



BANK OF TANZANIA

ANNUAL REPORT 2006 / 07

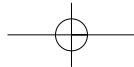
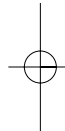
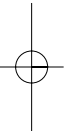
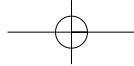
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ABBREVIATIONS AND SYMBOLS

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
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

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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



BANK OF TANZANIA

August 18, 2008

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

Dear 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 through out the year; and
- (b) The Balance Sheet as at 30th June 2007, the Profit and Loss Account for the year ended 30th June 2007 and associated financial statements as well as detailed notes to the accounts for the year and the previous year's comparative data certified by the External Auditor along with the Auditor's opinion.

Yours sincerely,

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

Prof. Benno J. Ndulu
Governor
Bank of Tanzania

BANK OF TANZANIA



BOARD OF DIRECTORS 2006/2007



Mr. D. T. S. Ballali
Governor, Chairman



Mr. J.H. Reli
Deputy Governor, Deputy Chairman



Mr. G.S. Mgonja
Permanent Secretary
to the Treasury (URT)



Prof. L.K. Rutashobya
Director



Mr. K.M. Omary
Principal Secretary, Treasury
(RGZ)



Dr. N. E. Mwamba
Director



Prof. B.J. Ndunguru
Director



Mr. M.N. Shirima
Director



Prof. J. Semboja
Director



Mr. B.N. Kimela
Ag. Secretary to the Bank



BANK OF TANZANIA

BOARD OF DIRECTORS 2007/2008



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. G.S. Mgonja
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



TABLE OF CONTENTS

BOARD OF DIRECTORS 2006/2007	iv
BOARD OF DIRECTORS 2007/2008	v
BANK OF TANZANIA MISSION	vii
BANK OF TANZANIA'S INFLATION CONTROL STRATEGY	vii
MONETARY POLICY IMPLEMENTATION BY THE BANK OF TANZANIA	viii
EXECUTIVE SUMMARY	ix
 PART I: AN OVERVIEW OF ECONOMIC DEVELOPMENTS	 xi
CHAPTER ONE: OUTPUT AND PRICES	1
CHAPTER TWO: PUBLIC FINANCE	13
CHAPTER THREE: MONETARY AND FINANCIAL DEVELOPMENTS	16
CHAPTER FOUR: BALANCE OF PAYMENTS DEVELOPMENTS	26
CHAPTER FIVE: DEBT DEVELOPMENTS	33
CHAPTER SIX: ECONOMIC DEVELOPMENTS IN ZANZIBAR	36
CHAPTER SEVEN: INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS	53
PART II: BANK OF TANZANIA OPERATIONS	71
BRANCH ACTIVITIES	89
PART III: REPORT OF THE AUDITORS	93
PART IV: CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY EVENTS, JANUARY 2000 TO JUNE 2007	175
PART V: STATISTICAL TABLES	180
PART VI: LIST OF MANAGEMENT	243



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'S 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.

THE 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 economy 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's 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, sets monthly monetary policy targets and closely monitors 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 daily liquidity developments daily and agrees on market intervention strategies.



EXECUTIVE SUMMARY

A slow down in economic activities during 2006 contributed to a decline in real GDP growth rate from 6.8 percent recorded in 2005 to 6.2 percent in 2006. Inline with this development, the growth of per capita income also decelerated to 3.3 percent from 4.2 percent in 2005. Unsatisfactory performance in most of economic activities was largely attributed to high oil prices in the world market and persistent drought, which adversely affected agriculture and hydro-power generation in the country. The main drivers of growth in 2006 were trade, mining and transport and communication, which experienced better than anticipated performance.

With the exception of agriculture which recorded a lower growth rate of 4.1 percent from 5.1 percent of last year, performance of all other major economic activities was fairly strong. Higher growth rates of 16.4 percent, 7.5 percent and 8.4 percent were recorded in mining, communication and trade, respectively.

The drought experienced during 2006 together with rising oil prices also had far reaching consequences on inflationary pressure. In most of the year, the economy experienced inflationary pressures emanating from rising oil prices, domestic food prices and high cost of power. Despite the pressure, the annual inflation rate was maintained at a single digit level albeit with rising trend. From 5.4 percent in July 2006, annual inflation went up to a peak of 7.3 percent in February 2007 and then dropped to 5.9 percent in June 2007, following the onset of the harvest season.

The thrust of fiscal policy during 2006/07 was aligned towards continued implementation of the National Strategy for Growth and Reduction of Poverty, Millennium Development Goals and the Tanzania's Vision

2025. Despite the adverse impact of prolonged drought that led to increased transfers to the energy sector, the overall deficit amounted to TZS 955.8 billion, equivalent to 6.3 percent of GDP compared to the projected deficit of TZS 888.6 billion or 5.8 percent of GDP.

The economy continued to experience high liquidity pressure for most part of the year, owing to increased government financing needs and acceleration in expansion of credit to the private sector. Government financing needs were associated with additional budgetary support to adjust supply shocks related to the drought, higher pension outlays and poverty reduction expenditures.

In order to maintain appropriate levels of liquidity in the economy, the Bank scaled up the use of open market operations, foreign exchange operations and repurchase agreements. Further, following reduction of the minimum investment threshold for direct placement in government securities with the Bank, from TZS 50.0 million to TZS 5.0 million, the market became increasingly more active. Implementation of these measures aligned the growth of monetary aggregates to desired levels. Accordingly, the annual growth of M3 decelerated to 20.7 percent in June 2007 from 31.6 percent recorded during the same month last year, while M2 grew by 20.1 percent compared to previous year's growth rate of 24.5 percent. Despite the relatively high lending rates, the growth of credit to the private sector remained robust, reaching 36.4 percent, close to the projected growth rate of 37.0 percent during the year under review.

Balance of payments statistics indicate a higher surplus of USD 361.6 million during the year ending June 2007 compared to a surplus of USD 344.8 million recorded in the



corresponding period in 2006. This development was partly explained by increase in Foreign Direct Investments (FDI). On the other hand, the current account deficit widened significantly to USD 1,786.4 million from USD 1,146.6 million in the previous year. This was largely explained by increase in capital goods imports (mainly machinery and gas turbines for power generation) as well as a surge in oil prices in the world market.

The national debt stock, which includes external and domestic debts stood at USD 6,158.8 million at the end of June 2007, being a decline of 36.1 percent from USD 9,635.4 million registered at the end of June 2006. During the year under review, the government of Japan cancelled its debts to Tanzania government worth USD 523 million. Meanwhile, Abu Dhabi Fund signed an agreement to reschedule its debts worth USD 12.2 million, bringing a cumulative debt relief of USD 184.6 million and USD 171.2 million in the form of cancellation and rescheduling, respectively, from Non-Paris bilateral creditors.

The Zanzibar economy grew at the rate of 6.1 percent, close to the target of 6.2 percent, and

higher than the previous year's growth rate of 4.9 percent. The improved performance was largely driven by robust performance in agriculture owing to good weather conditions that led to improved crop production.

Fiscal performance during 2006/07 was satisfactory with the budget deficit narrowing to TZS 13.5 billion (2.6 percent of GDP), from TZS 50.3 billion recorded during 2005/06. Zanzibar's total debt stood at TZS 198.9 billion as at the end of June 2007, being an increase of 9.5 percent from TZS 181.5 billion recorded at the end of June 2006. The debt to GDP ratio rose to 50.3 percent from 45.8 percent over the same period.

The deficit in goods account narrowed to USD 56.0 million from previous year's deficit of USD 67.2 million. Following these developments, the current account recorded a surplus of USD 46.8 million, up from USD 3.3 million recorded in the preceding year. The performance was largely attributed to increased exports of goods and services with a surge in foreign grants coupled with a decline in the import bill.

BANK OF TANZANIA



PART I

AN OVERVIEW OF ECONOMIC DEVELOPMENTS



CHAPTER ONE

OUTPUT AND PRICES

Gross Domestic Product

During 2006, Tanzania continued to record a good overall macroeconomic performance after sustained economic reforms over the last decade. The economy has been growing at an average rate of 6.3 percent in the past five years to 2006. However, the growth rate of Gross Domestic Product (GDP) in 2006 was 6.2 percent, slightly lower than the five years average. The slow down in economic activity

in 2006 was on account of persistent drought which adversely affected agricultural production and hydropower generation, coupled with the high oil prices in the world market. Given the estimated population growth rate of 2.9 percent, real per capita income increased by 3.3 percent in 2006. Notwithstanding the slow down in the growth rate of the agricultural production the sector still held the highest share of total GDP (**Table 1.1 and Chart 1.2**).

Chart 1.1: Tanzania Mainland:
Trend of Real GDP growth rate 2000-2006

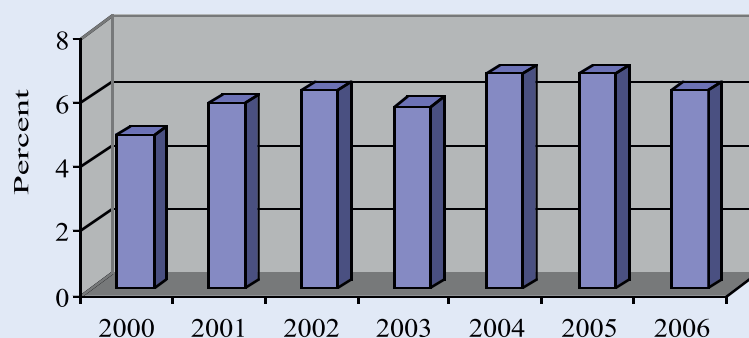




Table 1.1: Distribution of Gross Domestic Product by Activity, at Constant 1992 Prices

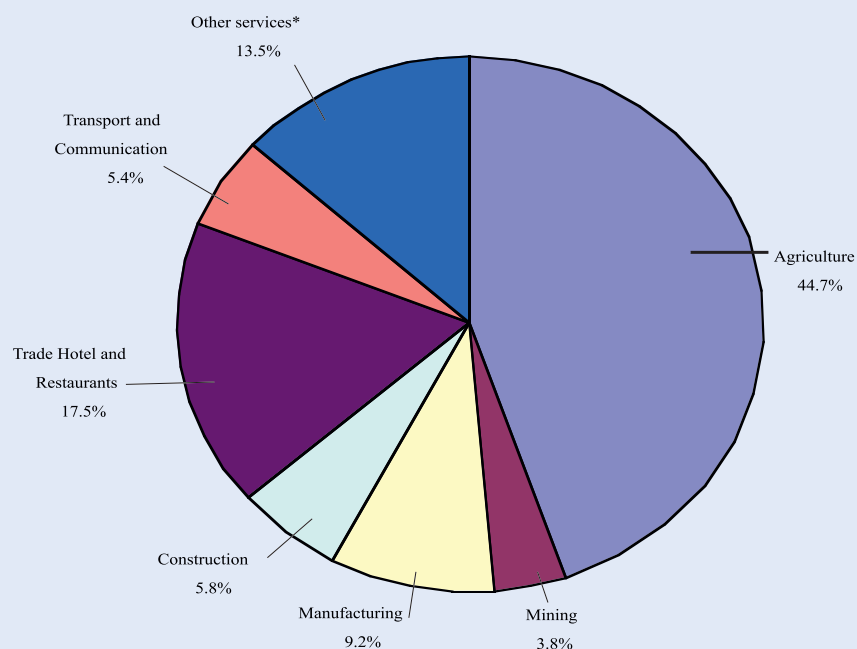
Activity	2002	2003	2004	2005	2006
Millions of TZS					
GDP (factor cost)	1,857,174	1,962,432	2,094,516	2,234,752	2,374,329
Agriculture	882,106	917,395	970,378	1,019,968	1,061,998
Mining	49,787	58,749	67,798	78,443	91,307
Manufacturing	156,219	169,653	184,218	200,797	218,066
Construction	92,678	102,872	113,994	125,736	138,309
Trade Hotel and Restaurants	308,928	329,009	354,726	383,814	416,054
Transport and Communication	101,244	106,294	112,648	119,833	128,820
Other services*	266,212	278,460	290,754	306,162	319,773
Annual Growth Rates in Percentage					
GDP (factor cost)	6.2	5.7	6.7	6.7	6.2
Agriculture	5	4	5.8	5.1	4.1
Mining	15	18	15.4	15.7	16.4
Manufacturing	8	8.6	8.6	9	8.6
Construction	11	11	10.8	11.9	10.0
Trade Hotel and Restaurants	7	6.5	7.8	8.2	8.4
Transport and Communication	6.4	5	6	6.4	7.5
Other services*	4.9	4.6	4.4	5.3	4.4
As Percent of GDP					
Agriculture	47.5	46.7	46.3	45.6	44.7
Mining	2.7	3	3.2	3.5	3.8
Manufacturing	8.4	8.6	8.8	9	9.2
Construction	5	5.2	5.4	5.7	5.8
Trade Hotel and Restaurants	16.6	16.8	16.9	17.2	17.5
Transport and Communication	5.5	5.4	5.4	5.4	5.4
Other services*	14.3	14.2	13.9	13.7	13.5

Note: * Includes electricity and water supply

Source: National Bureau Of Statistics



Chart 1.2: Activity Distribution of GDP in 2006 (at 1992 prices)



Developments in Selected Economic Activities

During 2006, activities in mining, trade, hotels and restaurants, transport and communication, financial and other services recorded higher growth rates than the previous year. Improvement in business environment played a significant role in the growth and expansion of economic activities during 2006. Agriculture remained dominant, contributing about 44.7 percent of GDP despite the slower growth rate of 4.1 percent in 2006 compared to 5.1 percent recorded in the preceding year. The crop sub sector, which accounted for about 74.6 percent of the agricultural sector, grew at slower rate of 4.0 percent in 2006 compared to 5.2 percent recorded in 2005. This was due to drought experienced in most parts of the country in 2005/06 cropping season.

Value added in manufacturing activities continued to improve, growing at 8.6 percent in 2006, albeit at a lower rate when compared to 9.0 percent recorded in 2005. Its contribution to GDP however, increased to 9.2 percent

compared to 9.0 percent a year before. When expressed in terms of Manufacturing Production Index (MPI), a rate that measures changes in production of commodities in real terms over time, the sector grew slightly by 1.0 percent to an index of 225.8 compared to 223.5 recorded in 2005, (Table 1.2). The improved performance of the manufacturing sector since mid 1990's has been due to implementation of various structural and economic reforms by the government which has attracted new investments into the sector, improved capacity utilisation in the privatised firms, the newly established firms under Export Processing Zones (EPZ), improved support services like transportation, communication and financial services 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 provided expanded markets for the country's manufactured goods.

BANK OF TANZANIA



Despite the improved performance in the production of manufactured goods, declines were registered in chemicals, rubber, plastic products and fabricated metal products sub-sectors. This was partly due to rising prices of petroleum products in the world market coupled with depreciation of Tanzanian shilling. Decline in the production of some manufactured products was also attributed to unfair competition from cheap imported products and poor infrastructure especially roads and railway systems.

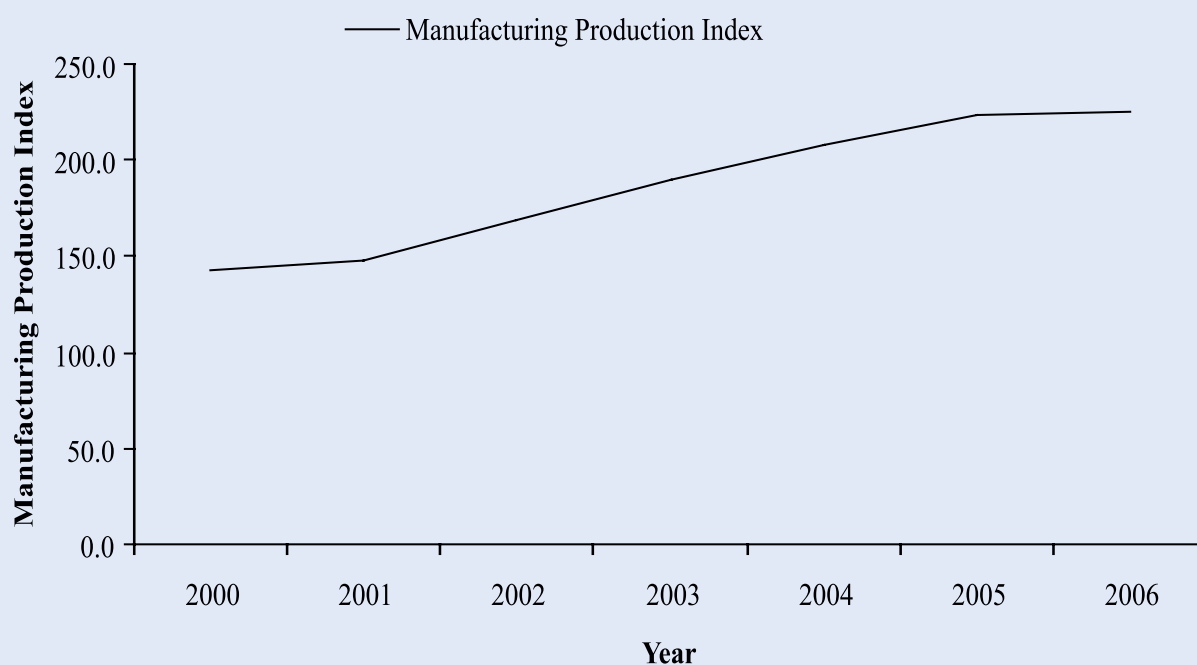
In the year under review, increased output was recorded in vegetable oils and fats, cigarettes,

textiles, blended tea, konyagi, beer, soft drink, iron sheets, rolled steel and dry batteries (Table 1.3). With the exception of cement, production of other construction materials such as rolled steel, timber, plywood and iron sheets increased due to rising demand for construction materials.

Inadequate supply of raw materials, power shedding and insufficient working capital led to decline in the production of fish fillet, instant coffee, sugar and sisal ropes and twines. The decline in production of sugar was explained by bad weather conditions (Table 1.3).

Chart 1.3: Volume of Production in Manufacturing Industry

Index 1985 = 100



**Table 1.2: Index of Manufacturing Industries by Activity****Index 1985 = 100**

		Index 1985 = 100					
		2002	2003	2004	2005	2006p	%
ISIC	Industrial Activity						Change
21	Food, Beverage and Tobacco	212	227	258	290	293	0.9
211/2	Food Products	138	150	161	173	170	-1.6
313	Beverages	296	317	353	383	458	19.5
314	Tobacco	155	172	255	358	335	-6.6
32	Textiles and Leather and Footwear	227	268	288	273	299	9.7
321	Textiles (Spinning and Weaving)	263	311	326	315	346	9.9
323	Leather and products except footwear	6	5	6	5	4	-16.7
324	Footwear	0	0	0	0	0	0.0
331	Wood and products	61	127	76	76	82	8.2
341	Paper and paper products	64	53	78	80	87	9.7
35	Chemicals, petroleum & plastic products	95	125	131	138	133	-4.0
351	Industrial chemicals	20	56	27	73	35	-51.4
352	Other chemicals	467	592	657	659	648	-1.6
353	Petroleum refineries	0	0	0	0	0	0.0
355	Rubber products	83	66	47	38	62	61.4
356	Plastic products	335	566	577	552	642	16.3
36	Non metallic products	250	283	289	325	333	2.4
36	Pottery, china etc; glass products and non-metallic products n.e.s.	250	283	289	325	333	2.4
37	Basic metal industries	115	137	128	128	143	11.5
37	Iron and steel and non-ferrous metals	115	137	128	128	143	11.5
38	Fabricated metal products, machinery and equipment	64	74	75	64	61	-4.7
381	Metal products	29	35	38	32	29	-9.5
382	Machinery n.e.s.	9	4	2	4	1	-73.3
383	Electrical machinery	160	182	160	153	163	6.0
384	Transport equipment	5	8	7	4	5	11.8
39	Other industries	53	93	105	107	130	21.8
3	Total Manufacturing	169	190	208	224	226	1.0

P = provisional

Source: National Bureau of Statistics

**Table 1.3: Volume of Selected Manufactured Commodities**

Commodity	Unit	2002	2003	2004	2005	2006 ^P	% Change
Fish fillets	M.T	35,140	39,873	43,119	44,691	42,371	-5.2
Vegetable oils & fats	M.T	93,298	88,263	76,658	94,124	111,967	19.0
Cigarettes	Mill. Sticks	3,778	3,920	4,219	4,445	4,723	6.3
Textiles	000 M2	106,305	126,900	127,051	110,520	124,716	12.8
Sisal ropes & twines	Tons	5,901	6,839	5,161	5,943	5,854	-1.5
Instant coffee	Tons	306	273	325	410	340	-17.1
Blended tea	Tons	4,567	4,997	5,341	5,823	6,393	9.8
Konyagi	Mill. Litres	2.9	3.7	4.1	4.5	5.0	11.0
Beer	000 Litres	175,870	194,100	202,628	216,604	274,142	26.6
Soft drinks	000 Litres	208.7	212.5	264.1	292.9	321.4	9.8
Sugar, refined	Tons	189,573	212,908	202,261	268,772	173,376	-35.5
Cement	000 Tons	1,026	1,186	1,281	1,366	1,289	-5.6
Aluminium & corrugated iron sheets	Tons	35,067	31,018	29,573	25,088	30,293	20.7
Rolled steel	Tons	25,418	38,794	40,029	47,652	53,818	12.9
Dry cells	000 Pcs	42,000	43,000	74,000	81,000	84,000	3.7

Note: **P = Provisional**Source: **National Bureau of Statistics**

During the period under review, the mineral sector grew by 16.4 percent from 15.7 percent recorded in 2005 while its contribution to GDP rose by 0.3 percent to 3.8. The good outturn of the sector was attributed to increase in production of diamond, gemstones and gypsum along with increase in prices of gold in the world market.

During this period, production of gold, which accounts for the largest share of the mining activities in the country, declined by 15.9 percent to 39.7 tons from 47.3 tons recorded in the preceding year. The decline was associated with recovery of ore with lower mineral content. Diamonds recovery increased by 23.9 percent to 272,204 carats, most of which were industrial diamonds. Exports of diamonds were valued at USD 25.9 million, which is an

increase of 8.2 percent when compared to value of exports of USD 22.4 million registered in 2005. Gemstones production, particularly low priced minerals such as moonstone and marble, increased. However, total gemstone sales decreased to USD 10.2 million compared to USD 40.5 million sold in 2005 mainly due to decrease in the world market prices of some gemstones. Production of Coal declined to 17,940 tons compared to 30,800 tons mainly due to old age of processing facilities at Kiwira mining fields. Production of limestone and pozzolana, which are raw materials for production of cement, declined by 19.9 percent and 20.9 percent, respectively partly because of increased transportation costs and power shedding (Table 1.4).

**Table 1.4: Recoveries of Selected Minerals**

Item	Unit	2002	2003	2004	2005	2006p	% Change
Diamond	000'Carats	239.8	236.4	303.9	219.6	272.2	23.9
Gold	Kgs	43.3	48.0	48.2	47.3	39.7	-15.9
Gemstone	Kgs	195.8	1,531.5	1,613.8	627.8	2,493.1	297.1
Salt	000'Tons	71.2	59.0	57.1	51.2	34.8	-32.0
Gypsum	000'Tons	73.0	33.2	59.2	23.1	32.6	40.8
Limestone	000'Tons	2,856.7	1,206.2	1,390.9	2,006.4	1,607.6	-19.9
Pozzolana	Tons	52.0	24.5	152.7	163.5	129.3	-20.9
Coal	000' Tons	79.2	54.6	65.0	30.8	17.9	-41.7

Note: P = provisional

Source: Ministry of Energy and Minerals

Trade, Hotels and Restaurant including tourism grew by 8.4 percent in 2006 compared to a growth of 8.2 percent recorded in the previous year. The sector contributed about 17.5 percent of GDP which is an increase of 0.3 percentage points compared to a contribution of 17.2 percent in 2005. The improvement is mainly attributed to an influx of tourists as a result of various promotional campaigns made by the Government and other stakeholders locally and abroad.

Construction activities grew by 10.0 percent in 2006 slightly lower than the rate of 10.3 percent of 2005. The sector maintained a steady growth of about 11 percent in the past five years on account of increased infrastructure developments, including roads and bridges, water supply projects, and construction of residential and non-residential buildings.

Growth in transport and communication activities during 2006 increased to 7.5 percent from 6.4 percent recorded in 2005. The sustained growth is largely attributed to investment in telecommunication services especially in provision of mobile telephone services, whose subscribers increased to 6.2

million in 2006 from 4.0 million recorded a year earlier. Provision of transportation services improved on account of increase in the number of upcountry bound and town buses. The number of commuter buses in the city of Dar es Salaam alone increased to 8,972 in 2006 compared to 7,000 recorded a year before. Similarly, provision of air transport and marine services increased during the period compared to levels recorded in 2005. On the contrary, provision of railway services, by Tanzania Railways Corporation (TRC), performed poorly on account of aging of railway line and lack of adequate cargo wagons.

Value added in electricity and water, declined by 1.8 percent in 2006 compared to an increase of 5.1 percent recorded in 2005. The decline in performance of the sector was attributed to the drought that impacted negatively on hydropower generation in Mtera and Kidatu power stations. However, total electricity generated in 2006 was GWh 3,592 compared to GWh 3,148.5 in 2005.

A preliminary crop forecast conducted in May 2007 by the Ministry of Agriculture, Food Security and Cooperatives (MAFC) indicated that, the total food production for 2006/07

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season increased by 2.7 percent to 11.0 million tons, from 10.7 million tons produced previous season. Cereal output is estimated to have increased by 12.7 percent to 5.8 million tons when compared with 2005/06 harvests due to favorable rains in Southern Highlands. On the other hand production of non-cereals decreased by 6.7 to 5.2 million tons in 2006/07 from 5.5 million tons recorded in 2005/06. Given the national food requirement of about 10.0 million tons, the country is expected to have a surplus of about 1.0 million tons available during 2007/08.

With the exception of cotton and tobacco, production of all-major traditional export crops increased in 2006/07 compared to production in 2005/06. Production of coffee increased substantially by 48.9 percent to 51,100 tons from 34,300 tons recorded in 2005/06. Likewise production of tea, cashew nuts and

sisal increased during the review period on account of good weather, crop cycles and better producer prices coupled with timely distribution and application of agrochemicals. The increase in production of these crops is also explained by commencement of production from rehabilitated coffee and sisal estates as well as out-growers' schemes. Other factors include planting of disease resistant coffee varieties and good crop husbandry while increase in tea output resulted from rehabilitation of smallholder farms, expansion to new lands and training programs.

On the other hand, production of cotton and tobacco declined during the review period mainly due to drought experienced in most parts of the country during 2005/06, limited application of pesticides, crop diseases, rising costs of inputs and inadequate financial services to the small scale growers (Table 1.5).

Table 1.5: Production of Selected Major Crops, 1998/99 – 2004/05

Crop	'000' Tons						Peak Production Period Tons	
	2002/03	2003/04	2004/05	2005/06 Revised	2006/07 Estimate	% Change		
Total Export	416.0	339.0	572.7	596.6	387.2	-36.6		
Coffee	52.0	32.0	54.0	34.3	51.1	31.1	1980/81	67.0
Seed Cotton	189.0	140.0	342.0	374.7	130.6	-71.4	2004/05	342.0
Tea	28.0	30.0	30.7	30.3	31.3	3.3	2004/05	30.7
Cashew nuts	95.0	79.0	72.0	77.4	92.6	21.0	1973/74	145.0
Tobacco	28.0	34.0	47.0	52.0	50.6	-2.9	1997/98	52.0
Sisal	24.0	24.0	27.0	27.8	30.9	11.6	1964	230.0

Source: Ministry of Agriculture and Food Security & Crop Boards



Producer prices for all traditional export crops rose during 2006/07 with the exception of dark fire tobacco. The higher producer prices were mainly driven by increase in the world demand

for these crops, decline in production by major producers, improvement in quality of produce, whereas low domestic supply of cotton influenced increase in its price (**Table 1.6**)

Table 1.6: Average Producer Prices for Traditional Export Crops

Period	Coffee		Seed	Green	Raw	Tobacco	Tobacco		Sisal*
	Arabica	Robusta	Cotton	Tea	Cashew		VFC	DFC	UG
1996/97	577	310	170	55	255	653	664	551	796
1997/98	1,063	326	180	55	233	667	714	472	826
1998/99	1,006	450	183	60	345	524	536	454	803
1999/00	1,404	293	123	60	641	537	527	559	619
2000/01	470	200	183	60	252	590	603	555	540
2001/02	400	106	175	65	300	542	543	519	540
2002/03	430	95	180	85	360	565	568	550	574
2003/04	500	130	280	86	462	721	725	680	786
2004/05	950	250	250	86	650	901	918	782	850
2005/06	1,100	300	250	93	550	956	983	735	885
2006/07	1,450	500	350	94	600	1,072	1,102	682	885

Note: * USD/Ton

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

Gross National Disposable Income

Gross National Disposable Income (GNDI)¹ comprising of compensation of employees, property income, net current transfers, operating surplus or mixed income, grew by 5.5 percent in 2006 in real terms compared to a growth of 4.3 percent in the preceding year. This rate of growth is slower than consumption expenditure growth of 10.1 percent, implying a significant decline of savings relative to consumption. Similarly, the resource balance (defined as savings minus investment) also declined substantially reflecting increased inflow of current transfers (foreign savings) to complement domestic resources. The gap between savings and investment widened during the period under review reflecting increased foreign direct investment activities (**Table 1.7**).

Aggregate Demand

Real gross domestic final demand (referred to as absorption), comprising of household final consumption, government final consumption and gross fixed capital formation increased by 12.2 percent in 2006, compared to 9.0 percent in 2005. The higher domestic demand is associated with increased spending in the priority sectors (Education and Health), increased costs of power generation, and increased investment activities by private sector.

Final consumption increased in real terms by 10.1 percent in 2006 from the growth of 6.7 percent in the preceding year. Increase in consumption of both household and central government surpassed the increase in dispos-

GND¹ is obtained by adding net current transfers from abroad and Gross National Income

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able income, leading to a decline in real savings. Despite the decline in savings, investment continued to register a higher positive real growth of 19.5 percent compared with an increase of 17.7 percent registered in 2005. Investment has been growing steadily in the private sector at an average of around 19 percent per annum in real terms since 2002. In 2006 private sector investment accelerated further by 25.2 percent in real terms compared with the growth of 23.3 percent in 2005. The increase in private sector investment is attributed to a rise in credit to the private sector

by 42.5 percent compared to an increase of 34.0 percent in 2005. The strong growth in private sector credit is supported by increased competition in the banking sector that pushed lending rates downwards, existence of negotiated lending rates, credit guarantee schemes that stimulated banks to lend to small and medium sized businesses. Furthermore, some commercial banks have entered into special arrangements with micro-finance institutions and introduced wholesale lending through SACCOS for on-lending to their members.

**Table 1.7: Analysis of the Savings-Investment Relationship, 2000–2006**

Item	2002	2003	2004	2005	2006
Nominal (Millions of TZS)					
National Disposable Income	9,521,272	10,882,254	12,517,523	14,146,221	16,143,351
Total Consumption	8,098,586	9,261,803	10,835,443	12,444,991	14,835,467
Government final consumption	598,939	712,737	855,285	1,037,670	1,237,941
Private final consumption	7,499,647	8,549,066	9,980,158	11,407,321	13,597,526
Total Investment	1,807,751	2,259,019	2,593,502	3,149,402	3,766,496
Government investment	715,959	896,163	950,077	1,068,172	1,183,832
Private investment	1,073,938	1,343,118	1,620,627	2,050,093	2,582,664
Savings	1,310,680	1,531,466	1,597,753	1,701,230	1,307,884
Saving - Investment Gap	-497,071	-727,553	-995,749	-1,448,172	2,458,612
GDP (at market price)	9,431,964	10,686,332	12,321,183	14,209,092	16,224,354
Deflator	468	501	539	584	632
GDP (f.c) nominal	8,699,888	9,816,319	11,331,638	13,063,317	14,995,247
GDP (f.c) real	1,857,174	1,962,432	2,094,516	2,237,079	2,374,329
Absorption	9,906,337	11,520,822	13,428,945	15,594,394	18,601,963
At Constant 1992 Prices (Millions of TZS)					
National Disposable Income	2,032,516	2,173,655	2,322,797	2,422,506	2,556,118
Total Consumption	2,082,818	2,175,026	2,386,443	2,545,945	2,801,939
Government final consumption	401,437	434,770	504,618	581,320	680,144
Private final consumption	1,681,381	1,740,256	1,881,824	1,964,625	2,121,795
Total Investment	454,214	571,275	624,371	735,180	878,649
Government investment	152,837	179,002	176,300	182,922	187,447
Private investment	301,377	392,273	448,071	552,258	691,202
Savings	279,792	305,900	296,485	291,331	207,089
Saving - Investment Gap	(174,422)	(265,375)	(327,886)	(443,848)	(671,560)
GDP (at market price)	2,029,406	2,175,320	2,352,281	2,848,232	3,073,695
Annual Change (Percent)					
National Disposable Income	4.2	6.9	6.9	4.3	5.5
Total Consumption	7.5	4.4	9.7	6.7	10.1
Government final consumption	8	8.3	16.1	15.2	17.0
Private final consumption	5.2	3.5	8.1	4.4	8.0
Total Investment	19	25.8	9.3	17.7	19.5

Source: National Bureau of Statistics



Headline Inflation

During most part of the year 2006/07, the economy experienced inflationary pressures resulting from the rise in world oil prices, domestic food prices and high cost of power generation. Despite the pressure, the annual inflation rate was maintained at a single digit level throughout the year albeit rising trend. Annual inflation rose to 7.3 percent in February 2007 from 5.4 percent in July 2006. In June 2007, the annual headline inflation dropped to 5.9 percent. However, the annual average inflation went up from an average of 5.5 percent in 2005/06 to an average of 6.3 percent in 2006/07. The upward trend of inflationary pressure necessitated the Bank of Tanzania to adopt a tighter monetary policy stance during the period under review in order to safeguard the macroeconomic stability. Following the adopted measures, together with an increase in the supply of food, inflationary pressures eased in May 2007 to 5.0 percent.

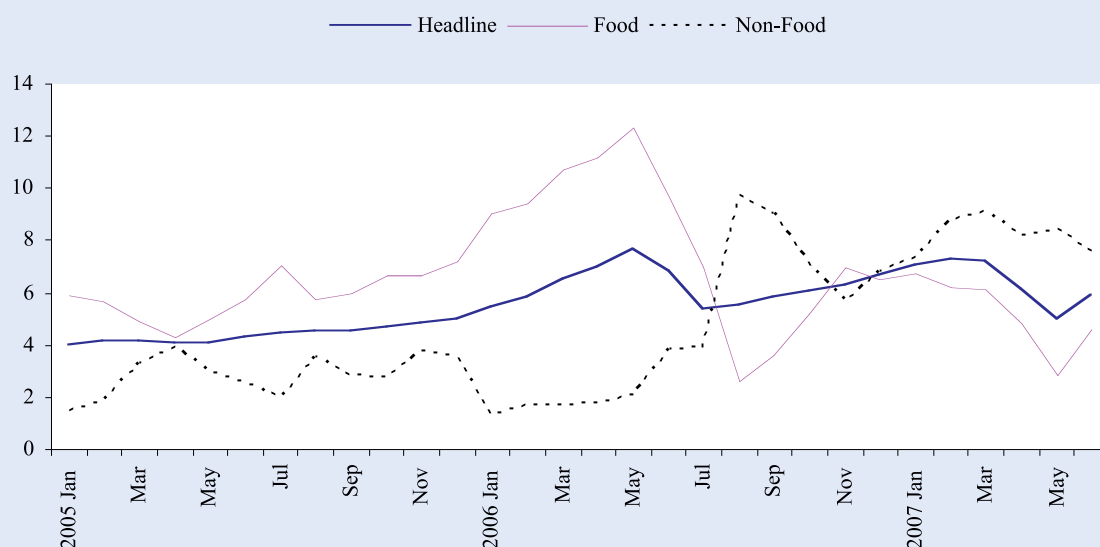
Food Inflation

Annual food inflation experienced downward trend starting July 2006 following improvement in food supply. Consequently, annual food inflation decreased from 8.2 percent in June 2006 to 6.5 percent in December 2006. The rate continued to decrease in the first half of 2007 reaching 2.8 percent and 4.6 percent in May and June 2007, respectively. The improvement in food supply reduced pressure on food inflation from an annual average of 10 percent in 2005/06 to 5.0 percent in 2006/07.

Non-Food Inflation

A mixed trend was also experienced in non-food inflation during the period under review. The annual non-food inflation decreased from 10.1 percent in June 2006 to 6.8 percent in December 2006. The rate increased to 9.1 percent in March 2007 and started decreasing, reaching 7.6 percent in June 2007. The increase in non-food inflation during the first half of 2007 was mainly attributed to increases in the average prices of fuel (Chart 1.4).

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





CHAPTER TWO

PUBLIC FINANCE

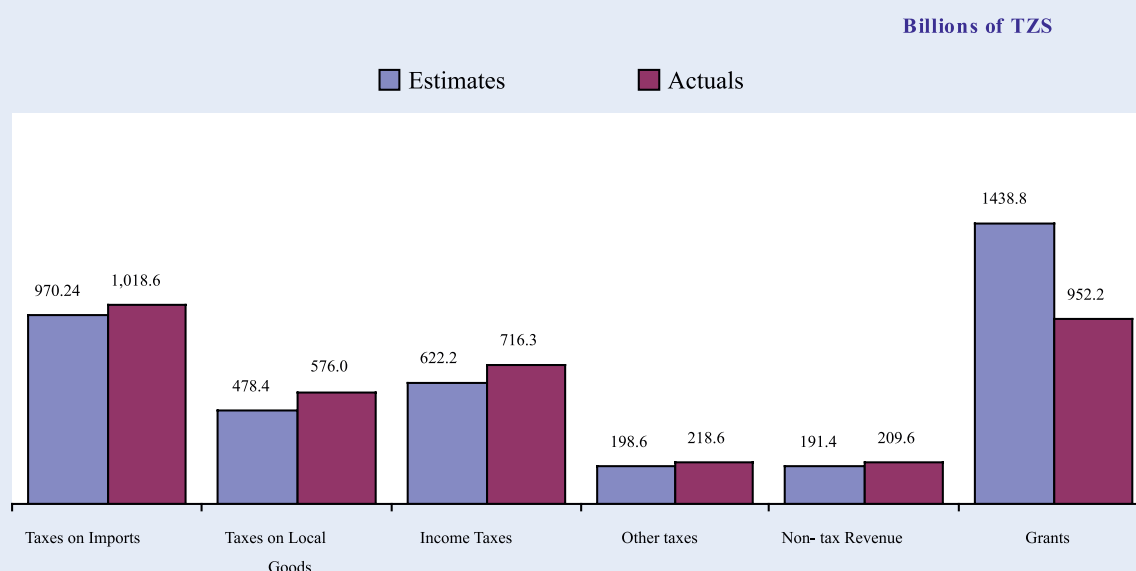
Overview

The thrust of the 2006/07 budget was to continue with the implementation of the National Strategy for Growth and Reduction of Poverty (NSGRP or “MKUKUTA”, in Kiswahili), Millennium Development Goals and Tanzania’s Vision 2025. Fiscal performance during 2006/07 remained on track despite the adverse impact of prolonged drought that caused severe food shortage and critically affected hydropower generation. The overall deficit stood at TZS 955.8 billion, equivalent to 6.3 percent of GDP compared with the projected deficit of TZS 888.6 billion or 5.8 percent of GDP. The higher than projected deficit was due to a shortfall of TZS 276.1 billion in foreign program assistance.

Government Revenue and Grants

Revenue collections amounted to TZS 2,739.3 billion or 14.2 percent of GDP, exceeding the target by TZS 278.0 billion. The good performance resulted from a range of policy and institutional reform measures that included improvement of the business environment, broadening of the tax base through registration of new taxpayers, and restructuring of the tax system. Specifically, the Government reduced

the Corporate Income Tax rate from 30.0 percent to 25.0 percent for a period of three years, in respect of newly listed companies at the Dar es Salaam Stock Exchange (DSE), with at least 35.0 percent of equity ownership issued to the public. This reduction was intended to encourage companies to go public and broaden corporate ownership in Tanzania. The Government also reduced the withholding tax rate from 30.0 percent to 10.0 percent for Collective Investment Schemes in order to encourage collective investments in the country. Excise duty rate on soft drinks, beer, imported wines, spirits, cigarettes, and airtime was raised by 7.0 percent. Further, the close monitoring of TRA’s institutional reforms and use of modern technology increased efficiency and yields in income taxes, taxes on local goods and taxes on imports. It is noteworthy that the problem of power shortage had little adverse effect on revenue collection as the Government had directed Tanzania Electricity Supply Company (TANESCO) to exempt key industries from power rationing, to protect Government revenue. Grants received during the year were TZS 952.2 billion below the projected receipts of TZS 1,438.9 billion on account of delays in disbursements of pledged support (**Chart 2.1**).

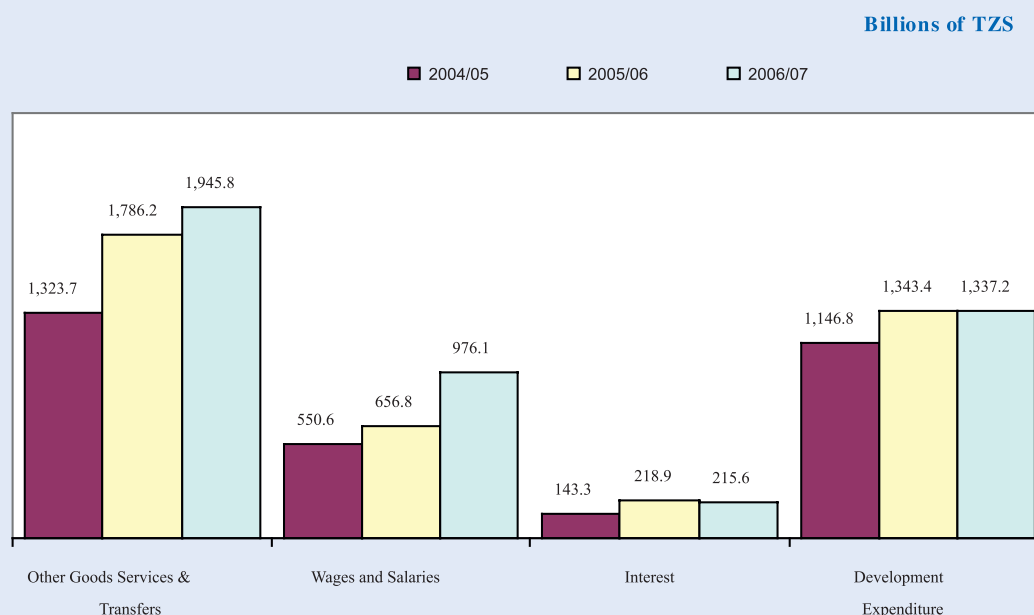
**Chart 2.1: Government Revenue Performance 2006/07**

Government Expenditure

The Government was confronted with a number of emergency expenditure challenges including: high costs of domestic debt servicing which increased as a result of a sudden rise in domestic interest rate on Treasury bills and government bonds; costs of recruiting secondary school teachers following a sharp rise in the number of students passing primary school examination; expenditures related to the cost of food distribution from the National Strategic Grain Reserves (SGR) to areas that experienced food shortage; and expenses related to government effort to combat the outbreak of Rift Valley Fever. Despite various readjustments on government allocations to accommodate the increased expenditures, total government expenditure during the year remained on track. Recurrent expenditure amounted to TZS 3,137.5 billion, being TZS 83.4 billion above the budget estimates while development expenditure

stood at TZS 1,337.2 billion below the target of TZS 1,734.5 billion due to shortfall in development partner's disbursement of foreign funds. As a proportion of GDP, recurrent expenditure stood at 20.6 percent compared to 17.5 percent in 2005/06, while the ratio of development expenditure to GDP remained at around 8.8 percent as in the previous period.

The annual increase in recurrent expenditure was 17 percent in 2006/07, while development expenditure declined by 0.5 percent. The increase in recurrent expenditure was mainly on account of the rise in purchases of food stuffs to mitigate the impact of drought, vaccines against Rift Valley Fever, and gas turbines for alternative source of power generation. Increase in wages and salaries component was due to costs of recruiting secondary school teachers. **Chart 2.3** below shows the evolution of government expenditure components in the last three years.

**Chart 2.3: Government Expenditure Performance**

Financing of the Budget Deficit

During 2006/07, net foreign financing of the government deficit amounted to TZS 717.8 billion equivalent to 4.7 percent of GDP compared to 3.7 percent of GDP recorded in 2005/06, while net domestic financing was TZS 238 billion, equivalent to 1.6 percent of GDP down from 2.4 percent of GDP in the preceding year.

Prospects for 2007/08

The medium term objectives of the government are to sustain increase in the resource envelope, reducing dependency on foreign aid and ensuring adequate financing for various poverty reduction initiatives under the NSGRP.

In this respect, the government plan during 2007/08 is to increase domestic revenue

collections by 33.1 percent to TZS 3,502.6 billion, which will be equivalent to 18.1 percent of GDP. Priorities for the budget are the implementation of the Election Manifesto of 2005 that focuses on strengthening basic national infrastructure, enhancing agricultural production, high level of employment in tandem with improving civil service welfare. Other priorities include continued implementation of the MKUKUTA, decentralization by devolution i.e. implementation of Government policy of devolving power to the people through Local Governments and the achievement of Millennium Development Goals. Total expenditure is projected not to exceed 31.0 percent of GDP during 2007/08. In order to limit inflationary pressure emanating from domestic financing of the government deficit, the Government has refrained from borrowing domestically.



CHAPTER THREE

MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Framework

The main objective of monetary policy is to sustain price stability, which is crucial in attaining the broader macroeconomic objectives of the Government. In pursuit of low and stable inflation, the operating target of the Bank of Tanzania is reserve money. The Bank uses indirect instruments of monetary policy to achieve planned growth rates of monetary aggregates. Reserve Money (MO), annual growth target for end-June 2007 was 24.0 percent, down from the end of the last year's target of 26.6 percent. This was expected to reduce growth rates of broad money supply (M2), and extended broad money supply (M3), from their previous year's target of 27.0 percent to 23.0 percent and 24.0 percent, respectively. To facilitate the projected GDP growth rate of 7.3 percent for 2007, monetary policy framework for 2006/07 aimed at allowing credit to private sector to expand by 37.0 percent. In the same framework, the Bank aimed at maintaining foreign exchange reserves enough to cover not less than five months of the import bill for goods and services.

The Bank continued to depend upon open market operations as the main instrument of monetary policy at its disposal. Following reduction of the minimum investment threshold for direct placement in government securities with the Bank from TZS 50.0 million to TZS 5.0 million (which was done in 2005/06) the market became relatively more active during the year under review. Respective demands for Treasury bills and bonds rose by 27.2 percent and 16.3 percent annually. This was mostly due to the change in the direct dealing threshold. Increased demand for government securities also reflected expanding liquidity in the economy owing largely to

government financing of the poverty reduction programmes, which was augmented by the donor budgetary support inflows. Other instruments of monetary policy that were actively utilised by the Bank during the year include foreign market operations and repurchase agreements with commercial banks.

Implementation of the Monetary Policy

Monetary policy actions during the year under review were geared towards lowering inflation from 8.9 percent in June 2006, to 5.9 percent at end-June 2007. During the first half of the year, the economy experienced inflationary pressures originating from increase in both food and non-food consumer prices. Food prices picked up due to droughts in the previous year, whose impact had not fully faded away. Non-food inflation rose mainly because of a hike in oil prices in the world market and increased import of power generators to curb shortages of electricity supply. In response to the threatening inflation problem, towards the end of 2006/07 the Bank undertook deliberate contractionary monetary policy which was intended to achieve slower growth rates of money supply.

Monetary and Credit Developments

Monetary Developments

The tight monetary policy adopted by the Bank during the year ending June 2007 brought down monetary expansion as compared to the previous year. Reserve money grew at the rate of 23.3 percent, down from 25.9 percent for the year ending June 2006. Accordingly, M3 annual growth decelerated to 20.7 percent from 31.6 percent in the same period. M2, which excludes foreign currency deposits, grew by 20.1 percent compared to previous year's

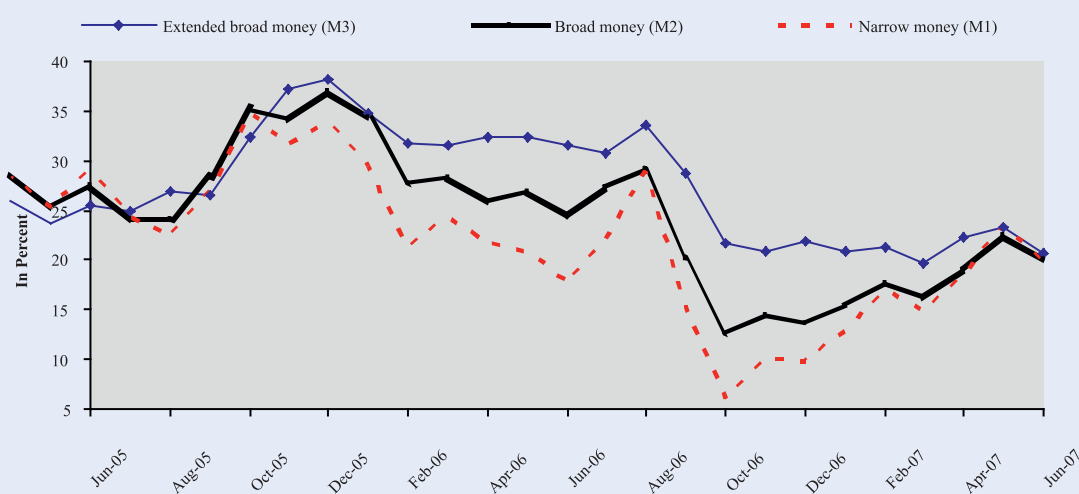


growth rate of 24.5 percent. During the year, both M3 and M2 grew below their respective targets of 24.0 percent and 23.0 percent.

Looking at the composition of money supply, the public preference for holding different types of money remained virtually unchanged. The degree of “dollarization” of the economy

as reflected by the ratio of foreign currency deposits to total money supply, was around 32 percent during the year under review, from an average of 31.5 percent recorded in the previous period. Saving deposits remained almost unchanged at about 16.7 percent of the total money supply, with savings interest rate being far below inflation rate (**Chart 3.2**).

Chart 3.1: Annual Growth Rates of Monetary Aggregates



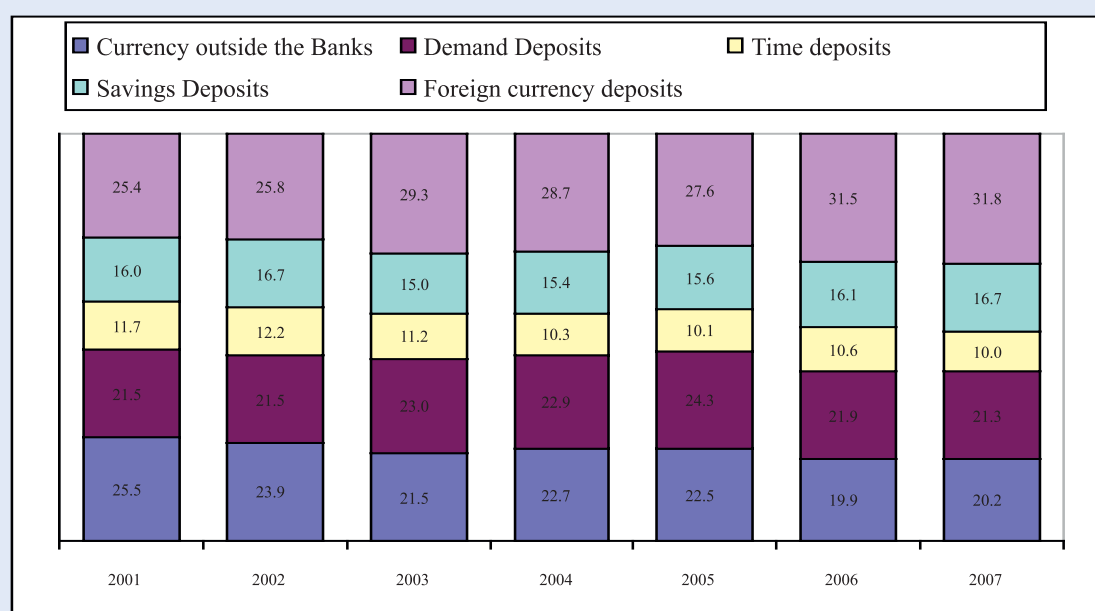
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In proportions, money supply had Foreign Currency Deposits (FCD) as its largest component, followed by demand deposits, a

trend observed for more than five years now (**Chart 3.2**).

Chart 3.2: Percentage Composition of Money Supply (M3 at End June)



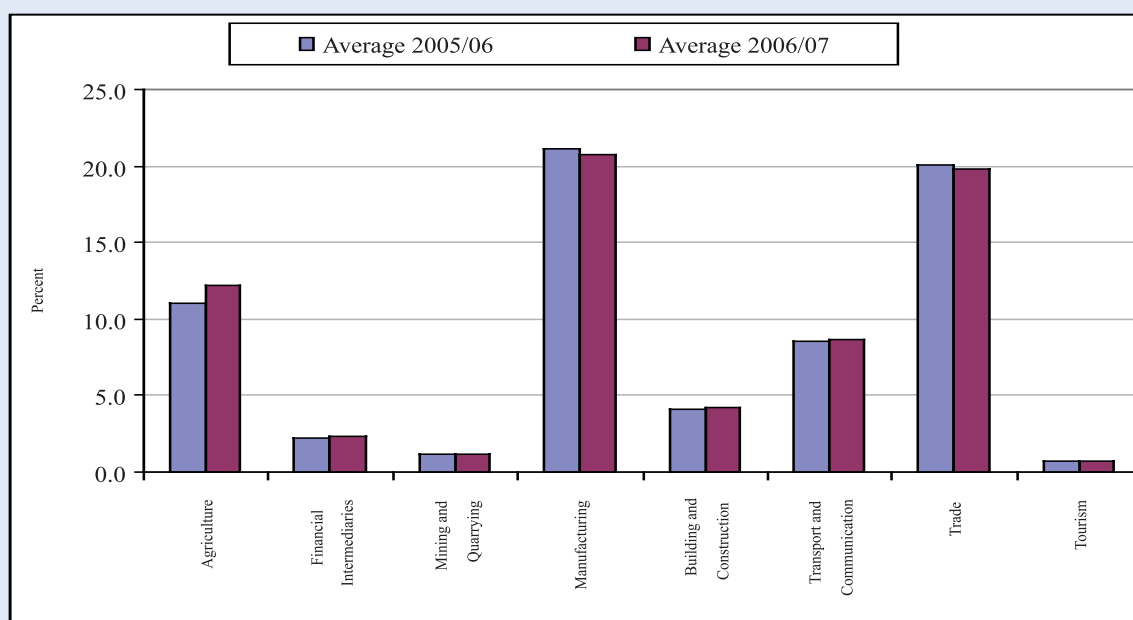
Domestic Credit Developments

The growth of credit to the private sector remained robust despite the relatively high lending rates. On year-to-year basis, commercial banks' credit to the private sector grew by 36.4 percent, close to the projected rate of 37.0 percent. This robust credit growth, echoes the declining credit risks, improvement in business environment, increase in public awareness about loan facilities, influence of credit guarantee schemes, and introduction of some new facilities for estate development

credits. As regards credit concentration at end June 2007, most of loans were held by trade activities which accounted for 19.9 percent of total loans to private sector. Other activities with there ratios in brackets were manufacturing (18.6 percent), agriculture (11.7 percent), transport and communication (7.4 percent), building and construction (5.4 percent), and electricity (4.9 percent). Distribution of commercial banks' credit to various economic activities is depicted in **Chart 3.3**.



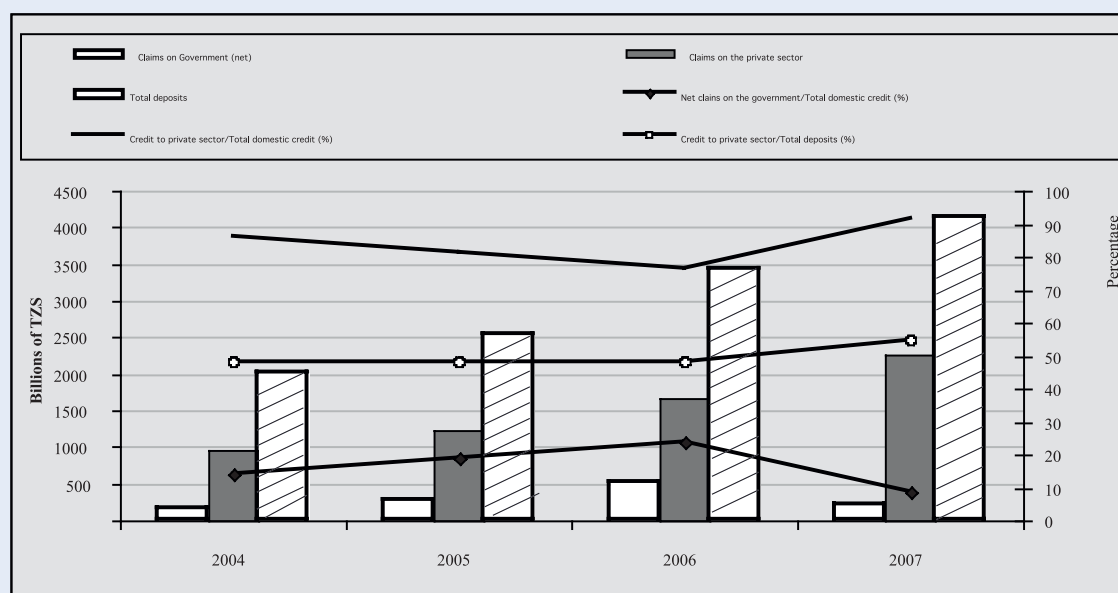
Chart 3.3: Distribution of Commercial Banks' Credit to Economic Activities
(In percent of Total)



The share of outstanding private sector credit to total money supply rose to approximately 44.0 percent in June 2007 from 39.0 percent recorded in the preceding year, and accounted for about 13.0 percent of the GDP. The rate of

intermediation, as measured by the ratio of private sector credit to total deposits increased steadily during the period from 46.0 percent in June 2006 to 51.0 percent in June 2007 (Chart 3.4).

Chart 3.4: Total Deposits and Credit of the Banking System (at end June)



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During the year, the Bank of Tanzania continued to provide agency services to the Government's policy of guaranteeing credits under the Export Credit Guarantee Scheme (ECGS) and Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS). The two schemes aim at enhancing commercial banks' credit to the private sector for financing export business and empowering small and medium enterprises in pursuing various pro-poor economic activities. Moreover, the Government in collaboration with the Bank of Tanzania is continuing to facilitate transformation of Tanzania Investment Bank (TIB) into a development bank that will be capable of providing term financing.

Commercial Banks Interest Rates

Yields in the Treasury bills market went up in the year ending June 2007 compared with the preceding year, reflecting the intensity of open market operations. Deposit and lending rates offered by commercial banks responded directly to the Treasury bills anchor. The weighted average Treasury bills rate rose from 8.2 percent in June 2006 to 17.1 percent in June 2007. The high volatility in the Treasury bills rate is largely associated with the level of excess liquidity in the economy. While the overall time deposit rate improved to 7.7 percent in June 2007 from 6.6 percent in the preceding year, savings rate remained at

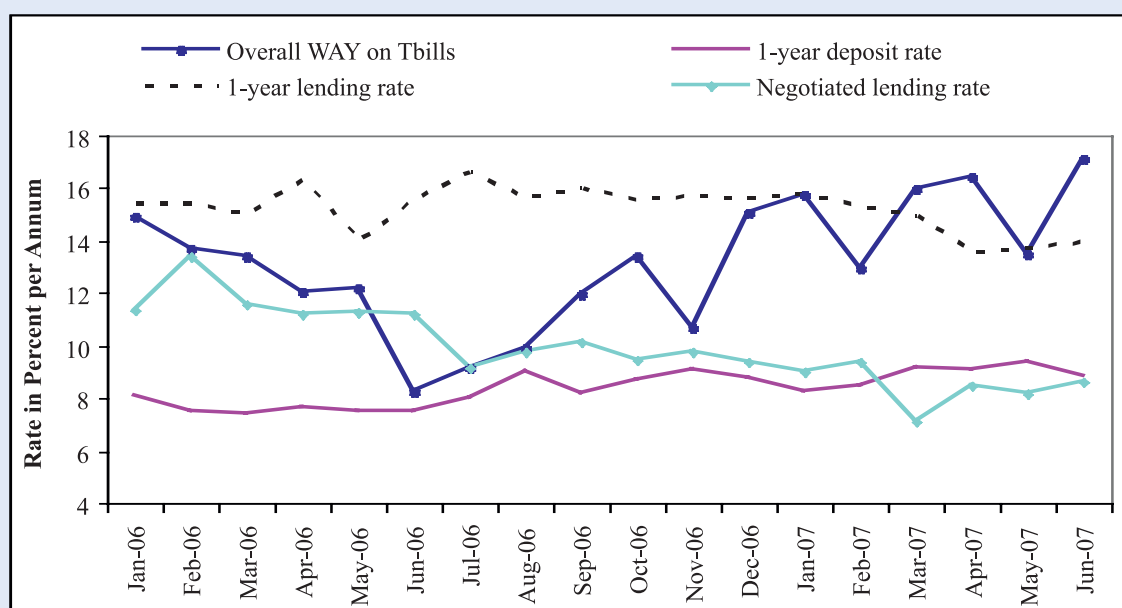
around 2.6 percent for the past three years. With imperfections related to remaining structural bottlenecks in the economy and inadequate information on alternative opportunities for depositors are among factors that account for low deposit rates.

The overall lending rate rose slightly to 15.7 percent in June 2007 from 15.4 percent of the previous year. However, negotiated lending rate stabilized at about 12.0 percent during the period under review. Lending rates have somewhat stabilized following declining credit risks, increased innovation and competition in the banking industry as well as improvement in the business climate, particularly with regard to contracts enforcement. For instance, short-term lending rate up to one year declined from 15.8 percent in June 2006 to 14.0 percent at end of 2006/07.

Interest rates spread declined from 7.1 percentage points in June 2006 to 5.1 percentage points in June 2007. This is a positive development and according to the interest rates structure, the narrowing of the margin was due to more than offset increase in deposit rates. Contraction in the margin due to ascension of deposit rates implies that, with aforementioned improvements in the banking sector, depositors now can realize the better rewarding rates ([Chart 3.5](#)).



Chart 3.5: Tanzania Selected Interest Rates



Financial Market Developments 2006/07

Overview

The financial market is characterized by limited number of instruments with Treasury bills and bonds as major instruments. Secondary market for the government securities is still underdeveloped. Though government securities are listed in Dar es Salaam Stock Exchange, most of the institutions which are the main investors in T-bills and bonds, hold them to maturity. During 2005/06 the Bank of Tanzania reduced the threshold of direct placement at the Bank for government securities from TZS 50.0 million to TZS 5.0 million with a view to activating financial market in Tanzania and to provide diversity of investment avenues to small investors. With that decision, it is expected that the secondary market will be more vibrant.

Treasury bills Market

During the year under review, TZS 2,776.5 billion worth of Treasury bills were offered, being 16.5 percent higher than the amount offered during the previous year. The market was generally over-subscribed in the year, except for the first quarter. Demand for Treasury bills increased by 30.0 percent when compared with TZS 3,329.8 billion demanded in the preceding period. Nevertheless, T-bills amounting to TZS 2,660.2 billion, slightly lower than the amount offered, were sold. During the year, redemptions of Treasury bills amounted to TZS 2,236.1 billion, and considering sales at cost value, these operations led to a net mop up of excess liquidity worth TZS 199.7 billion.

Treasury bill yields increased substantially during the year following liquidity tightening measures taken by the Bank of Tanzania.

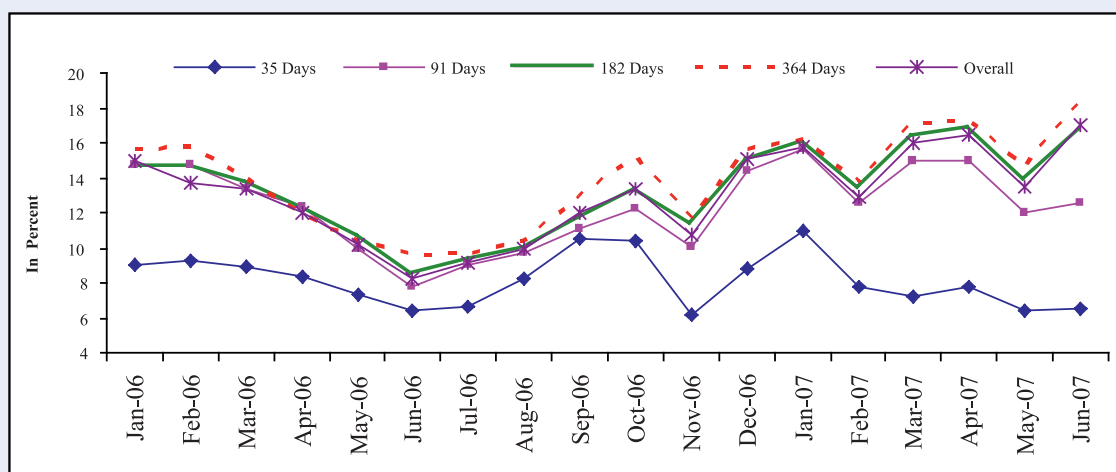
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Overall T-bills rate surged from 8.3 percent at the end of the previous year to 17.1 percent in June 2007 (Chart 3.6). Besides encouraging wider public participation and increasing

competition, the Bank increased sales of government securities to release the threatening inflationary pressure.

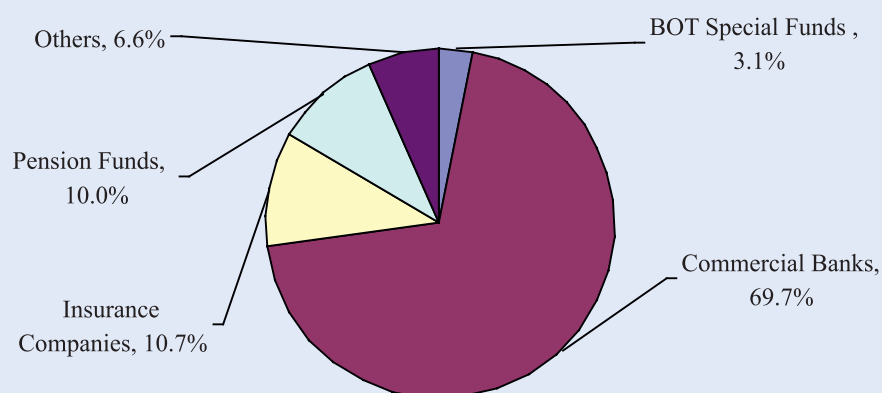
Chart 3.6: Treasury Bills Yields Developmen



As regards participation in the Treasury bills market, commercial banks continued to lead by holding largest share of the Treasury bills, followed by insurance companies and pension funds. Even so, commercial banks share in

the year under review declined by 1.3 percent when compared with the position a year earlier. **Chart 3.7** depicts market shares by participants during 2006/07.

Chart 3.7: Participants in the Treasury Bills Market during 2006/07



Note: Others include Official Entities and individuals



Treasury Bonds Market

The amount offered in the Treasury bonds market increased by 37.4 percent to TZS 208 billion during 2006/07. The market experienced over-subscription by 57.1 percent, being above the over-subscription of 19.6 percent during 2005/06. The Bank intervened by selling Treasury bonds worth TZS 255.8 billion, representing an addition to amount offered by 22.9 percent. The share of pension funds picked up from 34.5 percent in 2005/06 to 35.0 percent in the year under

review while that of deposit money banks remained unchanged at around 27.7 percent.

Treasury bonds yields rose consistently across all maturities reflecting high demand experienced during the year. The yields on 2-year and 5-year Treasury bonds rose from an average of 15.8 percent and 14.9 percent in June 2006 to 17.7 percent and 17.3 percent in June 2007, respectively. Similarly, the yields of 7-year and 10-year bonds rose from an average of 16.2 percent and 16.9 percent to 18.5 percent and 17.8 percent, respectively, (Table 3.1).

