent recorded in year 2006. This is partly attributed to poor external sector performance in Angola, Botswana, DRC, Seychelles and Tanzania. Four of the members including Tanzania

recorded a current account deficit as a percentage of GDP of more than 10 percent. The deficit in the current account reflects weak export capacity, unfavourable terms of trade for most of traditional commodities and increasing world oil prices. The target of current account deficit as a percentage of GDP in the region was set at 9 percent by year 2008 (**Table 7.5**).

Table 7.5: Current Account as Percent of GDP in SADC Countries, 2000-2007

Country	2000	2001	2002	2003	2004	2005	2006	2007p
Angola	-9.0	-15.0	-1.3	-5.2	3.5	15.7	16.4	4.0
Botswana	6.0	4.6	11.6	5.6	31.6	13.3	20.9	14.5
DRC	-1.0	-4.0	-4.1	-1.1	-3.9	-4.4	-7.5	-10.3
Lesotho	-18.0	-14.0	-16.1	-14.7	-4.7	-6.1	4.4	13.3
Madagascar	-	-	-	-	-14.6	-10.9	-8.8	-8.6
Malawi	-18.0	-11.0	5.2	1.8	-1.8	-34.0	-14.0	-0.6
Mauritius	-1.0	5.0	2.2	2.4	-1.8	-5.0	-9.5	-7.4
Mozambique	10.0	-23.6	-17.8	-15.1	10.0	-1.1	-9.3	-11.8
Namibia	7.0	2.0	2.2	4.0	10.2	7.1	18.0	18.3
Seychelles	-8.0	-17.0	-16.3	6.4	5.3	-14.4	-3.4	-37.8
South Africa	-0.4	-0.3	0.3	-1.3	-3.4	-3.8	-6.5	-6.4
Swaziland	-19.6	-2.1	-1.0	-4.6	-4.8	7.2	8.1	8.2
Tanzania	-5.5	-5.1	-2.6	-4.7	-3.9	-7.7	-8.3	-11.0
Zambia	30.0	28.0	-15.5	-14.8	-10.7	-11.8	-1.4	-2.1
Zimbabwe	-2.0	-4.0	-4.0	-2.9	-9.0	-12.0	-5.5	-0.8
SADC Average	-2.1	-4.0	-4.1	-3.2	0.1	-4.5	-0.4	-2.6

Source: SADC and World Economic Outlook Database

The East African Community (EAC)

Macroeconomic Performance

During the period under review, EAC member countries continued with efforts to implement policies towards attainment of stronger macroeconomic convergence in the region. Despite of the satisfactory progress made by Partner States towards

achieving targets outlined in the EAC macroeconomic convergence criteria, particularly those related to price stability and soundness of the financial sector specifically low and stable inflation rates, members were challenged with persistent high budget deficits, high domestic debt, high interest rate spread, relatively high levels of non-performing loans as well as high oil prices in the world market.

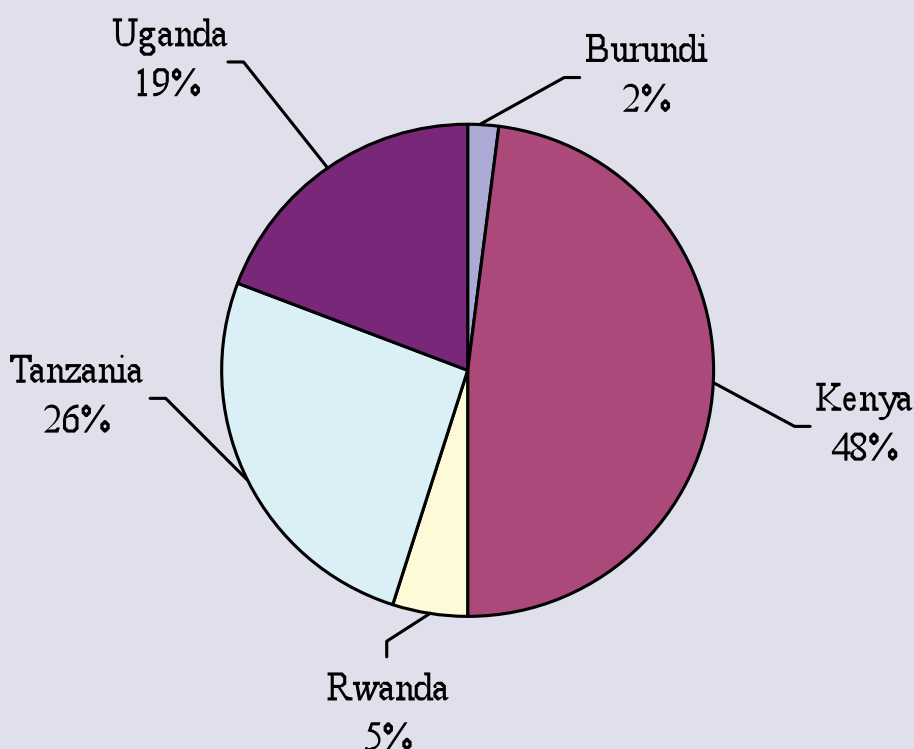


Gross Domestic Product

On average EAC GDP growth rate increased from 5.3 percent in 2006 to 6.0 percent in 2007. The good performance was partly attributed to the improvement recorded in Tanzania from 6.7 percent to 7.1 percent in 2007. Kenya continued to

maintain a large share of the regional total GDP, accounting for 48 percent of the total EAC GDP, while Tanzania and Uganda accounted for 26.0 percent and 19.0 percent, respectively. Rwanda and Burundi together accounted for 7.0 percent in total (**Chart 7.4**).

Chart 7.4: Share of GDP for EAC Countries, 2006 – 2007



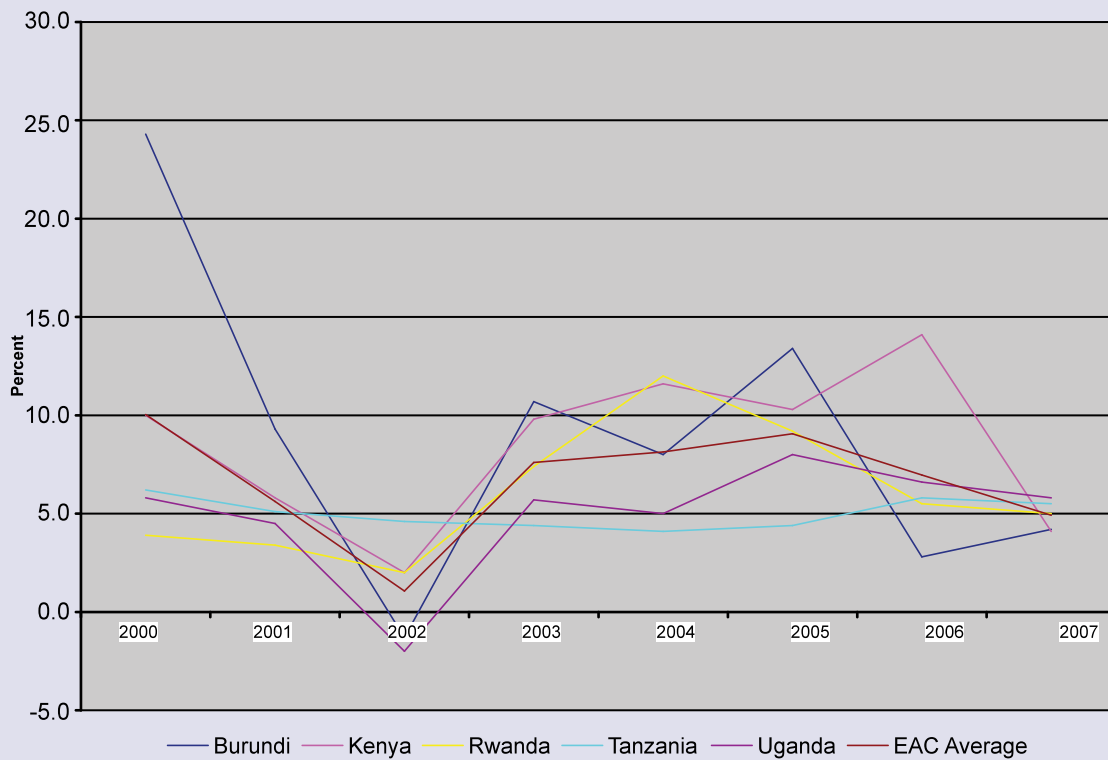
Source: World Economic Outlook, April 2007

Inflation

In 2007, all the EAC member countries recorded single digit rates of inflation with Kenya cutting down its inflation level from 14.1 percent recorded in 2006 to 9.8 in 2007. Rwanda, Tanzania and Uganda recorded marginal increases to 9.1

percent, 7.0 percent and 6.1 percent from 8.9 percent, 7.3 percent and 7.2 percent, respectively. Burundi is the only country, which recorded significant increase in inflation from 2.7 percent in 2006 to 8.3 percent in 2007. On average, the regional inflation rate remained unchanged at 8.1 percent in 2007 (**Chart 7.5**).

Chart 7.5: Annual average rates of inflation for EAC Countries, 2000 – 2007



Source: BOT and EAC Reports

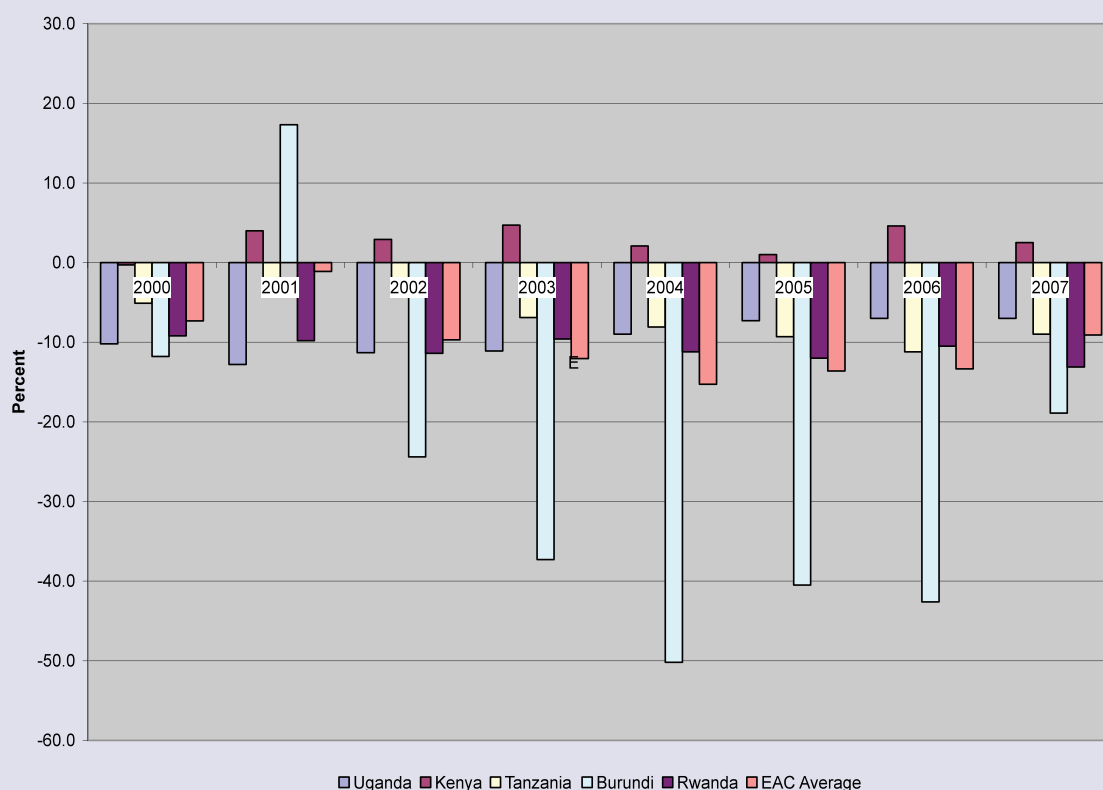
Fiscal Performance

On average the fiscal deficit excluding grants as a ratio of GDP for the EAC region narrowed to 9.1 percent in 2007, from 13.3 percent in 2006. All five-member countries recorded declines in their fiscal deficits. With exception of Rwanda that recorded an increase and Uganda remaining with the same level of fiscal deficit, Tanzania, Kenya and Burundi recorded decreases.

Kenya’s fiscal deficit of 2.5 percent was within the convergence level of not more than 6 percent. All other member countries recorded higher than agreed ratio with Burundi recording the highest deficit in the region of 18.9 percent. However, when grant is taken into account, the ratio for all EAC member countries was below the convergence levels of 6.0 percent (**Chart 7.6**).



Chart 7.6: Fiscal Deficit* as a Percentage of GDP, 2000 – 2007



*Excluding grants

Source: EAC Report (various); MAC Reports

External Sector Performance

Current account deficit excluding grants as a percentage of GDP decreased slightly in the region. On average, the EAC registered a current account deficit was 7.1 percent compared to the deficit of 7.7 percent of

GDP registered in 2006. In Uganda the external position improved further to a surplus of 4.4 percent from a deficit of 4.1 percent recorded in 2006. Tanzania, Kenya, Burundi and Rwanda's current account deficits widened partly due to increase in volume of imports and the hiking of oil and food prices (Table 7.6).



Table 7.6: Current Account Balance as a Percentage of GDP, 2000 – 2007

Country	2000	2001	2002	2003	2004	2005	2006	2007
Burundi	-8.6	-4.6	-3.5	-4.6	-8.1	-10.4	-13.6	-15.3
Kenya	-2.3	-3.1	2.2	-0.2	-1.3	-3.0	-3.3	-4.1
Rwanda	-5.0	-5.9	-6.7	-7.8	-3.0	-3.2	-8.1	-9.4
Tanzania	-5.3	-5.0	-6.8	-4.7	-3.9	-5.2	-9.3	-11.0
Uganda	-7.1	-3.8	-4.9	-5.8	-1.2	-2.1	-4.1	4.4
EAC Average	-5.7	-4.5	-3.9	-4.6	-3.5	-4.8	-7.7	-7.1

Intra-Regional Trade

In the review period, Kenya continued to dominate in the regional trade compared to other EAC member countries. However, trade balance between Tanzania and Kenya improved significantly in favour of Tanzania from a negative balance of USD 63.9 million in 2006 to a marginal surplus of USD 0.9 million in 2007. Tanzania reduced her imports from Kenya to USD

100.2 million in 2007 from USD 153.2 million in 2006, whereas exports to Kenya increased to USD 101.1 million in 2007 from USD 89.3 million recorded in the previous year. The improvement is partly a result of exports of staple foods and improved quality of Tanzania products for the Kenyan market. Tanzania continued to be a net exporter to Uganda, Rwanda and Burundi (**Table 7.7**).



Table 7.7: Tanzania's Trade with EAC States (Kenya, Uganda, Burundi and Rwanda), 2000 – 2007

Millions of USD

Item	2000	2001	2002	2003	2004	2005	2006	2007
Tanzania's Trade with Kenya:								
Exports to Kenya	32.1	38.1	35.3	78.2	83.7	76.3	89.3	101.1
Imports from Kenya	93.1	203.4	95.2	115.8	130.2	155.3	153.2	100.2
<i>Trade Balance (A-B)</i>	<i>-61.0</i>	<i>-165.3</i>	<i>-59.9</i>	<i>-37.6</i>	<i>-46.5</i>	<i>-79.0</i>	<i>-63.9</i>	<i>0.9</i>
Tanzania's Trade with Uganda:								
Exports to Uganda	8.5	5.5	5.5	10.3	11.7	20.1	19.6	19.3
Imports from Uganda	5.6	11.4	2.7	8.2	7.7	5.1	3.8	6.4
<i>Trade Balance (A-B)</i>	<i>2.9</i>	<i>-5.9</i>	<i>2.8</i>	<i>2.1</i>	<i>4.0</i>	<i>15.0</i>	<i>15.8</i>	<i>12.9</i>
Tanzania's Trade with Burundi:								
Exports to Burundi	4.2	6.1	7.0	4.7	7.5	7.3	3.5	41.5
Imports from Burundi	0.0	0.2	0.0	0.3	0.0	0.3	0.0	0.0
<i>Trade Balance (A-B)</i>	<i>4.2</i>	<i>5.9</i>	<i>7.0</i>	<i>4.4</i>	<i>7.5</i>	<i>7.0</i>	<i>3.5</i>	<i>41.5</i>
Tanzania's Trade with Rwanda:								
Exports to Rwanda	1.8	2.8	3.9	2.6	2.9	3.0	2.7	11.2
Imports from Rwanda	0.1	0.1	0.0	0.8	0.1	0.0	0.2	0.0
<i>Trade Balance (A-B)</i>	<i>1.7</i>	<i>2.7</i>	<i>3.9</i>	<i>1.8</i>	<i>2.8</i>	<i>3.0</i>	<i>2.5</i>	<i>11.2</i>
Total to EAC State:								
Exports to EAC State	46.6	52.0	51.7	95.8	105.8	106.7	115.1	173.1
Imports from EAC State	98.8	215.1	97.9	125.1	138.0	160.7	157.2	106.6
<i>Trade Balance (A-B)</i>	<i>-52.2</i>	<i>-163.1</i>	<i>-46.2</i>	<i>-29.3</i>	<i>-32.2</i>	<i>-54.0</i>	<i>-42.1</i>	<i>66.5</i>

Source: Bank Reports (various), IFS and TRA

Total exports and imports to and from Tanzania in the region depicted an increasing trend from 2002 to 2007. However, imports in 2007 slowed down to USD 106.6 million from USD 157.2 million in 2006. The overall net trade balance depicted a negative trend between 2000 and 2006 with exception of 2007 when a positive net trade balance of USD 66.5 million was recorded. Despite the

increase in Tanzania's absolute exports to Kenya, its share of exports to the same destination slowed down to 58.4 percent in 2007 from 77.6 percent in 2006. Tanzania export shares to Burundi and Rwanda went up significantly from 3.1 and 2.4 percent to 24.0 and 6.5 percent respectively in 2007 (**Table 7.8**). The significant increase of exports to Burundi was a result of increased exports of cereals and fertilizers.



**Table 7.8: Tanzania's Shares of Trade with EAC State
(Kenya, Uganda, Burundi and Rwanda), 2000 – 2007**

	Percent							
Item	2000	2001	2002	2003	2004	2005	2006	2007p
Share of Exports to:								
Kenya	68.8	73.3	68.3	81.7	79.1	71.5	77.6	58.4
Uganda	18.2	10.6	10.6	10.8	11.1	18.8	17.0	11.1
Burundi	9.1	11.8	13.6	4.9	7.1	6.9	3.1	24.0
Rwanda	3.9	4.4	7.5	2.7	2.8	2.8	2.4	6.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of Imports from:								
Kenya	94.2	94.6	97.2	92.5	94.3	96.6	97.5	94.0
Uganda	5.7	5.3	2.8	6.6	5.6	3.2	2.4	6.0
Burundi	0.0	0.1	0.0	0.3	0.0	0.2	0.0	0.0
Rwanda	0.1	0.0	0.0	0.6	0.1	0.0	0.1	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank of Tanzania and Tanzania Revenue Authority



PART II

BANK OF TANZANIA OPERATIONS



Governor's Office

During the year under review Director Governor's Office continued to play a pivotal role of coordinating the implementation of all board of director's decisions as well as those of the management meetings. A strategy to follow up the implementation of all the decisions across the functional directorates was instituted. Weekly Management Meetings were convened and used effectively to forge team spirit and also discuss and make decisions on various issues related to the core activities of the Bank.

The Bank continued to explore better ways of effectively implementing its primary role of conducting monetary policy. To this effect, the Bank instituted monthly meetings where the Governor meets with Chief Executives of Commercial Banks to inform them the decisions made by the Monetary Policy Committee and solicit feedback from them.

Promotion of Tanzania abroad was given an impetus. The macroeconomic conditions, abundant natural resources and the stable and democratic political system were effectively disseminated to the World through various means. Interviews of the Governor and advertisements were published by FIRST Magazine of London and the Wall Street Journal of USA. Opportunities were taken to make presentations on the performance of the economy and investment attractions in various meetings, organized regionally and internationally.

The Bank made important decisions of focusing on the core activities and shed

off in orderly manner non-core activities. The strategy has been on educating the stakeholders on the role and achievements of the Bank in implementing its main activities. Public interviews with electronic media as well as publications in the newspapers to disseminate the activities of the Bank were granted. The Bank participated for the first time on its own in the local fairs held in Dar es Salaam, Arusha, Mwanza and Mbeya. The thrust of the participation was to educate the public on the core activities of the Bank and at the same time seize the opportunity to receive comments from stakeholders. Parallel to these efforts the Bank's website was regularly updated to give stakeholders opportunity to know better the activities of the Bank.

Directorate of Strategic Planning and Performance Review

During 2007/08, the Bank of Tanzania through the Directorate of Strategic Planning and Performance Review continued to implement activities planned under the Second Generation financial Sector Reforms (SGFSR) program. Several studies were conducted during the period under review in line with the SGFSR Action Plan as follows:-

- i. M/S ECI Africa who were engaged to develop a legal and regulatory framework for the establishment of a credit reference databank at the Bank of Tanzania tabled their findings at a stakeholders' workshop in August, 2007. Equally, Mr. Jim Aziz who was engaged to develop a framework for the establishment of a credit reference system in Tanzania submitted his



- report at a stakeholders' workshop in October, 2007. The report included regulations and licensing guidelines for credit reference bureau for use by the Bank of Tanzania in supervising the credit reference bureaus.
- ii. M/S IMMA Advocates conducted a Study on Court Cases Involving Banks, and presented their findings at a stakeholders' workshop in March, 2008.
 - iii. Working hand in hand with the Ministry of Labour, Employment and Youth, the Bank of Tanzania participated in the process of the putting in place the legal framework for establishment of an independent regulator of the social security schemes. The Bill which gives the BOT powers to regulate the financial aspect of the social security (the social Security Regulatory Authority 2008) was passed by the Parliament during its April, 2008 session.
 - iv. With Technical Assistance from Swiss government (SECO), the legal and regulatory framework for finance leasing was developed. The draft Finance Leasing Bill was submitted to Parliament for first reading in November 2007, and passed by the Parliament during its April, 2008 session.
 - v. Following study by M/S Urban Institute which recommended on the strategy for development of a mortgage finance market in Tanzania, including the legal and regulatory framework, BOT formed a task force, comprising of representatives from various ministries, private law firms, developers and academic institutions to review the recommendations made by M/S urban Institute and come-up with specific recommendations on the legal and regulatory framework. The task force produced a report during the period under review which included a draft Miscellaneous Bill to amend the Land Act 1999; the Land Registration act; the Civil Procedure Act; and the Magistrate Court Act. The task force also produced a draft Bill for the Unit Titles Act. These Bills are awaiting Government clearance before submission to Parliament.
 - vi. Following Government decision to transform Tanzania Investment Bank (TIB) into a Development Finance Institution (DFI), the process of transforming TIB got underway with the engagement of M/S CRISIL Solution. The consultants were tasked to conduct a study and recommend the best way to transform TIB into an effective and sustainable DFI, and define the parameters within which TIB may operate successfully as a DFI.
 - vii. M/S International Consulting Consortium (ICC) were engaged to set-up the microfinance supervisory function at the BOT. The consultants completed their work which had three deliverables, namely:-
 - Proposals for setting up the supervisory function in the Microfinance Department in the Directorate of Banking



- Supervision.
 - Technical notes and computer programmes for off-site and on-site supervision of Microfinance institutions, and
 - Conducted training for Microfinance Department staff on supervision of microfinance operations.
- viii. Studies that were commissioned during the period under review but are yet to be finalised included: -
- Study on Legal and Operational Framework of Deposit Insurance Board (DIB).
 - Study on Developing a Strategy for Rural Financial Services by M/S Oxford Policy Management. The draft report of the study was presented to a stakeholders' workshop in June, 2008.

During the period under review, the Directorate of Strategic Planning and Performance Review also produced the Corporate Plan for 2007/08 – 2011/12, prepared Guidelines on Strategic Planning Process in the Bank, prepared draft Project Management Framework proposal, and organised a workshop on Risk Management and Business continuity Management for Management and selected members of staff.

Banking Supervision

During the period under review, the banking sector continued to demonstrate strength and stability. As at the end of June 2008, the banking sector had a total of 35 deposit taking financial institutions,

comprising of 25 commercial banks and 10 non-bank financial institutions. Out of the 35 institutions, 12 were locally owned, 12 were foreign owned and 11 were jointly owned. There were 187 bureaux de change, of which 29 were in Zanzibar.

Overall, banks and financial institutions remained adequately capitalized. As at the end of June 2008, the banking sector recorded total capital of TZS 902.5 billion. The Ratio of total capital to risk weighted assets and off-balance sheet exposures stood at 17.6 percent. Deposits continued to be a major source of funding and accounted for 80 percent of total funding. The ratio of liquid assets to demand liabilities stood at 48.7 percent and the overall management performance was satisfactory.

The Directorate of Banking Supervision continued to undertake its core activities of licensing and conducting on-site and off-site surveillance of banks, financial institutions and foreign exchange bureaux in accordance with the provisions of the Bank of Tanzania Act, 2006, Banking and Financial Institutions Act, 2006, Foreign Exchange Act, 1992 and various regulations governing banking business and bureaux de change operations in Tanzania. The Directorate is finalizing the Risk Based Supervisory Framework. Following successful pilot on site examinations of banks and financial institutions, the Bank of Tanzania decided to adopt risk based supervision approach with effect from July 2007. The Bank of Tanzania is also in the process of strengthening the microfinance supervisory function at the Directorate of Banking Supervision.

The Directorate also initiated a process of



putting in place an effective consolidated supervisory framework to ensure that all risk exposures of banks, financial institutions and their subsidiaries are considered.

The Bank of Tanzania continued to be actively involved in assisting, supporting and monitoring restructuring and privatization of government owned banks and non bank financial institutions. The Bank of Tanzania in collaboration with the Government is in the process of restructuring Tanzania Investment Bank (TIB), Tanzania Postal Bank (TPB) and Peoples' Bank of Zanzibar (PBZ).

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

Personnel and Administration

The Directorate of Personnel and Administration is responsible for services that support the Bank's key operations. The Directorate recruited a total of 24

personnel to fill vacancies that were available across the Bank. At the same time, the Directorate processed a total of 25 employees' separation.

During the period under review, the Directorate coordinated the reviews of Staff By-Laws, Financial Regulations, Medical Policy and Guidelines in order to keep them in line with the recent economic and social developments. Further, it continued to provide policy and administrative support the management and employees in order to maintain harmonious working environment and to improved work conditions.

Short-term training and development opportunities to staff were organised by the directorate in order to enhance work competencies and to sustain performance excellence. Employees from across the Bank attended various training programmes. As part of self-development and career development efforts, employees were allowed to undertake full time and part-time undergraduate and postgraduate studies and other programmes leading to higher educational qualifications and professional certification in various fields.

In order to improve the quality of services provided by the Bank to both internal and external customers, the Directorate engaged a consultant from Service Excellence Ltd to deliver training on Customer Service Delivery Skills to the staff and assist in setting up Customer Service Improvement Teams (CSITs). The training was delivered to 650 staff including Management, Supervisors, Secretaries, Technicians, Cashiers, and support staff who have direct contacts with Bank customers. In addition, the Directorate continued



with the awareness programme for lower clerical and support staff on corporate plan, corporate culture, customer service and general job accountabilities.

In order to improve work planning and performance management, the Directorate provided technical support to Heads of Department and Supervisors on completion of performance agreements. The focus of the support was on formulation of measurable performance objectives that are aligned to corporate objectives.

Further, the Directorate continued with the modernization project for records management. A Record Management Policy was developed and a computerized Document Management System that was being implemented in collaboration with the MIS Directorate went live. Also the Directorate continued participating in the implementation of the Integrated Financial Management System (IFMS) project to its completion. The system has improved the speed and quality of reporting substantially. All Inventory and Procurement functions are performed under the IFMS.

With regard to administrative and logistical services, the Directorate continued with initiatives to ensure they are provided more efficiently and effectively. These services include office support; procurement; travel; catering; printing; mails; telecommunication; maintenance of the Bank's buildings machinery and equipment; and overseeing construction projects in order to provide adequate office space. During the period under review another department responsible for facilities management in both the 10 Mirambo and Gulioni complexes was established.

Microfinance Operations

During the period under review, the Bank developed a system for monitoring performance of Microfinance Industry in Tanzania (Microfinance Monitoring System (MMS)). As part of the process, comprehensive and simple data collection tools were developed and translated into Kiswahili to enhance the usability and understanding by Microfinance Institutions MFIs. The simple tool, which has been developed out of comprehensive tool, will be used to capture readily available information across MFIs. Later, it will be upgraded to encompass all information in the comprehensive tool, as the MFIs develop to generate all the required information in the sector. The Bank also collected and analysed data of 221 MFIs from six regions in Tanzania Mainland and 5 regions in Zanzibar. The selection of regions and MFIs was based on defined sampled list done by National Bureau of Statistics (NBS). The exercise will be conducted on annual basis, since the selected MFIs have been trained on the tools that have been developed, to enable them administer those tools appropriately.

In collaboration with other stakeholders, the Bank finalized the operational guidelines that will provide standards for Government and donor investments in rural and microfinance. Further, in collaboration, with the Ministry of Finance, Planning and Economic Affairs, the Bank will assist in overseeing the adoption, dissemination and implementation of the guidelines.

In order to enhance the Bank's technical capacity and generate local information



on microfinance, the Bank conducted a study on land collateralization, as one of the pertinent issues in microfinance. In addition, the Bank participated in various donor and government initiatives to ensure that they are consistent with the National Microfinance Policy (NMP) and best practices. The initiatives include:

- IFAD- funded Rural Financial Services Programme (RFSP).
- Tanzania Rural Finance Financial Strategy funded by the Financial Sector Deepening Trust.

The microfinance industry continued to face a number of challenges including:

- Operationalization of the NMP implementation plan remains to be ineffective due to limited capacity building opportunities of microfinance stakeholders;
- Non-existence of operation standards in the sector and capacity building opportunities resulting from ineffective microfinance networks;
- Generally low outreach of financial services in rural areas where the majority of the poor Tanzanians live.
- There is inadequate information on the sector to enable informed decision-making.

To address these challenges the Bank will continue to create an enabling environment for microfinance sector by undertaking the following:

- Facilitate the approval process and operationalization of guidelines for the government and donor support to the microfinance sector;
- Continue to collect, analyse and

disseminate information on the development of microfinance sector to key stakeholders and the general public;

- In collaboration with stakeholders, assist in revamping the Tanzania Association of Microfinance Institutions (TAMFI);
- Assist in the implementation of the Tanzania Rural Finance Strategy, which is currently being developed;
- In the area of regional integration, the Bank will participate in the preparation and holding of the 16th AFRACA General Assembly, which will be held in Tanzania in 2009.

National Payments Systems

The Bank continued with the modernization of the National Payments Systems (NPS), with a view to enhance efficiency and reduce payment system risks in the clearing and settlement operations in the country. Major tasks undertaken during year include: coordinating development of the legal and institutional framework, monitoring and regulating the NPS, facilitation of developments of system payment instruments, provision of clearing facilities and settlement services. Activities conducted include but not limited to:

(i) Coordination of Development of the Legal and Institutional Framework for Regulating NPS

Drafts proposals for the new legislation of the National Payment Systems Bill and Electronic Transactions Bill were



reviewed to incorporate payment systems developments going on globally. These include internet banking, international remittance services and mobile payment schemes.

In collaboration with the East Africa Central Banks, the Bank finalized the regulatory framework that will govern the implementation of the East Africa Payment System (EAPS), which is expected to be operational by end of December 2008. The framework includes:

- Agreement between the East African Central Banks in relation to implementation and facilitation of the EAPS;
- Agreement between the Central Banks and respective commercial banks in relation to participation in the EAPS; and
- Rules and Operational Procedures for the East African Payment System.

Other developments in the legal and regulatory framework include the review of the clearing house rules and regulations to incorporate new developments. Specifically, the Dar es Salaam Electronic Clearing House (DECH) rules and regulations were amended to incorporate the introduction of value limit (cheque capping) and failure to settle mechanism in order to minimise settlement risks. Other changes were the provision of utilisation of SWIFTNet File Act to deliver clearing files to and from the clearing house using internet instead of diskettes. The DECH rules and regulations were also reviewed to accommodate the clearing of US Dollar

cheques. The objective is to have a single set of rules and regulations for both currencies that is Tanzania shillings and US Dollars clearing.

Likewise, Mwanza and Zanzibar Clearing Houses rules and regulations were reviewed following their automation. The Bank signed service level agreements with new TISS participants, namely, Access Bank Ltd and Bank of India to provide settlement facilities. The Bank and MOFEA signed an Agreement in respect of MOFEA participation in TISS.

(ii) Monitoring and Regulating the National Payment Systems

The Bank continued with oversight operations to ensure safety and efficiency in payments, clearing and settlement systems. The aim is to maintain reliability, integrity and efficiency of payment system, and safeguarding transmission channel for monetary policy. Accordingly, the Bank continued to monitor the operations of the clearing and settlement systems, and conducted risk assessment of the country's payment systems to ascertain the systems compliance to national and international standards on safety and efficiency. The Bank also monitored the development of the new non-cash retail payment instruments and service to ensure that they comply with agreed standards and safety guidelines. Among other developments, the Bank granted approvals to implement Z-pesa and M-pesa mobile payment schemes in the country.

In an effort to ensure transparency in payment systems, the Bank organised public awareness programmes to NPS



stakeholders that included training of new system participants and a seminar to the Parliamentary committee members of Finance and Economic Affairs. The Bank also published a third issue of MALIPO Newsletter which portrays the NPS developments. Round table discussions were held with Tanzania Bankers Association on various issues concerning developments and implementation of emerging payment systems technologies.

(iii) Facilitation of new Payment Instruments and Payment System Infrastructure

During the review period, the Bank automated the Zanzibar and Mwanza Clearing Houses and developed software to enable data capture and creation of files for submission to the clearing house. Further, consultative advises were provided to payment system operators during development and implementation of new retail payment schemes, including M-Pesa and Z-Pesa.

(iv) Provision of Clearing Facilities and Settlement Services

The Bank continued to operate and maintain the Tanzania Interbank Settlement System (TISS) and the Electronic clearing house systems, including provision of technical assistance to the system users. Further, upgrades to the systems were made to enhance efficiency and facilitation of straight through processing of operations. Such enhancements include upgrades to the system to include multicurrency capability, MOFEA connectivity and other new TISS features. TISS also continued to operate as an intermediary for Government revenue

collections. The Bank also provided a facility of settlement of the Umoja Switch Net Settlement Services (UNSS) obligation through TISS.

(v) Regional Harmonization Initiatives

The Bank continued to be an active participant in the East African Monetary Affairs Committee (MAC) and SADC payment system initiatives. During the review period, the Bank in collaboration with other East African Central Banks agreed on the East African Cross Border Payment System Model, which will facilitate safe and efficient settlement of cross border payment obligations in the East African Community. Further, the system business model and its functional specification for developing the system interfaces were developed.

Macroeconomic and Financial Programmes

IMF Facilities

During 2007/08, the IMF staff conducted the second and third reviews of the Policy Support Instrument (PSI) for Tanzania between September 26th – October 9th, 2007 and February 27th – March 12th, 2008, respectively. Following these reviews, the IMF Executive Board was of the opinion that the country's economic performance continues to be strong with growth averaging 7.0 percent during 2006/07, outpacing the average for sub-Saharan Africa (SSA) of 6.8 percent, while medium term prospects remain strong. However, the Board cautioned that the country faces several challenges including: maintaining fiscal stability in



the face of uncertain financing; dealing with inflationary pressures; addressing governance weaknesses and strengthening accountability.

World Bank Lending Facilities

The following World Bank facilities were approved for Tanzania during 2007/08:

- (i) IDA Credit of USD 60.0 million approved by the World Bank Board of Executive Directors on July 5th, 2007 to support the **Health Sector Development Project – Phase II**. The objective of this financing was to assist the government of Tanzania in continuing to improve the quality of health services and the management of resources allocated to the health sector.
- (ii) IDA Credit of USD 3.5 million approved by the Bank's Board on September 27th, 2007 as additional financing for the **Lower Kihansi Environmental Management Project (LKEMP)**.
- (iii) IDA Credit of USD 105.0 million and a Global Environmental Facility (GEF) Grant of USD 6.5 million approved by the Bank's Board on December 13th, 2007 to support the **Energy Development and Access Expansion Project**. This project aims at improving the quality and efficiency of electricity service provision in the three main growth centers of Dar es Salaam, Arusha and Kilimanjaro; and to establish a sustainable basis for energy access expansion in both urban and rural areas.

- (iv) IDA Credit of USD 100.0 million approved by the Bank's Board on May 27th, 2008 to support the **Science and Technology Higher Education Project**. This project aims at increasing the quantity and quality of higher education, with special emphasis on science, technology and education, through an improved learning environment.
- (v) IDA Credit of USD 190.0 million approved by the Bank's Board on May 27th, 2008 for the **Second Central Transport Corridor Project**. This project aims at supporting Tanzania's economic growth by providing enhanced transport facilities which are reliable and cost effective, in line with MKUKUTA and the National Transport Policy and Strategy.

IMF and World Bank Missions:

IMF Missions

During 2007/08, two IMF Missions (other than those for the PSI review) visited Tanzania as follows:

- (i) The **IMF Technical Assistance Mission on Compilation of Monetary** and Financial Statistics, from January 21st – February 1st, 2008. The mission reviewed the monetary data of the Bank of Tanzania and recommended changes aimed at improving accuracy of reporting and capturing more details in line with the IMF Monetary Statistics Manual 2000.



(ii) The **Voluntary Safeguard Assessment Mission** took place in June 12th – 24th, 2008. The objective of the mission was to conduct a safeguard assessment of the Bank of Tanzania's five key areas namely: external audit mechanism; legal structure and institutions of the Bank; financial reporting; internal audit; and reliability of controls, policies, regulations, manuals and others. This was also a follow-up of the implementation status of the mandatory safeguard assessment mission of 2003.

(iii) During February 26th – March 2nd, 2008, the country received two delegations from the IMF consisting of the Managing Director, Mr Dominic Strauss Khan and seven Executive Directors (ED) headed by Mr. Peter Gakunu, the current ED for Africa Group I Constituency. The two delegations at different occasions and schedules, visited the President of the United Republic of Tanzania, the President of Zanzibar, the Prime Minister and other Senior Government Officials. The ED's also visited the Dar es salaam port, and together with the MD, they visited Ngorongoro Conservation Area.

Financial Programming

During 2007/08, a workshop of the Inter-Institutional Financial Programming Working Group (FPWG) was held in Dar es Salaam, from 28th August – 2nd September, 2007. The objective of the workshop was to re-examine recent economic developments, reconcile macroeconomic data, and produce

consistent macroeconomic projections up to 2009/10.

Data Warehouse Project

During 2007/08, the Bank of Tanzania continued the initiative to establish dynamic data storage and management framework that shall conform to high statistical standards; provide stable statistical framework; provide statistical infrastructure for the understanding of micro and macro economic perspectives; and produce a user friendly reporting architecture that facilitates efficient information sharing and analysis throughout the Bank. The project initiation document intended to provide foundation for the implementation of data warehouse in the Bank was prepared. The document clearly defines the terms of reference, objectives, plans, controls, risks and organization of the project to serve as the basis for decision making.

Second Generation of Financial Sector Reform Programme

During 2007/08, the Bank of Tanzania continued to coordinate activities related with the Second Generation Financial Sector Reform Programme (SGFSP). Several assignments initiated within the framework of the SGFRP action plan were completed as follows:

(i) **Finance Leasing Law:** A draft Finance Leasing Act was submitted to Parliament for first reading in November 2007. It was subsequently discussed and passed by the parliament in April 2008. The next stage is the preparation of regulations



to operationalize this Act.

- (ii) **Pension Sector Reforms:** A National Social Security Bill draft was prepared by the Ministry of Labour and submitted to Parliament for first reading in February 2008 and further discussed and passed by the Parliament in April 2008. The bill provides for establishment of the National Social Security Regulatory Authority and further gives the Bank powers to regulate the financial aspects of all Pension Funds including issuance of investment guidelines.
- (iii) **Credit Reference Data Bank:** A Consultant engaged in the development of the legal and regulatory framework for the establishment of a credit reference data bank completed a study and submitted a report, together with draft regulations for the data bank. Both documents were discussed at a stakeholders workshop held in Dar es Salaam during August 2007. The reports were finalized and are being considered by the Bank for further action.
- (iv) **Credit Reference Bureau:** The Consultants engaged in the development of the framework for establishment of a Credit Reference System in Tanzania tabled a report which included the regulations for the credit reference bureau and licensing guidelines, at a stakeholders workshop held in Dar es Salaam during October 2007. The consultants finalized the report, which is currently being considered by the Bank for further action.
- (v) **Study on Court Cases involving**

banks: This study was completed and a draft report presented for discussion at a stakeholders' workshop held in Dar es Salaam during March 2008. The final report incorporating stakeholders' comments and recommendations was submitted to the Bank in May 2008.

- (vi) **Setting up Microfinance Supervisory Functions:** A consultant engaged to set up a microfinance supervisory function at the Bank commenced work in January 2008 and submitted a draft report which was discussed at a stakeholders workshop held in Dar es Salaam during April 2008. The final report incorporating stakeholders' views and recommendations was submitted in May 2008.
- (vii) **Enhancing the Rural financial Services:** A consultant engaged to conduct a study on developing a strategy for Rural Financial Services submitted a final draft report which was discussed at a stakeholders workshop held in Dar es Salaam during May 2008. The consultant submitted the final report which is being considered by the Bank for implementation.
- (viii) **Mortgage Finance:** Proposed amendments to the Land Act 1999; The Land Registration Act; the Civil Procedure Act; and the Magistrate Court Act; together with a draft Unit Titles Act were prepared and submitted to the Ministry of Lands and Human Settlements through the Ministry of Finance.

Trade and Investment Policies



Survey of Foreign Private Capital Flows

The Bank of Tanzania in collaboration with Tanzania Investment Centre (TIC) and the National Bureau of Statistics (NBS) continued to monitor foreign private investments inflows into Tanzania. The collaborating institutions jointly conducted a survey in 2007 to capture information on private capital flows for 2005 and 2006. The survey fieldwork started in early September 2007 and concluded in December 2007. The survey had a specific objective of confirming data for 2005 provided during the previous survey and updating data for 2006. The survey involved 275 companies located in Dar es Salaam and 148 companies in up-country regions. In total, the number of distributed questionnaire in Tanzania Mainland were 340, of which 292 were collected, representing an overall response rate of 86.3 percent. During the same cycle, Zanzibar conducted another comprehensive survey that covered 168 companies with foreign liabilities and the overall response rate was 86.4 percent. The surveyed companies were scattered in all the five regions of Unguja and Pemba.

Both data sets were subjected to editing, checking, and verification, up and down rating exercises in order to check for consistency within and across cycles and as well as to generate time series data. Production of new Tanzania Investment Report is expected before end of December 2008. In another development, Tanzania and Zanzibar Investment Reports of 2006 were published and disseminated to various stakeholders in the country.

Trade and Investment Policy Development

The Bank continued to participate in the implementation of the National Trade Policy (NTP) of 2003. During the period under review, the Bank participated in the following major activities:

- Negotiations on the promotion and protection of bilateral investment agreements with Canada;
- Council meetings on Export Processing Zones (EPZ) developments;
- National workshops on the state of play of participation of Tanzania in the multilateral trade arrangement and on going World Trade Organization (WTO) negotiations.

Implementation of Regional Integration Programmes

East African Community (EAC)

The Bank participated in: negotiations on Economic Partnership Agreements (EPA) under the East African Community (EAC) configuration; EAC Council of Ministers meetings; and negotiations of the EAC Common Market Protocol.

Southern African Development Community (SADC)

The Bank participated in: the workshop on the implementation of the SADC Finance and Investment Protocol; meetings of Sub-Committees and Committees of SADC Central Bank Governors (CCBG).



Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)

The Bank participated alongside other MEFMI countries in the development of regional software for data capture, storing and processing of private capital flows data. Development of the software is expected to be completed by September 2009, which will help to harmonize the methodologies of compilation and analysis of PCF data.

Management Information Systems

During the year under review, Information Communication Technology (ICT) delivery functions continued to be improved and reshaped in order to increase quality of service delivery and improve service levels aimed at fostering the Bank's productivity and development. The improvement and new developments were recorded in areas of ICT infrastructure; Business systems; Information Technology (IT) governance; Business Continuity and Risk Management; participation in SADC; and Monetary Affairs Committee (MAC) IT programmes. The directorate also provided day to day ICT services and user support aimed at ensuring critical business processes are continued at all times and that integrity of stored data is not compromised. Other notable developments include:

- Implementation of the Integrated Financial Management System (IFMS), Treasury Management System (TMS), Integrated Human Resource Information System (IHRIS) a new Release, Incident Management System (IMS), Electronic Clearing Houses for Mwanza and Zanzibar

and a web based centralized Library Information System.

- Deployment of interfaces to facilitate seamless exchange of information between the systems. These include: IFMS-CBS, CBS-TISS, GSS-CBS, IFMS-IHRIS, CBS-TMS, TMS-CBS, CSDRMS-TMS and TMS-SWIFT.
- Examined 34 banks and non banks financial institutions to ensure that IT provisioning in their respective domains is rendered in accordance with laid down guidelines to take into account Industry best practices.
- Sensitization programme to Management on Project Management Methodology; Prince2 as a best practice for project implementation and presentation of the Business Continuity Management (BCM) Policy.
- Development and enhancement of documentation standards to conform to IT Governance best practices. This include the Project Initiation Document (PID) template, System Development Life Cycle (SDLC) Methodology and Leave forms.
- Reviewed Document Management Policy, ICT Security Policy and Regulations and Banks Supervision ICT checklist

Internal Audit

During 2007/08, the Bank continued to strengthen measures aimed at enhancing the monitoring and control of the Bank's operations. Specific attention was given to the critical functions of the Bank namely financial markets, banking operations, payments system, banking supervision, finance/accounts and other support



functions including administration, legal and management information system and branch audit assignments.

During the period under consideration the directorate was actively involved in verifying the assets of the Bank to determine ownership, existence, properly valued and presented in the financial statements with due emphasis placed on compliance with International Financial Reporting Standards [IFRS]. Through the periodic assignments undertaken the directorate provided recommendations to operational units on appropriate remedial measures to be taken to strengthen controls and mitigating of risk. Also, through periodic meetings, the Audit Committee of the Board and the Board were informed of the measures being taken by management and implementation status.

However, during the period under review, there were certain weaknesses observed that need to be strengthened and given greater attention in 2008/09. These are related to:

- Modernizing internal audit operations by focusing on risk based audit away from transactions compliance.
- Strengthening staffing levels by hiring additional audit staff.
- Enhancing staff capabilities through structured training in the short, medium and long term, especially, greater emphasis on systems based audit.
- And finally, reorganizing the directorate to take cognizance of the changed enterprise-wide risk environment.

BRANCH ACTIVITIES

Arusha Branch

During the year 2007/08 the branch continued to strengthen efforts of monitoring performance of economic sub sectors in the northern zone of Tanzania. Besides preparation of the regular zonal quarterly and annual economic reports, a comprehensive study of credit to small and medium enterprises in the northern zone was carried out. The branch participated in relevant economic meetings that were held in Arusha. Furthermore, the branch provided information to stakeholders in the zone through meetings and distribution of the Bank publications.

On Banking and Currency Operations the branch continued with the provision of banking services to the Government departments and banks in the zone. Distribution and management of currency continued in line with the clean money policy of ensuring that good quality banknotes are issued to circulation. Withdrawal of “old issue banknotes” from circulation continued with smaller amounts exchanged over the counters relative to the previous year. In ensuring the availability of an efficient payment system, the Branch continued to host the Arusha Bankers Electronic Clearing House (ABECH). The ABECH member banks now stand at 15 including Bank of Tanzania Arusha Branch. The USD Clearing remained manual during the year under review but it is expected to be automated in 2008/09. The Arusha branch is not however, a member of the USD Clearing but continued to play its supervisory role.



The Branch hosted a joint workshop of BOT/NBAA on Financial Markets in Arusha. Further, the Branch participated in the Agricultural Trade Fair (Farmers' Day). The clean money and anti-fake notes campaign was conducted in all regions of the zone.

Mbeya Branch

During the year ended June 2008, the Branch continued with its endeavours towards monitoring economic development and performance in the Southern Highlands zone. The following activities have been undertaken:

- (i) Conducted a review study on the "Distribution and Pricing of Government Subsidized Fertilizers in Southern Highlands Zone".
- (ii) Participated in the Farmers Agricultural Trade Fair (Nane Nane) in the Southern Highlands Zone and emerged the winner in banking and financial institutions category. The objective of our participation in the fair was to reach out the public and disseminate information on the core functions of the Bank in a simple and clear language.
- (iii) Distribution of the Bank of Tanzania publications to Stakeholders in Southern Highlands Zone.

During the year under review, the Branch continued to implement clean money policy pursuant to the Bank objectives. All Commercial banks in the Southern Highlands Zone were timely and adequately supplied with clean money (notes and

coins) at ATM standard. Visits to Mbeya, Ruvuma, Rukwa and Iringa regions were made for the purpose of educating the general public on the better means of note handling and detection of fake notes.

Mbeya Banker's Clearing House (MBCH) was instituted by member banks to facilitate smooth inter-banks exchange and processing of payment of instruments for the purpose of settling commercial banks intraday financing. In local clearing, a total of 39,209 inward and outwards instruments valued at TZS 211.9 billion were recorded and exchanged between member banks for the financial year ended June 2008. In the USD clearing, 74 instruments valued at USD 1.1 million were transacted between the member banks for the year 2007/2008.

Mwanza Branch

During the year 2007/08 the Branch continued to provide banking and currency services to Government Departments and commercial banks in the Lake zone. This includes facilitating clearing transactions, receiving cash deposits and issuing clean notes to the banks. The Branch also provided counter services for encashment of cheques and deposits.

Clean notes and coins were issued for circulation through commercial banks in the zone, while at the same time collecting unserviceable currency through bank deposits. Staff of the branch visited Kagera, Shinyanga, Tabora, Mwanza and Mara regions to impart knowledge to the public on banknotes' security features so as to enable them to differentiate between genuine and counterfeit ones, as well as educating them on proper handling



of the banknotes. In ensuring efficient payment and settlement system, the branch continued to host the Mwanza Electronic Clearing House (MWECH)

The branch continued to monitor economic developments and performance in the Lake Zone. The activities mainly focused on agriculture, livestock, fisheries, mining, tourism, industrial sector, and cross border trade. During the year the Branch attended a Regional Consultative Committee (RCC) meeting at Tabora whereby regional economic development issues were discussed. In addition, the branch participated in the Lake zone workshop of National Dialogue on Economic Empowerment in Tanzania organized by Tanzania National Business Council (TNBC) in Mwanza city.

Collection of data on gold and diamonds from small-scale mining sub-sector continues to be hindered by lack of established data sources. However, following African Precious Metals Refinery Company Ltd, which was licensed in September 2007 to establish a refinery in Mwanza city, it is expected that the data problem will be solved.

Zanzibar Branch

During 2007/08, Zanzibar branch continued to provide banking services to both governments (Union and Zanzibar) and commercial banks based in Zanzibar. The services were improved further on account of the following:

- Operations of the Zanzibar clearing house were fully automated and Zanzibar Electronic Clearing House

(ZECH) went live in February 2008.

- Banknote Processing Systems (BPS) machines came into operation for the first time in Zanzibar in April 2008, hence processing of currency started using both BPS machines and manually.

The branch participated in government economic forums related to formulation, implementation and evaluation of economic policies. These included the Tanzania Statistical Master Plan (TSMP), geared to improve quality of Statistics in Zanzibar through building capacity of data producers and creating an enabling institutional environment for statistics production. The Branch was also involved in a team to review implementation status of the MKUZA costing by various Ministries and participated in the government of Zanzibar (GOZ) Monthly Expenditure Ceiling Committee meetings.

The Branch was also involved in Technical Secretariat meetings by GOZ, to facilitate implementation of National Economic Empowerment and job creation program in Zanzibar. Further more, the branch conducted two economic studies and produced reports: Zanzibar Foreign Private Capital Flow – Phase three (in collaboration with ZIPA and Office of Chief Government Statistician); the Performance of Microfinance Institutions and Impact to Socio-Economic Development; A case of Zanzibar.

Bank of Tanzania Training Institute

During the year ended June 2008, the Bank of Tanzania Training Institute continued to



pursue its objective of capacity building in order to support the overall mission of the Bank of Price and Financial Stability. This is through designing and conducting various demand driven programmes for the financial sector, mainly on Banking and Finance. They include Credit Management and Loan Appraisal, Asset-Liability Management, Treasury Management, Microfinance, Foundation course in Banking and BoT Prudential Guidelines.

The Institute in collaboration with the Director of Personnel and Administration (DPA), also hosted In-house programmes for staff of the Bank. At the same time,

the Institute also hosted other training related activities that were organized by other Institutions through hiring available facilities at the Institute.

During 2007/08, the Institute conducted a total of twenty eight (28) courses out of which sixteen (16) were for Banks and Financial Institutions and twelve (12) were In-house courses for staff of the Bank of Tanzania. This compares with thirty eight (38) courses that were conducted during the previous year. Furthermore, a total of six and hundred twelve (612) seminars were conducted by the Institute during this period that covered four centres of Mwanza, Dar es Salaam, Mbeya and Zanzibar.



PART III REPORT OF THE AUDITORS



BANK OF TANZANIA

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2008





DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2008

1. INTRODUCTION

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

2. STATUTE AND PRINCIPAL ACTIVITIES

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

Its functions and objectives are summarised as follows:

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

The main achievements for the current year included:

- Maintenance of price stability through controlling the inflation rate to 9.3 % in June 2008;
- Improvement of the effectiveness of market operations, including privatization;
- Strengthening the foreign exchange reserves of the Bank from USD 2,285.1 million at the beginning of the year to USD 2,648.6 million as at 30 June 2008;
- The maintenance of a sound regulatory framework and National Payment System;



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

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

3. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of the Bank are responsible for the preparation of the financial statements which give a true and fair view of the Bank's state of affairs and its operating results in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the previous financial year, the directors through the external audit process had identified vulnerability in the Bank's internal control environment which resulted into fraudulent and irregular transactions being perpetrated. Various measures have been taken by directors and other parties in addressing the matters. Such measures include:

- Strengthen the internal controls, governance and risk management at the Bank;
- Suspending all transactions relating to External Payment Arrears (EPA) account with effect from March 2008;
- Taking disciplinary actions against Bank's employees adversely cited in the External Payment Arrears (EPA) transactions subject of the Special audit;
- To implement recommendations arising from International Monetary Fund (IMF) Voluntary Safe Guard Assessment which was conducted in June 2008;
- Reporting to and continuing to cooperate with relevant law enforcing organs;
- Appointing the Head of Internal Audit function by the Board in January 2008. Further, the management has assessed the adequacy of staffing levels and capacity of effective internal audit functions. Under the guidance of the Audit Committee, management will continue to explore additional measures towards strengthening and improving the internal audit function and corporate governance;
- Embarking on preparation of a strategy for shedding off non- core functions;
- Establishing a Procurement Management Unit (PMU) to ensure compliance with the requirement of the Public Procurement Act;
- Reviewing of the risk profile in the Bank's operations and implementation of a strategy to mitigate them; and
- Taking measures aiming at enhancement of checks and balances and capacity building in the International Financial Reporting Standards (IFRS) in the finance and audit functions.

The directors confirm that the core functions of the Bank's were not affected and neither were the financial systems in the country. The directors assure the stakeholders that the control environment at the Bank is presently operating effectively.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for the foreseeable future.

4. FINANCIAL PERFORMANCE

4.1 Financial results

During the year, the Bank made a loss of TZS 96,484.0 million (2007 profit of TZS 91,632.1 million). However, this loss was attributable to foreign exchange loss of TZS 98,590.8 million owing to strengthening of TZS against major currencies. As a result, no dividend was declared and made payable to the Governments during the year (2007 TZS 18,838.9 million).

4.2 Financial position

The financial position of the Bank is as set out in the Balance sheet shown on page 102. During the year total assets of the Bank increased by TZS 648,634.2 million. This was mainly attributed to the increase of Foreign currency marketable securities, Government securities, other assets and properties, plants and equipment amounting to TZS 527,678.1 million, TZS 65,005.3 million, TZS 110,854.4 million and TZS 63,680.0 million respectively. On the other hand total equity and liabilities increased by TZS 648,634.2 million. This was mainly attributable to increase in Deposit banks of TZS 171,345.1 million, Deposit Government TZS 183,740.5 million, and REPO of TZS 89,725.1 million, BoT Liquidity Papers amounting to TZS 80,448.1 million, and Notes and Coins in Circulation of TZS 270,688.9 million.

5. DONATIONS, SUBSCRIPTIONS AND CONTRIBUTIONS

The Bank made various donations, subscriptions and contributions during the year. Key among these were to the African Rural and Agricultural Credit Association (AFRACA); the African Association of Central Banks (AACB); Macroeconomic and Financial Management Institute (MEFMI); Capital Markets and Securities Authority (CMSA); Deposit Insurance Board (DIB); Financial Institutions Development Project (FIDP II); Second Generation Financial Sector Reforms; National Payment System (NPS) Project; Promotion of Tanzania Economy Abroad; Tanzanian Institute of Bankers (TIB); Other Professional Associations; and Charities. Such payments amounted to TZS 3,582.9 million.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

6. CORPORATE GOVERNANCE

The Bank through its Board of Directors and Management upholds and practices the principles of sound corporate governance. To this end, the Bank's establishment Act, referred to as the Bank of Tanzania Act, 2006, has provided a framework for ensuring application of sound corporate governance principles and best practices by the Bank's Board of Directors and its committees and management in the course of managing the day to day affairs/operations of the Bank as summarized below:

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

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

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



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

- c. The Audit Committee is established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. The Chairman of the Committee is a Non-Executive Director and other members are Deputy Governor-Administration and Internal Controls, and two other Non-Executive Directors (see item number 7 on page 97).

The Committee is responsible for:

- (i) Approval of the overall scope of internal control and systems and their review with a view to strengthening them;
- (ii) Review of activities and recommendations of Internal Auditors and direct on remedial measures;
- (iii) Making final recommendations to the Board on policies and rules to prohibit unethical activities or conduct;
- (iv) Review of External Auditors reports and recommendations, procedures and policies of internal audits.
- (v) Review any unusual transactions;
- (vi) Review of draft Audit Report of the External Auditors; and
- (vii) Review of internal audit and fraud investigation programmes.

