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# BANK OF TANZANIA



ANNUAL REPORT

2009/10





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BANK OF TANZANIA



## 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



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
TNNS	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
r	Revised
•	Figure not significant
-	No figure available
...	Available at a later date

June 3<sup>rd</sup>, 2011

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

Honourable Minister,

### **LETTER OF TRANSMITTAL**

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

- (a) A report of the Bank's operations and principal functions, in particular, the implementation of monetary policy and other activities during the year, and
- (b) The balance sheet as at 30th June 2010, the Profit and Loss Accounts for the year ended 30th June 2010 and associated financial statements as well as detailed notes to the accounts for the year and the previous year's comparative data certified by external auditors along with the auditors' opinion.

Yours sincerely,

Prof. Benno J. Ndulu  
**Governor**  
Bank of Tanzania



## BOARD OF DIRECTORS



*Prof. Benno Ndulu  
Governor and Chairman*



*Dr. Enos Bukuku  
Deputy Governor, Economic  
and Financial Policies (EFP),  
Deputy Chairman*



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



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



*Mr. Ramadhan M. Khijjah  
Permanent Secretary  
to the Treasury (URT)*



*Prof. Haidari Amani  
Director*



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



*Dr. Natu E. Mwamba  
Director*



*Mr. Ali Mufuruki  
Director*



*Mr. Athumani H. Mtengeti  
Secretary to the Bank*



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### **BANK OF TANZANIA MISSION**

The Bank's mission is:

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

### **BANK OF TANZANIA INFLATION CONTROL STRATEGY**

- The primary objective of the Bank of Tanzania is price stability. The Bank therefore, has the responsibility of establishing 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 deposits of other depository corporations with the central bank.

### **MONETARY POLICY INSTRUMENTS**

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

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



## **MONETARY POLICY IMPLEMENTATION BY THE BANK OF TANZANIA**

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



## EXECUTIVE SUMMARY

During 2009, real GDP grew by 6.0 percent, lower than 7.4 percent recorded in 2008. The poor economic performance was associated with the negative effects of the global financial crisis (GFC) which affected the economy through lower receipts from tourism, cash crops and manufactured exports. The onset of drought in 2008/09 season also negatively impacted agricultural production, hydro power generation as well as industrial production. Following these developments, the economy experienced inflationary pressures from food supply shocks in the first four months of 2009/10. As food supply improved, inflation rate decelerated from double digit levels to 7.3 percent June 2010. Overall, average inflation rate was 10.5 percent in 2009/10, slightly lower than 11.8 percent recorded in 2008/09.

Likewise, fiscal operations experienced shortfalls in domestic revenue collections compared with targets for 2009/10. The shortfall was partly due to a slower growth in production activities in the economy and deferred implementation of some revenue measures that were announced in the budget, including new charges on residency permits, visas, immigration fees and fire services charges. Implementation of these measures was postponed to avoid affecting adversely tourism activities at the onset of the global financial and economic crisis. Total domestic revenue as percent of GDP was 14.9 percent, down from 16.0 percent in 2008/09. Total expenditure amounted to TZS 8,173.7 billion, equivalent to 92.0

percent of the estimate or 26.3 percent of GDP. Total financing was equivalent to 6.4 percent of GDP, out of which 4.5 percent was external resources and 1.9 percent domestic.

During 2009/10, the Bank adopted a relaxed monetary policy stance, aimed at supporting countercyclical fiscal measures of the Government to limit the severity of the effects of the global financial crisis on domestic economic activities. In this respect, annual monetary aggregates (M2 and M3) were targeted to grow by 20 percent each by June 2010 from 19.5 percent and 18.5 percent recorded in June 2009, respectively. The revision of the targets was expected to provide more liquidity to banks and support growth of credit to the private sector. As a reflection, extended broad money supply grew by 25.1 percent, compared with 18.5 percent recorded in 2008/09. Similarly, M2 registered an annual growth rate of 26.3 percent in 2009/10, being higher than the growth rate of 19.5 percent recorded in the preceding year. Growth in money supply was reflected by increase in both net domestic assets (NDA) and net foreign assets (NFA) of the banking system. NFA increased on account of banks' strategy of shifting portfolios following cautious lending to private sector due to the global financial crisis. In addition, the increase in NFA was attributed to the depreciation of the Tanzanian Shilling against the US dollar coupled with higher official current transfer receipts. Meanwhile, the increase in NDA was mainly due to



enhanced net government borrowing from the banking system, particularly to cater for infrastructure developments. Banks credit to the private sector slowed down to an annual growth rate of 16.3 percent in 2009/10, from 32.8 percent recorded in 2008/09, partly reflecting cautious stance taken by banks in extending credit to the private sector, in the wake of the global financial crisis.

In line with relaxed monetary policy stance, interest rates on domestic currency denominated financial products exhibited a declining trend. The weighted average Treasury bills yield declined to 3.33 percent in June 2010, from 6.97 percent recorded in June 2009. A similar pattern was observed in the Treasury bond market, where average yields declined across all maturities. Interest rates offered and charged by banks showed similar trends as observed in the money market.

Meanwhile, the Bank participated in the Interbank Foreign Exchange Market (IFEM) primarily to meet liquidity management objectives, while fostering orderly market developments. The Bank maintained a steady sale of foreign exchange in the IFEM, selling a total of USD 1,006.0 million, accounting for 78.5 percent of USD 1,282.0 million traded in the market. The Tanzanian Shilling depreciated against the US dollar by 5.62 percent to TZS 1,337.2 per USD, partly attributed to strengthening of the US dollar against major world currencies.

During the year ending June 2010, the Tanzania's overall balance of payments recorded a surplus of USD 482.3 million, being higher than a surplus of USD 18.1

million recorded in the corresponding period a year earlier. The increase was mainly explained by the allocation of Special Drawing Rights (SDR) to Tanzania by the IMF coupled with the decline in current account deficit. The current account deficit narrowed to USD 1,966.3 million from a deficit of USD 2,130.1 million recorded in June 2009, on account of an increase in export of goods and services. Following these developments, the stock of gross official reserves stood at USD 3,482.6 million at end-June 2010, up from USD 2,925.1 million recorded at end-June 2009. This level of reserves was sufficient to cover about 5.0 months of import of goods and services.

Tanzania's total debt stock as at end-June 2010 stood at USD 9,856.2 million, being higher than USD 8,740.5 million recorded as at end-June 2009. The increase was attributed to a rise in external disbursements and domestic debt issuance. Out of the national debt stock, external debt accounted for 79.6 percent and domestic debt was 20.4 percent. The ratio of national debt stock to GDP was 42.9 percent compared with 43.4 percent as at end-June 2009.

Notwithstanding the effects of power crisis experienced towards the end of the year, Zanzibar economy grew by 6.7 percent in 2009, well above 5.3 percent recorded in 2008. The growth was mainly driven by improved performance in services particularly tourism and related activities. During the period, Zanzibar average annual headline inflation declined to 5.4 percent from 18.6 percent recorded in the corresponding period in 2008/09, mainly attributed to deceleration in average food



and non-food inflation.

Meanwhile, Zanzibar Government's budgetary operations on cheques issued basis recorded a deficit of TZS 51.0 billion after grants, compared with a deficit of TZS 10.7 billion registered in 2008/09. The budgetary operations after adjustment to cash amounted to a deficit of TZS 42.1 billion. Total resources amounted to TZS 235.3 billion, out of which TZS 149.5 billion was from domestic sources, and the

remaining balance was grants.

As for current account, Zanzibar recorded a surplus of USD 18.5 million during the period ending June 2010, being an improvement from a deficit of USD 7.1 million recorded in 2009. The good performance was associated with increases in current transfers and export proceeds. Development partners' inflows rose by 56.8 percent to USD 65.7 million, from USD 41.9 million in June 2009.



**PART I**  
**AN OVERVIEW OF ECONOMIC DEVELOPMENTS**





## CHAPTER ONE OUTPUT AND PRICES

### Gross Domestic Product

During 2009, the Tanzanian economy demonstrated resilience, despite the adverse impact of the Global Financial Crisis (GFC) that started in the last quarter of 2008. The GFC affected the economy through tourism, cash crops, manufactured exports, foreign assistance and private investment flows. Growth was also affected internally by the persistent drought in 2008/09 season which negatively impacted agricultural production, hydro power generation as well as industrial production all of which have a significant share to GDP. As a result,

real GDP grew by 6.0 per cent in 2009, lower than 7.4 per cent attained in 2008. The growth and contribution of various economic activities to GDP are depicted in **Chart 1.1 and Table 1.1**. In line with the slow down in economic growth, the per capita income also grew at a lower rate of 2.4 percent compared with 4.7 percent recorded in 2008. Going forward, the economy is expected to pick up in the medium term to the levels attained before the crisis, as the world economy recovers progressively from GFC, and the demand for exports improves.



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

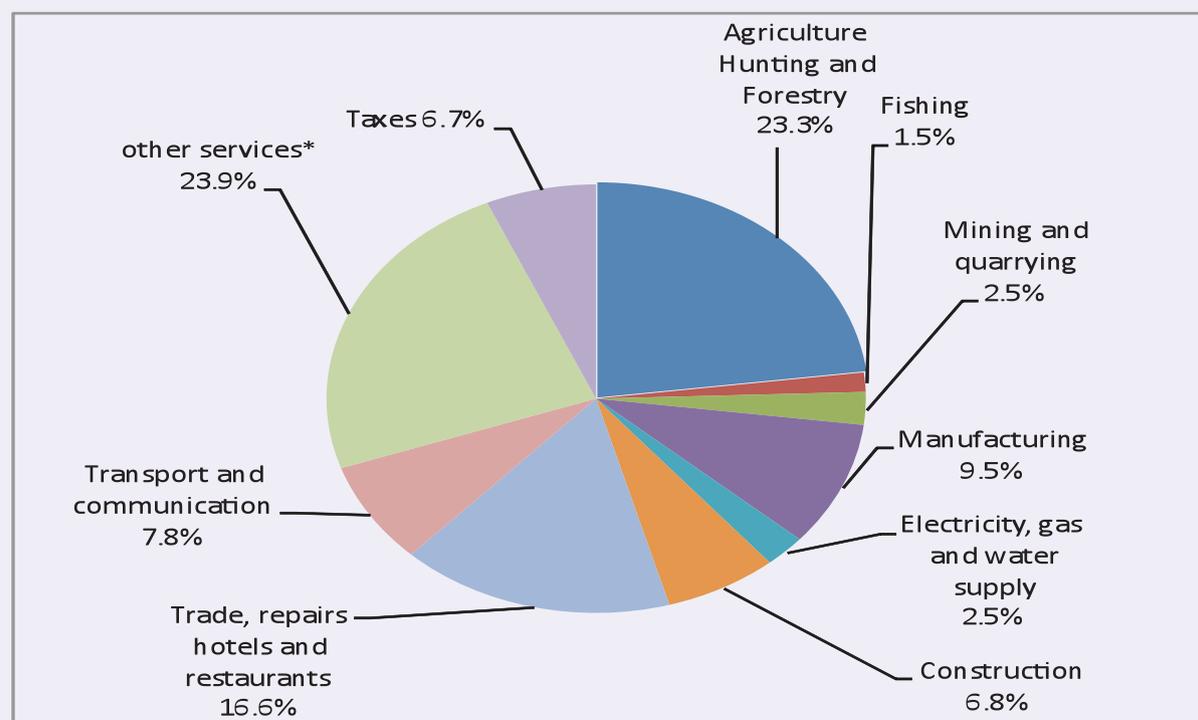
Item	In Percent					
	2004	2005	2006	2007	2008	2009
<b>Agriculture</b>	5.9	4.3	3.8	4.0	4.6	3.2
<b>Fishing</b>	6.7	6.0	5.0	4.5	5.0	2.7
<b>Industry and construction</b>	10.9	10.4	8.5	9.5	8.6	7.0
Mining and quarrying	16.0	16.1	15.6	10.7	2.5	1.2
Manufacturing	9.4	9.6	8.5	8.7	9.9	8.0
Electricity, gas	7.5	9.4	-1.9	10.9	5.4	8.4
Water supply	5.2	4.3	6.2	6.5	6.6	5.6
Construction	13.0	10.1	9.5	9.7	10.5	7.5
<b>Services</b>	7.8	8.0	7.8	8.1	8.5	7.2
Trade and repairs	5.8	6.7	9.5	9.8	10.0	7.5
Hotels and restaurants	3.6	5.6	4.3	4.4	4.5	4.4
Transport	8.6	6.7	5.3	6.5	6.9	6.0
Communications	17.4	18.8	19.2	20.1	20.5	21.9
Other services*	8.7	8.5	6.7	6.6	7.4	6.1
Gross value added at basic prices	7.8	7.4	6.7	7.2	7.4	7.4
Taxes on products	7.8	7.4	6.8	6.9	7.8	5.8
<b>GDP at market price</b>	<b>7.8</b>	<b>7.4</b>	<b>6.7</b>	<b>7.1</b>	<b>7.4</b>	<b>6.0</b>
					<i>As Percent of GDP</i>	
<b>Agriculture, Hunting and Forestry</b>	26.9	26.1	25.4	24.6	24.0	23.3
<b>Fishing</b>	1.7	1.6	1.6	1.6	1.5	1.5
<b>Industry and construction</b>	19.6	20.2	20.5	20.9	21.2	21.4
Mining and quarrying	2.3	2.4	2.6	2.7	2.6	2.5
Manufacturing	8.7	8.9	9.0	9.2	9.4	9.5
Electricity, gas	2.1	2.2	2.0	2.1	2.0	2.1
Water supply	0.4	0.4	0.4	0.4	0.4	0.4
Construction	6.1	6.2	6.4	6.5	6.7	6.8
<b>Services</b>	46.1	46.4	46.9	47.3	47.8	48.3
Trade and repairs	13.2	13.1	13.5	13.8	14.1	14.3
Hotels and restaurants	2.5	2.5	2.4	2.4	2.3	2.3
Transport	5.2	5.2	5.1	5.1	5.1	5.1
Communications	1.5	1.7	1.9	2.1	2.3	2.7
Other services*	22.6	22.9	22.9	22.8	23.9	23.9
<b>Taxes on products</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>

Source: National Bureau of Statistics

Note: \*Includes Financial intermediation, Public admin, Real estate and business services, education, health and other social and personal services



Chart 1.1: Contribution to GDP by Economic Activities During 2009 (at 2001 prices)



### Developments in Selected Economic Activities

Despite the decline in overall growth rate during 2009, some economic activities performed relatively better compared with the growth rates recorded in the preceding year notably communication, electricity gas and water supply which recorded improved performance due to increased investment in those sectors. Growth and contribution of various sectors to GDP are depicted in **Table 1.1**.

Forecast issued by the Ministry of Agriculture, Food and Cooperative indicated an increase of production of food crops during 2009/10 by 17.4 percent to 12.8 million tons from 10.9 million tons recorded in the preceding season given improved weather conditions coupled with

provision of government subsidy on agro-inputs and utilization of improved seeds, fertilizers and agro-chemicals. Production of cereals is estimated to increase to 7.7 million tons from 5.6 million tons recorded in the previous season. Accordingly, the country is projected to be self sufficient in food supply at 112.4 percent during 2010/11.

During the period under review, wholesale prices for most of food items with the exception of rice and beans increased when compared with those recorded in the preceding year (**Table 1.2**)



Table 1.2: National Average Wholesale Prices for Food Items

Item	TZS per 100 Kg							Percent Change
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	
Maize	19,710.2	15,802.6	24,008.7	18,681.9	27,938.7	33,607.4	38,335.1	16.9
Rice	46,966.7	51,760.5	63,120.6	69,376.1	75,270.4	102,950.5	81,408.2	-28.6
Beans	37,679.1	46,795.6	54,080.1	57,329.0	80,380.5	97,549.0	84,293.5	-16.5
Sorghum	24,003.8	20,758.5	28,350.3	26,625.7	32,692.7	43,015.1	55,006.8	36.7
Finger millet	21,451.7	25,036.3	29,832.3	33,031.8	38,474.7	60,100.2	70,401.1	26.8
Potatoes	28,358.3	27,961.8	35,747.8	38,226.9	45,777.5	43,592.6	52,378.3	19.2

Source: Ministry of Industry, Trade and Marketing

Production of the selected major cash crops indicated mixed performance during 2009/10 compared with the outturn in the preceding year (**Table 1.3**). During the period under review, production of sisal increased by 35.1 percent, mainly due to commencement of production in rehabilitated farms. Tobacco and tea production increased on account of good weather condition, good producer prices, and timely application of agrochemicals,.

On the contrary, production of seed cotton went down unreliable weather in the cotton growing areas, while decline in cashew nut production was on account of inadequate application of agrochemicals. On the contrary, production of seed cotton went down unreliable weather in the cotton growing areas, while decline in cashew nut production was on account of inadequate application of agrochemicals and pesticides. Coffee production also declined on account of low crop cycle.

Table 1.3: Tanzania, Production of Selected Major Crops, 2005/06 – 2009/10

						000' Tons		
	2005/06	2006/07	2007/08	2008/09r	2009/10e	% Change	Peak Production Period	Tons
Total Export Crops	596.6	390.9	454.1	627.0	500.6	-20.2		
Coffee	34.3	54.8	43.5	68.5	34.5	-49.6	1980/81	67.0
Seed Cotton	374.7	130.6	200.7	368.7	267.0	-27.6	2005/06	374.7
Tea	30.3	31.3	32.7	31.6	32.1	1.5	2004/05	30.7
Cashew nuts	77.4	92.6	92.3	79.1	74.1	-6.2	1973/74	145.0
Tobacco	52.0	50.7	50.8	55.4	60.7	9.7	1997/98	52.0
Sisal*	27.8	30.9	34.1	23.8	32.1	35.1	1964	230.0

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

Note: r- Revision

e- Estimates

\* - Calendar year (e.g. 2005/06 represents 2005)

Producer prices for coffee Arabica, green tea, cashew nuts and tobacco increased as compared to those recorded in the previous marketing season (**Table 1.4**). However, it should be noted that movements in

producer prices for the reported crops is very much influenced by demand conditions prevailing in major importing countries.



Table 1.4: Tanzania: Average Producer Prices for Traditional Export Crops

Period	Coffee		Seed Cotton	Green Tea	Raw Cashew	Tobacco			Sisal*
	Arabica	Robusta				VFC	DFC	Burley	UG
2001/02	400	106	175	65	300	543.4	518.7		540
2002/03	430	95	180	85	360	567.9	550.4		574
2003/04	500	130	280	86	462	725.3	680.0		786
2004/05	950	250	250	86	650	918.0	781.9		885
2005/06	1,100	300	250	88	550	983.4	735.1		899
2006/07	1,450	500	350	98	600	1,102.3	679.9	910.4	935
2007/08	1,850	700	450	110	610	1,172.1	841.3	916.9	958
2008/09	1,500	700	450	119	675	1,373.1	1,018.5	1,149.0	1,162
2009/10	1,700	450	440	124	700	2,741.5	1,658.9	1,698.5	1,059

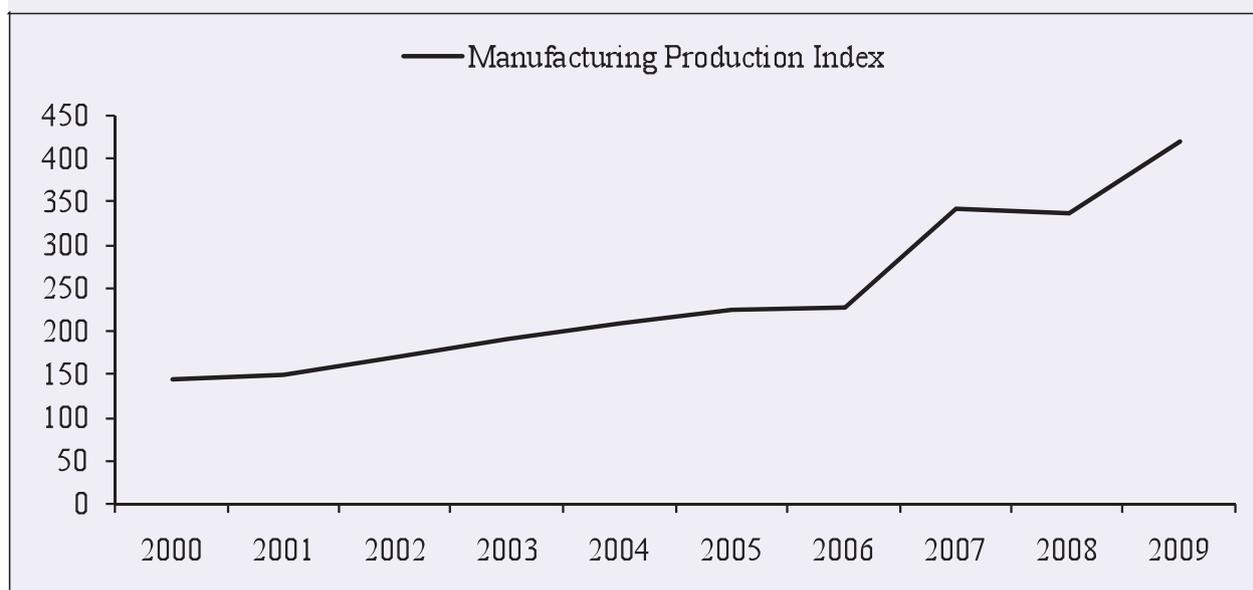
Source: Ministry of Agriculture, Food Security and Cooperatives & Crop Boards  
Note: \* USD/Ton

Performance of manufacturing activities when expressed in terms of Manufacturing Production Index (MPI), a rate that measures changes in production of commodities in real terms over time, indicate to have increased by 24.8 percent from an index of 335.3 recorded in 2008 to an index of 418.5 (Chart 1.2).

The increase in MPI signifies improved overall performance notwithstanding decline in production of some categories of manufacturing activities. Despite the impact of GFC on the economy, growth in manufacturing activities benefited from improvement in provision of reliable electricity, investments in the Export Processing Zones, and regional market arrangements under SADC and EAC.

Chart 1.2: Volume of Production in Manufacturing Industry

(Index 1985 = 100)





During the review period, production of selected manufactured commodities showed mixed performance with some registering high growth rates such as

distilled spirits, iron sheets and chibuku while others such as fish fillets, electrical cables and aluminium sheets declined (**Table 1.5**).

**Table 1.5: Tanzania: Volume of Selected Manufactured Commodities**

Commodity	Unit	2005	2006	2007	2008	2009p	% Change
Fish fillets	M/tons	44,691	42,371	44,029	43,153	34,926	-19.1
Vegetable oils & fats	M/tons	94,124	111,967	117,065	114,358	142,449	24.6
Wheat flour	M/tons	368,019	421,973	412,823	287,925	368,885	28.1
Sugar, refined	000' M/Tons	269	173	286	310	284	-8.4
Instant coffee	M/tons	410	340	392	1,337	746	-44.2
Blended tea	M/tons	5,823	6,993	9,148	52,338	52,790	0.9
Soft drinks	000' Ltr	293	383	449	355	412	16.1
Distilled spirits	000' Lts	4,489	5,365	7,614	4,049	10,201	151.9
Beer	000' Lts	216,604	299,036	310,194	291,178	284,906	-2.2
Chibuku	000' Lts	11,106	11,559	10,320	10,255	16,141	57.4
Cigarettes	Mill Pcs	4,445	5,095	5,821	6,101	5,831	-4.4
Textiles	000'Sq. Mt.	110,520	130,716	127,231	155,088	96,164	-38.0
Sisal ropes	M/tons	5,943	5,854	7,295	7,783	7,913	1.7
Plywood	Cubic Mt.	918	1,032	1,080	925	1,015	9.7
Paper	M/Tons	-	-	19,079	37,971	35,236	-7.2
Pyrethrum extract	000' M/tons	164	33	30	423	266	-37.1
Paints	000'Ltrs	16,222	18,384	22,849	24,857	25,781	3.7
Safety matches	000' grosses	2,515	1,197	2,228	2,676	2,439	-8.9
Cement	000' M/tons	1,366	1,370	1,630	1,756	1,941	10.5
Rolled steel	M/tons	47,652	50,654	46,016	75,274	89,791	19.3
Iron Sheets	M/Tons	25,088	30,293	36,369	31,751	50,664	59.6
Galvanised pipes	M/Tons	7,343	6,259	6,572	7,622	9,307	22.1
Transformers	Units	600	653	676	1,688	1,482	-12.2
Aluminium sheets/circles	M/tons	103	105	110	85	58	-31.8
Dry cells	000 Pcs	81,000	82,000	84,000	53,000	78,000	47.2
Cable and wires, electric	Tons	1,765	862	1,885	2,526	1,898	-24.9

Source: National Bureau of Statistics

Note: P = Provisional

Overall employment in selected manufacturing establishments in the country increased by 17.8 percent to 103,511 from 87,852 recorded in 2008.

Most of the manufacturing sub sectors recorded increases in employment levels dominated by Food, Beverages and Tobacco (**Table 1.6**).

**Table 1.6: Employment in Selected Manufacturing Firms**

ISIC	Industrial Sub - Sector	2006	2007	2008	2009	% Change	Share Contribution
31	Food, Beverage and Tobacco	40,864	41,335	53,282	57,948	8.8	56.0
32	Textiles, leather and footwear	14,004	21,629	15,040	18,917	25.8	18.3
331	Wood and products except furniture	1,598	2,070	2,971	2,876	-3.2	2.8
332	Furniture and Fixtures	1,598	2,070	2,971	3,933	32.4	3.8
341	Paper and paper products	910	1,556	3,423	3,945	15.2	3.8
35	Chemicals, petroleum, rubber and plastic products	7,981	8,307	5,393	12,348	129.0	11.9
36	Pottery, china, glass and non metallic products	1,441	1,283	1,600	1,825	14.0	1.8
37	Basic metal industries	6,717	6,847	3,444	2,898	-15.9	2.8
38	Fabricated metal products, machinery and equipment	1,481	1,394	2,641	1,897	-28.2	1.8
39	Other manufacturing industries	29	55	59	66	11.4	0.1
<b>3</b>	<b>Total manufacturing</b>	<b>75,025</b>	<b>84,476</b>	<b>87,852</b>	<b>103,511</b>	<b>17.8</b>	<b>100.0</b>

Source: National Bureau of Statistics

**Construction activities** continued to grow albeit at a slower rate of 7.5 percent in 2009 compared to 10.5 percent recorded in 2008. The slow down in the pace of growth of the activity was mainly attributed to completion of the Shinyanga/Kahama water project and Dar es Salaam water supply system.

Growth of **fishery activities** in 2009 slowed down to 2.7 percent compared with 5.0 percent achieved in 2008. The decline in growth was attributed to initiative by the Government to stop issuance of fishing permits in the Exclusive Economic Zone (EEZ) while reviewing rules and regulations to guide fishing activities. The Government also strengthened patrols along all fishing areas and destroy illegal fishing gears. As a result, a total of 344,567.2 tons of fish worth TZS 408.0 billion were harvested in 2009 compared to 350,311.4 tons valued at TZS 235.3 billion realised in 2008.

During 2009, value added in electricity and gas recorded a growth of 8.4 percent compared to 5.4 percent recorded a year before. Electricity generated and supplied to the national grid amounted to 4,733.7 GigaWatt per Hour (GWH) being an increase of 8.7 percent compared to 4,354.2 GWH recorded in 2008. Electricity generated from natural gas increased to 637.1 GWH from 266.1 GWH produced in 2008. Similarly, electricity produced by isolated units rose to 68.8 GWH from 68.2 GWH recorded in 2008. Notwithstanding this developments electricity generation is generally affected by aging machinery and equipments coupled with fall in water levels at Hale and Pangani. Likewise, electricity generated at Kiwira coal mines declined due to lack of adequate working capital (**Table 1.7**).

**Table 1.7: Electricity Aailed for Distribution (MWh)**

Item	2005	2006	2007	2008	2009	% Change
<b>Hydropower</b>	<b>1,780,673</b>	<b>1,439,004</b>	<b>2,523,631</b>	<b>2,648,910</b>	<b>2,640,467</b>	<b>-0.3</b>
<b>Thermal power</b>	<b>97,247</b>	<b>111,540</b>	<b>71,948</b>	<b>336,367</b>	<b>708,348</b>	<b>110.6</b>
Diesel-Grid	9,365	20,188	1,715	2,092	2,427	16.0
Isolated units	87,881	91,351	70,233	68,208	68,863	1.0
Gas	-	-	-	266,068	637,058	139.4
<b>Imports</b>	<b>50,388</b>	<b>61,498</b>	<b>60,472</b>	<b>52,369</b>	<b>64,877</b>	<b>23.9</b>
Uganda	31,959	39,748	43,094	43,047	43,468	1.0
Zambia	18,429	21,750	17,378	9,322	21,409	129.7
<b>IPPs</b>	<b>1,742,636</b>	<b>1,981,346</b>	<b>1,556,402</b>	<b>1,384,759</b>	<b>1,388,826</b>	<b>0.3</b>
Songas	1,149,374	1,300,708	1,138,469	1,125,718	1,349,220	19.9
AGGREKO	-	29,434	263,301	180,397	-	-100.0
Dowans	-	-	111,892	73,417	-	-100.0
APR	-	-	620	4	-	-100.0
IPTL	577,785	640,370	37,135	1,829	39,457	2,057.8
Kiwira	9,436	5,923	4,062	3,394	148	-95.6
TANWAT	4,749	4,691	925	-	-	0.0
Local industry	1,292	221	-	-	-	0.0
<b>Total</b>	<b>3,670,944</b>	<b>3,593,388</b>	<b>4,212,454</b>	<b>4,422,406</b>	<b>4,802,518</b>	<b>8.6</b>

Source: TANESCO

Note: IPPs = Independent Power Producers

MWh=MegaWatt per hour

Value added in mining activities grew by 1.2 percent, slightly lower compared to 2.5 percent recorded in 2008. This development was associated with decline in production of all minerals except gold, salt and coal (Table 1.8). Production of gold, which contributes the largest share of the mineral activities in the country, increased to 39,112.6 kilograms from 36,433.9 kilograms recorded in the preceding year following commencement of Buzwagi

gold mines and increased production by Geita and North Mara gold mines. On the other hand, the decline in production of tanzanite and other gemstones was attributed to declines in prices in the world market following the GFC. Likewise, diamond production declined on account of aged machinery at Williamson Diamond Limited (WDL), which is the largest producer of the mineral in the country.

**Table 1.8: Production of Selected Minerals**

Item	Unit	2004	2005	2006	2007	2008	2009 <sup>P</sup>	% change
Diamond	000'Carats	303.9	219.6	272.2	282.8	237.7	181.9	-23.5
Gold	Tons	48.2	47.3	39.7	40.2	36.4	39.1	7.4
Gemstone	Tons	1,613.8	627.8	2,498.6	1,286.3	1,858.3	1,058.5	-43.0
Salt	000' Tons	57.1	51.2	34.8	35.2	25.9	27.4	5.8
Gypsum	000' Tons	59.2	23.1	32.6	52.8	55.7	8.1	-85.4
Limestone	000' Tons	1,390.9	2,006.4	1,607.6	1,322.0	1,281.8	1,284.1	0.2
Pozzolana	000' Tons	152.7	163.5	129.3	223.0	260.4	171.9	-34.0
Coal	000' Tons	65.0	30.8	17.9	27.2	15.2	16.5	8.3
Tanzanite	Kilogram			5,504.0	8,187.0	11,770.0	10,011.7	-14.9
Phosphates	Tonnes	6,570.0	1,975.3	2,880.7	8,261.1	28,684.0	752,000.0	2,521.7

Note: P = Provisional

Source: Ministry of Energy and Minerals

Real growth in tertiary sector, namely **service activities** during 2009 grew by 7.5 percent albeit lower compared to 8.5 percent recorded in 2008; whilst its contribution to GDP rose to 48.3 percent slightly higher compared to 47.8 percent recorded in 2008. Despite overall slow down in growth of the service activities, communication sub sector recorded an increase in growth triggered by increased investments in infrastructure especially provision of mobile phone and video conference/distance learning services. The number of subscribers to mobile phone services increased from 13,006,793 recorded in 2008 to 17,469,486 during the review period. Subscribers to landline telephones also increased to 172,922 from 123,809 recorded in 2008, whereas the number telecentres rose to 9 centres from 4 recorded in 2008.

Growth in value added in the hotel and restaurants including tourism grew by 4.4 percent slightly lower compared to 4.5 percent recorded a year before. In terms

of tourist arrivals, the number of foreign tourists declined to 714,367 from 770,376 recorded in 2008 due to the aftermaths of the GFC.

Transportation activity recorded a growth rate of 6.0 percent compared to 6.9 percent recorded in 2008. The decline was due to deterioration in services offered by Tanzania Railways Limited (TRL), Air Tanzania Corporation Limited (ATCL) and TAZARA on account of aged infrastructure and inadequate working capital. Volume of cargo transported by TRC declined to 237,000 tons compared to 429,000 tons transported into in 2008. Similarly, TAZARA transported 33,000 tons compared to 525,000 tons handled in the preceding year..

During the review period, provision of **communication** services which contributed 2.7 percent of GDP in 2009, grew by 21.9 percent compared to that of 20.5 percent recorded in 2008.



## Gross National Disposable Income

Gross National Disposable Income (GNDI)<sup>1</sup> comprising of compensation of employees, property income, net current transfers, operating surplus or mixed income, grew at the same rate of 6.3 percent recorded in 2008.

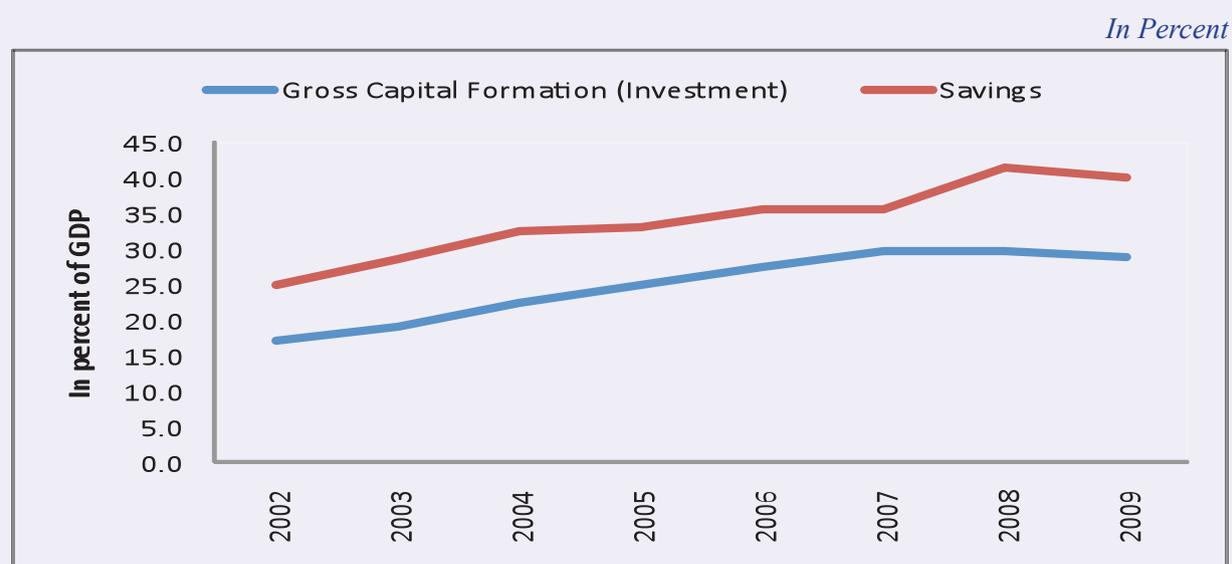
The growth of GNDI relative to the consumption expenditure growth of 3.8 percent, reflect increased savings. The resource balance (defined as Savings minus Investment) widened during the period under review reflecting increased foreign direct investments (**Table 1.9 and Chart 1.3**).

<sup>1</sup>GNDI is obtained by adding net current transfers from abroad and Gross National Income

**Table 1.9: Tanzania Mainland: Analysis of the Savings-Investment Relationship, 2004–2009***(Millions of TZS)*

Item	2005	2006	2007	2008	2009
<b>Nominal</b>					
<b>National Disposable Income</b>	<b>14,918,696</b>	<b>16,949,332</b>	<b>19,730,335</b>	<b>23,032,501</b>	<b>26,320,104</b>
Final Consumption	13,386,429	15,340,093	18,270,124	20,754,564	23,403,570
Government final consumption	2,804,521	3,144,881	4,038,989	4,321,718	4,926,759
Household final consumption	10,581,908	12,195,212	14,231,135	16,432,846	18,476,811
Gross Capital Formation (Investment)	4,001,088	4,957,782	6,209,741	7,381,257	8,173,221
Government investment	1,202,323	1,276,400	1,494,333	1,628,172	2,241,507
Private investment(+change in inventories)	2,683,283	3,539,559	4,570,749	5,344,872	5,931,714
Savings	1,294,078	1,432,663	1,258,199	2,868,999	3,143,864
Saving - Investment Gap	-2,707,010	-3,525,119	-4,951,542	-4,512,258	-5,029,358
<b>GDP (at market price)</b>	<b>15,965,296</b>	<b>17,941,268</b>	<b>20,948,403</b>	<b>24,781,679</b>	<b>28,212,646</b>
Deflator	132	139	152	167	179.4549138
CPI(annual average)	121	130	139	153	171.6
<b>GDP at basic prices</b>	<b>14,597,767</b>	<b>16,278,225</b>	<b>18,989,844</b>	<b>22,452,059</b>	<b>25,510,287</b>
Absorption	17,387,517	20,297,875	24,479,865	23,814,103	26,650,033
<b>At Constant 2001 prices</b>					
<b>National Disposable Income</b>	11,302,042	12,193,764	12,980,484	13,791,917	14,666,695
Final Consumption	10,855,260	11,735,476	12,517,666	13,328,592	13,838,779
Government final consumption	2,106,670	2,279,417	2,495,962	2,824,652	2,968,710
Household final consumption	8,748,590	9,456,059	10,021,704	10,503,940	10,870,070
Gross Capital Formation (Investment)	2,535,317	2,938,619	3,358,305	3,616,866	3,982,283
Government investment	849,534	840,621	886,387	974,953	1,075,216
Private investment	1,685,783	2,097,998	2,471,917	2,641,913	2,907,067
Savings	978,187	1,028,599	828,968	1,717,963	1,751,896
Saving - Investment Gap	-1,557,130	-1,910,020	-2,529,336	-1,898,903	-2,230,387
GDP (at market price)	12,068,090	12,881,163	13,801,921	14,828,345	15,721,301
Absorption	11,283,907	12,394,678	13,380,009	14,120,806	14,850,545
<b>Annual Change</b>					
National Disposable Income	4.0	7.9	6.5	6.3	6.3
Final Consumption	11.4	8.1	6.7	6.5	3.8
Government final consumption	11.9	8.2	9.5	13.2	5.1
Household final consumption	11.2	8.1	6	4.8	3.5
Gross Capital Formation (Investment)	18.2	15.9	14.3	7.7	10.1
Absorption	12.7	9.8	7.9	5.5	10.3

*Source: National Bureau of Statistics*

**Chart 1.3: Savings-Gross Capital Formation (Investment) Ratio to GDP (mp)**

### Aggregate Demand

Domestic aggregate demand or absorption, comprising of final consumption and capital formation increased substantially by 10.3 percent in real terms, compared to 5.5 percent in 2008. The higher domestic demand is associated with increased government spending in the priority sectors of education and health as well as infrastructural development coupled with increased private sector investment particularly in tourism projects, transport and real estates.

Final consumption in real terms grew by 3.8 percent in 2009 lower than 6.5 percent recorded in 2008. Despite deceleration in the growth rate of final consumption the ratio of consumption to GDP remained high at an average of 85 percent in the past five years.

### Inflation Developments

The economy experienced inflationary pressures emanating from food supply shocks in the region driven by unreliable weather

conditions. Inflation was also driven by factors associated with the second round effects of the GFC. As a result, the economy experienced a double digit, annual headline inflation beginning September 2008 and the whole of 2009 before declining to 7.2 percent in June 2010 (**Chart 1.4**). Average inflation rate for 2009/10 was 10.5 percent lower than 11.8 percent recorded in 2008/09.

**Food inflation** recorded highest levels between July and October 2009 rising from 16.9 percent in July 2009 to 18.1 percent in October 2009 before declining to 11.3 percent in January 2010. Food inflation further declined to 7.1 percent in June 2010 largely on account of improved food supply in the region. The 12-months average annual food inflation was 13.2 percent in June 2010 compared to 16.1 percent in June 2009.

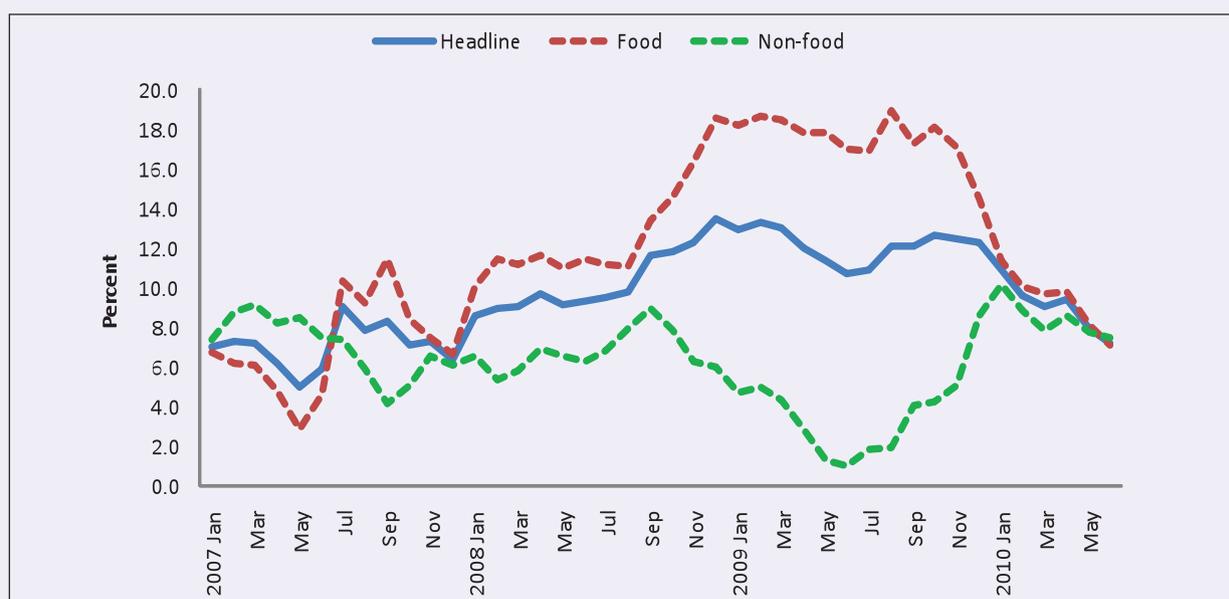
**Annual non-food inflation** increased gradually from 1.8 percent in July 2009 and reached its highest level of 10.1 percent in January 2010 mainly due rebound in the world oil prices, thereafter declined to 7.4 percent in June 2010. The downward movement in



non-food inflation after January 2010 was associated with the decline in average prices of items under clothing and footwear, recreation and entertainments, education and rent.

The average non-food inflation for 2009/10 was 6.3 percent compared to an average of 5.2 percent for 2008/09 .

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





## CHAPTER TWO PUBLIC FINANCE

### Overview

During 2009/10, the Government continued to implement policy and institutional reforms to strengthen revenue collections and broaden tax base. Efforts to increase revenue covered the following main areas:

- Broadening the tax base through identification of new sources;
- Improving tax and non tax administration and revenue collection processes;
- Reducing tax exemptions;
- Strengthening accountability among taxpayers and tax collectors for efficient revenue collection; and
- Strengthening the capacity of the Customs and Excise Tax Department in the supervision and collection of revenue.

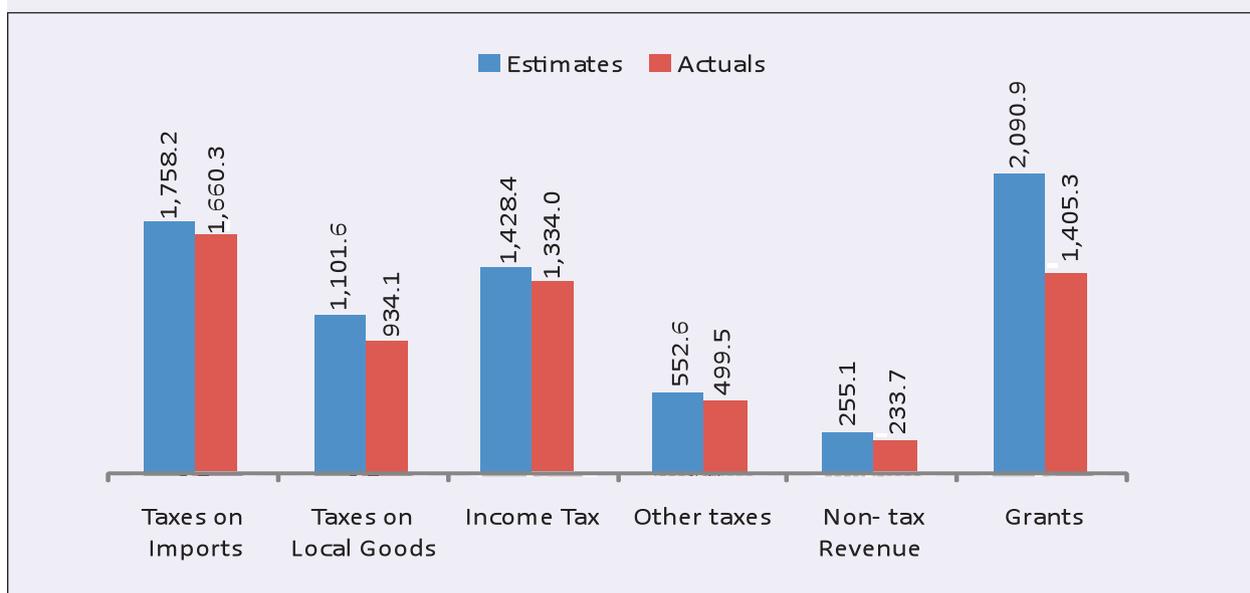
### Government Revenue and Grants

During 2009/10, fiscal operations experienced shortfalls in domestic revenue collections against targets. This was partly due to the global financial crisis that led to a slower growth in production activities in the economy and deferred implementation of some revenue measures that were announced in the budget, including new charges in residency permits, visas, immigration fees and fire services charges. Implementation of these measures was postponed to avoid affecting adversely tourism activities at the onset of the global financial and economic crisis.

Total domestic revenue amounted to TZS 4,661.5 billion <sup>2</sup>, being 91.5 percent of the target of TZS 5,096.0 billion. The revenue collection was 14.9 percent of GDP compared to 16.0 percent recorded in 2008/09. Tax revenue amounted to TZS 4,427.8 billion, which was 91.5 percent of the estimates, whereas non-tax revenue amounted to TZS 233.7 billion. Low collections were recorded in all major tax categories (**Chart 2.1**).

During the year under review, the government received grants amounting to TZS 1,405.3 billion, being 67 percent of the projected amount or 4.5 percent of GDP. This amount included TZS 665.8 billion as program grants, TZS 439.1 billion for development projects, and TZS 258.1 billion for sectoral basket funds.

<sup>2</sup> This excludes revenue generated by Local Government Authority


**Chart 2.1: Government Resources in 2009/10 - (Billions of TZS)**


Source: National Bureau of Statistics

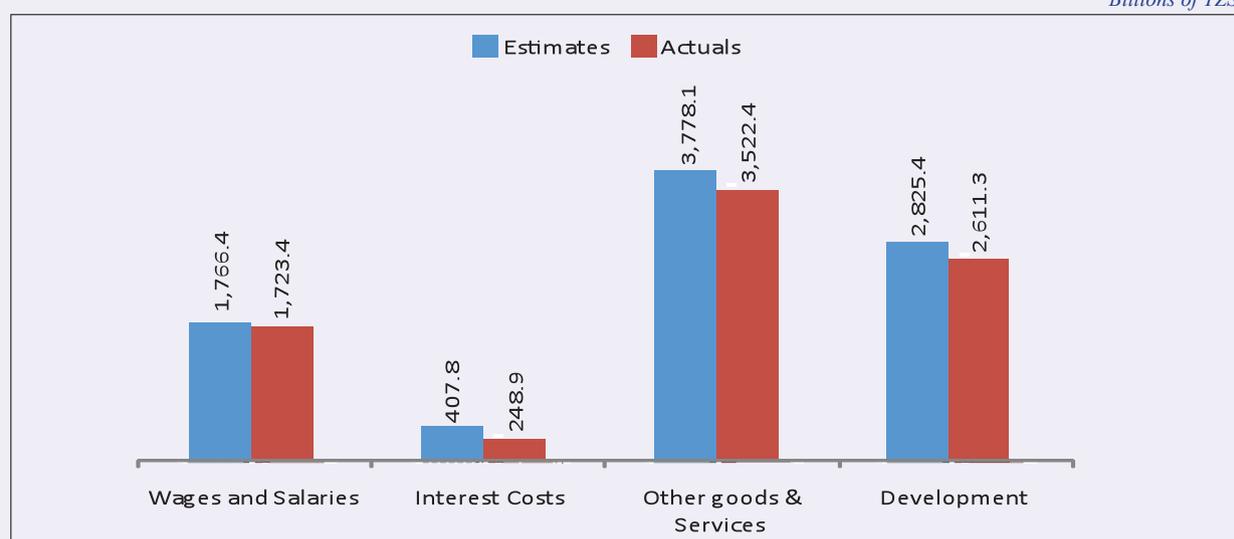
## Government Expenditure

Expenditure performance for 2009/10 was broadly in line with resource envelope. The Government continued to align expenditure to MKUKUTA with a view to attaining objectives of Development Vision 2025. Total expenditure for the period was

TZS 8,173.7 billion, equivalent to 92.0 percent of the estimate or 26.3 percent of GDP. Recurrent expenditure amounted to TZS 5,562.4 billion, while development expenditure was TZS 2,611.3 billion, representing 91.9 percent and 92.4 percent of the budget estimates, respectively (**Chart 2.2**).

**Chart 2.2: Government Expenditure in 2009/10**

Billions of TZS



Source: National Bureau of Statistics



## Financing

During the review period, total financing was 6.4 percent of GDP, out of which 4.5 percent was external resources and 1.9 percent domestic.

Net foreign borrowing amounted to TZS 1,379.6 billion, against the target of TZS 1,037.3 billion, while domestic borrowing was TZS 560.0 billion compared with the target of TZS 506.2 billion.



## CHAPTER THREE MONETARY AND FINANCIAL DEVELOPMENTS

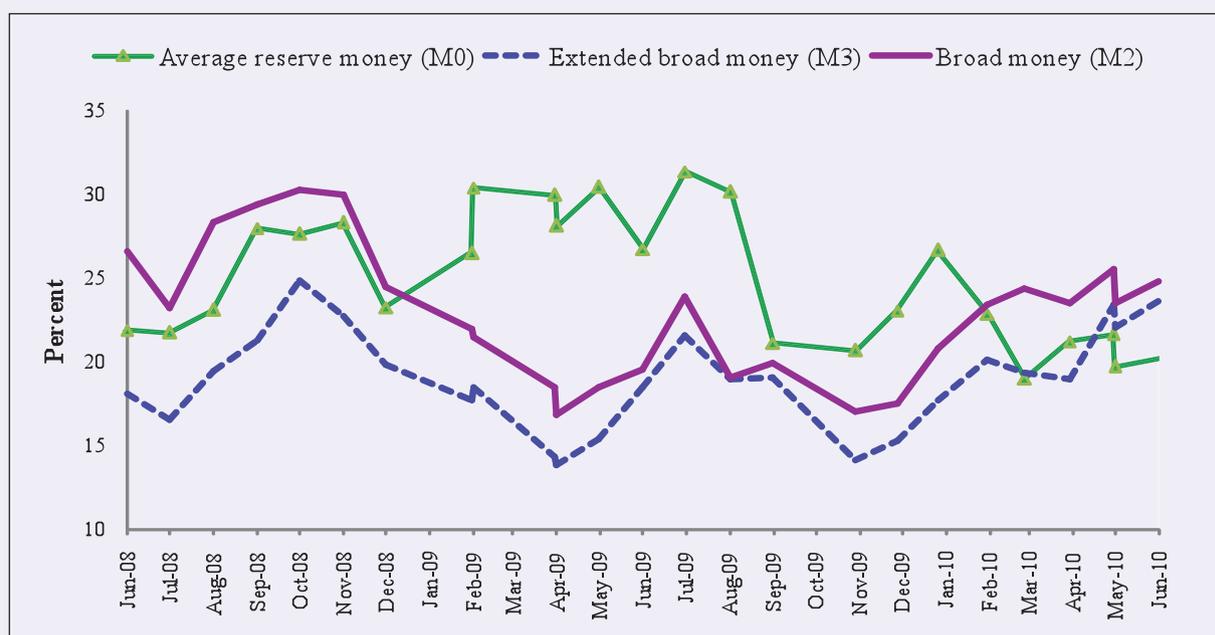
### Monetary Policy Framework

During 2009/10, the Bank adopted a relaxed monetary policy stance, aimed at supporting countercyclical fiscal measures of the Government to limit the severity of the effects of the global financial crisis on domestic economic activities. In this respect, annual monetary aggregates (M2 and M3) were targeted to growth by 20 percent each by June 2010 from 19.5 percent and 18.5 percent recorded in June 2009, respectively. The revision of the targets was expected to provide more liquidity to banks and support growth of credit to the private sector. In order to attain this objective, the Bank revised upwards the average reserve money, which is the Bank's operating target for the monetary policy and reduced margins on Lombard and Bank rates to allow for greater flexibility in the provision of liquidity to the economy.

### Money Supply and Credit Developments

Following the relaxation of the monetary policy in 2009/10, monetary aggregates registered higher annual growth rates than the outturn in 2008/09. Extended broad money supply grew by 25.1 percent, compared with 18.5 percent recorded in 2008/09. Similarly, M2 registered an annual growth rate of 26.3 percent in 2009/10, being higher than the growth rate of 19.5 percent recorded in the preceding year (**Chart 3.1**). Growth in money supply was reflected by increase in both net

domestic assets (NDA) and net foreign assets (NFA) of the banking system (**Table 3.1**). NFA increased on account of banks' strategy of shifting portfolios following cautious lending to private sector due to the global financial crisis. In addition, the increase in NFA was attributed to the depreciation of the Tanzanian shilling against the US dollar coupled with higher official current transfer receipts. Similarly, the increase in NDA was mainly due to enhanced net government borrowing from the banking system, particularly to cater for infrastructure developments. In 2009/10, the government borrowed on net basis TZS 1,061.0 billion from the banking system, compared with TZS 390.6 billion recorded a year earlier.


**Chart 3.1: Tanzania: Annual Growth Rates of Monetary Aggregates**


Source: Bank of Tanzania

**Table 3.1: Tanzania: Selected Money Supply Components**

Billions of TZS

Item	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	2006/07	2007/08	2008/09	2009/10	Annual Change		Annual Growth Rates (%)		
										2008/09	2009/10	2007/08	2008/09	2009/10
Net Foreign Assets of the Banking System	1,334.0	1,941.5	2,206.1	2,337.3	3,083.7	3,465.2	3,628.8	4,202.9	5,265.5	574.1	1,062.6	4.7	15.8	25.3
Bank of Tanzania	773.5	1,303.8	1,581.1	1,746.4	2,263.5	2,655.5	3,059.6	3,401.2	3,949.3	341.6	548.1	15.2	11.2	16.1
Net International Reserves (Millions of USD)	857.9	1,290.5	1,475.2	1,596.2	1,853.2	2,140.4	2,641.8	2,665.7	3,143.3	23.9	477.6	23.4	0.9	17.9
Other Depository Corporations	560.5	637.7	625.0	591.0	820.2	809.6	569.2	801.7	1,316.2	232.5	514.6	-29.7	40.8	64.2
Net Domestic Assets of the Banking System	682.9	564.1	762.8	1,214.7	1,579.1	2,134.0	2,983.3	3,629.2	4,535.8	645.9	906.6	39.8	21.7	25.0
Domestic Claims	840.8	876.2	1,146.2	1,579.1	1,971.4	2,793.9	3,384.8	4,823.3	6,174.1	1,438.5	1,350.8	21.1	42.5	28.0
Claims on central government (net)	249.1	57.6	(30.6)	130.7	69.8	243.5	(151.1)	128.3	712.8	279.4	584.5	---	---	---
Claims on Central Government	781.6	854.4	884.7	1,157.0	1,863.5	2,247.8	2,139.9	2,530.8	3,591.8	390.9	1,061.0	-4.8	18.3	41.9
o/w Securities held by ODCs	473.4	635.6	645.2	878.6	1,278.0	1,640.7	1,519.9	1,392.3	2,063.4	-127.6	671.1	-7.4	-8.4	48.2
Liabilities to Central Government	532.5	796.8	915.3	1,026.3	1,793.7	2,004.3	2,291.0	2,402.5	2,879.0	111.5	476.5	14.3	4.9	19.8
Claims on Other Sectors	591.8	818.5	1,176.8	1,448.5	1,901.6	2,550.4	3,535.8	4,695.0	5,461.3	1,159.2	766.3	38.6	32.8	16.3
Extended Broad Money Supply (M3)	2,016.9	2,505.6	2,968.9	3,552.0	4,662.8	5,599.2	6,612.1	7,832.1	9,801.4	1,220.0	1,969.2	18.1	18.5	25.1
Foreign Currency Deposits (FCD) in National Currency	659.2	883.1	982.0	1,032.8	1,492.9	1,781.4	1,781.6	2,060.1	2,513.8	278.5	453.7	0.0	15.6	22.0
FCD in millions of US dollar	696.2	843.8	886.8	916.9	1,191.4	1,404.6	1,508.6	1,585.4	1,822.4	76.8	237.0	7.4	5.1	14.9
Broad Money Supply (M2)	1,357.7	1,622.5	1,986.9	2,519.2	3,169.9	3,817.8	4,830.6	5,772.0	7,287.5	941.4	1,515.5	26.5	19.5	26.3
Other Deposits in National Currency	569.1	688.1	815.0	964.4	1,314.3	1,578.6	2,000.7	2,623.3	3,152.8	622.7	529.5	26.7	31.1	20.2
Narrow Money Supply (M1)	788.5	934.4	1,171.9	1,554.8	1,855.6	2,239.1	2,829.9	3,148.7	4,134.7	318.8	986.0	26.4	11.3	31.3
Currency in Circulation	403.2	475.2	592.0	767.8	911.9	1,110.7	1,269.5	1,423.7	1,680.5	154.2	256.8	14.3	12.1	18.0
Transferable Deposits in National Currency	385.3	459.1	579.9	787.1	943.7	1,128.4	1,560.4	1,725.0	2,454.3	164.6	729.3	38.3	10.5	42.3
<b>Memorandum Items</b>														
Net Claims on Central Government/ Domestic Credit (%)	29.6	6.6	-2.7	8.3	3.5	8.7	-4.5	2.7	11.5					
Claims on Private Sector/ Domestic Credit (%)	70.4	93.4	102.7	91.7	96.5	91.3	104.5	97.3	88.5					
FCD/M3 (%)	32.7	35.2	33.1	29.1	32.0	31.8	26.9	26.3	25.6					
Nominal Exchange Rate (end of period) (TZS/USD)	946.9	1046.5	1107.3	1126.3	1253.1	1268.3	1180.9	1299.4	1379.4					
Gross Official Reserves (Millions of USD)	1,230.7	1,690.6	1,890.8	1,971.2	1,865.5	2,157.3	2,660.0	2,929.8	3,482.6					
Foreign Assets of the ODCs (Millions of USD)	600.7	620.3	575.9	556.9	754.8	750.6	790.2	796.4	1,096.9					
Gross Foreign Assets of the Banking System (Millions of USD)	1,831.4	2,310.9	2,466.8	2,528.1	2,620.3	2,907.9	3,450.2	3,726.2	4,579.5					

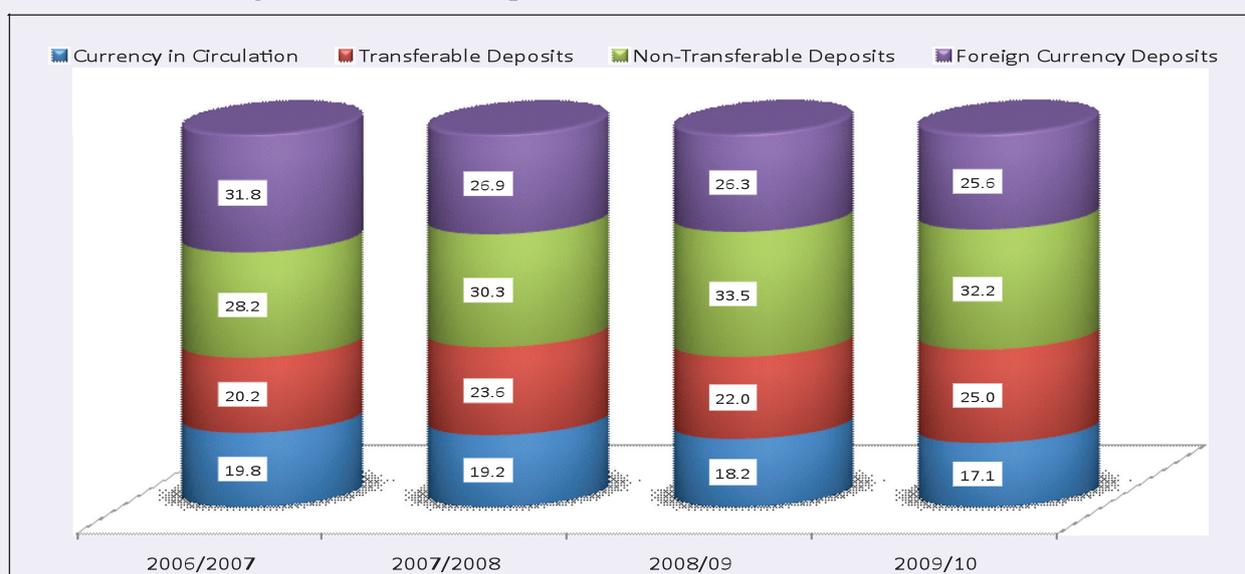
Source: Bank of Tanzania



In 2009/10, the ranking of money supply components remained unchanged when compared with 2008/09, although shares to M3 declined marginally except for transferable deposits. During the year, non-transferable deposits (time and savings deposits) accounted for the largest share,

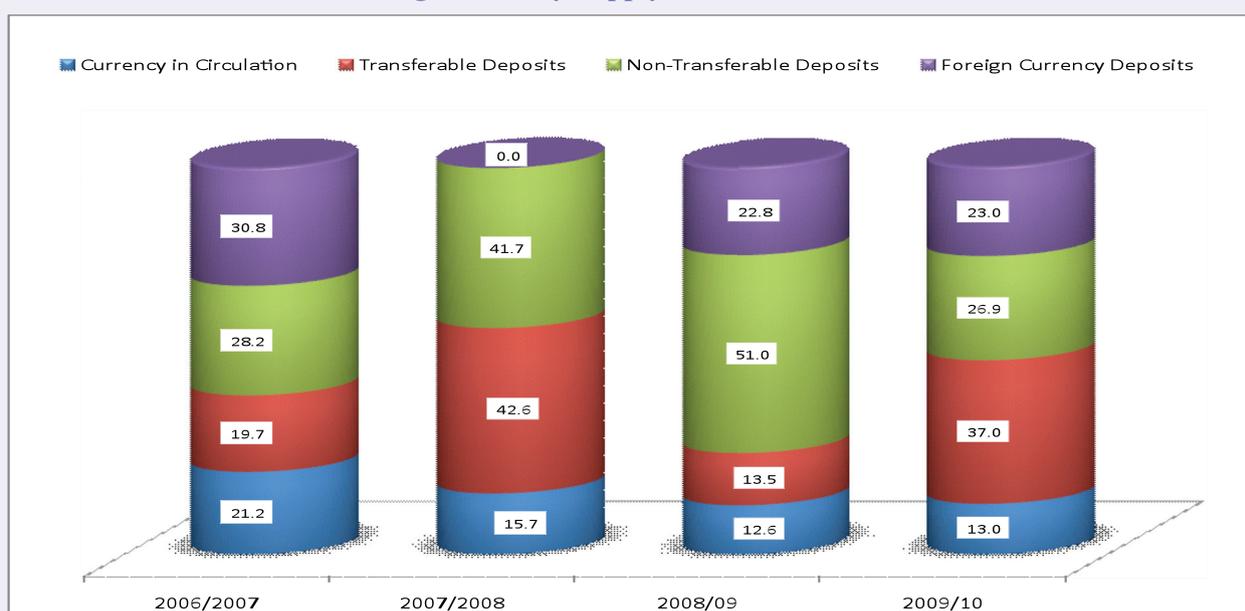
followed by foreign currency deposits, while the share of currency in circulation was the lowest (**Chart 3.2**). Meanwhile, transferable deposits contributed over one third of the change in money supply, on account of payments for infrastructure development projects (**Chart 3.3**).

**Chart 3.2: Percentage Share of M3 Components**



Source: Bank of Tanzania

**Chart 3.3: Contribution to Change in Money Supply**



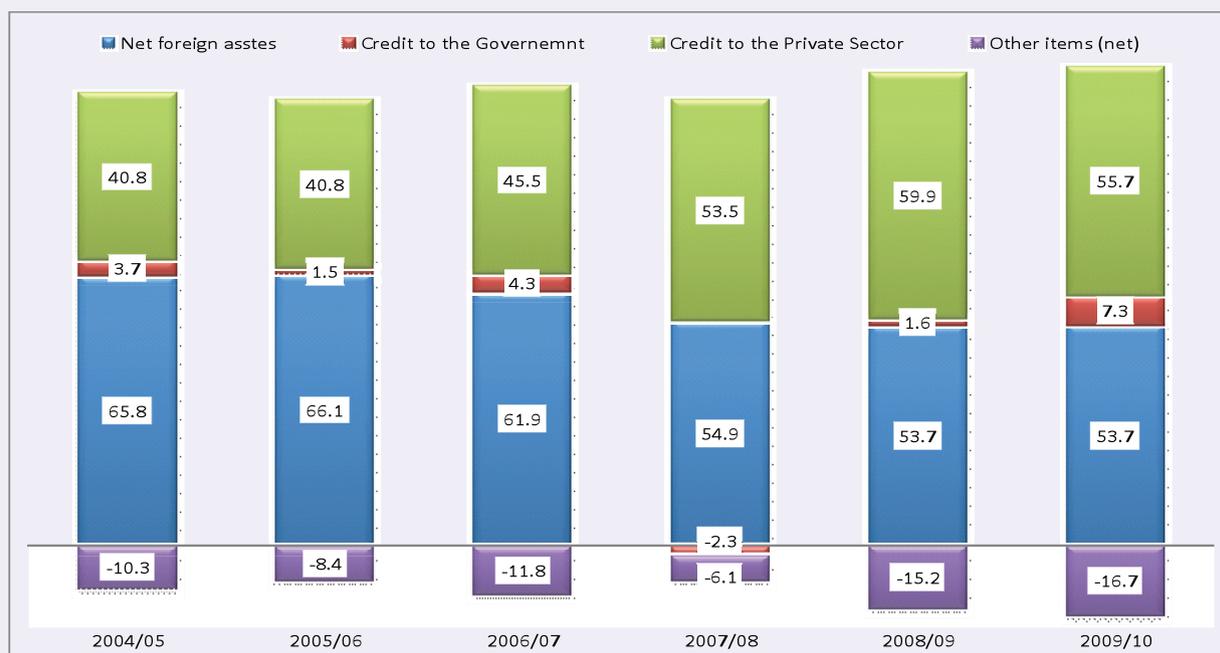
Source: Bank of Tanzania



Credit to the private sector accounted for the largest share of the banking system assets. The share, however, declined when compared with the outturn in the preceding year due to negative effects of the global

financial crisis. Meanwhile, the proportion of credit to the Government increased consistent with government borrowing to finance infrastructure development projects (**Chart 3.4**).

**Chart 3.4: Asset Composition for the Banking System** *In Percent*



Source: Bank of Tanzania

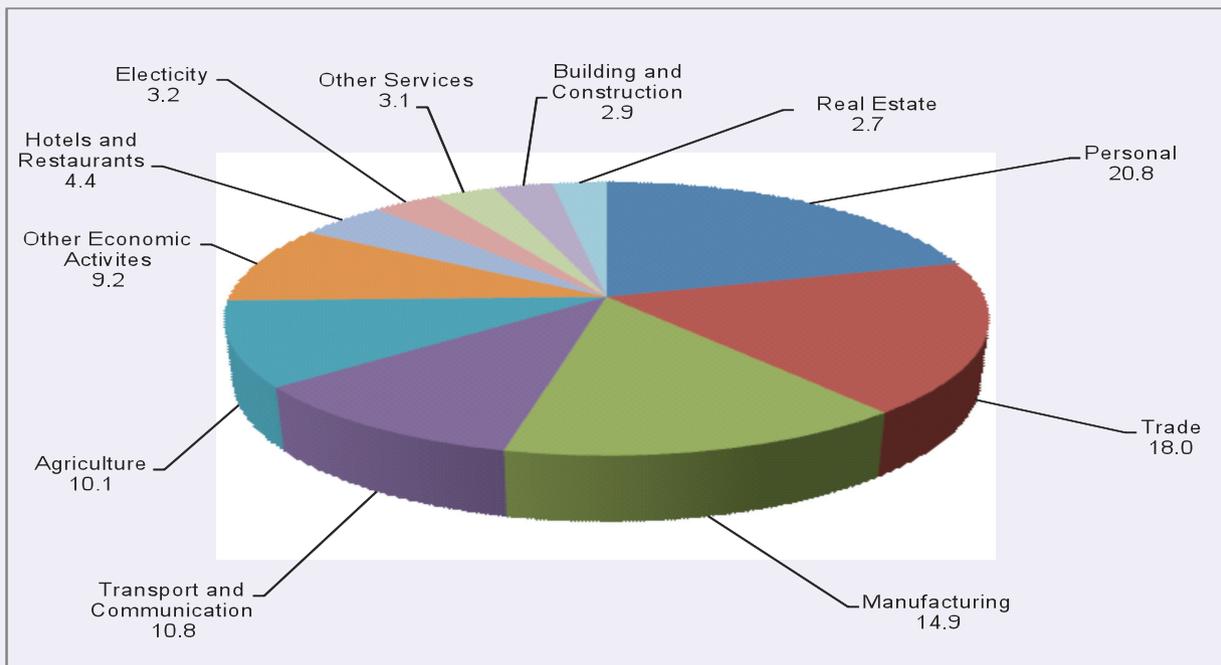
### Credit Developments

Credit to the private sector slowed down despite the increase in deposits mobilization by banks. Banks credit to the private sector slowed down to an annual growth rate of 16.3 percent in 2009/10, from 32.8 percent recorded in 2008/09. Likewise, the proportion of private sector credit to total private sector deposits declined to 67.3 percent from 73.6 percent in 2008/09. This development was a reflection of cautious stance taken by banks in extending credit to the private sector, in the wake of the global financial crisis. In terms of composition, personal loans held the largest share, accounting for 20.8 percent

of the total outstanding credit, followed by trade, manufacturing, transport and communication and agriculture (**Charts 3.5 and 3.6**).

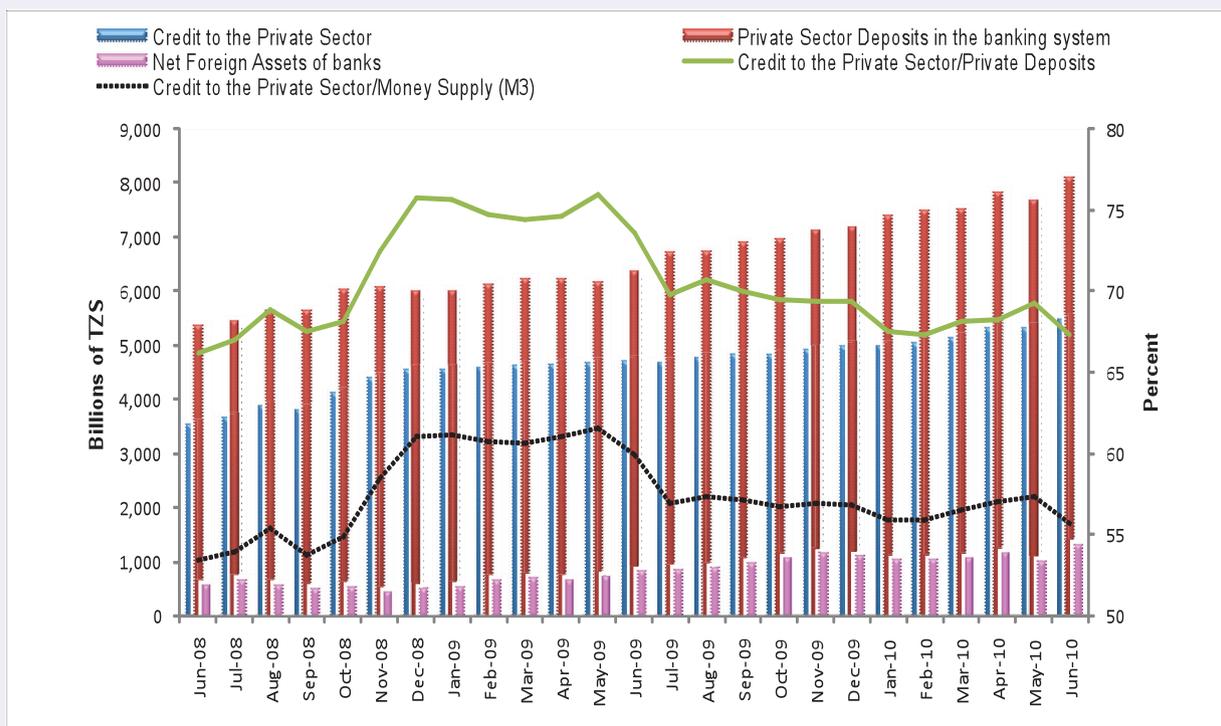


Chart 3.5: Composition of Bank Credit to Private Sector



Source: Bank of Tanzania

Chart 3.6: Bank Deposits and Private Sector Credit



Source: Bank of Tanzania



## Interest Rate Developments

During 2009/10, interest rates on domestic currency denominated financial products exhibited a declining trend. The weighted average Treasury bills yield declined to 3.33 percent in June 2010, from 6.97 percent recorded in June 2009. Likewise, the 12-month average weighted Treasury bills yield decreased to 5.02 percent in 2009/10, from an average of 10.56 percent recorded in the preceding year. A similar pattern was observed in the Treasury bond market, where average yields declined

across all maturities. Overall, inter-bank cash market rate plummeted to 0.97 percent in 2009/10, compared with 5.03 percent recorded in a similar period a year earlier. Meanwhile, interest rates offered and charged by banks showed similar trends as observed in the money market. Notwithstanding the general decline in the interest rates, the spread between one year lending and deposit rates widened to 6.65 percentage points in 2009/10, from 5.51 percentage points recorded in 2008/09 (Table 3.2).