Table 3.1: General Performance of Government Securities Market

(Billions of TZS)			
A: Treasury Bills			
Description	2005/06	2006/07	% Change
Amount Offered	2,383.3	2,776.5	16.5
Amount Tendered	3,329.8	4,327.3	30.0
Sales (Cost Value)	2,117.5	2,433.8	14.9
B: Treasury Bonds			
Description	2005/06	2006/07	% Change
Amount Offered	188.0	208.0	10.6
Amount Tendered	423.0	485.0	14.7
Sales (Cost Value)	207	203.4	-1.7

Source: Bank of Tanzania

Repurchase Agreements (Repos)

During 2006/07, the Bank conducted repurchase agreement worth TZS 1,102.0 billion to complement mopping up efforts. Consistent with the Bank's determination to tighten money supply in order to control inflation which was rising almost throughout

the year, sales of Repos was approximately twice the amount conducted last year. Overall weighted average Repos rate stood between 5.2 percent and 12.6 percent during the year under review as compared with the range of 5.0 percent to 8.5 percent in the previous year (Table 3.2).

**Table 3.2: Repo Rates Range**

Tenure	Repo Rates (Percent)	
	2005/06	2006/07
1 day	5	-
2 days	-	-
3 days	5.5 - 7.5	4.5 - 12.0
4 days	5.5	9.0
5 days	-	8.0
6 days	5.0 - 8.0	-
7 days	5.0 - 7.0	3.5 - 14.7
8 days	7.0	-
9 days	-	3.5 - 5.0
10 days	8.0	-
11 days	6.0 - 7.8	-
12 days	-	8.0
13 days	7.8	-
14 days	6.0 - 8.5	6.2 - 8.3

Source: Bank of Tanzania

Inter-bank Cash Market

Total inter-bank cash market transactions during the year under review amounted to TZS 3,674.8 billion as compared with TZS 3,206.9 billion transacted in the previous year. Overnight transactions amounted to TZS 2,770.8 billion accounting for 75.4 percent of total transactions and slightly above 74.3 percent of total transactions in the previous year. Interest rates on overnight transactions fell from an average of 8.5 percent in 2005/06 to 6.7 percent in 2006/07, and the overall rate decreased from 8.4 percent to 7.2 percent in the same period.

Inter-bank Foreign Exchange Market

Inter-bank Transactions

The total volume traded at the Inter-Bank Foreign Exchange Market (IFEM) increased by 19.6 percent to USD 1,159.4 million in 2006/07, from the level recorded in the previous year (Table 3.3). The rise in the vol-

ume traded was largely attributed to high demand for US dollars particularly from corporate clients to meet foreign exchange obligations. On net basis, commercial banks purchased USD 337.9 million, while the Bank of Tanzania and non-commercial banks sold USD 263.9 million and USD 74.0 million, respectively.

Exchange Rate Developments

The shilling depreciated against the US dollar by 8.0 percent to TZS 1,277.2 per USD during the year ending June 2007, from the rate recorded in the previous year. This depreciation was partly attributed to the significant increase in import bill.

Bureau de Change Operations

The total volume of transactions conducted by Bureau de changes system declined by 8.0 percent to USD 760.0 million, owing to the fall in both foreign exchange outflows and inflows. While the decline in the outflows largely



resulted from a drop in foreign exchange payments for traveling allowances, the decline in inflows partly emanated from the decrease in foreign exchange receipts from Non-government organizations (NGOs). During the

period under review, both buying and selling rates depreciated slightly against the US dollar to an average of TZS 1,227.8 and TZS 1,291.8 per USD, respectively (**Table 3.3**).

Table 3.3: Foreign Exchange Market Developments

Millions of US D			
Item	2005/06	2006/07	% Change
IFEM			
Amount offered*	969.27	1,159.40	19.62
Amount sold*	969.27	1,159.40	19.62
Exchange rate (TZS per US dollar)	1,182.50	1,277.24	8.01
Bureau de Change			
Sales*	416.05	379.45	-8.80
Purchases*	410.40	380.57	-7.27
Volume of Transactions*	826.45	760.02	-8.04
Buying rate (TZS per US dollar)	1,177.67	1,227.75	4.25
Selling rate (TZS per US dollar)	1,193.92	1,291.77	8.20

Note: TZS = Tanzania Shilling

Source: Bank of Tanzania

Policy Direction and Challenges for 2007/08

To support broad macroeconomic objectives of the Government which is focused on achieving poverty reduction, the Bank will continue to direct monetary policy towards maintaining low and stable inflation. However, the expected increase in foreign exchange inflows and the recent upward trend of inflation, emanating mainly from rising oil prices, pose serious challenge to the conduct of monetary policy. Maintaining price stability in line with the broader macroeconomic objectives set for 2007/08 will require concerted effort in

formulating and implementing both fiscal and monetary policy. In this respect, the Bank will continue to maintain prudence in the conduct of monetary policy to ensure the maintenance of appropriate level of liquidity in the economy. Efforts to address the remaining impediments in the financial sector will continue to be made under the second-generation financial sector reforms. Among the issues to be addressed include measures to enhance financial sector efficiency in order to reduce interest rates spread and improve credit flow to the productive sectors of the economy.



CHAPTER FOUR

BALANCE OF PAYMENTS DEVELOPMENTS

Overall Balance

During the year ending June 2007, the Tanzania's overall Balance of Payments recorded a higher surplus of USD 361.6 million compared with a surplus of USD 344.8 million recorded in the corresponding period in 2006. This development was supported by the increase in Foreign Direct Investments (FDIs) which rose by 8.0 percent to USD 502.7 million coupled with increased foreign borrowing. In addition,, the cancellation of foreign debts through the Multilateral Debt

Relief Initiatives (MDRI) eased the Government's foreign exchange obligations.

On the other hand, the current account deficit widened to USD 1,786.4 million from USD 1,146.6 million recorded in the previous year. The weakening of the current account was largely attributed to a 26.2 percent increase in imports of goods and services that could not be matched with the 6.6 percent increase in exports. As a ratio of GDP, the current account deficit worsened to 12.9 percent compared to 8.7 percent in the year ending June 2006 (**Table 4.1**).

Table 4.1: Current Account Balance

	Millions of USD		
	July-June		%
	2005/06	2006/07 ^P	Change
Goods Account (Net)	-1,695.3	-2,479.2	46.2
Exports f.o.b.	1,741.1	1,856.3	6.6
Imports f.o.b.	3,436.4	4,335.6	26.2
Services Account (Net)	135.7	240.8	77.5
Receipts	1,378.7	1,587.2	15.1
Payments	1,243.0	1,346.4	8.3
Goods and Services (Net)	-1,559.6	-2,238.4	43.5
Exports of goods and services	3,119.8	3,443.6	10.4
Imports of goods and services	4,679.4	5,682.0	21.4
Income Account (Net)	-117.1	-54.5	-53.5
Receipts	74.8	90.4	21.0
Payments	191.9	144.9	-24.5
Current transfers (Net)	530.5	506.5	-4.5
Inflows	597.6	578.6	-3.2
Outflows	-67.1	-72.1	7.4
Current Account Balance	-1,146.3	-1,786.4	55.8

Note P = Provisional. Totals may not add up due to rounding of numbers

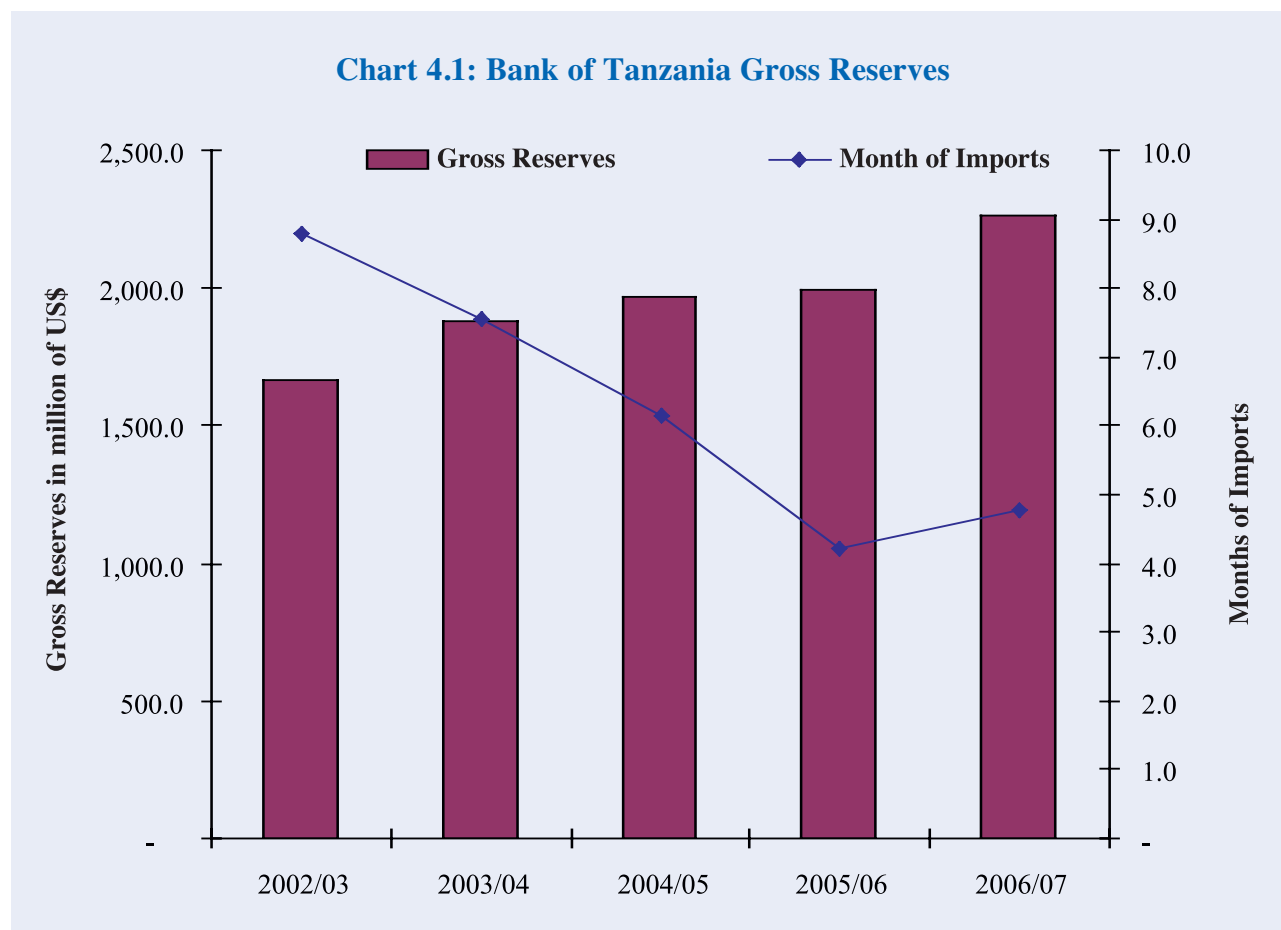
Source: Bank of Tanzania



During the period under review, the Bank of Tanzania's stock of gross official reserves increased to USD 2,291.2 million from USD 1,994.9 million recorded in June 2006. The

level of reserves was sufficient to cover about 4.8 months of imports of goods and services compared to 4.2 months of imports in the previous year (**Chart 4.1**).

Chart 4.1: Bank of Tanzania Gross Reserves



Goods Exports

During the year ending June 2007, total goods export increased by 6.6 percent to USD 1,856.3 million following improvement in non-traditional exports that increased by 14.4 percent to USD 1,575.0 million. The improved performance of non-traditional exports was largely driven by a surge in exports of gold and manufactured goods. The improvement in gold exports is largely due to the rise in gold prices in the world market, as the volume of gold exported remained virtually unchanged at 44.5 tons. The annual average of gold prices increased from USD 521.98 per troy ounce in the previous year to USD 638.43 per troy ounce

in 2006/07. Other minerals that consist of precious stones including Tanzanite, increased by 12.6 percent to USD 34.6 million in 2006/07. Gold from Tanzania is mostly exported to Switzerland, South Africa and the UK, while precious metals are exported to UK, Germany, Hong Kong, and India.

On the other hand, the improvement in exports of manufactured goods which grew by an annual average of 34 percent in the last four years, reaching USD 226.8 million in 2006/07, is in line with the growth of the manufacturing sector in the country. The improved performance of manufactured goods exports is largely due to political stability in countries



such as the Democratic Republic of Congo (DRC), Rwanda and Burundi. Moreover, the country continued to implement investment policy reforms that have resulted into the increase in Foreign Direct Investments. The

manufactured goods that are exported from Tanzania include textile apparels, glass and glassware, plastic articles and iron and steel products (**Chart 4.2**).

Chart 4.2: Trends and Structure of Tanzania



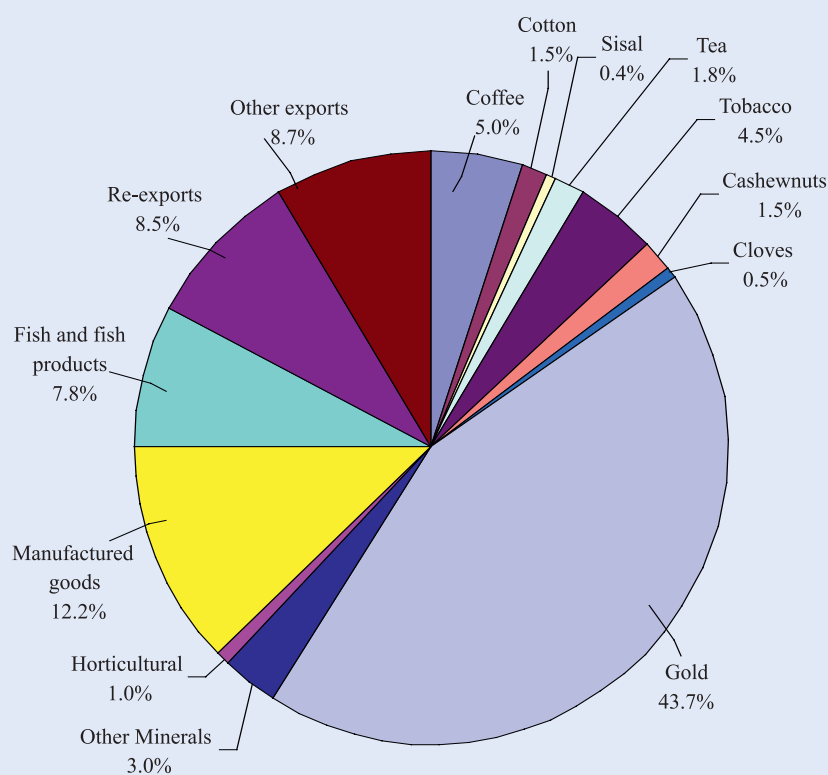
During the year ending June 2007, traditional exports declined by 22.7 percent to USD 281.4 million compared to USD 363.9 million in the previous year. The dismal performance was due to significant declines in the exported volumes of cotton and cashewnuts. Cotton, which recorded good performance in 2005/06, as the exported volume reached 120,600 tons, declined to 26,700 tons largely due to drought condition. On the other hand, the decline in export volumes of cashewnut was mainly attributed to price disagreement between the buyers and producers of the crop. During the cashewnut season which commenced in October 2006, the buyers were reluctant to buy the crop at the price of TZS 600 per kilogram, which was set by the Cashewnut Board of Tanzania (CBT). Instead, buyers were offering

to buy at TZS 400 per kilograms, the price that was not accepted by the producers. During the review period, there was improvement in export unit prices for most of the traditional exports with the exception of cashewnuts and tobacco which recorded notable declines in prices.

In a bid to promote exports, particularly agricultural commodities, the Government is implementing a seven-year Agricultural Sector Development Program (ASDP), which focuses on modernizing agriculture through the support of irrigation farming improve provision of extension services and agricultural inputs in order to increase the quality and volume of agricultural products.



Chart 4.3: Contribution of Commodities to Total Export Earnings, 2006/07

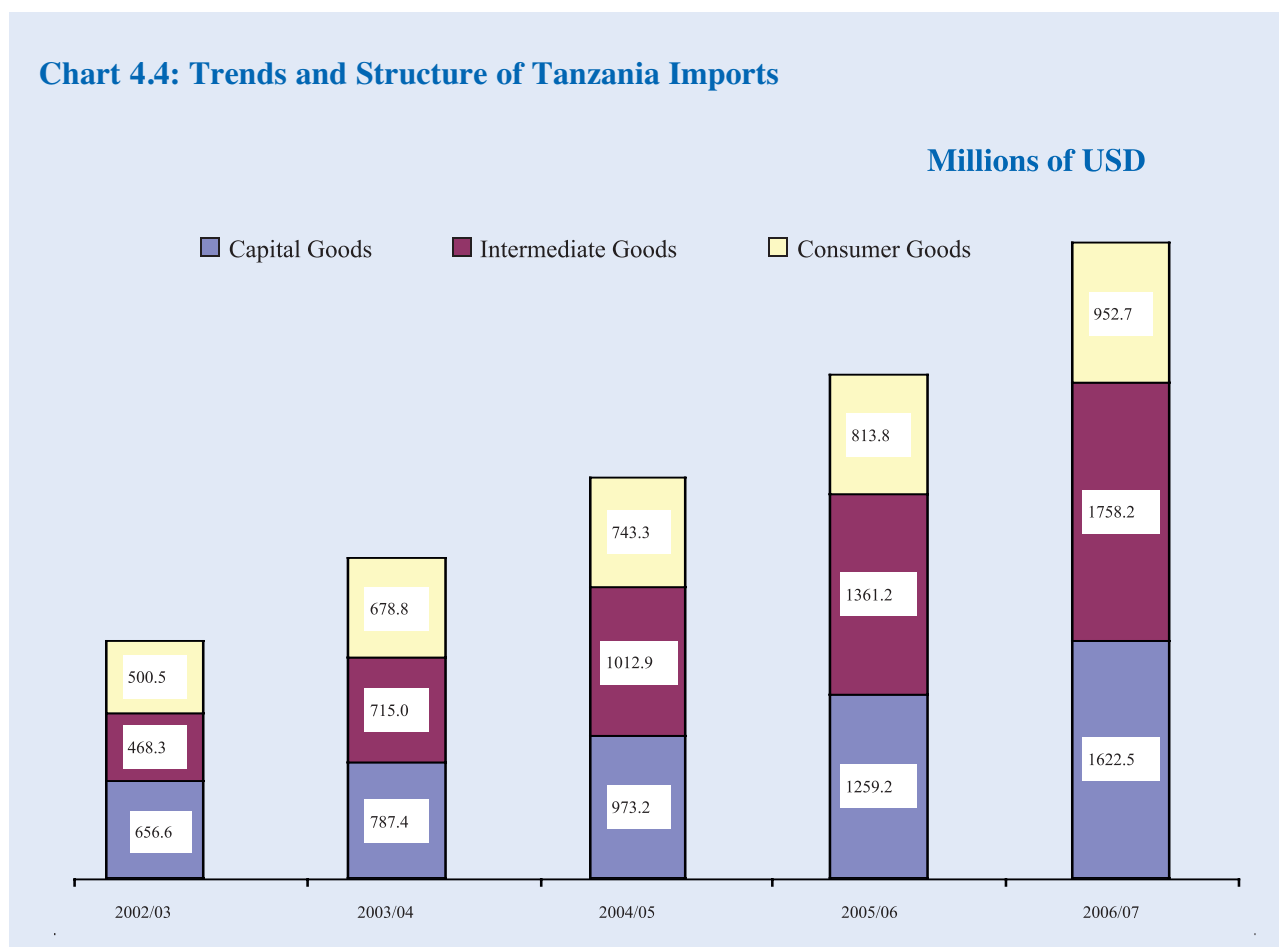


Goods Imports

During the period under review, goods imports increased by 26.2 percent to USD 4,335.6 million, following an increase in importation of capital, intermediate and consumer goods. The rise in the importation of capital and intermediate goods is in line with the increase in activities in mining, construction, manufacturing, communication and tourism sectors. Capital goods imports increased by 28.8 percent to USD 1,622.5 million mainly on account of importation of gas turbines as hydro-power generation was impaired by drought (**Chart 4.4**).

increased from USD 1,361.2 million previous year to USD 1,758.2 million owing to an increase in imports of oil and industrial raw materials. The increase in oil imports was mainly due to significant increase in volume and the world market prices. During the review period, the total volume of imported oil went up by 29.4 percent to 2,251,711 tons. Much of the increase was for thermal power generation. Oil prices in the world market rose from an average of USD 61.07 per barrel in the previous year to USD 63.05 per barrel. As a result, oil imports bill went up substantially from USD 1,010.0 million in 2005/06 to USD 1,298.3 million in 2006/07.

Likewise, importation of intermediate goods

**Chart 4.4: Trends and Structure of Tanzania Imports**

Importation of consumer goods also recorded an increase of 17.0 percent to USD 954.9 million largely due to a rise in imports of other consumer goods such as pharmaceutical products, paper products including books, plastic items and textile apparels. During the year ending June 2007, other consumer goods increased to USD 716.0 million compared to USD 577.7 million in the previous year. On the other hand, food and food stuff imports remained virtually unchanged at USD 238.9 million in 2006/07.

Services Account

During the review period, the services account recorded a surplus of USD 240.8 million, an increase of 77.5 percent from a surplus of USD 135.7 million recorded in the previous year. The impressive performance was mainly driven by tourism and transportation activities

that account for about 80 percent of total services receipts. Travel receipts increased by 11.0 percent to USD 976.9 million in 2006/07, largely attributed to the attractiveness of the country evidenced by the largest free standing mountain in the world (the Kilimanjaro), the famous Ngorongoro Crater, the vast plains of Serengeti and the attractive beaches in Zanzibar. Likewise, the Government and other stakeholders have been uniting efforts to promote the country as a quality tourist destination. According to the Tanzania Tourism Sector Survey, visitors coming to Tanzania are largely satisfied by the country's natural beauty and friendliness of the people.

Transportation services went up by 9.7 percent to USD 315.6 million in the review period largely due to increase in transit cargo to and from the neighbouring landlocked countries as their economies are picking up following



political stability. Similarly, services payments increased by 8.3 percent to USD 1,346.4 million, largely due to increase in payments for transportation, insurance, financial and other business services. The rise in transportation service payments particularly freight is associated with the surge in merchandise imports. Moreover, the increase in other business services which mainly comprise of consultancy services, operational leasing fees, legal, accounting and research services is partly in line with the growth of economic activities that was further exacerbated by payments on the leasing of gas turbines for power generation.

Income Account

During the year ending June 2007, the deficit in income account declined to USD 54.5 million compared with a deficit of USD 117.3 million recorded in the previous year due to increase in interest receipts coupled with a decline in income payments. The increase in interest receipts by 30.9 percent to USD 85.5 million is partly due to the upsurge in short term foreign investments. On the other hand, the decline in income payments from USD 191.9 million in 2005/06 to USD 144.9 million is largely associated with debt relief through the MDRI. During the review period, interest payments on Government debt declined to USD 24.1 million compared to USD 84.7 million in the previous year.

Current Transfers

During the year under review, Tanzania continued to receive grants from various development partners in order to fill the resource gap in implementing the NSGRP. The continued support follows the country's commitment to the implementation of macro-economic reforms. During 2006/07, official programme grants worth USD 472.1 million were received, which is a decline by 5.8 percent from USD 501.3 million recorded in 2005/06.

Capital and Financial Account

Over the recent past, Tanzania's capital and financial account has been recording a surplus balance that has been used to finance the deficit in the current account. This development has been mostly driven by increases in foreign borrowing, capital transfers and foreign direct investments. During 2006/07, the surplus in the capital and financial account increased to USD 1,650.1 million from USD 1,307.0 million recorded in 2005/06, largely attributed to a surge in Foreign Direct Investment and loan disbursements to the Government and private sector.

World Commodity Prices

During the year ending June 2007, the world market prices for all traditional commodities recorded increases save for the price of cloves, which recorded a slight decline (**Table 4.2**). The price of Robusta coffee surged to USD 1.7 per kg as a result of the decline in stocks at the global level following the effects of drought in Vietnam coupled with a strong demand from EU countries. On the other hand, the price of the Arabica coffee increased by 5.3 percent to USD 2.6 per kg owing to the bi-annual production cycles plus the adverse weather condition in Brazil. It is worth noting that the market of Arabica coffee is largely dominated by Brazil which produces about 40 percent of the global production. The prices of cotton "A Index" and "Memphis" went up to USD 1.3 per kg, while the price of tea (Mombasa Auction) remained stable at USD 1.8 per kg. On the other hand, the price of tea (Average price) increased by 7.4 percent to USD 1.9 per kg, largely as a result of the decline in Sri Lanka tea production following strikes and drought condition. Similarly, the price of sisal rose from USD 905.4 per metric ton in 2005/06 to USD 1,006.25 per metric ton in 2006/07 mainly due to a strong global demand from consumers in the EU countries and increase in usage of sisal fibre for making handicraft and power generation.

BANK OF TANZANIA



During the review period, the prices of crude oil Dubai (f.o.b), (U.K Brent) and white products, recorded slight increases to USD 63.1 per barrel, USD 61.2 per barrel and USD 601.0 per ton, respectively. However, statistics for the last three years depict a huge increase in oil prices during the year ending June 2006. The development was partly due to disruption in global oil supply emanating from geopolitical tensions in the Middle East and civil unrest in Nigeria. In addition, there was

an increased oil demand from U.S, China and India. Meanwhile, the price of gold increased notably to USD 638.4 per troy ounce largely driven by a surge in demand as investors diversified from investing in stocks and bonds. Moreover, the weakening of US dollar against other major currencies resulted into the increase in demand for gold as an alternative investment instrument, thus pushing up the price of gold.

Table 4.2: World Commodity Prices

Commodity	Unit	End June			% Change
		2004/05	2005/06	2006/07	
Robusta Coffee	USD per kg	0.92	1.24	1.72	38.71
Arabica Coffee	USD per kg	2.29	2.44	2.57	5.33
Tea (Average price)	USD per kg	1.70	1.76	1.89	7.39
Tea (Mombasa auction)	USD per kg	1.50	1.76	1.76	0.00
Cotton, "A Index"	USD per kg	1.18	1.25	1.28	2.40
Cotton, Memphis"	USD per kg	1.28	1.32	1.33	0.76
Sisal (UG)	USD per metric ton	955.00	905.42	1,006.25	11.14
Cloves	USD per metric ton	3,290.75	3,557.10	3,496.63	-1.70
Crude oil*	USD per barrel	45.06	61.07	63.05	3.24
Crude oil**	USD per barrel	40.20	57.24	61.18	6.88
White products***	USD per ton	450.09	591.63	601.00	1.58
Jet/Kerosine	USD per ton	466.22	619.52	619.86	0.05
Premium Gasoline	USD per ton	437.81	595.92	617.13	3.56
Heat Oil	USD per ton	445.50	560.22	566.02	1.04
Gold	USD per troy ounce	422.42	521.98	638.43	23.57

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

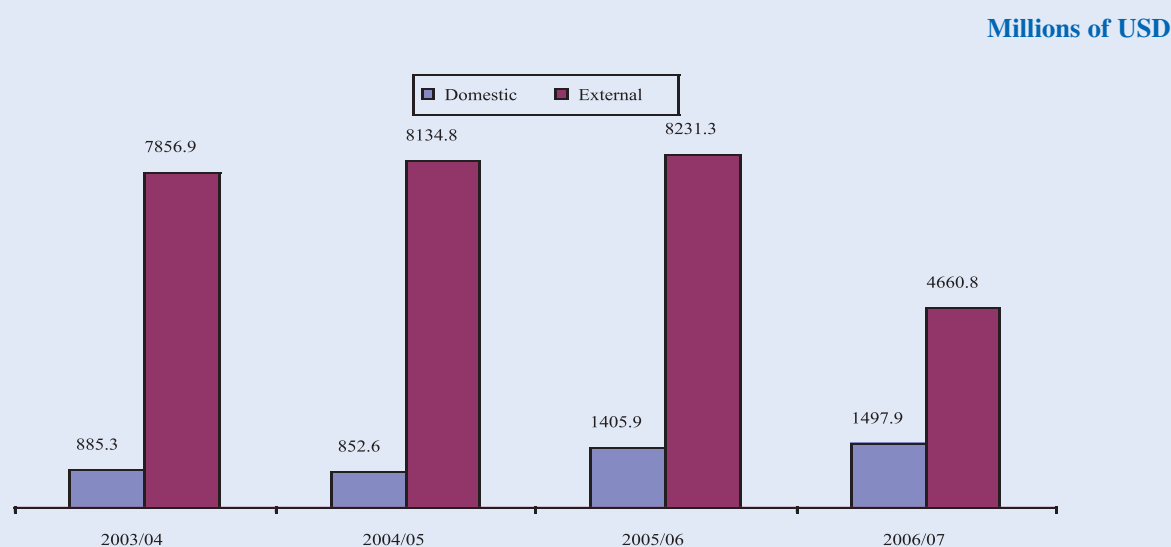
DEBT DEVELOPMENTS

Overview

Tanzania's indebtedness improved considerably in the year 2006/07 following debt cancellation by leading government creditors under the Multilateral Debt Relief Initiative (MDRI). The national debt stock (external and domestic) declined substantially

by 36.1 percent from USD 9,635.4 million registered at the end of June 2006 to USD 6,158.8 Million at the end of June 2007. Out of national debt stock, external debt amounted to USD 4,660.8 million (75.7 percent), while domestic debt stood at USD 1,497.9 million (**Chart 5.1**).

Chart 5.1: National Debt Stock 200/4-2006/07



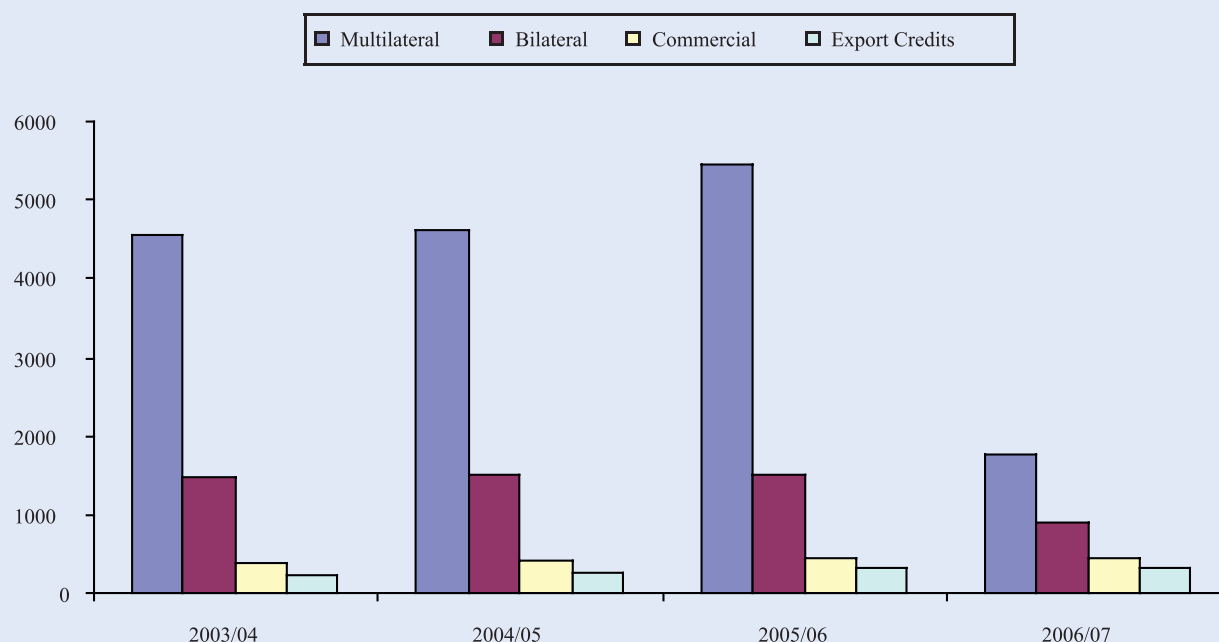
External Debt

The stock of external debt stood at USD 4,660.8 million as at the end of June 2007, a decrease of USD 3,568.7 million (43.4 percent) compared to USD 8,229.5 million registered at the end of fiscal year 2005/06. Out of the total external debt stock, disbursed outstanding debt accounted for 73.9 percent and the remaining was interest arrears.

Notwithstanding debt cancellation through MDRI, multilateral institutions remained the largest lenders holding 51.5 percent of disbursed outstanding debt followed by bilateral creditors who accounted for 26.5 percent, commercial banks (12.7 percent), and private companies in the form of export credits (9.4 percent). The high proportion of multilateral debt is attributable to government policy of borrowing on concessional terms, which are mainly offered by multilateral institutions (**Chart 5.2**).

**Chart 5.2: Disbursed Outstanding Debt by Category**

Millions of USD



Debt Contracted, Disbursements and Repayments

During the year under review, external debt amounting to USD 318.1 million was contracted and a total of USD 449.5 million was disbursed. Debt relief arising from the MDRI, HIPC initiative, and accumulation of arrears on non-serviced debts reduced substantially scheduled debt service payments from USD 336.9 million to actual annual payment of USD 42.0 million.

HIPC Debt Relief

During the year under review the Government of Japan cancelled debts worth USD 523 million under the Enhanced HIPC Initiative. The total Paris Club bilateral creditors debt relief amounted to USD 1,390.6 million by June 2007. Meanwhile, Abu Dhabi Fund signed an agreement to reschedule its debt worth USD 12.2 million bringing the

cumulative debt relief realized from Non-Paris bilateral creditors in the form of debt cancellation and rescheduling to USD 184.6 million and USD 171.2 million respectively.

Multilateral Debt Relief Initiative (MDRI)

Tanzania is among the HIPC that benefited from the Multilateral Debt Relief Initiatives (MDRI) which envisaged cancellation of debt owed to the International Development Association (IDA), African Development Fund (ADF) and International Monetary Fund (IMF). Under MDRI framework, Tanzania received debt relief amounting to USD 3,778 million, out of which IDA cancelled a total of USD 2,804 million, IMF USD 338 million and ADF USD 640 million.

Domestic Debt

During the year under review domestic debt stock increased by 5.0 percent from TZS



BANK OF TANZANIA

1,761.7 billion recorded at the end of preceding year to TZS 1,894.9 billion at the end of 2006/07 owing to government financing needs. Out of total debt stock, government securities accounted for 99.6 percent and the rest were other debts.

During the year ending June 2007 government securities, which include government bonds, Treasury bills, government stocks, and tax reserve certificates, increased by 8.1 percent while other debts remained at the same level of

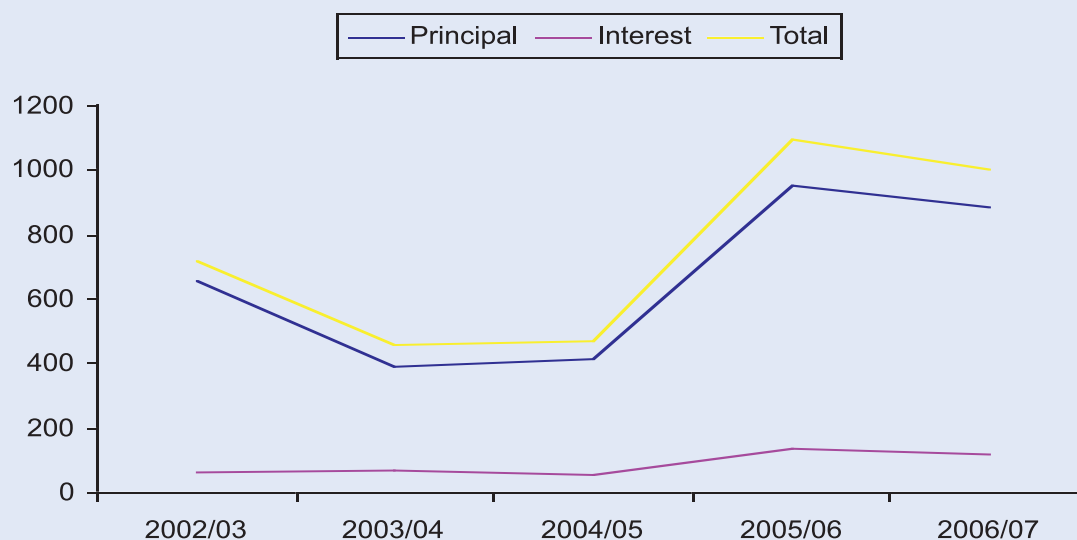
TZS 16.5 billion registered at the end of June 2006.

Domestic Debt Service

Domestic debt amounting to TZS 1,004.2 billion fell due for repayment in 2006/07 compared to TZS 1,092.6 billion in the preceding year. Out of the total amount due, TZS 119.1 billion being interests was paid out of government revenue while the principal amounting to TZS 885.2 billion was rolled over **(Chart 5.3).**

Chart 5.3: Domestic Debt Service

Billions of TZS





CHAPTER SIX

ECONOMIC DEVELOPMENTS IN ZANZIBAR

Overview

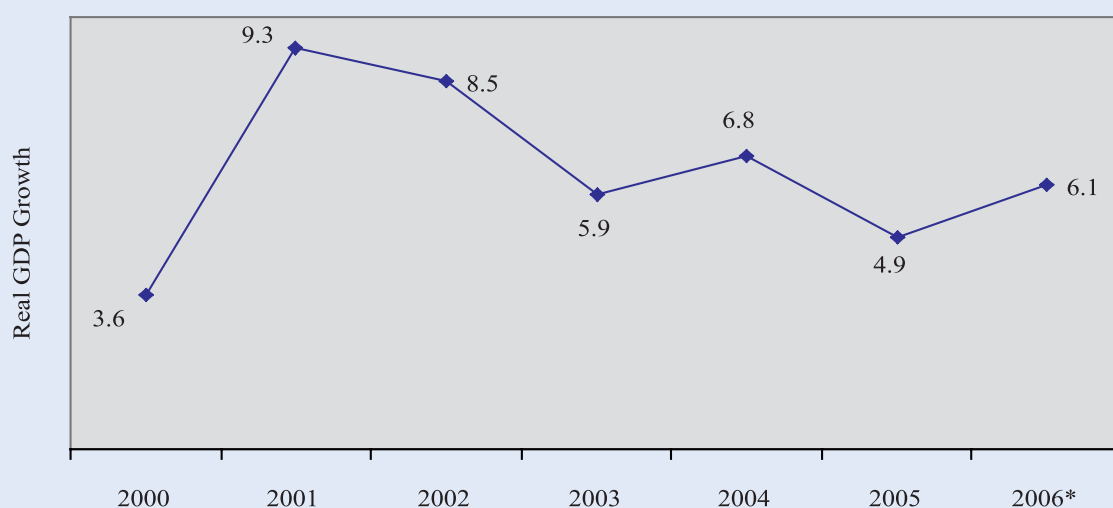
Over the last five years (2001-2005) economic performance in Zanzibar remained strong with GDP growth averaging 7.1 percent. This growth was however below the rate of 8.0 to 10.0 percent envisaged in the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP or MKUZA in Kiswahili).

During 2006, the economy grew at 6.1 percent, close to the projected rate of 6.2 percent but higher than the rate of 4.9 percent registered in 2005. The growth was higher compared with

the average rate of the non-oil producing countries in Africa estimated to be 5.0 percent but lower than the average rate registered by East African countries of 6.3 percent.

Economic growth in 2006 was driven by good performance of agriculture which was largely attributed to favorable weather conditions, coupled with the use of modern agricultural techniques as a result of implementation of Participatory Agricultural Development and Empowerment Programme (PADEP). Besides agriculture, growth also emanated from construction and hotels and restaurants (**Chart 6.1**).

Chart 6.1: Real GDP Development, 2002 - 2006



* Provisional

Source: Office of the Chief Government Statistician, Zanzibar.

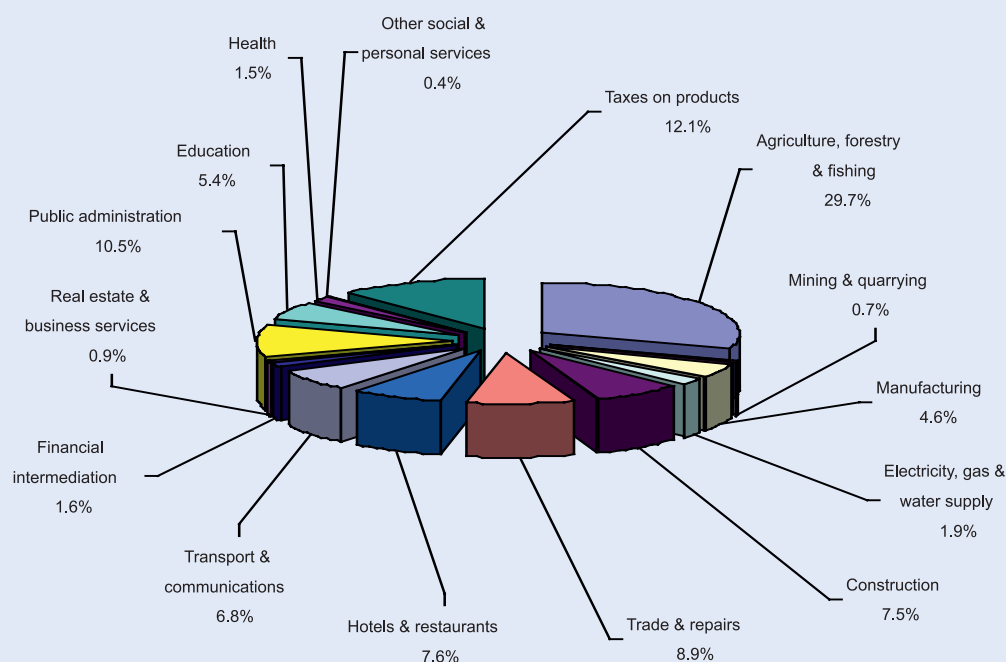
Per capita income increased by 26.1 percent from TZS 368,000 (USD 327) in 2005 to TZS 464,000 (USD 370) in 2006.



The services sector growth declined to 2.7 percent against an increase of 5.3 percent registered in 2005. This sector has been largely dominated by trading and tourism, which include hotels, restaurants, transport and communications and public administration.

During 2006, the share of industry in GDP increased from 13.5 percent attained in 2005 to 15.0 percent as its growth increased remarkably to 17.6 percent from 6.6 percent registered in 2005 (**Chart 6.2**).

Chart 6.2: Activity Distribution of GDP 2006 (at Current Prices)



Source: Office of the Chief Government Statistician

Review of Sectoral Developments

Agricultural Sector

During 2006 the share of the agricultural sector to GDP increased to 30.0 percent from 23.0 percent recorded in the previous year, after registering a growth rate of 19.0 percent. Growth in agriculture was driven by increase in both food and cash crops production. The good performance was associated with good weather conditions and implementation of major agricultural programs, which included PADEP, project to support irrigation

and food security, and assurance of agricultural supplies and better seeds.

Production and sales of cloves increased by 11.7 percent while that of seaweed increased by 24.7 percent. Cloves sales amounted to 3,156.7 tons sold at TZS 8,160.0 million. Despite the increase in cloves production, official procurement has been on a declining trend since 2002 largely on account of aged trees, inadequate rainfall and a growing informal market. Procurement of clove stems declined to 128.8 tons in 2006 from 350.6 tons attained in 2005 (**Table 6.1**).

**Table 6.1: Zanzibar Traditional Crop Procurement**

Crop	Quantity in Tons					% Change 2005/06
	2002	2003	2004	2005	2006	
Cloves	5,959.7	5,218.8	4,097.6	3,266.7	3,156.7	-3.4
Copra	-	-	-	711.0	-	
Chilies	0.0	0.0	-	-	-	
Clove Stem	187.3	496.6	476.0	350.6	128.8	-63.3
Seaweed	9,090.7	9,260.8	7,184.4	7,361.8	7,543.1	2.5
Rubber			683.0	711.0	886.8	24.7
Total	15,237.7	14,976.2	12,441.0	12,401.1	11,715.4	-5.5

Source: Zanzibar State Trading Corporation (ZSTC)

Seaweed procurement reached 7,543 tons with value of TZS 870.5 million up from 7,361.8 tons procured in 2005. Procurement of rubber stood at 886.8 tons having increased by 25.0 percent from 711.0 tons in 2005. Production of food crops increased by 29.4 percent in 2006 compared to 1.6 percent attained in 2005. However this increase is not sustainable as long as agriculture remains dependent on weather conditions.

Services Sector

The services sector in Zanzibar is dominated by trading and tourist hotels and restaurants, transport and communication. During the year under review, the share of services sector to GDP declined to 43.0 percent from 50.0 percent recorded in 2005 as its growth rate slowed to 2.7 percent from 5.3 percent registered in 2005.

The dismal performance was associated with a decrease in activities in trade, transport and communication and hotels and restaurants sub-sectors; which account for 24.0 percent of the total services sector. Trade and repairs posted a small growth rate of 1.8 percent compared to 14.6 percent in 2005.

Transport and Communications

During the period under review; the growth of the sub sector slumped from 29.9 percent attained in 2005 down to 0.4 percent; while its share in GDP declined from 9.1 percent of GDP to 7.0 percent.

Hotel and Restaurants

During 2006, the growth of hotels and restaurants sub-sector declined markedly to 9.2 percent compared to 39.9 percent recorded in 2005 while its contribution to GDP remained stagnant at 8.0 percent as was in the previous year. This in part explains the overall poor performance of the service sector in 2006. During the period the number of tourists increased by 9.0 percent to 137,111 in 2006 from 125,443 registered in 2005.

Industrial Sector

The Zanzibar's industrial sector is dominated by light manufacturing, construction, electricity and water, and quarrying. While in 2006 the sector contributed 15.0 percent of GDP, between 2001- 2005 it contributed an average of 12.5 percent.



Manufacturing

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. The contribution to GDP between 2002- 2005 on average reached 5.3 percent and its growth was as low as 3.4 percent. During the period under review, share of manufacturing was 5.0 percent same as in the previous year. However, growth improved by registering higher rate of 3.5 percent compared to 2.4 percent registered in the previous year. The major production activities included soft drinks, beverages (mineral water and juice), bakeries, flour milling, soap and detergents, garments, milk, coconut and distilled oils.

Construction

During the period under review, construction sector registered notable growth of 33.8 percent from 8.8 percent registered in 2005 largely stemming from increase of infrastructural projects, roads rehabilitation programs, port rehabilitation and residential houses. In line with the registered growth of

this sector, its share to GDP also increased to 7.0 percent from 6.0 percent attained in 2005.

Electricity and Water Supply

The contribution of electricity and water supply to GDP has been constant at 1.6 percent since 2001 to 2005 and annual growth averaged 5.1 percent. The share of this sector increased to 2.0 percent in 2006 from 1.6 percent of the previous year and grew by 5.0 percent in 2006 from 5.0 percent from 7.6 percent of the previous year. The growth emanated from increase of electricity distribution by 17.5 percent to 123.7 million kWh from 105.3 million kWh distributed in 2005. The increase in electricity distribution was associated with expanding economic activities which culminated into high demand for kilowatt hours (kWh) of electricity. Domestic users continued to be the major users of electricity in 2006, accounting for 49.7 percent of total supply. Large industry and commercial premises consumed 26.2 percent and 17.4 percent of total supply, respectively. Total number of people connected to the national grid rose from 2,530 in 2005 to 3,695 in 2006 (**Table 6.2**).

Table 6.2: Quantity of Electricity Distribution (National Grid)

kWh '000'

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

Note: kWh = kilowatt-hour

Source: Zanzibar State Fuel and Power Corporation

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Water supply improved remarkably in both urban and rural areas, associated with newly established projects and the ongoing major rehabilitation programs with support of donors.

The proportion of people with access to safe and clean water rose to 85.0 percent from 76.8 percent of total population in 2005 (**Table 6.3**).

Table 6.3: Proportion of people with Access to Safe and Clean Water

Region	2002	2003	2004	2005	2006*
Urban West	61	60	75	75	96
North Unguja	12	11	75	71	97
South Unguja	27	29	70	78	90
North Pemba	43	72	75	80	69
South Pemba	57	72	75	80	73
All	40.0	48.8	74.0	76.8	85.0

Source: Ministry of Water, Construction, Energy and Lands

Gross Capital Formation

Gross capital formation in Zanzibar has been growing on average of 28.6 percent for the period between 2002-2005. During 2006 gross capital formation increased by 33.0 percent to TZS 101.3 billion from TZS 76.2 billion recorded in 2005. The good performance was mainly due to increased investment in infrastructure projects by both the private sector and the government. Private sector investment concentrated in construction of tourist hotels while government projects were mainly for the development of economic and social infrastructure.

Capital formation by type revealed that, buildings amounted to TZS 32.3 billion accounting for 31.9 percent of the total, out of which TZS 20.2 billion or 62.5 percent were non-residential buildings mainly, tourist hotels. Investment in equipment amounted to TZS 30.8 billion accounting for 30.4 percent of the total, out of which transport equipment amounted to TZS 13.2 billion or 43.0 percent. Capital formation in the form of other works reached TZS 36.0 billion accounting for 35.5 percent of the total. The ratio of capital formation to GDP slightly increased from 19.2 percent of GDP in 2005 to 19.7 percent of GDP in 2006 (**Table 6.4**).

**Table 6.4: Capital Formations by Type of Asset****(Millions of TZS)**

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

Source: Office of the Chief Government Statistician, 2006.

Note. p = Provisional.

Government Budgetary Operations

Overall Performance

Fiscal performance during 2006/07 was satisfactory, with domestic revenue surpassing the target by 7.7 percent, while expenditure was below the target due to lower donor disbursements. The budget deficit after grants narrowed to TZS 13.5 billion from TZS 50.3 billion attained in the previous year, and was below the target of TZS 48.3 billion. The

deficit was financed mainly by foreign resources.

Revenue Performance

During the financial year 2006/07 the government implemented tax measures to boost revenue collection. The measures included: enhancing inspection and valuation of imported goods especially motor vehicles, petrol and other petroleum products; controlling tax exemptions; widening the tax

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base by including informal sector; and improving non-tax ministerial collection by enforcing auditing.

Total revenue outturn was TZS 89.6 billion exceeding the annual target of TZS 83.2 billion and TZS 68.6 billion collected in 2005/06. This performance was mainly attributed to increased taxable imports, increased tourist and trading activities, coupled with enhanced tax revenue collections measures and collaborative efforts between tax collection agencies—the Zanzibar Revenue Board and Tanzania Revenue Authority.

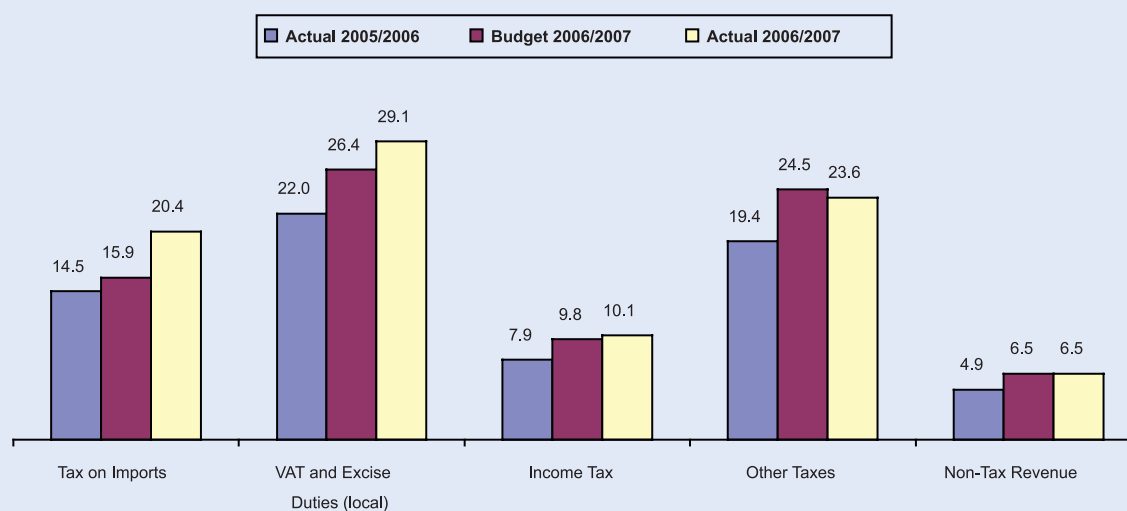
Revenue performance by category revealed that tax revenue amounted to TZS 83.1 billion

exceeding the targeted amount of TZS 76.7 billion and accounting for 92.7 percent of total collections. Revenue from non-tax sources amounted to TZS 6.5 billion in line with target.

VAT and excise duty (local) remained the main source of tax revenue, fetching TZS 29.1 billion, and exceeding the target of TZS 26.4 billion. Tax on imports amounted to TZS 20.4 billion exceeding the target of TZS 15.9 billion and accounting for 24.5 percent of the tax revenue. Income tax collections reached TZS 10.1 billion, slightly above the target of TZS 9.8 billion. Collections from other category amounted to TZS 23.6 billion, slightly below the target of TZS 24.5 billion (**Chart 6.3**).

Chart 6.3: Zanzibar Government Revenue by Sources 2006/07

Billions of TZS



Source: Ministry of Finance and Economic Affairs -Zanzibar

Expenditure

The government expenditure during 2006/07 was aligned to ZSGRP as well as to the newly introduced Zanzibar Budget Allocation System (ZBAS). Expenditure and resource management was further improved by expanding ceiling committee membership by

including representatives from ministries focused under MKUZA.

The total government expenditure reached TZS 166.2 billion, representing 77.4 percent of the target of TZS 214.8 billion and 32.4 percent of GDP. The expenditure was lower than expected due to low outturn of disbursement from



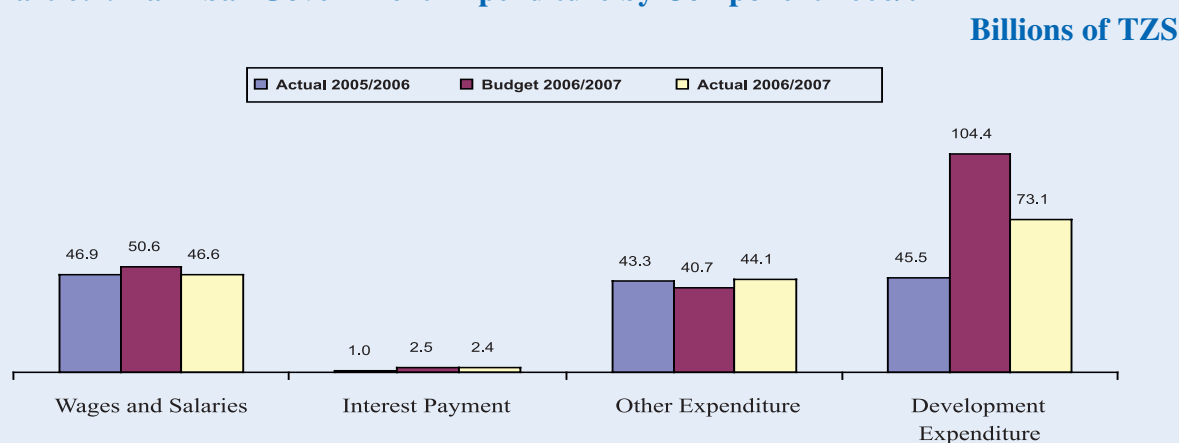
donors. Recurrent expenditure reached TZS 93.1 billion accounting for 84.4 percent of the target of TZS 110.4 billion. Development expenditure amounted to TZS 73.1 billion accounting for 74.0 percent of the target of TZS 104.4 billion.

Analysis of recurrent expenditure shows that wage bill amounted to TZS 46.6 billion and accounted for 50.1 percent of the total recurrent expenditure. Interest payments amounted to TZS 2.4 billion close to the target of TZS 2.5

billion, while other expenditures amounted to TZS 44.1 billion and accounted for 47.4 percent of the recurrent expenditure.

Development expenditure amounted to TZS 73.1 billion, below the target of TZS 104.4 billion. Local contribution amounted to TZS 7.1 billion compared to the target of TZS 8.8 billion, while contribution from the donors amounted to TZS 66.0 billion against the target TZS 95.6 billion (**Chart 6.4**).

Chart 6.4: Zanzibar Government Expenditure by Component 2006/07



Source: Ministry of Finance and Economic Affairs -Zanzibar

Box 6 (a): The 2007/08 Budget Objectives

The Zanzibar's Macro-economic Objectives for 2007/08

- To achieve a GDP growth rate of 6.6 percent in 2007.
- To reduce inflation rate to 8.5 percent in 2007 from 11.4 percent in 2006.
- To raise domestic revenue to GDP to 19.0 percent from 18.0 percent.
- To increase investment level to GDP from 19.8 percent (2006) to 22.0 percent (2007).

In order to achieve the above objectives the Government intends to pursue the following policies:

- Creating conducive business environment aiming at doing away with bureaucracy and reducing costs of doing business.
- Finalize preparation of the Zanzibar Export Strategy and effect implementation.
- To improve infrastructure developments specifically rehabilitation of Malindi seaport and Zanzibar airport.
- Implementation of civil service reform program geared towards a streamlined and efficient government structure.
- Start implementation of the Public Financial Management Reform Program



Box 6 (b): The 2007/08 Budget Estimates

Revenue Collections

During 2007/08, the Government of Zanzibar intends to collect TZS 114.5 billion out of which, TZS 103.0 billion will come from tax sources and TZS 11.5 billion from non-tax sources. The Government plans to undertake the following revenue measures to achieve the envisaged targets:

- Conduct audit of tourist hotel, with view of authenticating levy payments in respect of service rendered by the hotels.
- Re-registration of tourist hotels and guest houses.
- Enhance categorization of VAT qualifying hotels and those that qualify to pay hotel levy.
- Raise airport service charge to USD 30.0 from the current USD 25.0 per person.
- Increase trade levy on beer transferred to Zanzibar to TZS 400.0 per litre.
- Raise motor cycles license fees to TZS 10,000.0 and all other motor vehicles to TZS 50,000.0 per year.
- Strengthen non -tax collections done by ministries; through improved monitoring and evaluation system.

Government Expenditure

- The Government plans to spend TZS 276.0 billion during 2007/08 being 28.5 percent higher than the level estimated in the previous year of TZS 214.8 billion and is equivalent to 53.9 percent of GDP.
- Recurrent expenditure will amount to TZS 140.4 billion accounting for 50.9 percent of the planned expenditure.
- Development will amount to TZS 135.6 billion or 49.1 percent of envisaged total expenditure.

Financing

- During 2006/07, the Government financing will be sourced from:
- External sources - loans and grants amounting to TZS 119.2 billion and budgetary support to the tune of TZS 36.2 billion.
- Non-bank borrowing will amount to TZS 6.1 billion.



Zanzibar Debt Developments

The Zanzibar public debt has been growing for the past three years from TZS 118.5 billion (USD 106.1 million) at the end of June 2004 to TZS 181.5 billion (USD 144.9 million) at the end of June 2006. Accordingly, the debt to GDP ratio increased from 34.4 percent to 45.8 percent during the same period. The external debt remained dominant accounting for an average of 60.0 percent of the total debt since 2004.

Zanzibar public debt for the year ended June 2007 stood at TZS 198.9 billion (USD 157.3 million) having increased by 9.5 percent from TZS 181.5 billion (USD 144.9 million) recorded in the corresponding period in 2006. The debt to GDP ratio reached 50.3 percent compared with 45.8 percent as at end of June 2006. The increase of Zanzibar debt was mainly attributed to new borrowing from the African Development Fund (ADF) and International Development Association (IDA). The external debt continued to dominate the debt portfolio, amounting to TZS 131.3 billion (USD 103.8 million), being 65.9 percent of the total debt stock, while 34.1 percent constituted the domestic debt.

Domestic Debt

Domestic debt stood at TZS 67.6 billion at the end of June 2007, down from TZS 70.7 billion

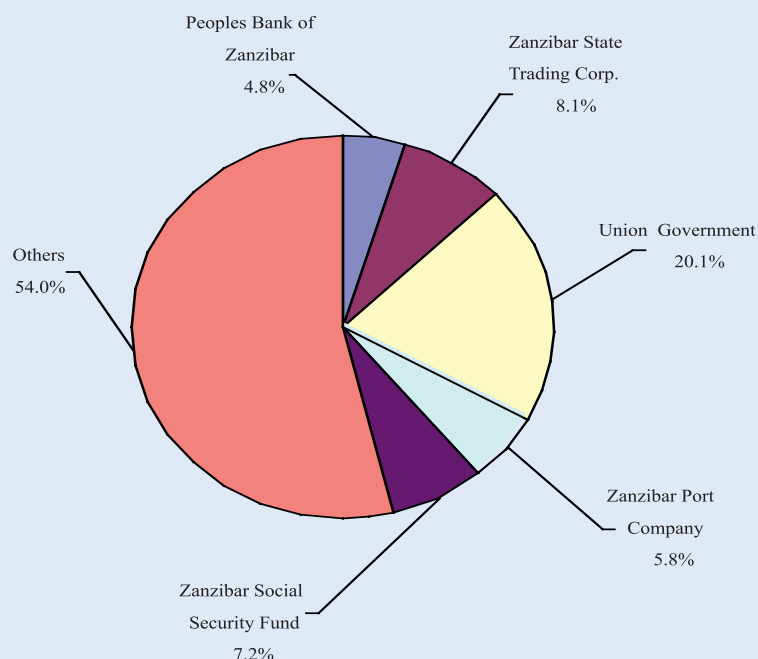
registered at the end of June 2006. The decrease was mainly on account of partial servicing of the debt due to Zanzibar Social Security Fund, pensioners and government suppliers.

Domestic Debt - By Creditor

Analysis of domestic debt by creditor revealed that, debts due to 'Other creditors'—claims from domestic suppliers and pensioners—remained dominant in debt portfolio. The debt stood at TZS 36.5 billion compared with TZS 38.2 billion recorded in the previous year and accounted for 54.0 percent of the total domestic debt. Debt owed to the Union Government stood at TZS 13.6 billion, representing 20.1 percent of total domestic debt, while that owed to Zanzibar Social Security Fund (ZSSF) amounted to TZS 4.9 billion representing 7.2 percent of total domestic debt. Debt owed to Zanzibar State Trading Corporation (ZSTC) slightly declined to TZS 5.5 billion from TZS 5.6 billion and accounted for 8.1 percent of total domestic debt. Debt due to Zanzibar Port Authority (ZPA) amounted to TZS 3.9 billion representing 5.8 percent of total domestic debt, while that due to People's Bank of Zanzibar (PBZ) debt amounted to TZS 3.2 billion accounting for 4.8 percent of total domestic debt (**Chart 6.5**).



Chart 6.5: Domestic Debt by Creditor as at End – June 2007



Source: Ministry of Finance and Economic Affairs Zanzibar.

Domestic Debt by Maturity

Domestic debt by maturity shows that, debt with ‘undetermined maturity’ (pensioners and suppliers claims) were dominant amounting to TZS 44.6 billion or 66.0 percent of the total domestic debt. Debt with maturity of 2 to 5 years amounted to TZS 14.7 billion representing 21.7 percent of total domestic debt. Debt maturing within 1 to 2 years amounted to TZS 1.3 billion, accounting for 1.9 percent of the total domestic debt. Debt with maturity of less than one year amounted to TZS 7.0 billion accounting for 10.4 percent of the total domestic debt.

External Debt

During the period ending June, 2007 external debt increased by 18.5 percent to TZS 131.3 billion (USD 103.8 million) from TZS 110.8

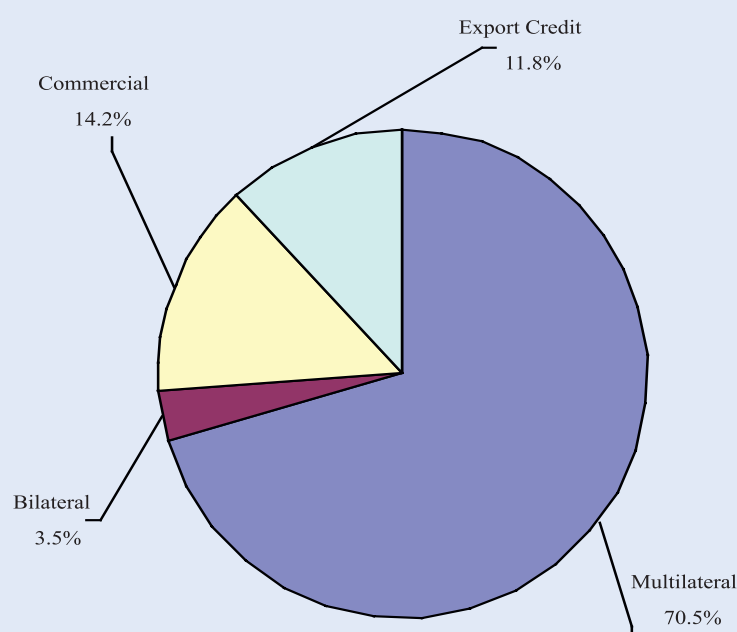
billion (USD 88.5 million) recorded in the year ending June 2006. The rise was mainly associated with new borrowing from African Development Fund (ADF) and the International Development Association (IDA). Out of the total external debt, USD 70.5 million or 67.9 percent of total external debt was under Union Government guarantee.

External Debt by Creditor Category

The profile of external debt by creditor indicates that debt due to multilateral creditors amounted to USD 73.2 million, representing 70.5 percent of the total external debt. Debt due to bilateral creditors amounted to USD 3.7 million from USD 4.7 million, and represented 3.5 percent of total external debt. Claims due to commercial and export credit amounted to USD 14.7 million and USD 12.3 million respectively (**Chart 6.6**).



Chart 6.6: External Debt by Creditor as at End – June 2007



Source: Ministry of Finance and Economic Affairs.

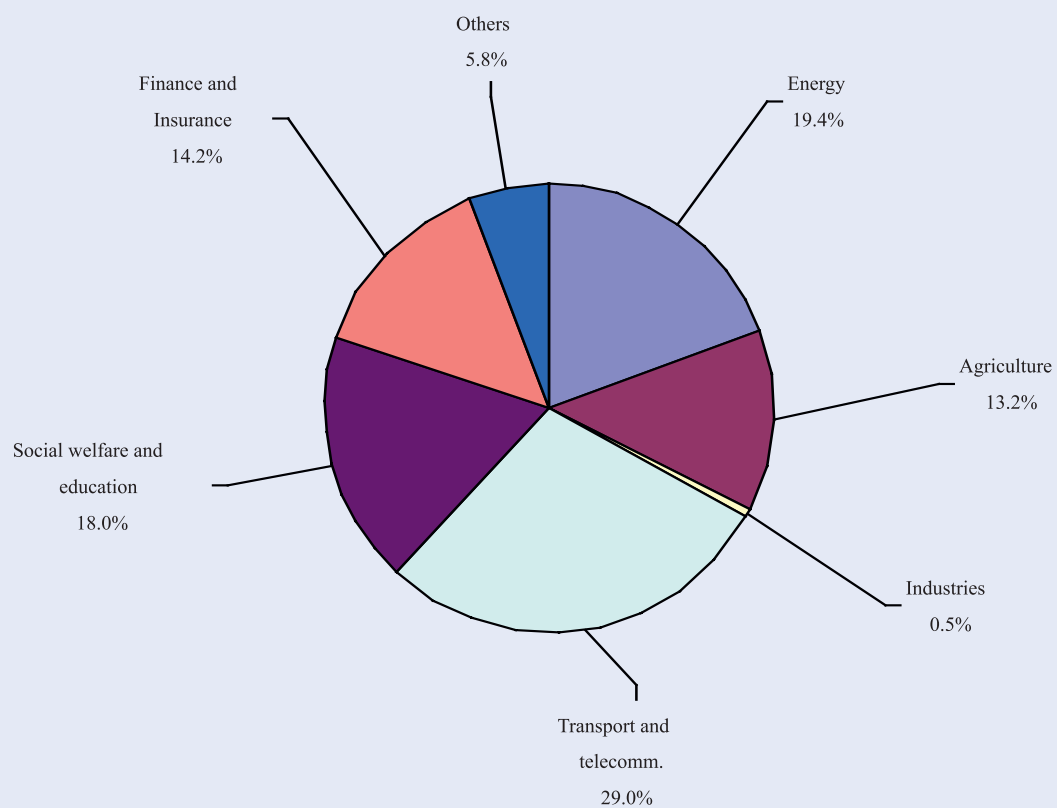
External Debt by Maturity

The profile of external debt by maturity shows that debt with maturity of above 20 years amounted to USD 67.3 million accounting for 64.8 percent of total external debt. Debt maturing between 5 to 10 years were USD 29.7 million or 28.6 percent of the total external debt, while debt with maturity of 10 to 20 years amounted to USD 6.9 million, representing 6.6 percent of total external debt.