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

- d. The Banking Supervision Committee is created under the provision of Section 12(1) of the BoT Act, 2006. Members of the Committee comprise the Governor who is the Chairman, the Deputy Governors and two Non-executive directors.

The Banking Supervision Committee is responsible for review of:

- (i) Internal control and systems in banks and financial institutions and recommend improvements deemed necessary;
- (ii) The activities and recommendations of the Banking Supervision function and advise the Board on appropriate policy, legislative and regulatory measures;
- (iii) Proposals by the Banking Supervision function on changes in banking policies and practices in the light of banking developments and formulate recommendations to the Board;
- (iv) Adequacy of provisions of prevailing legal and regulatory framework and propose amendments should this be deemed necessary;
- (v) Adherence to banking ethics and standards and make recommendations on improving compliance;
- (vi) Operating performance of banks, financial institutions and bureaux de change with a view to ensuring safety and soundness in the banking system;
- (vii) Emerging supervisory issues and, where appropriate, direct development of policies that promote a safe and sound banking system and high supervisory standards and practices; and
- (viii) Financial stability reports before publication.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

- e. The Finance and Investment Committee is created under the provision of Section 12 (1) of the Bank of Tanzania Act, 2006. Members of the Committee include the Governor who is the Chairman, the Deputy Governors, and three Non- Executive Members of the Board. The Finance and Investment Committee is responsible for review of:
- (i) Proposed budgets and supplementary budget requests and recommend to the Board for approval;
 - (ii) Quarterly budget performance reports and recommend to the Board for adoption;
 - (iii) Requests for reallocation of funds involving the capital sub-votes and recommend to the Board for approval,
 - (iv) Financial Regulations and Staff by- Laws with a view to recommending to the Board for approval any changes that may be necessary;
 - (v) Submission for disposal of immovable assets and recommend to the Board for approval;
 - (vi) Annually Bank's Corporate Plan and recommend to the Board for approval;
 - (vii) Requests for write off / back of receivables and debts (except Governments debts) with value exceeding USD 10,000 or TZS equivalent and recommend to the Board for approval,
 - (viii) Financial policies and changes thereto and recommend to the Board for approval.
 - (ix) The appropriateness of the investment policy with regards to investment goals and objectives and formulates recommendation to the Board;
 - (x) Appropriateness of assets allocation strategy and make recommendation to the Board.
 - (xi) Quarterly, semi annual and annual reports and compare investment performance against an appropriate index, peer group and investment policy objectives and make recommendations to the Board;
 - (xii) Periodically qualitative and/or organisational changes of investment decision makers and make recommendations to the Board;
 - (xiii) Risk Management Framework for the Bank's operations and recommend to the Board for approval;
 - (xiv) Project Management framework and recommend to the Board; and
 - (xv) All administrative matters requiring Board's approval before the same are submitted to the Board.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

7. DIRECTORS

Members of the Board of Directors of the Bank inaugurated on 21 January 2008 were as follows:

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

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

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

***Non Executive Directors.

8. DIRECTORS EMOLUMENTS

The directors' emoluments have been disclosed in Note 44 of this report.

9. HUMAN RESOURCES AND STAFF WELFARE

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

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

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



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

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

10. CAPITAL

Section 17 of the Bank of Tanzania Act, 2006 states that “the authorized capital of the Bank shall be one hundred billion shillings, provided that it may be increased by such amount as may be determined by the Board, and authorized by the Minister, by Notice published in the Government Gazette.”

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

11. AUDITORS

The Controller and Auditor-General (CAG) is the statutory auditor for the Bank of Tanzania pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2000), Sections 26 -37 of the Public Finance Act No. 6 of 2001 (revised 2004) and section 20(6) of the Bank of Tanzania Act, 2006. Ernst & Young, Certified Public Accountants were appointed by the CAG to audit the financial statements of the Bank on behalf of the CAG, pursuant to section 37(5) of the Public Finance Act, 2001.

BY ORDER OF THE BOARD

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



THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE

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In reply please quote
Ref. No. CAC.45/491/01
and date.



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

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE BANK OF TANZANIA FOR THE YEAR ENDED 30TH JUNE 2008

I have audited the accompanying financial statements of the Bank of Tanzania ('the Bank'), set out on pages 101 to 189, which comprise the balance sheet, the income statement, statement of changes in equity and cash flow statement and a summary of significant accounting policies and other explanatory notes for the year then ended.

The Controller and Auditor-General is the statutory auditor for the Bank of Tanzania pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2000), Sections 26 -37 of the Public Finance Act No. 6 of 2001 (revised 2004) and Section 20(6) of the Bank of Tanzania Act, 2006.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on professional judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, I considered the internal controls relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control system.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

UNQUALIFIED OPINION

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2008, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Bank of Tanzania Act, 2006.

Emphasis of Matter

Without qualifying my opinion, I draw attention to note No. 42 in the financial statements arising from a legal dispute relating to a transaction in which the Bank was acting as an agent of the Government of the United Republic of Tanzania. A Garnishee Order was issued by the High Court of Tanzania on 4th June 2001 ordering the Bank to pay a decree holder US\$ 55,099,117.66 from funds of the Government held by the Bank. Due to the ongoing court proceeding instituted by the Government against the decree holder and the Bank and discussions between the Bank and the Government on the same matter, the Bank has not honoured the Order.

REPORT ON COMPLIANCE WITH PROCUREMENT REGULATIONS

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

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL



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

6th February 2009



**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

		30.06.2008	30.06.2007
	Note	TZS '000	TZS '000
			Restated
Operating Income			
Interest income	9	200,589,424	172,376,455
Interest expenses	10	<u>(61,318,150)</u>	<u>(39,548,489)</u>
Net interest income		<u>139,271,274</u>	<u>132,827,966</u>
Foreign exchange revaluation gain	27	-	77,271,014
Fees and commissions	28	18,030,333	15,230,900
Other income	29	<u>14,497,079</u>	<u>5,199,400</u>
		<u>32,527,412</u>	<u>97,701,314</u>
Net operating income		<u>171,798,686</u>	<u>230,529,280</u>
Operating Expenses			
Foreign exchange revaluation Loss	27	98,590,770	-
Administrative expenses	30	28,938,453	28,231,125
Currency issue and related expenses	31	56,423,145	39,697,524
Personnel expenses	32	46,285,421	41,948,732
Depreciation	6	19,647,191	5,831,029
Amortization	7	2,171,924	952,869
Loss on impairment of assets	35	292,242	3,811,671
Write - Off		107,592	-
Loss on disposal of property, plant and equipment		502,156	36,138
Share of loss of an associate Company	16	31,887	240,800
Other expenses and losses	33	<u>15,291,918</u>	<u>18,147,268</u>
		<u>268,282,699</u>	<u>138,897,156</u>
Net (loss)/gain for the year		<u>(96,484,013)</u>	<u>91,632,124</u>

Notes on pages 106 to 189 form an integral part of these financial statements.
Independent auditors report on pages 99 to 100.



BALANCE SHEET AS AT 30 JUNE 2008

		<u>30.06.2008</u>	<u>30.06.2007</u>
	<u>Note</u>	<u>TZS '000</u>	<u>TZS '000</u>
ASSETS			
Cash and cash equivalent	11	896,346,861	1,022,275,849
Accommodation to banks	12	9,194,606	2,326,007
Holdings of Special Drawing Rights (SDRs)	8	174,498	333,149
Foreign currency marketable securities	13	2,231,429,903	1,703,751,777
Government securities	14	526,807,045	461,801,743
Inventories	15	4,631,310	4,510,822
Investment in Associate Company	16	-	31,887
Equity investments	17	1,417,080	1,521,972
Quota in International Monetary Fund (IMF)	8	381,949,400	382,017,802
Other assets	18	424,711,124	313,856,721
Property, plant and equipment	6	774,706,335	711,026,315
Intangible assets	7	8,914,667	8,194,570
TOTAL ASSETS		<u>5,260,282,829</u>	<u>4,611,648,614</u>
LIABILITIES			
Deposits - banks and non-banks financial institutions	21	628,064,443	456,719,338
Deposits - Governments	22	414,199,089	230,458,618
Deposits - others	23	132,370,245	82,191,300
Foreign currency financial liabilities	24	389,335,921	482,894,555
Repurchase agreements	19	104,732,152	15,007,068
BoT liquidity papers	20	1,167,705,919	1,087,257,795
Other liabilities	25	60,158,079	103,310,155
IMF related liabilities	8	368,437,666	368,235,131
Allocation of Special Drawing Rights (SDRs)	8	60,243,925	60,254,713
Notes and coins in circulation	26	1,451,455,775	1,180,766,777
TOTAL LIABILITIES		<u>4,776,703,214</u>	<u>4,069,095,450</u>
EQUITY			
Authorised and Paid up Capital	38	100,000,000	100,000,000
Reserves	39	383,579,615	442,553,164
TOTAL EQUITY		<u>483,579,615</u>	<u>542,553,164</u>
TOTAL EQUITY AND LIABILITIES		<u>5,260,282,829</u>	<u>4,611,648,614</u>

These financial statements were approved by the Board of Directors for issue on 3/2/2009 and were signed on its behalf by:

Name: Benno J. Ndulu Title: Governor Signature: B Ndulu

Name: Ali A. Mushi Title: Director Signature: Amf

Notes on pages 106 to 189 form an integral part of these financial statements.

Independent auditors report on pages 99 to 100.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

Details	Share Capital	General Reserve	Retained Earnings	Capital Reserve	Exchange Equalization Reserve	Capital Enhancement Reserve	Reserve for Projects	Staff Housing Fund Reserve	Fixed Assets Revaluation Reserve	Securities Revaluation Reserve	Foreign Currency Revaluation Reserve	Reserve for Dividends	Total
	(Note 41)	(Note 39(a))	(Note 39(b))	(Note 39(c))	(Note 39(d))	(Note 39(e))	(Note 39(f))	(Note 39(g))	(Note 39(h))	(Note 39(i))	(Note 39(j))	(Note 39(k))	(Note 39(l))
(Amounts in TZS'000)													
At 01 July 2007	100,000,000	8,368,163	0	69,329,752	200,488,136	0	30,000,000	15,838,776	73,889,901	(16,625,939)	5,314,612	55,949,763	542,553,164
Loss for the year	-	-	(96,484,013)	-	-	-	-	-	-	-	-	-	(96,484,013)
Release of Impairment loss previously recognized in equity	-	63,153,366	-	-	-	-	-	-	-	-	-	-	63,153,366
Derecognition of revaluation reserve on disposed assets	-	-	-	-	-	-	-	-	(321)	-	-	-	(321)
Transfer of exchange Loss to exchange equalisation reserve	-	-	98,590,770	-	(98,590,770)	-	-	-	-	-	-	-	0
Transfer of deferred exchange gain realized during the year to Exchange Equalization Reserve	-	-	-	-	5,314,612	-	-	-	(5,314,612)	-	-	-	0
Transfer of foreign exchange loss unrealized to Exchange Equalisation Reserve	-	-	-	-	5,982,532	-	-	-	(5,982,532)	-	-	-	0
Impairment loss on buildings previously revalued charged to fixed assets revaluation reserve	-	-	-	-	-	-	-	-	(116,548)	-	-	-	(116,548)
Dividend paid to the Government	-	-	-	-	-	-	-	-	-	-	-	(37,110,887)	(37,110,887)
Interest earned from investment of Staff Housing Fund	-	-	-	-	-	-	-	102,365	-	-	-	-	102,365
Amortisation of capital grant	-	-	(22,380)	-	-	-	-	-	-	-	-	-	(22,380)
Amount Spent on Capital Project	-	-	30,000,000	-	-	-	(30,000,000)	-	-	-	-	-	0
Mark to market for available for Sale Securities	-	-	-	-	-	-	-	-	-	11,597,766	-	-	11,597,766
Recovery from staff housing fund	-	-	-	-	-	-	-	(92,897)	-	-	-	-	(92,897)
Appropriation of 2007/8 Profit	-	2,106,757	(2,106,757)	-	-	-	-	-	-	-	-	0	0
At 30 June 2008	100,000,000	73,628,286	0	99,307,372	113,194,510	0	0	15,848,244	73,773,032	(5,028,173)	(5,982,532)	18,838,877	483,579,615

Notes on pages 106 to 189 form an integral part of these financial statements.
Independent auditors report on pages 99 to 100.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

Details	Share Capital (Note 41)	General Reserve (Note 39(a))	Retained Earnings	Capital Reserve (Note 39(b))	Exchange Equalization Reserve (Note 39(c))	Capital Enhancement Reserve	Reserve for Projects (Note 39(d))	Staff Housing Fund Reserve (Note 39(e))	Fixed Assets Re-valuation Reserve (Note 39(f))	Securities Revaluation Reserve (Note 39(g))	Foreign Currency Revaluation Reserve (Note 39(h))	Reserve for Dividends	Total
At 01 July 2006	10,000,000	7,139,227	-	69,349,559	150,429,479	90,000,000	20,000,000	13,752,182	73,889,901	(20,903,999)	3,131,584	37,110,887	453,898,820
Profit for the year 2006/07													
As previously stated			93,500,425										93,500,425
Prior year adjustment (Note 37)		(7,528,336)	(1,868,301)										(9,396,637)
As restated	10,000,000	(389,109)	91,632,124	69,349,559	150,429,479	90,000,000	20,000,000	13,752,182	73,889,901	(20,903,999)	3,131,584	37,110,887	538,002,608
Transfer of realized exchange gains	-	-	3,131,584	-	-	-	-	-	-	-	(3,131,584)	-	-
Transfer of unrealized exchange gains out of profit as per BOT Act requirement	-	-	(5,314,612)	-	-	-	-	-	-	-	5,314,612	-	-
Release of impairment loss previously recognized to equity	-	325,974	-	-	-	-	-	-	-	-	-	-	325,974
Transfer of Exchange Equalization Reserve as per BOT Act requirement	-	-	(50,058,657)	-	50,058,657	-	-	-	-	-	-	-	-
Interest earned from investment of Staff Housing Fund	-	-	(60,345)	-	-	-	-	60,345	-	-	-	-	-
Amortisation of capital grant	-	-	-	(22,381)	-	-	-	-	-	-	-	-	(22,381)
Mark to market for available for Sale assets	-	-	-	-	-	-	-	-	-	4,278,060	-	-	4,278,060
Capital enhancement	90,000,000	-	-	-	-	(90,000,000)	-	-	-	-	-	-	-
Capital grant	-	-	-	2,574	-	-	-	-	-	-	-	-	2,574
Appropriation of 2006/7 Profit	-	8,431,298	(39,330,094)	-	-	-	10,000,000	2,059,920	-	-	-	18,838,876	0.00
Recovery against compulsory fund	-	-	-	-	-	-	-	(33,671)	-	-	-	-	(33,671)
At 30 June 2007	100,000,000	8,368,163	0	69,329,752	200,488,136	0	30,000,000	15,838,776	73,889,901	(16,625,939)	5,314,612	55,949,763	542,553,164

Notes on pages 106 to 189 form an integral part of these financial statements.

Independent auditors report on pages 99 to 101.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	30.06.2008	30.06.2007
TShs	TZS '000	TZS '000
Cash (used by)/ generated from operating activities		
Cash generated from operating activities	20	(223,548,303)
Dividends paid to the Government	(37,100,887)	-
Net cash inflows from operating activities	(281,888,094)	60,481,788
Cash flows from investing activities		
Purchase of property, plant and equipment	(85,897,536)	(199,031,214)
Disposal of property, plant and equipment	96,948	26,533
Purchase of intangible assets	(2,923,143)	(7,036,240)
Acquisition of government securities	(1,891,936)	(12,208,631)
Increase in foreign currency marketable securities	(527,678,126)	(199,698,489)
Decrease in quota in IMF	68,402	(16,325,922)
(Increase)/decrease in holdings of SDRs	159,631	(312,257)
Net cash outflows from investing activities	(818,824,734)	(731,654,310)
Cash flows from Financing Activities		
Increase in notes and coins issued	270,688,098	333,130,257
Increase in IMF related liabilities	202,333	13,573,331
Decrease in foreign currency financial liabilities	(53,338,634)	(228,073,982)
Increase/(decrease) in allocation of SDRs	(19,788)	2,574,731
Increase in deposits	405,264,521	95,285,385
Increase in Repurchase Agreements (RIFCs)	89,723,084	13,607,088
Increase in BOT liquidity papers	89,418,124	411,403,832
Net cash inflows from financing activities	782,739,848	948,897,462
Net increase in cash and cash equivalent	(175,928,989)	114,715,944
Cash and cash equivalent at the beginning of the year	1,022,373,849	907,657,905
Cash and cash equivalent at the end of the year	846,444,860	1,022,373,849



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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

Basis of preparation

The financial statements have been prepared on a historical cost basis except where otherwise stated or as required by International Financial Reporting Standards and Interpretations to those Standards for assets and liabilities to be stated at their fair value as disclosed in the accounting policies hereafter. The financial statements are presented in thousands of Tanzania Shillings (TZS thousands) except where explicitly stated.

Statement of compliance

The financial statements of Bank of Tanzania have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations to those Standards in so far as they are practically applicable to the Central Bank.

Form of presentation

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

Legal framework

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

The Bank’s principal responsibilities are to:

- conduct monetary policy and manage the exchange rate policy of the Tanzania Shillings, taking into account the orderly and balanced economic development of Tanzania;
- regulate and supervise financial institutions carrying on activities in, or from within, Tanzania, including mortgage financing, lease financing, development financing, licensing and revocation of licenses;
- manage, in collaboration with other relevant supervisory and regulatory bodies, the clearing, payment and settlement systems of Tanzania; and



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

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

Legal framework (Continued)

- collect, compile, disseminate, on a timely basis, monetary and related financial statistics;
- hold and manage gold and foreign exchange reserves of Tanzania.

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

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

Section 18(1) of the Bank of Tanzania Act, 2006 provides that, the Bank shall establish and maintain:

- (a) a General Reserve Fund;
- (b) a Foreign Exchange Revaluation Reserve;
- (c) other appropriate assets revaluation reserves or retained net unrealized gains reserves, set up under a decision of the Board to reflect changes in market values of the Bank's major assets and in accordance with the best international accounting practice; and
- (d) other special reserves or funds from time to time from appropriation of net profit.

Under Section 18(2) of the Act, the Bank shall transfer to the General Reserve Fund twenty five per cent (25%) of the net profits until such time that the total capital of the Bank reach a sum equivalent to at least ten per cent (10%) of the total assets of the Bank less its assets in gold and foreign currencies, thereafter the Bank shall transfer not less than ten per cent (10%) of its net profits to the General Reserve Fund.

In terms of Section 18(3) of the Act, the Board shall determine, whenever the authorized capital, the General Reserve Fund, the Foreign Exchange Revaluation Reserve and other appropriate asset revaluation reserves or retained net unrealized gains reserves set up by the Board are below five per cent (5%) of monetary liabilities all profits shall be retained to the General Reserve Fund, the Foreign Exchange Revaluation Reserve and to any other asset revaluation reserve.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

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

Legal framework (Continued)

Section 18(4) of the Act provides that; unrealized profits or losses from any revaluation of the Bank's net assets or liabilities in gold, foreign exchange, foreign securities or any internationally recognised reserve asset as a result of any change in the par or other value of any currency unit shall be transferred to a special account to be called the Foreign Exchange Revaluation Reserve Account; the same procedure shall be applied to market value movements in relation to the Bank's other major assets when any of the underlying asset is eventually sold, any resultant realized components shall be transferred to the Income statement.

Section 18(5) of the Act, requires both realized and unrealized gains and losses to be included in the profit calculation but only the residual of any net realized profits of the Bank shall be paid, within three months of the close of each financial year, into the Consolidated Fund; subject to the condition that if at the end of any financial year any of the Governments (The Government of the United Republic and the Revolutionary Government of Zanzibar) is indebted to the Bank, the Bank shall first apply the remainder of its net realized profits to the reduction or discharge of the indebtedness and thereafter such amount as relates to the net realized profits of the Bank in the relevant financial year shall be paid out of the Consolidated Fund to the Treasury of the Government of the United Republic and the Revolutionary Government of Zanzibar in accordance with the formula agreed upon by the Governments.

Section 19(1) of the Act, provides that, where the Bank's balance sheet indicates that the amount of its assets is less than the amount of its liabilities and the statutory fund, the Minister shall, on behalf of the United Republic, issue to the Bank negotiable interest-bearing securities at market determined interest rates with a fixed maturity date to the amount necessary to restore the Bank's level of paid up capital.

In terms of Section 20(1) of the Act, the financial year of the Bank shall be the period commencing on 1 July of each year and the accounts of the Bank shall be closed on 30th June of each financial year. Furthermore, Section 20(2) of the Act provides that, the Bank's accounting policies, procedures and associated accounting records shall be consistent at all times with the best international accounting standards.

Section 20(6) of the Act, provides the annual external audit of the Bank to be performed by the Controller and Auditor General in accordance with International Accounting and Auditing Standards and in compliance with the Public Finance Act.

Section 23 of the Act provides that the Bank shall only be placed in liquidation or wound up pursuant to the Procedure prescribed in an enactment of Parliament but the provisions of the Companies Act and the Companies Decree shall not apply in relation therewith.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

2. CHANGES IN ACCOUNTING POLICIES

The following standards, amendments and interpretations are mandatory for accounting periods beginning on 1 July 2007 but are not relevant to the Banks operations.

IFRIC 12 Service Concession Arrangements

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Bank is an operator and hence this Interpretation has no impact on the Bank.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

IFRIC Interpretation 11 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 March 2007. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. As the Bank has no group and treasury share transactions at the end of the period, the interpretation had no impact on the financial position or performance of the Bank.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. This Interpretation has no impact on the financial position or performance of the Bank as all defined benefit schemes are currently in deficit.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

The most significant use of judgement and estimates are as follows:

a. Impairment losses on loans and advances:

The Bank reviews its loan and advances at each reporting date to assess whether an impairment allowance should be recognized in the income statement. In particular, judgement by the directors is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the allowance.

Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b. Held to maturity investments:

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

c. Fair value of financial instruments:

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

d. Impairment of non-financial assets:

The Bank adopted an incurred loss approach to impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of occurrence of one or more past events since initial recognition. This necessitates establishment of the basis on which an impairment loss is recognized in the Income Statement.

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

Pursuant to the requirements of IAS 16 (Property, Plant and Equipment) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the Bank has made accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviewed its depreciation rates. During the year under review, no accounting estimation of the useful lives of assets and depreciation rates were made.

f. Impairment of available for sale financial assets

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest and similar income and expenses

For all financial instruments measured at amortised cost and interest bearing financial instruments classified as available-for-sale financial investments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

Dividend income

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

Other income

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

Dividend payable

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits including post employment benefits

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

Post retirement benefits

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

Other employee benefits

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

Provision

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Bank expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

Further, according to Section 22(1) and (2) of the Bank of Tanzania Act, 2006, the Bank is exempt from payment of any taxes, levies or duties in respect of its profits, operations, capital, property or documents or any transaction, deed, agreement or promissory note to which it is a party. The Bank is also exempt from payment of stamp duty or other duties in respect of notes and coins issued as currency under the Act.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”). The financial statements are presented in Tanzanian Shillings, which is the Bank’s functional and presentation currency and all values are rounded to the nearest thousand (TZS’000) except where otherwise indicated.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets (bid price) and liabilities (offer price) denominated in foreign currencies are recognized in the income statement.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (a) For each currency USD, GBP, EUR and SDR; cash inflows and outflows are determined at yearly intervals.
- (b) Proportions of outflows against the inflows on a First in First out (FIFO) basis are determined for the year and this is assumed to be the proportion of realised gains or losses that have to be separated from the accumulated realized and unrealized amount in the Revaluation Account.
- (c) The realised amounts are computed based on the proportions determined in (b) above

Investment in associate company

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

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

Property, Plant and Equipment

Property, Plant and Equipment are initially recorded at construction, acquisition or purchase cost plus direct attributable cost. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately.

Property that is being constructed or developed for future use to support operation is classified as Work –in – Progress (WIP) and stated at cost until construction or development is complete, at which time it is reclassified as property, plant and equipment in use.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Depreciation is charged to income statement on a straight-line basis to write off the cost of property, plant and equipment to their residual values over their expected useful lives. These residual values and expected useful lives are re-assessed on an annual basis.

The review on residual values took into account of the market requirements where the Bank would currently obtain on disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful or economic life (whichever is early). Annual depreciation rates applied in 2007/08 financial year are as follows:

Asset classification	Annual depreciation Rate
Office Premises	1%
Staff Club Premises	1%
Residential and Rest House Premises	1.5%
Computer Servers	25%
Computer Printers	25%
Personal Computers	25%
Network Equipment	20%
Motor Vehicles	20%
Currency Machines	12.5%
Machinery and Equipment	10%
Security Monitoring System	20%
Office Furniture	15%



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment (Continued)

No depreciation charge is made to capital Work-in-Progress.

Property, plant and equipment acquired during the year are depreciated from the date when they are available for use and cease to be depreciated at earlier of the date that the asset is classified as held for sale and the date that the assets are derecognised.

Property, plant and equipment are derecognised when no economic benefits are expected from its use or disposal. The disposal methods applied include; sale, donation or scrapping. Gains or losses on disposal of property, plant and equipment are determined by comparing net disposal proceeds if any with the carrying amount and are taken into account in determining operating profit or loss.

Intangible assets

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

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 20% - 33.33%. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the income statement. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Capital grant

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency printing and minting expenses

Notes printing and coins minting expenses which include ordering, printing, minting, freight, insurance and handling costs are first deferred. Based on the currency issued into circulation, the respective proportional actual costs incurred are released to the income statement from the deferred costs account.

Impairment of assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Foreign currency swaps through profit or loss

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

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

However, presently the Bank has no lease arrangement in place instead it had rental arrangements with landlords for Properties that it occupies but not owned by the Bank. In which case no upfront significant payments are made rather periodical rental payments are paid based on space (square meters) occupied by the Bank. The rental agreements are renewable periodically normally yearly or periods not exceeding three years each. As for the Land owned by the Bank, the Bank obtained these on long term Leasehold (mainly 99 years) from the Government. No significant payments are made in advance to the Government other than Government fees/rates normally paid on lease application and renewal based on fixed Government rates that are published from time to time and which are insignificant and not related to the value of Land or period of occupation.

Sale and Repurchase Agreements (REPOs)

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

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

Exchange equalization reserve

Effective from 30 June 2006 the Bank established a policy which inter-alia entails a transfer, for the year, to the Exchange Equalization Reserve, two thirds (66.7%) of the overall net realized



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

exchange gains arising from daily revaluation of foreign assets and liabilities to form part of the Bank's equity. It further provides that the balance of one third (33.3%) of the net realized exchange gains for the year is appropriated and forms part of the annual distributable profits. The unrealized gains and losses are excluded from computation of distributable profits and transferred to a special account titled Foreign Currency Revaluation Reserve.

Both net realized and unrealized exchange losses are firstly recognized in the Income Statement. The realized losses are thereafter transferred to the Exchange Equalization Reserve. If it happens that the Exchange Equalization Reserve is insufficient to absorb the loss, the first recourse is the General Reserve.

Effective from 30 June 2008 all net realized exchange gains for the year arising from daily revaluation of the foreign assets and liabilities are transferred to the Foreign Exchange Equalization Reserve Account.

The exchange equalization reserve therefore, acts as a cushion against any significant future exchange losses, which may arise from any significant appreciation of the Tanzania shilling, compared to other international currencies, a condition which if it is left unabated may pose a high risk of a significant erosion of the Bank's net worth and financial stability.

The justification for the establishment of the aforesaid reserve as part of the equity of the Bank centres on the requirement on the Bank, among other business entities, to ensure conformance with International Financial Reporting Standard (IFRS), requiring management to ensure preservation of capital, in terms of mitigating risks which can cause capital impairment or impairment of the entity's assets.

Reserve For Dividend

This reserve accommodates the amount declared as dividend payable to the Governments. In accordance with Section 18 (5) of the Bank of Tanzania Act, 2006, the remainder of the net profits of the Bank is paid to the Governments as dividend. However, this is subject to the condition that if at the end of any financial year any of the Governments indebtedness to the Bank, the Bank shall first apply the remainder of its net realized profits to the reduction or discharge of the Governments indebtedness



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement

Date of recognition

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

Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

Derivatives recorded at fair value through profit or loss

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

Financial assets at fair value through profit or loss

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

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

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

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

Held to maturity financial investments

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

The Bank classifies Government Securities it holds as held-to-maturity.

Due from banks and loans and advances

'Due from banks' and 'Loans and advances' are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market, they are not entered into with the intention of immediate or short-term resale and are not classified as, designated as 'Financial investment - available-for-sale' or 'Financial assets designated at fair value through profit or loss'. After initial measurement, amounts due from banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'Interest' in the income statement. The losses arising from impairment are recognised in the income statement.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available for sale financial investments

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'Securities Revaluation Reserve'. When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in 'Other operating income' or 'Other operating expenses'. Where the Bank holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available – for – sale financial investments are recognised in the income statement as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the income statement and removed from the Securities Revaluation Reserve.

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

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

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

Other financial liabilities

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and
- either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Bank’s continuing involvement is the amount of the transferred asset that the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Bank’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determination of fair value

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Held-to-maturity financial investments

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available for sale financial investments

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

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

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

Due from banks loans and advances

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Impairment of loans and advances'.

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

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Renegotiated loans

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

Offsetting of financial assets and liabilities

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other liabilities

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

Other assets

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

Cash and Cash equivalent

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

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND ARE NOT EFFECTIVE FOR THE BANK'S OPERATIONS

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Bank will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IFRIC 13 Customer Loyalty Programmes

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Bank expects that



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND ARE NOT EFFECTIVE FOR THE BANK'S OPERATIONS (Continued)

this interpretation will have no impact on the Bank's financial statements as no such schemes currently exist.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments

Amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Bank does not expect these amendments to impact the financial statements.

IFRS 2 Share-based Payments – Vesting Conditions and Cancellations

This amendment to IFRS 2 Share-based payments was published in January 2008 and becomes effective for financial years beginning on or after 1 January 2009. The Standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Bank has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED AND ARE NOT EFFECTIVE FOR THE BANK'S OPERATIONS (Continued)

IAS 1 Revised Presentation of Financial Statements

The revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Bank is still evaluating whether it will have one or two statements.

IFRS 8 Operating segments

In November 2006, the IASB Issued IFRS 8 Operating Segments which specifies how an entity should report information about its operating segments in annual financial statements to require an entity to report selected information about its operating segments in interim financial reports. This statement also outlines the requirements related disclosures about products and services, geographical areas, and major customers and is effective for the period beginning on or after January 1, 2009.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

6 PROPERTY, PLANT AND EQUIPMENT

Cost/valuation	Land and buildings TZS '000	*Machinery & equipment TZS '000	Motor vehicles TZS '000	Fixtures & fittings TZS '000	**Computers, servers & printers TZS '000	Capital work in progress TZS '000	Total TZS '000
At 01 July 2007							
- Restated	182,103,853	86,916,598	6,196,927	1,099,822	7,679,678	461,527,843	745,524,721
Additions	37,189,647	20,810,555	1,193,623	830,396	1,355,690	24,517,625	85,897,536
Transfers***	296,069,795	65,029,382	-	3,012,016	20,386	(364,131,579)	-
Disposals	(674,296)	(1,140,933)	(272,256)	(66,325)	(580,628)	-	(2,734,438)
Reclassification****	(846,946)	-	-	-	-	(598,373)	(1,445,319)
At 30 June 2008	513,842,053	171,615,602	7,118,294	4,875,909	8,475,126	121,315,516	827,242,500
Accumulated depreciation and impairment							
At 01 July 2007	864,007	23,760,481	4,322,616	839,735	4,711,567	-	34,498,406
Charges for the Year	3,749,725	14,085,213	282,507	494,254	1,035,492	-	19,647,191
Impairment	130,594	8,192	9,361	-	-	-	148,147
Disposals	(60,125)	(859,806)	(266,072)	(54,815)	(516,761)	-	(1,757,579)
At 30 June 2008	4,684,201	36,994,080	4,348,412	1,279,174	5,230,298	-	52,536,165
Net Book Value							
At 30 June 2008	509,157,852	134,621,522	2,769,882	3,596,735	3,244,828	121,315,516	774,706,335

*** A total of TZS 364,678.2 million comprise transfers made from construction work in progress to land and buildings which relate to capital work completed at 10 Mirambo and Gullion Office Buildings (TZS 296,069.8 million), machinery and equipment TZS (65,029.4 million) and furniture and fittings (TZS 3,012.0 million).

**** A total of TZS 1,445.3 million included in reclassification relates to expenses related to renovation of rented Saza Road godown renovation, rents and 10 Mirambo implementation non capital expenditure which were reclassified and charged in 2007/08 to income statement during the year when transferring qualifying capital expenditures capitalized.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008**

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

<u>Cost/valuation</u>	<u>Land and buildings</u> TZS '000	<u>Machinery & equipment</u> TZS '000	<u>Motor vehicles</u> TZS '000	<u>Fixtures & fittings</u> TZS '000	<u>Computers, servers & printers</u> TZS '000	<u>Capital work in progress</u> TZS '000	<u>Total</u> TZS '000
At 01 July 2006 - Restated	76,424,296	31,265,630	5,538,963	1,080,809	7,011,967	425,675,790	546,997,455
Additions	367,425	55,890,686	697,896	28,570	934,238	141,164,185	199,083,000
Transfers*	105,312,132	-	-	-	-	(105,312,132)	-
Disposals	-	(239,718)	(39,932)	(9,557)	(266,527)	-	(555,734)
At 30 June 2007	<u>182,103,853</u>	<u>86,916,598</u>	<u>6,196,927</u>	<u>1,099,822</u>	<u>7,679,678</u>	<u>461,527,843</u>	<u>745,524,721</u>
<u>Accumulated depreciation</u>							
At 01 July 2006	99,561	20,189,263	4,102,837	746,071	4,001,529	-	29,139,261
Charges for the Year	764,446	3,759,770	237,837	100,802	968,174	-	5,831,029
Disposals	-	(188,552)	(18,058)	(7,138)	(258,136)	-	(471,884)
At 30 June 2007	<u>864,007</u>	<u>23,760,481</u>	<u>4,322,616</u>	<u>839,735</u>	<u>4,711,567</u>	-	<u>34,498,406</u>
<u>Net book value</u>							
At 30 June 2007	<u>181,239,846</u>	<u>63,156,117</u>	<u>1,874,311</u>	<u>260,087</u>	<u>2,968,111</u>	<u>461,527,843</u>	<u>711,026,315</u>

*A total of TZS 105,312.1 million relate to transfers made from construction work in progress to land and buildings in relation to capital work completed at Gulion office premises.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

*1. Machinery and equipment include currency machines and security monitoring system which are depreciated at the rate of 10 percent and 12.5 percent respectively.

**2. Computer servers and printers includes network equipment, computers, printers and servers which are depreciated at the rate of 20 percent, 25 percent and 25 percent respectively.

These are indicated in Note 4 of summary of significant accounting policies.

Property, plant and equipment (Movable) are stated at cost less accumulated depreciation and impairment losses if any. Bank's immovable properties (Buildings) are stated in the financial statements at revalued amounts (fair values) less accumulated depreciation and impairment losses if any. If were measured using the cost model, the carrying amounts of land and buildings would be as follows.

Details	30.06.2008	30.06.2007
Cost	490,931,586	158,346,440
Accumulated depreciation and impairment	3,857,936	577,439
Carrying amount	<u>487,073,650</u>	<u>157,769,001</u>

Effective from 2007/8 revaluation of the Bank's immovable property is conducted after every three years. The revaluation date was carried as follows:

<u>Revaluation date</u>	Registered/Professional Valuer
30-Jun-02	M/S Real Estate Surveyors and Associate Limited
30-Jun-06	M/S Real Estate Surveyors and Associate Limited

Work- in - progress relates to capital expenditure incurred in the extension of the head office building. No depreciation is charged on capital work in progress until it is substantially completed. Based on the assessment made by the project quantity surveyors, it is anticipated that the project will be completed during financial year ending 30 June 2009.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

7 INTANGIBLE ASSETS

	Computer software TZS '000	Computer soft- ware - WIP TZS '000	Total TZS '000
2008			
<u>Cost/valuation</u>			
At 01 July 2007	7,604,020	5,280,661	12,884,681
Additions	987,725	1,937,417	2,925,142
Transfers	5,270,871	(5,270,871)	-
Disposal	(45,704)	-	(45,704)
At 30 June 2008	<u>13,816,912</u>	<u>1,947,207</u>	<u>15,764,119</u>
<u>Accumulated amortisation and impairment</u>			
At 01 July 2007	4,690,111	-	4,690,111
Charges for the Year	2,171,924	-	2,171,924
Impairment	-	22,691	22,691
Disposal	(35,274)	-	(35,274)
At 30 June 2008	<u>6,826,761</u>	<u>22,691</u>	<u>6,849,452</u>
<u>Net book value</u>			
At 30 June 2008	<u>6,990,151</u>	<u>1,924,516</u>	<u>8,914,667</u>
2007			
<u>Cost/valuation</u>			
At 01 July 2006	6,517,640	4,330,795	10,848,435
Additions	1,086,379	949,867	2,036,246
At 30 June 2007	<u>7,604,019</u>	<u>5,280,662</u>	<u>12,884,681</u>
<u>Accumulated amortisation</u>			
At 01 July 2006	3,737,387	-	3,737,387
Transfer to PPE	(145)	-	(145)
Charges for the Year	952,869	-	952,869
At 30 June 2007	<u>4,690,111</u>	<u>-</u>	<u>4,690,111</u>
<u>Net book value</u>			
At 30 June 2007	<u>2,913,908</u>	<u>5,280,662</u>	<u>8,194,570</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

8 INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	<u>30.06.2008</u>		<u>30.06.2007</u>	
	<u>SDRs</u>	<u>Equivalent TZS '000</u>	<u>SDRs</u>	<u>Equivalent TZS '000</u>
Assets				
Holding of SDRs	91	174,498	173	333,149
Quota in IMF	198,900	381,949,400	198,900	382,017,802
	<u>198,991</u>	<u>382,123,898</u>	<u>199,073</u>	<u>382,350,951</u>
Liabilities				
IMF Account No. 1	191,721	368,432,523	191,721	368,229,989
IMF Account No. 2	3	5,143	3	5,142
	<u>191,724</u>	<u>368,437,666</u>	<u>191,724</u>	<u>368,235,131</u>
Allocation of SDRs	31,372	60,243,925	31,372	60,254,713
	<u>223,096</u>	<u>428,681,591</u>	<u>223,096</u>	<u>428,489,844</u>

Relationship

The Bank of Tanzania is the fiscal and depository agent of United Republic of Tanzania for transactions with the International Monetary Fund (IMF). Financial resources availed to Tanzania by the Fund are channeled through the Bank of Tanzania. Repayment of the IMF loans as well as charges is the responsibility of the Bank of Tanzania.

Currency of Transactions with the IMF

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

Quota in IMF, Interest and Charges

Borrowings from the related Tanzania's quota are non interest bearing with no stated maturity, while borrowings from the General Resources Account of the IMF bears interest at rates set by the IMF on a weekly basis are repayable according to the repayment schedules of the agreement. The interest rate as at 30 June 2008 was 2.8 percent, same rate as prior year. A total of TZS. 381,949.4 million in the Tanzania's quota in the IMF represents the reserve tranche held with the IMF. On a quarterly basis, the IMF pays remuneration (interest) to those members who have a remunerated reserve tranche position at a 1.9 percent to 2.33 percent annual floating rate.

Participation in the HIPC Initiative

The United Republic of Tanzania enjoys a debt relief program under the Highly Indebted Poor Countries (HIPC) initiative. Accordingly, the IMF administers a donor-contributed Fund in the form of a PRGF-HIPC Trust Umbrella Account for Tanzania. The facility is used to settle part of Tanzania's PRGF Loans as and when they fall due. As at 30 June 2008, the facility had a nil balance.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

9 INTEREST INCOME

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

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

	2008		Total	Total
	Received	Accrued	2008	2007
	TZS '000	TZS '000	TZS '000	TZS '000
From foreign operations				
Sterling Investments	20,416,115	3,205,108	23,621,223	15,903,105
USD Investments	73,036,237	15,682,440	88,718,677	73,826,414
EURO Investments	20,170,047	11,017,555	31,187,602	24,828,558
Other Foreign Interest Income	23,022	-	23,022	15,774
	113,645,421	29,905,103	143,550,524	114,573,851
From domestic operations				
Interest on Domestic Investments	48,145,731	8,725,799	56,871,530	57,508,645
BoT Loans to Staff Housing Fund	15,086	-	15,086	60,345
Staff Loans	83,488	-	83,488	81,637
Repurchase agreements	68,796	-	68,796	151,977
	48,313,101	8,725,799	57,038,900	57,802,604
	161,958,522	38,630,902	39,967	172,376,455

10 INTEREST EXPENSES

	2008		Total	Total
	Incurred	Accrued	2008	2007
	TZS '000	TZS '000	TZS '000	TZS '000
BoT Liquidity Papers	54,349,227	50,589	54,399,816	38,192,461
Repurchase agreements	6,886,182	32,152	6,918,334	1,356,028
	61,235,409	82,741	61,318,150	39,548,489

The Bank issues 35-Day, 91-Day, 182-Day and 364-Day Treasury Bills to mop up excess liquidity in the economy. The interest expense arising there from is shared between the Bank and the Government.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
11 CASH AND CASH EQUIVALENT		
Cash Balances with Central Banks	103,275,201	163,939,610
Demand, Time Deposits with Commercial Banks and Foreign Currency Notes & Coins	789,043,881	855,008,409
Accrued interest on Deposits	<u>4,027,779</u>	<u>3,327,830</u>
TOTAL	<u>896,346,861</u>	<u>1,022,275,849</u>

Cash balances with Central Banks consist of Demand Deposits; two-day notes accounts and time deposits with maturities of less than six months and carry interest at market rates. There is no restriction on the use of these funds except for the balances related to Poverty Reduction and Budget Support (PRBS) which has zero balance (2007: USD 16,101.26) and BIS OPEC Funds amounting to USD 4,410,576.01 (2007: USD 8,179,533.51) which are designated for specific purposes.

	30.06.2008	30.06.2007
	TZS '000	TZS '000
Demand and time deposits with commercial banks consist of:		
Demand Deposits	41,057,861	30,831,425
Foreign Currency Notes and Coins	706,294	1,395,985
Time Deposits	<u>747,279,726</u>	<u>822,780,999</u>
	<u>789,043,881</u>	<u>855,008,409</u>

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
12 ACCOMMODATION TO BANKS		
BOT Clearing Account	9,194,606	2,340,749
Uncleared Cheque Deposit	<u>-</u>	<u>(14,742)</u>
	<u>9,194,606</u>	<u>2,326,007</u>

This balance represent values of outward clearing instruments, which are held by the Bank while awaiting clearing by respective commercial banks. It includes values of clearing instruments such as inward and outward items and cheques deposited into government accounts for settlement of various obligations in accordance with the rules and regulations as set out by each clearing centre.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
13 FOREIGN CURRENCY MARKETABLE SECURITIES		
Foreign Currency Marketable Securities	2,205,543,337	1,682,560,272
Accrued interest at 30 June 2008	25,886,566	21,191,505
	<u>2,231,429,903</u>	<u>1,703,751,777</u>
<p>Foreign Currency Marketable Securities relate to bonds, mainly issued by Organization for Economic Co-operation and Development (OECD) countries with a minimum credit rating of AA, bearing fixed interest and specified maturities. Below is the analysis of the balance.</p>		
	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
Sovereign Issues		
USD	1,060,335,383	521,918,162
GBP	69,859,295	15,180,482
EUR	371,138,200	262,505,114
	<u>1,501,332,878</u>	<u>799,603,758</u>
Supranational Securities		
USD	381,947,700	107,248,863
GBP	23,358,810	35,119,779
EUR	231,732,984	87,763,681
	<u>637,039,494</u>	<u>230,132,323</u>
Agency Securities		
USD	54,336,740	546,111,059
EUR	12,834,225	106,713,132
	<u>67,170,965</u>	<u>652,824,191</u>
Total		
USD	1,496,619,823	1,175,278,084
GBP	93,218,105	50,300,261
EUR	615,705,409	456,981,927
	<u>2,205,543,337</u>	<u>1,682,560,272</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
14 GOVERNMENT SECURITIES		Restated
Treasury Bonds	257,985,865	255,937,780
Treasury Special Stocks	104,907,369	104,907,369
LART Bonds	85,189,195	85,189,195
Treasury EPA Stock	69,998,818	6,845,453
Treasury Bills	-	60,576
	<u>518,081,247</u>	<u>452,940,373</u>
Accrued interest at 30 June 2008	8,725,798	8,861,370
	<u>526,807,045</u>	<u>461,801,743</u>

The Bank holds various government fixed and zero coupon securities issued by the Government. Treasury bills are issued at a discount with maturities of 35, 91, 182 and 364 days. Treasury stocks and bonds are issued at face value, discount or premium and are held to maturity. Treasury stocks are issued at a fixed coupon and also held to maturity.

Treasury Bonds

Treasury bonds are fixed coupon instruments purchased at par, at a discount or premium from the under-subscribed auctions. These are held to maturity instruments and are used to build up Bank's portfolio of securities for open market operations and are income generating. Interest realized and accrued has been included in the interest income. In 2007/08, Treasury Bonds with face values of TZS 13.8 billion was acquired from open market operations. The above bonds are for ten years with coupon rates of 11.44 percent and will be redeemed in year 2018. Partial redemption of 5- years Special Government Bond valued at TZS 7.3 billion was made during the year.

Treasury Special Stocks

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

LART Bonds

Following the decision by the Government to take over the debts in 1991, the Government issued Loans and Advances Realization Trust (LART) bonds of 20 years maturity period in settlement of loans advanced to defunct parastatal organizations and co-operative unions by National Bank of Commerce (NBC) and CRDB Bank. The bonds mature on 25 November, 2011 and attract an annual interest of 11 per centum payable semi-annually.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

14 GOVERNMENT SECURITIES (Continued)

Treasury EPA Stock

Treasury EPA Stock represent External Payment Arrears (EPA) that date back to 1980's when the defunct National Bank of Commerce (NBC) had external commercial obligations that were in arrears for lack of foreign exchange. These were later on transferred to the BoT to facilitate their administration and control. According to the arrangement of sharing such obligations, the externalization of EPA obligations is done on the basis of agreed exchange rates. The exchange rate differential between the TZS exchange rate prevailing when the beneficiaries are paid and the rate ruling when the funds were initially deposited to the commercial banks resulted into exchange losses, which are recoverable from the Government. However, as the Government could not in the short term raise the required levels of TZS to compensate the Bank for the losses, the government had given approval to convert the reported amount of EPA losses into an EPA stock.

The Government has effective from 1st August 2008 reissued two EPA Special Stocks namely EPA Special Stock 2002/2052 and EPA Special Stock 2005/2055 with values of TZS 4,352.8 million and TZS 65,646.1 million and replaced them with EPA Special Stock 2008/18 and EPA Special Stock 2008/23 respectively. Their tenures were reviewed from 50 years and 55 years to 10 years and 15 years with annual coupons of 7.5 percent and 8.0 percent payable semi-annually respectively. Accordingly, the impairment loss aggregating to TZS 63,153.4 million previously recognised was reversed. As a result, the value of Treasury EPA Stock as at 30 June 2008 increased to TZS 69,998.8 million (2007: TZS 6,845.5 million).

Treasury Bills

These represent treasury bills acquired by the Bank mainly from commercial banks. Once acquired by the Bank they are not returned to commercial banks or disposed of but held to maturity and reported in the books of accounts at cost. The accrued interest forms part of the interest income of the Bank. As at 30 June 2008, there was no Treasury bill held by the Bank.

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
15 INVENTORIES		
The inventory balance consists of the following:	2,506,178	2,623,362
Currency machine spare parts	647,634	375,908
Building, machinery and maintenance consumables	313,925	336,719
Stationery	170,142	45,867
Drugs and medicines	251,759	189,012
Copier parts and consumables	712,456	690,132
Cheque books	372	57,138
Inventory in - transit	28,844	192,684
ICT accessories and consumables	<u>4,631,310</u>	<u>4,510,822</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

16 INVESTMENT IN ASSOCIATE COMPANY

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

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

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

	<u>30.06.2008</u> TZS '000	<u>30.06.2007</u> TZS '000
The investment in associate balance consists of the following:		
Investment in Mwananchi Company	253,894	272,687
Share of Loss of Mwananchi Company Ltd	(253,894)	(240,800)
	<u>-</u>	<u>31,887</u>
	<u>30.06.2008</u> TZS '000	<u>30.06.2007</u> TZS '000

17 EQUITY INVESTMENT

Equity investment consist of the following:

Investment in Afreximbank	1,417,080	1,521,972
	<u>1,417,080</u>	<u>1,521,972</u>

The African Export-Import Bank (Afreximbank) is a supranational institution, established on 27 October 1993. The principal activity of the bank is to finance and facilitate trade among African countries and between Africa and the rest of the world. Bank of Tanzania's authorized equity interest in Afreximbank is 300 ordinary shares of par value of USD 10,000 each, with 120 shares called and fully paid up. The proportion of Bank of Tanzania's equity interest to total holding in this bank is 0.4 percent. The shares are classified as available for sale financial instruments. They are currently reflected at cost as they are not traded in any stock exchange. The management is of the opinion that the value of the equity investments worth is at least the amount stated above.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
18 OTHER ASSETS		Restated
Deferred Notes Printing and Coins Minting Costs	8,532,190	33,752,411
Prepayments	39,247,553	16,710,254
Staff Loans	26,774,318	27,749,818
Export Credit Guarantee Fund Investments Account	29,743,688	30,107,426
Development Finance Guarantee Investments Account	2,730,566	3,032,272
Cash Loss Recoverable from NBC Limited	5,144,000	5,144,000
Accounts Receivable	287,263,590	134,898,049
Standby Credit Facility	-	38,994,800
Purchased Interest Receivable	3,304,108	2,962,871
Secured Loan to Mwananchi Gold Company Ltd	7,583,085	7,688,775
Staff Imprest	1,507,896	1,203,615
Petty Cash Balances	37,500	37,500
Special Fund Investment Accounts Balances	-	840
Loans for Refinancing Facility	22,589,122	20,594,859
Claim on Government EPA - NBC	135,745,071	135,745,071
Intermediary Accounts Receivable	698,400	1,143,591
Others	676,636	696,755
	<u>571,577,723</u>	<u>460,462,907</u>
Less: Provision for Impairment	(146,866,599)	(146,606,186)
	<u>424,711,124</u>	<u>313,856,721</u>

(a) Employees of the Bank are entitled to loans and advances as approved by the Board of Directors. Staff loans are granted to employees to assist in the acquisition of residential houses, motor vehicles, computers and furniture. Staff advances are financial accommodations granted to employees to meet short term financial obligations. These loans and advances are recovered from the employees' salaries on a monthly basis. The facilities are secured against the borrowers' employment and terminal benefits.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

18 OTHER ASSETS (Continued)

(b) Deferred notes printing and coins minting costs relate to costs of printed notes and minting coins that have not yet been released in circulation. During 2008 financial year, the movement on deferred notes printing cost balance was as follows:

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
At 01 July 2007	33,752,411	45,191,668
Add: Cost of notes and Coins purchased during the year	27,683,812	25,090,296
Less: Cost of notes and Coins issued in circulation (Note 31)	<u>(52,904,033)</u>	<u>(36,529,553)</u>
At 30 June 2008	<u>8,532,190</u>	<u>33,752,411</u>

(c) Export Credit Guarantee Investment Account balance represent funds invested in Treasury Bills for the purpose of enhancing the Fund.

(d) Accounts Receivable

Account receivable represent short term claims recoverable within twelve months. As at 30 June 2008, the account has a balance of TZS 287,133.6 million (2007: TZS 134,898.0 million). Major components under Account Receivable include the following: -

i) Input VAT Claims : TZS 21,204.3 million

During the financial year 2005/6 the Bank's tax exemption status was by mistake or otherwise rescinded by the Income Tax Act No 11 of 2004 and Finance Act No. 13 of 2005. Accordingly, TRA did not recognise the exemption status of Bank of Tanzania in accordance with Section 25 of the Bank of Tanzania Act, 1995. This development had an adversely impact on the implementation of the 10 Mirambo Office Extension project. The agreement between Bank of Tanzania (BoT) and Group Five International, the main contractor for 10 Mirambo Office Extension and Zanzibar Gulioni Projects is a tax free contract based on the exemption status that the Bank enjoyed prior to 2005/6. During the above year Group Five International was assessed for Output Value Added Tax (VAT) amounting to TZS 17,816.1 million. Due to lack of exemption status, input VAT claim by Group Five International as at 30 June 2008 amounting to TZS 21,204.3 million has not been refunded by Tanzania Revenue Authority (TRA). Part of that amount has been used to offset the Output VAT obligations. The Government has vide letter TYC/B/60/1/87 of 5th November 2008 approved remission of the Value Added Taxes subject to procedural requirements to give effect to this decision. It is the commitment of the Government to have this matter resolved within 2008/09. Once the Government has resolved the issue, the input VAT amount of TZS 21,204.3 million would be refunded by the TRA directly to the BoT.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

(ii) Interest on Liquidity Management

Interest receivable on liquidity management amounted to TZS 180.0 billion (2007: TZS 67.9 billion). This represent the Bank's claim against the Government share of interest on mopping up costs. The Government had agreed and paid the outstanding balance amounting to TZS 180.0 billion on 19 November 2008.

iii) Interest on 5 Year Special Bond

A total of TZS 57.8 billion was outstanding in respect of interest for 5-Year 14.92% Special Government Bond with face value of TZS 155 billion relating to the period of 29 December 2005 to 29 June 2008. Out of TZS 57.8 billion outstanding as at 30 June 2008, a total of TZS 57.5 billion was paid by the government in 2008/09 leaving a balance of TZS 334.9 million. Based on the agreement with the Government, the remaining outstanding interest will be settled in 2008/9.

(f) Standby Credit Facility

Standby credit facility is liquidity for settlement purposes provided by Bank of Tanzania as a lender of last resort, to commercial banks. Commercial banks are provided with an intra-day facility in order to facilitate settlements during the day through Real Time Gross Settlement System (RTGS) free of charge against collateral. The portion of intra-day credit lines which remain outstanding at the end of the day (final cut off) is automatically converted into a Lombard (overnight) loan with interest. As at 30 June 2008 such facility had no balance (2007: TZS 38,994.8 million) as the facility is no longer granted.

(g) Loans for Refinancing Facility

The Government has taken measures to support development of financing infrastructure in the economy that improve credit environment in order to support exporters with viable export businesses but lacking adequate collateral to secure bank financing. As at 30 June 2008 such facility had a balance of TZS 22,589.1 million (2007: TZS 20,594.8 million).

(h) Claims on Government EPA - NBC

This balance represent exchange rate differential between the TZS exchange rate prevailing when the beneficiaries are paid and the rate ruling when the funds were initially deposited to the commercial banks resulted into exchange losses, which are recoverable from the Government. However, as the Government could not in the short term raise the required levels of TZS to compensate the Bank for the losses, the Government has on 1 August, 2008 given approved to convert the reported amount of TZS 135,745.1 million into EPA Special Stock with annual coupon rate of 8.5 percent with a tenure of 20 years.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
19 REPURCHASE AGREEMENTS (REPOs)		
Repurchase Agreements	104,700,000	15,000,000
Accrued interest as at 30 June 2008	<u>32,152</u>	<u>7,068</u>
	<u>104,732,152</u>	<u>15,007,068</u>

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
20 BOT LIQUIDITY PAPERS		
BOT liquidity papers	1,117,116,936	1,051,712,254
Accrued interest as at 30 June 2008	<u>50,588,983</u>	<u>35,545,541</u>
	<u>1,167,705,919</u>	<u>1,087,257,795</u>

These are financial instruments issued by the Bank under the open market operations to mop up excess liquidity in the economy. They are issued in 35-day, 91-day, 182-day and 364-day maturities. Interest incurred on these instruments is accrued and recognized in the income statement as an expense. As at 30 June, 2007 the maturities profile of the cost split as follows:

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
35-Day Treasury Bills	49,306,322	14,330,944
91-Day Treasury Bills	184,168,062	169,222,524
182-Day Treasury Bills	265,956,335	213,969,131
364-Day Treasury Bills	<u>617,686,217</u>	<u>654,189,655</u>
	<u>1,117,116,936</u>	<u>1,051,712,254</u>

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
21 DEPOSITS - BANKS AND NON - BANKS FINANCIAL INSTITUTIONS		

Deposit - Commercial Bank Deposits	627,980,759	456,453,061
Deposits - Non Banks	<u>83,684</u>	<u>266,277</u>
	<u>628,064,443</u>	<u>456,719,338</u>

These are non-interest earning deposits, which include demand and statutory minimum reserve accounts.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
22 DEPOSITS - GOVERNMENTS		
Deposits - Revolutionary Government of Zanzibar	4,863,229	4,917,156
Deposits - Government of the United Republic of Tanzania	<u>409,335,860</u>	<u>225,541,462</u>
	<u>414,199,089</u>	<u>230,458,618</u>

These are non-interest earning Government deposits.

23 DEPOSITS - OTHERS

Export Credit Guarantee Fund	30,320,003	26,029,709
Redemption of Government Stock/Bonds	1,635,019	12,157,887
Tegeta ESCROW TZS Sub Account	48,327,007	-
Development Finance Guarantee Fund	22,138,872	21,822,557
Debt Service Cash Cover	9,973,938	5,037,620
TIB Structured Financing Facility	1,648,000	6,500,000
Deposit Staff	3,505,110	2,889,998
Debt Conversion Scheme	2,098,960	2,098,961
Bank Drafts Issued	396,046	317,509
Interest on refinancing facility	2,878,313	1,877,892
Deposit Insurance Fund	3,096	270,439
Economic Empowerment Programme	6,476,936	-
Miscellaneous Deposits	<u>680,527</u>	<u>900,310</u>
	<u>130,081,827</u>	<u>79,902,882</u>
External Payment Arrears – NBC	<u>2,288,418</u>	<u>2,288,418</u>
	<u>132,370,245</u>	<u>82,191,300</u>

Export Credit Guarantee Fund

This is a Fund established by the government in financial year under the Export Credit Guarantee Scheme, in a bid to promote exports. The Fund provides guarantees to commercial banks to cover risk of default in repaying the loans by their borrowers. As at 30 June 2008 the balance of TZS 30,318.5 million comprised of Government and BOT contribution amounting to TZS 19,500.0 million which form part of the capital of the Fund, and TZS 10,818.5 million in respect of interest earned on treasury bills investments and guarantee fees.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

Development Finance Guarantee Fund

Development Finance Guarantee Fund is a fund, which was formed by the government of Tanzania with the purpose of financing development projects that manufacture products for exports purposes. The guarantee issued will be for long-term period ranging from five years to twenty years. As at 30th June 2008 the fund had a balance of TZS 22,138.8 million (2007: TZS 21,822.6 million).