**Table 3.2: Weighted Average Interest Rates Structure**

	Jun-07	Jun-08	2009												2010					
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Overall Interbank Cash Market rate	7.24	3.61	8.41	9.81	10.10	9.58	6.80	5.03	3.86	1.42	1.34	1.63	1.62	1.57	1.80	1.89	1.29	0.92	0.87	0.97
<i>Overnight interbank Cash Market</i>	6.67	3.45	8.31	9.63	9.90	9.29	6.49	4.46	2.44	0.82	1.04	1.21	1.19	1.46	1.67	1.66	0.98	0.86	0.67	0.86
REPO Rate	6.25	3.75	7.55	9.09	9.73	8.25	6.10	4.90	2.23	1.21	1.12	1.32	1.28	1.26	1.22	1.22	1.06	0.79	0.65	0.54
Discount Rate	21.42	12.84	17.53	17.85	18.33	16.01	13.00	10.31	6.95	5.20	4.40	3.70	3.70	3.70	7.58	7.58	7.58	7.58	7.58	7.58
Overall Treasury bills rate	17.07	7.84	12.53	12.85	13.33	11.01	9.27	6.97	5.81	5.16	4.52	5.17	6.36	6.91	7.20	6.32	4.15	2.70	2.68	3.33
<i>35 days</i>	6.47	5.03	7.43	7.54	7.62	7.03	6.40	4.81	3.45	2.65	2.07	3.01	3.33	3.80	4.57	4.09	1.99	1.26	0.89	0.65
<i>91 days</i>	12.62	5.76	11.60	11.99	12.43	10.55	8.25	5.56	4.14	3.53	2.97	3.38	5.29	6.06	6.35	5.57	3.25	1.77	2.16	2.89
<i>182 days</i>	16.74	7.63	13.28	14.64	14.86	12.04	10.20	7.86	6.27	5.46	4.84	4.90	5.28	6.59	7.20	6.33	4.45	2.58	2.26	2.59
<i>364 days</i>	18.39	10.00	15.32	14.74	14.99	12.57	10.69	9.11	8.28	7.72	7.79	8.22	8.60	8.83	9.06	8.24	6.32	4.86	4.96	6.08
Savings Deposit Rate	2.59	2.79	2.64	2.75	2.72	2.72	2.72	2.69	2.68	2.68	2.66	2.65	2.67	2.83	2.84	2.89	2.88	2.83	2.82	2.82
Treasury Bonds Rates																				
<i>2-years</i>	18.25	12.87	14.35	14.35	15.28	15.28	11.51	11.51	11.51	11.51	10.89	10.89	10.89	10.89	10.89	9.40	9.40	9.40	9.40	8.79
<i>5-years</i>	18.37	14.49	17.32	17.32	17.32	17.32	16.58	16.58	16.58	16.58	13.45	13.45	13.45	13.45	13.77	13.77	13.77	13.77	9.52	9.52
<i>7-years</i>	18.58	17.18	17.04	17.04	17.04	17.06	17.06	17.06	17.06	14.14	14.14	14.14	14.15	14.15	14.15	14.15	12.11	12.11	10.38	10.38
<i>10-years</i>	17.48	17.09	19.47	19.92	19.92	19.92	19.92	19.92	16.95	16.95	16.95	16.95	16.95	16.73	16.73	16.73	11.99	11.99	11.99	11.68
Overall Time Deposits Rate	7.72	6.50	6.27	6.48	6.74	6.79	6.69	6.41	6.61	6.53	6.38	6.00	6.15	5.92	5.63	5.31	5.66	5.51	5.33	5.46
<i>12 months Time Deposits Rate</i>	9.25	8.45	8.79	8.59	8.56	8.98	9.41	9.07	9.06	9.04	8.83	8.83	8.76	8.99	9.06	8.84	8.78	8.67	8.56	8.43
Negotiated Deposit Rate	8.66	10.62	10.66	10.82	10.99	11.27	11.03	10.13	10.52	10.47	10.60	10.11	9.85	9.94	7.44	7.16	9.41	9.63	9.47	9.57
Overall Lending rate	15.84	14.76	14.93	14.95	15.12	15.45	15.39	15.48	15.14	15.12	14.90	14.75	14.74	14.38	14.39	14.86	14.83	14.59	14.53	14.71
<i>Short-term Lending Rate (up to 1 year)</i>	14.21	13.93	13.41	13.45	13.44	13.87	13.68	14.57	13.94	13.77	13.98	13.92	14.00	13.96	13.76	14.73	14.61	13.88	14.02	13.92
Negotiated Lending Rate	12.20	13.07	12.42	12.26	13.01	14.03	14.17	14.28	14.26	14.24	13.81	13.51	13.38	13.18	13.68	13.79	13.71	13.97	13.80	14.13
Margin Between Short-term lending rates and one year time deposit rates	4.96	5.48	4.61	4.86	4.88	4.90	4.27	5.50	4.88	4.73	5.15	5.08	5.24	4.97	4.71	5.89	5.84	5.21	5.47	5.49

Source: Bank of Tanzania



## Financial Markets Developments

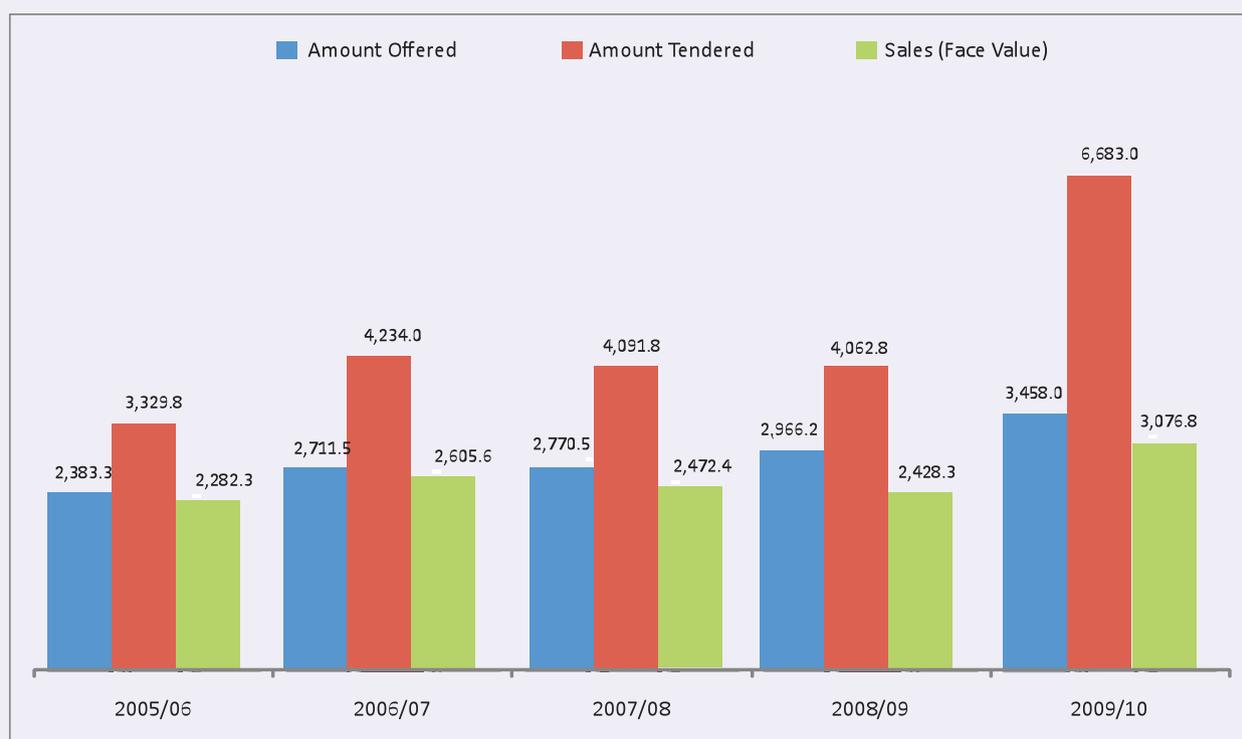
Demand for government securities was substantially high in 2009/10, compared with the preceding year. However, supply of government securities was low consistent with the monetary policy stance adopted by the Bank.

## Treasury Bills Market

In 2009/10, the Bank offered **Treasury bills** worth TZS 3,458.0 billion against the demand of TZS 6,683.0 billion (**Chart 3.7**). Consequently, Treasury bill yields declined substantially in 2009/10 compared with rates recorded in the preceding year (**Chart 3.8**).

Chart 3.7: Treasury Bills Performance

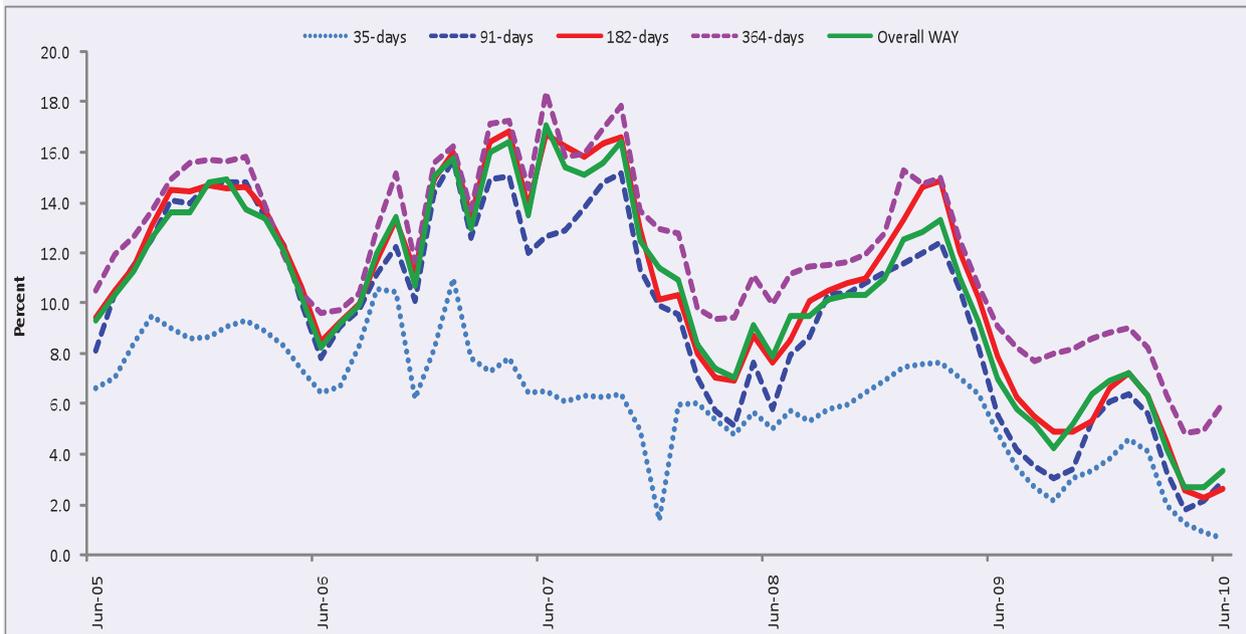
(Billions of TZS)



Source: Bank of Tanzania



Chart 3.8: Treasury Bills Yields June 2005-June 2010



Source: Bank of Tanzania

### Treasury bond Market

The Bank offered Treasury bonds worth TZS 509.8 billion against the demand of TZS 1,515.1 billion (Chart 3.9). Investor

preference was for the 2 and 7 year Treasury bonds relative to the 5 and 10 year Treasury bonds (Chart 3.10). In line with the high demand, interest rates declined across all bond maturities (Table 3.3).

Table 3.3: Annual Average Treasury Bonds Yields (In percentage)

Maturity	2006/07	2007/08	2008/09	2009/10
2 Years	16.25	15.51	13.99	10.37
5 Years	16.56	16.89	16.26	13.42
7 Years	17.59	18.09	17.04	13.42
10 Years	17.46	18.15	19.46	15.61

Source: Bank of Tanzania



Chart 3.9: Treasury bonds Performance



Source: Bank of Tanzania

Chart 3.10: Treasury bonds Performance by Maturity



Source: Bank of Tanzania



## Inter-Bank Foreign Exchange Market

In 2009/10, the Bank participated in the Interbank Foreign Exchange Market (IFEM) primarily to meet liquidity management objectives, while fostering orderly market developments. The Bank maintained a steady sale of foreign exchange in the IFEM, selling a total of USD 1,006.0 million, accounting for 78.5 percent of USD 1,282.0 million traded in the market.

The volume traded in 2009/10 is, however, lower compared to USD 1,437.4 traded in the previous year, of which the Bank sold USD 867.4 million, or 60.3 percent of the total volume transacted in the market. Meanwhile, the Tanzanian shilling depreciated against the US dollar by 5.62 percent to TZS 1,337.2 per USD, partly attributed to strengthening of the US dollar against major world currencies.

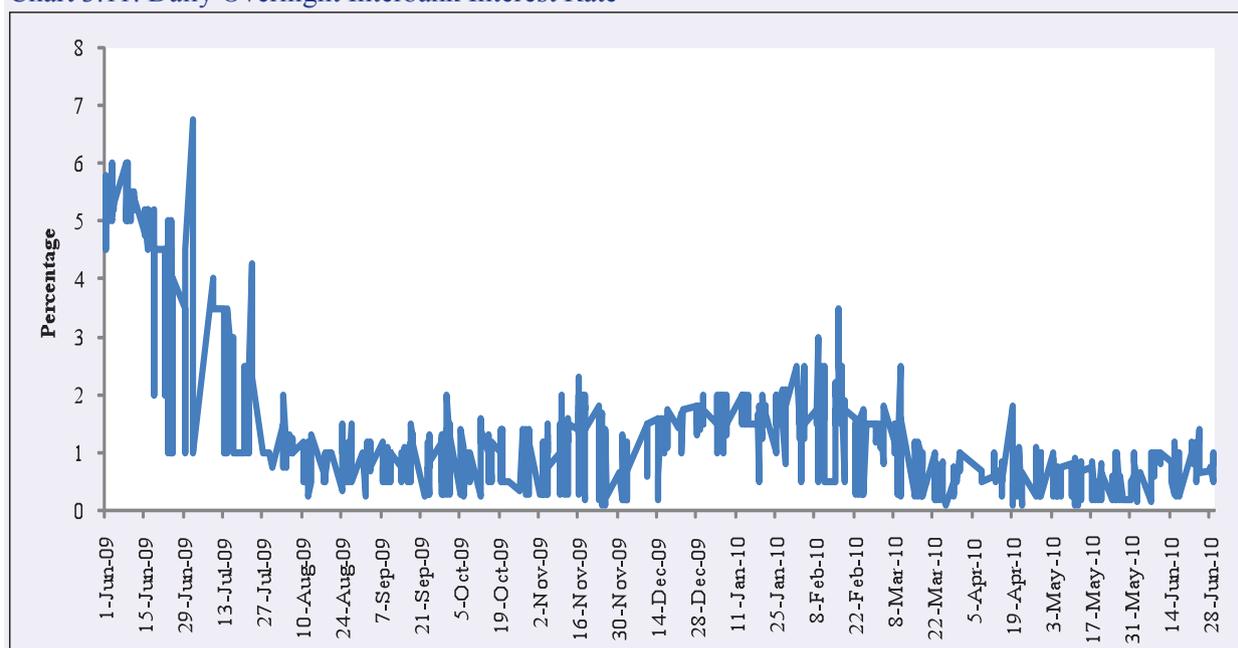
## Repurchase Agreements

During the year, the Bank conducted **repurchase agreements** (repo) worth TZS 6,459.7 billion with banks to complement other monetary policy instruments in managing liquidity in the economy. The amount of repo conducted was higher than TZS 5,455.9 billion conducted in 2008/09. The overall repo rate moved in tandem with the developments observed in other money markets. The rate decreased to 0.54 percent from 4.90 percent recorded in 2008/09.

## Inter-Bank Cash Market

The volume of transactions in the **interbank cash market** was TZS 3,453.3 billion, being lower than TZS 4,502.1 billion transacted in the 2008/09. The overnight interbank cash market rate dropped to 0.86 percent in June 2010, from 4.46 percent registered in the corresponding period a year earlier (**Chart 3.11**).

Chart 3.11: Daily Overnight Interbank Interest Rate



Source: Bank of Tanzania



## CHAPTER FOUR BALANCE OF PAYMENTS DEVELOPMENTS

### Overall Balance

During the year ending June 2010, the Tanzania's overall balance of payments recorded a surplus of USD 482.3 million being higher than a surplus of USD 18.1 million recorded in the corresponding period in 2009. The increase was mainly

explained by the allocation of Special Drawing Rights (SDR)<sup>3</sup> to Tanzania by the IMF coupled with the decline in current account deficit. The current account deficit narrowed to USD 1,966.3 million from a deficit of USD 2,130.1 million recorded in June 2009, due to an increase in exports of goods and services (Table 4.1).

Table 4.1: Current Account Balance

*Millions of USD*

	July-June		Percent Change
	2008/09 <sup>P</sup>	2009/10 <sup>P</sup>	
<b>Goods Account (net)</b>	<b>-2,952.0</b>	<b>-2,816.1</b>	<b>-4.6</b>
Exports:	<b>3,268.5</b>	<b>3,754.2</b>	<b>14.9</b>
Traditional	509.9	456.6	-10.4
Non traditional	2,332.2	2,807.8	20.4
o/w Gold	924.8	1,456.4	57.5
Imports:	<b>6,220.5</b>	<b>6,570.3</b>	<b>5.6</b>
Capital Goods	2,722.6	2,510.2	-7.8
Intermediate Goods	2,125.1	2,545.2	19.8
o/w Oil	1,485.0	1,911.4	28.7
Consumer Goods	1,370.6	1,512.7	10.4
<b>Services Account (net)</b>	<b>162.5</b>	<b>237.6</b>	<b>46.2</b>
Receipts	1,818.0	1,941.2	6.8
Payments	1,655.4	1,703.6	2.9
<b>Goods and services (net)</b>	<b>-2,789.5</b>	<b>-2,578.5</b>	<b>-7.6</b>
Exports of goods and services	5,086.4	5,695.4	12.0
Imports of goods and services	7,875.9	8,273.9	5.1
<b>Income Account (net)</b>	<b>-74.7</b>	<b>-35.8</b>	<b>-52.1</b>
Receipts	124.6	160.3	28.7
Payments	199.3	196.1	-1.6
<b>Current Transfers (net)</b>	<b>734.1</b>	<b>648.0</b>	<b>-11.7</b>
Inflows	800.7	720.3	-10.0
o/w General Government	702.5	611.2	-13.0
Outflows	66.5	72.3	8.6
<b>Current Account Balance</b>	<b>-2,130.1</b>	<b>-1,966.3</b>	<b>-7.7</b>

Source: Bank of Tanzania

Note: P = Provisional

Include adjustment for unrecorded trade

<sup>3</sup>SDR Allocations were released in August and September 2009.

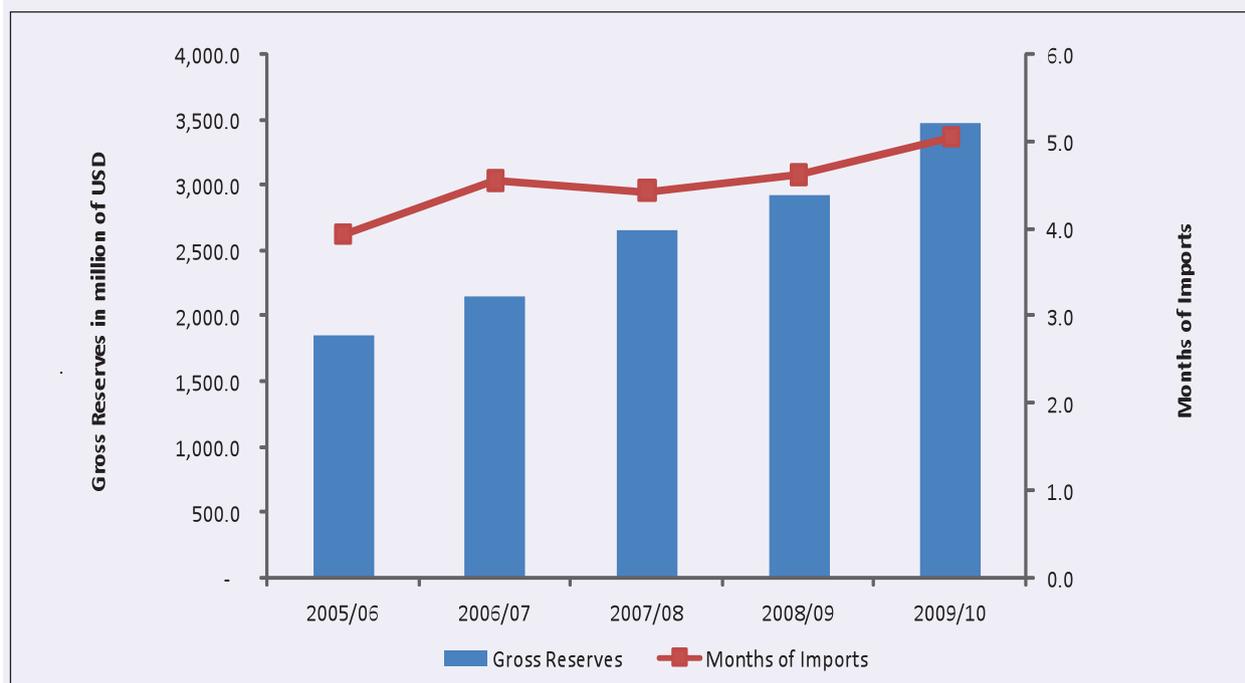


Consequently, the Bank of Tanzania's stock of gross reserves rose to USD 3,482.6 million by end June 2010 from USD 2,925.1 million recorded at end June

2009. This level of reserves was sufficient to cover about 5.0 months of import of goods and services (**Chart 4.1**).

Chart 4.1: Bank of Tanzania Gross Reserves

Millions of USD



## Goods Export

During the year ending June 2010, the value of goods export increased by 14.9 percent to USD 3,754.2 million from the level recorded during the year ending June 2009 largely due to an increase in export value of non-traditional commodities particularly gold, fish and fish products. The value of gold exports went up due to both price and volume factors. The prices of gold increased to USD 1,091.3 per troy ounce compared with USD 873.6 per troy ounce recorded in the year ending June 2009 while export volume increased following commencement of export by the Buzwagi Gold Mine in June 2009.

The value of traditional exports declined by 10.4 percent to USD 456.6 million during the year under review when compared to the value recorded in the corresponding period in 2009, mainly on account of a drop in the export volumes coupled with a decline in the export unit prices of cotton and cloves. The decline in export volumes of cotton was largely due to the fall in production resulting from unfavourable weather conditions, while export volumes of coffee and cloves declined mainly on account of production cycles. The trend and structure of exports is depicted in **Chart 4.2** while contribution of various commodities to total exports is depicted by **Chart 4.3**.



Chart 4.2: Trend and Structure of Tanzania Exports

Millions of USD

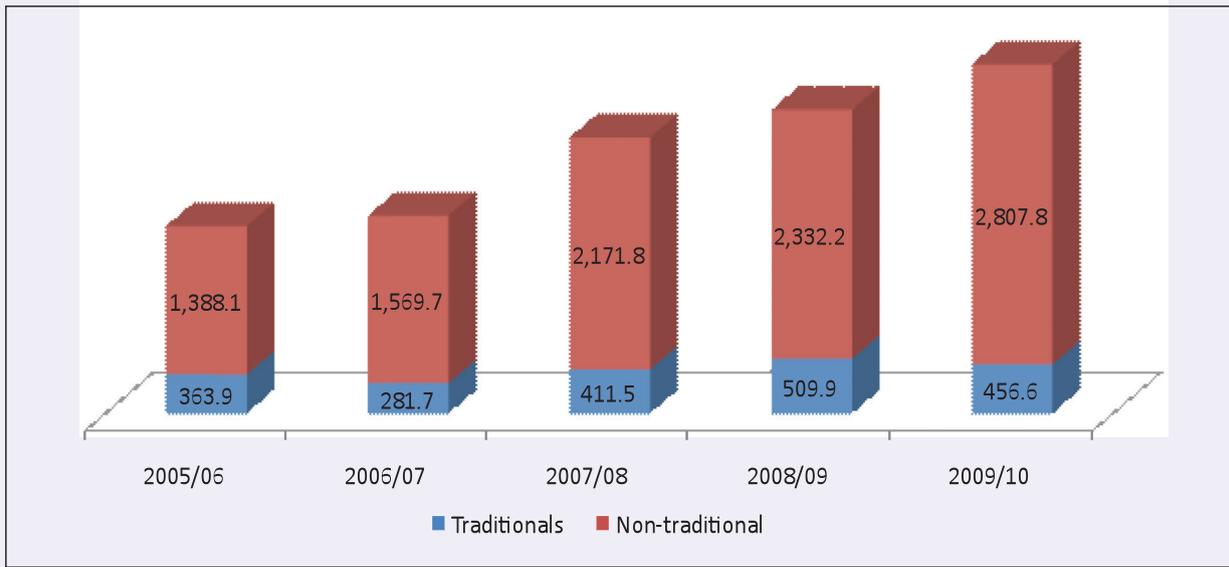
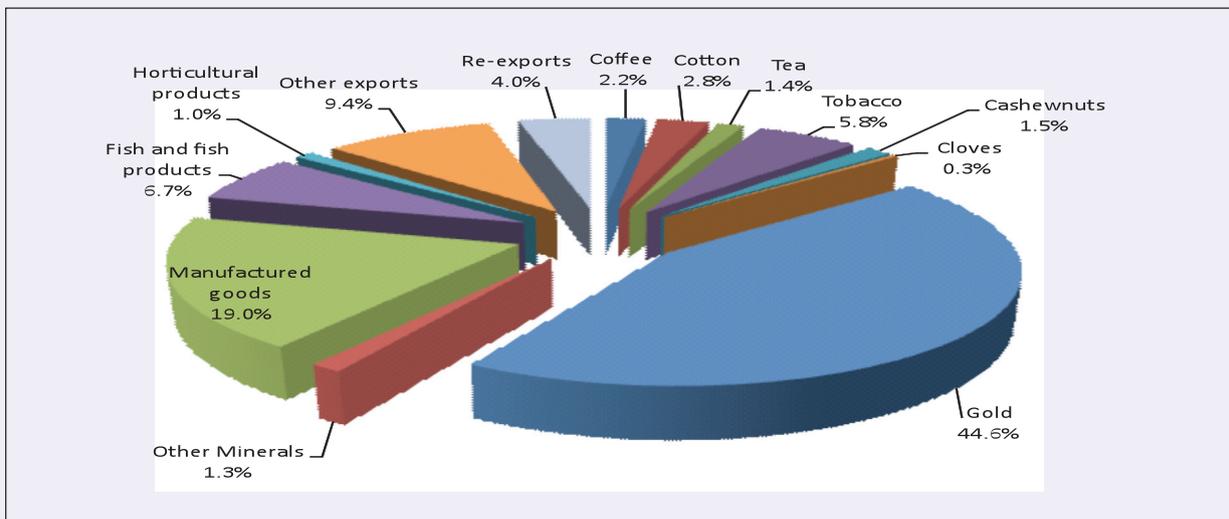


Chart 4.3: Contribution of Commodities to Total Exports of Goods in 2009/10





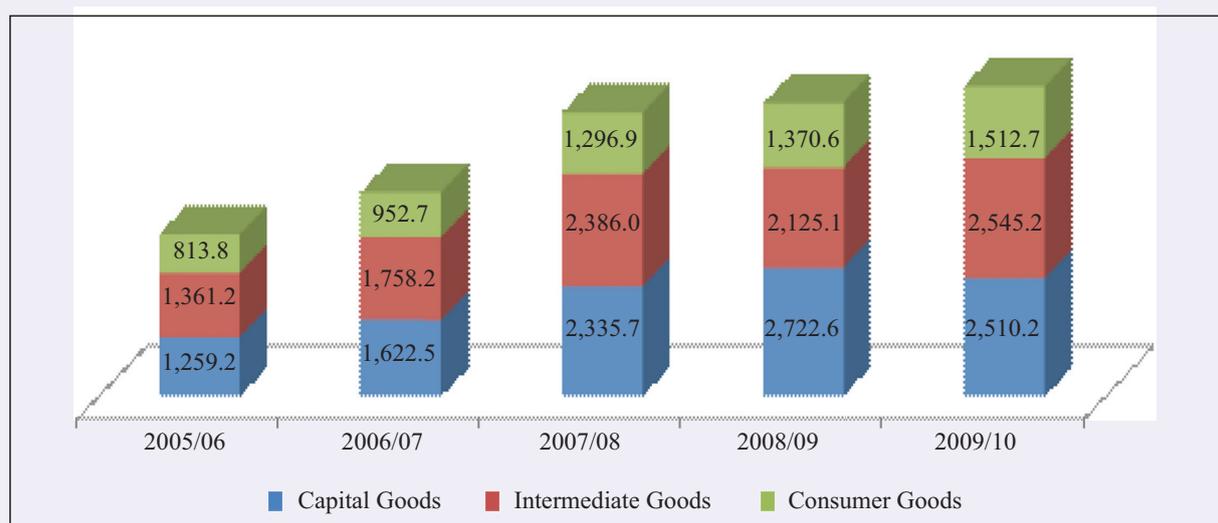
## Goods Import

The value of goods import increased to USD 6,570.3 million during the year ending June 2010, compared to USD 6,220.5 million recorded during the year ending June 2009, largely due to a rise in imports value of oil, industrial raw materials, food and other consumer goods. The value of imports of oil went up to USD 1,911.4 million compared with USD 1,485.0 million recorded in the preceding

year due to the rise in volume and prices of oil in the world market. The volume of oil imported rose to 3.4 million tons compared with 2.7 million tons recorded in the year ending June 2009. Likewise, the world market price of oil increased slightly to USD 655.3 per ton in the year ending June 2010 from USD 652.4 per ton recorded in the corresponding period last year. Intermediate and consumer goods imports increased moderately while capital goods import declined (**Chart 4.4**).

Chart 4.4: Trend and Structure of Tanzania Imports,

Millions of USD



Source: Bank of Tanzania

## Services Account

Services receipt increased to USD 1,941.2 million from USD 1,818.0 million recorded during the year earlier largely due to a rise in travel and transportation receipts following easing of the effects of the GFC. Travel receipts which mainly consist of tourism increased by 6.5 percent to USD 1,238.5 million while, transportation receipts grew by 9.9 percent to USD 354.2 million.

During the same period, services payment went up to USD 1,703.6 million compared with USD 1,655.4 million recorded in the year ending June 2009 largely due to a rise in payments for travel, freight as well as computer and information services.

## Income Account

During the period under review, the income account net recorded a lower deficit of USD 35.8 million compared to a deficit



of USD 74.7 million in 2008/09 largely due to a rise in income receipts coupled with a decline in income payments. Income receipts went up due to the rise in compensation of employees, income from investment and a rise in foreign assets of commercial banks. Commercial banks' foreign assets increased by USD 300.0 million compared with an increase of USD 6.3 million recorded in the previous period. Income payments went down 1.6 percent to USD 196.1 million during the year under review.

### Current and Capital Transfers

The official current transfers declined by 13.0 percent to USD 611.2 million during the year under review compared to level recorded in the previous year while official capital transfers increased to USD 683.9 million in the year ending June 2010 compared to USD 317.2 million recorded in the previous year.

### World Commodity Prices

During the year ending June 2010, world market prices for most of the agricultural

and non agricultural commodities increased with exception of coffee (Robusta) and sisal (**Table 4.2**). The price of coffee (Robusta) declined owing to increase in coffee production in Vietnam following favourable weather condition. Price of sisal declined due to slowdown in demand for sisal in the world market. In contrast, price of coffee (Arabica) increased due to low production of the commodity in Colombia which is one of the largest producers. Likewise, prices of cotton went up largely on account of increased demand for cotton in the Far East and European Countries. Price of tea also increased largely due to a shortfall in tea production in Kenya, Sri Lanka and India, following unfavourable weather conditions while cloves prices went up due to a decline in cloves production in Indonesia amid unfavourable weather.

During the period under review, the prices of **crude oil** (UK Brent) and (Dubai f.o.b) and **white petroleum products** increased following decline in oil inventories in the United States. The **Gold** prices rose largely due to weakening of U.S dollar against other major currencies.



Table: 4.2: World Commodity Prices

Commodity	Units	Year ending June			% Change
		2007/08	2008/09	2009/10	June-09/June-10
Robusta Coffee	USD per kg	2.24	1.95	1.57	-19.24
Arabica Coffee	USD per kg	3.03	2.98	3.53	18.21
Tea (Average price)	USD per kg	2.31	2.41	2.90	20.47
Tea (Mombasa Auction)	USD per kg	1.96	2.22	2.72	22.91
Cotton, "A Index"	USD per kg	1.59	1.37	1.69	23.45
Cotton, "Memphis"	USD per kg	1.63	1.43	1.76	22.83
Sisal (UG)	USD per metric ton	1,075.00	1,213.00	877.75	-27.64
Cloves	USD per metric ton	4,059.00	3,972.85	4,401.15	10.78
Crude oil*	USD per barrel	94.35	68.75	74.74	8.71
Crude oil**	USD per barrel	90.29	68.32	74.34	8.81
White products***	USD per ton	878.59	652.42	655.31	0.44
Jet/Kerosine	USD per ton	925.65	685.43	657.59	-4.06
Premium Gasoline	USD per ton	830.28	613.93	690.58	12.49
Heat Oil	USD per ton	879.84	657.89	617.76	-6.10
Gold	USD per troy ounce	822.98	873.61	1,091.29	24.92

Source: <http://www/Worldbank.org/Prospects>, World Bank Public Ledger, Bloomberg.

Note: \* Average of U.K Brent, Dubai and West Texas Intl

\*\* f.o.b. Dubai

\*\*\* f.o.b West Mediterranean



## CHAPTER FIVE NATIONAL DEBT DEVELOPMENTS

Tanzania's total national debt stock as at the end of June 2010 amounted to USD 9,856.2 million, being higher than USD 8,740.5 million that was recorded at the end of the corresponding period in 2009. The relatively higher debt stock was attributed to increase in external disbursements and domestic debt issuance. Out of the national debt stock, external debt accounted for 79.6 percent and domestic debt 20.4 percent.

Central Government debt was USD 7,464.9 million, while private sector and public corporations debt amounted to USD 1,521.8 million and USD 869.6 million respectively. The ratio of national debt stock to GDP stood at 42.9 percent at the end of June 2010 compared to 43.4 percent as at the end of June 2009.

### External Debt

As at the end of June 2010, external debt stock stood at USD 7,846.7 million up from USD 6,999.3 million recorded at the end of June 2009, out of which 79.1 percent was disbursed outstanding debt (DOD) and the remaining was interest arrears.

The profile of external debt by borrower indicates that Central Government debt accounted for 69.5 percent while private sector and public corporations debt accounted for 19.4 percent and 11.1 percent, respectively (**Table 5.1**).

External debt profile by creditor category indicates that multilateral debt was USD 4,131.4 million or 52.7 percent of total external debt, followed by bilateral debt which accounted for 21.1 percent (**Table 5.2**).

Table 5.1: Tanzania's External Debt Stock by Borrower Category

*Millions of USD*

Borrower	2007/08	Share (%)	2008/09	Share (%)	2009/10	Share (%)
<b>Central Government</b>	<b>4,198.0</b>	<b>71.7</b>	<b>4,791.4</b>	<b>68.5</b>	<b>5,455.3</b>	<b>69.5</b>
DOD	3,582.5	61.2	4,118.2	58.8	4,729.6	60.3
Interest Arrears	615.5	10.5	673.2	9.6	725.6	9.2
<b>Private Sector</b>	<b>1,171.2</b>	<b>20.0</b>	<b>1,458.4</b>	<b>20.8</b>	<b>1,521.8</b>	<b>19.4</b>
DOD	744.4	12.7	972.4	13.9	1,002.0	12.8
Interest Arrears	426.8	7.3	486.0	6.9	519.8	6.6
<b>Public Corporations</b>	<b>487.3</b>	<b>8.3</b>	<b>749.6</b>	<b>10.7</b>	<b>869.6</b>	<b>11.1</b>
DOD	156.3	2.7	392.4	5.6	475.4	6.1
Interest Arrears	331.0	5.7	357.2	5.1	394.2	5.0
<b>External Debt Stock</b>	<b>5,856.5</b>	<b>100.0</b>	<b>6,999.4</b>	<b>100.0</b>	<b>7,846.7</b>	<b>100.0</b>

Source: Bank of Tanzania

**Table 5.2: Tanzania's External Debt Stock by Creditor Category***Millions of USD*

Creditor	2007/08	Share (%)	2008/09	Share (%)	2009/10	Share (%)
<b>Bilateral</b>	<b>1,540.6</b>	<b>26.3</b>	<b>1,601.2</b>	<b>22.9</b>	<b>1,654.4</b>	<b>21.1</b>
Paris Club	549.3	9.4	595.4	8.5	599.8	7.6
Non Paris Club	991.3	16.9	1,005.8	14.4	1,054.6	13.4
<b>Multilateral</b>	<b>2,628.3</b>	<b>44.9</b>	<b>3,440.1</b>	<b>49.1</b>	<b>4,131.4</b>	<b>52.7</b>
AfDB	586.7	10.0	669.0	9.6	824.5	10.5
*World Bank Group	1,796.8	30.7	2,170.3	31.0	2,602.4	33.2
IMF	18.3	0.3	263.2	3.8	314.1	4.0
Others	226.5	3.9	337.6	4.8	390.4	5.0
<b>Commercial</b>	<b>1,048.7</b>	<b>17.9</b>	<b>1,068.0</b>	<b>15.3</b>	<b>1,202.7</b>	<b>15.3</b>
<b>Export Credit</b>	<b>638.9</b>	<b>10.9</b>	<b>890.1</b>	<b>12.7</b>	<b>858.2</b>	<b>10.9</b>
<b>Total External Debt</b>	<b>5,856.5</b>	<b>100.0</b>	<b>6,999.4</b>	<b>100.0</b>	<b>7,846.7</b>	<b>100.0</b>

*Source: Bank of Tanzania**Note: \* IDA & IFC*

Analysis of external debt based on remaining maturity shows that as at end-June 2010, the proportion of debt maturing within one year was 0.6 percent while those with maturities of between one and five years accounted for 23.5 percent. Debt with maturities of beyond five years was 75.9 percent.

### Loans Contracted, Disbursements and Repayments

External loans contracted and recorded during the year ending June 2010 amounted to USD 844.6 million, out of which USD 594.2 million was Government debt and USD 250.3 million was private sector debt. Disbursements received and recorded amounted to USD 851.7 million,

out of which USD 747.4 million was for the Government, USD 63.4 million for public corporations and USD 40.8 million was for the private sector. External debt service amounted to USD 96.0 million of which, USD 52.9 million was principal repayments and USD 43.2 was interest payment.

### Domestic Debt

During the year ending June 2010, the stock of domestic debt stood at TZS 2,772.0 billion, from TZS 2,262.3 billions largely on account of Government bonds issuance. Out of the total domestic debt, Government securities were TZS 2,763.7 billion (99.7 percent) and other debts were TZS 8.3 billion (**Table 5.3**).

**Table 5.3: Government Domestic Debt by Instruments**

Billions of TZS

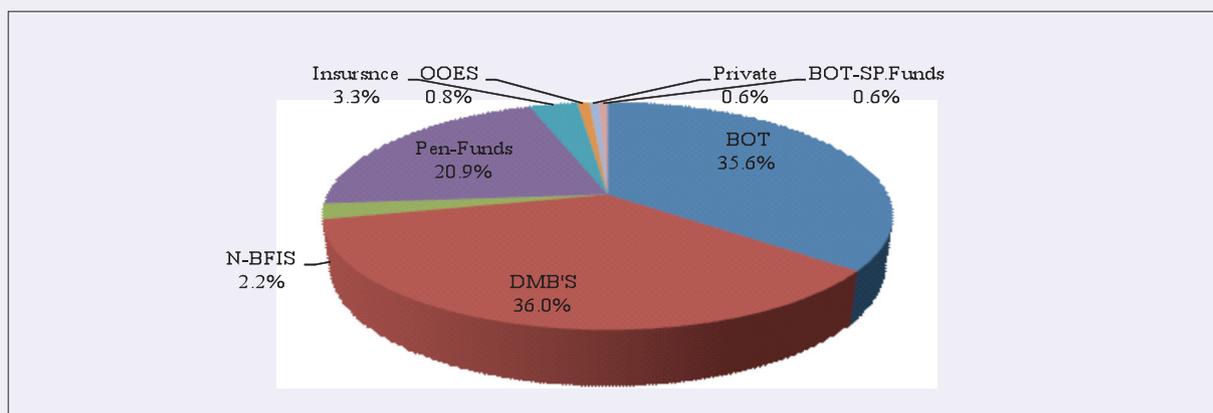
	2007/08	Share (%)	2008/09	Share (%)	2009/10	Share (%)
<b>Government Securities</b>	<b>2,040.5</b>	<b>99.6</b>	<b>2,254.1</b>	<b>99.6</b>	<b>2,763.7</b>	<b>99.7</b>
Treasury Bills	391.9	19.1	284.7	12.6	285.0	10.3
Government Stocks	312.9	15.3	310.3	13.7	258.7	9.3
Government Bonds	1,335.6	65.2	1,659.0	73.3	2,219.9	80.1
Tax Certificates	0.1	0.0	0.1	0.0	0.1	0.0
<b>Other Gov't Debt</b>	<b>8.3</b>	<b>0.4</b>	<b>8.3</b>	<b>0.4</b>	<b>8.3</b>	<b>0.3</b>
Mabibo Hostel	8.2	0.4	8.2	0.4	8.2	0.3
Others	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Dom. Debt</b>	<b>2,048.7</b>	<b>100.0</b>	<b>2,262.3</b>	<b>100.0</b>	<b>2,772.0</b>	<b>100.0</b>
<b>Interest Arrears</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Dom. Debt Stock</b>	<b>2,048.9</b>	<b>100.0</b>	<b>2,262.3</b>	<b>100.0</b>	<b>2,772.0</b>	<b>100.0</b>

Source: Bank of Tanzania and MOFEA

### Government Securities by Holder Category

Government securities held by commercial

banks accounted for 36.0 percent of total securities followed by Bank of Tanzania 35.6 percent and pension funds 20.9 percent (**Chart 5.1**).

**Chart 5.1: External Debt by Remaining Maturity, June 2010**

Source: Bank of Tanzania and MOFEA

### New Issuance and Domestic Debt Service

New debt issued amounted to TZS 947.4 billion against the estimated TZS 1082.7 billion for 2009/10. Out of the debt issued TZS 364.2 billion were Treasury bills and TZS 583.2 billion Treasury bonds.

Domestic debt service was TZS 896.5 billion out of which principal amounting to TZS 615.3 billion was rolled over while interest amounting to TZS 281.2 billion was paid out of government revenue.



## CHAPTER SIX ECONOMIC DEVELOPMENTS IN ZANZIBAR

### The Overall Economic Performance

Notwithstanding the effects of power crisis experienced towards the end of the year, Zanzibar economic growth in 2009 was 6.7 percent well above 5.3 percent recorded in 2008 (**Table 6.1**).

The increase in growth was mainly driven by improved performance in services particularly tourism and related activities. The services sector contributed 48.4 percent of GDP in 2009. **Chart 6.1** depicts the number of tourist arrivals in Zanzibar.

**Table 6.1: Real Gross Domestic Product 2004 - 2009**

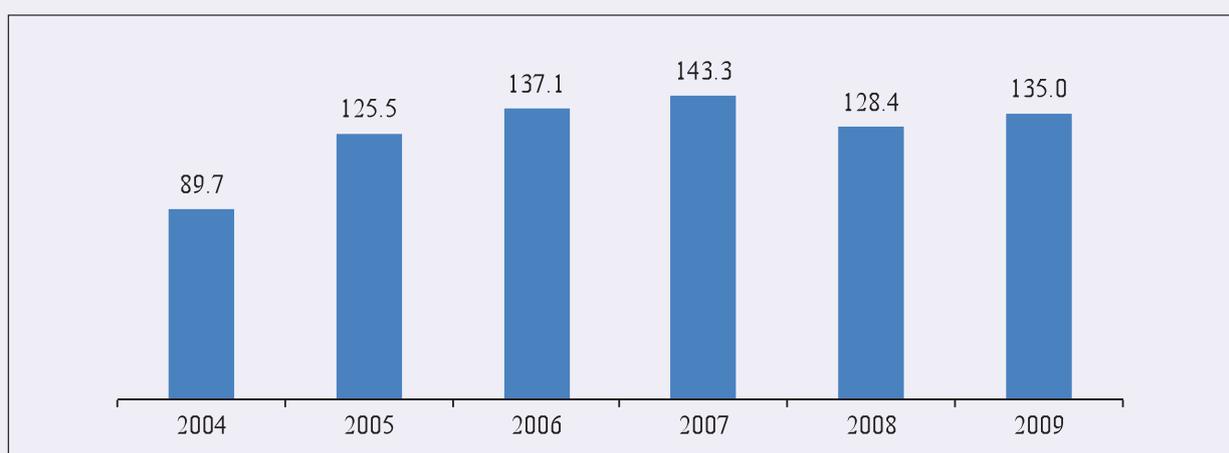
Rates of Growth	2004	2005	2006	2007	2008	2009 <sup>P</sup>
Real GDP	6.5	4.9	6.0	6.4	5.3	6.7
Agriculture, forestry & fishing	2.8	2.8	18.7	-0.4	5.7	4.4
Industry	12.5	6.6	17.6	4.7	1.9	3.4
Services	6.7	5.3	-2.8	10.4	6.1	8.8

Source: Office of the Chief Government Statistician

Note: P = Provisional

**Chart 6.1: Tourist Arrivals in Zanzibar**

In 000's



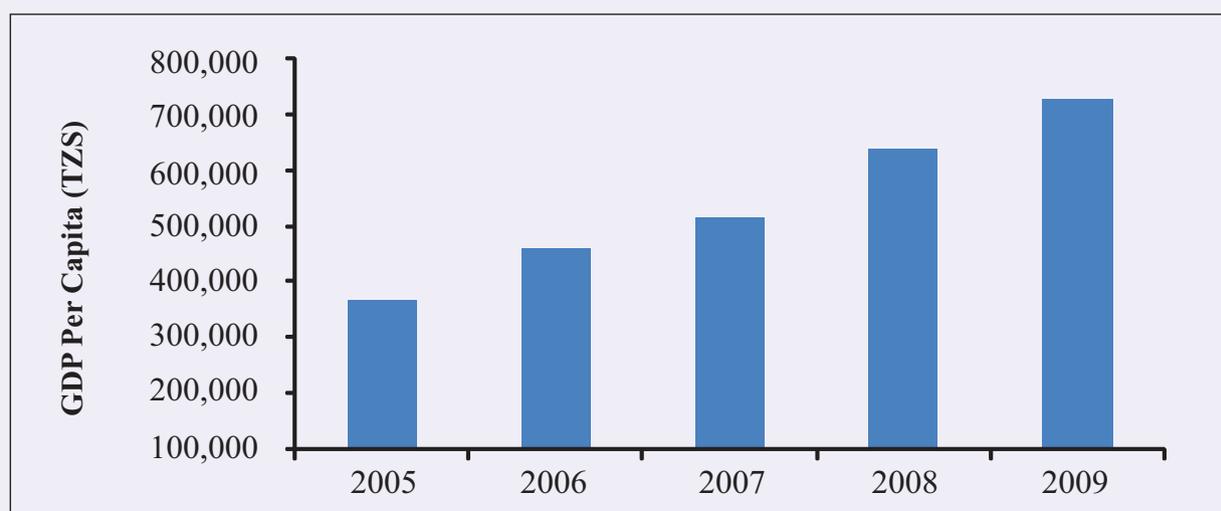
Source: Office of the Chief Government Statistician

The GDP per capita increased by 16.7 percent to TZS 0.7 million (USD 555.0), in 2009 from TZS 0.6 million (USD 534.0) recorded in 2008 (**Chart 6.2**).

The Zanzibar population is estimated to have increased from 1.17 million in 2008 to 1.21 million in 2009.



**Chart 6.2: Zanzibar GDP per Capita**



Source: Office of the Chief Government Statistician

## Review of Sectoral Developments

### Services Sector

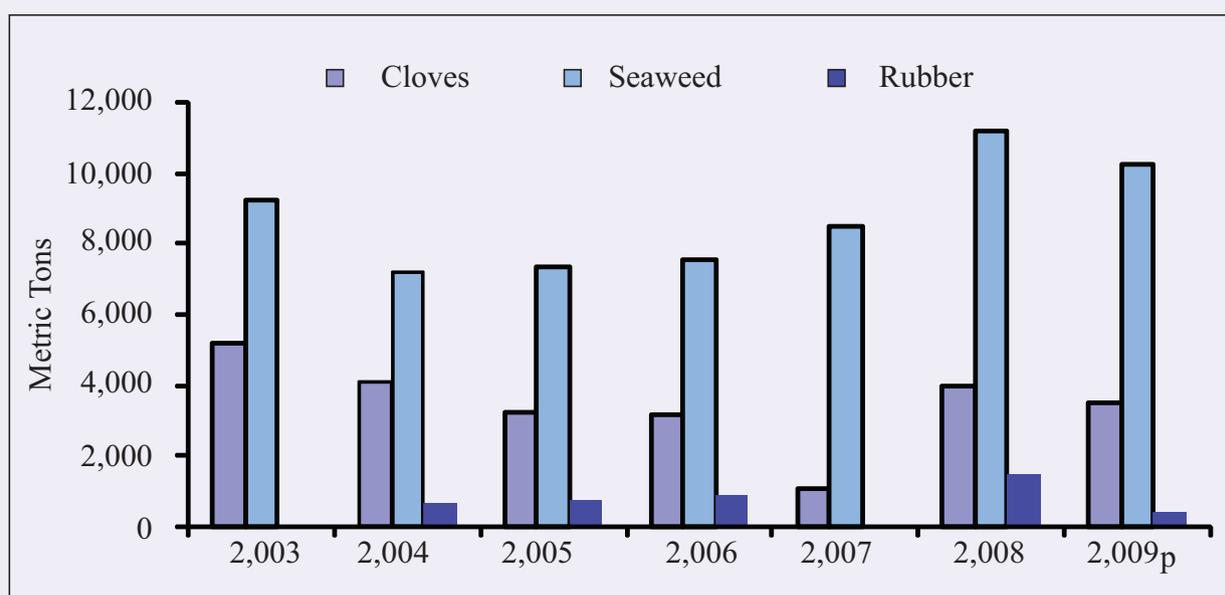
Growth of hotels and restaurants sub-sector recovered from negative 0.5 percent recorded in 2008 to 5.0 percent in 2009, consistent with increased number of tourist arrivals. The transport and communication sector grew by 22.1 percent slightly lower than 24.1 percent recorded in 2008, mainly due to the negative effects of power black out. Conversely, volume of cargo handled at the Zanzibar port and airport increased by 34.7 percent to 573,969 tons in 2009 from 426,142 tons handled in 2008. The increase was mainly attributed to the completion of Malindi port rehabilitation.

## Agriculture Sector Performance

The agricultural sector slumped during the period under review mainly attributed to inadequate short rains, which reduced production of non-cereal crops. Likewise the decline in world market commodity prices of rubber, cloves, and seaweeds contributed to the poor performance in agricultural sector. Cloves production declined from 4,007 tons recorded in 2008 to 3,536 tons, while seaweed and rubber decreased from 11,177 tons and 1,479 tons in 2008 to 10,248 tons and 428 tons, respectively (**Chart 6.3 and Table 6.2**).



**Chart 6.3: Procurement of Major Export Crops**



Source: Office of the Chief Government Statistician

**Table 6.2: Procurement of Major Export Crops**

Tons

Crop	2003	2004	2005	2006	2007	2008	2009 <sup>P</sup>	% Change 2008/09
Cloves	5,218.8	4,098.0	3,267.0	3,157.0	1,086.0	4,007.0	3,536.0	-11.8
Clove stems	496.6	476.0	351.0	129.0	227.0	345.0	445.0	29.0
Seaweed	9,260.8	7,184.0	7,362.0	7,543.0	8,485.0	11,177.0	10,248.0	-8.3
Rubber		683.0	711.0	887.0	974.2	1,479.0	428.0	-71.1
Total	14,976.2	11,758.0	10,980.0	10,829.0	9,798.0	15,529.0	14,229.0	-8.4

Source: Office of Chief Government Statistician (OCGS)

Note: P: Provisional data

Production of cereal crops was 29,499 tons in 2009 compared with 23,437 tons recorded in 2008. The increase was mainly occasioned by a higher paddy production

following improved irrigation, timely distribution and application of fertilizers, hybrid seeds and enhanced mechanization (**Table 6.3**).

**Table 6.3: Production of food crops***Quantity in Tons*

Crops	2004	2005	2006	2007	2008	2009	% Change 2008/09
<b>Cereals</b>							
Maize	2,515	1,419	3,927	1,931	1,933	2,063	6.7
Sorghum	145	459	409	794	615	457	-25.7
Paddy	20,405	15,935	24,730	20,038	20,889	26,980	29.2
Sub-total	23,065	17,813	29,066	22,763	23,437	29,499	25.9
<b>Non-Cereals</b>							
Cassava	166,106	102,886	190,266	187,213	153,136	90,470	-40.9
Banana	37,998	22,984	88,438	93,641	103,145	90,422	-12.3
Sweet potatoes	36,018	13,211	63,949	45,620	55,305	53,596	-3.1
Yams	3,691	2,394	5,100	8,192	3,516	11,373	223.5
Tania	3,227	7,542	8,408	4,191	8,459	5,883	-30.5
Groundnuts	105	302	1,800	76	465	320	-31.2
Pigeon peas	266	-	-	-	1,682	2,292	36.3
Cowpeas/ Green gram	536	947	960	771	1,719	1,394	-18.9
Sub-total	247,947	150,266	358,921	339,704	327,427	255,750	-21.9
<b>Grand total</b>	<b>271,012</b>	<b>168,079</b>	<b>387,987</b>	<b>362,467</b>	<b>350,864</b>	<b>285,249</b>	<b>-18.7</b>

Source: OCGS

Note: \* = Provisional

Fish catch increased slightly from 24,803 tons in 2008 to 25,396 tons in 2009, mainly attributed to government provision of fishing equipments including boats and

nets to registered groups of fishermen under Marine and Coastal Environmental Management Project (MACEMP). **Table 6.4** depicts trends in fish catch Zanzibar.

**Table 6.4: Production and Value of Fish Catch, 2004 - 2009**

Unit	2004	2005	2006	2007	2008	2009	% Change 2008/09
Metric Tons	21,871.0	23,255.0	23,020.0	23,582.0	24,803.0	25,396.0	2.4
Millions of TZS	18,562.5	24,671.4	24,928.5	34,639.2	36,895.5	47,714.1	29.3

Source: Department of Fisheries and Marine Products

## Industrial Sector

During 2009, the industrial sector grew by 3.4 percent compared with 1.9 percent registered in 2008, mainly on account of good performance in construction

activities. However, the manufacturing sub-sector, which is dominated by micro, small and medium enterprises, was adversely affected by prolonged power blackout (**Table 6.5**).


**Table 6.5: Production of Selected Industrial Commodities**

Commodity	Unit	2004	2005	2006	2007	2008	2009 <sup>P</sup>	% Change 2008/09
Animal Feed	Tonnes	1,277	1,001	842	1,115	215	-	-
Breads	No. "000"	68,706	77,331	87,037	97,960	102,050	105,531	3.4
Noodles (Tambi)	Tonnes	194	94	61	59	71	76	6.4
Beverages*	Litres "000"	7,132	8,435	10,187	11,473	12,780	13,800	8.0
Video/Audio tapes	Cartons	107,273	81,918	86,579	80,687	61,167	30,742	-49.7
Dash Dash Clothes	Pcs	4,929	3,860	2,004	5,338	3,778	4,392	16.3
Jewellery (Gold)	grams	35,125	19,090	16,737	7,563	7,526	9,710	29.0

Source: Office of Chief Government Statistician (OCGS)

Note: \*Include Mineral Water and Juice

P = Provisional figures

- means no production

In 2009, the growth of the construction sub-sector rose to 3.2 percent from 0.5 percent registered in 2008 mainly attributed to airport construction activities.

During 2009, growth in electricity, gas and water supply sub-sector was 2.4 percent compared with 0.9 percent recorded in

2008, mainly on account of increased water supply following completion of some water projects. However, the quantity of electricity distributed fell to 129.6 million kW from 132.7 million kW distributed in 2008 on account of the power blackout (**Table 6.6**).

**Table 6.6: Quantity of Electricity Distribution (National Grid) kWh '000'**

Industries	2004	2005	2006	2007	2008	2009	Percent Share	Percent Change 2008/09
Commercial	13,701	16,450	21,461	22,787	13,651	13,296	10.3	-2.6
Domestic	48,815	54,083	61,570	63,058	58,400	51,954	40.1	-11.0
Large Industry	18,968	27,072	32,470	37,881	41,030	38,135	29.4	-7.1
Medium Industry	5,518	6,529	6,654	11,665	16,560	23,176	17.9	40.0
Small Industry	902	733	738	907	600	618	0.5	3.0
Street Lights	420	447	786	809	446	371	0.3	-16.8
<b>Total</b>	<b>90,328</b>	<b>107,319</b>	<b>125,685</b>	<b>139,114</b>	<b>132,695</b>	<b>129,559</b>	<b>100</b>	<b>-2.4</b>

Source: Zanzibar State Fuel and Power Corporation.

Note: kWh = kilowatt-hour.



## Gross Capital Formation

During 2009, capital formation increased to TZS 175.9 billion from TZS 145.2 billion recorded in 2008, partly contributed by rise in investment in the tourism industry. A total of 34 new investment projects

were approved, out of which 15 projects worth USD 9.5 million were in hotels and restaurants. The ratio of total investment to GDP increased from 16.6 percent in 2008 to 20.1 percent in 2009. Capital formation by type of assets is as shown in **Table 6.7**.

**Table 6.7: Capital Formations by Type of Asset; 2004-2009**

Item	<i>Million of TZS</i>					
	2004	2005	2006	2007	2008	2009 <sup>P</sup>
<b>A. Buildings</b>						
Residential	3,440	4,128	6,435	7,730	9,180	10,902
Rural Construction	3,043	3,641	5,676	6,818	8,097	9,616
Non Residential	10,797	12,965	20,211	24,276	28,829	32,288
<b>Total Buildings</b>	<b>17,280</b>	<b>20,734</b>	<b>32,322</b>	<b>38,824</b>	<b>46,106</b>	<b>52,806</b>
<b>B. Other Works</b>						
Land Improvements	10,867	13,039	20,325	24,414	28,992	32,326
Roads, Bridges etc.	8,397	10,076	15,707	18,867	22,406	26,609
<b>Total Others Works</b>	<b>19,264</b>	<b>23,115</b>	<b>36,032</b>	<b>43,281</b>	<b>51,398</b>	<b>58,935</b>
<b>C. Equipment</b>						
Transport Equipment	8,822	10,309	13,224	22,429	27,606	37,962
Other Equipment	11,580	20,189	17,606	20,768	16,593	23,406
<b>Total Equipment</b>	<b>20,402</b>	<b>30,498</b>	<b>30,830</b>	<b>43,197</b>	<b>44,199</b>	<b>61,368</b>
<b>D. Others</b>						
Change inventory	-320	1,831	2,139	4,126	3,447	2,768
<b>Total Capital Formation</b>	<b>56,626</b>	<b>76,178</b>	<b>101,323</b>	<b>129,429</b>	<b>145,151</b>	<b>175,877</b>
o/w Subsistence	3,043	3,641	5,676	6,818	8,097	9,616
Monetary	53,583	72,537	95,647	122,610	137,053	166,261

Source: Office of the Chief Government Statistician (OCGS), 2009.

Note: P = Provisional.

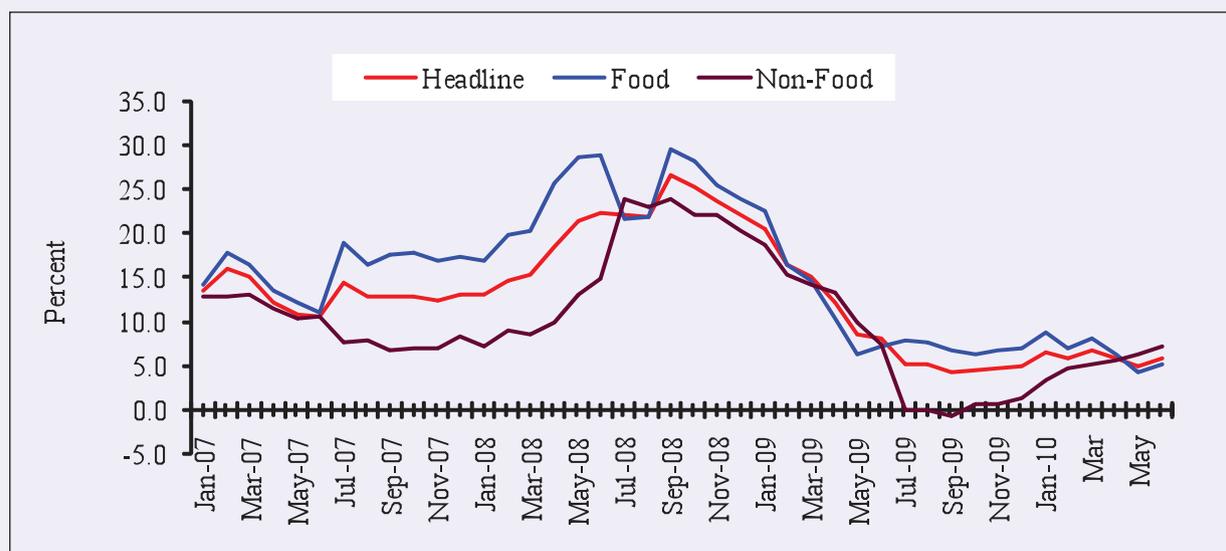
## Inflation Developments

During the period 2009/2010, Zanzibar **average annual headline inflation** declining to 5.4 percent from 18.6 percent recorded in the corresponding period in 2008/09. The decrease was attributed to a fall in average food and non-food inflation

to 6.9 percent and 2.8 percent from 19.1 percent and 17.9 percent, respectively. The lowest rate of annual inflation of 4.3 percent was recorded in September 2009, mainly on account of lower relative prices of rice and petroleum products (**Chart 6.4**).



**Chart 6.4: Annual Headline, Food and Non-food Inflation**



Source: Office of Chief Government Statistician (OCGS)

**Average annual food inflation** dropped to 6.9 percent from 19.1 percent recorded in 2008/09, mainly on account of a decline in average prices of rice from TZS 1,039 per kilogram to TZS 928 per kilogram. In June 2010, food inflation stood at 5.2 percent compared with 7.4 percent in the corresponding period in 2009. Likewise,

**average annual non-food inflation rate** fell to 2.8 percent from 17.9 percent recorded in 2008/09, mainly due to a decline in prices of petroleum products. **Annual non-food inflation** at 7.1 percent in June 2010 was slightly above 7.5 percent recorded in June 2009 (**Table 6.8**).

**Table 6.8: Annual Percentage Change in Consumer Price Index (CPI)**

Major Commodity Group	Weights (%)	2007			2008			2009			2010		
		Apr	May	Jun	Apr	May	Jun	Apr	May	Jun	Apr	May	Jun
<b>Headline/Overall</b>	<b>100</b>	<b>12.4</b>	<b>10.8</b>	<b>11.9</b>	<b>18.5</b>	<b>21.5</b>	<b>22.4</b>	<b>12.2</b>	<b>8.6</b>	<b>8.1</b>	<b>6.0</b>	<b>5.0</b>	<b>5.9</b>
<b>Food</b>	<b>57.4</b>	<b>13.6</b>	<b>12.2</b>	<b>13.7</b>	<b>25.7</b>	<b>28.7</b>	<b>28.8</b>	<b>10.5</b>	<b>6.5</b>	<b>7.4</b>	<b>6.4</b>	<b>4.4</b>	<b>5.2</b>
<b>Non-Food</b>	<b>42.6</b>	<b>11.5</b>	<b>9.9</b>	<b>10.3</b>	<b>10.0</b>	<b>13.0</b>	<b>14.8</b>	<b>13.3</b>	<b>10.0</b>	<b>7.5</b>	<b>5.5</b>	<b>6.2</b>	<b>7.1</b>
Alcoholic Beverages, Tobacco & Narcotics	0.6	23.0	23.0	23.0	-0.9	-0.7	-0.1	18.8	17.7	16.9	26.2	27.2	27.2
Clothing & Footwear	6.2	7.4	7.6	6.8	4.7	4.7	9.3	9.7	9.9	5.2	5.4	5.0	4.7
Housing, Water, Electricity, Gas & Other Fuels	15.6	10.2	8.3	8.4	6.8	11.2	12.7	25.5	20.3	18.6	3.6	4.8	5.9
Furnishing, Household Equipment & Routine Household Maintenance	5.3	11.3	10.6	10.9	13.2	12.5	15.4	9.0	9.3	7.0	3.2	3.1	2.9
Health	2.1	12.2	10.1	10.1	18.6	18.6	25.1	10.7	12.0	6.1	11.6	10.4	10.6
Transport	3.4	20.2	12.9	21.5	11.7	27.7	19.9	7.6	-8.2	-10.0	2.3	6.2	10.4
Communication	2.4	-3.9	-3.9	-5.3	-2.3	-2.3	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
Recreation & Culture	0.4	16.7	10.8	12.9	9.7	9.9	7.3	3.2	3.4	4.3	4.8	6.6	3.7
Education	1.1	12.1	12.1	12.1	6.1	7.8	7.8	6.2	4.4	4.4	12.6	12.6	12.6
Restaurants & Hotels	3.1	25.2	25.4	25.2	25.4	24.3	28.2	11.6	11.6	8.1	16.2	16.2	17.6
Miscellaneous Goods & Services	2.4	-3.5	-3.3	-4.3	21.1	21.4	26.3	10.3	9.3	5.1	3.0	3.7	3.6

Source: Office of Chief Government Statistician (OCGS)



## Government Budgetary Operations

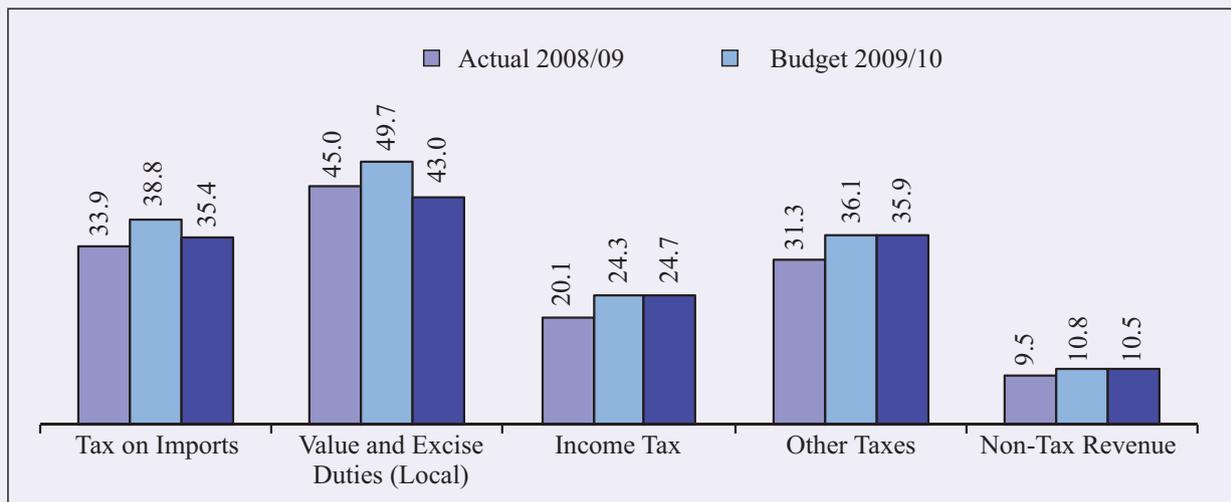
During 2009/10, budgetary operations on cheques issued basis recorded a deficit of TZS 51.0 billion after grants, compared with a deficit of TZS 10.7 billion registered in 2008/09. The budgetary operations after adjustment to cash amounted to a deficit of TZS 42.1 billion. Total resources during the period under review amounted to TZS 235.3 billion, out of which TZS 149.5 billion or 63.5 percent was from domestic sources, and the balance was grants.

## Revenue Performance

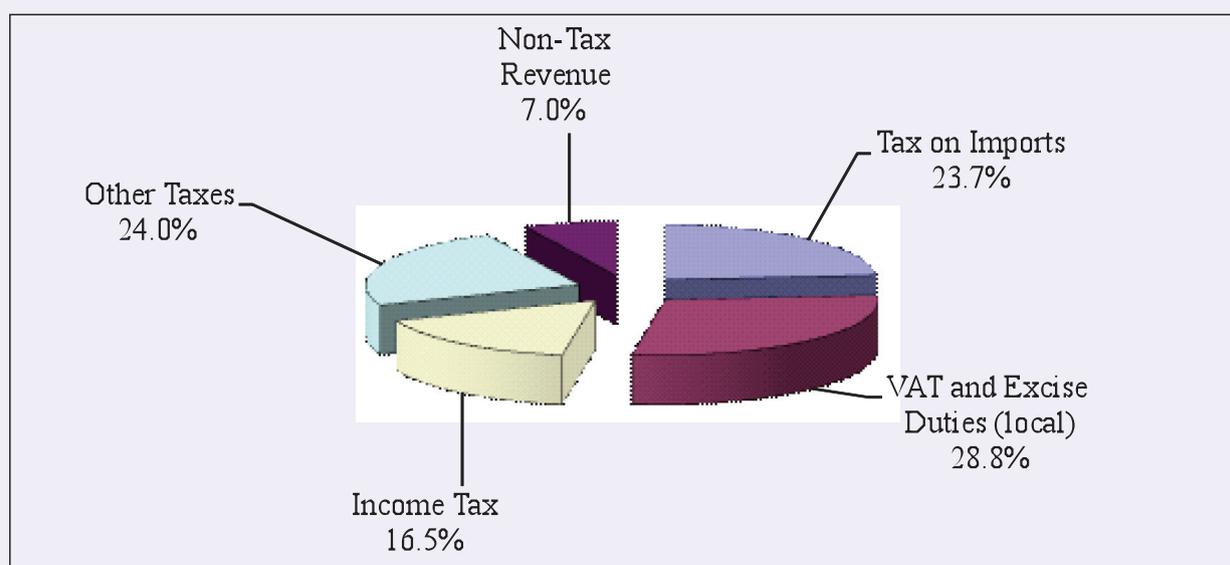
Revenue collections in 2009/10 amounted to TZS 149.5 billion, below the annual target of TZS 159.7 billion. The underperformance in revenue collections was mainly attributed to a decrease in taxable imports and decline in business activities associated with power blackout. Tax revenue amounted to TZS 139.0 billion, or 6.6 percent below the target of TZS 148.9 billion, whereas non-tax revenue amounted to TZS 10.5 billion, slightly below the targeted TZS 10.8 billion. **Chart 6.5 and Chart 6.6** depict the Zanzibar revenue collection by category and contribution, respectively.

**Chart 6.5: Zanzibar Government Revenue by Sources, 2009/10**

Billions of TZS



Source: Ministry of Finance and Economic Affairs, Zanzibar.

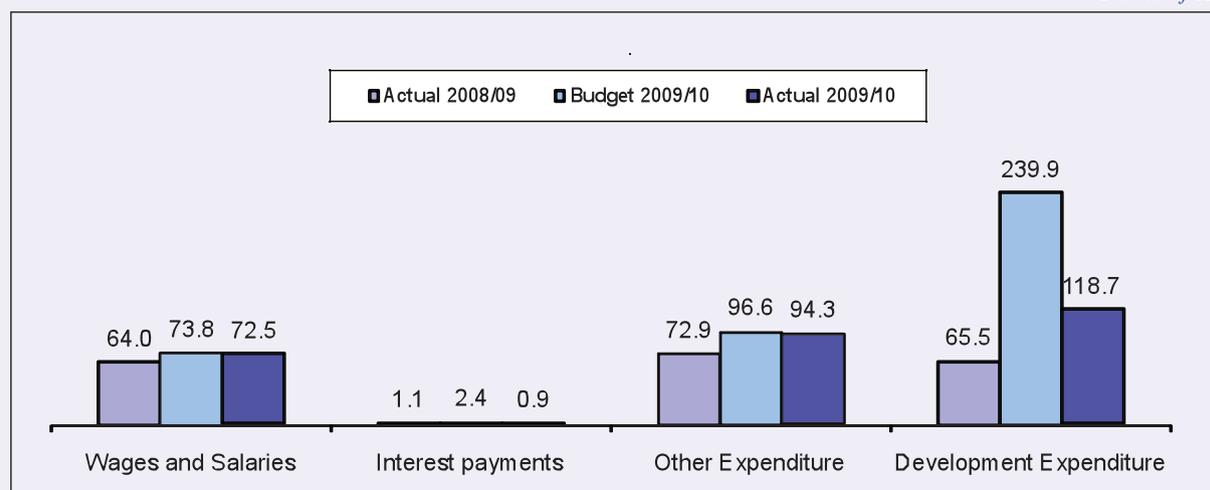
**Chart 6.6: Contribution to Total Revenue, 2009/10**


Source: Ministry of Finance and Economic Affairs, Zanzibar.

## Government Expenditure

In 2009/10, total Government expenditure amounted to TZS 286.3 billion, being below the annual estimate of TZS 412.6 billion, mainly on account of delays in disbursement of donor funds, particularly for development projects. Total recurrent expenditure amounted to TZS 167.6 billion or 58.5 percent of total expenditure, and was below the estimated TZS 172.7 billion. Wages bill amounted to TZS 72.5 billion or 43.3 percent of the recurrent expenditure and was above the estimated TZS 72.1

billion, due to salary increment (**Chart 6.7**). Meanwhile, development expenditure stood at TZS 118.7 billion or 41.5 percent of total expenditure, and accounted for 49.5 percent of the estimated TZS 239.9 billion for the period. Out of total development expenditure, local contribution amounted to TZS 35.6 billion, whereas foreign funded development expenditure was TZS 80.0 billion or 67.4 percent of the total development expenditure. The remaining TZS 3.3 billion was grant from the Union Government.

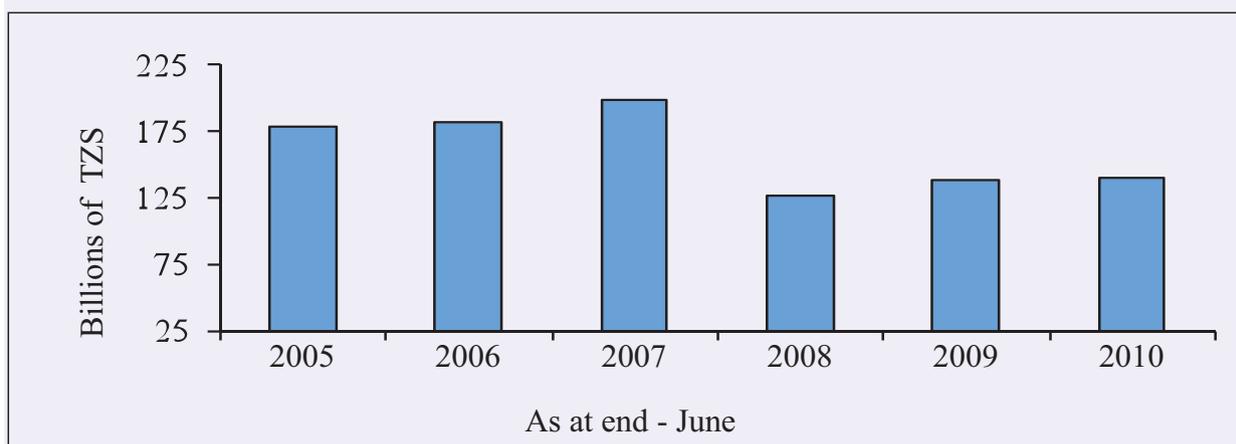

**Chart 6.7: Government Expenditure by Components**
*Billions of TZS*


Source: Ministry of Finance and Economic Affairs, Zanzibar.

## Debt Developments

Zanzibar total debt stock increased to TZS 140.4 billion as at end-June 2010, from TZS 138.3 billion recorded in the corresponding period in 2009. The ratio

of debt to GDP declined to 16.0 percent from 18.5 percent registered as at end-June 2009. Total external debt amounted to TZS 84.8 billion, equivalent to 60.4 percent of total debt stock, while total domestic debt amounted to TZS 55.6 billion (**Chart 6.8**).

**Chart 6.8: Zanzibar Total Debt Stock Development**


Source: Ministry of Finance and Economic Affairs, Zanzibar.

## Domestic Debt

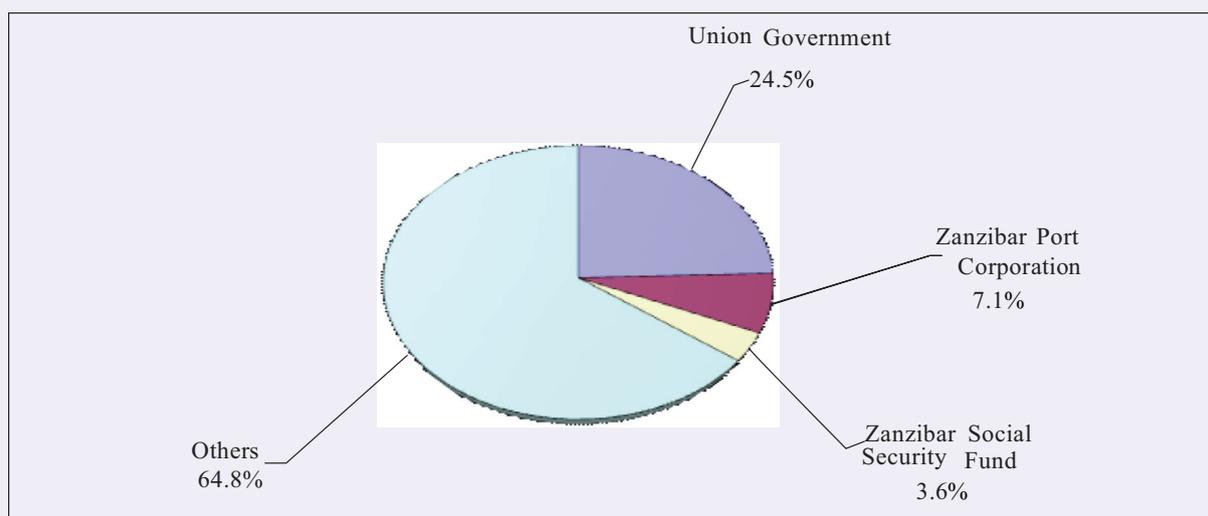
As at end-June 2010, total domestic debt stock declined by 3.4 percent to TZS 55.6 billion, from TZS 57.5 billion registered in the preceding year.