External debt by Use of Funds

External debt disbursements to Transport and Communication sector as at the end of June

2007 amounted to USD 30.1 million or 29.0 percent of total disbursements. Energy sector received USD 20.1 million or 19.4 percent of total disbursements. Social Welfare and Education sector received USD 18.7 million, accounting for 18.0 percent of total disbursements. Finance and Insurance sector received USD 14.7 million, representing 14.2 percent of total disbursements. Agriculture and industries sectors received USD 13.7 million and USD 0.5 million or 13.2 percent and 0.5 percent respectively. Disbursements to “Other” sectors amounted to USD 6.0 million, accounting for 5.8 percent of total external debt (**Chart 6.7**).

**Chart 6.7: External debt by use of funds as at end - June 2007**

Source: Ministry of Finance and Economic Affairs, Zanzibar.



External Sector Developments

Current Account

During the year ending June 2007, the Zanzibar's current account posted a surplus of

USD 46.8 million, up from a surplus of USD 3.3 million registered in the preceding fiscal year. The performance was attributed to rise in exports of goods and services coupled with increase in foreign grants **(Table 6.5)**.

Table 6.5: Current Account

Item	Millions of USD				
	Year Ending June				
	2004	2005	2006	2007 ^p	Annual % Change
Goods Account (net)	-51.3	-71.6	-67.2	-56.0	-16.6
Exports	13.1	7.2	11.8	15.4	31.0
Imports (fob)	64.3	78.9	79.0	71.5	-9.5
Services Account (net)	11.1	20.8	19.9	45.8	130.0
Receipts	39.4	58.9	81.2	92.3	13.7
Payments	28.4	38.1	61.3	46.5	-24.1
Goods and Services (net)	-40.2	-50.8	-47.3	-10.3	-78.3
Exports of Goods and Services	52.5	66.1	93.0	107.7	15.9
Imports of Goods and Services	92.7	117.0	140.2	118.0	-15.9
Income Account (net)	-0.10	0.17	0.36	0.25	-28.8
Receipts	0.00	0.19	0.36	0.31	-14.3
Payments	0.10	0.02	0.00	0.05	
Current Transfers (net)	14.2	11.2	50.2	56.8	13.1
Inflows	14.2	11.2	50.2	56.8	13.1
Outflows	0.0	0.0	0.0	0.0	
Current Account Balance	-26.1	-39.4	3.3	46.8	1,313.7

p = Provisional

Source: Tanzania Revenue Authority and Bank of Tanzania.

Goods Account

Zanzibar goods account balance for the year ending June, 2007 registered a deficit of USD 56.0 million, down from a deficit of USD 67.2 million recorded in the previous year. Total merchandise export earnings amounted to USD 15.4 million, up from USD 11.8 million for the previous year. Cloves exports increased to USD 9.7 million from USD 9.3 million

recorded in the previous year, and accounted for 63.0 percent of the total exports. The increase was on account of price factor, which increased to USD 3,207.6 per ton from USD 2,927.3 per ton in 2006. Volume declined from 3,200.0 tons recorded in 2005 to 3,000.0 tons. Seaweeds exports increased by 32.0 percent to USD 1.8 million due to rise in volume and unit price.

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Export of manufactured goods increased to USD 2.6 million from USD 0.2 million registered in the previous year. Export of fish and fish products declined to USD 0.1 million

from USD 0.4 million. Other exports (mainly spices and souvenirs) rose to USD 1.2 million from USD 0.6 million (**Table 6.6**).

Table 6.6: Exports by Type of Commodity

Commodity	Millions of USD				
	Year Ending June				Annual % Change
	2004	2005	2006	2007 ^p	
Traditional Exports:					
Cloves					
Value	9.5	5.1	9.3	9.7	4.8
Volume	5.6	1.7	3.2	3.0	-4.3
Unit Price	1695.1	3078.9	2927.3	3207.6	9.6
Sub Total	9.5	5.1	9.3	9.7	4.8
Non-Traditional Exports:					
Seaweeds					
Value	1.6	1.3	1.4	1.8	32.0
Volume	7.9	6.3	7.1	8.5	20.3
Unit Price	208.0	207.3	193.7	212.5	9.7
Manufactured Goods	0.9	0.3	0.2	2.6	1235.5
Fish and Fish Produce	0.2	0.1	0.4	0.1	-68.6
Horticultural produce	0.0	0.0	0.0	0.0	
Others Exports	0.9	0.4	0.6	1.2	118.7
Sub Total	3.6	2.1	2.5	5.7	127.6
Grand Total	13.1	7.2	11.8	15.4	31.0

Note: Volume in thousands of tons; Value in millions of USD; Unit price in USD/ton

p = Provisional

Source: Tanzania Revenue Authority



During the year ending June 2007, import bill (c.i.f) declined to USD 78.6 million from USD 86.8 million registered in the preceeding year. The fall was attributed to decrease in intermediate and consumer goods, specifically oil imports, food and food stuffs. Intermediate goods imports decreased by 54.2 percent to USD 12.5 million, accounting for 15.9 percent of total goods imports. Oil imports declined to USD 7.0 million from USD 22.1 million registered in the previous year.

Consumer goods imports declined by 23.5 percent to USD 18.8 million accounting for 23.9 percent of the total goods imports. The decline was due to a fall in food imports.

Capital goods import increased by 35.3 percent to USD 47.2 million accounting for 60.1 percent of the total goods imports. The increase in capital goods was largely driven by building and construction materials to cater for booming construction industry (**Table 6.7**).

Table 6.7: Imports, by Major Categories

Import Category	Millions of USD				
	Year Ending June				Annual % Change
	2004	2005	2006	2007 ^p	
Capital Goods	22.5	33.5	34.9	47.2	35.3
Transport Equipments	11.5	9.1	10.2	13.7	34.3
Building and Constructions	2.7	7.9	9.2	14.9	61.9
Machinery	8.4	16.5	15.5	18.6	20.2
Intermediate Goods	16.7	25.2	27.3	12.5	-54.2
Oil imports	12.3	18.6	22.1	7.0	-68.4
Fertilizers	
Industrial raw materials	4.5	6.6	5.2	5.5	7.3
Consumer Goods	31.7	28.0	24.6	18.8	-23.5
Food and food stuffs	21.5	14.6	12.5	4.9	-61.0
All other consumer goods	10.2	13.4	12.0	13.9	15.7
Grand Total (c.i.f)	71.0	86.7	86.8	78.6	-9.5
Grand Total (f.o.b)	64.6	78.9	79.0	71.5	-9.5

Note: Value in millions of USD

p = Provisional

... = Very small values

Source: Tanzania Revenue Authority

BANK OF TANZANIA



Services Account

During the year ending June 2007 balance on services account increased sharply to a surplus of USD 45.8 million, compared with a surplus of USD 19.9 million registered in the year ended June 2006. This was due to a substantial increase in receipts from tourism related activities. Major source of service receipts was from travel, which increased to USD 92.3 million from USD 81.2 million recorded in the

previous year. Foreign payments declined from USD 61.3 million recorded in the previous year, to USD 46.5 million.

Income Account

The income account balance for the year ending June 2007 registered a surplus of USD 0.3 million, down from a surplus of USD 0.4 million of the previous year, mainly due to a decrease in the investment income (Table 6.8).

Table 6.8: Services and Income Account

		Millions of USD				
		Year Ending June				Annual % Change
Item		2004	2005	2006	2007 ^p	
A: Service & Income Balance	Net	11.1	20.8	19.9	45.8	130.0
	Receipt	39.4	58.9	81.2	92.3	13.7
	Payment	28.4	38.1	61.3	46.5	-24.1
B: Income Account	Net	-0.1	0.2	0.4	0.3	
	Receipt	0.0	0.2	0.4	0.3	-14.3
	Payment	0.1	0.0	0.0	0.1	

p = Provisional

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



CHAPTER SEVEN

INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

International Economic Developments

Global Economic Growth

The global economy expanded at a strong pace in 2006, led by the rapid growth in China and India, and improved performance in Europe and Japan (**Table 7.1**). However, the economy in the United States slowed to 2.9 percent in 2006, from 3.1 percent recorded in 2005 owing to the weak performance of the housing sector, leading to the decline in residential investments. Moreover, growth in personal consumption deteriorated following the drop in the purchases of durable goods. In Japan, real GDP accelerated to 2.2 percent in 2006 from 1.9 percent in 2005, supported by stronger external demand for machinery and automobiles. However, household spending, which accounts for more than half of GDP, was still restrained by the modest growth in wages.

The real GDP in the Euro area recovered strongly to 2.8 percent in 2006, marking the strongest growth performance since 2000. Exports and investments were the key driving force for growth, during the review period. Exports benefited from the strength in demand in the Asian countries and the inte-regional trade, despite the appreciation of the euro and the slowdown in the USA economy, the key trading partner. Moreover, consumption expenditure, which had been a major hindrance to growth in the past, improved following positive developments in the labour market. Germany, the largest economy in the Euro zone, grew by 2.6 percent in 2006, from 0.9 percent recorded in the previous year. The increase in growth was supported by strong business investments and robust export performance. In France and Italy,

improvement in growth was supported by the increase in consumer spending. During the review period, the impact of the appreciation of the euro on export growth was fairly contained.

Growth also remained firm in the United Kingdom, with GDP growth rising to 2.7 percent in 2006, from 1.9 percent recorded in 2005. The surge in growth was largely driven by the strong performance of the service sector, which accounts for about three quarters of the total production in the economy. In Canada, the economic activity decelerated to 2.7 percent in 2006, from 3.9 percent recorded in the previous year, following the slowdown of the US economy.

Activity in emerging economies continued to expand, led by strong growth in both China and India. Growth in China reached 11.1 percent in 2006, from 10.4 percent registered in 2005, driven largely by increase in investments and robust export growth. It is worthy noting that, China is a big importer of intermediate goods and prominent exporter of final goods. Therefore, countries that produce intermediate commodities will continue to benefit from the increased Chinese demand. In India, the strong growth was attributable to the rise in domestic demand and exports.

In the rest of Asia, the growth rate of output was supported by high commodity prices and improved financial conditions. Also growth benefited from greater regional integration as reflected in the continued expansion in the interregional trade. The resilience of external demand, particularly in the electronics sector, supported the overall economic activity in the Newly Industrial Asians Economies (NIEs) with the exception of Hong Kong and Singapore, whose growth rates were boosted

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by the services sector. Similarly, growth among the ASEAN-4 economies showed mixed developments. While in Malaysia and Thailand activities picked up, growth slowed down in Indonesia and Philippines owing to calamities caused by typhoon and floods that adversely affected agriculture and hence growth.

The growth in Africa picked up slightly, partly as a result of the positive impact of debt relief, increased capital inflows as well as oil and gold

production in several countries. However, average growth in sub-Saharan Africa (SSA) remained unchanged, despite the deceleration in a number of countries. The output growth was affected by a number of factors including conflicts, political instability, high inflation rates and deterioration in terms of trade. Prospects for better performance in SSA will depend on successful implementation of reforms and other policies aimed at achieving the Millennium Development Goals **(Table 7.1).**

**Table 7.1: Rates of Gross Domestic Products (GDP)**

Country	% Change from previous year			
	2003	2004	2005	2006
World	4.1	5.3	4.9	5.5
Advanced Economies:	2.0	3.3	2.6	3.1
Britain	2.7	3.3	1.9	2.7
Germany	-0.2	1.2	0.9	2.9
Japan	2.7	2.7	1.9	2.2
USA	2.5	3.6	3.1	2.9
Italy	0.4	1.2	0.1	1.9
France	0.9	2.5	1.7	2.2
Canada	1.8	3.3	3.9	2.7
Euro Zone	0.8	1.8	1.5	2.8
European Union	1.3	2.5	1.8	2.4
Africa:	4.6	5.5	5.2	5.5
Sub-Sahara	4.2	5.6	5.5	5.5
Developing Asia:	8.4	8.8	9.2	9.7
China	10.0	10.1	10.4	11.1
India	7.2	8.1	9.0	9.7
ASEAN-4:	5.3	5.8	5.1	5.5
Indonesia	4.7	5.1	5.6	5.0
Malaysia	5.4	7.1	5.3	5.9
Philippines	4.5	6.0	5.1	5.0
Thailand	7.0	6.2	4.4	5.0
Middle East*	6.6	5.4	5.3	5.7
Newly Industrialized Asian Economies	3.2	7.0	5.6	6.2
Hong Kong	3.2	8.6	7.5	6.8
Korea	3.1	4.6	4.0	5.5
Singapore	2.9	8.7	6.6	7.9
Taiwan Province of China	3.4	6.1	4.1	4.5

Source: BOT, Various Publications

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



Global Inflation Rates

During 2006, the global inflation rate remained stable when compared to the levels recorded during the previous year (**Table 7.2**). Although the inflation rate in some advanced economies declined, inflation rates in USA and United Kingdom were above their central bank's target rates. In the USA, the high inflation rate was explained by the increase in energy and food prices, especially corn. It is worth noting that, corn is in high demand as an input to the production of ethanol. Much of the increase in inflation rate in the UK was associated with the rise in gas and electricity bills owing to the

surge in global oil prices. However, in Japan, the increase in global oil prices and the continued recovery in domestic demand have pushed the economy out of the deflationary spiral and the inflation rate was positive at 0.3 percent in 2006.

In the emerging market economies, inflation trend varied across countries. Although the impact of oil price movements was dampened by administrative measures in several Asian economies, food prices remained high in some countries following adverse weather conditions.

**Table 7.2: Consumer Price Index**

Country	% Change from previous year				
	2002	2003	2004	2005	2006
World	3.4	3.6	3.7	3.8	3.8
Advanced Economies	1.2	1.9	3.1	2.6	2.8
Britain	2.2	2.8	2.2	1.9	3.2
Germany	1.4	1.0	1.8	1.9	1.8
Japan	-1.1	-0.3	0.0	-0.3	0.3
USA	1.6	2.3	2.7	3.4	3.2
Italy	2.6	2.7	2.3	2.0	2.1
France	1.9	2.1	2.3	1.7	1.7
Canada	2.3	2.8	1.9	2.2	2.0
Euro Zone	2.3	2.1	2.0	2.2	2.2
European Union	2.2	2.0	2.2	2.2	2.1
Africa:	9.9	10.8	8.1	8.4	9.5
Sub-Sahara	12.3	13.4	9.7	10.5	11.5
Developing Asia	2.0	2.5	4.2	3.6	3.9
China	-0.8	1.2	3.9	1.8	1.5
India	4.3	3.8	3.8	4.2	6.1
ASEAN-4	6.0	4.2	4.6	7.3	8.2
Indonesia	11.8	6.8	6.1	10.5	13.1
Malaysia	1.8	1.1	1.4	3.0	3.6
Philippines	2.9	3.5	6.0	7.6	6.2
Thailand	0.6	1.8	2.8	4.5	4.7
Middle East*	4.3	6.6	5.4	7.1	7.9
Newly Industrialized Asian Economies	0.9	1.4	2.4	2.3	1.6
Hong Kong	-3.0	-2.6	-0.4	0.9	2.0
Korea	2.7	3.6	3.6	2.8	2.2
Singapore	-0.4	0.5	1.7	0.5	1.0
Taiwan Province of China	-0.2	-0.3	1.6	2.3	0.6

Source: BOT Various Publications

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

Monetary Policy Developments

The stance of monetary policy in the advanced industrial countries became less accommodative during the period under review. In the USA, the Federal Reserve funds

rate was raised by 25 basis points on four increments reaching 5.25 percent in June 2006. Thereafter, the US Federal Reserve left the policy rate on hold for the rest of the year. The path of the monetary policy in the USA depended on balancing the risks between high

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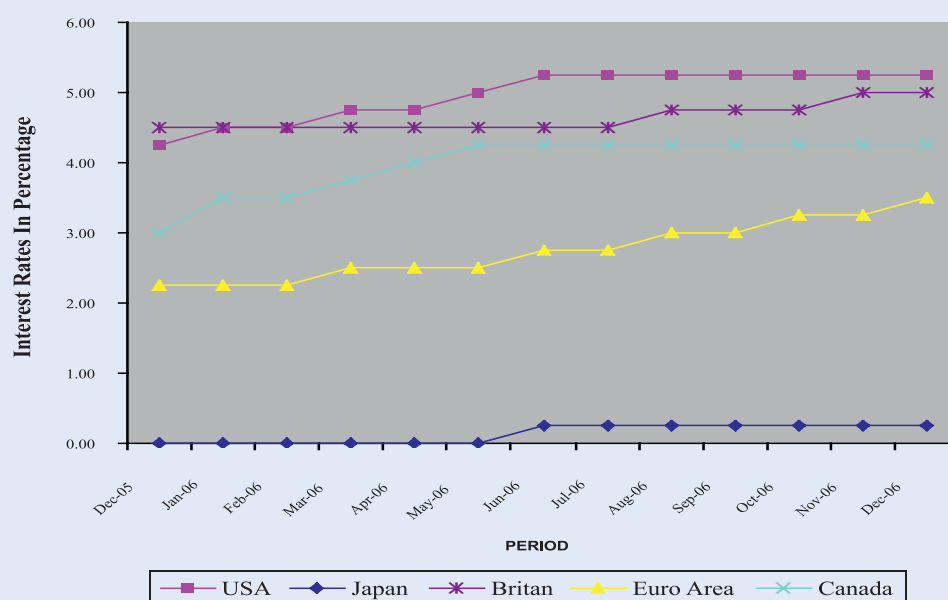
growth and inflation. In March 2006, the Bank of Japan ended its quantitative easing policy and changed its operating target from the outstanding balance of current accounts at the central bank to the uncollateralized overnight call rate. Furthermore, in June 2006, the Bank of Japan ended its zero interest rate policy with a very low policy rate at 0.25 percent. The policy change was necessitated by the favourable macroeconomic improvements, evidenced by strengthening corporate balance sheets, structural adjustments in the financial system and a pick up in the headline inflation.

Similarly, the European Central Bank (ECB) reduced the degree of policy accommodation as economic activities picked up, and money and credit grew rapidly. As a result, ECB raised its policy rate in five occasions by 25 basis points from 2.5 percent in March 2006 to 3.5 percent in December 2006 (**Chart 7.1**). On the other hand, the Bank of England raised its repo rate twice by 25 basis points from 4.75 percent in August 2006 to 5.0 percent in November 2006, due to the pressure from high oil prices and the robust economic conditions.

Meanwhile, the Bank of Canada also raised its policy rate by 25 basis points on three occasions from 3.75 percent to 4.25 percent between March and May 2006 in response to increasing inflationary pressures.

During the period under review, other central banks in advanced industrial countries and some emerging countries raised their policy rates at different occasions and by different amounts. The tightening occurred in the context of a continued expansion of the global economy and high commodity prices. Meanwhile, Japan's interest rates remained the lowest among industrialized countries. A gap between interest rates in Japan and those in the US and Europe contributed to the weakening of the yen against the US dollar and euro. The cheap yen has encouraged carry trade activities to increase, where funds are borrowed at low interest rates in Japan and are invested in other currencies at higher rates. In addition, there have been large outflows from Japan in 2006 as the Japanese investors were diversifying their financial portfolios.

Chart 7.1: Key World Interest Rates





Regional Economic Developments

Tanzania's Participation in EAC and SADC

Tanzania continued to participate in the regional integration process particularly in SADC and EAC as a way of implementing foreign and trade policies of the country. In that regard, it effectively participated in the implementation of all EAC and SADC programmes during 2006/07.

In the EAC front, the programme implementation has focused on the attainment the fast-tracking of the East African political federation by 2013. Further, Member States were under preparations for negotiations on attaining the Common Market, as the next phase of integration after that of Customs Union. During the year, EAC was joined by republics of Rwanda and Burundi, bringing the EAC membership to five countries. The new members had already signed the treaties of accession in June 2007 after fulfilment of all requirements.

In the SADC, partner states signed the Finance and Investment Protocol in Lesotho's capital Maseru on 25th August 2006. The next stage is for the member countries to have the protocol ratified with their legislative bodies. The protocol aims at harmonising the financial and investment policies of member states in order to facilitate the creation of a favourable investment climate within SADC. In addition, the protocol gears towards attaining macroeconomic stability and convergence, coordination in fiscal and trade policies.

The Southern African Development Community (SADC)

Macroeconomic Performance

Macroeconomic performance of SADC as a bloc was characterised by moderate decreases in GDP growth and soaring inflation.

However, there were improvements in current account balances, with some countries registering fiscal surplus and improved foreign reserve assets. On average, GDP growth rate in the region decreased marginally to 5.4 percent in 2006 as compared to 5.5 percent registered in 2005.

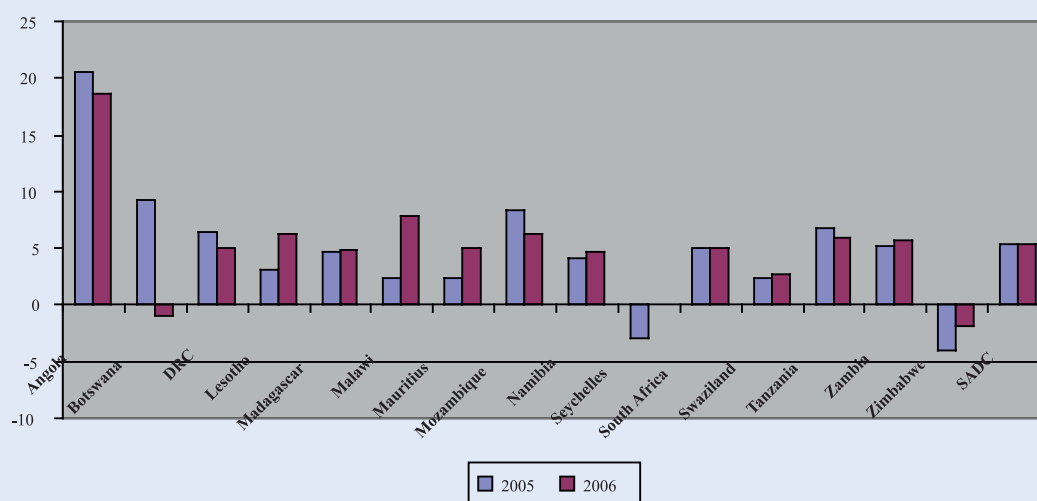
Gross Domestic Product (GDP)

Average growth rate of real GDP in 2006 moderately slowed to 5.4 percent when compared to 5.5 percent recorded in 2005. However, growth rates among the SADC members in 2006 was rather mixed. The observed slow down was partly due to decreases in GDP growth in Angola, Botswana, DRC, Mozambique, South Africa and Tanzania. The real growth rate for DRC, Mozambique, South Africa and Tanzania slowed down due to prolonged drought in 2005, which impacted negatively on agriculture. In addition, the impact of high world oil prices aggravated the achievement of GDP growth. Although Angola's GDP growth decreased during the year, it still recorded a very high growth of 18.6 percent compared to 20.6 percent in the previous year.

The growth rates of Botswana and Zimbabwe in 2006 were -0.9 percent and -1.8 percent, respectively. The negative growth rates in Zimbabwe during the past few years is mainly attributable to persistent droughts, political instability and economic sanctions imposed by the international community following the allegations of human right abuses. On the other hand, strong performance was recorded in Lesotho Malawi and Mauritius, while the rest of the countries namely Madagascar, Namibia and Zambia recorded moderate growth, rates (Chart 7.2 and Table 7.3).



Chart 7.2: Annual Real Growth for SADC Countries, 2005 and 2006



TIn 2006, South Africa maintained dominance by accounting for 68.1 percent of total GDP in the region, despite slight decline from over 70.0 percent recorded during the previous year. On the other hand, remarkable growth for Angola that was greatly attributed to the oil

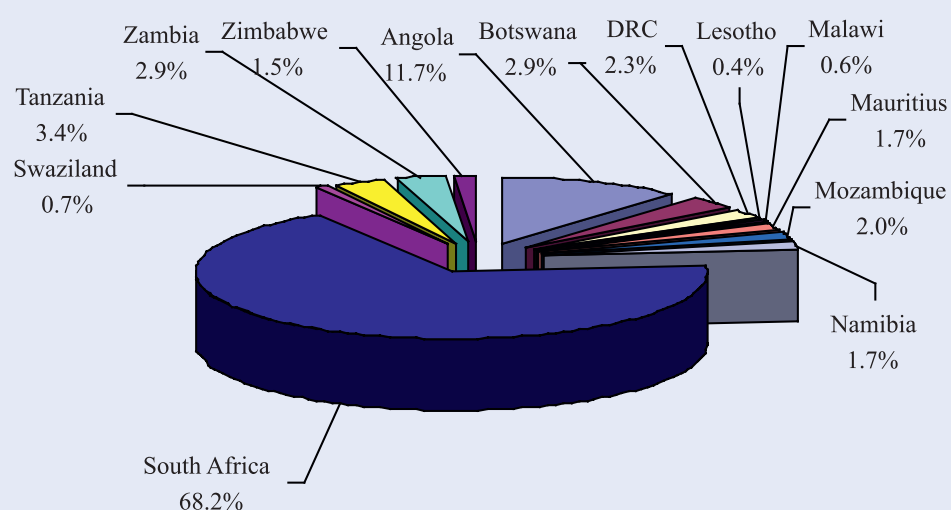
production has raised the country's share of GDP in the region to 11.7 percent in 2006 from 9.0 percent in 2005. Other strong economies in the region include Tanzania with a share of 3.4 percent and Botswana and Zambia with 2.9 percent each, (**Chart 7.3**).

**Chart 7.3: Percentage Share of GDP for SADC Countries, 2006**

	Percent					
Country	2001	2002	2003	2004	2005	2006
Angola	5.2	15.5	3.4	11.7	20.6	18.6
Botswana	9.1	1.6	9.5	3.4	9.2	-0.9
DRC	-2.1	3.5	5.8	6.6	6.5	5.1
Lesotho	3.2	3.5	3.3	3.2	3.0	6.2
Madagascar	6.0	-12.7	9.0	5.3	4.6	4.9
Malawi	-4.1	2.1	3.9	5.1	2.3	7.9
Mauritius	5.4	2.1	4.4	4.7	2.3	5.0
Mozambique	13.1	8.2	7.9	7.5	8.4	6.3
Namibia	2.4	2.5	3.7	4.4	4.2	4.6
Seychelles*	-2.2	1.3	-6.3	-2.0	-3.0	-
South Africa	2.7	3.7	3.0	4.5	5.1	5.0
Swaziland	1.8	2.8	2.4	2.1	2.3	2.8
Tanzania	5.7	6.2	5.7	6.7	6.8	5.9
Zambia	5.0	3.3	4.0	5.0	5.2	5.8
Zimbabwe	-2.8	-5.7	-8.3	-2.5	-4.0	-1.8
SADC (Average)	3.0	3.6	3.0	4.3	5.5	5.4

* Seychelles withdrew from SADC since 01 July 2004. Consequently, analysis for 2005 and 2006 excludes Seychelles

Source: Statistics for SADC Countries

Chart 7.3: Percentage Share of GDP for SADC Countries, 2006

Source: Reports from SADC Countries



Rates of Inflation within SADC

On average, inflation rate in SADC countries (excluding Zimbabwe) decreased from 10.1 percent in 2005 to 9.2 percent in 2006 though most individual member states recorded high inflation rates. The sad story is the continuous worsening of Zimbabwe inflation that rose to the average of 1,281.1 percent in 2006 from 585.8 percent in 2005. When Zimbabwe is included in the analysis, the average inflation rate for SADC stands at 100.1 percent as opposed to 51.2 percent reported in 2005 (**Table 7.4 and Chart 7.4**). So, the ongoing economic difficulties in Zimbabwe and the prolonged drought experienced in most of the SADC Member States that hit rain-dependent agriculture sector explains the high inflation in the region.

The situation was aggravated by the policy stance followed by member countries where, on average, money supply (excluding Zimbabwe) for the region increased by 66.0 percent in 2006 from 18.7 percent in 2005. In

2006, fiscal policy in the region was slightly tight compared to 2005 hence recording a budget surplus of 2.6 percent compared to overall budget deficit of 1.3 percent in the previous year. This achievement is attributable to decisions by the member states that pursue policies focusing on instituting discipline in expanding monetary aggregates and reducing Government expenditure. **Table 7.4** shows that only eight out of fourteen member countries have managed to achieve a target of single digit inflation before 2008.

Tanzania experienced consistent rise in the rate of inflation since 2004 and it recorded the rate of 6.2 percent in 2006. The increase was attributable to the drought during 2006 that hampered power generation that in turn affected industrial production. Member countries that recorded two-digit rates of inflation during the review period are Angola, Botswana, DRC, Madagascar, Malawi and Mozambique. Zambia recorded significant improvement by moving from the two-digit category to a single-digit (**Table 7.4**).

Table 7.4: Rates of Inflation for SADC Countries, 2001 – 2006

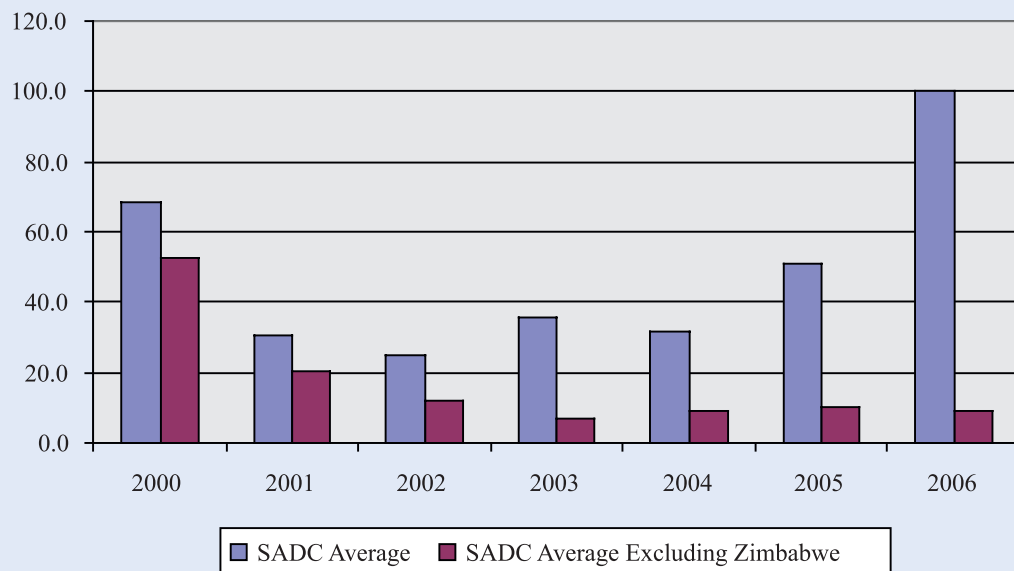
	Percent					
Country	2001	2002	2003	2004	2005	2006
Angola	116.1	105.6	76.6	31.0	18.5	12.2
Botswana	6.6	8.0	9.2	7.8	8.6	11.6
DRC	135.1	15.8	4.4	9.2	21.5	13.1
Lesotho	6.9	11.9	5.9	5.1	3.4	6.0
Madagascar	6.9	16.2	-1.1	14.0	18.4	10.8
Malawi	27.5	14.8	9.6	11.5	15.4	13.9
Mauritius	5.4	5.6	3.9	5.6	4.9	8.9
Mozambique	21.9	9.1	13.8	9.1	6.4	13.3
Namibia	9.2	11.3	7.3	4.2	2.3	5.1
Seychelles*	6.0	0.2	3.3	3.9	0.9	-
South Africa	5.7	9.2	5.8	1.4	3.4	4.7
Swaziland	7.5	11.7	7.3	3.5	4.8	5.3
Tanzania	5.1	4.6	4.4	4.2	5.0	6.2
Zambia	21.0	38.0	17.0	18.0	18.3	9.1
Zimbabwe	76.7	113.2	365.0	350.0	585.8	1281.1
SADC Average	30.5	25.0	35.5	31.9	51.2	100.1
SADC (average excl. Zimbabwe)	20.4	12.0	7.0	9.2	10.1	9.2

* Seychelles withdrew from SADC since 01 July 2004. Consequently, analysis for 2005 and 2006 excludes Seychelles

Source: Economic Development and Statistics for SADC Countries



Chart 7.4: SADC Average and the Average when Excluding Zimbabwe, 2000–2006

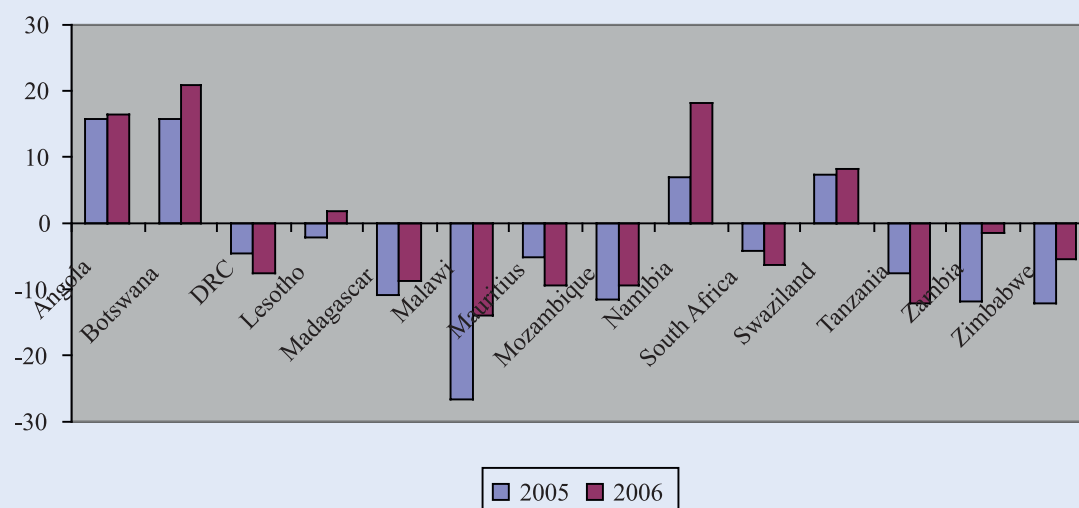


External Sector

In 2006, the performance of the external sector in the region showed remarkable improvement. The region recorded an improved current account deficit from 3.7 percent in 2005 to 0.7

percentage of GDP in 2006. Only five member states were able to realize current account surplus, namely Angola, Botswana, Namibia, Swaziland and Lesotho. The Mining and Tourism sectors contributed to this good performance.

Chart 7.5: Current Account as Percentage of GDP in SADC Countries, 2000-2006



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On the other hand, Malawi, Mozambique, Madagascar, Mauritius and Tanzania reported widened deficits, although the first three have achieved some improvement. Malawi's current account deficit narrowed to 14.0 percent from 26.0 percent of GDP in 2005. Also Zambia and Zimbabwe recorded significant improvement in their current account balance (**Chart 7.5**).

The persistent unfavourable performance of the external sector in the region is a result of weak export base, high world oil prices as well as low industrial and agricultural production.

External Reserves

Tanzania has been able to maintain a reasonably adequate level of reserves over the last five years. In 2006, Tanzania's foreign reserves were equivalent to about 5.3 months of imports of goods and services compared to 5.8 months in 2005. The poor performance is attributable to increased import bill due to substantial increase in imports to support expanding import-related economic activities. During 2006, the best performers on the basis of months of imports in the region are: Botswana (30.0 months), Angola (11.8 months), Mauritius (8.2 months) and Lesotho (6.7 months).

Tanzania's Status in Macroeconomic convergence in SADC

In its economic policy implementation, Tanzania takes into account the agreed macroeconomic convergence targets in the SADC region. Preparations of macroeconomic convergence programmes by each SADC member state are at an advanced stage. In the mean time, countries compare their macroeconomic performance with the following agreed indicators while awaiting for completion of the convergence programmes.

Achieve high and sustainable rate of growth of real GDP of 7.0 percent

SADC member countries have agreed for each country to achieve the annual GDP growth rate of at least 7.0 percent. The real GDP growth rate of 5.9 percent for Tanzania in 2006 is still below the regional convergence target. The performance depicts a slow down from the near target performance of growth rates of 6.7 percent and 6.8 percent in 2004 and 2005, respectively. It is expected that real GDP growth rate for Tanzania will reach at 7.3 percent in 2007 thereby attaining the regional macroeconomic convergence target. In the region, only Angola (18.6 percent) and Malawi (7.9 percent) registered over 7.0 percent growth of real GDP in 2006. Botswana and Mozambique attained the convergence target in 2005 but were unable to sustain it in 2006. The challenge to the SADC countries is to attain and sustain the convergence target, given economic vulnerability of the region from domestic and external factors.

Attain a single digit Inflation rate by 2008

On inflation rate, the SADC convergence target is to attain a single digit inflation rate by 2008. Tanzania has consistently registered single-digit inflation rate since 1999 and reached the lowest rate of 4.2 percent in 2004. Since then, there have been upward inflationary pressures that raised the inflation rate to 6.2 percent in 2006. Despite the rise in the rate of inflation, Tanzania is still within regional convergence target. Other countries that attained single digit inflation in 2006 were Lesotho (6.0 percent), Mauritius (8.9 percent), Namibia (5.1 percent), South Africa (4.7 percent) Swaziland (5.3 percent) and Zambia (9.1 percent). Botswana and Mozambique, which had previously attained convergence criteria in 2005, were unable to sustain the rates in 2006.



- **Ratio of budget deficit to GDP of less than 5.0 percent by 2008**

The SADC target on budget deficit is to achieve the ratio of less than 5.0 percent of GDP by 2008. In 2006/07, Tanzania recorded the ratio of budget deficit to GDP of 4.8 percent, which is inline with the regional target. In 2006, all countries except Zimbabwe attained the budget deficits within the convergence target.

- **Public Debt to GDP of less than 60.0 percent by 2008**

Tanzania registered the public debt to GDP ratio of 63.5 percent in 2006, which is still above the regional target of less than 60 percent by 2008. Tanzania's projections indicate that the ratio will continue to fall further to reach 45.2 per cent in 2008 following full implementation of MDRI that started in July 2006. In the region, only two other countries, namely Mauritius (61.0 percent) and Zimbabwe (78.3 percent) were unable to attain this convergence target.

- **Current account deficit of not wider than 9.0 percent of GDP**

The SADC countries have also agreed to a target of current account deficit of not wider than 9 percent of GDP. Tanzania, which had attained the target by recording the current account deficit of 7.7 percent of GDP in 2005, was unable to sustain the target in 2006 by registering the deficit of 12.2 percent. Other countries in the region that failed to achieve the current account deficit convergence target include Malawi (14.0 percent), Mauritius (9.5 percent) and Mozambique (9.3 percent). All other countries attained the convergence target with large surpluses recorded in Botswana (20.9 percent of GDP), Namibia (18.3 percent) and Angola (16.4 percent).

The East African Community (EAC)

Macroeconomic performance within EAC

In 2006, there was a new momentum by the EAC member states in consolidating the gains achieved to ensure that stronger regional integration is attained including achieving political federation in the next four years. Initiatives are being made to negotiate for Common Market following the successful implementation of the EAC Customs Union by the member states. More importantly, Governments of member states were committed to pursue sound macroeconomic policies during 2006 despite high oil prices and severe power shortage following drought experienced in 2005.

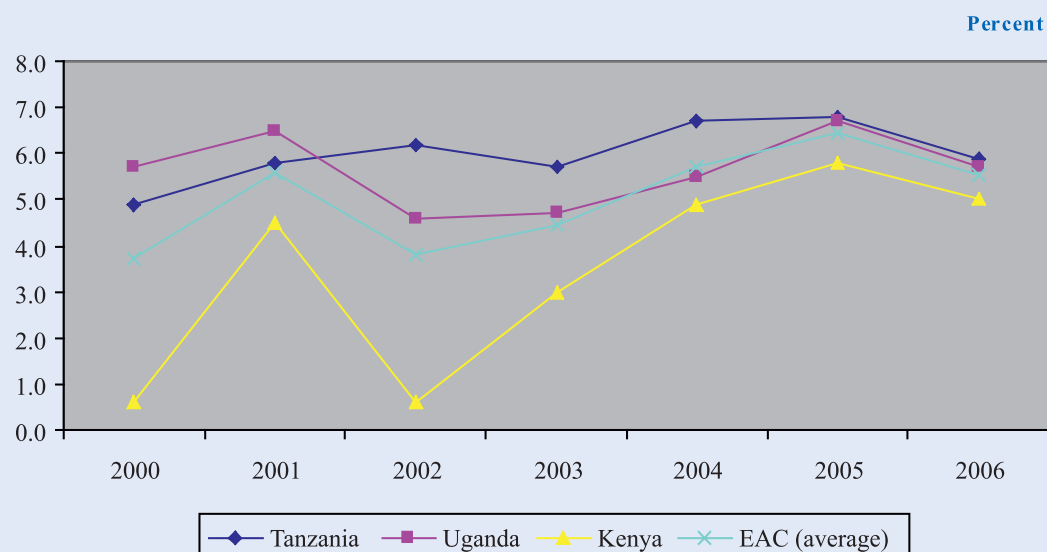
Gross Domestic Product (GDP)

Regional real GDP growth

During the period under review, real GDP growth for the EAC countries deteriorated. The average real GDP growth for 2006 was 5.5 percent compared to 6.4 percent recorded in 2005 following bad weather conditions experienced in the region. Shortage of rain during the period affected both agricultural production and industrial production due to reduced level of power generation. In 2006, all member states recorded declines in their GDP growth. Tanzania attained a growth of 6.2 percent, well above the regional average. Kenya and Uganda reported growth rates of 5.0 percent and 5.7 percent, respectively (**Chart 7.6**).



Chart 7.6: Real GDP Growth Rates for EAC Countries, 2000 – 2006

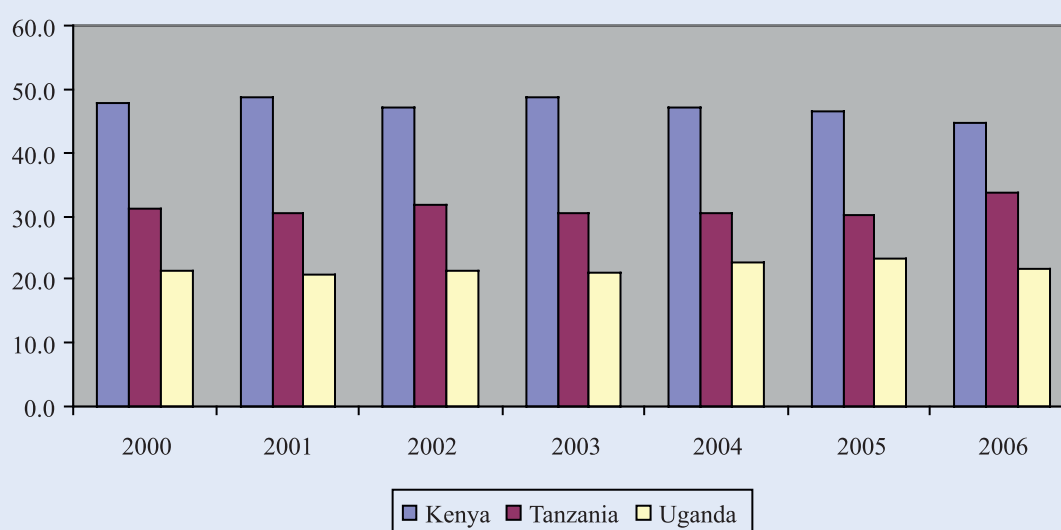


Source: BOT, CBK and BOU Reports (various)

The structure of East African economies remained virtually unchanged with Kenya still accounting for the largest share. Kenyan and Ugandan share of the total GDP in the region

declined to around 44.6 percent and 21.8 percent respectively, while Tanzania's share increased to 33.6 percent (see Chart 7.7)

Chart 7.7: Share of GDP for EAC Countries, 2000 - 2006



Source: BOT, CBK and BOU Reports (various)

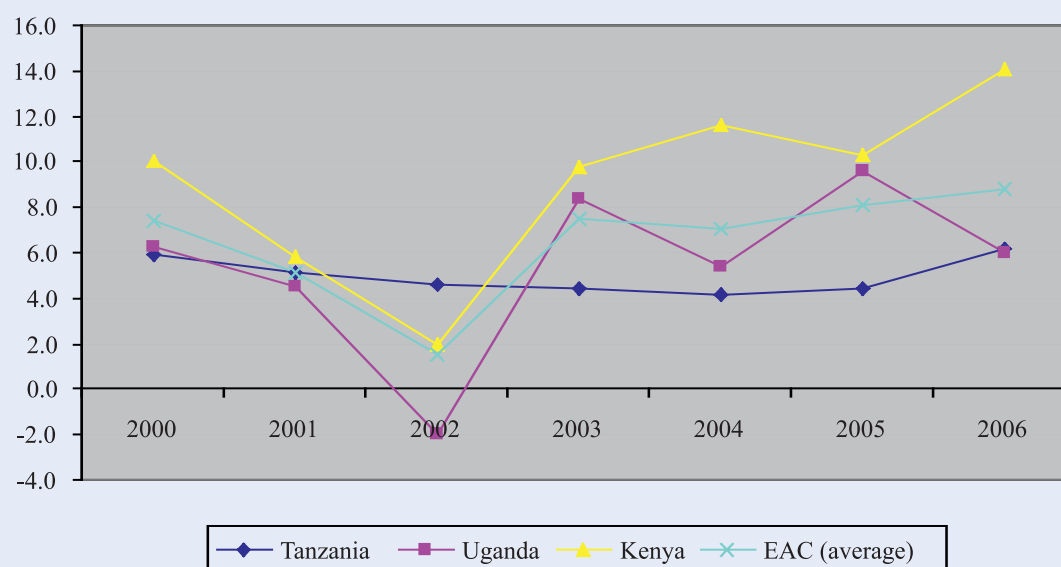


Inflation

Inflationary pressure in the region continued to increase as a result of the persistent drought and consistent rise in world oil prices. Average inflation in the region increased from 8.1 percent in 2005 to 8.8 percent in 2006. Kenya was hit harder recording inflation rate of 14.1 percent, up from 9.6 percent recorded in

2005. Despite tight monetary policy, Tanzania saw inflationary pressure souring to 6.2 percent in 2006 which, however, was within the EAC macroeconomic convergence target. Conversely, Uganda recorded lower inflation rate of 6.0 percent compared with 9.6 percent in 2005, mainly due to strong monetary and fiscal policies pursued during the period (**Chart 7.8**).

Chart 7.8: Annual Average Rates of Inflation for EAC Countries, 2000 - 2006



Source: BOT, CBK and BOU Reports (various)

Fiscal Performance

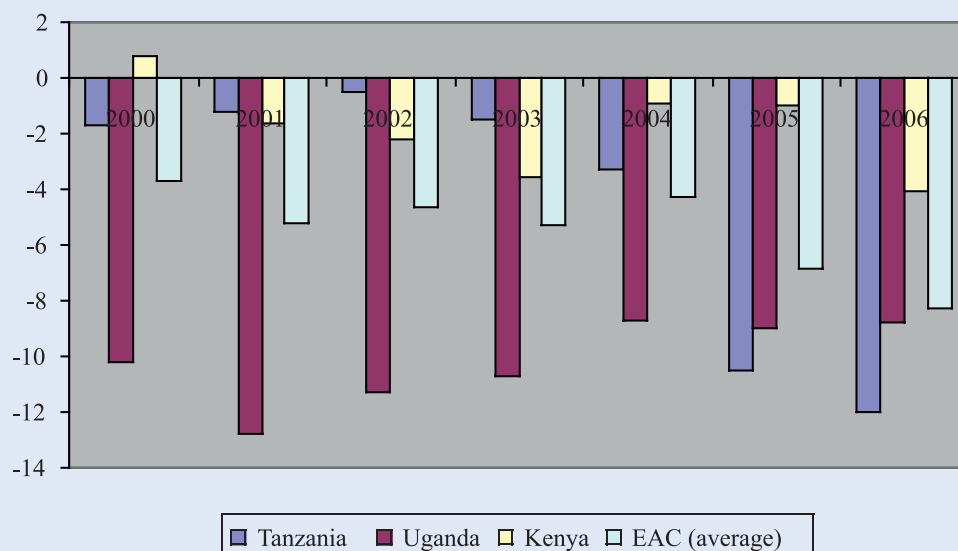
On average, fiscal deficit as a ratio of GDP for member states during 2006 widened to a deficit of 8.3 percent from 6.8 percent recorded during the previous year. The agreed convergence level of fiscal deficit as a ratio of GDP (excluding grants) for member countries is less than 5.0 percent. Except for Kenya, all

other member states recorded fiscal deficit above the agreed target implying that member states have to strengthen their fiscal discipline.

In the past three years, Tanzania consistently recorded high fiscal deficit surpassing Uganda and Kenya (**Chart 7.9**). Kenya's performance reflects domestic ability to finance its budgetary operations.



Chart 7.9: Fiscal Deficit* as a Percentage of GDP, 2000 - 2006



Source: EAC Reports (various); MAC Reports (2005)

*Excluding grants

External Sector

During 2006, current account deficit (excluding grants) as a percentage of GDP in the region deteriorated to 7.9 percent from 7.7 percent recorded in the previous period. The deterioration was influenced by widened

deficit reported by Tanzania and Kenya. Uganda recorded some significant improvement in the current account deficit. Uganda external position improved significantly as the deficit declined from 12.2 percent of GDP in 2005 to 5.0 percent in 2006 (Table 7.5).

Table 7.5: Current Account Balance as a Percent of GDP, 2001 – 2006

Percent

Country	2001	2002	2003	2004	2005	2006
Tanzania	-6.9	-4.2	-6.3	-7.8	-7.7	-12.2
Kenya	-4.3	-2.5	-1.1	-3.3	-3.2	-6.4
Uganda	-14.3	-13.0	-12.9	-12.6	-12.2	-5.0
Average EAC	-8.5	-6.6	-6.8	-7.9	-7.7	-7.9

Source: EAC Reports (MAC); BOT; BOU; and CBK



Intra- Regional Trade Performance

Kenya continued to dominate in the regional trade relative to its counterparts. Tanzania's exports to Kenya increased from USD 76.3 million in 2005 to USD 89.3 million in 2006, while Tanzania imports from Kenya remained virtually unchanged. The reduced trade deficit between Tanzania and Kenya partly reflects enhanced access of Tanzania's products into

Kenyan market following implementation of the EAC Customs Union internal tariff reduction arrangement. On the other hand, Tanzania has remained a net exporter to Uganda for the past four years. Trade statistics indicate that Tanzania recorded trade surplus of USD 2.9 million in 2000 that further increased to USD 15.8 million in 2006. Trade pattern for the two countries during the past two years remained unchanged (**Table 7.6 and 7.7**).

Table 7.6: Tanzania's Trade with Kenya and Uganda, 2001 – 2006

Item	Millions of USD						
	2000	2001	2002	2003	2004	2005	2006
With Kenya:							
A. Exports to Kenya	32.1	38.1	35.3	78.2	83.7	76.3	89.3
B. Imports from Kenya	93.1	203.4	95.2	115.8	130.2	155.3	153.2
Trade Balance (A-B)	-61.0	-165.3	-59.9	-37.7	-46.5	-79.0	-63.9
With Uganda:							
A. Exports to Uganda	8.5	5.5	5.5	10.3	11.7	20.1	19.6
B. Imports from Uganda	5.6	11.4	2.7	8.2	7.7	5.1	3.8
Trade Balance (A-B)	2.9	-5.9	2.8	2.0	4.1	15.0	15.8

Sources: BOT Reports (various), IFS and TRA

Table 7.7: Tanzania's Shares of Trade with Kenya and Uganda, 2000 – 2006

Item	Percent						
	2000	2001	2002	2003	2004	2005	2006
Share of Exports to:							
Kenya	79.1	87.4	86.5	90.1	86.9	79.2	82.0
Uganda	20.9	12.6	13.5	9.9	13.1	20.8	18.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of Imports from:							
Kenya	97.9	94.1	94.3	94.7	97.2	96.8	97.5
Uganda	2.1	5.9	5.7	5.3	2.8	3.2	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BOT and TRA



Tanzania's status in macroeconomic convergence in EAC

In the course of attaining more harmonious integration in the East African region, EAC Member States had agreed to achieve macroeconomic convergence of their economies. The convergence criteria agreed include GDP growth, inflation, fiscal and external sector performance on the following basis:-

- **Achieve high and sustainable rate of growth of real GDP of 7.0 percent**

On this criterion, Tanzania achieved real GDP growth rate of 6.2 percent for 2006, which is slightly below the regional target. It is projected that Tanzania will achieve real GDP growth rate of 7.3 percent in 2007. In 2006, Kenya and Uganda also failed to attain the convergence target by recording growth rates of 5.0 percent and 5.7 percent, respectively. The performance in all the three countries poses a serious challenge as these countries strive toward Common Market status in 2010 and Monetary Union in 2012.

- **Attain low and stable inflation to single digit rates of less than 5.0 percent**

On the part of inflation, Tanzania has been successfully sustaining a single-digit level attained since 1999. The country achieved inflation rate below 5 percent from 2002 through 2004. However, inflationary pressures that the country experienced in 2005 and 2006 pushed-up inflation rates to 5.0 percent and 6.2

percent, respectively. Uganda continued to record a single-digit inflation rate of 6.0 percent attained in 2006 though was still above the convergence target. On the other hand, Kenya experienced more difficulties in containing inflation since 2004 when it started recording double-digit inflation rate. In 2006, Kenya recorded inflation rate of 14.1 percent, further deviating from the regional convergence target.

- **Reduction of the current account as a percentage of GDP to sustainable levels**

This criterion does not have specific target. In 2006, Tanzania's current account deficit widened to 12.2 percent of GDP from 7.7 percent in 2005. Similarly, Kenya's current account deficit widened to 6.4 percent of GDP in 2006 from 3.2 percent in 2005. On the other hand, Uganda recorded a current account deficit of 5.0 percent of GDP in 2006, which is a significant improvement from a deficit of 12.2 percent in 2005.

- **Reduction of budget deficit (excluding grants) to less than 5.0 percent**

On this convergence target, Tanzania recorded high fiscal deficit of 10.5 percent of GDP in 2005 and 12.0 percent in 2006, which was well above the regional convergence target. Similarly, Uganda recorded a deficit of 8.8 percent in 2006. On the other hand, during the same period, Kenya reported a deficit of 4.0 percent, which was below the convergence target.



BANK OF TANZANIA

PART II

BANK OF TANZANIA OPERATIONS



FINANCIAL MARKETS DEVELOPMENTS

Overall Objectives

The Bank set out to meet the following core objectives relating to financial markets during 2006/07:

- Conduct open market operations using liquidity papers and vertical repurchase agreements (Repos).
- Manage government debt by auctioning Treasury bonds and rolling over financing papers;
- Develop the secondary market trading in government securities, implement

monetary policy programmes and ensure smooth development of the inter-bank foreign exchange market.

Treasury Bills

During 2006/07, total Treasury bills sold for liquidity management amounted to TZS 1,732,408.1 million (cost value) an increase of 32.5 percent when compared with the amount sold during the previous year. The increase in amount sold was mainly due to the Bank's intervention to mop up excess liquidity (Table 1).

Table 1: Liquidity Papers Sales

Days	Millions of TZS		
	2005/06	2006/07	% Change
35	254,211.2	95,308.6	-62.5
91	493,384.9	707,350.6	43.4
182	192,627.0	333,680.9	73.2
364	367,535.3	596,408.1	62.3
Total	1,307,758.4	1,732,408.1	32.5

During the same period, total Treasury bills sold as financing papers amounted to TZS 735,259.5 million being 14.4 percent higher

than the amount sold during the previous year (Table 2).

Table 2: Financing Papers Sales

Days	Millions of TZS		
	2005/06	2006/07	% Change
182	328,231.6	443,346.8	35.1
364	314,442.9	320,912.7	2.1
Total	642,674.5	735,259.5	14.4



Treasury Bonds

During the year ending June 2007, total Treasury bonds sold amounted to TZS.

253,303.6 million, recording a decrease of 2.8 percent when compared to the amount sold in the previous year. Treasury bonds market performance is shown in **Table 3**.

Table 3: Treasury Bonds Performance by Tenure

Millions of TZS				
Tenure	Description	2005/06	2006/07	% Change
2-years	Offered	54,000.00	58,000.00	7.41
	Tendered	269,478.5	295,795.20	9.77
	Successful	150,003.60	125,760.40	-16.16
	Interest	6,833.61	2,904.34	57.50
	Redemption	0.00	61,160.50	100
5-years	Offered	52,000.00	49,000.00	-5.77
	Tendered	68,754.20	70,511.10	2.56
	Successful	42,128.70	44,655.90	6.00
	Interest	5,589.19	2,365.18	57.68
	Redemption	0.00	16,708.10	100
7-years	Offered	44,000.00	59,000.00	34.09
	Tendered	53,919.00	65,936.90	22.29
	Successful	38,309.00	45,815.40	19.59
	Interest	4,607.91	2,623.93	43.06
10-years	Offered	32,000.00	50,000.00	56.25
	Tendered	42,983.40	52,760.40	22.75
	Successful	30,275.00	37,071.90	22.45
	Interest	5,329.59	1,191.70	77.64

Note: CV = Cost Value

Source: Bank of Tanzania

BANK OF TANZANIA



Government Securities Market

During the year ending June 2007 the amount of Treasury bills offered for sale was TZS 2,694,500.0 million, higher by 13.0 percent when compared with the amount offered during the previous year. The market for government securities was generally over-subscribed. Demand increased by 26.7 percent from TZS 3,329,918.1 million

recorded in the previous year (**Table 4**). High demand for Treasury bills was partly attributed to the Bank's policy of revising downwards the minimum bidding threshold so as to widen participation in the primary market and increase in tender size. The amount sold was TZS 2,605,073.1 million, lower than the amount offered by 3.3 percent due to under-subscriptions recorded in some of the auctions.

Table 4: General Performance of Treasury Bills Market

Millions of TZS			
Description	2005/06	2006/07	% Change
Amount Offered	2,383,600.00	2,694,500.00	13.04
Amount Tendered	3,329,918.05	4,220,469.30	26.74
Sales (Cost Value)	2,122,853.07	2,605,073.14	22.72
Redemption	1,874,376.91	2,120,255.88	13.12

Source: Bank of Tanzania

Treasury bonds worth TZS 216,000 million were offered for sale, however, the market experienced an over-subscription by 124.5 percent. The Bank intervened in some of the auctions and sold Treasury bonds worth TZS 7,412.7 million above the amount offered.

During the year, the Bank bought Treasury bonds off-tender worth TZS 17,994.5 million. The purchase of Treasury bonds aimed at compensating for the under-subscriptions experienced in some auctions and the need for building a portfolio of government securities for Open Market Operations (**Table 5**).

Table 5: General Performance of Treasury Bonds Market

Millions of TZS			
Description	2005/06	2006/07	% Change
Amount Offered	182,000.00	216,000.00	18.68
Amount Tendered	435,135.10	485,003.00	11.46
Successful Amount	260,716.30	253,303.60	-2.84
Redemption	0.00	77,868.60	100.0
Interest	22,360.30		

Source: Bank of Tanzania

**Table 6: Treasury Bills Yields Spread**

Maturity	2005/06		2006/07	
	Range in %	Spread	Range in %	Spread
35-days	7.17-6.44	0.73	5.10-12.67	7.57
91-days	10.35-7.83	2.52	6.93-16.97	10.04
182-days	10.53-8.49	2.04	8.15-17.64	9.49
364 days	11.92-9.63	2.29	9.37-18.99	9.62

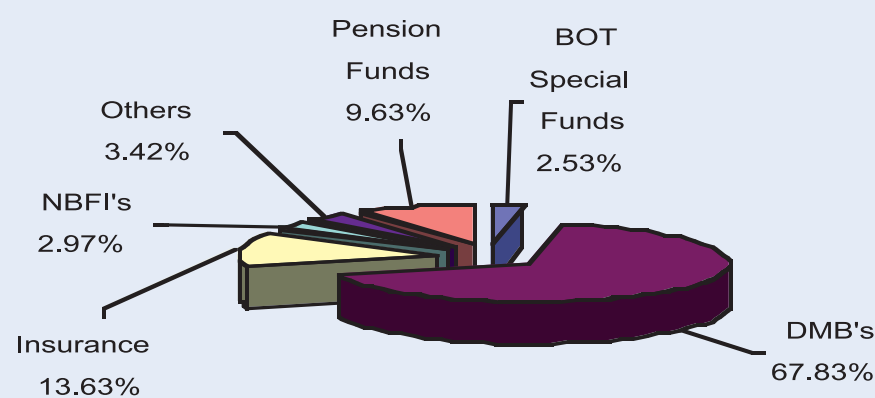
Source: Bank of Tanzania

Participation

Treasury Bills Market

Analysis of successful bids shows that Deposit Money Banks (DMBs) took the largest share by accounting for 67.8 percent of the total

successful Treasury bills. Insurance companies and pension funds followed this category with 13.6 percent and 9.6 percent, respectively, while non bank financial institutions, BOT special funds and other official entities accounted for about 3.0 percent, 2.5 percent and 3.4 percent, respectively (**Chart 1**).

Chart 1: Successful Participants in the Treasury Bills Market

* Others include Official Entities and Individuals.

BANK OF TANZANIA



Treasury Bonds Market

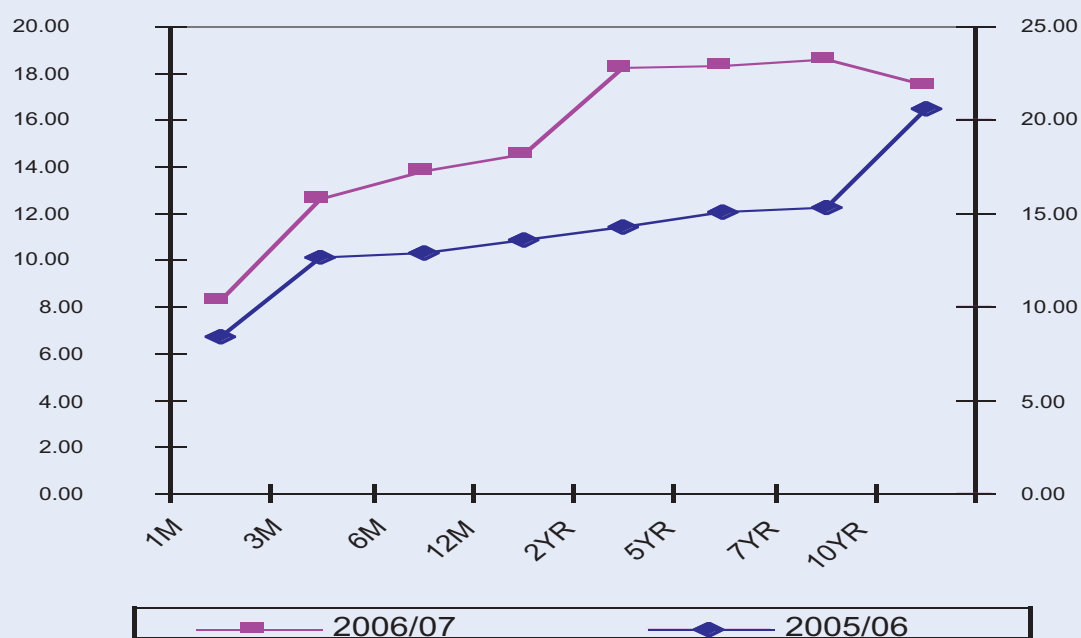
During the period under review pension funds and DMBs dominated the Treasury bonds market by accounting for 47.2 and 43.5 percent, respectively. DMBs share increased by 36.5 percent to 43.5 percent from 7.0 percent recorded in the previous year while the Bank accounted for 6.8 percent.

Trend of Yields

Government Securities

The yields for Treasury bills rose during the period under review, compared to those registered during the year ending June 2006. Similar trend was also observed for all Treasury bonds except the 10-years bond (**Table 6 and 7**). **Chart 2** depicts the yields curves of Government Securities for the year 2005/06 and 2006/07.

Chart 2: Government Securities Yields Curve



Note: M => Month, YR => Year

Repurchase Agreements

As at end June 2007, total repurchase agreements (Repos) sold amounted to TZS 1,117,000.0 million. Total amount repurchased was TZS 1,118,366.1 million. Comparatively, in the previous financial year, total Repos sold were TZS 537,050.0 million

whereas the repurchased amount was TZS 572,774.8 million. **Table 8** shows the weighted average rates, which ranged from 3.5 percent to 14.6 percent. Weighted average rate during the previous year, ranged between 4.6 and 12.5 percent. A comparison of 14 day repo and 7 day repo rates reveal an inverted yield curve due to low demand for 14 day repo.

**Table 8: Repo Rates**

Tenure	Repo Rates in Percentage	
	2005/06	2006/07
Overnight	4.75-5.00	4.5-12.00
7 - days	4.95-12.45	3.5-14.75
14 - days	6.00-12.45	6.17-8.25

Source: Bank of Tanzania

Lombard Facility

During the period under review twelve DMBs accessed the Lombard facility and borrowed TZS 333,927.5 million at rates, which ranged between 7.7 percent and 33.5 percent. This amount was higher by TZS 255,066.7 million or 323.4 percent recorded at the end of June 2006.

Interbank Foreign Exchange Market

Volume of Trade

During the year under review, USD 1,159.4 million were traded in the interbank foreign exchange market (IFEM), higher by 20.3 percent when compared to the amount traded in the preceding year. The increase in the volume traded largely reflected the increase in the imports bill on account of the rising oil prices.

Exchange Rate Movement

The shilling traded at between TZS 1,228.12 and TZS 1,341.06 per US Dollar during the

year. The weighted average exchange rate at the end of the year was TZS 1,279.73 per USD. The exchange rate recorded a depreciation of 7.62 percent from TZS 1,189.15 registered in the previous year. The depreciation is largely due to the sharp increase in imports, which gained momentum in the second half of 2006/07.

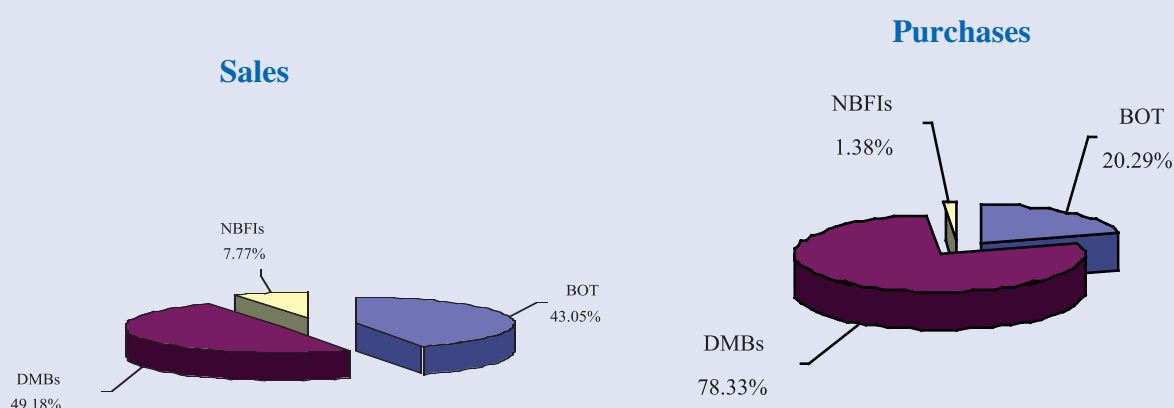
Participation in the Market

Participation in the Interbank IFEM depicted an imbalance between supply and demand for foreign exchange. The increase in the demand for foreign exchange in the market was associated with the rise in importation of oil for thermal power generation, generators, food, as well as construction and transport equipment. This demand exceeded the supply hence the Bank had to meet the excess demand by selling USD 263.89 million on net basis. On a net basis, DMBs bought a total of USD 337.96 million while the Non Bank Financial Institutions (NBFIs) sold USD 74.07 million. **Table 9 and Chart 3** summarize the market participation by dealer category.