Debt Service Cash Cover

This is cash cover received by the Bank from the Government for the purpose of settlement of debts and other services in foreign currency.

TIB Structured Financing Facility

This relates to part of the credit facility to be availed to flower and vegetable export companies following request for the government support by horticultural companies. The Bank of Tanzania and Tanzania Investment Bank are executing agencies.

Debt Conversion Scheme

These are balances of debt conversion funds that are blocked in the account pending submission of progress reports by beneficiaries in respect of utilization of previous disbursements, so as to justify further disbursements.

	<u>30.06.2008</u> TZS '000	<u>30.06.2007</u> TZS '000
24 FOREIGN CURRENCY FINANCIAL LIABILITIES		
IMF Multilateral Debt Relief Initiative Fund	162,435,716	289,157,679
PRGF (IMF Drawings)	21,507,457	21,511,309
Special Projects	171,537,243	137,889,160
Domestic Banks Foreign Deposits	26,951,981	26,115,584
TIB Structured Financing Facility	126,974	647,867
Multilateral Agencies	4,380,629	4,983,452
Poverty Reduction and Budget Support	-	20,421
Other Foreign Deposits	2,324,037	2,459,236
Foreign Banks	59,855	59,855
Domestic Non Banks Foreign Deposits	12,029	49,992
	<u>389,335,921</u>	<u>482,894,555</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

Poverty Reduction and Growth Facility

Poverty Reduction and Growth Facility (PRGF) relates to funds disbursed by IMF to the Bank of Tanzania on behalf of the Government to support balance of payments. Repayment of these funds to IMF is effected in line with IMF repayment schedule. The fund attracts charges, which are repaid quarterly as charges on IMF drawings, which are borne by the Bank.

Special Projects Funds

These are Government funds received from donors for financing various Government projects.

Poverty Reduction and Budget Support

Poverty Reduction and Budget Support Liabilities relate to donor funds granted to the government by donors as a support to the budget in implementation of various poverty alleviation projects.

TIB Structured Financing Facility

This relates to part of the credit facility to be availed to flower and vegetable export companies converted into USD at the request of the involved parties because of the increasing trend of TZS depreciation against the USD. Bank of Tanzania and Tanzania Investment Bank are executing agencies.

Foreign Banks

Foreign Banks liabilities are non-interest bearing demand deposit accounts of foreign banks in the Bank's books of accounts (VOSTRO Accounts).

Local Banks Foreign Deposits

Local banks liabilities are non-interest bearing current account denominated in USD, maintained by the Bank for USD cheques clearing purposes.

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
25 OTHER LIABILITIES		
Accounts Payable	46,723,371	89,497,881
Provision for Leave Pay	2,034,888	2,741,118
Intermediary Account Payable	10,876,874	12,515,355
Stale Drafts Payable	25,878	34,069
Employees Tax Payable	202,359	23,300
Others	<u>294,709</u>	<u>498,432</u>
	<u>60,158,079</u>	<u>105,310,155</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

26 NOTES AND COINS IN CIRCULATION

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
Notes		
Notes Issued	2,819,299,312	2,733,906,836
Less: Notes in Custody	(1,400,524,073)	(1,579,759,907)
Notes in Circulation (A)	<u>1,418,775,239</u>	<u>1,154,146,929</u>
Coins		
Coins Issued	36,846,607	34,179,607
Less: Coins in Custody	(4,166,071)	(7,559,759)
Coins in Circulation (B)	<u>32,680,536</u>	<u>26,619,848</u>
	<u>1,451,455,775</u>	<u>1,180,766,777</u>

Currency in circulation represents the face value of notes and coins in circulation. Notes and coins held by the Bank as cash in main vault, intermediary vault, and cashier/teller at the end of financial year have been netted off against the liability for notes and coins in circulation because they do not represent currency in circulation.

Furthermore, included under notes and coins in circulation figure of TZS 1,451,455.8 million is the face value of TZS 99,540.1 million representing bank notes that were phased out in 2003. These notes represent the liability of the Bank of Tanzania and exchangeable at the Bank counters.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

27 NET FOREIGN EXCHANGE REVALUATION GAIN/(LOSS)

During the year the realised and unrealised net foreign exchange revaluation loss amounted to TZS 98,590.8 million. This amount has been included in the income statement in determining the Bank's profit for the year. The gain of TZS 5,314.6 million unrealized from year 2006/07 was realized during year 2007/08. The unrealized loss at the end of year 2007/08 was TZS 5,982.5 million. The foreign exchange revaluation loss of TZS 98,590.7 million has been transferred to Foreign Exchange Equalization Reserve in accordance with the Bank's policy and Section 18(4) of the BOT Act, 2006. The unrealised foreign exchange revaluation loss as at 30 June 2008 has been transferred to Foreign Currency Revaluation Reserve.

	<u>30.06.2008</u> TZS '000	<u>30.06.2007</u> TZS '000
Net Realized Foreign Exchange Revaluation (loss)/gain during the year	(87,293,626)	75,087,986
Add: Unrealized Foreign Exchange Revaluation (loss)/gain during the year	<u>(5,982,532)</u> (93,276,158)	<u>5,314,612</u> 80,402,598
Less: Opening balance	(5,314,612)	(3,131,584)
Net foreign exchange revaluation (loss)/gain during the year	<u>(98,590,770)</u>	<u>77,271,014</u>
	<u>30.06.2008</u> TZS '000	<u>30.06.2007</u> TZS '000

28 FEES AND COMMISSION

Commission on Buying and Selling Foreign Currency	17,616,187	14,905,346
Bureau de Change Application Fees	47,500	38,750
Bureau de Change Registration Fees	15,600	7,600
Banks and Financial Institutions Applications/Licensing Fees	5,729	4,850
Bureau de Change Penalty Fees	14,926	7,947
Inter- bank Charges and Fees (TISS)	311,241	266,407
Tender Application Fees	<u>19,150</u>	<u>-</u>
	<u>18,030,333</u>	<u>15,230,900</u>

Commission on Buying and Selling Foreign Exchange relates to income received from buying or selling foreign currency and fund transfers by SWIFT.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008**

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
29 OTHER INCOME		
Foreign Operations		
Realized Gains on De-recognition of Available for Sale Investments	11,887,281	3,138,749
Income from Equity Investment	55,973	42,044
Miscellaneous Income	1,545,608	1,264,508
	<u>13,488,862</u>	<u>4,445,301</u>
Domestic Operations		
Income – Domestic Operations	500,117	347,189
Rental Income Staff Quarters	176,243	165,364
Income on Hostel Accommodation	43,078	41,522
Income on Cafeteria Operations	19,294	20,791
Miscellaneous Income	269,485	179,233
	<u>1,008,217</u>	<u>754,099</u>
	<u>14,497,079</u>	<u>5,199,400</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008**

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
30 ADMINISTRATIVE EXPENSES		
Board Expenses	648,821	492,598
Transport and Traveling Expenses	3,717,560	3,244,388
Maintenance - Computer, Software and Related Expenses	3,677,791	4,049,299
Maintenance - Furniture, Machinery and Equipment	812,455	698,178
Maintenance - Bank Premises	2,419,438	1,535,347
Legal and Investigation expenses	1,753,338	5,688,836
Audit Fees	651,810	355,264
Special Audit and Related Expenses	873,523	470,584
Fees, Rates and Security Expenses	4,077,103	3,555,942
Water and Electricity	2,071,063	1,209,801
Telecommunication and Postage	1,268,523	1,246,705
Printing and Stationery	917,702	1,530,034
Meetings, Conferences and Seminars	2,869,820	2,828,889
Reclassification of Incorrectly Capitalized Items	546,587	-
Other Administrative Expenses	<u>2,632,919</u>	<u>1,325,260</u>
	<u>28,938,453</u>	<u>28,231,125</u>
	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
31 CURRENCY ISSUE AND RELATED EXPENSES		
Notes Printing and Related Expenses (see Note 18)	51,883,141	34,862,582
Coins Minting and Related Expenses (see Note 18)	1,020,892	1,666,971
Currency Transport, Storage and Handling	156,130	139,763
Maintenance of Currency Machines	2,936,783	2,694,144
Other Currency Expenses	<u>426,199</u>	<u>334,064</u>
	<u>56,423,145</u>	<u>39,697,524</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

The amount of TZS 51,883.1 million and TZS 1,020.9 million in respect of notes printing and related expenses and coins minting and related expenses respectively, refers to the proportionately amortized portion of deferred notes printing and coins minting cost for the currency notes and coins that were issued into circulation during the year. The amount of TZS 156.1 million and TZS 426.2 million are in respect of inland currency distribution expenses that include; transportation, handling, storage, and other related expenses incurred and recognized in the income statement during the current financial year.

A total of TZS 2,936.8 million was incurred during the year in respect of currency machines maintenance expenses.

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
32 PERSONNEL EXPENSES		
Staff Salaries	29,545,348	26,069,547
Contribution to PPF Scheme	3,620,221	3,367,342
Contribution to NSSF	571,020	551,311
Staff Medical Expenses	2,851,056	2,225,329
Staff Training	2,012,310	1,977,820
Staff Uniforms	106,256	98,335
Worker's Council Expenses	619,855	610,963
Course Functions & Field trips Expenses	19,784	9,364
Travel on Leave Expenses	1,321,921	2,307,709
Retirement Expenses	2,544,617	2,184,068
Condolence, Survivors' Benefits and Related Expenses	242,909	613,807
Car Loans Related Expenses	639,435	269,559
Long Term Service Award	21,000	22,000
Management Car Maintenance Expenses	1,276,690	1,117,556
Furniture Grant Expenses	408,562	129,952
HR Planning Policies and Corporate culture	248,909	155,505
Cafeteria Expenses	235,528	238,565
	<u>46,285,421</u>	<u>41,948,732</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

33 OTHER EXPENSES	30.06.2008	30.06.2007
	TZS '000	TZS '000
Foreign operations		
Charges on IMF Drawings	2,131,911	2,883,813
Foreign currency management fees	1,459,639	1,146,722
Gold operations Expenses	-	4,410
Financial Markets Development Expenses	55,604	23,361
Commission and Fees on Foreign Operations	43,346	25,161
Realized Losses on de-recognition of AFS	5,232,248	4,261,193
Exchange losses on EPA Stock	-	507,319
Cross Rate Gains or Losses	744,030	1,670,934
Amortized Premium and miscellaneous expenses	1,390,768	807,988
	<u>11,057,546</u>	<u>11,330,901</u>
Domestic operations		
Cheques Printing	145,748	210,641
Contributions and Subscriptions		
- Contribution to professional associations and charities	1,743,058	1,822,335
- Contribution to national development programs/ projects	1,801,440	2,874,874
- Subscriptions	38,433	40,216
Contractors All Risks and Professional Indemnity Insurance	505,693	1,868,301
	<u>4,234,372</u>	<u>6,816,367</u>
	<u>15,291,918</u>	<u>18,147,268</u>

34 RENTAL PROPERTIES

Rental payments were effected at the beginning of the first quarter, and therefore at the end of financial year, there was no outstanding liability. Rental commitments expired during the quarter ended September 2007 when the new Bank premises started to be in use.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
35 IMPAIRMENT LOSSES		
Impairment of Property Plant and Equipment	31,590	-
Impairment of Intangible Assets	22,691	-
Impairment loss on Treasury EPA Stock	-	3,811,671
Impairment loss on other assets	237,961	-
	<u>292,242</u>	<u>3,811,671</u>

Impairment loss on Property Plant and Equipment was TZS 148.1 million whereby TZS 116.6 million was used to offset previously revaluation gain of the impaired property and TZS 31.6 million was charged to Income Statement. Total impairment loss on Other assets was TZS 260.4 million out of which TZS 22.4 million relates to Export Credit Guarantee Funds and TZS 238.0 charged to Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008**

	<u>30.06.2008</u>	<u>30.06.2007</u>
	TZS '000	TZS '000
36 CASH (USED BY)/ GENERATED FROM OPERATIONS		
Net (Loss)/Profit for the Year	(96,484,013)	91,632,124
Depreciation of property, plant and equipment, transfers and impairment	19,795,338	5,852,187
Amortisation of intangible assets and impairment	2,194,615	952,724
Mark to market for available for sale securities recognized in equity	11,597,766	4,278,060
Release of Impairment loss previously recognized in equity	63,153,366	325,974
Amortisation of capital grant	(22,380)	(19,807)
Recovery against staff housing fund	(92,897)	(33,671)
Net loss on Disposal of property, plant and equipment	502,156	36,138
Unrealized Foreign Exchange Gains	5,982,532	(5,314,612)
Reclassification of Incorrectly Capitalized Items	1,445,319	-
Provision for Impairment	292,242	3,811,671
(Increase)/Decrease in fair value of equity investment	104,892	(18,276)
Share of Loss of Associate Company	31,887	240,800
External Payment Arrears (EPA) exchange loss adjustment	-	507,319
Bad debts written off	107,592	-
<i>Net Cash Generated from Operating Activities</i>	<u>8,608,414</u>	<u>102,250,631</u>
Changes in Working Capital		
Increase in Other Assets	(116,863,088)	(105,096,637)
Increase in Inventories	(120,488)	(741,282)
(Increase)/Decrease in Accommodation to Banks	(6,868,599)	838,716
Increase/(Decrease) in Other Liabilities	<u>(108,305,442)</u>	<u>93,210,357</u>
Net Changes in Working Capital	<u>(232,157,617)</u>	<u>(11,788,845)</u>
Cash (used by)/generated from operations	<u>(223,549,203)</u>	<u>90,461,786</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

37 PRIOR YEAR ADJUSTMENT

A prior years adjustment amounting to TZS 9,396.6 million have been made during the year and relates to:

	<u>30.06.2007</u> TZS '000	<u>30.06.2006</u> TZS '000
(i) Contractors All Risks Insurance and Professional Indemnity Insurance	1,868,301	4,817,188
(ii) Cost of Currency Issued in Circulation not amortized in the period of 2006	-	2,711,148
	<u>1,868,301</u>	<u>7,528,336</u>

(i) Professional Indemnity Insurance and Contractors All Risks Insurance

A total of TZS 6,685.5 million was paid to M/S Alexander Forbes an insurance brokerage company as premiums for Contractors All Risks Insurance and Consultants indemnity Insurance relating to 10 Mirambo office extension project for the period of 2002/03 to 2006/07. The amount was included as part of the project work in progress. However, basing on the contract in place, it was noted that such expenses did not qualify for capitalisation in accordance with the requirements of IAS 16.. The values of TZS 1,868.3 million and TZS 4,817.2 million were retrospectively corrected in their respective prior periods and the Capital Work in Progress opening balance restated.

(ii) Cost of Currency issued in circulation

A total of TZS 2,711.1 million relating notes and coins issued in circulation during the period of 2005/06 had not been transferred from the Deferred Notes Printing and Deferred Coins Minting Expenses accounts in accordance with the Bank's accounting policy in place. The error was discovered in 2007/08 and appropriately adjusted. Accordingly, opening balances of Deferred Notes Printing and Coins Minting were restated.

	<u>30.06.2008</u> TZS '000	<u>30.06.2007</u> TZS '000
AUTHORISED AND PAID-UP SHARE CAPITAL		
Authorized Capital	<u>100,000,000</u>	<u>100,000,000</u>
Issued and Paid-up Capital	<u>100,000,000</u>	<u>100,000,000</u>

The Authorized and paid up capital of the Bank is determined in accordance with Section 17(i) of the Bank of Tanzania Act, 2006.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

39 RESERVES	30.06.2008	30.06.2007
	TZS '000	TZS '000
General Reserve	73,628,286	8,368,163
Capital Reserve	99,307,372	69,329,752
Exchange Equalization Reserve	113,194,510	200,488,136
Reserve for Projects	-	30,000,000
Staff Housing Fund	15,848,244	15,838,776
Fixed Assets Revaluation Reserve	73,773,032	73,889,901
Securities Revaluation Reserve	(5,028,174)	(16,625,939)
Foreign Currency Revaluation Reserve	(5,982,532)	5,314,612
Reserve for Dividends	18,838,877	55,949,763
	<u>383,579,615</u>	<u>442,553,164</u>

a. General Reserve

In accordance with Section 18(1) of the Bank of Tanzania Act, 2006, the Bank is required to maintain a General Reserve Fund. The amount maintained in this account relates to annual appropriation of distributable profits determined by virtue of Section 18(2) of the aforesaid Act. "The Bank shall transfer to the General Reserve Fund twenty five percent of the net profits until such time that the total capital of the Bank reach a sum equivalent to at least ten per centum of the total assets of the Bank less its assets in gold and foreign currencies. Thereafter, the Bank shall transfer not less than five percent of its net profits to the General Reserve Fund".

b. Capital Reserve

The Capital Reserve was established in 2001/02. On an annual basis the amount spent to finance capital projects from the Reserve for Projects account is transferred to this reserve. The reserve is permanent in nature and can only be available for enhancement of share capital when need arises.

c. Exchange Equalization Reserve

Effective from 30th June 2006 the Bank established a policy which inter-alia entails a transfer, for the year, to the Exchange Equalization Reserve two thirds (66.7%) of the overall net realized exchange gains arising from daily revaluation of foreign assets and liabilities to form part of the Bank's equity. It further provides that the balance of one third (33.3%) of the net realized exchange gains for the year to be appropriated and forms part of the annual distributable profits. The unrealized gains and losses are excluded from computation of distributable profits and transferred to a special account titled Foreign Currency Revaluation Reserve.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

39. RESERVES (Continued)

Both net realized and unrealized exchange losses are firstly recognized in the Income Statement. The realized losses are thereafter transferred to the Exchange Equalization Reserve. If it happens that the Exchange Equalization Reserve is insufficient to absorb the loss, the first recourse is the General Reserve.

Effective from 30 June 2008, all net realized exchange gains for the year arising from daily revaluation of the foreign assets and liabilities are transferred to the Foreign Exchange Equalization Reserve Account.

As at 30 June 2008 the total amount standing at the credit of the Exchange Equalization Reserve amounted to TZS 113,194.5 million.

d. Reserve for Projects

This reserve was established by a resolution of the Bank's Board of Directors in 1991/92. The purpose of the reserve is to provide funds for financing capital projects of the Bank. On an annual basis, the Board determines the amount to be appropriated from the distributable profit to the reserve. As at 30 June, 2008 the reserve had no balance.

e. Staff Housing Fund

The Staff Housing Fund was established by a resolution of the Board of Directors in 1989/90. The purpose of this fund is to provide housing loans to Bank's employees. On an annual basis, the Board determines the amount to be appropriated into the fund out of distributable profits. During the year, the amount appropriated was 5% of the distributable profit. As at 30 June 2008, the fund had a balance of TZS 15,848.2 million that include loans from the Bank and interest on fund's investments.

f. Fixed Assets Revaluation Reserve

The Bank maintains a Fixed Assets Revaluation Reserve to account for revaluation surpluses or deficits. To ensure compliance with requirement of International Accounting Standards (IAS 16), if an asset carrying amount increases as a result of revaluation, the increase is credited directly to Fixed Asset Revaluation Reserve. However, the increase is recognized in income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized in income statement. If an asset's carrying amount decreases as a result of revaluation, the decrease is recognized in income statement. However, the decrease is debited directly to Fixed Assets Revaluation Account to the extent of any credit balance existing in the revaluation surplus in respect of that asset. As at 30 June 2008, the reserve had a credit balance of TZS 73,773.1 million.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

g. Securities Revaluation Reserve

The Bank maintains a Securities Revaluation Reserve to account for unrealized gains and losses arising from fair value valuation (mark to market) of financial instruments classified as available for sale. Gains and losses arising from change in fair value of Available-For-Sale (AFS) financial assets are recognized directly to equity. When these financial assets are sold, collected or otherwise disposed of, the cumulative gains or losses recognized in equity are transferred to the income statement. As at 30 June 2008 the reserve had a debit balance of TZS 5,028.2 million.

h. Foreign Currency Revaluation Reserve

In accordance with Section 18(4) of the Bank of Tanzania Act, 2006, unrealized gains or losses on foreign exchange are transferred to this reserve account. However, pursuant to the requirements of the International Financial Reporting Standards (IFRS), in particular IAS – 21, all realized and unrealized foreign exchange valuations should be taken to the income statement.

Both realized and unrealized gains and losses are therefore taken to income statement for purposes of computation of profit for the year. Until such gains or losses are realized, they are not available for distribution; in the interim, the unrealized amounts are reflected in the Foreign Currency Revaluation Reserve. The separation of realized from unrealized exchange gains and losses is done by use of an “inventory accounting for foreign exchange net assets and liabilities”. As at 30 June 2008 the reserve had a balance of TZS 5,982.5 million.

40. RISK MANAGEMENT

Objectives of Risk Management in the Bank

The main objectives of risk management in the Bank include among others, to set-out conducive environment to ensure that all business processes are adequately protected against unforeseeable and ultimately eventualities; to ensure a constant and sustainable business continuity at all times; and to provide stable environment for smooth operations with minimum possible disruptions arising from available risks. The Bank also is devoted in minimizing the risk exposure of its key business processes.

Bank's Risk Exposure and Management

In recent years, the Bank has been striving to develop a comprehensive framework for mitigating and responding to risks at corporate level in order to minimize disruptions that may arise from potential disasters. This includes undertaking a situational analysis to identify potential corporate risks in all functional areas and their respective impacts. Such risks include among others, macro-environmental risks, reputation risks, financial risks,



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

technology risks, environmental risks, human resources risks, compliance risks, operational risks, and systematic risks.

In its operations, the Bank is exposed to both, financial and non-financial risks. The main financial risks are credit risk, liquidity risk, interest rate risk and exchange rate risk. These risks have an impact on the balance sheet and the income statement. The primary responsibility for managing their control lies with the Internal Audit function. A comprehensive framework of controls is in place to ensure that these risks are managed in accordance with the approved investment policy and guidelines. The framework includes clearly defined lines of responsibility and accountability, detailed procedures manuals, defined benchmark for foreign reserve portfolio, and limits on open positions and counterpart exposures.

Non-financial risks such as reputation risks, technology risks, human resources risks, operational risks are managed through introduction of various policies and procedures. At corporate level, the Directorate of Strategic Planning and Performance Review is responsible for overseeing the enterprise-wide risk management framework, whereas each head of functional unit is responsible in managing risks at his respective area.

For the purpose of disclosure, the risks are categorised into financial risks and Non-Financial risks as follows;

Financial Risks

a) Credit Risk

By nature of its business, the Bank is exposed to credit risk, which is the risk of loss arising from the failure of the counterparty to meet its financial transaction obligations to the Bank as agreed. Credit risk arises when the Bank provides liquidity to financial institutions via open market operations as part of the monetary policy implementation; intraday in the Bank's provision of liquidity to facilitate the Banks' financial transaction operations in the banking system. It also arises in the course of its foreign reserves investment activities.

Risk mitigation measures for credit risk associated with the Bank's provision of liquidity via open market operations are based on the principle of minimizing default by dealing with counterparties that meet appropriate credit and functional criteria and by ensuring that exposures are fully collateralized (with appropriate margin) by high-quality marketable securities. These exposures are monitored on a regular basis. Additional margin is called as required.

For the foreign investments, the Bank faces credit risk stemming from a substantial concentration of funds invested in assets issued by sovereign governments of the specified



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

OECD countries, supranational financial institutions, government agencies and commercial banks. To minimize the probabilities of default, the Bank's investments are guided by the Investment Policy and Guidelines which specify limits for eligible investments. The investments are restricted to issuers or issues with at least "F1" and "A" credit rating by the Standard and Poor (S & P) for short and long term investments respectively. The probability of default by the "F1" and "A" is very small. The majority of the Bank long and short term investments were "AAA" and "F1" rated respectively. Exposures which are monitored on a daily basis are controlled through individual counterparty and issuer limits. Individual credit limits are set on the basis of the rating of the counterparty or issuer.

Total assets of the Bank exposed to credit risk as of 30 June 2008 and 30 June 2007 are presented in the table below according to the classification of assets (classification according to external credit ratings is done based on the credit ratings published by Standard and Poor (S & P)).

	30.06.2008		30.06.2007	
	TZS'000'	TZS Share (%)	TZS'000'	TZS Share (%)
Due from banks				
Deposits				
Central Banks(AAA)	103,275,201	2%	163,939,610	4%
Foreign Commercial Banks	793,071,661	18%	858,336,239	21%
F1+	749,052,819		807,061,535	
F1	11,843,960		12,833,895	
NR	32,174,882		38,440,809	
Loans and Receivables	459,093,391	10%	564,105,940.78	14%
Investment securities	2,758,236,949		2,165,553,520	
Available for sale	2,231,429,903	50%	1,703,751,777	42%
Held to maturity	526,807,046	12%	461,801,743	11%
Others	383,366,480	9%	316,640,041	8%
Total	4,497,043,682	100%	4,068,575,351	100%



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40 RISK MANAGEMENT (Continued)

Financial Risks

a) Credit Risk (Continued)

The sectoral classification of the Bank's credit exposure as of 30 June 2008 and 2007 is as follows:

Details	Foreign Country		Supranational		Domestic		Foreign Financial		Government		Total
	Treasury	Institutions	Institutions	Institutions	Financial	Institutions	Institutions	Guaranteed Agencies	Tanzania Treasury	TZS '000	
2008											
Due from banks											
Central Banks	-	-	-	103,275,201	-	-	-	-	-	-	103,275,201
Commercial Banks	-	-	-	793,062,418	-	-	-	-	-	-	793,062,418
Loans and Receivables	-	-	-	-	459,093,391	-	-	-	-	-	459,093,391
Investment securities	-	-	-	-	-	-	-	-	-	-	-
Available for sale	1,527,219,444	637,039,499	-	-	-	-	-	67,170,965	-	-	2,231,429,908
Held to maturity	-	-	-	-	54,351,493	-	-	-	472,455,553	-	526,807,046
Others	-	-	-	3,178,126	380,188,384	-	3,178,126	-	-	-	383,366,510
Total	1,527,219,444	637,039,499	637,039,499	899,515,745	893,633,268	899,515,745	67,170,965	472,455,553	472,455,553	4,497,034,474	
2007											
Due from banks											
Central Banks	-	-	-	163,939,610	-	-	-	-	-	-	163,939,610
Commercial Banks	-	-	-	858,336,239	-	-	-	-	-	-	858,336,239
Loans and Receivables	-	-	-	-	564,105,941	-	-	-	-	-	564,105,941
Investment securities	-	-	-	-	-	-	-	-	-	-	-
Available for sale	820,795,263	230,132,323	-	-	-	-	-	652,824,191	-	-	1,703,751,777
Held to maturity	-	-	-	-	149,627	-	-	-	461,652,116	-	461,801,743
Others	-	-	-	3,721,646	465,388,295	-	-	-	-	-	469,109,941
Total	820,795,263	230,132,323	230,132,323	1,025,997,495	1,029,643,863	1,025,997,495	652,824,191	461,652,116	461,652,116	4,221,045,251	

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40 RISK MANAGEMENT (Continued)

Financial Risks

a) Credit Risk (Continued)

As indicated credit risk is mainly concentrated on foreign and domestic governments and major international and foreign financial institutions as of 30 June 2008 and 2007. Geographical concentrations of assets, liability and off-balance sheet items of the Bank as of 30 June 2008 and 2007 are as follows:

2008	Tanzania		USA		UK		Other European Countries		Other Countries		Total	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Assets												
Cash Balances with Central Banks	-	66,704,732	-	7,320,223	-	29,147,597	-	102,648	-	-	-	103,275,200
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	597,713	99,209,049	-	295,858,243	-	387,272,217	-	10,134,439	-	-	-	793,071,661
Accommodation to banks	9,194,606	-	174,498	-	-	-	-	-	-	-	-	9,194,606
Holdings of Special Drawing Rights (SDRs)	-	-	-	-	-	-	-	-	-	-	-	174,498
Available for Sale	-	1,014,816,846	-	1,071,988,317	-	144,624,740	-	-	-	-	-	2,231,429,903
Government securities	526,807,045	-	-	-	-	-	-	-	-	-	-	526,807,045
Inventories	4,631,310	-	-	-	-	-	-	-	-	-	-	4,631,310
Investment in Associate Company	-	-	-	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	1,417,080	-	-	-	1,417,080
Quota in International Monetary Fund (IMF)	-	-	381,949,400	-	-	-	-	-	-	-	-	381,949,400
Other assets	424,711,124	-	-	-	-	-	-	-	-	-	-	424,711,124
Property, plant and equipment	774,706,335	-	-	-	-	-	-	-	-	-	-	774,706,335
Intangible assets	8,914,667	-	-	-	-	-	-	-	-	-	-	8,914,667
Total Assets	1,749,562,800	1,562,854,525	1,375,166,783	1,375,166,783	561,044,554	11,654,167	5,260,282,829					
Liabilities												
Deposits - banks and non-banks financial institutions	628,064,443	-	-	-	-	-	-	-	-	-	-	628,064,443
Deposits - Governments	414,199,089	-	-	-	-	-	-	-	-	-	-	414,199,089
Deposits - others	132,370,245	-	-	-	-	-	-	-	-	-	-	132,370,245
Foreign currency financial liabilities	389,335,921	-	-	-	-	-	-	-	-	-	-	389,335,921
Repurchase agreements	104,732,152	-	-	-	-	-	-	-	-	-	-	104,732,152
BoT liquidity papers	1,167,705,919	-	-	-	-	-	-	-	-	-	-	1,167,705,919
Other liabilities	60,158,079	-	-	-	-	-	-	-	-	-	-	60,158,079
IMF related liabilities	-	368,437,666	-	-	-	-	-	-	-	-	-	368,437,666
Allocation of Special Drawing Rights (SDRs)	-	60,243,925	-	-	-	-	-	-	-	-	-	60,243,925
Notes and coins in circulation	1,451,455,775	-	-	-	-	-	-	-	-	-	-	1,451,455,775
Shareholders equity	483,579,615	-	-	-	-	-	-	-	-	-	-	483,579,615
Total liabilities and equity	4,831,601,238	428,681,591	-	-	-	-	-	-	-	-	-	5,260,282,829





NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

RISK MANAGEMENT (Continued)

Financial Risks

a) Credit Risk (Continued)

	Tanzania		USA		UK		Other European Countries		Other Countries		Total	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
2007												
Assets												
Cash Balances with Central Banks	-	140,128,947	5,998,744	17,784,039	27,879	163,939,609						
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	1,404,242	20,419,313	114,451,033	722,006,108	55,544	858,336,240						
Accommodation to banks	2,326,007	-	-	-	-	2,326,007						
Holdings of Special Drawing Rights (SDRs)	-	333,149	-	-	-	333,149						
Foreign Currency Marketable Securities	-	925,334,094	648,640,983	129,776,700	-	1,703,751,777						
Government securities	461,801,743	-	-	-	-	461,801,743						
Inventories	4,510,822	-	-	-	-	4,510,822						
Investment in Associate Company	31,887	-	-	-	-	31,887						
Equity investments	-	-	-	-	1,521,972	1,521,972						
Quota in International Monetary Fund (IMF)	-	382,017,802	-	-	-	382,017,802						
Other assets	313,915,411	-	-	-	-	313,856,721						
Property, plant and equipment	711,026,315	-	-	-	-	711,026,315						
Intangible assets	8,194,570	-	-	-	-	8,194,570						
Total Assets	1,503,210,997	1,468,233,305	769,090,760	869,566,847	1,605,395	4,611,648,614						
Liabilities												
Deposits - banks and non-banks financial institutions	456,719,338	-	-	-	-	456,719,338						
Deposits - Governments	230,458,618	-	-	-	-	230,458,618						
Deposits - others	81,882,680	-	-	-	-	81,882,680						
Foreign currency financial liabilities	483,203,175	-	-	-	-	483,203,175						
Repurchase agreements	15,007,068	-	-	-	-	15,007,068						
BoT liquidity papers	1,087,257,795	-	-	-	-	1,087,257,795						
Other liabilities	105,310,155	-	-	-	-	105,310,155						
IMF related liabilities	-	368,235,131	-	-	-	368,235,131						
Allocation of Special Drawing Rights (SDRs)	-	60,254,713	-	-	-	60,254,713						
Notes and coins in circulation	1,180,766,777	-	-	-	-	1,180,766,777						
Shareholders equity	542,553,164	-	-	-	-	542,553,164						
Total liabilities and equity	4,183,158,770	428,489,844	-	-	-	4,611,648,614						



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(a) Credit Risk (Continued)

Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Banks financial instruments that are carried in the financial statements.

The table excludes the fair values of non financial assets and non financial liabilities

	30.06.2008		30.06.2007	
	Carrying value	Fair value	Carrying value	Fair value
	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	896,346,862	896,346,862	1,022,275,849	1,022,275,849
Loans and receivables	459,093,391	459,093,391	564,105,941	564,105,941
Held to maturity Investments	526,807,046	526,807,046	461,801,743	461,801,743
Available for sale	2,231,429,903	2,231,429,903	1,703,751,777	1,703,751,777
Other financial liabilities	3,312,034,697	3,312,034,697	2,824,693,195	2,824,693,195



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(a) Credit Risk (Continued)

Credit quality per class of financial assets

The credit quality per class of financial assets managed by the Bank for class of assets for loan related balance sheet lines were;

30.06.2008

	Neither past due nor impaired	Past due or individually impaired	Total
	TZS '000	TZS '000	TZS '000
Loans and Advances	26,774,318	-	26,774,318
Government Securities	526,807,046	-	526,807,046

30.06.2007

	Neither past due nor impaired	Past due or individually impaired	Total
	TZS '000	TZS '000	TZS '000
Loans and Advances	27,749,818	-	27,749,818
Government Securities	461,801,743	-	461,801,743

As there was no past due loan in loans and advances, analysis of past due but not impaired loans per class of financial assets was not made.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

The maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements (that is netting agreements that do not qualify for offsetting in accordance with IAS 32

Details	Gross Maximum Exposure 30.06.2008	Gross Maximum Exposure 30.06.2007
	TZS '000	TZS '000
Cash and cash equivalent	896,346,862	1,022,275,849
Loans and advances	26,774,318	27,749,818
Government Securities	526,807,046	461,801,743
Other Assets	368,174,290	253,013,423

(b) Liquidity Risk

Liquidity risk is the risk that the Bank though solvent, either does not have sufficient resources available to meet its obligations when they fall due, or can secure them only by converting assets to cash at a price lower than their fair value. Thus inability of the Bank to meet its own foreign exchange obligations and that of government timely without incurring huge price concession is reflected as liquidity risks.

Due to its nature of business (externalization of the government obligations), a huge amount of expected foreign cash flows is not reflected in the balance sheet. As a result, assets-liabilities management may not be as effective. Thus to manage this risk, the Bank divides its foreign exchange reserves into Liquidity, Investment and Stable trenches. The liquidity tranche is intended to meet both anticipated and unanticipated monthly cash outflows requirements thus matching both on and off balance sheet foreign assets and liabilities. The tranche is monitored on the daily basis. It is comprised of highly liquid short term financial instruments.

The table below analyses the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40 RISK MANAGEMENT (Continued)

b) Liquidity risk (Continued)

2008 Assets	Up to 1	From 1 to 3	From 3 to 12	From 1 to 5	Over 5	Total
	Month	Months	Months	Years	Years	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	896,346,861	-	-	-	-	896,346,861
Accommodation to Bank	9,194,606	-	-	-	-	9,194,606
Holdings of SDRs	-	-	174,498	-	-	174,498
Foreign Currency Marketable Securities	-	-	5,093,309	1,142,873,506	1,083,463,088	2,231,429,903
Government Bonds/Stocks	-	-	-	258,696,660	268,110,385	526,807,045
Inventories	-	-	4,631,310	-	-	4,631,310
Investment in Associate	-	-	-	-	-	-
Equity Investments	-	-	-	-	1,417,080	1,417,080
Quota in IMF	-	-	-	-	381,949,400	381,949,400
Other Assets	5,547,904	-	-	419,163,220	-	424,711,124
Property, Plant and Equipment	-	-	29,609,304	79,218,608	665,878,423	774,706,335
Intangible Assets	-	-	-	-	8,914,667	8,914,667
Total assets	911,089,371	-	39,508,421	1,899,951,994	2,409,733,043	5,260,282,829
Liabilities						
Deposit Banks and Non Banks Financial Institutions	-	-	628,064,443	-	-	628,064,443
Deposit Governments	82,839,818	103,549,772	124,259,727	103,549,772	-	414,199,089
Deposit Others	-	89,779,155	-	42,591,090	-	132,370,245
Foreign Currency Financial Liabilities	29,518,423	198,079,843	-	161,737,655	-	389,335,921
Repurchase Agreements	104,732,152	-	-	-	-	104,732,152
BOT Liquidity Papers	49,306,322	184,168,062	934,231,535	-	-	1,167,705,919
Other Liabilities	11,079,233	47,018,078	2,034,889	25,879	-	60,158,079
IMF Related Liabilities	-	-	-	-	368,437,666	368,437,666
Allocation of SDRs	-	60,243,925	-	-	-	60,243,925
Notes and Coins Issued	-	-	-	-	1,451,455,775	1,451,455,775
Authorized and Paid up Capital	-	-	-	-	100,000,000	100,000,000
Reserves	-	-	-	-	383,579,615	383,579,615
Total Equity and Liabilities	277,475,948	682,773,837	1,688,093,014	308,401,975	2,304,236,097	5,260,282,829
Net Liquidity gap	633,613,423	(682,773,837)	(1,648,584,593)	1,591,550,019	105,496,946	-
Cumulative gap	633,613,423	(49,160,414)	(1,697,745,007)	(106,194,988)	(698,042)	-

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008



40 RISK MANAGEMENT (Continued)

b) Liquidity risk (Continued)

	Up to 1		From 1 to 3		From 3 to 12		From 1 to 5		Over 5		Total
	Month	Months	Months	Months	Months	Months	Years	Years	Years	Years	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
2007											
Assets											
Cash and cash equivalent	673,013,343	349,262,506	-	-	-	-	-	-	-	-	1,022,275,849
Accommodation to Bank	2,326,007	-	-	-	-	-	-	-	-	-	2,326,007
Holdings of SDRs	-	-	333,149	-	-	-	-	-	-	-	333,149
Marketable Securities	369,313,474	111,128,884	287,287,607	880,691,729	55,330,083	1,703,751,777	461,801,743	116,987,485	4,510,822	31,887	1,022,275,849
Government Bonds/Stocks	-	-	1,116,250	343,698,008	-	-	-	-	-	-	461,801,743
Inventories	-	-	4,510,822	-	-	-	-	-	-	-	4,510,822
Investment in Associate	-	-	-	31,887	-	-	-	-	-	-	31,887
Equity Investments	-	-	-	-	-	-	-	1,521,972	-	-	1,521,972
Quota in IMF	-	-	-	-	-	-	-	382,017,802	-	-	382,017,802
Other Assets	40,183,532	2,500,000	74,030,108	72,973,453	124,228,318	313,856,721	711,026,315	436,730,707	6,158,325	8,194,570	711,026,315
Property, Plant and Equipment	-	3,432,200	197,889,955	72,973,453	2,036,245	-	-	-	-	-	8,194,570
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	1,084,836,356	466,323,590	567,204,136	1,370,368,530	1,122,974,692	4,611,648,614	1,122,974,692	1,122,974,692	1,122,974,692	4,611,648,614	4,611,648,614
Liabilities											
Deposit Banks and Non Banks Financial Institutions	-	-	456,719,338	-	-	-	-	-	-	-	456,719,338
Deposit Governments	-	-	230,458,618	-	-	-	-	-	-	-	230,458,618
Deposit Others	-	-	81,882,680	-	-	-	-	-	-	-	81,882,680
Foreign Currency Financial Liabilities	236,013,658	15,047,640	503,621	231,638,256	-	-	-	-	-	-	483,203,175
Repurchase Agreements	15,007,068	-	-	-	-	-	-	-	-	-	15,007,068
BOT Liquidity Papers	14,330,994	204,768,045	868,158,756	-	-	-	-	-	-	-	1,087,257,795
Other Liabilities	9,559,785	81,623,190	14,127,180	-	-	-	-	-	-	-	105,310,155
IMF Related Liabilities	-	-	-	-	-	-	-	368,235,131	-	-	368,235,131
Allocation of SDRs	-	60,254,713	-	-	-	-	-	-	-	-	60,254,713
Notes and Coins Issued	-	-	-	-	-	-	-	1,180,766,777	-	-	1,180,766,777
Authorized and Paid up Capital	-	-	-	-	-	-	-	100,000,000	-	-	100,000,000
Reserves	-	-	-	-	-	-	-	442,553,164	-	-	442,553,164
Total Equity and Liabilities	274,911,505	361,693,588	1,651,850,193	231,638,256	2,091,555,072	4,611,648,614	2,091,555,072	2,091,555,072	4,611,648,614	4,611,648,614	4,611,648,614
Net Liquidity gap	809,924,851	104,630,002	(1,084,646,057)	1,138,730,274	(968,580,380)	-	-	-	-	-	-
Cumulative gap	809,924,851	914,554,853	(170,091,204)	968,639,070	58,690	-	-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(c) Interest Rate Risk

The interest rate risk is the exposure of the Bank to possible adverse movements in interest rates. Changes in the level of interest rates that is parallel shifts of yield curves account for about 90% of the total interest rate risk. The remainder resulted from the changes in the shape which is steepening or flattening and curvature of the interest rate curves.

The interest rate risk is managed through duration targeting. Duration measures sensitivity of a portfolio value to movements in market yields. Duration of 1.5 indicates that the portfolio's value will change by approximately 1.5% if rates change by 1%.

The policy target duration is 1.5 years with deviation allowance of ± 3 months. As of 30 June 2008 portfolio duration stood at 1.28 years while that of 30 June 2007 was 1.14 years. The increased duration reflects increase in the long dated maturity instruments consistent with the Bank's risk appetite and capital markets developments.

To assess and monitor interest rate risk, the Bank uses both price value of one basis point (PVO1) and Value at Risk (VaR) measures. The PVO1 measures approximate change in value of the portfolio for a one basis point (0.01%) change in yield. The use of PVO1 has limitations. Firstly, it is a good measure when the term structure is flat. Secondly, it assumes the movement in yield are parallel across maturity spectrum. Thus the Bank compliments it with VaR.

VaR is a probability-based measure of risk, which provides an estimate of the potential loss in value of the Bank's available for sale positions due to adverse interest rate movement over a defined time horizon with a specified confidence level. For the VaR numbers reported below, a one month time horizon and a 95% confidence level were used. This means that there is a 5% chance that the monthly income would fall below the expected monthly income by an amount at least as large as reported VaR. We use historical data to estimate the reported VaR numbers. To better reflect current asset volatilities, the Bank weighted historical data to give greater importance to more recent observations. Because of such reliance on historical data, VaR is most effective in estimating risk exposures in markets in which there are no sudden fundamental changes in market conditions.

The huge leap in reported VaR numbers resulted from the increase in the level of Available for Sale securities and the recent credit crisis which increased correlation among asset classes. VaR is highly sensitive to correlation among asset classes.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(c) Interest Rate Risk (Continued)

The table below shows various risk measure parameters.

Portfolio Characteristics	30.06.2008		30.06.2007	
	USD	TZS '000	USD	TZS '000
Positions of securities	167	167	95	95
Base currency	USD	TZS '000	USD	TZS '000
Market Value AFS	1,884,946,779.00	2,225,933,651	1,112,973,490.60	1,411,595,408
Money Markets	636,755,468.00	751,944,532	651,507,393.28	826,313,342
Duration	1.68 years	613 days	0.90 years	328 days
Spread Duration	0.80	291 days	0.50 years	291 days
1 Month Tracking Error in BPS	52.2	52.2	10.90	10.90

The tracking errors and VaR were as per breakdown below

Details	30.06.2008		30.06.2007	
	USD	TZS'000	USD	TZS '000
Monthly Tracking Error	13,163,963.00	15,545,324	1,950,967.34	2,474,431
95% Monthly VaR	(21,652,793.00)	(25,569,783)	(3,209,055.77)	(4,070,077)

Price value of 1BPS in USD

Details	30.06.2008		30.06.2007	
	USD	TZS'000	USD	TZS '000
USD	274,866.00	324,589	85,393.55	108,305
EUR	127,213.17	150,226	68,741.55	87,186
GBP	20,467.98	24,171	4,753.38	6,029
Total	422,547.15	498,986	158,888.48	201,520



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(c) Interest Rate Risk (Continued)

The Bank invests in some securities which trade on spread to the foreign government treasuries. To assess the relative risk of spread products, the Bank measures Credit Risk of one basis point (CR01). The CR01 measures changes in the value of spread product for a one basis point widening of spread. A spread is a difference in yield to maturity between government and spread securities of the same characteristics. The Table below indicate the spread risks for comparative period in each of the three major currencies.

Details	30.06.2008		30.06.2007	
	USD	TZS'000	USD	TZS '000
USD	154,054.00	181,922	61,985.55	78,617
EUR	37,394.46	44,159	23,401.37	29,680
GBP	11,116.23	13,127	3,980.11	5,048
Total	202,564.69	239,208	89,367.03	113,345

For measuring the sensitivity of the Bank's foreign exchange reserves to interest rate risk, the table below shows the sensitivity of the Bank's foreign reserves values in USD given 10, 20 and 30 basis points parallel change in yield curves of three major foreign reserves currencies i.e. USD, EUR and GBP.

30.06.2008 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	(3,846,653.61)	(1,275,086.97)	(204,411.45)	(5,326,152.03)	(6,289,653)
20	(7,676,857.04)	(2,544,538.83)	(408,005.64)	(10,629,401.51)	(12,552,260)
30	(11,490,704.33)	(3,808,389.11)	(610,786.77)	(15,909,880.21)	(18,787,978)



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(c) Interest Rate Risk (Continued)

30.06.2007 (Amounts in USD equivalent)

	USD	EUR	GBP	Total USD	Total TZS '000
10	(1,604,996.73)	(689,252.22)	(48,495.09)	(2,342,744.04)	(2,971,326)
20	(3,204,887.03)	(1,375,958.40)	(96,859.50)	(4,677,704.93)	(5,523,902)
30	(4,799,693.85)	(2,060,131.21)	(145,093.74)	(7,004,918.80)	(8,884,409)

Yield decrease in BPS

30.06.2008 (Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	3,863,198.52	1,280,755.85	205,232.92	5,349,187.29	6,316,855
20	7,743,037.35	2,567,214.60	411,291.54	10,721,543.49	12,661,071
30	11,639,612.54	3,859,410.52	618,180.15	16,117,203.21	20,441,610

30.06.2007 ((Amounts in USD equivalent)

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	1,610,126.27	691,811.03	48,626.26	2,350,563.56	2,981,243
20	3,225,405.32	1,386,193.69	97,384.18	4,708,983.19	5,972,450
30	4,845,860.50	2,083,160.90	146,274.27	7,075,295.67	8,973,668



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(c) Interest Rate Risk (Continued)

30.06.2008 ((Amounts in USD equivalent))

It is also possible to stress test Bank's foreign reserves portfolio to mimic a variety of the extreme yet probable market conditions. To that end, the Bank considered three main scenarios i.e. spread widening, curve steepening and flattening by 50 basis points. The result of stress testing scenarios is as shown on the table below.

	USD	EUR	GBP	Total USD	TZS '000
Spread widening by 50	(9,514,725.00)	(1,270,524.08)	(551,180.70)	(11,336,429.78)	(13,387,190)
Curve Steepening by 50	(1,416,641.00)	(108,453.00)	64,718.00	(1,460,376.00)	(1,724,558)
Curve Flattening by 50	1,460,397.00	115,408.00	(64,335.00)	1,511,470.00	1,784,895

30.06.2007 ((Amounts in USD equivalent))

	USD	EUR	GBP	Total USD	TZS '000
Spread widening by 50	(4,328,130.39)	(1,001,700.81)	(202,496.97)	(5,532,328.17)	(7,016,707)
Curve Steepening by 50	470,923.55	(109,984.55)	16,781.43	377,720.43	479,067
Curve Flattening by 50	(457,575.27)	120,106.79	(16,726.29)	(354,194.77)	(449,229)

Cash flow and fair value interest rate risk

Interest sensitivity of assets and liabilities

For accounting purposes, cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates, both in the United Republic of Tanzania and abroad. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The exposures to both kinds of interest rate risk arise in the course of the Bank's activities.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Financial Risks

(d) Exchange Rate Risk

The exchange rate risk (or currency risk) refers to the loss of the portfolio value or purchasing power of the portfolio occasioned by adverse exchange rate movements. The Bank foreign reserves portfolio is denominated in a number of currencies whose exchange rates are subject to fluctuation on international foreign exchange market.

The Bank is exposed to this risk in the context of its holding of foreign exchange reserves, intervention in the local inter-bank foreign exchange market (IFEM) and foreign exchange transactions in the international foreign exchange market. Often, currency exposures are not outright hedged, but the currency risk is controlled through foreign exchange composition targets whose criteria are specified in the approved Foreign Exchange Reserves Policy and stated in the Guidelines. The currency position of the Bank as of 30th June 2008 and 2007 which provides the Bank's assets, liabilities and equity at carrying amounts, categorized by currency summarised below.

Non Financial risk

Operational Risk

Operational risk is the risk of loss in both financial and non financial resulting from inadequate systems, management failures, ineffective internal control processes, fraud, theft and human errors.

The Bank addresses this risk inter alia through ensuring existence of Business Continuity Management (BCM) and sound internal control system which includes: operational and procedural manuals, ICT security policies, back up facilities, contingency planning, and independent internal audit function. Managing operational risk in the Bank is an integral part of day to day operations by the management. Management, Internal Audit Function, Audit Committee and the Board, closely monitors this risk.

The Bank has taken various measures such as segregation of duties, instituting codes of conduct and ethics and setting out benchmark limits. The Bank understands the fact that the lower the human intervention, the lower the operational risk. In view of this fact, the Bank has automated most of its major operations.

Human Resource Risk

The particular nature of the activities of the Bank necessitates specialized knowledge in many areas.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Non Financial Risk

Human Resource Risk (Continued)

The Bank ensures that there is an adequate knowledge base for all specialized job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organizes workshops, seminars, conferences and job attachments to its staff as an effort to improve its human resource requirements. It also revises its staff retention scheme to compete with the most up-to-date labour market.

Legal Risk

Legal risk arises from any uncertainty of enforceability, whether through legal or judicial processes, of the obligations of the Bank's clients and counter parties. The Bank aims at minimizing such uncertainties through continuous consultations with all relevant parties.

In mitigating this type of the risk, the Bank ensures that all business agreements are contracted under Standard Industry Contracts, e.g. ISDA, ISMA, etc. Where new contracts and substantive changes to existing contracts, external lawyers are contracted. The Bank has in place a clear procedure of the delegation of authorities. Also strict code of conduct and ethics is used to minimize chances of causing legal disputes between the Bank and its counterparts.

Reputational Risk

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Central Bank in line with requirements of provision of Section 5(1) of the Bank of Tanzania Act, 2006, Public Procurement Act, No. 21 of 2004 and Public Procurement Regulations, 2005.

In view of the above, the Bank's management ensures to the best of its ability in fulfilling its fiduciary responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant staffs have clear understanding of the appropriate processes in respect of the best practices and principals of good governance.

The Bank therefore sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's management for control and compliance monitoring.

The top management of the Bank has the necessary freedom and discretion to exercise central banking functions. However, this freedom is exercised within the context of fiduciary duties of good governance and by ensuring a proper balance between accountability and the best interests of the Bank and its various stakeholders.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40. RISK MANAGEMENT (Continued)

Non Financial Risk

Reputational Risk (Continued)

The function of the Bank of overseeing and ensuring the integrity of the country's banking system exposes it to severe criticism whenever there is an incident of bank failure or systemic difficulty. The responsibilities of the Bank regarding monetary policy, the national payment system (NPS) and the issuing of notes and coin also expose the Bank to significant reputational risk. The Bank adheres to international best practice and, to this end, maintains close liaison with international peers. The Bank strives towards full compliance with the principles for effective banking supervision as well as the core principles for systemically important payment systems.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

40 RISK MANAGEMENT (Continued)

Currency risk

(Amounts in TZS '000)	2008	GBP	USD	EUR	SDR	TZS	OTHERS	Total
Assets								
Cash and cash equivalent	319,728,954	-	335,279,186	230,333,012	-	9,194,606	11,005,709	896,346,861
Clearing Account Balances	-	-	-	-	-	-	-	9,194,606
Holdings of SDRs	-	-	-	-	174,498	-	-	174,498
Marketable Securities	93,218,105	-	1,522,506,383	615,705,415	-	-	-	2,231,429,903
Government Bonds/Stocks	-	-	-	-	-	526,807,045	-	526,807,045
Inventories	-	-	-	-	-	4,631,310	-	4,631,310
Investment in Associate	-	-	-	-	-	-	-	-
Equity Investments	-	1,417,080	-	-	-	-	-	1,417,080
Quota in IMF	-	-	-	-	381,949,400	-	-	381,949,400
Other Assets	-	10,337,003	-	-	-	414,374,121	-	424,711,124
Property, Plant and Equipment	-	-	-	-	-	774,706,335	-	774,706,335
Intangible Assets	-	-	-	-	-	8,914,667	-	8,914,667
Total assets	412,947,059	1,869,539,652	846,038,427	846,038,427	382,123,898	1,738,628,084	11,005,709	5,260,282,829
Liabilities								
Deposit banks and non-banks Fls	-	-	-	-	-	628,064,443	-	628,064,443
Deposit Governments	-	-	-	-	-	414,199,089	-	414,199,089
Deposit Others	-	-	-	-	-	132,370,245	-	132,370,245
Foreign currency financial liabilities	-	354,307,715	-	11,556,055	-	-	23,472,151	389,335,921
Repurchase Agreements	-	-	-	-	-	104,732,152	-	104,732,152
BOT Liquidity Papers	-	-	-	-	-	1,167,705,919	-	1,167,705,919
Other Liabilities	-	-	-	-	-	60,158,079	-	60,158,079
IMF Related Liabilities	-	-	-	-	-	-	-	-
Allocation of SDRs	-	-	-	-	60,243,925	-	-	60,243,925
Notes and Coins Issued	-	-	-	-	-	1,451,455,775	-	1,451,455,775
Total liabilities	-	722,745,381	-	11,556,055	60,243,925	3,958,685,702	23,472,151	4,776,703,214
Equity	-	-	-	-	-	100,000,000	-	100,000,000
Reserves	-	-	-	-	-	383,579,615	-	383,579,615
Total equity	-	-	-	-	-	483,579,615	-	483,579,615
Total equity and liabilities	-	722,745,381	-	11,556,055	60,243,925	4,442,963,357	23,472,153	5,260,282,829
Net balance sheet position	412,947,059	1,146,794,271	834,482,372	834,482,372	321,879,973	(2,704,335,272)	(12,466,444)	
Scenario of 8.5% appreciation	35,100,500	97,477,513	70,931,002	70,931,002	27,359,798	(229,868,498)	(1,059,648)	

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

RISK MANAGEMENT (Continued)

Currency risk (Continued)

(Amounts in TZS '000)	GBP	USD	EUR	SDR	TZS	OTHERS	Total
Assets							
Cash and cash equivalent	257,478,489	546,161,613	218,237,720	-	-	398,027	1,022,275,849
Clearing Account Balances	-	-	-	-	2,326,007	-	2,326,007
Holdings of SDRs	-	-	-	333,149	-	-	333,149
Marketable Securities	49,133,945	1,198,201,339	456,416,493	-	-	-	1,703,751,777
Government Bonds/Stocks	-	-	-	-	461,801,743	-	461,801,743
Inventories	-	-	-	-	4,510,822	-	4,510,822
Investment in Associate	-	31,887	-	-	-	-	31,887
Equity Investments	-	1,521,972	-	382,017,802	-	-	1,521,972
Quota in IMF	-	-	-	-	-	-	382,017,802
Other Assets	-	9,488,083	-	-	304,368,638	-	313,856,721
Property, Plant and Equipment	-	-	-	-	711,026,315	-	711,026,315
Intangible Assets	-	-	-	-	8,194,570	-	8,194,570
Total assets	306,612,434	1,755,404,894	674,654,213	382,350,951	1,492,228,095	398,027	4,611,648,614
Liabilities							
Deposit banks and non-banks FIs	-	-	-	-	456,719,338	-	456,719,338
Deposit Governments	-	-	-	-	230,458,618	-	230,458,618
Deposit Others	-	-	-	-	82,191,300	-	82,191,300
Foreign currency financial liabilities	-	456,339,940	4,840,774	21,511,309	202,532	-	482,894,555
Repurchase Agreements	-	-	-	-	15,007,068	-	15,007,068
BOT Liquidity Papers	-	-	-	-	1,087,257,795	-	1,087,257,795
Other Liabilities	-	-	-	-	105,310,155	-	105,310,155
IMF Related Liabilities	-	-	-	-	368,235,131	-	368,235,131
Allocation of SDRs	-	-	-	60,254,713	-	-	60,254,713
Notes and Coins Issued	-	-	-	-	1,180,766,777	-	1,180,766,777
Total liabilities	-	456,339,940	4,840,774	81,766,022	3,526,148,714	-	4,069,095,450
Equity	-	-	-	-	100,000,000	-	100,000,000
Reserves	-	-	-	-	442,553,164	-	442,553,164
Total equity	-	-	-	-	542,553,164	-	542,553,164
Total equity and liabilities	-	456,339,940	4,840,774	81,766,022	4,068,701,878	-	4,611,648,614
Net balance sheet position	306,612,434	1,299,064,954	669,813,439	300,584,929	(2,576,473,783)	398,027	-
Scenario of 8.5% appreciation	26,062,057	110,420,521	56,934,142	25,549,719	(219,000,272)	33,832	-



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

41. CAPITAL

Section 17 of the Bank of Tanzania Act, 2006 states that “the authorized capital of the Bank shall be one hundred billion shillings, provided that it may be increased by such amount as may be determined by the Board, and authorized by the Minister, by Notice published in the Government Gazette.”