The decrease was mainly attributed to a decline in government debt owed to major public corporations such as Zanzibar State Trading Corporation, Zanzibar Social Security Fund and the People’s Bank of Zanzibar.

## Domestic Debt by Creditor category

Profile of domestic debt by creditor category as at end-June 2010 indicated that, debt due to ‘Other creditors’, notably claims by domestic suppliers and pensioners, increased by 17.5 percent to TZS 36.0 billion, from TZS 30.7 billion recorded in similar period a year earlier. The Union Government debt stock remained unchanged at TZS 13.6 billion, and accounted for 24.5 percent of total domestic debt (**Chart 6.9**).

**Chart 6.9: Domestic Debt by Creditor as at end-June 2010**



Source: Ministry of Finance and Economic Affairs, Zanzibar.

## Domestic Debt by Maturity

During the review period, domestic debt with ‘undetermined maturity’ (pensioner’s claims, supplier’s credits) decreased by 26.7 percent to TZS 22.6 billion, and represented 40.7 percent of the total domestic debt stock. Debt maturing within 2 to 5 years increased by 6.3 percent to TZS 21.5 billion, and constituted 35.1 percent of the total domestic debt. Debt with maturity of less than one year rose from

TZS 6.5 billion as at end-June 2009 to TZS 11.5 billion recorded in the corresponding period a year earlier, representing 20.7 percent of the total domestic debt stock.

## External Debt

Zanzibar total external debt stock stood at USD 62.5 million as at end-June 2010, compared with USD 62.1 million recorded in the corresponding period a year earlier. Out of the total external debt stock, debt

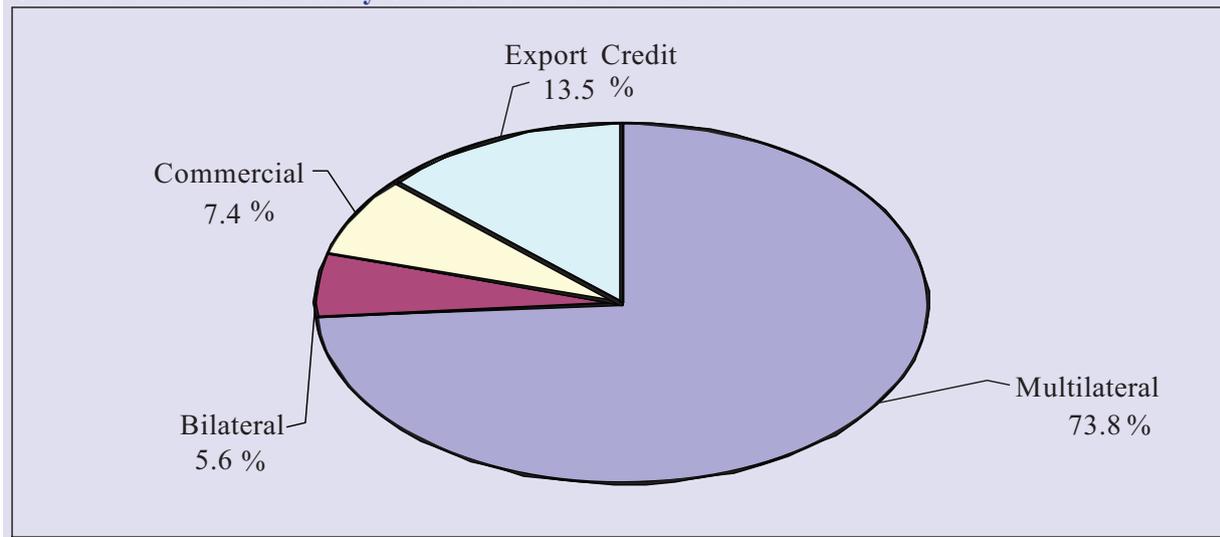


guaranteed by the Union Government amounted to USD 46.1 million, or 75.0 percent of the external debt, while the remaining portion was non-guaranteed debt.

### External Debt by Creditor Category

External debt due to multilateral creditors was the largest at USD 46.1 million, followed by debt due to export creditors which was USD 8.1 million. Claims by commercial and bilateral creditors amounted to USD 4.5 million and USD 3.5 million, respectively (**Chart 6.10**).

**Chart 6.10: External Debt by Creditor as at end – June 2010**



Source: Ministry of Finance and Economic Affairs.

### External Debt by Maturity

As at end-June 2010, the Zanzibar total external debt stock continued to be dominated by long term maturity debt. In particular, debt with maturity above 20 years was USD 40.1 million, slightly below USD 40.3 million recorded in the corresponding period in 2009, and accounted for 65.2 percent of the total external debt. Debt maturing between 5 to 10 years amounted to USD 16.0 million or 26.0 percent of the total external debt; whereas debt with maturity between 10 and 20 years stood at USD 5.5 million.

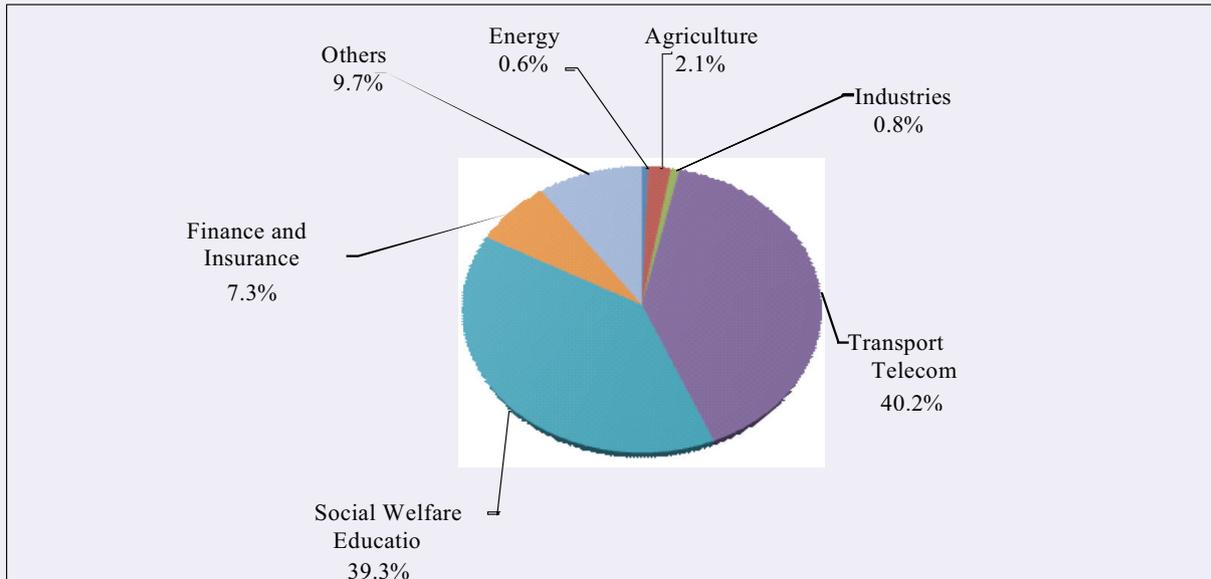
### External debt by Use of Funds

Total external debt by use of funds indicates that the largest beneficiary was transport and communication sector amounting to USD 24.7 million or 40.2 percent of total external debt stock, followed by Social Welfare and Education sector at USD 24.2 million or 39.3 percent. Finance and Insurance received USD 4.5 million, representing 7.3 percent of total external debt. Agriculture and industries sectors absorbed USD 1.3 million and USD 0.5 million or 2.1 percent and 0.8 percent, respectively. Energy sector received USD 0.4 million or 0.6 percent of total

disbursement. Other sectors received USD 6.0 million, equivalent to 9.7 percent of

total external debt (**Chart 6.11**).

**Chart 6.11: External Debt by Use of Funds as at end - June 2010**



Source: Ministry of Finance and Economic Affairs, Zanzibar.

## External Sector Developments

### Current Account

During the year ending June 2010, Zanzibar current account recorded a

surplus of USD 18.5 million compared with a deficit of USD 7.1 million recorded in the preceding year, mainly attributed to increases in current transfers and export proceeds. Development partners' inflows rose by 56.8 percent to USD 65.7 million, from USD 41.9 million (**Table 6.9**).

**Table 6.9: Zanzibar Current Account Balance***Millions of USD*

Item	Year Ending June					% Change 2009/10
	2006	2007	2008	2009	2010 <sup>P</sup>	
<b>Goods Account (net)</b>	<b>-67.2</b>	<b>-61.2</b>	<b>-78.0</b>	<b>-76.1</b>	<b>-69.4</b>	<b>8.8</b>
Exports	11.8	15.9	16.3	21.1	21.3	0.9
Imports (fob)	79.0	77.1	94.2	97.3	90.7	-6.8
<b>Services Account (net)</b>	<b>19.9</b>	<b>41.5</b>	<b>33.5</b>	<b>31.3</b>	<b>27.7</b>	<b>-11.5</b>
Receipts	81.2	92.2	85.5	97.4	100.8	3.5
Payments	61.3	50.7	52.0	66.0	73.0	10.6
<b>Goods and Services (net)</b>	<b>-47.2</b>	<b>-19.6</b>	<b>-44.4</b>	<b>-44.8</b>	<b>-41.7</b>	<b>6.9</b>
Exports of Goods and Services	93.0	108.1	101.8	118.5	122.1	3.0
Imports of Goods and Services	140.2	127.7	146.2	163.3	163.8	0.3
<b>Income Account (net)</b>	<b>0.4</b>	<b>0.2</b>	<b>-0.6</b>	<b>-4.2</b>	<b>-5.5</b>	<b>-31.0</b>
Receipts	0.4	0.3	0.2	0.3	0.4	33.3
Payments	0.0	0.1	0.8	4.5	5.9	31.1
<b>Current Transfers (net)</b>	<b>50.2</b>	<b>56.4</b>	<b>53.7</b>	<b>41.9</b>	<b>65.7</b>	<b>56.8</b>
Inflows	50.2	56.4	53.7	41.9	65.7	56.8
Outflows	0.0	0.0	0.0	0.0	0.0	
<b>Current Account Balance</b>	<b>3.4</b>	<b>37.0</b>	<b>8.6</b>	<b>-7.1</b>	<b>18.5</b>	<b>360.6</b>

Source: Tanzania Revenue Authority and BOT computations.

Note: P = Provisional

## Exports Performance

During the year ending June 2010, total export of goods and services increased by 3.0 percent, to USD 122.1 million, from USD 118.5 million registered in the corresponding period in 2009. Services receipts increased by 3.5 percent to USD 100.8 million, from USD 97.4 million, and accounted for 82.6 percent of total exports. Goods export increased by 0.9 percent to USD 21.3 million.

The increase in goods export was mainly attributed to a rise in seaweed export to USD 3.0 million from USD 2.4 million;

fish exports to USD 0.4 million from USD 0.2 million; and other exports (mainly souvenir and spices) to USD 5.2 million from USD 4.7 million registered in the corresponding period in 2009 (**Table 10**). Meanwhile, value of Cloves, which is the major export earner for Zanzibar and manufactured export declined during the period under review. The decline in export proceeds from cloves was associated with a decrease in volume of exports from 2,440 tons to 2,360 tons, coupled with a decline in the average export price from USD 3,586.0 to USD 3,562.7 per ton. **Chart 6.12** presents Zanzibar's exports by major categories.



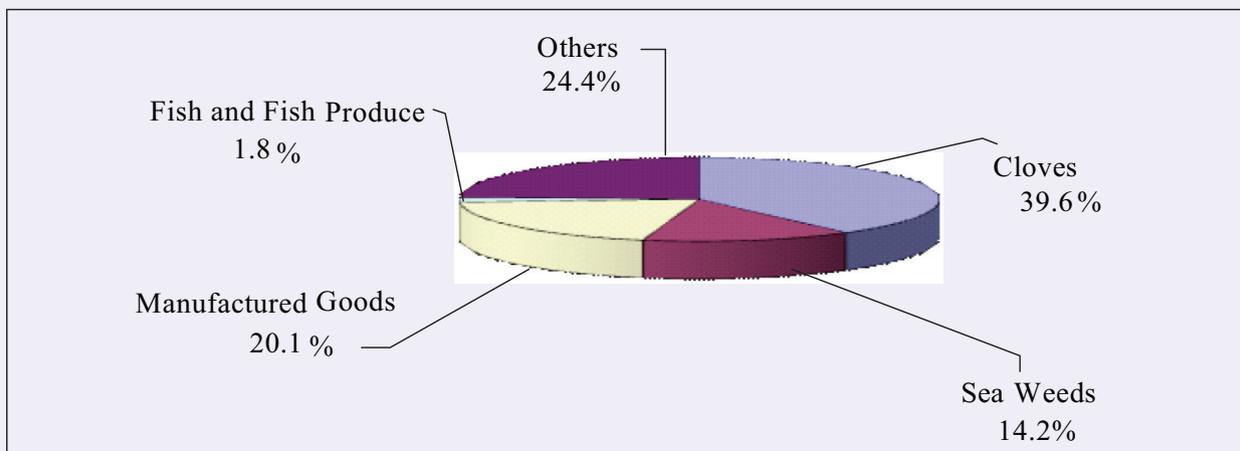
**Table 6.10: Zanzibar Goods Exports by Major Categories**

Item	Units	Year Ending June					Millions of USD
		2006	2007	2008	2009	2010 <sup>P</sup>	% Change
<b>Traditional</b>							
Cloves							
Value	Millions	9.3	9.7	4.3	8.7	8.4	-3.4
Volume	000 Tons	3.2	3.0	1.1	2.4	2.4	-3.3
Unit Price	USD/Ton	2,927.3	3,206.8	3,870.1	3,586.0	3,562.7	-0.6
<b>Non-Traditional</b>							
Seaweeds							
Value	Millions	1.4	1.8	2.5	2.4	3.0	25.0
Volume	000 Tons	7.1	8.3	9.9	10.2	11.6	13.7
Unit Price	USD/Ton	193.7	215.6	254.2	239.5	260.7	8.9
Manufactured Goods	Millions	0.2	2.8	4.1	5.1	4.3	-15.7
Fish and Fish Produce	Millions	0.4	0.1	0.2	0.2	0.4	100.0
Others Exports	Millions	0.6	1.4	5.1	4.7	5.2	10.6
<b>Sub Total</b>	<b>Millions</b>	<b>2.6</b>	<b>6.1</b>	<b>11.9</b>	<b>12.4</b>	<b>12.8</b>	<b>3.2</b>
<b>Grand Total</b>	<b>Millions</b>	<b>11.9</b>	<b>15.9</b>	<b>16.3</b>	<b>21.1</b>	<b>21.3</b>	<b>0.9</b>

Source: Tanzania Revenue Authority and BOT computations

Note: P = provisional

**Chart 6.12: Zanzibar Goods Exports by Percentage Contribution, July- June 2010**



Source: Tanzania Revenue Authority and BOT computations



## Goods Imports

During the year ending June 2010, total import of goods and services was USD 163.8 million, compared with USD 163.3 million, recorded in similar period in 2009, largely attributed by an increase in payments of services. Goods import (c.i.f) declined to USD 99.7 million,

from USD 106.9 million registered in the corresponding period in 2009. Except intermediate goods import, all other major import categories, namely Capital and consumer goods exhibited a decline (**Table 6.11**). Intermediate goods increased mainly due to a rise in oil import bill on account of increased demand during power outage (**Chart 6.13**).

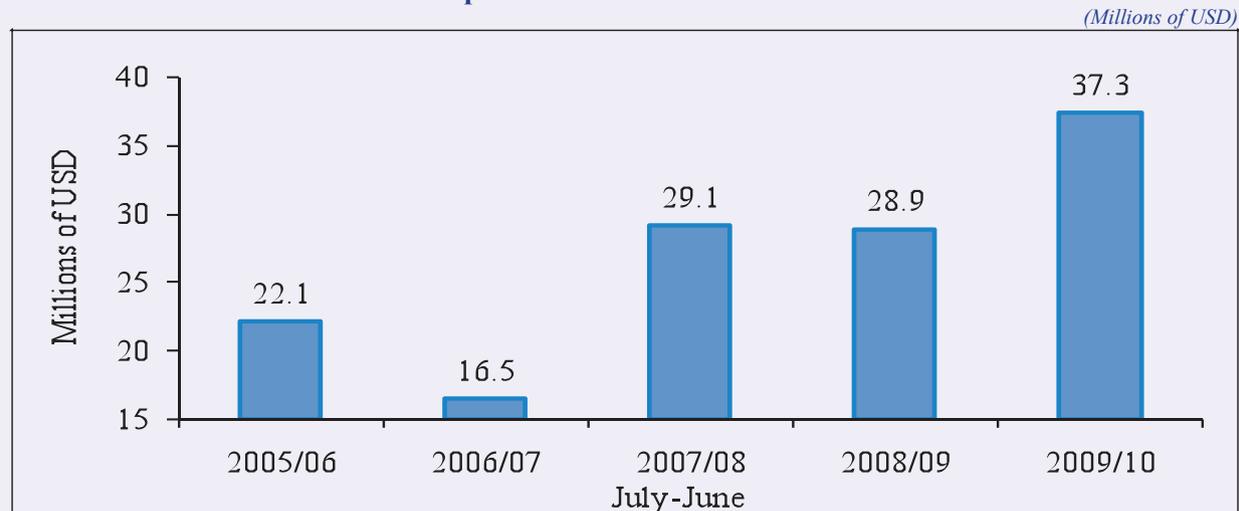
**Table 6.11: Zanzibar Imports by Major Categories**

Import Category	Year Ending June					% Change
	2006	2007	2008	2009	2010 <sup>p</sup>	
<b>Capital Goods</b>	<b>34.9</b>	<b>43.6</b>	<b>43.1</b>	<b>45.4</b>	<b>38.0</b>	<b>-16.3</b>
Transport Equipment	10.2	13.2	24.0	26.8	19.3	-28.0
Building and Constructions	9.2	12.5	6.0	8.7	7.3	-16.1
Machinery	15.5	17.8	13.0	9.9	11.4	15.2
<b>Intermediate Goods</b>	<b>27.3</b>	<b>21.8</b>	<b>38.1</b>	<b>38.8</b>	<b>42.4</b>	<b>9.3</b>
Oil imports	22.1	16.5	29.1	28.9	37.3	29.1
Industrial raw materials	5.2	5.4	9.0	10.0	5.1	-49.0
<b>Consumer Goods</b>	<b>24.5</b>	<b>19.3</b>	<b>22.4</b>	<b>22.6</b>	<b>19.3</b>	<b>-14.6</b>
Food and food stuffs	12.5	5.0	9.4	6.5	7.3	12.3
All other consumer goods	12.0	14.2	13.0	16.1	12.0	-25.5
Grand Total (c.i.f)	86.7	84.7	103.5	106.9	99.7	-6.7
<b>Grand Total (f.o.b)</b>	<b>78.9</b>	<b>77.1</b>	<b>94.2</b>	<b>97.3</b>	<b>90.7</b>	<b>-6.8</b>

Source: Tanzania Revenue Authority

Note: P = provisional

**Chart 6.13: Zanzibar Annual Oil Imports**



Source: Tanzania Revenue Authority and BOT Compilation



### Services Account

During the year ending June 2010, net services account registered a surplus of USD 27.7 million, compared to a surplus of USD 31.3 million recorded in the corresponding period in 2009. Total foreign receipts amounted to USD 100.8 million, up from USD 97.4 million, while payments amounted to USD 73.0 million,

from USD 66.0 million posted in 2009 (Table 6.14).

### Income Account

The income account balance for the year ending June 2010 recorded a deficit of USD 5.5 million, compared to a deficit of USD 4.2 million registered in the similar period in 2009 (Table 6.14).

**Table 6.14: Services and Income Account**

*Millions of USD*

Item		Year Ending June					% Change
		2006	2007	2008	2009	2010 <sup>P</sup>	
<b>A. Services Account</b>	<b>Net</b>	<b>19.9</b>	<b>41.5</b>	<b>33.5</b>	<b>31.3</b>	<b>27.7</b>	<b>-11.5</b>
	Receipt	81.2	92.2	85.5	97.4	100.8	3.5
	Payment	61.3	50.7	52.0	66.0	73.0	10.6
<b>B. Income Account</b>	<b>Net</b>	<b>0.4</b>	<b>0.2</b>	<b>-0.6</b>	<b>-4.2</b>	<b>-5.5</b>	<b>-31.0</b>
	Receipt	0.4	0.3	0.2	0.3	0.4	33.3
	Payment	0.0	0.1	0.8	4.5	5.9	31.1

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



## CHAPTER SEVEN

### INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

#### Global Economic Developments

The world economy decelerated from a peak growth rate of 5.2 percent in 2007 to -0.6 percent in 2009, mainly due to the global financial crisis that impacted negatively on economic activities in both advanced and emerging economies (**Table 7.1**). While the recession was deep in the advanced and emerging economies, positive growth rates were recorded in Africa, Middle East and developing Asian countries comprising of China and India.

The global financial crisis started in the United States (US) following wide spread defaults in sub-prime mortgages which led to bank failures and credit tightening. As the global economic and financial crisis spread to other advanced economies, countries in the Euro zone, United Kingdom, and Japan experienced deterioration in fiscal positions, rising unemployment, sharp decline in home prices, high consumer debt and strict bank lending. In response to the financial crisis, advanced countries undertook various policy measures. In the USA, the Government through Congress established an economic rescue program

called Troubled Asset Relief Program (TARP) where a total of USD 700 billion was allocated. The program aimed at inducing stability in the financial markets through purchase of equity in US banks and other industrial corporations. The US Government also provided an additional USD 787 billion fiscal stimulus to be used over ten years. Part of the funds would be for additional spending and another part to be used on tax cuts both aimed at creating jobs and help the economy recover from the recession.

The United Kingdom (UK) took a number of measures including partial nationalization of the banking system, cutting taxes, suspending public sector borrowing rules, and moving forward public spending on capital projects. In Japan, the government undertook reforms in restructuring the economy to stimulate consumption. Similarly, the Euro zone implemented fiscal stimulus measures under the European Economic Recovery Plan (EERP) to avoid severe financial meltdown and generalized decrease in domestic demand.



Table 7.1: Rates of Growth of Gross Domestic Products (GDP), 2004- 2009

Country	2004	2005	2006	2007	2008	2009
	Percent					
<b>World</b>	<b>4.9</b>	<b>4.5</b>	<b>5.1</b>	<b>5.2</b>	<b>3.0</b>	<b>-0.6</b>
<b>Advanced Economies</b>	<b>3.2</b>	<b>2.7</b>	<b>3.0</b>	<b>2.8</b>	<b>0.5</b>	<b>-3.2</b>
Britain	3.0	2.2	2.8	2.7	-0.1	-4.9
Germany	1.2	0.8	3.2	2.5	1.3	-4.9
Japan	2.7	1.9	2.0	2.4	-1.2	-5.2
USA	3.6	2.9	2.7	2.1	0.0	-2.4
Italy	1.5	0.7	2.0	1.5	-1.3	-5.0
France	2.5	1.9	2.2	2.4	0.2	-2.6
Canada	3.1	3.1	2.8	2.7	0.5	-2.5
<b>Euro Zone</b>	<b>2.2</b>	<b>1.7</b>	<b>3.0</b>	<b>2.7</b>	<b>0.5</b>	<b>-4.0</b>
<b>European Union</b>	<b>2.5</b>	<b>2.0</b>	<b>3.2</b>	<b>2.9</b>	<b>0.7</b>	<b>-4.0</b>
<b>Africa</b>	<b>5.5</b>	<b>5.2</b>	<b>5.9</b>	<b>6.2</b>	<b>5.2</b>	<b>1.9</b>
Sub-Saharan	7.1	6.3	6.5	6.9	5.5	2.1
<b>Developing Asia</b>	<b>8.6</b>	<b>9.0</b>	<b>9.8</b>	<b>10.6</b>	<b>7.6</b>	<b>6.6</b>
China	10.1	10.4	11.6	13.0	9.6	8.7
India	7.9	9.2	9.8	9.4	7.3	5.7
<b>ASEAN- 4</b>	<b>6.1</b>	<b>5.7</b>	<b>6.0</b>	<b>6.6</b>	<b>4.4</b>	<b>1.5</b>
Indonesia	5.0	5.7	5.5	6.3	6.0	4.5
Malaysia	6.8	5.3	5.8	6.6	4.7	-1.7
Philippines	6.4	4.9	5.3	7.4	3.4	1.1
Thailand	6.3	4.7	5.1	4.9	2.5	-2.2
<b>Middle East**</b>	<b>5.8</b>	<b>5.3</b>	<b>5.7</b>	<b>5.6</b>	<b>5.1</b>	<b>2.4</b>
<b>Newly Industrialized Asian Economies</b>	<b>5.9</b>	<b>4.8</b>	<b>5.8</b>	<b>5.8</b>	<b>1.8</b>	<b>-0.9</b>
Hong Kong	8.5	7.1	7.0	6.4	2.1	-2.7
Korea	4.6	4.0	5.2	5.1	2.3	0.2
Singapore	9.2	6.6	8.6	8.5	1.8	-1.3
Taiwan Province of China	6.2	4.7	5.4	6.0	0.7	-1.9

Source: Central Banks, National Statistical Offices, IMF, World Economic Outlook April 2010, ASEAN Finance and Macroeconomic Surveillance Unit Database

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

The effects of GFC led to slowdown in growth in China and India. China recorded growth of about 8.7 percent in 2009, being lower than 9.6 percent in 2008 and 13.0 percent in 2007. Similarly, India recorded a growth rate of 5.7 percent in 2009 compared with 7.3 percent in 2008 and 9.4 percent in 2007 (Table 7.1). Despite the

slow down, the two economies performed relatively better compared with advanced economies mainly due to high growth in investments, foreign trade and domestic demand.

In 2009, African economies grew by 1.9 percent compared with 5.2 percent in 2008.



For the Sub-Saharan African economies, growth was much higher at 2.1 percent compared with 5.5 percent recorded in the preceding year. The lower than expected slow down in growth reflected some degree of resilience to external shocks and less integration of Africa in the global financial systems. The slow down in growth was mainly associated with second round effects of the GFC on Africa's exports particularly minerals, agricultural products, and tourism.

### **Global Inflation Rate Developments**

The average global inflation rate during 2009 declined to 3.5 percent from 6.6 percent in 2008 (**Table 7.2**). The fall in inflation was on account of decline in consumer and investor demand, particularly in advanced economies, as well as in

the developing Asia, ASEAN-4 and the newly industrialized Asian economies. In particular, inflation in the Euro zone fell to 0.3 percent during 2009, while in the US, inflation declined to -0.3 percent in 2009.

Likewise, inflation in the newly industrialized Asian economies also fell to 1.3 percent during 2009 in relation to 4.5 percent in 2008 except for Singapore which recorded modestly high inflation. The decline in inflation in the Asian economies was mainly on account of the fall in external demand in their traditional markets especially in the US and the Euro zone. In the Sub-Saharan Africa (SSA), inflation decelerated marginal to 10.6 percent in 2009 compared with 11.6 percent in 2008. Inflation in SSA was relatively higher than that of advanced economies, mainly on account of high food prices.



Table 7.2: Consumer Price Index, 2004 - 2009

Country	Percent Change from Previous Year					
	2004	2005	2006	2007	2008	2009
<b>World</b>	<b>4.1</b>	<b>4.4</b>	<b>4.5</b>	<b>4.3</b>	<b>6.6</b>	<b>3.5</b>
<b>Advanced Economies</b>	<b>2</b>	<b>2.3</b>	<b>2.4</b>	<b>2.2</b>	<b>3.4</b>	<b>0.1</b>
UK	1.3	2	2.3	2.3	3.6	2.2
Germany	1.8	1.9	1.8	2.3	2.8	0.1
Japan	0	-0.3	0.3	0	1.4	-1.4
USA	2.7	3.4	3.2	2.9	3.8	-0.3
Italy	2.3	2.2	2.2	2	3.5	0.8
France	2.3	1.9	1.9	1.6	3.2	0.1
Canada	1.8	2.2	2	2.1	2.4	0.3
<b>Euro Zone</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.1</b>	<b>3.3</b>	<b>0.3</b>
<b>European Union</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>	<b>3.7</b>	<b>0.9</b>
<b>Africa</b>						
Sub-Saharan	7.6	8.9	7.3	7.1	11.6	10.6
Developing Asia	4.1	3.8	4.2	5.4	7.4	3.1
China	3.9	1.8	1.5	4.8	5.9	-0.7
India	3.8	4.2	6.2	6.4	8.3	10.9
<b>ASEAN- 4</b>	<b>4.6</b>	<b>4.7</b>	<b>7.0</b>	<b>4.7</b>	<b>6.0</b>	<b>2.6</b>
Indonesia	6.1	10.5	13.1	6.4	11.3	5.0
Malaysia	1.4	-5.5	3.6	2.0	5.5	0.5
Philippines	6.0	7.6	6.3	2.8	9.3	3.3
Thailand	2.8	4.5	4.6	2.2	-9.8	-2.4
Middle East**	6.5	6.4	7.5	10	13.5	6.7
<b>Newly Industrialized Asian Economies</b>	<b>2.4</b>	<b>2.2</b>	<b>1.6</b>	<b>2.2</b>	<b>4.5</b>	<b>1.3</b>
Hong Kong	-0.4	0.9	2.0	2.0	4.3	0.5
Korea	3.6	2.8	2.2	2.5	4.7	2.8
Singapore	1.7	0.5	1.0	2.1	-4.0	0.6
Taiwan Province of China	1.6	2.3	0.6	1.8	3.5	-0.9

Source: Central Banks, National Statistical Offices, IMF, World Economic Outlook April 2010, ASEAN Finance and Macroeconomic Surveillance Unit Database

## Monetary Policy Developments

During the year 2009, central banks in the advanced economies reacted to the economic downturn caused by the financial turmoil by either aggressively cutting interest rates or retained the prevailed historically low levels rates (**Chart 7.1**). As the result, policy rates in the major advanced economies ranged between zero and 2.0 percent, leaving little or no room

for additional cuts to accommodate any further negative shocks in some economies. In real terms, rates were below one percent in the United States and Euro zone, while in Canada and United Kingdom were negative. In Japan, by contrast, mild deflation pushed real rates just above zero.

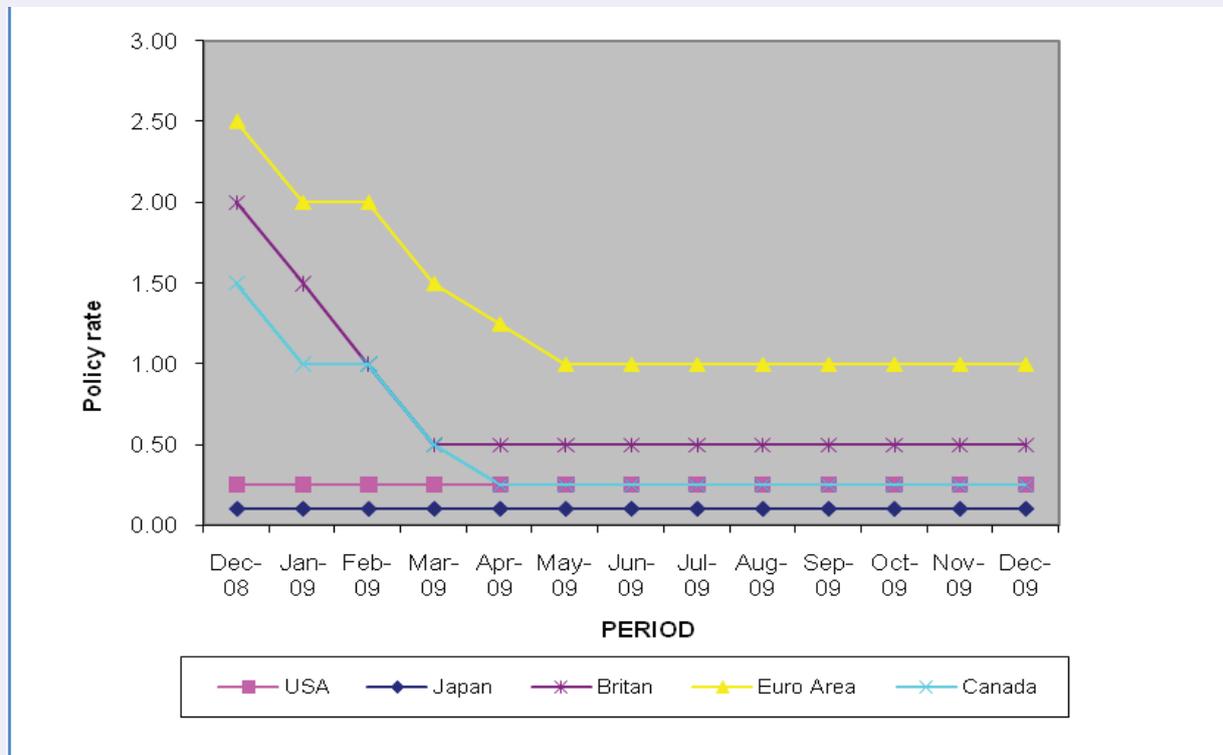
In the USA and Japan, official policy rates were maintained at low levels at the range of 0-0.25 percent and 0.1 percent,



respectively. In the United Kingdom, the official bank rate was reduced from 2.0 percent at the end of December 2008 to 0.5 percent in the first quarter of 2009, mainly to stimulate economic activity. Similarly, the European Central Bank

reduced the key ECB interest rate from 1.5 percent to 1.0 percent. In addition, governments complemented the monetary policy measures by supporting individual financial institutions and providing substantial fiscal stimulus.

**Chart 7.1: Key World Interest Rates**



## Regional Economic Development

### The Southern Africa Development Community (SADC)

#### *Gross Domestic Product*

Real GDP growth remained positive in all the SADC member countries with the exception of Botswana, South Africa and Namibia which recorded negative growth rates (**Chart 7.2**). Overall, economic growth in the SADC region slowed to 2.6 percent in 2009 from 4.2 percent registered

in 2008. The slowdown in economic activities was mainly attributed to the negative effects of the global financial crisis including decline in global demand, Foreign Direct Investment (FDI) and tourism.

Botswana, Namibia and South Africa recorded negative real GDP growth rates of 3.7 percent, 1.1 percent and 1.8 percent, respectively, largely due to decline in demand for minerals. With the exception of Zambia and Zimbabwe, all other SADC



countries recorded slow-down in growth. Growth in Zambia was largely attributable to the rebound in copper prices during the

second half of 2009, whereas the outturn in Zimbabwe was attributed to strong growth in manufacturing and services (Table 7.3).

Chart 7.2: Annual Real GDP for SADC Countries, 2001-2010

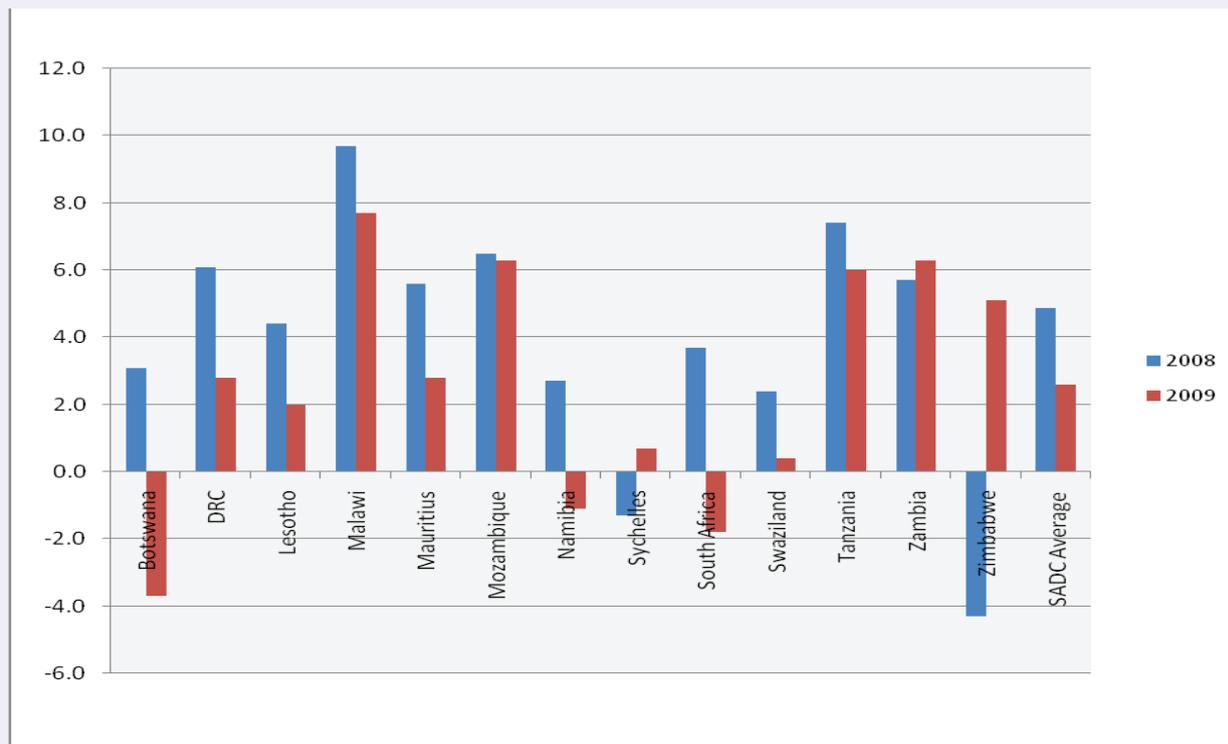


Table: 7.3 Percentage growth of the Real GDP for SADC countries, 2001- 2009

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009P
Angola	5.2	14.5	3.3	11.2	20.6	18.6	20.3	16.4	2.7
Botswana	8.4	2.3	7.2	6.0	1.6	5.1	4.8	3.1	-3.7
DRC	3.5	5.8	5.8	6.6	7.9	5.6	6.3	6.1	2.8
Lesotho	4.4	0.4	4.8	2.2	1.4	6.6	2.3	4.4	2.0
Malawi	1.8	0.1	1.7	4.6	1.9	4.7	7.9	9.7	7.7
Mauritius	5.8	4.0	4.1	4.2	3.5	4.7	5.4	5.6	2.8
Mozambique	13.8	9.0	7.0	7.8	7.7	8.5	7.3	6.5	6.3
Namibia	2.4	2.3	3.3	12.3	3.5	4.6	3.8	2.7	-1.1
Sychelles	-2.3	1.2	-5.9	-2.9	6.7	9.5	9.6	-1.3	0.7
South Africa	2.7	3.7	2.9	4.6	5.3	5.6	5.5	3.7	-1.8
Swaziland	1.8	2.2	1.5	2.1	2.2	3.3	3.5	2.4	0.4
Tanzania	6.0	7.2	6.9	7.8	7.4	6.7	7.1	7.4	6.0
Zambia	4.9	3.3	5.1	5.4	5.3	6.2	6.2	5.7	6.3
Zimbabwe	-8.8	-10.2	-13.6	-4.8	-6.5	-3.8	-3.6	-4.3	5.1
SADC Average	3.5	3.3	2.4	4.8	4.9	6.1	6.2	4.9	2.6

Source: Statistics for SADC countries and IMF, World economic outlook, April 2010

Note: p = Provisional



## Inflation

In 2009, the average inflation rate in the SADC region (excluding Zimbabwe) was 13.2 percent compared with 13.7 percent recorded in 2008 (**Table 7.4**). Five out of 14 countries in the region recorded double digit inflation rates compared with 11 countries in the previous year.

With the exception of Angola, Democratic Republic of Congo, Zambia and Tanzania, inflation rates in most of the SADC countries decelerated due to decline in food prices. Meanwhile, the inflation rate in Zimbabwe recorded a negative rate of 7.7 percent, largely on account of dollarization of the economy.

**Table 7.4: Rates of Inflation for SADC Countries, 2001 - 2009**

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009
Angola	5.2	108.9	98.3	43.6	23.0	13.3	12.2	13.2	14.0
Botswana	6.6	8.0	9.2	7.0	8.6	11.6	7.1	12.6	8.2
DRC	511.2	25.3	12.8	4.0	21.4	13.2	16.7	18.0	46.1
Lesotho	6.6	12.5	7.3	5.0	3.4	6.1	8.0	10.8	7.2
Madagascar		16.2	-1.1	14.0	18.4	10.8	10.4	9.2	9.0
Malawi	27.5	17.4	9.6	11.4	15.5	13.9	7.9	8.7	8.4
Mauritius	5.4	6.4	3.9	4.7	4.9	8.9	8.8	9.7	4.0
Mozambique	21.9	16.8	13.5	12.6	6.4	13.2	8.2	10.3	3.3
Namibia	9.2	11.3	7.2	4.1	2.3	5.1	6.7	10.3	8.8
Seychelles	6.0	0.2	3.3	3.9	0.6	-1.9	5.3	37.0	31.8
South Africa	5.7	9.2	5.8	1.4	3.4	4.7	7.1	11.6	7.1
Swaziland	7.5	11.7	7.4	3.4	4.8	5.3	8.2	12.6	7.5
<b>Tanzania</b>	<b>5.1</b>	<b>4.6</b>	<b>4.4</b>	<b>4.1</b>	<b>4.4</b>	<b>7.3</b>	<b>7.0</b>	<b>10.3</b>	<b>12.1</b>
Zambia	21.0	22.2	21.4	18.0	18.3	9.0	10.7	13.4	13.4
Zimbabwe	76.7	133.2	365.0	350.0	585.8	1016.7	6273.7	1594745.0	-7.7
<b>SADC Average (Excl. Zimbabwe)</b>	<b>49.1</b>	<b>19.6</b>	<b>15.7</b>	<b>9.5</b>	<b>9.0</b>	<b>8.4</b>	<b>8.8</b>	<b>13.7</b>	<b>13.2</b>
<b>SADC Average</b>	<b>51.1</b>	<b>26.9</b>	<b>37.9</b>	<b>32.5</b>	<b>48.1</b>	<b>75.8</b>	<b>426.5</b>	<b>106,328.8</b>	<b>11.5</b>

Source: Economic Development, Statistics for SADC Countries and IMF, World Economic Outlook 2010

## External Sector

All SADC member countries recorded current account deficits in 2009. The ratio of current account balance to GDP ranged from negative 30.1 percent in Zimbabwe

to negative 1.5 percent in Lesotho. Nevertheless, nine out of 14 SADC member countries attained the target of below negative 9 percent for the region (**Table 7.5**).



Table 7.5: Current Account as Percentage of GDP in SADC Countries, 2001-2009

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009p
Angola	-15	-1.3	-5.2	3.5	16.8	25.2	15.9	7.5	-3.3
Botswana	4.6	3.2	5.7	3.5	15.2	17.2	15.4	4.9	-5.1
DRC	-4.0	-1.6	1.0	-2.4	-10.4	-2.1	-1.5	-15.9	-13.1
Lesotho	-14.0	21.7	-13.5	-6.1	-7.9	4.7	14.1	9.6	-1.5
Madagascar	-6.0	-6.0	-6.0	-9.2	-10.6	-8.8	-12.7	-20.5	-16.8
Malawi	-11.0	-8.6	-11.4	-11.1	-15.4	-7.8	-1.6	-9.9	-7.9
Mauritius	5.0	5.2	1.7	-1.8	-5.2	-9.4	-5.6	-10.4	-8.2
Mozambique	-23.6	-20.7	-17.3	-10.7	-11.6	-10.7	-9.7	-11.9	-11.9
Namibia	2.0	3.4	6.1	7.0	4.7	13.8	9.1	2.7	-2.2
Seychelles	-17.0	-13.4	0.2	-5.9	-19.7	-13.9	-20.8	-44.7	-23.1
South Africa	-0.3	0.8	-1.0	-3.0	-3.5	-5.3	-7.2	-7.1	-4.0
Swaziland	-2.1	9.1	4.4	4.4	-4.1	-7.4	0.7	-4.1	-6.3
Tanzania	-5.1	-6.2	-4.2	-3.6	-4.1	-7.7	-9.0	-9.8	-9.4
Zambia	28	-14.0	-14.9	-11.4	-8.4	1.2	-6.5	-7.1	-3.3
Zimbabwe	-4.0	-4	-2.9	-9	-13.2	-10.1	-8.2	-24	-30.1
<b>SADC Average</b>	<b>-3.4</b>	<b>-1.6</b>	<b>-3.1</b>	<b>-3.0</b>	<b>-4.1</b>	<b>-0.9</b>	<b>-1.7</b>	<b>-8.7</b>	<b>-9.2</b>

Source: World Economic Outlook, April 2010, P = Provisional

## The East African Community (EAC)

### Gross Domestic Product

In 2009, real GDP growth rate in the East African Community (EAC) region decelerated from 6.4 percent in 2008 to 4.9 percent in 2009, largely on account of negative impact of the global financial

crisis particularly in tourism, FDI and remittances (Table 7.6). With the exception of Kenya, the EAC partner states recorded declines in real GDP growth rate. The Kenyan economy grew by 2.6 percent in 2009 compared with 1.6 percent in 2008, mainly driven by growth in transport and communications, trade and construction activity.

Table 7.6: EAC Real GDP Growth Rates, 2001- 2009

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009
Kenya	4.5	0.6	3.0	5.1	5.9	6.3	7.1	1.6	2.6
Tanzania	6.0	7.2	6.9	7.8	7.4	6.7	7.1	7.4	6.0
Uganda	5.3	6.7	4.9	5.0	5.9	5.5	7.7	7.0	5.8
Burundi	2.1	4.4	-1.2	4.8	0.9	5.1	3.6	4.5	3.9
Rwanda	8.5	13.2	2.2	7.4	9.4	9.2	7.7	11.6	6.0
<b>EAC Average</b>	<b>5.3</b>	<b>6.4</b>	<b>3.2</b>	<b>6.0</b>	<b>5.9</b>	<b>6.6</b>	<b>6.6</b>	<b>6.4</b>	<b>4.9</b>

Source: National Statistical offices and IMF World Economic Outlook April, 2010

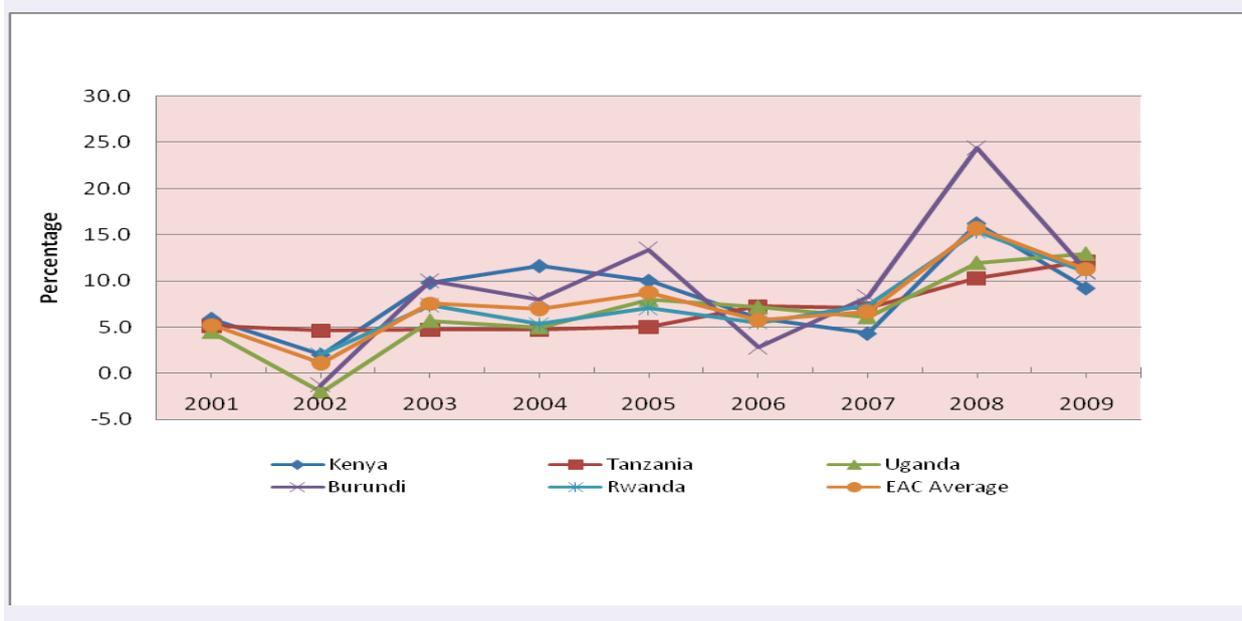


## Inflation

Inflation rate in the EAC region declined to an average of 11.2 percent in 2009 from 15.7 percent registered in 2008, despite

the increase in Tanzania and Uganda (Chart 7.3). The deceleration in inflation in the region was largely on account of improvement in food supply.

Chart 7.3: Annual Average Rates of Inflation for EAC Countries, 2001-2009



## External sector performance

During 2009, the current account deficit excluding grants as a percentage of GDP widened slightly in the EAC region. The region recorded a current account deficit

to GDP of 7.9 percent in 2009, up from a deficit of 7.4 percent registered in 2008, largely due to a decline in export receipts coupled with high level of imports (Table 7.7).

Table 7.7: Current Account Balance as a Percentage of GDP, 2001-2009

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009p
Kenya	-3.1	2.2	-0.2	0.1	-0.8	-2.5	-4.1	-6.9	-6.2
Tanzania	-4.5	-6.2	-4.2	-3.6	-4.1	-7.7	-9.0	-9.8	-9.4
Uganda	-3.7	-4.6	-4.7	0.1	-1.4	-3.4	-3.9	-3.2	-4.8
Burundi	-4.6	-3.5	-4.6	-8.4	-1.2	-14.5	-15.7	-12.2	-12.1
Rwanda	-6.0	-2.0	-2.5	1.8	1.0	-4.3	-2.2	-4.9	-7.2
EAC Average	-4.4	-2.8	-3.2	-2.0	-1.3	-6.5	-7.0	-7.4	-7.9

Source: World Economic Outlook, April 2010, P = Provisional



### *Intra-regional trade*

Tanzania's total volume of trade within the EAC region recorded a notable increase especially after the signing of the Customs Union protocol in 2005. With the exception of Kenya, a major trading partner, Tanzania

has maintained trade surplus with the rest of EAC partner states (**Table 7.8**). During the period 2001—2009, exports to Kenya by Tanzania averaged 72 percent of the country's total exports to the region (**Table 7.9**).

Table 7.8: Tanzania's Trade with Kenya, Uganda, Rwanda and Burundi, (2001-2009)

	2001	2002	2003	2004	2005	2006	2007	2008	2009P
Millions of USD									
<b>Tanzania's Trade with Kenya</b>									
A. Export to Kenya	38.1	35.3	78.2	83.7	76.3	89.3	101.1	<b>235.0</b>	<b>177.3</b>
B. Import from Kenya	203.4	95.2	115.8	130.2	155.3	153.2	100.2	<b>197.9</b>	<b>298.2</b>
<b>Trade Balance (A-B)</b>	<b>-165.3</b>	<b>-59.9</b>	<b>-37.6</b>	<b>-46.5</b>	<b>-79</b>	<b>-63.9</b>	<b>0.9</b>	<b>37.1</b>	<b>-120.9</b>
<b>Tanzania's Trade with Uganda</b>									
A. Export to Uganda	5.5	5.5	10.3	11.7	20.1	19.6	19.3	<b>40.3</b>	<b>47.7</b>
B. Import from Uganda	11.4	2.7	8.2	7.7	5.1	3.8	6.4	<b>6.4</b>	<b>11.9</b>
<b>Trade Balance (A-B)</b>	<b>-5.9</b>	<b>2.8</b>	<b>2.1</b>	<b>4.0</b>	<b>15</b>	<b>15.8</b>	<b>12.9</b>	<b>33.9</b>	<b>35.8</b>
<b>Tanzania's Trade with Burundi</b>									
A. Export to Burundi	6.1	7.0	4.7	7.5	7.3	3.5	41.5	<b>19.5</b>	<b>23.6</b>
B. Import from Burundi	0.2	0.0	0.3	0.0	0.3	0.0	0.02	<b>0.4</b>	<b>0.4</b>
<b>Trade Balance (A-B)</b>	<b>5.9</b>	<b>7</b>	<b>4.4</b>	<b>7.5</b>	<b>7</b>	<b>3.5</b>	<b>41.48</b>	<b>19.1</b>	<b>23.2</b>
<b>Tanzania's Trade with Rwanda</b>									
A. Export to Rwanda	2.3	3.9	2.6	2.9	3.0	2.7	11.2	<b>20.6</b>	<b>15.1</b>
B. Import from Rwanda	0.1	0.0	0.8	0.1	0.0	0.2	0.00	<b>0.1</b>	<b>0.02</b>
<b>Trade Balance (A-B)</b>	<b>2.2</b>	<b>3.9</b>	<b>1.8</b>	<b>2.8</b>	<b>3</b>	<b>2.5</b>	<b>11.2</b>	<b>20.5</b>	<b>15.08</b>
<b>A: Total Exports to EAC</b>	<b>52.0</b>	<b>51.7</b>	<b>95.8</b>	<b>105.9</b>	<b>106.7</b>	<b>115.1</b>	<b>173.1</b>	<b>315.4</b>	<b>263.7</b>
<b>B: Total Imports from EAC</b>	<b>238.2</b>	<b>103.4</b>	<b>142.2</b>	<b>153.5</b>	<b>171.4</b>	<b>164.8</b>	<b>119.5</b>	<b>204.8</b>	<b>310.5</b>
<b>Trade Balance (A-B)</b>	<b>-186.2</b>	<b>-51.7</b>	<b>-46.4</b>	<b>-47.6</b>	<b>-64.7</b>	<b>-49.7</b>	<b>53.6</b>	<b>110.6</b>	<b>-46.8</b>

Source: Bank Reports (various), IFS and TRA,  
P = Provisional

Table 7.9: Tanzania's Shares of Trade with Kenya, Uganda, Rwanda and Burundi, 2001-2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009p
Share of Exports to:									
Kenya	73.3	68.3	81.6	79.0	71.5	77.6	58.4	74.5	67.2
Uganda	10.6	10.6	10.8	11.0	18.8	17.0	11.1	12.8	18.1
Burundi	11.7	13.5	4.9	7.2	6.8	3.0	24.0	6.2	8.9
Rwanda	4.4	7.5	2.7	2.7	2.8	2.3	6.5	6.5	5.7
<b>Total</b>	<b>100</b>								

Source: Bank of Tanzania and Tanzania Revenue Authority, P = Provisional



### ***EAC Countries Experience with the Global Financial and Economic Crisis***

EAC region weathered the global financial and economic crisis well, and its recovery from the slowdown in 2009 is expected to be stronger. Although, EAC member states were hit by the collapse of exports and commodity markets, the region grew by an average of 4.8 percent in 2009, down from 6.4 percent recorded in 2008. This situation was mainly due to the fall in the global demand, decline in the flow of Foreign Direct Investments, loss of employment especially in the tourism sector, decline in

remittances and drastic increase in interest on the external loans. There was also a drop in tax revenue collections following a decline in economic activities and tight credit conditions following the liquidity crunch experienced by banks at the beginning of 2009.

The region's quick recovery reflects the relatively limited integration into the global financial system. Remittances and official aid flows also declined following the recessions in the advanced economies. Notwithstanding the above, the banking sector proved to be resilient.



**PART II**  
**BANK OF TANZANIA OPERATIONS**



## Strategic Planning and Performance Review

During 2009/10, a number of activities were carried out with a view to enhancing the Bank's corporate governance.

- i. In November 2009, the Bank reviewed the Annual Corporate Plan Performance for the year 2007/08 and implementation of the Corporate Strategic Plans for the period covering 2009/10 – 2013/14. The Corporate Plan for the period covering 2010/11—2014/15 was initiated in March 2010 and by 30th June 2010, the Plan had been cascaded down to Departmental level and became effective 1st July 2010.
- ii. The Bank continued to develop a Projects Management Framework based on PRINCE2 methodology with a view to adopting best practices in management of multidimensional projects. The PRINCE2 methodology is based on the principles that are driven by viable business case and are product-based.
- iii. The Bank continued with the efforts of developing Operations and Procedures Manuals for its key functions with the view to improving accountability, transparency and responsibility for increased efficiency and effectiveness. In the process, the Operations and Procedures Manual for Domestic Accounts processes were reviewed and approved. In the same context and also for the purpose of preparing for modernization of its processes, the Bank engaged a Consultant to develop a roadmap and a framework for the Business Process Management (BPM) in the Bank. The assignment was successfully accomplished and a final report was presented to Board of Directors.
- iv. In implementing the Second Generation Financial Sector Reforms, the Bank:
  - a. Organized two stakeholders' workshops on Housing Finance Project and coordinated a study on establishment of Banc-assurance and preparation of Financial Literacy Framework.
  - b. Prepared and reviewed Terms of References for the Consultants for Advisor Internal Audit; Portfolio Review of Pension Funds; Actuarial Valuation; establishment of Tanzania Agricultural Development Bank; Development of Public-Private Partnership framework and Development of Environmental and Social Management framework.
  - c. Reviewed consultants' reports on Environmental and Social Management Framework; Resettlement Policy Framework and Project Appraisal Document on Housing Finance Project.
  - d. Prepared Credit Reference Bureau regulations and Licensing Guidelines were prepared, which were approved and gazetted on 14th May 2010.
  - e. Initiated the process to establish the office of the National Social Security Authority, following the enactment of the National Social Security (Regulatory Authority) Act in November 2008.
  - f. The Bank prepared draft Financial Leasing Regulations to



- operationalize the Financial Lease Act of 2008.
- g. Coordinated development of regulations to facilitate operationalization of the Mortgage Finance Act of 2008.
  - h. Facilitated the process of transforming Tanzania Investment Bank (TIB) into a Development Finance Institution (DFI)/ Development Bank.
  - i. Conducted a feasibility study on policy options and implementation strategy for the development of municipal bonds in Tanzania. A draft report was produced for Bank's consideration.

## Banking Supervision

The Bank continued to undertake its core activities of licensing and conducting on-site and off-site surveillance of banks, financial institutions and foreign exchange bureaux in accordance with the provisions of the Bank of Tanzania Act, 2006; Banking and Financial Institutions Act, 2006; Foreign Exchange Act, 1992; and various regulations governing banking business and bureaux de change operations in Tanzania.

As at 30th June 2010, the banking sector was made up of 41 banking institutions of which five institutions—that is, Mkombozi Commercial Bank, Tanzania Womens' Bank, Efatha Bank, United Bank for Africa and Ecobank—were licensed during the period under review. At this period, there were 460 branches and agencies national wide, most of which were concentrated in Dar es Salaam city.

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

## Major Balance Sheet Items in the Banking Sector

During the period under review, the banking sector was adequately capitalized with total capital amounting to TZS 1,424.2 billion from TZS 1,128.1 billion recorded in the previous year. The ratios of Core Capital and Total Capital to Risk Weighted Assets and off Balance Sheet Exposures were 19.1 percent and 19.4 percent, respectively, compared to the legal minimum requirements of 10 percent and 12 percent, respectively. The ratio of total capital to total assets was 10.6 percent, indicating that more than 10 percent of the banking sector's assets were financed by shareholders' funds. The total assets of the banking sector increased by 25.2 percent from TZS 9,100.7 billion recorded in 2009 to TZS 11,392.2 billion. Loans increased by 15.1 percent from 4,436.5 billion in 2009 to TZS 5,106.2 billion. Out of the total loans 32.2 percent were foreign currency denominated. Total deposits continued to demonstrate



an increasing trend with increase of 25.7 percent from TZS 7,404.0 billion in 2009 to TZS 9,306.5 billion recorded. Out of the total deposits, 30.6 percent were foreign currency deposits. Lending to private sector was 17.9 percent of GDP, while lending to non-government sector (private sector plus public corporations and parastatals) accounted for 18.7 percent of GDP. Projected GDP for the year 2009 is TZS 28,212.7 billion.

Banking sector continued to be profitable with an after tax profit of TZS 104.6 billion recorded, compared to TZS 113.4 billion recorded in 2009. Liquidity continued to be high as reflected by the ratios of Liquid Assets to Demand Liabilities and Gross Loans to Total Deposits, which stood at 46.8 percent and 59.1 percent, respectively.

### Micro-finance Operations

During the period under review, the Bank developed the Risk Based Supervision (RBS) manual which includes guidelines and examination procedures applicable to Financial Institutions Engaged in Microfinance Operations (FIEMs).

The Bank conducted a five-day Workshop in Morogoro to twenty four (24) institutions including commercial banks, community banks, Financial NGO's and credit only institutions with minimum operating capital of TZS 200 Millions. The main objective of the workshop was to discuss the transformation challenges for prospective Microfinance Companies and chart the way forward to overcome the challenges. Further the workshop aimed at exposing participants to regulatory and licensing requirements with the view

to facilitate progress in transformation process.

Also, the Bank conducted a review of the existing Financial Cooperative Societies (FICOS) Regulations, 2005 to incorporate comments and recommendations from Saving and Credit Cooperative Societies (SACCOS) survey and best practice requirements for supervision of SACCOS. Furthermore, in collaboration with law enforcement agencies, the Bank continued to facilitate closure of illegal pyramid schemes in the country and participated in the preparation of the public awareness programs on pyramid schemes with other key stakeholders.

### Personnel and Administration

At end-June 2010, the Bank had a total number of 1,307 employees in the payroll, out of which 42 percent were females. The distribution of staff across the Bank's locations was as follows: Head Office (865), Arusha Branch (105), Mbeya Branch (100), Mwanza Branch (106), Zanzibar Branch (99) and Training Institute (32).

During 2009//10 the Bank recruited 42 employees to fill vacancies and processed separation of 29 employees; 14 due to retirement; 5 due to resignation; 5 due to death; 4 due to termination and 1 due to expiry of contracts.

A total of 1,282 employees attended training and development events in accordance with the established corporate priorities and needs identified in the training needs assessment exercises conducted annually. The Bank also participated in various regional capacity building programmes



organized by SADC, East Afritac, MEFMI and East African Central Banks.

As part of its corporate social responsibility, the Bank offered full scholarships to two best students in the Economics Department of the University of Dar es salaam to continue with postgraduate studies. The scholarships are granted under the Gilman Rutihinda Trust Fund administered by the Bank.

The Bank introduced directorate retreats as annual events, to provide a forum for staff to meet outside the office premises to share, exchange ideas and improving interpersonal relations between staff of all ranks.

The Bank constructed a three storey office extension at its Arusha Branch to accommodate new currency processing machines and to provide space for increased activities. Likewise, office modification was completed at Mwanza Branch to house additional currency processing machines.

In order to provide effective banking services and currency management, the Bank embarked on a strategy to establish currency custody centres in the key zones within the county. During the review

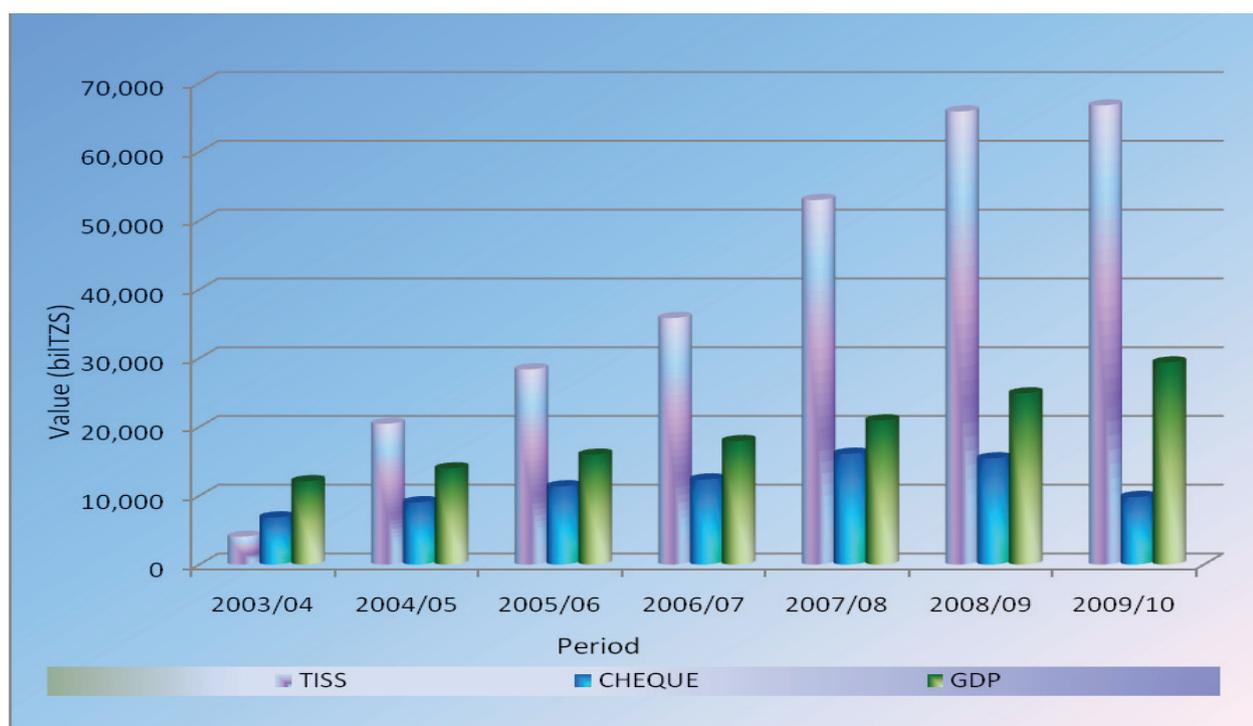
period, construction of currency custody centre in Dodoma commenced and is expected to be completed before the end of financial year 2011. A plot was acquired in Mtwara for the same purpose and another was acquired in Kibaha to construct a recovery site as part of the implementation of the Business Continuity Management framework.

### **National Payment Systems**

The Bank continued with modernization of the National Payment Systems (NPS) with a view to developing and maintaining strong and efficient financial market infrastructure. During the period under review, the payment systems operated smoothly with significant increases in volumes and values of transactions portraying increasing reliability of the system and rise in financial and economic activities in the country. As depicted in **Chart II-1**, the value of transactions processed through the Tanzania Inter-bank Settlement System (TISS) in 2009/10 more than doubled when compared with the level recorded in 2005/6. Meanwhile, government revenue collected through TISS was TZS 4.6 trillion, being an increase of 18 percent compared with the level recorded a year earlier.



**Chart II-1: TISS and Cheques Values versus GDP**



Source: Bank of Tanzania

Note: Value of cheques comprises of cheques denominated in TZS and US dollar (converted into TZS using appropriate exchange rates)

Furthermore, the inter-bank Electronic Fund Transfer (EFT) transactions were 816, 701 valued at TZS 902 billion, being a decrease of 21 percent and 12 percent, respectively compared with the previous period. The decrease is associated with the increasing use of TISS to process high value payments.

### **New Payment Instruments and Payment System Infrastructure**

There were three inter-bank card switches that provided the card payment system infrastructure in the country in 2009/10, namely the Tanzania National Net Settlement System (TNNSS) that provided switching facility for VISA member banks; E-card; and Umoja Switches which provided card infrastructure locally.

The switches operated smoothly during the period. Number of ATMs increased from 719 in the corresponding period in 2008/09 to 924, while POS terminals rose from 3,728 to 4,091 in the same period.

Furthermore, banks continued to offer internet and mobile banking services. Mobile banking services were provided by CRDB, TPB, NMB, and DCB, while Citibank, NBC, CRDB, Standard Chartered Bank, Barclays and FBME Bank offered internet banking services.

During the period under review, the mobile phone payment scheme had 1,544,249 registered users, which is an increase of 27 percent when compared with the number of users recorded in corresponding period in 2009. Mobile payment service providers



included Z-Pesa provided by e-Fulusi and FBME, M-Pesa provided by Vodacom (T) Ltd and NBC, and ZAP provided by Airtel (T) Ltd in collaboration with Citibank (T) Ltd. Funds remittance services are offered by Western Union, MoneyGram, Travelex/ Coinstar and Tanzania Posts Corporation. The Bank facilitated implementation of these services by providing standards and guidelines as well as undertaking the oversight function to ensure systems compliance to the laid down regulations.

The Bank also continued to sensitize the public and stakeholders on various payment system developments through various means such as workshops, participation in the Dar es Salaam International Trade Fair (DITF) (commonly known as Saba Saba) and National Farmers' Day Exhibitions as well as media publications.

### **Legal and Regulatory Framework**

The Bank prepared draft NPS legislation for stakeholders' comments. Also, the Bank circulated EFT Rules and Regulations for adoption by the clearing house members. Electronic Payment Schemes Guidelines were reviewed to incorporate developments in the industry, while draft Mobile Payment Regulations were reviewed and adopted.

### **Regional Harmonization Initiatives**

During the review period, the Bank participated fully in developing business and technical requirements and specifications of the East Africa cross-border Payment Systems (EAPS), and its Legal and Regulatory Framework. Also, the Bank continued with Alliance for Financial Inclusion (AFI) activities of

promoting financial access to the un-banked through innovations and developments in ICT. Further, the Bank participated in the SADC Payment Systems harmonization activities.

### **Regional Integration Initiatives**

The Bank participated in the common market protocol negotiations for the East African community. The Protocol was concluded in 2009 culminating into signing of the EAC Common Market Protocol and its ratification by the respective Parliaments of the EAC Partner States in 2010. In line with the Protocol, the Bank prepared a timetable for gradual liberalization of the capital account to facilitate free movement of capital. Also, the Bank hosted the 13th Monetary Affairs Committee (MAC) and the extra-ordinary MAC meetings in Arusha to deliberate on priority areas to be implemented by the EAC partner states central banks in preparation for the envisaged East African Monetary Union. The extra ordinary meeting approved the formation of three new sub-committees of MAC namely Finance and Accounting, Legal and Banking and Currency.

In February 2010, the Bank organized a seminar to share experience on central bank governance and monetary union matters, during which, the former Governor of the Bank of Sweden, Mr. Lars Heikenste made a presentation.

Furthermore, the Bank participated in various other meetings organized within and outside the country with a view to facilitating harmonization of regional monetary and fiscal policies. These included: the Association of African



Central Banks (AACB) annual assembly and sub-regional meetings under the African Union to deliberate on the implementation of the African Monetary Cooperation Programme; SADC sub-committee and SADC-Committee of Central Bank Governors; Macroeconomic and Financial Management Institute of Eastern and Southern Africa; EAC-EC-Economic Partnership Agreement (EPA); and the meeting of Finance Ministers and Central Bank Governors of the EAC partner states in Washington D.C. convened by the IMF Africa Department to discuss possible areas where the IMF could provide assistance in preparing for the EA Monetary Union. Some broad areas were identified and formed the basis for technical assistance by the IMF.

## **Economic Research and Policy**

### **Research and Publications**

During the period under review, the Bank continued to undertake research aimed at informing policy making process. Nine draft papers covering areas of inflation, growth, exchange rate, regional integration and finance were completed and presented at the Bank of Tanzania Monthly Discussion Paper Forum. In addition, the Bank collaborated with other Central Banks in the region in undertaking research activities pertaining to policy commitments towards regional economic integration. The Bank also developed a Research Policy and Operational Guidelines (RPOG) aimed at enhancing research activities.

During 2009/10, the Bank prepared and disseminated to stakeholders various economic reports. The publications include

Monthly Economic Reviews, Monetary Policy Statements, Quarterly Economic Bulletins and Annual Economic Report for 2008/09.

### **Data Warehouse Project**

The Bank continued with efforts to implement a Data Warehouse (DW) solution aimed at creating a central data repository to facilitate generation of key statistics for economic analysis and policy decision. The first phase of the project started in May 2010 covering systems study and analysis and development of a strategic framework and roadmap. The implementation of the second phase of the project is expected to begin in July 2011.

### **Microfinance**

During 2009/10, the Bank conducted a study on “Improving the Enabling Environment and Business Conduct of Credit Only Micro-finance Institutions in Tanzania”. The study aimed at informing the process of establishing a Licensing Authority for credit only MFIs. The Bank also conducted a study on “Development of Financial Education Framework” aimed at improving public awareness on financial issues.

With support from Financial Sector Deepening Trust, an in-depth study on Rural Finance Services Strategy was performed aiming at developing Rural Financial Services Strategy (RFSS) to enhance financial services in rural areas.

### **International Visitors’ Exit Survey**

The Bank continued with its efforts to



improve the quality and coverage of balance of payments (BOP) statistics. During September 2009, the Bank in collaboration with the Ministry of Natural Resources and Tourism (MNRT), National Bureau of Statistics (NBS), Immigration Department, and the Zanzibar Commission for Tourism conducted an International Visitors' Exit Survey. The survey covered major boarder points, namely: the Julius Nyerere International Airport (JNIA), Kilimanjaro International Airport (KIA), Zanzibar Airport (ZAA), Namanga (NAM), Kasumulo and Tunduma.

### **Foreign Private Capital Flows**

During 2009/10, the Bank in collaboration with the Tanzania Investment Centre (TIC) and National Bureau of Statistics (NBS) conducted the fifth round of surveys to monitor foreign private capital flows into Tanzania Mainland. A similar exercise was carried out in Zanzibar in collaboration with the Zanzibar Investment Promotion Authority (ZIPA) and the Office of Chief Government Statistician (OCGS).

Meanwhile, the Bank continued to collaborate with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) member countries in developing regional software for capturing, storing and processing private capital flows information. The system once fully developed will assist MEFMI member countries to process and enhance sharing of foreign private capital flow data both regionally and internationally.

### **Programme Aid**

During 2009/10, the Government received

financial support from multilateral, bilateral and other development partners for effective implementation of the National Strategy for Growth and Reduction of Poverty (NSGRP) popularly known in Kiswahili acronym as MKUKUTA. A total of USD 1,223.4 million was disbursed as programme aid which was about 96.9 percent of total pledges. Out of the total disbursements, grants amounted to USD 611.2 million and the remaining portion was loans.

During the period, the International Monetary Fund (IMF) disbursed the second and third tranche of Exogenous Shock Facility (ESF) worth USD 92.4 million. The second tranche amounting to USD 63.4 million was released in December 2009, while the third tranche worth USD 29.0 million was released in June 2010. These funds were part of the total ESF loan amounting to USD 338.2 million (equivalent to SDR 218.8 million) provided to the Bank for balance of payments purposes in the wake of the global financial crisis.

### **Management Information Systems**

During 2009/10, the Bank developed Information Technology (IT) strategy and formulated an IT Steering Committee as part of IT Governance. It also reviewed IT Security policy, 2002 and developed Business Continuity Management policy. Other activities undertaken included development of TISS-MOFEA interface and related operations; situational analysis on Business Process Management and conducting EAC MAC IT Governance and participation in the SADC IT forum as part of initiatives for regional integration.



## Public Relations

The Bank continued to communicate decisions of the Monetary Policy Committee (MPC) of the Board of Directors to Chief Executive Officers (CEOs) of financial institutions through

regular monthly meetings. The Bank through media and other avenues including trade fairs (Saba Saba and Nane Nane) continued to communicate to members of the public and other stakeholders on issues related to its core functions and responded to queries from them on regular basis.



## BRANCH ACTIVITIES

### Arusha Branch

The Branch continued to serve and support banking operations in the Northern Zone. The Branch participated in the Nane-Nane Exhibition (FARMERS DAY 2009) in Arusha and won the second position within the financial sector category. At that exhibition, the public was also educated on a range of issues including identification of genuine/counterfeit notes and proper handling of banknotes. Besides the Nane-Nane exhibition, information to stakeholders pertaining to Bank operations was effected through responses to enquiries from students and general public visiting the branch.

The Branch continued to monitor financial and economic developments in the Northern Zone. It also conducted a study on “Horticulture Performance in Perspective from 2004 – 2009” in the Northern Zone which was aimed at assessing the potential and operations of the horticultural sector in the economy.

### Mbeya Branch

During 2009/10, the Branch continued to serve and support banking operations in the Southern Highlands Zone. The Branch participated in the Farmers Agricultural Exhibition (Nane Nane) in the Southern Highlands Zone where members of the public were educated on both security features of bank notes as well as good practices of handling notes and coins. The exhibition was also used to inform public on Bank’s core functions and responded to queries.