**Table 9: IFEM Participation by Dealer Category**

Participants	2005/06			2006/07		
	Sales	Purchases	Net	Sales	Purchases	Net
BoT	543.350	66.640	-476.71	499.10	235.21	-263.89
DMB's	398.675	886.018	487.343	570.21	908.16	337.96
NBFI's	21.433	10.800	-10.633	90.10	16.03	-74.07
Total	963.458	963.458		1,159.40	1,159.40	

Source: Bank of Tanzania

Chart 3: IFEM Sales and Purchases

Interbank Cash Market

During the period under review total amount transacted was TZS 3,744,809.0 million compared to TZS 2,266,119.0 million transacted in the previous year. Overnight transactions amounted to TZS 2,770,788.0 million, which is 66.0 percent higher than TZS 1,669,049.0 million transacted in the previous year. The weighted average rate on overnight placements ranged between 4.5 percent and 15.8 percent in the period under review compared to a range of 5.0 percent and 5.1 percent in the previous year. The total volume of inter-bank transactions increased due to

various reasons including increased demand for the TZS by commercial bank's corporate customers who were obliged to pay provisional taxes at the end of the quarter.

Banking and Currency Operations

Banking Operations

During 2006/07 the Bank continued to provide banking services to the Government banks and designated financial institutions. The Bank also continued to provide advice on fiscal issues for both the Union Government and Revolutionary Government of Zanzibar.



The Bank opened one new account for the government and there was no government account which was closed in 2006/07. Also one new account was opened for commercial banks following licensing of Bank M in April, 2007. A total of 1,350, special project government accounts were opened in commercial banks while 18 accounts were closed.

During the period under review, the Tanzania Inter-bank Settlement System (TISS) operated smoothly and efficiently. Two financial institutions namely, Tanzania Postal Bank and Twiga Bancorp joined TISS in July 2006 and August 2006, respectively.

Throughout the period under review Dar es Salaam Electronic Clearing House (DECH) clearing operations went smoothly and two banks namely, African Banking Corporation and Bank M joined the DECH. The Bank of Baroda opened a branch in Arusha in July 2006 while Azania Bank Limited opened a branch in Mwanza in February 2007. Accordingly, the two banks joined Clearing Houses in Arusha and Mwanza, respectively.

In another development, December 2006, the Bank started to receive and send Electronic Fund Transfer (EFT) files electronically through the DECH after live run of EFT Interface programs in the Central Banking System (CBS).

The Tanzania National Net Settlement Service (TNNSS) facility was also implemented to facilitate processing of VISA member banks' settlements arising from VISA Card payment transactions on Automated Teller Machines (ATMs) and points of sale (POS) in Tanzania through the DECH. Six banks namely: NBC Ltd, CRDB Ltd, Standard Chartered Bank, Barclays Bank, Stanbic Bank Ltd and Federal Bank of Middle East participated in the VISA clearance transactions.

Currency Operations

The activities undertaken during the period under review include procurement, stocking and distribution of currency notes and coins in the economy; processing of commercial banks deposits; and collaborating with law enforcement units in instituting measures of fighting against counterfeiting of banknotes.

To facilitate accounting for transactions resulting from the banknote processing activity, the Inter Bank Processing System (IBPS) is interfaced with the Central Banking System (CBS). The interface is designed to convert machine-generated reports to accounting transactions on shorts and excesses, on deposits processed, and on destruction of unserviceable banknotes. The conversion is to facilitate online posting to relevant accounts in the Tanzania Inter-bank Settlement System (TISS) and CBS applications.

Mechanization of note processing activities and disposal of unserviceable banknotes remained the major thrust areas towards maintaining clean currency in circulation. Moreover, the Bank is currently pursuing measures to educate the public on better ways of handling money, to make them remain clean and useful for a longer time in circulation. Clean circulating currency enhances visibility of the security features embedded in the genuine currency, hence easily identification of counterfeits.

Banking Supervision

During the period under review, the Bank of Tanzania undertook various measures to strengthen the banking sector with main focus on improving and maintaining financial soundness, safety and stability. Continuity of a healthy, vibrant financial system, robust regulatory and supervisory regime has been strengthened through enactment of the Bank of Tanzania Act 2006, and Banking and Financial

BANK OF TANZANIA



Institutions Act 2006. Following this development, the core set of prudential regulations governing banking business and bureaux de change operations are now undergoing review to align them with the principal legislations.

Along with substantial policy improvements in establishing best banking supervision practices, Bank of Tanzania migrated from the traditional compliance based supervision to Risk Based Supervision Approach. All banks and non bank financial institutions have been subjected to Risk Based Supervision effective from 1st July, 2007 after pilot examinations carried out to selected banks and financial institutions have been successful.

In 2003, the International Monetary Fund and the World Bank's Financial Sector Assessment Program (FSAP) jointly rated Tanzania as largely compliant with Core Principles for Effective Banking Supervision. Different initiatives to address non compliance issues noted during the assessment were incorporated in the Bank of Tanzania Act, 2006, Banking and Financial Institution Act, 2006 and draft regulations which are under review. Therefore, Tanzania has, to a large extent, complied with most of the 25 Basel Core Principles for Effective Banking Supervision. Various constructive reforms with considerable positive impacts on overall efficiency, productivity, and stability of the financial sector contributed to increased public confidence in the banking system.

The Bank issued Microfinance Regulations in 2005 to match with the pace of increased demand for credit by Small and Medium Enterprises (SME). The Bank in collaboration with other stakeholders is in the process of establishing a regulatory function for Microfinance Institutions Operations.

Tanzania's banking sector as at 30th June 2007 had 35 institutions made up of 25 commercial

banks, 3 Non-Bank Financial Institutions, 5 Regional Community Banks and 2 Regional Financial Institutions. The banking industry witnessed an entry of three newly licensed banks namely; Access Bank Tanzania Limited, Bank M Tanzania Limited and Bank of India Tanzania Limited. In addition, 19 new bureaux de change were licensed during the year.

During the year under review, the banking system performance was generally adequate. Total assets of the banking sector increased by 25.6 percent from TZS 4,874.9 billion recorded at the end of June, 2006 to TZS 6,123.3 billion. Within the same period, total deposits increased by 22.6 percent from TZS 4,057.9 billion to TZS 4,974.0 billion. Inline with the best international practice, the Bank of Tanzania remained active participating in promoting stability of the banking system and harmonising banking supervision in the region. The Bank participated in different regional banking supervisory groups' forum including the East and Southern Africa Banking Supervisors Group, SADC Subcommittee of Banking Supervisors, East African Countries' Banking Supervisory Group, and Eastern and Southern Anti Money Laundering Group. In collaboration with the Government of Tanzania, the Bank participated in anti terrorism funding including establishing a Financial Intelligence Unit (FIU). Under Circular No 8, of Money Laundering Control 2000, all banks and financial institutions are required to develop Anti Money Laundering (AML) and Know Your Customer (KYC) policies.

The Bank also participated actively in supporting government owned banks and financial institutions in their transformation, restructuring and privatization processes. During the period under review, privatization of Peoples Bank of Zanzibar and transformation of Tanzania Investment Bank continued to be pursued.



Personnel and Administration

The Directorate of Personnel and Administration is responsible for a variety of services that support the Bank's key operations. The functions that make up this Directorate include Personnel Management, Training and Development, Estate Management and other general Administrative Services.

At the end of June 2007 the Bank had 1,325 employees on its payroll. Out of this number 32 new staff joined the Bank in various non- management positions. During the year under review, the Bank lost 46 employees: resignations (27), retirement (7), death (6), termination (4), and dismissal (2).

The Bank continued to observe the principle of equal opportunity and rights for all in its human resource processes including recruitment, training, compensation and promotion. This attention to fair practices was instrumental in guaranteeing existence of harmonious management-employee relations as management consults the branch of the national trade union in all matters where employees have particular interest. Also the Bank developed a new Code of Conduct and Ethics and Disciplinary and Grievance Handling Procedures according to the requirements of the new labour laws of the country.

The Bank continued to provide short term training and development opportunities to staff in order to enhance work competencies and ensure performance excellence and productivity. Employees from all functions attended various training programmes. As part of self-development and career development efforts, many employees were allowed to undertake full time and part-time undergraduate and postgraduate studies and other programmes leading to professional certificates in various fields.

In order to promote effective management and leadership practices among the management staff, the Bank contracted the Tanzania Global Development Learning Centre (TGDLC) and the Leading Initiatives of Australia to deliver a short leadership development course titled "Leaders of Change". All Heads of Directorates attended the training which focused on skills, tools and concepts for creating conditions for success at work places.

In addition, an in-house short training course covering four key themes namely: corporate plan, corporate culture, customer service and general job accountabilities was conducted for lower clerical and support staff. The programme is on-going and is aimed at increasing their awareness particularly on the vision, mission and goals of the Bank; the corporate culture change initiatives; and the internal customer improvement programme.

The Bank continued with the modernization project for document management. A policy for record management was developed and a computerized Document Management System went live. Also the Bank continued with the implementation of the Integrated Financial Management System (IFMS) project which reached the parallel run stage. The system will, among others, help to improve the speed and quality of reporting on matters related to procurement, asset management and inventory management.

Microfinance Operations

Implementation of the National Microfinance Policy

During the period under review, the Bank of Tanzania continued to coordinate and monitor the implementation of the National Microfinance Policy (NMP). A preliminary review of the 2002 NMP action plan that was carried out, revealed a number of weaknesses mainly resulting from the non-functioning of

BANK OF TANZANIA



the Tanzania Association of Microfinance Institutions (TAMFI), weak networking among Micro-Finance Institutions (MFIs) and lack of a policy strategy which made it difficult to effectively coordinate and monitor implementation of the policy. As a follow-up to the review, a national policy review and sector-wide drive for building stronger associations and networks in the country are planned for the future.

Disseminating the Microfinance Regulatory and Supervisory Framework

During the period under review, the Bank conducted a workshop to disseminate the new Internal Control and Internal Audit Regulations (2005) to institutions offering microfinance including commercial and community banks, financial NGOs, SACCOS, networks and associations. The objective of the workshop was to create awareness and understanding of regulatory requirements for the institutions.

Law Review

The Bank initiated a review of the Cooperative Societies Act, 2003 and Cooperative Rules 2004 which recommended several amendments to be considered for approval by the Government. The objective of the review was to facilitate formulation and amendment of laws relevant to microfinance operations in order to keep pace with reforms in the financial sector.

Monitoring the Microfinance Sector

During the year under review, the Bank embarked on an initiative to develop a comprehensive microfinance monitoring system to generate information and data to meet needs of the Bank and the sector at large. To develop the system, performance indicators and data requirements were established. Also, data collection tools and technical specifications for establishing a national

microfinance database were developed. Given the fact that much of the existing microfinance operations are performed by institutions over which the Bank does not have legal powers, a reporting framework has been recommended for Government approval to enable the Bank to collect the required information.

While the comprehensive system was being developed, as an interim measure, the Bank continued to collect and analyse limited data from selected NGOs and SACCOS to provide a picture of the state and performance trends of the sector. In that endeavour, the Bank also continued to update the microfinance sub-web in order to keep the public abreast of the state and developments in the microfinance industry.

The Bank continued to assess the operational and financial performance of microfinance institutions in order to promote and encourage institutions to adopt microfinance best practices. Two financial NGOs and three SACCOS in Zanzibar and four SACCOS in Tanzania Mainland were assessed during the period under review.

Enhancing Public Awareness and Local Capacity

The Bank organized two local study tours for the Economic and Finance Parliamentary Committee in order to familiarise MPs with MFIs operations, enhance their knowledge of microfinance and its importance in poverty alleviation in the country.

In order to enhance the Bank's technical capacity and also generate local information on microfinance, the Bank embarked on preparing research proposals on pertinent issues such as interest rates, linkage banking model, innovations, agricultural financing, and land collateralization. The research proposals and modalities of funding are expected to be completed during the next financial year.



Participating in Donor and Government Initiatives

As part of its coordination role, the Bank participated in the various donor and government initiatives to provide technical assistance and appropriate advice to ensure such operations are consistent with the NMP and best practises. The initiatives include:

- National Economic Empowerment and Job Creation Programme;
- IFAD-funded Rural Financial Services Programme; and
- FINSCOPE demand survey funded and organised by the Financial Sector Deepening Trust.

National Payments Systems

The Bank continued with the modernization of the National Payments Systems (NPS), to enhance efficiency and reduce payment system risks in the clearing and settlement operations in the country. Major tasks undertaken during the period include, coordinating development of the legal and institutional framework for supporting, monitoring and regulating the National Payment Systems, provision of payments clearing and settlement services, and facilitation of development of new payment instruments.

Coordination of Development of the Legal and Institutional Framework Capable of Supporting and Regulating NPS

During the period under review the proposed amendments to Evidence Act was passed by Parliament in February 2007. Drafts proposals for the new legislation of the National Payment Systems Bill and Electronic Transactions Bill were reviewed and shared with the Law Reform Commission. The Bank also prepared and submitted inputs to the Law Reform

Commission of Tanzania (TLRC) on the development of an E-commerce Act.

Guidelines for Introduction of Electronic Payment Schemes were also reviewed to incorporate the market developments in electronic banking.

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 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. During the period two systems were granted a no objection to implement retail payments systems. These are Umoja Switch Consortium and the Federal Bank of Middle East mobile payment Transfer Services.

In efforts 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.

Facilitation of new Payment Instruments and Payment System Infrastructure

During the period the Bank automated the Arusha Clearing House and developed software to enable data capture and creation of files for submission to the clearing house. The Bank also acquired the SWIFT network service to facilitate transmission of electronic data at the clearinghouses instead of using diskettes.

Meetings between the Bank and commercial banks with their retail payment service providers that are in the process of developing

BANK OF TANZANIA



shared networks were held. Consequently the Bank signed service level agreements with the following parties:

- Umoja Switch consortium for the provision of settlement services to its members through TISS
- Service Agreement for SWIFTNet File Act and
- TISS participation contracts of new TISS members

The Bank conducted dialogue with the Ministry of Finance (MOF) to utilise the TISS and EFT as a means of effecting Government payments with view to harmonizing fiscal and monetary policies. A proposed Business Model and requirements specification for the interface between MOF systems and TISS was developed and sent to MOF for consent. Utilisation of these systems will minimise risks which are chronic in the cheque system.

Provision of Clearing Facilities and Settlement Services

The Bank continued to operate and maintain the Tanzania Interbank Settlement (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 the automatic conversion of the Intraday Loan Facility to Lombard and implementation of SWIFTNet File Act service. TISS also continued to operate as an intermediary for Government revenue collections.

Harmonization Initiatives

The Bank is an active participant in the SADC and the East African Monetary Affairs Committee (MAC) payment system initiatives. During the period under review, the Bank in collaboration with the other East Africa 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. The system is expected to be operational by June 2008. Further, the system's business model and its functional specification for developing the system interfaces were developed.

Macroeconomic and Financial Programmes

IMF Lending Facilities

PRGF

The Executive Board of the International Monetary Fund (IMF) completed the sixth and final review of Tanzania's economic performance under the three-year Poverty Reduction and Growth Facility (PRGF) arrangement, in February, 2007. The completion of the review enabled a further release of SDR 2.8 million (about USD 4.2 million) that brought the total disbursements under the arrangement to SDR 19.6 million (about USD 29.4 million). The Executive Board also approved a three-year Policy Support Instrument (PSI) for Tanzania to support the country's economic development efforts. Tanzania became the third country in Africa after Nigeria and Uganda to qualify for the PSI. The PSI seeks: high and sustainable growth and more rapid poverty reduction based on enhancing public resource mobilization and efficiency of spending; increasing the financial sector's contribution to growth; enhancing the effectiveness of monetary policy and improving the business climate.



The IMF's framework for PSIs is designed for low-income countries that may not need, or want, IMF financial assistance, but still seek IMF advice, monitoring and endorsement of their policies. PSIs are voluntary and demand driven. PSI-supported programs are based on country-owned poverty reduction strategies adopted in a participatory process involving civil society and development partners and articulated in a Poverty Reduction Strategy Paper (PRSP). The process is intended to ensure that PSI-supported programs are consistent with a comprehensive framework for macroeconomic, structural and social policies that foster growth and reduce poverty.

World Bank Lending Facilities

In April, 2007, the Executive Board of the World Bank approved the Fifth phase of the Poverty Reduction Support Credit (PRSC-5) amounting to USD 190 million. This would be the second in a series of five annual operations supporting the implementation of Tanzania's National Strategy for Growth and Reduction of Poverty (MKUKUTA) priority areas. The World Bank's PRSC support to Tanzania is provided within the framework for the general budget support (GBS), comprising a Performance Assessment Framework (PAF), a Partnership Framework Memorandum (PFM) for GBS for the implementation of MKUKUTA, and a streamlined review process. Other approved World Bank credit facilities for Tanzania during 2006/07 include:

- i. **The Water Sector Support Project** credit facility of USD 150.0 million aimed at strengthening sector institutions for integrated water resources management and improve access to water supply and sanitation services.
- ii. **USD 35.0 million credit for the Zanzibar Basic Education Improvement Project.** This project is aimed at expanding the infrastructure for

junior and senior secondary education by providing learning materials and textbooks for upper primary classes and for all secondary classes. The project will also provide support for teacher upgrading programs through provision of in-service training for science teachers and purchase of textbooks for science subjects.

IMF and World Bank Missions

During the period under review both the IMF and the World Bank conducted various missions to Tanzania as follows:

- The IMF conducted a mission on Monetary and Financial Statistics from November 20, to December 1, 2006. The aim of the mission was: to review progress made by the previous monetary and financial statistics mission and the Report on the Observance of Standards and Codes (ROSC) Data module mission; update the compilation methodology by taking into account the recent developments in the Tanzania's financial system; review reporting of commercial banks' data for monetary statistics purposes; discuss the definition of the government with respect to the deposits of government agencies; facilitate adoption of the Monetary and Financial Statistics Manual (MFSM), as well as of the standardised reports (SRFs) for reporting monetary data to the IMF that will meet the data needs of the IMF's African Department (AFR) and Statistical Department (STA).
- An IMF mission from the Monetary and Capital Markets Department (MCM) from November 29 to December 12, 2006. The aim of the mission was to follow-up on technical cooperation issues related to the January 2006 mission, provide further assistance to the Bank of Tanzania in

BANK OF TANZANIA



enhancing the effectiveness of the conduct of monetary policy and foreign exchange operations.

- The IMF Staff from the African Department conducted a mission from February 26 to March 6, 2007. The aim of the mission was to review progress of recent economic developments and lay the groundwork for the April 2007 mission.
- An IMF mission from the African Department from April 25 to May 11, 2007. The aim of the mission was to conduct discussions for the 2007 Article IV Consultation and the first review of the PSI program.
- The World Bank conducted a Financial Sector Implementation Support (FSP) mission from November 21 to December 13, 2006. The objective of the mission was to provide support to the government in the implementation of the Second Generation Financial Sector Reform (SGFSR) program. The mission also reviewed the implementation progress report for the Financial Institutions Development Program (FIDP II), which was closing in December 2006. The mission also discussed progress on FSP implementation and plans for January to June 2007. It also continued with the work on the Pension Fund Investment Guidelines and on the proposed Public Private Partnership.
- The World Bank conducted another Mission from March 26 to April 6, 2007 to review progress made in the FSP. During the same time a Joint Review Meeting (JRM) of the FSP was held. The JRM reviewed Semi-Annual Reports (implementation status of the FSP work plan for July-December, 2006), approved the annual work plan and budget for 2007/08, annual procurement plan for 2007/08, as well as the six month cash-flow forecast.

Financial Programming

During 2006/07, two workshops of the Inter-Institutional Financial Programming Working Group (FPWG) were held in Dar es Salaam to review the recent economic developments and produce internally consistent macroeconomic projections up to 2009/10. The first workshop was held in November 2006 and the second one in February 2007. The reviews were intended to consider the impact of drought experienced during 2005 and the increase in oil prices during 2006 on real GDP, inflation and external sector. Also during the review period, two Financial Programming Framework (FPF) familiarization sessions were held in January 2007 and in March 2007. These sessions were aimed at providing practical training on financial programming operations for the Bank of Tanzania staff.

Second Generations Financial Sector Reform Programs

During the year 2006/07 Bank of Tanzania continued to coordinate activities related with the SGFSR program. Four consultancy assignments were initiated within the framework of the SGFSR action plan. These were finance leasing, pension system reforms, credit information sharing and mortgage financing.

Finance Leasing

A draft Finance Leasing Bill was developed by the International Finance Corporation (IFC) within the context of the Tanzania Leasing Project (TANZALEP) and submitted to the cabinet for further processing.

Pension Sector

A study on the Tanzania pension system was undertaken by consultants M/S Cadogan Financials. The consultants presented their



findings to a stakeholders workshop held on October 18, 2006 in Dar es Salaam. In their report the consultants proposed various policy options of reforming the pension system in Tanzania, which are currently being reviewed by the government.

Credit Information Databank

A project aimed at developing a legal and regulatory framework for credit information sharing was initiated and the Consultants, M/s Sterling Merchant Finance were contracted to do the work.

Mortgage Finance

Consultants, M/s Urban Institute of the United States were contracted by the FIRST Initiative to develop a strategy for the development of mortgage finance in Tanzania. The consultants presented their report to a stakeholders workshop held in Dar es Salaam in February 2007.

Developments in Trade and Investment Policies

Monitoring Private Capital Flows

During 2006/07, the Bank of Tanzania in collaboration with Tanzania Investment Centre and the National Bureau of Statistics continued with the implementation of the Private Capital Flows (PCF) project in Tanzania that entails the conduct of surveys on foreign private investments and production of Tanzania Investment Report. The Draft Tanzania Investment Report (TIR06) has been prepared and will be published for dissemination to the public in the first quarter of financial year 2007/08.

Apart from publishing the TIR06, other activities planned for 2007/08 include the conduct of another sample survey during the second quarter of 2007/08 and preparing the

conduct of a comprehensive survey (census) in 2008/09.

SADC Committee of Central Bank Governors meeting

The Bank of Tanzania hosted the 24th meeting of the SADC Committee of Central Bank Governors (CCBG) in April 2007. This was the first time Tanzania hosted such an event. The objectives of the CCBG meetings are: to share views and experiences in monetary policy developments in SADC countries; chart-out strategies on how best to continue coordinating monetary policies for the achievement of SADC integration objectives; discuss reports on recent economic developments in the region and assess the progress made towards achieving macroeconomic convergence.

SADC Finance and Investment Protocol

The Bank of Tanzania participated through the CCBG and other SADC committees in the development of the SADC Finance and Investment Protocol (FIP). Tanzania is among the ten SADC Member States that have so far signed the protocol. SADC Heads of State and Governments signed the protocol at the Summit at Maseru Lesotho, in August 2006

The objective of the protocol is to harmonize the finance and investment policies of SADC member states in order to make them consistent with SADC objectives and ensure that any change to financial and investment policies in one member state does not necessitate undesirable adjustment in another. This will be achieved through facilitation of regional integration, cooperation and coordination within the finance and investment sector.

Areas of cooperation include:

- a. Promoting and attracting investment in the SADC region
- b. Achieving and maintaining macroeconomic stability and convergence in SADC
- c. Taxation and related matters

BANK OF TANZANIA



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| <p>d. SADC central banks areas of:</p> <ul style="list-style-type: none"> • Exchange control policies • Legal and operation frameworks • Payments, clearing and settlement systems • Information and communication technology • Banking supervision matters <p>e. Activities of development financial institutions in the SADC region</p> <p>f. Capital and financial market matters of:</p> <ul style="list-style-type: none"> • Non-bank financial institutions and services • Capital markets development • Stock exchange <p>g. Anti-money laundering</p> <p>h. Project preparation and development fund</p> | <ul style="list-style-type: none"> • Modernization of the Bank's Record Management System by deploying first phase of Document Management System focusing on document image capturing. • Upgrading Bank's SWIFT payment system gateway to conform to the new operating environment standards. • Re-designing and fine-tuning of internal payment systems interface to facilitate smooth message exchanges and file transfer among financial systems at the Bank. • Improved the Bank's network infrastructure in-terms of security posture and performance by deploying load balancing and security-check devices. • Development and enhancement of documentation standards to conform to information technology (IT) governance best practices. |
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Full implementation of the FIP is subject to its ratification by at least two thirds of all SADC member states.

Management Information Systems

During the year under review, the Bank continued to implement measures aimed at improving and reshaping its information and communication technology (ICT) in order to increase the quality of service delivery. Improvement and new developments were recorded in areas of ICT infrastructure and Office automation, in particular enhancement of collaboration tools, Documents and Records Management System. Other notable developments include:

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| <ul style="list-style-type: none"> • Redesigning and migration of office automation platform from Netware to Linux to accommodate innovations in groupware technology, streamline information flow and reduce support overheads | <ul style="list-style-type: none"> • Identified and prioritized a number of CobiT processes and conducted IT governance workshop jointly with other regional central banks as part of IT governance implementation strategy • Examined 16 commercial banks and 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. • A new Integrated Financial Management System (IFMS) was acquired, customized and implemented. • Interfaces were implemented between Banking supervision and Banking systems to facilitate direct access of exchange rates and between Banking Supervision and Government Securities Systems to |
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facilitate direct access of Treasury bill rates.

- As part of reserves management, a Treasury Management System was acquired and its implementation is in progress
- Reviewed Balance of Payment returns to conform with IMF format standards.
- Reviewed the Business Continuity Management policy and plans and tested the business continuity plans at the Mwanza branch and Training Institute; and also tested the Data Recovery site in Arusha.
- Participated in resumption of business processes during incident handling at Head Office and Zanzibar branch

- Reviewed ICT Security policy and Regulations and drafted disaster recovery site access procedures
- An Enterprise Security Management Software was acquired for monitoring of the Bank's systems and enhancement of security practices and compliance.

Internal Audit

During the year 2006/07, the Bank, implemented a number of actions aimed at ensuring that risk management and governance processes are effectively managed. A review of all critical and support functions was undertaken focusing on areas of, financial markets, banking operations, payment system, banking supervision, and other support functions including administration, legal and management information system.

BRANCH ACTIVITIES

Arusha Branch

During the year 2006/07 the Arusha Branch continued to perform the following:

- Monitoring and reporting the performance of economic sub sectors in the Northern Zone of Tanzania. A comprehensive study on "The Impact of Research Institutions Activities the Tanzania Economy: The Case of the Northern Zone" was carried out. The branch participated in economic meetings including those of the East African Development Fund and the East African Tourism and Wildlife Committee. Furthermore, the branch provided information to various stakeholders in the zone through meetings and distribution of Bank publications.
- 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 ATM quality banknotes are issued for 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 Clearing House (ABCH). The electronic clearing system commenced on May 11, 2007, while the USD Clearing remained manual. During the review period Savings and Finance Bank joined the ABCH thus increasing the number commercial banks members to fourteen.

BANK OF TANZANIA



- Hosting meetings and conferences in Arusha including the joint BOT/NBAA workshop on the role of Financial Reporting Standards on Economic Growth. Further, the Branch participated in the Agricultural Trade Fair (Farmers' Day).
- Conducting clean money and counterfeit notes campaign in all regions of the zone.

Mbeya Branch

During the year ended June 2007, Mbeya Branch undertook the following:

Economic Issues

The Branch through the Economics Department continued with its endeavors towards monitoring economic development and performance in the Southern Highlands Zone. The following activities were undertaken:

- i. Preparation of monthly food prices development reports.
- ii. Preparation of quarterly and annual economic performance reports of the Southern Highlands Zone.
- iii. Conducted a study on the "Factors Contributing to Poverty in Southern Highlands Zone".
- iv. Preparation of quarterly performance reports of the Micro Finance Institutions, Foreign Direct Investment and Cross Border Trade in the Southern Highlands Zone.
- v. Participated in the Farmers Agricultural Trade Fair (Nane Nane) in the Southern Highlands Zone and collected some important information through face to face interviews with Stakeholders.

- vi. Participated in the Mbeya and Iringa Regional Consultative Meetings as well as the Ruvuma and Rukwa Investors' Forums which deliberated on economic developments taking place in the Regions.
- vii. Distribution of the Bank of Tanzania publications to stakeholders in Southern Highlands Zone.
- viii. In collaboration with BOT Training Institute, the department participated in facilitating the course on National Economic Empowerment Programme. The course drew participants from Mbeya, Iringa, Ruvuma and Rukwa Regions.
- ix. The branch was designated as the champion of the Working Group on the Business Environment in Mbeya Region. The Group prepared and presented a paper on the "Cost Analysis of Doing Business in Mbeya Region" to the Mbeya Region Business Council.

Clean Money Policy

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. Deposits from commercial banks continued to be received and timely processed.

Mbeya Banker's Clearing House

Mbeya Banker's Clearing House (MBCH) was instituted by member banks to facilitate smooth inter-banks transactions. In local clearing, a total of 32,985 inward and outwards instruments valued at TZS 109.3 billion were exchanged between member banks while in USD clearing 38 instruments valued at USD 132,064.76 were transacted. (Table 10 and Table 11).

**Table 10: Summary of MBCH in TZS for the year 2006/07**

Bank Name	No. of Instruments	Outward Amount	No. of Instruments	Outward Amount	Net Settlement
BOT	1363	2,623,196,792.22	15531	15,456,638,834.13	-12,833,442,041.91
NBC LTD	7116	20,219,405,133.50	6747	32,717,009,026.19	-12,497,603,892.69
CRDB	9639	24,460,833,426.47	4951	37,939,560,880.52	-13,478,727,454.05
NMB	12237	37,196,742,502.90	4078	11,356,274,529.61	25,840,467,973.29
STANBIC	2630	24,813,980,512.39	1678	11,844,675,097.03	12,969,305,415.36
TOTAL	32,985	109,314,158,367.48	32,985	109,314,158,367.48	0

Source: BOT Mbeya Branch

Table 11: Summary of MBCH in USD for the year 2006/07

Bank Name	No. of Instruments	Outward Amount	No. of Instruments	Outward Amount	Net Settlement
BOT					
NBC LTD	16	18,711.00	13	16,804.65	1,906.35
CRDB	12	19,841.20	16	102,342.80	-82,501.60
NMB					
STANBIC	10	93,512.56	9	12,917.31	80,595.25
TOTAL	38	132,064.76	38	132,064.76	0

Source: BOT Mbeya Branch

Mwanza Branch

During the year 2006/07 the Branch continued to provide banking and currency services to government departments and commercial banks in the Lake Zone. These include 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. The commercial banks, Bank of Tanzania Mwanza branch and the security organs in Mwanza held two meetings to deliberate on various ways of strengthening security at work places.

Implementation of the clean money policy continued whereby 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. Visits to Kagera, Shinyanga, Tabora, Mwanza and Mara regions were made to impart knowledge to the public on banknotes' security features with a view to enabling the public to differentiate between genuine and counterfeit ones.

The Branch continued to monitor and report on economic developments and performance in the Lake Zone. The monitored activities included agriculture, livestock, fisheries, mining, tourism, industrial sector, and cross

BANK OF TANZANIA



border trade. A special study on the “Fisheries sub-sector” was conducted and the branch also attended investors’ forum in Mara region.

Zanzibar Branch

During 2006/07, Zanzibar branch continued to provide services to both Governments (Union and Zanzibar) and Commercial banks based in Zanzibar. The branch participated in government economic forums related to formulation, implementation and evaluation of economic policies. These included the Zanzibar Growth Strategy (ZGS), geared to charter strategies and identify lead sectors (trade and tourism) and supporting sectors to accelerate economic development. The Branch was also involved in a team to formulate the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP) 2006-2010 and participated in the Government of Zanzibar (GOZ) Monthly Expenditure Ceiling Committee meetings and Zanzibar Business Council meetings.

The Branch undertook economic studies and produced the following reports:

- Third Zanzibar Foreign Private Investment Report 2006 (in collaboration with ZIPA and Office of Chief Government Statistician).
- The Role of Small and Medium Enterprises in economic development. The case of Zanzibar 2006.

Bank of Tanzania Training Institute

During the year 2006/07 the Training Institute, continued to pursue its objective of capacity

building through designing and conducting various short courses for the staff of Bank of Tanzania and Other Financial Institutions. The programmes focused mainly on banking, finance, information and communication technology and human resource management.

Training Activities and Facilities

Training Activities

During the year under review the Institute conducted a total of 38 courses, as planned, out of which BoT courses were 24, while those for other financial institutions were 14.

Other training related events that were hosted at the Institute amounted to 121 compared to 99 of such events registered during the previous year.

During the same period the Institute conducted a total of 42 seminar classes on National Economic Empowerment and Job Creation at five centres namely Mwanza, Dodoma, Dar es Salaam, Arusha and Mbeya. The seminars were attended by 1,404 participants from both Financial Institutions and Local Government.

Training Facilities

The Institute also continued to provide facilities for the review programmes of the Tanzania Institute of Bankers (TIOB) and the National Board of Accountants and Auditors (NBAA) examinations.



BANK OF TANZANIA

PART III: REPORT OF THE AUDITORS

BANK OF TANZANIA



BANK OF TANZANIA

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30TH JUNE 2007





DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 2007

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 owners 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'); and
- 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 5.9% in June 2007;
- Improvement of the effectiveness of market operations, including privatization;
- Strengthening the foreign exchange reserves of the Bank from USD 1,994.91 million at the beginning of the year to USD 2,285.1 million as at 30 June 2007;
- The maintenance of a sound regulatory framework and National Payment System; and

BANK OF TANZANIA



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30TH JUNE, 2007

- 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 are responsible for the maintenance of adequate accounting records, preparation of the annual financial statements and related information and preservation of integrity thereof. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Bank of Tanzania Act, 2006.

The directors are also responsible for ensuring that an effective system of internal control is in place. These are designed to provide reasonable but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

During the year under review, the directors through the external audit process identified vulnerability in the Bank's internal control environment which resulted into fraudulent and irregular transactions being perpetrated. Key of these are explained below together with measures taken by directors and other parties in addressing the matters.

The special audit performed by independent auditors during the current financial year identified fraudulent payments amounting to TZS 91 billion were made by the Bank during the previous financial year i.e. 2005/2006 on the account of External Payment Arrears (EPA) debts. Further similar payments amounting to TZS 42 billion were identified during the special audit and recommended for further investigation to ascertain their authenticity. Further similar payments on the account of EPA debts amounting to TZS 4.7 billion were identified by the auditors as they were performing their annual statutory audit of the Bank in respect of the financial year 2006/2007 and recommended that these should be reported to the presidential committee presently investigating earlier EPA fraud.

The auditors have also informed management that there were serious breaches of procurement regulations during the year which have resulted in their expression of reservations in their audit report on the financial statement of the Bank in the current year.

A number of other areas of internal control have been identified by the auditors as requiring improvement in order to strengthen the internal controls, governance and risk management at the Bank.

The Board and the Government as a stakeholder of the Bank has since taken several actions key being:



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30TH JUNE, 2007

3. STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

- A new Governor of the Bank was appointed by the President of the United Republic of Tanzania on 8 January 2008;
- The Minister for Finance inaugurated a new Board of Directors of the Bank on 21 January 2008;
- A new Audit Committee as a sub-committee of the Board was inaugurated together with the new Board and it is presently chaired by a non executive directors;
- The Government has instituted criminal investigation on EPA fraud;
- Position of Director of Internal Audit has now been filed;
- Suspension of employees of the Bank that were implicated in the EPA fraud with further action expected pending the completion of the full investigation;
- Report to Management issued by the auditors was tabled to the Audit Committee and a full Board where a commitment and timeframe was obtained from the Board regarding its implementation;
- The Bank voluntarily requested for IMF Safeguard Assessment and it is committed implement recommendations resulting from the assessment; and
- The Bank is cooperating with relevant law enforcing organs.

The director confirms 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.

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 profit of TZS 93,500.4 million (2006: TZS 75,162.9 million) and declared dividends of TZS 18,839.0 million for the year (2006: TZS 37,110.8 million).

BANK OF TANZANIA



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30TH JUNE, 2007

4. FINANCIAL PERFORMANCE (Continued)

4.2 Financial position

The financial position of the Bank is as set out in the Balance sheet shown on page 12. During the year total assets of the Bank increased by TZS 731,844.1 million. This was mainly attributed to the increase in cash and cash equivalent TZS 114,725.0 million, acquisition of Foreign currency marketable securities, other assets and properties, plants and equipment amounting to TZS 290,658.5 million, TZS 104,467 million and TZS 194,984.6 million respectively. On the other hand total liabilities increased by TZS 731,844.1 million. This was mainly attributable to increase in Deposit Banks of TZS 105,268.6 million, BoT Liquidity Papers amounting to TZS 411,900.8 million, and Notes and Coins in Circulation of TZS 233,150.3 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 3,606.2 million. In addition, the Bank incurred a total of TZS 1,131.2 million towards training (capacity building) expenses in respect of target groups across the country aiming to facilitate the effective management of the National Empowerment Programme Funds.

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.



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30TH JUNE, 2007

6. CORPORATE GOVERNANCE (Continued)

- b. In the discharge of its functions, three Committees are currently assisting the Bank's Board of Directors. These are Monetary Policy Committee, Audit Committee and Banking Supervision Committee.
- c. The Monetary Policy Committee is established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. Its Membership include the Governor who is the Chairman (or in his absence, the Deputy Governor acting as Deputy Chairman), the Deputy Governors, and at least one non-executive director. 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.
 - i. Review of operating results of the Bank;
 - ii. Review of research papers before they are submitted to the relevant authorities;
 - iii. Review of recommendations of major policy changes in the Bank before they are adopted by the Board
 - iv. Review of Government expenditure pattern and borrowing by commercial banks;
 - v. Administration of the various funds that are administered by the Bank;
 - vi. Management of external reserves, gold and foreign exchange;
 - vii. Administration of payments agreement entered into by the Governments;
 - viii. External debt management
 - ix. Review of monetary policy targets;
 - x. Review of the statutory reports of the Bank.

The Committee also undertakes such other tasks as the Board may direct from time to time.

- d. The Audit Committee is established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. Its Membership includes the Deputy Governors, and at least two non-executive directors.

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 with the External Auditors procedures and policies for internal audits.
- v. Review any unusual transactions.
- vi. Review of Budgetary Reports prior to their submission to the Board of Directors.

BANK OF TANZANIA



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30TH JUNE, 2007

6. CORPORATE GOVERNANCE (Continued)

- vii. Review of draft Audit Report of the External Auditors.
- viii. Review of changes in accounting policies in the light of accounting developments.
- ix. Consider supplementary budget requests before submission to the Board and advise the Board on expenditure and income patterns.
- x. 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.

- e. The Banking Supervision Committee is created under the provision of Section 12(1) of the BoT Act, 2006. Members of the Committee include the Governor who is the Chairman (or in his absence, the Deputy Governor, acting as Deputy Chairman), the Deputy Governors, and at least two non-executive directors appointed by the board.

The Banking Supervision Committee is responsible for:

- i. Review of internal control and systems in banks and financial institutions.
- ii. Review of the activities and recommendations of the Banking Supervision function and advise the Governor on remedial measures.
- iii. Review of changes in banking policies and practices in the light of banking developments.
- iv. Review of adequacy of provisions of Banking legislation and regulations.
- v. Review of adherence to banking ethics and standards.
- vi. Review of operating performance of banks and Financial Institutions.



DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

7. DIRECTORS

Members of the Board of Directors of the Bank during 2006/2007 and whose tenure ended on 19 January 2008 were as follows:

	Name	Status	Appointment date
1	Mr. Daudi Ballali	The Governor and Chairman	July 1998
2	Mr. Juma Reli	Deputy Governor and Vice Chairman	February 2005
3	Mr. Gray S. Mgonja	Member*	December 2003
4	Mr. Hamis M. Omar	Member**	May 2005
5	Prof. Lettice Rutashobya	Member***	October 1997
6	Prof. Joseph Semboja	Member***	July 1998
7	Prof. Bruno J. Ndunguru	Member***	April 1998
8	Mr. Michael N. Shirima	Member***	April 1998
9	Dr. Natu Mwamba	Member***	August 2004
10	Mr. Bosco Kimela	Ag. Secretary to the Board	

The composition of the current Board of Directors inaugurated on 21 January 2008 is as follows:

1	Prof. Benno Ndulu	The Governor and Chairman of the Board	January 2008
2	Dr. Enos Bukuku	Deputy Governor and Deputy Chairman	January 2008
3	Mr. Juma Reli	Deputy Governor and Deputy Chairman	January 2008
4	Mr. Lila Mkila	Deputy Governor and Deputy Chairman	January 2008
5	Mr. Gray S. Mgonja	Member *	January 2008
6	Mr. Hamis M. Omar	Member **	January 2008
7	Dr. Natu Mwamba	Member ***	January 2008
8	Prof. Haidary Amani	Member ***	January 2008
9	Mr. Ally Mfuruki	Member ***	January 2008
10	Mr. Athumani Mtengeti	Secretary to the Board	January 2008

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

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

***Ex-official/Non Executive Directors.

8. DIRECTORS EMOLUMENTS

The directors' emoluments have been disclosed in Note 47 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.

BANK OF TANZANIA



DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30TH JUNE, 2007

9. HUMAN RESOURCES AND STAFF WELFARE (Continued)

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.

The Bank provides various benefits to staff such as insurance cover, long 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), Sects. 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 Ndulu
The Governor and Chairman of the Board



BANK OF TANZANIA

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

Telegram: "Ukaguzi"
Telephone: 255 22 2115157/8
Fax: 255 22 2117527
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz
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 2007 TO THE MEMBERS OF THE BOARD OF BANK OF TANZANIA

The financial statements of the Bank of Tanzania ("the Bank") set out on pages 11 to 82 which comprise the balance sheet as at 30th June, 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes have been audited on my behalf by Ernst & Young, auditors appointed under Section 37 of the Public Finance Act, 2001. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Directors' responsibility

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.

Responsibilities of the Controller and Auditor General

My responsibility as an auditor of the Bank is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing (IAS). These standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

According to Sect. 30 of the PFA Act 2001 (revised 2004), my specific responsibilities are to examine, inquire into, audit and report on the financial statements of the Bank of Tanzania for the year ended 30th June, 2007.



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE BANK OF TANZANIA FOR THE YEAR ENDED 30TH JUNE 2007 TO THE MEMBERS OF THE BOARD OF BANK OF TANZANIA (Continued)

In addition, Sect. 44(2) of the Public Procurement Act No.21 of 2004 and Regulation No.31 of the Public Procurement (goods, works, non-consultancy services and disposal of public assets by Tender) Regulations G.N 97 of 2005 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the law and its Regulations.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we 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. 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 obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30th June 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Bank of Tanzania Act, 2006.

Report on Compliance with Procurement Legislation

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes reviewed as part of this audit, I report that the auditors have found material divergences in procedures executed by the Bank with regard to procurement of goods and services including the following:

- (i) Procurement of legal services from one Law Chamber for USD.998,000 was made on un competitive basis.
- (ii) Three Procurement transactions relating to the purchase of 70pcs of photographic murals at USD.432,096 made on a single source procurement were regarded uneconomical.
- (iii) Procedures to engage consultants and suppliers for soft ware and hard ware and implementation of Document Management were made to related Companies without following proper procurement procedures.

In view of the above, the Bank has not complied in all material respects with the provisions of the Public Procurement Act, 2004 and its related regulations of 2005.



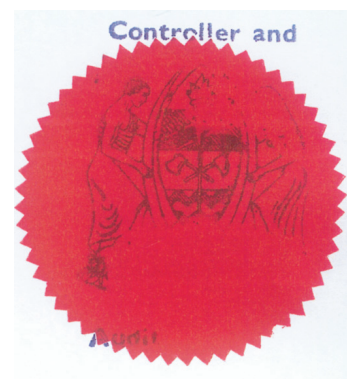
BANK OF TANZANIA

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF THE BANK OF TANZANIA FOR THE YEAR ENDED 30TH JUNE 2007
TO THE MEMBERS OF THE BOARD OF BANK OF TANZANIA (Continued)

EMPHASIS OF MATTER

Without qualifying our opinion we draw attention to Note 46 on page 77 to 78 to the financial statements regarding major frauds that occurred during the financial years 2005/2006 and 2006/2007 on Government's External Payment Arrear (EPA) Account maintained with the Bank of Tanzania. The special audit conducted on my behalf by Ernst & Young on EPA payments at the Bank for the financial year 2005/06 concluded that payments amounting to TZS.90,359,078,804.13 were made based on invalid and fraudulent supporting documents and therefore did not represent a rightful discharge of valid, existing and legitimate liabilities of the Government. In addition, the auditors recommended to the Government that an additional similar suspicious payments amounting to TZS 42,656,107,416.61 be subjected for further investigation to establish their validity. In the course of conducting the current audit for the period ended 30th June, 2007, two additional payments amounting to TZS.4,740,320,791 (comprising of TZS. 4,284,446,166.81 and TZS.455,874,624.51) were discovered to have been paid under similar dubious circumstances which also need to be investigated further together with the previous amount of TZS. 42,656,107,416.61 .

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL



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

6th
..... June, 2008

BANK OF TANZANIA



INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2007

		30.06.2007	30.06.2006
	Note	TZS '000	TZS '000 Restated
Interest income	9	166,420,303	117,189,145
Interest expenses	10	(39,548,489)	(24,257,381)
Net interest income		126,871,814	92,931,764
Foreign exchange gains	27	77,271,014	218,035,601
Fees and commissions	28	15,230,900	14,412,370
Other income	29	9,484,619	22,621,660
		101,986,533	255,069,631
Net operating income		228,858,347	348,001,395
Operating expenses			
Administration expenses	30	28,287,383	24,271,159
Currency issue and related expenses	31	39,697,524	31,720,349
Personnel expenses	32	41,892,475	38,622,434
Depreciation and amortization	6 & 7	6,783,898	5,248,162
Loss on revaluation of property, plant and equipment		-	49,009
Provision for impairment	35	3,811,671	131,932,138
Loss/(Profit) on disposal of property, plant and equipment		36,138	(11,950)
Share of loss of an associate	16	240,800	-
Other expenses	33	14,608,033	41,007,113
		135,357,922	272,838,414
Profit for the year		93,500,425	75,162,981

Notes on pages 16 to 82 form an integral part of these financial statements.
Independent auditors report on pages 8 to 10.



BANK OF TANZANIA

BALANCE SHEET AS AT 30TH JUNE, 2007

		30.06.2007	30.06.2006
	Note	TZS '000	TZS '000
ASSETS			Restated
Cash and cash equivalent	11	1,022,275,849	907,550,805
Accommodation to banks	12	2,326,007	3,164,723
Holdings of Special Drawing Rights (SDRs)	8	333,149	20,892
Foreign currency marketable securities	13	1,703,751,777	1,413,093,288
Government securities	14	461,801,743	452,314,783
Inventories	15	4,510,822	3,769,540
Investment in associate	16	31,887	272,687
Equity investments	17	1,521,972	1,503,696
Quota in International Monetary Fund (IMF)	8	382,017,802	365,693,880
Other assets	18	316,640,041	212,050,724
Property, plant and equipment	6	717,639,632	522,654,995
Intangible assets	7	8,194,570	7,111,049
TOTAL ASSETS		4,621,045,251	3,889,201,062
LIABILITIES			
Deposits - banks and non-banks financial institutions	21	456,719,338	351,450,721
Deposits - Governments	22	230,458,618	243,909,894
Deposits - others	23	81,882,680	77,914,815
Foreign currency financial liabilities	24	483,203,175	709,297,157
Repurchase agreements	19	15,007,068	-
BoT liquidity papers	20	1,087,257,795	675,356,963
Other liabilities	25	105,310,155	17,414,410
IMF related liabilities	8	368,235,131	354,661,780
Allocation of Special Drawing Rights (SDRs)	8	60,254,713	57,679,982
Notes and coins in circulation	26	1,180,766,777	947,616,520
TOTAL LIABILITIES		4,069,095,450	3,435,302,242
EQUITY			
Authorised and Paid up Capital	38	100,000,000	10,000,000
Reserves	39	451,949,801	443,898,820
TOTAL EQUITY		551,949,801	453,898,820
TOTAL EQUITY AND LIABILITIES		4,621,045,251	3,889,201,062

These financial statements were approved by the Board of Directors for issue on 6th June 2008
and were signed on its behalf by:

Name: Benno J. Ndulu Title: Chairman Signature: Bdulu

Name: Natu E. Muzamba Title: Director Signature: Muzamba

Notes on pages 16 to 82 form an integral part of these financial statements.

Independent auditors report on pages 8 to 10.

BANK OF TANZANIA



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

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
<i>(Amounts in TZS'000)</i>													
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	-	-	93,500,425	-	-	-	-	-	-	-	-	-	93,500,425
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	-	10,299,599	(41,198,395)	-	-	-	10,000,000	2,059,920	-	-	-	18,838,876	-
Recovery against compensatory fund	-	-	-	-	-	-	-	(33,671)	-	-	-	-	(33,671)
At 30 June 2007	100,000,000	17,764,800	-	69,329,752	200,488,136	-	30,000,000	15,838,776	73,889,901	(16,625,939)	5,314,612	55,949,763	551,949,801

Notes on pages 16 to 82 form an integral part of these financial statements.
Independent auditors report on pages 8 to 10.



BANK OF TANZANIA

STATEMENT OF CHANGES IN EQUITY (continued) FOR THE YEAR ENDED 30TH JUNE 2007

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
<i>(Amounts in TZS'000)</i>													
At 01 July 2005	10,000,000	72,381,467	-	66,262,517	-	150,000,000	3,000,000	10,867,951	35,530,921	(11,467,752)	10,740,201	6,509,207	353,824,512
Profit for the Year 2005/06	-	-	210,075,599	-	-	-	-	-	-	-	-	-	210,075,599
As previously stated	-	-	(134,912,618)	-	-	-	-	-	-	-	-	-	(134,912,618)
Prior year adjustment (Note 37)	-	-	-	-	-	-	-	-	-	-	-	-	-
As restated	10,000,000	72,381,467	75,162,981	66,262,517	-	150,000,000	3,000,000	10,867,951	35,530,921	(11,467,752)	10,740,201	6,509,207	428,987,493
Realized Net Gains from Previous Years	-	-	10,740,201	-	-	-	-	-	-	-	(10,740,201)	-	-
Unrealized Net Gains	-	(62,562)	-	-	-	-	-	-	-	-	-	-	(62,562)
Inventory Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of Unrealized Exchange Gains out of Profit per BOT Act requirement	-	-	(3,131,584)	-	-	-	-	-	-	-	3,131,584	-	-
Transfer of Exchange Equalization Reserve as per BOT Act requirement	-	-	(150,429,479)	-	150,429,479	-	-	-	-	-	-	-	-
Interest Earned from Investments of Staff Housing Fund	-	-	(65,458)	-	-	-	-	65,458	-	-	-	-	-
Transfers from general reserve	-	(60,470,351)	-	-	-	-	20,000,000	3,359,464	-	-	-	37,110,887	-
Appropriation of 2005/6 Profit	-	(67,723,339)	67,723,339	-	-	-	-	-	-	-	-	(6,509,207)	(6,509,207)
Dividend Paid to The Governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Discounting of Zero coupon EPA Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of 2004/05 amortisation of discount; premium and accrued interest computations	-	310,451	-	-	-	-	-	-	-	-	-	-	310,451
Mark to Market for Available for Sale Assets	-	1,537,805	-	-	-	-	-	-	-	-	-	-	1,537,805
Fixed Assets Revaluation Net Gains	-	-	-	-	-	-	-	-	-	(9,436,247)	-	-	(9,436,247)
Transfer to Capital Reserve	-	-	-	3,000,000	-	-	(3,000,000)	-	38,358,980	-	-	-	38,358,980
Recovery of Loan to Staff Housing Fund	-	360,000	-	-	-	-	-	(360,000)	-	-	-	-	-
Inventories Adjustments	-	925,377	-	-	-	-	-	-	-	-	-	-	925,377
Adjustment on Previous year Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased	-	(119,621)	-	-	-	-	-	-	-	-	-	-	(119,621)
Capital Grant	-	-	-	108,317	-	-	-	-	-	-	-	-	108,317
Amortisation of Capital Grant	-	-	-	(21,275)	-	-	-	-	-	-	-	-	(21,275)
Transfer from Capital Enhancement Reserve to General Reserve	-	60,000,000	-	-	-	(60,000,000)	-	-	-	-	-	-	-
Net Recoveries Against Staff Housing Fund	-	-	-	-	-	-	-	(180,691)	-	-	-	-	(180,691)
At 30 June 2006	10,000,000	71,139,227	-	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

Notes on pages 16 to 82 form an integral part of these financial statements.
Independent auditors report on pages 8 to 10.

BANK OF TANZANIA



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2007

		30.06.2007	30.06.2006
	Note	TZS '000	TZS '000
Cash flow from operating activities			
Cash generated from operating activities	36	92,330,087	23,141,450
Dividends paid to the Government		-	(6,509,207)
Net cash inflows from operating activities		92,330,087	16,632,243
Cash flows from investing activities			
Purchase of property, plant and equipment		(200,899,515)	(196,933,649)
Disposal of property, plant and equipment		26,553	20,101
Purchase of intangible assets		(2,036,244)	(5,056,315)
Acquisition of government securities		(13,298,631)	(230,956,404)
(Increase)/decrease in foreign currency marketable securities		(290,658,489)	282,466,939
Increase in quota in IMF		(16,323,922)	(38,815,772)
(Increase)/decrease in holdings of SDRs		(312,257)	37,374
Net cash outflows from investing activities		(523,502,505)	(189,237,726)
Cash flows from Financing Activities			
Increase in notes and coins issued		233,150,257	133,063,526
Increase in IMF related liabilities		13,573,351	54,176,985
(Decrease)/increase in foreign currency financial liabilities		(226,093,982)	138,576,497
Increase in allocation of SDRs		2,574,731	6,122,315
Increase in deposits		95,785,205	277,376,619
Increase/(decrease) in Repurchase Agreements (REPOs)		15,007,068	(70,214,836)
Increase in BOT liquidity papers		411,900,832	23,645,335
Net cash inflows from financing activities		545,897,462	562,746,441
Net increase in cash and cash equivalent		114,725,044	390,140,958
Cash and cash equivalent at the beginning of the year		907,550,805	517,409,847
Cash and cash equivalent at the end of the year	11	1,022,275,849	907,550,805



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2007

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 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) in so far as they are practically applicable to the Central Banks.

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

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

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

Legal framework (Continued)

Under Section 17 of the Bank of Tanzania Act, 2006, the authorized capital of the Bank shall be one hundred billion shillings (TZS 100bn), 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.

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

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

Legal framework (Continued)

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 (i.e. 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 1st 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.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Bank has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Bank. They did however give rise to additional



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

2. CHANGES IN ACCOUNTING POLICIES (Continued)

disclosures, including in some cases, revisions to accounting policies.

- IAS 1 *Amendment - Presentation of Financial Statements*
- IFRIC 8 *Scope of IFRS 2*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 10 *Interim Financial Reporting and Impairment*

The following IFRS and IFRIC interpretation have been issued but are not yet effective.

- IFRS 7 *Financial Instruments: Disclosures*
- IFRS 8 *Operating Segments*.
- IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions*

The Bank is in the process of evaluating the impact of the new standards and interpretations on the financial performance or position of the Bank. The principal effects of these changes are as follows:

IAS 1 *Presentation of Financial Statements*

This amendment requires the Bank to make new disclosures to enable users of the financial statements to evaluate the Bank's objectives, policies and processes for managing capital. These new disclosures are shown in Note 40 to the financial statements.

IFRIC 8 *Scope of IFRS 2*

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to employees in accordance with the employee share scheme, the interpretation had no impact on the financial position or performance of the Bank.

IFRIC 9 *Reassessment of Embedded Derivatives*

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Bank has no embedded derivative requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the Bank.

IFRIC 10 *Interim Financial Reporting and Impairment*

The Bank adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in the interim period in respect of goodwill or an investment in either an equity instrument classified as available for sale or a financial asset carried at cost. As the Bank had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Bank.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

2. CHANGES IN ACCOUNTING POLICIES (Continued)

IFRIC 11 IFRS 2 - *Group and Treasury Share Transactions*

The Bank has elected to adopt IFRIC Interpretation 11 as of 1 January 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.

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 and 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. 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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

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.

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. Such new depreciation rates were approved by the Board and applied effective from 1st July 2006.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Income is recognized in the period in which it is earned. Income is not accrued if its recoverability is considered doubtful.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

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.

Loans originated by the Bank by providing money directly to the borrower are recognized as loans originated by the Bank and are carried at amortised cost. All loans and advances are recognized when cash is advanced to borrowers.

Dividends income

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

Dividend payable

Dividends are recognized as liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity until they are declared.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

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 the Bank and each of its employees 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.

Other employee benefits

The Bank provides free medical treatment to staffs and their dependants. 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 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.

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

- i. For each currency USD, GBP, EUR and SDR; cash inflows and outflows are determined at yearly intervals.
- ii. 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.
- iii. The realised amounts are computed based on the proportions determined in (ii) above.

Investment in an associate

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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Profit and Loss account.

Revaluation of the Bank's immovable property is conducted after every three 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. Revision for depreciation rates and methods considered the expected rate of technological developments and the expected pattern of usage of the assets.

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 2006/07 financial year are as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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%

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 is 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 comprise 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. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (continued)

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 derecognition 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.

Currency printing and minting expenses

Notes printing and coins minting expenses which include ordering, printing, minting, freight, insurance and handling costs are first deferred and then proportionately amortised and released to income statement as the currency is issued into circulation.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (continued)

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

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.

Inventories

The Bank owns all inventories stated in the balance sheet.

Inventories are valued at the lower of cost and net realizable value. Cost is determined using weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Provision for impairment is made for slow moving and obsolete stocks.

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 has 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

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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.

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 non-trading investment.
- iii. The difference between sales and repurchase price is treated as interest expenditure and is recognized in the income statement.

Exchange equalization reserve

With effect from 30 June, 2006 the Bank established a policy which inter-alia entail transfer from Exchange Equalization Reserve Account by 66.7% of the overall net realized exchange gains for the year arising from daily revaluation of foreign assets and liabilities to be credited and to form part of the Bank's equity. The balance of 33.3% of the net realized exchange gains forms part of the annual distributable profits. However, If circumstances arise such that the revaluation of foreign assets and liabilities end up with an overall net realized exchange loss, for the year, then the first recourse will be to offset the loss fully against the exchange equalization reserve. However, if the reserve is insufficient to fully absorb the loss, then any unabsorbed loss will have to be transferred to the Income Statement.

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exchange equalization reserve (Continued)

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.

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 trade date, i.e. the date that the Bank commits to purchase or sell the asset. Derivatives are recognised on trade date basis.

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 trading 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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

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 gain or loss on financial assets and liabilities designated at fair value through profit or loss. 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.

Financial assets or financial liabilities held for trading

Financial assets or financial liabilities held for trading, comprising financial instruments held for trading other than derivatives, are recorded in the balance sheet at fair value. Changes in fair value are recognised in 'Net trading income'. Interest and dividend income or expenses are recorded in 'Net trading income' according to the terms of the contract, or when the right to the payment has been established.

Included in this classification are debt securities, equities and short positions in debt securities and securities which have been acquired principally for the purpose of selling or repurchasing in the near term.

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 and similar income' in the income statement. The losses arising from impairment of such investments are recognised in the income statement line 'Impairment losses on financial investments'.

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

Due from banks and loans and advances to customers

'Due from banks' and 'Loans and advances to customers' 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 'Financial assets held for trading', designated as 'Financial investment - available-for-sale' or



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

‘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 and similar income’ in the income statement. The losses arising from impairment are recognised in the income statement in ‘Impairment of loans and advances’.

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

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 equity instruments, investments in mutual funds and 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 ‘Available-for-sale 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 in ‘Impairment losses on financial investments’ and removed from the available-for-sale 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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

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.

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.

Derecognition 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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets and financial liabilities (continued)

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 derecognition 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.

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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (continued)

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'.

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 and similar 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 and loans advances to customers

For amounts due from banks and loans and advances to customers 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (continued)

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's 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. 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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (continued)

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

5. FUTURE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective

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 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 will have no impact on the Bank.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

5. FUTURE CHANGES IN ACCOUNTING POLICIES (Continued)

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. The Bank expects that this Interpretation will have no impact on the financial position or performance of the Bank as all defined benefit schemes are currently in deficit.

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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE, 2007

5. FUTURE CHANGES IN ACCOUNTING POLICIES (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.



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2007

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery & equipment	Motor vehicles	Fixtures & fittings	Computers, servers & printers	Capital work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<u>Cost/valuation</u>							
At 01 July 2006	76,424,296	31,265,630	5,538,963	1,080,809	6,991,581	430,492,978	551,794,257
Revaluation Adjustment							
Additions	367,425	55,890,686	697,896	28,570	934,238	142,980,700	200,899,515
Transfers	105,312,132	(16,898)	-	-	(2,048)	(105,312,132)	(18,946)
Disposals	-	(222,820)	(39,932)	(9,557)	(264,479)	-	(536,788)
At 30 June 2007	182,103,853	86,916,598	6,196,927	1,099,822	7,659,292	468,161,546	752,138,038
<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	864,007	23,760,481	4,322,616	839,735	4,711,567	-	34,498,406
<u>Net book value</u>							
At 30 June 2007	181,239,846	63,156,117	1,874,311	260,087	2,947,725	468,161,546	717,639,632

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2007

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings	Machinery & equipment	Motor vehicles	Fixtures & fittings	Computers, servers & printers	Capital Work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost/valuation							
At 01 July 2005	52,283,956	28,630,696	5,397,586	1,030,710	5,147,177	238,597,897	331,088,022
Revaluation Adjustment	23,757,414	-	-	-	-	-	23,757,414
Additions	382,927	2,458,186	197,683	23,551	1,750,668	192,120,634	196,933,649
Transfers	-	198,247	-	29,884	117,733	(225,554)	120,310
Disposals	-	(21,499)	(56,306)	(3,337)	(23,997)	-	(105,139)
At 30 June 2006	76,424,297	31,265,630	5,538,963	1,080,808	6,991,581	430,492,977	551,794,256
Accumulated depreciation							
At 01 July 2005	14,161,051	17,285,285	3,605,593	621,137	3,338,424	-	39,011,490
Revaluation adjustment	(14,552,560)	-	-	-	-	-	(14,552,560)
Charges for the year	491,067	2,845,147	550,249	131,916	694,202	-	4,712,581
Transfers	-	68,562	-	(3,916)	90	-	64,736
Disposals	-	(9,731)	(53,005)	(3,065)	(31,185)	-	(96,986)
At 30 June 2006	99,558	20,189,263	4,102,837	746,072	4,001,531	-	29,139,261
Net book value							
At 30 June 2006	76,324,739	11,076,367	1,436,126	334,736	2,990,050	430,492,977	522,654,995



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

Effective from 2005/6 revaluation of the Bank's immovable property is conducted after every three years. The revaluation date was carried as follows:

<u>Revaluation date</u>	<u>Registered/Professional Valuer</u>
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 as well as the Gulioni office in Zanzibar. No depreciation is charged on CWIP Assets until it is substantially completed. Based on the assessment made by the project Quantity Surveyors, it is anticipated that the two projects will be completed during financial year ending 30th June 2008.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

7 INTANGIBLE ASSETS

Intangible assets represent the value of computer software at cost less any accumulated amortization and impairment losses.

	Computer software TZS '000	Computer software - WIP TZS '000	Total TZS '000
2007			
Cost/valuation			
At 01 July 2006	6,517,640	4,330,795	10,848,435
Additions	1,086,379	949,865	2,036,244
At 30 June 2007	7,604,019	5,280,661	12,884,681
Accumulated amortisation			
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	4,690,111	-	4,690,111
Net book value			
At 30 June 2007	2,913,908	5,280,661	8,194,570
2006			
Cost/valuation			
At 01 July 2005	5,197,503	714,929	5,912,432
Additions	1,440,448	3,615,867	5,056,315
Transfers to PPE	(120,311)	-	(120,311)
At 30 June 2006	6,517,640	4,330,796	10,848,436
Accumulated amortisation			
At 01 July 2005	3,245,266	-	3,245,266
Transfers to PPE	(64,735)	-	(64,735)
Charges for the Year	556,856	-	556,856
At 30 June 2006	3,737,387	-	3,737,387
Net book value			
At 30 June 2006	2,780,253	4,330,796	7,111,049



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

8 INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	<u>30.06.2007</u>		<u>30.06.2006</u>	
	<u>SDRs</u>	<u>Equivalent TZS '000</u>	<u>SDRs</u>	<u>Equivalent TZS '000</u>
Assets				
Holding of SDRs	173	333,149	11	20,892
Quota in IMF	198,900	382,017,802	198,900	365,693,880
	199,073	382,350,951	198,911	365,714,772
Liabilities				
IMF Account No. 1	191,721	368,229,989	192,853	354,656,827
IMF Account No. 2	3	5,142	3	4,953
	191,724	368,235,131	192,856	354,661,780
Allocation of SDRs	31,372	60,254,713	31,372	57,679,982
	223,096	428,489,844	224,228	412,341,762

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 bearing 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 2007 was 2.8 percent, same rate as prior year. A total of TZS. 382,017.8 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 2007, the facility had a nil balance.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

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.

	<u>2007</u>		<u>Total</u>	<u>Total</u>
	<u>Received</u>	<u>Accrued</u>	<u>2007</u>	<u>2006</u>
	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>
From foreign operations				
Sterling Investments	13,963,269	1,940,452	15,903,721	9,301,163
USD Investments	53,552,307	14,258,795	67,811,102	48,493,494
EURO Investments	16,566,397	8,320,704	24,887,101	18,721,159
Other Foreign Interest Income	15,774	-	15,774	22,155
	84,097,747	24,519,951	108,617,698	76,537,971
From domestic operations				
Interest on Domestic Investments	48,647,275	8,861,370	57,508,645	39,694,587
Interest on Loans and Advances	-	-	-	630,668
BoT Loans to Staff Housing Fund	60,346	-	60,346	60,345
Investment of Staff Housing Fund	-	-	-	65,458
Staff Loans	81,637	-	81,637	67,409
Repurchase agreements	151,977	-	151,977	132,707
	48,941,235	8,861,370	57,802,605	40,651,174
	133,038,982	33,381,321	166,420,303	117,189,145

10 INTEREST EXPENSES

	<u>2007</u>		<u>Total</u>	<u>Total</u>
	<u>Incurred</u>	<u>Accrued</u>	<u>2007</u>	<u>2006</u>
	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>
BoT Liquidity Papers	2,660,920	35,531,541	38,192,461	23,485,731
Repurchase agreements	1,348,960	7,068	1,356,028	770,633
Foreign exchange deposit	-	-	-	1,017
	4,009,880	35,538,609	39,548,489	24,257,381

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.



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

	<u>30.06.2007</u>	<u>30.06.2006</u>
	<u>TZS '000</u>	<u>TZS '000</u>
11 CASH AND CASH EQUIVALENT		
Cash Balances with Central Banks	163,939,610	147,059,564
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	855,008,409	758,443,523
Accrued interest on Deposits	3,327,830	2,047,718
TOTAL	<u>1,022,275,849</u>	<u>907,550,805</u>

Cash balances with Central Banks consist of Demand Deposit; two-day notes accounts and time deposit 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) amounting to USD 16,101.26 (2006: USD 215,814) and BIS OPEC Funds amounting to USD 8,179,533.51 (2006: USD 9,676,873) which are designated for specific purposes.