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

The capital of the Bank includes capital and reserves. During the year movement of equity capital was as per breakdown below as shown in the statement of owners' equity on page 104.

Details	30.06.2008	30.06.2007
	TZS (Millions)	TZS (Millions)
Capital	100,000	100,000
Reserves	383,579	442,553
Total	483,579	542,553

The Bank is not subject to any regulatory requirements concerning the level of capital it must maintain, although the Bank of Tanzania Act sets out how the statutory annual net profit for the year shall be allocated. The principal source of capital increase is through retention of un-distributable element of the profit. The Bank is not for profit organization, nor does it seek maximization. Instead it conducts normal commercial operations.

Capital is not actively managed and the relative low risk nature of most of the Bank's activities means that it is not capital intensive. Its purpose is to cover unexpected losses. The most significant unexpected losses are likely to rise out of the support operations and the Bank's role is lender of last resort or from losses on the foreign exchange reserves should the Tanzania Shilling appreciate significantly against other world currencies

42. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments arise in the normal course of the Bank's business activities.

Contingent Liabilities

Outstanding Legal Matters

Pursuant to the Bank of Tanzania Act, 2006 (and predecessor Acts) among the duties of the Bank of Tanzania is that of a Banker to the Government of the United Republic of Tanzania.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

42. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Contingent Liabilities

Outstanding Legal Matters (Continued)

Arising from a legal dispute relating to a transaction between the Government of the United Republic of Tanzania and D.P. Valambia in which the Bank of Tanzania was involved in its capacity as a Banker to the Government of the United Republic of Tanzania, a Garnishee Order was issued by the High Court of Tanzania on 4th June 2001 ordering the Bank of Tanzania to pay a decree holder US\$ 55,099,117.66 from funds of the Government of the United Republic of Tanzania in the custody of the Bank of Tanzania.

Pursuant to the Order, the Government instituted court proceeding against the decree holder and the Bank on the same matter. Among others, the Government has applied for a court Order to prevent the Bank from honouring the Garnishee Order. The court proceeding has yet to be concluded.

Subsequent to the Order, the Bank of Tanzania Act was revised whereby under section 66 and 67 of the new Bank of Tanzania Act, 2006, the assets/properties of the Bank and the Government under the custody of the Bank are granted immunity against execution and attachment, subject to the provisions of the Act.

Due to the above, it is in the opinion of the directors that the assets/properties of the Bank are well safeguarded. There are no other significant legal cases requiring disclosure.

External Payment Arrears deposit account

During the 1970s and 1980s there was serious shortage of foreign currencies in the country which required the Government to control and prioritise foreign payments (forex). Tanzania importer were required to remit equivalent amount of TZS with the National Bank of Commerce (NBC) for the required amount of forex and subject to availability of forex and priority, the forex amount will be remitted to the intended overseas supplier.

However, due to forex shortage not all funds deposited with NBC by private and public importers were in the end resulted in respective forex amounts being remitted to the overseas suppliers. Also NBC did not return the deposits not externalised to the respective private and public importers. These liabilities are what are presently known as EPA.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

42. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Contingent Liabilities

External Payment Arrears deposit account (Continued)

In 1985, the Government of the United Republic of Tanzania formally assumed the responsibility of handling EPA liabilities from NBC. The Bank of Tanzania (BOT) was given the responsibility to manage EPA liabilities on behalf of the Government. The amount transferred to BOT from NBC in 1985 was in various foreign currencies which were translated to a total of TZS 6,604,803,645.00 or (US\$ 386,271,037.65). Various payments of EPA liabilities were made by the BOT between 1985 and as of 30 June 2008, the balance in this EPA liability account was TZS 2,288.4 million (see Note 23 to the Financial Statements). This balance represents funds in original values that await externalisation to the various overseas suppliers. Differences between exchange rate prevailing on date of actual payments and the exchange rate used in recording the original EPA liabilities are usually met by the Government and not the Bank.

Currently, the Bank has suspended all transactions in relation to EPA. Further, measures are underway to engage a consultant firm M/S Lazards to undertake a review of the status of EPA liabilities and relevant procedures in order to address weaknesses identified in the Ernst and Young Special Audit report.

Outstanding Commitments

Uncalled and unpaid Capital to Afreximbank

The above Bank was established on 27th October 1993. The major function of the bank is to finance and facilitate trade among African countries and between Africa and the rest of the world. The Bank of Tanzania 's authorized equity interest in Afreximbank is 300 ordinary shares of par value USD 10,000 each with 120 shares called and fully paid up.

As at 30 June 2008, there had a commitment of USD 1.8 million in respect of 180 shares uncalled and unpaid capital attached to its shareholding in the Afreximbank. The Bank of Tanzania proportion of equity total holding in the Afreximbank is 0.4 percent.

Outstanding Capital commitments

As at 30 June 2008, the Bank's capital commitments in respect of Intangible Assets, Property, Plant and Equipment and major capital projects aggregated to TZS 68,611.4 million.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

42. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Outstanding Commitments

Outstanding Capital commitments (Continued)

The Percentage share of the major capital expenditure commitments items is as reflected herewith below:-

Civil works relating to building premises -	53.5%
Machinery, Security, Fire Fighting & Equipment -	34.0%
Information, Communication and Technology (ICT) -	5.3%
Acquisition of motor vehicles -	3.9%
Intangible Assets -	1.7%
Furniture -	1.7%

The above commitments have been included and approved for payment in accordance with the Approved 2008/09 Budget Estimates.

Currency Issuance and Related Commitments

The Bank has a contract with Giesecke and Devrient of Germany for supply of currency at a total contract price of EUR 97,588,400. As at 30th June 2008, outstanding commitments in respect of the above currency supply contract relating to undelivered currency was EUR 53,072,775.

Further, the company has a contract with the Bank for supply of currency machinery for the current currency processing system expansion programme at head office in Dar es Salaam and branches in Arusha, Mwanza, Mbeya and Zanzibar at a total cost of EUR 59,260,875. As at 30th June 2008, outstanding obligations in respect of currency machines contract aggregated to EUR 33,829,973.

The Bank's management is confident that net income and other funding arrangements will be sufficient to meet these commitments when the fall due for settlement.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

43. EVENTS AFTER THE BALANCE SHEET DATE (IAS 10)

(a) Commissioning of Independent technical and Valuation for Money Audit of the Bank of Tanzania Head Office extension project and Zanzibar Branch office

The Bank's Zanzibar Branch office at Gulioni was full completed in 2007/08 while the 10 Mirambo Office extensions were substantially completed in 2007/08. It is expected that the 10 Mirambo Office Extension project will be completed during the financial year 2008/2009.

These are major project in the country and have involved substantial resources of the Bank.

A decision was made by the Board to commission an independent technical Value for Money study of the projects to establish what was actually involved in the projects, the actual costs incurred on the implementation of the projects, and whether the money spent is worth the value of the projects.

(a) Commissioning of Independent technical and Valuation for Money Audit of the Bank of Tanzania Head Office extension project and Zanzibar Branch office (Continued)

Following completion of the a detailed evaluation, M/s Mekon Arch Consult Limited in association with Bureau for Industrial Cooperation and AQE Associates Limited (Tanzania) have emerged the winner. The contract has been signed and the assignment commenced on 18 November 2008

It is expected that the assignment shall be carried out and completed during the financial year 2008/2009.

(b) The Credit crunch and its impact on the Financial Statement

Except for the market risks that have been caused by credit crunch; the Bank has not suffered credit risk due to failure of banks as most troubled banks received bail out from their government. However, due to low yield environment following massive interest rate cuts by central banks, the Bank has been subjected to reinvestment risks in both new money market deposits and fixed income. The Crisis has also lead to enormous exchange rate volatilities in major currencies that have exposed the Bank's portfolio held in EUR and GBP to exchange losses.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

43. EVENTS AFTER THE BALANCE SHEET DATE (IAS 10) (Continued)

(b) The Credit crunch and its impact on the Financial Statement (Continued)

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

(c) 10 Mirambo Office Extension Project

In January 2009 the Government has instituted legal proceeding against an employee and former employee of the Bank for allegations touching on the management of the ongoing Bank of Tanzania head office building extension project.

According to the directors it is not practical at this stage to determine the outcome of this legal suit.

44. DISCLOSURES ON RELATED PARTY TRANSACTIONS

In the course of its operations, the Bank enters into transactions with related parties, which include the Government of the United Republic of Tanzania, the ultimate shareholder of the Bank, and The Deposit Insurance Fund. The related party transactions during the year are:

(i) Loans

The Bank extends loan facilities to its members of staff, the Governor and the Deputy Governors. Loans and advances (Note 18) include advances to employees that as at 30 June 2008 amounted to TZS 26,895.0 million (2007: TZS 27,749.8 million). The advances are at preferential rates of interest determined by the Bank presently at 5% fixed over the lifetime of the loan.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

44. DISCLOSURES ON RELATED PARTY TRANSACTIONS (Continued)

	<u>2008</u> TZS'000	<u>2007</u> TZS'000
(ii) Loans to Senior Management (i.e. Governor, Deputy Governors, Directors (Excluding Deputy Directors)		
At start of the year	758,062	577,050
Loans advanced during the year	514,242	313,762
Loan repayments	<u>(319,403)</u>	<u>(132,750)</u>
At end of the year	<u>952,901</u>	<u>758,062</u>
(iii) Senior Management emoluments:		
Salaries, allowances and benefits	2,113,855	1,827,723
Other long term benefits		220,376
Total	<u>2,113,855</u>	<u>2,048,099</u>

Senior Management of the Bank is defined for the purpose of this note to include the Governor, Deputy Governors, Directors (excluding Deputy Directors) and Secretary to the Bank. As at 30 June 2007, the total number of key management personnel was 27 (2007:19).

In accordance with Section 15 of the Bank of Tanzania Act, 2006, the remuneration of the Governor and Deputy Governors are determined by the President of the United Republic of Tanzania. Remuneration of other executive directors including Secretary to the Bank is determined by the Board.

(iv) Emoluments to the Members of the Board of Directors

In 2007/08, emoluments paid to the members of the Board amounted to TZS 494.3 million (2007: TZS 372.7 million).

As of 30 June 2008 and 30 June 2007 there were no loans advanced by the Bank to Non-Executive Directors of the Board.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

44. DISCLOSURES ON RELATED PARTY TRANSACTIONS (Continued)

(iv) Emoluments to the Members of the Board of Directors (Continued)

Further, there were no other related party transaction with non executive Board members; transaction with director-related entities which occurred in the normal course of the Bank operations were conducted on terms no more favourable than similar transactions with other employees or customers.

(v) Government of the United Republic of Tanzania

Transactions entered into with the Government include:

- (a) Non interest bearing, no Bank charges banking services;
- (b) Management of issue and redemption of securities at a cost sharing basis to mop up liquidity;
- (c) Foreign currency denominated debt settlement and other remittances at a fee;
- (d) Other duties including agent of the Government as provided under the Bank of Tanzania Act, 2006

As at the close of business on 30 June 2008, the following balances, which are included in various balance sheet categories, were outstanding:

	<u>2008</u> TZS'000	<u>2007</u> TZS'000
Due from Government of Tanzania (Note 18)	208,873,108	67,972,387
IMF funds on-lent to the Government (Note 8)	368,437,666	368,235,131
Government of Tanzania deposits (Note 22)	414,199,088	230,458,618
Investments in Government Securities (Note 14)	<u>526,807,046</u>	<u>461,801,743</u>

(vi) Deposit Insurance Fund Board

The Bank has a close working relationship with the Deposit Insurance Fund Board, an entity incorporated under the Banking and Financial Institution Act 1991 (as amended 2006) and provides it with staff and office accommodation. Certain costs incurred on behalf of the Fund are fully reimbursed to the Bank.

The balance outstanding from the Fund and included in other assets as at year end was TZS 3.1 million (2007: TZS 290.7 million).



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

44. DISCLOSURES ON RELATED PARTY TRANSACTIONS (Continued)

(vii) Bank of Tanzania Training Institute - Mwanza

Bank of Tanzania Training Institute – Mwanza is operated as a department and results of its operations are incorporated in the financial statements of the Bank.

(viii) Loans to Associate Company - Mwananchi Gold Company Limited (MGCL)

The MGCL started operations on 1st January 2006. Currently the Bank has a 35% equity stake in MGCL. During 2007/2008 the Bank did not grant any additional loan to MGCL. As at 30th June 2008 the outstanding loans stood at USD 6,062,220.57. The loans are secured against MGCL industrial property located at Vingunguti Industrial Area and gold stocks. Such loans attract interest at Libor + 0.50 four basis points.

COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted or excluded to conform to changes in presentation in the current year.



PART IV
CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY
EVENTS, MARCH 1992 TO JUNE 2008



2008 Jan: As per the Bank of Tanzania Act, 2006, His Excellency, the President of the United Republic of Tanzania, Hon. Jakaya Mrisho Kikwete, appointed Prof. Benno J. Ndulu to be the sixth Governor of the Bank of Tanzania, Dr. Enos S. Bukuku, Deputy Governor (Incharge of Economic and Financial Policies - EFP), Mr. Juma H. Reli Deputy Governor (Incharge of Administration and Internal Controls - AIC), and Mr. Lila H. Mkila (Incharge of Financial Stability and Deepening- FSD). The effective date of their appointments was 8th January 2008.

2008 January: Settlement cycle was changed from T+2 to T+1 in order to harmonize redemptions and settlement of Treasury Securities. "T" is defined as a settlement day.

2008 January: The auction frequency of Treasury bills was changed from weekly to once fortnightly whilst that of Treasury bonds was changed to once every month.

2007 October: The Bank issued a Press release in the Interbank Foreign Exchange Market indicating that the Bank was going to be on the selling side.

2007 June: As per the Bank of Tanzania Act, 2006, His Excellency, the President of the United Republic of Tanzania, Hon. Jakaya Mrisho Kikwete, appointed three Bank of Tanzania Deputy Governors, Prof. Benno J. Ndulu, (Incharge of Economic and Financial Policies - EFP), Mr. Juma H. Reli (Incharge of Administration and Internal Controls - AIC) and Mr. Lila H. Mkila (Incharge of Financial Stability and Deepening- FSD). The effective date of their appointments was 26th June 2007.

2007 June: Bank of Tanzania-Zanzibar Branch officially moved in the new office building located at Gulioni on 25th June 2007.

2006 June: The Bank of Tanzania Act, 2006 and the Banking and Financial Institutions Act, 2006 were gazetted and became effective on 1st July 2006.

2006 April: The Boards of Directors of the African Development Bank and African Development Fund approved the ADF's participation in Multilateral Debt Relief Initiative (MDRI). The impact of the approval will be cancellation of outstanding debt as at end of December 2004 that remained unpaid until the end of 2005. Though the ADF implementation of MDRI was 01 January 2006, actual delivery is expected to be done retroactively by the end of the 3rd quarter of 2006.

2006 January: The International Monetary Fund (IMF) cancelled debt worth USD 338 million being 100 percent of disbursed outstanding debt as at December 2004 that remained outstanding until December 2005.

2005 December: Introduction of the Two-way quote system in the Interbank Foreign Exchange Market (IFEM).

2005 October: Tanzania Net Settlement Services system (TNNSS) which is a system used to facilitate settlement of transactions arising from visa member banks obligations went live on 10th October 2005 linking 4 local banks with VISA International network branded cards.

2005 July: 10 percent withholding tax



charged on Treasury bills and bonds with the exception of all bonds with maturities longer than two years

2005 June: The G8 Finance Ministers on June 11th 2005 announced a proposal on debt cancellation for Highly Indebted Poor Countries. The proposal envisages 100 percent cancellation of HIPC's disbursed outstanding debt as at 31st December 2004 due to IMF, World Bank and African Development Bank. The announcement entails cancellation of Tanzania debt worth USD 4.832 billion.

2005 June: Zanzibar Investment Promotion Authority (ZIPA) was established as a government focal point for the promotion and facilitation of investment in Zanzibar.

2005 May: Office of Chief Government Statistician GOZ completed the Zanzibar Household Budget Survey (HBS).

2005 March: Bank of Tanzania issued Microfinance Regulations 2005.

2005 March: Zanzibar Business Council was inaugurated. The Council is under the Chairmanship of the Zanzibar President. The council's main objective is to promote development dialogue and propose common strategies for addressing problems facing the private sector growth.

2005 January: The East African Community Customs Union that was ratified by the Partner States in December 2004 commenced its operations. Under the protocol, trade on goods originating and traded among the Partner States attracts a zero tariff. A three-band Common External Tariff (CET) structure of 0percent,

10percent, and 25percent is applied to goods imported into EAC. A selected list of sensitive items attracts rates above 25percent as an additional protection measure for similar locally produced products.

2004 December: Effective end of December 2005, the government developed and introduced a computerized risk-management system aimed at expanding customs clearance primarily through reducing significantly the number of shipments that are physically inspected.

2004 December: The East African Legislative Assembly enacted the East African Community Customs Management Act, 2004.

2004 November: The National Assembly passed the National Economic Empowerment act, 2004. Under the act, the government has resolved to take measures designed to promote and facilitate economic initiatives aimed at empowering Tanzanians.

2004 October: The Electronic Fund Transfer (EFT) system, which is used to transfer low value high volume interbank payments, went live in 2004.

2004 July: 15 percent withholding tax was reinstated on Treasury bills and bonds with the exception of bonds with maturities longer than two years.

2004 April: The Bank introduced the Tanzania Inter-bank Settlement System (TISS) in April 2004, which is an online, real time gross settlement system.



2004 March: The Protocol on the Establishment of the East African Community Customs Union was signed.

2004 March: Commencement of the National account Household Budget Survey (HBS) by Office of the Chief Government Statistician (OCGS).

2004 March: The second and final closing of the Debt Buyback Scheme took place on March 31st 2004 under which debts worth USD 43.8 million, made up of both principal and interest was retired at a price of 12 cents on a dollar of principal amount tendered.

2004 March: Financial Markets Leaders Forum was established in order to promote dialogue and networking among stakeholders in the financial markets. Structured and informal knowledge sharing facilitated by the Forum has enhanced comprehension of the market intricacies among market participants.

2003 December: The Bank introduced Intraday and Lombard standby credit facilities to provide overnight-collateralized advances to commercial banks

2003 June: The President of the Union Government of Tanzania as empowered in section 134 of the Constitution of the Union Republic of Tanzania of 1977 (as amended) established the Joint Finance Commission (JFC) and Joint Finance Bill No 14 of 1996.

2003 May: The Chief Government Statistician reviewed the basis of National Account Database.

- Changed National Account base year from 1991 to 2001
- Adopted the national account statistics to internationally accepted standards

2003 May: Effective 21st May 2003, the Tanzanian Government opened up the Dar es Salaam Stock Exchange to foreign investors. Several regulations were published in 2003 to guide foreign investor's dealings in the Stock Exchange and establish regulatory safeguards for orderly stable market activities.

2003 March: Effective 3rd March, the Delphis Bank was ordered to stop operations by the Bank of Tanzania and was put under statutory supervision of the Bank of Tanzania.

2003 February: The Bank of Tanzania Act (1995) was amended by the Financial Laws (Miscellaneous Amendments) Act, 2003 to give the Bank general powers on the national payment, clearing and settlement system matters comprising oversight and regulation of the National Payment System.

2002 October: The Ministry of Finance converted additional non-marketable stocks into marketable securities worth TZS 80.0 billion.

2002 August: The Bank of Tanzania on behalf of the Government launched a 10-year Treasury bond with a fixed coupon rate of 7.75 percent.

2002 July: The Bank of Tanzania established an Export Credit Guarantee Scheme (ECGS) to hasten the provision



of credit to the export sector, notably non-traditional exports in order to augment efforts towards increased export earnings.

2002 July: The Ministry of Finance issued additional unsecuritized domestic debts worth TZS 20.0 billion to be converted into marketable securities.

2002 July: The Bank of Tanzania on behalf of the Government launched a 7-year Treasury bond with a fixed coupon rate of 7.75 percent.

2002 May: The Bank of Tanzania in collaboration with the Ministry of Finance, converted unsecuritized domestic debts worth TZS 20.0 billion into marketable securities.

2002 May: The Bank of Tanzania re-introduced the 35-day Treasury bill as an instrument of monetary policy.

2002 May: Effective 29th May, the Bank of Tanzania reinstated the 35-days Treasury bill to cater for monetary policy implementation in the country.

2002 April: The Bank of Tanzania changed the 2-year Treasury bond auctions from uniform prices to multiple prices.

2002 March: Effective 1st March, the Bank of Tanzania established a Bank of Tanzania Electronic Clearing House (BOTECH) system at the Dar es Salaam Clearing House, targeted at enhancing the check processing speed, minimizing errors and acts of fraud in the inter-bank transactions. Also, the Magnetic Ink Character Recognition (MICR) equipment for processing paper instruments and generation of electronic

files was commissioned to be used by the Electronic Clearing House and the Central Banking System (CBC) at three sites of Dar es Salaam, Mwanza and Arusha.

2002 February: The Bank of Tanzania on behalf of the Government launched a 5-year Treasury bond with a fixed coupon rate of 7.5 percent under the tranching/reopening mechanism. The bond is listed at the Dar es Salaam Stock Exchange. The aim was to extend the maturity profile of government debt, lengthen the yield curve, and increase the number of tradable instruments in the market.

2002 January: The Paris Club Creditors met on January 17, 2002 and agreed to offer debt relief under Cologne Stock Terms by canceling 90 percent stock of their debts amounting to USD 737 million in net present value terms or USD 1.0 billion in nominal terms. This was part of HIPC Initiative.

2001 November: Tanzania fulfilled all the conditions and managed to reach HIPC Floating Completion Point in November 2001 that was 15 months ahead of originally scheduled time of 36 months.

2001 June: The first closing of the Tanzania debt buyback operation took place on 6th June with debt worth about USD 155.7 million (principal and interest) being retired, utilizing about USD 7.2 million from the grant. The first closing of the operation represents an important step towards the implementation of the Government's debt reduction strategy.

2001 May: The Management of Risk Assets Regulations, 2001 came into



effect on 1st May 2001 and repealed “The Guidelines on Management of Risk Assets, Classification of Loans and Other Risk Assets, Provisioning for Losses and Accrual of Interest” issued on 18th October 1991.

2001 May: The Credit Concentration and Other Exposure Limits Regulations, 2001 came into effect on 1st May 2001 and repealed “The Guidelines on Concentration of Credit and Other Exposure Limits” issue on 22nd December 1992.

2001 May: The Capital Adequacy Regulations, 2001 became effective on 1st May 2001 and repealed “Guidelines for Measuring Capital Adequacy” issued on 1st October 1993 and the Addendum to Circular No. 3 on Capital Adequacy issued on 27th March 1996.

2001 February: The Government launched a national micro-finance policy on 2nd February that lays out the principles of upgrading services through efficient and effective micro-finance systems.

2001 January: Effective 1st January the petroleum sector was fully and effectively liberalized and the Government stopped extending subsidies to Tanzania Petroleum Development Corporation (TPDC).

2001 January: On 15th January, the Heads of State of Tanzania, Kenya and Uganda, formally inaugurated the East African Community (EAC) at the Sheikh Amri Abeid Stadium Arusha.

2000 October: Effective October 1st Tanzania pulled out of Common Market for East and Southern Africa (COMESA).

2000 September: The Publication by commercial banks of Financial Statements Regulations, 2000 was officially made operational on 1st September 2000.

2000 September: The Liquid Assets Ratio Regulations, 2000 became effective on 1st September 2000.

2000 September: Effective on 1st September 2000, the Independent Auditors Regulations, 2000 became operational.

2000 September: Circular No. 8: The Money Laundering Control aimed at guiding banks and financial institutions on uncovering, reporting and controlling money laundering became effective on 1st September, 2000.

2000 May: The Bank of Tanzania took over the management of 1st Adili Bancorp on 15th of May due to its poor performance and shareholders inability to inject more capital in the bank to cover for the heavy losses sustained in its operations.

2000 April: Agreed minute was signed on 14th April in relation to Tanzania’s qualification for Paris Club VI rescheduling arrangement. Under this arrangement Tanzania will be treated under Cologne terms, which provide cancellation of 90 percent of the debt service due up to the Completion Point of the enhanced HIPC Initiative.

2000 March: Tanzania at end March reached a Decision Point and qualified for consideration of additional debt relief under HIPC Program, after the IMF approved Tanzania’s three year Poverty Reduction



and Growth Facility (PRGF).

2000 January: Effective January 15, 2000 the Minimum Reserve Requirement was set at 10 percent of total deposit liabilities (including foreign currency deposits) plus 50 percent of vault cash excluding deposit in the clearing account.

1999 July: The Bank of Tanzania introduced a computerized book entry system and a central depository system for Treasury bills. The system entails record keeping, transfer and updating ownership of the Treasury bills without having to issue physical certificates, thus improving efficiency. The system also facilitates divisibility of securities into smaller lots, which promotes secondary market trading.

1998 July: Establishment of the Primary Dealership system

1998 April: Trading activities at the Dar-es-Salaam Stock Exchange commenced after two years of preparatory work under the stewardship of the Government through the Capital Markets and Securities Authority. The opening of the Trading Floor coincided with the listing of TOL Limited (formerly Tanzania Oxygen Limited), as the first company on the new Exchange.

1997 July: Repurchase agreements were introduced to complement Treasury bills and bonds in the open market operations.

1997 March: The first Treasury bond auction was held. 2-year Treasury bond was the only maturity offered.

1996 September: The Dar es Salaam

Stock Exchange was incorporated as a private company limited by guarantee and not having a share capital under the Companies Ordinance.

July 1996: The 10.0 percent withholding tax on income from Treasury bills and deposits was abolished.

1996: The Capital Markets and Securities Authority (CMSA) was established, in order to facilitate establishment of a stock exchange for mobilizing and allocating savings for medium and long-term investments.

1995 November: Commercial bank and financial institutions were required to determine and report on foreign exchange purchases, sales, the maximum net open position, and average balances and send reports weekly to the Bank of Tanzania.

1994 December: The 364-day Treasury bill was introduced.

1994 December: Issuance of the 35-day Treasury bill was discontinued.

1994 July: A fully-fledged Directorate of Financial Markets was established in the Bank in order to develop and supervise the functioning of the markets.

1994 June: The Interbank Foreign Exchange Market was introduced, replacing the weekly foreign exchange auction system. The IFEM, which is a wholesale market, facilitated determination of the exchange rate.

1994 February: 182-day Treasury bill was introduced.



1994 January: The Capital Market and Securities Act was enacted.

1993 September: 35-day Treasury bill was introduced.

1993 August: Treasury Bills Auctions, were introduced as a tool for financing short term government deficit, as an instrument of liquidity management, and as a reference point for the determination of market interest rates. The Auctions began with the 91-day Treasury bill

1993 July: BOT began auctioning of foreign exchange as a tool for liquidity management as well as for determination of a market-based exchange rate.

1993 July: Foreign exchange auctions were introduced.

1993 June: Certificates of Deposit as an instrument of monetary policy were introduced for the first time.

1993 April: Inception of the Bureaux de Change markets as an effort to liberalize foreign exchange regime.

1992 March: The Foreign Exchange Act 1992 was enacted. The Act liberalized the external trade and created an enabling environment for determination of market exchange rates.



PART V
STATISTICAL TABLES



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Table A.1.1: Gross Domestic Product (GDP), by Kind of Economic Activity at Current Prices, Tanzania Mainland, 1998-2007

Economic Activity	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007p
Millions of TZS										
A: Monetary										
Agriculture, Hunting and Forestry	1,149,264	1,348,695	1,483,902	1,610,975	1,824,450	2,104,035	2,404,037	2,589,263	2,737,686	3,154,263
Crops	862,991	993,849	1,062,007	1,151,820	1,324,078	1,523,553	1,743,041	1,831,665	1,901,931	2,250,434
Livestock	166,097	220,635	277,816	307,313	336,310	399,611	447,491	529,630	580,430	631,254
Forestry and hunting	120,176	134,211	144,079	151,842	164,062	180,871	213,505	227,968	255,325	272,575
Fishing	120,604	134,541	141,609	149,760	168,598	182,929	201,771	219,930	235,045	269,831
Industry and Construction	1,098,311	1,249,733	1,379,079	1,550,360	1,957,554	2,437,259	2,776,974	3,149,293	3,515,928	4,173,741
Mining and quarrying	90,090	98,531	119,175	159,979	220,000	288,200	357,368	457,431	576,363	742,932
Manufacturing	611,112	657,919	715,649	762,400	866,228	1,002,827	1,129,558	1,269,145	1,395,282	1,625,504
Electricity, gas	112,564	135,834	170,220	196,860	209,640	227,081	244,977	271,925	276,915	335,898
Water supply	10,767	17,211	23,850	29,840	32,421	37,597	42,697	47,696	54,872	57,816
Construction	273,778	340,238	350,185	401,281	629,265	881,554	1,002,374	1,103,096	1,212,496	1,411,592
Services	2,527,463	2,972,532	3,390,939	3,795,004	4,230,646	4,763,613	5,419,639	6,247,148	7,170,793	8,413,349
Trade and repairs	816,928	944,963	1,046,788	1,182,797	1,298,349	1,454,527	1,593,717	1,752,826	2,044,421	2,416,506
Hotels and restaurants	176,614	208,825	225,000	250,978	269,120	286,883	319,365	394,417	459,584	559,722
Transport	341,863	402,795	447,314	487,062	526,710	577,977	637,720	706,291	769,830	886,844
Communications	70,970	84,362	97,143	112,783	130,496	161,623	206,877	277,216	374,241	487,132
Financial intermediation	107,920	117,571	127,297	140,000	179,715	204,766	229,370	265,261	299,734	345,000
Real estate and business services	358,154	454,214	565,642	591,482	621,333	723,952	819,300	980,660	1,120,466	1,318,834
Public administration	418,078	462,814	540,229	640,649	754,654	866,917	1,076,215	1,278,881	1,440,913	1,652,556
Education	117,147	152,000	169,000	188,733	211,372	223,409	236,813	251,022	268,594	289,617
Health	60,667	75,921	97,373	118,972	151,993	174,789	200,933	233,032	275,726	327,658
Other social & personal services	59,122	69,067	75,153	81,548	86,904	88,770	99,329	107,542	117,284	129,482
Gross value added before adjustments	4,895,642	5,705,501	6,395,529	7,106,099	8,181,248	9,487,836	10,802,421	12,205,634	13,659,452	16,011,184
less <i>Financial Services Indirectly Measured</i>	-94,605	-89,257	-83,035	-80,000	-90,400	-105,382	-120,588	-141,723	-169,661	-208,281
Gross value added at current basic prices	4,801,037	5,616,244	6,310,494	7,026,099	8,090,848	9,382,454	10,681,833	12,063,911	13,489,791	15,802,903
<i>Add Taxes on products</i>	420,243	428,606	529,151	612,000	704,574	831,707	999,001	1,367,527	1,663,043	1,958,559
Gross Domestic Product at market prices	5,221,280	6,044,850	6,839,645	7,638,099	8,795,422	10,214,161	11,680,834	13,431,438	15,152,834	17,761,462
B: Non-monetary										
Agriculture, Hunting and Forestry	754,603	831,883	923,398	1,025,218	1,163,933	1,375,611	1,712,407	1,821,215	1,970,870	2,258,995
Crops	577,548	638,191	710,944	794,125	912,131	1,118,034	1,379,855	1,440,478	1,550,759	1,732,893
Livestock	112,435	123,903	137,533	152,135	166,490	163,524	221,530	262,193	287,342	359,742
Forestry & hunting	64,620	69,789	74,921	78,958	85,312	94,053	111,022	118,544	132,769	166,360
Fishing	3,305	3,504	3,688	3,900	4,391	4,764	5,254	5,727	6,409	7,358
Industry and construction	65,057	73,592	83,197	88,099	94,005	101,224	122,289	167,464	208,050	257,315
Water supply	12,313	12,830	13,382	14,000	16,245	16,327	18,777	20,909	27,166	33,149
Construction	52,744	60,762	69,815	74,099	77,760	84,897	103,512	146,555	187,113	230,149
Services	239,725	268,732	302,861	344,958	386,756	411,300	450,807	539,449	603,105	663,273
Real estate & business services	239,725	268,732	302,861	344,958	386,756	411,300	450,807	539,449	603,105	663,273
Gross Domestic Product at market prices	1,062,690	1,177,711	1,313,144	1,462,175	1,649,085	1,892,899	2,290,757	2,533,855	2,788,434	3,186,941
Total Gross Domestic Product at market prices (A+B)	6,283,970	7,222,561	8,152,789	9,100,274	10,444,507	12,107,060	13,971,591	15,965,293	17,941,268	20,948,403
Population	30.0	30.9	31.9	32.9	33.6	34.2	35.3	36.19	37.5	38
C: Per Capita nominal GDP (TZS)	209,466	233,740	255,573	276,604	310,848	354,008	396,132	441,152	478,051	546,956

Note: * From September 2007 the National Bureau of Statistics Revised the Set of National Account Estimates - rebasing them to 2001 constant prices

Source: National Bureau of Statistics, Per Capita GDP-BoT computation



A1.0 Output and Prices

Table A1.2: Gross Domestic Product (GDP), by Kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, Tanzania Mainland, 1998 - 2007

Economic Activity	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
A: Monetary										
Agriculture, Hunting and Forestry	18.3	18.7	18.2	17.7	17.5	17.4	17.2	16.2	15.3	15.1
Crops	13.7	13.8	13.0	12.7	12.7	12.6	12.5	11.5	10.6	10.7
Livestock	2.6	3.1	3.4	3.4	3.2	3.3	3.2	3.3	3.2	3.0
Forestry and hunting	1.9	1.9	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.3
Fishing	1.9	1.9	1.7	1.6	1.6	1.5	1.4	1.4	1.3	1.3
Industry and Construction	17.5	17.3	16.9	17.0	18.7	20.1	19.9	19.7	19.6	19.9
Mining and quarrying	1.4	1.4	1.5	1.8	2.1	2.4	2.6	2.9	3.2	3.5
Manufacturing	9.7	9.1	8.8	8.4	8.3	8.3	8.1	7.9	7.8	7.8
Electricity, gas	1.8	1.9	2.1	2.2	2.0	1.9	1.8	1.7	1.5	1.6
Water supply	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	4.4	4.7	4.3	4.4	6.0	7.3	7.2	6.9	6.8	6.7
Services	40.2	41.2	41.6	41.7	40.5	39.3	38.8	39.1	40.0	40.2
Trade and repairs	13.0	13.1	12.8	13.0	12.4	12.0	11.4	11.0	11.4	11.5
Hotels and restaurants	2.8	2.9	2.8	2.8	2.6	2.4	2.3	2.5	2.6	2.7
Transport	5.4	5.6	5.5	5.4	5.0	4.8	4.6	4.4	4.3	4.2
Communications	1.1	1.2	1.2	1.2	1.2	1.3	1.5	1.7	2.1	2.3
Financial intermediation	1.7	1.6	1.6	1.5	1.7	1.7	1.6	1.7	1.7	1.6
Real estate and business services	5.7	6.3	6.9	6.5	5.9	6.0	5.9	6.1	6.2	6.3
Public administration	6.7	6.4	6.6	7.0	7.2	7.2	7.7	8.0	8.0	7.9
Education	1.9	2.1	2.1	2.1	2.0	1.8	1.7	1.6	1.5	1.4
Health	1.0	1.1	1.2	1.3	1.5	1.4	1.4	1.5	1.5	1.6
Other social & personal services	0.9	1.0	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.6
Gross value added before adjustments	77.9	79.0	78.4	78.1	78.3	78.4	77.3	76.5	76.1	76.4
less <i>Financial Services Indirectly Measured</i>	-1.5	-1.2	-1.0	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0
Gross value added at current basic prices	76.4	77.8	77.4	77.2	77.5	77.5	76.5	75.6	75.2	75.4
Add <i>Taxes on products</i>	6.7	5.9	6.5	6.7	6.7	6.9	7.2	8.6	9.3	9.3
Gross domestic product at market prices	83.1	83.7	83.9	83.9	84.2	84.4	83.6	84.1	84.5	84.8
B: Non-Monetary										
Agriculture, Hunting and Forestry	12.0	11.5	11.3	11.3	11.1	11.4	12.3	11.4	11.0	10.8
Crops	9.2	8.8	8.7	8.7	8.7	9.2	9.9	9.0	8.6	8.3
Livestock	1.8	1.7	1.7	1.7	1.6	1.4	1.6	1.6	1.6	1.7
Forestry & hunting	1.0	1.0	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.8
Fishing	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Industry and Construction	1.0	1.0	1.0	1.0	0.9	0.8	0.9	1.0	1.2	1.2
Water supply	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Construction	0.8	0.8	0.9	0.8	0.7	0.7	0.7	0.9	1.0	1.1
Services	3.8	3.7	3.7	3.8	3.7	3.4	3.2	3.4	3.4	3.2
Real estate & business services	3.8	3.7	3.7	3.8	3.7	3.4	3.2	3.4	3.4	3.2
Gross Domestic Product at market prices	16.9	16.3	16.1	16.1	15.8	15.6	16.4	15.9	15.5	15.2
C: Total Gross Domestic Product at market prices (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics



Table A1.3: Gross Domestic Product (GDP), at Factor Cost, by Kind of Economic Activity, at Constant 1992 Prices, Tanzania Mainland, 1998 - 2007

Economic Activity	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Millions of TZS										
A: Monetary										
Agriculture and Fishing	1,520,667	1,588,638	1,656,413	1,760,735	1,858,279	1,913,425	1,993,064	2,114,515	2,187,610	2,277,890
Crops	961,993	1,012,183	1,070,541	1,151,820	1,225,544	1,259,304	1,312,030	1,399,662	1,446,975	1,510,406
Livestock	288,178	298,484	295,549	307,313	316,043	323,067	334,237	351,232	359,519	371,398
Forestry and hunting	135,836	139,049	147,324	151,842	156,806	161,575	165,963	171,937	179,847	185,827
Fishing	134,660	138,922	142,999	149,760	159,886	169,479	180,834	191,684	201,269	210,259
Industry and Construction	1,300,531	1,390,233	1,453,272	1,550,268	1,699,749	1,893,028	2,106,686	2,326,418	2,522,828	2,760,870
Mining and quarrying	112,578	122,805	140,400	159,979	187,000	219,000	254,000	295,000	341,000	377,559
Manufacturing	653,575	693,058	726,358	762,400	819,200	893,000	977,000	1,071,000	1,162,000	1,263,435
Electricity, gas	168,323	175,038	185,847	196,860	209,000	223,953	240,708	263,218	258,347	286,507
Water supply	26,772	27,594	28,654	29,748	30,569	32,062	33,903	35,417	37,950	40,841
Construction	339,283	371,738	372,013	401,281	453,980	525,013	601,075	661,783	723,531	792,529
Services	3,230,772	3,380,254	3,563,385	3,795,004	4,096,913	4,422,457	4,775,960	5,166,826	5,580,151	6,044,462
Trade and repairs	1,005,241	1,065,186	1,111,165	1,182,797	1,281,544	1,405,698	1,486,931	1,585,906	1,736,631	1,906,821
Hotels and restaurants	217,000	230,000	239,528	250,978	267,162	275,836	285,732	301,873	314,921	328,859
Transport	428,679	445,166	464,481	487,062	516,000	541,901	588,574	627,951	661,000	703,965
Communications	92,158	98,248	103,716	112,783	124,549	144,039	169,158	200,900	239,537	287,684
Financial intermediation	121,250	126,100	131,000	140,000	154,108	170,643	184,775	204,694	228,000	251,280
Real estate and business services	525,132	544,686	572,296	591,482	639,474	684,602	734,880	796,832	860,219	925,021
Public administration	510,027	524,000	580,000	640,649	699,561	766,760	871,169	970,786	1,033,488	1,102,951
Education	157,368	162,969	169,462	188,733	202,000	207,606	215,910	224,547	235,774	248,742
Health	103,837	107,158	112,629	118,972	129,229	140,437	151,370	163,572	177,520	193,142
Other social and personal services	70,080	76,741	79,108	81,548	83,286	84,935	87,461	89,765	93,061	95,998
Gross value added excluding adjustments	6,051,967	6,359,125	6,673,070	7,106,007	7,654,941	8,228,910	8,875,710	9,607,759	10,290,589	11,083,223
less <i>Financial Services Indirectly Measured</i>	-74,437	-76,978	-78,049	-80,000	-87,000	-97,154	-106,931	-119,497	-137,287	-158,292
Gross value added at basic prices	5,977,530	6,282,147	6,595,021	7,026,007	7,567,941	8,131,756	8,768,779	9,488,262	10,153,302	10,924,931
<i>Taxes on products</i>	525,209	550,560	577,542	612,000	655,926	701,372	756,422	812,482	867,868	927,751
GDP at market prices	6,502,739	6,832,708	7,172,563	7,638,006	8,223,867	8,833,128	9,525,201	10,300,744	11,021,170	11,852,682
B: Non-monetary										
Agriculture, forestry, hunting & fishing	925,414	956,694	1,002,430	1,029,118	1,072,250	1,111,424	1,210,467	1,230,544	1,287,138	1,337,492
Crops	727,475	752,936	777,030	794,125	830,090	863,057	950,694	962,268	1,010,398	1,057,549
Livestock	122,831	126,762	146,311	152,135	156,457	159,934	168,763	173,877	177,979	179,000
Forestry and hunting	71,640	73,431	75,413	78,958	81,539	84,019	86,301	89,407	93,520	95,468
Fishing	3,468	3,565	3,676	3,900	4,164	4,414	4,709	4,992	5,241	5,475
Industry and construction	77,208	80,268	83,680	88,192	92,275	95,053	97,933	106,843	117,074	128,648
Water supply	13,010	13,374	13,709	14,093	14,515	15,066	15,654	16,283	16,955	17,633
Construction	64,197	66,894	69,971	74,099	77,760	79,987	82,279	90,560	100,119	111,015
Services	298,566	312,001	326,665	344,958	363,786	384,130	406,133	429,958	455,781	483,099
Real estate and business services	298,566	312,001	326,665	344,958	363,786	384,130	406,133	429,958	455,781	483,099
GDP at market prices	1,301,188	1,348,963	1,412,775	1,462,268	1,528,311	1,590,607	1,714,533	1,767,345	1,859,993	1,949,239
C: Total Gross Domestic Product at market prices (A + B)	7,803,927	8,181,671	8,585,338	9,100,274	9,752,178	10,423,735	11,239,734	12,068,089	12,881,163	13,801,921
Population	30.0	30.9	31.9	32.9	33.6	34.2	35.3	36.19	37.5	38
D: Per Capita real GDP (TZS)	260,131	264,779	269,133	276,604	290,243	304,788	318,677	333,465	343,223	360,363

Note: * From September 2007 the National Bureau of Statistics Revised the Set of National Account Estimates - rebasing them to 2001 constant prices

Source: National Bureau of Statistics, Per Capita GDP-BoT computation



1.0 Output and Prices

Table A1.4: Gross Domestic Product (GDP), at Factor Cost, by Kind of Economic Activity, Percentage Share in Total GDP, at Constant 1992 Prices, Tanzania Mainland, 1998 - 2007

Economic Activity	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
A: Monetary										
Agriculture and Fishing	19.5	19.4	19.3	19.3	19.1	18.4	17.7	17.5	17.0	16.5
Crops	12.3	12.4	12.5	12.7	12.6	12.1	11.7	11.6	11.2	10.9
Livestock	3.7	3.6	3.4	3.4	3.2	3.1	3.0	2.9	2.8	2.7
Forestry and hunting	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.3
Fishing	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.5
Industry and construction	16.7	17.0	16.9	17.0	17.4	18.2	18.7	19.3	19.6	20.0
Mining and quarrying	1.4	1.5	1.6	1.8	1.9	2.1	2.3	2.4	2.6	2.7
Manufacturing	8.4	8.5	8.5	8.4	8.4	8.6	8.7	8.9	9.0	9.2
Electricity, gas	2.2	2.1	2.2	2.2	2.1	2.1	2.1	2.2	2.0	2.1
Water supply	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	4.3	4.5	4.3	4.4	4.7	5.0	5.3	5.5	5.6	5.7
Services	41.4	41.3	41.5	41.7	42.0	42.4	42.5	42.8	43.3	43.8
Trade and repairs	12.9	13.0	12.9	13.0	13.1	13.5	13.2	13.1	13.5	13.8
Hotels and restaurants	2.8	2.8	2.8	2.8	2.7	2.6	2.5	2.5	2.4	2.4
Transport	5.5	5.4	5.4	5.4	5.3	5.2	5.2	5.2	5.1	5.1
Communications	1.2	1.2	1.2	1.2	1.3	1.4	1.5	1.7	1.9	2.1
Financial intermediation	1.6	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.8	1.8
Real estate and business services	6.7	6.7	6.7	6.5	6.6	6.6	6.5	6.6	6.7	6.7
Public administration	6.5	6.4	6.8	7.0	7.2	7.4	7.8	8.0	8.0	8.0
Education	2.0	2.0	2.0	2.1	2.1	2.0	1.9	1.9	1.8	1.8
Health	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
Other social and personal services	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.7
Gross value added excluding adjustments less <i>Financial Services Indirectly Measured</i>	77.6	77.7	77.7	78.1	78.5	78.9	79.0	79.6	79.9	80.3
Gross value added at basic prices	-1.0	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1
<i>Taxes on products</i>	76.6	76.8	76.8	77.2	77.6	78.0	78.0	78.6	78.8	79.2
GDP at market prices	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
B: Non-Monetary	83.3	83.5	83.5	83.9	84.3	84.7	84.7	85.4	85.6	85.9
Agriculture, forestry, hunting & fishing	11.9	11.7	11.7	11.3	11.0	10.7	10.8	10.2	10.0	9.7
Crops	9.3	9.2	9.1	8.7	8.5	8.3	8.5	8.0	7.8	7.7
Livestock	1.6	1.5	1.7	1.7	1.6	1.5	1.5	1.4	1.4	1.3
Forestry and hunting	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7
Fishing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9
Water supply	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Construction	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8
Services	3.8	3.8	3.8	3.8	3.7	3.7	3.6	3.6	3.5	3.5
Real estate and business services	3.8	3.8	3.8	3.8	3.7	3.7	3.6	3.6	3.5	3.5
GDP at market prices	16.7	16.5	16.5	16.1	15.7	15.3	15.3	14.6	14.4	14.1
C: Gross Domestic Product at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics



Table A1.5: Gross Domestic Product (GDP), at Factor Cost by Kind of Economic Activity, Percentage Growth Rates, at Constant 1992 Prices, Tanzania Mainland, 1998 - 2007

Economic Activity	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
A: Monetary										
Agriculture, forestry, hunting & fishing										
Crops	1.6	4.5	4.3	6.3	5.5	3.0	4.2	6.1	3.5	4.1
Livestock	1.5	5.2	5.8	7.6	6.4	2.8	4.2	6.7	3.4	4.4
Forestry and hunting	0.5	2.4	-1.0	4.0	2.8	2.2	3.5	5.1	2.4	3.3
Fishing	3.5	3.2	6.0	3.1	3.3	3.0	2.7	3.6	4.6	3.3
Industry and construction										
Mining and quarrying	7.0	6.9	4.5	6.7	9.6	11.4	11.3	10.4	8.4	9.4
Manufacturing	5.5	6.0	4.8	5.0	7.5	9.0	9.4	9.6	8.5	8.7
Electricity, gas	6.2	4.0	6.2	5.9	6.2	7.2	7.5	9.4	-1.9	10.9
Water supply	-1.4	3.1	3.8	3.8	2.8	4.9	5.7	4.5	7.2	7.6
Construction	10.8	9.6	0.1	7.9	13.1	15.6	14.5	10.1	9.3	9.5
Services										
Trade and repairs	4.9	4.6	5.4	6.5	8.0	7.9	8.0	8.2	8.0	8.3
Hotels and restaurants	6.3	6.0	4.3	6.4	8.3	9.7	5.8	6.7	9.5	9.8
Transport	7.3	6.0	4.1	4.8	6.4	3.2	3.6	5.6	4.3	4.4
Communications	4.3	3.8	4.3	4.9	5.9	5.0	8.6	6.7	5.3	6.5
Financial intermediation	5.3	6.6	5.6	8.7	10.4	15.6	17.4	18.8	19.2	20.1
Real estate and business services	4.5	4.0	3.9	6.9	10.1	10.7	8.3	10.8	11.4	10.2
Public administration	3.6	3.7	5.1	3.4	8.1	7.1	7.3	8.4	8.0	7.5
Education	3.2	2.7	10.7	10.5	9.2	9.6	13.6	11.4	6.5	6.7
Health	6.6	3.6	4.0	11.4	7.0	2.8	4.0	4.0	5.0	5.5
Other social and personal services	2.4	3.2	5.1	5.6	8.6	8.7	7.8	8.1	8.5	8.8
Gross value added before adjustments	4.0	9.5	3.1	3.1	2.1	2.0	3.0	2.6	3.7	3.2
<i>less Financial Services Indirectly Measured</i>	4.5	5.1	4.9	6.5	7.7	7.5	7.9	8.2	7.1	7.7
Gross value added at basic prices	1.3	3.4	1.4	2.5	8.7	11.7	10.1	11.8	14.9	15.3
<i>Taxes on products</i>	4.4	5.1	5.0	6.5	7.7	7.5	7.8	8.2	7.0	7.6
Gross Domestic Product at market prices	4.2	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.8	6.9
B: Non-Monetary	1.8	5.1	5.0	6.5	7.7	7.4	7.8	8.1	7.0	7.5
Agriculture, forestry, hunting & fishing										
Crops	2.4	3.4	4.8	2.7	4.2	3.7	8.9	1.7	4.6	3.9
Livestock	2.0	3.5	3.2	2.2	4.5	4.0	10.2	1.2	5.0	4.7
Forestry & hunting	3.0	3.2	15.4	4.0	2.8	2.2	5.5	3.0	2.4	0.6
Fishing	4.3	2.5	2.7	4.7	3.3	3.0	2.7	3.6	4.6	2.1
Industry & construction										
Water supply	5.4	2.8	3.1	6.1	6.8	6.0	6.7	6.0	5.0	4.5
Construction	4.6	4.0	4.3	5.4	4.6	3.0	3.0	9.1	9.6	9.9
Real estate & business services	2.7	2.8	2.5	2.8	3.0	3.8	3.9	4.0	4.1	4.0
Services	5.1	4.2	4.6	5.9	4.9	2.9	2.9	10.1	10.6	10.9
Gross Domestic Product at market prices	3.5	4.5	4.7	5.6	5.5	5.6	5.7	5.9	6.0	6.0
C: Gross Domestic Product at market prices	4.8	4.5	4.7	5.6	5.5	5.6	5.7	5.9	6.0	6.0
Gross Domestic Product at market prices	2.8	3.7	4.7	3.5	4.5	4.1	7.8	3.1	5.2	4.8
Gross Domestic Product at market prices	4.1	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.7	7.1

Source: National Bureau of Statistics



1.0 Output and Prices

Table A1.6 : Production of Major Agricultural Crops, Tanzania Mainland, 1998 - 2007

Crop type	000 Metric Tons										
	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Food Crops:											
Maize	2,685.0	2,452.0	2,009.0	2,579.0	2,705.0	2,322.0	3,157.0	3,219.0	3,373.0	3,302.1	3,593.7
Rice	676.0	506.0	508.0	564.0	640.0	713.0	688.0	759.0	784.0	872.2	896.7
Wheat	112.0	82.0	32.0	89.0	77.0	74.0	67.0	102.0	110.0	82.8	86.4
Pulses	462.0	528.0	674.0	733.0	683.0	850.0	879.0	886.0	1,018.0	1,156.0	1,111.2
Cash Crops:											
Coffee	38.0	46.6	47.9	58.1	37.5	52.4	32.5	54.0	34.3	54.8	43.1
Cotton	69.9	39.0	35.0	41.2	49.9	63.4	46.9	114.6	125.6	43.8	67.3
Tea	26.2	21.9	24.8	26.7	24.7	27.6	30.1	30.7	30.3	31.3	34.8
Cashewnuts	93.2	103.3	121.2	98.6	67.3	95.0	79.0	72.0	77.4	92.6	99.1
Tobacco	52.0	38.0	31.8	24.8	28.0	28.0	34.0	47.0	52.0	50.7	50.8
Sisal	20.0	24.0	20.6	20.5	23.5	23.6	23.8	27.0	27.8	30.9	33.3
Pyrethrum	1.3	4.0	0.6	1.5	1.7	1.1	0.8	1.0	2.8	2.0	2.3

Note: na = Not available

p = Provisional

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

Table A1.7: Agricultural Production Indices, Tanzania Mainland, 1998 - 2007

Crop type	1980/81=100										
	1980/81	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Food Crops:											
Maize	1839.6	133.3	109.2	140.2	147.0	126.2	171.6	175.0	183.4	179.5	195.3
Paddy	349.5	144.8	145.4	161.4	183.1	204.0	196.9	217.2	224.3	249.6	256.6
Wheat	90.5	90.6	35.4	98.3	85.1	81.8	74.0	112.7	121.5	91.5	95.4
Pulses	271.6	194.4	248.2	269.9	251.5	313.0	323.6	326.2	374.8	425.6	409.1
Cash Crops:											
Coffee	54.9	84.9	87.2	105.8	68.3	95.5	59.2	98.4	62.5	99.9	78.5
Cotton	56.7	68.8	61.7	72.7	88.1	111.7	82.8	202.2	221.5	77.2	118.6
Tea	17.6	124.2	140.9	152.0	140.3	156.6	171.1	174.4	172.4	178.1	197.6
Cashewnuts	54	191.3	224.4	226.3	124.8	171.1	146.3	133.3	143.4	171.4	183.5
Tobacco	14.8	256.4	214.9	168.9	189.2	189.2	229.7	317.6	351.4	342.3	343.1
Sisal	82.5	29.1	25.0	25.5	29.1	29.1	29.1	32.7	33.7	37.5	40.4
Pyrethrum	2.7	148.1	21.1	54.3	64.3	40.4	31.2	37.0	103.7	75.8	85.2

Source : Ministry of Agriculture and BOT computation



1.0 Output and Prices

Table A1.8: Production in Selected Industries, Tanzania Mainland, 1998 - 2007

Commodity	Unit	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^p
Biscuits & pasta	tons	805	611	891	1,215	2,284	5,906	10,214	10,912	10,565	9,296
Wheat flour	tons	87,669	144,693	162,634	180,098	219,118	334,601	338,076	368,019	421,973	412,688
Sugar, refined	000' M/Tons	93	110	135	184	190	213	202	269	173	251
Konyagi	000' Lts	1,994	1,630	2,214	2,287	2,937	3,738	4,105	4,489	4,982	7,669
Beer	000' Lts	170,700	167,353	183,003	175,649	175,870	194,100	202,628	216,604	274,142	311,245
Chibuku	000' Lts	11,993	12,392	17,041	18,750	19,400	14,825	10,119	11,106	11,559	10,320
Cigarattes	Mill Pes	3,933	3,371	3,745	3,491	3,778	3,920	4,219	4,445	4,612	5,821
Textiles	000'Sq. Mt.	45,546	49,757	73,566	84,548	106,305	126,900	127,051	110,520	124,716	142,951
Sisal ropes and twines	tons	4,329	3,253	3,900	4,796	5,901	6,839	5,161	5,943	5,854	9,082
Fishnet & products	tons	35	24	42	57	30	41	260	274	119	208
Plywood	Cubic Mt.	-	1,953	568	450	304	562	578	918	1,032	1,080
Pyrethrum extract	000' tons	9	17	44	71	36	16	23	164	33	791
Paints	000'Ltrs	4,943	12,903	7,085	9,662	13,564	16,842	16,621	16,222	18,402	22,498
Cement	000' tons	778	833	833	900	1,026	1,186	1,281	1,366	1,432	1,513
Rolled steel	tons	9,522	8,982	11,182	16,340	25,418	38,794	40,029	47,652	53,818	48,666
Iron Sheets	tons	14,918	23,028	25,046	25,937	35,067	31,018	29,573	25,088	30,293	36,492
Aluminium sheets/circles	tons	180	187	133	137	141	199	171	103	105	70
Dry cells	000 Pes	46,490	46,000	44,000	39,000	42,000	43,000	74,000	81,000	82,000	75,000
Battery, auto	Pieces	7,090	4,000	14,000	11,000	17,000	27,000	29,000	42,000	50,000	12,000

p = Provisional

Source: National Bureau of Statistics

Table A1.9: Industrial Production Indices, Tanzania Mainland, 1998 - 2007

Commodity	1985=100										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Biscuits & pasta	81	62	90	123	231	597	1,033	1,103	1,068	940	
Wheat flour	225	372	418	463	563	860	869	946	1,084	1,061	
Sugar, refined	83	98	121	145	170	190	181	240	147	224	
Konyagi	207	169	230	238	305	389	427	467	518	797	
Beer	225	221	242	232	232	256	267	286	363	411	
Chibuku	110	113	156	172	177	136	93	102	106	94	
Cigarattes	148	126	140	131	142	147	158	167	180	218	
Textiles	78	86	127	146	183	219	219	190	216	246	
Sisal ropes and twines	30	22	27	33	41	47	36	41	40	63	
Fishnet & products	36	25	44	59	31	43	271	285	129	217	
Plywood	-	123	36	28	19	35	36	58	65	68	
Pyrethrum extract	23	44	113	182	92	41	59	421	85	2,028	
Paints	362	946	519	708	994	1,235	1,219	1,189	1,349	1,649	
Cement	207	222	222	239	273	315	341	363	378	402	
Rolled steel	84	79	99	145	225	343	354	422	489	431	
Iron Sheets	69	106	116	120	162	143	136	116	140	168	
Aluminium sheets/circles	7	8	6	6	6	8	7	4	4	3	
Dry cells	105	104	100	88	95	98	168	184	190	170	
Battery, auto	47	26	92	72	112	178	191	276	329	79	

p = Provisional

Source: National Bureau of Statistics & BOT computation



1.0 Output and Prices

Table A1.10 : Mineral Recoveries, Tanzania Mainland, 1998 - 2007

Item	Unit	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^p
Diamond	000Carats	97.8	235.0	354.4	254.3	239.8	236.4	303.9	219.6	272.2	282.8
Gold	Kgs	427.0	4,890.0	15,060.0	30,088.0	43,320.0	48,018.0	48,175.7	47,269.5	39,749.8	40,193.2
Gemstone	Kgs	48,518.0	95,200.0	150,800.0	96,866.0	195,841.6	1,531,547.1	1,613,848.5	627,796.2	2,498,636.9	1,294,485.0
Salt	000Tons	75.0	35.9	70.0	65.0	71.2	59.0	57.1	51.2	34.8	35.2
Gypsum	000Tons	59.1	40.0	60.0	72.0	73.0	33.2	59.2	23.1	32.6	2.7
Limestone	000Tons	1,181.2	1,241.2	1,500.0	2,269.4	2,856.7	1,206.2	1,390.9	2,006.4	1,607.6	1,322.0
Pozzolana	Tons	n.a	2,274.0	57,014.0	41,468.0	52,000.0	105,910.8	152,678.6	163,499.3	129,295.3	184,070.4

p = Provisional

Source : Ministry of Energy and Minerals

Table A1.11: National Consumer Price Index (Revised), 2001 - 2008

2001 = 100

Period	Non - Food										Misc. goods & services			
	General Index	Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health		Recreation & entertain.	Transportation	Educ-ation
Weight (%)	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	101.0	101.0	100.9	100.5	100.8	101.1	102.1	101.0	100.6	100.9	100.7	100.5	100.4	100.6
2003	104.5	105.6	102.9	102.0	102.8	107.1	104.7	103.1	101.7	103.8	102.8	101.7	102.6	102.8
2004	108.9	111.8	104.6	101.5	105.1	109.6	109.5	103.3	102.6	104.4	104.9	102.7	103.2	102.3
2005	120.9	129.4	110.1	116.0	92.8	125.5	134.4	96.7	102.4	97.0	94.0	110.2	91.0	93.9
2006	129.6	138.5	118.5	125.0	99.3	132.3	145.8	104.3	104.4	107.8	98.7	120.2	93.3	101.5
2007	138.8	148.2	126.8	138.1	105.2	137.1	154.8	112.5	113.4	110.9	107.4	128.7	102.2	102.3
2005 Mar	113.9	118.9	106.9	103.0	106.0	109.0	115.0	102.4	103.5	107.9	103.6	106.2	103.6	102.1
June	113.3	118.0	107.0	103.3	104.5	109.0	116.0	101.6	103.1	107.5	103.4	107.2	103.1	100.9
Sept	113.6	118.1	108.1	104.1	104.1	109.3	119.9	102.3	102.7	108.0	103.1	108.2	103.1	100.4
Dec.	113.7	118.5	108.3	104.3	103.8	109.4	120.6	102.5	102.7	108.7	103.4	108.7	102.8	100.4
2006 Mar	127.9	138.6	114.4	119.7	98.1	128.8	138.2	100.8	101.0	107.6	98.0	115.3	90.2	102.0
June	131.2	142.5	117.1	121.4	98.3	131.5	145.5	102.9	102.7	106.2	97.5	119.1	91.6	101.0
Sept	127.8	133.3	120.9	127.7	99.7	134.5	151.7	105.9	105.0	107.2	98.3	122.8	94.4	101.6
Dec.	131.7	139.7	121.7	131.1	101.2	134.5	147.9	107.6	108.9	110.3	100.8	123.8	96.9	101.3
2007 Mar	137.0	147.3	124.0	133.6	104.5	136.0	149.1	111.4	111.6	109.9	105.3	125.9	100.6	101.8
June	138.7	148.2	126.6	137.6	105.3	136.6	154.7	112.3	114.0	110.6	106.9	127.8	101.4	103.1
Sept	138.5	147.0	127.9	138.0	105.2	137.5	158.3	112.4	114.3	110.9	108.5	129.9	102.8	102.0
Dec.	140.8	150.2	128.9	143.0	105.6	138.3	157.0	113.8	113.8	112.3	108.9	130.9	104.1	102.2
2008 Mar	149.2	163.4	131.2	146.8	105.3	138.9	161.6	116.6	115.1	113.6	110.0	132.9	106.2	103.4
June	151.7	165.1	134.9	148.5	106.4	139.5	172.0	118.1	117.1	114.7	111.4	136.5	107.8	103.9

Please note that NBS has adjusted CPI figures from September 2006. Despite the adjustments the previous published figures remains the official measure of inflation in the past (The old and adjusted CPI figures are yet to be harmonized)

Source: National Bureau of Statistics.