The Branch continued to monitor financial and economic developments in the Southern Highlands Zone and conducted studies on the “Performance of Small Scale Mining Sector in the Southern Highlands Zone” as well as “Tourism Hunting in Rungwa Game Reserve”.

### Mwanza Branch

During 2009/10, the Branch continued to provide banking and currency services to both Government departments and financial institutions in the Lake Zone. The Branch participated in the Nane Nane Exhibition and used that opportunity to educate members of the public on the core functions of the Bank and disseminated information on the security features of the banknotes, identification of counterfeit notes and proper way of handling the same.

The Branch also continued to monitor financial and economic developments in the Lake Zone focusing on agriculture, industry, mining, fishing, livestock, financial, tourism, and cross border trade sub-sector. It also participated in Cotton Sub-sector Stakeholders’ Forum, which was aimed at reviewing the performance of the sub-sector in order to improve productivity.

### Zanzibar Branch

During 2009/10, Zanzibar Branch continued to monitor financial and economic developments and provided banking services to the Government and financial institutions. The Branch conducted a seminar in March 2010 to commercial bank cashiers on bank notes



security features and proper handling of bank notes. Similar sessions were conducted to selected leaders in North and Urban West Regions in Unguja.

The Branch conducted two economic studies on “Development of Rubber Industry in Zanzibar - 2005 to 2009” and “Recent Developments in Commercial Banking Services in Zanzibar”. Also, in collaboration with ZIPA and Office of Chief Government Statistician, the Branch carried out a survey on Zanzibar Foreign Private Capital Flow – Phase four. Furthermore, it participated in facilitating implementation of the Economic Empowerment and Employment Creation Programme in Unguja and Pemba.

### **Bank of Tanzania Training Institute**

During 2009/10, the Bank continued to pursue its objectives of capacity building in

order to support its overall mission of Price and Financial Stability. In implementing its mandate, the institute designed and conducted demand driven programmes, both for the Bank staff and those of the financial institutions.

A total of 19 courses were conducted, out of which 12 were for the financial institutions. In house programmes that were conducted for the Bank staff include Induction, Staff Retirement, Management Development and Information Technology. Courses that were conducted for staff of the financial institutions include Credit Management and Loan Appraisal, Risk Management, Microfinance, Treasury Management, Foundation course in Banking and Bank of Tanzania Prudential Guidelines. The Institute also provided facilities for Tanzania Institute of Bankers (TIOB) review programmes.



**PART III**  
**REPORT OF THE AUDITORS**



**BANK OF TANZANIA**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**





## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010**

### **1. INTRODUCTION**

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

### **2. STATUTE AND PRINCIPAL ACTIVITIES**

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

Its functions and objectives are summarised as follows:

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

### **3. ACHIEVEMENTS**

The main achievements for the current year included:

- Maintenance of price stability through controlling the annual headline inflation rate to 7.2% in June 2010;
- Improvement of the effectiveness of market operations;
- Strengthening of the gross foreign exchange reserves of the Bank from USD 2,929.8 million at the beginning of the year to USD 3,393.5 million as at 30 June 2010;
- The maintenance of a sound regulatory framework and National Payment System; and
- 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.



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **4. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors of the Bank are responsible for the preparation of the financial statements, which give a true and fair view of the Bank's state of affairs and its operating results in accordance with the International Financial Reporting Standards (IFRS) and Bank of Tanzania Act, 2006. 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 on account of fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets.

The directors confirm that the financial statements have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view.

The directors confirm that the core functions of the Bank's were not affected and neither were the financial systems in the country. The directors assure the stakeholders that the control environment at the Bank continued to operate effectively. In the current financial year various measures have been taken by directors and other parties in order to continue strengthening the internal controls, governance and risk management at the Bank. Such measures include:

- Continuing to implement recommendations of the International Monetary Fund (IMF) voluntary safe guard assessment which was conducted in June 2008;
- Continuing to cooperate with relevant law enforcing organs;
- Recruiting additional staff to strengthen the internal audit function and capacity building;
- Enhancing Procurement Management Unit (PMU) to ensure compliance with the requirement of the Public Procurement Act, 2004;
- Reviewing of the risk profile in the Bank's operations and implementation of a strategy to mitigate them; and
- Capacity building in International Financial Reporting Standards (IFRS) in the Bank.



## **DIRECTORS' REPORT (Continued)**

### **FOR THE YEAR ENDED 30 JUNE 2010**

The annual financial statements have been 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 based on forecast and available cash resources. These financial statements support the viability of the Bank.

## **5. FINANCIAL PERFORMANCE**

### **5.1 Financial Results**

The performance of the Bank is measured on the basis of the achievements in implementing its core functions as detailed in the Bank of Tanzania Act, 2006. During the period, the Bank made various achievements as explained under Para 3.0 of this report. Further in the course of its operations, the Bank made a total comprehensive income of TZS 26,728.5 million (2009: TZS 274,185.4 million). The reported comprehensive income is after taking into account 2009/10 net loss of TZS 6,490.1 million (2009: net profit of TZS 67,594.4 million). The decline in income from foreign investments as a result of global financial crisis and increase in operational expenses such as depreciation, personnel and other expenses were the main factors. Further income arising from foreign exchange revaluation gains decreased to TZS 16,837.2 million (2009: TZS 119,945.9 million). This was attributable to intensified sovereign risk in Europe leading to depreciation of the EUR and GBP against major currencies resulting into appreciation of TZS against the two major currencies hence eroding the Bank's investments value and return in Tanzania Shillings.

### **5.2 Financial Position**

The financial position of the Bank is as set out in the statement of financial position shown on page 94. During the year total assets of the Bank increased by TZS 1,252,434.9 million. This was mainly attributed to the increase of available for sale foreign currency marketable securities, cash and cash equivalents, holding of special drawing rights and Government securities amounting to TZS 104,833.4 million, TZS 538,823.4 million, TZS 322,682.2 million and TZS 93,723.7 million respectively.

On the other hand total equity and liabilities increased by TZS 1,252,434.9 million. This was mainly attributable to increase in deposits of banks of TZS 342,094.1 million; BoT liquidity papers TZS 207,622.0 million, allocation of SDR TZS 324,450.4 million and currency in circulation of TZS 349,013.1 million.



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **6. 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 (FIDPII); Second Generation Financial Sector Reforms; Tanzanian Institute of Bankers (TIB); Other Professional Associations; and Charities. Such payments amounted to TZS 2,815.9 million (2009: TZS 2,509.8 million) as per Note 14.

### **7. CORPORATE GOVERNANCE**

Bank of Tanzania aspires to the highest standards of corporate governance. The events of the past two years have led to unprecedented challenges for the Bank and the markets as a whole. The Bank through the 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:

- (i) 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.
- (ii) In the discharge of its functions, four Committees are currently assisting the Bank's Board of Directors. These are Monetary Policy Committee, Audit Committee, Banking Supervision Committee and Finance and Investment Committee.



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **7. CORPORATE GOVERNANCE (Continued)**

#### **(a) Monetary Policy Committee**

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

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

#### **(b) The Audit Committee**

The Audit Committee is established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. The Chairman of the Committee is a Non-Executive Director and other members are Deputy Governor-Administration and Internal Controls, and two other Non-Executive Directors (see item number 8 on page 86).

The detailed Terms of Reference for the Audit Committee are as follows: -

#### **Internal Control**

- (i) Evaluate whether management is setting an appropriate control culture;



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **7. CORPORATE GOVERNANCE (Continued)**

#### **(b) The Audit Committee (Continued)**

##### **Internal Control (Continued)**

- (ii) Ensure the adequacy of the internal control systems implemented by management for the approval and recording of financial data;
- (iii) Ensure that the control processes implemented by management to prepare the financial statements derive from the underlying financial systems and comply with International Financial Reporting Standards [IFRS];
- (iv) Review the effectiveness of the system for monitoring compliance with laws and regulations and follow-up on non-compliance; and
- (v) Evaluate the overall effectiveness of the internal control and risk management frameworks that safeguard the Bank's assets and consider whether recommendations made by the internal and external auditors have been implemented by management.

##### **Financial Reporting**

- (i) Review significant accounting and reporting issues and their impact on the financial reports. And ensure current financial risk areas are being managed appropriately;
- (ii) Ensure the adequacy of the financial reporting process implemented by management. Meet with management and the external auditors to review the financial statements and compliance with IFRS;
- (iii) Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies are discussed with the external auditor; and
- (iv) Review the annual accounts before approval by the Board and release.

##### **External Audit**

- (i) Review the external auditors' proposed audit scope and approach, the audit conduct, and audit deliverables;
- (ii) Obtain satisfactory assurances that the audit is conducted in accordance with International Standards on Auditing;
- (iii) Ensure that significant findings and recommendations made by the external auditors are appropriately acted on; and
- (iv) Review draft accounts before the same are submitted to the External Auditors for audit.



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **7. CORPORATE GOVERNANCE (Continued)**

#### **(b) The Audit Committee (Continued)**

##### **Internal Audit (Continued)**

- (i) Review the activities and resources of the internal audit function;
- (ii) Review the effectiveness of the internal audit function and ensure that it has an appropriate standing and independence within the Bank;
- (iii) Ensure the internal audit plan addresses key areas of risk; and
- (iv) Ensure that significant findings and recommendations made by the internal auditors are appropriately acted on.

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

#### **(c) Banking Supervision Committee**

The Banking Supervision Committee is established under the provision of Section 12(1) of the BoT Act, 2006. Members of the Committee comprise the Governor who is the Chairman, the Deputy Governors, Permanent Secretary, the Treasury, Government of the United Republic of Tanzania and Principal Secretary, the Treasury, Revolutionary Government of Zanzibar and two Non-executive directors.

The Banking Supervision Committee is responsible for review of:

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



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **7. CORPORATE GOVERNANCE (Continued)**

#### **(c) Banking Supervision Committee (Continued)**

- (vii) Emerging supervisory issues and, where appropriate, direct development of policies that promote a safe and sound banking system and high supervisory standards and practices; and;
- (viii) Financial stability reports before publication.

#### **(d) The Finance and Investment Committee**

The Finance and Investment Committee is established under the provision of Section 12 (1) of the Bank of Tanzania Act, 2006. Members of the Committee include the Governor who is the Chairman, the Deputy Governors, and three Non- Executive Members of the Board.

The Finance and Investment Committee is responsible for review of:

- (i) Proposed budgets and supplementary budget requests and recommend to the Board for approval;
- (ii) Quarterly budget performance reports and recommend to the Board for adoption;
- (iii) Requests for reallocation of funds involving the capital sub-votes and recommend to the Board for approval;
- (iv) Financial Regulations and Staff by- Laws with a view to recommending to the Board for approval any changes that may be necessary;
- (v) Submission for disposal of immovable assets and recommend to the Board for approval;
- (vi) Annual Bank's Corporate Plan and recommend to the Board for approval;
- (vii) Requests for write off / back of receivables and debts (except Governments debts) with value exceeding USD 10,000 or TZS equivalent and recommend to the Board for approval;
- (viii) Financial policies and changes thereto and recommend to the Board for approval;
- (ix) The appropriateness of the investment policy with regards to investment goals and objectives and formulates recommendation to the Board;
- (x) Appropriateness of assets allocation strategy and make recommendation to the Board;



## DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 7. CORPORATE GOVERNANCE (Continued)

#### (d) The Finance and Investment Committee (Continued)

- (xi) Quarterly, semi annual and annual reports and compare investment performance against an appropriate index, peer group and investment policy objectives and make recommendations to the Board;
- (xii) Periodically qualitative and/or organisational changes of investment decision makers and make recommendations to the Board;
- (xiii) Risk Management Framework for the Bank's operations and recommend to the Board for approval;
- (xiv) Project Management framework and recommend to the Board; and
- (xv) All administrative matters requiring Board's approval before the same are submitted to the Board.

### 8. DIRECTORS

The Directors other than the Governor and Deputy Governors are appointed by the Minister for Finance and Economic Affairs, the later are appointed by the President of the United Republic of Tanzania. The following Directors served in the Board during the year.

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



## DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 8. DIRECTORS (Continued)

In accordance with section 9 (i) (c) g the Bank of Tanzania Act, 2006, the Permanent Secretary to the Treasury, of the Government of the United Republic and Principal Secretary to the Treasury of Revolutionary Government of Zanzibar are ex-officio members.

#### Key:

<sup>1</sup> Permanent Secretary, the Treasury, Government of the United Republic of Tanzania.

<sup>2</sup> Principal Secretary, the Treasury, Revolutionary Government of Zanzibar.

<sup>3</sup> Non-Executive Director and member of the Audit Committee of the Board

<sup>4</sup> Non-Executive Director and Chairman of the Audit Committee of the Board

### 9. MEETINGS

Responding to the challenges faced by the Bank, the Board held 12 meetings during 2009/10. In addition there were various meetings of the Board committees. All members of the Board showed themselves to be willing and able to devote their time required for the Board meetings. Below is a summary indicating the number of meetings attended by members of the Board from 1st July 2009 to 30<sup>th</sup> June 2010.

		Board	MPC	BSC	AC	FIC
	Names	Number of Meetings				
1	Prof. Benno J. Ndulu	12	10	7	N/A	10
2	Dr. Enos S. Bukuku	12	8	7	N/A	10
3	Mr. Juma H. Reli	11	10	6	11	8
4	Mr. Lila H. Mkila	10	11	7	N/A	9
5	Mr. Ramadhani M. Khijjah	6	4	4	N/A	1
6	Mr. Khamis M. Omar	12	10	7	N/A	1
7	Dr. Natu E. Mwamba	12	11	N/A	12	10
8	Prof. Haidari K. Amani	11	11	7	12	10
9	Mr. Ali A. Mufuruki	11	N/A	3	12	8
10	Mr. Athman H. Mtengeti	12	11	7	12	9
10	Mr. Athumani Mtengeti	19	12	4	9	9

#### KEY

**Board:** Board of Directors

**MPC:** Monetary Policy Committee

**BSC:** Banking Supervision Committee

**AC:** Audit Committee

**FIC:** Finance and Investments Committee



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **10. INDEPENDENCE**

All the Non-executive Directors are considered by the Board to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment.

### **11. DIRECTORS EMOLUMENTS**

The directors' emoluments have been disclosed in Note 51.2 of this report.

### **12. SECRETARY TO THE BOARD**

The Secretary to the Board is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring good information flows between the Board, its Committees and Management. All members of the Board and Management have access to his legal advice and services.

### **13. HUMAN RESOURCES AND STAFF WELFARE**

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

The Bank is committed to providing employment practices and policies, which recognize the diversity of our workforce and ensure equality for employees regardless of sex, race, disability, age, sexual orientation or religious belief.

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 time service awards for staff serving for 25 years, loans and advances to cover various staff needs, training to develop staff career and medical cover to staff, one spouse and children not exceeding four.



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **14. CREDIT CRUNCH AND ITS IMPACT ON THE FINANCIAL STATEMENTS**

In 2009/10, financial markets marked some improvements though credit risk concerns remains due to the Greece debt crisis and possible contagion in Europe. This had resultant negative impact on the Bank's investments. The Bank's risk appetite declined in a response to the sovereign debt crisis, which resulted into a considerable increase in credit risk on the Bank's counterparts. As the sovereign risk intensified in Europe leading to depreciation of the EUR and GBP against other major currencies, Tanzanian Shilling appreciated against the two currencies hence eroding the investments value and return in Tanzanian Shillings.

Consistent with Bank's policy objectives of capital preservation, provision of liquidity and realization of reasonable returns, the Bank continued to limit risk exposures by; desisting from placing money markets deposits with commercial banks and reducing exposures to agencies. The Bank made deposits in central banks which are currently earning near zero interest rate; this together with sovereign debt crisis jeopardised higher return objective and hence affected the Bank's income. Accordingly, the financial results of the Bank were also affected.

At a macro level, the crisis has reversed Tanzania's Gross Domestic Product (GDP) growth projection from 8 percent to 5 percent in 2009/10. This had a negative impact on investment, employment and income for various sectors in the economy. Further the banking sector started worrying that trade in finance was becoming increasingly more risky as export commodity prices continued to lose value in the world markets, export orders and tourism revenues declined.

The Government took action to mitigate adverse impacts of the crisis to the economy in order to ensure stability of the financial system. In particular, the Government set up a rescue package to support economic activities affected by the crisis.

### **15. 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 of Tanzania.



## **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **16. 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 2005), Sections. 30 – 33 of the Public Audit Act No. 11 of 2008 and section 20(6) of the Bank of Tanzania Act, 2006. Ernst & Young, Certified Public Accountants were appointed by the CAG to audit jointly with National Audit Office the financial statements of the Bank for the year ended 30 June 2010.

#### **BY ORDER OF THE BOARD**

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

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



## THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE

Telegram: "Ukaguzi"  
Telephone: 255222115157/8  
Fax: 255 222117527  
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

### THE MEMBERS OF THE BOARD OF 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 2010

I have audited the accompanying financial statements of the Bank of Tanzania ('the Bank'), set out on pages 13 to 106, which comprise the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes.

The Controller and Auditor-General is the statutory auditor for the Bank of Tanzania pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Sections 30 - 33 of the Public Audit Act No. 11 of 2008 and Section 20(6) of the Bank of Tanzania Act, 2006.

#### Directors' responsibility for the financial statements

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

#### Controller and auditor generals' responsibility

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



**REPORT OF THE CONTROLLER AND AUDITOR-GENERAL (Continued)  
ON THE FINANCIAL STATEMENTS OF THE BANK OF TANZANIA FOR THE FINANCIAL  
YEAR ENDED 30TH JUNE 2010**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; I considered the internal controls relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**Unqualified Opinion**

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2009, 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 I have reviewed as part of this audit, I report that I did not find any material divergences by management from the requirement of the Public Procurement Act of 2004 and its related Regulations of 2005.

Ludovick S.L. Utouh  
**Controller and Auditor General**  
12<sup>th</sup> December 2010

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





## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2010

	<u>Note</u>	<u>30.06.2010</u> TZS '000	<u>30.06.2009</u> TZS '000
<b>Operating Income</b>			
Interest income	6	191,028,253	181,812,802
Interest expenses	7	(65,993,803)	(91,750,746)
<b>Net interest income</b>		<b><u>125,034,450</u></b>	<b><u>90,062,056</u></b>
Foreign exchange revaluation gains	8	16,837,197	119,945,949
Fees and commissions	9	24,913,594	19,275,082
Other income	10	42,985,488	39,621,848
		<b><u>84,736,279</u></b>	<b><u>178,842,879</u></b>
<b>Net operating income</b>		<b><u>209,770,729</u></b>	<b><u>268,904,935</u></b>
<b>Operating Expenses</b>			
Administrative expenses	11	33,829,543	34,669,544
Currency issue and related expenses	12	55,174,945	58,006,149
Personnel expenses	13	76,374,578	59,546,257
Depreciation of property and equipment	30	31,871,514	28,216,343
Amortization of intangible assets	31	2,430,804	2,392,055
Amount written off	25	9,144	20,472
Loss on disposal of property and equipment	30	2,785	159,234
Other expenses	14	16,396,549	13,547,985
Impairment losses	15	170,947	4,752,524
		<b><u>216,260,809</u></b>	<b><u>201,310,563</u></b>
Operating (loss)/profit for the year		<b><u>(6,490,080)</u></b>	<b><u>67,594,372</u></b>
Exceptional item	16	-	135,745,071
<b>(Loss)/profit for the year</b>		<b><u>(6,490,080)</u></b>	<b><u>203,339,443</u></b>
<b>Other Comprehensive Income</b>			
Net gain on Available-for-Sale financial assets	17	33,218,539	70,845,909
<b>Total comprehensive income</b>		<b><u>26,728,459</u></b>	<b><u>274,185,352</u></b>



## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2010

	Note	30.06.2010 TZS '000	30.06.2009 TZS '000
<b>ASSETS</b>			
Cash and cash equivalent	18	1,208,232,281	669,408,905
Items in course of settlement	19	1,372,943	3,165,875
Holdings of Special Drawing Rights (SDRs)	20	322,830,929	148,684
Held - for - Trading financial assets	21	355,308,446	324,732,333
Available - for - Sale financial assets	21	2,900,449,397	2,795,616,000
Available - for - Sale equity investment	22	1,655,252	1,559,262
Held-to-Maturity Government Securities	23	1,004,203,068	908,479,399
Advances to the Government	24	175,645,539	-
Loans and Receivables	25	118,405,924	131,882,293
Inventories	26	4,531,846	4,761,694
Investment in Associate Company	27	1	1
Quota in International Monetary Fund (IMF)	20	404,716,549	400,673,986
Deferred Currency Cost	28	62,414,861	114,320,855
Other assets	29	94,883,478	37,879,730
Property and equipment	30	787,748,121	795,108,728
Intangible assets	31	9,532,699	11,758,602
<b>TOTAL ASSETS</b>		<b>7,451,931,334</b>	<b>6,199,496,346</b>
<b>LIABILITIES</b>			
Currency in circulation	32	2,031,539,904	1,682,526,787
Deposits - banks and non-bank financial institutions	33	1,338,053,232	995,959,123
Deposits - Governments	34	20,508,307	251,709,847
Deposits - Others	35	276,530,795	145,742,897
Foreign currency financial liabilities	36	395,315,922	399,293,601
Poverty Reduction and Growth Facility	37	467,977,672	343,101,021
Repurchase agreements	38	117,015,662	131,171,714
BoT liquidity papers	39	1,242,582,848	1,034,960,844
Provisions	40	6,946,561	4,970,817
Other liabilities	41	17,221,220	27,040,186
IMF related liabilities	20	384,375,218	380,535,501
Allocation of Special Drawing Rights (SDRs)	20	387,647,670	63,197,307
<b>TOTAL LIABILITIES</b>		<b>6,685,715,011</b>	<b>5,460,209,645</b>
<b>EQUITY</b>			
Authorised and Paid up Capital	42	100,000,000	100,000,000
Reserves	44	666,216,323	639,286,701
<b>TOTAL EQUITY</b>		<b>766,216,323</b>	<b>739,286,701</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,451,931,334</b>	<b>6,199,496,346</b>

These financial statements were approved by the Board of Directors for issue on 10<sup>th</sup> DECEMBER 2010 and were signed on its behalf by:

Name: Benno J. Ndulu Title: Chairman of the Board Signature: [Signature]

Name: ALI A. MUFUKU Title: DIRECTOR Signature: [Signature]



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

Details	Share Capital (Note 42)	General Reserve (Note 44(a))	Retained Earnings	Capital Reserve (Note 44(b))	Exchange Equalization Reserve (Note 44(c))	Reserve for Projects (Note 44(d))	Staff Housing Fund Reserve (Note 44(e))	Assets Revaluation Reserve (Note 44(f))	Securities Revaluation Reserve (Note 44(g))	Foreign Currency Revaluation Reserve (Note 44(h))	Reserve for Dividends	Total
(Amounts in TZS'000)												
At 01 July 2009	100,000,000	216,132,794	-	99,284,748	140,716,879	20,000,000	19,611,198	73,773,032	65,817,736	2,280,414	1,669,901	739,286,701
Loss for the year 2009/10	-	-	(6,490,080)	-	-	-	-	-	-	-	-	(6,490,080)
Other comprehensive income	-	-	-	-	-	-	-	33,218,539	-	-	-	33,218,539
	100,000,000	216,132,794	(6,490,080)	99,284,748	140,716,879	20,000,000	19,611,198	73,773,032	99,036,275	2,280,414	1,669,901	766,015,161
Realised foreign exchange gain from the previous year	-	-	-	-	2,280,414	-	-	-	-	(2,280,414)	-	-
Transfer of unrealised foreign exchange revaluation gains to Foreign Currency Revaluation Reserve	-	-	(904,315)	-	-	-	-	-	-	904,315	-	-
Capital grant transferred to deferred grant income	-	-	-	(21,840)	-	-	-	-	-	-	-	(21,840)
Recoveries for staff housing fund	-	-	-	-	-	-	223,002	-	-	-	-	223,002
Transfer of loss for the year	-	(7,394,395)	7,394,395	-	-	-	-	-	-	-	-	-
At 30 June 2010	100,000,000	208,738,399	-	99,262,908	142,997,293	20,000,000	19,834,200	73,773,032	99,036,275	904,315	1,669,901	766,216,323



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

Details	Share Capital (Note 42)	General Reserve (Note 44(a))	Retained Earnings	Capital Reserve (Note 44(b))	Exchange Equalization Reserve (Note 44(c))	Reserve for Projects (Note 44(d))	Staff Housing Fund Reserve (Note 44(e))	Assets Revaluation Reserve (Note 44(f))	Securities Revaluation Reserve (Note 44(g))	Foreign Currency Revaluation Reserve (Note 44(h))	Reserve for Dividends	Total
(Amounts in TZS'000)												
At 01 July 2008	100,000,000	73,628,286	-	99,307,372	113,194,510	-	15,848,244	73,773,032	(5,028,173)	(5,982,532)	18,838,877	483,579,615
Profit for the year	-	-	203,339,443	-	-	-	-	-	-	-	-	203,339,443
Other comprehensive income	-	-	-	-	-	-	-	70,845,909	-	-	-	70,845,909
Transfer of exceptional item to General Reserve	-	135,745,071	(135,745,071)	-	-	-	-	-	-	-	-	-
Realised foreign exchange gain from the previous year	-	-	-	-	(5,982,532)	-	-	-	-	5,982,532	-	-
Transfer of unrealised foreign exchange revaluation gains to Foreign Currency Revaluation Reserve	-	-	(2,280,414)	-	-	-	-	-	-	2,280,414	-	-
Amortisation of capital grant	-	-	-	(22,624)	-	-	-	-	-	-	-	(22,624)
Dividend paid to the Government	-	-	-	-	-	-	-	-	-	-	(18,838,877)	(18,838,877)
Recoveries for staff housing fund	-	-	-	-	-	-	383,235	-	-	-	-	383,235
Appropriation of 2008/9 Profit	-	6,759,437	(65,313,958)	-	33,504,901	20,000,000	3,379,719	-	-	-	1,669,901	-
<b>At 30 June 2009</b>	<b>100,000,000</b>	<b>216,132,794</b>	<b>-</b>	<b>99,284,748</b>	<b>140,716,879</b>	<b>20,000,000</b>	<b>19,611,198</b>	<b>73,773,032</b>	<b>65,817,736</b>	<b>2,280,414</b>	<b>1,669,901</b>	<b>739,286,701</b>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	<u>Note</u>	<u>30.06.2010</u> TZS '000	<u>30.06.2009</u> TZS '000
<b>Cash flows from operating activities</b>			
Cash generated from operating activities	43	(111,948,551)	219,899,061
Dividends paid to the Government		-	(18,838,877)
<b>Net cash inflows/(outflows) from operating activities</b>		<b>(111,948,551)</b>	<b>201,060,184</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(24,515,739)	(48,807,323)
Disposal of property and equipment		1,966	91,860
Purchase of intangible assets		(204,901)	(5,241,498)
Acquisition of government securities		(95,723,669)	(245,927,283)
Increase in foreign currency marketable securities		(135,409,511)	(882,935,898)
Decrease in quota in International Monetary Fund (IMF)		(4,042,563)	(18,724,586)
(Increase)/decrease in holdings of SDRs		(322,682,245)	25,814
<b>Net cash outflows from investing activities</b>		<b>(582,576,662)</b>	<b>(1,201,518,914)</b>
<b>Cash flows from financing activities</b>			
Increase in notes and coins issued		349,013,117	231,071,012
Increase in IMF related liabilities		3,839,717	12,097,835
Increase in foreign currency financial liabilities		120,898,972	353,058,701
Increase in allocation of SDRs		324,450,363	2,953,382
Increase in deposits		241,680,467	280,645,354
(Decrease)/increase in Repurchase Agreements (REPOs)		(14,156,052)	26,439,562
Increase/(decrease) in BOT liquidity papers		207,622,004	(132,745,075)
<b>Net cash inflows from financing activities</b>		<b>1,233,348,588</b>	<b>773,520,771</b>
<b>Net decrease in cash and cash equivalent</b>		<b>538,823,376</b>	<b>(226,937,959)</b>
Cash and cash equivalent at the beginning of the year		669,408,905	896,346,861
<b>Cash and cash equivalent at the end of the year</b>	18	<b>1,208,232,281</b>	<b>669,408,905</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 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 for assets and liabilities which are stated at fair values as required by International Financial Reporting Standards and Interpretations to those Standards for assets and liabilities to be stated at their fair value as disclosed in the accounting policies. The financial statements are presented in thousands of Tanzania Shillings (TZS '000) except where explicitly stated.

#### **Statement of compliance**

The financial statements of Bank of Tanzania have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations to those Standards issued by the International Accounting Standard Board (IASB) in so far as they are practically applicable to the Bank and comply with the requirements of the Bank of Tanzania Act, 2006.

#### **Legal framework**

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.

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 the United Republic of 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 Minister for Finance.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

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

#### Legal framework (Continued)

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.

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

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

#### Legal framework (Continued)

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 Statement of Comprehensive Income.

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

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

#### Legal framework (Continued)

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

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

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

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

### 2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Bank 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 as of 1 July 2009:

- IAS 1: Revised Presentation of Financial Statements
- IFRS 7: Determination of fair value and fair value hierarchy
- IAS 23 Borrowing Costs (Revised)
- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 2. CHANGES IN ACCOUNTING POLICIES(Continued)

- IFRS 2 Share-based Payments – Vesting Conditions and Cancellations
- IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations
- IFRS 8: Operating Segments
- Improvements in International Financial Reporting Standards (Issued 2009)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Bank, its impact is described below:

#### *IAS 1: Revised Presentation of Financial Statements*

The standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. The revised IAS 1 was issued in September 2007 and is effective for accounting periods beginning or after 1 January 2009 with earlier adoption permitted.

The standard replaces owner and non-owner changes in equity. The Statement of Changes in Equity includes only details of transactions with owners, with all non-owners changes in equity presented as a single line. In addition, the standard introduces the Statement of Comprehensive Income, which presents income, and expenses items recognized in profit or loss, together with all other items of recognized income and expenses, either in one single statement, or in two linked statements.

The changes introduced by the revision are presentational in nature. The Bank adopted presentation using one Statement of Comprehensive Income.

#### **IFRS 7: Determination of fair value and fair value hierarchy**

The fair value for financial instruments traded in active markets at the Statement of Financial Position date is based on their quoted market price or dealer price quotations without deduction for transaction costs. For all other financial instruments not traded in an active market, the fair value was determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist. Options pricing models, credit models and other relevant valuation models

Certain financial instruments are recorded at fair value using the valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using the valuation model that has been tested against prices or inputs to actual market transactions and using the Banks best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counter party credit and liquidity



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 2. CHANGES IN ACCOUNTING POLICIES (Continued)

#### **IFRS 7: Determination of fair value and fair value hierarchy (Continued)**

spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognized only when the input become observable or on de-recognition of the instrument.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: Quoted prices in active markets for the same instruments (i.e. without modification or repackaging).
- Level 2: Quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

#### ***IAS 23 Borrowing Costs (Revised)***

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. The changes have no impact on the Bank's financial statements since no qualifying asset has been acquired through borrowing.

#### ***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 hold puttable financial instruments hence these amendments do not have any impact on the financial performance or position of the Bank.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 2. CHANGES IN ACCOUNTING POLICIES (Continued)

#### *IFRS 2 Share-based Payments – Vesting Conditions and Cancellations*

This amendment to IFRS 2 Share-based payments was published in January 2008 and became 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, these amendments do not have any impact on the financial performance or position of the Bank.

#### *IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations*

The IFRS 5 has been amended to clarify the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Consequently, disclosures in other IFRSs will not apply to such assets (or disposal groups) unless:

- Those IFRSs specifically require disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
- The disclosures relate to the measurement of assets or liabilities within a disposal group that are outside the scope of IFRS 5’s measurement requirements and the information is not disclosed elsewhere in the financial statements.

The amendment to IFRS 5 is effective for the periods beginning on or after 1 January 2010. The standard may be applied prospectively. Earlier application is permitted. However, the Bank has not adopted early the application of the amendment to this standard in the 2009/10 accounts. The adoption of this standard does not have any impact on the financial performance or position of the Bank.

#### *IFRS 8: Operating Segments*

IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Bank concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 amendments have no impact to the Bank as it operates as one segment.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 2. CHANGES IN ACCOUNTING POLICIES (Continued)

#### *Improvements to IFRSs*

In April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The Bank has early adopted the amendments; the adoption of the improvements to IFRSs and amendments resulted in changes to accounting policies but did not have any 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, 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. Going concern**

The Bank's management has made an assessment of the Bank's ability to continue as a going concern. The management is satisfied that the Bank has resources to continue in operation for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

#### **b. Impairment of assets**

##### **(i) Impairment losses on loans and advances:**

The Bank reviews its loans and advances at each reporting date to assess whether an impairment loss should be recognized in the profit or loss. In particular, judgement by the directors is required in the estimation of the amount and timing of future cash flows when determining the level



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

#### b. Impairment of assets (Continued)

##### (i) Impairment losses on loans and advances (Continued)

of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment.

The Bank makes judgment 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 incurred.

##### (ii) 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. Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount.

Future cash flows on a group of non financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with characteristics similar to those in the Bank. 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,



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

#### b. Impairment of assets (Continued)

##### (ii) Impairment of non-financial assets (Continued)

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.

##### (iii) Impairment of available for sale financial assets

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

#### c. 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.

#### d. Fair value of financial instruments:

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position 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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

#### d. Fair value of financial instruments (Continued)

of liquidity and model inputs such as correlation and volatility for longer dated derivatives and discount rates.

#### e. Useful lives of property, equipment and intangible assets

Pursuant to the requirements of IAS 16 and IAS 38 (Property, Plant and Equipment and Intangible Assets) 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.

Changes in these assumptions would affect the carrying value of these assets and charge to profit or loss.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

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

#### *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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Interest and similar income and expenses (Continued)*

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

#### *Fees and commission income*

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

#### *Dividend income*

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

#### *Other income*

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

#### **Dividend payable**

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

#### **Employees' benefits including post employment benefits**

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

#### *Post retirement benefits*

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Other employee benefits*

The Bank provides free medical treatment to staffs and their dependants. The cost is charged to the profit or loss. The estimated monetary liability for employees' accrued leave entitlement at the Statement of Financial Position date is recognized as an expense accrual.

Further, the Bank provides other employee retirement benefits in respect of employees on statutory retirement, confirmed employees retiring on medical grounds, if applicable, beneficiaries of the estate of a confirmed deceased employee through the administrator of the estate, and employees who served the Bank for fifteen (15) years or more subject to the conditions stipulated in the Bank's Staff Bylaws. These benefits are determined and the Bank's obligations provided for one year before they fall due and charged to the profit or loss.

#### **Provision**

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

amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Comprehensive Income 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.

#### **Taxes**

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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Taxes (Continued)

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

#### Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”).

The financial statements are presented in Tanzanian Shillings, which is the Bank’s functional and presentation currency and all values are rounded to the nearest thousand (TZS’000) except where otherwise indicated.

(ii) *Transactions and balances*

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets (bid price) and liabilities (offer price) denominated in foreign currencies are recognized in profit or loss

#### Foreign exchange revaluation reserve under the legal framework

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

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (ii) Transactions and balances (Continued)

- (c) The realised amounts are computed based on the proportions determined in (b) above.

#### Investment in associate company

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

Under the equity method, the investment in the associate is carried in the Statement of Financial Position 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 Statement of Comprehensive Income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Bank recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Bank and the associate are eliminated to the extent of the interest in the associate. Where necessary, adjustments are made to bring the accounting policies in line with those of the Bank.

#### Property and Equipment

Property and Equipment are initially recorded at construction, acquisition or purchase cost plus direct attributable cost. Where an item of property 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 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 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 profit or loss 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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment (Continued)

Increases in the carrying amounts arising on subsequent valuation are credited to an Assets Revaluation Reserve. Decreases that offset previous increases of the same asset are charged against Assets Revaluation Reserve while other decreases are charged to the profit or loss.

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

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

The review of 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 2009/10 financial year were as follows:

<b>Asset classification</b>	<b>Annual depreciation Rate</b>
Office Premises	1%
Staff Club Premises	1%
Residential Premises	1.5%
Computer Servers	25%
Computer Printers	25%
Personal Computers	25%
Network Equipment	20%
Motor Vehicles	20%
Currency Processing Machines	12.5%
Machinery and Equipment	10%
Security Monitoring, Fire Detection and Fire Fighting Systems	20%
Office Furniture	15%



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### Property and Equipment (Continued)

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

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

Property and equipment are derecognized 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 and equipment are determined by comparing net disposal proceeds if any with the carrying amount and are taken into account in determining operating profit or loss.

### Intangible assets

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

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 and equipment and in the equity. The same amount proportional to depreciation charges is amortised from equity to Statement of Comprehensive Income 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, carriage insurance and handling costs are first deferred. Based on the currency issued into circulation, the respective proportional actual costs incurred are released to the Statement of Comprehensive Income from the deferred currency costs account.

#### Currency in circulation

Currency in circulation represents Tanzanian currency that has been issued into the Tanzanian economy by the Bank since inception. Currency in circulation is measured at the face value of notes and coins issued. Currency in Circulation is determined by netting off Notes and Coins issued against the balance held in the Bank of Tanzania vaults.

#### Impairment of assets

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of assets (Continued)

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 Statement of Comprehensive Income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Foreign currency swaps through profit or loss

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

#### 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 Statement of Comprehensive Income on a straight-line basis over the period of the lease.

However, presently the Bank has no lease arrangement in place instead it had rental arrangements with landlords for Properties that it occupies but not owned by the Bank. In which case no upfront significant payments are made rather periodical rental payments are paid based on space (square meters) occupied by the Bank. The rental agreements are renewable periodically normally yearly or periods not exceeding three years each. As for the Land owned by the Bank, the Bank obtained these on long term Leasehold (mainly 99 years) from the Government.

No significant payments are made in advance to the Government other than Government fees/rates normally paid on lease application and renewal based on fixed Government rates that are published from time to time and which are insignificant and not related to the value of Land or period of occupation.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Sale and Repurchase Agreements (REPOs)

Repurchase agreements are contracts under which a party sells securities and simultaneously agrees to purchase the same securities at a specified future date at a fixed price. Resale agreements are contracts under which a party purchases securities and simultaneously agrees to resale the same securities at a future date at a fixed price.

It is Banks policy to take possession of securities purchased under resale agreements, which are primarily liquid government securities. The market value of these securities is monitored and, within parameters defined in the agreements, additional collateral is obtained when their fair value declines. Bank also monitors its exposure with respect to securities sold under repurchase agreements and, in accordance with the terms of the agreements, requests the return of excess securities held by the counter party when fair value increases.

Repurchases and resale agreements are accounted for as collateralised financing transactions and recorded at the amount at which the securities were acquired or sold plus accrued interest

REPOs continue to be recognised in the Statement of Financial Position and are measured in accordance with policies for financial liabilities.

The difference between sales and repurchase price is treated as interest expenditure and is recognized in the Statement of Comprehensive Income.

#### Foreign Exchange Equalization Reserve

The Bank has a policy whereby both net realized and unrealized exchange gains and losses are firstly recognized in the Statement of Comprehensive Income in accordance with the requirements of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The net realized foreign exchange gains or losses for the year arising from daily revaluation of foreign assets and liabilities are transferred to the Foreign Exchange Equalisation Reserve to form part of the Bank's equity.

Where the balance in the Foreign Exchange Equalization Reserve is insufficient to absorb the net realised loss, the first recourse is the General Reserve. The net unrealised gains or losses are transferred to the Foreign Currency Revaluation Reserve.

Effective 30th June 2009 the Board determines the amount of the net realized foreign exchange gains for the year to be transferred to the Foreign Exchange Equalization Reserve and the balance is available for appropriation as part of the distributable profit.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Reserve for Dividend

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

#### Financial instruments – initial recognition and subsequent measurement

##### Date of recognition

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

##### Initial recognition of financial instruments

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

##### Derivatives recorded at fair value through profit or loss

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

##### Financial assets at fair value through profit or loss

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

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments – initial recognition and subsequent measurement (Continued)

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in “net operating income” Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract, while dividend income is recorded in other operating income when the right to the payment has been established.

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

#### Held to maturity financial investments

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

#### Due from banks and loans and advances

‘Due from banks’ and ‘Loans and advances’ are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market, they are not entered into with the intention of immediate or short-term resale and are not classified as, designated as ‘Financial investment - available-for-sale’ or ‘Financial assets designated at fair value through profit or loss’. After initial measurement, amounts due from banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Financial instruments – initial recognition and subsequent measurement (Continued)**

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'Interest' in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income.

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

#### Available for sale financial investments

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'Securities Revaluation Reserve'. When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income and removed from the Securities Revaluation Reserve. The Bank classified some foreign currency marketable securities as available-for-sale financial assets. Foreign currency money-market investments: The fair value of foreign currency 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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 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.

#### **De-recognition of financial assets and financial liabilities**

##### Financial assets

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

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

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### De-recognition of financial assets and financial liabilities (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

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

#### Financial liabilities

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

#### **Determination of fair value**

The fair value for financial instruments traded in active markets at the Statement of Financial Position 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 Statement of Financial Position 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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of financial assets (Continued)

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Held-to-maturity financial investments

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit and loss. 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

Equity investments accounted for at cost less impairment and available for sale are assessed for impairment annually. When impairment is identified, it is generally deemed to be other than temporary, and the equity investment is written down to the impaired value, which becomes the new cost basis in the equity investment.

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. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance 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 profit or loss, the impairment loss is reversed through the profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of financial assets (Continued)

##### Due from banks, loans and advances

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. 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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Impairment of financial assets (Continued)**

##### Due from banks, loans and advances (Continued)

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

##### Renegotiated loans

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

#### **Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position 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.

#### **Other liabilities**

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of financial assets (Continued)

##### Other assets

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

##### Cash and Cash equivalent

Cash and cash equivalent comprise of cash balances with central banks, time deposit with commercial banks and notes and coins denominated in foreign currency. Cash and cash equivalent is carried at fair value in the statement of financial position.

##### Inventories

The Bank owns all inventories stated in the statement of financial position.

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 market price in the ordinary course of business less estimated costs necessary to make the realisation. Provision for impairment is made for slow moving and obsolete stocks.

##### Credit Guarantee Schemes

The schemes are operated in accordance with the rules governing the schemes and administered by the Bank of Tanzania on behalf of the Government as stipulated in their respective agency agreements.

The primary objective of the schemes is to facilitate access to the credit facilities by guaranteeing loans granted by the participating financial institutions to Small and Medium Enterprises, Exporters and Development Projects.

The rules of the schemes include a requirement for the financial institutions to properly assess the projects' viability, as to adequacy of loan security and approve the loan prior to applying for the guarantee. Because of the nature of the loan transactions, contingent liabilities exist in respect of possible default.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments and interpretations to existing standards have been published, but not effective up to the date of issuance of the Bank's financial statements are listed below:

#### ***IFRS 1: First time Adoption of International Financial Reporting Standards***

Amendments made in July 2009 providing additional exemptions for first time adopters are effective 1st January 2010 with earlier adoption permitted.

#### ***IFRS 1: First time Adoption of International Financial Reporting Standards***

Amendments made in Jan 2010 providing limited exemptions from comparative IFRS 7 disclosure are effective 1st July 2010 with earlier application permitted. The Bank has decided to adopt this amendment with effect from 1 July 2010.

#### ***IFRS 2: Group Cash settled share based payments***

Amendments made in June 2009 providing the additional guidance on accounting for share-based payment transactions among the group entities are effective 1st January 2010 with earlier adoption permitted.

#### ***IAS 32: Financial Instruments: Presentation - Classification of Rights Issues (Amendments)***

Amendments made in October 2009 dealing with classification of certain instruments (offered pro rata to all existing owners of the same class of non derivative equity instruments) giving a right to acquire a fixed number of an entities own equity instrument for fixed amount in any currency are effective 1st February 2010 with earlier application permitted.

#### ***IFRS 9: Financial instruments***

IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment, and hedge accounting. By the end of 2010, then, IFRS 9 will be a complete replacement for IAS 39.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (Continued)

#### *IAS 24 Related Party Disclosures (Amendment)*

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Bank does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

#### *IFRIC 19: Extinguishing financial liabilities with equity instruments*

- If a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments are 'consideration paid' in accordance with IAS 39.41. Accordingly, the debtor should derecognise the financial liability fully or partly.
- The debtor should measure the equity instruments issued to the creditor at fair value, unless fair value is not reliably determinable, in which case the equity instruments issued are measured at the fair value of the liability extinguished.
- If only part of a liability is extinguished, the debtor must determine whether any part of the consideration paid relates to modification of the terms of the remaining liability. If it does, the debtor must allocate the fair value of the consideration paid between the liability extinguished and the liability retained.
- The debtor recognises in profit or loss the difference between the carrying amount of the financial liability (or part) extinguished and the measurement of the equity instruments issued.
- When only part of the liability is extinguished, the debtor must determine whether the terms of the remaining debt have been substantially modified (taking into account any portion of the consideration paid that was allocated to the remaining debt). If there has been a substantial modification, the debtor should account for an extinguishment of the old remaining liability and the recognition of a new liability (see IAS 39.40).

IFRIC 19 must be applied in annual periods beginning on or after 1 July 2010. Earlier application is permitted. It must be applied retrospectively from the beginning of the earliest comparative period presented.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (Continued)

#### *IFRIC 14: Prepayment of a Minimum Funding Requirement (Amendment)*

On 26 November 2009, the IASB issued Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Without the amendments, in some circumstances entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011, with earlier application permitted. The amendments must be applied retrospectively to the earliest comparative period presented.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2010**

**6 INTEREST INCOME**

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

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

	30.06.2010			30.06.2009		
	Received TZS '000	Accrued TZS '000	Total TZS '000	Received TZS '000	Accrued TZS '000	Total TZS '000
<b>From foreign operations</b>						
GBP investments	9,886,456	3,919,161	13,805,617	12,523,767	6,388,377	18,912,144
USD investments	48,230,294	6,741,499	54,971,793	46,548,389	12,998,203	59,546,592
EURO investments	16,469,118	11,845,816	28,314,934	16,280,804	16,281,229	32,562,033
Other foreign interest income	690,310	-	690,310	11,251	-	11,251
	<b>75,276,178</b>	<b>22,506,476</b>	<b>97,782,654</b>	<b>75,364,211</b>	<b>35,667,809</b>	<b>111,032,020</b>
<b>From domestic operations</b>						
Interest on domestic investments	70,421,764	19,333,176	89,754,940	49,693,397	14,975,776	64,669,173
Interest on loans and advances	3,400,844	-	3,400,844	6,035,337	-	6,035,337
Interest on staff loans	89,815	-	89,815	76,272	-	76,272
	<b>73,912,423</b>	<b>19,333,176</b>	<b>93,245,599</b>	<b>55,805,006</b>	<b>14,975,776</b>	<b>70,780,782</b>
	<b>149,188,601</b>	<b>41,839,652</b>	<b>191,028,253</b>	<b>131,169,217</b>	<b>50,643,585</b>	<b>181,812,802</b>

Interest income from foreign operations declined by 11.9% due to decrease in interest rates offered by foreign banks on investments from 1.2% to an average of 0.6% mainly on account of low interest rates as a result of global financial crisis.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 6 INTEREST INCOME (Continued)

Classification of interest income arising from financial instruments is indicated below: -

	30.06.2010 TZS '000	30.06.2009 TZS '000
Income from available for sale financial instruments	91,800,755	90,499,129
Income from financial instruments held to maturity	89,754,941	75,867,213
Income from loans and receivables	3,490,659	6,111,609
	<b>185,046,355</b>	<b>172,477,951</b>
Income from assets held for trading	5,981,898	9,334,851
	<b>191,028,253</b>	<b>181,812,802</b>

The subtotals have been included to show interest income on financial assets that are not recorded at fair value through profit or loss as required by IFRS 7.20 (b)

### 7 INTEREST EXPENSES

	30.06.2010		30.06.2009	
	Paid TZS '000	Accrued TZS '000	Paid TZS '000	Accrued TZS '000
Interest on BoT liquidity papers	28,935,762	33,635,700	41,536,188	45,522,902
Interest on Repurchase agreements	1,596,167	15,662	3,450,597	171,714
Charges on IMF Drawings	1,810,512	-	1,069,345	-
	<b>32,342,441</b>	<b>33,651,362</b>	<b>46,056,130</b>	<b>45,694,616</b>
		<b>65,993,803</b>		<b>91,750,746</b>

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 from liquidity mop up activities is shared between the Bank and the Government of the United Republic of Tanzania in accordance with the sharing ratios agreed in Memorandum of Understanding (MOU) in force.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 8 FOREIGN EXCHANGE REVALUATION GAIN

During the year the realised and unrealised net foreign exchange revaluation gains amounted to TZS 16,837.1 million. This amount has been included in the profit or loss in the statement of comprehensive income in determining the Bank's profit for the year in order to comply with the requirements of accounting for the Effects of Changes in Foreign Exchange Rates (IAS 21). The unrealised foreign exchange revaluation gains amounting to TZS 932.6 million as at 30 June 2010 has been transferred to Foreign Currency Revaluation Reserve.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>Reconciliation of realized and unrealized foreign exchange revaluation</b>		
Net realized foreign exchange revaluation gain during the year	18,213,297	
Add: Unrealized foreign exchange revaluation gains during the year	904,315	2,280,414
	<u>19,117,612</u>	<u>113,963,417</u>
Less: Opening balance	(2,280,415)	(5,982,532)
<b>Net foreign exchange revaluation gains during the year</b>	<u><u>16,837,197</u></u>	<u><u>119,945,949</u></u>

#### 9 FEES AND COMMISSION

Commission on buying and selling foreign currency	24,248,111	18,659,852
Bureau de change application fees	162,750	170,800
Bureau de change registration fees	44,000	49,150
Banks and financial institutions applications/licensing Fees	6,000	6,700
Bureau de change penalty fees	31,975	62,784
TISS fees and charges	378,508	320,317
Tender application fees	42,250	5,479
	<u>24,913,594</u>	<u>19,275,082</u>

Commission on buying and selling foreign exchange relates to income received from buying or selling foreign currency and funds transfers by SWIFT.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000

#### 10 OTHER INCOME

##### Foreign operations

Realized gains on de-recognition of available for sale investments-Financial instruments	28,323,738	30,502,383
Income from equity investment	75,743	78,335
Gains on IFEM operations	11,559,519	4,319,770
Miscellaneous income	1,403,736	1,196,397
	<u>41,362,736</u>	<u>36,096,885</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>10 OTHER INCOME (Continued)</b>		
<b>Domestic operations</b>		
Income – domestic operations	41,329	366,582
Income from sale of government securities	-	1,972,110
Rental income staff quarters	602,279	446,273
Income on hostel accommodation	42,106	40,276
Income on cafeteria operations	37,330	23,826
Miscellaneous income	899,708	675,896
	<u>1,622,752</u>	<u>3,524,963</u>
<b>Total other income</b>	<u>42,985,488</u>	<u>39,621,848</u>
<b>11 ADMINISTRATIVE EXPENSES</b>		
Board expenses	958,393	791,101
Transport and traveling expenses	6,002,053	5,402,835
Maintenance - computer, software and related expenses	4,734,251	4,539,692
Maintenance - furniture, machinery and equipment	577,266	627,400
Maintenance - bank premises	5,324,378	4,276,444
Legal and investigation expenses	231,182	561,102
Audit fees	691,190	671,943
Audit fees 2007/08	-	563,536
Special audit and related expenses	-	333,880
Fees, rates and security expenses	2,277,220	2,393,578
Water and electricity	3,748,142	3,877,970
Telecommunication and postage	2,118,789	1,896,197
Printing, stationery and office supplies	933,660	1,303,353
Meetings, conferences and seminars	3,966,661	3,808,328
Hospitality	253,025	251,985
Budget and annual accounts preparation expenses	336,517	369,530
Insurance expenses	813,822	1,064,021
Other administrative expenses	862,994	1,936,649
	<u>33,829,543</u>	<u>34,669,544</u>
<b>12 CURRENCY ISSUE AND RELATED EXPENSES</b>		
Notes printing and related expenses (see Note 28)	50,652,642	49,887,804
Coins minting and related expenses (see Note 28)	1,417,777	3,955,620
<b>Cost of currency issued in circulation</b>	<u>52,070,419</u>	<u>53,843,424</u>
Currency transport, storage and handling	193,034	206,517
Maintenance of currency machines	1,937,419	3,427,213
Other currency expenses	974,073	528,995
	<u>55,174,945</u>	<u>58,006,149</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 12 CURRENCY ISSUE AND RELATED EXPENSES (Continued)

The amount of TZS 50,562.6 million (2009: TZS 1,417.8 million) in respect of notes printing and coins minting and related expenses respectively, refers to the proportionately amortized portion of deferred notes printing and coins minting cost for the currency notes and coins that were issued into circulation during the year. The amount of TZS 193.0 million (2009: TZS 206.5 million) are in respect of inland currency distribution expenses that include; transportation, handling, storage, and other related expenses incurred and recognized in the profit or loss in the statement of comprehensive income during the current financial year.

A total of TZS 1,937.4 million (2009: TZS 3,427.2 million) was incurred during the year in respect of currency machines maintenance expenses.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>13 PERSONNEL EXPENSES</b>		
Staff salaries and allowances	47,980,168	38,794,558
Contribution to PPF scheme	5,376,627	4,370,831
Contribution to NSSF scheme	1,003,212	624,416
Staff medical expenses	2,903,371	2,478,216
Staff training expenses	3,395,038	2,878,560
Staff uniforms expenses	77,195	86,247
TUICO and worker's council expenses	1,033,379	886,764
Course functions & field trips expenses	17,237	18,496
Travel on leave expenses	3,331,429	3,120,294
Retirement expenses	5,195,294	2,346,074
Condolence, survivors' benefits and related expenses	306,910	276,917
Motor vehicles expenses	1,362,203	1,007,227
Long term service awards	50,000	54,000
Management car maintenance expenses	2,378,208	1,566,403
Furniture grant expenses	1,087,501	441,519
HR planning policies expenses	323,374	200,983
Cafeteria expenses	553,432	394,752
	<u><b>76,374,578</b></u>	<u><b>59,546,257</b></u>

Personnel expenses refer mostly to staff welfare expenses. In 2009/10 such expenses amounted to TZS 76,374.6 million (2009: TZS 59,546.3 million). The noted increase was mainly on account of increase in staff salaries by, on average, 15 percent, recruitment of new employees and 2008/9 staff performance awards. Consequently expenses on other salaries related sub votes increased substantially. Further a total of 20 employees are expected to retire in 2010/11 compared with 13 employees of 2009/10 and provision for retirement benefits has been provided to ensure compliance with IAS 19 (Employees Benefits).



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

	30.06.2010	30.06.2009
	TZS '000	TZS '000
<b>14 OTHER EXPENSES</b>		
<b>Foreign operations</b>		
Foreign currency management expenses	1,515,759	1,382,871
Financial markets development expenses	12,063	19,600
Commission and fees on foreign operations	62,188	82,444
Realized losses on de-recognition of available for sale investment	9,791,881	8,403,162
Amortized premium	2,052,114	966,209
Miscellaneous expenses	7,656	7,634
	<b>13,441,661</b>	<b>10,861,920</b>
<b>Domestic operations</b>		
Contribution to professional associations, charities	362,360	937,214
Contribution to national development programs/projects	1,617,701	1,286,624
Contributions to various institutions	790,084	244,765
Subscriptions	45,712	41,148
	<b>2,815,857</b>	<b>2,509,751</b>
Cheques issued expenses	139,031	176,314
	<b>16,396,549</b>	<b>13,547,985</b>
<b><i>Analysis of contributions and subscriptions</i></b>		
African Association of Central Banks and African Rural and Agriculture Credit Association	13,513	13,957
Contribution to the National Board of Accountants and Auditors & the National Board of Materials Management	38,000	38,428
Tanzania Institute of Bankers	403,424	360,200
Deposit Insurance Board	229,564	191,355
Dar es Salaam Commercial Court	-	200,000
Second Generation of Financial Sector Reforms	622,454	490,947
Monetary and Economic Financial Management Institute	373,147	338,034
Capital Markets and Securities Authority	448,000	400,000
Associations and Charities	623,281	461,761
Others	64,474	15,069
	<b>2,815,857</b>	<b>2,509,751</b>
<b>15 IMPAIRMENT LOSSES</b>		
Intangible assets (Note 31)		5,508
Loans and receivables (Note 25)	170,947	4,702,261
Other assets (Note 29)	-	44,755
	<b>170,947</b>	<b>4,752,524</b>
<b>16 EXCEPTIONAL ITEM</b>		
Release of EPA impairment losses	-	135,745,071



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 16 EXCEPTIONAL ITEM (Continued)

In 2005/06 the Government had authorised issuance of two non redeemable Treasury EPA Bonds with total value of TZS 140,000.0 million. The total amount utilised was TZS 135,745.0 million. Since the bonds did not bear interest and were non redeemable an impairment loss of TZS 135,745.0 million was provided in the financial statements to ensure compliance with the requirements of International Accounting Standards, IAS 39.

In order to ensure that the bonds are performing, the Government has effective 1st August 2008 reissued the two EPA Special Stocks, reviewed their tenures and attached annual coupons.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>17 COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>		
Change in fair value of Available - for - Sale financial assets	54,515,910	94,365,051
Disposal of Available - for - Sale financial assets	(21,297,371)	(23,519,142)
	<u>33,218,539</u>	<u>70,845,909</u>

#### 18 CASH AND CASH EQUIVALENT

Cash balances with Central Banks	130,482,843	651,562,416
Demand, time deposits with commercial banks and foreign currency notes and coins	1,077,598,957	17,792,912
Accrued interest on deposits	150,481	53,577
	<u>1,208,232,281</u>	<u>669,408,905</u>

Cash balances with Central Banks consist of demand deposits; two-day notes accounts and time deposits with maturities of less than three 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) and BIS OPEC funds which has zero balance as are designated for specific purposes.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
Demand and time deposits with commercial banks and foreign currency notes and coins consist of:		
Demand deposits	1,076,567,670	17,084,870
Foreign currency notes and coins	1,031,287	708,042
	<u>1,077,598,957</u>	<u>17,792,912</u>

#### 19 ITEMS IN COURSE OF SETTLEMENT

BOT Clearing Account	1,372,943	3,165,875
	<u>1,372,943</u>	<u>3,165,875</u>

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 20 INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	30.06.2010		30.06.2009	
	Equivalent SDR '000'	Equivalent TZS '000	Equivalent SDR '000'	Equivalent TZS '000
<b>Assets</b>				
Holding of SDRs	158,660	322,830,929	74	148,684
Quota in IMF	198,900	404,716,549	198,900	400,673,986
	<b>357,560</b>	<b>727,547,478</b>	<b>198,974</b>	<b>400,822,670</b>
<b>Liabilities</b>				
IMF Account No. 1	188,900	384,369,850	188,900	380,530,186
IMF Account No. 2	3	5,368	3	5,315
	<b>188,903</b>	<b>384,375,218</b>	<b>188,903</b>	<b>380,535,501</b>
Allocation of SDRs	190,510	387,647,670	31,372	63,197,307
	<b>379,413</b>	<b>772,022,888</b>	<b>220,275</b>	<b>443,732,808</b>

#### Relationship

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

#### Currency of Transactions with the IMF

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

#### Quota in IMF, Interest and Charges

Borrowings from the related Tanzania's quota are non interest bearing with no stated maturity, while borrowings from the General Resources Account of the IMF bears interest at rates set by the IMF on a weekly basis and are repayable according to the repayment schedules of the agreement. The interest rate as at 30 June 2010 was 2.8 percent, the same rate as it was in the previous year. During the year the Bank received allocation of SDR159 million from IMF. A total of SDR 198.9 million equivalent to TZS 404,716.5 million (2009: TZS 400,673.9 million) is the Tanzania's quota in the IMF representing 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 2010, the facility had a nil balance.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 21 FOREIGN CURRENCY MARKETABLE SECURITIES

##### (a) Available - for - Sale financial assets

Available - for - Sale financial assets consists of foreign currency marketable securities that are internally managed. Majority of such securities are sovereign issues with a minimum credit rating of AA, bearing fixed interest and specified maturities.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
Available - for - Sale financial assets	2,870,891,214	2,761,414,948
Accrued interest	29,558,183	34,201,052
	<u><u>2,900,449,397</u></u>	<u><u>2,795,616,000</u></u>

##### (b) Held - for - Trading financial assets

These are portfolio externally managed by the World Bank Treasury under a special program known as Reserve Advisory Management Program (RAMP). The balance of this reserve was as follows.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
Held - for - Trading financial assets	354,292,336	323,292,461
Accrued interest	1,016,110	1,439,872
	<u><u>355,308,446</u></u>	<u><u>324,732,333</u></u>
<b>Total (a+b)</b>	<u><u>3,255,757,843</u></u>	<u><u>3,120,348,333</u></u>

Analysis of foreign currency marketable securities available for sale and financial assets held for trading by concentration into sovereign issues, supranational securities and agency securities:

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>Sovereign Issues</b>		
USD	386,232,384	911,481,427
GBP	34,397,018	334,471,215
EUR	46,332,309	655,952,069
	<u><u>466,961,711</u></u>	<u><u>1,901,904,711</u></u>
<b>Supranational Securities</b>		
USD	287,555,814	234,232,237
GBP	-	79,959,675
EUR	48,456,752	55,567,556
	<u><u>336,012,566</u></u>	<u><u>369,759,468</u></u>
<b>Agency Securities</b>		
USD	1,555,763,785	671,017,336
GBP	296,376,504	47,415,271
EUR	570,068,984	94,610,623
	<u><u>2,422,209,273</u></u>	<u><u>813,043,230</u></u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>21 FOREIGN CURRENCY MARKETABLE SECURITIES</b>		
<b>Total investments</b>		
USD	2,229,551,983	1,816,731,000
GBP	330,773,522	461,846,161
EUR	664,858,045	806,130,248
Accrued interest	30,574,293	35,640,924
	<u><b>3,255,757,843</b></u>	<u><b>3,120,348,333</b></u>
<b>22 AVAILABLE - FOR - SALE EQUITY INVESTMENT</b>		
Equity Investment in Afreximbank	1,655,252	1,559,262
	<u><b>1,655,252</b></u>	<u><b>1,559,262</b></u>

The African Export-Import Bank (Afreximbank) is a supranational institution, established on 27 October 1993. The Bank of Tanzania holds an investment in the equity of Afreximbank. Afreximbank is a grouping of regional central banks and financial institutions designed to facilitate intra and extra African trade. Bank of Tanzania's authorized equity interest in Afreximbank is 300 ordinary shares of par value of USD 10,000 each, with five calls. As at 30th June 2010 two calls had been made and the Bank paid a total of USD 1,200,000. The proportion of Bank of Tanzania's equity interest to the total holding in this bank is 0.4 percent. The shares are classified as available for sale financial instruments. They are currently reflected at cost as they are not traded in any stock exchange and cost approximates to its fair value.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>23 HELD - TO - MATURITY GOVERNMENT SECURITIES</b>		
Treasury Special Bonds	693,936,808	602,570,539
LART Bonds	85,189,195	85,189,195
Treasury EPA Stock	205,743,889	205,743,889
	<u><b>984,869,892</b></u>	<u><b>893,503,623</b></u>
Accrued interest at 30 June 2010	19,333,176	14,975,776
	<u><b>1,004,203,068</b></u>	<u><b>908,479,399</b></u>

The Bank holds various government fixed income securities issued by the Government. Treasury special 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 the Bank holds them to maturity. The Bank has ability to hold these securities to maturity.

#### **Treasury Special Bonds**

Treasury Special Bonds are long-term coupon instruments issued at fixed coupon of between 7.82% to 11.44% for Government financing. The bonds are held to maturity and the semi annual interest arising thereof forms 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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 23. HELD-TO-MATURITY GOVERNMENT SECURITIES (Continued)

#### Treasury Special Bonds (Continued)

The Government on 1 July 2009 approved issuance of 10 Year Special Government Bond 2009/2019 with a face value of TZS 150,000.0 million. The approval was made in accordance with Section 34, 35 and 69 of the Bank of Tanzania Act, 2006. The bond was issued on 2nd June 2009 and carries an annual coupon of 8.0 percent payable semi annually. The purpose of the bond was to bridge Government revenue shortfall mainly attributed to the impact of the global financial crisis to the economy. The value of Treasury Special Bonds as at 30th June 2010 was TZS 693,936.8 million (2009: TZS 602,570.5 million).

#### LART Bonds

Following the decision by the Government to take over the debts in 1991, the Government issued two Loans and Advances Realization Trust (LART) bonds of 20 years maturity period in settlement of loans advanced to defunct parastatal organizations and co-operative unions by National Bank of Commerce (NBC) and CRDB Bank. These bonds have face values of TZS 11,658.5 million and TZS 73,530.7 million, mature on 25 November, 2011 and carry annual interests of 11 percent and 5 percent respectively payable semi-annually. As at 30th June 2010 the total value of such bonds was TZS 85,189.2 million (2009: TZS 85,189.2 million).

#### Treasury EPA Stock

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 23. HELD-TO-MATURITY GOVERNMENT SECURITIES (Continued)

#### Treasury EPA Stock (Continued)

The Government has effective from 1st August 2008 reissued two EPA Special Stocks namely EPA Special Stock 2002/2052 and EPA Special Stock 2005/2055 with values of TZS 4,352.8 million and TZS 65,646.1 million and replaced them with EPA Special Stock 2008/18 and EPA Special Stock 2008/23 respectively. Their tenures were reviewed from 50 years and 55 years to 10 years and 15 years with annual coupons of 7.5 percent and 8.0 percent payable semi-annually respectively. Furthermore, on 1st August 2008 the Government issued EPA Special Stock with face value of TZS 135,745.1 million to accommodate external payment arrears exchange losses incurred up to 31st December 2007. The stock has a maturity of 20 years with annual coupon of 8.5 percent payable semi annually. As at 30th June 2010 the aggregate position of Special EPA Stocks was TZS 205.743.8 Million (2009: TZS 205,743.9 million).



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>24 ADVANCES TO THE GOVERNMENT</b>		
Advances to the Government (URT) Note 34	175,645,539	-
	<b>175,645,539</b>	<b>-</b>

As at 30 June 2010, the overall United Republic of Tanzania (URT) Government position ended with a net deficit balance of TZS 175,645.5 million as summarised under Note 34. This position was attributable to overdrawn URT Government voted accounts. Such advance was made in accordance with the requirements of Section 34 of the Bank of Tanzania Act, 2006 and were solely for the purpose of providing temporary financial accommodation to the URT Government. Such advances bear interest rates as determined by the Bank in accordance with the Bank of Tanzania Act, 2006 and are repayable within one hundred and eighty days.

	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>25 LOANS AND RECEIVABLES</b>		
Staff loans and advances	32,331,297	27,606,784
Accounts receivable	73,077,004	99,895,711
Secured loan to Mwananchi Gold Company Limited	9,205,283	8,606,418
Cash loss recoverable from NBC Limited	5,144,000	5,144,000
Intermediary accounts receivable	9,411,523	706,856
	<b>129,169,107</b>	<b>141,959,769</b>
Less: Provision for impairment	(10,763,183)	(10,077,476)
	<b>118,405,924</b>	<b>131,882,293</b>

### Analysis of impairment by line items

Staff loans and advances	224,241	308,346
Accounts receivable	402,581	231,634
Secured loan to Mwananchi Gold Company Limited	4,992,361	4,393,496
Cash loss recoverable from NBC Limited	5,144,000	5,144,000
	<b>10,763,183</b>	<b>10,077,476</b>

### Movement in provision for impairment

	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Balance at the beginning of the year	10,077,476	6,084,780
Exchange gain on impairment of Mwananchi Gold Company Limited	170,947	4,702,262
	598,865	-
Reversal during the year	(74,961)	(689,094)
Write-offs	(9,144)	(20,472)
Balance at the end of the year	<b>10,763,183</b>	<b>10,077,476</b>

The reversal of impairment relates to ex staff loans and advances recovered during the year.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 25 LOANS AND RECEIVABLES (Continued)

#### (a) Accounts Receivable: TZS 73,077.0 million.

Account receivable represent short term claims and which are recoverable within a period not exceeding twelve months. As at 30 June 2010, the account had a debit balance of TZS 73,077.0 million (2009: TZS 99,895.7 million). Major components under Account Receivable include the following: -

#### i) Input VAT Claims : TZS 23,094.6 million

During the financial year 2005/06 the Bank's tax exemption status was by mistake rescinded by the Income Tax Act No 11 of 2004 and Finance Act No. 13 of 2005. Accordingly, TRA did not recognise the exemption status of the Bank of Tanzania in accordance with Section 25 of the Bank of Tanzania Act, 1995. This development had an adverse impact on the implementation of the 10 Mirambo Office Extension and Gulioni office - Zanzibar projects. The agreement between the Bank of Tanzania (BoT) and M/s Group Five International, the main contractor for 10 Mirambo Office Extension and Zanzibar Gulioni Projects, is a tax free contract based on the exemption status that the Bank enjoyed prior to 2005/06. In 2005/06, M/s Group Five International was assessed for Output Value Added Tax (VAT) and interest amounting to TZS 17,816.1 million and TZS 1,697.6 million respectively. Due to lack of exemption status, input VAT claims by M/s Group Five International amounting to TZS 23,746.2 million were not refunded by Tanzania Revenue Authority (TRA).

The Bank took necessary measures leading to the abandonment of the output VAT claims of TZS 17,816.1 million and remission of interest of TZS 1,697.6 million. Measures were taken leading to recovery of TZS 651.6 million by 30 June 2010 leaving a balance of TZS 23,094.6 million.

Out of the outstanding amount of TZS 23,094.6 million, a total of TZS 19,766.8 million is receivable from the URT Government and the balance of TZS 3,327.8 million from the Tanzania Revenue Authority (TRA) and Group Five International.

The Bank is continuing to liaise with the URT Government to ensure that the amount of TZS 19,766.8 million is recovered. It is the commitment of the URT Government to have this matter resolved within 2011/2012.

With regard to TZS 3,327.8 million receivable from TRA and Group Five International, a total of TZS 3,211.8 million was recovered from TRA and Group Five International during the first and second quarter of 2010/2011. The balance of TZS 116.0 million will be recovered from Group Five International Ltd before the end of December 2010.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 25 LOANS AND RECEIVABLES (Continued)

#### (a) Accounts Receivable: TZS 73,077.0 million. (Continued)

##### ii) Liquidity Management Expenses: TZS 26,851.5 million

The amount of TZS 26,851.5 million (2009: TZS 35,491.3 million) is in respect of liquidity management costs receivable from the Government of the United Republic of Tanzania (URT). The above amount relating to 2009/2010 URT Government share of liquidity management expenses was settled on 11 November 2010.

##### iii) Interest Receivable on Overdrawn Government Accounts: TZS 266.8 million

Pursuant to Section 34 of the Bank of Tanzania Act, 2006, the Government net position was overdrawn in various periods. A total amount of TZS 3,456.6 million was charged to the Government in 2009/10. Out of TZS 3,456.6 million earned in 2009/2010 a total of TZS 3,189.8 million was settled leaving an outstanding balance as at 30 June 2010 of TZS 266.8 million (2009: TZS 3,565.8 million).

##### iv) Economic Empowerment: TZS 21,630.0 million

A total of TZS 21,630.0 million is receivable from the Government in respect of funds advanced by the Bank of Tanzania to facilitate implementation of the economic empowerment programs. Out of the above amount of TZS 21,630.0 million, a total of TZS 10,500.0 million is related to the first phase of this Scheme of which TZS 6,168.9 million was recovered in 2009/2010.

#### b) Staff Loans and Advances: TZS 32,331.3 million

Employees of the Bank are entitled to loans and advances as approved in accordance with the Bank's Staff By-Laws and Financial Regulations in force. Staff loans are granted to employees to assist them in acquisition of residential houses, motor vehicles, computers and furniture. Staff advances are financial accommodation granted to employees to meet short term financial obligations. The advances/loans are granted at preferential rates of interest determined by the Bank presently at 5 percent fixed over the period of the loan. 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. As at 30 June 2010 the balance of staff loans and advances was TZS 32,331.3 million (2009: TZS 27,606.8 million)



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

<b>26 INVENTORIES</b>	<b><u>30.06.2010</u></b> <b>TZS '000'</b>	<b><u>30.06.2009</u></b> <b>TZS '000'</b>
The inventory balance consists of the following:		
Currency machine spare parts	1,928,601	2,241,037
Building, machinery and maintenance consumables	610,942	465,334
Stationery	381,920	423,805
Drugs and medicines	220,980	150,727
Copier parts and consumables	276,056	277,971
Cheque books	736,773	855,682
ICT accessories and consumables	376,574	347,140
	<b><u>4,531,846</u></b>	<b><u>4,761,694</u></b>

**27 INVESTMENT IN ASSOCIATE COMPANY**

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

MGC is a Limited liability 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 broker of refined metals.

	<b><u>30.06.2010</u></b> <b>TZS '000'</b>	<b><u>30.06.2009</u></b> <b>TZS '000'</b>
The investment in associate balance consists of the following:		
Investment in Mwananchi Company Limited	253,894	253,894
Share of Loss of Mwananchi Company Limited	(253,893)	(53,893)
	<b><u>1</u></b>	<b><u>1</u></b>

Following unsatisfactory performance by the Company, the operations ceased in 2007.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**28 DEFERED CURRENCY COST**

The balance under this account represents deferred notes printing and coins minting expenses relating to costs of printed notes and minting coins that have not yet been released in circulation. During 2009/10, the movement on deferred currency cost balance was as follows:

	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>At 01 July 2009</b>	114,320,855	8,532,190
Add: Cost of currency received during the year	164,425	159,632,089
Less: Cost of currency issued in circulation (Note 12 )	(52,070,419)	(53,843,424)
<b>At 30 June 2010</b>	<b><u>62,414,861</u></b>	<b><u>114,320,855</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**29. OTHER ASSETS**

	<u>30.06.2010</u>	<u>30.06.2009</u>
	<b>TZS '000</b>	<b>TZS '000</b>
Prepayments	46,773,326	3,354,609
Export credit guarantee fund investments account	37,824,278	32,411,356
SME contribution investment account	5,697,419	619,649
Accrued Interest on ECGS investment	1,165,616	950,484
Development finance guarantee investments account	651,201	-
Staff imprest	793,711	447,762
Petty cash balances	56,500	55,500
Others	1,959,584	85,125
	<b>94,921,635</b>	<b>37,924,485</b>
Less: Provision for impairment	(38,157)	(44,755)
	<b><u>94,883,478</u></b>	<b><u>37,879,730</u></b>

**Analysis of impairment by line items**

Prepayments	38,157	44,755
	<b><u>38,157</u></b>	<b><u>44,755</u></b>

**Movement in provision for impairment**

During the year a provision for impairment of other assets was TZS 38.1 million (2009: TZS 44.8 million). The movement of impairment is indicated below:

	<u>30.06.2010</u>	<u>30.06.2009</u>
	<b>TZS '000</b>	<b>TZS '000</b>
Balance at the beginning of the year	44,755	135,745,071
Additional impairment	-	44,755
Reversal	(6,598)	(135,745,071)
Balance at the end of the year	<b><u>38,157</u></b>	<b><u>44,755</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2010**

**29 OTHER ASSETS (Continued)**

**(i) Prepayment: TZS 46,773.3 million**

The balance under prepayment covers TZS 11,124.9 million and TZS 33,578.7 million paid to M/S De La Rue Currency of United Kingdom and M/S CRANE AB of Sweden as 25% and 20% advance payments for supply of currency notes respectively in accordance with the contract in force.

**(ii) Export Credit Guarantee Investment Account: TZS 37,824.3 million**

The balance represents funds invested in Treasury Bills for the purpose of enhancing the Fund. As at 30 June 2010 the account had a balance of TZS 37,824.3 million (2009: TZS 32,411.3 million).