Demand and time deposits with commercial banks consist of:

Demand Deposits	30,831,425	29,690,546
Foreign Currency Notes and Coins	1,395,985	929,305
Term Deposits	822,780,999	727,823,672
	<u>855,008,409</u>	<u>758,443,523</u>

12 ACCOMMODATION TO BANKS

BOT Clearing Account	2,340,749	3,179,828
Uncleared Cheque Deposit	(14,742)	(15,105)
	<u>2,326,007</u>	<u>3,164,723</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.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

13 FOREIGN CURRENCY MARKETABLE SECURITIES

Foreign Currency Marketable Securities	1,682,560,272	1,399,540,661
Accrued interest at 30 June 2007	21,191,505	13,552,627
	1,703,751,777	1,413,093,288

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 balances:

Sovereign Issues

USD	521,918,162	271,061,131
GBP	15,180,482	13,830,509
EUR	262,505,114	213,619,391
	799,603,758	498,511,031

Supranational Securities

USD	107,248,863	30,373,406
GBP	35,119,779	60,781,955
EUR	87,763,681	57,236,596
	230,132,323	148,391,957

Agency Securities

USD	546,111,059	652,674,840
GBP	-	-
EUR	106,713,132	99,962,833
	652,824,191	752,637,673

Total

USD	1,175,278,084	954,109,377
GBP	50,300,261	74,612,464
EUR	456,981,927	370,818,820
	1,682,560,272	1,399,540,661



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

	<u>30.06.2007</u> TZS '000	<u>30.06.2006</u> TZS '000
14 GOVERNMENT SECURITIES		
Treasury Bond	255,937,780	245,601,181
Treasury Special Stocks	104,907,369	104,907,369
LART Bonds	85,189,195	85,189,195
Treasury EPA Stock	142,590,524	138,470,230
Treasury Bills	60,576	1,880,696
	588,685,444	576,048,671
Less: Provision for Impairment - Treasury EPA Stocks	(135,745,071)	(131,950,749)
	452,940,373	444,097,922
Accrued interest at 30 June 2007	8,861,370	8,216,861
	461,801,743	452,314,783

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 Bond

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 2006/07, Treasury Bonds with face values of TZS 8,214.5 million and TZS 2,000.0 million were acquired from open market operations. The above bonds are for five years and seven years with coupon rates of 9.18 percent and 10.08 percent per annum respectively. The bonds are redeemable in 2011 and 2013 respectively.

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 NBC and CRDB. The bonds mature on 25th November, 2011 and attract an annual interest of 11 percentum payable semi-annually.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

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 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.

These zero coupon instruments are reflected in the accounts at discounted value using a market value discount rate, with the fair value adjustment to reflect the redemption in years 2050 and 2055 having been reflected as bond amortisation of TZS 325.9 million in 2006/07 in the Statement of Changes in Equity. During the year 2006/7 they were reinstated at a value of TZS 8,845.5 million.

In 2005/06, the Government had authorized issuance of two zero coupon and non redeemable Treasury EPA bonds with total value of TZS 140,000 million. The amount utilized was TZS 135,745 million. Since the bonds do not bear any interest and are non redeemable have been assessed for impairment and an impairment loss of TZS 135,745 million was provided in the financial statements to ensure full compliance with International Financial Reporting Standards (IFRS). Out of the above amount, an impairment loss of TZS 131,950 million has been provided as prior year adjustment on the 2005/06 comparative figures and the balance of TZS 3,812 million, representing EPA exchange losses incurred in 2006/07, has been provided in the 2006/07 income statement.

Treasury Bills

These represent treasury bills reflected in the financial statements. 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.

15 INVENTORIES

	30.06.2007	30.06.2006
	TZS'000	TZS'000
The inventory balance consists of the following:		
Currency machine spare parts	2,623,362	2,082,558
Building, machinery and maintenance consumables	375,908	390,897
Stationery	336,719	608,360
Drugs and medicines	45,867	57,908
Copier parts and consumables	189,012	157,913
Cheque books	690,132	466,274
Inventory in - transit	57,138	-
ICT accessories and consumables	192,684	5,630
	4,510,822	3,769,540



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

16 INVESTMENT IN ASSOCIATE COMPANY

The Bank holds 3,000 unquoted ordinary shares of the M/S Mwananchi Gold Company Ltd each with per 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 31st March 2006.

MGC Ltd is a 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.

	30.06.2007	30.06.2006
	TZS'000	TZS'000
The investment in associate balance consists of the following:		
Investment in Mwananchi Gold Company Ltd at cost	272,687	272,687
Share of Loss of Mwananchi Gold Company Ltd	(240,800)	-
	31,887	272,687

17 EQUITY INVESTMENT

Equity investment consist of the following:

Investment in Afreximbank	1,521,972	1,503,696
	1,521,972	1,503,696

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%. 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.

Management is of the opinion that the value of the equity investment worth at least the amount stated above.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

18 OTHER ASSETS	30.06.2007 TZS'000	30.06.2006 TZS'000
Deferred Notes Printing and Coins Minting Costs	36,523,559	47,962,816
Prepayments	16,710,254	29,433,819
Staff Loans	27,749,818	28,586,025
Export Credit Guarantee Fund Investments Account.	30,107,426	27,294,062
Development Finance Guarantee Invest. Account	3,032,272	9,762,996
Cash Loss Recoverable from NBC Limited	5,144,000	5,144,000
Accounts Receivable	134,968,911	44,664,877
Standby Credit Facility	38,994,800	2,580,600
Purchased Interest Receivable	2,962,871	986,311
Secured Loan to Mwananchi Gold Company Ltd	7,688,775	6,785,160
Staff Imprest	1,203,615	860,314
Petty Cash Balances	37,500	36,500
Special Fund Investment Accounts Balances	840	19,836
Loans for Refinancing Facility	20,594,859	12,896,954
Intermediary Accounts Receivable	1,143,591	-
Others	638,065	850,152
	327,501,156	217,864,422
Less: Provision for Impairment	(10,861,115)	(5,813,698)
	316,640,041	212,050,724

(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.

(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 2007 financial year, the movement on deferred notes printing cost balance was as follows:

At 01 July 2006	47,962,816	33,385,394
Add: Cost of notes and Coins purchased during the year	25,090,296	44,110,708
Less: Cost of notes and Coins issued in circulation (Note 31)	(36,529,553)	(29,533,286)
At 30 June 2007	36,523,559	47,962,816

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

(d) Accounts Receivable includes VAT claims amounting to TZS 16.1 billion

The Bank claims a refund of TZS 16.1 billion being Value Added Tax paid to the Tanzania Revenue Authority by BOT's Head Office Extension Project Contractor Group Five on the account of the Bank. Based on the progress of the on going discussion of the matter between the Bank, Ministry of Finance and the Tanzania Revenue Authority, Management believes that the amount is receivable in the nearest future and no adjustment has been made in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

18 OTHER ASSETS (Continued)

(e) Accounts Receivable

Includes interest receivable on Liquidity Papers - Mopping up costs TZS 67.9 billion: The Bank claims against the Government a share of interest on mopping up costs amounting to TZS 67.9 billion (2006: 5.8 billion). Management has held discussions with the Ministry of Finance regarding the matter and the Ministry have indicated that the receivable will be made good in the nearest future. Based on the undertaking by the Ministry, no adjustment has been made in the financial statements.

It also includes TZS 34.7 billion in respect of interest on 5-year 14.92% Special Government Bond of TZS 155 billion, with the latest installment due on 29 June 2007. Based on the agreement with the Government, the interest due to the Bank will be paid before end of June 2008. As at 30th June 2007, the amount outstanding as accounts receivable was TZS 135.0 billion (2006: TZS 44.7 billion).

(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 an overnight Lombard loan with interest. As at 30th June 2007, the position of Standby Credit Facility was TZS 39.0 billion (2006: TZS 2.6 billion).

(g) Loan 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 30th June 2007, the balance of such facility was TZS 20.6 billion (2006: TZS 12.9 billion).

	30.06.2007	30.06.2006
	TZS'000	TZS'000
19 REPURCHASE AGREEMENTS (REPOs)		
Repurchase Agreements	15,000,000	-
Accrued interest as at 30 June 2007	7,068	-
	15,007,068	-
20 BOT LIQUIDITY PAPERS		
BOT liquidity papers	1,051,712,254	638,071,081
Accrued interest as at 30 June 2007	35,545,541	37,285,882
	1,087,257,795	675,356,963

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:

35-Day Treasury Bills	14,330,944	14,017,530
91-Day Treasury Bills	169,222,524	143,178,220
182-Day Treasury Bills	213,969,131	117,063,252
364-Day Treasury Bills	654,189,655	363,812,079
	1,051,712,254	638,071,081

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

21 DEPOSITS - BANKS AND NON - BANKS FINANCIAL INSTITUTIONS

	<u>30.06.2007</u>	<u>30.06.2006</u>
	TZS'000	TZS'000
Deposit - Commercial Bank Deposits	456,453,061	350,735,790
Deposits - Non Banks	266,277	714,931
	<u>456,719,338</u>	<u>351,450,721</u>

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

22 DEPOSITS - GOVERNMENTS

Deposits - Revolutionary Government of Zanzibar	4,917,156	5,121,844
Deposits - Government of the United Republic of Tanzania	225,541,462	238,788,050
	<u>230,458,618</u>	<u>243,909,894</u>

These are non-interest earning Government deposits.

23 DEPOSITS - OTHERS

Export Credit Guarantee Fund	26,029,709	27,226,920
Redemption of Government Stock/Bonds	12,157,887	6,361,318
Development Finance Guarantee Fund	21,822,557	21,209,912
Debt Service Cash Cover	5,037,620	7,409,177
TIB Structured Financing Facility	6,500,000	6,648,972
Deposit Staff	2,889,998	3,038,076
Debt Conversion Scheme	2,098,961	2,069,195
Bank Drafts Issued	317,509	192,298
Interest on refinancing facility	1,877,892	790,650
Deposit Insurance Fund	270,439	31,054
Other Deposits	591,690	605,141
	<u>79,594,262</u>	<u>75,582,713</u>
External Payment Arrears – NBC	2,288,418	2,332,102
	<u>81,882,680</u>	<u>77,914,815</u>

Export Credit Guarantee Fund

This is a Fund established by the government in 2001 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 2007 the balance of TZS 26.0 billion comprised of Government and BOT contribution amounting to TZS 19.5 billion which form part of the capital of the Fund, and TZS 6.7 billion was in respect of interest earned on treasury bills investments and guarantee fees.



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

23 DEPOSITS - OTHERS (Continued)

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.

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>30.06.2007</u>	<u>30.06.2006</u>
	TZS'000	TZS'000
24 FOREIGN CURRENCY FINANCIAL LIABILITIES		
IMF Multilateral Debt Relief Initiative Fund	289,157,679	421,034,880
PRGF (IMF Drawings)	21,511,309	15,444,085
Special Projects	138,197,780	207,986,514
Local Banks' Foreign Deposits	26,088,000	25,247,367
TIB Structured Financing Facility	647,867	18,042,345
Multilateral Agencies	4,983,452	13,419,006
Poverty Reduction and Budget Support	20,421	4,947,759
Other Foreign Deposits	2,459,236	2,366,272
Foreign Banks	59,855	734,727
Local Non Bank Foreign Deposits	77,576	74,202
	<u>483,203,175</u>	<u>709,297,157</u>

IMF Multilateral Debt Relief Initiative Fund

These are cancelled debts owed by Tanzania to the IMF that had been incurred through 31 December 2004. The amount outstanding until that date was SDRs 234.03 million equivalent to USD 336 million. Although the cancellation of the debt was immediate, the benefits of the debt reduction to the people of Tanzania through the budget should be delivered in an orderly manner to avoid pumping too much liquidity. The intent of the debt cancellation is to provide substantial resources to alleviate poverty and economic distress. The unutilized balance as at 30 June 2007 was USD 227.9 million, equivalent to TZS 289.2 billion.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

24 FOREIGN CURRENCY FINANCIAL LIABILITIES (Continued)

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 tend 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.

	30.06.2007	30.06.2006
25 OTHER LIABILITIES	TZS'000	TZS'000
Accounts Payable	89,996,313	15,091,365
Provision for Leave Pay	2,741,118	2,268,502
Intermediary Account Payable	12,515,355	11,924
Stale Drafts Payable	34,069	38,954
Employees Tax Payable	23,300	3,665
	105,310,155	17,414,410



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

26 NOTES AND COINS IN CIRCULATION

	30.06.2007	30.06.2006
	TZS'000	TZS'000
Notes		
Notes Issued	2,733,906,836	3,369,576,659
Less: Notes in Custody	(1,579,759,907)	(2,445,323,752)
Notes in Circulation (A)	1,154,146,929	924,252,907
Coins		
Coins Issued	34,179,607	32,827,157
Less: Coins in Custody	(7,559,759)	(9,463,544)
Coins in Circulation (B)	26,619,848	23,363,613
	1,180,766,777	947,616,520

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 1,180.8 billion is the face value of TZS 99.5 billion 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.

27 UNREALISED NET EXCHANGE GAINS

During the year the realised and unrealised net gains amounted to TZS 77.3 billion. This amount has been included in the income statement in determining the Bank's profit for the year. An amount of TZS 3.1 billion unrealized from year 2005/06 was realized during year 2006/07. The unrealized part at the end of year 2006/07 was TZS 5.3 billion. The realized amount of TZS 75.1 billion is part of the amount available for appropriation while the unrealized amount of TZS 5.3 billion has been transferred to Revaluation Account in accordance to Section 18(4) of the BOT Act, 2006.

Realized Foreign Exchange during the year	75,087,986	225,644,219
Add: Unrealized Foreign Exchange during the year	5,314,612	3,131,583
	80,402,598	228,775,802
Less: Opening balance	3,131,584	10,740,201
Foreign exchange gain during the year	77,271,014	218,035,601

28 FEES AND COMMISSION

Commission on Buying and Selling Foreign Currency	14,905,346	14,147,379
Bureau de Change Application Fees	38,750	36,750
Bureau de Change Registration Fees	7,600	12,400
Banks and Financial Institutions Applications/Licensing Fees	4,850	6,000
Bureau de Change Penalty Fees	7,947	9,533
Inter- bank Charges and Fees (TISS)	266,407	200,308
	15,230,900	14,412,370

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

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

29 OTHER INCOME

	30.06.2007	30.06.2006
	TZS'000	TZS'000
Foreign Operations		
BOT USD Indexation Investment	6,153,931	4,001,068
Realized Gains on De-recognition of Available for Sale Investments	3,138,749	17,584,300
Income from Equity Investment	42,044	49,641
Cross Rate Gains or Losses	(1,670,934)	347,285
Other Income	1,066,730	92,152
	8,730,520	22,074,446
Domestic Operations		
Income – Domestic Operations	347,189	97,806
Rental Income Staff Quarters	165,364	170,386
Income Hostel Accommodation	41,522	29,934
Income on Cafeteria Operations	20,791	18,112
Other Income Domestic	179,233	230,976
	754,099	547,214
	9,484,619	22,621,660

30 ADMINISTRATIVE EXPENSES

Board Expenses	491,886	509,399
Transport and Travelling Expenses	3,244,388	3,137,312
Maintenance - Computer, Software and Related Expenses	4,049,299	2,458,073
Maintenance - Furniture, Machinery and Equipment	698,178	848,176
Maintenance - Bank Premises	1,535,347	996,505
Legal and Investigation expenses	5,688,836	4,854,006
Audit Fees	272,953	232,612
Fees, Rates and Security Expenses	3,555,942	3,120,639
Water and Electricity	1,209,801	873,544
Telecommunication and Postage	1,246,705	1,303,105
Printing and Stationery	1,530,034	659,209
Meetings, Conferences and Seminars	2,883,752	2,677,018
Other Expenses	1,880,262	2,601,561
	28,287,383	24,271,159



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

31 CURRENCY ISSUE AND RELATED EXPENSES

	30.06.2007	30.06.2006
	TZS'000	TZS'000
Notes Printing Expenses (see Note 18)	34,862,582	28,396,129
Coins Minting (see Note 18)	1,666,971	1,137,157
Currency Transport, Storage and Handling	139,763	182,269
Maintenance of Currency Machines	2,686,537	1,611,738
Other Currency Expenses	341,671	393,056
	39,697,524	31,720,349

The amount of TZS 34,862.6 million and TZS 1,667.0 million in respect of notes printing and coins minting expenses respectively, relates 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 139.8 million and TZS 341.7 million is 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 2,686.5 million was incurred during the year in respect of currency machines maintenance expenses.

32 PERSONNEL EXPENSES

Staff Salaries	26,069,547	23,393,441
Contribution to PPF Scheme	3,367,342	3,230,292
Contribution to NSSF	551,311	518,809
Staff Medical Expenses	2,225,623	2,556,392
Staff Training	1,977,820	2,075,609
Staff Uniforms	98,335	97,426
Worker's Council Expenses	610,100	563,838
Course Functions & Field trips Expenses	9,364	15,163
Travel on Leave Expenses	2,307,429	2,742,521
Retirement Expenses	2,184,068	1,379,606
Condolence, Survivors' Benefits and Related Expenses	613,807	502,594
Car Loan Tax Expenses	269,559	592,136
Long Term Service Award	22,000	25,000
Management Car Maintenance Expenses	1,117,556	546,228
Furniture Grant Expenses	129,952	225,083
HR Planning Policies	100,097	-
Cafeteria Expenses	238,565	158,296
	41,892,475	38,622,434

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

33 OTHER EXPENSES

	<u>30.06.2007</u>	<u>30.06.2006</u>
	<u>TZS'000</u>	<u>TZS'000</u>
Foreign operations		
Charges on IMF Drawings	2,883,813	2,687,757
Foreign currency management fees	1,146,722	1,080,418
Gold operations Expenses	4,410	1,155
Financial Markets Development Expenses	23,361	17,247
Commission and Fees on Foreign Operations	25,161	33,349
Realized Losses on de-recognition of AFS	4,261,193	33,729,578
Exchange losses on EPA Stock	507,319	-
Amortized Premium	807,988	-
	<u>9,659,967</u>	<u>37,549,504</u>
 Domestic operations		
Cheques Printing	210,641	263,288
Contributions and Subscriptions	4,737,425	2,686,052
Inventory Adjustment (Note 37)	-	508,269
	<u>4,948,066</u>	<u>3,457,609</u>
	<u>14,608,033</u>	<u>41,007,113</u>

34 RENTAL PROPERTIES

The Bank maintains the following rental properties in its possession:

- a) PPF Tower Annual Rent Payable at TZS 553.4 million per year.
- b) National Development Corporation (NDC) Buildings Annual Rent Payable at TZS 331.1 million per year.
- c) Peoples Bank of Zanzibar (PBZ) Building Annual Rent Payable at TZS 60.0 million per year.

Rental payments are being effected at the beginning of each quarter, and therefore at the end of financial year, there was no outstanding liability. Rental commitments expire during the quarter ended September 2007 when the new Bank premises will be in use. The rental commitments for the financial year ended 30 June 2007 are expected to be the same as the rent expenses for the quarter ended 30 September 2007.

35 IMPAIRMENT LOSSES

Impairment loss on Treasury EPA Stock (Note 37)	3,811,671	131,950,749
Losses and write-offs of other assets	-	(18,611)
	<u>3,811,671</u>	<u>131,932,138</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

36 CASH GENERATED FROM OPERATIONS	<u>30.06.2007</u>	<u>30.06.2006</u>
	<u>TZS'000</u>	<u>TZS'000</u>
Net Profit for the Year	93,500,425	75,162,981
Depreciation and transfer of property, plant and equipment	5,852,187	4,712,581
Amortisation and transfer of intangible assets	952,724	535,581
Mark to market for available for sale securities recognised in equity	4,278,060	13,062,794
Release of impairment loss previously recognized to equity	325,974	-
Amortisation of capital grant	(19,807)	-
Recovery against staff housing fund	(33,671)	(134,936)
Net Loss/(Gain) on Disposal of property, plant and equipment	36,138	(11,950)
Unrealized Foreign Exchange Gains	(5,314,612)	(3,131,584)
Provision for Impairment	3,811,671	131,950,749
Increase in fair value of equity investment	(18,276)	-
Share of Loss of Associate Company	240,800	-
External Payment Arrears (EPA) exchange loss adjustment	507,319	-
Inventory adjustment	-	508,269
Loss on Revaluation of Property	-	49,009
Correction of 2004/5 amortization of discount, premium & interest	-	1,537,805
<i>Net Cash Generated from Operating Activities</i>	<u>104,118,932</u>	<u>224,241,299</u>
Changes in Working Capital		
Increase in Other Assets	(105,096,637)	(209,692,742)
Increase in Inventories	(741,282)	(1,343,063)
Decrease in Accommodation to Banks	838,716	5,518,812
Increase in Other Liabilities	93,210,357	4,417,144
Net Changes in Working Capital	<u>(11,788,845)</u>	<u>(201,099,849)</u>
 Cash generated from operations	 <u>92,330,087</u>	 <u>23,141,450</u>

37 PRIOR YEAR ADJUSTMENT

A prior year adjustment amounting to TZS 134,912,618 thousands have been made during the year which relates to;

Impairment loss on Treasury EPA Stock not recognized in the previous year	131,950,749
Interest income on RAMP Securities overstated in previous year	2,453,600
Inventory adjustment not made in previous year	508,269
	<u>134,912,618</u>

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

37 PRIOR YEAR ADJUSTMENT (Continued)

(i) Impairment of non-performing zero coupon non redeemable Treasury EPA Stock

EPA Bonds were raised by the Government in order to raise funds to enable the Government settle its long outstanding sovereign commercial debts that arose as a result of the scheme in which local companies/importers would deposit into the Bank's account maintained with the then National Bank of Commerce equivalent TZS amounts of respective foreign currencies they wanted to obtain from the Bank in order to pay the respective overseas suppliers. Due to lack of foreign exchange the bank could neither externalise some of the funds deposited by local importers nor refund the TZS amounts to the importers.

These Bonds were issued with terms of zero coupon and are non redeemable making their fair value at zero and in compliance with the IAS 39: Financial Instruments: Recognition and Measurement, management have impaired these.

The impairment is effected in prior year when the Bonds were issued. Impairment of similar Bonds issued during 2006/2007 has been effected in the income statement for the current year.

(ii) RAMP Securities

A prior year adjustment has been affected against reserves after a material error was identified during the year relating to an overstatement of interest income on RAMP securities during the financial reporting of financial year 2005/2006.

(iii) Inventory Adjustment

Further prior year adjustment was made regarding a material error on inventory valuation made during 2005/2006 reporting.

	<u>30.06.2007</u>	<u>30.06.2006</u>
	TZS'000	TZS'000
38 AUTHORISED AND PAID-UP SHARE CAPITAL		
Authorized Capital	100,000,000	10,000,000
Issued and Paid-up Capital	100,000,000	10,000,000

The Authorized and paid up capital of the Bank is determined in accordance with Section 17 (1) of the Bank of Tanzania Act, 2006.

39 RESERVES

General Reserve	17,764,800	7,139,227
Capital Reserve	69,329,752	69,349,559
Exchange Equalization Reserve	200,488,136	150,429,479
Capital Enhancement Reserve	-	90,000,000
Reserve for Projects	30,000,000	20,000,000
Staff Housing Fund	15,838,776	13,752,182
Fixed Assets Revaluation Reserve	73,889,901	73,889,901
Securities Revaluation Reserve	(16,625,939)	(20,903,999)
Foreign Currency Revaluation Reserve	5,314,612	3,131,584
Reserve for Dividends	55,949,763	37,110,887
	<u>451,949,801</u>	<u>443,898,820</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

39. RESERVES (Continued)

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

With effect from 30 June, 2006 an Exchange Equalization Reserve was established by the Board, into which 66.7% of the annual total net realized exchange gains arising from revaluation of foreign assets and foreign liabilities during the financial year are aggregated and credited. The balance of 33.3% forms part of the distributable profits. The rationale for establishing the said reserve inter alia is based on the premise that the said revaluation may result into a gain or loss but the prudence concept of accounting require management to act more conservatively when a decision has to be reached for recognizing income and consequently determining the level of annual distributable profits. The need to keep a greater portion of the net realized exchange gains in the exchange equalization reserve is therefore in line with the prudence concept which require an adequate reserve for losses to be maintained in circumstances where there is also an imminent risk of an overall realized net exchange loss occurring, especially at a time when a large net overall exchange gain has already been recognized in the accounts as is the case this financial year. It is therefore expected that the exchange equalization reserve balance will act as a cushion or buffer against possible future exchange losses, which can result into a significant erosion of the Bank's net worth and cause financial instability if not controlled. As at 30 June, 2007 the total amount standing at the credit of the Exchange Equalization Reserve amounted to TZS 200,488 million.

d. Reserve for Projects

This reserve was established by 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 amount to be appropriated from the distributable profit to the reserve. As at 30 June, 2007 the reserve had a balance of TZS 30,000 million

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

39. RESERVES (Continued)

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 annual basis, the Board of Directors 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 2007, the fund had a balance of TZS 15,838.7 million that include loans from the Bank and interest on Fund 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 the requirements 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 profit or loss 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 2007, the reserve had a credit balance of TZS 73,889.9 million.

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 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 2007 the reserve had a debit balance of TZS 16,625.9 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 requirements of the International Financial Reporting Standards (IFRS), in particular IAS - 21 all realized and unrealized foreign exchange valuations should be taken to the Profit and Loss account.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

39. RESERVES (Continued)

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". As at 30 June 2007 the reserve had a balance of TZS 5,314.3 million.

40. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is an inherent feature of the activities of any financial institution. The Bank endeavours to manage risks by having in place appropriate functional structures, systems and procedures. These structures, systems and procedures evolve continuously in response to changes in the financial and economic environment in which the Bank operates, and since the Bank is involved in policy-oriented activities, its risk management framework differs from the risk management frameworks for most of other financial institutions.

The independent risk control process does not include business risk such as changes in the environment; technology and industry. These are monitored through the banks strategic planning process.

Risk management structure

The Board of directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Internal Audit

Risk Management processes throughout the Bank are audited by the internal audit function, that examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk measurement and reporting systems (Continued)

Information compiled from all the businesses is examined and processed in order to analyze, control and identify early risks. This information is presented and explained to the Board of Directors, the Investment Committee, and the head of each business department. The report includes aggregate credit exposure, hold limit exceptions and risk profile changes.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similar and affected by the changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the banks performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the banks policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of the credit risks are controlled and managed accordingly.

The following are the main types of risks the Bank is exposed to in the course of executing its operations:

- Operational risk
- Financial risk
- Human resource risk
- Legal risk
- Reputational 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Financial Risk

The main financial risk that the Bank is exposed includes credit risk on foreign currency assets, and interest rate risk on both foreign and local currency assets and liabilities. In the management of foreign reserves, minimizing liquidity risk is the prime consideration in order to maintain an effective foreign exchange intervention capability.

Credit Risk

The Bank is exposed to credit risk, which is the risk of loss arising from the failure of a borrower, issuer, counterparty or customer to meet its financial obligations to the Bank. The Bank being a financial institution is therefore subjected to credit risk through its trading, investment activities and providing liquidity to financial institutions via open market operations as part of monetary policy implementation; intraday in the Bank's provision of liquidity to facilitate the operation of the TZS; and the securities settlement system. This credit risk is basically associated with the insolvency or bankruptcy of a Bank's counter-party or debt issuer, in which the Bank has invested own funds.

The Bank also faces risk stemming from a substantial concentration of funds invested in asset classes issued by supranational financial institutions, Government agencies and commercial banks. To minimize this risk the Bank has set limits on exposures to each of those asset classes. The Bank has set in place limits on exposures to individual counter-parties (maximum placement limit in absolute terms) based on the credit rating of the counter-party, which it monitors on a daily basis.

To minimize credit risk the Bank deals with financial institutions with at least "AA" credit rating by Fitch IBCA. The Bank has also restricted its investment to Organisation for Economic Co-operation and Development (OECD) countries.

In providing liquidity via open market operations and, intraday, via the Bank's operation of wholesale payment systems, credit risk is managed 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, and additional margin is called as required.

Credit risk on the securities held by the Bank is managed by holding only high-quality securities, issued chiefly by Governments, Government agencies, sovereign and supranational organizations.

Banking services are provided to both the Revolutionary Government of Zanzibar and the Government of the United Republic of Tanzania and other public sector entities, commercial banks, financial institutions, overseas central banks, international institutions, Bank staff and



FOR THE YEAR ENDED 30TH JUNE 2007

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit Risk

other customers. The Bank may incur credit exposures to its customers in the course of providing such services. The reinvestment of customer deposits may also give rise to credit exposures. In addition the Bank may incur credit risk in connection with any support operations it may undertake.

Geographical concentration of assets and liabilities

The Bank undertakes its operations in the United Republic of Tanzania. An analysis of the Bank's assets and liabilities by geographical area is given below:

		2006/2007	2005/2006
		TZS "000"	TZS "000"
Assets	Tanzania	1,501,624,733	1,217,194,358
	United States of America	1,755,404,894	1,361,925,917
	United Kingdom	306,612,436	259,195,669
	Rest of Europe	674,968,470	684,166,089
	Rest of the World	382,434,720	366,719,029
Total		4,621,045,253	3,889,201,062
Liabilities	Tanzania	4,077,789,897	3,123,080,181
	United States of America	456,339,940	7,651,020,208
	United Kingdom	308,620	273,108
	Rest of Europe	4,840,774	26,259,414
	Rest of the World	81,766,022	88,568,151
Total		4,621,045,253	3,889,201,062

Liquidity Risk

Liquidity risk is the risk that an entity may not be able to accommodate decreases in liabilities or to fund increases in assets in full at the time that a commitment or transaction is due for settlement. The Bank does face liquidity risk in respect of foreign assets and liabilities.

The Bank manages its foreign liquidity risks through appropriate structuring of its foreign investment portfolios to ensure that the maturity profiles of foreign assets sufficiently match those of foreign commitments. This is monitored and managed on a daily basis by portfolio managers. In addition, the foreign investment portfolio of the Bank comprises mainly short-term, highly liquid investment instruments.

The table on note 44 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.

Liquidity gap is managed centrally to ensure that the Bank will have sufficient liquidity to meet its obligations when they fall due.



FOR THE YEAR ENDED 30TH JUNE 2007

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market Risk

Market risk is the risk to an institution's financial condition resulting from adverse price or volatility moves of the assets contained in the firm's portfolio. It represents what the firm could lose if the prices or volatility changed. All trading instruments are subject to market risk. At the Bank of Tanzania the instruments are evaluated on a daily basis at fair value and all changes in market conditions directly affect net trading income. The Bank manages its portfolios in response to changing market conditions. Exposure to market risk is managed in accordance with the risk limits set in the investment guidelines for managing foreign currency assets.

Interest Rate Risk

The Bank's operations are subject to risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or different amounts. The Bank uses modified duration as a key measurement for interest rate risk. Modified duration measures the effect of the change of the market value of an asset (liability) in response to change of the interest rate levels. The policy target duration is 1.5 years with deviation allowance of ± 3 months. As at 30 June 2007 portfolio duration stood at 0.72 years.

The interest rate risk profile of the Bank as at 30 June 2007 is shown in note 42.

Currency Risk

The currency risk is the risk arising from changes in the value of investment currencies. The Bank is exposed to currency risk through transactions in foreign currencies (investment activities and settlement obligations) as well as transactions of foreign currency financial assets and liabilities to the reporting currency (TZS) of the Bank. The Bank managed currency risk by maintaining the currency composition of foreign exchange assets that reflects the currency composition of short-term external obligations and the country's import bill. The Bank also observed closely the investment guidelines on Currency exposure limits and Duration target. The foreign currency exposures for the Bank as at 30 June 2007 is shown in note 43.

Human Resource Risk

The particular nature of the activities of the Bank necessitates specialized knowledge in many areas.

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.

BANK OF TANZANIA



FOR THE YEAR ENDED 30TH JUNE 2007

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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. It 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 requirement of provision of Section 5(1) of the Bank of Tanzania Act, 2006.

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 staff has a 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.

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.



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

42 INTEREST RATE RISK

	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non interest bearing	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
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
Government Bonds/Stocks	-	-	1,116,250	343,698,008	116,987,485	-	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	-	-	-	-	-	316,640,041	316,640,041
Property, Plant and Equipment	-	-	-	-	-	717,639,632	717,639,632
Intangible Assets	-	-	-	-	-	8,194,570	8,194,570
	1,044,652,824	460,391,390	288,737,006	1,224,389,737	554,335,370	1,048,538,924	4,621,045,251
Liabilities							
Deposit – banks and non-banks financial institutions	-	-	-	-	-	-	-
Deposit – Governments	-	-	-	-	-	456,719,338	456,719,338
Deposit – Others	-	-	-	-	-	230,458,618	230,458,618
Foreign currency financial liabilities	-	-	-	-	-	81,882,680	81,882,680
Repurchase Agreements	236,013,658	15,042,496	503,621	231,643,400	-	-	483,203,175
BOT Liquidity Papers	15,007,068	-	-	-	-	-	15,007,068
Other Liabilities	14,330,994	204,768,045	868,158,756	-	-	-	1,087,257,795
IMF Related Liabilities	-	-	-	-	-	105,310,155	105,310,155
Allocation of SDRs	-	-	-	-	368,235,131	-	368,235,131
Notes and Coins Issued	-	60,254,713	-	-	-	-	60,254,713
Authorized and Paid up Capital	-	-	-	-	-	1,180,766,777	1,180,766,777
Reserves	-	-	-	-	-	100,000,000	100,000,000
Total equity and Liabilities	265,351,720	280,065,254	868,662,377	231,643,400	368,235,131	2,607,087,369	4,621,045,251
Interest rate repricing gap	779,301,104	180,326,136	(579,925,371)	992,746,337	186,100,239	(1,558,548,445)	-
Cumulative gap	779,301,104	959,627,240	379,701,869	1,372,448,206	1,558,548,445	-	-

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

42 INTEREST RATE RISK (Continued)

	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non interest bearing	Total
2006	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Assets							
Cash and cash equivalent	907,550,805	-	-	-	-	-	907,550,805
Clearing Account Balances	3,164,723	-	-	-	-	-	3,164,723
Holdings of SDRs	-	-	20,892	-	-	-	20,892
Marketable Securities	23,891,776	20,765,677	185,295,710	1,183,140,125	-	-	1,413,093,288
Government Bonds/Stocks	1,857,000	-	8,240,557	342,678,918	99,538,308	-	452,314,783
Inventories	-	-	-	-	-	3,769,540	3,769,540
Investment in Associate	-	-	-	-	-	272,687	272,687
Equity Investments	-	-	-	-	-	1,503,696	1,503,696
Quota in IMF	-	-	-	-	365,693,880	-	365,693,880
Other Assets	-	-	-	-	-	212,050,724	212,050,724
Property, Plant and Equipment	-	-	-	-	-	522,654,995	522,654,995
Intangible Assets	-	-	-	-	-	7,111,049	7,111,049
	936,464,304	20,765,677	193,557,159	1,525,819,043	465,232,188	747,362,691	3,889,201,062
Liabilities							
Deposit - banks and non-banks financial institutions	-	-	-	-	-	351,450,721	351,450,721
Deposit - Governments	-	-	-	-	-	243,909,894	243,909,894
Deposit - Others	-	-	-	-	-	77,914,815	77,914,815
Foreign currency financial liabilities	256,033,658	25,049,940	104,360,047	323,853,512	-	-	709,297,157
Repurchase Agreements	-	-	-	-	-	-	-
BOT Liquidity Papers	109,472,183	193,470,196	372,414,584	-	-	-	675,356,963
Other Liabilities	-	-	-	-	-	17,414,410	17,414,410
IMF Related Liabilities	-	-	-	-	354,661,780	-	354,661,780
Allocation of SDRs	-	-	-	-	57,679,982	-	57,679,982
Notes and Coins Issued	-	-	-	-	-	947,616,520	947,616,520
Authorized and Paid up Capital	-	-	-	-	-	10,000,000	10,000,000
Reserves	-	-	-	-	-	443,898,820	443,898,820
Total equity and Liabilities	365,505,841	218,520,136	476,774,631	323,853,512	412,341,762	2,092,205,180	3,889,201,062
Interest rate repricing gap	570,958,463	(197,754,459)	(283,217,472)	1,201,965,531	52,890,426	(1,344,842,489)	-
Cumulative gap	570,958,463	373,204,004	89,986,532	1,291,952,063	1,344,842,489	-	-



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

43 CURRENCY RISK

(Amounts in TZS '000)	GBP	USD	EUR	SDR	JPY	UGX	KES	TZS	SEK	ZAR	Total
Assets											
Cash and cash equivalent	257,478,489	546,161,613	218,237,720	-	27,104	11	1,112	-	314,256	55,544	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	-	-	-	-	-	-	-	-	1,521,972
Quota in IMF	-	-	-	382,017,802	-	-	-	-	-	-	382,017,802
Other Assets	-	9,488,083	-	-	-	-	-	307,151,958	-	-	316,640,041
Property, Plant and Equipment	-	-	-	-	-	-	-	717,639,632	-	-	717,639,632
Intangible Assets	-	-	-	-	-	-	-	8,194,570	-	-	8,194,570
Total assets	306,612,434	1,755,404,894	674,654,213	382,350,951	27,104	11	1,112	1,501,624,732	314,256	55,544	4,621,045,251
Liabilities											
Deposit banks and non-banks FIs	-	-	-	-	-	-	-	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 liability:	308,620	456,339,940	4,840,774	21,511,309	-	-	-	202,532	-	-	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 SDRs	-	-	-	60,254,713	-	-	-	-	-	-	60,254,713
Notes and Coins Issued	-	-	-	-	-	-	-	1,180,766,777	-	-	1,180,766,777
Total liabilities	308,620	456,339,940	4,840,774	81,766,022	-	-	-	3,525,840,094	-	-	4,069,095,450
Equity	-	-	-	-	-	-	-	100,000,000	-	-	100,000,000
Reserves	-	-	-	-	-	-	-	451,949,801	-	-	451,949,801
Total equity	-	-	-	-	-	-	-	551,949,801	-	-	551,949,801
Total equity and liabilities	308,620	456,339,940	4,840,774	81,766,022	-	-	-	4,077,789,895	-	-	4,621,045,251

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

43 CURRENCY RISK (Continued)

(Amounts in TZS '000)	GBP	USD	EUR	SDR	JPY	UGX	KES	TZS	SEK	ZAR	Total
Assets											
Cash and cash equivalent	184,583,205	408,616,074	312,835,581	-	944,411	10	1,531	-	511,688	58,305	907,550,805
Clearing Account Balances	-	-	-	-	-	-	-	3,164,723	-	-	3,164,723
Holdings of SDRs	-	-	-	20,892	-	-	-	-	-	-	20,892
Marketable Securities	74,612,464	951,655,777	370,818,820	-	-	-	-	16,006,227	-	-	1,413,093,288
Government Bonds/Stocks	-	-	-	-	-	-	-	452,314,783	-	-	452,314,783
Inventories	-	-	-	-	-	-	-	3,769,540	-	-	3,769,540
Investment in Associate	-	272,687	-	-	-	-	-	-	-	-	272,687
Equity Investments	-	1,503,696	-	-	-	-	-	-	-	-	1,503,696
Quota in IMF	-	-	-	365,693,880	-	-	-	-	-	-	365,693,880
Other Assets	-	-	-	-	-	-	-	212,050,724	-	-	212,050,724
Property, Plant and Equipment	-	-	-	-	-	-	-	522,654,995	-	-	522,654,995
Intangible Assets	-	-	-	-	-	-	-	7,111,049	-	-	7,111,049
Total assets	259,195,669	1,362,048,234	683,654,401	365,714,772	944,411	10	1,531	1,217,072,041	511,688	58,305	3,889,201,062
Liabilities											
Deposit banks and non-banks FIs	-	-	-	-	-	-	-	351,450,721	-	-	351,450,721
Deposit Governments	-	-	-	-	-	-	-	243,909,894	-	-	243,909,894
Deposit Others	-	-	-	-	-	-	-	77,914,815	-	-	77,914,815
Foreign currency financial liabilities:	273,108	651,020,208	26,240,443	30,888,169	-	-	-	856,258	18,971	-	709,297,157
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	-
BOT Liquidity Papers	-	-	-	-	-	-	-	675,356,963	-	-	675,356,963
Other Liabilities	-	-	-	-	-	-	-	17,414,410	-	-	17,414,410
IMF Related Liabilities	-	-	-	-	-	-	-	354,661,780	-	-	354,661,780
Allocation of SDRs	-	-	-	57,679,982	-	-	-	-	-	-	57,679,982
Notes and Coins Issued	-	-	-	-	-	-	-	947,616,520	-	-	947,616,520
Total liabilities	273,108	651,020,208	26,240,443	88,568,151	-	-	-	2,669,181,361	18,971	-	3,435,302,242
Equity	-	-	-	-	-	-	-	10,000,000	-	-	10,000,000
Reserves	-	-	-	-	-	-	-	443,898,820	-	-	443,898,820
Total equity	-	-	-	-	-	-	-	453,898,820	-	-	453,898,820
Total equity and liabilities	273,108	651,020,208	26,240,443	88,568,151	-	-	-	3,123,080,181	18,971	-	3,889,201,062



BANK OF TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

44 LIQUIDITY RISK

<u>2007</u>	Up to 1 Month	From 1 to 3 Months	From 3 to 12 Months	From 1 to 5 Years	Over 5 Years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
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
Government Bonds/Stocks	-	-	1,116,250	343,698,008	116,987,485	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	126,952,948	316,640,041
Property, Plant and Equipment	-	3,432,200	197,889,955	72,973,453	443,344,024	717,639,632
Intangible Assets	-	-	2,036,245	-	6,158,325	8,194,570
Total assets	1,084,836,356	466,323,590	567,204,136	1,370,368,530	1,132,312,639	4,621,045,251
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	-	-	-	-	451,949,801	451,949,801
Total Equity and Liabilities	274,911,505	361,693,588	1,651,850,193	231,638,256	2,100,951,709	4,621,045,251
Net Liquidity gap	809,924,851	104,630,002	(1,084,646,057)	1,138,730,274	(968,639,070)	-
Cumulative gap	809,924,851	914,554,853	(170,091,204)	968,639,070	-	-

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH JUNE 2007

44 LIQUIDITY RISK (Continued)

	Up to 1 Month	From 1 to 3 Months	From 3 to 12 Months	From 1 to 5 Years	Over 5 Years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
2006						
Assets						
Cash and cash equivalent	907,550,805	-	-	-	-	907,550,805
Accommodation to Bank	3,164,723	-	-	-	-	3,164,723
Holdings of SDRs	-	-	20,892	-	-	20,892
Marketable Securities	23,891,776	20,765,677	185,295,710	922,169,810	260,970,315	1,413,093,288
Government Bonds/Stocks	1,857,000	-	8,240,557	342,678,918	99,538,308	452,314,783
Inventories	-	-	3,769,540	-	-	3,769,540
Investment in Associate	-	-	-	-	272,687	272,687
Equity Investments	-	-	-	-	1,503,696	1,503,696
Quota in IMF	-	-	-	-	365,693,880	365,693,880
Other Assets	3,440,914	-	78,929,846	27,221,681	102,458,283	212,050,724
Property, Plant and Equipment	-	-	-	27,961,262	494,693,733	522,654,995
Intangible Assets	-	-	-	7,111,049	-	7,111,049
Total assets	939,905,218	20,765,677	276,256,545	1,327,142,720	1,325,130,902	3,889,201,062
Liabilities						
Deposit Banks and Non Banks Financial Institutions	-	-	351,450,721	-	-	351,450,721
Deposit Governments	-	-	243,909,894	-	-	243,909,894
Deposit Others	-	-	77,914,815	-	-	77,914,815
Foreign Currency Financial Liabilities	256,033,658	25,049,940	104,360,047	323,853,512	-	709,297,157
Repurchase Agreements	-	-	-	-	-	-
BOT Liquidity Papers	109,472,183	193,470,196	372,414,584	-	-	675,356,963
Other Liabilities	13,492,673	-	3,921,737	-	-	17,414,410
IMF Related Liabilities	-	-	-	-	354,661,780	354,661,780
Allocation of SDRs	-	57,679,982	-	-	-	57,679,982
Notes and Coins Issued	-	-	-	-	947,616,520	947,616,520
Equity	-	-	-	-	10,000,000	10,000,000
Reserves	-	-	-	-	443,898,820	443,898,820
Total Equity and Liabilities	378,998,514	276,200,118	1,153,971,798	323,853,512	1,756,177,120	3,889,201,062
Net Liquidity gap	560,906,704	(255,434,441)	(877,715,253)	1,003,289,208	(431,046,218)	-
Cumulative gap	560,906,704	305,472,263	(572,242,990)	431,046,218	-	-



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

45. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments arise in the normal course of the Bank's business activities.

Contingent Liabilities

There were a number of legal proceedings against the Bank as at 30 June 2007. The Bank is being jointly sued with the Government for USD 55 million by Vallambia. The Bank's lawyers are of the opinion that there is no probability of a loss to the Bank and hence no provision has been made in the financial statements. There are no other significant legal cases requiring disclosure.

Commitments

- a. At 30 June 2007, the Bank had a commitment of USD 1.8 million in respect of uncalled and unpaid capital attached to its shareholding in the Afreximbank.
- b. As at 30 June 2007, the Bank's capital commitments in respect of Property, plant and equipment and major capital projects amounted to TZS 110,859.5 million. The Bank's management is confident that net income and other funding arrangements will be sufficient to meet these commitments.

46. EVENTS AFTER THE BALANCE SHEET DATE (IAS 10)

(a) Payments on External Payment Arrears

In September 2007 (which is subsequent to the Balance Sheet date of 30 June 2007), the Government being a shareholder of the Bank instituted an independent audit of the alleged fraudulent payments amounting to TZS 133,015,186,220.74 made during the financial year 2005/2006 out of the External Payments Arrears (EPA) account, which is the Government's Account maintained with the Bank of Tanzania. The audit revealed that out of the above amount, payments amounting to TZS 90,359,078,804.13 were made based on invalid and fraudulent supporting documents and therefore did not represent a rightful discharge of valid, existing and legitimate liabilities of the Government. The investigators could not conclude on whether or not the balance of TZS 42,656,107,416.61 was also paid out fraudulently due to missing information and recommended further investigation on these.

Based on their findings, the auditors recommended to the Government to institute criminal investigation of companies and its directors and officials of Bank who were involved in the fraudulent payments.

Further payments that are suspected to have been supported by fraudulent documents amounting to TZS 4,740,340,791 made out of EPA account during the financial years 2005/2006 and 2006/2007 were identified by the auditors during their current year audit and management have reported these to the relevant authorities. All these are presently being investigated together with the previous EPA payments.

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

46. EVENTS AFTER THE BALANCE SHEET DATE (IAS 10) (Continued)

(b) 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 Head Office's extension project and the construction of the Bank's Zanzibar Branch office at Gulioni will be completed substantially during the financial year 2007/2008 with the final handing over expected during the first half of financial year 2008/2009.

These are major projects in the country and have utilised substantial resources of the Bank. A decision was made by the Management and the Board to commission an independent technical Consultant to undertake Value for Money (VFM) audit 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.

It is expected that the audit shall be carried out and completed during the financial year 2008/2009.

47. 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 2007 amounted to TZS 27,749.8 million (2006: TZS 28,586.0 million). The advances are at preferential rates of interest determined by the Bank presently at 5% fixed over the lifetime of the loan.

	2007 TZS' 000	2006 TZS' 000
(ii) Loans to Senior Management (i.e. Governor, Deputy Governors, Directors (Excluding Deputy Directors)		
At start of the year	577,050	524,076
Loans advanced during the year	313,762	344,105
Loan repayments	(132,750)	(291,131)
	758,062	577,050
At end of the year		
(iii) Senior Management emoluments:		
Salaries, allowances and benefits	1,827,723	2,008,414
Other long term benefits	220,376	221,916
Total	2,048,099	2,230,330



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

47. DISCLOSURES ON RELATED PARTY TRANSACTIONS

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 19 (2006; 22).

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 directors including Secretary to the Bank is determined by the Board.

(iv) Emoluments to the Members of the Board of Directors

The members of the Board of Directors of the Bank include Governor, deputy Governors and Non Executive Directors.

In 2006/07, payments to the Governor, Deputy Governors and other Board members amounted to TZS 372.7 million (2006: TZS 382.4 million).

As of 30 June 2007 and 30 June 2006 there were no loans advanced by the Bank to the non-Executive Directors of the Board.

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 2007, the following balances, which are included in various balance sheet categories, were outstanding:

BANK OF TANZANIA



NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30TH JUNE 2007

47. DISCLOSURES ON RELATED PARTY TRANSACTIONS

	2007 TZS'000	2006 TZS'000
Due from Government of Tanzania (Note 18)	67,972,387	5,778,613
IMF funds on-lent to the Government (Note 8)	368,229,989	354,656,827
Government of Tanzania deposits (Note 22)	230,458,618	243,909,894
Investments in Government Securities (Note 14)	<u>461,801,743</u>	<u>452,314,783</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 290.7 million (2006: TZS 280.2 million).

(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 2006/2007 the Bank did not grant any additional loan to MGCL. However, the outstanding loans as at 30th June 2007 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 attracts interest at Libor + 0.50 four basis points.

48. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted or excluded to conform to changes in presentation in the current year.



BANK OF TANZANIA

PART IV:
CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY EVENTS,
JANUARY 2000 TO JUNE 2007

BANK OF TANZANIA



2007 June: As per the Bank of Tanzania Act, 2006, His Excellence, President of the United Republic of Tanzania, Hon.. Jakaya Mrisho Kikwete, appointed three Bank of Tanzania Deputy Governors, Prof. B. Ndulu, J. (Incharge of Economic and Financial Policies- EFP), H. Reli (Incharge of Administration and Internal Control- AIC) and L. 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 to 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 the 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 USD338 being 100 percent of disbursed outstanding debt as at December 2004 that remained outstanding until December 2005.

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 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 0%, 10%, and 25% is applied to goods imported into EAC. A selected list of sensitive items attracts rates above 25% 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 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.

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 (DSE) to foreign investors.

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 August: The Bank of Tanzania on behalf of the Government launched a 10-year

2002 July: The Bank of Tanzania on behalf of the Government launched a 7-year

2002 July: The Bank of Tanzania established an Export Credit Guarantee Scheme (ECGS) to hasten the provision of credit to the export sector.

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 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,

BANK OF TANZANIA



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, which is traded at the Dar Es Salaam Stock Exchange (DSE).

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.

BANK OF TANZANIA



PART V STATISTICAL TABLES



A1.0 OUTPUT AND PRICES

A1.1	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity At Current Prices, Mainland Tanzania	183
A1.2	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, Percentage Share In Total GDP, At Current Prices, Mainland Tanzania	184
A1.3	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity At Constant 1992 Prices, Tanzania Mainland	188
A1.4	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, Percentage Share In Total GDP, At 1992 Prices, Tanzania Mainland	186
A1.5	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, Percentage Growth Rates, at Constant 1992 Prices, Tanzania Mainland	187
A1.6	Production of Major Agricultural Crops	188
A1.7	Agricultural Production Indices	189
A1.8	Production in Selected Commodities.....	190
A1.9	Industrial Production Indices	191
A1.10	Mineral Recoveries	192
A1.11	National Consumer Prices Index	193
A1.12	National Consumer Price Index, Percentage Change on the Previous Year	194
A1.13	Dar es Salaam Cost of Living Index – Middle Income Group	195
A1.14	Dar es Salaam Retail Price Index – Wage Earners	196

A2.0 GOVERNMENT FINANCE

A2.1	Analysis of Central Government Finance	197
A2.2	Central Government Operations	198
A2.3	Treasury Bills Auctions – Actual Sales by Transactor.....	
A2.4	Central Government Outstanding Stocks and Notes by Holders.....	199

A3.0 MONEY AND BANKING

A3.1	Monetary Survey	200
A3.2	Bank of Tanzania – Assets.....	201
A3.3	Bank of Tanzania – Liabilities.....	202
A3.4	Tanzania Notes in Circulation	203
A3.5	Tanzania Coins in Circulation.....	204
A3.6	Commercial Banks – Assets	205
A3.7	Commercial Banks – Liabilities	206
A3.8	Commercial Banks - Analysis of Liquidity.....	207
A3.9	Commercial Banks – Analysis of Domestic Assets	208
A3.10	Commercial Banks – Lending and Holding of Securities	209
A3.11	Commercial Banks - Domestic Lending by Borrowing Sector	210
A3.12	Commercial Banks – Deposits	211
A3.13	Interest Rates Structure	212

BANK OF TANZANIA

**A4.0 BALANCE OF PAYMENTS AND FOREIGN TRADE DEVELOPMENTS**

A4.1	Tanzania's Balance of Payments in USD	213
A4.2	Tanzania's Balance of Payments in TZS.....	214
A4.3	Tanzania's Exports by Type of Commodity in USD	215
A4.4	Tanzania's Exports by Type of Commodity in TZS	216
A4.5	Tanzania's Imports (c.i.f) by Major Category in USD	217
A4.6	Tanzania's Imports (c.i.f) by Major Category in TZS	218
A4.7	Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS	219
A4.8	Tanzania's Trade Balance	220
A4.9	Tanzania's Exports by Major Commodity Groups	221
A4.10	Tanzania's Imports (c.i.f) by Major Commodity Groups	222
A4.11	Tanzania's Exports by Country of Destination	223
A4.12	Tanzania's Imports by Country of Origin	224
A4.13	Tanzania's Exports to PTA Countries	225
A4.14	Tanzania's Direct Imports from PTA Countries	226
A4.15	Tanzania's Services, Income and Transfers	227
A4.16	Foreign Reserves Position	228

A5.0 EXTERNAL DEBT DEVELOPMENTS

A5.1	External Debt Developments	229
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A6.0 ZANZIBAR**A6.1 OUTPUT AND PRICES**

A6.1.1	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, At Current Prices	230
A6.1.2	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, Percentage Share In Total GDP, At Current Prices	231
A6.1.3	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, At 2001 Constant Prices	232
A6.1.4	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, Percentage Share In Total GDP, At 2001 Constant Prices	233
A6.1.5	Gross Domestic Product (GDP), At Factor Cost By Kind of Economic Activity, Percentage Annual Growth Rates, at 2001 Constant Prices	234
A6.1.6	Marketed Production of Major Export Commodities	235
A6.1.7	Production in Selected Commodities	236
A6.1.8	Consumer Price Index (CPI)	237
A6.1.9	Consumer Price Index, Percentage change on the Previous Year	238

A6.2 ZANZIBAR GOVERNMENT FINANCE

A6.2.1	Zanzibar Central Government Operations
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A7.0 INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

A7.1	Economic Performance in G-7 Countries and the Euro Area	239
A7.2	World Market Prices for Selected Commodities	240
A7.3	Selected Exchange Rates – Currency Units per US Dollar (period average).....	241
A7.4	Bureau de Change Quarterly Transactions	242



A1.0 Output and Prices

Table A1.1: Gross Domestic Product (GDP) at Factor Cost by kind of Economic Activity at Current Prices, 1997 - 2006

Economic Activity	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^r	2006 ^p
Millions of TZS										
A: Monetary										
Agriculture	1,085,698	1,264,264	1,500,572	1,690,856.3	1,919,703.6	2,205,161.0	2,508,853.0	2,958,062.8	3,409,735.2	3,890,270.1
Crops	804,595	927,024	1,096,536	1,240,503.3	1,427,780.5	1,649,209.0	1,877,152.0	2,252,582.4	2,612,537.8	2,974,938.0
Livestock	144,338	153,981	187,736	206,042.2	220,973.0	248,102.0	281,408.0	312,362.9	348,284.6	398,603.3
Forestry and hunting	44,300	67,337	74,831	83,271.4	95,366.4	107,764.0	121,234.0	139,419.1	161,726.2	188,594.5
Fishing	92,465	115,921	141,468	161,039.3	175,583.7	200,086.2	229,059.0	253,698.4	287,186.6	328,134.3
Mining and quarrying	53,515	74,386	85,792	99,519.0	120,454.0	152,977.0	210,574.0	278,262.4	368,141.2	493,309.2
Manufacturing	295,272	382,901	434,544	499,725.6	564,689.0	638,663.0	710,951.0	791,416.4	891,134.9	967,773.0
Electricity and water supply	74,599	81,751	101,301	112,752.7	124,789.1	145,753.1	156,962.9	177,614.0	202,498.8	228,718.3
Electricity	67,254	74,035	91,481	101,582.9	112,279.0	131,366.4	140,562.1	158,835.2	181,072.1	204,249.0
Water	7,345	7,716	9,820	11,169.8	12,510.1	14,386.6	16,400.8	18,778.9	21,426.7	24,469.3
Construction	149,824	209,754	253,447	282,149.7	335,923.5	389,671.3	454,163.4	532,016.5	617,270.8	722,206.8
Trade, restaurants and hotels	562,760	635,305	740,181	823,025.2	926,870.0	1,038,094.4	1,153,322.9	1,319,171.8	1,513,090.1	1,747,619.0
Transport, and communication	219,393	250,081	294,180	328,259.1	361,558.0	404,945.0	451,281.2	509,947.8	580,754.3	677,122.5
Financial and business services	248,832	312,847	345,071	382,969.9	421,511.0	494,800.6	564,333.8	637,127.5	734,351.5	856,905.2
Finance and insurance	137,885	152,697	165,504	187,027.4	197,989.0	231,647.1	257,128.3	296,690.9	344,161.4	410,993.7
Real estate	99,619	147,575	162,727	177,372.3	201,535.0	238,308.2	279,130.3	309,834.6	355,579.3	408,912.6
Business services	11,328	12,575	16,840	18,570.2	21,987.0	24,845.3	28,075.2	30,602.0	34,610.8	36,999.0
Public administration and other services	451,733	559,796	649,553	709,351.0	796,930.0	893,082.9	956,208.9	1,044,229.2	1,154,682.0	1,304,790.7
Public administration	340,445	424,278	495,377	535,007.0	593,857.8	659,182.1	708,620.8	772,396.7	853,499.0	972,306.7
Education	48,956	58,929	67,244	75,313.0	88,116.2	103,096.0	109,281.7	120,209.9	134,635.0	144,269.8
Health	23,690	27,284	31,350	35,112.0	41,081.0	48,064.8	51,429.4	56,058.0	61,327.0	67,260.7
Other services	38,642	49,305	55,582	63,919.0	73,875.0	82,740.0	86,877.0	95,564.7	105,221.0	120,953.4
Less financial Services Indirectly Measured	-138,244	-140,909	-144,756	-151,359.0	-157,785.0	-168,830.0	-194,154.5	-204,494.0	-215,833.0	-234,445.2
Total Monetary GDP	3,003,382	3,630,176	4,259,885	4,777,249.0	5,414,643.0	6,194,318.0	6,972,496.5	8,043,354.6	9,255,825.7	10,654,269.6
B: Non-Monetary										
Agriculture	918,065	1,030,764	1,193,801	1,330,302.0	1,486,442.4	1,679,360.0	1,909,002.0	2,269,394.3	2,616,112.6	2,968,409.8
Crops	734,697	843,442	974,491	1,086,192.0	1,216,257.5	1,374,643.0	1,564,638.0	1,872,303.6	2,172,330.0	2,470,242.1
Livestock	69,268	73,895	90,097	100,350.7	107,626.0	120,839.2	137,061.0	152,138.1	172,885.5	190,318.8
Forestry and hunting	103,366	101,003	112,984	125,350.7	143,049.6	161,646.0	181,852.0	215,633.0	237,707.3	270,754.6
Fishing	10,734	13,324	16,230	18,408.3	19,509.3	22,231.8	25,451.0	29,319.6	33,189.7	37,094.4
Construction	38,299	45,576	52,412	61,205.0	69,235.0	80,312.6	91,957.9	105,751.6	124,641.2	145,830.2
Owner - Occupied Dwellings	321,854	418,410	471,601	537,625.0	654,295.0	745,896.3	842,862.8	913,137.9	1,066,737.8	1,226,737.8
Total Non-Monetary GDP	1,278,218	1,494,750	1,717,814	1,929,132.0	2,209,972.4	2,505,568.9	2,843,822.7	3,288,283.8	3,807,491.5	4,340,977.8
C: Total GDPfc : (A+B)	4,281,600	5,124,926	5,977,699	6,706,381.0	7,624,615.4	8,699,886.9	9,816,319.3	11,331,638.4	13,063,317.2	14,995,247.4
Population (Million)	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35.3	36.2	37.5
D: Per Capita nominal GDP (TZS)	147,134	170,831	193,453	210,231.4	231,751.2	258,925.2	287,026.9	321,282.6	360,964.8	399,553.6

Note: r = Revised, p = Provisional

Source: National Bureau of Statistics, Per Capita GDP BoT computation

BANK OF TANZANIA



A1.0 Output and Prices

Table A1.2: Gross Domestic Product (GDP), at Factor Cost by kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, 1997- 2006

Economic Activity	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^t	2006 ^p
A: Monetary										
Agriculture	25.3	24.7	25.1	25.2	25.2	25.3	25.6	26.1	26.1	25.9
Crops	18.8	18.1	18.3	18.5	18.7	19.0	19.1	19.9	20.0	19.8
Livestock	3.4	3.0	3.1	3.1	2.9	2.9	2.9	2.8	2.7	2.7
Forestry and hunting	1.0	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.2	1.3
Fishing	2.2	2.3	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.2
Mining and quarrying	1.2	1.5	1.4	1.5	1.6	1.8	2.1	2.5	2.8	3.3
Manufacturing	6.9	7.5	7.3	7.5	7.4	7.3	7.2	7.0	6.8	6.5
Electricity and water supply	1.7	1.6	1.7	1.7	1.6	1.7	1.6	1.6	1.6	1.5
Electricity	1.6	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4
Water	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Construction	3.5	4.1	4.2	4.2	4.4	4.5	4.6	4.7	4.7	4.8
Trade, restaurants and hotels	13.1	12.4	12.4	12.3	12.2	11.9	11.7	11.6	11.6	11.7
Transport, and communication	5.1	4.9	4.9	4.9	4.7	4.7	4.6	4.5	4.4	4.5
Financial and business services	5.8	6.1	5.8	5.7	5.5	5.7	5.7	5.6	5.6	5.7
Finance and insurance	3.2	3.0	2.8	2.8	2.6	2.7	2.6	2.6	2.6	2.7
Real estate	2.3	2.9	2.7	2.6	2.6	2.7	2.8	2.7	2.7	2.7
Business services	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Public administration and other services	10.7	10.9	10.9	10.6	10.5	10.3	9.7	9.2	8.8	8.7
Public administration	7.9	8.3	8.3	8.0	7.8	7.6	7.2	6.8	6.5	6.5
Education	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.1	1.0	1.0
Health	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.4
Other services	1.0	1.0	0.9	1.0	1.0	1.0	0.9	0.8	0.8	0.8
Less financial Services Indirectly Measured	-3.2	-2.7	-2.4	-2.3	-2.1	-1.9	-2.0	-1.8	-1.7	-1.6
Total Monetary GDP	70.2	70.8	71.3	71.2	71.0	71.2	71.0	71.0	70.9	71.1
B: Non-Monetary										
Agriculture	21.4	20.1	20.0	19.8	19.5	19.3	19.4	20.0	20.0	19.8
Crops	17.1	16.5	16.3	16.2	16.0	15.8	15.9	16.5	16.6	16.5
Livestock	1.6	1.4	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.3
Forestry and hunting	2.4	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.8
Fishing	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Construction	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0
Owner - Occupied Dwellings	7.5	8.2	7.9	8.0	8.6	8.6	8.6	8.1	8.2	8.2
Total Non-Monetary GDP	29.8	29.2	28.7	28.8	29.0	28.8	29.0	29.0	29.1	28.9
C: Total GDP^{fc} : (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: r = Revised, p = Provisional

Source: National Bureau of Statistics



BANK OF TANZANIA

A1.0 Output and Prices

Table A1.3: Gross Domestic Product (GDP) at Factor Cost by Kind of Economic Activity at Constant 1992 Prices, 1997 - 2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^r	2006 ^p
Economic Activity										
A: Monetary										
Agriculture	403,948	413,193	433,311	450,181.0	479,598.7	507,249.6	528,141.3	562,159.1	599,816.0	623,675.0
Crops	281,431	287,841	304,008	314,901.0	338,000.6	359,397.0	372,372.6	398,126.6	427,499.2	442,142.9
Livestock	65,423	66,681	68,990	71,342.0	73,694.6	76,274.0	80,087.8	83,932.0	86,924.4	91,689.6
Forestry and hunting	18,739	18,972	19,353	20,324.0	21,104.4	21,737.5	22,650.0	23,516.5	24,660.8	26,074.4
Fishing	38,355	39,699	40,960	43,614.0	46,799.1	49,841.1	53,030.9	56,584.0	60,731.5	63,768.1
Mining and quarrying	24,097	30,699	33,488	37,144.0	43,293.0	49,787.0	58,748.7	67,798.3	78,442.6	91,307.2
Manufacturing	117,489	126,887	131,491	137,809.0	144,647.0	156,218.8	169,653.0	184,217.7	200,797.3	218,065.9
Electricity and water supply	24,514	25,870	26,874	28,454.0	29,297.0	30,200.5	31,688.0	33,122.8	34,814.6	34,191.5
Electricity	21,779	23,086	24,007	25,489.0	26,229.0	27,015.9	28,366.7	29,707.5	31,282.0	30,500.0
Water	2,735	2,784	2,867	2,965.0	3,068.0	3,184.6	3,321.4	3,415.3	3,532.5	3,691.5
Construction	46,588	52,179	57,256	62,409.0	68,365.0	76,641.0	85,808.9	96,106.0	105,618.1	116,179.9
Trade, restaurants and hotels	229,010	239,830	254,114	270,567.0	288,718.0	308,928.3	329,008.6	354,726.5	383,814.1	416,054.5
Transport, and communication	75,099	79,755	84,403	89,515.0	95,154.0	101,243.9	106,294.4	112,647.7	119,833.0	128,820.5
Financial and business services	84,743	91,250	94,580	98,353.0	100,645.6	105,356.4	110,093.7	114,966.2	121,346.5	128,167.7
Finance and insurance	54,894	59,838	62,382	65,063.0	66,212.0	68,860.5	71,064.0	74,156.2	78,367.6	82,991.3
Real estate	25,329	26,621	27,207	28,023.0	28,890.6	30,653.6	32,866.0	34,306.1	36,075.0	37,879.0
Business services	4,520	4,791	4,991	5,267.0	5,543.0	5,842.3	6,163.6	6,504.0	6,903.8	7,297.4
Public administration and other services	115,007	118,114	122,207	126,567.0	130,987.0	136,307.4	141,880.0	147,950.1	155,489.8	163,486.6
Public administration	70,725	71,786	73,120	74,933.0	76,401.0	78,158.2	80,112.2	82,375.6	86,247.3	90,163.0
Education	16,337	17,420	18,040	19,054.0	20,226.0	21,844.1	23,373.2	24,920.2	26,490.2	28,265.0
Health	9,437	9,660	9,969	10,478.0	11,068.0	11,732.1	12,494.7	13,246.8	14,001.9	14,842.0
Other services	18,508	19,248	21,078	22,102.0	23,292.0	24,573.1	25,900.0	27,407.5	28,750.4	30,216.5
Less financial Services Indirectly Measured	-72,327	-78,547	-81,229	-82,359.0	-84,417.7	-86,781.4	-89,818.7	-93,541.1	-98,104.0	-103,575.1
Total Monetary GDP	1,048,168	1,099,230	1,156,495	1,218,640.0	1,296,287.7	1,385,151.4	1,471,497.9	1,580,153.4	1,701,868.0	1,816,373.6
B: Non-Monetary										
Agriculture	322,150	326,749	337,199	346,332.0	360,676.3	374,856.8	389,253.5	408,218.7	420,151.7	438,322.6
Crops	258,235	261,729	270,171	276,007.0	287,926.4	299,563.0	310,378.4	325,739.9	334,008.4	349,825.0
Livestock	31,398	32,000	33,109	34,746.0	35,893.4	37,149.6	39,007.2	40,905.9	43,148.5	43,716.4
Forestry and Hunting	28,108	28,457	29,220	30,594.0	31,656.6	32,606.3	33,975.6	35,274.7	36,246.8	37,695.9
Fishing	4,409	4,563	4,699	4,985.0	5,199.9	5,537.9	5,892.3	6,298.2	6,747.9	7,085.3
Construction	12,753	13,008	13,610	14,409.0	15,129.0	16,037.0	17,063.1	17,888.4	20,117.7	22,129.5
Owner - Occupied Dwellings	65,019	66,840	69,988	73,938.0	77,265.4	81,128.6	84,617.2	88,255.7	92,615.0	97,503.0
Total Non-Monetary GDP	399,922	406,597	420,797	434,679.0	453,070.6	472,022.5	490,933.8	514,562.8	532,884.4	557,955.1
Total GDP^{pc} : (A+B)	1,448,090	1,505,827	1,577,292	1,653,319.0	1,749,358.3	1,857,173.8	1,962,431.6	2,094,716.2	2,234,752.4	2,374,328.8
Population (Million)	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35.3	36.2	37.5
D: Per Capita real GDP (TZS)	49,763	50,194	51,045	51,828.2	53,172.0	55,273.0	57,381.0	59,385.2	61,750.5	63,264.8