1.0 Output and Prices

Table A1.12: National consumer Price Index, Percentage Change on the Previous Year- (Revised), 2002 - 2008

2001 = 100

Period	General Index	Non - Food											Miscel. goods & services				
		Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Recreation & entertain.	Transportation		Educ-ation			
Weight	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.6	1.5
2002	1.0	1.0	0.9	0.5	0.8	1.1	2.1	0.9	0.6	0.6	0.9	0.6	0.6	0.5	0.4	0.4	0.6
2003	3.5	4.5	2.0	1.5	2.0	5.9	2.5	2.1	1.1	1.1	2.9	2.1	2.1	1.2	2.2	2.2	2.2
2004	4.2	5.9	1.6	-0.5	2.3	2.3	4.6	0.2	0.9	0.9	0.5	2.1	2.1	1.0	0.6	0.6	-0.5
2005	4.4	5.9	2.9	2.1	-0.5	-0.4	7.7	-1.1	0.5	0.5	3.5	-1.5	-1.5	4.7	-0.1	-0.1	-1.4
2006	7.3	7.0	7.6	7.7	7.0	5.5	8.5	7.8	2.0	2.0	11.2	5.0	5.0	9.1	2.5	2.5	8.0
2007	7.0	7.0	7.0	10.5	5.9	3.6	6.1	7.9	8.6	8.6	2.9	8.9	8.9	7.0	9.6	9.6	0.8
2005 Mar	4.1	5.5	2.2	0.9	-3.3	2.0	-0.4	-0.4	1.7	1.7	1.0	-2.4	-2.4	3.7	0.9	0.9	-1.3
June	4.1	5.0	3.2	2.0	-5.2	3.0	1.1	-1.9	1.4	1.4	5.1	0.7	0.7	5.7	1.2	1.2	-2.9
Sept	4.5	6.3	2.8	2.7	3.7	-0.9	-0.9	-1.1	-0.7	-0.7	4.2	-2.0	-2.0	4.9	-1.2	-1.2	-0.8
Dec	4.8	6.9	3.4	2.9	-1.7	4.2	10.0	-1.1	-0.5	-0.5	3.9	-2.1	-2.1	4.7	-1.1	-1.1	-0.4
2006 Mar	7.7	8.3	6.8	5.6	7.9	8.5	7.3	4.7	-1.0	-1.0	16.9	4.9	4.9	7.5	0.3	0.3	9.4
June	9.2	10.0	7.9	6.0	7.4	7.7	9.5	6.8	0.3	0.3	13.6	5.5	5.5	10.0	2.1	2.1	7.7
Sept	5.9	3.5	9.4	9.8	6.9	3.9	12.0	10.1	2.6	2.6	10.5	7.0	7.0	11.2	5.0	5.0	8.6
Dec.	6.3	6.2	6.5	9.2	5.9	2.3	5.4	9.8	6.0	6.0	4.8	2.8	2.8	7.8	2.5	2.5	6.6
2007 Mar	7.2	6.3	8.4	11.7	6.5	5.6	7.9	10.6	10.5	10.5	2.1	7.4	7.4	9.2	11.6	11.6	-0.2
June	5.7	4.0	8.1	13.3	7.2	3.9	6.3	9.2	11.0	11.0	4.2	9.6	9.6	7.4	10.7	10.7	2.1
Sept	8.4	10.3	5.8	8.1	5.5	2.2	4.3	6.2	8.9	8.9	3.4	10.4	10.4	5.8	8.9	8.9	0.4
Dec.	6.9	7.5	5.9	9.1	4.3	2.8	6.2	5.8	4.5	4.5	1.9	8.1	8.1	5.7	7.5	7.5	0.9
2008 Mar	8.9	10.9	5.8	9.9	0.8	2.1	8.4	4.6	3.1	3.1	3.4	4.4	4.4	5.5	5.6	5.6	1.6
June	9.4	11.4	6.6	7.9	1.1	2.1	11.2	5.2	2.7	2.7	3.7	4.1	4.1	6.8	6.3	6.3	0.7

Source: National Bureau of Statistics.

Table A1.13: Dar es Salaam Cost of Living Index - Middle Income Group*, 2001 - 2007

Basc. 2001 = 100

Period	Non - Food													
	General Index	Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Transportation	Recreation & entertain.	Educ- ation	Miscel. goods & services
Weight	100.0	57.0	43.0	7.9	7.5	1.2	6.9	1.3	2.0	2.1	10.7	1.0	1.7	0.6
2001	102.1	100.9	103.8	105.1	103.9	100.0	105.2	100.6	101.3	103.1	103.5	104.5	100.7	105.4
2002	103.5	103.5	103.5	101.5	104.1	103.3	103.3	103.9	103.7	103.5	104.6	101.6	103.3	109.9
2003	105.9	105.7	106.1	106.6	108.2	108.5	109.0	101.7	105.6	104.1	103.3	101.8	102.5	123.0
2004	114.6	116.3	112.4	110.5	106.8	111.9	139.2	103.7	109.1	102.3	106.0	104.6	102.8	119.5
2005	123.7	127.8	118.3	107.2	105.0	119.3	162.9	110.7	105.8	106.6	114.3	114.0	108.0	122.9
2006	135.0	135.6	134.3	122.7	111.0	132.8	196.6	133.1	109.9	115.7	133.6	114.3	117.1	115.4
2007	150.2	149.0	151.9	142.6	129.3	146.1	219.8	147.4	120.1	116.9	150.9	117.8	152.3	106.0
2004-Mar	112.5	113.5	111.1	120.1	105.3	111.9	126.0	103.5	111.0	104.5	102.7	105.5	103.3	116.5
Jun	113.6	114.7	112.2	115.3	107.3	111.9	135.8	104.6	107.4	102.3	103.6	105.4	102.6	117.7
Sep	115.1	116.9	112.7	103.3	106.5	111.9	147.1	104.2	109.7	101.3	107.7	105.1	102.8	123.2
Dec	117.3	120.3	113.4	103.3	107.8	111.9	147.7	102.3	108.5	101.1	110.2	102.3	102.3	120.6
2005-Mar	119.7	123.3	114.9	104.1	104.3	111.9	152.3	107.8	103.4	105.5	113.1	109.4	105.6	120.6
Jun	121.3	124.3	117.3	106.0	104.9	111.9	162.9	109.9	105.0	106.4	113.2	110.5	107.5	121.0
Sep	126.0	130.5	120.0	109.1	105.4	126.7	165.7	112.1	107.2	107.9	115.7	119.2	109.1	122.7
Dec	127.9	133.2	120.8	109.6	105.4	126.5	170.6	112.9	107.7	106.6	115.2	116.7	110.0	127.3
2006-Mar	131.5	134.5	127.6	114.0	109.1	129.9	178.7	126.9	108.4	110.9	127.6	118.7	115.3	123.8
Jun	135.1	136.7	133.1	119.2	110.8	132.8	195.1	131.2	109.0	115.2	132.7	114.2	117.4	119.3
Sep	135.6	134.3	137.2	126.8	110.2	134.3	204.8	135.3	110.5	118.0	137.0	113.4	116.7	108.5
Dec	137.9	136.8	139.4	130.9	113.8	134.3	207.6	139.2	111.6	118.6	137.2	110.9	119.1	109.8
2007-Mar	143.2	142.5	144.2	133.3	118.8	146.1	215.8	144.2	113.6	117.4	140.0	114.4	143.4	106.3
Jun	148.7	148.7	148.7	142.8	128.9	146.1	215.1	148.8	112.6	117.8	142.0	118.1	151.7	106.3
Sep	152.3	149.4	156.0	144.2	134.0	146.1	227.2	148.6	120.2	114.7	157.4	119.3	157.8	106.1
Dec	156.8	155.3	158.8	150.1	135.4	146.1	221.2	148.1	133.8	117.9	164.0	119.5	156.4	105.3

* People with monthly incomes TZS 17,500/= up to 40,000/=

Source: National Bureau of Statistics.





Table AI.14: Dar es Salaam Retail Price Index - Wage earners*, 2001 - 2007

Period	General Index	Non - Food										Miscel. goods & services		
		Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Transportation		Recreation & entertain.	Educ-ation
Weights	100.0	67.52	32.5	2.5	4.1	0.8	10.4	0.6	1.8	1.3	8.6	0.8	1.2	0.3
2001	103.1	103.6	102.1	100.8	103.7	100.0	103.1	105.4	101.6	101.4	100.3	102.5	103.5	102.5
2002	103.8	104.0	103.5	103.0	103.5	111.9	104.2	103.3	104.7	107.4	100.3	105.7	108.8	102.6
2003	109.8	109.6	110.1	114.0	111.5	111.9	118.5	102.6	102.5	109.3	100.4	109.3	109.1	105.8
2004	116.8	117.1	116.1	123.2	111.9	111.9	133.2	113.0	102.2	118.5	100.9	103.7	111.2	103.4
2005	126.5	125.7	128.0	120.0	108.7	113.6	162.3	115.7	110.0	113.6	109.8	110.4	115.0	121.1
2006	141.1	138.6	146.2	141.8	108.0	132.8	193.7	115.4	109.6	118.8	134.0	113.6	93.8	139.3
2007	154.0	151.2	159.8	159.5	124.6	146.1	209.1	131.7	119.1	115.0	148.5	114.9	104.0	128.4
2004-Mar	116.4	118.2	112.7	123.9	113.0	111.9	122.6	108.4	102.3	117.2	100.7	103.7	110.1	100.3
Jun	116.3	116.7	115.4	123.8	113.3	111.9	131.0	112.3	102.1	119.4	100.3	103.7	109.7	100.3
Sep	116.0	114.9	118.2	122.5	111.6	111.9	139.3	113.9	102.1	120.6	101.4	103.7	109.9	108.3
Dec	118.5	118.6	118.3	122.6	109.7	111.9	140.1	117.4	102.3	117.0	101.1	103.7	115.0	104.7
2005-Mar	123.3	124.1	121.8	120.3	107.5	113.6	149.0	119.2	109.3	110.2	103.4	108.2	118.0	112.8
Jun	124.7	123.2	127.9	119.7	109.6	113.6	163.4	115.3	109.4	111.0	108.4	110.0	116.7	114.5
Sep	126.8	125.7	129.0	119.9	108.9	113.6	165.9	114.5	110.2	113.8	110.4	111.7	105.3	119.9
Dec	131.0	129.9	133.3	119.9	108.8	113.6	170.9	113.7	111.3	119.2	116.8	111.6	120.1	137.3
2006-Mar	137.0	135.2	140.7	130.2	107.7	129.9	179.6	114.4	108.4	119.8	133.0	117.6	98.0	149.7
Jun	141.7	139.7	146.0	137.6	106.1	132.8	195.0	114.6	108.9	119.9	133.8	114.1	89.9	148.4
Sep	140.9	137.4	148.3	148.6	106.8	134.3	199.1	116.3	110.0	117.8	134.5	112.9	91.2	129.0
Dec	144.6	142.0	149.9	150.9	111.4	134.3	201.1	116.3	111.0	117.8	134.7	109.7	96.1	130.1
2007-Mar	150.8	150.0	152.6	156.6	117.0	146.1	203.0	122.7	112.9	117.7	135.6	110.3	99.7	125.9
Jun	151.1	150.1	153.1	158.4	124.0	146.1	199.8	133.6	112.6	117.0	135.7	115.7	105.2	128.8
Sep	153.6	148.3	164.7	159.3	124.2	146.1	217.1	133.5	123.7	110.6	156.2	118.1	107.3	130.4
Dec	160.5	156.5	168.9	163.8	133.2	146.1	216.5	137.0	127.4	114.7	166.4	115.4	103.6	128.6

* People with Monthly incomes up to TZS 17,500/=.

Source: National Bureau of Statistics.

Table A2.1: Analysis of Central Government Finance (Actual), 1998-2008

Item	Millions of TZS											
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	BUDGET		2007/08	
									2005/07	2006/2007	2006/07	
Total Revenue	689,325.3	777,644.7	929,624.0	1,042,955.1	1,217,517.0	1,459,302.0	1,773,709.4	2,124,843.7	2,460,994.9	187,768.5	2,739,022.4	3,634,580.6
Tax Revenue	616,284.1	685,107.4	939,266.8	1,116,555.5	1,340,139.0	1,549,302.0	1,615,247.0	1,946,432.6	2,269,578.8	171,495.0	2,529,439.4	3,359,249.8
Taxes on Imports	218,698.1	220,352.4	363,540.6	402,159.1	458,285.6	572,806.2	679,992.4	819,800.5	979,788.3	82,308.8	1,018,569.5	1,278,251.8
Sales/VAT and Excise on Local Goods	175,159.3	179,989.4	188,838.6	216,066.8	259,747.2	325,609.6	402,136.1	478,395.2	566,935.2	42,073.8	575,968.3	1,028,902.1
Refunds	13,823.8	7,904.1	4,195.4	32,552.4	36,105.8	-48,245.5	-64,376.4	-69,961.0	-133,484.4	-6,169.2	-106,712.5	659,646.9
Income Taxes	162,894.1	209,713.6	194,012.9	220,630.8	276,049.7	366,680.5	465,454.7	581,243.8	657,763.5	39,943.6	716,320.5	-68,461.0
Other taxes	73,356.4	75,052.0	81,396.3	100,410.1	111,663.5	123,288.2	132,040.2	136,954.0	198,576.2	13,338.0	218,581.1	381,791.8
Non-tax Revenue	73,041.2	92,537.3	101,835.6	103,688.3	111,771.1	119,163.0	158,462.4	178,411.1	191,416.1	16,273.5	209,583.0	275,330.8
Total Expenditure 1/	816,706.6	1,168,778.8	1,305,035.3	1,466,136.9	1,896,854.1	2,550,308.2	3,164,215.5	3,873,254.8	4,788,496.6	222,278.1	4,474,680.9	5,174,995.9
Recurrent expenditure	680,182.7	808,865.4	1,018,782.1	1,121,526.0	1,423,665.5	1,872,382.4	2,093,054.9	2,661,862.5	3,054,030.0	158,204.4	3,137,469.5	3,398,023.8
Road/roll fund	38,395.4	37,511.2	45,285.9	54,110.9	62,874.3	72,534.4	435,780.1	0.0	0.0	0.0	0.0	0.0
Retention fund	19,725.5	22,982.0	25,711.3	25,142.8	47,949.7	50,895.2	104,290.4	61,260.2	50,000.0	0.0	84,819.9	36,833.2
Wages and salaries	220,478.0	285,335.8	308,051.5	341,981.4	397,770.0	462,963.5	189,709.0	656,788.5	1,003,881.0	76,112.1	976,094.3	1,134,709.1
Interest payments	90,828.2	128,178.4	128,149.7	121,081.7	99,780.0	99,465.0	95,055.1	218,861.3	112,000.0	12,268.4	215,562.9	264,833.1
Domestic 2/	30,345.9	81,329.6	77,788.4	64,605.2	57,009.3	55,085.6	973,808.7	163,694.8	72,000.0	9,921.6	185,050.4	237,372.4
Foreign	60,482.3	46,848.8	50,361.3	56,476.0	42,770.7	44,379.4	68,511.7	55,166.5	40,000.0	2,346.8	30,512.4	27,460.6
Other goods, services and transfers	368,876.5	395,351.2	582,580.9	658,462.0	926,115.4	1,309,953.9	502,573.3	1,786,212.7	1,938,149.0	69,823.9	1,945,812.3	1,739,562.7
Dev. Expenditure and net lending	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	677,925.8	1,071,160.6	1,211,392.2	1,734,466.6	64,073.7	1,337,211.4	1,464,850.0
Local	18,807.5	19,428.8	35,069.1	50,235.9	95,661.7	133,041.3	239,651.1	296,100.0	641,766.0	0.0	503,291.2	221,299.0
Foreign	117,716.4	340,484.6	251,184.1	294,375.0	377,526.9	544,884.5	831,509.5	915,292.2	1,092,700.6	64,073.7	833,920.2	1,243,551.0
Overall Balance (cheque issued) before Grants	169,945.6	280,306.2	286,306.0	379,849.4	622,302.1	655,378.8	724,396.5	1,000,160.2	1,438,852.0	17,053.6	952,225.5	1,573,195.4
Program (CIS/OGL)	21,915.6	2,938.8	114,018.9	183,000.2	293,927.7	278,500.1	364,280.3	331,024.6	471,025.0	0.0	479,837.3	625,414.3
Project	100,499.8	207,519.4	123,629.8	140,192.0	255,516.2	235,042.1	131,735.2	416,771.0	422,950.6	10,384.6	241,826.6	635,628.0
Basket funds	47,530.2	69,848.0	0.0	0.0	0.0	65,085.7	156,071.6	175,975.3	216,016.3	0.0	111,559.8	197,952.8
HIPC Relief	0.0	0.0	48,657.3	56,657.2	72,858.2	76,750.9	72,309.4	76,389.3	328,860.0	6,669.0	119,001.7	114,200.3
Overall deficit (cheq.issued) after Grants	42,564.3	-110,827.4	-89,105.3	-43,332.4	-57,035.0	-435,627.3	-666,109.6	-748,250.9	-888,649.7	-17,456.0	-783,433.0	32,780.2
Expenditure float												
Adjustments to cash and other items (net)	-25,140.6	-2,444.3	-25,447.4	3,203.8	921.5	-89,548.2	140,141.5	69,713.1	0.0	-113,193.1	-131,315.2	-298,883.9
Overall Balance (cheques issued)	17,423.7	-113,271.7	-114,552.7	-40,128.6	-135,502.6	-335,050.3	-727,075.2	-924,412.5	-888,649.7	-157,232.9	-955,797.0	-373,056.0
Financing:	-17,423.7	113,271.7	114,552.7	38,575.0	135,502.6	335,050.3	727,075.2	924,412.5	888,649.7	157,232.9	955,797.0	373,056.0
Foreign Financing (net)	-18,683.7	105,417.3	90,354.2	121,842.5	172,016.5	374,393.0	582,130.1	561,219.0	736,171.9	315,214.7	717,789.3	729,609.7
Loans	53,842.8	187,786.3	172,880.4	187,355.5	273,341.8	457,025.1	689,219.7	668,934.5	787,262.9	319,536.9	747,479.8	574,380.0
Program loans	36,626.2	54,821.0	45,326.1	43,371.2	151,331.0	214,170.4	65,395.6	257,677.1	333,529.3	265,847.8	266,946.0	365,038.1
Development Project loans	17,216.6	132,965.3	127,554.3	154,184.3	122,010.8	242,854.7	467,079.3	328,955.7	362,812.0	53,689.1	433,202.9	209,341.9
Basket Support						1,901.9	156,744.7	82,301.8	90,921.6	0.0	47,330.9	200,628.3
Amortization	-72,526.5	-82,369.0	-82,526.2	-65,514.0	-101,325.3	-84,534.0	-107,089.6	-107,715.8	-51,091.0	-4,322.2	-29,690.5	-45,398.5
Domestic (net)	-5,740.0	7,854.4	-2,494.4	-24,159.0	-36,513.9	-39,343.8	144,945.2	363,193.5	152,477.8	-157,981.8	238,007.7	-356,553.7
Domestic Financing												
Bank borrowing	1,230.0	7,690.6	-18,654.8	-59,180.9	-5,557.9	-44,262.7	97,313.2	348,885.7	163,477.8	-157,981.8	238,007.7	-341,905.6
Non-Bank (net of amortization)	-6,970.0	163.8	16,160.4	36,574.3	-83,681.2	47,632.0	47,632.0	129,644.6	0.0	-223,281.7	25,532.6	-19,794.6
Amortization of contingent debt	-38,499.1	-234,092.1	-256,372.9	-1,552.0	-250.9	-4,846.8	0.0	-19,001.4	-11,000.0	65,299.9	220,029.0	-322,111.0
Privatization Proceeds	7,000.0	0.0	26,692.9	0.0	0.0	9,766.8	0.0	33,309.2	0.0	0.0	0.0	-14,648.1

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

2 Domestic interest payments and amortization include Cash and Non cash

Source: Ministry of Finance



Table A2.2. Treasury Bills Auction - Actual Sales by Transactor, 1998-2008

Period	Total		Bank of Tanzania		Money Banks		Other Banking Institutions		Other Financial Institutions		Official Entities		Private Sector	
	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative
	Millions of TZS													
1998	255,279.2	889,128.5	0.0	13,123.7	10,803.5	167,111.0	25.0	41,138.1	4,488.8	108,978.2	0.0	13,817.6	1,845.5	38,318.0
1999	295,194.6	1,179,923.2	0.0	13,123.7	14,847.6	211,739.8	2,836.2	54,080.8	8,730.6	157,118.7	0.0	11,617.6	3,356.9	56,289.7
2000	399,324.4	1,579,247.6	0.0	13,123.7	15,642.9	59,010.2	2,566.5	84,388.7	13,591.2	276,904.2	0.0	11,617.6	0.0	62,602.8
2001	553,361.4	2,132,608.9	0.0	13,123.7	18,629.5	92,810.9	8,871.8	115,276.5	15,478.8	397,988.6	0.0	11,617.6	20.0	67,459.0
2002	1,024,963.4	3,291,471.9	0.0	13,123.7	68,447.9	309,934.0	700.0	208,504.7	17,915.0	575,855.9	0.0	11,617.6	50.0	78,186.7
2003	1,196,691.8	4,488,163.7	0.0	13,123.7	57,198.8	868,637.1	3,998.2	252,461.1	12,662.1	39,388.8	0.0	11,617.6	10,045.9	168,005.4
2004	1,375,212.2	5,863,375.9	0.0	13,123.7	106,179.0	907,364.7	2,141.0	304,595.6	27,296.8	282,688.7	0.0	11,617.6	32,618.3	340,418.6
2005	2,301,298.5	8,164,674.4	0.0	13,123.7	1,761,636.6	1,761,636.6	23,997.5	328,593.1	195,038.2	477,729.9	0.0	11,617.6	320,626.2	661,044.7
2006	2,109,995.6	10,274,669.9	0.0	13,123.7	1,411,229.6	1,411,229.6	24,868.8	353,461.9	131,220.2	608,947.1	0.0	11,617.6	542,677.0	1,203,721.8
2007	344,552.4	13,213,997.2	0.0	18,303.2	234,039.1	3,410,730.4	3,860.0	375,720.6	48,538.6	532,880.8	0.0	11,617.6	58,114.7	1,724,039.9
2006-Jun	169,878.7	9,253,076.7	0.0	13,123.7	61,241.8	747,463.1	242.0	336,206.7	7,845.4	504,884.4	0.0	11,617.6	100,549.6	967,212.9
Jul	126,800.3	9,379,877.1	0.0	13,123.7	102,713.0	850,176.1	895.0	337,101.7	2,853.8	507,738.1	0.0	11,617.6	20,338.6	987,551.5
Aug	84,080.1	9,463,957.2	0.0	13,123.7	42,480.3	892,656.4	774.5	337,876.2	1,746.8	509,484.9	0.0	11,617.6	39,078.5	1,026,630.1
Sep	111,247.5	9,575,204.7	0.0	13,123.7	25,790.5	918,446.9	5,292.5	343,168.7	800.0	510,284.9	0.0	11,617.6	79,364.5	1,105,994.5
Oct	125,712.3	9,700,917.0	0.0	13,123.7	86,088.3	1,004,535.2	1,343.3	344,511.9	22,719.6	533,004.5	0.0	11,617.6	15,561.3	1,121,555.8
Nov	229,200.5	9,930,117.6	0.0	13,123.7	172,655.3	1,177,190.4	5,090.0	349,601.9	27,404.0	560,408.5	0.0	11,617.6	24,051.2	1,145,607.1
Dec	344,552.4	10,274,669.9	0.0	13,123.7	234,039.1	1,411,229.6	3,860.0	353,461.9	48,538.6	608,947.1	0.0	11,617.6	58,114.7	1,203,721.8
Total	2,109,995.6		0.0		1,411,229.6		24,868.8		131,220.2		0.0		542,677.0	
2007 Jan	185,560.4	10,460,230.4	5,179.5	18,303.2	157,165.5	1,568,395.1	1,805.0	355,266.9	8,415.0	140,547.7	0.0	11,617.6	12,995.4	1,216,717.2
Feb	259,642.4	10,719,872.8	0.0	18,303.2	200,592.6	1,768,987.7	0.0	355,266.9	27,754.7	168,302.4	0.0	11,617.6	31,295.1	1,248,012.3
Mar	186,646.3	10,906,519.1	0.0	18,303.2	127,199.9	1,896,187.6	0.0	355,266.9	35,429.9	203,732.2	0.0	11,617.6	24,016.6	1,272,028.8
Apr	178,411.7	11,084,930.8	0.0	18,303.2	132,210.2	2,028,397.9	380.0	355,646.9	26,821.8	230,554.0	0.0	11,617.6	18,999.7	1,291,028.5
May	282,063.1	11,366,993.9	0.0	18,303.2	198,728.9	2,227,126.7	2,035.4	357,682.3	41,521.8	272,075.8	0.0	11,617.6	39,777.0	1,330,805.5
Jun	512,996.4	11,879,990.3	0.0	18,303.2	321,895.9	2,549,022.6	1,835.0	359,517.3	46,218.4	318,294.2	0.0	11,617.6	143,047.1	1,473,852.6
Jul	254,603.8	12,134,594.1	0.0	18,303.2	186,975.5	2,735,998.1	625.0	360,142.3	23,750.8	342,045.0	0.0	11,617.6	43,252.6	1,517,105.2
Aug	182,869.0	12,317,463.2	0.0	18,303.2	116,700.7	2,852,698.8	995.0	361,137.3	24,669.9	366,714.9	0.0	11,617.6	42,265.4	1,559,370.6
Sep	197,068.7	12,514,531.9	0.0	18,303.2	65,248.7	2,917,947.5	4,290.0	365,427.3	67,503.7	434,218.6	0.0	11,617.6	66,942.1	1,626,312.7
Oct	125,712.3	12,640,244.2	0.0	18,303.2	86,088.3	3,004,035.8	1,343.3	366,770.6	22,719.6	456,938.2	0.0	11,617.6	15,561.3	1,641,874.0
Nov	229,200.5	12,869,444.8	0.0	18,303.2	172,655.3	3,176,691.3	5,090.0	371,860.6	27,404.0	484,342.2	0.0	11,617.6	24,051.2	1,665,925.2
Dec	344,552.4	13,213,997.2	0.0	18,303.2	234,039.1	3,410,730.4	3,860.0	375,720.6	48,538.6	532,880.8	0.0	11,617.6	58,114.7	1,724,039.9
Total	4,526,028.7		5,179.5		3,067,595.8		46,509.9		416,843.9		0.0		989,899.6	
2008 Jan	169,168.9	13,383,166.1	0.0	18,303.2	89,730.7	3,500,461.1	0.0	375,720.6	32,985.8	565,866.6	0.0	11,617.6	31,050.5	1,755,090.4
Feb	220,916.2	13,604,082.3	0.0	18,303.2	189,086.0	3,689,547.1	410.0	376,130.6	7,991.1	573,857.7	0.0	11,617.6	26,764.4	1,781,854.8
Mar	199,358.3	13,803,440.6	0.0	18,303.2	140,045.8	3,829,592.9	670.0	376,800.6	16,588.8	590,446.5	0.0	11,617.6	31,703.4	1,813,558.2
Apr														
May														
Jun														
Total	7,020,153.1		5,179.5		4,709,338.5		66,963.6		781,422.3		0.0		1,465,927.2	

Source: Bank of Tanzania

**Table A2.3 : Central Government Outstanding Stocks, Bonds and Notes by Holders, 1998-2007**

End of period	Bank of Tanzania	Deposit Money banks	Other banks	Other			Private Sector	Others	Total
				Financial Institutions	Official Entities	Other			
1998	230,516.6	242,465.7	16,430.8	55,969.4	9,036.5	6,740.6	0.0	561,159.6	
1999	293,118.4	258,731.0	16,006.6	74,784.2	14,475.2	3,573.8	0.0	660,689.2	
2000	296,941.6	289,862.0	14,336.4	67,073.0	35,150.1	3,062.9	0.0	706,426.0	
2001	296,941.7	180,539.4	14,892.9	118,228.1	1,406.4	1,844.7	0.0	613,853.2	
2002	207,454.4	179,741.5	14,068.9	153,870.2	1,490.6	347.3	0.0	556,972.9	
2003	199,455.8	187,368.2	14,795.3	218,956.0	1,640.4	674.4	29,095.8	651,985.9	
2004	199,231.0	200,701.6	13,890.3	269,604.3	1,490.4	839.6	500.0	686,257.2	
2005	297,335.2	271,334.3	19,769.3	326,364.2	76,899.3	1,467.6	0.0	993,169.9	
2006	367,050.1	348,785.9	19,449.3	434,214.3	70,284.0	5,956.0	0.0	1,245,739.6	
2007	361,220.1	400,708.2	35,596.5	492,535.7	27,235.3	9,403.5	0.0	1,326,699.3	
2005-Mar	199,231.1	200,828.7	15,990.3	303,697.9	1,475.4	3,294.6	0.0	724,518.0	
Jun	205,558.3	214,828.7	33,264.3	316,527.9	803.0	6,860.5	0.0	777,842.7	
Sep	291,555.2	291,277.8	21,944.3	325,608.0	77,345.3	1,455.6	0.0	1,009,186.2	
Dec	297,335.2	271,334.3	19,769.3	326,364.2	76,899.3	1,467.6	0.0	993,169.9	
2006-Mar	316,336.2	297,826.3	21,369.3	350,240.4	76,899.3	1,482.0	0.0	1,064,153.5	
Jun	316,336.2	308,647.6	21,074.3	384,892.9	76,835.5	1,505.3	0.0	1,109,291.8	
Sep	367,050.1	322,891.2	18,704.3	407,490.3	70,284.0	5,931.0	0.0	1,192,350.9	
Dec	367,050.1	348,785.9	19,449.3	434,214.3	70,284.0	5,956.0	0.0	1,245,739.6	
2007-Mar	367,050.1	374,529.1	19,787.3	456,275.4	70,284.0	6,563.0	0.0	1,294,488.9	
Jun	367,050.1	361,411.2	19,919.8	479,444.1	68,192.4	6,801.7	0.0	1,302,819.3	
Sep	364,870.1	384,392.8	27,289.5	469,162.2	27,235.2	7,845.9	0.0	1,280,795.7	
Dec	361,220.1	400,708.2	35,596.5	492,535.7	27,235.3	9,403.5	0.0	1,326,699.3	
2008-Mar	651,945.3	418,400.5	35,449.7	478,927.2	23,635.2	9,687.6	0.0	1,618,045.5	
Jun	662,138.8	416,707.9	41,551.4	489,479.5	23,633.6	10,334.7	0.0	1,643,845.9	

* Before June 1998, Other Banks, Other Financial Institutions, Official Entities and Private Sector categories were included in "Others" category

** All figures are in face value

Source: Bank of Tanzania

Table A3.2: Bank of Tanzania - Assets (revised), 1998 - 2008

Millions of TZS

End of period	Foreign assets			Claims on government			Lending to banks	Revaluation account	Premises and equipment	Items in process of collection**	Other assets	Total
	Foreign exchange	Gold reserve	SDRs	Quota in IMF	Advances	Treasury bills*						
1998	376,350.0	21,115.0	240.0	140,534.0	0.0	0.0	234,075.0	234,075.0	22,721.0	6,472.0	86,173.0	964,449.0
1999	582,315.0	25,002.0	104.0	217,803.0	0.0	0.0	302,788.0	302,788.0	22,492.0	63,307.0	31,483.0	1,285,780.0
2000	746,522.8	25,352.6	314.4	208,448.0	0.0	0.0	296,673.3	296,673.3	27,967.0	24,972.0	53,705.2	1,443,819.3
2001	1,018,903.2	29,013.3	345.2	228,839.3	0.0	0.0	296,673.3	296,673.3	37,164.0	41,500.3	61,807.1	1,698,665.1
2002	1,452,491.1	26,926.4	101.6	263,040.6	0.0	0.0	201,457.1	201,457.1	82,527.5	41,545.6	110,355.0	2,178,444.8
2003	2,151,412.7	0.0	525.0	307,705.3	0.0	0.0	202,202.4	202,202.4	124,562.6	12,419.6	122,364.7	2,921,192.4
2004	2,378,542.2	0.0	73.5	321,091.3	0.0	0.0	199,211.2	199,211.2	213,442.4	5,931.0	210,070.7	3,328,362.4
2005	2,523,457.4	0.0	821.8	331,293.9	0.0	0.0	234,679.1	234,679.1	390,796.4	1,719.5	283,421.4	3,766,190.0
2006	2,666,180.5	0.0	28.3	377,203.3	0.0	0.0	453,175.5	453,175.5	583,686.8	2,112.2	399,166.3	4,481,552.8
2007	3,101,139.7	0.0	124.8	355,430.6	0.0	0.0	448,004.5	448,004.5	752,205.2	0.0	494,210.5	5,151,115.3
2006- Mar	2,440,630.6	0.0	449.6	350,672.6	0.0	0.0	401,159.0	401,159.0	411,049.8	1,422.4	297,666.3	3,909,272.2
Jun	2,316,239.5	0.0	80.7	365,693.9	0.0	0.0	443,539.7	443,539.7	473,241.7	-15.1	340,889.4	3,949,746.4
Sep	2,630,667.8	0.0	41.9	374,561.2	0.0	0.0	451,389.0	451,389.0	563,770.6	433.1	381,791.1	4,402,654.6
Dec	2,666,180.5	0.0	28.3	377,203.3	0.0	0.0	453,175.5	453,175.5	583,686.8	2,112.2	399,166.3	4,481,552.8
2007- Mar	2,497,961.5	0.0	175.2	373,809.4	0.0	0.0	453,650.3	453,650.3	609,982.4	727.4	423,335.1	4,359,641.3
Jun	2,711,755.8	0.0	277.3	382,017.8	0.0	0.0	450,856.9	450,856.9	664,160.9	0.0	430,654.0	4,639,722.7
Sep	3,409,729.3	0.0	210.5	380,225.7	0.0	0.0	450,624.8	450,624.8	754,244.4	0.0	479,273.8	5,474,308.6
Dec	3,101,139.7	0.0	124.8	355,430.6	0.0	0.0	448,004.5	448,004.5	752,205.2	0.0	494,210.5	5,151,115.3
2008- Mar	3,373,520.7	0.0	192.3	404,919.3	0.0	0.0	582,342.2	582,342.2	758,732.8	0.0	470,187.0	5,589,894.3
Jun	3,108,291.8	0.0	174.5	381,949.4	0.0	0.0	591,726.0	591,726.0	788,283.5	0.0	379,844.6	5,250,269.8
2007- January	2,671,269.1	0.0	805.4	386,120.6	0.0	0.0	454,496.6	454,496.6	586,171.0	522.8	404,211.2	4,503,596.7
February	2,603,337.4	0.0	177.3	378,286.4	0.0	0.0	453,472.0	453,472.0	593,532.6	583.0	413,321.2	4,442,709.9
March	2,497,961.5	0.0	175.2	373,809.4	0.0	0.0	453,650.3	453,650.3	609,982.4	727.4	423,335.1	4,359,641.3
April	2,684,175.3	0.0	961.4	387,722.4	0.0	0.0	450,866.3	450,866.3	611,894.4	503.3	437,939.9	4,574,062.9
May	2,650,974.5	0.0	323.6	378,465.7	0.0	0.0	450,856.9	450,856.9	633,920.9	640.3	439,073.4	4,554,255.3
June	2,711,755.8	0.0	277.3	382,017.8	0.0	0.0	450,856.9	450,856.9	664,160.9	0.0	430,654.0	4,639,722.7
July	3,354,366.1	0.0	871.4	390,034.9	0.0	0.0	448,912.4	448,912.4	710,451.1	491.3	437,879.1	5,343,006.4
August	3,232,732.8	0.0	209.8	388,467.6	0.0	0.0	450,624.8	450,624.8	737,605.6	0.0	456,377.4	5,266,018.0
September	3,409,729.3	0.0	210.5	380,225.7	0.0	0.0	450,624.8	450,624.8	754,244.4	0.0	479,273.8	5,474,308.6
October	3,271,763.9	0.0	750.9	364,155.7	0.0	0.0	461,071.9	461,071.9	757,097.6	0.0	465,060.9	5,319,900.8
November	3,281,321.1	0.0	182.0	370,180.0	0.0	0.0	454,793.9	454,793.9	768,237.4	0.0	461,321.6	5,336,035.9
December	3,101,139.7	0.0	124.8	355,430.6	0.0	0.0	448,004.5	448,004.5	752,205.2	0.0	494,210.5	5,151,115.3
2008- January	3,215,922.0	0.0	689.9	370,996.8	0.0	0.0	446,597.1	446,597.1	758,213.2	0.0	551,263.1	5,343,682.2
February	3,222,026.8	0.0	177.6	373,971.6	0.0	0.0	446,597.1	446,597.1	756,908.8	0.0	545,928.4	5,345,610.4
March	3,373,520.7	0.0	192.3	404,919.3	0.0	0.0	582,342.2	582,342.2	758,732.8	0.0	470,187.0	5,589,894.3
April	3,262,655.8	0.0	184.4	388,355.7	0.0	0.0	583,300.7	583,300.7	768,119.7	0.0	464,167.8	5,466,784.1
May	3,216,242.8	0.0	-238.9	386,536.9	0.0	0.0	593,456.3	593,456.3	770,217.8	0.0	461,209.7	5,427,444.5
June	3,108,291.8	0.0	174.5	381,949.4	0.0	0.0	591,726.0	591,726.0	788,283.5	0.0	379,844.6	5,250,269.8

* Bills valued at purchase price. From July, 1983 total claims on Government differ from the totals given in the statements of assets and liabilities since government securities are in nominal value instead of book value.

** reported on gross level from July 2001

Figures have been revised from 2006

Source: Bank of Tanzania



Table A3.3 : Bank of Tanzania - Liabilities (revised), 1998 - 2008

End of period	Millions of TZS										
	Currency in circulation	Central government deposits	Banks deposits	Other deposits	Foreign liabilities	International Monetary fund	Allocation of SDRs	Items in process of collection*	Other liabilities	Capital and reserves	Total**
1998	337,323.0	83,027.0	81,411.0	8,568.0	214,955.0	122,440.0	30,012.0		34,189.0	52,524.0	964,449.0
1999	427,447.0	84,012.0	81,227.0	24,516.0	285,985.0	180,886.0	34,354.0		115,804.0	51,549.0	1,285,780.0
2000	443,050.9	149,731.9	113,380.0	-9,014.6	346,741.9	200,507.0	32,878.0		102,874.3	63,669.9	1,443,819.3
2001	456,205.6	173,799.6	128,163.5	4,231.4	372,840.3	212,712.4	36,094.3	29,928.9	242,819.4	41,869.7	1,698,665.0
2002	546,615.4	210,474.8	149,085.8	11,709.5	470,501.0	231,438.7	41,488.7	4,438.5	472,823.7	39,868.6	2,178,444.8
2003	606,592.5	369,648.4	176,716.5	18,224.1	663,947.8	271,954.6	48,533.6	2,873.6	697,860.6	64,840.7	2,921,192.4
2004	727,785.3	389,817.9	239,990.7	43,526.0	679,473.3	305,135.9	50,644.9	456.5	796,985.7	94,546.1	3,328,362.4
2005	932,815.3	441,554.8	303,265.3	60,807.7	760,488.1	315,928.9	52,254.2	-1,198.8	750,751.3	149,523.3	3,766,190.0
2006	1,102,282.5	1,181,216.6	341,247.4	69,341.0	334,682.8	354,656.8	59,495.3	319.1	733,563.7	304,747.6	4,481,552.8
2007	1,102,282.5	1,181,216.6	341,247.4	69,341.0	334,682.8	354,656.8	59,495.3	319.1	733,563.7	304,747.6	4,481,552.8
2006 - Mar	886,546.0	358,003.9	417,216.4	96,455.8	274,629.4	315,928.9	55,310.7	-439.7	1,356,037.5	149,583.3	3,909,272.2
Jun	947,616.5	255,734.3	348,870.1	75,625.1	287,447.8	338,796.7	57,680.0	-3,209.6	1,431,248.5	209,937.0	3,949,746.4
Sep	1,038,725.3	1,142,397.9	372,946.4	62,472.8	282,080.4	354,656.8	59,078.6	6,495.1	872,247.0	211,554.2	4,402,654.6
Dec	1,102,282.5	1,181,216.6	341,247.4	69,341.0	334,682.8	354,656.8	59,495.3	319.1	733,563.7	304,747.6	4,481,552.8
2007 - Mar	1,086,507.2	1,223,706.7	390,401.7	68,584.4	196,425.0	354,656.8	58,960.0	-264.7	676,177.0	304,487.1	4,359,641.3
Jun	1,180,766.8	1,293,995.2	417,724.5	85,076.2	194,038.9	368,230.0	60,254.7	-2,326.0	737,444.3	304,518.0	4,639,722.7
Sep	1,304,489.4	2,007,194.2	380,524.0	-350.5	265,024.3	368,230.0	59,972.1	42,799.5	735,187.3	311,238.5	5,474,308.6
Dec	1,354,664.4	1,858,062.5	524,443.8	84,306.3	188,238.5	368,230.0	56,061.2	-31,331.7	436,875.9	311,564.5	5,151,115.3
2008 - Mar	1,325,752.1	1,657,892.0	618,112.0	151,659.3	169,184.4	368,230.0	63,866.9	-51,685.1	727,201.0	313,469.7	5,343,682.2
Jun	1,451,551.1	1,593,729.4	628,064.4	161,028.5	227,602.8	368,437.7	60,243.9	-75,657.0	847,280.7	204,502.7	5,466,784.1
2007 - January	1,083,876.77	1,145,059.90	492,716.75	67,161.35	223,330.16	354,656.83	60,901.84	199.31	771,008.78	304,685.05	4,503,596.73
February	1,088,044.18	1,130,885.95	461,801.06	68,653.07	234,074.42	354,656.83	59,666.17	-5,189.54	745,630.58	304,487.14	4,442,709.87
March	1,086,507.18	1,223,706.71	390,401.74	68,584.44	196,425.00	354,656.83	58,960.02	-264.72	676,176.96	304,487.14	4,359,641.29
April	1,088,038.24	1,185,415.01	544,919.55	70,977.21	197,466.62	354,656.83	61,154.48	-2,720.31	769,666.45	304,488.86	4,574,062.94
May	1,106,139.00	1,173,141.27	509,113.49	70,481.52	197,154.53	368,229.99	59,694.46	-8,625.57	774,437.80	304,488.86	4,554,255.34
June	1,180,766.78	1,293,995.24	417,724.54	85,076.24	194,038.88	368,229.99	60,254.71	-2,326.01	737,444.31	304,518.02	4,639,722.71
July	1,275,022.93	1,668,315.10	436,486.02	72,279.02	294,213.11	368,229.99	61,519.23	-12,405.31	874,828.25	304,518.02	5,343,006.36
August	1,296,333.65	1,751,734.24	459,503.24	66,906.14	208,951.21	368,229.99	61,271.19	80,342.92	661,506.90	311,238.50	5,266,017.98
September	1,304,489.42	2,007,194.17	380,523.99	(350.55)	265,024.26	368,229.99	59,972.05	42,799.49	735,187.31	311,238.50	5,474,308.64
October	1,310,798.53	1,906,141.10	511,962.80	56,676.82	222,765.59	368,229.99	57,437.36	23,835.52	550,814.63	311,238.50	5,319,900.84
November	1,303,799.29	1,852,394.96	518,136.04	72,921.17	236,494.77	368,229.99	58,387.56	-28,142.58	642,250.23	311,564.47	5,336,035.89
December	1,354,664.39	1,858,062.47	524,443.81	84,306.26	188,238.54	368,229.99	56,061.18	-31,331.71	436,875.91	311,564.47	5,151,115.30
2008 - January	1,303,955.02	1,670,548.17	736,992.81	96,918.31	187,399.42	368,229.99	58,516.40	-58,212.74	660,145.70	311,542.80	5,336,035.89
February	1,308,164.56	1,687,244.39	583,262.22	119,897.09	180,575.56	368,229.99	58,985.61	-65,237.42	596,523.63	313,469.67	5,151,115.30
March	1,325,752.10	1,657,891.98	618,112.02	151,659.26	169,184.36	368,229.99	63,866.91	-51,685.06	727,200.95	313,469.67	5,343,682.19
April	1,334,566.46	1,669,518.31	650,046.65	124,887.51	213,961.49	368,229.99	61,254.38	-82,325.44	692,001.34	313,469.67	5,345,610.35
May	1,358,731.68	1,672,744.02	609,282.94	121,701.03	237,108.29	368,432.52	60,970.66	-94,951.87	942,405.33	313,469.67	5,589,894.27
June	1,451,551.06	1,593,729.38	628,064.44	161,028.52	227,602.83	368,437.67	60,243.92	-75,657.02	847,280.66	204,502.68	5,466,784.15

* Included from July 2001 on gross level

** Revised from Jan-07

Source: Bank of Tanzania

Table A3.4 : Tanzania Notes in Circulation, 1998 - 2008

End of Period	Millions of TZS												Percent of Total											
	10/-	20/-	50/-	100/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-	Total	10/-	20/-	50/-	100/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-			
1998	99.9	498.7	n/a	n/a	7,461.0	24,777.6	57,563.0	65,996.2	173,622.7	330,019.1	Total	0.0	0.2	n/a	n/a	2.3	7.5	17.4	20.0	20.0	52.6			
1999	99.8	498.5	n/a	n/a	8,374.0	40,506.3	42,070.0	92,848.8	234,880.1	419,277.3		0.0	0.1	n/a	n/a	2.0	9.7	10.0	22.1	22.1	56.0			
2000	99.8	498.3	n/a	n/a	6,671.7	27,412.5	57,732.1	97,177.0	243,507.7	433,099.1		0.0	0.1	n/a	n/a	1.5	6.3	13.3	22.4	22.4	56.2			
2001	99.8	498.2	n/a	n/a	3,171.3	19,359.7	71,544.1	88,310.2	261,404.8	444,388.2		0.0	0.1	n/a	n/a	0.7	4.4	16.1	19.9	19.9	58.8			
2002	99.7	498.1	-	-	2,231.0	37,816.2	68,391.1	112,493.1	308,925.7	530,454.9		0.0	0.1	-	-	0.4	7.1	12.9	21.2	21.2	58.2			
2003	99.7	498.0	-	-	1,978.0	37,760.4	40,775.6	38,542.2	154,817.8	314,648.6		0.0	0.1	-	-	0.3	6.4	6.9	6.5	26.3	53.4			
2004	99.7	497.8	-	-	1,974.2	36,901.9	54,312.0	60,871.6	132,013.8	421,347.4		0.0	0.1	-	-	0.3	5.2	7.7	8.6	18.6	59.5			
2005	99.7	497.8	-	-	1,971.0	36,808.7	41,682.9	65,332.1	184,512.8	579,825.7		0.0	0.1	-	-	0.2	4.0	4.6	7.2	20.3	63.7			
2006	99.7	497.8	-	-	1,970.6	36,863.8	47,303.0	65,568.1	188,248.6	736,620.7		0.0	0.0	-	-	0.2	3.4	4.4	6.1	17.5	68.4			
2007	99.7	497.8	-	-	1,970.0	41,057.0	63,285.4	107,542.4	237,656.2	873,664.5		0.0	0.0	0.0	0.0	0.1	3.1	4.8	8.1	17.9	65.9			
2006 - Mar	99.7	497.8	-	-	1,970.2	33,340.9	39,660.2	55,590.9	163,131.8	569,402.6		0.0	0.1	-	-	0.2	3.9	4.6	6.4	18.9	65.9			
Jun	99.7	497.8	-	-	1,970.3	35,663.4	40,347.8	62,038.6	174,612.4	609,023.0		0.0	0.1	-	-	0.2	3.9	4.4	6.7	18.9	65.9			
Sep	99.7	497.8	-	-	1,970.5	38,698.1	47,881.0	62,830.8	190,734.6	671,781.2		0.0	0.0	-	-	0.2	3.8	4.7	6.2	18.8	66.2			
Dec	99.7	497.8	-	-	1,970.6	36,863.8	47,303.0	65,568.1	188,248.6	736,620.7		0.0	0.0	-	-	0.2	3.4	4.4	6.1	17.5	68.4			
2007 - Mar	99.7	497.8	-	-	1,970.7	36,029.5	48,598.1	84,601.8	178,642.8	716,373.9		0.0	0.0	-	-	0.2	3.4	4.6	7.9	16.7	67.2			
Jun	99.7	497.8	-	-	1,969.7	36,419.6	55,671.3	91,388.4	229,630.9	738,679.9		0.0	0.0	-	-	0.2	3.2	4.8	7.9	19.9	64.0			
Sep	99.7	497.8	-	-	1,970.0	41,630.4	64,314.0	113,419.6	237,692.6	816,779.3		0.0	0.0	-	-	0.2	3.3	5.0	8.9	18.6	64.0			
Dec	99.7	497.8	-	-	1,970.0	41,057.0	63,285.4	107,542.4	237,656.2	873,664.5		0.0	0.0	0.0	0.0	0.1	3.1	4.8	8.1	17.9	65.9			
2008 - Mar	99.7	497.8	-	-	1,969.8	40,257.5	60,486.2	89,935.6	222,094.9	881,282.6		0.0	0.0	-	-	0.2	3.1	4.7	6.9	17.1	68.0			
Jun	99.7	497.8	-	-	1,969.7	42,190.1	63,639.6	86,758.9	234,075.5	992,395.0		0.0	0.0	-	-	0.1	3.0	4.5	6.1	16.5	69.8			
2007 - January	99.7	497.8	-	-	1,970.6	36,303.4	46,707.4	69,346.4	185,252.6	718,355.8		0.0	0.0	-	-	0.2	3.4	4.4	6.6	17.5	67.9			
February	99.7	497.8	-	-	1,970.5	36,120.3	46,299.7	83,886.2	180,212.8	713,490.1		0.0	0.0	-	-	0.2	3.4	4.4	7.9	17.0	67.1			
March	99.7	497.8	-	-	1,970.7	36,029.5	48,598.1	84,601.8	178,642.8	716,373.9		0.0	0.0	-	-	0.2	3.4	4.6	7.9	16.7	67.2			
April	99.7	497.8	-	-	1,970.6	36,092.1	48,636.4	82,533.0	184,545.6	707,766.2		0.0	0.0	-	-	0.2	3.4	4.6	7.8	17.4	66.6			
May	99.7	497.8	-	-	1,970.6	35,379.7	48,913.9	81,944.1	193,290.4	717,955.5		0.0	0.0	-	-	0.2	3.3	4.5	7.6	17.9	66.5			
June	99.7	497.8	-	-	1,969.7	36,419.6	55,671.3	91,388.4	229,630.9	738,679.9		0.0	0.0	-	-	0.2	3.2	4.8	7.9	19.9	64.0			
July	99.7	497.8	-	-	1,970.1	40,491.7	62,744.6	112,488.7	243,998.1	785,936.9		0.0	0.0	-	-	0.2	3.2	5.0	9.0	19.5	63.0			
August	99.7	497.8	-	-	1,970.0	41,309.2	63,011.3	108,296.6	237,790.1	815,621.3		0.0	0.0	-	-	0.2	3.3	5.0	8.5	18.7	64.3			
September	99.7	497.8	-	-	1,970.0	41,630.4	64,314.0	113,419.6	237,692.6	816,779.3		0.0	0.0	-	-	0.2	3.3	5.0	8.9	18.6	64.0			
October	99.7	497.8	-	-	1,970.0	40,276.6	65,590.3	113,699.7	230,551.1	815,940.4		0.0	0.0	-	-	0.2	3.2	5.2	9.0	18.2	64.3			
November	99.7	497.8	-	-	1,970.0	40,605.8	63,486.4	107,672.4	226,293.2	825,234.6		0.0	0.0	-	-	0.2	3.2	5.0	8.5	17.9	65.2			
December	99.7	497.8	-	-	1,970.0	41,057.0	63,285.4	107,542.4	237,656.2	873,664.5		0.0	0.0	-	-	0.1	3.1	4.8	8.1	17.9	65.9			
2008 - January	99.7	497.8	-	-	1,969.9	40,064.8	59,704.1	98,273.0	221,216.9	853,466.2		0.0	0.0	-	-	0.2	3.1	4.7	7.7	17.3	66.9			
February	99.7	497.8	-	-	1,969.9	39,905.9	60,004.8	93,574.9	216,843.6	866,335.8		0.0	0.0	-	-	0.2	3.1	4.7	7.3	17.0	67.7			
March	99.7	497.8	-	-	1,969.8	40,257.5	60,486.2	89,935.6	222,094.9	881,282.6		0.0	0.0	-	-	0.2	3.1	4.7	6.9	17.1	68.0			
April	99.7	497.8	-	-	1,969.9	39,682.9	61,926.7	87,550.5	217,419.6	896,101.6		0.0	0.0	-	-	0.2	3.0	4.7	6.7	16.7	68.7			
May	99.7	497.8	-	-	1,969.6	40,257.6	64,154.9	87,622.6	216,455.9	918,103.1		0.0	0.0	-	-	0.1	3.0	4.8	6.6	16.3	69.1			
June	99.7	497.8	-	-	1,969.7	42,190.1	63,639.6	86,758.9	234,075.5	992,395.0		0.0	0.0	-	-	0.1	3.0	4.5	6.1	16.5	69.8			