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**30 PROPERTY AND EQUIPMENT**

Cost/valuation	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
At 01 July 2009	638,315,892	188,847,034	7,156,938	5,869,329	11,124,802	24,143,230	875,457,225
Additions	4,002,504	2,020,452	1,884,151	581,904	564,444	15,462,284	24,515,739
Transfers*	3,734,523	15,274,018	-	-	-	(19,008,541)	-
Disposals	-	(13,422)	-	(4,243)	(11,456)	-	(29,121)
At 30 June 2010	<b>646,052,919</b>	<b>206,128,082</b>	<b>9,041,089</b>	<b>6,446,990</b>	<b>11,677,790</b>	<b>20,596,973</b>	<b>899,943,843</b>
<b>Accumulated depreciation and impairment</b>							
At 01 July 2009	9,106,592	58,500,208	4,719,064	1,823,981	6,198,652	-	80,348,497
Charges for the Year	5,160,277	24,077,472	500,064	691,552	1,442,149	-	31,871,514
Disposals	-	(9,516)	-	(3,835)	(10,938)	-	(24,289)
At 30 June 2010	<b>14,266,869</b>	<b>82,568,164</b>	<b>5,219,128</b>	<b>2,511,698</b>	<b>7,629,863</b>	-	<b>112,195,722</b>
<b>Net Book Value</b>							
At 30 June 2010	<b>631,786,050</b>	<b>123,559,918</b>	<b>3,821,961</b>	<b>3,935,292</b>	<b>4,047,927</b>	<b>20,596,973</b>	<b>787,748,121</b>

\* A total of TZS 19,008.5 million comprise of transfers made from construction work in progress to office buildings (TZS 1,693.9 million), residential buildings (TZS 2,040.7 million) and machinery and equipment mainly currency notes processing machines (TZS 15,274.0 million).



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 30 PROPERTY AND EQUIPMENT (Continued)

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

<u>Cost/valuation</u>	<u>Land and buildings</u>	<u>Machinery &amp; equipment</u>	<u>Motor vehicles</u>	<u>Fixtures &amp; fittings</u>	<u>Computers, servers &amp; printers</u>	<u>Capital work in progress</u>	<u>Total</u>
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 01 July 2008	513,842,053	171,615,602	7,118,294	4,875,909	8,475,126	121,315,516	827,242,500
Additions	23,819,952	2,847,810	67,477	170,089	2,793,218	19,108,777	48,807,323
Transfers**	100,868,887	14,514,857	-	897,319	-	(116,281,063)	-
Disposals	(215,000)	(131,235)	(28,833)	(73,988)	(143,542)	-	(592,598)
<b>At 30 June 2009</b>	<b>638,315,892</b>	<b>188,847,034</b>	<b>7,156,938</b>	<b>5,869,329</b>	<b>11,124,802</b>	<b>24,143,230</b>	<b>875,457,225</b>
<b>Accumulated depreciation and impairment</b>							
At 01 July 2008	4,684,201	36,994,080	4,348,412	1,279,174	5,230,298	-	52,536,165
Charges for the Year	4,490,058	21,613,381	399,473	610,538	1,102,893	-	28,216,343
Impairment	(62,507)	-	-	-	-	-	(62,507)
Disposals	(5,160)	(107,253)	(28,821)	(65,731)	(134,539)	-	(341,504)
<b>At 30 June 2009</b>	<b>9,106,592</b>	<b>58,500,208</b>	<b>4,719,064</b>	<b>1,823,981</b>	<b>6,198,652</b>	<b>-</b>	<b>80,348,497</b>
<b>Net book value</b>							
<b>At 30 June 2009</b>	<b>629,209,300</b>	<b>130,346,826</b>	<b>2,437,874</b>	<b>4,045,348</b>	<b>4,926,150</b>	<b>24,143,230</b>	<b>795,108,728</b>

\*\* A total of TZS 116,281.1 million comprise of transfers made from construction work in progress to land and buildings which is related to capital work completed at 10 Mirambo office buildings mainly in respect of conference centre (TZS 100,868.9 million), machinery and equipment mainly notes processing machines (TZS 14,514.8 million) and furniture and fittings (TZS 897.3 million.)



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 30 PROPERTY AND EQUIPMENT (Continued)

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

Property 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 re-valued amounts (fair values) less accumulated depreciation and impairment losses if any. If were measured using the cost model, the carrying amounts of land and buildings would be as follows.

Details	<u>30.06.2010</u> TZS '000	<u>30.06.2009</u> TZS '000
Cost	614,506,692	614,506,692
Accumulated depreciation and impairment	<u>10,784,064</u>	<u>8,986,720</u>
<b>Carrying amount</b>	<b><u>603,722,628</u></b>	<b><u>605,519,972</u></b>

Effective 2007/8 valuation of the Bank's immovable property is conducted after five years. The previous revaluation was carried by M/s Real Estate Surveyors and Associates Ltd on 30 June 2002 and 30 June 2006. The next revaluation date is 30 June 2011.

Work- in - progress relates to capital expenditure incurred in the extension of the Arusha office building and currency processing machines. No depreciation is charged on capital work in progress until it is substantially completed. Based on the assessment made by the project quantity surveyors, it is anticipated that the project will be completed during financial year ending 30 June 2011.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**30 PROPERTY AND EQUIPMENT (Continued)**

Reconciliation of items disposed during the period by class of assets

CLASS OF ASSET	<u>Loss on Disposal of Property and Equipment</u>				
	Cost TZS'000	Accumulated Depreciation TZS'000	Cost of disposal TZS'000	Cash proceeds TZS'000	Net gain/loss TZS'000
			30.06.2010	30.06.2010	30.06.2009
Land and buildings	-	-	-	-	(209,840)
Machinery & equipment	13,422	9,516	27	649	9,680
Motor vehicles	-	-	-	-	10,376
Fixtures & fittings	4,243	3,835	48	1,174	688
Computers, servers & printers	11,456	10,938	6	143	29,862
	<b>29,121</b>	<b>24,289</b>	<b>81</b>	<b>1,966</b>	<b>(159,234)</b>





**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**31 INTANGIBLE ASSETS**

	<b>Computer software</b>	<b>software - WIP</b>	<b>Total</b>
	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>
<b>2010</b>			
<b><u>Cost/valuation</u></b>			
At 01 July 2009	16,921,398	4,084,219	21,005,617
Additions	93,408	111,493	204,901
Disposal	(139,255)	-	(139,255)
<b>At 30 June 2010</b>	<b><u>16,875,551</u></b>	<b><u>4,195,712</u></b>	<b><u>21,071,263</u></b>
<b><u>Accumulated amortisation and impairment</u></b>			
At 01 July 2009	9,224,324	22,691	9,247,015
Charges for the Year	2,430,804	-	2,430,804
Disposal	(139,255)	-	(139,255)
<b>At 30 June 2010</b>	<b><u>11,515,873</u></b>	<b><u>22,691</u></b>	<b><u>11,538,564</u></b>
<b><u>Net book value</u></b>			
<b>At 30 June 2010</b>	<b><u>5,359,678</u></b>	<b><u>4,173,021</u></b>	<b><u>9,532,699</u></b>
<b>2009</b>			
<b><u>Cost/valuation</u></b>			
At 01 July 2008	13,816,912	1,947,207	15,764,119
Additions	1,179,970	4,061,528	5,241,498
Transfers	1,924,516	(1,924,516)	-
<b>At 30 June 2009</b>	<b><u>16,921,398</u></b>	<b><u>4,084,219</u></b>	<b><u>21,005,617</u></b>
<b><u>Accumulated amortisation and impairment</u></b>			
At 01 July 2008	6,826,761	22,691	6,849,452
Charges for the Year	2,392,055	-	2,392,055
Impairment	5,508	-	5,508
<b>At 30 June 2009</b>	<b><u>9,224,324</u></b>	<b><u>22,691</u></b>	<b><u>9,247,015</u></b>
<b><u>Net book value</u></b>			
<b>At 30 June 2009</b>	<b><u>7,697,074</u></b>	<b><u>4,061,528</u></b>	<b><u>11,758,602</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**32 CURRENCY IN CIRCULATION**

	<u>30.06.2010</u>	<u>30.06.2009</u>
	<u>TZS '000</u>	<u>TZS '000</u>
<b>Notes</b>		
Notes Issued	2,273,989,189	6,362,199,881
Less: Notes in Custody	<u>(279,846,778)</u>	<u>(4,714,153,386)</u>
Notes in Circulation (A)	<u><b>1,994,142,411</b></u>	<u><b>1,648,046,495</b></u>
<b>Coins</b>		
Coins Issued	50,642,037	51,544,607
Less: Coins in Custody	<u>(13,244,544)</u>	<u>(17,064,315)</u>
Coins in Circulation (B)	<u><b>37,397,493</b></u>	<u><b>34,480,292</b></u>
	<u><b>2,031,539,904</b></u>	<u><b>1,682,526,787</b></u>

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

Furthermore, included under notes and coins in circulation figure of TZS 2,031,539.9 million is the face value of TZS 99,386.9 million representing banknotes that were phased out in 2003. These notes represent the liability of the Bank of Tanzania and are exchangeable at the Bank counters.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	<u>TZS '000</u>	<u>TZS '000</u>
<b>33 DEPOSITS - BANKS AND NON - BANK FINANCIAL INSTITUTIONS</b>		
Deposit - Commercial bank deposits	1,330,698,896	983,401,180
Deposits - Non bank financial institutions	<u>7,354,336</u>	<u>12,557,943</u>
	<u><b>1,338,053,232</b></u>	<u><b>995,959,123</b></u>

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



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>34 DEPOSITS - GOVERNMENTS</b>		
<b>Deposits - Voted</b>		
URT Government	(429,466,112)	(115,478,668)
SMZ Government	<u>7,487,167</u>	<u>7,291,701</u>
<b>Sub Total</b>	<b><u>(421,978,945)</u></b>	<b><u>(108,186,967)</u></b>
<b>Deposits - Un-voted</b>		
URT Government	253,820,573	357,697,709
SMZ Government	<u>13,021,140</u>	<u>2,199,105</u>
<b>Sub Total</b>	<b><u>266,841,713</u></b>	<b><u>359,896,814</u></b>
<b>Total URT Government</b>	<b><u>(175,645,539)</u></b>	<b><u>242,219,041</u></b>
<b>Total SMZ Government</b>	<b><u>20,508,307</u></b>	<b><u>9,490,806</u></b>
<b>Total excluding URT overdrwan net balance</b>	<b><u>20,508,307</u></b>	<b><u>251,709,847</u></b>

During 2009/10 the position of the Government of the United Republic of Tanzania (URT) voted accounts were overdrawn in various periods. As at 30 June 2010 the overdrawn position of URT Government voted accounts reached TZS 429,466.1 million. Pursuant to the provision of section 34 of the Bank's Act, a total of TZS 3,335.1 million was charged in 2009/10 as interest on overdrawn URT Government position in various periods at the interest rate equal to average monthly rates charged on treasury bills. Government deposit balances are non-interest earning Government deposits.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>35 DEPOSITS – OTHERS</b>		
Export credit guarantee fund	31,783,488	33,123,884
Small and medium enterprises guarantee fund	5,913,939	662,137
Redemption of Government Stock/Bonds	6,915,208	33,688
Tegeta Escrow	102,469,256	78,680,222
Development finance guarantee fund	7,881,159	294,193
Debt Service Cash Cover	6,170,228	19,094,553
Deposit Staff	6,746,010	3,842,731
Debt Conversion Scheme	2,098,960	2,098,960
Bank Drafts Issued	237,933	76,947
Deposit Insurance Fund	1,349,849	103,199
Economic Empowerment Programme	1,254,248	4,565,284
Tanzania Investment Bank	50,000,000	-
Tanzania Agriculture Development Bank	50,000,000	-
Mwalimu Nyerere Scholarship Fund	140,850	-
Miscellaneous Deposits	1,281,249	878,681
	<b>274,242,377</b>	<b>143,454,479</b>
External Payment Arrears – NBC	2,288,418	2,288,418
	<b>276,530,795</b>	<b>145,742,897</b>

**Tegeta Escrow TZS Sub Account: TZS 102,469.3 million.**

The Bank is a party to an ESCROW arrangement between Tanzania National Electric Supply Company (TANESCO) and Independent Power Tanzania Limited (IPTL) for power purchase payments in favour of IPTL. The Bank receives deposits from TANESCO for such monthly power bills claimed by IPTL. Such deposits accumulated to TZS 102,469.3 million as at 30 June 2010 (2009: TZS 78,680.2 million). TANESCO and IPTL are currently engaged in a dispute over the bills. As at 30th June 2010 arbitration proceedings between TANESCO and IPTL were yet to be finalised and therefore no payment has been made to IPTL from the Escrow account.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

	30.06.2010	30.06.2009
	TZS '000	TZS '000
<b>35 DEPOSITS - OTHERS (Continued)</b>		
<b>Development finance guarantee fund: TZS 7,881.2 million.</b>		
Development finance guarantee fund consists of the following:		
Capital contribution by the Government in 2003/2004 and 2005/2006	56,500,000	56,500,000
Interest on refinancing loans	10,595,835	3,213,364
Interest earned on treasury bills	2,453,496	2,421,951
<b>Sub Total</b>	<b>69,549,331</b>	<b>62,135,315</b>
Less: Loans issued for refinancing facility	(61,668,171)	(61,841,122)
<b>Net balance</b>	<b>7,881,160</b>	<b>294,193</b>

#### Development Finance Guarantee Fund

The fund was established by the Government of the United Republic of Tanzania with the purpose of financing development projects that manufacture products for export purposes. The Government has taken such measure to support development of financing infrastructure in the economy that improve credit environment to exporters with viable export businesses but lacking adequate collateral to secure bank financing. As at 30 June 2010 such facility had a balance of TZS 61,668.2 million (2009: TZS 61,841.1 million). Accordingly, the fund has been issuing credit facilities to flower and vegetable export companies. The fund issue long term guarantee ranging from five years to twenty years. The Bank of Tanzania and Tanzania Investment Bank are the executing agency.

As at 30 June 2010, Government Capital contribution to the fund amounted to TZS 56,500.0 million made in 2003/04 and 2005/06. Interest received and accrued on refinancing loans aggregated to TZS 10,595.8 million while a total of TZS 2,453.5 million was earned from the funds investment in treasury bills. A total of TZS 61,668.2 million was issued as loans for refinancing facility. As a result as at 30 June 2010 the Fund had a balance of TZS 7,881.2 million ( 2009: TZS debit 294.2 million)



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 35 DEPOSITS – OTHERS (Continued)

#### **Tanzania Investment Bank: TZS 50,000.0 million**

The amount of TZS 50,000.0 million relates to funds allocated by the Government of the United Republic of Tanzania (URT) from 2009/10 budget to facilitate re-capitalisation of the Tanzania Investment Bank.

#### **Tanzania Agriculture Development Bank: TZS 50,000.0 million**

The amount of TZS 50,000.0 million relates to funds allocated by the URT Government from 2009/10 budget to facilitate establishment of Tanzania Agriculture Development Bank.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>Export Credit Guarantee Fund: TZS 31,783.5 million.</b>		
The balance under this fund consists of the following		
Export credit guarantee fund	44,050,178	38,186,774
Less: ECGS Receivable	<u>(12,266,690)</u>	<u>(5,062,890)</u>
<b>Total</b>	<b><u>31,783,488</u></b>	<b><u>33,123,884</u></b>

This is a Fund established by the Government of the United Republic of Tanzania in 2001 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. During 2009/10 the Government made an additional capital contribution of TZS 3,000.0 million. As at 30 June 2010 the Fund had a balance of TZS 31,783.5 million (2009: TZS 33,123.9 million) comprising of Government and BOT contributions and income from investment in treasury bills and guarantee fees.

#### **Debt Service Cash Cover: TZS 6,170.2 million**

The balance represents an amount received by the Bank from the Government of the United Republic of Tanzania (URT) for the purpose of settlement of URT Government obligations and other services payable in foreign currency.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 35 DEPOSITS – OTHERS (Continued)

#### **Debt Conversion Scheme: TZS 2,098.9 million.**

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. The balance has remained the same since no report has been received to facilitate payments.

#### **Mwalimu Nyerere Scholarship Fund: TZS 140.9 million**

Included in Deposit Others is a balance of cash in respect of the late Mwalimu Nyerere Memorial Scholarship Fund. The Fund was established by the Bank of Tanzania on 12 October, 2009 in honor of the life of the Father of the Nation Mwalimu Julius Kambarage Nyerere. The objective of the Fund is to sponsor the best performing female students pursuing mathematics degree at university level.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>36 FOREIGN CURRENCY FINANCIAL LIABILITIES</b>		
Multilateral Debt Relief Initiative Fund	85,716,634	108,673,511
TEGETA Escrow	30,497,855	28,729,242
Special Projects	222,133,058	201,679,009
Domestic Banks Foreign Currency Deposits	50,744,393	53,982,247
Multilateral Agencies	3,034,328	3,515,623
Central Banks Deposits	57,744	59,856
Domestic Non Banks Foreign Currency Deposits	390,103	71,149
Other Foreign Currency Deposits	2,741,807	2,582,964
	<u><b>395,315,922</b></u>	<u><b>399,293,601</b></u>

**Special Projects Funds: TZS 222,133.1 million**

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

**Multilateral Debt Relief Initiative Funds: TZS 85,716.6 million**

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

**Domestic Banks Foreign Currency Deposits: TZS 50,744.4 million.**

These are domestic banks deposits denominated in USD, which are non-interest bearing current accounts balances maintained by the Bank for USD cheques clearing purposes.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 36 FOREIGN CURRENCY FINANCIAL LIABILITIES (Continued)

#### TEGETA Escrow: TZS 30,497.9 million

The Bank is a party to an ESCROW arrangement between TANESCO Limited and Independent Power Tanzania Limited (IPTL) for power purchase payments in favor of IPTL. The Bank receives deposits from TANESCO for such monthly power bills claim by IPTL. Such deposits accumulated to TZS 30,479.9 million (2009: TZS 28,729.2 million). TANESCO and IPTL are currently engaged in a dispute over the bills. As at 30 June 2010 arbitration proceedings between TANESCO and IPTL were yet to be settled and therefore no payment has been made to IPTL from the escrow account.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>37 POVERTY REDUCTION AND GROWTH FACILITY (PRGF)</b>		
PRGF (IMF Drawings)	<u>467,977,672</u>	<u>343,101,021</u>
	<u><b>467,977,672</b></u>	<u><b>343,101,021</b></u>

This relates to funds disbursed by International Monetary Fund (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 funds attract charges, which are paid on quarterly basis and borne by the Bank.

The Government of United Republic of Tanzania (URT) has entered into an Exogenous Shocks Facility -(ESF) arrangement with the IMF for SDR 218.79 million, equivalent to USD 318.17 million on 29th May 2009. Following approval, the Bank had on 12 June 2009 received a total of SDR 159,120,000 (USD 245,767,568.01) equivalent to TZS 318,195.1 million being the first tranche. The Bank further received SDR 39,780,000 equivalent to USD 63,377,454.32 and SDR 19,890,000 equivalent to USD 29,027,300.84 on 10th December 2009 and 14th June 2010 respectively. The first tranche is repayable in ten years, including five and half years grace period, payable semi annually in ten equal installments on 14 December and 14 June beginning 14th December 2014. The loan carry an interest of 0.5 percent per annum payable semi annually beginning 14th December 2009.

As at 30 June 2010 the balance of PRGF account was TZS 467,977.7 million (2009: TZS 343,101.0 million).



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>38 REPURCHASE AGREEMENTS (REPOs)</b>		
Repurchase Agreements	117,000,000	131,000,000
Accrued interest	15,662	171,714
	<u><b>117,015,662</b></u>	<u><b>131,171,714</b></u>
<b>39 BOT LIQUIDITY PAPERS</b>		
BOT liquidity papers	1,208,947,148	989,437,942
Accrued interest	33,635,700	45,522,902
	<u><b>1,242,582,848</b></u>	<u><b>1,034,960,844</b></u>

These are financial instruments issued by the Bank under the open market operations to mop up excess liquidity in the economy. They are issued in 35-day, 91-day, 182-day and 364-day maturities. Interest incurred on these instruments is accrued and recognized in the income statement as an expense. As at 30 June, 2010 the maturities profile were follows:

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
35-Day Treasury Bills	45,669,142	43,500,000
91-Day Treasury Bills	221,018,214	171,775,010
182-Day Treasury Bills	295,354,805	298,937,970
364-Day Treasury Bills	646,904,987	475,224,962
	<u><b>1,208,947,148</b></u>	<u><b>989,437,942</b></u>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>40 PROVISIONS</b>		
ProvProvision for retirement benefits	3,665,433	2,131,855
Provision for legal expenses	97,000	97,000
	<b>6,946,561</b>	<b>4,970,817</b>
<b><i>Movements in provisions</i></b>		
<b>Leave pay</b>		
Carrying amount at the beginning of the period	2,741,962	2,034,888
Additional provision made during the period	442,166	707,074
Carrying amount at the end of the period	<b>3,184,128</b>	<b>2,741,962</b>
<b>Retirement benefits</b>		
Carrying amount at the beginning of the period	2,131,855	2,341,065
Additional provision made during the period	3,665,433	2,058,688
Amount used during the period	(2,014,904)	(2,267,898)
Amount reversed during the period	(116,951)	-
Carrying amount at the end of the period	<b>3,665,433</b>	<b>2,131,855</b>
<b>41 OTHER LIABILITIES</b>		
Accounts payable	15,910,990	24,436,237
Accruals	677,302	1,267,144
Intermediary account payable	-	954,662
Stale drafts payable	103,129	92,680
Employees tax payable	275,332	212,995
Others	254,467	76,468
	<b>17,221,220</b>	<b>27,040,186</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>42 AUTHORIZED AND PAID-UP SHARE CAPITAL</b>		
Authorized Capital	100,000,000	100,000,000
Issued and Paid-up Capital	<u>100,000,000</u>	<u>100,000,000</u>

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

**43 CASH (USED BY)/ GENERATED FROM OPERATIONS**

<b>(Loss)/profit for the Year</b>	<b>(6,490,080)</b>	<b>203,339,443</b>
Other comprehensive income	33,218,539	70,845,909
Depreciation of property and equipment	31,871,514	28,216,343
Amortisation of intangible assets	2,430,804	2,392,055
Adjustment for non cash exceptional item	-	(135,745,071)
Capital grant transferred	(21,840)	(22,624)
Recovery against staff housing fund	223,002	383,235
Net loss on disposal of property and equipment	2,785	159,234
Unrealized foreign exchange gains	(904,315)	(5,982,532)
Provision for impairment	170,947	4,752,524
(Increase)/decrease in fair value of equity investment	(95,990)	(142,183)
Bad debts written off	9,144	20,472
<b>Cash generated from operating activities</b>	<b><u>60,414,510</u></b>	<b><u>168,216,806</u></b>

**Changes in working capital**

(Increase)/decrease in loans and receivables, other assets and deferred currency cost	(166,542,619)	74,090,220
(Increase)/decrease in inventories	229,848	(130,384)
Increase in items in course of settlement	1,792,932	6,028,731
Decrease in other liabilities and provisions	(7,843,222)	(28,306,311)
Changes in working capital	<u>(172,363,061)</u>	<u>51,682,256</u>
<b>Cash (used in)/ generated from operations</b>	<b><u>(111,948,551)</u></b>	<b><u>219,899,062</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<u>30.06.2010</u>	<u>30.06.2009</u>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>44 RESERVES</b>		
General Reserve	208,738,399	216,132,794
Capital Reserve	99,262,908	99,284,748
Foreign Exchange Equalization Reserve	142,997,293	140,716,879
Reserve for Capital Projects	20,000,000	20,000,000
Staff Housing Fund	19,834,200	19,611,198
Assets Revaluation Reserve	73,773,032	73,773,032
Securities Revaluation Reserve	99,036,275	65,817,736
Foreign Currency Revaluation Reserve	904,315	2,280,414
Reserve for Dividends	1,669,901	1,669,901
	<u><b>666,216,323</b></u>	<u><b>639,286,701</b></u>

**a. General Reserve**

In accordance with Section 18(1) of the Bank of Tanzania Act, 2006, the Bank is required to maintain a General Reserve Fund. The amount maintained in this account relates to annual appropriation of distributable profits determined by virtue of Section 18(2) of the aforesaid Act. "The Bank shall transfer to the General Reserve Fund twenty five percent of the net profits until such time that the total capital of the Bank reach a sum equivalent to at least ten per centum of the total assets of the Bank less its assets in gold and foreign currencies. Thereafter, the Bank shall transfer not less than five percent of its net profits to the General Reserve Fund. As at 30 June 2010 the reserve had a balance of TZS 208,738.4 million (2009: TZS 216,132.8 million).

**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. As at 30 June 2010 the reserve had a balance of TZS 99,262.9 million (2009: TZS 99,284.7 million).

**c. Foreign Exchange Equalization Reserve**

The reserve was established on 30th June 2006. The Foreign Exchange Equalization Reserve acts as a cushion against any significant future exchange losses, which may arise from any significant appreciation of Tanzania Shilling compared to other international currencies a condition which if left unabated may cause 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 30 JUNE 2010

### 44 RESERVES (Continued)

#### c. Foreign 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 of the Bank, among other business entities, to ensure conformance with International Financial Reporting Standards (IFRS), requiring management to ensure preservation of capital, in terms of mitigating risks that can cause capital impairment or impairment of the entity's assets. As at 30 June 2010 the total amount standing at the credit of the Foreign Exchange Equalization Reserve amounted to TZS 142,997.3 million (2009: TZS 140,716.9 million).

#### d. Reserve for Capital Projects

This reserve was established by a resolution of the Bank's Board of Directors in 1991/92. The purpose of the reserve is to provide funds for financing capital projects of the Bank. On an annual basis, the Board determines the amount to be appropriated from the distributable profit to the reserve. As at 30 June, 2010 the reserve had a balance of TZS 20,000.0 million.

#### e. Staff Housing Fund

The Staff Housing Fund was established by a resolution of the Board of Directors in 1989/90. The purpose of this fund is to provide housing loans to Bank's employees. On an annual basis, the Board determines the amount to be appropriated into the fund out of distributable profits.

During the year, there were no appropriations transferred to staff housing fund as the Bank recorded a loss. Net recoveries from staff for staff housing fund were TZS 223 million (2009: TZS 383.2 million) which has been included in the reserve fund. As at 30 June 2010, the fund had a balance of TZS 19,834.2 million (2009: TZS 19,611.2 million) that include loans from the Bank and interest on fund's investments.

#### f. Assets Revaluation Reserve

The Bank maintains Assets Revaluation Reserve to account for revaluation surpluses of non financial assets. To ensure compliance with requirement of International Accounting Standards (IAS 1), if an asset-carrying amount increases as a result of revaluation, the increase is credited directly to other comprehensive income. However, this amount is not available for distribution. Accordingly, it is appropriated in the asset revaluation. If an asset's carrying amount decreases as a result of revaluation, the decrease is recognized in Statement of Comprehensive Income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. As at 30 June 2010, the reserve had remained with a credit balance of TZS 73,773.0 million.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 44 RESERVES (Continued)

#### g. Securities Revaluation Reserve

The Bank maintains a Securities Revaluation Reserve to account for unrealized gains and losses arising from fair value valuation (mark to market) of financial instruments classified as available for sale. Gains and losses arising from change in fair value of Available-For-Sale (AFS) financial assets are recognized in other comprehensive income. However, this amount is not available for distribution. Accordingly, it is appropriated in the Securities revaluation reserve. When these financial assets are sold, collected or otherwise disposed of, the cumulative gains or losses recognized in other comprehensive income are transferred to the other income. As at 30 June 2010 the reserve had a credit balance of TZS 99,036.2 million (2009: TZS 65,817.7 million).

#### h. Foreign Currency Revaluation Reserve

In accordance with Section 18(4) of the Bank of Tanzania Act, 2006, unrealized gains or losses on foreign exchange are transferred to this reserve account. However, pursuant to the requirements of the International Financial Reporting Standards (IFRS), in particular IAS – 21, all realized and unrealized foreign exchange valuations should be taken to profit or loss of the Statement of Comprehensive Income.

Both realized and unrealized gains and losses are therefore taken to Statement of Comprehensive Income for purposes of computation of profit for the year. Until such gains or losses are realized, they are not available for distribution; in the interim, the unrealized amounts are reflected in the Foreign Currency Revaluation Reserve. The separation of realized from unrealized exchange gains and losses is done by use of an “inventory accounting for foreign exchange net assets and liabilities”. As at 30 June 2010 the reserve had TZS 904.3 million (2009: TZS 2,280.4 million).



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 45. RISK MANAGEMENT

##### 45.1 Introduction

Risk is inherent in the Bank's activities but is managed through a process of identification, measuring, prioritization, monitoring and reviewing policies, subject to risk limits and other controls. This process of risk management is critical to the Bank's continued profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Bank.

Risk Management at the Bank, forms an integral part of reserves management within the governance structure of the Bank starting from the level of the Board. Risk management is carried out under the Foreign Exchange Reserves Management Policy and Strategic Asset Allocation approved by the Board. The Finance and Investment Committee of the Board is responsible for reviewing the appropriateness of Foreign Reserve Management Policy and make recommendations to the Board. The Investment committee is responsible for approving and monitoring compliance with Foreign Exchange Reserves Management guidelines.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

##### *Strategy in using financial instruments*

By nature, the Bank's activities necessitate the use of financial instruments. The Bank accepts deposits from commercial banks and the Government, the required minimum reserves from commercial banks operating in the United Republic of Tanzania. It also accepts or places short-term funds/securities through open market operations in order to achieve the reserve target and influence the short-term interest rates; the primary tool of monetary policy to establish price stability.

Foreign exchange deposits placed with the Bank and foreign exchange acquired by the Bank through the use of International Monetary Fund (IMF) resources, Inter bank Foreign Exchange Market and through the Government of the United Republic of



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45. RISK MANAGEMENT

#### 45.1 Introduction (Continued)

##### *Strategy in using financial instruments (Continued)*

Tanzania constitute the sources of foreign exchange reserves of the Bank. The Bank holds foreign exchange reserves for the purposes of servicing foreign debts and other Government obligations as a fiscal agent of the Government of the United Republic of Tanzania and for servicing its own foreign exchange obligations. The Bank also holds foreign exchange reserves for liquidity against external shocks, implementation of monetary and exchange rate policies, and providing confidence to the markets. In view of the Bank's priorities of safe investment, liquidity and return, as stipulated by the Bank of Tanzania Act, 2006, the Bank with a prudent approach, subjects its foreign exchange reserves to investments in international markets. In this framework, most of the financial risks to which the Bank is exposed arise while fulfilling its legal obligations, such as implementing monetary and exchange rate policies, managing foreign exchange reserves and rendering certain banking services to the banking sector and the Government of the United Republic of Tanzania.

The Bank is exposed to credit, market and liquidity risks due to the aforementioned operations. In the process of implementing monetary and exchange rate policies the Bank is exposed to financial risks arising from the change in cross currency exchange rates. Financial risks that arise in the management of foreign exchange reserves result from market behaviour. The Bank endeavours to minimize such risks by managing them in accordance with the Strategic Asset Allocation framework. Foreign exchange reserves are managed by observing the investment criteria defined in the Investment Policies approved by the Board and in compliance with the targets and limits stipulated in the Investment Guidelines, which are reviewed by the Investment Committee once a year or whenever need arise.

#### 45.2 Risk Management Structure

##### 45.2.1 The Board of Directors

The Board of Directors is responsible for approving risk management framework and policy to guide the management in managing and monitoring risks.

##### 45.2.2 Management

The management is responsible for identifying, measuring, ranking, and monitoring the risks within the approved risk management framework and policy. In performing these roles the following functional departments' are involved.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 30 JUNE 2010**

#### **45. RISK MANAGEMENT (Continued)**

##### **45.2.2.1 Risk Management Function**

The risk management function is responsible for establishing and maintaining a comprehensive corporate wide risk management framework for mitigating and responding to risks. In discharging this responsibility it develops a Corporate Risk Management (CRM) framework, develop and implement action plans for risk mitigation in each functional unit and monitor implementation of risk management action plans in each functional unit.

##### **45.2.2.2 Financial Markets Function**

The Financial Markets Function is responsible for the development and implementation of the risk management framework for reserves management. It identifies measures and monitors risks arising from reserves management and implementation of monetary policy.

##### **45.2.2.3 Internal Audit Function**

Risk Management processes in the Bank is audited by the internal audit function, which 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.

#### **45.3 Risk measurement and reporting systems**

The Bank's financial risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact occur.

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. In addition, the Bank's policy is to measure and monitor 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 30 JUNE 2010

#### 45. RISK MANAGEMENT (Continued)

##### 45.3 Risk measurement and reporting systems (Continued)

The compiled financial risk data is examined, analyzed and processed in order to identify risks and control them on a timely basis. This information is presented and explained to the Board of Directors. On a monthly basis, detailed reporting of interest, currency, liquidity and geographic risks takes place. The Finance and Investment Committee of the Board receives quarterly investment reports, which cover inter alia comprehensive risk management reports.

A daily and weekly briefing is given to the surveillance and liquidity management meeting on; the performance of Treasury Bills and Treasury Bonds market, Repurchase Agreements, Inter Foreign Exchange Market (IFEM), interbank cash market, reserve money, daily liquidity forecast, government revenue and expenditure, utilization of market limits and any other risk developments.

##### 45.4 Risk mitigation

As part of its overall risk management, the Bank uses various limits specified in its guidelines and policies to manage exposures resulting from changes in interest rates, foreign currencies, equity risk, credit risk and exposure arising from forecast transactions. Such limits specify various types of risk and the amount the Bank is willing and able to take.

Consequently, interest rate risk arising from foreign investment is mitigated by targeting average duration of the foreign assets and investing in low risk assets such as short-term government debt. Strategic currency risk is mitigated by limiting foreign assets to major reserves currencies in such a way that the weight of individual currency matches expected Government and Bank foreign obligations in that currency. To lessen the impact of the credit risk, the Bank engages with counterparts of high credit quality which have been rated by International Credit Rating Agencies. From time to time depending on the type of transaction, the Bank demands collateral of high market value to protect against credit risks. In the course of mitigating its financial risks, the Bank does not utilize derivative instruments. Derivative instruments may be used during monetary policy implementation.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45. RISK MANAGEMENT (Continued)

#### 45.5 Excessive risk concentration

Concentrations arise when a number of counter parties 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 affected similarly by the changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of the credit risks are controlled and managed accordingly.

#### 45.6 Financial risks

##### a) Credit risk

In its financial operations, the Bank is exposed to credit risk, defined as the probability of a complete or partial failure of a counterpart to fulfil his obligations arising from a financial transaction. Credit risk basically originates from the open market operations carried out in order to provide short term liquidity to banks within the framework of monetary policy implementation and from the investments made during foreign exchange reserve management.

Although the credit risk faced during the implementation of monetary policy is an inevitable risk, such risks are managed by securing the entire transaction amount, also including a certain margin by assets that have high credit quality and are tradable in the secondary markets.

The management of the credit risk that the Bank is exposed to in the foreign exchange reserve management is based on the principal of minimizing default probabilities of the counter parties and the financial loss in case of default. In this framework, the Bank confines its investment to leading international financial institutions and debtors that meet the minimum rating criteria specified in the Investment Policy based on credit ratings given by the International Credit Rating Agencies. The specified minimum rating criteria depends on whether the investment is short or long term in nature.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 45. RISK MANAGEMENT (Continued)

##### 45.6 Financial risks (Continued)

###### a) Credit risk (Continued)

Accordingly, for short term investments, the Bank takes on exposure to issuers/issues having at least F1 according to Standard and Poor's (S&P) with a maturity up to one year while it can invest in securities issued or directly guaranteed by foreign governments and Supranational which have a long-term rating of at least 'A' according to S&P or an equivalent credit rating. The average maturity of the long term investments is guided by the Investment Guidelines which is reviewed and approved by the Investment Committee once a year.

Securities issued by the US, UK, German and France governments can constitute 100% of the Bank's foreign reserves. Investments in other selected OECD countries are limited to 10% of the investible foreign reserves. Sovereign agencies and supranational are limited to one third of the total reserves in a bid to protect the Bank against spread risks. By settling this overall credit risk limit within the scope of Investment Guidelines, the Bank aims to prevent credit risk from exceeding its risk tolerance.

The institutions eligible for transactions are chosen among those institutions meeting the minimum credit rating limitation set in the guideline, using the fundamental and the financial analysis methods. In all transactions executed with these institutions, credit risk exposure amounts that are calculated on the basis of transactions type are immediately reflected on their limits, and the use of these limits are regularly monitored and reported.

Overall, the credit risk assumed during reserve management remains at quite low levels as a great portion of reserves are invested in assets issued or directly guaranteed by the respective governments as well as by supranational institutions such as the World Bank, the European Investment Bank and Bank for International Settlements.

Total assets of the Bank exposed to credit risk as of 30 June 2010 and 30 June 2009 are presented in the table below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Standard and Poor's).



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**45. RISK MANAGEMENT (Continued)**

**45.6 Financial risks (Continued)**

**a) Credit risk (Continued)**

Description	30.06.2010		30.06.2009	
	TZS '000	TZS Share (%)	TZS '000	TZS Share (%)
<b>Due from banks</b>				
<b>Deposits</b>				
Central Banks (AAA)	130,482,843	2.20%	651,562,416	13.03%
Foreign Commercial Banks	1,077,749,438	18.20%	17,846,489	0.36%
F1+	1,077,749,438		17,846,489	
F1				
NR				
<b>Loans and Receivables</b>	118,405,924	2.01%	131,882,293	2.64%
<b>Investment Securities</b>	4,259,960,911		4,028,827,731	
Available for sale	2,900,449,397	48.99%	2,795,616,000	55.93%
AAA	2,809,890,999		2,543,208,315	
AA+			111,301,422	
AA	90,558,398		102,480,452	
A+			38,625,811	
N/R				
Trading-AAA	355,308,446	6.00%	324,732,332	6.49%
Held to maturity	1,004,203,068	16.96%	908,479,399	18.18%
<b>Advances to the Government</b>	175,645,539	2.97%	-	-
<b>Others</b>	<b>157,298,339</b>	<b>2.67%</b>	<b>168,288,092</b>	<b>3.37%</b>
<b>Total</b>	<b>5,919,542,994</b>	<b>100.00%</b>	<b>4,998,407,021</b>	<b>100.00%</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2010**

**45 RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**a) Credit Risk (Continued)**

The sectoral classification of the Bank's credit exposure as of 30 June 2010 is as follows

Details	Foreign	Supranational	Domestic	Foreign	Government	Total
	Country	Institutions	Financial	Financial	Guaranteed	
	Treasury	Institutions	Institutions	Institutions	Agencies	Tanzania
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>2010</b>						
<b>Due from banks</b>						
Central Banks	109,876,271	-	-	20,606,572	-	130,482,843
Commercial Banks	-	-	-	1,077,749,438	-	1,077,749,438
<b>Loans and Receivables</b>	-	-	118,405,924	-	-	118,405,924
<b>Investment in securities</b>						
Held - for - Trading financial assets	-	-	355,308,446	-	-	355,308,446
Available - for - Sale financial assets	2,272,709,343	342,102,135	-	88,169,501	197,468,418	2,900,449,397
Held-to-Maturity	-	-	-	-	-	-
Government Securities	-	-	85,189,195	-	-	919,013,874
Others	-	-	158,671,282	729,202,730	-	887,874,012
<b>Total</b>	<b>2,272,709,343</b>	<b>342,102,135</b>	<b>717,574,846</b>	<b>1,915,728,241</b>	<b>197,468,418</b>	<b>6,474,473,128</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2010**

**45 RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The sectoral classification of the Bank's credit exposure as of 30 June 2009 is as follows:

Details	Foreign Country	Supranational	Domestic	Foreign	Government	Tanzania	Total
	Treasury	Institutions	Financial	Financial	Guaranteed	Treasury	Total
	TZS '000	TZS '000	Institutions	Institutions	Agencies	TZS '000	TZS '000
<b>2009</b>							
<b>Due from banks</b>							
Central Banks	547,017,613	-	-	104,544,803	-	-	651,562,416
Commercial Banks	-	-	-	17,846,489	-	-	17,846,489
<b>Loans and Receivables</b>	-	-	131,882,293	-	-	-	131,882,293
<b>Investment in Securities</b>							
Held - for - Trading	-	-	324,732,333	-	-	-	324,732,333
financial assets							
Available - for - Sale	1,778,816,150	394,136,567	-	251,911,340	370,751,943	-	2,795,616,000
financial assets							
Held-to-Maturity	-	-	85,189,195	-	-	823,290,204	908,479,399
Government Securities	-	-	155,366,460	402,381,932	-	-	557,748,392
<b>Others</b>							
<b>Total</b>	<b>2,325,833,763</b>	<b>394,136,567</b>	<b>697,170,281</b>	<b>776,684,564</b>	<b>370,751,943</b>	<b>823,290,204</b>	<b>5,387,867,322</b>





## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45. RISK MANAGEMENT (Continued)

#### 45.6 Financial Risks (Continued)

##### a) Credit risk (Continued)

Geographical analysis of concentrations of assets and liability of the Bank as of 30 June 2010 is as follows

	Tanzania TZS '000	USA TZS '000	UK TZS '000	Other European Countries TZS '000	Other Countries TZS '000	Total TZS '000
<b>2010</b>						
<b>Assets</b>						
Cash Balances with Central Banks	1,605,579	72,389,828	9,686,241	46,417,491	383,704	130,482,843
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	1,372,943	-	-	-	544,461	1,077,749,438
Items in course of settlement	-	540,059,242	88,592,274	448,553,461	-	1,372,943
Holdings of Special Drawing Rights (SDRs)	-	322,830,929	-	-	-	322,830,929
Held - for - Trading financial assets	-	355,308,446	-	-	-	355,308,446
Available - for -Sale financial assets	-	1,297,367,759	1,575,064,716	28,016,922	-	2,900,449,397
Available - for -Sale equity investment	-	-	-	-	1,655,252	1,655,252
Held - to - Maturity Government securities	1,004,203,068	-	-	-	-	1,004,203,068
Advances to the Government	175,645,539	-	-	-	-	175,645,539
Loans and Receivables	118,405,924	-	-	-	-	118,405,924
Inventories	4,531,846	-	-	-	-	4,531,846
Investment in associate company	1	-	-	-	-	1
Quota in International Monetary Fund (IMF)	-	404,716,549	-	-	-	404,716,549
Deferred Currency Cost	62,414,861	-	-	-	-	62,414,861
Other assets	94,883,478	-	-	-	-	94,883,478
Property and equipment	787,748,121	-	-	-	-	787,748,121
Intangible assets	9,532,699	-	-	-	-	9,532,699
<b>Total Assets</b>	<b>2,260,344,059</b>	<b>2,992,672,753</b>	<b>1,673,343,231</b>	<b>522,987,874</b>	<b>2,583,417</b>	<b>7,451,931,334</b>
<b>Liabilities</b>						
Currency in circulation	2,031,539,904	-	-	-	-	2,031,539,904
Deposits - banks and non-banks financial institutions	1,338,053,232	-	-	-	-	1,338,053,232
Deposits - Governments	20,508,307	-	-	-	-	20,508,307
Deposits - others	276,530,795	-	-	-	-	276,530,795
Foreign currency financial liabilities	395,315,922	-	-	-	-	395,315,922
Poverty Reduction and Growth Facility	467,977,672	-	-	-	-	467,977,672
Repurchase agreements	117,015,662	-	-	-	-	117,015,662
BoT liquidity papers	1,242,582,848	-	-	-	-	1,242,582,848
Provisions	6,946,561	-	-	-	-	6,946,561
Other liabilities	17,221,220	-	-	-	-	17,221,220
IMF related liabilities	-	384,375,218	-	-	-	384,375,218
Allocation of Special Drawing Rights (SDRs)	-	387,647,670	-	-	-	387,647,670
Shareholders equity	766,216,323	-	-	-	-	766,216,323
<b>Total liabilities and equity</b>	<b>6,679,908,446</b>	<b>772,022,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,451,931,334</b>



**FOR THE YEAR ENDED 30 JUNE 2010**

**45. RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**a) Credit risk (Continued)**

Geographical analysis of concentrations of assets and liability of the Bank as of 30 June 2010 is as follows

	Tanzania TZS '000	USA TZS '000	UK TZS '000	Other European Countries TZS '000	Other Countries TZS '000	Total TZS '000
<b>2009</b>						
<b>Assets</b>						
Cash Balances with Central Banks	-	417,382,025	48,263,658	184,696,769	1,219,964	651,562,416
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	1,042,752	4,871,633	9,530,727	2,144,507	256,871	17,846,490
Items in course of settlement	3,165,875	-	-	-	-	3,165,875
Holdings of Special Drawing Rights (SDRs)	-	148,684	-	-	-	148,684
Held - for - Trading financial assets	-	324,732,333	-	-	-	324,732,333
Available - for - Sale financial assets	-	1,283,785,886	1,399,731,061	68,347,550	43,751,502	2,795,615,999
Available - for - Sale equity investment	-	-	-	-	1,559,262	1,559,262
Held - to - Maturity Government securities	908,479,399	-	-	-	-	908,479,399
Loans and Receivables	131,882,293	-	-	-	-	131,882,293
Inventories	4,761,694	-	-	-	-	4,761,694
Investment in associate Company	1	-	-	-	-	1
Quota in International Monetary Fund (IMF)	-	400,673,986	-	-	-	400,673,986
Deferred Currency Cost	114,320,855	-	-	-	-	114,320,855
Other assets	37,879,730	-	-	-	-	37,879,730
Property and equipment	795,108,728	-	-	-	-	795,108,728
Intangible assets	11,758,602	-	-	-	-	11,758,602
<b>Total Assets</b>	<b>2,008,399,979</b>	<b>2,431,594,546</b>	<b>1,457,525,446</b>	<b>255,188,826</b>	<b>46,787,599</b>	<b>6,199,496,346</b>
<b>Liabilities</b>						
Currency circulation	1,682,526,787	-	-	-	-	1,682,526,787
Deposits - banks and non-banks financial institutions	995,959,123	-	-	-	-	995,959,123
Deposits - Governments	251,709,847	-	-	-	-	251,709,847
Deposits - others	145,742,897	-	-	-	-	145,742,897
Foreign currency financial liabilities	399,293,601	-	-	-	-	399,293,601
Poverty Reduction and Growth Facility	343,101,021	-	-	-	-	343,101,021
Repurchase agreements	131,171,714	-	-	-	-	131,171,714
BoT liquidity papers	1,034,960,844	-	-	-	-	1,034,960,844
Other liabilities	27,040,186	-	-	-	-	27,040,186
Provisions	4,970,817	-	-	-	-	4,970,817
IMF related liabilities	-	380,535,501	-	-	-	380,535,501
Allocation of Special Drawing Rights (SDRs)	-	63,197,307	-	-	-	63,197,307
Shareholders equity	739,286,701	-	-	-	-	739,286,701
<b>Total liabilities and equity</b>	<b>5,755,763,538</b>	<b>443,732,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,199,496,346</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45. RISK MANAGEMENT (Continued)

#### 45.6 Financial Risks (Continued)

##### a) Credit risk (Continued)

#### Credit quality per class of financial assets

The credit quality per class of financial assets is managed by the Bank using internal ratings. The table below shows the quality by class of asset for all financial assets exposed to credit risk, based on the Bank's credit rating system. The amount presented is gross of impairment allowances.

**30.06.2010**

Details	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	1,208,232,241	-	-	1,208,232,241
Available – for – Sale financial assets	2,900,449,397	-	-	2,900,449,397
Held - for -Trading financial assets	355,308,446	-	-	355,308,446
Held -to – Maturity financial assets	1,004,203,068	-	-	1,004,203,068
Loans and receivables	9,212,922	104,781,480	4,212,922	118,207,324
Other assets	34,569,876	3,309,854	-	37,879,730
<b>Total</b>	<b>5,511,975,990</b>	<b>108,091,334</b>	<b>4,212,922</b>	<b>5,624,280,246</b>

**30.06.2009**

Details	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Cash and cash equivalent	669,408,905	-	-	669,408,905
Available - for – Sale financial assets	2,795,616,000	-	-	2,795,616,000
Held - for – Trading financial assets	324,732,333	-	-	324,732,333
Held – to – Maturity Government securities	908,479,399	-	-	908,479,399
Loans and receivables	706,856	126,962,515	4,212,922	131,882,293
Other assets	48,148,309	46,735,169	-	94,883,478
<b>Total</b>	<b>4,747,091,802</b>	<b>173,697,684</b>	<b>4,212,922</b>	<b>4,925,002,402</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45. RISK MANAGEMENT (Continued)

#### 45.6 Financial Risks (Continued)

##### a) Credit risk (Continued)

As at 31 December, the aging analysis of loans and receivables is as follows:

	Total	Neither past due nor impaired	< 30 days	31 to 60 days	61 -90 days	91 – 120 days	>120 days
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
2010	118,405,924	9,411,523	490,682	489,788	1,384,592	494,963	106,134,375
2009	131,882,293	706,856	13,247,800	457,914	445,058	440,496	116,584,168

See note 25 for more detailed information with respect to allowance for impairment losses on loans and receivables and other assets.

The fair value of collateral that the Bank holds relating to loans determined to be individually impaired as at 30 June 2010 amounts to TZS 4,238.4 million (2009: TZS 4,238.4 million). The collateral consists of security on property.

#### Individually assessed allowances

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficult has arisen, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

The maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements (that is netting agreements that do not qualify for offsetting in accordance with IAS 32)



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 45. RISK MANAGEMENT (Continued)

##### 45.6 Financial Risks (Continued)

##### a) Credit risk (Continued)

##### Individually assessed allowances (Continued)

	<b>30.06.2010</b>	<b>30.06.2009</b>
<b>Details</b>	<b>Gross Maximum</b>	<b>Gross Maximum Exposure</b>
	TZS '000	TZS '000
Cash and cash equivalent	1,208,232,281	669,408,905
Available – for – Sale financial investment	2,900,449,397	2,795,616,000
Held – for – Trading financial investments	355,308,446	324,732,333
Held - to – Maturity Government securities	1,004,203,068	908,479,399
Advance to the Government	175,645,539	-
Loans and receivables	118,405,924	131,882,293
Other Assets	94,883,478	37,879,730

##### b) Liquidity Risk

Liquidity risk is the risk that the Bank though solvent, either does not have sufficient resources available to meet its obligations when they fall due, or can secure them only by converting assets to cash at a price lower than their fair value. Thus inability of the Bank to meet its own foreign exchange obligations and that of government timely without incurring huge price concession is reflected as liquidity risk.

Due to its nature of business (externalization of the government obligations), a huge amount of expected foreign cash flows is not reflected in the Statement of Financial Position. As a result, assets-liabilities management may not be effective. Thus to manage this risk, the Bank divides its foreign exchange reserves into Liquidity, Investment and Stable tranches. The liquidity tranche is intended to meet both anticipated and unanticipated monthly cash outflows requirements thus matching both on and off Statement of Financial Position foreign assets and liabilities. The tranche is monitored on a daily basis. It is comprised of highly liquid short term financial instruments.

The table below analyses the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2010**

**45 RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**b) Liquidity risk (Continued)**

- by Contractual maturity analysis of financial instruments

	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				
<b>2010</b>						
<b>Assets</b>						
Cash and cash equivalent	130,482,843	1,077,749,438	-	-	-	1,208,232,281
Items in course of settlement	1,372,943	-	-	-	-	1,372,943
Holdings of Special Drawing Rights (SDRs)	-	-	322,830,929	-	-	322,830,929
Held - for - trading financial assets	-	4,638,366	30,748,424	319,196,771	724,885	355,308,446
Available - for - Sale financial assets	-	129,238,324	374,402,634	1,971,327,335	425,481,104	2,900,449,397
Available - for - Sale equity investment	-	-	-	-	1,655,252	1,655,252
Held - to - Maturity Government securities	-	-	499,696,999	88,840,867	415,665,202	1,004,203,068
Advance to the Government	-	-	175,645,539	-	-	175,645,539
Loans and receivables	9,411,523	-	36,341,810	72,652,591	-	118,405,924
Quota in International Monetary Fund	-	-	-	-	404,716,549	404,716,549
Deferred Currency Cost	-	-	62,414,861	-	-	62,414,861
Other assets	850,211	433,813	7,159,797	39,666,331	-	48,110,152
<b>Total assets</b>	<b>142,117,520</b>	<b>1,212,059,941</b>	<b>1,509,240,993</b>	<b>2,491,683,895</b>	<b>1,248,242,992</b>	<b>6,603,345,341</b>
<b>Liabilities</b>						
Currency in Circulation	-	-	-	-	2,031,539,904	2,031,539,904
Deposit - banks and non banks financial institutions	187,327,452	347,893,840	388,035,437	414,796,503	-	1,338,053,232
Deposit Governments	3,076,246	7,177,908	10,254,153	-	-	20,508,307
Deposit Others	6,983,943	33,735,920	6,747,184	60,724,656	168,339,092	276,530,795
Foreign currency financial liabilities	79,114,074	31,645,630	47,468,444	237,087,774	-	395,315,922
Poverty Reduction and Growth Facility	4,557,893	323,026,477	140,393,302	-	-	467,977,672
Repurchase Agreements	117,015,662	-	-	-	-	117,015,662
BOT Liquidity Papers	45,669,142	221,018,214	975,895,492	-	-	1,242,582,848
Provisions	-	-	6,946,560	-	-	6,946,560
Other Liabilities	274,771	263,628	6,874,451	9,808,371	-	17,221,221
IMF Related Liabilities	-	-	-	-	384,375,218	384,375,218
Allocation of Special Drawing Rights (SDRs)	-	387,647,670	-	-	-	387,647,670
<b>Total Equity and Liabilities</b>	<b>444,019,183</b>	<b>1,352,409,287</b>	<b>1,582,615,023</b>	<b>722,417,304</b>	<b>2,584,254,214</b>	<b>6,685,715,011</b>
<b>Net Liquidity gap</b>	<b>(301,901,663)</b>	<b>(140,349,346)</b>	<b>(73,374,030)</b>	<b>1,769,266,591</b>	<b>(1,336,011,222)</b>	<b>(82,369,670)</b>
<b>Cumulative gap</b>	<b>(301,901,663)</b>	<b>(442,251,009)</b>	<b>(515,625,039)</b>	<b>1,253,641,552</b>	<b>(82,369,670)</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 45 RISK MANAGEMENT (Continued)

##### 45.6 Financial Risks (Continued)

##### b) Liquidity risk (Continued)

' - by Contractual maturity analysis of financial instruments

	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
<b>2009</b>						
<b>Assets</b>						
Cash and cash equivalent	651,562,416	17,846,489	-	-	-	669,408,905
Items in course of settlement	3,165,875	-	-	-	-	3,165,875
Holdings of Special Drawing Rights (SDRs)	-	-	148,684	-	-	148,684
Held - for - trading financial assets	6,633,318	-	23,388,260	289,197,307	5,513,448	324,732,333
Available - for - Sale financial assets	13,294,657	8,650,018	308,534,126	1,891,227,054	573,930,145	2,795,616,000
Available - for - Sale equity investment	-	-	-	-	1,559,262	1,559,262
Held - to - Maturity Government Securities	-	-	-	328,398,702	580,080,697	908,479,399
Loans and receivables	706,856	-	58,624,339	72,551,098	-	131,882,293
Quota in International Monetary Fund	-	-	-	-	400,673,986	400,673,986
Deferred Currency Cost	-	-	114,320,855	-	-	114,320,855
Other Assets	503,261	-	33,838,898	182,962	-	34,525,121
<b>Total assets</b>	<b>675,866,383</b>	<b>26,476,507</b>	<b>538,855,162</b>	<b>2,581,557,123</b>	<b>1,561,757,538</b>	<b>5,384,512,713</b>
<b>Liabilities</b>						
Currency in circulation	-	-	-	-	1,682,526,787	1,682,526,787
Deposit - banks and non banks financial institutions	663,972,749	-	331,986,374	-	-	995,959,123
Deposit - Governments	82,839,818	103,549,772	65,320,257	-	-	251,709,847
Deposit - Others	3,982,639	76,947	-	138,519,233	3,164,078	145,742,897
Foreign Currency Financial Liabilities	55,494,876	77,209	634,432	343,087,084	-	399,293,601
Poverty Reduction and Growth Facility	-	-	343,101,021	-	-	343,101,021
Repurchase Agreements	131,171,714	-	-	-	-	131,171,714
BOT Liquidity Papers	43,500,000	171,775,010	819,685,834	-	-	1,034,960,844
Provisions	-	-	4,970,817	-	-	4,970,817
Other Liabilities	6,255,893	12,744,830	5,132,829	2,863,224	43,411	27,040,186
IMF Related Liabilities	-	-	-	-	380,535,501	380,535,501
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	-	63,197,307
<b>Total Equity and Liabilities</b>	<b>987,217,689</b>	<b>351,421,075</b>	<b>1,570,831,564</b>	<b>484,469,541</b>	<b>2,066,269,777</b>	<b>5,460,209,645</b>
<b>Net Liquidity gap</b>	<b>(311,351,306)</b>	<b>(324,944,568)</b>	<b>(1,031,976,402)</b>	<b>2,097,087,582</b>	<b>(504,512,239)</b>	<b>(75,696,932)</b>
<b>Cumulative gap</b>	<b>(311,351,306)</b>	<b>(636,295,874)</b>	<b>(1,668,272,276)</b>	<b>428,815,307</b>	<b>(75,696,932)</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 45 RISK MANAGEMENT (Continued)

##### 45.6 Financial Risks (Continued)

###### b) Liquidity risk (Continued)

The table below shows analysis of assets and liabilities according to when they expect to be recovered or settled:

	<b>Less than 12 months</b>	<b>Over 12 months</b>	<b>Total</b>
<b>2010</b>	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>
<b>Assets</b>			
Cash and cash equivalent	1,208,232,281	-	1,208,232,281
Items in course of settlement	1,372,943	-	1,372,943
Holdings of Special Drawing Rights	-	322,830,929	322,830,929
Held - for - trading financial assets	355,308,446	-	355,308,446
Available - for - Sale financial assets	503,640,959	2,396,808,438	2,900,449,397
Available - for - Sale equity investment	-	1,655,252	1,655,252
Held - to - Maturity Government securities	501,859,918	502,343,151	1,004,203,069
Advance to the Government	175,645,539	-	175,645,539
Loans and receivables	44,742,558	73,663,366	118,405,924
Inventories	4,531,846	-	4,531,846
Investment in Associate Company	-	1	1
Quota in International Monetary Fund	-	404,716,549	404,716,549
Deferred Currency Cost	31,207,430	31,207,431	62,414,861
Other assets	8,043,617	86,839,861	94,883,478
Property and equipment	15,944,637	771,803,484	787,748,121
Intangible Assets	2,430,804	7,101,895	9,532,699
<b>Total assets</b>	<b>2,852,960,978</b>	<b>4,598,970,357</b>	<b>7,451,931,334</b>
<b>Liabilities</b>			
Currency in circulation	-	2,031,539,904	2,031,539,904
Deposit - banks and non banks financial institutions	923,256,730	414,796,502	1,338,053,232
Deposit - Governments	14,355,815	6,152,492	20,508,307
Deposit - Others	47,467,047	229,063,748	276,530,795
Foreign Currency Financial Liabilities	158,228,148	237,087,774	395,315,922
Poverty Reduction and Growth Facility	467,977,672	-	467,977,672
Repurchase Agreements	117,015,662	-	117,015,662
BOT Liquidity Papers	1,242,582,848	-	1,242,582,848
Provisions	6,946,561	-	6,946,561
Other liabilities	7,826,638	9,394,582	17,221,220
IMF Related liabilities	-	384,375,218	384,375,218
Allocation of Special Drawing Rights (SDRs)	-	387,647,670	387,647,670
Authorized and Paid up Capital	-	100,000,000	100,000,000
Reserves	-	666,216,323	666,216,323
<b>Total Equity and Liabilities</b>	<b>2,985,657,121</b>	<b>4,466,274,213</b>	<b>7,451,931,334</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 45 RISK MANAGEMENT (Continued)

##### 45.6 Financial Risks (Continued)

##### b) Liquidity risk (Continued)

The table below shows analysis of assets and liabilities according to when they expect to be recovered or settled:

	Less than 12	Over 12 months	Total
	months		
2009	TZS '000	TZS '000	TZS '000
<b>Assets</b>			
Cash and cash equivalent	669,408,905	-	669,408,905
Items in course of settlement	3,165,875	-	3,165,875
Holdings of Special Drawing Rights (SDRs)	-	148,684	148,684
Held - for - trading financial assets	30,021,578	294,710,755	324,732,333
Available - for - Sale financial assets	330,458,801	2,465,157,199	2,795,616,000
Available - for - Sale equity investment	-	1,559,262	1,559,262
Held - to - Maturity Government securities	-	908,479,399	908,479,399
Loans and receivables	59,331,195	72,551,098	131,882,293
Inventories	4,761,694	-	4,761,694
Investment in Associate Company	-	1	1
Quota in International Monetary Fund	-	400,673,986	400,673,986
Deferred Currency Cost	57,160,428	57,160,427	114,320,855
Other Assets	34,342,159	3,537,571	37,879,730
Property and equipment	28,216,343	766,892,385	795,108,728
Intangible Assets	2,225,903	9,532,699	11,758,602
<b>Total assets</b>	<b>1,219,092,881</b>	<b>4,980,403,466</b>	<b>6,199,496,346</b>
<b>Liabilities</b>			
Currency in circulation	-	1,682,526,787	1,682,526,787
Deposit - banks and non banks financial institutions	995,959,123	-	995,959,123
Deposit - Governments	229,404,696	22,305,151	251,709,847
Deposit - Others	4,059,586	141,683,311	145,742,897
Foreign currency financial liabilities	56,206,517	343,087,084	399,293,601
Poverty Reduction and Growth Facility	343,101,021	-	343,101,021
Repurchase Agreements	131,171,714	-	131,171,714
BOT Liquidity Papers	1,034,960,844	-	1,034,960,844
Provisions	4,970,817	-	4,970,817
Other Liabilities	24,133,552	2,906,634	27,040,186
IMF Related Liabilities	-	380,535,501	380,535,501
Allocation of Special Drawing Rights (SDRs)	63,197,307	-	63,197,307
Authorized and Paid up Capital	-	100,000,000	100,000,000
Reserves	-	639,286,701	639,286,701
<b>Total Equity and Liabilities</b>	<b>2,887,165,177</b>	<b>3,312,331,169</b>	<b>6,199,496,346</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45 RISK MANAGEMENT (Continued)

#### 45.6 Financial Risks (Continued)

##### c) Interest Rate Risk

The interest rate risk is the exposure of the Bank to possible adverse movements in interest rates. The parallel changes in the level of interest rates account for about 90% of the total interest rate risk. The remainder resulted from the changes in the shape which is steepening or flattening and curvature of the interest rate curves. The interest rate risk is managed through duration targeting. Duration measures sensitivity of a portfolio value to movements in market yields. Duration of 1.5 indicates that the portfolio's value will change by approximately 1.5% if rates change by 1%.

The policy target duration is 2 years with deviation allowance of  $\pm 1.5$  months. As of 30 June 2010 portfolio duration stood at 2.61 years while that of 30 June 2009 was 2.6 years. The increased duration reflects increase in the long dated maturity instruments as the Bank investing in money market deposits due to deterioration of the credit markets following a collapse of the Lehman Brothers in September 2008.

The Bank uses both price value of one basis point (PVO1) and Value at Risk (VaR) measures to assess and monitor interest rate risk. The PVO1 measures approximate change in value of the portfolio for a one basis point (0.01%) change in yield. The use of PVO1 has limitations. Firstly, it is a good measure when the term structure is flat. Secondly, it assumes the movements in yield are parallel across maturity spectrum. Thus the Bank compliments it with VaR.

VaR is probability-based measure of risk, which provides an estimate of the potential loss in value of the Bank's available for sale positions due to adverse interest rate movements over a defined time horizon with a specified confidence level. For the VaR numbers reported below, a one month time horizon and a 95% confidence level were used. This means that there is a 5% chance that the monthly income would fall below the expected monthly income by an amount at least as large as reported VaR. Historical data were used to estimate the reported VaR numbers. To better reflect current asset volatilities, the Bank weighted historical data to give greater importance to more recent observations. Because of such reliance on historical data, VaR is most effective in estimating risk exposures in markets in which there are no sudden fundamental changes in market conditions.

The huge leap in reported VaR numbers resulted from the increase in the level of Available for Sale and financial assets at fair value through profit or loss securities and the recent credit crisis which increased correlation among asset classes. VaR is highly sensitive to correlation among asset classes.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45 RISK MANAGEMENT (Continued)

#### 45.6 Financial Risks (Continued)

##### c) Interest Rate Risk (Continued)

The table below shows various risk measured parameters

Portfolio Characteristics	30.06.2010		30.06.2009	
	USD	TZS '000	USD	TZS '000
Positions of securities	193	193	175	175
Base currency	USD	TZS '000	USD	TZS '000
Available – for - Sale financial assets	2,102,719,625	2,900,449,397	2,151,491,833	2,795,616,000
Held - for - Trading financial assets	257,585,615	355,308,446	249,912,349	324,732,333
Money Markets placements	751,454,936	1,036,541,910	340,063,540	441,873,429
Duration	2.61 years	2.61 years	2.6 years	2.6 years
Spread Duration	0.59 years	0.59 years	0.73years	0.73 years

The tracking errors and VaR was as per breakdown below

Details	30.06.2010		30.06.2009	
	USD	TZS '000	USD	TZS '000
Monthly Tracking Error	13,951,990	19,245,096	17,536,737	22,786,971
95% Monthly VaR	(22,948,981)	(31,655,365)	(28,467,564)	(36,990,323)

Price value of 1 BPS in USD

Details	30.06.2010		30.06.2009	
	USD	TZS '000	USD	TZS '000
USD	324,940	448,216	273,674	355,608
EUR	183,966	253,759	177,983	326,525
GBP	106,712	147,196	92,388	199,616
<b>Total</b>	<b>615,618</b>	<b>849,171</b>	<b>544,046</b>	<b>881,476</b>

The Bank invests in some securities which trade on spread to the foreign government treasuries. To assess the relative risk of spread products, the Bank measures Credit Risk of one basis point (CR01). The CR01 measures changes in the value of spread product for a one basis point widening of spread. A spread is a difference in yield to maturity between government and spread securities of the same characteristics. The Table below indicates the spread risks for comparative period in each of the three major currencies.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**45 RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**c) Interest Rate Risk (Continued)**

Details	30.06.2010		30.06.2009	
	USD	TZS '000	USD	TZS '000
USD	98,631	136,050	102,294	132,919
EUR	27,148	37,447	24,695	45,266
GBP	14,000	19,311	21,101	45,591
<b>Total</b>	<b>139,779</b>	<b>192,808</b>	<b>148,090</b>	<b>223,776</b>

For measuring the sensitivity of the Bank's foreign exchange reserves to interest rate risk, the table below shows the sensitivity of the Bank's foreign reserves values in USD given 10, 20 and 30 basis points parallel change in yield curves of three major foreign reserves currencies i.e. USD, EUR and GBP.

**30.06.2010 (Amounts in USD equivalent)**

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	(4,235,709)	(2,111,146)	(1,207,116)	(7,553,971)	(10,419,797)
20	(8,471,419)	(4,222,291)	(2,414,232)	(15,107,942)	(20,839,593)
30	(11,571,417)	(6,333,437)	(3,621,348)	(21,526,202)	(29,692,813)

**30.06.2009 (Amounts in USD equivalent)**

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	(3,164,598)	(2,506,371)	(1,464,835)	(7,135,803)	(9,272,154)
20	(6,316,652)	(4,996,704)	(2,920,588)	(14,233,944)	(18,495,371)
30	(9,456,229)	(7,471,131)	(4,367,331)	(21,294,692)	(27,670,001)

**Yield decrease in 1 BPS**

**30.06.2010 (Amounts in USD equivalent)**

BPS	USD	EUR	GBP	Total USD	Total TZS '000
10	4,235,709	2,111,146	1,207,116	7,553,971	10,419,797
20	8,471,419	4,222,291	2,414,232	15,107,942	20,839,593
30	11,571,417	6,333,437	3,621,348	21,526,202	29,692,813



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**45 RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**c) Interest Rate Risk (Continued)**

**Yield decrease in 1 BPS (Continued)**

**30.06.2009 (Amounts in USD equivalent)**

<b>BPS</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>Total USD</b>	<b>Total TZS '000</b>
10	3,177,208	2,522,542	1,473,987	7,173,737	9,321,446
20	6,367,095	5,061,390	2,957,199	14,385,684	18,692,541
30	9,569,728	7,616,681	4,449,709	21,636,118	28,113,645

It is also possible to stress test Bank's foreign reserves portfolio to mimic a variety of the extreme yet probable market conditions. To that end, the Bank considered three main scenarios i.e. spread widening, curve steepening and flattening by 50 basis points. The result of stress testing scenarios is as shown on the table below.

**30.06.2010 (Amounts in USD equivalent)**

<b>BPS</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>Total USD</b>	<b>TZS '000</b>
Spread widening by 50	(4,931,559)	(1,357,408)	(699,994)	(6,988,961)	(9,640,433)
Curve Steepening by 50	(3,757,612)	(1,137,020)	(655,245)	(5,549,876)	(7,655,388)
Curve Flattening by 50	3,517,153	1,137,020	664,084	5,318,256	7,335,896



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**45 RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**c) Interest Rate Risk (Continued)**

**30.06.2009 (Amounts in USD equivalent)**

<b>BPS</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>Total USD</b>	<b>TZS '000</b>
Spread widening by 50	(9,514,725)	(1,270,524)	(551,181)	(11,336,430)	(13,387,190)
Curve Steepening by 50	(1,416,641)	(108,453)	64,718	(1,460,376)	(1,724,558)
Curve Flattening by 50	1,460,397	115,408	(64,335)	1,511,470	1,784,895

**Cash flow and fair value interest rate risk**

**Interest sensitivity of assets and liabilities**

For accounting purposes, cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates, both in the United Republic of Tanzania and abroad. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The exposures to both kinds of interest rate risk arise in the course of the Bank's activities.

**d) Currency risk**

The exchange rate risk (or currency risk) refers to the loss of the portfolio value or purchasing power of the portfolio occasioned by adverse exchange rate movements. The Bank foreign reserves portfolio is denominated in a number of currencies whose exchange rates are subject to fluctuation on international foreign exchange market.

The Bank is exposed to this risk in the context of its holding of foreign exchange reserves, intervention in the local inter-bank foreign exchange market (IFEM) and foreign exchange transactions in the international foreign exchange market. Often, currency exposures are not out rightly hedged, but the currency risk is controlled through a target currency composition whose criteria are specified in the approved



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 30 JUNE 2010**

#### **45 RISK MANAGEMENT (Continued)**

##### **45.6 Financial Risks (Continued)**

###### **d) Interest Rate Risk (Continued)**

Foreign Exchange Reserves Policy and stated in the Guidelines. The currency positions of the Bank as of 30 June 2010 and 2009 which provides the Bank's assets, liabilities and equity at carrying amounts, categorized by currency is summarized on Page 93.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2010**

**45 RISK MANAGEMENT (Continued)**

**45.6 Financial Risks (Continued)**

**d) Currency risk (Continued)**

	GBP TZS '000	USD TZS '000	EUR TZS '000	SDR TZS '000	TZS TZS '000	OTHERS TZS '000	Total TZS '000
<b>Assets</b>							
Cash and cash equivalent	96,111,356	620,108,984	490,988,314	-	-	1,023,627	1,208,232,281
Items in course of settlement	-	-	-	-	1,372,943	-	1,372,943
Holdings of Special Drawing Rights (SDRs)	-	-	-	322,830,929	-	-	322,830,929
Held - for - Trading financial assets	-	355,308,446	-	-	-	-	355,308,446
Available - for - Sale financial assets	335,434,563	1,887,233,417	677,781,417	-	-	-	2,900,449,397
Available - for - Sale equity investment	-	1,655,252	-	-	-	-	1,655,252
Held - to - Maturity Government securities	-	-	-	-	1,004,203,068	-	1,004,203,068
Advances to the Government	-	-	-	-	175,645,539	-	175,645,539
Loans and receivables	-	-	-	-	118,405,924	-	118,405,924
Inventories	-	-	-	-	4,531,846	-	4,531,846
Investment in Associate Company	-	-	-	-	1	-	1
Quota in International Monetary Fund (IMF)	-	-	-	404,716,549	-	-	404,716,549
Deferred Currency Cost	-	-	-	-	62,414,861	-	62,414,861
Other Assets	-	-	-	-	94,883,478	-	94,883,478
Property and equipment	-	-	-	-	787,748,121	-	787,748,121
Intangible assets	-	-	-	-	9,532,699	-	9,532,699
<b>Total assets</b>	<b>431,545,919</b>	<b>2,864,306,099</b>	<b>1,168,769,731</b>	<b>727,547,478</b>	<b>2,258,738,480</b>	<b>1,023,627</b>	<b>7,451,931,334</b>
<b>Liabilities</b>							
Currency in circulation	-	-	-	-	2,031,539,904	-	2,031,539,904
Deposit - banks and non banks financial institutions	-	-	-	-	1,338,053,232	-	1,338,053,232
Deposit - Governments	-	-	-	-	20,508,307	-	20,508,307
Deposit - others	-	393,206,339	-	-	276,530,795	2,109,583	276,530,795
Foreign currency financial liabilities	-	-	-	-	-	-	395,315,922
Poverty Reduction and Growth Facility	-	-	-	467,977,672	-	-	467,977,672
Repurchase Agreements	-	-	-	-	117,015,662	-	117,015,662
BOT Liquidity Papers	-	-	-	-	1,242,582,848	-	1,242,582,848
Provisions	-	-	-	-	6,946,561	-	6,946,561
Other Liabilities	-	-	-	-	17,221,220	-	17,221,220
IMF Related Liabilities	-	384,375,218	-	-	-	-	384,375,218
Allocation of Special Drawing Rights (SDRs)	-	-	-	387,647,670	-	-	387,647,670
<b>Total liabilities</b>	<b>-</b>	<b>777,581,557</b>	<b>-</b>	<b>855,625,342</b>	<b>5,050,398,529</b>	<b>2,109,583</b>	<b>6,685,715,011</b>
Equity	-	-	-	-	100,000,000	-	100,000,000
Reserves	-	-	-	-	666,216,323	-	666,216,323
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>766,216,323</b>	<b>-</b>	<b>766,216,323</b>
<b>Total equity and liabilities</b>	<b>-</b>	<b>777,581,557</b>	<b>-</b>	<b>855,625,342</b>	<b>5,816,614,852</b>	<b>2,109,583</b>	<b>7,451,931,334</b>
<b>Net balance sheet position</b>	<b>431,545,919</b>	<b>2,086,724,542</b>	<b>1,168,769,731</b>	<b>(128,077,864)</b>	<b>(3,557,876,372)</b>	<b>(1,085,956)</b>	<b>-</b>
<b>Scenario of 10.06% appreciation</b>	<b>43,413,519</b>	<b>209,924,489</b>	<b>117,578,235</b>	<b>(12,884,633)</b>	<b>(357,922,363)</b>	<b>(109,247)</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45 RISK MANAGEMENT (Continued)

#### 45.6 Financial Risks (Continued)

##### d) Currency risk (Continued)

2009	GBP		USD		EUR		SDR		TZS		OTHERS		Total	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>Assets</b>														
Cash and cash equivalent	50,643,157	433,755,669	183,423,757	-	-	-	-	-	-	3,165,875	1,586,322	-	669,408,905	3,165,875
Items in course of settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	148,684
Holdings of Special Drawing Rights (SDRs)	-	-	-	-	-	148,684	-	-	-	-	-	-	-	324,732,332
Held - for - Trading financial assets	-	324,732,332	-	-	-	-	-	-	-	-	-	-	-	2,795,616,000
Available - for - Sale financial assets	462,140,644	1,495,460,769	838,014,587	-	-	-	-	-	-	-	-	-	908,479,399	1,559,262
Available - for - Sale equity investment	-	1,559,262	-	-	-	-	-	-	-	-	-	-	131,882,293	-
Held - to - Maturity Government securities	-	-	-	-	-	-	-	-	-	908,479,399	-	-	131,882,293	-
Loans and receivables	-	-	-	-	-	-	-	-	-	131,882,293	-	-	4,761,694	-
Inventories	-	-	-	-	-	-	-	-	-	4,761,694	-	-	1	-
Investment in Associate Company	-	-	-	-	-	-	-	-	-	1	-	-	-	-
Quota in International Monetary Fund (IMF)	-	-	-	-	-	-	-	-	-	-	-	-	400,673,986	-
Deferred Currency Cost	-	-	-	-	-	-	-	-	-	114,320,855	-	-	114,320,855	-
Other Assets	-	-	-	-	-	-	-	-	-	37,879,730	-	-	37,879,730	-
Property and Equipment	-	-	-	-	-	-	-	-	-	795,108,728	-	-	795,108,728	-
Intangible Assets	-	-	-	-	-	-	-	-	-	11,758,602	-	-	11,758,602	-
<b>Total assets</b>	<b>512,783,801</b>	<b>2,255,508,032</b>	<b>1,021,438,344</b>	-	-	<b>400,822,670</b>	<b>2,007,357,177</b>	<b>1,586,322</b>	<b>6,199,496,346</b>	-	-	-	-	-
<b>Liabilities</b>														
Currency in circulation	-	-	-	-	-	-	-	-	-	1,682,526,787	-	-	1,682,526,787	-
Deposit banks and non-banks financial institutions	-	-	-	-	-	-	-	-	-	995,959,123	-	-	995,959,123	-
Deposit - Governments	-	-	-	-	-	-	-	-	-	251,709,847	-	-	251,709,847	-
Deposit - others	-	-	-	-	-	-	-	-	-	145,742,897	-	-	145,742,897	-
Foreign currency financial liabilities	-	397,184,018	-	-	-	-	-	-	-	-	2,109,583	-	399,293,601	-
Poverty Reduction and Growth Facility	-	-	-	-	-	-	343,101,021	-	-	-	-	-	343,101,021	-
Repurchase Agreements	-	-	-	-	-	-	-	-	-	131,171,714	-	-	131,171,714	-
BOT Liquidity Papers	-	-	-	-	-	-	-	-	-	1,034,960,844	-	-	1,034,960,844	-
Provisions	-	-	-	-	-	-	-	-	-	4,970,817	-	-	4,970,817	-
Other Liabilities	-	-	-	-	-	-	-	-	-	27,040,186	-	-	27,040,186	-
IMF Related Liabilities	-	380,535,501	-	-	-	-	-	-	-	-	-	-	380,535,501	-
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	-	-	63,197,307	-	-	-	-	-	63,197,307	-
<b>Total liabilities</b>	<b>-</b>	<b>777,719,519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,298,328</b>	<b>4,274,082,215</b>	<b>2,109,583</b>	<b>5,460,209,645</b>	<b>4,274,082,215</b>	<b>2,109,583</b>	<b>-</b>	<b>5,460,209,645</b>	<b>-</b>
Equity	-	-	-	-	-	-	100,000,000	-	-	100,000,000	-	-	100,000,000	-
Reserves	-	-	-	-	-	-	639,286,701	-	-	639,286,701	-	-	639,286,701	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>739,286,701</b>	<b>-</b>	<b>-</b>	<b>739,286,701</b>	<b>-</b>	<b>-</b>	<b>739,286,701</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>-</b>	<b>777,719,519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,298,328</b>	<b>5,013,368,916</b>	<b>2,109,583</b>	<b>6,199,496,346</b>	<b>5,013,368,916</b>	<b>2,109,583</b>	<b>-</b>	<b>6,199,496,346</b>	<b>-</b>
<b>Net balance sheet position</b>	<b>512,783,801</b>	<b>1,477,788,513</b>	<b>1,021,438,344</b>	<b>-</b>	<b>-</b>	<b>(5,475,658)</b>	<b>(3,006,011,740)</b>	<b>(523,261)</b>	<b>-</b>	<b>(3,006,011,740)</b>	<b>(523,261)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Scenario of 8.5% appreciation</b>	<b>43,586,623</b>	<b>125,612,024</b>	<b>86,822,259</b>	<b>-</b>	<b>-</b>	<b>(465,431)</b>	<b>(255,510,998)</b>	<b>(44,477)</b>	<b>-</b>	<b>(255,510,998)</b>	<b>(44,477)</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45. RISK MANAGEMENT (Continued)

#### 45.7 Non Financial Risks

##### a) 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.

##### b) 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 prevailing labour market.

##### c) 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 are entered to, external lawyers



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 45. RISK MANAGEMENT (Continued)

#### 45.7 Non Financial Risks (Continued)

##### c) Legal Risk (Continued)

are contracted. The Bank has in place a clear procedure of the delegation of authorities. Also strict code of conduct and ethics is used to minimize chances of causing legal disputes between the Bank and its counterparts.