Notes: ^r = Revised, ^p = Provisional

Source: National Bureau of Statistics, Per Capita GDP BoT computation

BANK OF TANZANIA



A1.0 Output and Prices

Table A1.3: Gross Domestic Product (GDP) at Factor Cost by Kind of Economic Activity at Constant 1992 Prices, 1997 - 2006

Millions of TZS

Economic Activity	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^a	2006 ^a
A: Monetary										
Agriculture	403,948	413,193	433,311	450,181.0	479,598.7	507,249.6	528,141.3	562,159.1	599,816.0	623,675.0
Crops	281,431	287,841	304,008	314,901.0	338,000.6	359,397.0	372,372.6	398,126.6	427,499.2	442,142.9
Livestock	65,423	66,681	68,990	71,342.0	73,694.6	76,274.0	80,087.8	83,932.0	86,924.4	91,689.6
Forestry and hunting	18,739	18,972	19,353	20,324.0	21,104.4	21,737.5	22,650.0	23,516.5	24,660.8	26,074.4
Fishing	38,355	39,699	40,960	43,614.0	46,799.1	49,841.1	53,030.9	56,584.0	60,731.5	63,768.1
Mining and quarrying	24,097	30,699	33,488	37,144.0	43,293.0	49,787.0	58,748.7	67,798.3	78,442.6	91,307.2
Manufacturing	117,489	126,887	131,491	137,809.0	144,647.0	156,218.8	169,653.0	184,217.7	200,797.3	218,065.9
Electricity and water supply	24,514	25,870	26,874	28,454.0	29,297.0	30,200.5	31,688.0	33,122.8	34,814.6	34,191.5
Electricity	21,779	23,086	24,007	25,489.0	26,229.0	27,015.9	28,366.7	29,707.5	31,282.0	30,500.0
Water	2,735	2,784	2,867	2,965.0	3,068.0	3,184.6	3,321.4	3,415.3	3,532.5	3,691.5
Construction	46,588	52,179	57,256	62,409.0	68,365.0	76,641.0	85,808.9	96,106.0	105,618.1	116,179.9
Trade, restaurants and hotels	229,010	239,830	254,114	270,567.0	288,718.0	308,928.3	329,008.6	354,726.5	383,814.1	416,054.5
Transport and communication	75,099	79,755	84,403	89,515.0	95,154.0	101,243.9	106,294.4	112,647.7	119,833.0	128,820.5
Financial and business services	84,743	91,250	94,580	98,353.0	100,645.6	105,356.4	110,093.7	114,966.2	121,346.5	128,167.7
Finance and insurance	54,894	59,838	62,382	65,063.0	66,212.0	68,860.5	71,064.0	74,156.2	78,367.6	82,991.3
Real estate	25,329	26,621	27,207	28,023.0	28,890.6	30,653.6	32,866.0	34,306.1	36,075.0	37,879.0
Business services	4,520	4,791	4,991	5,267.0	5,543.0	5,842.3	6,163.6	6,504.0	6,903.8	7,297.4
Public administration and other services	115,007	118,114	122,207	126,567.0	130,987.0	136,307.4	141,880.0	147,950.1	155,489.8	163,486.6
Public administration	70,725	71,786	73,120	74,933.0	76,401.0	78,158.2	80,112.2	82,375.6	86,247.3	90,163.0
Education	16,337	17,420	18,040	19,054.0	20,226.0	21,844.1	23,373.2	24,920.2	26,490.2	28,265.0
Health	9,437	9,660	9,969	10,478.0	11,068.0	11,732.1	12,494.7	13,246.8	14,001.9	14,842.0
Other services	18,508	19,248	21,078	22,102.0	23,292.0	24,573.1	25,900.0	27,407.5	28,750.4	30,216.5
Less financial services Indirectly Measured	-72,327	-78,547	-81,229	-82,359.0	-84,417.7	-86,781.4	-89,818.7	-93,541.1	-98,104.0	-103,575.1
Total Monetary GDP	1,048,168	1,099,230	1,156,495	1,218,640.0	1,296,287.7	1,385,151.4	1,471,497.9	1,580,153.4	1,701,868.0	1,816,373.6
B: Non-Monetary										
Agriculture	322,150	326,749	337,199	346,332.0	360,676.3	374,856.8	389,253.5	408,218.7	420,151.7	438,322.6
Crops	258,235	261,729	270,171	276,007.0	287,926.4	299,563.0	310,378.4	325,739.9	334,008.4	349,825.0
Livestock	31,398	32,000	33,109	34,746.0	35,893.4	37,149.6	39,007.2	40,905.9	43,148.5	43,716.4
Forestry and Hunting	28,108	28,457	29,220	30,594.0	31,656.6	32,606.3	33,975.6	35,274.7	36,246.8	37,695.9
Fishing	4,409	4,563	4,699	4,985.0	5,199.9	5,537.9	5,892.3	6,298.2	6,747.9	7,085.3
Construction	12,753	13,008	13,610	14,409.0	15,129.0	16,037.0	17,063.1	17,888.4	20,117.7	22,129.5
Owner - Occupied Dwellings	65,019	66,840	69,988	73,938.0	77,265.4	81,128.6	84,617.2	88,255.7	92,615.0	97,503.0
Total Non-Monetary GDP	399,922	406,597	420,797	434,679.0	453,070.6	472,022.5	490,933.8	514,362.8	532,884.4	557,955.1
Total GDP (A+B)	1,448,090	1,505,827	1,577,292	1,653,319.0	1,749,358.3	1,857,173.8	1,962,431.6	2,094,516.2	2,234,752.4	2,374,328.8
Population (Million)	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35.3	36.2	37.5
D: Per Capita real GDP (TZS)	49,763	50,194	51,045	51,828.2	53,172.0	55,273.0	57,381.0	59,385.2	61,750.5	63,264.8

Notes: r = Revised, p = Provisional

Source: National Bureau of Statistics, Per Capita GDP BoT computation



BANK OF TANZANIA

A1.0 Output and Prices

Table A1.5: Gross Domestic Product (GDP), at Factor Cost by kind of Economic Activity, Percentage Growth Rates, at Constant 1992 Prices, 1997 - 2006

Economic Activity	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^r	2006 ^p
A: Monetary										
Agriculture	1.5	2.3	4.9	3.9	6.5	5.8	4.1	6.4	6.7	4.0
Crops	0.7	2.3	5.6	3.6	7.3	6.3	3.6	6.9	7.4	3.4
Livestock	2.7	1.9	3.5	3.4	3.3	3.5	5.0	4.8	3.6	5.5
Forestry and hunting	3.7	1.2	2.0	5.0	3.8	3.0	4.2	3.8	4.9	5.7
Fishing	3.8	3.5	3.2	6.5	7.3	6.5	6.4	6.7	7.3	5.0
Mining and quarrying	17.1	27.4	9.1	13.9	13.5	15.0	18.0	15.4	15.7	16.4
Manufacturing	5.0	8.0	3.6	4.8	5.0	8.0	8.6	8.6	9.0	8.6
Electricity and water supply	2.2	5.5	3.9	5.9	3.0	3.1	4.9	4.5	5.1	-1.8
Electricity	2.3	6.0	4.0	6.2	2.9	3.0	5.0	4.7	5.3	-2.5
Water	1.7	1.8	3.0	3.4	3.5	3.8	4.3	2.8	3.4	4.5
Construction	10.0	12.0	9.7	9.0	9.5	12.1	12.0	12.0	9.9	10.0
Trade, restaurants and hotels	5.1	4.7	6.0	6.5	6.7	7.0	6.5	7.8	8.2	8.4
Transport, and communication	4.9	6.2	5.8	6.1	6.3	6.4	5.0	6.0	6.4	7.5
Financial and business services	11.5	7.7	3.6	4.0	2.3	4.7	4.5	4.4	5.5	5.6
Finance and insurance	16.5	9.0	4.3	4.3	1.8	4.0	3.2	4.4	5.7	5.9
Real estate	3.8	5.1	2.2	3.0	3.1	6.1	7.2	4.4	5.2	5.0
Business services	1.2	6.0	4.2	5.5	5.2	5.4	5.5	5.5	6.1	5.7
Public administration and other services	3.2	2.7	3.5	3.6	3.5	4.1	4.1	4.3	5.1	5.1
Public administration	2.0	1.5	1.9	2.5	2.0	2.3	2.5	2.8	4.7	4.5
Education	3.7	6.6	3.6	5.6	6.2	8.0	7.0	6.6	6.3	6.7
Health	5.1	2.4	3.2	5.1	5.6	6.0	6.5	6.0	5.7	6.0
Other services	6.3	4.0	9.5	4.9	5.4	5.5	5.4	5.8	4.9	5.1
Less financial Services Indirectly Measured	-23.5	-8.6	-3.4	-1.4	-2.5	-2.8	3.5	4.1	4.9	5.6
Total Monetary GDP	3.2	4.9	5.2	5.5	6.3	6.9	6.2	7.4	7.7	6.7
B: Non-Monetary										
Agriculture	3.7	1.4	3.2	2.7	4.1	3.9	3.8	4.9	2.9	4.3
Crops	4.0	1.4	3.2	2.2	4.3	4.0	3.6	4.9	2.5	4.7
Livestock	2.7	1.9	3.5	4.9	3.3	3.5	5.0	4.9	5.5	1.3
Forestry and Hunting	2.1	1.2	2.7	4.7	3.5	3.0	4.2	3.8	2.8	4.0
Fishing	2.8	3.5	3.0	6.1	4.3	6.5	6.4	6.9	7.1	5.0
Construction	1.9	2.0	4.6	5.9	5.0	6.0	6.4	4.8	12.5	10.0
Owner - Occupied Dwellings	3.1	2.8	4.7	5.6	4.5	5.0	4.3	4.3	4.9	5.3
Total Non-Monetary GDP	3.6	1.7	3.5	3.3	4.2	4.2	4.0	4.8	3.6	4.7
Total GDPfc : (A+B)	3.3	4.0	4.7	4.9	5.7	6.2	5.7	6.7	6.7	6.2

Notes: r = Revised, p = Provisional
Source: National Bureau of Statistics

BANK OF TANZANIA



A1.0 Output and Prices

Table A1.6 : Production of Major Agricultural Crops, 1997 - 2007

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07 ^p
Crops											
Food Crops:											
Maize	1,831.0	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	3,659.0
Rice	357.0	676.0	506.0	508.0	564.0	640.0	713.0	688.0	759.0	784.0	917.0
Wheat	78.0	112.0	82.0	32.0	89.0	77.0	74.0	67.0	102.0	110.0	87.0
Pulses	374	462.0	528.0	674.0	733.0	683.0	850.0	879.0	886.0	1,018.0	1,121.0
Cash Crops:											
Coffee	42.4	38.0	46.6	47.9	58.1	37.5	52.4	32.5	54.0	34.3	51.1
Cotton	84.5	69.9	39.0	35.0	41.4	50.2	63.0	46.8	114.5	125.6	43.8
Tea	24.0	26.2	21.9	24.8	26.7	24.7	27.6	30.1	30.7	30.3	31.3
Cashewnuts	63.0	93.2	103.3	121.2	98.6	67.3	95.0	79.0	72.0	77.4	92.6
Tobacco	35.4	52.0	38.0	31.8	24.8	28.0	28.0	34.0	47.0	52.0	50.6
Sisal	23.0	20.0	24.0	20.6	20.5	23.5	23.6	23.8	27.0	27.8	30.9
Pyrethrum	1.3	1.3	4.0	0.6	1.5	1.7	1.1	0.8	1.0	2.8	n.a

Note: P = Provisional, n.a = > Not Available

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



A1.0 Output and Prices

Table A1.7 : Agricultural Production Indices, 1997 - 2007

1980/81=100

Crops	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07 ^P
Food Crops:											
Maize	99.5	146.0	133.3	109.2	140.2	147.0	126.2	171.6	175.0	183.4	198.9
Paddy	102.1	193.4	144.8	145.4	161.4	183.1	204.0	196.9	217.2	224.3	262.4
Wheat	86.2	123.8	90.6	35.4	98.3	85.1	81.8	74.0	112.7	121.5	96.1
Pulses	137.7	170.1	194.4	248.2	269.9	251.5	313.0	323.6	326.2	374.8	412.7
Cash Crops:											
Coffee	77.2	69.2	84.9	87.2	105.8	68.3	95.5	59.2	98.4	62.5	52.2
Cotton	149.0	123.3	68.8	61.7	73.0	88.5	111.1	82.6	201.9	221.5	57.9
Tea	136.4	148.9	124.2	140.9	152.0	140.3	156.6	171.1	174.4	172.4	31.5
Cashewnuts	116.7	172.6	191.3	224.4	182.7	124.6	175.9	145.5	133.3	143.4	153.8
Tobacco	239.2	351.4	256.4	214.9	167.6	187.2	226.7	316.3	317.6	351.4	53.9
Sisal	27.9	24.2	29.1	25.0	24.8	28.5	28.6	28.8	32.7	33.7	42.5
Pyrethrum	48.1	48.1	148.1	21.1	54.3	64.3	40.4	31.2	37.0	103.7	-

P = Provisional

Source : Ministry of Agriculture and BOT computation

BANK OF TANZANIA



A1.0 Output and Prices

Table A1.8: Production of Selected Commodities, 1997 - 2006

Commodity	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 ^p
Biscuits & pasta	Tons	288	805	611	891.0	1,215.0	2,284.0	5,906.0	10,214.0	10,912.0	10,565.0
Wheat flour	Tons	77,593	87,669	144,693	162,634.0	180,098.0	219,118.0	334,601.0	338,076.0	368,019.0	421,973.0
Sugar, refined	000' M/Tons	81	93	110	135.0	162.0	190.0	212.9	202.3	268.8	164.8
Konyagi	000' Lts	1,849	1,994	1,630	2,214.0	2,287.0	2,937.0	3,738.0	4,105.0	4,489.0	4,982.0
Beer	000' Lts	148,340	170,700	167,353	183,003.0	175,649.0	175,870.0	194,100.0	202,628.0	216,604.0	274,953.0
Chibuku	000' Lts	13,680	11,993	12,392	17,041.0	18,750.0	19,400.0	14,825.0	10,119.0	11,106.0	11,559.0
Cigarattes	Mill Pes	4,710	3,933	3,371	3,745.0	3,491.0	3,778.0	3,920.0	4,219.0	4,445.0	4,800.0
Textiles	000'Sq. Mt.	41,706	45,546	49,757	73,566.0	84,548.0	106,305.0	126,900.0	127,051.0	110,520.0	125,289.0
Sisal ropes and twines	Tons	4,919	4,329	3,253	3,900.0	4,796.0	5,901.0	6,839.0	5,161.0	5,943.0	5,854.0
Fishnet & products	Tons	70	35	24	42.0	57.0	30.0	41.0	260.0	274.0	124.0
Plywood	Cubic Mt.	115	-	1,953	568.0	450.0	304.0	562.0	578.0	918.0	1,032.0
Pyrethrum extract	000' Tons	3	9	17	44.0	71.0	36.0	16.0	23.0	164.0	33.0
Paints	000'Ltrs	4,986	4,943	12,903	7,085.0	9,662.0	13,564.0	16,842.0	16,621.0	16,222.0	18,402.0
Cement	000'Tons	621	778	833	833.0	900.0	1,026.0	1,186.3	1,280.9	1,366.0	1,421.5
Rolled steel	Tons	12,498	9,522	8,982	11,182.0	16,340.0	25,418.0	38,794.0	40,029.0	47,652.0	55,212.0
Iron Sheets	Tons	15,218	14,918	23,028	25,046.0	25,937.0	35,067.0	31,018.0	29,573.0	25,088.0	30,293.0
Aluminium sheets/circles	Tons	117	180	187	133.0	137.0	141.0	199.0	171.0	103.0	105.0
Dry cells	000 Pes	43,080	46,490	46,000	44,000.0	39,000.0	42,000.0	43,000.0	74,000.0	81,000.0	84,000.0
Battery, auto	Pieces	250	7,090	4,000	14,000.0	11,000.0	17,000.0	27,000.0	29,000.0	42,000.0	50,000.0

p = Provisional

Source: National Bureau of Statistics



BANK OF TANZANIA

A1.0 Output and Prices

Table A1.9: Industrial Production Indices, 1997 - 2006

1985=100

Commodity	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 ^p
Biscuits & pasta	29	81	62	90	123	231	597	1033	1103	1068
Wheat flour	199	225	372	418	463	563	860	869	946	1084
Sugar, refined	72	83	98	121	145	170	190	181	240	147
Konyagi	192	207	169	230	238	305	389	427	467	518
Beer	196	225	221	242	232	232	256	267	286	363
Chibuku	125	110	113	156	172	177	136	93	102	106
Cigarattes	177	148	126	140	131	142	147	158	167	180
Textiles	72	78	86	127	146	183	219	219	190	216
Sisal ropes and twines	34	30	22	27	33	41	47	36	41	40
Fishnet & products	73	36	25	44	59	31	43	271	285	129
Plywood	7	-	123	36	28	19	35	36	58	65
Pyrethrum extract	8	23	44	113	182	92	41	59	421	85
Paints	366	362	946	519	708	994	1235	1219	1189	1349
Cement	165	207	222	222	239	273	315	341	363	378
Rolled steel	111	84	79	99	145	225	343	354	422	489
Iron Sheets	70	69	106	116	120	162	143	136	116	140
Aluminium sheets/circles	5	7	8	6	6	6	8	7	4	4
Dry cells	98	105	104	100	88	95	98	168	184	190
Battery, auto	2	47	26	92	72	112	178	191	276	329

p = Provisional

Source: National Bureau of Statistics & BOT computation

BANK OF TANZANIA



A1.0 Output and Prices

Table A1.10 : Mineral Recoveries, 1997 -2006

Item	Unit	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 ^p
Diamond	000Carats	123.1	97.8	235.0	354.4	254.3	239.8	236.4	303.9	219.6	272.2
Gold	Kgs	232.0	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
Gemstone	Kgs	509,489.0	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	2,493,132.9
Salt	000Tons	72.5	75.0	35.9	70.0	65.0	71.2	59.0	57.1	51.2	34.8
Gypsum	000Tons	46.3	59.1	40.0	60.0	72.0	73.0	33.2	59.2	23.1	32.6
Limestone	000Tons	n.a	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
Pozzolana	Tons	n.a	n.a	2,274.0	57,014.0	41,468.0	52,000.0	24,460.0	152,678.6	163,499.3	129,295.3

p = Provisional

Source : Ministry of Energy and Minerals



BANK OF TANZANIA

A1.0 Output and Prices

Table A1.11: National Consumer Price Index (New CPI), 2002-2007

Period	General Index	Non Food												
		Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Recreation & entertain.	Transportation	Educ-ation	Miscel. goods & services
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
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	113.6	118.4	107.6	103.7	104.6	109.2	117.9	102.2	103.0	108.0	103.4	107.6	103.2	100.9
2006	124.0	132.4	113.8	114.8	102.1	118.0	132.3	104.4	104.2	108.2	101.8	115.9	101.3	100.8
2003 -March	105.4	105.8	104.8	103.0	110.8	103.6	107.5	103.6	102.7	104.8	101.6	101.7	101.6	104.3
	104.2	105.6	103.5	100.7	102.8	102.1	110.6	103.2	101.2	103.1	102.9	101.0	102.2	102.3
	104.5	105.6	103.2	102.9	103.6	102.5	104.5	103.2	101.6	104.7	103.3	102.0	103.9	103.2
	104.0	105.3	102.7	101.5	101.5	103.0	105.8	102.3	101.3	102.7	103.4	102.0	102.6	101.6
2004 -Mar	109.4	112.7	104.6	102.1	106.4	112.7	107.6	102.8	101.8	106.9	106.2	102.4	102.7	103.4
	108.8	112.4	103.7	101.3	103.4	115.0	108.1	103.5	101.7	102.3	102.7	101.4	102.0	103.9
	108.8	111.1	105.1	101.4	105.0	105.6	112.5	103.4	103.4	103.7	105.2	103.1	104.4	101.2
	108.4	110.9	104.8	101.3	105.6	105.0	109.6	103.6	103.3	104.7	105.6	103.9	103.9	100.8
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
	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
	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
	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	120.6	130.5	108.5	105.3	103.4	109.6	120.6	102.5	101.8	107.6	103.1	109.7	103.0	100.6
	121.4	131.0	109.7	106.2	102.2	109.7	123.7	102.6	102.3	107.5	102.4	112.1	103.6	100.3
	122.3	128.2	115.4	116.6	101.7	118.0	137.0	104.7	104.0	107.5	101.1	117.9	101.5	100.8
	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
	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

Note: Base (1) 2001=100 up to August 2006, (2) Dec 2001=100 from September 2006.
 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.



BANK OF TANZANIA

A1.0 Output and Prices

Table A1.13: Dar es Salaam Cost of Living Index – Middle Income Group*, 2002-2007

Base: 2001 = 100

Period	Total Index	Food	Non Food											
			Total	Drinks & Tobacco	Clothing and footwear	Rent	Fuel, light and water	Furniture & utensils	Household operations	Personal care and health	Transportation	Recreation and 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
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
2003-Mar	104.2	103.2	105.6	108.3	107.3	108.5	106.7	100.3	105.0	103.1	103.0	101.4	101.4	120.0
	Jun	104.2	102.6	105.6	108.4	108.5	110.9	101.5	104.2	105.4	103.3	102.1	105.5	122.4
	Sep	106.2	106.5	105.8	104.3	107.9	108.5	102.8	107.5	104.5	103.3	101.9	102.8	125.1
	Dec	108.8	110.4	106.7	108.3	109.3	108.5	109.7	102.2	105.6	103.5	103.6	101.5	124.3
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	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	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	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	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	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	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	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	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	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														

Note: Base (1) 2001=100 up to August 2006, (2) Dec 2001=100 from September 2006. * People with monthly incomes TZS 17,500/= up to 40,000/=

Source: National Bureau of Statistics.

BANK OF TANZANIA



A1.0 Output and Prices

Table A1.14: Dar es Salaam Retail Price Index - Wage Earners*, 2002-2007

Base: 2001 = 100

Period	Total Index	Food	Non Food											
			Total	Drinks & Tobacco	Clothing and footwear	Rent	Fuel, light and water	Furniture & utensils	Household operations	Personal care & health	Transportation	Recreation and entertain.	Educ-ation	Miscel. goods & services
Weights	100.0	67.5	32.5	2.5	4.1	0.8	10.4	0.6	1.8	1.3	8.6	0.8	1.2	0.3
2002	103.8	104.0	103.5	103.0	104.2	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	118.5	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	162.3	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	193.7	132.8	193.7	115.4	109.6	118.8	134.0	113.6	93.8	139.3
2003-Mar	109.2	109.5	108.7	112.1	115.7	111.9	115.7	102.1	102.9	108.9	100.3	110.3	110.1	105.4
	Jun	109.0	111.0	113.3	121.4	111.9	121.4	102.4	102.2	109.3	100.3	111.1	111.7	108.6
	Sep	109.7	109.8	113.3	111.7	111.9	118.1	102.2	102.4	109.5	100.3	107.8	108.0	106.8
	Dec	111.1	111.3	110.7	117.3	114.0	111.9	118.9	103.8	102.3	109.5	100.7	107.8	106.5
2004-Mar	116.4	118.2	112.7	123.9	122.6	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	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	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	117.0	101.1	103.7	115.0	104.7
2005-Mar	123.3	124.1	121.8	120.3	149.0	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	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	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	119.2	116.8	111.6	120.1	137.3
2006-Mar	137.0	135.2	140.7	130.2	179.6	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	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	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	117.8	134.7	109.7	96.1	130.1
2007-Mar	150.8	150.0	152.6	156.6	203.0	146.1	203.0	122.7	112.9	117.7	135.6	110.3	99.7	125.9
Jun														

Note: Base (1) 2001=100 up to August 2006, (2) Dec 2001=100 from September 2006. * People with Monthly incomes up to TZS 17,500/=-.
Source: National Bureau of Statistics.



BANK OF TANZANIA

A2.0 Government Finance

Table A2.1: Analysis of Central Government Finance, 1997-2007

Item	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07p
Total Revenue	619,083.1	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	2,739,022.4
Tax Revenue	566,122.6	616,284.1	685,107.4	827,788.4	939,266.8	1,116,555.5	1,340,139.0	1,615,247.0	1,946,432.6	2,529,439.4
Taxes on Imports	180,662.1	218,698.1	220,352.4	363,540.6	402,159.1	458,285.6	572,806.2	679,992.4	819,800.5	1,018,569.5
Sales/VAT and Excise on Local Goods	140,520.0	175,159.3	179,989.4	188,838.6	216,066.8	259,747.2	325,609.6	402,136.1	478,395.4	575,968.3
Refunds		13,823.8	7,904.1	4,195.4	32,552.4	36,105.8	48,245.5	64,376.4	49,961.0	106,712.5
Income Taxes	149,787.9	162,894.1	209,713.6	194,012.9	220,630.8	276,049.7	366,680.5	465,454.7	581,243.8	716,320.5
Other taxes	95,152.6	73,356.4	75,052.0	81,396.3	100,410.1	111,663.5	123,288.2	132,040.2	136,954.0	218,581.1
Non-tax Revenue	52,960.5	73,041.2	92,537.3	101,835.6	103,688.3	111,771.1	119,163.0	158,462.4	178,411.1	209,583.0
Total Expenditure 1/	730,336.0	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	4,474,680.9
Recurrent expenditure	543,751.0	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	3,137,469.5
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
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	84,819.9
Wages and salaries	218,807.0	220,478.0	285,335.8	308,051.5	341,981.4	397,770.0	462,963.5	189,709.0	656,788.5	976,094.3
Interest payments	101,181.3	90,828.2	128,178.4	128,149.7	121,081.7	99,780.0	99,465.0	95,055.1	218,861.3	215,562.9
Domestic 2/	53,214.9	30,345.9	81,329.6	77,788.4	64,605.2	57,009.3	55,085.6	973,808.7	163,694.8	185,050.4
Foreign	47,966.3	60,482.3	46,848.8	50,361.3	56,476.0	42,770.7	44,379.4	68,511.7	55,166.5	30,512.4
Other goods, services and transfers	223,762.7	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	1,945,812.3
Dev. Expenditure and net lending	186,585.0	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	1,337,211.4
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	503,291.2
Foreign	-111,252.9	117,716.4	340,484.6	251,184.1	294,375.0	377,526.9	544,884.5	831,509.5	915,292.2	833,920.2
Overall Balance (cheque issued) before Grants	119,358.3	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	952,225.5
Grants	1,817.3	2,915.6	2,938.8	114,018.9	183,000.2	293,927.7	278,500.1	364,280.3	331,024.6	479,837.3
Program (CIS/OGI)	117,541.0	100,499.8	207,519.4	123,629.8	140,192.0	255,516.2	235,042.1	131,735.2	416,771.0	241,826.6
Project		47,530.2	69,848.0	0.0	0.0	0.0	65,085.7	156,071.6	175,975.3	111,559.8
Basket funds		0.0	0.0	48,657.3	56,657.2	72,858.2	76,750.9	72,309.4	76,389.3	119,001.7
HIPC Relief	8,105.4	42,564.3	-110,827.4	-89,105.3	-43,332.4	-57,035.0	-435,627.3	-666,109.6	-748,250.9	-783,433.0
Expenditure float										
Adjustments to cash and other items (net)	-76,242.7	-25,140.6	-2,444.3	-25,447.4	3,203.8	921.5	190,125.3	-59,596.2	-245,875	-41,048.7
Overall Balance (cheques issued)	-68,137.3	17,423.7	-113,271.7	-114,552.7	-40,128.6	-135,502.6	-335,050.3	-727,075.2	-924,412.5	-955,797.0
Financing:	68,137.3	-17,423.7	113,271.7	114,552.7	38,575.0	135,502.6	335,050.3	727,075.2	924,412.5	955,797.0
Foreign Financing (net)	136,890.0	53,842.8	187,786.3	172,880.4	187,355.5	273,341.8	457,025.1	689,219.7	668,934.5	747,479.8
Loans	80,069.0	36,626.2	54,821.0	45,326.1	33,171.2	151,331.0	214,170.4	65,395.6	257,677.1	266,946.0
Program loans	56,821.0	17,216.6	132,965.3	127,554.3	154,184.3	122,010.8	242,854.7	467,079.3	328,955.7	433,202.9
Development Project loans							1901,922,482	156,744.7	82,301.8	47,330.9
Basket Support										
Amortization	-72,421.9	-72,526.5	-82,369.0	-82,526.2	-65,514.0	-101,325.3	-84,534.0	-107,089.6	-107,715.5	-29,690.5
Domestic (net)	3,669.2	-5,740.0	7,854.4	-2,494.4	-24,159.0	-36,513.9	-39,342.8	144,945.2	363,193.5	238,007.7
Domestic Financing										
Bank borrowing	-23,605.1	1,230.0	7,690.6	-18,654.8	-59,180.9	-36,263.0	-44,262.7	97,313.2	348,885.7	238,007.7
Non-Bank (net of amortization)	27,274.3	-6,970.0	163.8	16,160.4	36,574.3	-30,705.1	39,418.4	0.0	219,241.1	220,029.0
Amortization of contingent debt	-53,419.5	-38,499.1	-234,092.1	-256,372.9	-1,552.0	-250.9	-4,846.8	0.0	-19,001.4	0.0
Privatization Proceeds	0.0	7,000.0	0.0	26,692.9	0.0	0.0	9,766.8	0.0	33,309.2	0.0

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

BANK OF TANZANIA



A2.0 Government Finance

Table A2.2. Treasury Bills Auction - Actual Sales by Transactor, 1997-2007

Millions of TZS

Period	Total		Bank of Tanzania		Deposit 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
1997	347,488.5	633,849.3	0.0	13,123.7	10,079.9	293,428.9	3,092.7	31,150.5	1,421.5	73,363.1	0.0	13,817.6	3,469.9	26,902.9
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	477,726.9	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
2006 Jan	267,874.3	8,432,548.7	0.0	13,123.7	215,089.3	215,089.3	1,629.3	330,222.4	4,124.5	481,851.4	0.0	11,617.6	47,031.3	708,076.0
Feb	208,117.9	8,640,666.6	0.0	13,123.7	161,236.1	376,325.4	0.0	330,222.4	3,212.0	485,063.4	0.0	11,617.6	43,669.7	751,745.7
Mar	143,926.8	8,784,593.3	0.0	13,123.7	114,699.6	491,025.0	2,385.8	332,608.2	2,598.8	487,662.3	0.0	11,617.6	24,242.6	775,988.3
Apr	167,819.2	8,952,412.5	0.0	13,123.7	112,436.4	603,461.4	0.0	332,608.2	4,559.7	492,221.9	0.0	11,617.6	50,823.1	826,811.3
May	130,785.5	9,083,198.0	0.0	13,123.7	82,760.0	686,221.4	3,356.5	335,964.7	4,817.1	497,039.0	0.0	11,617.6	39,852.0	866,663.3
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
Total	4,526,028.7		5,179.5		3,067,595.8		46,509.9		416,843.9		0.0		989,899.6	

Source: Bank of Tanzania



BANK OF TANZANIA

A2.0 Government Finance

Table A2.4 : Central Government Outstanding Stocks, Bonds and Notes by Holders, 1997-2007

Millions of TZS

End of period	Bank of Tanzania	Deposit Money banks	Other banks	Other Financial Institutions	Official Entities	Private Sector	Others	Total
1997	269,971.1	159,294.6	0.0	0.0	0.0	0.0	68,252.1	497,517.8
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
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

* 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

BANK OF TANZANIA



A3.0 Money and Banking

Table A3.1: Monetary Survey, 1997 - 2007

End of Period	Millions of TZS														
	Domestic assets (net)					Domestic credit (net)					Memorandum item:				
	Domestic credit (net)					Domestic credit (net)					Domestic credit (net)				
	Foreign assets	Net claims on government	Claims on private sectors*	Other items (net)	Total	Foreign assets	Net claims on government	Claims on private sectors*	Other items (net)	Total	M1, Broad Money	M2, Extended Broad Money	M3, Domestic credit (net)	M0, Base Money	of which: Reserves (CBR)**
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15
1997	398,918.6	239,457.5	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	364,940.0	77,062.9	
1998	458,003.6	276,586.7	248,276.2	44,118.1	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	418,734.0	110,935.3	
1999	622,286.8	366,596.2	311,533.0	-82,789.1	1,217,626.9	972,088.6	632,571.2	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	508,674.0	123,826.0	
2000	842,755.0	375,146.0	340,628.1	-160,840.2	1,397,688.8	1,093,610.9	695,006.5	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	556,430.9	164,026.7	
2001	1,209,820.4	239,201.4	340,628.1	-152,919.2	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	584,369.1	172,730.2	
2002	1,558,627.1	264,608.6	570,668.3	-346,221.0	2,047,683.1	1,507,386.5	938,786.6	495,445.6	463,340.9	223,898.7	324,701.2	540,296.5	695,701.2	200,255.6	
2003	2,182,072.0	12,937.0	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2	
2004	2,379,909.3	-47,719.7	1,060,077.3	-544,146.8	2,848,120.0	2,050,886.0	1,315,739.4	664,148.0	651,591.3	276,396.4	458,750.2	797,234.1	967,776.0	303,628.0	
2005	2,560,852.1	258,782.4	1,425,062.3	-309,710.2	3,934,986.6	2,808,247.6	1,758,810.2	843,157.4	915,652.8	422,269.4	627,168.0	1,126,738.9	1,236,080.6	392,923.2	
2006	3,566,023.7	-77,047.8	2,028,294.3	-718,448.1	4,798,822.1	3,193,785.0	1,930,421.5	975,585.9	954,835.7	469,679.2	793,684.3	1,605,037.1	1,443,529.9	467,944.0	
2005 - Mar	2,462,099.7	40,002.0	1,147,110.1	-525,244.4	3,123,967.5	2,211,685.5	1,390,703.8	645,241.4	745,462.4	341,842.1	479,139.7	912,281.9	977,283.9	332,042.5	
Jun	2,279,294.3	284,637.9	1,219,374.3	-516,881.4	3,266,425.1	2,366,449.0	1,528,773.6	734,912.2	793,861.4	328,711.1	508,964.3	899,976.2	1,029,997.6	295,085.4	
Sep	2,222,906.5	294,886.3	1,390,349.6	-372,077.0	3,536,065.4	2,539,977.8	1,644,905.1	790,956.7	853,948.4	344,867.1	550,205.6	996,087.6	1,128,066.9	337,110.2	
Dec	2,560,852.1	258,782.4	1,425,062.3	-309,710.2	3,934,986.6	2,808,247.6	1,758,810.2	843,157.4	915,652.8	422,269.4	627,168.0	1,126,738.9	1,236,080.6	392,923.2	
2006 - Mar	3,113,121.4	435,385.5	1,531,395.1	-970,986.8	4,109,006.3	2,836,223.0	1,729,080.2	807,153.5	921,976.7	444,629.8	662,513.0	1,272,783.3	1,303,762.4	496,608.9	
Jun	3,073,174.9	512,629.2	1,656,837.8	-943,591.3	4,299,050.7	2,945,528.0	1,798,840.1	856,180.5	942,659.6	455,179.7	691,508.3	1,353,522.6	1,296,486.6	440,306.2	
Sep	3,479,630.4	-91,635.1	1,906,065.5	-744,915.1	4,549,145.7	3,049,983.4	1,896,981.8	940,987.8	955,994.1	432,561.8	720,439.7	1,499,162.4	1,411,671.7	470,683.9	
Dec	3,566,023.7	-77,047.8	2,028,294.3	-718,448.1	4,798,822.1	3,193,785.0	1,930,421.5	975,585.9	954,835.7	469,679.2	793,684.3	1,605,037.1	1,443,529.9	467,944.0	
2007 - Mar	3,485,145.0	-10,352.3	2,133,897.1	-85,444.6	4,914,037.4	3,295,310.9	1,986,159.5	972,299.6	1,013,859.8	481,413.6	827,737.8	1,618,726.5	1,476,908.9	504,609.3	
Jun	3,540,871.1	217,422.0	2,260,169.2	-828,569.8	5,189,892.5	3,538,073.7	2,156,199.9	1,049,458.2	1,106,741.8	517,758.7	864,115.0	1,651,818.8	1,598,491.3	549,033.1	
2006 - January	3,028,147.5	410,349.6	1,450,364.7	-870,330.5	4,018,531.2	2,807,935.4	1,737,737.0	805,963.9	931,773.1	446,757.0	623,441.5	1,210,595.8	1,247,662.8	441,699.0	
February	3,023,685.9	439,599.8	1,480,714.0	-870,443.8	4,073,555.9	2,809,757.6	1,717,045.5	797,537.6	919,507.9	446,517.3	646,194.8	1,263,798.4	1,285,897.7	488,360.1	
March	3,113,212.4	435,385.5	1,531,395.1	-970,986.8	4,109,006.3	2,836,223.0	1,729,080.2	807,153.5	921,926.7	444,629.8	662,513.0	1,272,783.3	1,303,762.4	496,608.9	
April	3,091,595.7	376,922.1	1,574,803.0	-962,242.9	4,081,077.9	2,806,330.8	1,706,568.0	790,147.8	916,420.3	438,071.2	661,691.5	1,274,747.2	1,299,704.4	509,556.7	
May	3,164,945.7	420,929.5	1,597,836.3	-1,064,832.9	4,118,878.7	2,846,416.3	1,713,176.9	807,506.7	905,670.2	458,443.9	674,795.5	1,272,462.3	1,297,229.2	489,722.5	
June	3,073,174.9	512,629.2	1,656,837.8	-943,591.3	4,299,050.7	2,945,528.0	1,798,840.1	856,180.5	942,659.6	455,179.7	691,508.3	1,353,522.6	1,296,486.6	440,306.2	
July	3,432,917.0	115,208.8	1,777,777.0	-891,406.8	4,434,496.0	3,034,317.4	1,901,244.9	914,140.5	987,104.4	441,172.2	691,900.3	1,400,178.7	1,409,685.8	495,545.3	
August	3,787,600.5	-122,713.6	1,810,371.5	-877,244.3	4,598,014.1	3,099,700.4	1,977,430.5	939,100.7	1,038,329.7	416,214.6	706,055.4	1,498,313.6	1,412,975.7	473,874.9	
September	3,479,630.4	-91,635.1	1,906,065.5	-744,915.1	4,549,145.7	3,049,983.4	1,896,981.8	940,987.8	955,994.1	432,561.8	720,439.7	1,499,162.4	1,411,671.7	470,683.9	
October	3,441,198.7	9,175.5	1,946,243.3	-799,043.7	4,597,573.8	3,081,111.3	1,894,540.9	933,384.2	961,156.7	438,799.8	747,770.7	1,516,462.5	1,534,636.5	601,252.3	
November	3,643,006.7	-75,281.4	1,973,837.9	-809,510.4	4,732,052.9	3,142,109.5	1,918,499.4	956,946.8	961,552.7	449,948.1	773,661.9	1,589,943.4	1,514,717.0	557,770.3	
December	3,566,023.7	-77,047.8	2,028,294.3	-718,448.1	4,798,822.1	3,193,785.0	1,930,421.5	975,585.9	954,835.7	469,679.2	793,684.3	1,605,037.1	1,443,529.9	467,944.0	
2007 - January	3,707,400.8	-90,742.2	2,044,818.9	-197,829.75	4,854,469.3	3,239,482.1	1,960,407.5	968,717.6	991,689.9	473,156.3	805,918.2	1,614,987.2	1,576,593.5	607,875.9	
February	3,613,744.6	24,989.1	2,079,071.8	-168,492.6	4,940,134.4	3,308,265.7	2,008,424.0	967,307.8	1,041,116.3	483,297.3	816,544.3	1,631,868.7	1,549,845.3	582,537.5	
March	3,485,145.0	-10,352.3	2,133,897.1	-85,444.6	4,914,037.4	3,295,310.9	1,986,159.5	972,299.6	1,013,859.8	481,413.6	827,737.8	1,618,726.5	1,476,908.9	504,609.3	
April	3,603,909.4	3,245.0	2,193,766.9	-199,352.4	4,992,361.2	3,342,706.4	2,021,436.9	968,975.6	1,052,461.4	490,802.8	830,466.8	1,649,654.7	1,632,957.8	663,982.3	
May	3,442,406.0	168,589.9	2,246,098.9	-167,610.8	5,080,276.4	3,488,477.5	2,116,646.4	978,768.1	1,137,878.3	518,755.1	835,076.0	1,591,798.9	1,615,252.5	636,484.4	
June	3,540,871.1	217,422.0	2,260,169.2	-828,569.8	5,189,892.5	3,538,073.7	2,156,199.9	1,049,458.2	1,106,741.8	517,758.7	864,115.0	1,651,818.8	1,598,491.3	549,033.1	

* former "Claims on Other Domestic sectors"

** Commercial Banks Reserves (CBR)



BANK OF TANZANIA

A3.0. Money and Banking

Table A3.2: Bank of Tanzania - Assets, 1997 - 2007

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*	Other securities						
1997	362,312.0	19,310.0	67.0	124,504.0	0.0	0.0	269,693.0	4,611.0	81,199.0	23,306.0	7,910.0	82,756.0	975,668.0
1998	376,350.0	21,115.0	240.0	140,534.0	0.0	0.0	234,075.0	5,358.0	71,411.0	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	4,160.0	36,326.0	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	0.0	59,864.0	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	0.0	-15,580.6	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	0.0	0.0	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	0.0	0.0	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	0.0	0.0	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	0.5	0.0	390,796.4	1,719.5	283,421.4	3,766,190.0
2006	2,832,384.7	0.0	28.3	377,203.3	0.0	0.0	298,175.5	0.0	0.0	583,686.8	2,112.2	410,370.5	4,503,961.2
2005- Mar	2,330,342.2	0.0	119.3	331,378.0	0.0	0.0	199,211.2	0.0	0.0	243,436.0	2,957.0	219,470.8	3,326,914.6
Jun	2,200,782.5	0.0	58.3	326,878.1	0.0	0.0	205,333.6	0.0	0.0	276,085.5	-15.1	232,033.5	3,241,156.4
Sep	2,282,976.8	0.0	60.8	327,831.3	0.0	0.0	225,449.0	0.0	0.0	337,632.3	2,174.7	176,487.4	3,352,612.2
Dec	2,523,457.4	0.0	821.8	331,293.9	0.0	0.0	234,679.1	0.5	0.0	390,796.4	1,719.5	283,421.4	3,766,190.0
2006- Mar	2,601,852.5	0.0	449.6	350,672.6	0.0	0.0	246,159.0	0.0	0.0	411,049.8	1,422.4	297,666.3	3,909,272.2
Jun	2,481,316.1	0.0	80.7	365,693.9	0.0	0.0	288,539.7	0.0	0.0	473,241.7	-15.1	340,889.4	3,949,746.4
Sep	2,798,329.0	0.0	41.9	374,561.2	0.0	0.0	296,389.0	0.0	0.0	563,770.6	433.1	381,791.1	4,415,315.8
Dec	2,832,384.7	0.0	28.3	377,203.3	0.0	0.0	298,175.5	0.0	0.0	583,686.8	2,112.2	410,370.5	4,503,961.2
2007- Mar	2,661,573.1	0.0	175.2	373,809.4	0.0	0.0	298,650.3	0.0	0.0	609,982.4	727.4	423,335.1	4,368,252.9
Jun	2,878,838.7	0.0	277.3	382,017.8	0.0	0.0	295,856.9	0.0	0.0	664,160.9	0.0	433,780.6	4,654,932.2
2006- January	2,594,882.2	0.0	843.8	340,170.6	0.0	0.0	240,272.1	0.0	0.0	394,344.9	1,398.5	282,293.1	3,854,205.2
February	2,588,310.8	0.0	433.5	338,163.1	0.0	0.0	244,272.1	0.0	0.0	399,325.4	1,102.6	280,799.5	3,852,407.0
March	2,601,852.5	0.0	449.6	350,672.6	0.0	0.0	246,159.0	0.0	0.0	411,049.8	1,422.4	297,666.3	3,909,272.2
April	2,662,572.6	0.0	547.0	356,730.7	0.0	0.0	282,659.0	0.0	0.0	428,213.3	475.1	289,607.9	4,020,805.6
May	2,618,983.5	0.0	82.4	373,430.8	0.0	0.0	282,659.0	0.0	0.0	448,644.5	2,508.3	301,680.8	4,027,989.3
June	2,481,316.1	0.0	80.7	365,693.9	0.0	0.0	288,539.7	0.0	0.0	473,241.7	-15.1	340,889.4	3,949,746.4
July	2,789,773.8	0.0	592.8	378,677.4	0.0	0.0	288,552.5	0.0	0.0	482,687.3	614.4	358,996.7	4,299,895.0
August	3,032,146.6	0.0	43.6	390,254.0	0.0	0.0	293,019.0	0.0	0.0	526,974.1	590.0	355,497.9	4,598,525.2
September	2,798,329.0	0.0	41.9	374,561.2	0.0	0.0	296,389.0	0.0	0.0	563,770.6	433.1	381,791.1	4,415,315.8
October	2,854,378.1	0.0	614.7	379,445.8	0.0	0.0	298,798.2	0.0	0.0	575,775.5	625.5	385,894.9	4,495,532.9
November	2,879,043.0	0.0	29.0	386,507.7	0.0	0.0	300,276.5	0.0	0.0	576,883.6	326.9	418,104.5	4,561,171.2
December	2,832,384.7	0.0	28.3	377,203.3	0.0	0.0	298,175.5	0.0	0.0	583,686.8	2,112.2	410,370.5	4,503,961.2
2007- January	2,842,716.4	0.0	805.4	386,120.6	0.0	0.0	299,496.6	0.0	0.0	586,171.0	522.8	404,211.2	4,520,044.0
February	2,769,770.8	0.0	177.3	378,286.4	0.0	0.0	298,472.0	0.0	0.0	593,532.6	583.0	413,321.2	4,454,143.3
March	2,661,573.1	0.0	175.2	373,809.4	0.0	0.0	298,650.3	0.0	0.0	609,982.4	727.4	423,335.1	4,368,252.9
April	2,852,575.5	0.0	961.4	387,722.4	0.0	0.0	295,866.3	0.0	0.0	611,894.4	503.3	437,939.9	4,587,463.2
May	2,816,761.1	0.0	323.6	378,465.7	0.0	0.0	295,856.9	0.0	0.0	633,920.9	640.3	439,073.4	4,565,041.9
June	2,878,838.7	0.0	277.3	382,017.8	0.0	0.0	295,856.9	0.0	0.0	664,160.9	0.0	433,780.6	4,654,932.2

* 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

Source: Bank of Tanzania

BANK OF TANZANIA



A3.0: Money and Banking

Table A3.3 : Bank of Tanzania - Liabilities, 1997 - 2007

End of period	Currency in circulation	Central government deposits	Bank's deposits	Other deposits	Foreign liabilities	International Monetary fund	Allocation of SDRs	Items in process of collection*	Other liabilities	Millions of TZS	
										Capital and reserves	Total**
1997	314,487.0	87,321.0	50,453.0	47,415.0	219,836.0	112,859.0	26,589.0		70,354.0	46,354.0	975,668.0
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	755,972.1	304,747.6	4,503,961.2
2005 - Mar	728,358.8	343,533.6	248,925.1	40,358.0	598,706.2	305,135.9	52,267.4	97.6	914,865.9	94,666.1	3,326,914.6
Jun	814,553.0	126,495.1	215,444.6	56,657.5	551,261.9	315,928.9	51,557.7	-8,689.0	1,023,190.6	94,756.1	3,241,156.4
Sep	875,647.2	409,236.9	252,419.6	47,511.7	759,467.7	315,928.9	51,708.0	294.9	492,183.7	148,213.7	3,352,612.2
Dec	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 - Mar	886,546.0	358,003.9	417,216.4	96,455.8	274,996.6	315,928.9	55,310.7	-439.7	1,355,670.4	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	884,908.2	211,554.2	4,415,315.8
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	755,972.1	304,747.6	4,503,961.2
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	684,788.6	304,487.1	4,368,252.9
Jun	1,180,766.8	1,293,995.2	417,724.5	85,076.2	194,800.4	368,230.0	60,254.7	-2,326.0	751,892.3	304,518.0	4,654,932.2
2006 - January	900,364.3	351,231.0	347,298.5	59,798.3	368,463.0	315,928.9	53,654.3	-1,804.8	1,309,718.4	149,553.3	3,854,205.2
February	883,348.5	327,212.8	402,549.1	60,557.2	340,534.5	315,928.9	53,337.6	-5,826.3	1,325,181.3	149,583.3	3,852,407.0
March	886,546.0	358,003.9	417,216.4	96,455.8	274,996.6	315,928.9	55,310.7	-439.7	1,355,670.4	149,583.3	3,909,272.2
April	870,475.7	417,690.6	429,228.7	104,914.1	300,589.4	315,928.9	56,266.2	-1,133.9	1,377,202.5	149,643.3	4,020,805.6
May	894,078.8	341,373.0	403,150.3	70,058.3	290,298.1	338,796.7	58,900.3	413.2	1,481,247.3	149,673.3	4,027,989.3
June	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
July	1,017,238.0	1,043,950.5	392,447.8	67,088.1	271,092.5	338,796.7	59,727.8	249.0	899,367.5	209,937.0	4,299,895.0
August	1,039,284.0	1,252,871.1	373,691.7	67,670.0	259,814.7	354,656.8	61,553.8	-838.4	979,805.2	210,016.4	4,598,525.2
September	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	884,908.2	211,554.2	4,415,315.8
October	1,046,458.7	948,276.3	488,177.9	74,838.6	414,981.2	354,656.8	59,849.0	333.2	803,096.5	304,864.7	4,495,532.9
November	1,063,713.4	1,052,116.7	451,003.6	71,805.9	312,980.9	354,656.8	60,962.9	678.6	888,387.8	304,864.7	4,561,171.2
December	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	755,972.1	304,747.6	4,503,961.2
2007 - January	1,083,876.8	1,145,059.9	492,716.7	67,161.3	223,330.2	354,656.8	60,901.8	199.3	787,456.1	304,685.1	4,520,044.0
February	1,088,044.2	1,130,886.0	461,801.1	68,653.1	234,074.4	354,656.8	59,666.2	-5,189.5	757,064.0	304,487.1	4,454,143.3
March	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	684,788.6	304,487.1	4,368,252.9
April	1,088,038.2	1,185,415.0	544,919.5	70,977.2	197,466.6	354,656.8	61,154.5	-2,720.3	783,066.7	304,488.9	4,587,463.2
May	1,106,139.0	1,173,141.3	509,113.5	70,481.5	197,154.5	368,230.0	59,694.5	-8,625.6	785,224.4	304,488.9	4,565,041.9
June	1,180,766.8	1,293,995.2	417,724.5	85,076.2	194,800.4	368,230.0	60,254.7	-2,326.0	751,892.3	304,518.0	4,654,932.2

* Included from July 2001 on gross level

** Revised from Jan-02

Source: Bank of Tanzania



BANK OF TANZANIA

A3.0 Money and Banking

Table A3.4 : Tanzania Notes in Circulation, 1997 - 2007

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/-	
1997	99.8	498.9	n/a	n/a	5,121.7	24,811.5	57,947.3		65,829.4	153,141.8	307,450.4	0.0	0.2	n/a	n/a	1.7	8.1	18.8		21.4	49.8	
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	0.0	0.2	n/a	n/a	2.3	7.5	17.4		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	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	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	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	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		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	
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	
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	
2005 -Mar Jun Sep Dec	99.7	497.8	-	-	1,973.6	34,007.0	50,080.6		52,010.7	134,055.8	435,452.3	0.0	0.1	-	-	0.3	4.8	7.1		7.3	18.9	
	99.7	497.8	-	-	1,973.3	34,748.4	51,345.2		58,705.5	162,793.9	483,833.5	0.0	0.1	-	-	0.2	4.4	6.5		7.4	20.5	
	99.7	497.8	-	-	1,971.7	36,345.9	50,328.9		63,218.3	165,995.5	535,921.3	0.0	0.1	-	-	0.2	4.3	5.9		7.4	19.4	
	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	
2006 -Mar Jun Sep Dec	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	
	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	
	99.7	497.8	-	-	1,970.5	36,698.1	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	
	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	
2007 -Mar Jun	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	
	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	
2006- January February March April May June July August September October November December	99.7	497.8	-	-	1,971.2	36,639.5	38,717.4		60,052.3	171,412.9	568,517.5	0.0	0.1	-	-	0.2	4.2	4.4		6.8	19.5	
	99.7	497.8	-	-	1,971.2	35,265.1	38,825.6		56,916.7	164,699.5	562,438.7	0.0	0.1	-	-	0.2	4.1	4.5		6.6	19.1	
	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	
	99.7	497.8	-	-	1,970.4	33,201.8	39,837.4		54,357.8	158,503.5	559,022.7	0.0	0.1	-	-	0.2	3.9	4.7		6.4	18.7	
	99.7	497.8	-	-	1,970.3	33,489.5	39,643.1		56,850.1	165,006.8	573,422.1	0.0	0.1	-	-	0.2	3.8	4.6		6.5	18.9	
	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	
	99.7	497.8	-	-	1,970.5	37,858.9	43,411.9		64,550.8	189,478.5	655,768.3	0.0	0.1	-	-	0.2	3.8	4.4		6.5	19.1	
	99.7	497.8	144.0	-	1,970.5	39,109.5	46,821.4		65,749.3	192,205.0	668,955.0	0.0	0.0	-	-	0.2	3.9	4.6		6.5	18.9	
	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	
	99.7	497.8	-	-	1,970.4	37,827.8	48,447.2		61,848.8	182,263.7	688,968.0	0.0	0.0	-	-	0.2	3.7	4.7		6.1	17.8	
	99.7	497.8	-	-	1,970.7	37,326.8	47,668.3		61,212.9	181,632.9	708,450.3	0.0	0.0	-	-	0.2	3.6	4.6		5.9	17.5	
	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	
2007- January February March April May June	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	
	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	
	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	
	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	
	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	
	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	

Source: Bank of Tanzania

BANK OF TANZANIA



A3.0 Money and Banking

Table A3.5 :Tanzania Coins in Circulation, 1997 - 2007

End of Period	Millions of TZS													Percent of Total											
	-/05	-/10	-/20	-/50	1/-	5/-	10/-	20/-	25/-	50/=	100/-	200/-	Total	-/05	-/10	-/20	-/50	1/-	5/-	10/-	20/-	25/-	50/=	100/-	200/-
1997	8.8	4.5	38.4	45.7	168.6	412.5	774.1	999.1	11.6	580.5	4,001.7	n/a	7,045.4	0.1	0.1	0.5	0.6	2.4	5.9	11.0	14.2	0.2	8.2	56.8	n/a
1998	8.8	4.5	38.4	45.7	168.3	398.2	724.6	905.2	11.6	739.3	4,225.6	n/a	7,270.2	0.1	0.1	0.5	0.6	2.3	5.5	10.0	12.5	0.2	10.2	58.1	n/a
1999	8.8	4.5	38.4	45.7	167.4	388.6	694.9	859.2	11.6	984.6	4,565.0	462.8	8,231.3	0.1	0.1	0.5	0.6	2.0	4.7	8.4	10.4	0.1	12.0	55.5	5.6
2000	8.8	4.5	38.3	45.7	167.5	389.5	711.9	870.5	22.6	1,359.1	5,220.3	1,126.5	9,965.4	0.1	0.0	0.4	0.5	1.7	3.9	7.1	8.7	0.2	13.6	52.4	11.3
2001	8.8	4.6	38.4	45.8	167.4	392.7	737.8	901.3	11.6	1,850.2	6,556.8	3,062.7	13,778.2	0.1	0.0	0.3	0.3	1.2	2.9	5.4	6.5	0.1	13.4	47.6	22.2
2002	8.8	4.6	38.4	45.9	167.5	397.0	753.3	916.1	11.7	2,245.8	7,585.7	3,986.0	16,160.8	0.1	0.0	0.2	0.3	1.0	2.5	4.7	5.7	0.1	13.9	46.9	24.7
2003	8.8	4.4	38.4	45.9	167.6	398.5	770.8	927.4	11.7	2,521.1	8,048.9	4,195.3	17,138.7	0.1	0.0	0.2	0.3	1.0	2.3	4.5	5.4	0.1	14.7	47.0	24.5
2004	8.8	4.4	38.4	45.9	167.6	410.4	790.0	949.2	11.7	3,102.5	8,920.8	5,317.0	19,766.9	0.0	0.0	0.2	0.2	0.8	2.1	4.0	4.8	0.1	15.7	45.1	26.9
2005	8.8	4.4	38.4	46.0	167.7	419.9	822.7	987.8	11.7	3,341.9	9,283.2	6,952.2	22,084.6	0.0	0.0	0.2	0.2	0.8	1.9	3.7	4.5	0.1	15.1	42.0	31.5
2006	8.8	4.4	38.4	46.0	167.7	428.8	835.4	1,003.6	11.7	3,944.9	10,434.3	8,186.2	25,110.1	0.0	0.0	0.2	0.2	0.7	1.7	3.3	4.0	0.0	15.7	41.6	32.6
2005 - Mar	8.8	4.4	38.4	46.0	167.6	415.3	794.7	955.9	11.7	3,173.7	9,035.8	5,529.0	20,181.4	0.0	0.0	0.2	0.2	0.8	2.1	3.9	4.7	0.1	15.7	44.8	27.4
Jun	8.8	4.4	38.4	46.0	167.6	416.2	799.1	954.8	11.7	3,242.7	9,107.7	5,758.2	20,555.5	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.6	0.1	15.8	44.3	28.0
Sep	8.8	4.4	38.4	46.0	167.7	417.6	811.4	977.1	11.7	3,266.2	9,100.5	6,418.6	21,268.3	0.0	0.0	0.2	0.2	0.8	2.0	3.8	4.6	0.1	15.4	42.8	30.2
Dec	8.8	4.4	38.4	46.0	167.7	419.9	822.7	987.8	11.7	3,341.9	9,283.2	6,952.2	22,084.6	0.0	0.0	0.2	0.2	0.8	1.9	3.7	4.5	0.1	15.1	42.0	31.5
2006 - Mar	8.8	4.4	38.4	46.0	167.7	422.2	824.6	990.1	11.7	3,479.6	9,548.1	7,310.8	22,852.3	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.2	41.8	32.0
Jun	8.8	4.4	38.4	46.0	167.7	424.7	825.9	990.3	11.7	3,580.3	9,694.4	7,571.2	23,363.6	0.0	0.0	0.2	0.2	0.7	1.8	3.5	4.2	0.1	15.3	41.5	32.4
Sep	8.8	4.4	38.4	46.0	167.7	426.9	831.4	998.0	11.7	3,783.6	10,078.2	7,836.7	24,231.8	0.0	0.0	0.2	0.2	0.7	1.8	3.4	4.1	0.0	15.6	41.6	32.3
Dec	8.8	4.4	38.4	46.0	167.7	428.8	835.4	1,003.6	11.7	3,944.9	10,434.3	8,186.2	25,110.1	0.0	0.0	0.2	0.2	0.7	1.7	3.3	4.0	0.0	15.7	41.6	32.6
2007 - Mar	8.8	4.4	38.4	46.0	167.7	430.2	839.3	1,010.7	11.7	4,050.1	10,649.7	8,436.0	25,692.9	0.0	0.0	0.1	0.2	0.7	1.7	3.3	3.9	0.0	15.8	41.5	32.8
Jun	8.8	4.4	38.4	46.0	167.7	431.5	840.0	1,009.9	11.7	4,150.9	10,896.9	8,803.5	26,409.5	0.0	0.0	0.1	0.2	0.6	1.6	3.2	3.8	0.0	15.7	41.3	33.3
2006 - January	8.8	4.4	38.4	46.0	167.7	420.8	823.9	989.6	11.7	3,403.6	9,427.7	7,113.6	22,456.0	0.0	0.0	0.2	0.2	0.7	1.9	3.7	4.4	0.1	15.2	42.0	31.7
February	8.8	4.4	38.4	46.0	167.7	421.3	824.2	989.6	11.7	3,436.6	9,495.6	7,190.6	22,634.8	0.0	0.0	0.2	0.2	0.7	1.9	3.6	4.4	0.1	15.2	42.0	31.8
March	8.8	4.4	38.4	46.0	167.7	422.2	824.6	990.1	11.7	3,479.6	9,548.1	7,310.8	22,852.3	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.2	41.8	32.0
April	8.8	4.4	38.4	46.0	167.7	422.9	825.2	990.3	11.7	3,504.7	9,584.7	7,380.6	22,985.3	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.2	41.7	32.1
May	8.8	4.4	38.4	46.0	167.7	424.0	825.2	989.5	11.7	3,528.9	9,617.0	7,438.5	23,100.1	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.3	41.6	32.2
June	8.8	4.4	38.4	46.0	167.7	424.7	825.9	990.3	11.7	3,580.3	9,694.4	7,571.2	23,363.6	0.0	0.0	0.2	0.2	0.7	1.8	3.5	4.2	0.1	15.3	41.5	32.4
July	8.8	4.4	38.4	46.0	167.7	425.4	827.9	992.9	11.7	3,646.2	9,817.5	7,614.8	23,601.5	0.0	0.0	0.2	0.2	0.7	1.8	3.5	4.2	0.0	15.4	41.6	32.3
August	8.8	4.4	38.4	46.0	167.7	426.2	829.1	995.3	11.7	3,564.8	9,943.1	7,696.4	23,731.8	0.0	0.0	0.2	0.2	0.7	1.8	3.5	4.2	0.0	15.0	41.9	32.4
September	8.8	4.4	38.4	46.0	167.7	426.9	831.4	998.0	11.7	3,783.6	10,078.2	7,836.7	24,231.8	0.0	0.0	0.2	0.2	0.7	1.8	3.4	4.1	0.0	15.6	41.6	32.3
October	8.8	4.4	38.4	46.0	167.7	427.6	833.6	1,000.3	11.7	3,848.1	10,205.2	7,943.5	24,535.2	0.0	0.0	0.2	0.2	0.7	1.7	3.4	4.1	0.0	15.7	41.6	32.4
November	8.8	4.4	38.4	46.0	167.7	428.3	833.9	1,000.9	11.7	3,906.1	10,347.0	8,060.9	24,854.0	0.0	0.0	0.2	0.2	0.7	1.7	3.4	4.0	0.0	15.7	41.6	32.4
December	8.8	4.4	38.4	46.0	167.7	428.8	835.4	1,003.6	11.7	3,944.9	10,434.3	8,186.2	25,110.1	0.0	0.0	0.2	0.2	0.7	1.7	3.3	4.0	0.0	15.7	41.6	32.6
2007 - January	8.8	4.4	38.4	46.0	167.7	429.3	837.7	1,006.1	11.7	3,983.3	10,519.1	8,290.7	25,343.2	0.0	0.0	0.2	0.2	0.7	1.7	3.3	4.0	0.0	15.7	41.5	32.7
February	8.8	4.4	38.4	46.0	167.7	429.7	837.5	1,007.7	11.7	4,016.2	10,569.2	8,330.1	25,467.2	0.0	0.0	0.2	0.2	0.7	1.7	3.3	4.0	0.0	15.8	41.5	32.7
March	8.8	4.4	38.4	46.0	167.7	430.2	839.3	1,010.7	11.7	4,050.1	10,649.7	8,436.0	25,692.9	0.0	0.0	0.1	0.2	0.7	1.7	3.3	3.9	0.0	15.8	41.5	32.8
April	8.8	4.4	38.4	46.0	167.7	430.5	839.8	1,010.7	11.7	4,082.4	10,711.2	8,545.3	25,896.8	0.0	0.0	0.1	0.2	0.6	1.7	3.2	3.9	0.0	15.8	41.4	33.0
May	8.8	4.4	38.4	46.0	167.7	430.8	839.5	1,009.4	11.7	4,111.5	10,783.8	8,635.5	26,087.4	0.0	0.0	0.1	0.2	0.6	1.7	3.2	3.9	0.0	15.8	41.3	33.1
June	8.8	4.4	38.4	46.0	167.7	431.5	840.0	1,009.9	11.7	4,150.9	10,896.9	8,803.5	26,409.5	0.0	0.0	0.1	0.2	0.6	1.6	3.2	3.8	0.0	15.7	41.3	33.3

Source: Bank of Tanzania



BANK OF TANZANIA

A3.0 Money and Banking

Table A3.6 :Commercial Banks— Assets, 1997 - 2007

Millions of TZS

End of period	Domestic assets				Foreign assets					Total
	Cash	Deposit with Bank of Tanzania	Treasury bills	Other govt. securities	Loans and bills	Other*	Liquid**	Others	Fixed assets	
1997	26,609.9	33,100.4	78,623.0	166,906.4	184,839.8	360,643.9	232,162.1	1,393.8	13,959.0	1,098,238.4
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
2005- Mar	83,117.4	234,500.5	188,453.4	194,317.5	1,147,110.1	731,007.5	679,678.6	61,705.0	55,357.2	3,375,247.3
Jun	79,640.8	264,486.7	183,632.9	222,357.5	1,219,374.3	785,895.7	568,508.5	72,235.8	56,712.3	3,452,844.4
Sep	84,690.5	260,244.8	421,836.6	272,274.3	1,390,349.6	518,453.6	639,048.0	100,417.3	58,782.2	3,746,096.9
Dec	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- 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	66,327.2	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	131,308.6	479,799.8	1,182,403.9	346,136.8	2,260,169.2	527,737.9	885,914.9	73,448.0	91,057.4	5,977,976.6
2006- January	94,400.5	345,570.4	493,466.9	261,333.3	1,450,364.7	749,849.4	740,897.2	76,482.5	60,400.9	4,272,765.9
February	85,811.0	382,646.6	474,501.4	276,738.5	1,480,714.0	796,160.6	774,861.9	62,794.7	61,744.9	4,395,973.5
March	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
April	80,328.0	417,361.1	471,980.3	283,141.0	1,574,803.0	785,924.7	749,676.3	64,682.8	63,013.9	4,490,911.2
May	86,572.1	385,690.3	459,786.7	290,992.5	1,597,836.3	777,721.6	838,814.4	78,585.2	64,487.4	4,580,486.6
June	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	66,327.2	4,701,598.0
July	103,097.5	378,120.2	834,196.0	298,389.1	1,777,777.0	377,586.0	932,216.4	76,849.2	66,293.6	4,844,525.1
August	100,183.2	351,983.4	786,814.5	305,430.8	1,810,371.5	426,869.2	1,022,493.8	75,403.1	67,634.5	4,947,183.9
September	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
October	113,074.5	480,949.4	672,445.7	308,715.6	1,946,243.3	370,016.1	985,898.5	93,686.3	70,343.7	5,041,373.0
November	106,766.6	448,952.5	687,825.1	304,620.8	1,973,837.9	425,425.7	1,071,920.2	87,306.9	71,574.0	5,178,229.7
December	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- 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	437,715.8	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	131,308.6	479,799.8	1,182,403.9	346,136.8	2,260,169.2	527,737.9	885,914.9	73,448.0	91,057.4	5,977,976.6