Source: Bank of Tanzania

Table A3.6 : Commercial Banks-- Assets, 1998 - 2008

End of period	Domestic assets					Foreign assets				Fixed assets	Total
	Cash	Deposit with Bank of Tanzania	Treasury bills	Other govt. securities	Loans and bills	Other*	Liquid**	Others			
1998	29,524.3	83,678.2	58,862.5	251,080.0	251,079.3	619,781.1	243,076.9	24,179.9	45,549.6	1,606,811.7	
1999	42,599.0	80,611.1	65,911.8	264,799.3	312,082.0	876,803.0	290,975.1	10,103.8	46,146.2	1,990,031.4	
2000	50,646.7	121,449.7	89,620.2	313,339.4	341,428.2	1,085,655.0	398,949.4	12,040.8	46,965.4	2,460,094.8	
2001	44,566.7	132,761.9	102,319.0	192,523.1	405,373.1	2,969,481.5	499,433.8	39,628.8	56,673.6	4,442,761.5	
2002	51,169.8	143,983.2	192,929.2	171,708.4	570,668.3	6,223,754.6	547,210.4	24,362.2	65,886.9	7,991,673.0	
2003	53,546.7	173,323.3	176,360.9	146,046.5	817,125.2	503,445.1	657,754.9	27,733.4	48,086.1	2,603,422.2	
2004	63,637.3	246,789.5	147,928.3	190,613.1	1,060,077.3	645,777.0	605,328.2	78,337.4	52,060.0	3,090,548.2	
2005	89,657.9	305,767.3	459,030.9	254,019.9	1,425,062.3	700,566.8	760,581.2	75,058.6	60,783.7	4,130,528.5	
2006	126,696.6	352,872.5	774,417.6	325,781.2	2,028,294.3	399,081.6	1,052,506.9	72,863.7	74,253.4	5,206,767.8	
2007	190,479.6	566,873.6	1,150,984.3	382,256.2	2,883,789.5	600,083.0	852,722.3	27,104.3	118,815.0	6,773,107.8	
2006- Mar	79,392.4	409,975.0	514,454.2	280,711.2	1,531,395.1	777,229.8	800,736.3	67,784.6	62,084.8	4,523,763.4	
Jun	91,436.0	362,761.0	440,011.6	297,056.6	1,656,837.8	810,889.8	915,715.8	60,562.1	4,701,598.0		
Sep	97,737.5	353,517.8	736,863.1	309,548.1	1,906,065.5	405,137.5	955,714.3	74,681.2	68,184.9	4,907,450.0	
Dec	126,696.6	352,872.5	774,417.6	325,781.2	2,028,294.3	399,081.6	1,052,506.9	72,863.7	74,253.4	5,206,767.8	
2007- Mar	114,207.6	391,946.3	908,888.5	348,293.9	2,133,897.1	395,518.2	982,706.3	72,077.9	81,725.0	5,429,260.6	
Jun	131,158.3	479,827.8	1,182,403.9	346,136.8	2,260,321.2	527,703.6	885,914.9	73,448.0	91,052.9	5,977,967.4	
Sep	137,961.8	418,868.5	1,222,435.9	368,371.9	2,577,508.2	598,410.1	834,829.2	48,069.6	102,374.6	6,308,829.7	
Dec	190,479.6	566,873.6	1,150,984.3	382,256.2	2,883,789.5	600,083.0	852,722.3	27,104.3	118,815.0	6,773,107.8	
2008- Mar	182,693.3	577,961.0	1,221,652.5	381,751.1	3,109,698.3	752,078.2	897,286.4	34,009.0	125,504.0	7,282,633.9	
Jun	179,376.6	680,845.4	1,031,509.7	362,765.9	3,268,836.2	665,314.3	804,053.5	31,072.9	139,755.6	7,163,530.2	
2007- January	115,159.1	479,286.5	773,153.9	326,419.6	2,044,818.9	384,524.5	1,067,212.6	71,613.2	75,975.8	5,338,164.1	
February	120,736.4	470,420.8	854,512.0	334,547.5	2,079,071.8	437,151.8	1,043,534.1	88,845.2	78,409.0	5,507,792.7	
March	114,207.6	391,946.3	908,888.5	348,293.9	2,133,897.1	395,518.2	982,706.3	72,077.9	81,725.0	5,429,260.6	
April	119,062.7	540,498.6	922,704.6	327,837.0	2,193,766.9	358,378.9	982,887.4	78,649.5	83,262.8	5,607,048.4	
May	127,466.1	493,396.2	1,032,573.5	352,291.7	2,246,312.1	482,613.9	879,788.7	77,947.4	85,588.7	5,777,978.2	
June	131,158.3	479,827.8	1,182,403.9	346,136.8	2,260,321.2	527,703.6	885,914.9	73,448.0	91,052.9	5,977,967.4	
July	143,384.6	470,493.2	1,257,512.6	381,885.0	2,385,900.4	571,378.8	860,300.7	40,978.2	94,891.2	6,206,724.7	
August	131,842.6	488,420.2	1,211,645.9	388,306.5	2,468,623.3	614,632.0	757,909.9	44,028.9	99,149.3	6,204,558.3	
September	137,961.8	418,868.5	1,222,435.9	368,371.9	2,577,508.2	598,410.1	834,829.2	48,069.6	102,374.6	6,308,829.7	
October	156,336.9	516,718.3	1,202,938.7	365,732.8	2,679,033.4	669,742.5	808,908.3	39,734.3	107,764.9	6,546,910.1	
November	153,563.5	544,249.2	1,204,155.1	378,593.3	2,796,110.4	627,915.7	801,151.0	33,467.9	111,706.9	6,650,913.0	
December	190,479.6	566,873.6	1,150,984.3	382,256.2	2,883,789.5	600,083.0	852,722.3	27,104.3	118,815.0	6,773,107.8	
2008- January	161,150.2	726,936.7	1,126,066.9	352,490.2	2,947,534.0	566,937.6	863,778.9	34,840.0	121,700.5	6,901,435.1	
February	167,577.4	586,762.6	1,184,835.7	399,450.2	3,002,948.0	702,567.4	774,988.2	26,328.7	123,535.5	6,968,943.6	
March	182,693.3	577,961.0	1,221,652.5	381,751.1	3,109,698.3	752,078.2	897,286.4	34,009.0	125,504.0	7,282,633.9	
April	177,601.4	663,813.2	1,204,443.9	381,939.0	3,146,421.6	664,733.9	806,483.6	33,682.9	130,419.1	7,209,538.7	
May	173,134.0	609,881.8	1,208,813.0	384,303.9	3,192,014.0	611,730.1	738,561.8	29,563.7	135,258.4	7,083,260.6	
June	179,376.6	680,845.4	1,031,509.7	362,765.9	3,268,836.2	665,314.3	804,053.5	31,072.9	139,755.6	7,163,530.2	

* Includes claims on other banks and from January 1995 includes also claims on other financial institutions

**includes deposits with Foreign Banks and foreign Units

Source: Bank of Tanzania





A3.0 Money and Banking

Table A3.7 :Commercial Banks -- Liabilities, 1998 - 2008

End of period	Millions of TZS							Total
	Domestic liabilities			Foreign liabilities		Capital and Reserves		
	Deposits	Due to Bank of Tanzania	Due to other banks	Other	*Foreign banks	Due to other		
1998	744,513.2	0.0	23,040.0	775,669.4	1,873.2	78.3	61,637.6	1,606,811.7
1999	854,339.3	5,429.6	25,079.9	1,076,826.8	927.8	115.7	27,312.3	1,990,031.4
2000	1,031,371.1	1.2	38,137.7	1,273,093.7	4,056.4	106.8	113,327.9	2,460,094.8
2001	1,254,411.9	0.0	47,665.4	2,990,776.7	3,015.1	13,154.6	133,737.9	4,442,761.5
2002	1,583,057.2	83.0	104,532.6	6,126,719.6	5,542.9	29,650.2	142,087.6	7,991,673.0
2003	1,917,103.2	50.0	138,725.9	332,695.1	6,321.9	554.6	207,971.4	2,603,422.2
2004	2,319,435.0	0.0	160,902.3	348,027.8	19,042.1	0.0	243,140.9	3,090,548.2
2005	3,279,030.4	0.0	107,384.8	374,719.9	27,571.8	27,663.2	314,158.6	4,130,528.5
2006	4,057,250.2	0.0	175,205.4	483,581.2	64,041.5	12,000.0	414,689.5	5,206,767.8
2007	4,980,587.6	0.0	212,424.5	733,949.7	199,589.8	82,266.5	564,289.7	6,773,107.8
2006-Mar	3,489,596.3	0.0	173,688.1	360,723.2	72,316.5	27,928.0	399,511.2	4,523,763.4
Jun	3,639,923.2	0.0	127,042.1	428,202.5	87,606.3	27,831.5	390,992.4	4,701,598.0
Sep	3,840,003.8	0.0	108,135.0	479,110.6	69,280.7	16,606.6	394,313.3	4,907,450.0
Dec	4,057,250.2	0.0	175,205.4	483,581.2	64,041.5	12,000.0	414,689.5	5,206,767.8
2007-Mar	4,224,024.6	0.0	167,226.2	425,686.2	37,716.3	16,040.0	558,567.3	5,429,260.6
Jun	4,393,165.0	18,335.0	311,415.3	570,279.4	100,064.1	21,899.3	562,809.2	5,977,967.4
Sep	4,605,774.8	0.0	220,516.3	636,439.8	220,740.9	65,809.1	559,548.8	6,308,829.7
Dec	4,980,587.6	0.0	212,424.5	733,949.7	199,589.8	82,266.5	564,289.7	6,773,107.8
2008-Mar	5,443,555.9	0.0	179,427.9	631,245.0	190,592.4	74,710.1	763,102.5	7,282,633.9
Jun	5,346,991.8	0.0	152,940.4	671,527.5	197,516.5	50,272.1	744,281.8	7,163,530.2
2007- January	4,170,312.6	0.0	190,849.5	347,516.6	54,728.0	16,301.4	558,456.1	5,338,164.1
February	4,244,291.5	0.0	177,377.0	455,355.0	45,977.3	27,550.0	557,241.8	5,507,792.7
March	4,224,024.6	0.0	167,226.2	425,686.2	37,716.3	16,040.0	558,567.3	5,429,260.6
April	4,320,942.1	0.0	130,943.9	463,146.7	100,432.0	32,759.3	558,824.5	5,607,048.4
May	4,380,492.9	0.0	190,184.4	494,502.0	90,478.5	63,809.6	558,510.8	5,777,978.2
June	4,393,165.0	18,335.0	311,415.3	570,279.4	100,064.1	21,899.3	562,809.2	5,977,967.4
July	4,572,230.3	0.0	261,864.3	592,632.1	131,742.1	82,240.4	566,015.5	6,206,724.7
August	4,642,690.5	0.0	217,692.0	560,627.8	161,151.9	63,627.3	558,768.9	6,204,558.3
September	4,605,774.8	0.0	220,516.3	636,439.8	220,740.9	65,809.1	559,548.8	6,308,829.7
October	4,762,676.4	3,607.0	202,625.9	691,772.6	246,051.2	77,328.1	562,849.0	6,546,910.1
November	4,907,172.2	0.0	160,824.2	701,879.2	229,068.9	81,648.2	570,320.4	6,650,913.0
December	4,980,587.6	0.0	212,424.5	733,949.7	199,589.8	82,266.5	564,289.7	6,773,107.8
2008- January	5,112,312.1	0.0	128,888.7	541,365.2	247,317.9	95,248.7	776,302.4	6,901,435.1
February	5,187,622.1	0.0	153,453.4	565,618.1	207,555.4	76,747.3	777,947.3	6,968,943.6
March	5,443,555.9	0.0	179,427.9	631,245.0	190,592.4	74,710.1	763,102.5	7,282,633.9
April	5,414,976.0	0.0	141,627.2	643,432.4	187,019.5	63,247.5	759,236.1	7,209,538.7
May	5,337,783.2	0.0	138,452.9	631,060.8	144,218.3	87,613.6	744,131.8	7,083,260.6
June	5,346,991.8	0.0	152,940.4	671,527.5	197,516.5	50,272.1	744,281.8	7,163,530.2

* Revised Figures

Source: Bank of Tanzania



Table A3.8 : Analysis of Commercial Bank's Liquidity, 1998 - 2008**

Millions of TZS

End of Period	Govt. net position with Bank of Tanzania	Net foreign liquid assets of banking system	Currency in circulation outside banks	Other transactions net**	Net liquidity effect on commercial banks	Bank of Tanzania lending to commercial banks	Change in commercial banks' liquid assets	of which			Treasury bills	Net foreign liquid assets***
								Cash	Bank of Tanzania	Deposits with		
1998	-2,358.0	22,417.1	-250.8	-3,936.4	15,871.9	-1,000.0	14,871.9	2,212.8	9,979.0	-5,217.4	7,897.5	
1999	-35,276.0	13,829.3	25,719.6	-42,009.8	-37,737.0	0.0	-37,737.0	10,675.4	-12,073.4	-19,073.4	-17,265.7	
2000	-38,413.5	61,788.4	20,752.0	-38,856.4	5,270.5	0.0	5,270.5	14,626.0	-6,460.2	1,188.9	-4,084.2	
2001	-1,893.9	13,482.7	2,135.3	-18,266.6	-4,542.6	0.0	-4,542.6	10,681.4	-379.6	6,908.0	-21,752.4	
2002	-81,009.3	114,410.7	45,696.4	-12,746.9	66,350.9	0.0	66,350.9	5,599.0	-20,003.9	23,516.9	57,239.0	
2003	-30,334.7	70,731.1	14,379.6	-41,412.7	13,363.4	0.0	13,363.4	1,034.8	13,851.2	9,095.9	-10,618.5	
2004	-42,877.7	-1,096.9	-2,140.8	28,024.8	-18,090.7	0.0	-18,090.7	-4,943.6	1,631.1	-307.8	-14,470.4	
2005	48,681.4	-139,142.7	30,625.0	21,376.2	-38,460.1	0.0	-38,460.1	-1,322.6	-43,383.0	12,574.9	-6,329.4	
2006	-131,201.0	-59,226.8	18,639.1	187,976.7	16,188.0	0.0	16,188.0	19,930.0	-96,080.0	86,592.5	5,745.5	
2007	-12,456.9	-51,705.3	13,949.0	137,633.3	87,420.1	0.0	87,420.1	36,916.1	22,624.4	-53,170.8	81,050.3	
2006-Mar	-28,904.1	86,851.0	9,616.0	-1,303.9	66,259.0	0.0	66,259.0	-6,418.5	27,328.4	39,952.8	5,396.3	
Jun	91,519.4	-74,102.9	48,673.8	-42,512.8	23,577.5	0.0	23,577.5	4,863.9	-22,929.3	-19,775.1	61,418.0	
Sep	113,843.2	-310,983.5	1,887.0	83,922.1	-111,331.2	0.0	-111,331.2	-2,445.7	1,534.5	-49,951.4	-60,468.6	
Dec	-131,201.0	-59,226.8	18,639.1	187,976.7	16,188.0	0.0	16,188.0	19,930.0	-96,080.0	86,592.5	5,745.5	
2007-Mar	-92,642.4	-120,545.5	4,991.9	125,002.2	-83,193.8	0.0	-83,193.8	-6,528.9	-78,474.5	54,376.5	-52,566.9	
Jun	-120,854.0	60,637.6	70,935.6	125,775.6	136,494.8	0.0	136,494.8	3,692.2	-13,568.4	149,830.4	-3,459.4	
Sep	-255,459.9	137,790.0	2,036.5	80,321.3	-35,312.0	0.0	-35,312.0	6,119.3	-69,551.7	10,790.0	17,330.4	
Dec	-12,456.9	-51,705.3	13,949.0	137,633.3	87,420.1	0.0	87,420.1	36,916.1	22,624.4	-53,170.8	81,050.3	
2008-Mar	165,097.5	326,688.5	2,421.6	-288,965.8	205,241.9	0.0	205,241.9	15,165.9	-8,801.6	36,816.9	162,060.7	
Jun	77,284.4	9,588.0	86,695.3	-165,371.7	8,195.9	0.0	8,195.9	6,242.5	70,963.7	-177,303.2	108,292.9	
2008-January	37,477.9	140,837.0	-6,868.2	-33,814.7	137,632.0	0.0	137,632.0	-11,537.5	126,413.9	-1,263.7	24,019.2	
February	13,149.3	-88,609.3	-1,409.9	140,011.7	63,141.9	0.0	63,141.9	5,577.3	-8,865.7	81,358.1	-14,927.8	
March	-92,642.4	-120,545.5	4,991.9	125,002.2	-83,193.8	0.0	-83,193.8	-6,528.9	-78,474.5	54,376.5	-52,566.9	
April	35,507.7	123,421.1	-3,324.1	-50,915.7	104,689.1	0.0	104,689.1	4,855.2	148,552.3	13,816.1	-62,534.5	
May	12,264.3	-126,555.2	9,697.4	82,618.2	-21,975.3	0.0	-21,975.3	8,403.4	-47,102.4	109,868.9	-93,145.3	
June	-120,854.0	60,637.6	70,935.6	125,775.6	136,494.8	0.0	136,494.8	3,692.2	-13,568.4	149,830.4	-3,459.4	
July	-376,264.4	485,595.3	82,029.8	-170,652.6	20,708.2	0.0	20,708.2	12,226.4	-9,334.7	75,108.7	-57,292.2	
August	-81,706.7	-168,260.5	32,852.8	45,832.0	-171,282.4	0.0	-171,282.4	-11,542.1	17,927.0	-45,866.8	-131,800.6	
September	-255,459.9	137,790.0	2,036.5	80,321.3	-35,312.0	0.0	-35,312.0	6,119.3	-69,551.7	10,790.0	17,330.4	
October	111,500.2	-147,842.8	-12,066.0	93,905.2	45,496.5	0.0	45,496.5	18,375.1	97,849.8	-19,497.2	-51,231.2	
November	47,468.1	5,392.2	-4,225.8	-13,435.5	35,198.9	0.0	35,198.9	-2,773.4	27,530.9	1,216.5	9,225.0	
December	-12,456.9	-51,705.3	13,949.0	137,633.3	87,420.1	0.0	87,420.1	36,916.1	22,624.4	-53,170.8	81,050.3	
2008-January	186,106.9	157,033.7	-21,380.0	-175,408.7	146,351.9	0.0	146,351.9	-29,329.4	160,063.0	-24,917.4	40,535.7	
February	-16,696.2	-123,422.7	-2,167.7	-69,260.4	-211,546.9	0.0	-211,546.9	6,377.2	-140,174.0	58,768.8	-136,518.8	
March	165,097.5	326,688.5	2,421.6	-288,965.8	205,241.9	0.0	205,241.9	15,165.9	-8,801.6	36,816.9	162,060.7	
April	-10,667.8	-230,414.6	13,906.3	216,888.0	-10,288.1	0.0	-10,288.1	-5,091.9	85,852.2	-17,208.6	-73,839.7	
May	6,929.8	-134,010.0	28,632.6	-19,931.1	-118,378.8	0.0	-118,378.8	-4,467.4	-53,931.5	4,369.0	-64,349.0	
June	77,284.4	9,588.0	86,695.3	-165,371.7	8,195.9	0.0	8,195.9	6,242.5	70,963.7	-177,303.2	108,292.9	

Note: * Includes corrections for change in commercial banks holding of Treasury bills
 ** Net position with foreign banks, + supply of liquidity, - withdrawal of liquidity
 Source: Bank of Tanzania



A3.0 Money and Banking

TableA3.9 : Commercial Banks -Analysis of Domestic Assets, 1998 - 2008

Millions of TZS

End of period	Bank of Tanzania	Other banks	Other financial Institutions	Central govt.	Official entities	Private sector	Other assets	Total
1998	113,202.5	28,442.7	0.0	312,745.6	8,415.3	239,860.9	636,888.1	1,339,555.0
1999	123,210.1	46,283.2	36.7	331,260.2	9,305.7	302,227.2	876,629.3	1,688,952.5
2000	172,096.4	78,490.1	266.6	403,759.8	7,363.8	333,264.3	1,053,863.7	2,049,104.6
2001	177,328.7	105,955.3	0.0	295,702.9	1,018.1	403,494.2	2,920,199.8	3,903,698.9
2002	195,153.0	217,202.4	0.0	364,637.6	0.0	570,668.3	6,072,439.1	7,420,100.4
2003	226,870.1	316,436.6	0.0	322,407.4	0.0	817,125.2	235,094.6	1,917,933.9
2004	310,426.8	428,220.2	0.0	338,541.5	0.0	1,060,077.3	269,616.9	2,406,882.6
2005	395,425.1	451,486.0	0.0	713,050.9	0.0	1,425,062.3	309,864.5	3,294,888.8
2006	479,569.1	128,228.3	0.0	1,100,198.8	0.0	2,028,294.3	345,106.7	4,081,397.2
2007	757,353.3	110,081.9	0.0	1,533,240.5	0.0	2,883,789.5	608,816.1	5,893,281.2
2006-Mar	489,367.4	527,302.7	0.0	795,165.4	0.0	1,531,395.1	312,011.9	3,655,242.5
Jun	454,197.0	517,529.9	0.0	737,068.3	0.0	1,656,837.8	359,687.1	3,725,320.1
Sep	451,255.4	105,219.8	0.0	1,046,411.2	0.0	1,906,065.5	368,102.5	3,877,054.4
Dec	479,569.1	128,228.3	0.0	1,100,198.8	0.0	2,028,294.3	345,106.7	4,081,397.2
2007-Mar	506,153.8	71,539.0	0.0	1,257,182.4	0.0	2,133,897.1	405,704.3	4,374,476.4
Jun	610,986.1	112,063.2	0.0	1,528,540.7	0.0	2,260,321.2	506,693.2	5,018,604.5
Sep	556,830.3	102,592.5	0.0	1,590,807.8	0.0	2,577,508.2	598,192.1	5,425,930.9
Dec	757,353.3	110,081.9	0.0	1,533,240.5	0.0	2,883,789.5	608,816.1	5,893,281.2
2008-Mar	760,654.4	129,866.8	0.0	1,603,403.6	0.0	3,109,698.3	747,715.5	6,351,338.4
Jun	860,222.0	111,610.0	0.0	1,394,275.7	0.0	3,268,836.2	693,459.9	6,328,403.7
2007-January	594,445.6	106,199.6	0.0	1,099,573.5	0.0	2,044,818.9	354,300.7	4,199,338.4
February	591,157.2	82,009.2	0.0	1,189,059.5	0.0	2,079,071.8	434,115.6	4,375,413.4
March	506,153.8	71,539.0	0.0	1,257,182.4	0.0	2,133,897.1	405,704.3	4,374,476.4
April	659,561.3	51,509.6	0.0	1,250,541.5	0.0	2,193,766.9	390,132.2	4,545,511.5
May	620,862.3	63,297.1	0.0	1,384,865.2	0.0	2,246,312.1	504,905.5	4,820,242.2
June	610,986.1	112,063.2	0.0	1,528,540.7	0.0	2,260,321.2	506,693.2	5,018,604.5
July	613,877.8	77,956.8	0.0	1,639,397.6	0.0	2,385,900.4	588,313.2	5,305,445.8
August	620,262.7	73,509.9	0.0	1,599,952.3	0.0	2,468,623.3	640,271.3	5,402,619.6
September	556,830.3	102,592.5	0.0	1,590,807.8	0.0	2,577,508.2	598,192.1	5,425,930.9
October	673,055.2	89,194.9	0.0	1,568,671.4	0.0	2,679,033.4	688,312.5	5,698,267.4
November	697,812.7	77,197.8	0.0	1,582,748.4	0.0	2,796,110.4	662,424.8	5,816,294.1
December	757,353.3	110,081.9	0.0	1,533,240.5	0.0	2,883,789.5	608,816.1	5,893,281.2
2008-January	888,086.9	81,482.5	0.0	1,478,557.1	0.0	2,947,534.0	607,155.6	6,002,816.1
February	754,290.0	143,435.5	0.0	1,584,285.8	0.0	3,002,948.0	682,667.4	6,167,626.8
March	760,654.4	129,866.8	0.0	1,603,403.6	0.0	3,109,698.3	747,715.5	6,351,338.4
April	841,414.6	108,016.4	0.0	1,586,382.9	0.0	3,146,421.6	687,136.6	6,369,372.2
May	783,015.8	89,425.9	0.0	1,593,116.8	0.0	3,192,014.0	657,562.5	6,315,135.1
June	860,222.0	111,610.0	0.0	1,394,275.7	0.0	3,268,836.2	693,459.9	6,328,403.7

Source: Bank of Tanzania



A3.0. Money and Banking

Table A3.10 :Commercial Banks' - Lending and Holdings of Securities, 1998 - 2008

End of period	Domestic lending				Foreign loans and bills	Lending to deposit ratio	Securities		Total
	Overdraft	Commercial bills	Other loans	Total			Treasury bills	Other govt. securities	
1998	197,413.8	6,693.0	49,775.6	251,079.3	699.0	33.7	58,862.5	251,080.0	309,942.5
1999	160,819.9	12,430.5	150,713.0	323,963.5	102,648.3	37.9	65,911.8	264,799.3	330,711.1
2000	168,347.1	6,454.6	172,281.0	347,082.7	104,490.8	33.6	89,620.2	313,339.4	402,959.6
2001	180,560.6	574.4	223,951.7	405,086.7	133,053.0	32.3	102,319.0	193,383.9	295,702.9
2002	324,038.2	5,911.0	246,630.0	576,579.3	167,468.3	36.4	192,929.2	171,708.4	364,637.6
2003	431,624.1	620.5	333,343.9	765,588.4	246,384.3	39.9	176,360.9	146,046.5	322,407.4
2004	457,049.6	1,223.4	603,027.7	1,061,300.7	374,363.1	45.8	147,928.3	190,613.1	338,541.5
2005	578,308.9	3,896.0	846,753.4	1,428,958.3	528,104.0	43.6	459,030.9	254,019.9	713,050.9
2006	852,150.2	9,877.3	1,174,878.3	2,038,171.6	722,252.4	50.2	774,417.6	325,781.2	1,100,198.8
2007	1,103,055.8	10,087.3	1,780,733.7	2,893,876.8	938,291.3	58.1	1,150,984.3	382,256.2	1,533,240.5
2006-Mar	652,484.9	3,886.3	878,910.3	1,535,281.5	559,728.2	44.0	514,454.2	280,711.2	795,165.4
Jun	711,691.4	5,286.3	945,146.4	1,662,124.1	577,803.3	45.7	440,011.6	297,056.6	737,068.3
Sep	780,259.9	8,429.0	1,125,805.6	1,914,494.5	719,180.1	49.9	736,863.1	309,548.1	1,046,411.2
Dec	852,150.2	9,877.3	1,174,878.3	2,038,171.6	722,252.4	50.2	774,417.6	325,781.2	1,100,198.8
2007-Mar	873,863.4	7,997.5	1,259,717.1	2,141,894.5	750,110.6	50.7	908,888.5	348,293.9	1,257,182.4
Jun	893,349.4	10,794.4	1,366,819.9	2,271,115.6	770,531.8	51.7	1,182,403.9	346,136.8	1,528,540.7
Sep	1,048,661.5	68,061.3	1,527,308.1	2,645,569.5	830,865.4	57.4	1,222,435.9	368,371.9	1,590,807.8
Dec	1,103,055.8	10,087.3	1,780,733.7	2,893,876.8	938,291.3	58.1	1,150,984.3	382,256.2	1,533,240.5
2008-Mar	1,085,250.1	13,198.3	2,024,275.1	3,122,896.5	993,152.3	57.4	1,221,652.5	381,751.1	1,603,403.6
Jun	1,141,945.7	15,602.8	2,126,968.6	3,284,439.0	992,828.9	61.4	1,031,509.7	362,765.9	1,394,275.7
2007-January	842,401.5	9,767.6	1,203,943.4	2,054,586.5	747,534.5	49.3	773,153.9	326,419.6	1,099,573.5
February	857,682.6	8,834.9	1,221,389.2	2,087,906.7	749,444.8	49.2	854,512.0	334,547.5	1,189,059.5
March	873,863.4	7,997.5	1,259,717.1	2,141,894.5	750,110.6	50.7	908,888.5	348,293.9	1,257,182.4
April	888,399.6	8,575.6	1,305,367.3	2,202,342.5	790,140.8	51.0	922,704.6	327,837.0	1,250,541.5
May	897,068.8	9,771.3	1,349,243.2	2,256,083.4	792,046.2	51.5	1,032,573.5	352,291.7	1,384,865.2
June	893,349.4	10,794.4	1,366,819.9	2,271,115.6	770,531.8	51.7	1,182,403.9	346,136.8	1,528,540.7
July	960,155.4	49,939.3	1,425,593.0	2,435,839.8	789,478.1	53.3	1,257,512.6	381,885.0	1,639,397.6
August	1,002,334.2	65,572.2	1,465,899.3	2,534,195.5	823,579.9	54.6	1,211,645.9	388,306.5	1,599,952.3
September	1,048,661.5	68,061.3	1,527,308.1	2,645,569.5	830,865.4	57.4	1,222,435.9	368,371.9	1,590,807.8
October	1,060,305.5	13,518.2	1,619,997.2	2,692,551.6	877,779.2	56.5	1,202,938.7	365,732.8	1,568,671.4
November	1,114,570.1	11,044.0	1,681,540.3	2,807,154.4	922,302.5	57.2	1,204,155.1	378,593.3	1,582,748.4
December	1,103,055.8	10,087.3	1,780,733.7	2,893,876.8	938,291.3	58.1	1,150,984.3	382,256.2	1,533,240.5
2008-January	1,099,630.4	9,040.0	1,847,903.6	2,956,574.0	945,009.1	57.8	1,126,066.9	352,490.2	1,478,557.1
February	1,102,072.4	10,797.2	1,900,875.6	3,013,745.1	918,909.4	58.1	1,184,835.7	399,450.2	1,584,285.8
March	1,085,250.1	13,198.3	2,024,275.1	3,122,896.5	993,152.3	57.4	1,221,652.5	381,751.1	1,603,403.6
April	1,112,828.0	12,359.0	2,033,593.6	3,158,780.6	1,001,454.4	58.3	1,204,443.9	381,939.0	1,586,382.9
May	1,115,656.0	14,145.4	2,076,358.0	3,206,159.3	1,001,176.9	60.1	1,208,813.0	384,303.9	1,593,116.8
June	1,141,945.7	15,602.8	2,126,968.6	3,284,439.0	992,828.9	61.4	1,031,509.7	362,765.9	1,394,275.7

Source: Bank of Tanzania



Table A3.11: Commercial Banks- Domestic Lending by Activities - Borrowing Sectors (Revised), 2001 - 2008

End of Period	Millions of TZS													Percent of Total			
	Public Sector*	Agriculture Production	Fishing, Forest & Hunting	Financial Intermediaries	Mining and Quarrying	Manufacturing**	Building and Construction Real Estate & Leasing	Transportation and Communication	Trade	Hotels and Restaurants & Tourism	Electricity Gas & Water	Education and Health	Other Services Incl. Warehousing & storage	Personal or (Private)	Total	Personal or (Private)	Total
2001	8,406.0	38,955.3		4,301.4		135,759.5	13,923.3	40,834.5	133,939.2	7,119.4			21,273.7	-	404,512.3		
2002	7,542.3	97,683.1		25,898.0		145,857.9	30,671.8	62,370.2	132,058.9	13,145.7			55,440.4	-	570,668.3		
2003	15,246.0	97,795.0		33,570.4		213,204.2	38,669.1	74,697.3	186,495.9	20,020.4			137,427.0	-	817,125.2		
2004	2,156.2	147,111.2		46,098.7	6,196.1	242,075.5	42,157.1	92,206.1	249,914.2	27,418.2			204,744.0	-	1,060,077.3		
2005	14,314.0	177,320.3		85,743.2	27,091.9	293,812.5	83,074.3	108,426.1	338,352.0	33,897.2			263,029.8	-	1,425,061.2		
2006	0.0	258,135.9	25,017.2	47,043.2	21,935.3	436,049.1	134,380.0	189,077.2	383,196.6	95,317.8	124,894.9	20,128.7	68,004.1	225,114.3	2,028,294.3		
2007	0.0	284,821.6	28,906.3	91,812.2	41,051.8	556,868.9	152,706.3	202,628.0	496,608.5	124,954.0	121,659.4	40,949.5	273,270.3	467,552.7	2,883,789.5		
2007-Mar	0.0	224,596.9	24,060.0	58,282.9	21,005.2	414,689.0	150,954.1	208,727.2	430,081.7	109,094.4	125,844.5	21,978.2	60,368.2	283,898.1	2,133,580.5		
Jun	0.0	263,379.6	22,479.8	75,675.3	35,449.8	421,143.9	169,763.2	168,035.2	450,142.7	108,272.9	121,050.8	23,834.2	81,863.4	318,499.4	2,259,590.2		
Sep	0.0	293,081.1	27,270.1	90,246.9	27,050.4	439,299.7	137,136.7	219,400.8	610,500.6	134,316.7	115,099.2	34,424.7	74,786.0	374,064.2	2,576,677.0		
Dec	0.0	286,204.6	28,906.3	91,812.8	41,254.5	557,323.2	152,334.7	202,637.9	496,275.8	124,973.8	121,876.8	40,949.5	271,113.6	468,126.1	2,883,789.5		
2008 - Mar	0.0	256,036.8	25,019.8	88,110.9	30,524.2	534,314.1	189,853.7	266,543.6	537,328.9	142,097.4	162,851.9	43,539.5	254,550.7	578,731.5	3,109,502.9		
Jun	0.0	258,520.5	22,929.6	78,828.7	27,374.1	441,917.0	201,593.6	288,463.8	530,166.8	172,083.3	165,172.3	47,074.3	404,882.9	629,829.3	3,268,836.2		

End of Period	Percent of Total													Percent of Total			
	Public Sector*	Agriculture Production	Fishing, Forest & Hunting	Financial Intermediaries	Mining and Quarrying	Manufacturing**	Building and Construction Real Estate & Leasing	Transportation and Communication	Trade	Hotels and Restaurants & Tourism	Electricity Gas & Water	Education and Health	Other Services Incl. Warehousing & storage	Personal or (Private)	Total	Personal or (Private)	Total
2001	2.1	9.6		1.1		33.6	3.4	10.1	33.1	1.8			5.3	-	100.0		
2002	1.3	17.1		4.5		25.6	5.4	10.9	23.1	2.3			9.7	-	100.0		
2003	1.9	12.0		4.1		26.1	4.7	9.1	22.8	2.5			16.8	-	100.0		
2004	0.2	13.9		4.3	0.6	22.8	4.0	8.7	23.6	2.6			19.3	-	100.0		
2005	1.0	12.4		6.0	1.9	20.6	5.8	7.6	23.7	2.4			18.5	-	100.0		
2006	0.0	12.7	1.2	2.3	1.1	21.5	6.6	9.3	18.9	4.7	6.2	1.0	3.4	11.1	100.0		
2007	0.0	9.9	1.0	3.2	1.4	19.3	5.3	7.0	17.2	4.3	4.2	1.4	9.5	16.2	100.0		
2007-Mar	0.0	10.5	0.9	2.7	1.0	19.4	7.1	9.8	20.2	5.1	5.9	1.0	2.8	13.3	100.0		
Jun	0.0	11.7	0.7	3.3	1.6	18.6	7.5	7.4	19.9	4.8	5.4	1.1	3.6	14.1	100.0		
Sep	0.0	11.4	0.8	3.5	1.0	17.0	5.3	8.5	23.7	5.2	4.5	1.3	2.9	14.5	100.0		
Dec	0.0	9.9	0.6	3.2	1.4	19.3	5.3	7.0	17.2	4.3	4.2	1.4	9.4	16.2	100.0		
2008 - Mar	0.0	8.2	0.5	2.8	1.0	17.2	6.1	8.6	17.3	4.6	5.2	1.4	8.2	18.6	100.0		
Jun	0.0	7.9	0.5	2.4	0.8	13.5	6.2	8.8	16.2	5.3	5.1	1.4	12.4	19.3	100.0		

Note: Beginning June 2006, new BOT Form 16-1 was introduced with coverage of more economic activities

* Formerly known as Public Administration

**Prior 2004 commercial banks lending to the manufacturing activities include lending extended to the mining activities.

Source: Bank of Tanzania

Table A3.12 : Commercial Bank's Deposits*, 1998 - 2008

End of period	Central Govt.				Other domestic				Foreign	Total	of which			
	Central Govt.	Local Govt.	Central Govt. Institutions	Para statals	Other domestic	Other domestic	Other domestic	Other domestic			Demand	Time	Savings	Other
1998	25,327.3	13,486.3	24,397.7	50,683.2	630,618.7	78.3	744,591.5	255,668.3	138,481.3	165,011.4	185,430.5			
1999	21,560.4	20,245.1	28,112.1	39,662.0	744,759.7	115.7	854,455.0	258,828.6	151,510.1	190,260.3	253,856.0			
2000	26,086.5	28,612.6	23,110.2	35,545.1	918,016.6	106.8	1,031,477.9	321,537.8	171,671.6	228,552.8	309,715.7			
2001	29,320.0	23,285.6	38,112.2	13,404.0	1,150,290.1	34.6	1,254,446.4	382,368.0	208,101.4	259,545.7	404,431.3			
2002	30,819.8	56,040.2	46,286.7	243.7	1,449,666.8	0.0	1,583,057.2	492,867.7	223,898.7	324,701.2	541,589.5			
2003	81,833.0	73,531.2	31,377.4	0.2	-186,741.7	0.0	0.0	635,774.3	231,417.8	376,771.9	673,139.2			
2004	135,463.0	65,672.6	33,171.2	0.3	2,085,127.9	0.0	2,319,435.0	781,303.3	280,146.4	458,750.2	799,235.1			
2005	187,201.2	94,951.3	36,069.7	160.7	2,960,647.4	0.0	3,279,030.4	1,056,160.5	427,612.9	627,168.0	1,168,088.9			
2006	234,013.9	135,317.1	29,486.2	0.0	3,658,432.9	0.0	4,057,250.2	1,138,295.7	500,139.9	793,684.3	1,625,130.3			
2007	317,054.1	244,085.4	0.0	0.0	4,419,448.1	0.0	4,980,587.6	1,677,074.2	591,903.6	979,994.7	1,731,615.1			
2006-Mar	187,743.6	117,206.4	38,872.3	0.0	3,145,774.0	0.0	3,489,596.3	1,078,671.7	450,098.3	662,513.0	1,298,313.3			
Jun	197,053.0	106,439.6	31,199.1	0.0	3,305,231.4	0.0	3,639,923.2	1,104,262.3	463,152.6	691,508.3	1,381,000.0			
Sep	231,845.8	153,763.0	29,342.9	0.0	3,425,052.1	0.0	3,840,003.8	1,122,021.9	464,071.8	720,439.7	1,533,470.3			
Dec	234,013.9	135,317.1	29,486.2	0.0	3,658,432.9	0.0	4,057,250.2	1,138,295.7	500,139.9	793,684.3	1,625,130.3			
2007-Mar	282,286.8	168,672.3	29,755.9	4.6	3,743,304.9	0.0	4,224,024.6	1,216,571.4	541,020.3	827,737.8	1,665,084.6			
Jun	252,788.9	198,218.0	0.0	0.0	3,942,158.1	0.0	4,393,165.0	1,321,548.0	541,020.3	864,118.0	1,666,478.8			
Sep	281,901.1	232,934.6	0.0	0.0	4,090,939.0	0.0	4,605,774.8	1,464,802.9	550,266.3	912,688.9	1,678,016.7			
Dec	317,054.1	244,085.4	0.0	0.0	4,419,448.1	0.0	4,980,587.6	1,677,074.2	591,903.6	979,994.7	1,731,615.1			
2008-Mar	339,082.8	286,953.6	0.0	0.0	4,817,519.5	0.0	5,443,555.9	1,867,767.9	703,482.0	1,011,513.7	1,860,792.3			
Jun	253,187.5	223,842.7	0.0	0.0	4,869,961.6	0.0	5,346,991.8	1,793,148.3	776,656.0	1,031,037.9	1,746,149.6			
2007-January	284,560.9	162,316.6	32,642.0	4.8	3,690,788.3	0.0	4,170,312.6	1,203,482.5	501,015.5	805,918.2	1,659,896.4			
February	271,464.9	157,956.6	26,889.4	3.6	3,787,977.0	0.0	4,244,291.5	1,240,161.0	511,667.9	816,544.3	1,675,918.3			
March	282,286.8	168,672.3	29,755.9	4.6	3,743,304.9	0.0	4,224,024.6	1,216,571.4	514,630.7	827,737.8	1,665,084.6			
April	297,556.4	145,968.5	31,047.8	11.4	3,846,357.9	0.0	4,320,942.1	1,279,839.3	518,465.3	830,466.7	1,692,170.7			
May	278,799.4	160,693.7	37,635.0	11.4	3,903,353.4	0.0	4,380,492.9	1,353,187.9	543,171.0	853,185.7	1,630,948.3			
June	252,788.9	198,218.0	0.0	0.0	3,942,158.1	0.0	4,393,165.0	1,321,548.0	541,020.3	864,118.0	1,666,478.8			
July	275,528.9	183,658.8	0.0	0.0	4,113,042.6	0.0	4,572,230.3	1,419,929.8	587,320.8	890,376.7	1,674,603.0			
August	274,811.6	190,671.5	0.0	0.0	4,177,207.4	0.0	4,642,690.5	1,492,560.8	552,817.6	909,290.1	1,688,022.1			
September	281,901.1	232,934.6	0.0	0.0	4,090,939.0	0.0	4,605,774.8	1,464,802.9	550,266.3	912,688.9	1,678,016.7			
October	343,877.0	248,037.0	0.0	0.0	4,170,762.4	0.0	4,762,676.4	1,600,420.1	533,967.3	954,484.0	1,673,805.0			
November	339,000.7	270,181.2	0.0	0.0	4,297,990.2	0.0	4,907,172.2	1,613,227.6	591,566.1	974,371.6	1,728,006.9			
December	317,054.1	244,085.4	0.0	0.0	4,419,448.1	0.0	4,980,587.6	1,677,074.2	591,903.6	979,994.7	1,731,615.1			
2008-January	339,822.4	244,085.4	0.0	0.0	4,528,404.3	0.0	5,112,312.1	1,747,032.9	627,506.9	998,976.3	1,738,796.0			
February	324,669.8	228,903.3	0.0	0.0	4,634,049.0	0.0	5,187,622.1	1,786,636.5	660,789.1	1,015,350.4	1,724,846.0			
March	339,082.8	286,953.6	0.0	0.0	4,817,519.5	0.0	5,443,555.9	1,867,767.9	703,482.0	1,011,513.7	1,860,792.3			
April	320,394.7	212,138.3	0.0	0.0	4,882,442.9	0.0	5,414,976.0	1,840,560.2	740,916.8	1,027,332.1	1,806,166.9			
May	321,385.5	209,777.6	0.0	0.0	4,806,620.1	0.0	5,337,783.2	1,776,397.0	770,519.2	1,025,498.8	1,765,368.1			
June	253,187.5	223,842.7	0.0	0.0	4,869,961.6	0.0	5,346,991.8	1,793,148.3	776,656.0	1,031,037.9	1,746,149.6			

* Revised Figures

Source: Bank of Tanzania





A3.0 Money and Banking

Table A3.13: Weighted Average Interest Rates Structure of Commercial Banks, 2005- 2008

Item	2005				2006				2007*				Percent 2008*	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
A: Domestic Currency														
1. Interbank Cash Market Rates														
Overnight	4.5	5.0	6.6	5.8	4.5	8.5	15.2	6.7	7.5	6.7	12.1	5.4	4.1	3.4
2 to 7 days	4.6	5.1	7.8	5.3	4.9	6.0	14.1	7.4	7.8	7.6	12.8	6.0	4.3	3.7
8 to 14 days	5.1	5.6	7.6	6.5	6.5	10.7	14.0	9.6	7.3	7.0	12.0	5.9	4.4	4.0
15 to 30 days	6.3	6.2	9.3	8.2	6.4	7.6	7.3	6.1	9.6	6.0	6.5	9.2	6.5	4.9
31 to 60 days	6.9	5.6	10.2	9.1	9.2	6.7	8.4	7.2	7.9	9.6	11.2	5.8	6.3	4.7
61 to 90 days	9.4	7.4	10.6	12.5	12.6	12.6	8.5	9.3	10.0	10.8	10.8	10.8	5.9	5.9
91 to 180 days	8.5	8.4	11.0	13.5	13.0	12.3	9.5	9.7	14.9	12.5	14.8	9.8	6.3	5.5
181 and above	9.2	9.2	13.6	14.8	14.5	8.8	13.5	11.6	11.6	12.9	15.2	12.1	7.0	7.9
Overall interbank cash market rate	4.8	5.1	7.2	6.0	5.1	5.1	12.6	6.4	6.9	6.3	11.6	5.1	3.8	3.7
2. Lombard Rate	11.0	11.0	11.0	11.0	13.3	9.7	22.8	13.3	11.3	10.0	18.1	8.2	8.0	7.5
3. REPO Rate	5.0	5.2	7.7	6.0	5.1	5.1	12.6	6.4	6.9	6.3	11.6	5.1	3.8	3.7
4. Treasury Bills Rates														
35 days	6.5	6.6	9.5	8.6	8.9	6.4	10.6	8.8	7.2	6.5	6.3	5.5	5.4	5.0
91 days	8.2	8.1	12.5	14.7	13.4	7.8	11.1	14.4	14.9	12.6	14.8	9.9	5.7	5.8
182 days	9.4	9.4	13.1	14.7	13.7	8.5	11.7	15.0	16.4	16.7	16.4	10.2	7.0	7.6
364 days	9.8	10.5	13.7	15.7	13.9	9.6	13.0	15.6	17.2	18.4	17.0	12.9	9.4	10.0
5. Treasury bills rate	8.4	9.3	12.6	14.8	13.4	8.2	12.0	15.0	16.0	17.1	15.6	11.4	7.4	7.8
6. Treasury Bonds:														
2-years	14.6	15.1	16.9	16.9	16.1	13.4	16.9	18.5	19.2	18.3	20.1	15.0	15.0	12.9
5-years	12.6	12.1	15.0	17.0	17.8	15.8	17.4	15.2	16.2	18.4	20.5	17.6	14.5	14.5
7-years	13.1	13.2	13.1	18.3	18.1	15.3	17.4	17.3	20.7	18.6	19.2	18.1	17.2	17.2
10-years	14.1	14.1	14.1	17.0	20.3	16.0	17.4	17.7	18.5	17.5	19.9	17.7	17.7	17.1
7. Discount Rate	13.6	13.9	16.1	19.3	17.5	13.4	16.7	20.1	20.1	21.4	20.6	16.4	12.4	12.8
8. Savings Deposit Rate	2.6	2.6	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.7	2.6	2.8
9. Time Deposits Rates														
Call Accounts	2.4	1.0	1.3	1.6	1.5	1.7	1.4	0.9	1.3	1.3	1.1	0.8	1.0	0.8
1 month	3.3	3.3	4.4	2.6	5.1	7.9	8.4	7.3	7.7	6.7	7.4	9.3	7.7	6.0
2 months	4.9	5.2	5.8	7.1	9.8	7.8	7.2	7.4	8.6	7.8	8.6	7.0	8.6	6.9
3 months	5.0	4.5	4.3	5.5	5.0	6.8	6.8	7.6	7.5	8.6	9.9	9.3	8.8	7.9
6 months	5.4	5.6	5.3	7.2	6.8	5.6	8.6	9.0	8.9	9.3	8.8	8.7	10.1	9.0
12 months	6.0	6.0	6.3	7.7	7.4	8.7	8.2	8.7	9.2	8.9	9.6	10.1	9.3	8.3
24 months	4.9	5.4	5.9	5.3	6.3	7.9	7.7	9.4	10.9	11.3	11.9	12.9	10.7	7.7
10. Negotiated Deposit Rates	8.8	8.5	8.3	10.6	10.4	10.1	10.1	9.3	7.1	8.7	9.8	11.0	10.3	10.6
11. Lending rates														
Call Loans	19.3	14.5	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	20.3
Short-term (up to 1 year)	16.0	16.1	15.7	15.7	15.0	15.8	15.9	15.7	14.9	14.0	14.1	14.7	13.9	13.9
Medium-term (1-2 years)	17.0	16.8	16.7	16.0	15.9	17.9	18.9	19.3	16.8	17.0	16.8	16.6	16.1	15.6
Medium-term (2-3 years)	15.4	16.2	15.5	14.5	14.9	16.2	16.5	16.6	15.4	14.6	15.2	15.5	15.4	14.6
Long-term (3-5 years)	13.3	14.1	13.3	14.1	14.2	15.3	16.7	14.9	16.5	15.6	16.5	16.7	16.9	16.6
Term Loans (over 5 years)	15.4	14.6	14.2	14.7	13.8	12.1	15.6	15.7	18.1	17.4	17.1	12.8	13.5	13.1
12. Negotiated Lending Rates	10.3	11.0	11.4	11.1	11.6	11.2	10.5	10.6	11.7	12.2	11.9	12.0	11.8	13.1
B: Foreign Currency														
1. Deposits Rates:														
Savings Deposits	0.8	0.9	1.1	1.1	1.4	1.9	1.9	2.0	2.3	2.0	1.8	2.0	2.0	2.1
Time Deposits	1.4	1.7	1.8	1.9	1.7	2.5	2.6	2.7	2.9	2.7	3.6	4.5	4.6	4.4
1-months	1.3	1.2	1.5	1.6	1.5	2.0	2.6	2.5	2.6	1.8	3.2	5.0	4.8	5.0
2-months	1.3	1.6	2.7	2.3	1.6	2.5	2.7	2.8	2.6	2.2	3.5	4.1	3.0	4.5
3-months	1.4	1.7	1.2	1.5	2.2	1.9	2.6	2.5	3.3	2.9	3.9	3.9	4.9	4.0
6-months	1.5	1.4	1.3	1.9	1.4	2.4	2.2	3.1	3.0	3.0	3.9	4.8	3.5	5.2
12-months	1.4	2.6	2.4	2.1	2.0	3.8	3.0	2.8	3.0	3.8	3.6	4.6	7.0	3.5
2. Lending Rates														
Short-term (up to 1 year)	7.9	8.0	7.7	8.0	8.1	8.2	9.1	8.8	8.1	7.6	7.6	7.7	7.9	8.2
Medium-term (1-2 years)	7.0	6.9	7.4	6.6	7.7	7.5	9.3	8.9	8.2	8.0	5.9	3.8	4.8	6.7
Medium-term (2-3 years)	8.3	7.7	6.9	7.7	8.2	8.3	8.6	8.5	8.6	8.6	8.4	8.5	8.7	8.7
Medium-term (3-5 years)	8.6	9.3	7.8	9.1	8.8	8.8	8.1	7.6	7.9	7.9	8.2	8.9	8.7	8.6
Long-term (3-5 years)	7.0	9.0	8.0	7.6	7.2	8.0	9.8	9.8	7.8	7.1	7.0	9.0	8.5	8.3
Term Loans (over 5 years)	8.4	7.4	8.5	9.3	8.8	8.3	9.9	9.2	7.7	6.2	8.3	8.5	8.7	8.7

* Provisional

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

TableA 4.1: Tanzania's Balance of Payments 2000-2007

	Millions of USD							
Item	2000	2001	2002	2003	2004	2005	2006 ^p	2007 ^p
A. Current Account	-485.90	-237.36	83.63	-118.1	-366.7	-864.3	-1,171.6	-1,855.8
<i>Balance on Goods</i>	<i>-633.91</i>	<i>-709.04</i>	<i>-531.76</i>	<i>-712.6</i>	<i>-1,001.2</i>	<i>-1,318.5</i>	<i>-1,946.5</i>	<i>-2,634.1</i>
Goods: Exports f.o.b.	733.69	851.31	979.57	1,220.9	1,481.6	1,679.1	1,917.6	2,226.6
Traditional	292.81	231.06	206.08	220.5	297.8	354.5	267.1	319.7
Non-traditional	440.88	620.25	773.49	1,000.4	1,183.9	1,324.6	1,476.2	1,704.5
o/w Gold	112.72	254.07	341.10	502.8	629.9	655.1	786.4	788.2
Goods: Imports f.o.b.	-1367.60	-1560.34	-1511.32	-1,933.5	-2,482.8	-2,997.6	-3,864.1	-4,860.6
<i>Balance on Services</i>	<i>-55.06</i>	<i>264.91</i>	<i>287.60</i>	<i>222.1</i>	<i>158.9</i>	<i>61.8</i>	<i>278.7</i>	<i>240.4</i>
Services: Credit	627.32	914.62	920.13	947.8	1,133.6	1,269.2	1,528.1	1,714.0
Transportation	56.80	105.95	117.07	138.9	183.0	222.9	343.7	331.1
Travel	376.7	615.1	635.0	646.5	746.0	823.6	950.2	1,037.1
Other	193.8	193.6	168.0	162.3	204.6	222.7	234.1	345.8
Services: Debit	-682.4	-649.7	-632.5	-725.7	-974.7	-1,207.3	-1,249.4	-1,473.6
Transportation	-205.7	-194.2	-176.9	-214.7	-267.1	-319.5	-418.3	-485.0
Travel	-337.3	-327.3	-337.5	-353.2	-445.3	-553.8	-534.5	-645.3
Other	-139.4	-128.1	-118.1	-157.8	-262.3	-334.0	-296.6	-343.2
<i>Balance on Goods and Services</i>	<i>-689.0</i>	<i>-444.1</i>	<i>-244.2</i>	<i>-490.5</i>	<i>-842.3</i>	<i>-1,256.6</i>	<i>-1,667.8</i>	<i>-2,393.6</i>
<i>Balance on income</i>	<i>-190.58</i>	<i>-188.52</i>	<i>-88.83</i>	<i>-138.5</i>	<i>-113.5</i>	<i>-104.1</i>	<i>-93.1</i>	<i>-79.0</i>
Income: Credit	50.4	55.3	67.9	87.1	81.8	80.9	53.7	80.8
Income: Debit	-240.9	-243.8	-156.8	-225.6	-195.3	-185.0	-146.8	-159.8
<i>Balance on Goods, Services and Income</i>	<i>-879.5</i>	<i>-632.6</i>	<i>-333.0</i>	<i>-629.1</i>	<i>-955.8</i>	<i>-1,360.7</i>	<i>-1,760.9</i>	<i>-2,472.7</i>
<i>Balance on Current transfers</i>	<i>393.6</i>	<i>395.3</i>	<i>416.6</i>	<i>511.0</i>	<i>589.1</i>	<i>496.3</i>	<i>589.3</i>	<i>616.9</i>
Current transfers: Credit	472.1	474.8	477.9	574.2	654.1	563.9	655.2	689.4
Government	427.8	418.4	427.7	507.6	582.0	478.5	560.3	595.2
o/w Multilateral HIPC relief	40.6	71.3	68.8	68.2	73.7	75.7	42.1	0.0
Other sectors	44.3	56.4	50.2	66.6	72.1	85.4	94.9	94.2
Current transfer: Debit	-78.5	-79.5	-61.3	-63.3	-65.0	-67.5	-65.9	-72.5
B. Capital Account	330.4	361.5	785.7	692.8	459.9	393.2	5,217.7	957.8
Capital transfers: Credit	330.4	361.5	785.7	692.8	459.9	393.2	5,217.7	957.8
General Government	314.7	339.2	0.0	655.5	420.0	350.1	5,169.1	904.6
Project	314.7	339.2	755.6	320.9	253.7	238.0	207.4	381.6
Other sectors	15.7	22.3	30.1	37.3	39.9	43.1	48.6	53.2
Capital transfers: Debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total, Groups A plus B</i>	<i>-155.5</i>	<i>124.1</i>	<i>869.3</i>	<i>574.6</i>	<i>93.2</i>	<i>-471.2</i>	<i>4,046.1</i>	<i>-897.9</i>
C. Financial Account, excl. reserves and related items	187.840	-353.716	255.382	160.6	278.8	665.3	-3,952.2	1,030.9
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	282.0	467.2	387.6	308.2	330.6	494.1	597.0	647.0
Portfolio investment	0.0	0.0	2.2	2.7	2.4	2.5	2.6	2.8
Other investment	-94.2	-829.1	-134.4	-150.3	-54.2	168.7	-4,551.8	381.2
Assets	-134.0	-76.7	2.9	-59.0	-11.0	-61.5	-175.0	114.8
Liabilities	39.9	-752.5	-137.3	-91.3	-43.2	230.2	-4,376.8	266.4
<i>Total, Groups A through C</i>	<i>32.4</i>	<i>-229.6</i>	<i>1124.7</i>	<i>735.2</i>	<i>372.0</i>	<i>194.1</i>	<i>93.9</i>	<i>133.0</i>
D. Net Errors and Omissions	-118.7	-580.0	-806.8	-346.2	-166.0	-416.5	366.8	399.7
<i>Overall balance (Total, Groups A through D)</i>	<i>-86.3</i>	<i>-809.6</i>	<i>317.9</i>	<i>389.1</i>	<i>206.0</i>	<i>-222.4</i>	<i>460.7</i>	<i>532.7</i>
E. Reserves and Related Items	86.3	809.6	-317.9	-389.1	-206.0	222.4	-460.7	-532.7
Reserve assets	-198.8	-182.2	-372.4	-508.8	-258.4	247.7	-126.5	-419.4
Use of Fund credit and loans	49.4	15.6	26.0	-2.9	-33.8	-50.5	-334.2	-113.3
Exceptional financing	235.7	976.2	28.5	122.6	86.2	25.1	0.0	0.0
Rescheduled debt	10.1	131.4	9.8	86.9	0.0	0.0	0.0	0.0
Debt forgiveness	49.4	642.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	81.2	67.4	18.4	29.5	21.9	25.1	0.0	0.0
Principal arrears	95.0	135.2	0.4	6.2	64.3	0.0	0.0	0.0
Memorandum items								
GDP(mp) Mill. TZS	7,277,799.9	8,304,338.6	9,399,085.8	12,107,062.0	13,971,593.0	15,965,295.0	17,749,574.0	20,819,190.7
GDP(mp) Mill. USD	9,092.7	9,475.6	9,724.0	11,653.4	12,828.0	14,139.1	14,155.5	16,734.7
CAB/GDP	-5.3	-2.5	0.9	-1.0	-2.9	-6.1	-8.3	-11.1
CAB/GDP (excl. current official transfers)	-10.0	-6.9	-3.5	-5.4	-7.4	-9.5	-12.2	-14.6
Gross Official Reserves	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4	2,260.1	2,755.2
Months of Imports	5.7	6.3	8.6	7.1	6.6	4.8	4.3	4.6
Net International Reserves (year end)	542.7	761.2	1,058.4	1,413.5	1,644.6	1,395.9	1,754.8	2,794.5
Change in Net International Reserves	-137.6	-218.5	-297.2	-366.8	-231.1	248.8	-358.9	-965.9
Exchange rate (end of period)	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6	1,132.1
Exchange rate (annual average)	800.4	876.4	966.6	1,038.9	1,089.1	1,129.2	1,253.9	1,244.1

Notes: 1. Revision is based on new data from the Private Capital Flows survey and adoption of new data sources for some other items in the services account

2. Change in gross official reserves will not necessarily be equal to reserve

beginning 2006 assets given a new methodology of computing reserve assets which nets out the impact of valuation was introduced

3. Figure on exports for 2006 and 2007 include adjustments on unrecorded trade

p = Provisional

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A.4.2: Tanzania's Balance of Payments 2000-2007