##### d) Reputational Risk

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Central Bank in line with requirements of the provision of Section 5(1) of the Bank of Tanzania Act, 2006, Public Procurement Act, No. 21 of 2004 and Public Procurement Regulations, 2005. In view of the above, the Bank's management ensures that to the best of its ability fulfils its fiduciary responsibilities.

The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant employees have clear understanding of the appropriate processes in respect of the best practices and principals of good governance. The Bank therefore sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's management for control and compliance monitoring.

The top management of the Bank has the necessary freedom and discretion to exercise central banking functions. However, this freedom is exercised within the context of fiduciary duties of good governance and by ensuring a proper balance between accountability and the best interests of the Bank and its various stakeholders.

The function of the Bank of overseeing and ensuring the integrity of the country's banking system exposes it to severe criticism whenever there is an incident of bank failure or systemic difficulty. The responsibilities of the Bank regarding monetary policy, the National Payment System (NPS) and the issuing of notes and coins also expose the Bank to significant reputation risk. The Bank adheres to international best practice and, to this end, maintains close liaison with international peers. The Bank strives towards full compliance with the principles for effective banking supervision as well as the core principles for systemically important payment systems.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 46. DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERARCHY

The following table shows analysis of financial instruments recorded at fair value by the level of fair value hierarchy as at 30 June 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>TZS'000'</u>	<u>TZS'000'</u>	<u>TZS'000'</u>
Held - for – trading financial assets	355,308,446	-	-
Available – for – Sale financial assets	2,900,449,397	-	-
Available – for – Sale equity investment	1,655,252	-	-
	<u><b>3,257,413,095</b></u>	<u>-</u>	<u>-</u>

During the year ended 30 June 2010 all the financial instruments were determined basing on the unadjusted quoted prices for identical instruments in active markets, that is, the quoted prices were readily and regularly available from the pricing service. Such prices represented actual and regularly occurring market transactions on an arm's length basis.

During the period, there were no fair value measurements for financial instruments determined using valuation techniques such as valuing an instrument using a current price for identical instrument if there is not an active market for those instruments. Accordingly there were no financial instruments measured in level two and three.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 47 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. A summary of significant accounting policies in Note 4 describes how classes of financial instruments are measured and how income and expenses, including fair value gains are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category:

	Loans and receivables	Held to maturity	Held for trading	Available for sale	Other financial assets and liabilities	Total	Fair values
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>2010</b>							
<b>Financial assets</b>							
Cash and cash equivalent	1,208,232,281	-	-	-	-	1,208,232,281	1,208,232,281
Items in course of settlement	1,372,943	-	-	-	-	1,372,943	1,372,943
Holdings of Special Drawing Rights (SDRs)	-	-	-	-	322,830,929	322,830,929	322,830,929
Held - for - Trading financial assets	-	-	355,308,446	-	-	355,308,446	355,308,446
Available - for - Sale financial assets	-	-	-	2,900,449,397	-	2,900,449,397	2,900,449,397
Available - for - Sale equity instruments	-	-	-	1,655,252	-	1,655,252	1,655,252
Advance to the Government	175,645,539	-	-	-	-	175,645,539	175,645,539
Held - to - Maturity Government securities	-	1,004,203,068	-	-	-	1,004,203,068	1,004,203,068
Loans and receivables	118,405,924	-	-	-	-	118,405,924	118,405,924
Quota in International Monetary Fund (IMF)	-	-	-	-	404,716,549	404,716,549	404,716,549
Other assets	-	-	-	94,883,478	-	94,883,478	94,883,478
<b>Financial Liabilities</b>							
Currency in circulation	-	-	-	-	2,031,539,904	2,031,539,904	2,031,539,904
Foreign currency financial liabilities	-	-	395,315,922	-	-	395,315,922	395,315,922
Poverty Reduction and Growth Facility	-	-	-	-	467,977,672	467,977,672	467,977,672
Repurchase agreements	-	-	-	-	117,015,662	117,015,662	117,015,662
BoT liquidity papers	-	-	-	-	1,242,582,848	1,242,582,848	1,242,582,848
Other liabilities	-	-	-	-	17,221,220	17,221,220	17,221,220
IMF related liabilities	-	-	-	-	384,375,218	384,375,218	384,375,218
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	387,647,670	387,647,670	387,647,670

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**47 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (Continued)**

	Loans and receivables		Held to maturity		Held for trading		Available for sale		Other financial assets and liabilities		Total		Fair values	
	TZS '000		TZS '000		TZS '000		TZS '000		TZS '000		TZS '000		TZS '000	
<b>2009</b>														
<b>Financial assets</b>														
Cash and cash equivalent		669,408,905											669,408,905	669,408,905
Items in course of settlement		3,165,875											3,165,875	3,165,875
Holdings of Special Drawing Rights (SDRs)		-							148,684				148,684	148,684
Held - for - Trading financial assets		-			324,732,333								324,732,333	324,732,333
Available - for - Sale financial assets		-					2,795,616,000						2,795,616,000	2,795,616,000
Available - for - Sale equity investment		-					1,559,262						1,559,262	1,559,262
Held - to - Maturity Government securities		-		908,479,399									908,479,399	908,479,399
Loans and receivables		131,882,293											131,882,293	131,882,293
Quota in International Monetary Fund (IMF)		-					400,673,986						400,673,986	400,673,986
Other assets		-					37,879,730						37,879,730	37,879,730
<b>Financial Liabilities</b>														
Currency in circulation		-								1,682,526,787			1,682,526,787	1,682,526,787
Foreign currency financial liabilities		-			399,293,601								399,293,601	399,293,601
Poverty Reduction and Growth Facility		-								343,101,021			343,101,021	343,101,021
Repurchase agreements		-								131,171,714			131,171,714	131,171,714
BoT liquidity papers		-								1,034,960,844			1,034,960,844	1,034,960,844
Other liabilities		-								27,040,186			27,040,186	27,040,186
IMF related liabilities		-								380,535,501			380,535,501	380,535,501
Allocation of Special Drawing Rights (SDRs)		-								63,197,307			63,197,307	63,197,307





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 48. 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 is subscribed and held only by the Government of the United Republic of Tanzania.

The equity of the Bank includes share capital and reserves. During the year, movement of equity was as shown below and further detailed in the statement of owners' equity on page 95

Details	30.06.2010	30.06.2009
	TZS (Millions)	TZS (Millions)
Capital	100,000	100,000
Reserves	666,216	639,287
<b>Total</b>	<b>766,216</b>	<b>739,287</b>

The Bank is not subject to any regulatory requirements concerning the level of capital it must maintain, although the Bank of Tanzania Act, 2006 sets out how the statutory annual net profit for the year shall be allocated. The principal source of capital increase is through retention of un-distributable element of the profit.

The Bank is not for profit organization, nor does it seek profit maximization. Instead it seeks to make profit commensurate with normal market returns in areas where it conducts normal commercial operations

Capital is not actively managed and the relative low risk nature of most of the Bank's activities means that it is not capital intensive. Its purpose is to cover unexpected losses. The most significant unexpected losses are likely to rise out of the support operations and the Bank's role as the lender of last resort or from losses on the foreign exchange reserves should the Tanzania Shilling appreciate significantly against other world currencies.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 49. CONTINGENT LIABILITIES

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

#### 49.1 Outstanding Legal Matters

In the ordinary course of business the Bank is subject to threatened or actual legal proceedings. All such material cases are periodically reassessed to determine the likelihood of the Bank incurring a liability. In those instances where it is concluded that it is more likely that a payment will be made, a provision is established to management's best estimate of the amount required to settle the obligation at the relevant reporting date. In some cases it will not be possible to form a view, either because the facts are unclear or because further time is needed to properly assess the merits of the case and no provisions are held against such cases. However the Bank does not currently expect the final outcome of any such case to have a material adverse effect on its financial position.

Pursuant to the Bank of Tanzania Act, 2006 the Bank of Tanzania is a Banker to the Government of the United Republic of Tanzania. Arising from that responsibility there is a legal dispute relating to a transaction involving the Government of the United Republic of Tanzania and D.P. Valambhia in which the Bank of Tanzania was involved in its capacity as a Banker to the Government of the United Republic of Tanzania. A Garnishee Order was issued by the High Court of Tanzania on 4th June 2001 ordering the Bank of Tanzania to pay a decree holder US\$ 55,099,117.66 from funds of the Government of the United Republic of Tanzania in the custody of the Bank of Tanzania.

Pursuant to the Order, the Government instituted court proceeding against the decree holder and the Bank on the same matter.

The assets/properties of the Bank and the Government under the custody of the Bank are granted immunity against execution and attachment, subject to the provisions of the Act.

Due to the above, it is in the opinion of the directors that the assets/properties of the Bank are well safeguarded. There are no other significant legal cases requiring disclosure.

#### 49.2 External Payment Arrears Deposit Account

During 1970s and 1980s there was serious shortage of foreign currencies in the country, which required the Government to control and prioritise foreign payments (forex).



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 49. CONTINGENT LIABILITIES (Continued)

#### 49.2 External Payment Arrears Deposit Account (Continued)

Tanzania importers were required to remit equivalent amount of TZS with the National Bank of Commerce (NBC) for the required amount of forex and subject to availability of forex and priority, the forex amount will be remitted to the intended overseas supplier.

However due to forex shortage not all funds deposited with NBC by private and public importers were remitted to the overseas suppliers' accounts.

In 1985, the Government of the United Republic of Tanzania formally assumed the responsibility of handling EPA liabilities from NBC. The Bank of Tanzania (BOT) was given the responsibility to manage EPA liabilities on behalf of the Government. As at 30 June 2010 the balance in this liability account was TZS 2,288.4 million (2009: TZS 2,288.4 million). This balance represents funds in original values that await externalization to the various overseas suppliers. Differences between exchange rate prevailing on date of actual payments and the exchange rate used in recording the original EPA liabilities are usually met by the Government.

In the mean time, the Bank has suspended all transactions relating to EPA. Further, a consultant firm was engaged in April 2009 to carry out a review of the status of EPA account and relevant procedures in order to address weaknesses identified in the Special Audit report. The Consultant had already submitted an inception report in August 2009. The Bank of Tanzania examined the report and forwarded comments to the consultants M/S Lazard Freres and Clearly Gottlieb. The consultants are expected to include the Comments from the Bank and re-submit the inception report.

The final report is expected to address the following issues:

- (i) To ascertain how the remaining debt as at 2004 was handled.
- (ii) To compile and establish the current stock of remaining EPA debts.
- (iii) To develop jointly with MOFEA, a strategy and action plan to handle unsettled claims.
- (iv) To implement the strategy.

The Bank of Tanzania has included the EPA account and government debt management in general, in its program for shading-off non-core activities.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2009

### 49. CONTINGENT LIABILITIES (Continued)

#### 49.3 Export Credit Guarantee Scheme (ECGS)

The Bank is an agent of the Government on the operationalisation of the Export Credit Guarantee Scheme. The scheme is charged with the responsibility of considering guarantee applications from financial institutions, and on behalf of the Principal, issue guarantees to financial institutions covering short and long term finance to exporters as long as the capital funds in the ECGS accounts are not leveraged more than 1:5. As a result there is a contingent liability under this scheme in respect of guarantees, limited to five times the balance of the Fund in accordance with the agency agreement in force. As at 30 June 2010 outstanding guarantees aggregated to TZS 197,833.2 million (2009: TZS 123,005.4 million) while the balance of the Fund as at 30th June 2010 was TZS 31,783.5 million (2009: TZS 33,172.1 million). The movement of the Fund during the year is as summarized below.

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
Balance of funds		
Capital	17,463,252	14,463,252
Surplus	21,549,375	18,708,863
<b>Total</b>	<b><u>39,012,627</u></b>	<b><u>33,172,115</u></b>

#### 49.4 Small & Medium Enterprises –Credit Guarantee Scheme

The Bank operationalise this scheme by issuing guarantees on behalf of the Government to financial institutions covering medium and long-term finance to SMEs on a pilot as long as the capital funds in the CGS-SME accounts are not leveraged more that 1:3. There is a contingent liability under this scheme in respect of guarantees, limited to three times the balance of the Fund in accordance with the Agency agreement in force. As at 30 June 2010 outstanding guarantees had a value aggregating to TZS 1,657.4 million (2009: TZS 2,273.4 million) while the balance of the fund as at 30 June 2010 was TZS 5,913.9 million (2009: TZS 662.1 million).



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 30 JUNE 2010

#### 50. OUTSTANDING COMMITMENTS

##### 50.1 Uncalled and unpaid Capital to Afreximbank

The Afreximbank was established on 27th October 1993. The major function of the bank is to finance and facilitate trade among African countries and between Africa and the rest of the world. The Bank of Tanzania's authorized equity interest in Afreximbank is 300 ordinary shares of par value USD 10,000 each payable in five equal instalments. Two instalments with value of USD 1.2 million have been called and paid up.

As at 30 June 2010, the Bank had a commitment of USD 1.8 million in respect of three instalments of uncalled and unpaid capital attached to its shareholding in the Afreximbank. The Bank of Tanzania proportion of equity total holding in the Afreximbank is 0.4 percent.

##### 50.2 Capital commitments

As at 30 June 2010, the Bank's capital commitments in respect of, Property and Equipment, Intangible Assets and major capital projects aggregated to TZS 23,317.9 million. The Percentage share of the major capital expenditure commitments items is as reflected herewith below: -

Item	Amount (TZS '000,000)
Office buildings	2,410.9
Residential buildings	713.0
Machinery and Equipment	10,674.3
Information, Communication and Technology (ICT)	2,530.8
Motor vehicles	4,245.0
Furniture and fittings	664.0
Intangible assets	1,088.1
Work in progress	991.9

The above commitments have been included and approved for payment in accordance with the Approved 2010/11 Budget Estimates.

##### 50.3 Currency issuance and related commitments

The Bank has entered into contracts with M/S De La Rue Currency of United Kingdom and M/S CRANE AB of Sweden for printing and supply of bank notes. M/S De La Rue Currency of United Kingdom will print and supply TZS 1,000 denomination banknotes at a total cost of GBP 20,992,500. With regard to M/S CRANE AB of Sweden, the company will print and supply TZS 500, TZS 2000, TZS 5,000 and TZS 10,000 banknotes denominations at a total cost of EUR 88,184,220. As at 30 June 2010 outstanding commitments were GBP 15,744,449.3 and EUR 70,547,360 representing 75 percent and 80 percent respectively.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 50. OUTSTANDING COMMITMENTS (Continued)

#### 50.3 Currency issuance and related commitments (Continued)

Further, the Bank has a contract with M/S Giesecke and Devrient of Germany for manufacturing, delivery, installation and commissioning of currency processing machines and currency management system under the “currency processing system expansion programme” at head office in Dar es Salaam and at branches in Arusha, Mwanza, Mbeya and Zanzibar at a total cost of EUR 59,260,875. As at 30 June 2010, outstanding commitments in respect of this contract aggregated to EUR 1,920,474.34 equivalent to TZS 3,526.9 million.

The Bank’s management is confident that net income and other funding arrangements will be sufficient to meet these commitments when they fall due for settlement.

#### 50.4 Post employment benefits

Effective from July 2008 the Bank has a Medical Insurance arrangement, which covers retired employees and their spouses. At the reporting date the Bank had insurance commitment amounting to TZS 8.8 million involving eleven retired staff with their spouses who retired in 2009/10.

### 51. RELATED PARTY DISCLOSURES

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 and key management personnel.

The related party transactions during the year are:

#### 51.1 Loans to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank’s key management personnel are, the Governor, Deputy Governors’, Non executive Directors and Directors.

#### 51.1 Loans to key management personnel

The Bank extends loan facilities to its members of staff, the Governor and the Deputy Governors. Loans and advances (Note 25) include advances to employees that as at 30 June 2010 amounted to TZS 32,331.3 million (2009: TZS 27,606.8 million). The advances are granted at preferential rates of interest determined by the Bank presently at 5% fixed over the period of the loan. The following is the breakdown of loans and emoluments granted to key management personnel.



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 51. RELATED PARTY DISCLOSURES (Continued)

#### 51.1 Loans to key management personnel (Continued)

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>i Loans to Senior Management (i.e. Governor, Deputy Governors and Directors)</b>		
At start of the year	615,051	952,901
Loans granted during the year	615,533	442,611
Loans repaid during the year	(722,645)	(780,461)
<b>Balance</b>	<u>507,939</u>	<u>615,051</u>
	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
<b>ii Key Management emoluments</b>		
Salaries, allowances and benefits	<u>3,136,105</u>	<u>2,565,335</u>

As at 30 June 2010, the number of key management personnel were 27 (2009: 27).

In accordance with Section 15 of the Bank of Tanzania Act, 2006, remuneration of the Governor and Deputy Governors is determined by the President of the United Republic of Tanzania. The Board determines remuneration of directors including Secretary to the Bank.

#### 51.2 Emoluments to the Members of the Board of Directors

In 2009/10, emoluments paid to the members of the Board amounted to TZS 239.4 million (2009: TZS 243.3 million). As of 30 June 2010 and 30 June 2009 there were no loans advanced by the Bank to Non-Executive Directors of the Board.

Further, there were no other related party transactions with non-executive members of the Board. Transactions with director-related entities, which occurred in the normal course of the Bank operations, were conducted on terms that were no more favourable than similar transactions with other employees or customers.

#### 51.3 Government of the United Republic of Tanzania

Transactions entered into with the Government include:

- No interest and no Bank charges on Government deposits accounts;
- Cost sharing of liquidity management costs arising from issue and redemption of liquidity papers and Repurchase Agreements in accordance with the memorandum of understanding in force;
- Settlement of foreign currency denominated debt and other remittances at a fee;
- Financial accommodation on temporary short falls in Government positions; and
- Other duties including agency of the Government as provided under the Bank of Tanzania Act, 2006



## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010

### 51. RELATED PARTY DISCLOSURES (Continued)

#### 51.3 GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA (Continued)

As at the close of business on 30 June 2010, the following balances, which are included in various Statement of Financial Position categories, were outstanding:

	<u>30.06.2010</u>	<u>30.06.2009</u>
	TZS '000	TZS '000
Due from Government of Tanzania (Note 24)	175,645,539	-
IMF funds on-lent to the Government (Note 20)	384,375,218	380,535,501
Deposits-RGZ (Note 34)	20,508,307	251,709,847
Investments in Government Securities (Note 23)	1,004,203,068	908,479,399
Structured Financing Facility (Note 35)	61,668,171	61,841,122
Export Credit Guarantee Fund (Note 35)	31,783,488	33,123,884
Small and Medium Enterprises Guarantee Fund (Note 35)	5,913,939	662,137

The above schemes are administered by the Bank on behalf of the Government of the United Republic of Tanzania. Funds are deposited with the Bank and no interest is paid on these balances.

The Governments of Republic of Tanzania (URT) and Revolutionary Government of Zanzibar (RGZ) deposits are governments funds held by the Bank as Governments bank.

#### 51.4 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.

The balance outstanding from the Fund and included in deposit others as at year end was TZS million 1,395.3 million (2009: TZS 103.2 million).

#### 51.5 Bank of Tanzania Training Institute – Mwanza

Bank of Tanzania Training Institute – Mwanza is operated as a branch and the results of its operations are incorporated in the financial statements of the Bank.

#### 51.6 Loans to Associate Company – Mwananchi Gold Company Limited (MGCL)

The Company started operations on 1st January 2006. Due to unsatisfactory performance its operations ceased in March 2007. The Bank has a 35 percent equity stake in MGCL which has been impaired due cessation of MGCL operations as disclosed in Note 27. As at 30 June 2010 outstanding loans stood at USD 6,062,220.57. These have been impaired to the extent to reflect the recoverable amount as disclosed in Note 25 and ensure compliance with the requirements of the IFRS.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2010**

### **51. RELATED PARTY DISCLOSURES (Continued)**

#### **51.6 GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA(Continued)**

##### **51.6 Loans to Associate Company – Mwananchi Gold Company Limited (MGCL)**

The loans are secured against MGCL industrial property located at Vingunguti Industrial Area. Such loans attract interest at Libor + 0.50 four basis points. The fair value of collateral, based on the valuation report of 2007 was USD 3.9 million.

Following unsatisfactory performance, the company continued to incur operating losses resulting into significant erosion of its net worth. The Bank as a major shareholder and lender to the company initiated insolvency proceedings in order to realize its investment in the company. There are all indications that the Bank will recover significant value of the loans granted on disposal of industrial property located at Vingunguti industrial area with total market value of USD 3.9 million as at 15 February 2007.

### **52. COMPARATIVE FIGURES**

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



**PART IV**  
**CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY**  
**EVENTS, JANUARY 1992 TO JUNE 2010**



**2009 Mar:** The Bank on behalf of the Government hosted the IMF/Africa, International Economic Conference which discussed Africa's Growth challenge and its partnership with the International Monetary Fund on 10 - 11 March 2009

**2008 Jan:** As per the Bank of Tanzania Act, 2006, His Excellency, the President of the United Republic of Tanzania, Hon. Jakaya Mrisho Kikwete, appointed Prof. Benno J. Ndulu to be the sixth Governor of the Bank of Tanzania, Dr. Enos S. Bukuku, Deputy Governor (Incharge of Economic and Financial Policies - EFP), Mr. Juma H. Reli Deputy Governor (Incharge of Administration and Internal Controls - AIC), and Mr. Lila H. Mkila (Incharge of Financial Stability and Deepening- FSD). The effective date of their appointments was 8th January 2008.

**2008 January:** Settlement cycle was changed from T+2 to T+1 in order to harmonize redemptions and settlement of Treasury Securities. "T" is defined as a settlement day.

**2008 January:** The auction frequency of Treasury bills was changed from weekly to once fortnightly whilst that of Treasury bonds was changed to once every month.

**2007 October:** The Bank issued a Press release in the Interbank Foreign Exchange Market indicating that the Bank was going to be on the selling side.

**2007 June:** As per the Bank of Tanzania Act, 2006, His Excellency, the President of the United Republic of Tanzania, Hon. Jakaya Mrisho Kikwete, appointed three Bank of Tanzania Deputy Governors, Prof.

Benno J. Ndulu, (Incharge of Economic and Financial Policies - EFP), Mr. Juma H. Reli (Incharge of Administration and Internal Controls - AIC) and Mr. Lila H. Mkila (Incharge of Financial Stability and Deepening- FSD). The effective date of their appointments was 26th June 2007.

**2007 June:** Bank of Tanzania-Zanzibar Branch officially moved in the new office building located at Gulioni on 25th June 2007.

**2006 June:** The Bank of Tanzania Act, 2006 and the Banking and Financial Institutions Act, 2006 were gazetted and became effective on 1st July 2006.

**2006 April:** The Boards of Directors of the African Development Bank and African Development Fund approved the ADF's participation in Multilateral Debt Relief Initiative (MDRI). The impact of the approval will be cancellation of outstanding debt as at end of December 2004 that remained unpaid until the end of 2005. Though the ADF implementation of MDRI was 01 January 2006, actual delivery is expected to be done retroactively by the end of the 3rd quarter of 2006.

**2006 January:** The International Monetary Fund (IMF) cancelled debt worth USD 338 million being 100 percent of disbursed outstanding debt as at December 2004 that remained outstanding until December 2005.

**2005 December:** Introduction of the Two-way quote system in the Interbank Foreign Exchange Market (IFEM).

**2005 October:** Tanzania Net Settlement



Services system (TNNSS) which is a system used to facilitate settlement of transactions arising from visa member banks obligations went live on 10th October 2005 linking 4 local banks with VISA International network branded cards.

**2005 July:** 10 percent withholding tax charged on Treasury bills and bonds with the exception of all bonds with maturities longer than two years

**2005 June:** The G8 Finance Ministers on June 11th 2005 announced a proposal on debt cancellation for Highly Indebted Poor Countries. The proposal envisages 100 percent cancellation of HIPC's disbursed outstanding debt as at 31st December 2004 due to IMF, World Bank and African Development Bank. The announcement entails cancellation of Tanzania debt worth USD 4.832 billion.

**2005 June:** Zanzibar Investment Promotion Authority (ZIPA) was established as a government focal point for the promotion and facilitation of investment in Zanzibar.

**2005 May:** Office of Chief Government Statistician GOZ completed the Zanzibar Household Budget Survey (HBS).

**2005 March:** Bank of Tanzania issued Microfinance Regulations 2005.

**2005 March:** Zanzibar Business Council was inaugurated. The Council is under the Chairmanship of the Zanzibar President. The council's main objective is to promote development dialogue and propose common strategies for addressing problems facing the private sector growth.

**2005 January:** The East African Community Customs Union that was ratified by the Partner States in December 2004 commenced its operations. Under the protocol, trade on goods originating and traded among the Partner States attracts a zero tariff. A three-band Common External Tariff (CET) structure of 0percent, 10percent, and 25percent is applied to goods imported into EAC. A selected list of sensitive items attracts rates above 25percent as an additional protection measure for similar locally produced products.

**2004 December:** Effective end of December 2005, the government developed and introduced a computerized risk-management system aimed at expanding customs clearance primarily through reducing significantly the number of shipments that are physically inspected.

**2004 December:** The East African Legislative Assembly enacted the East African Community Customs Management Act, 2004.

**2004 November:** The National Assembly passed the National Economic Empowerment act, 2004. Under the act, the government has resolved to take measures designed to promote and facilitate economic initiatives aimed at empowering Tanzanians.

**2004 October:** The Electronic Fund Transfer (EFT) system, which is used to transfer low value high volume interbank payments, went live in 2004.

**2004 July:** 15 percent withholding tax was reinstated on Treasury bills and bonds with



the exception of bonds with maturities longer than two years.

**2004 April:** The Bank introduced the Tanzania Inter-bank Settlement System (TISS) in April 2004, which is an online, real time gross settlement system.

**2004 March:** The Protocol on the Establishment of the East African Community Customs Union was signed.

**2004 March:** Commencement of the National account Household Budget Survey (HBS) by Office of the Chief Government Statistician (OCGS).

**2004 March:** The second and final closing of the Debt Buyback Scheme took place on March 31st 2004 under which debts worth USD 43.8 million, made up of both principal and interest was retired at a price of 12 cents on a dollar of principal amount tendered.

**2004 March:** Financial Markets Leaders Forum was established in order to promote dialogue and networking among stakeholders in the financial markets. Structured and informal knowledge sharing facilitated by the Forum has enhanced comprehension of the market intricacies among market participants.

**2003 December:** The Bank introduced Intraday and Lombard standby credit facilities to provide overnight-collateralized advances to commercial banks

**2003 June:** The President of the Union Government of Tanzania as empowered in section 134 of the Constitution of the

Union Republic of Tanzania of 1977 (as amended) established the Joint Finance Commission (JFC) and Joint Finance Bill No 14 of 1996.

**2003 May:** The Chief Government Statistician reviewed the basis of National Account Database.

- Changed National Account base year from 1991 to 2001
- Adopted the national account statistics to internationally accepted standards

**2003 May:** Effective 21st May 2003, the Tanzanian Government opened up the Dar es Salaam Stock Exchange to foreign investors. Several regulations were published in 2003 to guide foreign investor's dealings in the Stock Exchange and establish regulatory safeguards for orderly stable market activities.

**2003 March:** Effective 3rd March, the Delphis Bank was ordered to stop operations by the Bank of Tanzania and was put under statutory supervision of the Bank of Tanzania.

**2003 February:** The Bank of Tanzania Act (1995) was amended by the Financial Laws (Miscellaneous Amendments) Act, 2003 to give the Bank general powers on the national payment, clearing and settlement system matters comprising oversight and regulation of the National Payment System.

**2002 October:** The Ministry of Finance converted additional non-marketable stocks into marketable securities worth TZS 80.0 billion.



**2002 August:** The Bank of Tanzania on behalf of the Government launched a 10-year Treasury bond with a fixed coupon rate of 7.75 percent.

**2002 July:** The Bank of Tanzania established an Export Credit Guarantee Scheme (ECGS) to hasten the provision of credit to the export sector, notably non-traditional exports in order to augment efforts towards increased export earnings.

**2002 July:** The Ministry of Finance issued additional unsecuritized domestic debts worth TZS 20.0 billion to be converted into marketable securities.

**2002 July:** The Bank of Tanzania on behalf of the Government launched a 7-year Treasury bond with a fixed coupon rate of 7.75 percent.

**2002 May:** The Bank of Tanzania in collaboration with the Ministry of Finance, converted unsecuritized domestic debts worth TZS 20.0 billion into marketable securities.

**2002 May:** The Bank of Tanzania re-introduced the 35-day Treasury bill as an instrument of monetary policy.

**2002 May:** Effective 29th May, the Bank of Tanzania reinstated the 35-days Treasury bill to cater for monetary policy implementation in the country.

**2002 April:** The Bank of Tanzania changed the 2-year Treasury bond auctions from uniform prices to multiple prices.

**2002 March:** Effective 1st March, the Bank of Tanzania established a Bank of Tanzania

Electronic Clearing House (BOTECH) system at the Dar es Salaam Clearing House, targeted at enhancing the check processing speed, minimizing errors and acts of fraud in the inter-bank transactions. Also, the Magnetic Ink Character Recognition (MICR) equipment for processing paper instruments and generation of electronic files was commissioned to be used by the Electronic Clearing House and the Central Banking System (CBC) at three sites of Dar es Salaam, Mwanza and Arusha.

**2002 February:** The Bank of Tanzania on behalf of the Government launched a 5-year Treasury bond with a fixed coupon rate of 7.5 percent under the tranching/reopening mechanism. The bond is listed at the Dar es Salaam Stock Exchange. The aim was to extend the maturity profile of government debt, lengthen the yield curve, and increase the number of tradable instruments in the market.

**2002 January:** The Paris Club Creditors met on January 17, 2002 and agreed to offer debt relief under Cologne Stock Terms by cancelling 90 percent stock of their debts amounting to USD 737 million in net present value terms or USD 1.0 billion in nominal terms. This was part of HIPC Initiative.

**2001 November:** Tanzania fulfilled all the conditions and managed to reach HIPC Floating Completion Point in November 2001 that was 15 months ahead of originally scheduled time of 36 months.

**2001 June:** The first closing of the Tanzania debt buyback operation took place on 6th June with debt worth about USD 155.7 million (principal and interest)



being retired, utilizing about USD 7.2 million from the grant. The first closing of the operation represents an important step towards the implementation of the Government's debt reduction strategy.

**2001 May:** The Management of Risk Assets Regulations, 2001 came into effect on 1st May 2001 and repealed "The Guidelines on Management of Risk Assets, Classification of Loans and Other Risk Assets, Provisioning for Losses and Accrual of Interest" issued on 18th October 1991.

**2001 May:** The Credit Concentration and Other Exposure Limits Regulations, 2001 came into effect on 1st May 2001 and repealed "The Guidelines on Concentration of Credit and Other Exposure Limits" issue on 22nd December 1992.

**2001 May:** The Capital Adequacy Regulations, 2001 became effective on 1st May 2001 and repealed "Guidelines for Measuring Capital Adequacy" issued on 1st October 1993 and the Addendum to Circular No. 3 on Capital Adequacy issued on 27th March 1996.

**2001 February:** The Government launched a national micro-finance policy on 2nd February that lays out the principles of upgrading services through efficient and effective micro-finance systems.

**2001 January:** Effective 1st January the petroleum sector was fully and effectively liberalized and the Government stopped extending subsidies to Tanzania Petroleum Development Corporation (TPDC).

**2001 January:** On 15th January, the

Heads of State of Tanzania, Kenya and Uganda, formally inaugurated the East African Community (EAC) at the Sheikh Amri Abeid Stadium Arusha.

**2000 October:** Effective October 1st Tanzania pulled out of Common Market for East and Southern Africa (COMESA).

**2000 September:** The Publication by commercial banks of Financial Statements Regulations, 2000 was officially made operational on 1st September 2000.

**2000 September:** The Liquid Assets Ratio Regulations, 2000 became effective on 1st September 2000.

**2000 September:** Effective on 1st September 2000, the Independent Auditors Regulations, 2000 became operational.

**2000 September:** Circular No. 8: The Money Laundering Control aimed at guiding banks and financial institutions on uncovering, reporting and controlling money laundering became effective on 1st September, 2000.

**2000 May:** The Bank of Tanzania took over the management of 1st Adili Bancorp on 15th of May due to its poor performance and shareholders inability to inject more capital in the bank to cover for the heavy losses sustained in its operations.

**2000 April:** Agreed minute was signed on 14th April in relation to Tanzania's qualification for Paris Club VI rescheduling arrangement. Under this arrangement Tanzania will be treated under Cologne terms, which provide cancellation of 90 percent of the debt service due up to the



Completion Point of the enhanced HIPC Initiative.

**2000 March:** Tanzania at end March reached a Decision Point and qualified for consideration of additional debt relief under HIPC Program, after the IMF approved Tanzania's three year Poverty Reduction and Growth Facility (PRGF).

**2000 January:** Effective January 15, 2000 the Minimum Reserve Requirement was set at 10 percent of total deposit liabilities (including foreign currency deposits) plus 50 percent of vault cash excluding deposit in the clearing account.

**1999 July:** The Bank of Tanzania introduced a computerized book entry system and a central depository system for Treasury bills. The system entails record keeping, transfer and updating ownership of the Treasury bills without having to issue physical certificates, thus improving efficiency. The system also facilitates divisibility of securities into smaller lots, which promotes secondary market trading.

**1998 July:** Establishment of the Primary Dealership system

**1998 April:** Trading activities at the Dar-es-Salaam Stock Exchange commenced after two years of preparatory work under the stewardship of the Government through the Capital Markets and Securities Authority. The opening of the Trading Floor coincided with the listing of TOL Limited (formerly Tanzania Oxygen Limited), as the first company on the new Exchange.

**1997 July:** Repurchase agreements were introduced to complement Treasury bills

and bonds in the open market operations.

**1997 March:** The first Treasury bond auction was held. 2-year Treasury bond was the only maturity offered.

**1996 September:** The Dar es Salaam Stock Exchange was incorporated as a private company limited by guarantee and not having a share capital under the Companies Ordinance.

**July 1996:** The 10.0 percent withholding tax on income from Treasury bills and deposits was abolished.

**1996:** The Capital Markets and Securities Authority (CMSA) was established, in order to facilitate establishment of a stock exchange for mobilizing and allocating savings for medium and long-term investments.

**1995 November:** Commercial bank and financial institutions were required to determine and report on foreign exchange purchases, sales, the maximum net open position, and average balances and send reports weekly to the Bank of Tanzania.

**1994 December:** The 364-day Treasury bill was introduced.

**1994 December:** Issuance of the 35-day Treasury bill was discontinued.

**1994 July:** A fully-fledged Bank of Financial Markets was established in the Bank in order to develop and supervise the functioning of the markets.

**1994 June:** The Interbank Foreign Exchange Market was introduced,



replacing the weekly foreign exchange auction system. The IFEM, which is a wholesale market, facilitated determination of the exchange rate.

**1994 February:** 182-day Treasury bill was introduced.

**1994 January:** The Capital Market and Securities Act was enacted.

**1993 September:** 35-day Treasury bill was introduced.

**1993 August:** Treasury Bills Auctions were introduced as a tool for financing short term government deficit, as an instrument of liquidity management, and as a reference point for the determination of market interest rates. The Auctions began with the 91-day Treasury bill

**1993 July:** BOT began auctioning of foreign exchange as a tool for liquidity management as well as for determination of a market-based exchange rate.

**1993 July:** Foreign exchange auctions were introduced.

**1993 June:** Certificates of Deposit as an instrument of monetary policy were introduced for the first time.

**1993 April:** Inception of the Bureaux de Change markets as an effort to liberalize foreign exchange regime.

**1992 March:** The Foreign Exchange Act 1992 was enacted. The Act liberalized the external trade and created an enabling environment for determination of market exchange rates.



**PART V**  
**STATISTICAL TABLES**



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**Table AI.1: Gross Domestic Product (GDP), by Kind of Economic Activity at Current Prices, Tanzania Mainland, 2000-2009**

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009P
<b>A: Monetary</b>										
<b>Gross domestic product at market prices</b>	<b>6,839,645</b>	<b>7,638,099</b>	<b>8,795,422</b>	<b>10,214,161</b>	<b>11,680,834</b>	<b>13,431,438</b>	<b>15,152,834</b>	<b>17,761,462</b>	<b>20,780,801</b>	<b>24,171,305</b>
<b>Agriculture, Hunting and Forestry</b>	<b>1,483,902</b>	<b>1,610,975</b>	<b>1,824,450</b>	<b>2,104,035</b>	<b>2,404,037</b>	<b>2,589,263</b>	<b>2,737,686</b>	<b>3,154,263</b>	<b>3,696,524</b>	<b>4,439,294</b>
Crops	1,062,007	1,151,820	1,324,078	1,523,553	1,743,041	1,831,665	1,901,931	2,250,434	2,638,183.555	2904765
Livestock	277,816	307,313	336,310	399,611	447,491	529,630	580,430	631,254	744,879.2763	982709
Forestry and hunting	144,079	151,842	164,062	180,871	213,505	227,968	255,325	272,575	313,460.9706	551820
<b>Fishing</b>	<b>141,609</b>	<b>149,760</b>	<b>168,598</b>	<b>182,929</b>	<b>201,771</b>	<b>219,930</b>	<b>235,045</b>	<b>269,831</b>	<b>235,045</b>	<b>235,045</b>
<b>Industry and construction</b>	<b>1,379,079</b>	<b>1,550,360</b>	<b>1,957,554</b>	<b>2,437,259</b>	<b>2,776,974</b>	<b>3,149,293</b>	<b>3,515,928</b>	<b>4,173,741</b>	<b>4,895,331</b>	<b>5,847,691</b>
Mining and quarrying	119,175	159,979	220,000	288,200	357,368	457,431	576,363	742,932	839,513.0549	941094
Manufacturing	715,649	762,400	866,228	1,002,827	1,129,558	1,269,145	1,395,282	1,625,504	1,935,974.704	2,434,754
Electricity, gas	170,220	196,860	209,640	227,081	244,977	271,925	276,915	335,898	421,215.9603	479,768
Water supply	23,850	29,840	32,421	37,597	42,697	47,696	54,872	57,816	63,481.84612	70,934
Construction	350,185	401,281	629,265	881,554	1,002,374	1,103,096	1,212,496	1,411,592	1,635,145.644	1,921,141
<b>Services</b>	<b>3,390,939</b>	<b>3,795,004</b>	<b>4,230,646</b>	<b>4,763,613</b>	<b>5,419,639</b>	<b>6,247,148</b>	<b>7,170,793</b>	<b>8,413,349</b>	<b>9,884,310</b>	<b>11,275,394</b>
Trade and repairs	1,046,788	1,182,797	1,298,349	1,454,527	1,593,717	1,752,826	2,044,421	2,416,506	2,875,641.69	3,341,496
Hotels and restaurants	225,000	250,978	269,120	286,883	319,365	394,417	459,584	559,722	649,277.52	635,414
Transport	447,314	487,062	526,710	577,977	637,720	706,291	769,830	886,844	1,037,607.667	1,409,636
Communications	97,143	112,783	130,496	161,623	206,877	277,216	374,241	487,132	611,350.0325	596,230
Financial intermediation	127,297	140,000	179,715	204,766	229,370	265,261	299,734	345,000	403,727	477,492
Real estate and business services	565,642	591,482	621,333	723,952	819,300	980,660	1,120,466	1,318,834	1,416,251.056	1,508,091
Public administration	540,229	640,649	754,654	866,917	1,076,215	1,278,881	1,440,913	1,652,556	2,026,815	2,282,763
Education	169,000	188,733	211,372	223,409	236,813	251,022	268,594	289,617	333,059.55	392,507
Health	97,373	118,972	151,993	174,789	200,933	233,032	275,726	327,658	383,359.86	454,990
Other social & personal services	75,153	81,548	86,904	88,770	99,329	107,542	117,284	129,482	147,220.5064	176,775
<b>Gross value added before adjustments</b>	<b>6,395,529</b>	<b>7,106,099</b>	<b>8,181,248</b>	<b>9,487,836</b>	<b>10,802,421</b>	<b>12,205,634</b>	<b>13,659,452</b>	<b>16,011,184</b>	<b>18,711,210</b>	<b>21,797,423</b>
<i>less FISIM</i>	-85,035	-80,000	-90,400	-105,382	-120,588	-141,723	-169,661	-208,281	-260,029	-328,478
<i>Gross value added at current basic prices</i>	<i>6,310,494</i>	<i>7,026,099</i>	<i>8,090,848</i>	<i>9,382,454</i>	<i>10,681,833</i>	<i>12,063,911</i>	<i>13,489,791</i>	<i>15,802,903</i>	<i>18,451,181</i>	<i>21,468,946</i>
<i>Add Taxes on products</i>	529,151	612,000	704,574	831,707	999,001	1,367,527	1,663,043	1,958,559	2,329,620	2,702,359
<b>B: Non-Monetary</b>										
<b>Gross domestic product at market prices</b>	<b>1,313,144</b>	<b>1,462,175</b>	<b>1,649,085</b>	<b>1,892,899</b>	<b>2,290,757</b>	<b>2,533,855</b>	<b>2,788,434</b>	<b>3,186,941</b>	<b>3,947,204</b>	<b>3,887,282</b>
<b>Agriculture, Hunting and Forestry</b>	<b>923,398</b>	<b>1,025,218</b>	<b>1,163,933</b>	<b>1,375,611</b>	<b>1,712,407</b>	<b>1,821,215</b>	<b>1,970,870</b>	<b>2,258,995</b>	<b>2,677,952</b>	<b>2,505,920</b>
Crops	710,944	794,125	912,131	1,118,034	1,379,855	1,440,478	1,550,759	1,732,893	2,062,142.67	2,282,315
Livestock	137,533	152,135	166,490	163,524	221,530	262,193	287,342	359,742	424,495.56	1,528,18
Forestry & hunting	74,921	78,958	85,312	94,053	111,022	118,544	132,769	166,360	191,313.4906	707,86
<b>Fishing</b>	<b>3,688</b>	<b>3,900</b>	<b>4,391</b>	<b>4,764</b>	<b>5,254</b>	<b>5,727</b>	<b>6,409</b>	<b>7,358</b>	<b>7,873</b>	<b>10,610</b>
<b>Industry and construction</b>	<b>83,197</b>	<b>88,099</b>	<b>94,005</b>	<b>101,224</b>	<b>122,289</b>	<b>167,464</b>	<b>208,050</b>	<b>257,315</b>	<b>299,103</b>	<b>346,074</b>
Water supply	13,382	14,000	16,245	16,327	18,777	20,909	20,937	27,166	29,828.268	33,330
Construction	69,815	74,099	77,760	84,897	103,512	146,555	187,113	230,149	269,274.33	312,744
<b>Services</b>	<b>302,861</b>	<b>344,958</b>	<b>386,756</b>	<b>411,300</b>	<b>450,807</b>	<b>539,449</b>	<b>603,105</b>	<b>663,273</b>	<b>962,277</b>	<b>1,024,678</b>
Real estate & business services	302,861	344,958	386,756	411,300	450,807	539,449	603,105	663,273	962,276.9243	1,024,678
<b>Total Gross Domestic Product at market prices</b>	<b>8,152,789</b>	<b>9,100,274</b>	<b>10,444,507</b>	<b>12,107,060</b>	<b>13,971,591</b>	<b>15,965,293</b>	<b>17,941,268</b>	<b>20,948,403</b>	<b>24,728,005</b>	<b>28,058,587</b>

Note: \* From September 2007 the National Bureau of Statistics Revised the Set of National Account Estimates - rebasing them to 2001 constant prices

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



A1.0 Output and Prices

Table A1.2: Gross Domestic Product (GDP), by Kind of Economic Activity, Percentage Share at Current Prices, Tanzania Mainland, 2000–2009

Economic Activity	2000	2001	2002	2003	2004	2005	2006 <sup>f</sup>	2007	2008 <sup>r</sup>	2009 <sup>p</sup>
<b>A: Monetary</b>										
Gross domestic product at market prices	83.9	83.9	84.2	84.4	83.6	84.1	84.5	84.8	84.1	86.1
Agriculture, Hunting and Forestry	18.2	17.7	17.5	17.4	17.2	16.2	15.3	15.1	14.9	15.8
Crops	13.0	12.7	12.7	12.6	12.5	11.5	10.6	10.7	10.7	10.4
Livestock	3.4	3.4	3.2	3.3	3.2	3.3	3.2	3.0	3.0	3.5
Forestry and hunting	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.3	1.3	2.0
Fishing	1.7	1.6	1.6	1.5	1.4	1.4	1.3	1.3	1.2	0.8
Industry and construction	16.9	17.0	18.7	20.1	19.9	19.7	19.6	19.9	19.8	20.8
Mining and quarrying	1.5	1.8	2.1	2.4	2.6	2.9	3.2	3.5	3.4	3.4
Manufacturing	8.8	8.4	8.3	8.3	8.1	7.9	7.8	7.8	7.8	8.7
Electricity, gas	2.1	2.2	2.0	1.9	1.8	1.7	1.5	1.6	1.7	1.7
Water supply	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	4.3	4.4	6.0	7.3	7.2	6.9	6.8	6.7	6.6	6.8
Services	41.6	41.7	40.5	39.3	38.8	39.1	40.0	40.2	39.8	40.2
Trade and repairs	12.8	13.0	12.4	12.0	11.4	11.0	11.4	11.5	11.6	11.9
Hotels and restaurants	2.8	2.8	2.6	2.4	2.3	2.5	2.6	2.7	2.6	2.3
Transport	5.5	5.4	5.0	4.8	4.6	4.4	4.3	4.2	4.2	5.0
Communications	1.2	1.2	1.2	1.3	1.5	1.7	2.1	2.3	2.5	2.1
Financial intermediation	1.6	1.5	1.7	1.7	1.6	1.7	1.7	1.6	1.6	1.7
Real estate and business services	6.9	6.5	5.9	6.0	5.9	6.1	6.2	6.3	5.7	5.4
Public administration	6.6	7.0	7.2	7.2	7.7	8.0	8.0	7.9	8.1	8.1
Education	2.1	2.1	2.0	1.8	1.7	1.6	1.5	1.4	1.3	1.4
Health	1.2	1.3	1.5	1.4	1.4	1.5	1.5	1.6	1.5	1.6
Other social & personal services	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Gross value added before adjustments	78.4	78.1	78.3	78.4	77.3	76.5	76.1	76.4	75.7	77.7
less FISIM	-1.0	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.1	-1.2
Gross value added at current basic prices	77.4	77.2	77.5	77.5	76.5	75.6	75.2	75.4	74.6	76.5
Add Taxes on products	6.5	6.7	6.7	6.9	7.2	8.6	9.3	9.3	9.4	9.6
<b>B: Non-Monetary</b>										
Gross domestic product at market prices	16.1	16.1	15.8	15.6	16.4	15.9	15.5	15.2	15.9	13.9
Agriculture, Hunting and Forestry	11.3	11.3	11.1	11.4	12.3	11.4	11.0	10.8	10.8	8.9
Crops	8.7	8.7	8.7	9.2	9.9	9.0	8.6	8.3	8.3	8.1
Livestock	1.7	1.7	1.6	1.4	1.6	1.6	1.6	1.7	1.7	0.5
Forestry & hunting	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.3
Fishing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	1.0	1.0	0.9	0.8	0.9	1.0	1.2	1.2	1.2	1.2
Water supply	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	0.9	0.8	0.7	0.7	0.7	0.9	1.0	1.1	1.1	1.1
Services	3.7	3.8	3.7	3.4	3.2	3.4	3.4	3.2	3.9	3.7
Real estate & business services	3.7	3.8	3.7	3.4	3.2	3.4	3.4	3.2	3.9	3.7
<b>Total Gross Domestic Product at market prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>						

Source: National Bureau of Statistics


**Table AI.3: Gross Domestic Product (GDP) by Kind of Economic Activity, at Constant 2001 Prices, Tanzania Mainland, 2000 - 2009**

Economic Activity	2000	2001	2002	2003	2004	2005	2006r	2007	2008r	2009p
<b>A: Monetary</b>										
<b>GDP at market prices</b>	7,172,563	7,638,006	8,223,867	8,833,128	9,525,201	10,300,744	11,021,170	11,852,682	12,767,259	13,536,636
<b>Agriculture and Fishing</b>	1,656,413	1,760,735	1,858,279	1,913,425	1,993,064	2,114,515	2,187,610	2,277,890	2,379,345	2,430,546
Crops	1,070,541	1,151,820	1,225,544	1,259,304	1,312,030	1,399,662	1,446,975	1,510,406	1,587,437	1,617,938
Livestock	295,549	307,313	316,043	323,067	334,237	351,232	359,519	371,398	379,387	388,264
Forestry and hunting	147,324	151,842	156,806	161,575	165,963	171,937	179,847	185,827	191,750	198,686
<b>Fishing</b>	142,999	149,760	159,886	169,479	180,834	191,684	201,269	210,259	220,772	225,658
<b>Industry and construction</b>	1,453,272	1,550,268	1,699,749	1,893,028	2,106,686	2,326,418	2,522,828	2,760,870	2,996,217	3,208,502
Mining and quarrying	140,400	159,979	187,000	219,000	254,000	295,000	341,000	377,559	386,998	391,642
Manufacturing	726,358	762,400	819,200	893,000	977,000	1,071,000	1,162,000	1,263,435	1,388,515	1,499,596
Electricity, gas	185,847	196,860	209,000	223,953	240,708	263,218	238,347	286,507	301,978	327,344
Water supply	28,654	29,748	30,569	32,062	33,903	35,417	37,950	40,841	43,536	45,418
Construction	372,013	401,281	453,980	525,013	601,075	661,783	723,531	792,529	875,190	944,502
<b>Services</b>	3,563,385	3,795,004	4,096,913	4,422,457	4,775,960	5,166,826	5,580,151	6,044,462	6,567,737	7,030,934
Trade and repairs	1,111,165	1,182,797	1,281,544	1,405,698	1,486,931	1,585,906	1,736,631	1,906,821	2,097,503	2,254,934
Hotels and restaurants	239,528	250,978	267,162	275,836	285,732	301,873	314,921	328,859	343,658	358,779
Transport	464,481	487,062	516,000	541,901	588,574	627,951	661,000	703,965	752,539	797,691
Communications	103,716	112,783	124,549	144,039	169,158	200,900	239,537	287,684	346,659	422,577
Financial intermediation	131,000	140,000	154,108	170,643	184,775	204,694	228,000	251,280	281,120	306,339
Real estate and business services	572,296	591,482	639,474	684,602	734,880	796,832	860,219	925,021	990,697	1,046,313
Public administration	580,000	640,649	699,561	766,760	871,169	970,786	1,033,488	1,102,951	1,180,158	1,232,313
Education	169,462	188,733	202,000	207,606	215,910	224,547	235,774	248,742	265,905	284,704
Health	112,629	118,972	129,229	140,437	151,370	163,572	177,520	193,142	210,525	224,654
Other social and personal services	79,108	81,548	83,286	84,935	87,461	89,765	93,061	95,998	98,974	102,141
<b>Gross value added excluding adjustments</b>	6,673,070	7,106,007	7,654,941	8,228,910	8,875,710	9,607,759	10,290,589	11,083,223	11,943,299	12,669,982
less FISIM	-78,049	-80,000	-87,000	-97,154	-106,931	-119,497	-137,287	-158,292	-175,704	-190,990
<b>Gross value added at basic prices</b>	6,595,021	7,026,007	7,567,941	8,131,756	8,768,779	9,488,262	10,153,302	10,924,931	11,767,595	12,478,992
Taxes on products	577,542	612,000	655,926	701,372	756,422	812,482	867,868	927,751	999,664	1,057,646
<b>B: Non-Monetary</b>										
<b>GDP at market prices</b>	1,412,775	1,462,268	1,528,311	1,590,607	1,714,533	1,767,345	1,859,993	1,949,239	2,061,086	2,184,664
<b>Agriculture, forestry, hunting &amp; fishing</b>	1,002,430	1,029,118	1,072,250	1,111,424	1,210,467	1,230,544	1,287,138	1,337,492	1,401,663	1,471,664
Crops	777,030	794,125	830,090	863,057	950,694	962,268	1,010,398	1,057,549	1,111,484	1,172,746
Livestock	146,311	152,135	156,457	159,934	168,763	173,877	177,979	179,000	185,322	189,658
Forestry and hunting	75,413	78,958	81,539	84,019	86,301	89,407	93,520	95,468	99,109	102,353
<b>Fishing</b>	3,676	3,900	4,164	4,414	4,709	4,992	5,241	5,475	5,749	6,979
<b>Industry and construction</b>	83,680	88,192	92,275	95,053	97,933	106,843	117,074	128,648	142,024	149,201
Water supply	13,709	14,093	14,515	15,066	15,654	16,283	16,955	17,633	18,797	20,405
Construction	69,971	74,099	77,760	79,987	82,279	90,560	100,119	111,015	123,227	128,796
<b>Services</b>	326,665	344,958	363,786	384,130	406,133	429,958	455,781	483,099	517,399	563,726
Real estate and business services	326,665	344,958	363,786	384,130	406,133	429,958	455,781	483,099	517,399	563,726
<b>Total Gross domestic product at market prices</b>	8,585,338	9,100,274	9,752,178	10,423,735	11,239,734	12,068,089	12,881,163	13,801,921	14,828,345	15,721,301

Note: \* From September 2007 the National Bureau of Statistics Revised the Set of National Account Estimates - rebasing them to 2001 constant prices

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



## A1.0 Output and Prices

Table A1.4: Gross Domestic Product (GDP) by Kind of Economic Activity, Percentage Share at Constant 2001 Prices, Tanzania Mainland, 2000 - 2009

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008 <sup>a</sup>	2009 <sup>b</sup>
<b>A: Monetary</b>										
<b>Agriculture and Fishing</b>	19.3	19.3	19.1	18.4	17.7	17.5	17.0	16.5	16.0	16.0
Crops	12.5	12.7	12.6	12.1	11.7	11.6	11.2	10.9	10.7	10.7
Livestock	3.4	3.4	3.2	3.1	3.0	2.9	2.8	2.7	2.6	2.6
Forestry and hunting	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.3	1.3	1.3
<b>Fishing</b>	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5
<b>Industry and construction</b>	16.9	17.0	17.4	18.2	18.7	19.3	19.6	20.0	20.2	20.2
Mining and quarrying	1.6	1.8	1.9	2.1	2.3	2.4	2.6	2.7	2.6	2.6
Manufacturing	8.5	8.4	8.4	8.6	8.7	8.9	9.0	9.2	9.4	9.4
Electricity, gas	2.2	2.2	2.1	2.1	2.1	2.2	2.0	2.1	2.0	2.0
Water supply	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	4.3	4.4	4.7	5.0	5.3	5.5	5.6	5.7	5.9	5.9
<b>Services</b>	41.5	41.7	42.0	42.4	42.5	42.8	43.3	43.8	44.3	44.3
Trade and repairs	12.9	13.0	13.1	13.5	13.2	13.1	13.5	13.8	14.1	14.1
Hotels and restaurants	2.8	2.8	2.7	2.6	2.5	2.5	2.4	2.4	2.3	2.3
Transport	5.4	5.4	5.3	5.2	5.2	5.2	5.1	5.1	5.1	5.1
Communications	1.2	1.2	1.3	1.4	1.5	1.7	1.9	2.1	2.3	2.3
Financial intermediation	1.5	1.5	1.6	1.6	1.6	1.7	1.8	1.8	1.9	1.9
Real estate and business services	6.7	6.5	6.6	6.6	6.5	6.6	6.7	6.7	6.7	6.7
Public administration	6.8	7.0	7.2	7.4	7.8	8.0	8.0	8.0	8.0	8.0
Education	2.0	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.8	1.8
Health	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4
Other social and personal services	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Gross value added excluding adjustments	77.7	78.1	78.5	78.9	79.0	79.6	79.9	80.3	80.5	80.5
less <i>Financial Services Indirectly Measured</i>	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1	-1.2	-1.2
Gross value added at basic prices	76.8	77.2	77.6	78.0	78.0	78.6	78.8	79.2	79.4	79.4
Taxes on products	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
<b>GDP at market prices</b>	<b>83.5</b>	<b>83.9</b>	<b>84.3</b>	<b>84.7</b>	<b>84.7</b>	<b>85.4</b>	<b>85.6</b>	<b>85.9</b>	<b>86.1</b>	<b>86.1</b>
<b>B: Non-Monetary</b>										
<b>Agriculture, forestry, hunting &amp; fishing</b>	11.7	11.3	11.0	10.7	10.8	10.2	10.0	9.7	9.5	9.5
Crops	9.1	8.7	8.5	8.3	8.5	8.0	7.8	7.7	7.5	7.5
Livestock	1.7	1.7	1.6	1.5	1.5	1.4	1.4	1.3	1.2	1.2
Forestry and hunting	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
<b>Fishing</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Industry and construction</b>	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0
Water supply	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8
Services	3.8	3.8	3.7	3.7	3.6	3.6	3.5	3.5	3.5	3.5
Real estate and business services	3.8	3.8	3.7	3.7	3.6	3.6	3.5	3.5	3.5	3.5
GDP at market prices	16.5	16.1	15.7	15.3	15.3	14.6	14.4	14.1	13.9	13.9
<b>C: Total Gross Domestic Product at Constant prices</b>	<b>100.0</b>	<b>100.0</b>								

Source: National Bureau of Statistics


**Table A1.5: Gross Domestic Product (GDP) by Kind of Economic Activity, Percentage Growth Rates, at Constant 2001 Prices, Tanzania Mainland,**

Economic Activity	Percent									
	2000	2001	2002	2003	2004	2005	2006	2007	2008 <sup>a</sup>	2009 <sup>a</sup>
<b>A: Monetary</b>										
<b>Gross Domestic Product at market prices</b>	5.0	6.5	7.7	7.4	7.8	8.1	7.0	7.5	7.7	6.0
<b>Agriculture, forestry, hunting &amp; fishing</b>	4.3	6.3	5.5	3.0	4.2	6.1	4.1	4.1	4.5	2.2
Crops	5.8	7.6	6.4	2.8	4.2	6.7	3.4	4.4	5.1	1.9
Livestock	-1.0	4.0	2.8	2.2	3.5	5.1	2.4	3.3	2.2	2.3
Forestry and hunting	6.0	3.1	3.3	3.0	2.7	3.6	4.6	3.3	3.2	3.6
Fishing	2.9	4.7	6.8	6.0	6.7	6.0	5.0	4.5	5.0	2.2
<b>Industry and construction</b>	4.5	6.7	9.6	11.4	11.3	10.4	8.4	9.4	8.5	7.1
Mining and quarrying	14.3	13.9	16.9	17.1	16.0	16.1	15.6	10.7	2.5	1.2
Manufacturing	4.8	5.0	7.5	9.0	9.4	9.6	8.5	8.7	9.9	8.0
Electricity, gas	6.2	5.9	6.2	7.2	7.5	9.4	-1.9	10.9	5.4	8.4
Water supply	3.8	3.8	2.8	4.9	5.7	4.5	7.2	7.6	6.6	4.3
Construction	0.1	7.9	13.1	15.6	14.5	10.1	9.3	9.5	10.4	7.9
<b>Services</b>	5.4	6.5	8.0	7.9	8.0	8.2	8.0	8.3	8.7	7.1
Trade and repairs	4.3	6.4	8.3	9.7	5.8	6.7	9.5	9.8	10.0	7.5
Hotels and restaurants	4.1	4.8	6.4	3.2	3.6	5.6	4.3	4.4	4.5	4.4
Transport	4.3	4.9	5.9	5.0	8.6	6.7	5.3	6.5	6.9	6.0
Communications	5.6	8.7	10.4	15.6	17.4	18.8	19.2	20.1	20.5	21.9
Financial intermediation	3.9	6.9	10.1	10.7	8.3	10.8	11.4	10.2	11.9	9.0
Real estate and business services	5.1	3.4	8.1	7.1	7.3	8.4	8.0	7.5	7.1	5.7
Public administration	10.7	10.5	9.2	9.6	13.6	11.4	6.5	6.7	7.0	4.4
Education	4.0	11.4	7.0	2.8	4.0	4.0	5.0	5.5	6.9	7.1
Health	5.1	5.6	8.6	8.7	7.8	8.1	8.5	8.8	9.0	6.7
Other social and personal services	3.1	3.1	2.1	2.0	3.0	2.6	3.7	3.2	3.1	3.2
<b>Gross value added before adjustments</b>	4.9	6.5	7.7	7.5	7.9	8.2	7.1	7.7	7.8	6.1
<i>less FISIM</i>	1.4	2.5	8.7	11.7	10.1	11.8	14.9	15.3	11.0	8.7
<b>Gross value added at basic prices</b>	5.0	6.5	7.7	7.5	7.8	8.2	7.0	7.6	7.7	6.0
<i>Taxes on products</i>	4.9	6.0	7.2	6.9	7.8	7.4	6.8	6.9	7.8	5.8
<b>B: Non-Monetary</b>										
<b>Gross Domestic Product at market prices</b>	4.7	3.5	4.5	4.1	7.8	3.1	5.2	4.8	5.7	6.0
<b>Agriculture, forestry, hunting &amp; fishing</b>	4.8	2.7	4.2	3.7	8.9	1.7	4.6	3.9	4.8	5.0
Crops	3.2	2.2	4.5	4.0	10.2	1.2	5.0	4.7	5.1	5.5
Livestock	15.4	4.0	2.8	2.2	5.5	3.0	2.4	0.6	3.5	2.3
Forestry and hunting	2.7	4.7	3.3	3.0	2.7	3.6	4.6	2.1	3.8	3.3
Fishing	3.1	6.1	6.8	6.0	6.7	6.0	5.0	4.5	5.0	21.4
<b>Industry &amp; construction</b>	4.3	5.4	4.6	3.0	3.0	9.1	9.6	9.9	10.4	5.1
Water supply	2.5	2.8	3.0	3.8	3.9	4.0	4.1	4.0	6.6	8.6
Construction	4.6	4.9	4.9	2.9	2.9	10.1	10.6	10.9	11.0	4.5
Services	4.7	5.6	5.5	5.6	5.7	5.9	6.0	6.0	7.1	9.0
Real estate & business services	4.7	5.6	5.5	5.6	5.7	5.9	6.0	6.0	7.1	9.0
<b>C: Total Gross Domestic Product at Constant prices</b>	4.9	6.0	7.2	6.9	7.8	7.4	6.7	7.1	7.4	6.0

Notes: P = Provisional

The 1998 - 2006 series have been revised

Source: National Bureau of Statistics



A1.0 Output and Prices

Table A1.6 : Production of Major Agricultural Crops, Tanzania Mainland, 2000- 2010

Crop type	000' Metric Tons									
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08 <sup>p</sup>	2008/09
<b>Food Crops:</b>										
Maize	2,009.0	2,579.0	2,705.0	2,322.0	3,157.0	3,219.0	3,373.0	3,302.1	3,593.7	3,555.8
Rice	508.0	564.0	640.0	713.0	688.0	759.0	784.0	872.2	896.7	875.1
Wheat	32.0	89.0	77.0	74.0	67.0	102.0	110.0	82.8	86.4	92.4
Pulses	674.0	733.0	683.0	850.0	879.0	886.0	1,018.0	1,156.0	1,111.2	1,125.5
<b>Cash Crops:</b>										
Coffee	47.9	58.1	37.5	52.4	32.5	54.0	34.3	54.8	43.1	68.5
Cotton	35.0	41.2	49.9	63.4	46.9	114.6	125.6	43.8	67.3	123.6
Tea	24.8	26.7	24.7	27.6	30.1	30.7	30.3	31.3	34.8	31.6
Cashewnuts	121.2	98.6	67.3	95.0	79.0	72.0	77.4	92.6	99.1	79.1
Tobacco	31.8	24.8	28.0	28.0	34.0	47.0	52.0	50.7	50.8	55.4
Sisal	20.6	20.5	23.5	23.6	23.8	27.0	27.8	30.9	33.3	23.8
Pyrethrum	0.6	1.5	1.7	1.1	0.8	1.0	2.8	2.0	2.3	3.3

Note: na = Not available

p = Provisional

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

Table A1.7: Agricultural Production Indices, Tanzania Mainland, 2000- 2010

Crop type	1980/81=100										
	1980/81	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Food Crops:</b>											
Maize	1839.6	109.2	140.2	147.0	126.2	171.6	175.0	183.4	179.5	195.3	193.3
Paddy	349.5	145.4	161.4	183.1	204.0	196.9	217.2	224.3	249.6	256.6	250.4
Wheat	90.5	35.4	98.3	85.1	81.8	74.0	112.7	121.5	91.5	95.4	102.1
Pulses	271.6	248.2	269.9	251.5	313.0	323.6	326.2	374.8	425.6	409.1	414.4
<b>Cash Crops:</b>											
Coffee	54.9	87.2	105.8	68.3	95.5	59.2	98.4	62.5	99.9	78.5	124.8
Cotton	56.7	61.7	72.7	88.1	111.7	82.8	202.2	221.5	77.2	118.6	218.0
Tea	17.6	140.9	152.0	140.3	156.6	171.1	174.4	172.4	178.1	197.6	179.6
Cashewnuts	54	224.4	226.3	124.8	171.1	146.3	133.3	143.4	171.4	183.5	146.4
Tobacco	14.8	214.9	168.9	189.2	189.2	229.7	317.6	351.4	342.3	343.1	374.0
Sisal	82.5	25.0	25.5	29.1	29.1	29.1	32.7	33.7	37.5	40.4	28.8
Pyrethrum	2.7	21.1	54.3	64.3	40.4	31.2	37.0	103.7	75.8	85.2	121.5

Source: Ministry of Agriculture and BOT computation



**Table A1.8: Production in Selected Industries, Tanzania Mainland, 2000 - 2009**

Commodity	Unit	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>P</sup>
Biscuits & pasta	tons	891	1,215	2,284	5,906	10,214	10,912	10,565	11,273.0	15,435.0	6,837.0
Wheat flour	tons	162,634	180,098	219,118	334,601	338,076	368,019	421,973	412,823.0	287,925.0	368,885.0
Sugar, refined	000' M/Tons	135	184	190	213	202	269	173	285.6	310.1	283.9
Konyagi	000' Lts	2,214	2,287	2,937	3,738	4,105	4,489	4,982	7,614.0	4,049.0	10,201.0
Beer	000' Lts	183,003	175,649	175,870	194,100	202,628	216,604	274,142	310,194.0	291,178.0	284,906.0
Chibuku	000' Lts	17,041	18,750	19,400	14,825	10,119	11,106	11,559	10,320.0	10,255.0	16,141.0
Cigarattes	Mill Pes	3,745	3,491	3,778	3,920	4,219	4,445	4,612	5,821.0	6,101.0	5,831.0
Textiles	000'Sq. Mt.	73,566	84,548	106,305	126,900	127,051	110,520	124,716	127,231.0	155,088.0	96,164.0
Sisal ropes and twines	tons	3,900	4,796	5,901	6,839	5,161	5,943	5,854	7,295.0	7,783.0	7,913.0
Fishnet & products	tons	42	57	30	41	260	274	119	156.0	0.0	0.0
Plywood	Cubic Mt.	568	450	304	562	578	918	1,032	1,080.0	925.0	1,015.0
Pyrethrum extract	000' tons	44	71	36	16	23	164	33	30.0	423.0	266.0
Paints	000'Ltrs	7,085	9,662	13,564	16,842	16,621	16,222	18,402	22,849.0	24,857.0	25,781.0
Cement	000' tons	833	900	1,026	1,186	1,281	1,366	1,432	1,629.9	1,755.9	1,940.8
Rolled steel	tons	11,182	16,340	25,418	38,794	40,029	47,652	53,818	46,016.0	75,274.0	89,791.0
Iron Sheets	tons	25,046	25,937	35,067	31,018	29,573	25,088	30,293	36,369.0	31,751.0	50,664.0
Aluminium sheets/circles	tons	133	137	141	199	171	103	105	110.0	85.0	58.0
Dry cells	000 Pcs	44,000	39,000	42,000	43,000	74,000	81,000	82,000	84,000.0	53,000.0	78,000.0
Battery, auto	Pieces	14,000	11,000	17,000	27,000	29,000	42,000	50,000	12,000.0	0.0	0.0

p = Provisional

Source: National Bureau of Statistics

**Table A1.9: Industrial Production Indices, Tanzania Mainland, 2000–2009**

**1985=100**

Commodity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>p</sup>
Biscuits & pasta	90	123	231	597	1,033	1,103	1,068	1,140	1,561	691
Wheat flour	418	463	563	860	869	946	1,084	1,061	740	948
Sugar, refined	121	145	170	190	181	240	147	255	277	253
Konyagi	230	238	305	389	427	467	518	791	421	1,060
Beer	242	232	232	256	267	286	363	409	384	376
Chibuku	156	172	177	136	93	102	106	94	94	148
Cigarattes	140	131	142	147	158	167	180	218	229	219
Textiles	127	146	183	219	219	190	216	219	267	166
Sisal ropes and twines	27	33	41	47	36	41	40	50	54	55
Fishnet & products	44	59	31	43	271	285	129	163	0	0
Plywood	36	28	19	35	36	58	65	68	58	64
Pyrethrum extract	113	182	92	41	59	421	85	77	1,085	682,051
Paints	519	708	994	1,235	1,219	1,189	1,349	1,675	1,822	1,890
Cement	222	239	273	315	341	363	378	433	467	516
Rolled steel	99	145	225	343	354	422	489	407	666	795
Iron Sheets	116	120	162	143	136	116	140	168	147	234
Aluminium sheets/circles	6	6	6	8	7	4	4	5	4	2
Dry cells	100	88	95	98	168	184	190	190	120	177
Battery, auto	92	72	112	178	191	276	329	79	0	0

*p = Provisional**Source: National Bureau of Statistics & BOT computation*



## 1.0 Output and Prices

Table A1.10 : Mineral Recoveries, Tanzania Mainland, 2000- 2009

Item	Unit	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>P</sup>
Diamond	000'Carats	354.4	254.3	239.8	236.4	303.9	219.6	272.2	282.8	237.7	181.9
Gold	Kgs	15,060.0	30,088.0	43,320.0	48,018.0	48,175.7	47,269.5	39,749.8	40,193.2	36,433.0	39,112.6
Gemstone	Tons	150.8	96.9	195.8	1,531.5	1,613.8	627.8	2,498.6	1,286.3	1,858.3	1,058.5
Salt	000'Tons	70.0	65.0	71.2	59.0	57.1	51.2	34.8	35.2	25.9	27.4
Gypsum	000'Tons	60.0	72.0	73.0	33.2	59.2	23.1	32.6	52.8	55.7	8.1
Limestone	000'Tons	1,500.0	2,269.4	2,856.7	1,206.2	1,390.9	2,006.4	1,607.6	1,322.0	1,281.8	1,284.1
Pozzolana	Tons	57,014.0	41,468.0	52,000.0	105,910.8	152,678.6	163,499.3	129,295.3	184,070.4	260,403.3	171,904.3
Coal	000' Tons	79.2	77.8	79.2	54.6	65.0	30.8	17.9	27.2	15.2	16.5
Tanzanite	Kilogram							5,504.0	8,187.0	11,770.0	10,011.7
Phosphate	Tonnes	5,100.0	4,000.0	1,182.0	3,738.0	6,570.0	1,975.3	2,880.7	8,261.1	28,684.0	752,000.0
Copper	Pounds		5,832,158.0	9,239,428.3	8,191,035.0	9,348,180.6	8,072,118.0	7,241,639.0	7,222,390.0	6,288,503.0	4,451,696.6

Note: P = Provisional

N Minerals



Table A1.11: National Consumer Price Index (Revised), 2001 - 2009

Base: 2001 = 100

Period	General Index	Non - Food										Misc. goods & services		
		Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Recreation & entertain.		Transportation	Educ-ation
Weight (%)	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	101.0	101.0	100.9	100.5	100.8	101.1	102.1	101.0	100.6	100.9	100.7	100.5	100.4	100.6
2003	104.5	105.6	102.9	102.0	102.8	107.1	104.7	103.1	101.7	103.8	102.8	101.7	102.6	102.8
2004	108.9	111.8	104.6	101.5	105.1	109.6	109.5	103.3	102.6	104.4	104.9	102.7	103.2	102.3
2005	120.9	129.4	110.1	116.0	92.8	125.5	134.4	96.7	102.4	97.0	94.0	110.2	91.0	93.9
2006	129.6	138.5	118.5	125.0	99.3	132.3	145.8	104.3	104.4	107.8	98.7	120.2	93.3	101.5
2007	138.8	148.2	126.8	138.1	105.2	137.1	154.8	112.5	113.4	110.9	107.4	128.7	102.2	102.3
2008	153.0	167.0	135.4	149.3	106.7	140.4	171.3	119.2	117.0	116.5	113.4	137.5	109.4	104.1
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
Jun	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
Sep	113.6	118.1	108.1	104.1	104.1	109.3	119.9	102.3	102.7	108.0	103.1	108.2	103.1	100.4
Dec.	113.7	118.5	108.3	104.3	103.8	109.4	120.6	102.5	102.7	108.7	103.4	108.7	102.8	100.4
2006 Mar	127.9	138.6	114.4	119.7	98.1	128.8	138.2	100.8	101.0	107.6	98.0	115.3	90.2	102.0
Jun	131.2	142.5	117.1	121.4	98.3	131.5	145.5	102.9	102.7	106.2	97.5	119.1	91.6	101.0
Sep	127.8	133.3	120.9	127.7	99.7	134.5	151.7	105.9	105.0	107.2	98.3	122.8	94.4	101.6
Dec.	131.7	139.7	121.7	131.1	101.2	134.5	147.9	107.6	108.9	110.3	100.8	123.8	96.9	101.3
2007 Mar	137.0	147.3	124.0	133.6	104.5	136.0	149.1	111.4	111.6	109.9	105.3	125.9	100.6	101.8
Jun	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
Sep	138.5	147.0	127.9	138.0	105.2	137.5	158.3	112.4	114.3	110.9	108.5	129.9	102.8	102.0
Dec.	140.8	150.2	128.9	143.0	105.6	138.3	157.0	113.8	113.8	112.3	108.9	130.9	104.1	102.2
2008 Mar	149.2	163.4	131.2	146.8	105.3	138.9	161.6	116.6	115.1	113.6	110.0	132.9	106.2	103.4
Jun	151.7	165.1	134.9	148.5	106.4	139.5	172.0	118.1	117.1	114.7	111.4	136.5	107.8	103.9
Sep	152.8	164.5	137.9	149.7	106.4	141.6	179.2	120.1	116.8	117.4	114.5	141.0	110.8	104.2
Dec	158.4	175.0	137.6	152.1	108.6	141.6	172.5	122.1	119.1	120.3	117.6	139.6	112.7	104.9
2009-Mar	168.7	193.5	137.3	154.8	109.7	156.4	164.5	124.8	120.7	122.3	121.4	137.7	116.9	106.9
Jun	168.6	192.9	137.9	160.5	114.1	157.5	159.6	126.5	122.9	123.8	122.2	135.1	120.6	108.1
Sep	170.6	193.6	141.6	165.7	115.7	159.4	168.9	128.0	123.0	125.9	124.6	136.8	122.4	108.3
Dec	178.2	203.8	145.8	170.9	115.6	158.9	182.1	127.1	126.0	126.1	127.6	140.3	122.7	106.3
2010-Mar	185.3	213.5	149.5	172.0	115.3	160.6	197.3	127.8	127.0	128.0	126.9	142.6	123.6	106.0
Jun	182.7	210.2	147.7	173.9	115.3	160.8	185.0	129.1	127.0	130.0	124.7	144.7	122.0	103.3

Notes: Base (1) 2001 = 100 up to August 2006, (2) December 2001 = 100 from September 2006

Please note that NBS has adjusted CPI figures from September 2006. Despite the adjustments the previous published figures remains the official measure of inflation in the past

The old and adjusted CPI figures are yet to be harmonized)

Source: National Bureau of Statistics.