* 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

BANK OF TANZANIA



A3.0 Money and Banking

Table A3.7 :Commercial Banks -- Liabilities, 1997 - 2007

Millions of TZS								
End of period	Domestic liabilities		Foreign liabilities		Capital and Reserves			
	Deposits	Due to Bank of Tanzania	Due to other banks	Other	*Foreign banks	Due to other	Total	
1997	667,619.1	12,763.4	49,512.7	320,354.9	3,933.2	945.0	43,110.0	1,098,238.4
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
2005-Mar	2,617,009.5	0.0	98,119.8	339,943.7	22,072.4	5,627.4	292,474.5	3,375,247.3
Jun	2,671,512.4	0.0	141,660.5	317,822.2	22,851.7	4,611.4	294,386.0	3,452,844.4
Sep	2,900,354.0	0.0	110,677.4	368,829.5	16,371.6	40,239.3	309,625.1	3,746,096.9
Dec	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-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	4,393,223.2	18,335.0	311,415.3	570,241.2	100,064.1	21,899.3	562,798.4	5,977,976.6
2006- January	3,385,867.6	0.0	128,184.5	333,139.8	29,519.8	4,078.0	391,976.1	4,272,765.9
February	3,444,526.2	0.0	108,232.8	375,867.7	51,838.5	27,343.7	388,164.7	4,395,973.5
March	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
April	3,473,906.4	0.0	107,337.5	404,147.0	74,675.8	28,552.9	402,291.5	4,490,911.2
May	3,522,316.2	0.0	129,153.2	429,924.1	72,122.9	27,873.6	399,096.7	4,580,486.6
June	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
July	3,722,142.4	0.0	123,915.4	490,617.6	86,434.8	28,026.6	393,388.3	4,844,525.1
August	3,853,828.6	0.0	135,825.0	464,507.5	75,591.6	26,701.0	390,730.3	4,947,183.9
September	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
October	3,926,505.8	0.0	135,851.2	487,129.2	80,522.6	16,952.2	394,411.9	5,041,373.0
November	4,030,801.7	0.0	155,932.3	494,358.8	89,200.3	12,543.3	395,393.2	5,178,229.7
December	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- 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	4,393,223.2	18,335.0	311,415.3	570,241.2	100,064.1	21,899.3	562,798.4	5,977,976.6

* Revised Figures

Source: Bank of Tanzania



BANK OF TANZANIA

A3.0. Money and Banking

Table A3.8 : Analysis of Commercial Bank's Liquidity*, 1997 - 2007

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			Net foreign liquid assets***
							Cash	Bank of Tanzania	Treasury bills	
1997	-17,911.0	19,443.0	10,138.5	-46,601.2	-34,930.6	0.0	4,305.5	-9,390.9	-14,606.3	-15,238.9
1998	-2,358.0	22,417.1	-250.8	-3,936.4	15,871.9	-1,000.0	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	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	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	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	-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	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	-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	-1,322.6	-43,383.0	12,574.9	-6,329.4
2006	-131,201.0	-60,383.8	17,869.6	190,191.6	16,476.4	0.0	20,699.4	-98,233.1	85,640.8	8,369.4
2005-Mar	-54,978.4	-10,403.8	13,155.8	53,707.5	1,481.0	0.0	3,369.8	-51,053.0	7,603.1	41,561.1
Jun	56,186.4	-54,877.9	66,641.0	-81,584.2	-13,634.7	0.0	4,932.2	-7,848.2	1,200.0	-11,918.7
Sep	47,651.3	-83,779.9	26,293.0	-53,845.6	-63,681.1	0.0	-1,357.5	1,897.1	-29,493.4	-34,727.2
Dec	48,681.4	-139,142.7	30,625.0	21,376.2	-38,460.1	0.0	-1,322.6	-43,383.0	12,574.9	-6,329.4
2006-Mar	-28,904.1	86,851.0	9,616.0	-1,303.9	66,259.0	0.0	-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	4,863.9	-22,929.3	-19,775.1	61,418.0
Sep	113,843.2	-317,214.6	1,887.0	90,153.2	-111,331.2	0.0	-2,445.7	1,534.5	-49,951.4	-60,468.6
Dec	-131,201.0	-60,383.8	17,869.6	190,191.6	16,476.4	0.0	20,699.4	-98,233.1	85,640.8	8,369.4
2007-Mar	-92,642.4	-123,367.3	4,991.9	127,824.0	-83,193.8	0.0	-6,528.9	-78,474.5	54,376.5	-52,566.9
Jun	-120,854.0	61,172.4	70,785.3	125,513.4	136,617.1	0.0	3,842.5	-13,596.4	149,830.4	-3,459.4
2006-January	95,916.8	54,805.3	-37,193.6	-56,178.3	57,350.3	-0.5	4,742.6	39,803.2	34,436.0	-21,632.0
February	28,018.2	30,151.5	-8,426.3	-28,576.3	21,167.1	0.0	-8,589.5	37,076.2	-18,965.6	11,646.0
March	-28,904.1	86,851.0	9,616.0	-1,303.9	66,259.0	0.0	-6,418.5	27,328.4	39,952.8	5,396.3
April	-23,186.8	-6,602.6	-17,005.8	-40,776.3	-87,571.4	0.0	935.5	7,386.2	-42,473.8	-53,419.3
May	76,317.7	50,826.8	17,358.9	-90,432.6	54,070.8	0.0	6,244.2	-31,670.8	-12,193.6	91,691.1
June	91,519.4	-74,102.9	48,673.8	-42,512.8	23,577.5	0.0	4,863.9	-22,929.3	-19,775.1	61,418.0
July	-788,203.5	343,033.5	57,960.0	826,087.2	438,877.2	0.0	11,661.4	15,359.2	394,184.4	17,672.2
August	-204,454.1	355,260.0	24,960.3	-151,078.3	24,687.9	0.0	-2,914.3	-26,136.8	-47,381.6	101,120.6
September	113,843.2	-317,214.6	1,887.0	90,153.2	-111,331.2	0.0	-2,445.7	1,534.5	-49,951.4	-60,468.6
October	196,530.9	-57,703.3	-7,603.5	-33,930.8	97,293.3	0.0	15,336.9	127,431.6	-64,417.5	18,942.2
November	-102,362.1	199,937.2	22,157.0	-68,795.6	50,936.4	0.0	-4,902.3	-31,954.8	14,819.8	72,973.7
December	-131,201.0	-60,383.8	17,869.6	190,191.6	16,476.4	0.0	20,699.4	-98,233.1	85,640.8	8,369.4
2007-January	37,477.9	146,080.1	-6,868.2	-39,057.8	137,632.0	0.0	-11,537.5	126,413.9	-1,263.7	24,019.2
February	13,149.3	-93,623.2	-1,409.9	145,025.6	63,141.9	0.0	5,577.3	-8,865.7	81,358.1	-14,927.8
March	-92,642.4	-123,367.3	4,991.9	127,824.0	-83,193.8	0.0	-6,528.9	-78,474.5	54,376.5	-52,566.9
April	35,507.7	128,209.8	-3,324.1	-55,704.3	104,689.1	0.0	4,855.2	148,552.3	13,816.1	-62,534.5
May	12,264.3	-129,168.9	9,697.4	85,231.9	-21,975.3	0.0	8,403.4	-47,102.4	109,868.9	-93,145.3
June	-120,854.0	61,172.4	70,785.3	125,513.4	136,617.1	0.0	3,842.5	-13,596.4	149,830.4	-3,459.4

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

BANK OF TANZANIA



A3.0 Money and Banking

TableA3.9 : Commercial Banks -Analysis of Domestic Assets, 1997 - 2007

Millions of TZS

End of period	Bank of Tanzania	Other banks	Other financial Institutions	Central govt.	Official entities	Private sector	Other assets	Total
1997	59,710.3	61,065.7	0.0	247,392.3	20,676.6	162,300.3	313,537.1	864,682.5
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
2005-Mar	317,617.9	483,873.9	0.0	382,770.9	0.0	1,147,110.1	302,490.8	2,633,863.7
Jun	344,127.5	515,246.5	0.0	405,990.3	0.0	1,219,374.3	327,361.5	2,812,100.1
Sep	344,935.3	302,869.6	0.0	694,110.9	0.0	1,390,349.6	274,366.2	3,006,631.5
Dec	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-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	611,108.4	112,051.8	0.0	1,528,540.7	0.0	2,260,169.2	506,743.5	5,018,613.6
2006-January	439,970.9	523,502.0	0.0	754,800.2	0.0	1,450,364.7	286,748.4	3,455,386.2
February	468,457.6	558,328.5	0.0	751,239.9	0.0	1,480,714.0	299,577.0	3,558,317.0
March	489,367.4	527,302.7	0.0	795,165.4	0.0	1,531,395.1	312,011.9	3,655,242.5
April	497,689.1	533,429.8	0.0	755,121.4	0.0	1,574,803.0	315,508.8	3,676,552.1
May	472,262.5	546,134.5	0.0	750,779.2	0.0	1,597,836.3	296,074.5	3,663,087.0
June	454,197.0	517,529.9	0.0	737,068.3	0.0	1,656,837.8	359,687.1	3,725,320.1
July	481,217.7	72,812.4	0.0	1,132,585.1	0.0	1,777,777.0	371,067.2	3,835,459.5
August	452,166.6	63,586.5	0.0	1,092,245.3	0.0	1,810,371.5	430,917.2	3,849,287.0
September	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
October	594,023.9	85,552.1	0.0	981,161.2	0.0	1,946,243.3	354,807.7	3,961,788.2
November	555,719.2	116,949.8	0.0	992,445.9	0.0	1,973,837.9	380,049.8	4,019,002.6
December	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-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	611,108.4	112,051.8	0.0	1,528,540.7	0.0	2,260,169.2	506,743.5	5,018,613.6

Source: Bank of Tanzania



A3.0. Money and Banking

Table A3.10 :Commercial Banks' - Lending and Holdings of Securities, 1997 - 2007

Millions of TZS									
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	
1997	172,494.7	4,972.1	9,236.0	184,839.9	255.3	27.7	78,623.0	166,906.4	245,529.4
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
2005-Mar	498,679.8	2,044.7	648,430.3	1,149,154.8	410,862.4	43.9	188,481.8	194,317.5	382,799.2
Jun	511,395.1	1,908.2	707,979.2	1,221,282.5	452,398.1	45.7	183,632.9	222,357.5	405,990.3
Sep	585,629.2	2,645.7	804,720.3	1,392,995.3	447,342.7	48.0	421,836.6	272,274.3	694,110.9
Dec	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-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	2,270,963.6	770,531.8	51.7	1,182,403.9	346,136.8	1,528,540.7
2006-January	594,065.7	3,904.6	856,299.0	1,454,269.3	529,905.8	43.0	493,466.9	261,333.3	754,800.2
February	625,060.6	3,949.0	855,653.4	1,484,663.0	537,650.8	43.1	474,501.4	276,738.5	751,239.9
March	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
April	685,191.6	4,723.1	889,611.4	1,579,526.2	587,935.8	45.5	471,980.3	283,141.0	755,121.4
May	700,760.9	5,569.3	897,075.5	1,603,405.7	574,613.0	45.5	459,786.7	290,992.5	750,779.2
June	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
July	739,618.8	5,054.0	1,038,158.3	1,782,831.1	648,081.8	47.9	834,196.0	298,389.1	1,132,585.1
August	756,393.3	6,546.2	1,053,978.2	1,816,917.7	661,492.2	47.1	786,814.5	305,430.8	1,092,245.3
September	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
October	823,372.6	8,935.6	1,122,795.5	1,955,178.9	724,102.0	49.8	672,445.7	308,715.6	981,161.2
November	830,359.9	9,316.6	1,142,949.8	1,983,154.5	715,524.4	49.2	687,825.1	304,620.8	992,445.9
December	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-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	2,270,963.6	770,531.8	51.7	1,182,403.9	346,136.8	1,528,540.7

Source: Bank of Tanzania

BANK OF TANZANIA



A3.0. Money and Banking

Table A3.11: Commercial Banks- Domestic Lending by Borrowing Sector, 1997 - 2007

Millions of TZS														
End of period	Public Sector*	Agricultural production	Mining	Mining & manuf-acturing**	Building and cons-truction	Transpor-tation	Tourism	Marketing of agricultural produce		Trade in capital goods	All other trade	Specified financial institutions	Other	Total
								Export of agricultural produce	Export of agricultural produce					
1997	5,198.0	13,919.7		43,702.7	4,315.9	15,016.2	2,607.7	2,675.3	3,117.0	437.8	43,535.5	656.5	49,657.7	184,839.9
1998	5,123.0	18,826.0		57,913.5	5,748.3	22,777.4	2,314.9	6,419.2	1,953.9	70.5	65,313.9	2,788.1	61,830.5	251,079.3
1999	6,864.4	17,738.9		91,354.1	6,552.4	34,322.2	3,767.1	2,439.4	1,947.9	53.2	78,648.1	2,808.2	65,524.3	312,020.3
2000	7,319.0	21,432.2		106,791.6	11,443.8	45,899.0	3,439.5	1,336.2	201.9	0.0	89,941.4	7,169.0	45,654.6	340,628.1
2001	8,406.0	38,953.3		135,759.5	13,923.3	40,834.5	7,119.4	0.0	0.0	0.0	133,939.2	4,301.4	21,273.7	404,512.3
2002	7,542.3	97,683.1		145,857.9	30,671.8	62,370.2	13,145.7	0.0	0.0	0.0	132,058.9	25,898.0	55,440.4	570,668.3
2003	15,246.0	97,795.0		213,204.2	38,669.1	74,697.3	20,020.4	0.0	0.0	0.0	186,495.9	33,570.4	17,125.2	
2004	6,157.8	143,109.6	6,196.1	242,075.5	42,157.1	92,206.1	27,418.2	0.0	0.0	0.0	249,914.2	46,098.7	204,744.0	1,060,077.3
2005	14,314.0	177,320.3	27,091.9	293,812.5	83,074.3	108,426.1	33,897.2	0.0	0.0	0.0	338,352.0	85,743.2	263,029.8	1,425,061.2
2006	0.0	279,986.5	21,935.3	436,049.1	134,452.2	189,097.6	11,768.1	0.0	0.0	0.0	383,013.3	47,043.2	523,851.0	2,027,196.3
2005-Mar	15,955.0	149,010.7	14,542.2	249,050.4	41,537.9	98,975.7	31,477.4	0.0	0.0	0.0	270,790.6	59,271.9	216,498.2	1,147,110.1
Jun	17,338.0	156,801.1	20,850.6	258,258.1	54,389.5	104,322.2	35,870.6	0.0	0.0	0.0	293,253.0	63,843.7	214,378.8	1,219,305.6
Sep	19,054.0	192,215.4	20,381.7	308,022.5	54,117.5	108,510.9	24,287.0	0.0	0.0	0.0	320,684.2	95,459.3	247,634.0	1,390,366.6
Dec	14,314.0	177,320.3	27,091.9	293,812.5	83,074.3	108,426.1	33,897.2	0.0	0.0	0.0	338,352.0	85,743.2	263,029.8	1,425,061.2
2006-Mar	20,743.6	178,026.1	0.0	292,891.4	80,407.6	117,082.2	7,312.0	0.0	0.0	0.0	369,841.4	96,201.0	305,086.1	1,467,591.4
Jun	0.0	187,137.8	24,966.5	370,597.2	114,905.3	122,176.3	13,193.3	0.0	0.0	0.0	369,088.6	31,767.0	423,005.7	1,656,837.8
Sep	0.0	286,146.6	19,277.7	392,221.0	141,720.2	166,035.3	17,680.3	0.0	0.0	0.0	380,848.9	24,056.8	478,078.7	1,906,065.5
Dec	0.0	279,986.5	21,935.3	436,049.1	134,452.2	189,097.6	11,768.1	0.0	0.0	0.0	383,013.3	47,043.2	523,851.0	2,027,196.3
2007-Mar	0.0	253,056.5	21,005.2	414,689.0	150,960.9	208,734.7	11,507.2	0.0	0.0	0.0	430,081.7	58,282.9	585,363.8	2,133,580.5
Jun	0	285,842.3	35,449.8	421,147.8	169,760.3	168,035.2	12,246.4	-	-	-	450,119.5	75,675.3	641,892.5	2,260,169.2
Percent of Total														
End of period	Public Sector*	Agricultural production	Mining	Mining & manuf-acturing**	Building and cons-truction	Transpor-tation	Tourism	Marketing of agricultural produce		Trade in capital goods	All other trade	Specified financial institutions	Other	Total
								Export of agricultural produce	Export of agricultural produce					
1997	2.8	7.5	-	23.6	2.3	8.1	1.4	1.4	1.7	0.2	23.6	0.4	26.9	100.0
1998	2.0	7.5	-	23.1	2.3	9.1	0.9	2.6	0.8	0.0	26.0	1.1	24.6	100.0
1999	2.2	5.7	-	29.3	2.1	11.0	1.2	0.9	0.6	0.0	25.2	0.9	21.0	100.0
2000	2.1	6.3	-	31.4	3.4	13.5	1.0	0.4	0.1	0.0	26.4	2.1	13.4	100.0
2001	2.1	9.6	-	33.6	3.4	10.1	1.8	0.0	0.0	0.0	33.1	1.1	5.3	100.0
2002	1.3	17.1	-	25.6	5.4	10.9	2.3	0.0	0.0	0.0	23.1	4.5	9.7	100.0
2003	1.9	12.0	-	26.1	4.7	9.1	2.5	0.0	0.0	0.0	22.8	4.1	16.8	100.0
2004	0.6	13.5	0.6	22.8	4.0	8.7	2.6	0.0	0.0	0.0	23.6	4.3	19.3	100.0
2005	1.0	12.4	1.9	20.6	5.8	7.6	2.4	0.0	0.0	0.0	23.7	6.0	18.5	100.0
2006	0.0	13.8	1.1	21.5	6.6	9.3	0.6	0.0	0.0	0.0	18.9	2.3	25.8	100.0
2005-Mar	1.4	13.0	1.3	21.7	3.6	8.6	2.7	0.0	0.0	0.0	23.6	5.2	18.9	100.0
Jun	1.4	12.9	1.7	21.2	4.5	8.6	2.9	0.0	0.0	0.0	24.1	5.2	17.6	100.0
Sep	1.4	13.8	1.5	22.2	3.9	7.8	1.7	0.0	0.0	0.0	23.1	6.9	17.8	100.0
Dec	1.0	12.4	1.9	20.6	5.8	7.6	2.4	0.0	0.0	0.0	23.7	6.0	18.5	100.0
2006-Mar	1.4	11.6	-	19.1	5.3	7.6	0.5	0.0	0.0	0.0	24.2	6.3	20.8	100.0
Jun	-	11.3	1.5	22.4	6.9	7.4	0.8	0.0	0.0	0.0	22.3	1.9	25.5	100.0
Sep	-	15.0	1.0	20.6	7.4	8.7	0.9	0.0	0.0	0.0	20.0	1.3	25.1	100.0
Dec	0.0	13.8	1.1	21.5	6.6	9.3	0.6	0.0	0.0	0.0	18.9	2.3	25.8	100.0
2007-Mar	0.0	11.9	1.0	19.4	7.1	9.8	0.5	0.0	0.0	0.0	20.2	2.7	27.4	100.0
Jun	0.0	12.6	1.6	18.6	7.5	7.4	0.5	-	-	-	19.9	3.3	28.4	100.0

* Formerly known as Public Administration

** Beginning 2004 commercial banks lending to the mining and manufacturing sector exclude lending extended to the mining sector.

Source: Bank of Tanzania



BANK OF TANZANIA

A3.0. Money and Banking

Table A3.12 :Commercial Bank's Deposits*, 1997 - 2007

End of period	Central Govt.						of which		Total	Million of TZS			
	Central Govt.	Local Govt.	Central Govt. Institutions	Para stats	Other domestic	Foreign	Demand	Time		Savings	Other		
1997	28,427.3	3,682.1	17,789.6	37,128.4	580,591.9	870.4	668,489.6	229,131.7	128,321.5	140,215.3	170,821.0		
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		
2005-Mar	137,670.0	126,760.6	32,090.0	0.2	2,320,488.7	0.0	2,617,009.5	878,365.2	345,584.6	479,139.7	913,919.9		
Jun	139,999.5	72,029.2	24,603.5	297.3	2,434,582.9	0.0	2,671,512.4	925,829.3	335,183.6	508,964.3	901,535.2		
Sep	155,245.3	86,525.7	31,889.7	164.3	2,626,529.0	0.0	2,900,354.0	968,237.1	350,574.6	550,205.6	1,031,336.6		
Dec	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-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	0.0	0.0	3,454,395.0	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	160,110.4	29,755.9	4.6	3,751,866.9	0.0	4,224,024.6	1,216,571.4	514,630.7	827,737.8	1,665,084.6		
Jun	252,788.9	200,226.4	0.0	11.4	3,940,196.6	0.0	4,393,223.2	1,321,626.5	541,003.0	864,115.0	1,666,478.8		
2006-January	173,300.2	94,951.3	36,069.7	160.7	3,081,385.7	0.0	3,385,867.6	1,074,458.8	452,220.5	623,441.5	1,235,746.8		
February	168,507.9	133,119.5	39,077.4	121.3	3,103,700.2	0.0	3,444,526.2	1,058,664.3	450,696.8	646,194.8	1,288,970.4		
March	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		
April	182,976.3	113,864.1	38,914.1	0.0	3,138,151.9	0.0	3,473,906.4	1,068,561.0	443,895.8	661,691.5	1,299,758.2		
May	210,944.3	98,831.3	38,006.3	0.0	3,174,534.3	0.0	3,522,316.2	1,086,994.9	464,020.5	674,795.5	1,296,505.3		
June	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		
July	201,786.9	93,218.4	29,100.0	0.0	3,398,037.2	0.0	3,722,142.4	1,149,023.2	448,879.9	691,900.3	1,432,339.0		
August	194,915.3	124,269.8	0.0	0.0	3,534,643.5	0.0	3,853,828.6	1,190,228.6	424,608.2	706,055.4	1,532,936.3		
September	231,845.8	153,763.0	0.0	0.0	3,454,395.0	0.0	3,840,003.8	1,122,021.9	464,071.8	720,439.7	1,533,470.3		
October	262,316.2	134,302.2	0.0	0.0	3,529,887.5	0.0	3,926,505.8	1,159,987.1	467,252.8	747,772.8	1,551,493.0		
November	255,695.6	135,836.7	0.0	0.0	3,639,269.4	0.0	4,030,801.7	1,149,262.7	482,734.6	773,665.0	1,625,139.5		
December	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-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	160,110.4	29,755.9	4.6	3,751,866.9	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	187,733.3	37,635.0	11.4	3,876,313.9	0.0	4,380,492.9	1,353,187.9	543,171.0	853,185.7	1,630,948.3		
June	252,788.9	200,226.4	0.0	11.4	3,940,196.6	0.0	4,393,223.2	1,321,626.5	541,003.0	864,115.0	1,666,478.8		

* Revised Figures

Source: Bank of Tanzania

BANK OF TANZANIA



A3.0 Money and Banking

Table A3.13: Weighted Average Interest Rates Structure of Commercial Banks, 2004- 2007

													Percent		
Item	2004				2005				2006				2007*		
	Feb	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
A: Domestic Currency															
1. Interbank Cash Market Rates															
Overnight	3.4	3.2	6.4	4.1	4.5	5.0	6.6	5.8	4.5	8.5	15.2	6.7	7.5	6.7	
2 to 7 days	3.6	3.8	6.8	4.4	4.6	5.1	7.8	5.3	4.9	6.0	14.1	7.4	7.8	7.6	
8 to 14 days	4.5	4.4	8.0	8.1	5.1	5.6	7.6	6.5	6.5	10.7	14.0	9.6	7.3	7.0	
15 to 30 days	6.8	7.7	7.9	6.3	6.3	6.2	9.3	8.2	6.4	7.6	7.3	6.1	9.6	6.0	
31 to 60 days	6.7	7.0	8.2	8.4	6.9	5.6	10.2	9.1	9.2	6.7	8.4	7.2	7.9	9.6	
61 to 90 days	6.5	8.3	8.4	9.4	9.4	7.4	10.6	12.5	12.6	12.6	8.5	9.3	10.0	10.8	
91 to 180 days	7.6	7.5	9.6	9.7	8.5	8.4	11.0	13.5	13.0	12.3	9.5	9.7	14.9	12.5	
181 and above	8.4	7.5	11.0	9.9	9.2	9.2	13.6	14.8	14.5	8.8	13.5	11.6	11.6	12.9	
Overall interbank cash market rate	3.8	3.6	6.7	4.9	4.8	5.1	7.2	6.0	5.1	5.1	12.6	6.4	6.9	6.3	
2. Lombard Rate															
	10.2	11.1	11.0	11.0	11.0	11.0	11.0	11.0	13.3	9.7	22.8	13.3	11.3	10.0	
3. REPO Rate															
	4.0	5.1	5.9	5.5	5.0	5.2	7.7	6.0	5.1	5.1	12.6	6.4	6.9	6.3	
4. Treasury Bills Rates															
35 days	6.8	6.7	8.2	8.1	6.5	6.6	9.5	8.6	8.9	6.4	10.6	8.8	7.2	6.5	
91 days	7.5	7.7	9.3	9.6	8.2	8.1	12.5	14.7	13.4	7.8	11.1	14.4	14.9	12.6	
182 days	6.5	8.0	9.9	9.9	9.4	9.4	13.1	14.7	13.7	8.5	11.7	15.0	16.4	16.7	
364 days	6.4	8.2	10.4	10.7	9.8	10.5	13.7	15.7	13.9	9.6	13.0	15.6	17.2	18.4	
5. Treasury bills rate															
	7.6	7.8	9.6	9.6	8.4	9.3	12.6	14.8	13.4	8.2	12.0	15.0	16.0	17.1	
6. Treasury Bonds:															
2-years	7.4	8.8	11.0	12.0	14.6	15.1	16.9	16.9	16.1	13.4	16.9	18.5	19.2	18.3	
5-years	10.2	6.7	11.5	11.7	12.6	12.1	15.0	17.0	17.8	15.8	17.4	15.2	16.2	18.4	
7-years	11.1	10.7	10.4	10.4	13.1	13.2	13.1	18.3	18.1	15.3	17.4	17.3	20.7	18.6	
10-years	11.8	11.7	12.6	12.6	14.1	14.1	14.1	17.0	20.3	16.0	17.4	17.7	18.5	17.5	
7. Discount Rate															
	12.5	12.6	14.4	14.4	13.6	13.9	16.1	19.3	17.5	13.4	16.7	20.1	20.1	21.4	
8. Savings Deposit Rate															
	2.4	2.4	2.4	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.6	
9. Time Deposits Rates															
Call Accounts	0.9	1.7	1.2	2.1	2.4	1.0	1.3	1.6	1.5	1.7	1.4	0.9	1.3	1.3	
1 month	3.0	3.5	3.8	3.2	3.3	3.3	4.4	2.6	5.1	7.9	8.4	7.3	7.7	6.7	
2 months	5.5	5.9	5.9	4.5	4.9	5.2	5.8	7.1	9.8	7.8	7.2	7.4	8.6	7.8	
3 months	3.9	4.0	3.9	5.4	5.0	4.5	4.3	5.5	5.0	6.8	6.8	7.6	7.5	8.6	
6 months	5.1	5.0	5.0	5.0	5.4	5.6	5.3	7.2	6.8	5.6	8.6	9.0	8.9	9.3	
12 months	5.6	5.8	6.1	5.8	6.0	6.0	6.3	7.7	7.4	8.7	8.2	8.7	9.2	8.9	
24 months	4.8	4.6	6.2	4.0	4.9	5.4	5.9	5.3	6.3	7.9	7.7	9.4	10.9	11.3	
10. Negotiated Deposit Rates															
	7.9	6.8	6.4	8.8	8.8	8.5	8.3	10.6	10.4	10.1	10.1	9.3	7.1	8.7	
11. Lending rates															
	13.5	14.2	14.9	14.8	15.4	15.6	15.1	15.0	14.8	15.4	16.7	16.4	16.4	15.7	
Call Loans	17.1	14.0	10.0	19.3	19.3	14.5	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	
Short-term (up to 1 year)	15.6	15.7	15.6	14.2	16.0	16.1	15.7	15.7	15.0	15.8	15.9	15.7	14.9	14.0	
Medium-term (1-2 years)	17.1	17.3	17.2	17.2	17.0	16.8	16.7	16.0	15.9	17.9	18.9	19.3	16.8	17.0	
Medium-term (2-3 years)	9.9	11.9	13.8	15.3	15.4	16.2	15.5	14.5	14.9	16.2	16.5	16.6	15.4	14.6	
Long-term (3-5 years)	12.5	13.1	13.2	12.6	13.3	14.1	13.3	14.1	14.2	15.3	16.7	14.9	16.5	15.6	
Term Loans (over 5 years)	12.2	13.2	14.7	14.7	15.4	14.6	14.2	14.7	13.8	12.1	15.6	15.7	18.1	17.4	
12. Negotiated Lending Rates															
	7.5	9.4	12.9	11.1	10.3	11.0	11.4	11.1	11.6	11.2	10.5	10.6	11.7	12.2	
B: Foreign Currency															
1. Deposits Rates:															
	0.8	0.6	0.6	0.6	0.8	0.9	1.1	1.1	1.4	1.9	1.9	2.0	2.3	2.0	
Call Accounts	0.4	0.2	0.2	0.6	0.5	0.5	0.7	0.5	1.8	2.5	2.5	2.5	2.5	2.5	
Savings Deposits	0.7	0.9	0.8	0.6	0.7	0.7	0.7	0.8	0.6	0.6	0.6	0.7	1.5	0.8	
Time Deposits	1.2	0.9	0.8	0.6	1.4	1.7	1.8	1.9	1.7	2.5	2.6	2.7	2.9	2.7	
1-months	0.8	1.1	1.1	1.7	1.3	1.2	1.5	1.6	1.5	2.0	2.6	2.5	2.6	1.8	
2-months	1.1	0.9	0.8	2.7	1.3	1.6	2.7	2.3	1.6	2.5	2.7	2.8	2.6	2.2	
3-months	1.1	1.1	1.1	1.6	1.4	1.7	1.2	1.5	2.2	1.9	2.6	2.5	3.3	2.9	
6-months	1.2	1.0	1.3	1.2	1.5	1.4	1.3	1.9	1.4	2.4	2.2	3.1	3.0	3.0	
12-months	1.7	1.5	1.6	1.7	1.4	2.6	2.4	2.1	2.0	3.8	3.0	2.8	3.0	3.8	
2. Lending Rates															
Short-term (up to 1 year)	6.7	6.1	6.3	7.5	7.0	6.9	7.4	6.6	7.7	7.5	9.3	8.9	8.2	8.0	
Medium-term (1-2 years)	7.5	7.2	8.1	7.4	8.3	7.7	6.9	7.7	8.2	8.3	8.6	8.5	8.6	8.6	
Medium-term (2-3 years)	7.8	8.4	7.7	8.0	8.6	9.3	7.8	9.1	8.8	8.8	8.1	7.6	7.9	7.9	
Long-term (3-5 years)	7.1	11.8	5.8	6.4	7.0	9.0	8.0	7.6	7.2	8.0	9.8	9.8	7.8	7.1	
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	

* Provisional

Source: Bank of Tanzania



BANK OF TANZANIA

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.1: Tanzania's Balance of Payments, 2000 - 2006

Millions of USD							
Item	2000	2001	2002 ^r	2003 ^r	2004 ^r	2005 ^r	2006 ^p
A. Current Account	-485.9	-237.4	83.6	-87.5	-383.3	-881.6	-1,458.7
Goods: Exports f.o.b.	733.7	851.3	979.6	1,216.1	1,473.1	1,675.8	1,723.0
Traditional	292.8	231.1	206.1	220.5	297.8	354.5	267.1
Non-traditional	440.9	620.2	773.5	995.7	1,175.3	1,321.2	1,455.9
o/w: Gold	112.7	254.1	341.1	502.8	629.4	655.1	773.2
Goods: Imports f.o.b.	-1,367.6	-1,560.3	-1,511.3	-1,933.5	-2,482.8	-2,997.6	-3,864.1
Balance on Goods	-633.9	-709.0	-531.8	-717.3	-1,009.8	-1,321.8	-2,141.1
Services: Credit	627.3	914.6	920.1	947.8	1,133.6	1,269.2	1,464.5
Transportation	56.8	105.9	117.1	138.9	183.0	222.9	327.6
Travel	376.7	615.1	635.0	646.5	746.0	823.6	914.0
Other	193.8	193.6	168.0	162.3	204.6	222.7	222.9
Services: Debit	-682.4	-649.7	-632.5	-725.7	-974.7	-1,207.3	-1,247.3
Transportation	-205.7	-194.2	-176.9	-214.7	-267.1	-319.5	-417.6
Travel	-337.3	-327.3	-337.5	-353.2	-445.3	-553.8	-534.5
Other	-139.4	-128.1	-118.1	-157.8	-262.3	-334.0	-295.2
Balance on Services	-55.1	264.9	287.6	222.1	158.9	61.8	217.2
Balance on Goods and Services	-689.0	-444.1	-244.2	-495.3	-850.9	-1,260.0	-1,923.8
Income: Credit	50.4	55.3	67.9	87.1	81.8	80.9	80.3
: Debit	-240.9	-243.8	-156.8	-236.2	-200.9	-198.0	-165.2
Balance on Income	-190.6	-188.5	-88.8	-149.1	-119.1	-117.0	-84.8
Balance on Goods, Services and Income	-879.5	-632.6	-333.0	-644.4	-970.0	-1,377.0	-2,008.7
Current transfers (Net)	393.6	395.3	416.6	556.9	586.7	495.4	550.0
Current transfers: Credit	472.1	474.8	477.9	619.9	651.7	653.0	615.6
Government	427.8	418.4	427.7	553.3	582.0	478.4	521.3
o/w Multilateral HIPC relief	40.6	71.3	68.8	68.2	73.7	75.7	42.1
Other sectors	44.3	56.4	50.2	66.6	69.7	84.5	94.4
Current transfer: Debit	-78.5	-79.5	-61.3	-63.0	-65.0	-67.5	-65.6
B. Capital Account	330.4	361.5	785.7	692.8	459.9	633.2	5,292.9
Capital transfers: Credit	330.4	361.5	785.7	692.8	459.9	633.2	5,292.9
General Government	314.7	339.2	755.6	655.5	420	590.2	5,254.3
Capital transfers: Debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-155.5	124.1	869.3	605.3	76.6	-248.4	3,834.2
C. Financial Account, excl. reserves and related items	187.8	-353.7	255.4	61.2	275.6	665.3	-4,001.0
Direct investment in Tanzania	282.0	467.2	387.6	308.2	330.6	447.6	474.5
Portfolio investment	0.0	0.0	2.2	2.7	2.4	2.5	2.6
Other investment	-94.2	-829.1	-134.4	-249.7	-57.4	215.2	-4,478.1
Assets	-134.0	-76.7	2.9	-59.0	-11.0	-61.5	-179.3
Liabilities	39.9	-752.5	-137.3	-190.6	-46.4	276.6	-4,298.8
Total, Groups A through C	32.4	-229.6	1,124.7	666.5	352.3	416.9	-166.8
D. Net Errors and Omissions	-118.7	-580.0	-806.8	-277.4	-146.3	-614.1	28.3
Overall balance	-86.3	-809.6	317.9	389.1	206.0	-197.2	-138.5
E. Reserves and Related Items	86.3	809.6	-317.9	-389.1	-206.0	197.2	138.5
Reserve assets	-198.8	-182.2	-372.4	-508.8	-258.4	247.7	137.0
Use of Fund credit and loans	49.4	15.6	26.0	-2.9	-33.8	-50.5	1.5
Exceptional financing:	235.7	976.2	28.5	122.6	86.2	0.0	0.0
Rescheduled debt	10.1	131.4	9.8	86.9	0.0	0.0	0.0
Debt forgiveness	49.4	642.1	0.0	0.0	0.0	0.0	0.0
Interest arrears	81.2	67.4	18.4	29.5	21.9	0.0	0.0
Principal arrears	95.0	135.2	0.4	6.2	64.3	0.0	0.0
Memorandum items							
GDP(mn) Mill. TZS	7,277,799.9	8,304,338.6	9,399,085.8	10,695,187.2	12,396,058.7	14,417,559.7	16,742,407.9
GDP(mn) Mill. USD	9,092.7	9,475.6	9,724.0	10,297.9	11,379.4	12,772.1	13,373.7
CAB/GDP	-5.3	-2.5	0.9	-0.8	-3.4	-6.9	-10.9
CAB/GDP (excl. current official transfers)	-10.0	-6.9	-3.5	-6.2	-8.5	-10.6	-14.8
Gross Official Reserves - Mill. USD	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4	2,260.1
Months of Imports	5.7	6.3	8.6	9.2	8.0	5.8	5.3
Net International Reserves- Mill.USD (year end)	542.7	761.2	1,058.4	1,533.9	1,786.9	1,395.9	1,994.8
Change in Net International Reserves- Mill. USD	-137.6	-218.5	-297.2	-475.5	-253.0	391.0	-598.9
Exchange rate- TZS/USD (end of period)	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6
Exchange rate- TZS/USD (annual average)	800.4	876.4	966.6	1,038.6	1,089.3	1,128.8	1,251.9

Note: 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services, following changes in the ratios of freight and insurance services to the total imports (c.i.f.).

figures for service account have consequently been revised.

2) Export figures have been revised following inclusion of re-exports

3) GDP-Gross Domestic Product, mn-Market price, CAB-Current Account Balance

4) p = provisional data, subject to revision

5) Net capital account has changed following the removal of the debt forgiveness.

The exceptional financing has changed following the inclusion of the rescheduled and forgiven debt.

The changes are according to the requirement of the BPM5.

5) r = revised

6) Net capital account has changed following the removal of the debt forgiveness.

the exceptional financing has changed following the inclusion of the rescheduled and forgiven debt.

the changes are according to the requirement of the BPM5.

Source: Bank of Tanzania

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.2: Tanzania Balance of Payments, 2000 - 2006

Millions fTZS							
Item	2000	2001	2002	2003	2004	2005	2006 ^p
A. Current Account	-388,435.3	-209,010.7	82,144.3	-88,986.5	-422,962.5	-993,659.0	-1,827,309.1
Goods: Exports (f.o.b)	587,442.1	746,742.4	948,602.9	1,265,212.5	1,597,578.8	1,896,767.3	2,160,481.3
Traditional	234,547.9	201,165.1	199,906.8	229,516.2	320,181.2	402,964.4	333,645.6
Non-traditional	352,894.2	545,577.3	748,696.1	1,035,696.2	1,277,397.6	1,493,802.9	1,826,835.7
o/w: Gold	90,232.9	224,171.9	329,930.5	523,578.2	684,321.2	739,869.0	967,964.4
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
Balance on Goods	-507,196.1	-622,448.5	-512,343.6	-746,126.6	-1,099,697.8	-1,493,987.0	-2,694,669.7
Services: Credit	502,170.7	802,816.1	889,335.0	984,865.9	1,232,378.9	1,434,007.9	1,836,587.4
Transportation	45,473.0	92,701.1	113,211.2	144,089.2	199,140.4	252,288.9	410,652.9
Travel	301,555.6	540,536.2	613,620.8	672,095.5	811,281.3	930,451.6	1,146,100.6
Other	155,142.1	169,578.7	162,503.1	168,681.2	221,957.2	251,267.4	279,833.9
Services: Debit	-546,187.9	-568,704.0	-611,200.4	-754,655.7	-1,058,042.2	-1,365,303.3	-1,564,576.2
Transportation	-164,646.9	-170,330.4	-170,981.7	-223,225.9	-290,125.8	-361,690.5	-524,537.3
Travel	-269,988.1	-286,471.8	-326,029.6	-367,257.2	-483,121.0	-625,910.7	-669,662.5
Other	-111,552.9	-111,901.9	-114,189.1	-164,172.7	-284,795.5	-377,702.1	-370,376.4
Balance on Services	-44,017.2	234,112.0	278,134.6	230,210.2	174,336.7	68,704.6	272,011.2
Balance on Goods and Services	-551,213.3	-388,336.5	-234,209.0	-515,916.4	-925,361.1	-1,425,282.4	-2,422,658.5
Income: Credit	40,302.6	48,766.9	65,570.0	90,724.5	88,631.0	91,627.3	100,754.9
: Debit	-192,887.5	-213,925.8	-151,265.8	-245,021.8	-218,680.8	-223,975.2	-206,304.8
Balance on Income	-152,585.0	-165,158.9	-85,695.8	-154,297.2	-130,049.8	-132,347.9	-105,549.9
Balance on Goods, Services and Income	-703,798.2	-553,495.4	-319,904.8	-670,213.6	-1,055,410.9	-1,557,630.3	-2,528,208.4
Current transfers (Net)	315,362.9	344,484.8	402,049.2	581,227.1	632,448.5	563,971.3	700,899.3
Current transfers: Credit	378,139.7	415,024.3	461,300.9	646,655.5	703,311.2	640,217.1	783,046.1
Government	342,659.7	365,608.9	412,778.3	577,500.4	627,401.8	544,566.0	665,052.8
o/w Multilateral HIPC relief	32,480.3	62,486.8	66,510.8	70,779.1	80,315.3	85,486.8	51,870.6
Other sectors	35,480.0	49,415.3	48,522.6	69,155.1	75,909.5	95,651.1	117,993.2
Current transfer: Debit	-62,776.8	-70,539.5	-59,251.7	-65,428.3	-70,862.8	-76,245.8	-82,146.8
B. Capital Account	338,220.3	353,283.6	788,450.1	739,863.5	584,546.5	541,681.4	6,672,503.4
Capital transfers: Credit	325,634.1	333,565.8	759,355.8	701,124.5	541,037.2	493,085.0	6,623,847.3
Government	313,048.0	313,848.0	313,848.0	314,363.9	314,903.5	316,369.1	317,946.0
Other sectors	12,586.2	19,717.8	29,094.2	38,739.0	43,509.3	48,596.4	48,656.0
Total, Groups A plus B	-50,215.0	144,272.9	870,594.4	650,877.0	161,584.1	-451,977.6	4,845,194.3
C. Financial Account, excl. reserves and related items	273,557.5	-310,307.2	246,814.2	62,138.1	297,501.6	747,888.6	-5,035,327.3
Direct investment abroad	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	505,267.3	593,968.6
Portfolio investment	0.0	0.0	2,126.5	2,804.2	2,614.4	2,822.1	3,286.2
Other investment	47,844.4	-726,944.3	-129,961.0	-260,755.8	-65,250.7	239,799.2	-5,632,582.2
Assets	-107,268.2	-66,597.3	3,114.2	-61,129.6	-12,010.9	-74,544.9	-230,303.7
Liabilities	155,112.6	-660,346.9	-133,075.2	-199,626.2	-53,239.8	314,344.1	-5,402,278.4
Total, Groups A through C	223,342.5	-166,034.3	1,117,408.6	713,015.1	459,085.7	295,911.1	-190,133.0
D. Net Errors and Omissions	-292,207.4	-541,468.2	-1,224,711.8	-653,714.5	-459,827.0	-609,300.1	16,729.7
Overall balance (Total, Groups A through D)	-68,864.9	-707,502.5	-107,303.2	59,300.7	-741.3	-313,389.0	-173,403.3
E. Reserves and Related Items	68,864.9	707,502.5	107,303.2	-59,300.7	741.3	313,389.0	173,403.3
Reserve assets	-159,359.2	-161,679.9	-361,263.0	-531,123.4	-266,381.6	276,263.1	171,464.2
Use of Fund credit and loans	39,539.8	13,671.7	25,131.2	-3,011.9	-7,904.8	-89,416.7	1,939.2
Exceptional financing:	188,684.3	855,510.7	443,435.0	474,834.6	275,027.7	126,542.6	0.0
Rescheduled debt	8,049.7	115,192.6	9,438.0	90,258.8	0.0	0.0	0.0
Debt forgiveness	39,575.9	562,731.2	415,897.7	347,482.0	181,158.8	126,542.6	0.0
Interest arrears	64,992.6	59,109.1	17,758.1	30,669.2	23,824.0	0.0	0.0
Principal arrears	76,066.1	118,477.8	341.2	6,424.6	70,045.0	0.0	0.0
Memorandum items:							
GDP(mp) Mill.TZS	7,277,799.9	8,304,338.6	9,399,085.8	10,695,187.2	12,396,058.7	14,417,559.7	16,742,407.9
GDP(mp) Mill. USD	9,092.7	9,475.6	9,724.0	10,297.9	11,379.4	12,772.1	13,373.7
CAB/GDP	-5.3	-2.5	0.9	-0.8	-3.4	-6.9	-10.9
CAB/GDP (excl. current official transfers)	-10.0	-6.9	-3.5	-6.2	-8.5	-10.7	-14.9
Gross Official Reserves - Mill. TZS	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
Months of Imports	5.7	6.6	8.6	9.4	7.7	6.0	5.3
Net International Reserves - Mill. TZS (year end)	435,928.0	697,531.9	1,033,316.6	1,631,475.6	1,863,686.5	1,626,907.0	2,516,694.6
Change in Net International Reserves-Mill.TZS	-112,951.4	-261,603.9	-335,784.7	-598,159.0	-232,210.9	236,779.5	-889,787.7
Exchange rate - TZS/USD (end of period)	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6
Exchange rate-TZS/USD (annual average)	800.4	876.4	966.6	1,038.6	1,089.3	1,128.8	1,251.9

Note: 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.

following changes in the ratios of freight and insurance services to the total imports (c.i.f), figures for service account have consequently been revised.

2) Export figures have been revised following inclusion of re-exports

3) Conversion to TZS from US\$ is done using monthly average exchange rate.

4) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance

5) p = provisional data, subject to revision

6) r = revised from 2002

7) Net capital account has changed following the removal of the debt forgiveness,

the exceptional financing has changed following the inclusion of the rescheduled and forgiven debt, the changes are according to the requirement of the BPM5.

Source: Bank of Tanzania



BANK OF TANZANIA

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.3: Tanzania Exports by Type of Commodity, 1997 - 2007

Commodity	January - June										
	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005	2006 ^p	2007 ^p
A: Traditional Exports :											
COFFEE											
Value	65.3	51.1	38.7	47.8	38.9	18.8	32.5	23.9	45.7	31.9	62.7
Volume	27.3	17.6	16.0	26.0	30.1	19.0	29.9	18.8	28.7	15.2	29.4
Unit Price	2,390.4	2,909.0	2,421.4	1,837.6	1,292.2	986.4	1,086.0	1,271.3	1,591.0	2,107.4	2,134.0
COTTON											
Value	53.0	19.9	8.7	10.0	6.9	5.1	18.7	10.4	29.4	37.0	8.2
Volume	37.0	15.9	7.3	9.8	6.1	5.2	21.2	14.7	28.8	36.6	8.2
Unit Price	1,430.6	1,248.0	1,187.7	1,022.5	1,142.5	986.3	885.4	706.7	1,018.7	1,011.9	1,000.8
SISAL											
Value	4.6	3.1	3.9	3.1	2.9	3.1	3.7	4.0	4.0	3.1	5.1
Volume	7.3	5.5	7.3	7.4	6.1	5.9	7.3	7.4	5.1	4.1	6.2
Unit Price	627.0	565.0	530.7	410.6	481.1	535.2	500.6	543.3	793.5	767.5	822.6
TEA											
Value	14.9	19.7	12.7	18.7	18.7	16.0	16.0	18.5	16.3	18.2	19.8
Volume	11.2	12.3	10.9	13.4	14.5	12.6	13.8	14.9	14.2	14.2	14.3
Unit Price	1,333.2	1,594.6	1,164.0	1,391.6	1,289.8	1,263.5	1,160.1	1,246.8	1,153.1	1,276.2	1,385.4
TOBACCO											
Value	9.1	33.7	24.9	23.4	16.2	23.5	8.2	16.2	17.4	15.6	33.3
Volume	3.9	16.6	12.9	12.0	10.1	11.7	4.1	10.7	10.4	5.9	15.8
Unit Price	2,321.3	2,027.3	1,940.8	1,948.5	1,599.5	2,010.4	1,997.8	1,513.1	1,673.7	2,644.4	2,110.8
CASHEWNUTS											
Value	37.3	21.1	11.2	29.3	25.6	6.3	3.7	10.5	4.0	19.4	8.7
Volume	58.1	27.0	16.4	30.4	41.1	10.7	5.2	16.7	4.6	26.1	17.8
Unit Price	643.0	780.8	683.9	963.2	621.3	592.2	706.2	626.7	874.7	744.3	488.9
CLOVES											
Value			0.1	9.4	0.6	0.2	5.9	5.2	1.4	2.4	4.0
Volume			0.0	2.73	0.2	0.0	2.7	2.7	0.5	0.8	1.4
Unit Price			3,347.4	3,431.38	2,930.70	5,560.2	2,241.8	1,923.5	2,996.0	3,197.4	2,954.8
Sub Total Traditional	184.1	148.6	100.3	141.6	109.8	73.0	88.7	88.7	118.3	127.7	141.9
Non-traditional Exports:											
Minerals	28.6	13.7	20.2	80.4	140.8	188.0	240.4	313.4	n.a	n.a	n.a
Manufactured Goods	87.3	17.7	14.7	16.6	21.3	29.3	34.4	44.8	64.5	89.8	120.9
Others Exports	83.1	87.2	90.0	97.2	119.5	138.3	168.0	167.1	205.0	205.0	250.9
Sub Total	199.0	118.6	124.9	194.2	281.6	355.6	442.9	525.4	625.3	681.2	800.2
Grand Total	383.1	267.2	225.2	335.8	391.4	428.6	531.6	614.1	743.6	808.9	942.2

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) Beginning 1998, other exports also include re-exports, consequently total exports have been revised

4) Prior to July 1997 export figures were obtained from CD3 forms processed th

Dept, Crop Boards,

Ministry of minerals, TPDC and staff estimates.

5) p = Provisional

6) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.4: Tanzania Exports by Type of Commodity, 1997 - 2007

Commodity	January - June										
	1997	1998	1999	2000	2001	2002	2003	2004 ¹	2005	2006 ²	2007 ³
A: Traditional Exports:											
COFFEE											
Value	39,507.2	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	80,062.4
Volume	27.3	26.0	30.1	26.0	30.1	19.3	29.9	18.8	28.7	15.2	29.4
Unit Price	1,447,150.2	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	2,722,925.2
COTTON											
Value	32,077.2	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	10,505.4
Volume	37.0	9.8	6.1	9.8	6.1	5.2	21.2	14.7	28.8	36.6	8.2
Unit Price	866,074.1	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	1,276,944.0
SISAL											
Value	2,759.8	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	5,433.4
Volume	7.3	7.4	6.1	7.4	6.1	6.2	7.3	7.4	5.1	4.1	6.2
Unit Price	379,616.3	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	878,149.3
TEA											
Value	9,018.8	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	25,215.5
Volume	11.2	12.3	10.9	13.4	14.5	13.2	13.8	14.9	14.2	14.2	14.3
Unit Price	807,124.2	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	1,761,646.4
TOBACCO											
Value	5,506.0	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	42,542.3
Volume	3.9	16.6	12.9	12.0	10.1	11.7	4.1	10.7	10.4	5.9	15.8
Unit Price	1,405,307.0	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	2,694,428.0
RAW CASHEWNUTS											
Value	22,609.4	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	11,191.3
Volume	58.1	27.0	16.4	30.4	41.1	10.7	5.2	16.7	4.6	26.1	17.8
Unit Price	389,280.8	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	630,140.3
CLOVES											
Value			89.0	7,496.6	492.4	157.7	6,069.3	5,677.3	1,567.4	2,873.0	5,203.6
Volume			0.0	2.7	0.2	0.0	2.7	2.7	0.5	0.8	1.4
Unit Price			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	3,807,765.8
SubTotal Traditional	111,478.5	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	180,153.9
B: Non- Traditional:											
Minerals	17,296.4	8,971.8	14,111.4	64,297.1	120,709.2	185,667.1	247,677.2	346,774.7	395,095.5	471,173.5	508,513.9
Manufactured goods	52,859.6	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	149,840.5
Other exports		57,285.2	64,294.5	77,737.4	101,949.7	133,023.9	172,693.8	185,011.3	227,642.9	249,287.7	319,851.3
Sub Total Non-Traditional	120,471.1	77,889.3	88,623.7	155,315.0	240,747.9	346,946.5	455,881.8	581,446.0	694,421.8	829,817.8	978,205.7
Grand Total	231,949.5	175,479.1	158,564.2	268,606.7	332,281.0	416,730.6	546,812.7	679,119.7	825,030.9	983,657.0	1,158,359.6

Note: 1) 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.

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) Beginning 1998, other exports also include re-exports, consequently total exports have been revised

5) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept. Cr

ministry of minerals, TPDC and staff estimates.

6) p = Provisional

7) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority



BANK OF TANZANIA

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.5: Tanzania Imports (c.i.f) by Major Category, 1997 - 2007

Category	January - June											Millions of USD
	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005 ^p	2006 ^p	2007 ^p	
A. Capital Goods:	238.9	408.4	353.5	297.1	361.3	364.4	364.8	415.2	539.6	738.7	944.5	
Transport Equipment	90.6	117.1	144.4	119.4	85.2	109.4	109.2	122.0	130.8	199.9	229.3	
Building and Construction	18.1	77.0	63.1	64.9	73.5	59.6	83.8	92.5	124.4	177.0	217.7	
Machinery	130.2	214.3	146.1	112.8	202.7	195.3	171.8	200.7	284.5	361.8	497.5	
B. Intermediate Goods :	228.6	115.4	172.5	149.2	184.5	195.7	286.5	392.7	565.1	779.3	978.6	
Oil	104.1	60.0	61.3	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7	
O/W Crude Oil	20.0	24.1	9.9	0.0	0.0	-	-	0.0	0.0	0.0	0.0	
White	48.5	14.7	15.8	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7	
Fertilizers	9.2	4.9	7.8	5.9	5.0	7.0	8.4	21.5	27.4	7.9	11.7	
Industrial Raw Material	115.3	50.5	103.4	76.2	90.3	91.9	117.2	124.6	122.5	177.4	206.2	
C. Consumer Goods :	178.0	246.7	266.8	304.3	261.5	244.8	282.8	400.9	377.4	446.4	559.4	
Food and Food stuffs	24.8	99.1	72.8	92.2	100.9	80.5	79.4	153.9	84.2	161.0	149.6	
All Other Consumer Goods	153.2	147.5	194.0	212.1	160.7	164.3	203.4	246.9	293.2	285.4	409.8	
TOTAL	645.6	770.5	792.8	750.6	807.4	804.9	934.1	1,208.7	1,482.1	1,964.3	2,482.4	

Note: 1) Prior to July 1997, import statistics were estimated on the basis of issued Import licenses, Import Declaration Forms and PSI Reports, and

2) oil imports were obtained from TPDC

3) p = Provisional

4) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.6: Tanzania Imports (c.i.f) by Major Category, 1997 - 2007

Millions of TZS

Category	1997	1998	1999	2000	2001	2002	2003	2004 ^f	2005 ^g	2006 ^h	2007 ^p
A. Capital Goods:	144,643.5	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	1,201,769.9
Transport Equipment	54,837.6	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	291,829.4
Building and Construction	10,963.9	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	277,160.4
Machinery	78,842.0	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	632,780.1
B. Intermediate Goods:	138,413.9	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	1,247,619.9
Oil	63,016.7	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	969,950.8
Fertilizers	5,575.8	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	14,829.8
Industrial Raw Material	69,821.4	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	262,839.3
C. Consumer Goods:	107,774.3	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	712,109.9
Food and Food stuffs	15,032.2	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	190,637.2
All Other Consumer Goods	92,742.1	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	521,472.7
Total	390,831.8	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	3,161,499.6

Note: 1) 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.

2) Prior to July 1997, import statistics were estimated on the basis of issued Import licenses, Import Declaration Forms and PSI Reports, and

3) oil imports were obtained from TPDC

4) p = Provisional

5) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority



BANK OF TANZANIA

A4.0: Balance of Payments and Foreign Trade Developments

Table A4.7: Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS, 1997 - 2007

End of Period	Bureau* (average)	Official (End of Period)											
		U.S. Dollar	Pound Sterling	U.S. Dollar	Deutsche Mark	Swiss Francs	Dutch Guilder	French Francs	Belgium Francs	Italian Lire	Swedish Kroner	Japanese Yen	Euro
1997	631.0000	624.5712	1,035.2299	349.0190	429.5523	309.6989	104.3036	16.9250	0.3550	79.0294	4.8118		
1998	665.5000	681.0000	1,134.6175	405.6457	492.7608	360.0598	120.8999	19.7821	0.4095	83.8510	5.9385		
1999	746.0833	797.3300	1,291.6191	410.5168	500.2055	364.3421	122.4029	19.9036	0.4147	107.6816	7.8093	802.9153	
2000	807.7333	803.2600	1,194.5320	382.9141	493.0986	339.8452	114.1721	18.5651	0.3868	84.6513	7.0362	748.9215	
2001	877.3200	916.3000	1,330.1964	415.1879	548.4515	368.4567	123.7924	20.1296	0.4194	87.1781	6.9800	812.0260	
2002	979.1083	965.7175	1,457.9933	434.2004	626.5607	385.3651	129.4635	21.0517	0.4386	100.5687	7.7785	918.8699	
2003	1,070.0000	1,063.6200	1,894.2062	479.9162	857.3070	425.9398	143.0945	23.2682	0.4848	147.2847	9.9450	1,337.1852	
2004	1,072.0000	1,042.9600	2,009.3172	470.5942	920.8120	417.6663	140.3150	22.8183	0.4754	157.4867	10.1668	1,420.5652	
2005	1,140.9583	1,165.5100	2,012.6062	525.8900	889.7695	466.7430	156.8023	25.4972	0.5312	147.1006	9.9408	1,384.7459	
2006	1,263.4167	1,261.6400	2,479.5049	569.2649	1,034.1723	505.2394	169.7352	27.6002	0.5750	183.8162	10.6141	1,662.0233	
2006-January	1,189.0000	1,184.7100	2,096.1110	534.5533	921.9526	474.4318	159.3854	25.9173	0.5400	155.1071	10.0719	1,433.0264	
February	1,201.0000	1,186.0000	2,064.5325	535.1353	897.6002	474.9484	159.5589	25.9455	0.5405	148.9327	10.1912	1,406.4187	
March	1,225.0000	1,223.8200	2,135.6907	552.2001	942.5953	490.0939	164.6471	26.7728	0.5578	158.2084	10.4226	1,487.4939	
April	1,242.0000	1,225.7000	2,207.1823	553.0484	972.5837	490.8468	164.9000	26.8140	0.5586	165.0546	10.7146	1,535.0085	
May	1,248.0000	1,257.0000	2,368.0648	567.1713	1,037.5127	503.3813	169.1109	27.4987	0.5729	174.8010	11.2132	1,618.4522	
June	1,268.0000	1,253.0800	2,297.2741	565.4025	1,016.6545	501.8114	168.5836	27.4129	0.5711	172.7232	10.9044	1,592.9178	
July	1,274.0000	1,287.8700	2,402.3953	581.1001	1,045.5163	515.7435	173.2641	28.1740	0.5870	178.0934	11.2591	1,644.0987	
August	1,305.0000	1,320.0000	2,513.8773	595.5975	1,074.3478	528.6104	177.5867	28.8769	0.6016	183.1698	11.2460	1,693.6280	
September	1,327.0000	1,272.7000	2,389.6883	574.2553	1,021.3036	509.6685	171.2232	27.8422	0.5801	174.8503	10.8062	1,617.6672	
October	1,287.0000	1,287.1400	2,444.7950	580.7707	1,029.6288	515.4512	173.1658	28.1581	0.5866	177.4009	10.9483	1,635.8925	
November	1,310.0000	1,290.3400	2,513.5849	582.2146	1,067.4982	516.7327	173.5964	28.2281	0.5881	187.1579	11.1016	1,698.7978	
December	1,285.0000	1,261.6400	2,479.5049	569.2649	1,034.1723	505.2394	169.7352	27.6002	0.5750	183.8162	10.6141	1,662.0233	
2007-January	1,294.0000	1,301.4400	2,554.9896	587.2230	1,039.0311	521.1778	175.0897	28.4709	0.5932	186.4813	10.7031	1,686.6018	
February	1,300.0000	1,263.3800	2,480.3327	570.0500	1,036.5332	505.9362	169.9693	27.6383	0.5758	180.6016	10.6623	1,670.2522	
March	1,274.0000	1,241.9600	2,438.5909	560.3851	1,021.3470	497.3583	167.0875	27.1697	0.5660	177.9635	10.5407	1,657.3341	
April	1,283.0000	1,278.3100	2,546.0771	576.7866	1,058.1585	511.9151	171.9779	27.9649	0.5826	189.9804	10.6913	1,738.5674	
May	1,283.0000	1,258.4700	2,486.5511	567.8345	1,026.9440	503.9699	169.3087	27.5309	0.5736	181.4658	10.3531	1,690.5663	
June	1,273.0000	1,264.9700	2,532.4099	570.7674	1,026.2607	506.5729	170.1832	27.6731	0.5765	184.2334	10.2505	1,700.6908	

* Period Average

Source: Bank of Tanzania

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.8: Tanzania's Trade Balance, 1997- 2007

Millions of TZS			
Period	Domestic Exports (f.o.b)	Total Imports (f.o.b)	Trade Balance
1997	459,549.0	703,106.2	-243,557.3
1998	423,423.7	907,494.3	-515,689.3
1999	455,656.9	1,090,595.9	-634,939.0
2000	587,997.8	1,094,638.2	-563,519.2
2001	746,886.2	1,369,191.0	-622,448.5
2002	948,602.9	1,460,946.6	-586,879.2
2003	1,265,212.5	2,011,339.1	-836,555.0
2004	1,597,578.8	2,697,276.6	-1,099,697.8
2005	1,896,767.3	3,390,754.3	-1,493,987.0
2006 ^p	2,160,481.3	4,855,151.0	-2,694,669.7
2003 - 1st Quarter	243,815.9	383,920.6	-140,104.7
2nd Quarter	268,231.7	491,205.1	-222,973.4
3rd Quarter	245,802.3	555,692.9	-309,890.6
4th Quarter	416,934.2	580,520.5	-163,586.3
2004 ² -1st Quarter	351,315.6	591,638.3	-240,322.7
2nd Quarter	327,804.1	625,468.2	-297,664.1
3rd Quarter	389,759.5	684,143.4	-294,383.9
4th Quarter	528,699.6	796,026.7	-267,327.1
2005-1st Quarter	429,045.4	790,453.7	-361,408.4
2nd Quarter	395,985.5	704,729.9	-308,744.4
3rd Quarter	481,437.4	914,335.3	-432,897.9
4th Quarter	590,299.0	981,235.3	-390,936.3
2006 ^p -1st Quarter	478,106.8	967,455.5	-489,348.7
2nd Quarter	505,550.2	1,211,689.8	-706,139.6
3rd Quarter	535,560.3	1,278,118.9	-742,558.5
4th Quarter	641,263.9	1,397,886.9	-756,623.0
2007 ^p -1st Quarter	595,811.3	1,445,980.8	-850,169.5
2nd Quarter	562,548.4	1,430,983.9	-868,435.5

- 1) Beginning 2002 monthly average exchange rates are used to compute figures in TZS.
 2) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept, Crop Boards, Ministry of minerals, TPDC and staff estimates while import statistics were estimated on the basis of issued import licenses, Import Declaration Forms and PSI Reports.
 3) Figures for 2006 and 2007 are provisional
 4) Figures for 2004 have been revised

Source: Bank of Tanzania and Tanzania Revenue Authority



BANK OF TANZANIA

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.9 : Tanzania's Exports by Major Commodity Groups, 1997 - 2007

Millions of TZS

Period	Coffee	Cotton	Sisal	Tea	Tobacco	Cashewnuts	Petroleum Products	Minerals	Manufactured Products	Others	Total
1997	72,743.7	79,623.4	5,591.0	19,498.4	33,060.1	55,513.3	4,336.5	31,302.9	67,716.5	90,163.1	459,548.9
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	587,442.4
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	373,241.9	63,951.2	315,360.1	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	384,266.6	1,265,212.5
2004 ^a	53,820.7	80,072.4	7,882.7	32,816.6	62,229.6	72,256.9	n.a	739,629.8	119,310.3	429,559.8	1,597,578.8
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	523,161.1	1,896,767.3
2006 ^b	76,357.9	69,083.0	7,618.4	38,682.7	83,047.2	48,619.7	n.a	1,034,117.2	245,717.2	557,237.9	2,160,481.3
2003-1st Quarter	20,416.7	11,881.9	2,190.0	8,413.2	5,974.6	2,748.1	n.a	103,076.4	15,329.8	92,913.3	262,944.1
2nd Quarter	12,891.9	7,271.8	1,586.6	8,086.5	2,419.8	980.4	n.a	144,600.8	20,181.0	85,849.8	283,868.6
3rd Quarter	5,087.7	11,826.6	1,849.6	3,408.6	6,512.5	2,993.1	n.a	126,125.5	20,597.4	93,828.5	272,229.5
4th Quarter	13,311.2	17,342.7	1,932.1	5,752.5	26,845.3	37,170.8	n.a	200,904.5	31,236.3	111,675.0	446,170.3
2004-1st Quarter	17,668.5	8,305.1	2,215.1	10,468.0	15,609.3	11,020.6	n.a	171,689.9	24,009.9	90,329.1	351,315.6
2nd Quarter	8,711.0	3,096.9	2,239.8	10,060.4	2,229.3	372.3	n.a	175,084.8	25,650.2	100,359.5	327,804.1
3rd Quarter	4,080.0	32,346.0	1,882.1	3,022.8	18,911.6	611.6	n.a	182,690.3	29,703.5	116,511.5	389,759.5
4th Quarter	23,361.3	36,324.4	1,545.7	9,265.3	25,479.4	60,252.2	n.a	210,164.8	39,946.7	122,359.7	528,699.6
2005-1st Quarter	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 Quarter	12,226.2	11,876.5	2,244.0	7,500.4	1,412.5	502.0	n.a	203,887.8	38,954.8	117,581.2	395,985.5
3rd Quarter	6,286.8	31,909.0	2,025.0	3,471.6	32,685.8	169.7	n.a	204,511.1	42,633.7	157,744.6	481,437.4
4th Quarter	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	136,206.2	590,299.0
2006-1st Q	27,598.7	24,573.6	2,258.2	10,085.1	12,280.2	22,039.8	n.a	203,689.3	49,897.1	125,684.8	478,106.8
2nd Q	10,813.9	20,261.8	1,531.1	12,080.6	6,544.2	898.9	n.a	267,484.3	59,459.6	126,475.9	505,550.2
3rd Q	6,467.6	11,003.8	459.2	7,353.7	38,407.8	624.8	n.a	261,027.5	62,993.3	147,222.7	535,560.3
4th Q	31,477.7	13,243.7	3,369.9	9,163.4	25,815.0	25,056.2	n.a	301,916.2	73,367.2	157,854.6	641,263.9
2007-1st Q	52,485.0	6,946.2	3,441.8	11,762.0	28,859.0	10,658.1	n.a	246,755.7	65,036.9	169,866.6	595,811.3
2nd Q	27,577.4	3,559.2	1,991.7	13,453.5	13,683.3	533.2	n.a	261,758.2	84,803.6	155,188.3	562,548.4

Note: 1) 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.

2) Since 1999 onwards clove exports started to be reported separately before they were reported under other exports.

3) Beginning 1998, figures have been revised following inclusion of re-exports

4) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept, Crop Boards, Ministry of minerals, TPDC and staff estimates.

5) Figures for 2006 and 2007 are provisional

6) Figures for 2004 have been revised

7) na = Not applicable

Source: Bank of Tanzania and Tanzania Revenue Authority

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.10: Tanzania's Imports (c.i.f) by Major Commodity Groups, 1997 - 2007

Period	Millions of TZS								
	Transport. equipments	Building and construction	Machinery	Oil	Fertilizers	Industrial raw materials	Food and food stuffs	Other consumer goods	Total
1997	155,587.0	52,520.9	137,889.9	105,672.5	13,868.7	114,272.4	59,707.4	168,649.1	808,168.0
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	1,043,096.9
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	1,253,558.5
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	1,229,678.5
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 ¹	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 ²	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
2003-1st Quarter	57,049.0	34,771.2	81,886.7	53,795.8	1,765.9	57,371.4	34,977.7	100,273.1	421,890.7
2nd Quarter	55,273.7	51,480.0	94,969.5	112,189.9	6,968.9	63,217.3	46,742.4	108,944.2	539,785.9
3rd Quarter	60,141.1	46,145.4	140,199.7	128,010.2	12,749.9	65,488.9	47,078.0	110,838.3	610,651.5
4th Quarter	70,186.6	40,283.5	114,784.8	126,222.8	8,318.4	71,286.9	61,117.4	145,734.3	637,934.6
2004-1st Quarter	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 Quarter	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 Quarter	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 Quarter	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 Quarter	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 Quarter	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 Quarter	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 Quarter	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 ³ -1st Quarter	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 Quarter	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 Quarter	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 Quarter	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 ⁴ -1st Quarter	125,378.0	137,181.5	292,071.0	505,051.6	4,496.6	139,896.2	112,202.0	272,713.0	1,588,989.9
2nd Quarter	166,451.4	139,979.0	340,709.1	464,899.2	10,333.2	122,943.0	78,435.2	248,759.7	1,572,509.7

Note: 1) 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.