Millions of TZS

Item	2000	2001	2002	2003	2004	2005	2006 ^P	2007 ^P
A. Current Account	-388,435.3	-209,010.7	82,144.3	-121,030.4	-405,138.1	-973,681.0	-1,467,489.6	-2,289,862.9
Goods: Exports f.o.b.	587,442.1	746,742.4	948,602.9	1,270,085.4	1,606,630.3	1,900,603.1	2,404,572.3	2,762,373.0
Traditional	234,547.9	201,165.1	199,906.8	229,516.2	320,181.2	402,964.4	333,645.6	393,878.6
Nontraditional	352,894.2	545,577.3	748,696.1	1,040,569.1	1,286,449.1	1,497,638.7	1,852,372.0	2,116,688.6
o/w Gold	90,232.9	224,171.9	329,930.5	523,578.2	684,555.2	740,137.1	987,474.2	981,686.0
Goods: imports f.o.b.	-1,094,638.2	-1,369,191.0	-1,460,946.6	-2,011,339.1	-2,697,276.6	-3,390,754.3	-4,855,151.0	-6,025,493.3
<i>Balance on Goods</i>	-507,196.1	-622,448.5	-512,343.6	-741,253.7	-1,090,646.3	-1,490,151.2	-2,450,578.7	-3,263,120.3
Services: Credit	502,170.7	802,816.1	889,335.0	984,865.9	1,232,378.9	1,434,007.9	1,916,071.1	2,132,121.2
Transportation	45,473.0	92,701.1	113,211.2	144,089.2	199,140.4	252,288.9	430,921.2	409,855.2
Travel	301,555.6	540,536.2	613,620.8	672,095.5	811,281.3	930,451.6	1,191,168.7	1,293,243.1
Other	155,142.1	169,578.7	162,503.1	168,681.2	221,957.2	251,267.4	293,981.2	429,022.8
Services: Debit	-546,187.9	-568,704.0	-611,200.4	-754,655.7	-1,058,042.2	-1,365,303.3	-1,567,129.7	-1,891,040.9
Transportation	-164,646.9	-170,330.4	-170,981.7	-223,225.9	-290,125.8	-361,690.5	-525,424.0	-601,849.2
Travel	-269,988.1	-286,471.8	-326,029.6	-367,257.2	-483,121.0	-625,910.7	-669,662.5	-740,265.7
Other	-111,552.9	-111,901.9	-114,189.1	-164,172.7	-284,795.5	-377,702.1	-372,043.2	-548,926.0
<i>Balance on Services</i>	-44,017.2	234,112.0	278,134.6	230,210.2	174,336.7	68,704.6	348,941.4	241,080.3
<i>Balance on Goods and Services</i>	-551,213.3	-388,336.5	-234,209.0	-511,043.5	-916,309.6	-1,421,446.6	-2,101,637.3	-3,022,040.0
Income: Credit	40,302.6	48,766.9	65,570.0	90,724.5	88,631.0	91,627.3	66,562.7	133,230.7
Income: Debit	-192,887.5	-213,925.8	-151,265.8	-234,259.2	-212,503.5	-208,868.7	-184,270.3	-205,282.7
<i>Balance on Income</i>	-152,585.0	-165,158.9	-85,695.8	-143,534.7	-123,872.5	-117,241.4	-117,707.6	-72,052.1
<i>Balance on Goods, Services and Income</i>	-703,798.2	-553,495.4	-319,904.8	-654,578.2	-1,040,182.1	-1,538,688.0	-2,219,344.9	-3,094,092.1
Current transfers	315,362.9	344,484.8	402,049.2	533,547.7	635,044.0	565,007.0	751,855.2	770,895.0
Current transfers: Credit	378,139.7	415,024.3	461,300.9	599,225.5	705,906.8	641,252.9	834,414.1	861,207.0
Government	342,659.7	365,608.9	0.0	530,070.4	627,382.9	544,613.4	715,707.7	743,764.7
o/w Multilateral HIPC relief	32,480.3	62,486.8	0.0	70,779.1	80,315.3	85,486.8	51,870.6	0.0
Other sectors	342,659.7	365,608.9	412,778.3	69,155.1	78,523.9	96,639.4	118,706.3	117,442.3
Current transfer: Debit	-62,776.8	-70,539.5	-59,251.7	-65,677.7	-70,862.8	-76,245.8	-82,558.8	-90,312.0
B. Capital Account	338,220.3	353,283.6	788,450.1	739,863.5	584,546.5	492,475.3	6,696,775.1	1,277,111.2
Capital transfers: Credit	325,634.1	333,565.8	759,355.8	701,124.5	541,037.2	443,878.8	6,635,983.2	1,211,055.7
General Government	313,048.0	313,848.0	313,848.0	662,385.5	497,527.9	395,282.4	6,575,191.3	1,145,000.1
Other sectors	12,586.2	19,717.8	29,094.2	38,739.0	43,509.3	48,596.4	60,791.9	66,055.5
Capital transfers: Debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total, Groups A plus B</i>	-50,215.0	144,272.9	870,594.4	618,833.0	179,408.4	-481,205.7	5,229,285.4	-1,012,751.8
C. Financial Account, excl. reserves and related items	273,557.5	-310,307.2	246,814.2	197,016.1	347,551.2	888,882.1	-4,846,367.1	1,312,625.7
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	225,713.1	409,450.7	374,648.7	320,089.8	360,137.9	558,626.1	749,326.1	805,042.3
Portfolio investment	0.0	0.0	2,126.5	2,804.2	2,614.4	2,822.1	3,286.2	3,428.9
Other investment	47,844.4	-726,944.3	-129,961.0	-125,877.9	-15,201.1	327,433.9	-5,598,979.4	504,154.5
Assets	-107,268.2	-66,597.3	3,114.2	-61,129.6	-12,010.9	-74,544.9	-224,921.9	154,818.6
Liabilities	155,112.6	-660,346.9	-133,075.2	-64,748.3	-3,190.2	401,978.8	-5,374,057.4	349,335.9
<i>Total, Groups A through C</i>	223,342.5	-166,034.3	1,117,408.6	815,849.1	526,959.6	407,676.4	382,918.4	299,873.9
D. Net Errors and Omissions	-292,207.4	-541,468.2	-1,224,711.8	-756,560.1	-527,683.9	-664,095.2	194,709.8	362,808.5
<i>Overall balance (Total, Groups A through D)</i>	-68,864.9	-707,502.5	-107,303.2	59,289.0	-724.3	-256,418.9	577,628.2	662,682.4
E. Reserves and Related Items	68,864.9	707,502.5	107,303.2	-59,289.0	724.3	256,418.9	-577,628.2	-662,682.4
Reserve assets	-159,359.2	-161,679.9	-361,263.0	-531,123.4	-266,381.6	276,263.1	-158,592.5	-521,743.4
Use of Fund credit and loans	39,539.8	13,671.7	25,131.2	-3,012.9	-7,904.8	-89,416.7	-419,035.7	-140,939.0
Exceptional financing	188,684.3	855,510.7	443,435.0	474,847.3	275,010.7	69,572.4	0.0	0.0
Rescheduled debt	8,049.7	115,192.6	9,438.0	90,258.8	0.0	0.0	0.0	0.0
Debt forgiveness	39,575.9	562,731.2	415,897.7	347,482.0	181,158.8	41,185.4	0.0	0.0
Interest arrears	64,992.6	59,109.1	17,758.1	30,679.7	23,819.7	28,387.1	0.0	0.0
Principal arrears	76,066.1	118,477.8	341.2	6,426.8	70,032.3	0.0	0.0	0.0
Memorandum items								
GDP(mp) Mill. TZS	7,277,799.9	8,304,338.6	9,399,085.8	12,107,062.0	13,971,593.0	15,965,295.0	17,749,574.0	20,819,190.7
GDP(mp) Mill. USD	9,092.69	9,475.59	9,724.01	11,653.4	12,828.0	14,139.1	14,155.5	16,734.7
CAB/GDP	-5.3	-2.5	0.9	-1.0	-2.9	-6.1	-8.3	-11.0
CAB/GDP (excl. current official transfers)	-10.0	-6.9	-3.5	-5.4	-7.4	-9.5	-12.3	-14.6
Gross Official Reserves	782,669.9	1,059,766.9	1,492,748.5	2,167,408.1	2,394,759.1	2,387,395.1	2,851,377.4	3,268,296.4
Months of Imports	5.72	6.56	8.64	6.9	6.0	4.5	4.4	4.6
Net International Reserves (year end)	435,928.0	697,531.9	1,033,316.6	1,503,460.3	1,715,285.8	1,626,907.0	2,213,872.2	3,080,057.9
Change in Net International Reserves	-112,951.4	-261,603.9	-335,784.7	-481,212.7	-211,825.5	88,378.8	-586,965.2	-866,185.7
Exchange rate (end of period)	803.26	916.30	976.30	1,063.6	1,043.0	1,165.5	1,261.6	1,132.1
Exchange rate (annual average)	800.40	876.39	966.59	1,038.9	1,089.1	1,129.2	1,253.9	1,244.1

Notes: 1. Revision is based on new data from the Private Capital Flows survey and adoption of new data sources for some other items in the services account

2. Change in gross official reserves will not necessarily be equal to reserve assets given a new methodology of computing reserve assets which nets out the impact of valuation was introduced beginning 2006

3. Figure on exports for 2006 and 2007 include adjustments on unrecorded trade

P = Provisional

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

TableA 4.3: Tanzania Exports by Type of Commodity 1998-2008

Millions of USD

Commodity	January -June										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^P	2008 ^P
A: Traditional Exports :											
COFFEE											
Value	51.12	38.70	47.76	38.9	18.8	32.5	23.9	45.7	31.9	62.7	51.7
Volume	17.57	15.98	25.99	30.1	19.3	29.9	18.8	28.7	15.2	29.4	21.8
Unit Price	2,909.00	2,421.40	1,837.63	1,292.2	970.1	1,086.0	1,271.3	1,591.0	2,107.4	2,134.0	2,374.7
COTTON											
Value	19.88	8.69	10.03	6.9	5.1	18.7	10.4	29.4	37.0	8.2	29.6
Volume	15.93	7.31	9.81	6.1	5.2	21.2	14.7	28.8	36.6	8.2	20.6
Unit Price	1,248.00	1,187.66	1,022.51	1,142.5	985.7	885.4	706.7	1,018.7	1,011.9	1,000.8	1,437.6
SISAL											
Value	3.13	3.87	3.06	2.9	3.1	3.7	4.0	4.0	3.1	5.4	2.4
Volume	5.55	7.29	7.45	6.1	6.2	7.3	7.4	5.1	4.1	6.2	2.3
Unit Price	564.97	530.70	410.56	481.1	502.4	500.6	543.3	793.5	767.5	874.3	1,054.3
TEA											
Value	19.66	12.72	18.71	18.7	16.0	16.0	18.5	16.3	18.2	19.8	20.5
Volume	12.33	10.93	13.44	14.5	13.2	13.8	14.9	14.2	14.2	14.3	12.4
Unit Price	1,594.57	1,163.99	1,391.61	1,289.7	1,215.4	1,160.1	1,246.8	1,153.1	1,276.2	1,385.4	1,646.9
TOBACCO											
Value	33.73	24.95	23.41	16.2	23.5	8.2	16.2	17.4	15.6	33.3	14.1
Volume	16.64	12.86	12.01	10.1	11.7	4.1	10.7	10.4	5.9	15.8	8.3
Unit Price	2,027.35	1,940.75	1,948.52	1,599.5	2,010.4	1,997.8	1,513.1	1,673.7	2,644.4	2,110.8	1,697.8
CASHEWNUTS											
Value	21.08	11.23	29.32	25.6	6.3	3.7	10.5	4.0	19.4	8.7	39.4
Volume	26.99	16.43	30.44	41.1	10.7	5.2	16.7	4.6	26.1	17.8	53.9
Unit Price	780.84	683.89	963.19	621.3	592.2	706.2	626.7	874.7	744.3	488.9	729.9
CLOVES											
Value	0.00	0.13	9.37	0.6	0.2	5.9	5.2	1.4	2.4	4.0	4.0
Volume	0.00	0.04	2.73	0.2	0.0	2.7	2.7	0.5	0.8	1.4	1.1
Unit Price	0.00	3,347.4	3,431.4	2,930.7	5,560.2	2,241.8	1,923.5	2,996.0	3,197.4	2,954.8	3,516.3
Sub Total	148.6	100.3	141.6	109.8	73.1	88.7	88.7	118.3	127.7	142.3	161.6
B. Non-Traditional Exports:											
Minerals	13.66	20.23	80.39	140.8	188.0	240.4	313.4	355.8	386.3	416.7	559.1
Manufactured Goods	17.71	14.65	16.59	21.3	29.3	34.4	44.8	64.5	89.8	120.9	224.6
Others Exports	87.22	90.04	97.19	119.5	138.3	171.4	169.7	205.2	212.8	245.0	240.7
Sub Total	118.6	124.9	194.2	281.6	355.6	446.3	527.9	625.5	689.0	782.6	1,024.3
Grand Total	267.2	225.2	335.8	391.4	428.7	535.0	616.6	743.8	816.7	924.9	1,185.9

Note: 1) Volume in '000 Tons; Value in Millions of USD; Unit Price in USD/Ton

2) Since 1999 onwards clove exports started to be reported separately. Before they were reported under other exports

3) Figures does not include adjustments on unrecorded trade

4) Other Exports include Fish and Fish products, Horticulture, Re-exports and Others.

5) P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority (Customs Department).



A4.0 Balance of Payments and Foreign Trade Developments

Table A 4.4: Tanzania's Exports by Type of Commodity 1998-2008

Commodity	January - June											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^P	2008 ^P	
Millions of TZS												
A: Traditional Exports:												
COFFEE												
Value	33,571.1	26,987.9	38,204.1	32,707.3	17,928.5	33,308.6	26,379.4	50,453.6	38,412.6	80,085.4	61,027.6	
Volume	26.0	30.1	26.0	30.1	19.3	29.9	18.8	28.7	15.2	29.4	21.8	
Unit Price	1,910,381.5	1,688,749.3	1,470,143.0	1,102,244.3	927,595.8	1,114,301.2	1,402,966.4	1,756,638.3	2,535,010.4	2,723,708.9	2,805,711.3	
COTTON												
Value	13,054.2	6,057.5	8,022.8	5,771.3	4,843.8	19,153.6	11,402.0	32,566.5	44,835.5	10,508.5	35,085.7	
Volume	9.8	6.1	9.8	6.1	5.2	21.2	14.7	28.8	36.6	8.2	20.6	
Unit Price	819,582.4	828,304.9	817,881.7	974,590.0	931,054.0	905,170.5	777,918.8	1,129,088.9	1,225,961.8	1,277,316.2	1,705,440.1	
SISAL												
Value	2,058.7	2,699.6	2,445.5	2,490.5	3,021.2	3,776.6	4,454.9	4,467.1	3,789.3	6,893.6	2,862.7	
Volume	7.4	6.1	7.4	6.1	6.2	7.3	7.4	5.1	4.1	6.2	2.3	
Unit Price	371,023.8	370,126.2	328,422.3	410,367.6	483,441.1	514,030.1	601,616.4	877,816.7	928,063.8	1,114,136.2	1,258,312.8	
TEA												
Value	12,912.6	8,871.2	14,963.1	15,795.1	15,437.0	16,499.7	20,528.4	18,078.7	22,165.7	25,216.6	24,353.7	
Volume	12.3	10.9	13.4	14.5	13.2	13.8	14.9	14.2	14.2	14.3	12.4	
Unit Price	1,047,175.3	811,802.2	1,113,118.7	1,100,213.4	1,169,237.1	1,193,472.5	1,379,760.9	1,276,554.9	1,555,706.8	1,761,721.1	1,956,610.1	
TOBACCO												
Value	22,150.6	17,400.5	18,724.7	13,419.8	22,434.6	8,394.5	17,838.6	19,122.2	18,824.5	42,535.5	16,657.9	
Volume	16.6	12.9	12.0	10.1	11.7	4.1	10.7	10.4	5.9	15.8	8.3	
Unit Price	1,331,388.5	1,353,534.7	1,558,540.2	1,364,431.9	1,920,627.4	2,052,185.0	1,665,541.4	1,836,415.2	3,191,667.1	2,693,993.8	2,000,124.3	
RAW CASHEWNUITS												
Value	13,842.6	7,834.8	23,435.0	20,856.8	5,961.4	3,728.5	11,393.0	4,353.5	22,938.7	11,204.5	45,800.8	
Volume	27.0	16.4	30.4	41.1	10.7	5.2	16.7	4.6	26.1	17.8	53.9	
Unit Price	512,786.6	476,964.1	769,965.2	529,973.0	557,148.0	713,923.9	680,540.3	953,214.5	879,177.4	630,885.1	849,242.0	
CLOVES												
Value	0.0	89.0	7,496.6	492.4	157.7	6,069.3	5,677.3	1,567.4	2,873.0	5,209.9	4,616.8	
Volume	0.0	0.0	2.7	0.2	0.0	2.7	2.7	0.5	0.8	1.4	1.1	
Unit Price	0.0	2,334,539.5	2,746,337.9	2,537,999.5	5,256,937.3	2,289,619.9	2,108,946.6	3,292,833.5	3,779,651.1	3,812,400.4	4,108,385.9	
SubTotal Traditional	97,589.8	69,940.5	113,291.7	91,533.1	69,784.1	90,930.9	97,673.7	130,609.0	153,839.2	181,654.0	190,405.2	
B: Non Traditional:												
Minerals	8,971.8	14,111.4	64,297.1	120,709.2	180,911.9	247,677.2	348,026.3	395,095.5	471,181.5	530,861.2	664,053.7	
Manufactured goods	11,632.3	10,217.7	13,280.5	18,089.0	28,255.4	35,510.9	49,660.0	71,683.4	109,356.6	153,834.0	266,008.7	
Other exports	57,285.2	64,294.5	77,737.4	101,949.7	133,023.9	176,228.3	187,816.6	227,894.5	258,953.5	312,265.1	285,031.0	
Sub Total non-Traditional	77,889.3	88,623.7	155,315.0	240,747.9	342,191.2	459,416.3	585,503.0	694,673.5	839,491.6	996,960.3	1,215,093.5	
Grand Total	175,479.1	158,564.2	268,606.7	332,281.0	411,975.3	550,347.2	683,176.7	825,282.5	993,330.8	1,178,614.3	1,405,498.6	

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average

2) Volume in '000 Tons; Value in Millions of TZS; Unit Price in TZS/Ton

3) Since 1999 onwards clove exports started to be reported separately. Before they were reported under other exports

4) Export figures does not include adjustments on unrecorded trade on annual data

5) Other Exports include Fish and Fish products, Horticulture, Re-exports and Others.

6) P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority (Customs Department).

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.5: Tanzania's Imports (c.i.f) by Major Category 1998-2008

Category	January - June										2008 ^P
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^P	
A. Capital Goods:	408.4	353.5	297.1	361.3	364.4	364.8	415.2	539.6	738.7	944.5	1,384.3
Transport Equipment	117.1	144.4	119.4	85.2	109.4	109.2	122.0	130.8	199.9	229.3	430.3
Building and Construction	77.0	63.1	64.9	73.5	59.6	83.8	92.5	124.4	177.0	217.7	314.5
Machinery	214.3	146.1	112.8	202.7	195.3	171.8	200.7	284.5	361.8	497.5	639.5
B. Intermediate Goods :	115.4	172.5	149.2	184.5	195.7	286.5	392.7	565.1	779.3	978.6	1,384.1
Oil	60.0	61.3	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7	1,003.8
o/w Crude Oil	24.1	9.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
White	14.7	15.8	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7	1,003.8
Fertilizers	4.9	7.8	5.9	5.0	7.0	8.4	21.5	27.4	7.9	11.7	54.5
Industrial Raw Material	50.5	103.4	76.2	90.3	91.9	117.2	124.6	122.5	177.4	206.2	325.8
C. Consumer Goods :	246.6	266.8	304.3	261.5	244.8	282.8	400.9	377.4	446.4	559.4	640.3
Food and Food stuffs	99.1	72.8	92.2	100.9	80.5	79.4	153.9	84.2	161.0	149.6	132.1
All Other Consumer Goods	147.5	194.0	212.1	160.7	164.3	203.4	246.9	293.2	285.4	409.8	508.2
TOTAL	770.4	792.8	750.6	807.4	804.9	934.1	1,208.7	1,482.1	1,964.3	2,482.4	3,408.7

Note: P = Provisional

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.6: Tanzania's Imports (c.i.f) by Major Category 1998-2008

Category	January - June											2008 ^P
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 ^P	2008 ^P	
A. Capital Goods:	268,213.5	246,540.7	237,667.7	308,233.1	350,056.3	375,430.0	459,244.6	598,517.8	900,330.1	1,201,716.5	1,646,345.5	
Transport Equipment	76,878.8	100,674.1	95,523.4	72,639.0	105,096.7	112,322.6	134,977.5	145,071.3	243,394.7	291,827.6	511,822.9	
Building and Construction	50,588.1	43,995.9	51,943.6	62,720.8	57,282.0	86,251.2	102,457.8	137,927.4	215,841.5	277,198.3	373,441.2	
Machinery	140,746.6	101,870.7	90,200.6	172,873.3	187,677.6	176,856.2	221,809.3	315,519.1	441,093.9	632,690.6	761,081.4	
B. Intermediate Goods:	75,784.1	120,294.8	119,302.3	157,390.3	188,043.3	295,309.2	434,491.7	625,753.8	950,298.4	1,247,866.2	1,643,996.7	
Oil	39,410.2	42,737.9	53,625.5	76,102.1	93,053.0	165,985.7	272,742.1	459,332.3	724,304.2	970,178.3	1,192,801.4	
Fertilizers	3,242.5	5,419.2	4,701.7	4,287.4	6,726.8	8,734.8	23,882.7	30,470.3	9,686.6	14,827.0	64,989.3	
Industrial Raw Material	33,131.4	72,137.7	60,975.1	77,000.8	88,263.5	120,588.7	137,866.8	135,951.2	216,307.5	262,860.9	386,206.0	
C. Consumer Goods:	161,988.0	186,098.6	243,394.9	223,085.6	235,146.4	290,937.4	443,743.4	418,787.4	544,036.7	712,192.9	759,479.8	
Food and Food stuffs	65,106.4	50,779.8	73,733.3	86,031.1	77,310.1	81,720.1	170,361.1	93,434.7	196,488.9	190,658.6	156,060.0	
All Other Consumer Goods	96,881.5	135,318.8	169,661.6	137,054.5	157,836.3	209,217.3	273,382.3	325,352.6	347,547.8	521,534.4	603,419.8	
TOTAL	505,985.6	552,934.1	600,364.9	688,709.0	773,246.0	961,676.6	1,337,479.6	1,643,059.0	2,394,665.1	3,161,775.6	4,049,822.0	

Notes: P = Provisional

Conversion to TZS from USD is done using monthly average exchange rate

Source: Bank of Tanzania and Tanzania Revenue Authority



Table A4.7: Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS, 1998 - 2008

End of Period	Bureau* (average) U.S. Dollar	Pound Sterling	U.S. Dollar	Deutsche Mark	Swiss Francs	Official (End of Period)									
						Dutch Guilder	French Francs	Belgium Francs	Italian Lire	Swedish Kroner	Japanese Yen	Euro			
1998	665.5000	1,134.6175	681.0000	405.6457	492.7608	360.0598	120.8999	19.7821	0.4095	83.8510	5.9385	802.9153			
1999	746.0833	1,291.6191	797.3300	410.5168	500.2055	364.3421	122.4029	19.9036	0.4147	107.6816	7.8093	748.9215			
2000	807.7333	1,194.5320	803.2600	382.9141	493.0986	339.8452	114.1721	18.5651	0.3868	84.6513	7.0362	812.0260			
2001	877.3200	1,330.1964	916.3000	415.1879	548.4515	368.4567	123.7924	20.1296	0.4194	87.1781	6.9800	918.8699			
2002	979.1083	1,457.9933	965.7175	434.2004	626.5607	385.3651	129.4635	21.0517	0.4386	100.5687	7.7785	1,337.1852			
2003	1,070.0000	1,894.2062	1,063.6200	479.9162	857.3070	425.9398	143.0945	23.2682	0.4848	147.2847	9.9450	1,420.5652			
2004	1,072.0000	2,009.3172	1,042.9600	470.5942	920.8120	417.6663	140.3150	22.8183	0.4754	157.4867	10.1668	1,384.7459			
2005	1,140.9583	2,012.6062	1,165.5100	525.8900	889.7695	466.7430	156.8023	25.4972	0.5312	147.1006	9.9408	1,662.0233			
2006	1,263.4167	2,479.5049	1,261.6400	569.2649	1,034.1723	505.2394	169.7352	27.6002	0.5750	183.8162	10.6141	1,669.3822			
2007	1,263.3333	2,262.5413	1,132.0900	510.8106	1,008.1824	453.3595	152.3061	24.7661	0.5160	177.2289	10.1188	1,686.6			
2007-January	1,294.0	2,555.0	1,301.4	587.2	1,039.0	521.2	175.1	28.5	0.6	186.5	10.7	1,670.3			
February	1,300.0	2,480.3	1,263.4	570.0	1,036.5	505.9	170.0	27.6	0.6	180.6	10.7	1,657.3			
March	1,274.0	2,438.6	1,242.0	560.4	1,021.3	497.4	167.1	27.2	0.6	178.0	10.5	1,738.6			
April	1,283.0	2,546.1	1,278.3	576.8	1,058.2	511.9	172.0	28.0	0.6	190.0	10.7	1,690.6			
May	1,283.0	2,486.6	1,258.5	567.8	1,026.9	504.0	169.3	27.5	0.6	181.5	10.4	1,700.7			
June	1,273.0	2,532.4	1,265.0	570.8	1,026.3	506.6	170.2	27.7	0.6	184.2	10.3	1,756.7			
July	1,283.0	2,602.9	1,281.0	578.0	1,064.5	513.0	172.3	28.0	0.6	191.2	10.8	1,744.0			
August	1,284.0	2,571.4	1,275.9	575.7	1,061.4	511.0	171.7	27.9	0.6	185.8	11.0	1,742.4			
September	1,277.0	2,489.7	1,229.9	554.9	1,050.5	492.5	165.5	26.9	0.6	189.3	10.7	1,685.2			
October	1,245.0	2,414.8	1,167.0	526.6	1,007.3	467.3	157.0	25.5	0.5	183.3	10.2	1,726.0			
November	1,198.0	2,415.5	1,170.7	528.2	1,045.5	468.8	157.5	25.6	0.5	183.8	10.6	1,669.4			
December	1,166.0	2,262.5	1,132.1	510.8	1,008.2	453.4	152.3	24.8	0.5	177.2	10.1	1,739.6			
2008-January	1,176.0	2,326.0	1,171.9	528.8	1,080.7	528.8	157.7	25.6	0.5	184.4	11.0	1,781.4			
February	1,188.0	2,332.5	1,173.2	529.4	1,116.7	529.4	157.8	25.7	0.5	190.1	11.2	1,953.9			
March	1,225.0	2,464.6	1,236.8	558.1	1,241.6	558.1	166.4	27.1	0.6	208.0	12.4	1,870.7			
April	1,225.0	2,363.3	1,201.2	542.0	1,158.0	542.0	161.6	26.3	0.5	199.9	11.6	1,858.5			
May	1,244.0	2,363.3	1,197.2	540.2	1,142.1	540.2	161.1	26.2	0.5	199.3	11.4	1,864.5			
June	1,212.0	1,180.9	2,354.4	532.8	1,160.4	472.9	158.9	25.8	0.5	197.9	11.4	1,864.5			

* Period Average
Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.8: Tanzania's Trade Balance 1998 - 2008

Period	Million of TZS		
	Total Exports	Total Imports (f.o.b)	Trade Balance
1998	423,423.7	907,494.3	-484,070.6
1999	455,656.9	1,090,595.9	-634,939.0
2000	587,997.8	1,094,638.2	-506,640.4
2001	510,862.1	916,915.5	-406,053.3
2002	616,593.6	1,065,765.5	-449,171.9
2003	1,270,085.4	2,011,339.1	-741,253.7
2004	1,606,630.3	2,697,276.6	-1,090,646.3
2005	1,900,603.1	3,390,754.3	-1,490,151.2
2006	2,186,017.5	4,855,151.0	-2,669,133.5
2007	2,510,567.2	6,025,493.3	-3,514,926.1
2004-1st Q	363,777.4	591,638.3	-227,860.9
2nd Q	319,399.3	625,468.2	-306,068.9
3rd Q	393,270.3	684,143.4	-290,873.1
4th Q	530,183.3	796,026.7	-265,843.4
2005-1st Q	429,045.4	790,453.7	-361,408.4
2nd Q	396,237.1	704,729.9	-308,492.8
3rd Q	483,637.3	914,335.3	-430,698.0
4th Q	591,683.3	981,235.3	-389,552.0
2006-1st Q	479,606.1	967,455.5	-487,849.4
2nd Q	513,724.7	1,211,689.8	-697,965.0
3rd Q	541,226.7	1,278,118.9	-736,892.1
4th Q	651,460.0	1,397,886.9	-746,426.9
2007-1st Q	619,547.4	1,447,453.0	-827,905.6
2nd Q	559,066.9	1,429,762.8	-870,695.9
3rd Q	652,215.1	1,536,283.2	-884,068.1
4th Q	679,737.8	1,611,994.3	-932,256.5
2008-1st Q	719,586.6	1,610,566.8	-890,980.2
2nd Q	685,912.1	2,074,771.2	-1,388,859.1

Note: 1) Figures for 2006 and 2007 are provisional

2) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002, monthly average exchange rates are used to compute figures in TZS.

3) Export figures does not include adjustments on unrecorded trade which is done on annual data

Source: Bank of Tanzania and Tanzania Revenue Authority

Table A4.9 : Tanzania's Exports by Major Commodity Groups 1998-2008

Period	Millions of TZS										
	Coffee	Cotton	Sisal	Tea	Tobacco	Cashewnuts	Petroleum Products	Minerals	Manufactured Products	Others	Total
1998	72,280.2	31,647.3	4,507.5	20,091.1	36,671.5	71,806.1	65.5	17,509.2	23,782.3	113,444.0	391,804.7
1999	56,995.0	21,744.7	5,380.8	18,305.6	31,998.6	79,197.2	318.0	56,090.2	22,412.6	119,761.5	412,204.1
2000	67,062.6	30,423.0	4,481.9	26,214.5	30,713.1	67,666.5	n.a	142,661.6	34,652.5	183,566.8	403,875.6
2001	49,150.4	29,812.2	5,857.7	25,115.6	31,072.6	49,159.2	n.a	265,927.0	49,638.0	241,009.7	746,742.4
2002	34,052.1	27,797.3	6,343.9	28,649.7	53,756.8	45,449.8	n.a	371,317.2	63,951.2	317,284.9	948,602.9
2003	51,707.4	48,322.9	7,558.3	25,660.8	41,752.2	43,892.4	n.a	574,707.1	87,344.6	389,139.5	1,270,085.4
2004	53,820.7	80,072.4	7,882.7	32,816.6	62,229.6	72,256.9	n.a	745,876.0	119,310.3	432,365.2	1,606,630.3
2005	83,557.3	127,177.7	8,176.1	28,830.4	91,361.4	54,234.2	n.a	802,997.8	177,271.4	526,996.9	1,900,603.1
2006	76,357.9	69,083.0	7,618.4	38,682.7	83,047.2	48,619.7	n.a	1,050,622.5	245,717.2	566,268.9	2,186,017.5
2007	121,980.5	79,942.5	11,091.9	35,890.5	108,563.7	30,983.7	n.a	1,056,594.0	383,242.5	682,277.9	2,510,567.2
2004-1st Q	17,668.5	8,305.1	2,215.1	10,468.0	15,609.3	11,020.6	n.a	181,346.4	24,009.9	93,134.4	363,777.4
2nd Q	8,711.0	3,096.9	2,239.8	10,060.4	2,229.3	372.3	n.a	166,679.9	25,650.2	100,359.5	319,399.3
3rd Q	4,080.0	32,346.0	1,882.1	3,022.8	18,911.6	611.6	0.0	186,201.1	29,703.5	116,511.5	393,270.3
4th Q	23,361.3	36,324.4	1,545.7	9,265.3	25,479.4	60,252.2	n.a	211,648.6	39,946.7	122,359.7	530,183.3
2005-1st Q	38,227.4	20,690.0	2,223.1	10,778.3	17,709.7	3,851.5	n.a	191,207.7	32,728.6	111,629.1	429,045.4
2nd Q	12,226.2	11,876.5	2,244.0	7,300.4	1,412.5	502.0	n.a	203,887.8	38,954.8	117,832.8	396,237.1
3rd Q	6,286.8	31,909.0	2,025.0	3,471.6	32,685.8	169.7	0.0	204,511.1	42,633.7	159,944.5	483,637.3
4th Q	26,816.9	62,702.2	1,684.0	7,280.1	39,553.3	49,710.9	n.a	203,391.1	62,954.2	137,590.5	591,683.3
2006-1st Q	27,598.7	24,573.6	2,258.2	10,085.1	12,280.2	22,039.8	n.a	203,691.5	49,897.1	127,181.8	479,606.1
2nd Q	10,813.9	20,261.8	1,531.1	12,080.6	6,544.2	898.9	n.a	267,489.9	59,459.6	134,644.7	513,724.7
3rd Q	6,467.6	11,003.8	459.2	7,353.7	38,407.8	624.8	0.0	261,027.6	62,993.3	152,889.0	541,226.7
4th Q	31,477.7	13,243.7	3,369.9	9,163.4	25,815.0	25,056.2	n.a	318,413.5	73,367.2	151,553.4	651,460.0
2007-1st Q	52,539.6	6,953.6	3,703.6	11,773.7	28,881.7	10,672.6	n.a	274,014.6	69,113.5	161,894.4	619,547.4
2nd Q	27,545.8	3,554.9	3,189.9	13,442.9	13,653.8	531.9	n.a	256,846.6	84,720.5	155,580.7	559,066.9
3rd Q	11,113.1	23,351.8	2,702.0	4,216.4	33,006.1	599.7	0.0	285,080.2	118,204.2	173,941.6	652,215.1
4th Q	30,782.0	46,082.2	1,496.3	6,457.4	33,022.2	19,179.5	n.a	240,652.7	111,204.4	190,861.2	679,737.8
2008-1st Q	39,903.5	16,585.4	793.5	11,558.3	14,752.4	45,573.2	n.a	307,676.9	133,510.6	149,232.8	719,586.6
2nd Q	21,124.1	18,500.3	2,069.2	12,795.5	1,905.5	227.6	n.a	356,376.8	132,498.1	140,415.0	685,912.1

Notes: Figures for 2006 and 2007 are provisional

na = Not applicable

- Prior to 1998 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 1998 monthly average exchange rates are used to compute figures in TZS.

- Value in Millions of TZS

- Export figures does not include adjustments on unrecorded trade

Source: Bank of Tanzania and Tanzania Revenue Authority





A4.0 Balance of Payments and Foreign Trade Developments

Table A4.10: Tanzania's Imports (c.i.f) by Major Commodity Groups 1998-2008

Millions of TZS

Period	Transport. equipments	Building and construction	Machinery	Oil	Fertilizers	Industrial raw materials	Food and food stuffs	Other consumer goods	Total
1998	160,192.2	87,741.1	258,992.3	68,080.3	7,776.2	102,563.6	150,949.5	206,801.7	1,043,096.90
1999	222,840.1	99,358.7	258,509.6	98,422.4	10,034.8	149,200.0	133,779.7	281,413.1	1,253,558.52
2000	185,195.0	104,455.0	228,492.8	113,789.2	13,583.0	132,275.5	144,993.0	306,895.1	1,229,678.55
2001	166,799.4	126,512.7	356,964.2	192,911.8	13,641.5	179,943.7	147,580.9	320,199.6	1,504,553.8
2002	210,732.8	130,303.2	355,642.3	188,347.6	19,618.4	201,209.3	142,408.6	357,173.6	1,605,435.8
2003	242,650.3	172,680.1	431,840.8	420,218.6	29,803.0	257,364.5	189,915.6	465,789.9	2,210,262.7
2004	274,058.7	221,417.4	531,532.9	684,762.0	64,593.3	271,303.3	297,986.0	618,386.7	2,964,040.2
2005	361,239.3	320,289.7	659,589.2	1,051,579.8	80,505.5	316,573.4	209,558.1	726,768.6	3,726,103.6
2006	516,422.2	466,475.8	998,263.2	1,582,296.9	76,129.2	520,749.9	342,020.5	832,972.9	5,335,330.8
2007	649,792.5	568,312.8	1,189,576.5	1,998,112.3	79,605.2	610,800.6	424,907.2	1,100,314.1	6,621,421.2
2004-1st Q	64,419.7	45,624.8	122,679.6	133,346.1	3,449.6	69,438.2	88,830.0	122,364.1	650,151.9
2nd Q	70,557.8	56,833.0	99,129.8	139,396.0	20,433.2	68,428.7	81,531.1	151,018.2	687,327.7
3rd Q	72,379.4	49,741.8	163,243.0	168,747.9	26,531.9	62,539.6	46,741.0	161,881.4	751,805.9
4th Q	66,701.7	69,217.8	146,480.7	243,272.0	14,178.7	70,896.9	80,883.9	183,123.0	874,754.6
2005-1st Q	78,655.1	73,479.4	161,586.3	258,016.0	15,071.1	71,036.0	46,503.9	164,282.6	868,630.5
2nd Q	66,416.2	64,448.0	153,932.9	201,316.2	15,399.2	64,915.2	46,930.8	161,070.0	774,428.5
3rd Q	84,801.6	73,806.7	169,158.8	317,312.7	25,379.5	81,390.6	54,541.9	198,372.3	1,004,764.0
4th Q	131,366.5	108,555.6	174,911.2	274,934.9	24,655.6	99,231.6	61,581.5	203,043.7	1,078,280.6
2006-1st Q	119,184.3	93,473.2	200,963.7	299,819.9	3,477.6	94,754.5	87,449.5	164,015.2	1,063,137.9
2nd Q	124,210.4	122,368.3	240,130.1	424,484.3	6,209.1	121,553.0	109,039.4	183,532.6	1,331,527.2
3rd Q	136,774.0	120,914.8	278,591.9	383,401.7	34,968.7	142,774.3	76,787.6	230,313.1	1,404,526.2
4th Q	136,253.6	129,719.6	278,577.4	474,590.9	31,473.8	161,668.1	68,744.0	255,112.0	1,536,139.5
2007-1st Q	125,502.2	137,316.2	292,378.8	505,545.3	4,501.4	140,054.5	112,322.9	272,986.3	1,590,607.7
2nd Q	166,325.4	139,882.1	340,311.8	464,633.0	10,325.6	122,806.3	78,335.7	248,548.0	1,571,167.9
3rd Q	170,833.3	145,272.0	278,933.6	562,584.0	35,398.6	162,558.6	67,183.8	265,459.3	1,688,223.3
4th Q	187,131.6	145,842.4	277,952.3	465,349.9	29,379.5	185,381.2	167,064.9	313,320.5	1,771,422.3
2008-1st Q	212,904.3	167,635.4	282,108.2	522,071.1	8,853.3	191,362.7	97,964.2	286,954.4	1,769,853.7
2nd Q	298,918.6	205,805.8	478,973.1	670,730.3	56,136.0	194,843.3	58,095.8	316,465.3	2,279,968.3

Note: Figures for 2006 and 2007 are provisional

- Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.11: Tanzania's Exports by Country of Destination 1998-2007

Millions of TZS

Country	1998	1999	2000	2001	2002	2003	2004	2005	2006 ^P	2007 ^P
Australia	1894.3	1874.5	949.77	2,064.9	2,899.9	1,837.0	2,285.0	2,784.1	3,748.2	9,608.5
Belgium	17353.5	12527.6	14717.18	9,264.3	20,518.8	36,460.5	28,848.3	34,130.6	32,979.1	32,079.9
Burundi	250.3	2505.7	3388.06	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8	4,416.2	51,645.5
Canada	450.0	430.6	421.79	469.2	1,355.5	1,710.1	5,202.8	44,236.8	7,295.6	2,819.7
China	1320.1	90.6	483.75	620.4	688.3	3,796.8	76,742.7	101,838.0	149,327.3	175,726.7
Democratic Republic of Congo	3316.8	2772.7	87.48	4,773.2	15,307.0	12,839.9	11,050.4	14,251.0	26,859.4	69,409.6
Denmark	1443.7	1043.2	1713.69	1,965.6	1,573.3	2,738.4	2,787.9	1,812.1	956.0	2,118.8
France	1885.7	1672.9	29056.72	119,342.9	147,180.9	80,728.7	10,393.2	7,369.9	9,329.5	11,323.5
Germany	32560.0	26178.0	52933.94	33,545.6	26,667.9	32,075.0	35,845.2	76,198.8	125,860.7	105,204.0
Hong Kong	3321.4	5828.0	7042.23	7,593.7	10,787.4	10,254.9	13,376.3	10,810.1	8,459.5	17,582.0
India	76272.7	84022.3	78811.054	72,043.8	62,093.9	75,129.7	109,671.9	71,299.6	70,439.1	96,171.0
Indonesia	3922.9	6737.9	3502.98	2,541.5	3,960.2	7,538.4	6,325.6	7,934.2	10,150.3	19,543.6
Italy	4374.3	4797.2	7192.22	6,852.8	23,625.4	24,203.3	30,252.1	41,232.4	36,333.5	69,176.5
Japan	30276.2	32702.9	27370.13	60,068.2	93,075.8	92,164.9	70,065.3	77,602.4	82,003.2	71,038.2
Kenya	17306.9	15630.9	25811.06	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8	111,502.9	125,790.9
Malaysia	3712.2	1595.7	2460.06	2,591.5	2,835.0	1,223.7	2,469.2	18,144.3	1,763.8	2,150.8
Mozambique	81.1	517.4	1180.32	1,231.4	1,575.2	1,812.0	3,694.3	7,339.1	13,109.5	23,762.9
Netherland	30035.6	23234.5	36577.68	45,320.9	52,142.7	70,206.3	65,072.5	101,091.7	108,244.8	112,651.0
Norway	112.3	443.7	123.4	130.9	235.3	287.7	198.8	610.9	637.7	2,163.9
Pakistan	6147.6	5662.3	5443.07	6,139.7	8,505.8	7,941.1	7,888.4	8,139.7	17,228.8	31,167.6
Portugal	7988.8	4678.3	5132.5	4,371.8	3,856.9	4,105.5	5,112.8	5,401.2	9,290.4	38,120.6
Singapore	7267.6	18399.4	5143.33	5,218.6	3,816.9	13,750.7	16,672.9	21,332.9	5,593.4	4,958.6
Somalia	41.2	74.8	365.84	129.6	327.9	166.0	-	163.5	248.0	533.3
South Africa	4190.1	4910.6	9646.34	7,639.0	15,979.4	38,781.2	124,015.6	310,978.1	198,557.2	201,331.5
Spain	3703.6	2548.8	3619.94	6,728.4	6,464.8	10,537.8	12,536.6	10,478.5	13,066.8	23,048.8
St. Helena	3556.7	6546.0	3753.06	1,143.9	2,439.1	2,096.9	4,344.0	1,993.9	0.1	74.3
Sweden	386.8	210.8	336.3	121.8	170.7	1,241.2	833.5	670.3	635.4	3,148.6
Switzerland	7463.0	1802.0	2448.45	3,721.1	5,520.7	13,017.0	32,444.7	123,193.2	299,805.4	498,327.3
Taiwan	4617.5	2210.7	2173.42	874.6	1,619.8	1,721.3	2,807.2	2,687.0	1,280.5	1,587.4
Thailand	5086.1	2870.0	3577.53	3,645.8	1,670.5	3,770.9	5,844.0	13,938.7	11,590.6	14,401.1
Uganda	4336.8	3467.2	6770.89	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6	24,466.8	23,992.1
United Arab Emirates	4546.4	4969.7	5017.51	8,374.0	13,916.8	15,926.0	19,093.6	38,060.5	51,389.6	110,022.1
United Kingdom	39679.4	70149.9	117501.52	123,085.5	156,356.9	402,153.1	506,516.3	132,490.3	84,324.4	31,875.0
United States	8519.9	13372.8	12205.4	13,275.0	13,065.4	11,701.5	14,949.0	18,658.6	24,223.4	42,518.8
USSR/Russia	132.4	50.1	1468.8	594.9	2,493.5	2,148.4	3,202.0	2,502.4	2,809.8	6,471.1
Yugoslavia	0.0	0.0	0	208.8	7.8	11.7	10.0	14.6	6.9	7.2
Zambia	2442.0	2119.5	3778.48	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9	18,948.8	27,910.2
Others	83427.7	87007.7	105791.89	118,121.9	169,140.6	172,855.4	256,270.1	463,919.5	834,791.4	694,320.6
Grand Total	423,423.7	455,656.9	587,997.8	746,886.2	948,602.9	1,270,085.4	1,606,630.3	1,900,603.1	2,404,572.3	2,762,373.0

Notes: 1) P = provisional

2) Others include data for unrecorded exports for 2006 and 2007

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.12: Tanzania's imports(c.i.f) by country of origins 1998 - 2007

Country	1998	1999	2000	2001	2002	2003	2004	2005	2006 ^p	2007 ^p
Argentina	4,338.4	14,256.2	7,115.7	2,656.2	3,904.6	2,838.0	28,661.1	30,351.9	17,350.0	30,983.3
Australia	18,966.6	60,646.6	75,669.2	123,743.8	70,071.2	56,923.1	81,839.2	47,218.4	33,464.4	31,464.1
Belgium	16,236.8	17,166.0	11,606.9	19,313.1	22,404.1	34,733.3	28,433.0	52,655.6	92,631.6	135,951.8
Brazil	9,685.7	12,936.4	8,185.8	4,065.4	2,942.6	29,425.3	7,408.6	18,272.6	14,878.6	24,508.0
Canada	0.0	19,853.0	25,853.8	20,228.9	17,094.5	19,831.9	43,271.7	39,883.8	46,281.9	44,284.7
China	32,401.2	43,213.3	54,455.3	61,830.4	76,335.1	120,836.0	186,806.9	245,399.1	381,692.1	512,890.5
Denmark	17,828.7	17,865.7	18,490.6	15,340.3	15,141.8	20,986.5	23,707.1	26,746.4	15,467.7	28,043.1
Eire/Ireland	2,667.4	1,645.3	3,626.6	4,595.5	7,975.6	9,891.6	14,253.2	13,295.5	19,100.7	31,135.6
Finland	9,358.7	9,811.8	7,538.7	4,197.5	15,770.4	17,304.6	30,375.1	24,374.8	18,736.0	132,226.1
France	10,513.2	15,993.3	20,397.2	36,420.5	37,633.9	42,339.6	44,123.7	101,366.0	71,087.6	162,119.1
Germany, Federal	51,601.1	46,524.0	41,706.1	59,689.6	57,994.5	71,117.2	82,045.5	99,024.1	187,389.6	194,240.2
Hong Kong	2,016.0	2,363.2	3,449.2	6,196.7	7,563.3	10,266.9	7,505.5	8,735.1	10,244.8	14,678.7
India	59,659.7	70,444.1	71,056.7	76,661.7	103,266.3	174,081.9	235,431.2	211,290.9	293,344.2	631,862.4
Indonesia	9,948.9	14,295.6	33,095.1	42,277.2	59,929.8	78,906.7	94,189.1	101,631.7	196,028.5	159,404.0
Italy	45,348.5	36,418.0	28,511.0	44,462.9	43,435.9	40,758.2	44,219.2	45,360.9	113,221.1	102,750.6
Japan	87,044.5	132,711.7	113,872.0	132,075.1	134,051.2	174,790.5	196,765.2	225,925.7	310,375.3	325,726.2
Kenya	70,319.2	70,799.0	74,734.0	84,205.8	90,280.8	120,287.3	141,789.9	175,332.0	191,252.1	124,630.1
Malaysia	23,346.9	17,865.9	11,197.3	15,959.3	12,132.8	18,352.8	21,091.2	23,813.2	118,687.4	182,428.7
Netherlands	62,065.2	27,295.8	23,644.4	27,075.2	26,461.1	33,050.5	46,611.0	75,922.8	106,637.9	106,273.9
Pakistan	11,827.3	11,660.7	6,150.7	8,623.2	20,628.3	13,590.0	8,162.0	7,830.3	18,370.8	15,119.0
Saudi Arabia	21,657.9	20,237.3	43,601.2	51,032.0	45,611.7	53,383.7	60,386.5	46,722.5	312,889.5	272,318.0
Singapore	8,546.5	7,266.9	5,070.6	7,876.9	5,573.1	17,100.1	47,997.5	10,417.2	16,611.1	31,354.5
South Africa	86,885.6	127,231.3	139,577.1	178,292.2	182,473.1	284,591.5	360,025.5	440,090.2	675,401.5	730,969.6
South Korea	12,914.1	13,810.8	17,573.6	13,806.4	17,743.3	29,104.5	28,983.8	37,945.3	82,165.3	93,625.6
Spain	4,460.0	8,100.1	7,364.4	9,002.9	9,917.7	13,969.4	32,021.0	16,051.8	17,247.0	22,224.5
Swaziland	7,661.1	9,325.7	10,296.2	11,083.9	13,096.2	12,682.5	18,762.2	20,856.4	20,746.1	25,062.1
Sweden	19,466.5	13,299.4	13,814.0	11,083.9	21,233.5	39,983.3	25,822.1	80,804.8	64,454.9	128,595.2
Switzerland	11,917.0	10,918.3	10,865.6	9,262.0	22,074.0	23,814.5	20,481.9	28,593.0	84,076.7	214,218.6
Taiwan	3,827.9	4,489.8	4,627.9	4,425.1	7,656.8	8,903.4	11,083.6	13,441.9	14,394.7	20,746.3
Thailand	16,016.1	13,345.6	22,523.2	32,749.9	34,749.7	21,503.4	32,296.5	28,032.1	45,613.7	73,378.3
Turkey	4,019.3	5,144.2	2,951.1	1,961.8	3,096.4	4,656.5	5,023.9	9,409.8	38,857.8	57,646.7
Uganda	1,492.9	4,489.9	4,501.0	9,962.5	2,561.4	8,538.5	8,330.5	5,786.3	4,766.4	7,980.4
United Arab Emirate	39,704.7	37,995.7	45,584.9	95,506.8	93,824.8	152,331.1	201,204.2	220,274.8	618,949.9	963,802.7
United Kingdom	81,558.9	95,553.6	85,267.9	96,945.7	91,630.6	111,107.3	120,177.3	135,618.2	194,536.0	214,155.8
United States	54,046.5	73,963.0	47,158.7	57,238.0	88,321.3	72,310.7	85,113.2	112,741.8	150,019.1	233,287.9
USSR/Russia	0.0	0.0	0.0	10,959.2	9,788.9	7,063.8	2,277.8	36,993.1	53,694.5	88,679.5
Yugoslavia	0.0	0.0	0.0	52.0	21.6	15.2	0.0	0.0	0.9	0.0
Zambia	11,324.2	5,408.4	1,919.8	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9	14,334.2	2,288.7
Zimbabwe	0.0	0.0	0.0	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3	1,611.0	23,035.2
Others	101,343.7	159,212.9	127,016.2	98,897.1	112,008.4	243,271.3	512,840.3	882,050.5	601,734.5	357,611.8
Grand Total	1,032,016.7	1,253,558.5	1,230,069.7	1,504,739.1	1,605,435.8	2,210,262.7	2,964,040.1	3,726,103.6	5,335,330.8	6,621,421.2

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.13: Tanzania's Exports to COMESA Countries 1998-2007

Country	Millions of TZS										
	1998	1999	2000	2001	2002	2003	2004	2005	2006 ^P	2007 ^P	
Burundi	250.3	2,505.7	3,388.1	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8	4,416.2	51,645.5	
Comoro	35.9	6.9	25.8	14.9	347.3	1,334.8	1,275.9	1,568.2	9,322.2	4,470.3	
Djibouti	98.9	75.5	87.2	24.9	48.8	29.0	66.3	9.1	4.9	59.5	
Ethiopia	351.4	235.8	358.7	643.5	359.4	729.7	1,921.7	1,893.4	786.9	1,098.2	
Kenya	17,306.9	15,630.9	25,811.1	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8	111,502.9	125,790.9	
Lesotho	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Malawi	2,211.2	6,867.9	4,927.1	4,932.0	17,172.1	8,746.4	13,530.2	916.6	22,206.9	24,476.1	
Mauritius	37.0	59.8	158.3	288.7	280.7	738.5	583.0	3,713.8	1,134.0	2,196.0	
Rwanda	2,678.9	2,136.1	1,457.0	1,992.4	3,742.0	2,644.5	3,177.5	3,376.8	3,401.5	13,913.2	
Somalia	41.2	74.8	365.8	129.6	327.9	166.0	0.0	163.5	248.0	533.3	
Swaziland	20,497.4	150.1	170.8	0.0	360.3	5.3	3,103.7	626.3	2,350.4	242.7	
Uganda	4,336.8	3,467.2	6,770.9	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6	24,466.8	23,992.1	
Zambia	2,442.4	2,119.5	3,778.5	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9	18,948.8	27,910.2	
Zimbabwe	9,233.0	1,954.1	2,149.8	369.4	1,356.9	3,966.7	1,347.3	1,750.5	1,483.2	857.2	
Grand Total	59,521.2	35,284.3	49,449.0	56,829.8	86,993.9	131,117.6	144,466.9	140,976.6	200,272.8	277,185.1	

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.14: Tanzania's Direct Imports from COMESA Countries 1998-2007

Country	Millions of TZS										
	1998	1999	2000	2001	2002	2003	2004	2005	2006 ^P	2007 ^P	
Burundi	31.2	8.2	9.27	140.1	7.3	335.2	17.4	292.7	2.2	19.8	
Comoro	0.0	0.0	0.0	0.0	0.7	0.3	0.0	28.4	23.6	0.0	
Djibouti	0.3	20.77	12.48	0.0	2.3	415.7	297.1	1,378.8	0.0	0.0	
Ethiopia	550.5	643.375	2,602.8	468.4	633.5	128.8	1,138.1	1,181.1	202.2	114.7	
Kenya	70,319.2	70,799.0	74,734.0	84,205.8	91,630.6	120,287.3	141,789.9	175,332.0	191,252.1	124,630.1	
Lesotho	253.6	15.174	0	0.0	0.0	0.0	0.0	0.0	79.5	10.9	
Malawi	1536.24	2602.138	1520.85	1,809.1	1,398.4	1,455.3	3,090.3	3,629.4	4,586.2	8,034.3	
Mauritius	469.4	2472.413	2574.69	3,656.3	1,674.6	1,831.1	4,426.6	5,154.7	3,788.7	3,247.0	
Rwanda	127.65	6.0	115.84	68.5	41.6	833.1	126.8	32.7	190.1	18.2	
Somalia	0.7	56.682	1.45	7.1	5.5	69.7	16.0	5.6	5.6	119.5	
Swaziland	7661.1	9325.746	10296.23	11,083.9	15,096.2	12,682.5	18,762.2	20,856.4	20,746.1	25,062.1	
Uganda	1492.9	4489.871	4501	9,962.5	2,561.5	8,538.5	4,989.4	4,766.4	4,766.4	7,980.4	
Zambia	11324.2	5408.443	1919.79	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9	14,334.2	2,288.7	
Zimbabwe	9675.7	4173.957	3619.6	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3	1,611.0	23,035.2	
Grand Total	103,442.69	100,021.78	101,907.94	115,620.6	119,139.6	149,880.2	182,952.0	219,037.4	241,587.9	194,560.9	

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments.