Table A1.12: National Consumer Price Index, Percentage Change on the Previous Year- (Revised), 2002 - 2010

2001 = 100

Period	General Index		Non - Food										Education	Miscel. goods & services			
	100.0	Weight	Total	Food	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Recreation & entertain.			Transportation		
			44.1	55.9	6.9	6.4	1.4	8.5	2.1	2.1	2.1	2.1	2.1	0.8	9.7	2.6	1.5
2002	1.0	1.0	0.9	1.0	0.5	0.8	1.1	2.1	0.9	0.6	0.6	0.6	0.9	0.6	0.5	0.4	0.6
2003	3.5	4.5	2.0	4.5	1.5	2.0	5.9	2.5	2.1	1.1	1.1	2.1	2.9	2.1	1.2	2.2	2.2
2004	4.2	5.9	1.6	5.9	-0.5	2.3	2.3	4.6	0.2	0.9	0.9	0.2	0.5	2.1	1.0	0.6	-0.5
2005	4.4	5.9	2.9	5.9	2.1	-0.5	-0.4	7.7	-1.1	0.5	0.5	7.7	3.5	-1.5	4.7	-0.1	-1.4
2006	7.3	7.0	7.6	7.0	7.7	7.0	5.5	8.5	7.8	2.0	2.0	8.5	11.2	5.0	9.1	2.5	8.0
2007	7.0	7.0	7.0	7.0	10.5	5.9	3.6	6.1	7.9	8.6	8.6	6.1	2.9	8.9	7.0	9.6	0.8
2008	10.3	12.7	6.7	12.7	8.1	1.5	2.4	10.7	6.0	3.2	3.2	10.7	5.0	5.5	6.9	7.0	1.8
2005 Mar	4.1	5.5	2.2	5.5	0.9	-3.3	2.0	-0.4	-0.4	1.7	1.7	-0.4	1.0	-2.4	3.7	0.9	-1.3
Jun	4.1	5.0	3.2	5.0	2.0	-5.2	3.0	1.1	-1.9	1.4	1.4	1.1	5.1	0.7	5.7	1.2	-2.9
Sep	4.5	6.3	2.8	6.3	2.7	3.7	-0.9	-0.9	-1.1	-0.7	-0.7	-0.9	4.2	-2.0	4.9	-1.2	-0.8
Dec	4.8	6.9	3.4	6.9	2.9	-1.7	4.2	10.0	-1.1	-0.5	-0.5	10.0	3.9	-2.1	4.7	-1.1	-0.4
2006 Mar	7.7	8.3	6.8	8.3	5.6	7.9	8.5	7.3	4.7	-1.0	-1.0	7.3	16.9	4.9	7.5	0.3	9.4
Jun	9.2	10.0	7.9	10.0	6.0	7.4	7.7	9.5	6.8	0.3	0.3	9.5	13.6	5.5	10.0	2.1	7.7
Sep	5.9	3.5	9.4	3.5	9.8	6.9	3.9	12.0	10.1	2.6	2.6	12.0	10.5	7.0	11.2	5.0	8.6
Dec.	6.3	6.2	6.5	6.2	9.2	5.9	2.3	5.4	9.8	6.0	6.0	5.4	4.8	2.8	7.8	2.5	6.6
2007 Mar	7.2	6.3	8.4	6.3	11.7	6.5	5.6	7.9	10.6	10.5	10.5	7.9	2.1	7.4	9.2	11.6	-0.2
Jun	5.7	4.0	8.1	4.0	13.3	7.2	3.9	6.3	9.2	11.0	11.0	6.3	4.2	9.6	7.4	10.7	2.1
Sep	8.4	10.3	5.8	10.3	8.1	5.5	2.2	4.3	6.2	8.9	8.9	4.3	3.4	10.4	5.8	8.9	0.4
Dec.	6.9	7.5	5.9	7.5	9.1	4.3	2.8	6.2	5.8	4.5	4.5	6.2	1.9	8.1	5.7	7.5	0.9
2008 Mar	8.9	10.9	5.8	10.9	9.9	0.8	2.1	8.4	4.6	3.1	3.1	8.4	3.4	4.4	5.5	5.6	1.6
Jun	9.4	11.4	6.6	11.4	7.9	1.1	2.1	11.2	5.2	2.7	2.7	11.2	3.7	4.1	6.8	6.3	0.7
Sep	10.3	11.9	7.8	11.9	8.5	1.1	3.0	13.2	6.8	2.2	2.2	13.2	5.9	5.5	8.5	7.8	2.2
Dec	12.5	16.5	6.7	16.5	6.4	2.8	2.4	9.9	7.2	4.7	4.7	9.9	7.1	8.0	6.6	8.3	2.6
2009 Mar	13.1	18.4	4.6	18.4	5.5	4.1	12.6	1.8	7.0	4.9	4.9	1.8	7.7	10.4	3.6	10.1	3.4
Jun	11.2	16.8	2.2	16.8	8.0	7.2	12.9	-7.2	7.0	5.0	5.0	-7.2	7.9	9.7	-1.0	11.9	4.0
Sep	11.7	17.7	2.6	17.7	10.7	8.8	12.6	-5.7	6.6	5.3	5.3	-5.7	7.2	8.8	-2.9	10.5	4.0
Dec	12.5	16.5	6.0	16.5	12.3	6.5	12.2	5.5	4.2	5.8	5.8	5.5	4.9	8.5	0.5	8.9	1.3
2010 Mar	9.8	10.4	8.8	10.4	11.1	5.1	2.7	19.9	2.4	5.2	5.2	19.9	4.7	4.6	3.6	5.7	-0.9
Jun	8.2	8.3	7.8	8.3	9.9	2.5	2.8	16.6	2.3	3.5	3.5	16.6	5.5	2.7	7.0	2.1	-4.9

Source: National Bureau of Statistics.

Table A1.13: Dar es Salaam Cost of Living Index - Middle Income Group\*, 2001 - 2009

Base: 2001 = 100

Period	General Index	Non - Food												
		Food	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Transportation	Recreation & entertain.	Educ- ation	Miscel. goods & services
Weight	100.0	57.0	43.0	7.9	7.5	1.2	6.9	1.3	2.0	2.1	10.7	1.0	1.7	0.6
2001	102.1	100.9	103.8	105.1	103.9	100.0	105.2	100.6	101.3	103.1	103.5	104.5	100.7	105.4
2002	103.5	103.5	103.5	101.5	104.1	103.3	103.3	103.9	103.7	103.5	104.6	101.6	103.3	109.9
2003	105.9	105.7	106.1	106.6	108.2	108.5	109.0	101.7	105.6	104.1	103.3	101.8	102.5	123.0
2004	114.6	116.3	112.4	110.5	106.8	111.9	139.2	103.7	109.1	102.3	106.0	104.6	102.8	119.5
2005	123.7	127.8	118.3	107.2	105.0	119.3	162.9	110.7	105.8	106.6	114.3	114.0	108.0	122.9
2006	135.0	135.6	134.3	122.7	111.0	132.8	196.6	133.1	109.9	115.7	133.6	114.3	117.1	115.4
2007	150.2	149.0	151.9	142.6	129.3	146.1	219.8	147.4	120.1	116.9	150.9	117.8	152.3	106.0
2008	173.6	173.6	173.8	164.5	121.0	197.9	275.0	169.6	148.7	131.0	172.1	128.3	173.9	105.7
2005-Mar	119.7	123.3	114.9	104.1	104.3	111.9	152.3	107.8	103.4	105.5	113.1	109.4	105.6	120.6
Jun	121.3	124.3	117.3	106.0	104.9	111.9	162.9	109.9	105.0	106.4	113.2	110.5	107.5	121.0
Sep	126.0	130.5	120.0	109.1	105.4	126.7	165.7	112.1	107.2	107.9	115.7	119.2	109.1	122.7
Dec	127.9	133.2	120.8	109.6	105.4	126.5	170.6	112.9	107.7	106.6	115.2	116.7	110.0	127.3
2006-Mar	131.5	134.5	127.6	114.0	109.1	129.9	178.7	126.9	108.4	110.9	127.6	118.7	115.3	123.8
Jun	135.1	136.7	133.1	119.2	110.8	132.8	195.1	131.2	109.0	115.2	132.7	114.2	117.4	119.3
Sep	135.6	134.3	137.2	126.8	110.2	134.3	204.8	135.3	110.5	118.0	137.0	113.4	116.7	108.5
Dec	137.9	136.8	139.4	130.9	113.8	134.3	207.6	139.2	111.6	118.6	137.2	110.9	119.1	109.8
2007-Mar	143.2	142.5	144.2	133.3	118.8	146.1	215.8	144.2	113.6	117.4	140.0	114.4	143.4	106.3
Jun	148.7	148.7	148.7	142.8	128.9	146.1	215.1	148.8	112.6	117.8	142.0	118.1	151.7	106.3
Sep	152.3	149.4	156.0	144.2	134.0	146.1	227.2	148.6	120.2	114.7	157.4	119.3	157.8	106.1
Dec	156.8	155.3	158.8	150.1	135.4	146.1	221.2	148.1	133.8	117.9	164.0	119.5	156.4	105.3
2008-Mar	166.5	166.4	167.6	160.5	122.7	195.1	259.4	163.5	130.5	125.9	165.7	124.2	168.4	103.9
Jun	171.4	173.8	168.0	160.8	119.1	195.1	266.9	167.7	140.7	128.2	162.1	129.0	165.4	104.0
Sep	175.7	174.0	177.9	165.5	120.3	197.9	286.6	172.0	157.8	132.2	176.7	129.5	182.7	106.9
Dec	180.8	180.1	181.8	171.2	121.7	203.5	287.1	175.0	165.8	137.5	183.9	130.6	179.2	107.8
2009-Mar	191.1	194.7	186.5	183.2	125.7	206.6	275.9	178.4	168.5	155.5	192.1	132.1	183.1	109.4
Jun	196.7	202.1	189.5	189.1	128.3	206.6	276.2	179.9	169.9	156.2	196.5	135.1	184.9	109.3
Sep	206.9	214.8	196.6	195.8	134.3	227.8	295.3	179.6	172.9	170.3	195.1	131.5	203.3	114.4
Dec	213.8	224.0	200.4	196.2	136.8	270.1	306.8	178.6	157.2	187.4	193.8	129.7	217.2	118.9

\* People with monthly incomes TZS 17,500/= up to 40,000/=

Source: National Bureau of Statistics.





Table A1.14: Dar es Salaam Retail Price Index - Wage earners\*, 2001 - 2009

Period	General Index		Non - Food											Miscel. goods & services
	100.0	67.52	Total	Drinks & Tobacco	Clothing & footwear	Rent	Fuel, light & water	Furniture & utensils	Household operations	Personal care & health	Transportation	Recreation & entertain.	Educ-ation	
Weights	100.0	67.52	32.5	2.5	4.1	0.8	10.4	0.6	1.8	1.3	8.6	0.8	1.2	0.3
2001	103.1	103.6	102.1	100.8	103.7	100.0	103.1	105.4	101.6	101.4	100.3	102.5	103.5	102.5
2002	103.8	104.0	103.5	103.0	103.5	111.9	104.2	103.3	104.7	107.4	100.3	105.7	108.8	102.6
2003	109.8	109.6	110.1	114.0	111.5	111.9	118.5	102.6	102.5	109.3	100.4	109.3	109.1	105.8
2004	116.8	117.1	116.1	123.2	111.9	111.9	133.2	113.0	102.2	118.5	100.9	103.7	111.2	103.4
2005	126.5	125.7	128.0	120.0	108.7	113.6	162.3	115.7	110.0	113.6	109.8	110.4	115.0	121.1
2006	141.1	138.6	146.2	141.8	108.0	132.8	193.7	115.4	109.6	118.8	134.0	113.6	93.8	139.3
2007	154.0	151.2	159.8	159.5	124.6	146.1	209.1	131.7	119.1	115.0	148.5	114.9	104.0	128.4
2008	180.9	174.6	194.0	175.0	139.3	199.3	269.8	160.5	138.4	134.1	179.3	110.9	99.3	137.3
2005-Mar	123.3	124.1	121.8	120.3	107.5	113.6	149.0	119.2	109.3	110.2	103.4	108.2	118.0	112.8
Jun	124.7	123.2	127.9	119.7	109.6	113.6	163.4	115.3	109.4	111.0	108.4	110.0	116.7	114.5
Sep	126.8	125.7	129.0	119.9	108.9	113.6	165.9	114.5	110.2	113.8	110.4	111.7	105.3	119.9
Dec	131.0	129.9	133.3	119.9	108.8	113.6	170.9	113.7	111.3	119.2	116.8	111.6	120.1	137.3
2006-Mar	137.0	135.2	140.7	130.2	107.7	129.9	179.6	114.4	108.4	119.8	133.0	117.6	98.0	149.7
Jun	141.7	139.7	146.0	137.6	106.1	132.8	195.0	114.6	108.9	119.9	133.8	114.1	89.9	148.4
Sep	140.9	137.4	148.3	148.6	106.8	134.3	199.1	116.3	110.0	117.8	134.5	112.9	91.2	129.0
Dec	144.6	142.0	149.9	150.9	111.4	134.3	201.1	116.3	111.0	117.8	134.7	109.7	96.1	130.1
2007-Mar	150.8	150.0	152.6	156.6	117.0	146.1	203.0	122.7	112.9	117.7	135.6	110.3	99.7	125.9
Jun	151.1	150.1	153.1	158.4	124.0	146.1	199.8	133.6	112.6	117.0	135.7	115.7	105.2	128.8
Sep	153.6	148.3	164.7	159.3	124.2	146.1	217.1	133.5	123.7	110.6	156.2	118.1	107.3	130.4
Dec	160.5	156.5	168.9	163.8	133.2	146.1	216.5	137.0	127.4	114.7	166.4	115.4	103.6	128.6
2008-Mar	170.7	167.2	178.1	169.6	145.2	195.1	234.7	160.7	122.2	126.2	166.5	102.9	98.8	132.1
Jun	177.1	172.8	185.9	171.4	149.6	195.1	252.9	172.2	134.1	132.2	166.4	107.8	98.0	142.1
Sep	182.2	173.1	201.3	178.0	136.2	203.5	283.5	163.4	146.7	136.1	187.4	112.1	102.2	141.3
Dec	191.4	185.4	203.6	181.0	134.4	203.5	280.4	168.2	150.6	141.7	197.0	120.1	101.8	142.5
2009-Mar	202.0	198.3	210.1	200.2	142.7	206.6	267.8	171.8	168.6	152.3	219.0	121.7	109.0	177.3
Jun	205.9	202.6	212.7	205.8	145.8	206.6	264.4	171.8	170.2	157.3	229.6	121.7	109.5	148.2
Sep	214.1	210.3	222.2	216.1	156.3	206.6	284.2	174.9	170.7	171.4	230.1	126.7	112.6	147.3
Dec	223.2	222.9	223.9	220.9	166.5	206.6	289.9	174.9	158.7	174.3	225.2	128.6	114.0	148.1

\* People with monthly incomes TZS 17,500/= up to 40,000/=

Source: National Bureau of Statistics.

Table A2.1: Analysis of Central Government Finance (Actual), 2001-2010

Millions of TZS

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Total Revenue</b>	<b>929,624.0</b>	<b>1,042,955.1</b>	<b>1,217,517.0</b>	<b>1,459,302.0</b>	<b>1,773,709.4</b>	<b>2,124,843.7</b>	<b>2,739,022.4</b>	<b>3,653,605.2</b>	<b>4,293,074.3</b>	<b>4,661,540.3</b>
Tax Revenue	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	3,358,381.8	4,043,673.0	4,427,833.7
Taxes on Imports	363,540.6	402,159.1	458,285.6	572,806.2	679,992.4	819,800.5	1,018,569.5	1,278,882.5	1,475,496.4	1,660,253.6
Sales/VAT and Excise on Local Goods	188,838.6	216,066.8	259,747.2	325,609.6	402,136.1	478,395.4	575,968.3	730,048.5	876,987.0	934,063.2
Refunds	4,195.4	32,552.4	36,105.8	-48,245.5	-64,376.4	-69,961.0	-106,712.5	659,646.9		
Income Taxes	194,012.9	220,630.8	276,049.7	366,680.5	465,454.7	581,243.8	716,320.5	974,312.1	1,228,645.8	1,334,019.7
Other taxes	81,396.3	100,410.1	111,663.5	123,288.2	132,040.2	136,954.0	218,581.1	385,727.7	462,543.8	499,497.2
Non-tax Revenue	101,835.6	103,688.3	111,771.1	119,163.0	158,462.4	178,411.1	209,583.0	295,223.4	249,401.3	233,706.6
<b>Total Expenditure 1/</b>	<b>1,305,035.3</b>	<b>1,466,136.9</b>	<b>1,896,854.1</b>	<b>2,550,308.2</b>	<b>3,164,215.5</b>	<b>3,873,254.8</b>	<b>4,474,680.9</b>	<b>5,327,779.3</b>	<b>6,734,078.0</b>	<b>8,173,749.3</b>
Recurrent expenditure	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	3,398,023.9	4,681,459.3	5,562,443.1
Road/road fund	45,285.9	54,110.9	62,874.3	72,534.4	435,780.1	0.0	0.0	0.0	0.0	0.0
Retention fund	25,711.3	25,142.8	47,949.7	50,895.2	104,290.4	61,260.2	84,819.9	58,014.9	44,658.9	67,726.8
Wages and salaries	308,051.5	341,981.4	397,770.0	462,963.5	189,709.0	656,788.5	976,094.3	1,134,709.3	1,608,591.1	1,723,414.2
Interest payments	128,149.7	121,081.7	99,780.0	99,465.0	95,055.1	218,861.3	215,562.9	264,833.1	242,668.9	248,890.6
Domestic 2/	77,788.4	64,605.2	57,009.3	55,085.6	973,808.7	163,694.8	185,050.4	237,372.6	207,744.5	208,099.1
Foreign	50,361.3	56,476.0	42,770.7	44,379.4	68,511.7	55,166.5	30,512.4	27,460.6	34,924.4	40,791.5
Other goods, services and transfers	582,580.9	658,462.0	926,115.4	1,309,953.9	502,573.3	1,786,212.7	1,945,812.3	1,998,481.5	2,785,540.4	3,522,411.6
<b>Dev. Expenditure and net lending</b>	<b>286,253.2</b>	<b>344,610.9</b>	<b>473,188.6</b>	<b>677,925.8</b>	<b>1,071,160.6</b>	<b>1,211,392.2</b>	<b>1,337,211.4</b>	<b>1,929,757.4</b>	<b>2,052,618.7</b>	<b>2,611,306.2</b>
Local	35,069.1	50,235.9	95,661.7	133,041.3	239,651.1	296,100.0	503,291.2	567,421.0	906,023.2	1,004,530.5
Foreign	251,184.1	294,375.0	377,526.9	544,884.5	831,509.5	915,292.2	833,920.2	1,362,336.3	1,146,595.5	1,606,775.7
<b>Overall Balance (cheque issued) before Grants</b>	<b>-375,411.3</b>	<b>-423,181.8</b>	<b>-679,337.0</b>	<b>-1,091,006.2</b>	<b>-1,390,506.2</b>	<b>-1,748,411.0</b>	<b>-1,735,658.5</b>	<b>-1,699,784.0</b>	<b>-2,441,003.7</b>	<b>-3,512,209.0</b>
<b>Grants</b>	<b>286,306.0</b>	<b>379,849.4</b>	<b>622,302.1</b>	<b>655,378.8</b>	<b>724,396.5</b>	<b>1,000,160.2</b>	<b>952,225.5</b>	<b>1,144,811.6</b>	<b>1,166,371.2</b>	<b>1,405,287.7</b>
Program (CIS/OGL)	114,018.9	183,000.2	293,927.7	278,500.1	364,280.3	331,024.6	479,837.3	606,883.3	603,501.1	665,776.6
Project	123,629.8	140,192.0	255,516.2	235,042.1	131,735.2	416,771.0	241,826.6	305,916.7	289,025.5	439,110.9
Basket funds	0.0	0.0	0.0	65,085.7	156,071.6	175,975.3	111,559.8	122,576.9	194,114.8	258,066.7
HIPC Relief	48,657.3	56,657.2	72,858.2	76,750.9	72,309.4	76,389.3	119,001.7	109,434.7	67,997.2	42,333.6
<b>Overall deficit.(cheques issued) after Grants</b>	<b>-89,105.3</b>	<b>-43,332.4</b>	<b>-57,035.0</b>	<b>-435,627.3</b>	<b>-666,109.6</b>	<b>-748,250.9</b>	<b>-783,433.0</b>	<b>-554,972.4</b>	<b>-1,274,632.5</b>	<b>-2,106,921.2</b>
Expenditure float			-79,389.1	-89,548.2	140,141.5	69,713.1	-131,315.2	-298,883.5	-216,706.2	-436,236.3
Adjustments to cash and other items (net)	-25,447.4	3,203.8	921.5	190,125.3	-59,596.2	-245,875	-41,048.7	31,281.0	276,296.4	603,533.9
<b>Overall Balance (cheques issued)</b>	<b>-114,552.7</b>	<b>-40,128.6</b>	<b>-135,502.6</b>	<b>-335,050.3</b>	<b>-727,075.2</b>	<b>-924,412.5</b>	<b>-955,797.0</b>	<b>-902,809.2</b>	<b>-1,215,042.2</b>	<b>-1,939,623.6</b>
<b>Financing:</b>	<b>114,552.7</b>	<b>38,575.0</b>	<b>135,502.6</b>	<b>335,050.3</b>	<b>727,075.2</b>	<b>924,412.5</b>	<b>955,797.0</b>	<b>902,809.2</b>	<b>1,215,042.2</b>	<b>1,939,623.6</b>
<b>Foreign Financing (net)</b>	<b>90,354.2</b>	<b>121,842.5</b>	<b>172,016.5</b>	<b>374,393.0</b>	<b>582,130.1</b>	<b>561,219.0</b>	<b>717,789.3</b>	<b>1,250,859.3</b>	<b>956,367.4</b>	<b>1,379,656.4</b>
Loans	172,880.4	187,355.5	273,341.8	457,025.1	689,219.7	668,934.5	700,148.9	1,119,944.7	820,717.6	1,253,916.3
Program loans	45,326.1	33,171.2	151,331.0	214,170.4	65,395.6	257,677.1	266,946.0	362,415.4	331,922.5	558,319.6
Development Project loans	127,554.3	154,184.3	122,010.8	242,854.7	467,079.3	328,955.7	433,202.9	757,529.3	488,795.1	695,596.7
Basket Support			1,901.9	156,744.7	82,301.8	82,301.8	47,330.9	176,313.5	162,927.5	194,070.9
Amortization	-82,526.2	-65,514.0	-101,325.3	-84,534.0	-107,089.6	-107,715.5	-29,690.5	-45,398.9	-27,277.7	-68,330.9
<b>Domestic (net)</b>	<b>-232,174.4</b>	<b>-24,158.6</b>	<b>-36,513.9</b>	<b>-39,342.8</b>	<b>144,945.2</b>	<b>363,193.5</b>	<b>238,007.7</b>	<b>-351,197.7</b>	<b>258,674.8</b>	<b>559,967.1</b>
<b>Bank &amp; Non Bank Financing (NDF)</b>	<b>-2,494.4</b>	<b>-22,606.6</b>	<b>-36,263.0</b>	<b>-44,262.7</b>	<b>144,945.2</b>	<b>348,885.7</b>	<b>238,007.7</b>	<b>-336,549.6</b>	<b>213,674.8</b>	<b>559,769.1</b>
Bank borrowing	-18,654.8	-59,180.9	-83,681.2	-97,313.2	97,313.2	129,644.6	25,532.6	-316,755.0	212,566.8	584,523.1
Non-Bank (net of amortization)	16,160.4	36,574.3	-30,705.1	39,418.4	47,632.0	19,241.1	212,475.1	-19,794.6	1,108.0	-24,754.0
Amortization of contingent debt	-256,372.9	-1,552.0	-250.9	-4,846.8	0.0	-19,001.4	0.0	-14,648.1	0.0	-9,460.9
Privatization Proceeds	26,692.9	0.0	0.0	9,766.8	0.0	33,309.2	0.0	45,000.0	0.0	9,658.9

Notes: 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 and National Bureau of Statistics.





A2.0 Government Finance

Table A2.2. Treasury Bills Auction - Actual Sales by Transactor, 2000 -2010

Period	Total		Bank of Tanzania		Money Banks		Other Banking Institutions		Other Financial Institutions		Official Entities		Private Sector	
	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative
2000	399,324.4	1,891,183.2	0.0	13,123.7	243,818.4	1,244,796.8	29,407.9	158,654.1	119,785.5	355,662.3	0.0	9,417.6	6,313.1	109,528.7
2001	553,361.4	2,444,544.5	0.0	13,123.7	374,220.6	1,619,017.3	30,887.9	189,542.0	131,852.1	487,514.5	0.0	9,417.6	4,856.2	114,384.9
2002	1,024,963.4	3,469,507.9	0.0	13,123.7	743,140.0	2,362,157.3	93,228.2	282,770.2	177,867.4	665,381.8	0.0	9,417.6	10,727.8	125,112.6
2003	1,196,691.8	4,666,199.6	0.0	13,123.7	868,631.7	3,230,794.4	43,956.4	326,726.6	194,279.6	859,661.4	0.0	9,417.6	89,818.7	214,931.3
2004	1,375,212.2	6,041,411.9	0.0	13,123.7	907,364.7	4,138,159.1	52,134.5	378,861.1	243,300.0	1,102,961.4	0.0	9,417.6	172,413.1	387,344.4
2005	2,301,298.5	8,342,710.3	0.0	13,123.7	1,761,636.6	5,899,795.7	23,997.5	402,858.6	195,038.2	1,297,999.5	0.0	9,417.6	320,626.2	707,970.6
2006	2,109,995.6	10,452,705.9	0.0	13,123.7	1,430,988.9	7,330,784.6	25,858.0	428,716.6	132,132.7	1,430,132.2	0.0	9,417.6	542,677.0	1,250,647.6
2007	2,767,447.4	13,220,153.3	6,179.5	19,303.2	1,822,217.3	9,153,001.9	36,174.4	464,891.1	362,651.5	1,792,783.7	0.0	9,417.6	542,224.6	1,792,872.2
2008	2,799,532.3	16,019,685.6	0.0	19,303.2	1,968,550.3	11,121,552.2	25,586.0	490,477.1	637,543.4	2,430,327.1	0.0	9,417.6	167,852.6	1,960,724.8
2009	2,899,559.9	18,919,245.5	16,228.7	35,532.0	2,048,808.4	13,170,360.6	70,072.7	560,549.8	702,130.1	3,132,457.2	33,856.4	43,274.0	28,463.6	1,989,188.4
<b>2008 - Jun</b>	<b>253,581.8</b>	<b>14,563,917.1</b>	<b>0.0</b>	<b>19,303.2</b>	<b>143,610.3</b>	<b>10,045,841.6</b>	<b>8,805.0</b>	<b>477,001.1</b>	<b>98,417.9</b>	<b>2,093,794.1</b>	<b>0.0</b>	<b>9,417.6</b>	<b>2,748.6</b>	<b>1,930,676.0</b>
Jul	263,419.4	14,827,336.5	0.0	19,303.2	207,450.0	10,253,291.6	1,280.0	478,281.1	48,575.4	2,142,369.5	0.0	9,417.6	6,113.9	1,936,789.9
Aug	171,866.5	14,999,202.9	0.0	19,303.2	127,562.0	10,380,853.6	370.0	478,651.1	38,185.5	2,180,555.0	0.0	9,417.6	5,749.0	1,942,538.9
Sep	209,139.7	15,208,342.6	0.0	19,303.2	180,651.1	10,561,504.6	580.0	479,231.1	27,153.8	2,207,708.8	0.0	9,417.6	754.8	1,943,293.7
Oct	338,209.3	15,546,551.9	0.0	19,303.2	263,428.2	10,824,932.2	2,680.9	481,912.1	69,408.0	2,277,116.8	0.0	9,417.6	2,692.2	1,945,985.8
Nov	316,511.6	15,863,063.5	0.0	19,303.2	246,719.4	11,071,652.2	4,125.0	486,037.1	62,394.1	2,339,510.9	0.0	9,417.6	3,273.1	1,949,259.0
Dec	156,622.1	16,019,685.6	0.0	19,303.2	49,900.0	11,121,552.2	4,440.0	490,477.1	90,816.2	2,430,327.1	0.0	9,417.6	11,465.9	1,960,724.8
<b>Total</b>	<b>2,799,532.3</b>	<b>16,019,685.6</b>	<b>0.0</b>	<b>19,303.2</b>	<b>1,968,550.3</b>	<b>11,121,552.2</b>	<b>25,586.0</b>	<b>490,477.1</b>	<b>637,543.4</b>	<b>2,430,327.1</b>	<b>0.0</b>	<b>9,417.6</b>	<b>167,852.6</b>	<b>1,960,724.8</b>
<b>2009 - Jan</b>	<b>138,279.4</b>	<b>16,157,965.0</b>	<b>0.0</b>	<b>19,303.2</b>	<b>67,760.3</b>	<b>11,189,312.5</b>	<b>5,950.0</b>	<b>496,427.1</b>	<b>63,379.5</b>	<b>2,493,706.6</b>	<b>0.0</b>	<b>9,417.6</b>	<b>1,189.7</b>	<b>1,961,914.5</b>
Feb	208,678.2	16,366,643.2	0.0	19,303.2	129,384.4	11,318,696.9	6,210.0	502,637.1	69,662.6	2,563,369.2	0.0	9,417.6	3,421.2	1,965,335.7
Mar	200,155.2	16,566,798.5	0.0	19,303.2	158,583.4	11,477,280.3	2,710.0	505,347.1	37,271.9	2,600,641.1	0.0	9,417.6	1,590.0	1,966,925.7
Apr	208,103.2	16,774,901.7	2,000.0	21,303.2	150,285.2	11,627,565.5	1,842.8	507,189.9	53,230.9	2,653,871.9	0.0	9,417.6	744.4	1,967,670.1
May	185,855.0	16,960,756.7	0.0	21,303.2	117,213.6	11,744,779.1	2,945.0	510,134.9	65,204.1	2,719,076.0	0.0	9,417.6	492.3	1,968,162.4
Jun	238,451.1	17,199,207.8	0.0	21,303.2	88,225.2	11,833,004.2	5,884.0	516,018.9	143,617.0	2,862,693.0	0.0	9,417.6	725.0	1,968,887.4
Jul	189,846.6	17,389,054.4	0.0	21,303.2	159,517.0	11,992,521.2	600.0	516,618.9	26,775.3	2,889,468.3	0.0	9,417.6	2,954.2	1,971,841.6
Aug	322,682.5	17,711,736.9	0.0	21,303.2	270,769.4	12,263,290.7	4,593.7	521,212.6	31,548.4	2,921,016.7	0.0	9,417.6	15,770.9	1,987,612.6
Sep	318,121.8	18,029,858.7	0.0	21,303.2	239,386.8	12,502,677.5	16,392.2	537,604.8	50,299.0	2,971,315.7	11,782.0	21,199.6	261.9	1,987,874.4
Oct	354,064.4	18,383,923.1	0.0	21,303.2	282,607.5	12,785,284.9	1,680.0	539,284.8	67,031.5	3,038,347.2	2,428.4	23,628.0	317.0	1,988,191.4
Nov	293,431.5	18,677,354.7	9,500.0	30,803.2	229,428.1	13,014,713.0	12,795.0	552,079.8	34,022.6	3,072,369.8	6,949.0	30,577.0	736.9	1,988,928.4
Dec	241,890.8	18,919,245.5	4,728.7	35,532.0	155,647.6	13,170,360.6	8,470.0	560,549.8	60,087.5	3,132,457.2	12,697.0	43,274.0	260.0	1,989,188.4
<b>Total</b>	<b>2,899,559.9</b>	<b>18,919,245.5</b>	<b>16,228.7</b>	<b>35,532.0</b>	<b>2,048,808.4</b>	<b>13,170,360.6</b>	<b>70,072.7</b>	<b>560,549.8</b>	<b>702,130.1</b>	<b>3,132,457.2</b>	<b>33,856.4</b>	<b>43,274.0</b>	<b>28,463.6</b>	<b>1,989,188.4</b>
<b>2010 - Jan</b>	<b>258,540.4</b>	<b>19,177,785.9</b>	<b>5,400.0</b>	<b>40,932.0</b>	<b>220,312.0</b>	<b>13,390,672.6</b>	<b>13,645.0</b>	<b>574,194.8</b>	<b>7,508.8</b>	<b>3,139,966.0</b>	<b>11,552.5</b>	<b>54,826.5</b>	<b>122.1</b>	<b>1,989,310.5</b>
Feb	240,000.0	19,417,785.9	0.0	40,932.0	183,110.6	13,573,783.2	5,255.0	579,449.8	30,054.0	3,170,020.1	15,291.0	70,117.5	6,289.4	1,995,599.9
Mar	356,605.8	19,774,391.7	0.0	40,932.0	301,351.3	13,875,134.4	8,545.4	587,995.2	37,382.7	3,207,402.8	6,475.1	76,592.5	2,851.3	1,998,451.3
Apr	238,520.0	20,012,911.7	0.0	40,932.0	233,233.8	14,108,368.2	2,405.0	590,400.2	1,933.9	3,209,336.7	865.1	77,457.6	82.3	1,998,533.6
May	239,000.1	20,251,911.8	0.0	40,932.0	242,698.2	14,333,066.4	1,405.0	591,805.2	4,554.5	3,213,891.2	4,514.0	81,971.6	3,828.4	2,002,362.0
Jun	122,050.0	20,373,961.8	0.0	40,932.0	57,645.0	14,390,711.4	11,035.0	602,840.2	43,752.7	3,257,643.9	6,053.0	88,024.6	3,564.4	2,005,926.3
<b>Total</b>	<b>1,454,716.3</b>	<b>20,373,961.8</b>	<b>5,400.0</b>	<b>40,932.0</b>	<b>1,220,350.8</b>	<b>14,390,711.4</b>	<b>42,290.4</b>	<b>602,840.2</b>	<b>125,186.7</b>	<b>3,257,643.9</b>	<b>44,750.6</b>	<b>88,024.6</b>	<b>16,737.9</b>	<b>2,005,926.3</b>

Source: Bank of Tanzania

Table A2.3 : Central Government Outstanding Stocks, Bonds and Notes by Holders, 2000–2010

End of period	Millions of TZS									
	Bank of Tanzania	Deposit Money banks	Other banks	Other Financial Institutions	Official Entities	Private Sector	Others	Total		
2000	296,941.6	289,862.0	14,336.4	67,073.0	35,150.1	3,062.9	0.0	706,426.0		
2001	296,941.7	180,539.4	14,892.9	118,228.1	1,406.4	1,844.7	0.0	613,853.2		
2002	207,454.4	179,741.5	14,068.9	153,870.2	1,490.6	347.3	0.0	556,972.9		
2003	199,455.8	187,368.2	14,795.3	218,956.0	1,640.4	674.4	29,095.8	651,985.9		
2004	199,231.0	200,701.6	13,890.3	269,604.3	1,490.4	839.6	500.0	686,257.2		
2005	297,335.2	271,334.3	19,769.3	326,364.2	76,899.3	1,467.6	0.0	993,169.9		
2006	367,050.1	348,785.9	19,449.3	434,214.3	70,284.0	5,956.0	0.0	1,245,739.6		
2007	361,220.1	400,708.2	35,596.5	492,535.7	27,235.3	9,403.5	0.0	1,326,699.3		
2008	659,901.6	392,083.9	47,058.6	468,928.6	23,386.6	11,204.0	0.0	1,602,563.3		
2009	988,519.9	571,501.1	58,393.6	570,888.5	19,819.5	13,386.5	0.0	2,222,509.1		
2008-Mar	651,945.3	418,400.5	35,449.7	478,927.2	23,635.2	9,687.6	0.0	1,618,045.5		
Jun	662,138.8	416,707.9	41,551.4	489,479.5	23,633.6	10,334.7	0.0	1,643,845.9		
Sep	659,901.6	391,083.9	42,216.6	499,633.5	23,589.8	10,975.0	0.0	1,627,400.4		
Dec	659,901.6	392,083.9	47,058.6	468,928.6	23,386.6	11,204.0	0.0	1,602,563.3		
2009-Mar	620,081.6	412,230.4	48,494.4	505,697.2	28,373.5	12,382.2	0.0	1,627,259.3		
Jun	897,003.6	412,077.2	51,091.4	568,132.0	28,269.5	12,703.4	0.0	1,969,277.1		
Sep	992,169.9	496,131.7	47,572.6	542,839.1	19,819.5	12,583.5	0.0	2,111,116.3		
Dec	988,519.9	571,501.1	58,393.6	570,888.5	19,819.5	13,386.5	0.0	2,222,509.1		
2010-Mar	988,519.9	625,586.5	58,393.6	580,503.2	19,819.5	13,475.7	0.0	2,286,298.4		
Jun	984,869.9	754,200.4	53,888.9	634,942.3	22,612.5	13,384.3	0.0	2,463,898.3		

Notes: \* Before June 1998, Other Banks, Other Financial Institutions, Official Entities and Private Sector categories were included in "Others" category.

\*\* All figures are in face value

Source: Bank of Tanzania





Table A3.1: Depository Corporations Survey (Revised), 2001 - 2010

End of Period	Millions of TZS														
	Memorandum item:													Base Money of which: ODC**	
	M3, Extended Broad Money					M1, Broad Money				Narrow Money					M0: TOTAL sum (9,14)
	Domestic assets (net)		Domestic credit (net)		Other items (net)	sum(2-5) or sum(9-12)	sum(9-11)	sum(9,10)	Currency in circulation outside banks	Transferable deposits	Other deposits	Foreign currency deposits	Reserves		
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
2001	1,243,599.7	275,255.7	494,755.8	-137,503.8	1,876,107.4	1,288,182.4	736,402.9	393,165.2	343,237.6	551,779.5	587,925.0	567,425.3	174,260.1		
2002	1,636,802.3	200,762.9	724,526.3	-206,521.4	2,355,570.1	1,567,041.3	940,377.7	496,372.1	444,005.6	626,663.6	788,528.8	698,269.9	201,897.8		
2003	2,302,735.6	-108,545.2	992,532.4	-407,886.4	2,778,836.4	1,846,073.7	1,107,197.6	563,535.3	543,662.3	738,876.0	932,762.7	825,791.8	262,256.5		
2004	2,498,824.7	-272,123.6	1,312,725.0	-385,644.9	3,153,781.1	2,211,041.4	1,359,019.2	694,543.7	664,475.5	852,022.3	942,739.7	999,985.7	305,442.0		
2005	2,665,071.1	192,072.1	1,654,274.7	-260,693.0	4,250,725.0	2,960,415.6	1,791,337.1	889,989.1	901,348.0	1,169,078.5	1,290,309.4	1,284,685.4	394,696.3		
2006	3,617,378.9	-282,628.7	2,310,136.2	-480,430.7	5,164,455.6	3,454,491.0	2,006,767.4	1,033,988.8	972,778.6	1,447,723.6	1,709,964.6	1,504,124.5	470,135.7		
2007	3,641,902.0	-319,844.4	3,151,210.9	-249,679.9	6,223,588.6	4,394,622.7	2,590,523.1	1,162,514.2	1,428,008.9	1,804,099.5	1,828,966.0	1,879,047.6	716,533.4		
2008	4,086,757.4	-334,967.2	4,556,167.7	-849,178.9	7,458,779.1	5,468,460.8	3,158,306.3	1,438,644.8	1,719,661.5	2,310,154.5	1,990,318.3	2,276,437.1	837,792.3		
2009	4,939,511.0	128,358.3	4,991,886.9	-1,279,612.8	8,780,143.4	6,603,404.4	3,590,798.6	1,566,753.2	2,024,045.4	3,012,605.9	2,176,738.9	3,009,062.3	1,442,309.1		
2008-Mar	4,052,396.1	-141,509.1	3,403,035.9	-639,008.6	6,674,914.3	4,705,843.0	2,726,258.7	1,140,880.3	1,585,378.4	1,979,584.2	1,969,071.3	1,943,950.4	803,070.1		
Jun	3,628,827.2	-151,058.2	3,535,839.0	-401,461.5	6,612,146.5	4,830,591.4	2,829,905.8	1,269,499.0	1,560,406.8	2,000,685.5	1,781,555.1	2,079,536.9	810,037.9		
Sep	3,559,616.1	-26,052.8	3,809,307.4	-249,901.2	7,092,969.5	5,267,169.7	3,076,284.4	1,449,865.0	1,626,419.5	2,190,885.2	1,825,799.9	2,363,560.5	913,695.5		
Dec	4,086,757.4	-334,967.2	4,556,167.7	-849,178.9	7,458,779.1	5,468,460.8	3,158,306.3	1,438,644.8	1,719,661.5	2,310,154.5	1,990,318.3	2,276,437.1	837,792.3		
2009-Mar	4,147,508.7	-117,240.5	4,625,910.3	-1,024,253.1	7,631,925.4	5,573,604.5	3,098,196.2	1,366,555.9	1,731,640.3	2,475,408.3	2,058,321.0	2,478,261.7	1,111,705.8		
Jun	4,202,885.4	128,302.0	4,695,013.9	-1,194,079.3	7,832,121.9	5,772,032.8	3,148,692.0	1,423,700.9	1,724,991.0	2,623,340.8	2,060,089.2	2,678,322.1	1,254,621.1		
Sep	4,868,792.5	-26,959.5	4,824,096.8	-1,222,510.5	8,443,419.3	6,313,152.0	3,578,446.3	1,519,051.8	2,059,394.5	2,734,705.7	2,130,267.3	2,890,142.7	1,371,090.9		
Dec	4,939,511.0	128,358.3	4,991,886.9	-1,279,612.8	8,780,143.4	6,603,404.4	3,590,798.6	1,566,753.2	2,024,045.4	3,012,605.9	2,176,738.9	3,009,062.3	1,442,309.1		
2010-Mar	4,917,535.9	417,938.8	5,125,576.5	-1,385,955.1	9,075,096.1	6,884,272.7	3,755,253.5	1,542,326.3	2,212,927.2	3,129,019.1	2,190,823.4	3,120,330.0	1,578,003.7		
Jun	5,265,519.2	712,825.1	5,461,311.6	-1,638,300.6	9,801,355.4	7,287,549.0	4,134,723.9	1,680,460.3	2,454,263.6	3,152,825.1	2,513,806.3	3,369,257.4	1,688,797.2		
2010-Jan	4,966,248.2	248,450.4	4,989,595.6	-1,272,857.7	8,931,436.6	6,742,119.9	3,730,177.7	1,517,877.8	2,212,299.9	3,011,942.2	2,189,316.7	3,017,456.7	1,499,578.9		
Feb	4,949,199.2	323,398.9	5,035,809.6	-1,297,920.2	9,010,487.6	6,880,428.0	3,744,888.6	1,523,566.1	2,221,322.4	3,135,539.4	2,130,059.6	3,129,440.4	1,605,874.3		
Mar	4,917,535.9	417,938.8	5,125,576.5	-1,385,955.1	9,075,096.1	6,884,272.7	3,755,253.5	1,542,326.3	2,212,927.2	3,129,019.1	2,190,823.4	3,120,330.0	1,578,003.7		
Apr	5,155,510.9	338,851.4	5,333,816.2	-1,468,256.5	9,359,922.0	6,967,400.9	3,816,269.2	1,543,326.8	2,272,942.4	3,151,131.7	2,392,521.1	3,072,311.7	1,528,984.9		
May	4,937,440.5	381,528.2	5,325,955.0	-1,360,439.4	9,284,484.4	6,908,153.3	3,764,836.5	1,594,179.8	2,170,656.6	3,143,316.8	2,376,331.1	3,030,860.9	1,436,681.0		
Jun	5,265,519.2	712,825.1	5,461,311.6	-1,638,300.6	9,801,355.4	7,287,549.0	4,134,723.9	1,680,460.3	2,454,263.6	3,152,825.1	2,513,806.3	3,369,257.4	1,688,797.2		

Notes: \* Formerly known as "Claims on other domestic sectors"

- Other deposits include saving and time deposits in national currency

\*\* ODC = Other Depository Corporations or initially called Commercial Banks

- Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

Source: Bank of Tanzania

Table A3.2: Bank of Tanzania - Assets (revised), 2001 - 2010

Millions of TZS

End of period	Foreign assets				Claims on government			Lending to banks	Revaluation account	Premises and equipment	Items in process of collection**	Other assets	Total
	Foreign exchange	Gold reserve	SDRs	Quota in IMF	Advances	Treasury bills*	Other securities						
2001	1,018,903.2	29,013.3	345.2	228,839.3	0.0	0.0	296,673.3	296,673.3	-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	201,457.1	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	202,202.4	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	199,211.2	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	234,679.1	0.0	390,796.4	1,719.5	283,421.4	3,766,190.0
2006	2,666,180.5	0.0	28.3	377,203.3	0.0	0.0	453,175.5	453,175.5	0.0	583,686.8	2,112.2	399,166.3	4,481,552.8
2007	3,101,139.7	0.0	124.8	355,430.6	0.0	0.0	448,004.5	448,004.5	0.0	752,205.2	0.0	494,210.5	5,151,115.3
2008	3,654,372.4	0.0	39.2	400,544.2	0.0	0.0	650,864.5	650,864.5	-397,005.0	860,112.9	8,900.4	588,410.8	5,823,680.5
2009	4,317,256.2	0.0	325,589.8	408,014.1	103,273.0	0.0	1,006,248.7	1,109,521.8	-495,771.8	905,763.8	13,107.7	692,232.7	7,337,382.3
2008 - Mar	3,385,859.7	0.0	246.2	402,323.7	0.0	0.0	602,725.7	602,725.7	-334,958.4	815,890.0	67,702.2	751,826.6	5,714,765.6
Jun	3,132,134.4	0.0	174.5	381,949.4	0.0	0.0	600,588.3	600,588.3	-334,739.5	857,510.0	347.0	779,470.0	5,439,744.2
Sep	3,153,933.1	0.0	536.7	365,705.0	0.0	0.0	604,715.5	604,715.5	-333,172.1	861,025.6	2,894.0	725,809.8	5,438,609.7
Dec	3,654,372.4	0.0	39.2	400,544.2	0.0	0.0	650,864.5	650,864.5	-397,005.0	860,112.9	8,900.4	588,410.8	5,823,680.5
2009 - Mar	3,513,003.2	0.0	86.6	411,002.8	219,053.0	0.0	632,136.4	851,189.4	-301,500.2	864,500.3	96,254.2	454,542.7	5,946,520.2
Jun	3,790,821.4	0.0	148.7	400,674.0	215,373.9	0.0	908,479.4	1,123,853.3	-495,745.6	904,253.3	12,906.1	655,766.4	6,454,518.8
Sep	4,291,439.6	0.0	327,137.8	408,763.5	86,068.6	0.0	1,017,539.5	1,103,608.2	-495,750.7	903,721.8	13,622.7	704,500.4	7,318,711.6
Dec	4,317,256.2	0.0	325,589.8	408,014.1	103,273.0	0.0	1,006,248.7	1,109,521.8	-495,771.8	905,763.8	13,107.7	692,232.7	7,337,382.3
2010 - Mar	4,317,441.3	0.0	320,783.7	402,039.1	160,532.2	0.0	1,013,394.2	1,173,926.4	-495,789.7	923,010.8	14,151.1	653,566.5	7,370,797.4
Jun	4,463,966.9	0.0	322,830.9	404,716.5	503,781.3	0.0	1,002,040.1	1,505,822.5	-493,116.0	929,189.8	0.0	654,065.0	7,849,143.8
2010 - January	4,399,511.0	0.0	327,013.1	409,797.8	119,445.0	0.0	1,008,122.7	1,127,567.6	-495,780.4	906,493.6	13,219.7	692,461.5	7,441,952.1
February	4,383,923.7	0.0	321,844.9	403,369.0	191,085.3	0.0	1,006,678.8	1,197,764.1	-495,785.0	906,955.9	13,091.8	672,994.7	7,465,827.4
March	4,317,441.3	0.0	320,783.7	402,039.1	160,532.2	0.0	1,013,394.2	1,173,926.4	-495,789.7	923,010.8	14,151.1	653,566.5	7,370,797.4
April	4,470,571.8	0.0	321,604.1	403,067.3	113,398.8	0.0	1,017,236.8	1,130,635.6	-495,777.0	924,808.9	13,145.3	653,323.0	7,483,047.2
May	4,428,378.4	0.0	321,899.1	403,489.9	76,912.0	0.0	1,024,379.6	1,101,291.6	-495,796.9	925,255.5	13,169.6	654,246.3	7,413,601.6
June	4,463,966.9	0.0	322,830.9	404,716.5	503,781.3	0.0	1,002,040.1	1,505,822.5	-493,116.0	929,189.8	0.0	654,065.0	7,849,143.8

\* Bills valued at purchase price. From July, 1983 total claims on Government differ from the totals given in the statements of assets and liabilities since government securities are in nominal value instead of book value.

\*\* reported on gross level from July 2001

Figures has been revised from 2006

Source: Bank of Tanzania





## A3.0: Money and Banking

Table A3.3 : Bank of Tanzania - Liabilities (revised), 2001 - 2010

End of period	Currency in circulation	Central government deposits	Bank's deposits	Other deposits	Foreign liabilities	Inter-national Monetary fund	Allocation of SDRs	Items in process of collection*	Other liabilities	Capital and reserves	Total**
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	1,443,819.3
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	1,698,665.0
2003	619,038.2	810,623.8	211,126.7	17,204.3	1,250.4	727,512.9	15,196.5	0.0	472,258.2	30,737.4	2,904,948.2
2004	759,995.0	1,063,832.6	244,363.8	13,275.7	2,252.4	744,803.7	-4,081.5	0.0	536,695.0	10,036.5	3,371,173.1
2005	981,420.1	1,280,520.5	307,638.4	7,718.2	5,288.1	715,070.4	-21,909.4	0.0	532,495.9	10,020.6	3,818,262.8
2006	1,162,877.1	1,858,522.1	345,620.5	6,527.8	3,591.3	370,591.9	709.5	0.0	478,568.8	317,746.8	4,544,755.9
2007	1,354,603.8	2,254,482.3	528,816.9	3,791.9	9,090.2	388,399.7	-34,337.0	0.0	658,871.1	97,864.8	5,261,583.7
2008	1,710,160.6	2,124,750.6	570,649.5	7,378.2	8,639.6	390,992.2	-14,075.2	0.0	1,022,435.7	2,749.3	5,823,680.5
2009	1,896,843.3	2,069,669.2	1,116,592.1	23,290.6	3,528.0	811,524.7	11,654.2	0.0	1,303,419.1	100,861.1	7,337,382.3
2008 - Mar	1,325,838.4	2,097,955.1	622,485.1	40,452.8	3,889.8	391,186.4	24,291.6	0.0	1,110,802.4	97,864.0	5,714,765.6
Jun	1,451,472.5	1,972,241.3	632,437.5	4,661.8	4,442.5	389,945.1	-36,911.8	0.0	924,187.8	97,267.5	5,439,744.2
Sep	1,674,069.4	1,886,021.6	693,864.1	6,687.5	3,894.3	389,030.4	23,368.9	0.0	703,910.4	57,763.0	5,438,609.7
Dec	1,710,160.6	2,124,750.6	570,649.5	7,378.2	8,639.6	390,992.2	-14,075.2	0.0	1,022,435.7	2,749.3	5,823,680.5
2009 - Mar	1,629,720.5	1,887,298.0	852,914.3	48,286.6	8,307.4	391,581.1	6,568.3	0.0	1,022,630.6	99,213.5	5,946,520.2
Jun	1,682,369.0	1,816,767.9	1,000,326.2	27,369.0	3,577.7	723,636.5	76,065.9	0.0	1,096,951.8	27,454.8	6,454,518.8
Sep	1,827,326.9	2,109,316.4	1,067,189.0	31,761.7	3,577.5	730,563.7	22,460.5	0.0	1,425,654.9	100,861.1	7,318,711.6
Dec	1,896,843.3	2,069,669.2	1,116,592.1	23,290.6	3,528.0	811,524.7	11,654.2	0.0	1,303,419.1	100,861.1	7,337,382.3
2010 - Mar	1,841,224.9	1,976,416.5	1,332,441.2	10,990.0	3,315.8	805,213.3	32,261.5	0.0	1,268,073.1	100,861.1	7,370,797.4
Jun	2,031,204.2	2,128,036.2	1,389,405.2	9,107.5	3,094.5	851,489.1	11,458.7	0.0	1,325,418.4	99,930.1	7,849,143.8
2010 - January	1,817,636.3	2,047,735.3	1,258,788.6	22,624.5	3,453.7	813,408.9	16,198.0	0.0	1,361,245.7	100,861.1	7,441,952.1
February	1,803,805.9	2,057,313.7	1,379,401.7	6,147.5	3,378.8	806,618.1	58,720.4	0.0	1,249,580.2	100,861.1	7,465,827.4
March	1,841,224.9	1,976,416.5	1,332,441.2	10,990.0	3,315.8	805,213.3	32,261.5	0.0	1,268,073.1	100,861.1	7,370,797.4
April	1,845,415.9	2,074,832.9	1,277,495.4	6,166.1	3,256.9	806,299.4	38,764.3	0.0	1,329,955.3	100,861.1	7,483,047.2
May	1,905,903.2	2,085,654.5	1,184,312.0	5,942.5	3,109.0	816,661.3	-9,214.4	0.0	1,320,345.2	100,888.2	7,413,601.6
June	2,031,204.2	2,128,036.2	1,389,405.2	9,107.5	3,094.5	851,489.1	11,458.7	0.0	1,325,418.4	99,930.1	7,849,143.8

Notes: - Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

\* Included from July 2001 on gross level

\*\* Revised from Jan-02

Source: Bank of Tanzania



A3.0 Money and Banking

Table A3.4 : Tanzania Notes in Circulation, 2001-2010

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/-	
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	6.5	26.3	53.4		
2004	99.7	497.8	-	-	1,974.2	36,901.9	54,312.0	60,871.6	132,013.8	421,347.4	0.0	0.1	-	-	0.3	5.2	7.7	8.6	18.6	59.5		
2005	99.7	497.8	-	-	1,971.0	36,808.7	41,682.9	65,332.1	184,512.8	579,825.7	0.0	0.1	-	-	0.2	4.0	4.6	7.2	20.3	63.7		
2006	99.7	497.8	-	-	1,970.6	36,863.8	47,303.0	65,568.1	188,248.6	736,620.7	0.0	0.0	-	-	0.2	3.4	4.4	6.1	17.5	68.4		
2007	99.7	497.8	-	-	1,970.0	41,057.0	63,285.4	107,542.4	237,656.2	873,664.5	0.0	0.0	0.0	0.0	0.1	3.1	4.8	8.1	17.9	65.9		
2008	99.7	497.7	-	-	1,969.7	44,290.9	75,479.4	81,643.0	257,586.4	1,216,469.3	0.0	0.0	-	-	0.1	2.6	4.5	4.9	15.4	72.5		
2009	99.7	497.7	0.0	0.0	1,969.5	40,789.5	86,025.2	64,538.8	257,629.6	1,410,502.1	0.0	0.0	0.0	0.0	0.1	2.2	4.6	3.5	13.8	75.7		
2008 -Mar	99.7	497.8	-	-	1,969.8	40,257.5	60,486.2	89,935.6	222,094.9	881,282.6	0.0	0.0	-	-	0.2	3.1	4.7	6.9	17.1	68.0		
Jun	99.7	497.8	-	-	1,969.7	42,190.1	63,639.6	86,758.9	234,075.5	992,395.0	0.0	0.0	-	-	0.1	3.0	4.5	6.1	16.5	69.8		
Sep	99.7	497.7	-	-	1,969.7	45,326.8	79,101.7	91,458.9	261,352.4	1,163,412.8	0.0	0.0	-	-	0.1	2.8	4.8	5.6	15.9	70.8		
Dec	99.7	497.7	-	-	1,969.7	44,290.9	75,479.4	81,643.0	257,586.4	1,216,469.3	0.0	0.0	-	-	0.1	2.6	4.5	4.9	15.4	72.5		
2009 -Mar	99.7	497.8	-	-	1,969.8	40,257.5	60,486.2	89,935.6	222,094.9	881,282.6	0.0	0.0	-	-	0.2	3.1	4.7	6.9	17.1	68.0		
Jun	99.7	497.7	-	-	1,969.5	44,880.0	76,820.8	60,536.1	246,996.1	1,217,524.2	0.0	0.0	-	-	0.1	2.7	4.7	3.7	15.0	73.8		
Sep	99.7	497.7	0.0	0.0	1,969.5	41,683.6	80,919.8	65,139.3	265,350.8	1,337,773.2	0.0	0.0	0.0	0.0	0.1	2.3	4.5	3.6	14.8	74.6		
Dec	99.7	497.7	0.0	0.0	1,969.5	40,789.5	86,025.2	64,538.8	257,629.6	1,410,502.1	0.0	0.0	0.0	0.0	0.1	2.2	4.6	3.5	13.8	75.7		
2010 -Mar	99.7	497.7	0.0	0.0	1,969.3	42,027.5	74,280.3	59,780.5	242,105.8	1,384,948.9	0.0	0.0	0.0	0.0	0.1	2.3	4.1	3.3	13.4	76.7		
Jun	99.7	497.8	0.0	0.0	1,969.6	42,109.3	63,292.3	85,750.0	232,927.3	988,494.0	0.0	0.0	0.0	0.0	0.1	3.0	4.5	6.1	16.5	69.9		
2010 - January	99.7	497.7	0.0	0.0	1,969.5	40,611.8	83,058.5	60,995.7	244,072.8	1,351,514.7	0.0	0.0	0.0	0.0	0.1	2.3	4.7	3.4	13.7	75.8		
February	99.7	497.7	0.0	0.0	1,969.5	41,123.6	80,406.8	60,127.1	235,034.3	1,349,456.3	0.0	0.0	0.0	0.0	0.1	2.3	4.5	3.4	13.3	76.3		
March	99.7	497.7	0.0	0.0	1,969.3	42,027.5	74,280.3	59,780.5	242,105.8	1,384,948.9	0.0	0.0	0.0	0.0	0.1	2.3	4.1	3.3	13.4	76.7		
April	99.7	497.8	0.0	0.0	1,969.9	39,682.9	61,926.7	87,550.5	217,419.6	896,101.6	0.0	0.0	0.0	0.0	0.2	3.0	4.7	6.7	16.7	68.7		
May	99.7	497.8	0.0	0.0	1,969.6	40,257.6	64,154.9	87,622.6	216,455.9	918,103.1	0.0	0.0	0.0	0.0	0.1	3.0	4.8	6.6	16.3	69.1		
June	99.7	497.8	0.0	0.0	1,969.6	42,109.3	63,292.3	85,750.0	232,927.3	988,494.0	0.0	0.0	0.0	0.0	0.1	3.0	4.5	6.1	16.5	69.9		

Source: Bank of Tanzania



## A3.0 Money and Banking

Table A3.5 : Tanzania Coins in Circulation, 2001-2010

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/-
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
2007	8.8	4.4	38.4	46.0	167.7	433.7	839.6	1,006.5	11.7	4,358.4	11,547.0	9,839.0	28,301.0	0.0	0.0	0.1	0.2	0.6	1.5	3.0	3.6	0.0	15.4	40.8	34.8
2008	8.8	4.4	38.4	46.0	167.7	438.1	840.7	1,005.7	11.7	4,669.6	13,096.8	11,713.6	32,041.3	0.0	0.0	0.1	0.1	0.5	1.4	2.6	3.1	0.0	14.6	40.9	36.6
2009	8.8	4.4	38.4	46.0	167.7	441.7	839.0	999.7	11.7	5,437.5	14,039.8	12,951.2	34,985.7	0.0	0.0	0.1	0.1	0.5	1.3	2.4	2.9	0.0	15.5	40.1	37.0
2008- Mar	8.8	4.4	38.4	46.0	167.7	435.1	840.8	1,007.7	11.7	4,366.5	11,692.4	10,413.2	29,032.6	0.0	0.0	0.1	0.2	0.6	1.5	2.9	3.5	0.0	15.0	40.3	35.9
Jun	8.8	4.4	38.4	46.0	167.7	436.3	841.3	1,007.9	11.7	4,393.3	12,049.2	10,824.5	29,829.4	0.0	0.0	0.1	0.2	0.6	1.5	2.8	3.4	0.0	14.7	40.4	36.3
Sep	8.8	4.4	38.4	46.0	167.7	437.5	840.7	1,006.4	11.7	4,552.8	12,577.7	11,431.2	31,123.1	0.0	0.0	0.1	0.1	0.5	1.4	2.7	3.2	0.0	14.6	40.4	36.7
Dec	8.8	4.4	38.4	46.0	167.7	438.1	840.7	1,005.7	11.7	4,669.6	13,096.8	11,713.6	32,041.3	0.0	0.0	0.1	0.1	0.5	1.4	2.6	3.1	0.0	14.6	40.9	36.6
2009- Mar	8.8	4.4	38.4	50.0	167.7	438.4	840.0	1,003.3	11.7	4,769.1	13,298.4	11,859.6	32,489.6	0.0	0.0	0.1	0.2	0.5	1.3	2.6	3.1	0.0	14.7	40.9	36.5
Jun	8.8	4.4	38.4	46.0	167.7	441.4	839.4	1,001.3	11.7	5,020.6	13,503.2	12,128.2	33,210.9	0.0	0.0	0.1	0.1	0.5	1.3	2.5	3.0	0.0	15.1	40.7	36.5
Sep	8.8	4.4	38.4	46.0	167.7	441.6	839.2	999.5	11.7	5,261.0	13,775.9	12,551.6	34,145.7	0.0	0.0	0.1	0.1	0.5	1.3	2.5	2.9	0.0	15.4	40.3	36.8
Dec	8.8	4.4	38.4	46.0	167.7	441.7	839.0	999.7	11.7	5,437.5	14,039.8	12,951.2	34,985.7	0.0	0.0	0.1	0.1	0.5	1.3	2.4	2.9	0.0	15.5	40.1	37.0
2010- Mar	8.8	4.4	38.4	46.0	167.7	441.7	838.6	998.3	11.7	5,617.5	14,228.5	13,371.0	35,772.6	0.0	0.0	0.1	0.1	0.5	1.2	2.3	2.8	0.0	15.7	39.8	37.4
Jun	8.8	4.4	38.4	46.0	167.7	436.3	841.3	1,007.9	11.7	4,393.3	12,047.3	10,826.0	29,829.0	0.0	0.0	0.1	0.2	0.6	1.5	2.8	3.4	0.0	14.7	40.4	36.3
2010- January	8.8	4.4	38.4	46.0	167.7	441.7	839.1	999.8	11.7	5,497.5	14,090.2	13,092.8	35,238.0	0.0	0.0	0.1	0.1	0.5	1.3	2.4	2.8	0.0	15.6	40.0	37.2
February	8.8	4.4	38.4	46.0	167.7	441.7	839.1	999.2	11.7	5,559.0	14,154.6	13,218.0	35,488.6	0.0	0.0	0.1	0.1	0.5	1.2	2.4	2.8	0.0	15.7	39.9	37.2
March	8.8	4.4	38.4	46.0	167.7	441.7	838.6	998.3	11.7	5,617.5	14,228.5	13,371.0	35,772.6	0.0	0.0	0.1	0.1	0.5	1.2	2.3	2.8	0.0	15.7	39.8	37.4
April	8.8	4.4	38.4	46.0	167.7	435.5	840.9	1,007.8	11.7	4,369.2	11,777.5	10,514.8	29,222.5	0.0	0.0	0.1	0.2	0.6	1.5	2.9	3.4	0.0	15.0	40.3	36.0
May	8.8	4.4	38.4	46.0	167.7	435.9	841.3	1,007.9	11.7	4,372.4	11,892.0	10,648.9	29,475.2	0.0	0.0	0.1	0.2	0.6	1.5	2.9	3.4	0.0	14.8	40.3	36.1
June	8.8	4.4	38.4	46.0	167.7	436.3	841.3	1,007.9	11.7	4,393.3	12,047.3	10,826.0	29,829.0	0.0	0.0	0.1	0.2	0.6	1.5	2.8	3.4	0.0	14.7	40.4	36.3

Source: Bank of Tanzania



**Table A3.6 : Commercial Banks-- Assets, 2001 - 2010**

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			
2001	44,566.7	132,761.9	102,319.0	192,523.1	405,373.1	2,969,481.5	499,433.8	39,628.8	56,673.6	4,442,761.5		
2002	51,169.8	143,983.2	192,929.2	171,708.4	570,668.3	6,223,754.6	547,210.4	24,362.2	65,886.9	7,991,673.0		
2003	53,546.7	173,323.3	176,360.9	146,046.5	817,125.2	503,445.1	657,754.9	27,733.4	48,086.1	2,603,422.2		
2004	63,637.3	246,789.5	147,928.3	190,613.1	1,060,077.3	645,777.0	605,328.2	78,337.4	52,060.0	3,090,548.2		
2005	89,657.9	305,767.3	459,030.9	254,019.9	1,425,062.3	700,566.8	760,581.2	75,058.6	60,783.7	4,130,528.5		
2006	126,696.6	352,872.5	774,417.6	325,781.2	2,028,294.3	399,081.6	1,052,506.9	72,863.7	74,253.4	5,206,767.8		
2007	190,479.6	566,873.6	1,150,984.3	382,256.2	2,883,789.5	600,083.0	852,722.3	27,104.3	118,815.0	6,773,107.8		
2008	333,350.2	629,538.7	1,536,287.7	27,207.6	4,627,833.2	542,458.2	668,488.6	104,411.9	306,245.1	8,775,821.3		
2009	409,759.7	1,118,792.3	1,739,009.1	15,285.7	5,026,557.4	537,801.5	960,455.8	254,471.2	397,327.4	10,459,460.1		
2008- Mar	243,655.8	613,101.1	1,729,966.3	24,097.2	3,455,685.2	563,790.6	861,480.3	105,106.7	237,812.7	7,834,695.9		
Jun	228,601.8	713,264.6	1,519,942.5	25,390.8	3,575,122.3	508,707.5	782,352.8	104,140.5	259,160.1	7,716,682.9		
Sep	282,097.5	702,594.7	1,507,640.3	15,324.8	3,944,376.7	689,151.0	663,792.4	111,327.4	282,915.1	8,199,220.0		
Dec	333,350.2	629,538.7	1,536,287.7	27,207.6	4,627,833.2	542,458.2	668,488.6	104,411.9	306,245.1	8,775,821.3		
2009- Mar	315,227.8	924,646.1	1,402,283.3	26,978.1	4,664,467.5	498,142.7	768,318.0	68,737.1	332,416.0	9,001,216.6		
Jun	322,543.5	1,079,783.3	1,392,326.2	15,459.8	4,802,902.4	551,278.8	797,590.1	173,404.9	349,953.1	9,485,242.0		
Sep	401,136.0	1,156,260.0	1,615,497.3	21,194.3	4,976,079.7	632,177.2	801,690.5	254,431.2	371,865.3	10,230,331.6		
Dec	409,759.7	1,118,792.3	1,739,009.1	15,285.7	5,026,557.4	537,801.5	960,455.8	254,471.2	397,327.4	10,459,460.1		
2010- Mar	373,592.9	1,266,224.2	1,898,782.9	14,403.0	5,230,101.1	621,950.7	980,647.7	203,357.5	420,915.2	11,009,975.2		
Jun	445,011.2	1,148,960.9	2,063,415.5	15,811.6	5,567,220.7	731,622.4	1,207,960.4	210,804.6	447,414.7	11,838,222.1		
2010- January	378,053.5	1,208,819.1	1,836,323.0	13,875.1	5,045,818.4	614,233.7	900,216.1	283,126.7	406,415.8	10,686,881.5		
February	363,508.7	1,350,478.1	1,853,850.3	14,559.8	5,132,130.1	572,943.1	927,309.9	223,894.5	412,413.7	10,851,088.1		
March	373,592.9	1,266,224.2	1,898,782.9	14,403.0	5,230,101.1	621,950.7	980,647.7	203,357.5	420,915.2	11,009,975.2		
April	385,221.3	1,241,179.9	1,932,475.0	13,885.0	5,414,476.7	666,617.4	1,079,330.0	209,183.6	428,303.1	11,370,672.0		
May	396,068.6	1,174,330.8	2,094,932.1	17,073.6	5,346,780.0	705,731.9	901,759.3	200,655.6	430,982.1	11,268,314.1		
June	445,011.2	1,148,960.9	2,063,415.5	15,811.6	5,567,220.7	731,622.4	1,207,960.4	210,804.6	447,414.7	11,838,222.1		

\* 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



Table A3.7 : Commercial Banks – Liabilities, 2001-2010

Millions of TZS

End of period	Domestic liabilities			Foreign liabilities		Capital and Reserves		Total
	Deposits	Due to Bank of Tanzania	Due to other banks	*Foreign banks	Due to other	Reserves	Capital	
2001	1,254,411.9	0.0	47,665.4	3,015.1	13,154.6	133,737.9	133,737.9	4,442,761.5
2002	1,583,057.2	83.0	104,532.6	5,542.9	29,650.2	142,087.6	142,087.6	7,991,673.0
2003	1,917,103.2	50.0	138,725.9	6,321.9	554.6	207,971.4	207,971.4	2,603,422.2
2004	2,319,435.0	0.0	160,902.3	19,042.1	0.0	243,140.9	243,140.9	3,090,548.2
2005	3,279,030.4	0.0	107,384.8	27,571.8	27,663.2	314,158.6	314,158.6	4,130,528.5
2006	4,057,250.2	0.0	175,205.4	64,041.5	12,000.0	414,689.5	414,689.5	5,206,767.8
2007	4,980,587.6	0.0	212,424.5	199,589.8	82,266.5	564,289.7	564,289.7	6,773,107.8
2008	6,012,857.7	10,449.7	209,779.9	153,806.6	186,318.0	1,001,441.0	1,001,441.0	8,775,821.3
2009	7,190,113.6	475.0	302,578.3	108,973.9	91,112.9	1,265,583.0	1,265,583.0	10,459,460.1
2008-Mar	5,493,682.7	0.0	204,327.6	190,592.4	112,192.2	863,157.0	863,157.0	7,834,695.9
Jun	5,338,087.2	0.0	121,064.7	252,990.4	110,930.7	897,526.2	897,526.2	7,716,682.9
Sep	5,636,518.6	0.0	279,533.3	204,083.8	138,881.2	943,796.3	943,796.3	8,199,220.0
Dec	6,012,857.7	10,449.7	209,779.9	153,806.6	186,318.0	1,001,441.0	1,001,441.0	8,775,821.3
2009-Mar	6,217,184.5	0.0	254,835.3	105,532.0	95,455.2	1,106,343.3	1,106,343.3	9,001,216.6
Jun	6,381,153.5	0.0	357,234.3	115,220.7	117,996.9	1,128,280.6	1,128,280.6	9,485,242.0
Sep	6,892,666.2	500.0	369,037.3	112,265.5	69,600.5	1,197,841.2	1,197,841.2	10,230,331.6
Dec	7,190,113.6	475.0	302,578.3	108,973.9	91,112.9	1,265,583.0	1,265,583.0	10,459,460.1
2010-Mar	7,521,794.8	0.0	327,938.2	97,804.2	90,011.3	1,340,328.2	1,340,328.2	11,009,975.2
Jun	8,111,802.6	4,495.4	336,350.5	98,393.2	98,403.0	1,401,970.5	1,401,970.5	11,838,222.1
2010- January	7,390,948.4	394.6	278,986.2	103,112.1	119,222.4	1,298,466.0	1,298,466.0	10,686,881.5
February	7,480,788.8	9,046.8	266,459.6	131,413.7	66,644.3	1,310,705.4	1,310,705.4	10,851,088.1
March	7,521,794.8	0.0	327,938.2	97,804.2	90,011.3	1,340,328.2	1,340,328.2	11,009,975.2
April	7,810,444.0	3,809.8	335,795.7	116,843.1	98,910.8	1,335,479.6	1,335,479.6	11,370,672.0
May	7,684,377.0	270.5	257,182.7	104,599.1	92,245.0	1,375,495.8	1,375,495.8	11,268,314.1
June	8,111,802.6	4,495.4	336,350.5	98,393.2	98,403.0	1,401,970.5	1,401,970.5	11,838,222.1

\* Revised Figures

**Note:** Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

**Source:** Bank of Tanzania



**Table A3.8 : Commercial Banks –Analysis of Liquidity\*, 2001–201**

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	
2001	-1,893.9	13,482.7	2,135.3	-18,266.6	-4,542.6	0.0	-4,542.6	10,681.4	-379.6	6,908.0	-21,752.4
2002	-81,009.3	114,410.7	45,696.4	-12,746.9	66,350.9	0.0	66,350.9	5,599.0	-20,003.9	23,516.9	57,239.0
2003	-30,334.7	70,731.1	14,379.6	-41,412.7	13,363.4	0.0	13,363.4	1,034.8	13,851.2	9,095.9	-10,618.5
2004	-42,877.7	-1,096.9	-2,140.8	28,024.8	-18,090.7	0.0	-18,090.7	-4,943.6	1,631.1	-307.8	-14,470.4
2005	48,681.4	-139,142.7	30,625.0	21,376.2	-38,460.1	0.0	-38,460.1	-1,322.6	-43,383.0	12,574.9	-6,329.4
2006	-131,201.0	-59,226.8	18,639.1	187,976.7	16,188.0	0.0	16,188.0	19,930.0	-96,080.0	86,592.5	5,745.5
2007	33,626.7	-85,008.7	16,381.3	134,318.0	99,317.3	-2,268.6	97,048.7	31,848.2	13,033.4	-45,586.7	97,753.8
2008	4,537.8	276,531.1	-13,585.8	-353,605.2	-86,122.0	-4,463.2	-90,585.2	51,462.1	-31,307.0	-168,012.2	57,271.9
2009	-46,462.8	-96,874.9	13,592.7	146,753.2	17,008.3	-2,576.7	14,431.6	33,746.9	19,688.1	-20,381.2	-18,622.2
2008-Mar	34,554.2	319,988.6	3,167.6	-184,955.3	172,755.1	-1,573.4	171,181.7	22,491.4	2,848.4	17,052.3	128,789.7
Jun	125,427.9	-86,797.9	86,470.8	-278,650.5	-153,549.7	-270.3	-153,820.1	2,753.3	73,617.9	-189,045.6	-41,145.7
Sep	-117,965.0	118,458.0	82,918.5	-17,422.1	65,989.6	1,488.9	67,478.5	15,052.2	-13,892.6	115,957.0	-49,638.1
Dec	4,537.8	276,531.1	-13,585.8	-353,605.2	-86,122.0	-4,463.2	-90,585.2	51,462.1	-31,307.0	-168,012.2	57,271.9
2009-Mar	70,846.4	31,027.6	-17,738.5	119,981.5	204,117.0	584.1	204,701.1	14,114.3	76,310.8	58,278.3	55,997.7
Jun	419,649.6	62,054.8	57,445.8	-433,600.1	105,550.1	4,600.0	110,150.1	34,908.5	72,164.7	-29,712.2	32,789.1
Sep	-239,336.0	146,330.4	-24,301.3	270,966.0	153,659.0	14.9	153,673.9	61,421.7	11,132.4	87,594.7	-6,474.9
Dec	-46,462.8	-96,874.9	13,592.7	146,753.2	17,008.3	-2,576.7	14,431.6	33,746.9	19,688.1	-20,381.2	-18,622.2
2010 -Mar	57,131.3	-31,663.3	18,760.2	12,995.0	57,223.1	487.2	57,710.3	10,084.2	-84,253.8	44,932.7	86,947.2
Jun	358,887.1	328,078.6	86,280.4	-469,238.2	304,008.0	455.0	304,463.0	48,942.5	-25,369.9	-31,516.6	312,406.9
2010-January	39,608.1	26,737.2	-48,875.4	83,762.6	101,232.5	24.4	101,256.9	-31,706.1	90,026.8	97,313.9	-54,377.8
February	60,668.0	-17,049.0	5,688.3	93,878.5	143,185.8	247.7	143,433.5	-14,544.8	141,658.9	17,527.3	-1,207.9
March	57,131.3	-31,663.3	18,760.2	12,995.0	57,223.1	487.2	57,710.3	10,084.2	-84,253.8	44,932.7	86,947.2
April	-141,974.6	237,975.0	1,000.5	3,608.0	100,608.9	-689.4	99,919.5	11,628.4	-25,044.3	33,692.0	79,643.4
May	-37,444.8	-218,070.4	50,853.0	145,787.8	-58,874.4	3.1	-58,871.3	10,847.3	-66,849.1	162,457.1	-165,326.7
June	358,887.1	328,078.6	86,280.4	-469,238.2	304,008.0	455.0	304,463.0	48,942.5	-25,369.9	-31,516.6	312,406.9

Notes: \* Includes corrections for change in commercial banks holding of Treasury Securities

\*\* Previously known as Treasury bills

- Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

Source: Bank of Tanzania



A3.0 Money and Banking

Table A3.9 : Commercial Banks – Analysis of Domestic Assets, 2001-2010

End of period	Bank of Tanzania						Other financial institutions			Official entities	Private sector	Other assets	Total
	Tanzania	Other banks	Other financial institutions	Central govt.	Official entities	Private sector	Other assets	Total					
2001	177,328.7	105,955.3	0.0	295,702.9	1,018.1	403,494.2	2,920,199.8	3,903,698.9					
2002	195,153.0	217,202.4	0.0	364,637.6	0.0	570,668.3	6,072,439.1	7,420,100.4					
2003	226,870.1	316,436.6	0.0	322,407.4	0.0	817,125.2	235,094.6	1,917,933.9					
2004	310,426.8	428,220.2	0.0	338,541.5	0.0	1,060,077.3	269,616.9	2,406,882.6					
2005	395,425.1	451,486.0	0.0	713,050.9	0.0	1,425,062.3	309,864.5	3,294,888.8					
2006	479,569.1	128,228.3	0.0	1,100,198.8	0.0	2,028,294.3	345,106.7	4,081,397.2					
2007	757,353.3	110,081.9	0.0	1,533,240.5	0.0	2,883,789.5	608,816.1	5,893,281.2					
2008	824,957.8	118,758.7	0.0	1,501,798.0	0.0	4,376,439.6	845,416.2	7,667,370.3					
2009	1,450,371.9	249,536.7	0.0	1,756,240.0	0.0	4,225,922.2	416,001.3	8,098,072.1					
2008-Mar	760,654.4	129,866.8	0.0	1,603,403.6	0.0	3,109,698.3	747,715.5	6,351,338.4					
Jun	864,881.0	137,825.1	0.0	1,475,558.9	0.0	3,387,042.3	715,850.3	6,581,157.6					
Sep	903,837.2	199,529.0	0.0	1,471,182.0	0.0	3,945,274.6	850,260.4	7,370,083.2					
Dec	824,957.8	118,758.7	0.0	1,501,798.0	0.0	4,376,439.6	845,416.2	7,667,370.3					
2009-Mar	1,172,506.9	209,406.3	0.0	1,414,077.2	0.0	3,984,769.8	358,857.6	7,139,617.8					
Jun	1,288,246.1	237,126.8	0.0	1,406,941.3	0.0	4,042,866.5	375,005.7	7,350,186.4					
Sep	1,469,058.8	235,132.9	0.0	1,638,237.6	0.0	4,106,763.0	394,659.9	7,843,852.3					
Dec	1,450,371.9	249,536.7	0.0	1,756,240.0	0.0	4,225,922.2	416,001.3	8,098,072.1					
2010-Mar	1,585,164.1	263,319.5	0.0	1,917,392.1	0.0	4,372,101.8	403,218.9	8,541,196.4					
Jun	1,750,979.3	256,475.0	0.0	2,086,002.4	0.0	4,668,742.1	447,010.5	9,209,209.3					
2010-January	1,580,605.3	251,539.0	0.0	1,855,723.2	0.0	4,217,356.2	420,124.2	8,325,347.8					
February	1,653,807.4	260,083.2	0.0	1,873,107.6	0.0	4,220,316.1	454,679.6	8,461,993.8					
March	1,585,164.1	263,319.5	0.0	1,917,392.1	0.0	4,372,101.8	403,218.9	8,541,196.4					
April	1,560,152.5	415,834.1	0.0	1,950,814.0	0.0	4,429,615.2	401,040.7	8,757,456.5					
May	1,443,856.0	278,700.0	0.0	2,115,969.2	0.0	4,426,245.0	533,298.5	8,798,068.7					
June	1,750,979.3	256,475.0	0.0	2,086,002.4	0.0	4,668,742.1	447,010.5	9,209,209.3					

Notes: \*Starting March 2003 other assets are calculated on net basis

\*\*From July 2006 liquidity papers formerly regarded as part of other banks have been reclassified as part of central government deposits.