2) Prior to July 1997, import statistics were estimated on the basis of issued Import licenses, Import Declaration Forms and PSI Reports, and oil imports were obtained from TPDC

3) Figures for 2006 and 2007 are provisional

4) Figures for 2003 and 2004 have been revised

Source: Bank of Tanzania and Tanzania Revenue Authority



BANK OF TANZANIA

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.11: Tanzania's Exports by Country of Destination, 1997 - 2006

Millions of TZS

Country	1997	1998	1999	2000	2001	2002	2003	2004 ^f	2005	2006 ^g
Australia	2,230.7	1,894.3	1,874.5	949.8	2,064.9	2,899.9	1,837.0	2,285.0	2,784.1	3,748.2
Belgium	5,019.1	17,353.5	12,527.6	14,717.2	9,264.3	20,518.8	36,460.5	28,848.3	34,130.6	32,979.1
Burundi	2,230.7	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
Canada	1,038.5	450.0	430.6	421.8	469.2	1,355.5	1,710.1	5,202.8	44,236.8	7,295.6
China	10,595.9	1,320.1	90.6	483.8	620.4	688.3	3,796.8	76,742.7	101,838.0	149,327.3
Democratic Republic of Congo	1,115.4	3,316.8	2,772.7	87.5	4,773.2	15,307.0	12,839.9	11,050.4	14,251.0	26,859.4
Denmark	3,346.1	1,443.7	1,043.2	1,713.7	1,965.6	1,573.3	2,738.4	2,787.9	1,812.1	956.0
France	8,769.1	1,885.7	1,672.9	29,056.7	119,342.9	147,180.9	80,728.7	10,393.2	7,369.9	9,329.5
Germany	41,518.3	32,560.0	26,178.0	52,933.9	33,545.6	26,667.9	32,075.0	35,845.2	76,198.8	125,860.7
Hong Kong	11,153.6	3,321.4	84,022.3	78,811.1	72,043.8	10,787.4	10,254.9	13,376.3	10,810.1	8,459.5
India	40,710.6	76,272.7	7,993.7	7,593.7	62,093.9	62,093.9	75,129.7	109,671.9	71,299.6	70,439.1
Indonesia	11,711.3	3,922.9	6,737.9	3,503.0	2,541.5	3,960.2	7,538.4	6,325.6	7,934.2	10,150.3
Italy	7,499.9	4,374.3	4,797.2	7,192.2	6,852.8	23,625.4	24,203.3	30,252.1	41,232.4	36,333.5
Japan	36,729.9	30,276.2	32,702.9	27,370.1	60,068.2	93,075.8	92,164.9	70,065.3	77,602.4	82,003.2
Kenya	7,807.5	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
Malaysia	3,471.2	3,712.2	1,595.7	2,460.1	2,591.5	2,835.0	1,223.7	2,469.2	18,144.3	1,763.8
Mozambique	1,596.1	81.1	517.4	1,180.3	1,231.4	1,575.2	1,812.0	3,694.3	7,339.1	13,109.5
Netherlands	24,537.9	30,035.6	23,234.5	36,577.7	45,320.9	52,142.7	70,206.3	65,072.5	101,091.7	108,244.8
Norway	1,673.0	112.3	443.7	123.4	130.9	235.3	287.7	198.8	610.9	637.7
Pakistan	7,067.9	6,147.6	5,662.3	5,443.1	6,139.7	8,505.8	7,941.1	7,888.4	8,139.7	17,228.8
Portugal	9,207.8	7,988.8	4,678.3	5,132.5	4,371.8	3,856.9	4,105.5	5,112.8	5,401.2	9,290.4
Singapore	8,922.9	7,267.6	18,399.4	5,143.3	5,218.6	3,816.9	13,750.7	16,672.9	21,332.9	5,593.4
Somalia	557.7	41.2	74.8	365.8	129.6	327.9	166.0	0.0	163.5	248.0
South Africa	4,852.0	4,190.1	4,910.6	9,646.3	7,639.0	15,979.4	38,781.2	124,015.6	310,978.1	198,557.2
Spain	7,807.5	3,703.6	2,548.8	3,619.9	6,728.4	6,464.8	10,537.8	12,536.6	10,478.5	13,066.8
St. Helena	0.6	3,556.7	6,546.0	3,753.1	1,143.9	2,439.1	2,096.9	4,344.0	1,993.9	0.1
Sweden	1,673.0	386.8	210.8	336.3	121.8	170.7	1,241.2	833.5	670.3	635.4
Switzerland	3,596.1	7,463.0	1,802.0	2,448.5	3,721.1	5,520.7	13,017.0	32,444.7	123,193.2	299,805.4
Taiwan	12,672.8	4,617.5	2,210.7	2,173.4	874.6	1,619.8	1,721.3	2,807.2	2,687.0	1,280.5
Thailand	8,624.1	5,086.1	2,870.0	3,577.5	3,645.8	1,670.5	3,770.9	5,844.0	13,938.7	11,590.6
Uganda	7,096.0	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
United Arab Emirates	3,031.0	4,546.4	4,969.7	5,017.5	8,374.0	13,916.8	15,926.0	19,093.6	38,060.5	51,389.6
United Kingdom	22,864.8	39,679.4	70,149.9	117,501.5	123,085.5	156,356.9	402,153.1	506,516.3	301,188.3	389,029.4
United States	13,076.7	8,519.9	13,372.8	12,205.4	13,275.0	13,065.4	11,701.5	14,949.0	18,658.6	24,223.4
USSR/Russia	136.0	132.4	50.1	1,468.8	594.9	2,493.5	2,148.4	3,202.0	2,502.4	2,809.8
Zambia	6,134.5	2,442.0	2,119.5	3,778.5	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9	18,948.8
Others ^f	119,472.9	83,427.7	87,007.7	105,791.9	142,967.5	182,876.7	168,390.0	247,575.3	291,736.3	288,900.8
Grand Total	459,549.0	423,423.7	455,656.9	587,997.8	746,886.2	948,602.9	1,265,212.5	1,597,578.8	1,896,767.3	2,160,481.3

Note: r = revised following inclusion of re-exports

Source: Bank of Tanzania, and Customs Department (TRA)

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.12: Tanzania's Imports (c.i.f) by Country of Origins, 1997 - 2006

Country	Millions of TZS										
	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005	2006 ^p	
Argentina	1,798.4	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	
Australia	1,177.2	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	
Belgium	15,632.2	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	
Brazil	5,258.3	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	
Canada	7,651.9	11,080.2	19,853.0	25,853.8	20,228.9	17,094.5	19,831.9	43,271.7	39,883.8	46,281.9	
China	37,671.0	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	
Denmark	5,281.6	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	
Eire/Ireland	1,507.2	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	
Finland	3,562.8	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	
France	12,449.2	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	
Germany, Federal	30,368.5	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	
Hong Kong	4,112.4	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	
India	47,443.7	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	
Indonesia	6,972.3	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	
Italy	23,730.2	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	
Japan	45,322.9	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	
Kenya	58,558.4	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	
Malaysia	10,510.4	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	
Netherlands	17,246.4	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	
Pakistan	6,387.6	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	
Saudi Arabia	15,815.0	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	
Singapore	23,716.2	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	
South Africa	58,757.8	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	
South Korea	8,823.6	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	
Spain	6,283.7	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	
Swaziland	5,477.2	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	
Sweden	11,183.6	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	
Switzerland	18,209.9	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	
Taiwan	2,377.4	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	
Thailand	11,821.9	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	
Turkey	2,371.4	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	
Uganda	1,177.2	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	
United Arab Emirate	57,200.3	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	
United Kingdom	75,342.0	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	
United States	32,215.4	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	
Zambia	15,303.8	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	
Others	119,449.0	101,343.7	159,212.9	127,016.2	123,312.7	136,677.7	263,890.0	532,944.0	940,462.7	724,024.6	
Grand Total	808,167.9	1,043,096.9	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	

Note: p = provisional

r = revised

Source: Bank of Tanzania, and Customs Department (TRA)



BANK OF TANZANIA

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.13: Tanzania's Exports to COMESA Countries, 1997 - 2006

Millions of TZS

Country	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^p	2006 ^p
Burundi	2,230.7	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
Comoro	0.0	35.9	6.9	25.8	14.9	347.3	1,334.8	1,275.9	1,568.2	9,322.2
Djibouti	557.7	98.9	75.5	87.2	24.9	48.8	29.0	66.3	9.1	4.9
Ethiopia	0.0	351.4	235.8	358.7	643.5	359.4	729.7	1,921.7	1,893.4	786.9
Kenya	7,807.5	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
Malawi	2,230.7	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
Mauritius	0.0	37.0	59.8	158.3	288.7	280.7	738.5	583.0	3,713.8	1,134.0
Rwanda	26,210.9	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
Somalia	557.7	41.2	74.8	365.8	129.6	327.9	166.0	0.0	163.5	248.0
Swaziland	5,576.8	20,497.4	150.1	170.8	0.0	360.3	5.3	3,103.7	626.3	2,350.4
Uganda	7,096.1	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
Zambia	6,134.5	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
Zimbabwe	557.7	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
Grand Total	58,960.3	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

Note: 1) From 1994 the PTA market was succeeded by COMESA

2) p = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.14: Tanzania's Direct Imports from COMESA Countries, 1997 - 2006

Millions of TZS

Country	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^p	2006 ^p
Burundi	90.7	31.2	8.2	9.3	140.1	7.3	335.2	17.4	292.7	4.2
Comoro	-	-	-	-	-	0.7	0.3	0.0	28.4	23.6
Djibouti	-	0.3	20.8	12.5	0.0	2.3	415.7	297.1	1,378.8	0.0
Ethiopia	333.1	550.5	643.4	2,602.8	468.4	633.5	128.8	1,138.1	1,181.1	202.2
Kenya	58,558.4	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
Lesotho	133.3	253.6	15.2	-	0.0	0.0	0.0	0.0	0.0	79.5
Malawi	1,932.2	1,536.2	2,602.1	1,520.9	1,809.1	1,398.4	1,455.3	3,090.3	3,629.4	4,586.2
Mauritius	1,998.9	469.4	2,472.4	2,574.7	3,656.3	1,674.6	1,831.1	4,426.6	5,154.7	3,788.7
Rwanda	333.1	127.7	6.0	115.8	68.5	41.6	833.1	126.8	32.7	190.1
Somalia	17.8	0.7	56.7	1.5	7.1	5.5	69.7	16.0	242.4	5.6
Swaziland	5,477.2	7,661.1	9,325.7	10,296.2	11,083.9	15,096.2	12,682.5	18,762.2	20,856.4	20,746.1
Uganda	1,177.2	1,492.9	4,489.9	4,501.0	9,962.5	2,561.5	8,538.5	4,989.4	5,786.3	4,766.4
Zambia	15,303.8	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
Zimbabwe	2,892.7	9,675.7	4,174.0	3,619.6	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3	1,611.0
Grand Total	88,248.4	103,442.7	100,021.8	101,907.9	115,620.6	119,139.6	149,880.2	182,952.0	220,294.1	241,589.9

Note: From 1994 the PTA market was succeeded by COMESA.

p = provisional

Source: Bank of Tanzania, TRA-Customs Dept.



BANK OF TANZANIA

A4.0 Balance of Payments and Foreign Trade Development

Table A4.15: Tanzania: Services, Income and Transfers, 1998 - 2007

Millions TZS

Period	Services			Income			Current Transfers		
	Net	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments
1998	-289,071.2	346,656.6	635,727.9	-69,672.2	29,686.1	99,358.3	286,143.0	307,285.8	21,142.8
1999	-140,111.7	449,304.7	589,416.4	-86,013.3	24,154.6	110,167.9	246,413.9	335,321.2	88,907.3
2000	-44,017.2	502,170.7	546,187.9	-104,160.7	40,302.6	144,463.3	315,362.9	378,139.7	62,776.8
2001	235,106.2	803,487.3	568,381.2	-133,519.6	48,766.9	182,286.5	344,484.8	415,024.3	70,539.5
2002	278,134.6	889,335.0	611,200.4	-144,927.6	65,570.0	210,497.6	402,049.2	461,300.9	59,251.7
2003	230,210.2	984,865.9	754,655.7	-168,622.8	90,724.5	259,347.3	581,227.1	646,655.5	65,428.3
2004	174,336.7	1,232,378.9	1,058,042.2	-193,957.1	88,631.0	282,588.1	632,448.5	703,311.2	70,862.8
2005	68,704.6	1,434,007.9	1,365,303.3	-229,016.2	91,627.3	320,643.6	576,466.9	652,712.8	76,245.8
2006	306,639.1	1,873,768.8	1,567,129.7	-105,265.6	100,754.9	206,020.5	758,876.2	841,435.1	82,558.8
2003: Quarter1	67,865.5	229,618.9	161,753.4	-42,974.0	18,719.3	61,693.3	72,839.5	89,306.4	16,466.8
Quarter 2	40,384.6	218,826.7	178,442.1	-33,363.3	22,261.5	55,624.8	141,264.3	157,871.3	16,607.0
Quarter3	72,271.7	275,506.5	203,234.7	-46,970.8	22,525.4	69,496.3	198,033.2	214,295.0	16,261.8
Quarter4	49,688.4	260,913.9	211,225.5	-45,314.6	27,218.3	72,533.0	169,090.1	185,182.8	16,092.7
2004: Quarter1	59,551.3	283,115.6	223,564.2	-44,086.8	29,448.6	73,535.4	50,612.7	67,227.7	16,614.9
Quarter2	30,515.7	263,934.0	233,418.3	-46,747.3	16,459.9	63,207.2	43,180.8	61,571.9	18,391.1
Quarter3	81,375.8	357,045.1	275,669.2	-71,080.9	8,772.9	79,853.8	323,569.9	343,016.2	19,446.3
Quarter4	2,893.8	328,284.3	325,390.4	-32,042.1	33,949.6	65,991.7	215,085.1	231,495.5	16,410.4
2005: Quarter1	26,693.6	317,322.1	290,628.4	-55,941.6	21,787.6	77,729.2	70,235.3	88,379.7	18,144.4
Quarter2	15,020.0	345,187.3	330,167.3	-61,081.1	25,658.4	86,739.5	30,935.3	49,490.7	18,555.4
Quarter3	16,482.1	399,971.1	383,489.0	-46,137.1	16,872.7	63,009.9	152,797.3	173,030.9	20,233.5
Quarter4	10,508.8	371,527.4	361,018.6	-65,856.5	27,308.6	93,165.1	322,499.1	341,811.5	19,312.5
2006: Quarter1	81,638.0	424,593.5	342,955.5	-26,522.2	22,307.5	48,829.7	60,213.3	79,418.8	19,205.6
Quarter2	53,587.5	434,945.3	381,357.8	-39,436.6	21,925.4	61,362.0	94,226.9	114,765.3	20,538.3
Quarter3	108,039.2	534,205.0	426,165.8	-22,313.4	27,865.6	50,179.0	365,745.4	386,813.6	21,068.1
Quarter4	63,374.4	480,025.0	416,650.6	-16,993.3	28,656.4	45,649.8	238,690.6	260,437.4	21,746.8
2007: Quarter1	70,224.2	503,875.0	433,650.8	-18,033.3	23,920.9	41,954.2	32,666.4	56,901.2	24,234.9
Quarter2	66,539.7	514,338.6	447,798.9	-12,617.1	35,256.2	47,873.3	16,036.0	41,256.6	25,220.6

Note: 1) As from 2001 onwards, the estimation technique for government service payments has been revised leading to the change in service payments

2) p = provisional

3) r = revised

Source: Bank of Tanzania

BANK OF TANZANIA



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.16 : Foreign Reserve Position* (revised), 1997 - 2007

End of Period	Bank of Tanzania										Commercial banks				Total Net Position		
	Foreign Exchange					Gold Reserves					Net official Position						
	Assets	Liabilities	Net	Reserves	Assets	Reserves	Other Foreign RPF	SDRs	UFC	Total	Assets	Liabilities	Net	Assets		Liabilities	Net
June: 1997	259,292.3	65,663.0	193,629.3	19,186.3	237.5	260.9	8,695.2	260.9	96,760.0	125,249.1	243,284.7	2,630.4	240,654.2	7,773.3	800.3	247,627.3	372,876.4
1998	304,521.9	19,809.2	284,712.7	20,617.7	153.8	265.3	8,843.8	148,966.6	164,620.0	164,620.0	226,680.1	1,743.2	224,936.9	20,829.8	121.0	245,645.7	410,265.7
1999	412,222.9	40,169.4	372,053.5	23,002.2	420.7	295.7	9,856.3	205,918.7	199,709.6	199,709.6	267,295.6	417.3	266,878.4	5,842.0	125.8	272,594.6	472,304.2
2000	564,478.7	33,890.3	530,588.4	25,235.2	263.8	320.6	10,685.5	253,140.3	313,953.3	313,953.3	386,836.1	1,282.2	385,553.9	7,924.8	79.8	393,398.9	707,352.1
2001	833,270.5	71,448.7	761,821.7	28,028.1	179.1	332.3	11,077.8	287,779.6	513,659.5	513,659.5	456,880.1	7,693.4	449,186.7	43,537.2	163.5	492,560.4	1,006,219.9
2002	1,111,165.8	64,896.4	1,046,269.4	24,076.9	426.7	38.6	12,598.1	352,921.4	730,488.3	730,488.3	547,712.0	3,054.2	544,657.8	42,132.0	11,048.6	575,741.3	1,306,229.6
2003	1,704,048.4	114,331.2	1,589,717.2	28,920.3	157.0	273.1	14,660.3	418,691.9	1,215,036.0	1,215,036.0	638,738.5	2,798.3	635,940.2	20,508.5	198.8	656,249.9	1,871,286.0
2004	2,062,664.1	150,444.3	1,912,219.7	-	488.1	146.8	16,250.7	460,231.8	1,468,873.6	1,468,873.6	602,793.9	3,853.4	598,940.5	51,681.0	133.7	650,487.8	2,119,361.4
2005	2,200,117.3	128,916.6	2,071,200.7	-	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	22,851.7	611,458.9	72,235.8	4,611.4	679,083.2	2,345,096.4	2,134,182.7
2006	2,480,386.8	272,003.7	2,208,383.1	-	929.3	80.7	18,385.8	15,444.1	2,212,334.8	2,212,334.8	915,715.8	87,606.3	828,109.5	60,562.1	27,831.5	860,840.1	3,073,174.9
2007	2,877,442.7	173,289.0	2,704,153.6	-	1,396.0	277.3	19,155.9	21,511.3	2,703,471.6	2,703,471.6	885,914.9	100,064.1	785,850.8	73,448.0	21,899.3	837,399.5	3,540,871.1
2005: Mar	2,329,775.8	156,031.7	2,173,744.1	-	566.5	119.3	16,660.5	442,674.6	1,748,415.8	657,754.9	22,072.4	635,682.5	61,705.0	5,627.4	691,760.2	2,440,176.0	2,178,747.4
Jun	2,200,117.3	128,916.6	2,071,200.7	-	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	22,851.7	611,458.9	72,235.8	4,611.4	679,083.2	2,345,096.4	2,134,182.7
Sep	2,282,696.8	346,846.1	1,935,850.6	-	280.0	60.8	16,482.2	412,621.5	1,560,052.1	1,560,052.1	16,371.6	601,243.6	100,417.3	40,239.3	661,421.6	2,201,473.7	2,289,760.4
Dec	2,523,107.7	361,351.1	2,161,756.6	-	349.7	821.8	16,656.3	399,137.1	1,780,447.3	642,555.0	27,571.8	614,983.2	75,058.6	27,663.2	662,378.6	2,442,826.0	2,379,909.3
2006: Mar	2,601,255.7	263,348.8	2,337,906.9	-	596.8	449.6	17,630.6	11,647.8	2,344,936.1	605,328.2	72,316.5	533,011.7	67,784.6	27,928.0	572,868.3	2,917,804.4	3,113,579.6
Jun	2,480,386.8	272,379.6	2,208,007.2	-	929.3	80.7	18,385.8	15,444.1	2,211,958.9	679,678.6	87,606.3	592,072.4	60,562.1	27,831.5	624,803.0	2,836,761.9	3,073,174.9
Sep	2,797,946.9	266,261.8	2,531,685.1	-	382.1	41.9	18,831.6	15,818.6	2,535,122.1	2,535,122.1	955,714.3	69,280.7	886,433.6	74,681.2	16,606.6	944,508.3	3,479,630.4
Dec	2,831,390.1	318,752.6	2,512,637.5	-	994.5	28.3	18,964.5	15,930.2	2,516,694.6	2,516,694.6	1,052,506.9	64,041.5	988,465.4	72,863.7	12,000.0	1,049,329.1	3,566,023.7
2007: Mar	2,660,661.8	175,375.9	2,485,285.9	-	911.3	175.2	18,793.8	21,049.1	2,484,117.1	2,484,117.1	982,706.3	37,716.3	944,989.9	72,077.9	16,040.0	1,001,027.9	3,485,145.0
Jun	2,877,442.7	173,289.0	2,704,153.6	-	1,396.0	277.3	19,155.9	21,511.3	2,703,471.6	2,703,471.6	885,914.9	100,064.1	785,850.8	73,448.0	21,899.3	837,399.5	3,540,871.1
2006: January	2,594,295.5	356,338.6	2,237,956.9	-	586.7	843.8	17,102.6	11,769.0	2,244,721.0	2,244,721.0	740,897.2	29,519.8	711,377.4	76,482.5	4,078.0	783,781.9	3,028,502.9
February	2,587,942.2	331,261.7	2,256,680.5	-	368.6	433.5	17,001.7	8,917.0	2,265,567.3	2,265,567.3	774,861.9	51,838.5	723,023.4	62,794.7	27,343.7	758,474.6	3,024,041.7
March	2,601,255.7	263,348.8	2,337,906.9	-	596.8	449.6	17,630.6	11,280.7	2,345,303.2	2,345,303.2	800,736.3	72,316.5	728,419.7	67,784.6	27,928.0	768,276.3	3,113,579.6
April	2,662,245.2	277,252.2	2,384,993.1	-	327.4	547.0	17,935.2	22,969.6	2,380,833.1	2,380,833.1	749,676.3	74,675.8	675,000.4	64,682.8	28,552.9	711,130.3	3,091,963.4
May	2,618,584.5	274,150.2	2,344,434.3	-	399.0	82.4	18,774.8	15,770.8	2,347,919.7	2,347,919.7	838,814.4	72,122.9	766,691.5	78,585.2	27,873.6	817,403.1	3,165,322.8
June	2,480,386.8	272,003.7	2,208,383.1	-	929.3	80.7	18,385.8	15,444.1	2,212,334.8	2,212,334.8	915,715.8	87,606.3	828,109.5	60,562.1	27,831.5	860,840.1	3,073,174.9
July	2,788,963.2	255,100.1	2,533,863.1	-	810.6	592.8	19,038.6	15,992.4	2,538,312.7	2,538,312.7	932,216.4	86,434.8	845,781.7	76,849.2	28,026.6	894,604.3	3,432,917.0
August	3,031,531.5	243,333.4	2,788,198.1	-	615.1	43.6	19,620.6	16,481.3	2,791,996.2	2,791,996.2	1,022,493.8	75,591.6	946,902.2	75,403.1	26,701.0	995,604.3	3,787,600.5
September	2,797,946.9	266,261.8	2,531,685.1	-	382.1	41.9	18,831.6	15,818.6	2,535,122.1	2,535,122.1	955,714.3	69,280.7	886,433.6	74,681.2	16,606.6	944,508.3	3,479,630.4
October	2,853,330.9	398,956.4	2,454,374.5	-	1,047.2	614.7	19,077.2	16,024.9	2,459,088.8	2,459,088.8	985,898.5	80,522.6	905,375.9	93,686.3	16,952.2	982,109.9	3,441,198.7
November	2,877,755.5	296,657.8	2,581,097.7	-	1,287.5	29.0	19,432.3	16,323.1	2,585,523.3	2,585,523.3	1,071,920.2	89,200.3	982,719.9	87,306.9	12,543.3	1,057,483.4	3,643,006.7
December	2,831,390.1	318,752.6	2,512,637.5	-	994.5	28.3	18,964.5	15,930.2	2,516,694.6	2,516,694.6	1,052,506.9	64,041.5	988,465.4	72,863.7	12,000.0	1,049,329.1	3,566,023.7
2007: January	2,841,920.6	207,023.4	2,634,897.2	-	795.8	805.4	19,412.8	16,306.8	2,639,604.5	2,639,604.5	1,067,212.6	54,728.0	1,012,484.6	71,613.2	16,301.4	1,067,796.4	3,707,400.8
February	2,769,101.4	212,773.2	2,556,328.1	-	669.5	177.3	19,018.9	21,301.2	2,554,892.6	2,554,892.6	1,043,534.1	45,977.3	997,556.8	88,845.2	27,350.0	1,058,852.0	3,613,744.6
March	2,660,661.8	175,375.9	2,485,285.9	-	911.3	175.2	18,793.8	21,049.1	2,484,117.1	2,484,117.1	982,706.3	37,716.3	944,989.9	72,077.9	16,040.0	1,001,027.9	3,485,145.0
April	2,851,660.6	175,634.1	2,676,026.5	-	914.9	961.4	19,493.3	21,832.5	2,675,563.7	2,675,563.7	982,887.4	100,432.0	882,455.4	78,649.5	32,759.3	928,345.7	3,603,909.4
May	2,815,714.8	175,843.2	2,639,871.6	-	1,046.2	323.6	19,027.9	21,311.3	2,638,958.1	2,638,958.1	879,788.7	90,478.5	789,310.2	77,947.4	63,809.6	803,448.0	3,442,406.0
June	2,877,442.7	173,289.0	2,704,153.6	-	1,396.0	277.3	19,155.9	21,511.3	2,703,471.6	2,703,471.6	885,914.9	100,064.1	785,850.8	73,448.0	21,899.3	837,399.5	3,540,871.1

Note: SDRs ==> Special Drawing Rights, RPF ==> Reserve Position in the Fund, UFC ==> Use of Fund Credit

Note: Bank of Tanzania

Note: SDRs ==> Special Drawing Rights, RPF ==> Reserve Position in the Fund, UFC ==> Use of Fund Credit
Source: Bank of Tanzania



BANK OF TANZANIA

A5.0 External Debt Developments

Table A5.1: External Debt Developments, 1997 - 2007

	Millions of US \$										
Item	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
1. Overall Total Debt Committed ¹	8,100.8	7,901.7	7,972.9	7,595.7	7,702.3	8,032.8	7,606.6	8,088.3	8,345.1	8,638.9	5,212.4
Disbursed outstanding debt	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1	3,442.3
Undisbursed debt	1,500.5	1,465.9	1,392.6	1,057.4	1,390.1	1,473.1	1,373.6	1,410.0	1,545.6	1,667.7	1,770.1
2. Disbursed Debt by Creditor Category ²	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1	3,442.3
o/w: Bilateral debt	3,044.9	2,785.8	2,791.8	2,514.1	2,289.1	2,277.1	1,633.7	1,483.6	1,502.3	1,492.5	910.5
Multilateral debt	3,142.5	3,179.4	3,330.1	3,571.5	3,530.6	3,808.5	4,088.3	4,570.0	4,626.3	4,720.6	1,772.6
Commercial debt	214.9	270.6	251.5	264.9	307.9	302.5	330.6	391.2	416.4	481.7	437.3
Export credits	198.0	200.0	206.9	187.8	184.7	171.6	180.5	233.5	254.5	276.4	321.9
3. Disbursed Debt by Borrower Category ²	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1	3,442.3
o/w: Central Government	6,233.8	6,017.4	6,168.2	6,092.6	5,844.0	6,054.8	5,708.0	6,092.0	5,830.6	5,971.2	2,692.0
Public Corporations	167.0	171.8	165.1	183.2	172.2	153.8	152.2	149.1	477.5	445.4	167.8
Private Sector	199.5	246.6	247.0	262.5	296.0	351.1	372.9	437.2	491.5	554.6	582.5
4. Disbursed Debt by Use of Funds ²	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1	3,442.3
o/w: Balance of payment support	1,524.7	1,493.1	1,512.2	1,648.1	1,524.2	1,639.0	1,166.0	1,275.1	1,335.1	1,392.6	1,019.3
Transport & Telecommunication	1,339.9	1,306.5	1,337.8	1,067.4	1,021.1	1,027.9	1,047.8	1,085.1	1,073.5	1,087.9	425.3
Agriculture	950.4	913.9	963.8	1,040.2	990.9	1,007.8	1,034.7	967.7	1,077.8	1,050.1	338.1
Energy & Mining	745.8	791.6	821.8	869.0	824.3	902.9	895.0	924.3	1,070.3	955.2	606.9
Industries	567.6	527.7	504.4	430.0	413.8	402.3	411.2	352.7	405.5	409.0	162.8
Social Welfare & Education	257.4	276.7	292.7	426.5	332.0	384.4	421.7	333.3	611.7	647.3	433.2
Finance and Insurance	184.8	167.3	215.5	122.8	131.2	77.9	76.9	82.3	96.6	98.7	64.4
Tourism	92.4	77.2	80.2	84.1	82.0	83.8	88.2	80.2	80.1	80.8	73.0
Others	937.2	881.7	851.9	850.2	992.7	1,033.7	1,091.6	1,577.5	1,048.9	1,249.8	319.3
5. Total Amount of Loans Contracted ¹	592.4	318.8	212.5	224.4	417.6	517.9	277.3	229.7	376.4	264.0	318.1
Government	475.3	306.3	159.9	220.2	285.7	465.3	259.8	209.4	335.4	165.0	280.0
Public Corporations	0.0	3.3	4.6	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Private	117.1	9.2	48.0	4.2	131.0	52.6	17.5	20.3	41.0	99.0	38.1
6. Disbursements ¹	341.7	307.9	189.2	267.7	169.7	184.8	169.0	234.7	190.2	207.1	449.5
Government	336.6	239.7	187.4	264.5	169.6	160.5	163.7	205.9	161.4	179.1	432.6
Public Corporations	0.0	9.8	1.3	-	-	-	0.0	2.0	0.0	0.0	0.0
Private	5.1	58.4	0.5	3.2	0.1	24.3	5.3	26.8	28.8	28.0	16.9
7. Scheduled Debt Service ¹	434.9	352.8	368.9	428.2	422.0	400.0	369.0	334.4	355.1	373.6	336.9
8. Actual Debt Service ¹	218.7	204.6	187.9	190.9	120.9	89.1	112.4	99.3	112.9	180.6	42.0
Principal	122.6	138.0	112.2	140.5	100.1	47.9	86.6	68.6	86.0	90.30	20.60
Interest	95.5	66.4	75.6	49.6	20.8	41.2	25.8	30.6	26.9	60.3	21.40
Others	0.6	0.2	0.1	0.8	-	0.0	0.0	0.1	-	30.0	-
9. Net Transfers	123.0	103.3	1.3	76.8	48.8	95.7	56.6	135.4	77.3	26.5	407.5
10. Total Arrears by Creditor Category ²	2,443.2	2,357.6	2,660.5	2,239.0	2,304.9	1,820.2	2,056.5	2,297.8	2,470.5	2,374.7	2,199.5
o/w : Principal	1,465.0	1,408.8	1,571.1	1,152.5	1,135.0	915.9	1,021.4	1,119.1	1,135.2	1,116.4	980.9
Bilateral	1,173.1	1,134.1	1,235.4	810.7	803.8	570.5	611.6	658.8	669.4	609.0	377.7
Multilateral*	14.6	10.3	23.0	0.0	0.0	39.9	45.1	28.3	5.9	11.9	13.6
Commercial	83.5	91.9	132.4	185.0	165.4	152.9	203.7	240.2	249.2	275.0	339.5
Other Private Creditors	193.8	172.5	180.3	156.8	165.8	152.6	161.0	191.8	210.7	220.4	250.10
Interest	978.2	948.8	1,089.4	1,086.5	1,169.9	904.3	1,035.1	1,178.7	1,335.3	1,258.3	1,218.6
Bilateral	705.0	654.3	740.0	739.5	780.4	522.7	577.7	693.0	818.8	682.2	536.10
Multilateral*	4.2	6.0	8.3	0.0	0.0	54.1	68.4	27.3	23.4	22.0	27.7
Commercial	156.2	163.9	204.3	261.1	294.5	222.2	268.3	287.1	333.7	372.9	440.0
Other Private Creditors	112.8	124.6	136.8	85.9	95.0	105.3	120.7	171.3	159.4	181.2	214.8
11. Total Debt Stock	8,841.1	8,574.8	8,807.9	8,773.9	8,401.2	8,328.5	8,109.7	8,742.1	9,087.5	9,635.4	6,158.8
External Debt Stock	7,578.5	7,384.6	7,669.7	7,624.8	7,482.1	7,464.0	7,268.1	7,856.9	8,134.8	8,229.5	4,660.9
Domestic Debt Stock	1,262.6	1,190.2	1,138.2	1,149.1	919.1	864.5	841.6	885.3	952.6	1,405.9	1,497.9
12. Export of Goods and Services	1,419.8	1,226.7	1,109.8	1,143.5	1,290.6	1,436.2	1,996.8	2,221.0	2,521.2	3,034.8	3,486.5
13. External Debt Service	218.7	204.6	187.9	190.9	120.9	89.1	112.4	99.3	112.9	180.6	42.0
14. GDP at factor cost	5,394.7	6,908.0	8,203.0	8,082.3	9,191.7	8,629.1	8,839.1	9,549.3	10,465.5	11,195.8	12,687.2
15. External Debt Stock as % of GDP**	140.5	106.9	93.5	94.3	81.4	86.5	82.2	82.3	77.7	73.5	36.7
16. Total Debt Stock as % of GDP**	163.9	124.1	107.4	108.6	91.4	96.5	91.7	91.5	86.8	86.1	48.5
17. External Debt Service as % of Exports	17.0	18.1	16.9	16.7	9.4	6.2	5.6	4.5	4.5	6.0	1.2
18. External Debt as % of Exports	533.8	602.0	691.1	666.8	579.7	519.7	364.0	353.8	322.7	271.2	133.7
End of Period Exchange Rate (TZS/US\$)	624.1	665.0	737.0	799.5	888.0	945.9	1,047.4	1,107.3	1,165.5	1,253.1	1,265.0

NB. Multilateral*: multilateral arrears are those owed by the private companies

1) During the period. 2) End of June 2007 cumulative. ** Based on GDP at factor cost

Source: Bank of Tanzania

BANK OF TANZANIA



A6.1 Zanzibar Output and Prices

Table A6.1.1: Gross Domestic Product at factor cost by kind of Economic Activity, at Current Prices, 1997-2006

Item	Millions of TZS									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
GDP at Current Market Prices	136,388	149,124	165,940	190,516	222,398	255,952	286,631	344,326	394,876	512,200
Agriculture, forestry & fishing	27,340	29,211	35,958	44,086	56,488	63,637	61,312	80,435	92,529	152,100
Crops	14,416	15,609	19,165	24,200	35,943	40,086	35,552	47,282	51,700	104,200
Livestock	7,775	7,709	7,500	9,352	9,421	10,645	12,222	14,786	16,281	20,900
Forestry & hunting	542	550	560	918	1,060	1,083	1,097	1,182	1,269	1,800
Fishing	4,607	5,343	8,733	9,615	10,064	11,823	12,441	17,186	23,280	25,200
Industry	20,849	20,151	22,173	21,125	24,601	29,783	37,641	45,903	53,581	75,400
Mining & quarrying	977	963	925	984	1,130	1,508	2,236	2,512	3,190	3,800
Manufacturing	7,811	9,297	10,362	10,736	11,274	13,708	16,846	17,230	19,399	23,400
Electricity, gas & water supply	2,576	2,754	2,889	3,465	3,660	4,249	4,727	5,639	6,436	9,900
Construction	9,484	7,138	7,997	5,940	8,537	10,319	13,832	20,522	24,555	38,300
Services	65,800	71,557	78,174	93,873	106,634	126,138	148,605	173,687	199,197.0	222,700.0
Trade & repairs	16,221	14,460	17,885	19,479	23,722	25,408	27,812	30,628	38,600	45,700
Hotels & restaurants	11,228	11,817	12,556	15,710	13,317	16,083	16,129	19,870	30,581	38,900
Transport & communications	7,809	7,616	8,763	11,021	13,868	15,725	23,522	27,005	31,500	34,900
Financial intermediation	1,675	1,592	2,048	2,678	2,939	3,771	4,581	5,569	7,800	8,000
Real estate & business services	1,690	1,775	1,871	2,095	2,266	2,501	2,863	3,240	3,729	4,500
Public administration	17,233	22,488	22,794	28,600	34,046	43,315	50,579	60,138	56,729	53,700
Education	7,632	9,058	9,406	10,914	12,655	14,852	17,356	20,556	22,660	27,700
Health	1,760	2,129	2,175	2,596	2,954	3,514	4,622	5,357	6,091	7,500
Other social & personal services	552	622	675	780	867	969	1,142	1,324	1,507	1,800
Adjustment to market prices										
Taxes on products	22,399	28,205	29,635	31,432	34,676	36,393	39,073	44,301	49,569	62,000
GDP at factor cost	113,989	120,919	136,305	159,084	187,723	219,559	247,558	300,025	345,307	450,200
Population "000"	636	864	889	916	944	982	1,011	1,041	1,072	1,104.4
GDP per capita: TZS "000"	214.4	172.6	186.7	208.0	235.6	260.6	283.5	330.8	369.1	463.8
Exchange rate: TZS/USD	628.0	650.0	773.0	800.0	889.0	946.0	1,040.0	1,091.0	1,127.9	1,255.0

* Provisional

Source: Office of Chief Government Statistician-Zanzibar



BANK OF TANZANIA

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, 1997-2006

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
Agriculture, forestry & fishing	20.0	19.6	21.7	23.1	25.4	24.9	21.4	23.4	23.4	29.7
Crops	10.6	10.5	11.5	12.7	16.2	15.7	12.4	13.7	13.1	20.3
Livestock	5.7	5.2	4.5	4.9	4.2	4.2	4.3	4.3	4.1	4.1
Forestry & hunting	0.4	0.4	0.3	0.5	0.5	0.4	0.4	0.3	0.3	0.4
Fishing	3.4	3.6	5.3	5.0	4.5	4.6	4.3	5.0	5.9	4.9
Industry	15.3	13.5	13.4	11.1	11.1	11.6	13.1	13.3	13.6	14.7
Mining & quarrying	0.7	0.6	0.6	0.5	0.5	0.6	0.8	0.7	0.8	0.7
Manufacturing	5.7	6.2	6.2	5.6	5.1	5.4	5.9	5.0	4.9	4.6
Electricity, gas & water supply	1.9	1.8	1.7	1.8	1.6	1.7	1.6	1.6	1.6	1.9
Construction	7.0	4.8	4.8	3.1	3.8	4.0	4.8	6.0	6.2	7.5
Services	48.2	48.0	47.1	49.3	47.9	49.3	51.8	50.4	50.4	43.5
Trade & repairs	11.9	9.7	10.8	10.2	10.7	9.9	9.7	8.9	9.8	8.9
Hotels & restaurants	8.2	7.9	7.6	8.2	6.0	6.3	5.6	5.8	7.7	7.6
Transport & communications	5.7	5.1	5.3	5.8	6.2	6.1	8.2	7.8	8.0	6.8
Financial intermediation	1.2	1.1	1.2	1.4	1.3	1.5	1.6	1.6	2.0	1.6
Real estate & business services	1.2	1.2	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.9
Public administration	12.6	15.1	13.7	15.0	15.3	16.9	17.6	17.5	14.4	10.5
Education	5.6	6.1	5.7	5.7	5.7	5.8	6.1	6.0	5.7	5.4
Health	1.3	1.4	1.3	1.4	1.3	1.4	1.6	1.6	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	16.4	18.9	17.9	16.5	15.6	14.2	13.6	12.9	12.6	12.1
Total GDP at Current Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100

* Provision

Source: Office of Chief Government Statistician-Zanzibar

BANK OF TANZANIA



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, 1997 - 2006

Item	Millions of TZS									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
GDP at 2001 Constant Prices	180,048	182,556	196,432	203,467	222,398	241,404	255,670	272,320	285,573	303,190
Agriculture, forestry & fishing	45,921	45,718	50,265	49,612	56,488	55,614	57,960	59,579	61,280	72,900
Crops	30,659	29,523	30,983	30,692	35,943	34,823	36,557	37,289	37,901	49,000
Livestock	8,236	8,517	8,808	9,109	9,421	9,744	10,087	10,442	10,810	11,200
Forestry & hunting	939	954	971	990	1,060	1,083	1,097	1,138	1,179	1,200
Fishing	6,086	6,724	9,504	8,822	10,064	9,964	10,219	10,710	11,390	11,500
Industry	27,483	24,755	25,585	22,956	24,601	28,056	32,634	36,726	39,147	46,000
Mining & quarrying	1,083	1,067	1,020	1,016	1,130	1,432	1,946	2,028	2,342	2,400
Manufacturing	12,894	12,567	12,381	12,275	11,274	13,013	14,663	13,909	14,239	14,700
Electricity, gas & water supply	2,987	3,204	3,370	3,537	3,660	3,815	3,985	4,223	4,542	4,800
Construction	10,519	7,917	8,814	6,129	8,537	9,796	12,040	16,567	18,024	24,100
Services	78,572	83,620	89,955	99,175	106,634	120,095	125,213	133,588	140,646	136,990
Trade & repairs	17,974	16,020	19,696	20,095	23,722	24,130	24,217	24,748	28,400	28,900
Hotels & restaurants	12,452	13,105	13,838	16,211	13,317	15,268	14,039	15,649	21,899	23,900
Transport & communications	8,356	8,653	10,755	12,328	13,868	16,349	19,756	21,123	23,200	23,300
Financial intermediation	1,843	1,749	2,240	2,703	2,939	3,543	3,853	4,587	5,214	4,700
Real estate & business services	1,897	1,983	2,072	2,167	2,266	2,371	2,482	2,598	2,720	2,800
Public administration	22,859	27,611	26,893	30,454	34,046	40,401	41,773	44,657	38,616	31,600
Education	10,124	11,121	11,098	11,622	12,655	13,853	14,334	15,265	15,425	16,300
Health	2,334	2,615	2,566	2,764	2,954	3,277	3,818	3,978	4,146	4,390
Other social & personal services	732	764	797	831	867	904	943	984	1,026	1,100
Adjustment to market prices										
Taxes on products	28,072	28,464	30,627	31,724	34,676	37,639	39,863	42,428	44,500	47,300
Total GDP at factor cost	151,975	154,093	165,805	171,744	187,723	203,766	215,807	229,893	241,073	255,890

*Provisional

Source: Office of Chief Government Statistician-Zanzibar



BANK OF TANZANIA

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, 1997 - 2006

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
Agriculture, forestry & fishing	30.2	29.7	30.3	28.9	30.1	27.3	26.9	25.9	25.4	28.5
Crops	20.2	19.2	18.7	17.9	19.1	17.1	16.9	16.2	15.7	19.1
Livestock	5.4	5.5	5.3	5.3	5.0	4.8	4.7	4.5	4.5	4.4
Forestry & hunting	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Fishing	4.0	4.4	5.7	5.1	5.4	4.9	4.7	4.7	4.7	4.5
Industry	18.1	16.1	15.4	13.4	13.1	13.8	15.1	16.0	16.2	18.0
Mining & quarrying	0.7	0.7	0.6	0.6	0.6	0.7	0.9	0.9	1.0	0.9
Manufacturing	8.5	8.2	7.5	7.1	6.0	6.4	6.8	6.1	5.9	5.7
Electricity, gas & water supply	2.0	2.1	2.0	2.1	1.9	1.9	1.8	1.8	1.9	1.9
Construction	6.9	5.1	5.3	3.6	4.5	4.8	5.6	7.2	7.5	9.4
Services	51.7	54.3	54.3	57.7	56.8	58.9	58.0	58.1	58.3	53.5
Trade & repairs	11.8	10.4	11.9	11.7	12.6	11.8	11.2	10.8	11.8	11.3
Hotels & restaurants	8.2	8.5	8.3	9.4	7.1	7.5	6.5	6.8	9.1	9.3
Transport & communications	5.5	5.6	6.5	7.2	7.4	8.0	9.2	9.2	9.6	9.1
Financial intermediation	1.2	1.1	1.4	1.6	1.6	1.7	1.8	2.0	2.2	1.8
Real estate & business services	1.2	1.3	1.2	1.3	1.2	1.2	1.1	1.1	1.1	1.1
Public administration	15.0	17.9	16.2	17.7	18.1	19.8	19.4	19.4	16.0	12.3
Education	6.7	7.2	6.7	6.8	6.7	6.8	6.6	6.6	6.4	6.4
Health	1.5	1.7	1.5	1.6	1.6	1.6	1.8	1.7	1.7	1.7
Other social & personal services	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
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

BANK OF TANZANIA



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, 1997 - 2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
Agriculture, forestry & fishing	-3.5	-0.4	9.9	-1.3	13.9	-1.5	4.2	2.8	2.8	19.0
Crops	-7.8	-3.7	4.9	-0.9	17.1	-3.1	5.0	2.0	1.6	29.3
Livestock	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.6
Forestry & hunting	5.3	1.6	1.8	1.9	7.0	2.2	1.3	3.7	3.6	1.8
Fishing	11.7	10.5	41.3	-7.2	14.1	-1.0	2.6	4.8	6.3	1.0
Industry	5.5	-9.9	3.4	-10.3	7.2	14.0	16.3	12.5	6.6	17.5
Mining & quarrying	2.6	-1.5	-4.5	-0.4	11.3	26.7	36.0	4.2	15.5	2.5
Manufacturing	14.6	-2.5	-1.5	-0.9	-8.2	15.4	12.7	-5.1	2.4	3.2
Electricity, gas & water supply	5.4	7.2	5.2	4.9	3.5	4.3	4.4	6.0	7.6	5.7
Construction	-3.6	-24.7	11.3	-30.5	39.3	14.7	22.9	37.6	8.8	33.7
Services	12.3	6.4	7.6	10.2	7.5	12.6	4.3	6.7	5.3	-2.6
Trade & repairs	-5.2	-10.9	22.9	2.0	18.1	1.7	0.4	2.2	14.6	1.8
Hotels & restaurants	32.1	5.2	5.6	17.1	-17.9	14.6	-8.1	11.5	39.9	9.1
Transport & communications	22.0	3.6	24.3	14.6	12.5	17.9	20.8	6.9	9.9	0.4
Financial intermediation	0.5	-5.1	28.1	20.7	8.7	20.6	8.7	19.1	13.7	-9.9
Real estate & business services	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.7	2.9
Public administration	19.6	20.8	-2.6	13.2	11.8	18.7	3.4	6.9	-13.5	-18.2
Education	10.0	9.8	-0.2	4.7	8.9	9.5	3.5	6.5	1.1	5.7
Health	12.4	12.0	-1.8	7.7	6.9	11.0	16.5	4.2	4.2	5.9
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	7.2
Total GDP at factor cost	5.8	1.4	7.6	3.6	9.3	8.5	5.9	6.5	4.9	6.1

* Provisional

Source: Office of Chief Government Statistician-Zanzibar



BANK OF TANZANIA

A6.1 Zanzibar Output and Prices

Table A6.1.6 Marketed Production of Major Export Commodities, 1997-2006

Crop	Metric tons									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
Cloves	2,506.0	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
Copra	1,207.0	93.6	296.4	972.4	254.6	0.0	0.0	0.0	711.0	-
Chilies	0.2	0.3	0.2	0.0	0.0	0.0	0.0	0.0	-	-
Clove Stems	771.1	19.9	19.0	242.1	323.5	187.3	497.0	476.0	350.6	128.8
Seaweeds	3,667.0	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
Rubber	-	-	-	-	-	-	-	683.0	711.0	886.8

* Provisional

Source: Office of Chief Government Statistician-Zanzibar

BANK OF TANZANIA



A6.1 Zanzibar Output and Prices

Table A6 .1.7: Production in Selected Commodities, 1997-2006

Commodity	Units	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
Wheat Flour	Ton	0.0	0.0	0.0	0.0	0.0	18,154.0	21,446.0	16,753.0	14,822.0	10,590.0
Beverage	Litres'000'	3,496.0	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
Animal Feed	Tons	3,573.0	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
Cigarrattes	Cartons	8,398.0	7,908.0	5,697.0	3,600.0	1,281.0	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	0.0	3,996.2	3,656.6	0.0
Soap & Detergent	Tons	86.6	158.5	127.5	316.1	195.4	46.0	8.0	52.0	77.0	97.0
Super Shine Audio	Cartoon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54,685.0	47,976.5	0.0
Super Shine Video	Cartoon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40,577.0	31,038.5	0.0
Coconut oil	Tons	3,872.0	335.0	522.0	188.0	233.0	147.0	3.1	66.0	89.0	82.0
Clove Oil	Kg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,832.0	1,916.0	-50.0
Steam Oil (Clove)	Kg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12,074.0	6,037.0	-50.0
Bread	No.'000'	47,143.0	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
Dash Dash Fashion	Pcs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,929.0	3,904.5	0.0
Copra Cakes	Tons	322.0	124.0	58.0	70.0	61.0	54.0	2.0	59.0	31.0	46.0
Jewellery (Gold/Silver)	Grams	0.0	0.0	0.0	0.0	0.0	0.0	29,165.0	35,125.0	19,090.0	16,737.0
Noodles	Kg	0.0	0.0	0.0	0.0	0.0	0.0	159,133.0	193,656.0	93,830.0	61,085.0
Mineral Water	Liters"Mill."	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,136.0	2,975.1	0.0
Door UPVC	Nos.	-	-	-	-	-	-	-	70.0	18.0	32.0
Window UPVC	Nos.	-	-	-	-	-	87.0	-	150.0	15.0	59.0
Video/Radio Tape	Cartons	-	-	-	-	-	82,353.0	97,223.0	107,273.0	81,918.0	86,579.0
Garments Dish Dash (Nguo)	Pcs	-	-	-	-	-	5,687.0	3,324.0	4,929.0	3,860.0	2,004.0
Others	Kg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,734.8	2,669.1	0

Source: Office of Chief Government Statistician - Zanzibar.

Note:-

* Provisional

0 = No Production



BANK OF TANZANIA

A6.1 Zanzibar Output and Prices

Table A6.1.8: Consumer Price Index (CPI), 2005-2006

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 Equipmt. & 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	
2005 - Dec	100	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	100.9	107.3	105.3	
2006- Mar	101.1	101.0	99.9	100.1	100.5	100.0	100.5	100.0	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	105.9	103.8	
Sep	108.0	123.1	103.3	109.3	104.8	103.5	121.7	99.5	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	115.2	109.4	
2007-Mar	116.2	123.8	107.5	116.0	110.7	112.2	130.7	96.1	114.0	112.5	123.2	100.0	
Jun	117.1	126.7	108.8	115.7	114.0	114.0	126.1	95.6	119.8	123.2	132.7	100.0	
2006 - Jan	100.6	100.0	99.9	100.0	100.0	100.0	100.0	100.0	100.9	100.0	100.0	100.0	
Feb	100.7	100.0	99.9	100.0	99.8	100.0	100.0	100.0	100.9	100.0	100.0	101.0	
Mar	102.0	103.0	99.9	100.2	101.7	100.0	101.5	100.0	100.9	100.0	100.6	102.0	
Apr	104.4	105.4	101.1	104.8	101.8	101.6	103.4	100.0	101.9	101.2	105.3	103.6	
May	106.3	103.0	101.1	106.7	103.3	103.5	108.0	100.0	107.0	101.2	106.1	103.4	
Jun	105.0	103.0	102.2	106.8	103.1	103.5	109.1	100.0	108.0	101.2	106.4	104.5	
Jul	106.1	123.1	102.8	107.5	103.9	103.5	116.5	100.0	108.8	101.2	105.1	106.2	
Aug	107.9	123.1	103.5	108.6	104.6	103.5	122.5	99.2	108.2	101.2	105.1	106.8	
Sep	110.1	123.1	103.6	111.9	106.0	103.5	126.0	99.2	111.0	101.2	113.4	108.0	
Oct	110.8	123.6	105.6	112.7	108.0	105.3	129.0	99.2	111.2	101.2	114.1	108.9	
Nov	112.3	123.6	106.0	112.8	108.7	110.2	129.1	99.2	112.7	101.2	115.8	108.3	
Dec	111.4	123.6	105.2	112.8	108.7	110.2	129.1	96.1	112.7	101.2	115.8	111.1	
2007 - Jan	114.3	123.6	107.6	114.5	110.0	111.5	129.7	96.1	112.7	114.2	121.5	100.0	
Feb	116.8	123.4	107.5	117.1	110.4	111.5	130.1	96.1	114.7	111.7	121.5	100.0	
Mar	117.4	124.4	107.5	116.5	111.6	113.7	132.2	96.1	114.5	111.7	126.6	100.0	
Apr	117.2	126.7	108.6	115.6	113.3	114.0	123.9	96.1	118.9	113.4	131.9	100.0	
May	117.9	126.7	108.8	115.6	114.3	114.0	121.9	96.1	118.6	128.1	133.0	100.0	
June	116.1	126.7	109.1	115.8	114.3	114.0	132.6	94.7	121.9	128.1	133.2	100.0	

Source: Office of Chief Government Statistician (OCGS) - Zanzibar and BoT

BANK OF TANZANIA



A6.1 Zanzibar Output and Prices

Table A6.1.9: Consumer Price Index, Percentage Change on the Previous Year, 2005-2006

Base: December 2005 = 100

End of Period	Non- Food												
	General Index	Food											
		Total	Alcoholic Beverages, Tobacco & Narcotics	Clothing & Footwear	Housing, Water Electricity, Gas & Other fuels	Furnishing, Household Equipmt. & Routine H/hold Maintenance	Health	Trans- port	Commu- nication	Recreation & Culture	Edu- cation	Restaurants & Hotels	Misce. llaneous Goods & Services
Weights (%)	100	57.4	42.6	0.6	6.2	15.6	5.3	2.1	3.4	0.4	1.1	3.1	2.4
2005 - Dec	100	100	100.0	100	100	100	100	100	100	100	100	100	100
2006	6.5	7.0	5.9	12.7	2.6	7.1	4.1	3.7	14.5	7.0	0.9	7.3	5.3
2007-Mar	14.9	16.3	12.9	22.6	7.6	16.0	10.1	12.2	30.0	13.0	12.5	22.9	-1.0
Jun	11.2	12.3	10.8	23.0	7.3	9.0	10.9	10.8	18.1	13.5	21.7	25.3	-3.7
2007 - Jan	13.6	14.3	12.8	23.6	7.7	14.5	10.0	11.5	29.7	11.7	14.2	21.5	0.0
Feb	16.0	18.0	12.9	23.4	7.6	17.1	10.6	11.5	30.1	13.7	11.7	21.5	-1.0
Mar	15.1	16.6	13.1	20.8	7.6	16.3	9.7	13.7	30.2	13.5	11.7	25.8	-2.0
Apr	12.3	13.6	11.4	23.0	7.4	10.3	11.3	12.2	19.8	16.7	12.1	25.3	-3.5
May	10.9	12.2	10.4	23.0	7.6	8.3	10.6	10.1	12.9	10.8	26.6	25.4	-3.3
Jun	10.6	11.2	10.7	23.0	6.8	8.4	10.9	10.1	21.5	12.9	26.6	25.2	-4.3

Source: Office of Chief Government Statistician (OCGS) - Zanzibar and BoT

Source: Office of Chief Government Statistician (OCGS) - Zanzibar and BoT



BANK OF TANZANIA

A7.0 International Economic and Financial Developments

Table A7.1: Economic Performance in G-7 Countries and the Euro Area, 1997-2007

G-7		2005												2006				2007			
		2005				2006				2007				2006				2007			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Canada	Real GDP ¹	4.4	4.1	5.5	5.3	1.9	3.3	2.0	2.7	2.9	2.5	3.2	2.8	2.8	2.7	2.1	1.9	2.1	2.1	2.1	2.5
	Inflation ¹	1.4	1.0	1.7	2.7	2.5	2.3	2.0	1.8	2.3	1.6	2.1	1.9	2.7	2.3	1.4	1.6	1.7	1.8	2.0	2.1
	Interest rates ²	4.3	5.1	4.8	5.8	2.2	2.5	2.9	2.3	2.5	3.1	2.5	2.5	2.5	3.0	3.2	3.2	3.1	3.1*	3.1*	3.1*
France	Real GDP ¹	2.0	3.6	3.2	4.2	2.1	1.1	0.3	2.2	1.7	2.2	2.1	1.5	1.8	1.4	1.9	2.7	2.1	2.1	1.9	1.3
	Inflation ¹	1.2	0.7	0.6	1.8	1.8	1.9	2.1	2.2	1.9	1.9	1.9	1.8	1.8	1.9	1.9	1.9	1.9	1.8	1.7	1.6
	Interest rates ²	3.2	3.4	4.3	4.6	4.3	4.0	3.5	3.3	3.3	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.5	3.4	3.4*	3.4*
Germany	Real GDP ¹	1.4	2.0	2.0	2.9	0.8	0.1	-0.1	1.6	1.6	3.1	1.6	1.9	1.4	1.6	2.1	3.0	3.2	3.9	3.6	2.5
	Inflation ¹	1.8	0.6	0.6	1.4	1.9	1.3	1.1	1.7	2.1	2.2	1.7	1.9	2.4	2.2	3.0	2.1	2.0	1.7	1.7	1.6
	Interest rates ²	3.2	3.4	2.7	4.1	4.4	3.3	2.3	1.8	2.1	2.6	2.1	2.1	2.1	2.1	2.1	2.1	3.6	2.6	2.9*	3.1*
Italy	Real GDP ¹	1.8	1.8	1.7	3.1	1.8	0.4	0.4	1.1	0.3	2.0	-0.5	0.7	1.0	n.a	1.7	1.7	1.6	2.8	2.3	1.8
	Inflation ¹	1.7	2.0	1.7	2.6	2.7	2.6	2.7	2.2	2.2	2.3	2.0	2.2	2.2	2.4	2.2	2.3	2.3	2.2	2.2	2.2
	Interest rates ²	6.9	5.0	3.0	4.4	4.3	3.3	2.3	2.1	2.1	2.4	2.1	2.1	2.1	2.1	2.1	2.1	3.0	2.4	2.5*	2.5*
Japan	Real GDP ¹	1.6	-1.1	0.2	2.8	0.4	-0.4	2.5	3.4	1.9	2.2	1.0	1.8	2.1	2.7	3.0	2.1	1.4	2.3	2.6	1.6
	Inflation ¹	1.7	0.6	-0.3	-0.9	-0.7	-0.9	-0.2	0.0	0.2	0.0	-0.2	0.2	0.3	0.3	-0.1	0.2	0.2	-0.2	-0.2	-0.1
	Interest rates ²	0.5	0.4	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK	Real GDP ¹	3.4	2.9	2.4	3.1	2.1	1.9	2.3	3.2	1.9	2.8	2.2	1.6	1.8	1.8	2.4	2.8	3.0	3.1	3.0	3.0
	Inflation ¹	2.8	2.7	2.3	2.1	2.1	2.2	2.8	1.4	2.3	2.2	2.2	2.2	2.4	2.3	2.1	2.2	2.2	2.3	2.6	2.7
	Interest rates ²	5.5	7.2	5.2	5.3	4.3	3.9	3.6	4.3	4.8	4.5	4.8	4.8	4.8	4.8	4.8	3.8	4.8	4.5	4.5*	4.5*
USA	Real GDP ¹	4.5	4.2	4.5	3.7	0.8	1.6	2.5	3.9	2.9	2.6	3.1	2.8	4.5	1.2	4.8	2.4	1.1	2.1	0.6	4.0
	Inflation ¹	2.3	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.2	3.6	3.0	2.9	3.0	3.7	3.5	3.8	3.7	3.2	2.9	2.6
	Interest rates ²	5.5	5.4	5.0	6.2	3.9	1.7	1.1	1.1	1.1	2.2	2.1	2.3	2.2	2.2	2.2	2.2	2.0	2.1	2.1*	2.1*
EURO AREA	Real GDP ¹	n.a	n.a	2.9	2.8	3.5	1.5	0.9	0.8	2.1	2.5	2.9	2.1	2.3	2.6	2.9	2.4	2.9	2.8	3.3	2.5
	Inflation ¹	n.a	n.a	1.1	1.1	2.1	2.4	2.3	2.1	2.1	2.2	2.3	2.3	2.0	2.2	2.3	2.3	2.5	2.1	2.2	2.1
	Interest rates ²	n.a	n.a	2.7	2.7	4.1	4.4	3.3	2.3	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.1*

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

BANK OF TANZANIA



A7.0 International Economic and Financial Developments

Table A7.2: World Market Prices for Selected Commodities, 1997-2007

Commodity	Unit Price	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006				2007	
											Q1	Q2	Q3	Q4	Q1	Q2
Coffee (arabica)	US\$/Kg	4.1	2.9	2.3	1.9	1.4	1.4	1.4	1.8	2.5	2.6	2.4	2.4	2.7	2.7	2.6
Cotton (A index)	US\$/Kg	1.7	1.4	1.2	1.3	1.1	1.0	1.4	1.4	1.2	1.3	1.2	1.3	1.3	1.3	1.3
Sisal (UG grade)	US\$/ton	777.0	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
Tea**	US\$/Kg	2.4	2.4	1.8	1.9	1.5	1.5	1.5	1.6	1.5	2.0	2.1	2.0	1.7	1.7	1.6
Gold	US\$/troy ounce	331.2	294.3	278.8	279.0	271.0	310.0	363.5	409.2	444.9	554.0	627.4	621.5	614.5	650.3	667.4

Note: * Provisional

** Mombasa Auction price replaces London Auction price beginning July 1998.

Source: <http://www.imf.org> and worldbank.org/prospects



BANK OF TANZANIA

A7.0 International Economic and Financial Developments

Table A7.3 : Selected Exchange Rates-Currency Units per US Dollar (Period Average), 1997-2007

Period	Pound Sterling	Deutsche Marks	Swiss Francs	Dutch Guilders	French Francs	Belgium Francs	Italian Lira	Swedish Kroners	In TZS	
									Japanese Yen	Euro
1997	0.6103	1.7326	1.4497	1.9500	5.8317	35.8915	1,702.2593	7.6377	120.9411	
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
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	2.4971	7.4330	45.7112	2,194.0867	6.8698	120.7205	0.7684

Source: IFS, Bank of Tanzania

BANK OF TANZANIA



A7.0 International Economic and Financial Developments

Table A7.4: Bureau de Change Quarterly Transactions, 1997-2007

End of Period	Volume of Transactions (Millions of US\$)		Exchange Rates (Average TZS/US\$)		Mean Rate TZS/US\$
	Purchases	Sales	Buying	Selling	
1997	5,269.98	539.80	602.88	622.71	612.80
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
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	96.75	97.13	1,258.78	1,282.33	1,270.56

* Provisional

Source: Bank of Tanzania



BANK OF TANZANIA

PART VI: LIST OF MANAGEMENT

BANK OF TANZANIA



Name	Title	Telephone Direct
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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
A. Liyumba	Director, Special Duties	022 223 3200/4
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	0222235676
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 BANKING

S. Jengo	Director	022 223 5415/6
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Banking Department

E. Balele	Deputy Director	022 223 5134/5
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Currency Department

K. J. Jurango	Deputy Director	022 2118491
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Systems Operations Department

A. Massawe	Deputy Director	022 223 5138/9
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3. DIRECTORATE OF BANKING SUPERVISION

J. M. B Massawe	Director	022 223 5482/3
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Banks Supervision (Banks) Department

C. Gama	Deputy Director	022 223 5530/1
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Non-Banks Supervision Department

S. Kazimoto	Deputy Director	022 223 5480/1
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Operation & Policy Review Department

A. E. Kobello	Deputy Director	022 223 5576/7
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**Microfinance Institutions Department**

H. Ndambala	Deputy Director	022 223 5585/6
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4. 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

Mrs. C. Kiliaki	Deputy Director	022 223 3349/50
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International Economics Department

G. Mwakibolwa	Deputy Director	022 2233 303/4
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Debt Management Department

Y. A. Mchujuko	Deputy Director	022 223 378/9
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Macroeconomic & Financial Programs Department

P. L. Kadesha	Deputy Director	022 223 3330/1
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Trade, Finance and Investment Policies Department

S. S. Mrutu	Deputy Director	022 223 3282/3
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Real Sector Department

D. D. Thewa	Deputy Director	022 223 3390/1
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Research Department

I. A. Ntambwe	Deputy Director	022 223 518/9
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Micro-Finance Analysis and Policy Department

Mrs. F. Rutabanzibwa	Deputy Director	022 223 3280/1
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5. DIRECTORATE OF FINANCE

J. Angelo	Director	022 223 5126/7
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Domestic Accounts Department

E. M. Boaz	Deputy Director	022 223 5624/5
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Foreign Accounts Department

M. Kobello	Deputy Director	022 223 5628/9
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6. DIRECTORATE OF FINANCIAL MARKETS

K. S. Mbatia	Director	022 2118194
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BANK OF TANZANIA

**Domestic Markets Department**

J. K. Ndissi (Mrs) Deputy Director 022 223 3473/4

Foreign Markets Department

A. Libabu Deputy Director 022 223 3520/1

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

7. DIRECTORATE OF INTERNAL AUDIT

A. Mwinyimvua Director 022 223 5240/1

Internal Audit 1 Department

R. Mwanga Deputy Director 022 223 5243

Internal Audit 11 Department

H. M. Mnjovu (Mrs) Deputy Director 022 223 5256

8. DIRECTORATE OF MANAGEMENT INFORMATION SYSTEMS

E. Makwaia Director 022 2115124

Management Information System Department

G. M. Mahinya Deputy Director 022 2114772

Systems Analysis and Administration Department

C. M. Kitwanga Deputy Director 022 2118162

Networks and Office Automation Department

T. N. Kalinjuna Deputy Director 022 2119317

9. DIRECTORATE OF NATIONAL PAYMENTS SYSTEMS

L. Kinunda Director 022 2235432/3

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



10 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 5194/5

Facilities Management Department

E. Twininge Deputy Director 022 223 5555

11. OFFICE OF THE SECRETARY TO THE BANK

A. H. M. Mtengeti Secretary to the Bank 022 223 3240/1

Internal Security & Investigation Department

S. T. Mwageni Deputy Director 022 223 5376/7

Board Services and Exchange Liberalization Department

Y. E. Tongola Deputy Director 022 223 3242/3

Legislation Department

..... Deputy Director 022 223 3248/9

Litigation Department (Vacant)

12. 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

BANK OF TANZANIA



13. BANK OF TANZANIA TRAINING INSTITUTE MWANZA

Dr. W. Mgimwa	Principal	028 2500352
J. Mlay	Director of Studies	028 2500982
B. A. Mbanga	Deputy Director, Finance & Administration	028 2502697

14. BOT BRANCHES

Arusha

O. Kitine	Director	027 2502928
F. N. Mrosso	Deputy Director, Operations	027 2504047
V. Mulebya	Deputy Director, Economics	027 2548443
G. Maganga	Deputy Director, Finance & Administration	027 2504009

Mbeya

M. Gasabile	Director	025 2504158
O. Katundu	Deputy Director, Operations	025 2502055
F. Rugemalira	Deputy Director, Economics	025 2502839
J. M. Munazi	Deputy Director, Finance & Administration	025 2502700

Mwanza

E. Semainda	Director	028 2501015
J. Rushaka	Deputy Director, Operations	028 2500024
W. L. Tawe	Deputy Director, Economics	028 2500622
A. Ndalawwa	Deputy Director, Finance & Administration	028 25000352/2000027

Zanzibar

J. S. Mhando	Director	024 223 2140
K. T. Mkango	Deputy Director, Operations	024 223 1441
S. Chiguma	Deputy Director, Economics	024 223 2715
C. Kiponda	Deputy Director, Finance & Administration	024 223 2687
I. Nungu	Deputy Director, Special Assign. (PBZ)	024 223 8480