Table A 4.15: Tanzania: Services, Income and Transfers 1998 - 2008

Period	Services			Income			Current Transfers			Millions TZS
	Net	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments	
1998	-289,071.22	346,656.6	635,727.9	-69,672.19	29,686.1	99,358.3	286,143.0	307,285.8	21,142.8	
1999	-140,111.71	449,304.7	589,416.4	-86,013.27	24,154.6	110,167.9	246,413.9	335,321.2	88,907.3	
2000	-44,017.20	502,170.7	546,187.9	-104,160.70	40,302.6	144,463.3	315,362.9	378,139.7	62,776.8	
2001	235,106.15	803,487.3	568,381.2	-133,519.61	48,766.9	182,286.5	344,484.8	415,024.3	70,539.5	
2002	278,134.60	889,335.0	611,200.4	-85,695.8	65,570.0	151,265.8	285,318.9	344,570.6	59,251.7	
2003	230,210.20	984,865.9	754,655.7	-143,534.7	90,724.5	234,259.2	533,547.7	599,225.5	65,677.7	
2004	174,336.70	1,232,378.9	1,058,042.2	-123,872.5	88,631.0	212,503.5	635,044.0	705,906.8	70,862.8	
2005	68,704.60	1,434,007.9	1,365,303.3	-117,241.4	91,627.3	208,868.7	565,007.0	641,252.9	76,245.8	
2006	348,941.40	1,916,071.1	1,567,129.7	-117,707.6	66,562.7	184,270.3	751,855.2	834,414.1	82,558.8	
2007	241,080.29	2,132,121.2	1,891,040.9	-72,052.1	133,230.7	205,282.7	770,895.0	861,207.0	90,312.0	
2004: Q1	59,551.4	283,115.6	223,564.2	-31,855.7	29,448.6	61,304.3	51,206.4	67,821.3	16,614.9	
Q2	30,515.7	263,934.0	233,418.3	-26,386.3	16,459.9	42,846.2	43,848.8	62,239.9	18,391.1	
Q3	81,375.9	357,045.1	275,669.2	-52,694.1	8,772.9	61,467.0	324,269.5	343,715.8	19,446.3	
Q4	2,893.9	328,284.3	325,390.4	-12,936.5	33,949.6	46,886.1	215,719.3	232,129.7	16,410.4	
2005: Q1	26,693.7	317,322.1	290,628.4	-38,352.5	21,787.6	60,140.1	70,896.0	89,040.4	18,144.4	
Q2	15,020.0	345,187.3	330,167.3	-31,699.5	25,658.4	57,357.9	31,607.5	50,162.9	18,555.4	
Q3	16,482.1	399,971.1	383,489.0	-25,537.3	16,872.7	42,410.0	148,692.3	168,925.8	20,233.5	
Q4	10,508.8	371,527.4	361,018.6	-20,951.0	27,308.6	48,259.6	313,811.2	333,123.7	19,312.5	
2006: Q1	92,369.8	435,325.3	342,955.5	-16,401.1	22,307.5	38,708.6	59,959.0	79,164.6	19,205.6	
Q2	64,749.5	446,107.3	381,357.8	-21,020.8	21,925.4	42,946.2	94,058.0	114,596.3	20,538.3	
Q3	119,677.9	545,843.7	426,165.8	-42,914.9	12,202.7	55,117.6	363,658.0	384,726.1	21,068.1	
Q4	72,144.1	488,794.7	416,650.6	-37,370.7	10,127.2	47,497.9	234,180.3	255,927.1	21,746.8	
2007: Q1	72,044.6	538,001.4	465,956.8	-13,079.2	24,471.9	37,551.1	56,513.9	80,748.8	24,234.9	
Q2	79,980.9	547,624.8	467,643.9	-18,268.7	32,831.1	51,099.8	13,595.4	38,816.0	25,220.6	
Q3	80,762.5	549,337.1	468,574.6	-23,013.1	41,946.0	64,959.1	564,613.6	585,994.5	21,380.9	
Q4	8,292.3	497,157.9	488,865.6	-17,691.1	33,981.7	51,672.8	136,172.0	155,647.6	19,475.6	
2008: Q1	-27,009.3	470,623.9	497,633.2	-9,133.2	38,166.7	47,299.9	13,766.2	34,216.9	20,450.8	
Q2	-11,653.9	514,485.7	526,139.6	-20,343.0	40,064.7	60,407.6	33,176.1	65,285.7	32,109.5	

Notes: As from 2001 onwards, the estimation technique for government service payments has been revised leading to the change in service payments

P = provisional

r = revised, Q = Quarter

Source: Bank of Tanzania



Table A6.1.1: Gross Domestic Product at factor cost by kind of Economic Activity, at Current Prices, 1998-2007

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
GDP at Current Market Prices	149,124	165,940	190,516	222,398	255,952	286,631	344,326	394,876	510,000	588,400
Agriculture, forestry & fishing	29,211	35,958	44,086	56,488	63,637	61,312	80,435	92,529	150,500	160,400
Crops	15,609	19,165	24,200	35,943	40,086	35,552	47,282	51,700	104,200	99,700
Livestock	7,709	7,500	9,352	9,421	10,645	12,222	14,786	16,281	20,900	25,800
Forestry & hunting	550	560	918	1,060	1,083	1,097	1,182	1,269	1,800	2,200
Fishing	5,343	8,733	9,615	10,064	11,823	12,441	17,186	23,280	23,500	32,700
Industry	20,151	22,173	21,125	24,601	29,783	37,641	45,903	53,581	75,400	90,700
Mining & quarrying	963	925	984	1,130	1,508	2,236	2,512	3,190	3,800	4,700
Manufacturing	9,297	10,362	10,736	11,274	13,708	16,846	17,230	19,399	23,400	23,400
Electricity, gas & water supply	2,754	2,889	3,465	3,660	4,249	4,727	5,639	6,436	9,900	11,100
Construction	7,138	7,997	5,940	8,537	10,319	13,832	20,522	24,555	38,300	51,500
Services	71,557	78,174	93,873	106,634	126,138	148,605	173,687	199,197.0	222,100	258,600
Trade & repairs	14,460	17,885	19,479	23,722	25,408	27,812	30,628	38,600	45,300	55,800
Hotels & restaurants	11,817	12,556	15,710	13,317	16,083	16,129	19,870	30,581	38,900	46,000
Transport & communications	7,616	8,763	11,021	13,868	15,725	23,522	27,005	31,500	34,500	40,600
Financial intermediation	1,592	2,048	2,678	2,939	3,771	4,581	5,569	7,800	8,000	10,400
Real estate & business services	1,775	1,871	2,095	2,266	2,501	2,863	3,240	3,729	4,500	5,400
Public administration	22,488	22,794	28,600	34,046	43,315	50,579	60,138	56,729	53,700	59,200
Education	9,058	9,406	10,914	12,655	14,852	17,356	20,556	22,660	27,700	30,400
Health	2,129	2,175	2,596	2,954	3,514	4,622	5,357	6,091	7,500	8,700
Other social & personal services	622	675	780	867	969	1,142	1,324	1,507	1,800	2,100
Adjustment to market prices										
Taxes on products	28,205	29,635	31,432	34,676	36,393	39,073	44,301	49,569	62,000	78,700
GDP at factor cost	120,919	136,305	159,084	187,723	219,559	247,558	300,025	345,307	448,000	509,700
Population "000"	864	889	916	944	982	1,011	1,041	1,072	1,104	1,155
GDP per capita: TZS "000"	172.6	186.7	208.0	235.6	260.6	283.5	330.8	369.1	463.8	509.6
Exchange rate: TZS/USD	650.0	773.0	800.0	889.0	946.0	1,040.0	1,091.0	1,127.9	1,255.0	1,247.8
* Provisional										

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

Table A6.1.2: Gross Domestic Product at factor cost by kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, 1998-2007

Item	Percent										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	
Agriculture, forestry & fishing	19.6	21.7	23.1	25.4	24.9	21.4	23.4	23.4	29.7	27.3	
Crops	10.5	11.5	12.7	16.2	15.7	12.4	13.7	13.1	20.3	16.9	
Livestock	5.2	4.5	4.9	4.2	4.2	4.3	4.3	4.1	4.1	4.4	
Forestry & hunting	0.4	0.3	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	
Fishing	3.6	5.3	5.0	4.5	4.6	4.3	5.0	5.9	4.9	5.6	
Industry	13.5	13.4	11.1	11.1	11.6	13.1	13.3	13.6	14.7	15.4	
Mining & quarrying	0.6	0.6	0.5	0.5	0.6	0.8	0.7	0.8	0.7	0.8	
Manufacturing	6.2	6.2	5.6	5.1	5.4	5.9	5.0	4.9	4.6	4.0	
Electricity, gas & water supply	1.8	1.7	1.8	1.6	1.7	1.6	1.6	1.6	1.9	1.9	
Construction	4.8	4.8	3.1	3.8	4.0	4.8	6.0	6.2	7.5	8.8	
Services	48.0	47.1	49.3	47.9	49.3	51.8	50.4	50.4	43.5	43.9	
Trade & repairs	9.7	10.8	10.2	10.7	9.9	9.7	8.9	9.8	8.9	9.5	
Hotels & restaurants	7.9	7.6	8.2	6.0	6.3	5.6	5.8	7.7	7.6	7.8	
Transport & communications	5.1	5.3	5.8	6.2	6.1	8.2	7.8	8.0	6.8	6.9	
Financial intermediation	1.1	1.2	1.4	1.3	1.5	1.6	1.6	2.0	1.6	1.8	
Real estate & business services	1.2	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	
Public administration	15.1	13.7	15.0	15.3	16.9	17.6	17.5	14.4	10.5	10.1	
Education	6.1	5.7	5.7	5.7	5.8	6.1	6.0	5.7	5.4	5.2	
Health	1.4	1.3	1.4	1.3	1.4	1.6	1.6	1.5	1.5	1.5	
Other social & personal services	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Adjustment to market prices											
Taxes on products	18.9	17.9	16.5	15.6	14.2	13.6	12.9	12.6	12.1	13.4	
Total GDP at Current Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

* Provision

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

Table A6.1.3: Gross Domestic Product (GDP) at factor cost by kind of Economic Activity, at 2001 Constant Prices, 1998 - 2007

Item	Millions of TZS										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	
Agriculture, forestry & fishing	45,718	50,265	49,612	56,488	55,614	57,960	59,579	61,280	72,700	71,500	
Crops	29,523	30,983	30,692	35,943	34,823	36,557	37,289	37,901	49,000	47,100	
Livestock	8,517	8,808	9,109	9,421	9,744	10,087	10,442	10,810	11,200	11,600	
Forestry & hunting	954	971	990	1,060	1,083	1,097	1,138	1,179	1,200	1,300	
Fishing	6,724	9,504	8,822	10,064	9,964	10,219	10,710	11,390	11,300	11,500	
Industry	24,755	25,585	22,956	24,601	28,056	32,634	36,726	39,147	46,000	49,500	
Mining & quarrying	1,067	1,020	1,016	1,130	1,432	1,946	2,028	2,342	2,400	2,600	
Manufacturing	12,567	12,381	12,275	11,274	13,013	14,663	13,909	14,239	14,700	13,100	
Electricity, gas & water supply	3,204	3,370	3,537	3,660	3,815	3,985	4,223	4,542	4,800	5,100	
Construction	7,917	8,814	6,129	8,537	9,796	12,040	16,567	18,024	24,100	28,700	
Services	83,620	89,955	99,175	106,634	120,095	125,213	133,588	140,646	136,700	151,000	
Trade & repairs	16,020	19,696	20,095	23,722	24,130	24,217	24,748	28,400	28,900	31,200	
Hotels & restaurants	13,105	13,838	16,211	13,317	15,268	14,039	15,649	21,899	23,900	25,000	
Transport & communications	8,653	10,755	12,328	13,868	16,349	19,756	21,123	23,200	23,300	32,100	
Financial intermediation	1,749	2,240	2,703	2,939	3,543	3,853	4,587	5,214	4,700	5,500	
Real estate & business services	1,983	2,072	2,167	2,266	2,371	2,482	2,598	2,720	2,800	3,000	
Public administration	27,611	26,893	30,454	34,046	40,401	41,773	44,657	38,616	31,600	32,000	
Education	11,121	11,098	11,622	12,655	13,853	14,334	15,265	15,425	16,300	16,400	
Health	2,615	2,566	2,764	2,954	3,277	3,818	3,978	4,146	4,390	4,680	
Other social & personal services	764	797	831	867	904	943	984	1,026	1,100	1,100	
Adjustment to market prices											
Taxes on products	28,464	30,627	31,724	34,676	37,639	39,863	42,428	44,500	47,300	50,200	
Total GDP at factor cost	154,093	165,805	171,744	187,723	241,400	255,700	272,400	285,600	302,600	322,200	

*Provisional

Source: Office of Chief Government Statistician-Zanzibar

A6.1 Zanzibar Output and Prices

Table A6.1.4: Gross Domestic Product at factor cost by kind of Economic Activity, Percentage Share in Total GDP, at 2001 Constant Prices, 1998 - 2007

Item	Percent										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	
Agriculture, forestry & fishing	29.7	30.3	28.9	30.1	23.0	22.7	21.9	21.5	24.0	22.2	
Crops	19.2	18.7	17.9	19.1	14.4	14.3	13.7	13.3	16.2	14.6	
Livestock	5.5	5.3	5.3	5.0	4.0	3.9	3.8	3.8	3.7	3.6	
Forestry & hunting	0.6	0.6	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	
Fishing	4.4	5.7	5.1	5.4	4.1	4.0	3.9	4.0	3.7	3.6	
Industry	16.1	15.4	13.4	13.1	11.6	12.8	13.5	13.7	15.2	15.4	
Mining & quarrying	0.7	0.6	0.6	0.6	0.6	0.8	0.7	0.8	0.8	0.8	
Manufacturing	8.2	7.5	7.1	6.0	5.4	5.7	5.1	5.0	4.9	4.1	
Electricity, gas & water supply	2.1	2.0	2.1	1.9	1.6	1.6	1.6	1.6	1.6	1.6	
Construction	5.1	5.3	3.6	4.5	4.1	4.7	6.1	6.3	8.0	8.9	
Services	54.3	54.3	57.7	56.8	49.7	49.0	49.0	49.2	45.2	46.9	
Trade & repairs	10.4	11.9	11.7	12.6	10.0	9.5	9.1	9.9	9.5	9.7	
Hotels & restaurants	8.5	8.3	9.4	7.1	6.3	5.5	5.7	7.7	7.9	7.8	
Transport & communications	5.6	6.5	7.2	7.4	6.8	7.7	7.8	8.1	7.7	10.0	
Financial intermediation	1.1	1.4	1.6	1.6	1.5	1.5	1.7	1.8	1.6	1.7	
Real estate & business services	1.3	1.2	1.3	1.2	1.0	1.0	1.0	1.0	0.9	0.9	
Public administration	17.9	16.2	17.7	18.1	16.7	16.3	16.4	13.5	10.4	9.9	
Education	7.2	6.7	6.8	6.7	5.7	5.6	5.6	5.4	5.4	5.1	
Health	1.7	1.5	1.6	1.6	1.4	1.5	1.5	1.5	1.5	1.5	
Other social & personal services	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	
Total GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

* Provisional

Source: Office of Chief Government Statistician-Zanzibar and BoT



A6.1 Zanzibar Output and Prices

Table A6.1.5: Gross Domestic Product (GDP) at factor cost by kind of Economic Activity, Percentage Annual Growth Rates, at 2001 Constant Prices, 1998 - 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Agriculture, forestry & fishing	-0.4	9.9	-1.3	13.9	-1.5	4.2	2.8	2.8	18.7	-1.7
Crops	-3.7	4.9	-0.9	17.1	-3.1	5.0	2.0	1.6	29.4	-4.0
Livestock	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5
Forestry & hunting	1.6	1.8	1.9	7.0	2.2	1.3	3.7	3.6	3.8	3.7
Fishing	10.5	41.3	-7.2	14.1	-1.0	2.6	4.8	6.3	-1.0	2.4
Industry	-9.9	3.4	-10.3	7.2	14.0	16.3	12.5	6.6	17.6	7.6
Mining & quarrying	-1.5	-4.5	-0.4	11.3	26.7	36.0	4.2	15.5	3.0	9.1
Manufacturing	-2.5	-1.5	-0.9	-8.2	15.4	12.7	-5.1	2.4	3.5	-11.4
Electricity, gas & water supply	7.2	5.2	4.9	3.5	4.3	4.4	6.0	7.6	5.0	7.5
Construction	-24.7	11.3	-30.5	39.3	14.7	22.9	37.6	8.8	33.8	19.1
Services	6.4	7.6	10.2	7.5	12.6	4.3	6.7	5.3	-2.8	10.5
Trade & repairs	-10.9	22.9	2.0	18.1	1.7	0.4	2.2	14.6	1.0	8.9
Hotels & restaurants	5.2	5.6	17.1	-17.9	14.6	-8.1	11.5	39.9	9.2	4.5
Transport & communications	3.6	24.3	14.6	12.5	17.9	20.8	6.9	9.9	0.4	37.7
Financial intermediation	-5.1	28.1	20.7	8.7	20.6	8.7	19.1	13.7	-10.2	16.9
Real estate & business services	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.7	4.7	4.8
Public administration	20.8	-2.6	13.2	11.8	18.7	3.4	6.9	-13.5	-18.3	1.4
Education	9.8	-0.2	4.7	8.9	9.5	3.5	6.5	1.1	5.4	1.1
Health	12.0	-1.8	7.7	6.9	11.0	16.5	4.2	4.2	5.9	6.6
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Total GDP at factor cost	1.4	7.6	3.6	9.3	8.5	5.9	6.5	4.9	6.0	6.5

* Provisional

Source: Office of Chief Government Statistician-Zanzibar

Table A6.1.6 Marketed Production of Major Export Commodities, 1998-2007

Crop	Metric tons										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	
Cloves	204.0	8,027.3	460.0	2,061.9	5,959.8	5,219.0	4,097.6	3,266.7	3,156.7	1,085.6	
Copra	93.6	296.4	972.4	254.6	0.0	0.0	0.0	711.0	-	-	
Chilies	0.3	0.2	0.0	0.0	0.0	0.0	0.0	-	-	-	
Clove Stems	19.9	19.0	242.1	323.5	187.3	497.0	476.0	350.6	128.8	226.5	
Seaweeds	3,394.0	6,607.0	4,990.7	8,117.0	9,090.7	9,261.0	7,184.5	7,361.8	7,543.1	8,485.0	
Rubber	-	-	0.0	0.0	0.0	0.0	683.0	711.0	886.8	974.2	

* Provisional

Source: Office of Chief Government Statistician-Zanzibar





Table A6.1.7: Production in Selected Commodities, 1998-2007

Commodity	Units	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Wheat Flour	Ton	0.0	0.0	0.0	0.0	18,154.0	21,446.0	16,753.0	14,822.0	10,590.0	1,026.0
Beverage	Litres'000'	3,950.0	4,251.0	6,320.0	5,689.0	5,419.0	6,250.0	7,132.0	8,435.0	10,246.0	9,925.0
Animal Feed	Tons	3,869.0	2,848.0	2,206.0	1,534.0	1,674.0	1,520.0	1,277.0	1,001.0	842.0	1,115.0
Cigarettes	Cartons	7,908.0	5,697.0	3,600.0	1,281.0	0.0	0.0	0.0	0.0	0.0	0.0
Soft Drinks	Liters"Mill."	0.0	0.0	0.0	0.0	0.0	0.0	3,996.2	3,656.6	0.0	0.0
Soap & Detergent	Tons	158.5	127.5	316.1	195.4	46.0	8.0	52.0	77.0	97.0	0.0
Super Shine Audio	Cartoon	0.0	0.0	0.0	0.0	0.0	0.0	54,685.0	47,976.5	63,240.0	70,597.0
Super Shine Video	Cartoon	0.0	0.0	0.0	0.0	0.0	0.0	40,577.0	31,038.5	23,339.0	10,090.0
Coconut oil	Tons	335.0	522.0	188.0	233.0	147.0	3.1	66.0	89.0	82.0	77.0
Clove Oil	Kg	0.0	0.0	0.0	0.0	0.0	0.0	3,832.0	1,916.0	-50.0	0.0
Steam Oil (Clove)	Kg	0.0	0.0	0.0	0.0	0.0	0.0	12,074.0	6,037.0	-50.0	0.0
Bread	No.'000'	48,557.0	50,014.0	20,585.0	53,059.0	54,519.0	59,992.0	68,706.0	77,331.0	87,037.0	97,960.0
Dash Dash Fashion	Pes	0.0	0.0	0.0	0.0	0.0	0.0	4,929.0	3,860.0	2,004.0	5,338.0
Copra Cakes	Tons	124.0	58.0	70.0	61.0	54.0	2.0	59.0	31.0	46.0	49.0
Jewellery (Gold/Silver)	Grams	0.0	0.0	0.0	0.0	0.0	29,165.0	35,125.0	19,090.0	16,737.0	7,563.0
Noodles	Kg	0.0	0.0	0.0	0.0	0.0	159,133.0	193,656.0	93,830.0	61,085.0	58,807.0
Mineral Water	Liters"Mill."	0.0	0.0	0.0	0.0	0.0	0.0	3,136.0	2,975.1	5,033.0	3,631.0
Door UPVC	Nos.	-	-	-	-	-	-	70.0	18.0	32.0	48.0
Window UPVC	Nos.	-	-	-	-	87.0	-	150.0	15.0	59.0	30.0
Video/Radio Tape	Cartons	-	-	-	-	82,353.0	97,223.0	107,273.0	81,918.0	86,579.0	80,687.0
Garments Dish Dash (Nguo)	Pes	-	-	-	-	5,687.0	3,324.0	4,929.0	3,860.0	2,004.0	5,338.0
Others	Kg	0.0	0.0	0.0	0.0	0.0	0.0	2,734.8	2,669.1	0	0

Note:-

* Provisional

0 = No Production

Source: Office of Chief Government Statistician - Zanzibar.



Table A6.1.8: Consumer Price Index (CPI), 2005-2008

Base: December 2005 = 100

End of Period	Food										Non-Food									
	General Index	Alcoholic Beverages, Tobacco & Narcotics		Clothing & Footwear		Housing, Water Electricity, Gas & Other fuels		Furnishing, Household Equip. & Routine H/hold Maintenance		Health	Transport	Communication	Recreation & Culture	Edu- cation	Restaurants & Hotels	Misce- llaneous Goods & Services				
Weights (%)	100	0.6	6.2	15.6	5.3	2.1	3.4	2.4	0.4	1.1	3.1	2.4	0.4	1.1	3.1	2.4				
2005 - Dec	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0				
2006	106.5	112.7	102.6	107.1	104.1	103.7	114.5	99.4	107.0	107.3	105.3	105.3	107.0	107.3	105.3	105.3				
2007	120.4	125.9	109.4	116.4	115.4	118.2	131.6	95.3	121.3	113.3	135.8	100.0	121.3	113.3	135.8	100.0				
2006- Mar	101.1	101.0	99.9	100.1	100.5	100.0	100.5	100.0	100.9	100.0	101.0	101.0	100.9	100.0	100.2	101.0				
Jun	105.2	103.0	101.5	106.1	102.7	102.9	106.8	100.0	105.6	101.2	103.8	103.8	105.6	101.2	105.9	103.8				
Sep	108.0	108.2	103.3	109.3	104.8	103.5	121.7	99.5	109.3	101.2	107.9	107.9	109.3	101.2	107.9	107.0				
Dec	111.5	123.6	105.6	112.8	108.5	108.6	129.1	98.2	112.2	101.2	109.4	109.4	112.2	101.2	115.2	109.4				
2007-Mar	115.9	123.8	107.4	115.5	110.7	112.3	130.6	96.1	115.4	112.8	123.2	123.2	115.4	112.8	123.2	100.0				
Jun	117.5	126.7	108.8	115.6	113.9	114.0	126.2	95.6	119.8	113.4	132.7	132.7	119.8	113.4	132.7	100.0				
Sep	122.5	126.7	109.2	116.8	116.2	121.1	133.6	94.7	123.4	113.4	133.7	133.7	123.4	113.4	133.7	100.0				
Dec	125.8	126.5	112.3	117.7	120.8	125.1	136.0	94.9	126.7	113.4	153.6	153.6	126.7	113.4	153.6	100.0				
2008-Mar	132.5	124.6	115.1	120.7	123.6	131.8	137.3	94.0	130.8	119.9	161.4	161.4	130.8	119.9	161.4	113.5				
Jun	142.0	126.0	115.6	127.5	129.6	137.7	151.1	93.9	130.5	121.6	167.1	167.1	130.5	121.6	167.1	122.9				
2007 - Jan	114.1	123.6	107.5	114.3	109.9	111.5	129.7	96.1	112.7	113.4	121.5	121.5	112.7	113.4	121.5	100.0				
Feb	116.2	123.3	107.1	116.8	110.4	111.5	130.1	96.1	114.7	111.7	125.0	125.0	114.7	111.7	125.0	100.0				
Mar	117.3	124.5	107.7	115.4	111.8	114.0	132.0	96.1	118.7	113.4	126.6	126.6	118.7	113.4	126.6	100.0				
Apr	117.3	126.7	108.6	115.5	113.3	114.0	124.0	96.1	118.9	113.4	131.8	131.8	118.9	113.4	131.8	100.0				
May	117.8	126.7	108.8	115.6	114.2	114.0	121.9	96.1	118.6	113.4	133.0	133.0	118.6	113.4	133.0	100.0				
June	117.5	126.7	109.1	115.8	114.3	114.0	132.6	94.7	121.9	113.4	133.2	133.2	121.9	113.4	133.2	100.0				
July	121.5	126.7	109.0	116.4	115.4	114.0	132.6	94.7	121.3	113.4	133.2	133.2	121.3	113.4	133.2	100.0				
August	121.8	126.7	108.4	116.7	115.8	124.9	132.6	94.7	123.6	113.4	135.2	135.2	123.6	113.4	135.2	100.0				
September	124.2	126.7	110.2	117.3	117.4	124.5	135.6	94.7	125.2	113.4	132.7	132.7	125.2	113.4	132.7	100.0				
October	124.9	127.5	113.1	117.4	119.5	124.9	134.7	94.7	125.6	113.4	142.6	142.6	125.6	113.4	142.6	100.0				
November	126.2	127.5	111.8	117.4	120.7	125.1	136.9	94.7	126.9	113.4	152.9	152.9	126.9	113.4	152.9	100.0				
December	126.2	124.4	111.9	118.3	122.3	125.4	136.4	95.4	127.5	113.4	165.3	165.3	127.5	113.4	165.3	100.0				
2008 - Jan	129.1	124.4	114.9	118.5	122.7	132.0	136.8	94.0	130.8	119.1	160.9	160.9	130.8	119.1	160.9	113.2				
Feb	133.3	124.4	115.2	120.8	122.9	132.0	137.4	94.0	130.8	120.3	161.7	161.7	130.8	120.3	161.7	112.8				
Mar	135.2	125.1	115.2	122.7	125.2	131.4	137.7	94.0	130.8	120.3	161.7	161.7	130.8	120.3	161.7	114.6				
Apr	139.0	125.6	113.7	123.4	128.3	135.2	138.5	93.9	130.4	120.3	165.3	165.3	130.4	120.3	165.3	121.1				
May	143.1	125.8	113.9	128.5	128.5	135.2	155.7	93.9	130.4	122.2	165.3	165.3	130.4	122.2	165.3	121.4				
June	143.8	126.6	119.3	130.5	131.9	142.6	159.0	93.9	130.8	122.2	170.7	170.7	130.8	122.2	170.7	126.3				

Source: Office of Chief Government Statistician (OCGS) - Zanzibar and BoT



Table A6.1.9: Consumer Price Index, Percentage Change on the Previous Year, 2005-2008

Base: December 2005 = 100

End of Period	Food										Non-Food																
	General Index	Total	Alcoholic Beverages, Tobacco & Narcotics	Clothing & Footwear	Housing, Water Electricity, Gas & Other fuels	Furnishing, Household Equip. & Routine H/hold Maintenance	Health	Transport	Communication	Recreation & Culture	Education	Restaurants & Hotels	Miscellaneous Goods & Services	General Index	Total	Alcoholic Beverages, Tobacco & Narcotics	Clothing & Footwear	Housing, Water Electricity, Gas & Other fuels	Furnishing, Household Equip. & Routine H/hold Maintenance	Health	Transport	Communication	Recreation & Culture	Education	Restaurants & Hotels	Miscellaneous Goods & Services	
Weights (%)	100	57.4	42.6	6.2	15.6	5.3	2.1	3.4	2.4	0.4	1.1	3.1	2.4	100.0	42.6	0.6	6.2	15.6	5.3	2.1	3.4	2.4	0.4	1.1	3.1	2.4	
2005 - Dec	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006 - Dec	11.4	11.6	11.5	5.2	12.8	8.7	10.2	29.1	-3.9	12.7	1.2	15.8	-5.0	11.1	11.5	23.6	6.7	8.9	10.8	13.9	15.8	-4.1	13.4	14.7	26.4	15.8	11.1
2007 - Mar	13.0	15.8	9.7	7.5	15.4	10.1	12.3	30.0	-3.9	14.3	12.8	23.0	-1.0	11.1	13.1	22.6	7.3	9.0	10.9	10.8	18.1	-4.4	13.4	21.7	25.3	23.0	-3.7
June	11.2	12.3	10.8	7.3	9.0	10.9	10.8	18.1	-4.4	13.4	21.7	25.3	-3.7	11.2	10.8	23.0	7.3	6.8	10.8	17.0	9.8	-4.8	12.8	12.1	23.9	25.3	-6.5
Sept	13.4	17.8	7.5	5.7	6.8	10.8	10.8	9.8	-4.8	12.8	12.1	23.9	-6.5	13.4	7.5	2.9	5.7	6.8	10.8	17.0	9.8	-4.8	12.8	12.1	23.9	25.3	-6.5
Dec	12.8	17.4	7.4	6.3	4.4	11.4	11.4	5.4	-3.3	12.9	12.1	33.3	-8.6	17.4	7.4	2.3	6.3	4.4	11.4	15.3	5.4	-3.3	12.9	12.1	33.3	33.3	-8.6
2008 - Mar	14.4	19.1	8.6	7.1	4.5	11.7	17.3	5.1	-2.2	13.4	6.3	31.0	13.5	14.4	8.6	0.7	7.1	4.5	11.7	17.3	5.1	-2.2	13.4	6.3	31.0	31.0	13.5
June	20.8	27.7	12.6	6.2	10.2	13.7	20.8	19.7	-1.8	9.0	7.2	26.0	22.9	20.8	12.6	-0.6	6.2	10.2	13.7	20.8	19.7	-1.8	9.0	7.2	26.0	26.0	22.9
2007 - Jan	13.4	14.1	12.6	7.6	14.3	9.9	11.5	29.7	-3.9	11.7	13.4	21.5	0.0	14.1	14.1	23.6	7.6	14.3	9.9	11.5	29.7	-3.9	11.7	13.4	21.5	21.5	0.0
Feb	15.4	16.9	13.1	7.2	16.8	10.6	11.5	30.1	-3.9	13.7	11.7	21.5	-1.0	16.9	16.9	23.3	7.2	16.8	10.6	11.5	30.1	-3.9	13.7	11.7	21.5	21.5	-1.0
Mar	15.0	16.6	13.7	7.8	15.2	9.9	14.0	30.0	-3.9	17.6	13.4	25.8	-2.0	16.6	16.6	20.9	7.8	15.2	9.9	14.0	30.0	-3.9	17.6	13.4	25.8	25.8	-2.0
Apr	12.3	13.6	11.4	7.4	10.3	11.3	12.2	19.8	-3.9	16.7	12.1	25.3	-3.5	13.6	13.6	23.0	7.4	10.3	11.3	12.2	19.8	-3.9	16.7	12.1	25.3	25.3	-3.5
May	10.9	12.2	10.4	7.6	8.3	10.6	10.1	12.9	-3.9	10.8	26.6	25.4	-4.3	12.2	12.2	23.0	7.6	8.3	10.6	10.1	12.9	-3.9	10.8	26.6	26.6	25.4	-4.3
Jun	10.6	11.2	10.7	6.8	8.4	10.9	10.1	21.5	-5.3	12.9	26.6	25.2	-4.3	11.2	11.2	23.0	6.8	8.4	10.9	10.1	21.5	-5.3	12.9	26.6	26.6	25.2	-4.3
Jul	14.5	19.1	7.7	6.0	8.3	11.1	10.1	13.8	-5.3	11.5	12.1	26.7	-5.8	19.1	19.1	2.9	6.0	8.3	11.1	10.1	13.8	-5.3	11.5	12.1	26.7	26.7	-5.8
Aug	12.9	16.6	7.9	4.7	7.5	10.7	20.7	8.2	-4.5	14.2	12.1	28.6	-6.4	16.6	16.6	2.9	4.7	7.5	10.7	20.7	8.2	-4.5	14.2	12.1	28.6	28.6	-6.4
Sep	12.8	17.6	6.7	6.4	4.8	10.8	20.3	7.6	-4.5	12.8	12.1	17.0	-7.4	17.6	17.6	2.9	6.4	4.8	10.8	20.3	7.6	-4.5	12.8	12.1	17.0	17.0	-7.4
Oct	12.8	17.8	6.9	7.1	4.2	10.6	18.6	4.4	-4.5	12.9	12.1	25.0	-8.2	17.8	17.8	3.2	7.1	4.2	10.6	18.6	4.4	-4.5	12.9	12.1	25.0	25.0	-8.2
Nov	12.4	16.9	7.0	5.5	4.1	11.0	13.5	6.0	-4.5	12.6	12.1	32.0	-7.7	16.9	16.9	3.2	5.5	4.1	11.0	13.5	6.0	-4.5	12.6	12.1	32.0	32.0	-7.7
Dec	13.2	17.4	8.3	6.4	4.8	12.5	13.7	5.7	-0.7	13.1	12.0	42.8	-10.0	17.4	17.4	0.6	6.4	4.8	12.5	13.7	5.7	-0.7	13.1	12.0	42.8	42.8	-10.0
2008 - Jan	13.1	17.0	7.2	6.9	3.7	11.6	18.4	5.5	-2.2	16.1	5.0	32.4	13.2	17.0	17.0	0.6	6.9	3.7	11.6	18.4	5.5	-2.2	16.1	5.0	32.4	32.4	13.2
Feb	14.7	19.9	8.9	7.6	3.4	11.3	18.4	5.6	-2.2	14.0	7.7	33.1	12.8	19.9	19.9	0.9	7.6	3.4	11.3	18.4	5.6	-2.2	14.0	7.7	33.1	33.1	12.8
Mar	15.3	20.4	8.5	7.0	6.3	12.0	15.3	4.3	-2.2	10.2	6.1	27.7	14.6	20.4	20.4	0.5	7.0	6.3	12.0	15.3	4.3	-2.2	10.2	6.1	27.7	27.7	14.6
Apr	18.5	25.7	10.0	4.7	6.8	13.2	18.6	11.7	-2.3	9.7	6.1	25.4	21.4	25.7	25.7	-0.9	4.7	6.8	13.2	18.6	11.7	-2.3	9.7	6.1	25.4	25.4	21.4
May	21.5	28.7	13.0	4.7	11.2	12.5	18.6	27.7	-2.3	9.9	7.8	24.3	21.4	28.7	28.7	-0.7	4.7	11.2	12.5	18.6	27.7	-2.3	9.9	7.8	24.3	24.3	21.4
Jun	22.4	28.8	14.8	9.3	12.7	15.4	25.1	19.9	-0.8	7.3	7.8	28.2	26.3	28.8	28.8	-0.1	9.3	12.7	15.4	25.1	19.9	-0.8	7.3	7.8	28.2	28.2	26.3

Source: Office of Chief Government Statistician (OCGS) - Zanzibar and BoT



Table A6.2.1: Central Government Operations (Actuals), 1997/98 - 2007/08

Item	Millions of TZS										
	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Total Revenue	37,285.7	37,690.9	62,627.5	38,669.0	42,395.9	45,388.7	50,955.7	59,763.6	68,648.8	89,627.8	110,357.7
Tax Revenue	34,556.0	36,036.7	59,931.2	37,462.0	39,870.4	42,595.4	47,477.6	55,734.0	63,749.7	83,147.8	102,866.7
Tax on Imports	22,732.4	22,686.5	37,424.6	20,609.0	17,603.6	17,640.5	16,629.8	14,823.1	14,503.8	20,421.5	26,099.9
Sales tax and excise duties (local)	2,339.6	3,201.8	5,589.0	5,543.0	8,919.2	9,781.2	13,591.9	19,266.4	22,023.3	29,091.7	36,172.2
Income Tax	1,524.3	1,847.4	2,213.7	2,889.0	3,763.2	4,394.3	4,971.8	5,743.9	7,871.6	10,071.1	13,593.4
Other taxes	7,959.7	8,301.0	14,703.9	8,421.0	9,584.5	10,779.4	12,284.2	15,900.6	19,351.0	23,563.4	27,001.2
Non-Tax revenue	2,729.6	1,654.2	2,696.3	1,207.0	2,525.5	2,793.3	3,478.1	4,029.6	4,899.0	6,480.0	7,491.0
Total Expenditure	38,393.8	38,205.8	63,063.9	43,291.0	47,353.9	59,919.9	70,215.6	75,684.4	136,702.0	166,189.4	186,257.1
Recurrent Expenditure	37,758.6	37,845.5	62,465.3	42,272.0	46,016.4	57,353.6	68,985.6	72,661.8	91,246.8	93,098.8	124,456.1
Wages and Salaries	17,847.9	20,031.1	23,590.0	22,571.0	31,494.5	40,301.6	51,115.6	46,308.2	46,933.9	46,638.3	59,438.0
Interest Payment	0.0	217.0	1,316.6	591.0	0.0	40.3	0.0	0.0	1,029.4	2,388.9	1,214.6
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local	0.0	216.0	1,316.6	591.0	0.0	40.3	0.0	0.0	1,029.4	2,388.9	1,214.6
Other expenditure	19,910.7	17,597.4	37,558.7	19,110.0	14,521.9	17,011.6	17,870.0	26,353.6	43,283.6	44,071.6	65,018.0
Recurrent Deficit	-472.9	-154.6	162.2	-3,603.0	-3,620.5	-11,964.8	-18,029.8	-12,898.2	-22,598.0	-3,471.0	-14,098.4
Development Expenditure	635.2	360.3	598.6	1,019.0	1,337.5	2,566.3	1,230.0	3,022.6	45,455.2	73,090.6	61,801.0
Previous year float											
Overall Deficit before Grants	-1,108.1	-515.0	-438.6	-4,622.0	-4,958.0	-14,571.5	-19,259.9	-15,920.8	-68,053.3	-76,561.6	-75,899.4
Grants (cash)	0.0	1.0	5.0	0.0	7,797.0	10,100.0	15,295.4	16,575.5	14,770.0	71,467.1	62,885.9
Overall Deficit after Grants	-1,108.1	-514.0	-433.6	-4,622.0	-2,839.0	-3,327.0	-3,964.5	654.7	-53,283.3	-5,094.5	-13,013.6
Adjustment to cash and other items	5,887.9	-1,637.0	-6,347.6	-11,843.0	-4,382.4	-9,260.4	3,765.0	9,232.7	-2,959.0	8,411.9	-2,347.6
Overall Deficit cheques issued	6,996.0	-1,123.0	-5,914.0	-7,221.0	-7,221.4	-5,933.4	-7,729.4	-8,578.0	-50,324.3	-13,506.4	-10,666.0
Financing:	-6,996.0	1,123.0	5,914.0	7,221.0	7,221.4	5,933.4	7,729.4	8,578.0	50,324.3	13,506.4	-10,666.0
Program loans and I/ Support(cash)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43,725.7	14,009.1	15,014.6
Domestic (net)	-6,996.0	1,123.0	5,914.0	7,221.0	7,221.4	5,933.4	7,729.4	8,578.0	11,498.6	8,000.0	470.1
Bank	1,823.0	4,498.0	5,914.0	7,221.0	7,221.4	0.0	0.0	0.0	0.0	0.0	0.0
Non-Bank	-8,819.0	-3,375.0	0.0	0.0	0.0	5,933.4	7,729.4	8,578.0	11,498.6	8,000.0	470.1
Amortization (local)						1,373.1	1,105.0		-4,900.0	-8,502.7	-4,818.7

*Provisional

GDP TZS 512.4 billion (2006 current prices)

Source: Office of Chief Government Statistician-Zanzibar



Table A7.1: Economic Performance in G-7 Countries and the Euro Area, 1998-2008

G-7	1998			1999			2000			2001			2002			2003			2004			2005			2006			2007			2008	
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q1	Q2	
Canada																																
Real GDP ¹	4.1	5.5	5.3	1.9	3.3	2.0	2.3	3.9	2.7	2.8	3.7	3.3	2.7	2.8	2.8	2.8	3.2	2.8	2.8	2.9	0.8	0.4	0.3	0.4	1	0.8	0.7	0.2	0.2	-0.1		
Inflation ¹	1.0	1.7	2.7	2.5	2.3	2.0	1.9	2.2	1.8	2.2	2.0	2.3	1.8	2.2	2.1	1.9	2.1	1.9	2.7	2.3	1.4	1.6	2.0	2.2	1.8	2.2	2.2	2.2	2.4	1.8		
Interest rates ²	5.1	4.8	5.8	2.2	2.5	2.9	2.3	2.5	3.1	4.2	2.5	2.3	3.1	4.2	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.2	3.2	3.1	4.2	4.2	4.2	4.2	4.0	4.0		
France																																
Real GDP ¹	3.6	3.2	4.2	2.1	1.1	0.3	2.1	1.4	2.2	2.2	1.8	2.0	2.2	2.2	2.1	1.5	1.8	1.8	1.4	0.5	0.9	0.1	0.1	0.4	0.5	0.3	0.8	0.4	0.5			
Inflation ¹	0.7	0.6	1.8	1.8	1.9	2.1	2.3	1.9	1.9	1.8	2.3	2.1	1.9	1.8	1.9	1.8	1.9	1.8	1.9	2.0	2.0	1.6	1.5	1.5	1.8	1.6	1.4	2.4	3.3			
Interest rates ²	3.4	4.3	4.6	4.3	4.0	3.5	3.3	3.3	3.4	3.5	3.3	3.3	3.4	3.5	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.5	3.4	3.5	3.5	3.5	n.a.	n.a.			
Germany																																
Real GDP ¹	2.0	2.0	2.9	0.8	0.1	-0.1	1.6	0.8	2.9	2.6	0.7	0.2	2.9	2.6	1.6	1.9	1.4	1.4	1.6	0.9	1.3	0.7	1	1	0.6	0.2	0.7	0.3	1.5			
Inflation ¹	0.6	0.6	1.4	1.9	1.3	1.1	1.8	1.9	1.8	2.8	1.9	2.0	1.8	2.8	1.7	1.9	2.4	2.2	2.2	2.2	2.2	2.3	2.3	2.0	2.2	2.6	2.7	3.0	2.9			
Interest rates ²	3.4	2.7	4.1	4.4	3.3	2.3	1.8	2.1	2.6	3.6	1.5	1.8	2.6	3.6	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.6	3.6	3.6	3.8	3.5	3.5			
Italy																																
Real GDP ¹	1.8	1.7	3.1	1.8	0.4	0.4	-0.2	0.0	1.8	1.5	1.2	0.5	1.8	1.5	-0.5	0.7	1.0	1.0	n.a.	0.8	0.6	0.3	1.1	1	0.3	0.1	0.4	-0.4	0.5			
Inflation ¹	2.0	1.7	2.6	2.7	2.6	2.7	2.3	2.2	2.7	2.1	2.2	2.0	2.7	2.1	2.0	2.2	2.2	2.2	2.4	2.2	2.2	2.3	2.3	2.0	2.2	1.9	1.7	2.4	3.3			
Interest rates ²	5.0	3.0	4.4	4.3	3.3	2.3	2.1	2.1	2.4	3.5	2.1	2.1	2.4	3.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	3.0	2.4	3.5	3.5	3.5	n.a.	n.a.			
Japan																																
Real GDP ¹	-1.1	0.2	2.8	0.4	-0.4	2.5	2.7	1.9	2.4	2.1	1.1	-0.1	2.4	2.1	1.0	1.8	2.1	2.1	2.7	0.6	0.6	0.0	1.3	0.1	0.1	-0.3	0.3	0.6	1.0			
Inflation ¹	0.6	-0.3	-0.9	-0.7	-0.9	-0.2	0.0	-0.3	0.2	0.1	-0.2	0.5	0.2	0.1	-0.2	0.2	0.3	0.3	0.3	-0.1	0.2	0.2	-0.2	-0.2	-0.2	-0.1	-0.1	0.5	1.0			
Interest rates ²	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4			
UK																																
Real GDP ¹	2.9	2.4	3.1	2.1	1.9	2.3	3.3	1.8	2.9	3.0	3.1	2.6	2.9	3.0	2.2	1.6	1.8	1.8	1.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.6	0.3			
Inflation ¹	2.7	2.3	2.1	2.1	2.2	2.8	2.2	2.0	2.3	2.4	2.1	2.3	2.3	2.4	2.2	2.2	2.4	2.3	1.9	2.2	2.4	2.2	2.4	2.7	2.9	2.6	1.8	2.1	2.4			
Interest rates ²	7.2	5.2	5.3	4.3	3.9	3.6	4.3	4.8	4.5	5.3	4.5	4.1	4.5	5.3	4.8	4.8	4.8	4.8	4.8	4.8	4.8	3.8	4.8	4.5	5.3	5.3	5.3	5.3	5.3	n.a.		
USA																																
Real GDP ¹	4.2	4.5	3.7	0.8	1.6	2.5	3.6	3.1	2.9	2.2	3.4	3.4	2.9	2.2	3.1	2.8	4.5	1.2	4.8	2.4	1.1	2.1	2.1	2.1	0.6	3.8	4.9	0.6	1.0			
Inflation ¹	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.9	2.7	3.3	3.2	2.9	3.0	2.9	3.0	3.7	3.7	4.0	3.3	1.9	2.4	2.4	2.7	2.4	2.7	4	4.1			
Interest rates ²	5.4	5.0	6.2	3.9	1.7	1.1	1.1	2.2	2.1	5.3	1.4	1.1	2.1	5.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.0	2.1	2.1	5.2	5.2	5.3	5.3	5.3			
EURO AREA																																
Real GDP ¹	2.9	2.8	3.5	1.5	0.9	0.8	2.1	1.4	2.8	2.6	1.7	1.5	2.8	2.6	2.1	2.3	2.6	2.9	0.9	0.9	0.6	0.9	0.6	0.9	0.8	0.7	0.8	0.4	0.7			
Inflation ¹	1.1	1.1	2.1	2.4	2.3	2.1	2.0	2.2	2.2	2.3	2.2	2.3	2.2	2.3	2.3	2.0	2.2	2.3	2.3	2.3	2.3	2.5	2.1	2.2	2.1	2.1	2.0	2.9	3.3			
Interest rates ²	2.7	2.7	4.1	4.4	3.3	2.3	2.0	2.1	2.4	3.8	2.0	2.0	2.4	3.8	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	3.8	3.8	3.9	3.9	3.9			

¹ Annual percent change.² Percent.Source: IMF World Economic Outlook, April 2005 IFS, The Economist. Various issues.
National Statistics Offices, National Central Banks, n.a. figures are not available

Table A7.2: World Market Prices for Selected Commodities, 1998-2008

Commodity	Unit Price	2006																	2008		
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Q1	Q2	Q3	Q4	Q1	Q2				
Coffee (arabica)	US\$/Kg	2.9	2.3	1.9	1.4	1.4	1.4	1.8	2.5	2.5	2.5	2.6	2.4	2.4	2.7	2.67	2.55	2.71	2.96	3.29	3.15
Cotton (A index)	US\$/Kg	1.4	1.2	1.3	1.1	1.0	1.4	1.4	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.29	1.27	1.49	1.53	1.68	1.66
Sisal (UG grade)	US\$/ton	820.5	691.5	631.8	699.2	659.6	697.9	862.1	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	1,030.00	1,033.33	1,035.00	1,025.00	1,025.00
Tea**	US\$/Kg	2.4	1.8	1.9	1.5	1.5	1.5	1.6	2.0	2.0	2.0	2.1	2.0	1.7	1.66	1.60	1.67	1.73	2.22	2.21	
Gold	US\$/troy ounce	294.3	278.8	279.0	271.0	310.0	363.5	409.2	604.4	604.4	554.0	627.4	621.5	614.5	650.30	667.40	681.1	788.00	926.8	896.00	

Note: * Provisional

** Mombasa Auction price replaces London Auction price beginning July 1998.

 Source: <http://www.imf.org> and worldbank.org/prospect



A7.0 International Economic and Financial Developments

Table A7.3 : Selected Exchange Rates-Currency Units per US Dollar (Period Average), 1998-2008

Period	In TZS									
	Pound Sterling	Deutsche Marks	Swiss Francs	Dutch Guilders	French Francs	Belgium Francs	Italian Lira	Swedish Kroners	Japanese Yen	Euro
1998	0.6037	1.7585	1.4488	1.9826	5.8967	36.2587	1,733.6653	7.9568	130.7976	
1999	0.6180	1.8411	1.3737	2.0341	6.1238	37.5167	1,809.3211	8.3045	113.7895	0.9365
2000	0.6607	2.1222	1.6883	2.3913	7.1179	43.7745	2,109.2178	9.1632	107.7258	1.0851
2001	0.6944	2.1840	1.6868	2.4608	7.3249	45.0467	2,162.1880	10.3307	121.4601	1.1167
2002	0.6666	2.2196	1.5572	2.5009	7.4442	45.7801	2,197.3919	9.7207	125.2566	1.0614
2003	0.6124	2.2163	1.3456	2.4971	7.4330	45.7112	2,194.0867	8.0832	115.9469	0.8859
2004	0.5460	2.2163	1.2429	2.4971	7.4385	45.7112	2,194.0867	7.1908	108.1147	0.8050
2005	0.4282	2.2089	1.2462	2.4888	7.4082	45.5618	2,186.9137	7.0983	111.0345	0.8149
2006	0.5407	2.2380	1.2476	2.4934	7.4220	45.6434	2,190.8314	7.3494	115.8541	0.7940
2007	0.4996	2.2163	1.1995	2.4971	7.4330	45.7112	2,194.0871	6.7585	117.6693	2.1534
2004-Quarter1	0.5440	2.2163	1.2545	2.4971	7.4330	45.7112	2,194.0867	7.3422	107.1633	0.8000
Quarter2	0.5534	2.2163	1.2763	2.4971	7.4330	45.7112	2,194.0867	7.5928	109.6163	0.8299
Quarter3	0.5499	2.2163	1.2568	2.4971	7.4550	45.7112	2,194.0867	7.4930	109.8253	0.8180
Quarter4	0.5366	2.2163	1.1842	2.4971	7.4330	45.7112	2,194.0867	6.3351	105.8540	0.7721
2005-Quarter1	0.5460	2.2163	1.1842	2.4971	7.4330	45.7112	2,194.0867	6.3351	108.1147	0.8050
Quarter2	0.5387	2.2163	1.2260	2.4971	7.4330	45.7233	2,194.6676	6.4050	107.6018	0.7940
Quarter3	0.0560	2.2011	1.2731	2.4801	7.3823	45.3996	2,179.1258	7.6811	111.1872	0.8195
Quarter4	0.5720	2.2018	1.3014	2.4808	7.3845	45.4131	2,179.7746	7.9721	117.2344	0.8411
2006-Quarter1	0.5705	2.2031	1.2961	2.4823	7.3889	45.4400	2,181.0655	7.7696	116.9342	0.8313
Quarter2	0.5370	2.3163	1.2229	2.4971	7.4330	45.7112	2,194.0867	7.3046	112.6559	0.7853
Quarter3	0.5335	2.2163	1.2369	2.4971	7.4330	45.7112	2,194.0867	7.2424	116.1884	0.7845
Quarter4	0.5219	2.2163	1.2343	2.4971	7.4330	45.7112	2,194.0867	7.0809	117.6377	0.7750
2007-Quarter1	0.5115	2.2163	1.2314	2.4971	7.4330	45.7112	2,194.0867	7.0061	119.2642	0.7617
Quarter2	0.5035	2.2163	1.2223	2.4816	7.4330	45.7112	2,194.0867	6.8698	120.7205	0.8362
Quarter3	0.4950	2.2163	1.1993	2.4971	7.4330	45.7112	2,194.0867	6.7452	117.7301	0.7280
Quarter4	0.4886	2.2163	1.1452	2.4971	7.4330	45.7112	2,194.0884	6.4130	112.9625	0.6901
2008-Quarter1	0.5080	2.2163	1.0691	2.4971	7.4330	45.7112	2,194.0867	6.4083	107.8423	0.6679
Quarter2	0.5084	2.2192	1.0331	2.5004	7.4427	45.7710	2,196.9530	5.9950	104.6896	0.6410

Source: IFS, Bank of Tanzania



A7.0 International Economic and Financial Developments

Table A7.4: Bureau de Change Quarterly Transactions, 1998-2008

End of Period	Volume of Transactions (Millions of US\$)		Exchange Rates (Average TZS/US\$)		Mean Rate TZS/US\$
	Purchases	Sales	Buying	Selling	
1998	509.78	485.67	642.71	665.50	654.11
1999	350.70	334.20	720.29	746.13	733.21
2000	288.19	280.99	796.94	807.73	802.34
2001	282.30	271.97	865.74	877.32	871.53
2002	220.03	211.09	960.68	979.10	969.89
2003	257.08	253.59	1,032.01	1,049.58	1,040.79
2004	310.80	327.60	1,083.13	1,100.93	1,092.03
2005	406.34	409.15	1,122.34	1,139.18	1,130.76
2006	374.73	375.62	1,241.99	1,263.42	1,252.70
2007	417.49	417.02	1,236.92	1,263.25	1,250.09
2004: Quarter1	62.70	62.80	1091.00	1112.70	1101.85
Quarter2	63.60	83.60	1103.90	1120.70	1112.30
Quarter3	82.00	82.70	1,083.60	1,096.00	1,089.80
Quarter4	102.50	98.50	1054.00	1074.30	1,064.15
2005: Quarter1	79.12	78.40	1,089.70	1,111.33	1,100.52
Quarter2	108.03	104.21	1,108.33	1,127.40	1,117.87
Quarter3	117.19	119.85	1,128.00	1,143.33	1,135.67
Quarter4	102.00	106.69	1,163.33	1,174.67	1,169.00
2006: Quarter1	104.64	104.16	1,185.00	1,205.00	1,195.00
Quarter2	84.47	85.81	1,234.33	1,252.67	1,243.50
Quarter3	98.40	98.82	1,279.62	1,302.00	1,290.81
Quarter4	87.22	86.83	1,269.00	1,294.00	1,281.50
2007: Quarter1	98.01	97.08	1,266.67	1,289.00	1,277.84
Quarter2	96.94	96.71	1,258.67	1,279.67	1,269.17
Quarter3	113.26	113.64	1,264.67	1,281.33	1,273.00
Quarter4	115.66	115.00	1,157.67	1,203.00	1,180.34
2008: Quarter1	106.67	106.45	1,172.33	1,196.33	1,184.33
Quarter2	114.78	108.25	1,193.00	1,227.00	1,210.00

* Provisional

Source: Bank of Tanzania



PART VI : LIST OF MANAGEMENT

Name	Title	Telephone No. Direct
EXECUTIVE OFFICE		
Prof. B. Ndulu	Governor	022 223 3020/1/2
Dr. E. Bukuku	Deputy Governor (EFP)	022 223 3040/1
J. H. Reli	Deputy Governor (AIC)	022 223 3042/3
L. H. Mkila	Deputy Governor (FSD)	022 223 3044/5
1. DIRECTORATE OF GOVERNOR'S OFFICE		
B. N. Msami	Director	022 223 3160/1
J. B. Kimaro	Deputy Director, Communications	022 223 3166/7
M. Mugo	Deputy Director, Special Duties I	022 223 3164
T. Mwakilema	Deputy Director, Special Duties II	022 2113444
J. N. Makindi	Deputy Director, Special Duties, (Staff Counseling & Manpower Planning)	022 223 3201
D. D. Kweka	Project Manager	022 223 5382/3
2. DIRECTORATE OF STRATEGIC PLANNING & PERFORMANCE REVIEW		
P. M. Noni	Director	022 223 3423/4
Strategic Planning Department		
A. Haule	Deputy Director	022 223 3425/6
Programmes Coordination Department		
M. Mbawala	Deputy Director	022 223 3434/5
Organization and Methods Department		
F. Kazimoto	Deputy Director	022 223 3475



- 3. DIRECTORATE OF PERSONNEL AND ADMINISTRATION**
- L. Kisarika Director 022 223 5144/5
- Personnel Management Department**
- R. Wambali Deputy Director 022 223 5148/9
- Training and Development Department**
- S. Mahembe Deputy Director 022 223 5146/7
- Estate Management Department**
- P. Mutoni Deputy Director 022 223 5098/9
- Administrative & General Services Department**
- J. P. Mpelembwa Associate Director 022 223 5192/3
- Facilities Management Department**
- E. Twininge Deputy Director 022 223 5555
- 4. DIRECTORATE OF BANKING**
- S. Jengo Director 022 223 5415/6
- Banking Department**
- E. Balele Deputy Director 022 223 5134/5
- Currency Department**
- K. J. Jurango Deputy Director 022 2118491
- Systems Operations Department**
- A. Massawe Deputy Director 022 223 5138/9
- 5. DIRECTORATE OF BANKING SUPERVISION**
- J. M. B Massawe Director 022 223 5482/3
- Banks Supervision (Banks) Department**
- C. Gama Deputy Director 022 223 5530/1



Non-Banks Supervision Department

S. Kazimoto Deputy Director 022 223 5480/1

Operation & Policy Review Department

A. E. Kobello Deputy Director 022 223 5576/7

Microfinance Institutions Department

H. Ndambala Deputy Director 022 223 5585/6

6. DIRECTORATE OF ECONOMIC POLICY

Dr. J. L. Masawe Director 022 223 3328/9

A. J. Mengo Associate Director 022 2115614

Dr. B. Tarimo Associate Director 022 223 3376

Monetary & Financial Affairs Department

C.L. Kiliaki Deputy Director 022 223 3349/50

International Economics Department

G. Mwakibolwa Deputy Director 022 223 3303/4

Debt Management Department

Y. A. Mchujuko Deputy Director 022 223 3378/9

Macroeconomic & Financial Programs Department

P. L. Kadesha Deputy Director 022 223 3330/1

Trade, Finance and Investment Policies Department

S. S. Mrutu Deputy Director 022 223 3282/3

Real Sector Department

D. D. Thewa Deputy Director 022 223 3390/1

Research Department

I. A. Ntambwe Deputy Director 022 223 3518/9

**Micro-Finance Analysis and Policy Department**

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7. DIRECTORATE OF FINANCE

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Domestic Accounts Department

E. M. Boaz Deputy Director 022
2121433/2235624/5

Foreign Accounts Department

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8. DIRECTORATE OF FINANCIAL MARKETS

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Foreign Markets Department

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Credit Guarantee Scheme Department

E. Maganga Deputy Director 022 223 3568/9

Risk Management Department

A. K. Ng'winamila Ag. Deputy Director 022 223 3570/1

9. DIRECTORATE OF MANAGEMENT INFORMATION SYSTEMS

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Management Information System Department

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Systems Design and Administration Department

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Networks and Office Automation Department

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10. DIRECTORATE OF NATIONAL PAYMENTS SYSTEMS

L. Kinunda Director 022 223 5432/3

Payment System Oversight and Policy Department

G. Tabaro Deputy Director 022 223 5439/40

System Development & Support Department

B. J. Dadi Deputy Director 022 223 5434/5

11. DIRECTORATE OF INTERNAL AUDIT

A. Mwinyimvua Director 022 223 5240/1

Internal Audit 1 Department

R. Mwanga Deputy Director 022 223 5242/3

Internal Audit 11 Department

H. M. Mnjovu Deputy Director 022 223 5255/6

12. OFFICE OF THE SECRETARY TO THE BANK

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B.A. Mbanga Deputy Director 022 223 5376/7

Board Services and Exchange Liberalization Department

Y. E. Tongola Deputy Director 022 223 3242/3

**Legislation Department**

N.D. Mukiryia Deputy Director 022 223 3248/9

Litigation Department

M.K. Ismail Deputy Director 022 223 3256

13. BANK OF TANZANIA TRAINING INSTITUTE (MWANZA)

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..... Deputy Director, Finance
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14. BANK OF TANZANIA BRANCHES**Arusha**

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& Policy 027 2504047

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G. Magaga Deputy Director, Finance
& Administration 027 2504009

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Mwanza

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J. Rushaka Deputy Director, Operations 028 2500024

W. L. Tawe Deputy Director, Economics 028 2500622

..... Deputy Director, Finance
& Administration 028 2500025

**Zanzibar**

J. S. Mhando	Director	024 2232140
S.S. Mwakalukwa	Deputy Director, Operations & Policy	024 2231441
N.K. Mboje	Deputy Director, Economics	024 2232715
C. Kiponda	Deputy Director, Finance & Administration	024 2232687
I. Nungu	Deputy Director, Special Assign. (PBZ)	024 2238480