- Monetary data have been revised from December 2001 using the IMF international standard reporting format (SRF), which is in line with the Monetary and Financial Statistics Manual of 2000

Source: Bank of Tanzania



**Table A3.10 : Commercial Banks' - Lending and Holdings of Securities (Revised), 2001- 2010**

Millions of TZS

End of Period	Domestic lending														Total	Lending to deposit ratio	Total Securities						
	Loans to Central Bank (Repos)				Loans to Other Financial Corporations				Loans to State and Local Government				Loans to Public Nonfinancial Corporations					Loans to Other Resident Sectors		Loans to Non-residents			
	Loans to Central Bank (Repos)	Loans to Depository Corporations	Loans to Other Financial Corporations	Loans to Central Government	Loans to Local Government	Loans to State and Local Government	Loans to Public Nonfinancial Corporations	Loans to Other Nonfinancial Corporations	Loans to Resident Sectors	Loans to Other Resident Sectors	Loans to Non-residents	Loans to Public Nonfinancial Corporations	Loans to Other Nonfinancial Corporations	Loans to Resident Sectors				Loans to Other Resident Sectors	Loans to Non-residents	Total	Total Securities		
2001	3,145.6	4,553.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	444,542.7	0.0	0.0	0.0	33,342.7	485,584.6	425,686.3					
2002	0.0	29,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	616,542.1	0.0	0.0	0.0	2,575.4	648,617.5	608,244.6					
2003	997.5	24,865.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	886,564.9	0.0	0.0	0.0	12,719.0	925,147.2	605,474.4					
2004	997.5	30,747.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,127,570.1	0.0	0.0	0.0	2,127.9	1,161,443.4	672,639.9					
2005	947.5	32,839.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,487,178.2	0.0	0.0	0.0	21,862.5	1,542,828.0	1,164,578.7					
2006	924.7	36,547.4	459.8	0.0	0.0	459.8	0.0	0.0	0.0	0.0	0.0	2,112,894.5	0.0	0.0	0.0	33,859.8	2,185,145.9	1,195,570.9					
2007	89,387.9	79,784.0	50.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	3,010,961.8	0.0	0.0	0.0	67,263.4	3,247,497.0	1,673,738.3					
2008	60,397.5	141,074.9	195,041.7	10,583.3	3,292.5	345,278.9	2,334,138.8	0.0	0.0	0.0	0.0	1,540,145.5	1,540,145.5	0.0	0.0	104,290.8	4,734,243.9	1,536,287.7					
2009	8,062.9	160,416.0	204,722.3	17,230.9	4,646.1	411,106.1	2,489,270.3	0.0	0.0	0.0	0.0	1,731,102.7	1,731,102.7	0.0	0.0	254,321.2	5,280,878.6	1,739,009.1					
2008-Mar	94,583.2	114,141.2	0.1	0.0	0.0	0.1	3,246,960.7	0.0	0.0	0.0	0.0	105,106.7	105,106.7	0.0	0.0	105,106.7	3,560,791.9	1,729,966.3					
Jun	47,627.0	105,623.2	108,013.8	19,378.6	23,360.9	149,343.4	1,913,702.2	1,183,712.7	1,183,712.7	104,047.5	3,654,809.2	61.4	3,654,809.2	61.4	1,519,942.5	61.4	1,519,942.5						
Sep	130,398.0	119,315.1	162,390.1	11,189.7	1,821.3	376,248.4	1,867,588.3	1,298,616.9	1,298,616.9	111,235.0	4,078,802.8	68.5	4,078,802.8	68.5	1,507,640.3	68.5	1,507,640.3						
Dec	60,397.5	141,074.9	195,041.7	10,583.3	3,292.5	345,278.9	2,334,138.8	0.0	0.0	0.0	0.0	1,540,145.5	1,540,145.5	0.0	0.0	104,290.8	4,734,243.9	1,536,287.7					
2009-Mar	60,801.1	100,172.7	165,891.2	11,762.8	5,086.4	353,502.0	2,345,563.0	1,621,688.4	1,621,688.4	68,614.3	4,733,081.8	76.1	4,733,081.8	76.1	1,402,283.3	76.1	1,402,283.3						
Jun	33,625.0	152,848.9	190,516.5	14,583.9	4,812.4	370,115.8	2,342,133.3	1,694,266.5	1,694,266.5	173,282.6	4,976,185.0	76.7	4,976,185.0	76.7	1,392,326.2	76.7	1,392,326.2						
Sep	97,967.9	179,494.9	186,664.7	22,709.1	3,761.1	390,747.5	2,383,358.5	1,711,375.9	1,711,375.9	254,296.2	5,230,375.9	75.4	5,230,375.9	75.4	1,615,497.3	75.4	1,615,497.3						
Dec	8,062.9	160,416.0	204,722.3	17,230.9	4,646.1	411,106.1	2,489,270.3	1,731,102.7	1,731,102.7	254,321.2	5,280,878.6	73.5	5,280,878.6	73.5	1,739,009.1	73.5	1,739,009.1						
2010-Mar	7,160.5	221,412.9	212,629.9	18,609.1	5,973.5	396,986.4	2,671,519.3	1,695,809.5	1,695,809.5	203,206.6	5,433,307.8	72.9	5,433,307.8	72.9	1,898,782.9	72.9	1,898,782.9						
Jun	62,182.1	172,244.7	201,172.3	22,586.8	7,213.8	438,899.8	2,943,590.2	1,719,330.9	1,719,330.9	210,592.8	5,777,813.5	71.3	5,777,813.5	71.3	2,063,415.5	71.3	2,063,415.5						
2010-January	81,026.4	111,874.3	201,416.3	19,400.2	4,014.4	415,782.3	2,438,677.4	1,773,627.1	1,773,627.1	282,976.6	5,328,794.9	72.2	5,328,794.9	72.2	1,836,323.0	72.2	1,836,323.0						
February	47,933.1	187,529.7	207,877.9	19,257.4	4,020.8	450,299.2	2,445,450.1	1,769,761.9	1,769,761.9	223,743.5	5,355,873.5	71.6	5,355,873.5	71.6	1,853,850.3	71.6	1,853,850.3						
March	7,160.5	221,412.9	212,629.9	18,609.1	5,973.5	396,986.4	2,671,519.3	1,695,809.5	1,695,809.5	203,206.6	5,433,307.8	72.9	5,433,307.8	72.9	1,898,782.9	72.9	1,898,782.9						
April	31,167.6	178,019.1	361,809.9	18,339.0	4,964.8	395,818.7	2,681,510.5	1,742,847.1	1,742,847.1	209,031.8	5,623,508.5	73.7	5,623,508.5	73.7	1,932,475.0	73.7	1,932,475.0						
May	7,175.0	146,893.5	220,164.4	21,037.1	5,867.7	527,231.5	2,664,628.1	1,753,782.7	1,753,782.7	200,502.7	5,547,282.8	72.3	5,547,282.8	72.3	2,094,932.1	72.3	2,094,932.1						
June	62,182.1	172,244.7	201,172.3	22,586.8	7,213.8	438,899.8	2,943,590.2	1,719,330.9	1,719,330.9	210,592.8	5,777,813.5	71.3	5,777,813.5	71.3	2,063,415.5	71.3	2,063,415.5						

Source: Bank of Tanzania



## 3.0 Money and Banking

Table A3.11: Commercial Banks - Domestic Lending by Activity (Borrowing Sector) , 2001-2010

End of Period	Millions of TZS														Total
	Public Sector*	Agriculture, Hunting and Forestry	Fishing	Financial Intermediaries	Mining and Quarrying	Manufacturing**	Building and Construction	Real Estate and Leasing	Transport and Communication	Trade	Tourism, Hotels and Restaurants	Warehousing and Storage	Electricity, Gas and Water	Education and Health	
2001	8,406.0	38,955.3	-	4,301.4	-	135,759.5	13,923.3	40,834.5	133,939.2	7,119.4	71,132.6	45,880.8	21,273.7	404,512.3	
2002	7,542.3	97,683.1	-	25,898.0	-	145,857.9	30,671.8	62,370.2	132,058.9	13,145.7	171,132.6	45,880.8	55,440.4	570,668.3	
2003	15,246.0	97,795.0	-	33,570.4	-	213,204.2	38,669.1	74,697.3	186,495.9	20,020.4	173,553.2	49,416.3	137,427.0	817,125.2	
2004	2,156.2	147,111.2	-	46,098.7	6,196.1	242,075.5	42,157.1	92,206.1	249,914.2	27,418.2	202,848.3	62,504.8	204,744.0	1,060,077.3	
2005	14,314.0	177,320.3	-	85,743.2	27,091.9	293,812.5	83,074.3	108,426.1	338,352.0	33,897.2	204,425.2	64,641.0	263,029.8	1,425,061.2	
2006	0.0	274,282.5	17,609.5	47,405.2	21,935.3	438,961.6	83,456.9	52,442.5	395,572.8	97,889.9	3,044.3	212,233.2	315,523.7	2,093,649.9	
2007	0.0	309,543.1	18,180.1	92,269.3	41,480.8	559,422.8	104,102.5	50,028.4	208,556.8	128,685.4	16,202.1	43,619.3	761,888.1	2,976,276.0	
2008	0.0	523,361.6	17,227.6	122,001.1	37,727.8	612,670.6	142,992.8	88,352.3	320,600.6	737,092.1	4,020.3	204,425.2	1,319,159.6	4,376,452.2	
2009	0.0	485,211.7	15,660.1	105,843.7	18,926.3	565,775.5	148,713.4	104,494.5	457,407.2	926,626.3	214,302.3	91,769.0	1,433,451.7	4,806,143.4	
2008-Mar	0.0	277,431.7	17,457.6	88,568.1	30,722.3	536,980.9	120,095.9	70,694.0	272,410.1	553,181.4	146,123.2	6,548.2	870,788.8	3,209,512.2	
Jun	0.0	279,694.9	15,546.6	79,286.0	27,572.2	444,583.9	113,509.0	89,020.8	294,304.6	545,701.4	176,109.3	4,038.2	1,093,231.6	3,386,964.2	
Sep	0.0	443,011.0	18,443.0	88,124.9	37,149.4	541,889.6	158,931.7	94,311.3	302,193.1	634,404.3	200,219.4	3,529.4	1,155,785.0	3,945,118.2	
Dec	0.0	523,361.6	17,227.6	122,001.1	37,727.8	612,670.6	142,992.8	88,352.3	320,600.6	737,092.1	180,143.9	4,020.3	1,319,159.6	4,376,452.2	
2009-Mar	0.0	458,372.8	16,694.6	83,228.5	25,545.9	613,562.9	133,973.4	83,620.4	335,164.0	778,847.3	206,347.1	14,180.5	1,443,465.1	4,456,894.0	
Jun	0.0	488,058.7	19,228.1	106,015.4	15,688.2	609,729.4	114,872.3	95,082.4	459,585.2	813,710.1	220,459.2	13,552.2	2,293,322.6	4,569,861.6	
Sep	0.0	557,822.1	19,438.2	105,681.5	16,280.0	516,553.3	140,850.5	105,492.0	426,540.2	873,429.0	209,204.3	3,238.7	2,362,243.1	4,667,103.5	
Dec	0.0	485,211.7	15,660.1	105,843.7	18,926.3	565,775.5	148,713.4	104,494.5	457,407.2	926,626.3	214,302.3	5,061.4	1,433,451.7	4,806,143.4	
2010-Mar	0.0	500,028.0	16,470.2	105,673.4	18,299.2	641,198.2	151,058.8	104,269.6	451,776.4	917,122.7	230,138.8	5,721.6	1,465,054.2	7,592,032.9	
Jun	0.0	552,135.7	42,666.8	130,448.2	37,446.2	783,351.5	153,178.5	146,915.1	568,708.6	948,884.0	262,277.6	148.3	302,291.8	1,257,793.7	

End of Period	Millions of TZS														Total
	Public Sector*	Agriculture, Hunting and Forestry	Fishing	Financial Intermediaries	Mining and Quarrying	Manufacturing	Building and Construction	Real Estate and Leasing	Transport and Communication	Trade	Tourism, Hotels and Restaurants	Warehousing and Storage	Electricity, Gas and Water	Education and Health	
2001	2.1	9.6	-	1.1	0.0	33.6	3.4	0.0	10.1	33.1	1.8	-	0.0	0.0	5.3
2002	1.3	17.1	-	4.5	0.0	25.6	5.4	0.0	10.9	23.1	2.3	-	0.0	0.0	9.7
2003	1.9	12.0	-	4.1	0.0	26.1	4.7	0.0	9.1	22.8	2.5	-	0.0	0.0	16.8
2004	0.2	13.9	-	4.3	0.6	22.8	4.0	-	8.7	23.6	2.6	-	-	-	19.3
2005	1.0	12.4	-	6.0	1.9	20.6	5.8	0.0	7.6	23.7	2.4	-	-	-	18.5
2006	0.0	13.1	0.8	2.3	1.0	21.0	4.0	2.5	9.3	18.9	4.7	0.1	6.1	1.0	15.1
2007	0.0	10.4	0.6	3.1	1.4	18.8	3.5	1.7	7.0	17.2	4.3	0.5	4.4	1.5	25.6
2008	0.0	12.0	0.4	2.8	0.9	14.0	3.3	2.0	7.3	16.8	4.1	0.1	4.7	1.5	30.1
2009	0.0	10.1	0.3	2.2	0.4	11.8	3.1	2.2	9.5	19.3	4.5	0.1	4.8	1.9	29.8
2008-Mar	0.0	8.6	0.5	2.8	1.0	16.7	3.7	2.2	8.5	17.2	4.6	0.2	5.3	1.4	27.1
Jun	0.0	8.3	0.5	2.3	0.8	13.1	3.4	2.6	8.7	16.1	5.2	0.1	5.1	1.5	32.3
Sep	0.0	11.2	0.5	2.2	0.9	13.7	4.0	2.4	7.7	16.1	5.1	0.1	5.1	1.6	29.3
Dec	0.0	12.0	0.4	2.8	0.9	14.0	3.3	2.0	7.3	16.8	4.1	0.1	4.7	1.5	30.1
2009-Mar	0.0	10.3	0.4	1.9	0.6	13.8	3.0	1.9	7.5	17.5	4.6	0.3	4.3	1.6	32.4
Jun	0.0	10.7	0.4	2.3	0.3	13.3	2.5	2.1	10.1	17.8	4.8	0.3	5.4	1.6	28.3
Sep	0.0	12.0	0.4	2.3	0.3	11.1	3.0	2.3	9.1	18.7	4.5	0.1	5.3	1.8	29.2
Dec	0.0	10.1	0.3	2.2	0.4	11.8	3.1	2.2	9.5	19.3	4.5	0.1	4.8	1.9	29.8
2010-Mar	0.0	6.6	0.2	1.4	0.2	8.4	2.0	1.4	6.0	12.1	3.0	0.1	3.5	1.0	19.3
Jun	0.0	7.0	0.5	1.7	0.5	10.0	1.9	1.9	7.2	12.1	3.3	0.0	3.8	1.0	16.0

Note: Beginning June 2006, new BOT Form 16-1 was introduced with coverage of more economic activities

\* Formerly known as Public Administration

\*\* Prior 2004 commercial banks lending to the manufacturing activities include lending extended to the mining activities.

Source: Bank of Tanzania



3.0. Money and Banking

**Table A3.12: Commercial Bank's Deposits (Revised), 200--2010**

Millions of TZS

End of Period											of which			
	Central Government		State and Local Government		Public Non-Financial Corporation		Other Non-Financial Corporation		Residents		Total	Transferrable Deposits*	Other Deposits**	Foreign Currency Deposits
	Government	Central Government	State and Local Government	Public Non-Financial Corporation	Other Non-Financial Corporation	Residents	Other Residents	Residents	Non Residents					
2001	79,967.5	121,211.9	50,948.1	603,507.9	620,181.7	4,069.8	1,479,887.0	405,443.1	559,106.6	571,049.5	405,443.1	559,106.6	571,049.5	
2002	102,768.5	155,757.2	67,349.1	770,010.5	768,340.6	5,542.9	1,869,768.8	525,584.2	635,348.0	776,324.4	525,584.2	635,348.0	776,324.4	
2003	125,172.5	187,498.8	81,948.2	926,551.6	920,943.7	6,321.9	2,248,436.7	645,463.1	749,338.8	934,789.3	645,463.1	749,338.8	934,789.3	
2004	152,078.2	204,038.4	100,197.7	1,019,627.1	1,035,493.0	19,042.1	2,530,476.6	792,829.7	865,330.9	958,925.0	792,829.7	865,330.9	958,925.0	
2005	206,559.4	280,045.3	135,951.1	1,398,420.2	1,419,312.8	27,571.8	3,467,860.6	1,075,970.9	1,188,459.3	1,322,718.6	1,075,970.9	1,188,459.3	1,322,718.6	
2006	230,104.3	349,742.6	153,433.8	1,732,297.6	1,741,183.7	64,041.5	4,270,803.5	1,159,801.9	1,472,413.2	1,785,869.8	1,159,801.9	1,472,413.2	1,785,869.8	
2007	325,184.0	416,755.2	212,595.2	2,094,473.6	2,154,053.2	191,888.7	5,394,949.7	1,781,894.4	1,838,853.0	1,953,663.1	1,781,894.4	1,838,853.0	1,953,663.1	
2008	401,684.3	261,375.7	253,056.6	1,641,613.6	3,270,913.2	153,806.6	5,982,450.0	2,096,798.8	2,370,926.2	2,100,623.5	2,096,798.8	2,370,926.2	2,100,623.5	
2009	662,621.7	152,761.1	330,207.7	2,191,522.6	3,743,200.4	108,973.9	7,189,287.5	2,503,488.5	3,155,803.0	2,302,417.7	2,503,488.5	3,155,803.0	2,302,417.7	
2008- Mar	359,408.3	452,076.5	235,112.9	2,274,285.2	2,338,337.7	190,592.4	5,849,812.9	1,983,437.6	1,980,603.5	2,079,642.2	1,983,437.6	1,980,603.5	2,079,642.2	
Jun	282,999.2	207,805.3	208,976.7	2,347,970.5	2,188,761.2	252,990.4	5,489,503.3	1,965,958.7	2,063,708.4	1,844,409.7	1,965,958.7	2,063,708.4	1,844,409.7	
Sep	257,743.8	196,782.9	230,625.3	1,446,461.5	3,377,325.6	204,083.8	5,713,022.9	1,976,197.4	2,237,420.0	1,884,728.8	1,976,197.4	2,237,420.0	1,884,728.8	
Dec	401,684.3	261,375.7	253,056.6	1,641,613.6	3,270,913.2	153,806.6	5,982,450.0	2,096,798.8	2,370,926.2	2,100,623.5	2,096,798.8	2,370,926.2	2,100,623.5	
2009- Mar	488,080.3	181,476.8	305,770.2	1,912,011.7	3,228,227.1	105,532.0	6,221,098.1	2,104,858.0	2,574,023.8	2,131,915.0	2,104,858.0	2,574,023.8	2,131,915.0	
Jun	566,630.2	145,571.3	244,134.4	1,895,410.5	3,518,486.8	115,220.7	6,485,453.9	2,168,692.6	2,698,580.5	2,195,731.3	2,168,692.6	2,698,580.5	2,195,731.3	
Sep	654,315.0	202,147.0	458,399.1	1,927,625.0	3,582,598.4	112,265.5	6,937,349.8	2,570,239.7	2,843,534.7	2,245,472.3	2,570,239.7	2,843,534.7	2,245,472.3	
Dec	662,621.7	152,761.1	330,207.7	2,191,522.6	3,743,200.4	108,973.9	7,189,287.5	2,503,488.5	3,155,803.0	2,302,417.7	2,503,488.5	3,155,803.0	2,302,417.7	
2010- Mar	691,600.6	144,318.4	441,272.0	2,225,745.2	3,851,633.6	97,804.2	7,452,374.0	2,693,753.2	3,293,209.6	2,324,236.7	2,693,753.2	3,293,209.6	2,324,236.7	
Jun	744,792.3	214,974.3	406,445.7	2,372,998.2	4,266,404.0	98,393.2	8,104,007.7	2,955,905.1	3,315,156.1	2,683,926.9	2,955,905.1	3,315,156.1	2,683,926.9	
2010-January	681,620.8	158,110.4	395,254.5	2,229,846.3	3,809,604.1	103,112.1	7,377,547.2	2,698,424.1	3,170,598.2	2,306,659.0	2,698,424.1	3,170,598.2	2,306,659.0	
February	684,724.8	158,599.7	471,988.8	2,273,090.4	3,759,974.7	131,413.7	7,479,792.0	2,716,335.8	3,290,060.5	2,290,531.0	2,716,335.8	3,290,060.5	2,290,531.0	
March	691,600.6	144,318.4	441,272.0	2,225,745.2	3,851,633.6	97,804.2	7,452,374.0	2,693,753.2	3,293,209.6	2,324,236.7	2,693,753.2	3,293,209.6	2,324,236.7	
April	662,135.4	230,253.7	465,884.2	2,025,587.4	4,131,151.0	116,843.1	7,631,854.7	2,710,535.6	3,340,582.4	2,538,304.5	2,710,535.6	3,340,582.4	2,538,304.5	
May	747,168.9	164,430.2	377,264.9	2,283,949.1	3,991,597.3	104,599.1	7,669,009.4	2,710,488.6	3,313,082.4	2,512,574.0	2,710,488.6	3,313,082.4	2,512,574.0	
June	744,792.3	214,974.3	406,445.7	2,372,998.2	4,266,404.0	98,393.2	8,104,007.7	2,955,905.1	3,315,156.1	2,683,926.9	2,955,905.1	3,315,156.1	2,683,926.9	

Notes: \* Demand deposits  
 \*\* Savings and Time Deposits  
 Source: Bank of Tanzania



## A3.0 Money and Banking

Table A3.13: Weighted Average Interest Rates Structure of Commercial Banks, 2001-2010

Item	2007				2008				2009				2010*	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
<i>Percent</i>														
<b>A: Domestic Currency</b>														
<b>1. Interbank Cash Market Rates</b>														
Overnight	7.5	6.7	12.1	5.4	4.1	3.4	4.2	6.3	9.9	4.5	1.0	1.5	1.0	0.9
2 to 7 days	7.8	7.6	12.8	6.0	4.3	3.7	4.2	6.6	10.2	5.4	1.3	1.6	1.6	1.0
8 to 14 days	7.3	7.0	12.0	5.9	4.4	4.0	4.6	6.2	10.8	5.3	1.5	1.7	1.8	0.9
15 to 30 days	9.6	6.0	6.5	9.2	6.5	4.9	4.0	5.9	11.8	5.8	2.3	3.3	1.6	1.4
31 to 60 days	7.9	9.6	11.2	5.8	6.3	4.7	6.1	8.8	11.8	5.3	2.7	3.4	4.0	4.0
61 to 90 days	10.0	10.8	10.8	10.8	5.9	5.9	5.9	11.0	12.2	12.2	12.2	5.0	3.4	3.4
91 to 180 days	14.9	12.5	14.8	9.8	6.3	5.5	10.5	11.7	12.0	8.6	3.7	4.0	4.0	3.7
181 and above	11.6	12.9	15.2	12.1	7.0	7.9	8.5	13.0	14.4	12.0	6.5	5.5	5.5	8.5
181 to 365 days														
366 to 730 days														
Overall Interbank cash market rate	7.6	7.2	12.3	5.8	4.2	3.6	4.3	6.5	10.1	5.0	1.3	1.6	1.3	1.0
<b>2. Lombard Rate</b>	11.3	10.0	18.1	8.2	8.0	7.5	8.7	10.3	14.9	7.4	2.5	4.6	2.4	0.8
<b>3. REPO Rate</b>	6.9	6.3	11.6	5.1	3.8	3.7	4.0	6.4	9.7	4.9	1.1	1.3	1.1	0.5
<b>4. Treasury Bills Rates</b>														
35 days	7.2	6.5	6.3	5.5	5.4	5.0	5.8	6.9	7.6	4.8	2.1	3.8	2.0	0.7
91 days	14.9	12.6	14.8	9.9	5.7	5.8	10.4	11.2	12.4	5.6	3.0	6.1	3.3	2.9
182 days	16.4	16.7	16.4	10.2	7.0	7.6	10.5	12.1	14.9	7.9	4.8	6.6	4.4	2.6
364 days	17.2	18.4	17.0	12.9	9.4	10.0	11.6	12.8	15.0	9.1	7.8	8.8	6.3	6.1
Overall Treasury bills rate	16.0	17.1	15.6	11.4	7.4	7.8	10.2	11.0	13.3	7.0	4.5	6.9	4.2	3.3
<b>5. Treasury Bonds Rates</b>														
2-years	19.2	18.3	20.1	15.0	15.0	12.9	13.2	14.4	15.3	11.5	11.5	10.9	9.4	8.8
5-years	16.2	18.4	20.5	17.6	14.5	14.5	14.5	16.4	17.3	16.6	13.4	13.4	13.8	9.5
7-years	20.7	18.6	19.2	18.1	17.2	17.2	17.0	17.0	17.0	17.1	14.1	14.2	12.1	10.4
10-years	18.5	17.5	19.9	17.7	17.7	17.1	19.5	19.5	19.9	19.9	16.9	16.7	16.7	11.7
<b>6. Discount Rate</b>	20.1	21.4	20.6	16.4	12.4	12.8	15.2	16.0	18.3	10.3	4.4	3.7	7.6	7.6
<b>7. Savings Deposit Rate</b>	2.6	2.6	2.6	2.7	2.6	2.8	2.7	2.7	2.7	2.7	2.7	2.8	2.9	2.8
<b>8. Overall Time Deposits Rate</b>	7.7	7.9	8.0	8.4	8.1	6.8	6.6	6.6	7.0	6.8	6.7	6.4	6.1	5.9
Call Accounts	1.3	1.3	1.2	0.8	1.0	0.8	0.8	0.6	0.9	1.1	1.1	0.7	0.7	0.9
1- month	7.7	6.9	7.7	9.2	7.8	6.3	6.3	6.8	7.5	6.5	6.1	5.1	5.4	4.6
2 -months	8.6	8.5	8.5	7.5	8.7	7.0	8.4	8.3	8.2	7.6	7.8	7.0	7.7	6.8
3 -months	7.5	8.8	9.8	9.3	9.0	8.2	7.4	7.9	8.9	8.7	8.2	6.7	7.2	6.3
6 - months	8.9	9.6	9.2	8.9	10.2	9.1	7.9	8.5	9.2	8.6	8.3	8.5	7.5	7.6
12 -months	9.2	9.2	9.6	10.1	9.4	8.5	8.3	8.5	8.6	9.1	8.8	9.0	8.8	8.4
24 -months	10.9	11.3	10.0	12.9	10.7	7.7	7.1	5.8	5.7	6.0	6.8	7.6	5.4	6.5
<b>9. Negotiated Deposit Rate</b>	7.1	8.7	9.8	11.0	10.3	10.6	10.3	10.2	11.0	10.1	10.6	9.9	9.4	9.6
<b>10. Overall Lending rate</b>	16.4	15.8	16.0	15.3	15.1	14.8	14.9	16.1	15.1	15.5	14.9	14.4	14.8	14.7
Call Loans	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	21.3	23.3	26.3	29.3	32.3
Short-term (up to 1year)	15.2	14.2	14.3	15.0	13.9	13.9	14.0	13.6	13.4	14.6	14.0	14.0	14.6	13.9
Medium-term (1-2 years)	16.6	16.8	16.7	16.5	16.1	15.6	15.7	16.6	15.3	15.6	15.3	15.0	15.1	15.4
Medium-term (2-3 years)	15.4	15.1	15.2	15.5	15.4	14.6	15.7	17.2	14.9	15.1	14.7	14.7	14.5	14.8
Long-term (3-5 years)	16.5	15.7	16.5	16.7	16.9	16.6	15.9	16.5	15.3	15.2	14.9	14.5	15.0	14.7
Term Loans (over 5 years)	18.1	17.4	17.2	12.8	13.5	13.1	13.2	16.4	16.6	16.9	15.6	13.7	14.9	14.7
<b>11. Negotiated Lending Rate</b>	11.7	12.2	12.0	12.0	11.9	13.1	12.9	12.1	13.0	14.3	13.8	13.2	13.7	14.1
<b>B: Foreign Currency</b>														
<b>1. Deposits Rates</b>														
Savings Deposits Rate	1.5	0.8	1.7	1.6	1.4	1.7	1.6	1.4	2.4	2.4	1.5	1.5	1.4	1.5
Overall Time Deposits Rate	2.9	2.9	3.6	4.5	4.7	4.4	2.9	3.9	3.8	2.3	3.7	1.7	2.0	1.9
1-months	2.6	2.2	3.2	5.0	4.8	5.0	2.9	3.5	3.8	2.4	3.7	1.4	1.7	1.6
2-months	2.6	2.3	3.5	4.1	3.3	4.5	2.6	3.7	3.8	1.8	3.5	1.6	1.9	1.9
3-months	3.2	2.9	3.9	3.9	4.9	4.0	3.1	4.6	4.6	2.4	4.2	1.0	2.0	1.8
6-months	3.1	3.2	3.9	4.8	3.5	5.2	2.9	4.1	3.8	2.7	3.9	1.9	1.8	1.8
12-months	2.9	4.0	3.6	4.6	7.0	3.5	3.2	3.4	3.2	2.2	3.1	2.4	2.4	2.5
<b>2. Overall Lending Rate</b>	8.1	7.8	7.8	7.7	7.9	8.2	9.5	9.6	9.5	9.7	9.7	9.0	8.8	9.1
Short-term (up to 1year)	8.2	8.0	5.9	3.8	4.8	6.7	5.3	6.3	5.9	7.0	6.9	3.9	3.3	4.7
Medium-term (1-2 years)	8.6	8.6	8.4	8.5	8.7	8.7	10.3	10.5	10.8	10.1	11.0	11.1	10.1	10.1
Medium-term (2-3 years)	7.9	7.9	8.2	8.9	8.7	8.6	10.7	10.4	9.9	10.8	10.2	10.3	10.4	10.6
Long-term (3-5 years)	7.8	8.1	8.3	9.0	8.5	8.3	10.0	10.2	10.5	10.5	10.4	10.3	10.5	11.0
Term Loans (over 5 years)	7.7	6.2	8.3	8.5	8.7	8.7	11.1	10.6	10.3	10.0	10.0	9.6	9.6	9.3

\* Provisional

Source: Bank of Tanzania



## A4.0 Balance of Payments and Foreign Trade Developments

**Table A 4.1: Tanzania's Balance of Payments 2001-2009**

Item	Millions of USD								
	2001	2002	2003	2004	2005	2006	2007 <sup>F</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>
<b>A. Current Account</b>	<b>-237.36</b>	<b>83.63</b>	<b>-118.1</b>	<b>-365.9</b>	<b>-862.8</b>	<b>-1,143.2</b>	<b>-1,578.6</b>	<b>-2,535.8</b>	<b>-1,745.8</b>
<i>Balance on Goods</i>	<i>-709.04</i>	<i>-531.76</i>	<i>-712.6</i>	<i>-1,001.2</i>	<i>-1,318.5</i>	<i>-1,946.5</i>	<i>-2,634.1</i>	<i>-3,447.4</i>	<i>-2,679.4</i>
Goods: Exports f.o.b.	851.31	979.57	1,220.9	1,481.6	1,679.1	1,917.6	2,226.6	3,036.0	3,096.3
Traditional	231.06	206.08	220.5	297.8	354.5	267.1	319.7	417.7	470.8
Non-traditional	620.25	773.49	1,000.4	1,183.9	1,324.6	1,476.2	1,704.5	2,270.6	2,163.2
o/w Gold	254.07	341.10	502.8	629.9	655.1	174.3	202.4	932.4	1,076.1
Goods: Imports f.o.b.	-1560.34	-1511.32	-1,933.5	-2,482.8	-2,997.6	-3,864.1	-4,860.6	-6,483.4	-5,775.7
<i>Balance on Services</i>	<i>264.91</i>	<i>287.60</i>	<i>222.1</i>	<i>158.9</i>	<i>61.8</i>	<i>278.7</i>	<i>462.1</i>	<i>392.9</i>	<i>321.4</i>
Services: <b>Credit</b>	914.62	920.13	947.8	1,133.6	1,269.2	1,528.1	1,875.7	1,998.8	2,059.6
Transportation	105.95	117.07	138.9	183.0	222.9	343.7	331.1	364.6	334.4
Travel	615.1	635.0	646.5	746.0	823.6	950.2	1,198.8	1,288.7	1,260.1
Other	193.6	168.0	162.3	204.6	222.7	234.1	345.8	345.4	465.2
Services: <b>Debit</b>	-649.7	-632.5	-725.7	-974.7	-1,207.3	-1,249.3	-1,413.7	-1,605.8	-1,738.2
Transportation	-194.2	-176.9	-214.7	-267.1	-319.5	-418.3	-485.0	-658.0	-612.6
Travel	-327.3	-337.5	-353.2	-445.3	-553.8	-534.5	-595.3	-720.7	-766.2
Other	-128.1	-118.1	-157.8	-262.3	-334.0	-296.6	-333.4	-227.1	-359.5
<i>Balance on Goods and Services</i>	<i>-444.1</i>	<i>-244.2</i>	<i>-490.5</i>	<i>-842.3</i>	<i>-1,256.6</i>	<i>-1,667.8</i>	<i>-2,172.0</i>	<i>-3,054.4</i>	<i>-2,358.0</i>
<i>Balance on income</i>	<i>-188.52</i>	<i>-88.83</i>	<i>-138.5</i>	<i>-112.4</i>	<i>-102.0</i>	<i>-64.1</i>	<i>-58.1</i>	<i>-90.8</i>	<i>-74.0</i>
Income: <b>Credit</b>	55.3	67.9	87.1	81.8	80.9	80.3	107.3	122.7	155.3
Income: <b>Debit</b>	-243.8	-156.8	-225.6	-194.2	-182.9	-144.4	-165.4	-213.5	-229.3
<i>Balance on Goods, Services and Income</i>	<i>-632.6</i>	<i>-333.0</i>	<i>-629.1</i>	<i>-954.7</i>	<i>-1,358.6</i>	<i>-1,731.8</i>	<i>-2,230.1</i>	<i>-3,145.2</i>	<i>-2,432.0</i>
<i>Balance on Current transfers</i>	<i>395.3</i>	<i>416.6</i>	<i>511.0</i>	<i>588.8</i>	<i>495.7</i>	<i>588.7</i>	<i>651.5</i>	<i>609.4</i>	<i>686.2</i>
Current transfers: <b>Credit</b>	474.8	477.9	574.2	653.8	563.3	654.6	724.0	689.0	762.0
Government	418.4	427.7	507.6	581.7	477.9	559.7	626.9	588.5	654.1
o/w Multilateral HIPC relief	71.3	68.8	68.2	73.7	75.7	42.1	36.7	0.0	0.0
Other sectors	56.4	50.2	66.6	72.1	85.4	94.9	97.1	100.5	107.9
Current transfer: <b>Debit</b>	-79.5	-61.3	-63.3	-65.0	-67.5	-65.9	-72.5	-79.6	-75.8
<b>B. Capital Account</b>	<b>361.5</b>	<b>785.7</b>	<b>692.8</b>	<b>459.9</b>	<b>393.2</b>	<b>5,183.5</b>	<b>911.7</b>	<b>537.0</b>	<b>466.5</b>
Capital transfers: <b>Credit</b>	361.5	785.7	692.8	459.9	393.2	5,183.5	911.7	537.0	466.5
General Government	339.2	0.0	655.5	420.0	350.1	5,135.0	858.5	477.3	403.9
Project	339.2	755.6	320.9	253.7	238.0	173.3	335.5	477.3	403.9
Other sectors	22.3	30.1	37.3	39.9	43.1	48.6	53.2	59.8	62.6
Capital transfers: <b>Debit</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total, Groups A plus B</i>	<i>124.1</i>	<i>869.3</i>	<i>574.6</i>	<i>94.0</i>	<i>-469.7</i>	<i>4,040.3</i>	<i>-666.9</i>	<i>-1,998.8</i>	<i>-1,279.3</i>
<b>C. Financial Account, excl. reserves and related items</b>	<b>-353.716</b>	<b>255.382</b>	<b>160.6</b>	<b>306.3</b>	<b>555.6</b>	<b>-3,954.6</b>	<b>946.0</b>	<b>1,745.7</b>	<b>1,553.2</b>
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	467.2	387.6	308.2	330.6	494.1	597.0	647.0	679.3	645.0
Portfolio investment	0.0	2.2	2.7	2.4	2.5	2.6	2.8	2.9	3.0
Other investment	-829.1	-134.4	-150.3	-26.7	59.0	-4,554.2	296.3	1,063.5	905.2
Assets	-76.7	2.9	-59.0	52.3	-90.9	-187.6	34.1	181.7	-333.8
Liabilities	-752.5	-137.3	-91.3	-79.0	150.0	-4,366.6	262.2	881.8	1,239.0
<i>Total, Groups A through C</i>	<i>-229.6</i>	<i>1124.7</i>	<i>735.2</i>	<i>400.3</i>	<i>85.9</i>	<i>85.7</i>	<i>279.1</i>	<i>-253.1</i>	<i>274.0</i>
<b>D. Net Errors and Omissions</b>	<b>-580.0</b>	<b>-806.8</b>	<b>-346.2</b>	<b>-116.3</b>	<b>-313.7</b>	<b>374.9</b>	<b>125.5</b>	<b>401.1</b>	<b>91.0</b>
<i>Overall balance (Total, Groups A through D)</i>	<i>-809.6</i>	<i>317.9</i>	<i>389.1</i>	<i>284.0</i>	<i>-227.8</i>	<i>460.7</i>	<i>404.6</i>	<i>148.0</i>	<i>365.0</i>
<b>E. Reserves and Related Items</b>	<b>809.6</b>	<b>-317.9</b>	<b>-389.1</b>	<b>-284.0</b>	<b>227.8</b>	<b>-460.7</b>	<b>-404.6</b>	<b>-148.0</b>	<b>-365.0</b>
Reserve assets	-182.2	-372.4	-508.8	-308.2	253.1	-126.5	-411.4	-147.0	-675.5
Use of Fund credit and loans	15.6	26.0	-2.9	-33.8	-50.5	-334.2	6.8	-0.2	310.6
Exceptional financing	976.2	28.5	122.6	58.0	25.1	0.0	0.0	0.0	0.0
Rescheduled debt	131.4	9.8	86.9	0.0	0.0	0.0	0.0	0.0	0.0
Debt forgiveness	642.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	67.4	18.4	29.5	21.9	25.1	0.0	0.0	0.0	0.0
Principal arrears	135.2	0.4	6.2	36.2	0.0	0.0	0.0	0.0	0.0
<b>Memorandum items</b>									
GDP(mp) Mill. TZS	8,304,338.6	9,399,085.8	12,107,062.0	12,828.0	14,139.1	17,941.3	20,948.4	24,781.7	28,212.6
GDP(mp) Mill. USD	9,475.6	9,724.0	11,653.4			14,308.4	16,838.6	20,715.1	21,368.2
CAB/GDP	-2.5	0.9	-1.0	-2.9	-6.1	-8.0	-9.4	-12.3	-7.8
CAB/GDP (excl. current official transfers)	-6.9	-3.5	-5.4	-7.4	-9.5	-11.9	-13.1	-15.2	-10.8
Gross Official Reserves	1,156.6	1,529.0	2,037.8	2,307.7	2,054.6	2,136.9	2,724.3	2,872.6	3,552.5
Months of Imports	6.3	8.6	7.1	6.6	4.8	4.1	4.1	4.3	5.7
Net International Reserves (year end)	761.2	1,058.4	1,413.5	1,882.6	1,707.5	2,124.3	2,706.5	2,855.0	3,224.3
Change in Net International Reserves	-218.5	-297.2	-366.8	-321.5	175.1	2,119.4	582.3	148.4	369.4
Exchange rate (end of period)	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6	1,132.1	1,280.3	1,313.3
Exchange rate (annual average)	876.4	966.6	1,038.9	1,089.1	1,129.2	1,253.9	1,244.1	1,196.3	1,320.3

**Notes:** 1. Revision is based on new data from the Private Capital Flows survey and adoption of new data sources for some other items in the services account

- Change in gross official reserves will not necessarily be equal to reserve beginning 2006 assets given a new methodology of computing reserve assets which nets out the impact of valuation was introduced
- Figure on exports for 2006 and 2007 include adjustments on unrecorded trade

p = Provisional

Source Bank of Tanzania



## A4.0 Balance of Payments and Foreign Trade Developments

Table A.4.2: Tanzania's Balance of Payments 2001-2009

Item	2002	2003	2004	2005	2006 <sup>P</sup>	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>
Millions of TZS								
<b>A. Current Account</b>	<b>82,144.3</b>	<b>-121,030.4</b>	<b>-404,263.6</b>	<b>-971,387.6</b>	<b>-1,431,098.9</b>	<b>-1,944,742.8</b>	<b>-3,023,715.4</b>	<b>-2,840,699.3</b>
Goods: Exports f.o.b.	948,602.9	1,270,085.4	1,606,630.3	1,900,603.1	2,404,572.1	2,762,367.5	3,635,997.3	3,774,974.3
Traditional	199,906.8	229,516.2	320,181.2	402,964.4	333,645.6	393,878.6	502,294.9	621,514.9
Nontraditional	748,696.1	1,040,569.1	1,286,449.1	1,497,638.7	1,852,372.0	2,116,688.6	2,717,662.6	2,902,402.7
o/w Gold	329,930.5	523,578.2	684,555.2	740,137.1	987,474.2	981,686.0	1,112,243.5	1,468,371.2
Unrecorded Trade					218,554.6	251,800.3	416,039.8	251,056.7
Goods: imports f.o.b.	-1,460,946.6	-2,011,339.1	-2,697,276.6	-3,390,754.3	-4,855,151.0	-6,025,489.4	-7,754,465.7	-7,622,953.2
<i>Balance on Goods</i>	<b>-512,343.6</b>	<b>-741,253.7</b>	<b>-1,090,646.3</b>	<b>-1,490,151.2</b>	<b>-2,450,578.9</b>	<b>-3,263,122.0</b>	<b>-4,118,468.4</b>	<b>-3,847,978.9</b>
Services: <b>Credit</b>	889,335.0	984,865.9	1,232,378.9	1,434,007.9	1,916,071.1	2,333,405.5	2,389,020.3	2,448,649.9
Transportation	113,211.2	144,089.2	199,140.4	252,288.9	430,921.2	409,922.0	435,058.6	441,498.7
Travel	613,620.8	672,095.5	811,281.3	930,451.6	1,191,168.7	1,494,460.7	1,541,712.0	1,531,247.1
Other	162,503.1	168,681.2	221,957.2	251,267.4	293,981.2	429,022.8	412,249.7	475,904.1
Services: <b>Debit</b>	-611,200.4	-754,655.7	-1,058,042.2	-1,365,303.3	-1,567,102.8	-1,756,057.4	-1,923,271.2	-2,246,281.3
Transportation	-170,981.7	-223,225.9	-290,125.8	-361,690.5	-525,424.0	-601,849.2	-788,262.0	-789,108.5
Travel	-326,029.6	-367,257.2	-483,121.0	-625,910.7	-669,662.5	-740,265.7	-865,009.9	-1,011,375.1
Other	-114,189.1	-164,172.7	-284,795.5	-377,702.1	-372,016.3	-413,942.6	-269,999.3	-445,797.7
<i>Balance on Services</i>	<b>278,134.6</b>	<b>230,210.2</b>	<b>174,336.7</b>	<b>68,704.6</b>	<b>348,968.3</b>	<b>577,348.2</b>	<b>465,749.1</b>	<b>202,368.6</b>
<i>Balance on Goods and Services</i>	<b>-234,209.0</b>	<b>-511,043.5</b>	<b>-916,309.6</b>	<b>-1,421,446.6</b>	<b>-2,101,610.6</b>	<b>-2,685,773.8</b>	<b>-3,652,719.2</b>	<b>-3,645,610.3</b>
Income: <b>Credit</b>	65,570.0	90,724.5	88,631.0	91,627.3	100,753.5	133,511.4	146,275.1	212,818.7
Income: <b>Debit</b>	-151,265.8	-234,259.2	-211,310.3	-205,871.7	-181,309.2	-205,282.7	-256,468.7	-296,187.9
<i>Balance on Income</i>	<b>-85,695.8</b>	<b>-143,534.7</b>	<b>-122,679.3</b>	<b>-114,244.4</b>	<b>-80,555.7</b>	<b>-71,771.4</b>	<b>-110,193.6</b>	<b>-83,369.3</b>
<i>Balance on Goods, Services and Income</i>	<b>-319,904.8</b>	<b>-654,578.2</b>	<b>-1,038,989.0</b>	<b>-1,535,691.0</b>	<b>-2,182,166.3</b>	<b>-2,757,545.2</b>	<b>-3,762,912.8</b>	<b>-3,728,979.6</b>
Current transfers	402,049.2	533,547.7	634,725.4	564,303.4	751,067.4	812,802.4	739,197.4	888,280.3
Current transfers: <b>Credit</b>	461,300.9	599,225.5	705,588.1	640,549.2	833,626.2	903,114.4	834,389.8	988,348.8
Government	0.0	530,070.4	627,064.2	543,909.8	714,919.9	782,133.5	714,215.1	847,153.1
o/w Multilateral HIPC relief	0.0	70,779.1	80,315.3	85,486.8	51,870.6	45,664.9	0.0	0.0
Other sectors	412,778.3	69,155.1	78,523.9	96,639.4	118,706.3	120,980.9	120,174.7	141,195.7
Current transfer: <b>Debit</b>	-59,251.7	-65,677.7	-70,862.8	-76,245.8	-82,558.8	-90,312.0	-95,192.5	-100,068.4
<b>B. Capital Account</b>	<b>788,450.1</b>	<b>739,863.5</b>	<b>541,037.2</b>	<b>443,878.8</b>	<b>6,635,983.2</b>	<b>1,134,066.6</b>	<b>642,467.3</b>	<b>743,501.2</b>
Capital transfers: <b>Credit</b>	759,355.8	701,124.5	541,037.2	443,878.8	6,635,983.2	1,134,066.6	642,467.3	743,501.2
General Government	313,848.0	662,385.5	497,527.9	395,282.4	6,575,191.3	1,068,011.1	570,964.3	660,823.4
Other sectors	29,094.2	38,739.0	43,509.3	48,596.4	60,791.9	66,055.5	71,503.0	82,677.8
Capital transfers: <b>Debit</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total, Groups A plus B</i>	<b>870,594.4</b>	<b>618,833.0</b>	<b>136,773.6</b>	<b>-527,508.7</b>	<b>5,204,884.3</b>	<b>-810,676.2</b>	<b>-2,381,248.1</b>	<b>-2,097,198.1</b>
<b>C. Financial Account, excl. reserves and related items</b>	<b>246,814.2</b>	<b>197,016.1</b>	<b>331,375.7</b>	<b>627,454.0</b>	<b>-4,958,544.3</b>	<b>1,187,617.3</b>	<b>2,085,703.5</b>	<b>1,899,305.1</b>
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	374,648.7	320,089.8	360,137.9	558,626.1	749,326.1	805,042.3	812,677.9	851,649.4
Portfolio investment	2,126.5	2,804.2	2,614.4	2,822.1	3,286.2	3,428.9	3,462.2	4,012.1
Other investment	-129,961.0	-125,877.9	-31,376.6	66,005.8	-5,711,156.6	379,146.2	1,269,563.4	1,043,643.6
Assets	3,114.2	-61,129.6	57,351.8	-107,338.9	-239,640.5	55,633.7	216,028.6	-440,049.5
Liabilities	-133,075.2	-64,748.3	-88,728.4	173,344.7	-5,471,516.1	323,512.5	1,053,534.8	1,483,693.0
<i>Total, Groups A through C</i>	<b>1,117,408.6</b>	<b>815,849.1</b>	<b>468,149.3</b>	<b>99,945.3</b>	<b>246,340.0</b>	<b>376,941.1</b>	<b>-295,544.7</b>	<b>-197,893.0</b>
<b>D. Net Errors and Omissions</b>	<b>-1,224,711.8</b>	<b>-756,560.1</b>	<b>-174,035.5</b>	<b>-315,284.7</b>	<b>292,032.9</b>	<b>135,010.5</b>	<b>484,581.0</b>	<b>679,322.7</b>
<i>Overall balance (Total, Groups A through D)</i>	<b>-107,303.2</b>	<b>59,289.0</b>	<b>294,113.8</b>	<b>-215,339.5</b>	<b>538,372.9</b>	<b>511,951.6</b>	<b>189,036.4</b>	<b>481,429.7</b>
<b>E. Reserves and Related Items</b>	<b>107,303.2</b>	<b>-59,289.0</b>	<b>-294,113.8</b>	<b>215,339.5</b>	<b>-538,372.9</b>	<b>-511,951.6</b>	<b>-189,036.4</b>	<b>-481,429.7</b>
Reserve assets	-361,263.0	-531,123.4	-320,492.9	283,425.0	-145,178.1	-520,398.2	-188,802.8	-891,462.6
Use of Fund credit and loans	25,131.2	-3,012.9	-36,813.2	-89,416.7	-393,194.8	8,446.6	-233.6	410,032.8
Exceptional financing	443,435.0	474,847.3	63,192.4	21,331.1	0.0	0.0	0.0	0.0
Rescheduled debt	9,438.0	90,258.8	0.0	0.0	0.0	0.0	0.0	0.0
Debt forgiveness	415,897.7	347,482.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	17,758.1	30,679.7	23,819.7	14,096.0	0.0	0.0	0.0	0.0
Principal arrears	341.2	6,426.8	39,372.7	7,235.1	0.0	0.0	0.0	0.0
<b>Memorandum items</b>								
GDP(mp) Mill. TZS	9,399,085.8	12,107,062.0	13,971.6	15,965.3	17,941.3	20,948.4	24,617.4	29,666.0
GDP(mp) Mill. USD	9,724.01	11,653.4	12,828.0	14,139.1	14,308.4	16,838.6	20,577.8	22,468.9
CAB/GDP	0.9	-1.0	-2.9	-6.1	-8.0	-9.3	-12.3	-9.6
CAB/GDP (excl. current official transfers)	-3.5	-5.4	-7.4	-9.5	-12.0	-13.0	-15.2	-12.4
Gross Official Reserves	1,492,748.5	2,167,408.1	2,307.7	2,049.5	2,136.9	2,724.3	2,872.6	3,551.3
Months of Imports	8.64	6.9	6.6	5.8	5.0	5.2	4.3	5.7
Net International Reserves (year end)	1,033,316.6	1,503,460.3	1,882.6	1,702.5	2,121.4	2,706.6	2,855.1	3,220.5
Change in Net International Reserves	-335,784.7	-481,212.7	-321.5	180.5	-418.9	-585.2	-148.4	-365.4
Exchange rate (end of period)	976.30	1,063.6	1,043.0	1,165.5	1,261.6	1,132.1	1,280.3	1,313.3
Exchange rate (annual average)	966.59	1,038.9	1,089.1	1,129.2	1,253.9	1,244.1	1,196.3	1,320.3

Notes: 1. Revision is based on new data from the Private Capital Flows survey and adoption of new data sources for some other items in the services account

2. Change in gross official reserves will not necessarily be equal to reserve assets given a new methodology of computing reserve assets which nets out the impact of valuation was introduced beginning 2006

3. Figure on exports for 2006 and 2007 include adjustments on unrecorded trade

P = Provisional

Source: Bank of Tanzania



## A4.0 Balance of Payments and Foreign Trade Developments

**Table A 4.3: Tanzania Exports by Type of Commodity 2000-2010**

Commodity	Millions of USD										
	January - June										
	2000	2001	2002	2003	2004	2005	2006	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>	2010 <sup>P</sup>
<b>A: Traditional Exports :</b>											
<b>COFFEE</b>											
Value	47.76	38.9	18.8	32.5	23.9	45.7	31.9	62.7	49.2	70.0	30.2
Volume	25.99	30.1	19.3	29.9	18.8	28.7	15.2	29.4	20.9	35.1	10.6
Unit Price	1,837.63	1,292.2	970.1	1,086.0	1,271.3	1,591.0	2,107.4	2,134.0	2,357.3	1,995.4	2,845.7
<b>COTTON</b>											
Value	10.03	6.9	5.1	18.7	10.4	29.4	37.0	8.2	26.1	41.3	22.9
Volume	9.81	6.1	5.2	21.2	14.7	28.8	36.6	8.2	20.0	38.4	21.4
Unit Price	1,022.51	1,142.5	985.7	885.4	706.7	1,018.7	1,011.9	1,000.8	1,300.8	1,077.4	1,071.8
<b>SISAL</b>											
Value	3.06	2.9	3.1	3.7	4.0	4.0	3.1	5.4	2.1	0.0	0.0
Volume	7.45	6.1	6.2	7.3	7.4	5.1	4.1	6.2	2.0	0.0	0.0
Unit Price	410.56	481.1	502.4	500.6	543.3	793.5	767.5	874.3	1,062.4	0.0	0.0
<b>TEA</b>											
Value	18.71	18.7	16.0	16.0	18.5	16.3	18.2	19.8	25.2	16.3	22.6
Volume	13.44	14.5	13.2	13.8	14.9	14.2	14.2	14.3	16.7	10.3	10.8
Unit Price	1,391.61	1,289.7	1,215.4	1,160.1	1,246.8	1,153.1	1,276.2	1,385.4	1,506.3	1,580.3	2,085.8
<b>TOBACCO</b>											
Value	23.41	16.2	23.5	8.2	16.2	17.4	15.6	33.3	13.3	49.1	110.4
Volume	12.01	10.1	11.7	4.1	10.7	10.4	5.9	15.8	8.3	18.6	28.1
Unit Price	1,948.52	1,599.5	2,010.4	1,997.8	1,513.1	1,673.7	2,644.4	2,110.8	1,612.7	2,644.4	3,929.7
<b>CASHEWNUITS</b>											
Value	29.32	25.6	6.3	3.7	10.5	4.0	19.4	8.7	39.4	50.7	27.1
Volume	30.44	41.1	10.7	5.2	16.7	4.6	26.1	17.8	53.9	70.8	37.3
Unit Price	963.19	621.3	592.2	706.2	626.7	874.7	744.3	488.9	729.9	716.8	726.3
<b>CLOVES</b>											
Value	9.37	0.6	0.2	5.9	5.2	1.4	2.4	4.0	4.0	5.4	0.7
Volume	2.73	0.2	0.0	2.7	2.7	0.5	0.8	1.4	1.1	1.8	0.3
Unit Price	3,431.4	2,930.7	5,560.2	2,241.8	1,923.5	2,996.0	3,197.4	2,954.8	3,516.3	2,977.1	2,735.3
<b>Sub Total</b>	<b>141.6</b>	<b>109.8</b>	<b>73.1</b>	<b>88.7</b>	<b>88.7</b>	<b>118.3</b>	<b>127.7</b>	<b>142.3</b>	<b>159.2</b>	<b>232.8</b>	<b>213.8</b>
<b>B. Non-Traditional Exports:</b>											
Minerals	80.39	140.8	188.0	240.4	313.4	355.8	386.3	416.7	551.4	431.5	709.1
Manufactured Goods	16.59	21.3	29.3	34.4	44.8	64.5	89.8	120.9	226.6	198.7	351.7
Others Exports	97.19	119.5	138.3	171.4	169.7	205.2	212.8	245.0	238.9	222.4	278.2
<b>Sub Total</b>	<b>194.2</b>	<b>281.6</b>	<b>355.6</b>	<b>446.3</b>	<b>527.9</b>	<b>625.5</b>	<b>689.0</b>	<b>782.6</b>	<b>1,017.0</b>	<b>852.5</b>	<b>1,339.0</b>
<b>Grand Total</b>	<b>335.8</b>	<b>391.4</b>	<b>428.7</b>	<b>535.0</b>	<b>616.6</b>	<b>743.8</b>	<b>816.7</b>	<b>924.9</b>	<b>1,176.2</b>	<b>1,085.3</b>	<b>1,552.9</b>

Note: 1) Volume in '000 Tons; Value in Millions of USD; Unit Price in USD/Ton

2) Since 1999 onwards clove exports started to be reported separately. Before they were reported under other exports

3) Figures does not include adjustments on unrecorded trade

4) Other Exports include Fish and Fish products, Horticulture, Re-exports and Others.

5) P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority (Customs Department).



A4.0 Balance of Payments and Foreign Trade Developments

**TableA 4.4: Tanzania's Exports by Type of Commodity 2000-2010**

Millions of TZS

Commodity	January - June										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>A: Traditional Exports:</b>											
<b>COFFEE</b>											
Value	38,204.1	32,707.3	17,928.5	33,308.6	26,379.4	50,453.6	38,412.6	80,085.4	58,056.3	91,346.3	40,465.6
Volume	26.0	30.1	19.3	29.9	18.8	28.7	15.2	29.4	20.9	35.1	10.6
Unit Price	1,470,143.0	1,102,244.3	927,595.8	1,114,301.2	1,402,966.4	1,756,638.3	2,535,010.4	2,723,708.9	2,784,312.5	2,605,266.7	3,819,357.1
<b>COTTON</b>											
Value	8,022.8	5,771.3	4,843.8	19,153.6	11,402.0	32,566.5	44,835.5	10,508.5	30,913.6	54,037.4	30,745.9
Volume	9.8	6.1	5.2	21.2	14.7	28.8	36.6	8.2	19.0	38.4	21.4
Unit Price	817,881.7	974,590.0	931,054.0	905,170.5	777,918.8	1,129,088.9	1,225,961.8	1,277,316.2	1,623,948.9	1,408,538.6	1,437,154.6
<b>SISAL</b>											
Value	2,445.5	2,490.5	3,021.2	3,776.6	4,454.9	4,467.1	3,789.3	6,893.6	2,512.6	0.0	0.0
Volume	7.4	6.1	6.2	7.3	7.4	5.1	4.1	6.2	2.0	0.0	0.0
Unit Price	328,422.3	410,367.6	483,441.1	514,030.1	601,616.4	877,816.7	928,063.8	1,114,136.2	1,268,989.2	0.0	0.0
<b>TEA</b>											
Value	14,963.1	15,795.1	15,437.0	16,499.7	20,528.4	18,078.7	22,165.7	25,216.6	29,977.0	21,202.3	30,537.6
Volume	13.4	14.5	13.2	13.8	14.9	14.2	14.2	14.3	16.7	10.3	10.8
Unit Price	1,113,118.7	1,100,213.4	1,169,237.1	1,193,472.5	1,379,760.9	1,276,554.9	1,555,706.8	1,761,721.1	1,789,993.6	2,061,469.5	2,818,361.8
<b>TOBACCO</b>											
Value	18,724.7	13,419.8	22,434.6	8,394.5	17,838.6	19,122.2	18,824.5	42,535.5	16,494.0	63,932.9	148,683.0
Volume	12.0	10.1	11.7	4.1	10.7	10.4	5.9	15.8	8.3	18.6	28.1
Unit Price	1,558,540.2	1,364,431.9	1,920,627.4	2,052,185.0	1,665,541.4	1,836,415.2	3,191,667.1	2,693,993.8	1,997,362.5	3,440,795.1	5,294,036.4
<b>RAW CASHEWNUTS</b>											
Value	23,435.0	20,856.8	5,961.4	3,728.5	11,393.0	4,353.5	22,938.7	11,204.5	45,800.8	65,778.5	36,137.7
Volume	30.4	41.1	10.7	5.2	16.7	4.6	26.1	17.8	53.9	70.8	37.3
Unit Price	769,965.2	529,973.0	557,148.0	713,923.9	680,540.3	953,214.5	879,177.4	630,885.1	849,242.0	929,606.5	970,092.0
<b>CLOVES</b>											
Value	7,496.6	492.4	157.7	6,069.3	5,677.3	1,567.4	2,873.0	5,209.9	4,616.2	6,997.9	982.2
Volume	2.7	0.2	0.0	2.7	2.7	0.5	0.8	1.4	1.1	1.8	0.3
Unit Price	2,746,337.9	2,537,999.5	5,256,937.3	2,289,619.9	2,108,946.6	3,292,833.5	3,779,651.1	3,812,400.4	4,107,863.6	3,868,366.4	3,667,781.1
<b>Sub Total Traditional</b>	<b>113,291.7</b>	<b>91,533.1</b>	<b>69,784.1</b>	<b>90,930.9</b>	<b>97,673.7</b>	<b>130,609.0</b>	<b>153,839.2</b>	<b>181,654.0</b>	<b>188,370.6</b>	<b>303,295.3</b>	<b>287,552.0</b>
<b>B: Non Traditional:</b>											
Minerals	64,297.1	120,709.2	180,911.9	247,677.2	348,026.3	395,095.5	471,181.5	530,861.2	654,551.6	563,441.7	960,091.8
Manufactured goods	13,280.5	18,089.0	28,255.4	35,510.9	49,660.0	71,683.4	109,356.6	153,834.0	268,322.6	259,183.9	478,125.1
Other exports	77,737.4	101,949.7	133,023.9	176,228.3	187,816.6	227,894.5	258,953.5	312,265.1	282,860.9	289,948.4	388,017.1
<b>Sub Total non-Traditional</b>	<b>155,315.0</b>	<b>240,747.9</b>	<b>342,191.2</b>	<b>459,416.3</b>	<b>585,503.0</b>	<b>694,673.5</b>	<b>839,491.6</b>	<b>996,960.3</b>	<b>1,205,735.1</b>	<b>1,112,574.1</b>	<b>1,826,234.0</b>
<b>Grand Total</b>	<b>268,606.7</b>	<b>332,281.0</b>	<b>411,975.3</b>	<b>550,347.2</b>	<b>683,176.7</b>	<b>825,282.5</b>	<b>993,330.8</b>	<b>1,178,614.3</b>	<b>1,394,105.7</b>	<b>1,415,869.3</b>	<b>2,113,786.0</b>

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates

2) Volume in '000 Tons; Value in Millions of TZS; Unit Price in TZS/Ton

3) Since 1999 onwards clove exports started to be reported separately. Before they were reported under other exports

4) Export figures does not include adjustments on unrecorded trade on annual data

5) Other Exports include Fish and Fish products, Horticulture, Re-exports and Others.

6) P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority (Customs Department).

Table A4.5: Tanzania's Imports (c.i.f) by Major Category 2000-2010

Category	Millions of USD										
	2000	2001	2002	2003	January - June		2006	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>	2010 <sup>P</sup>
<b>A. Capital Goods:</b>	<b>297.1</b>	<b>361.3</b>	<b>364.4</b>	<b>364.8</b>	<b>415.2</b>	<b>539.6</b>	<b>738.7</b>	<b>944.5</b>	<b>1,384.3</b>	<b>1,317.1</b>	<b>1,309.0</b>
Transport Equipment	119.4	85.2	109.4	109.2	122.0	130.8	199.9	229.3	430.3	386.2	398.8
Building and Construction	64.9	73.5	59.6	83.8	92.5	124.4	177.0	217.7	314.5	276.7	291.3
Machinery	112.8	202.7	195.3	171.8	200.7	284.5	361.8	497.5	639.5	654.2	618.9
<b>B. Intermediate Goods :</b>	<b>149.2</b>	<b>184.5</b>	<b>195.7</b>	<b>286.5</b>	<b>392.7</b>	<b>565.1</b>	<b>779.3</b>	<b>978.6</b>	<b>1,384.1</b>	<b>818.2</b>	<b>1,558.8</b>
Oil	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7	1,003.8	558.5	1,222.0
o/w Crude Oil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54.5	36.1	29.4
White	67.0	89.2	96.9	160.8	246.5	415.2	594.0	760.7			
Fertilizers	5.9	5.0	7.0	8.4	21.5	27.4	7.9	11.7			
Industrial Raw Material	76.2	90.3	91.9	117.2	124.6	122.5	177.4	206.2	325.8	223.6	307.3
<b>C. Consumer Goods :</b>	<b>304.3</b>	<b>261.5</b>	<b>244.8</b>	<b>282.8</b>	<b>400.9</b>	<b>377.4</b>	<b>446.4</b>	<b>559.4</b>	<b>639.3</b>	<b>690.6</b>	<b>828.4</b>
Food and Food stuffs	92.2	100.9	80.5	79.4	153.9	84.2	161.0	149.6	132.1	197.1	245.5
All Other Consumer Goods	212.1	160.7	164.3	203.4	246.9	293.2	285.4	409.8	507.1	493.8	582.9
<b>TOTAL</b>	<b>750.6</b>	<b>807.4</b>	<b>804.9</b>	<b>934.1</b>	<b>1,208.7</b>	<b>1,482.1</b>	<b>1,964.3</b>	<b>2,482.4</b>	<b>3,407.7</b>	<b>2,826.2</b>	<b>3,696.1</b>

Note: P = Provisional

Source: Bank of Tanzania and Tanzania Revenue Authority





A4.0 Balance of Payments and Foreign Trade Developments

**Table A4.6: Tanzania's Imports (c.i.f) by Major Category 2000-2010**

Category	January - June										2010 <sup>P</sup>
	2000	2001	2002	2003	2004	2005	2006	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>	
<b>A. Capital Goods:</b>	237,667.7	308,233.1	350,056.3	375,430.0	459,244.6	598,517.8	900,330.1	1,201,716.5	1,645,624.8	1,738,432.0	1,772,222.6
Transport Equipment	95,523.4	72,639.0	105,096.7	112,322.6	134,977.5	145,071.3	243,394.7	291,827.6	511,669.8	509,987.9	540,258.7
Building and Construction	51,943.6	62,720.8	57,282.0	86,251.2	102,457.8	137,927.4	215,841.5	277,198.3	373,249.7	364,909.4	394,312.7
Machinery	90,200.6	172,873.3	187,677.6	176,856.2	221,809.3	315,519.1	441,093.9	632,690.6	760,705.3	863,534.6	837,651.2
<b>B. Intermediate Goods:</b>	119,302.3	157,390.3	188,043.3	295,309.2	434,491.7	625,753.8	950,298.4	1,247,866.2	1,643,267.3	1,078,836.9	2,112,993.2
Oil	53,625.5	76,102.1	93,053.0	165,985.7	272,742.1	459,332.3	724,304.2	970,178.3	1,192,324.0	736,076.9	1,656,264.9
Fertilizers	4,701.7	4,287.4	6,726.8	8,734.8	23,882.7	30,470.3	9,686.6	14,827.0	64,913.1	47,705.0	40,045.1
Industrial Raw Material	60,975.1	77,000.8	88,263.5	120,588.7	137,866.8	135,951.2	216,307.5	262,860.9	386,030.3	295,055.0	416,683.1
<b>C. Consumer Goods:</b>	243,394.9	223,085.6	235,146.4	290,937.4	443,743.4	418,787.4	544,036.7	712,192.9	757,921.9	912,005.8	1,123,064.2
Food and Food stuffs	73,733.3	86,031.1	77,310.1	81,720.1	170,361.1	93,434.7	196,488.9	190,658.6	156,011.6	259,985.4	331,929.3
All Other Consumer Goods	169,661.6	137,054.5	157,836.3	209,217.3	273,382.3	325,352.6	347,547.8	521,534.4	601,910.4	652,020.4	791,134.9
<b>TOTAL</b>	<b>600,364.9</b>	<b>688,709.0</b>	<b>773,246.0</b>	<b>961,676.6</b>	<b>1,337,479.6</b>	<b>1,643,059.0</b>	<b>2,394,665.1</b>	<b>3,161,775.6</b>	<b>4,046,814.1</b>	<b>3,729,274.7</b>	<b>5,008,280.0</b>

Notes: P = Provisional

Conversion to TZS from USD is done using monthly average exchange rate

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0: Balance of Payments and Foreign Trade Developments

**Table A4.7: Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS, 1999 - 2010**

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
1999	746.0833	1,291.6191	797.3300	410.5168	500.2055	364.3421	122.4029	19.9036	0.4147	107.6816	7.8093	802.9153	
2000	807.7333	1,194.5320	803.2600	382.9141	493.0986	339.8452	114.1721	18.5651	0.3868	84.6513	7.0362	748.9215	
2001	877.3200	1,330.1964	916.3000	415.1879	548.4515	368.4567	123.7924	20.1296	0.4194	87.1781	6.9800	812.0260	
2002	979.1083	1,457.9933	965.7175	434.2004	626.5607	385.3651	129.4635	21.0517	0.4386	100.5687	7.7785	918.8699	
2003	1,070.0000	1,894.2062	1,063.6200	479.9162	857.3070	425.9398	143.0945	23.2682	0.4848	147.2847	9.9450	1,337.1852	
2004	1,072.0000	2,009.3172	1,042.9600	470.5942	920.8120	417.6663	140.3150	22.8183	0.4754	157.4867	10.1668	1,420.5652	
2005	1,140.9583	2,012.6062	1,165.5100	525.8900	889.7695	466.7430	156.8023	25.4972	0.5312	147.1006	9.9408	1,384.7459	
2006	1,263.4167	2,479.5049	1,261.6400	569.2649	1,034.1723	505.2394	169.7352	27.6002	0.5750	183.8162	10.6141	1,662.0233	
2007	1,263.3333	2,262.5413	1,132.0900	510.8106	1,008.1824	453.3595	152.3061	24.7661	0.5160	177.2289	10.1188	1,669.3822	
2008	1,303.0000	1,849.8447	1,280.3000	577.6845	1,210.6234	512.7120	172.2456	28.0084	0.5835	165.0354	14.1743	1,803.3051	
2009	1,342.9930	2,112.9980	1,353.5617	592.6924	1,266.2636	526.0321	176.7205	28.7361	0.5987	183.3974	14.1601	1,877.0160	
2009-January	1,356.0000	1,828.9583	1,287.0000	580.7075	1,114.8142	515.3951	173.1470	28.1550	0.5866	156.1566	14.4000	1,658.9456	
February	1,344.0000	1,862.2009	1,302.4638	587.6850	1,117.8009	521.5878	175.2274	28.4933	0.5936	145.0722	13.3422	1,658.3640	
March	1,335.0000	1,868.5208	1,353.7300	592.7684	1,146.1592	526.0995	176.7435	28.7398	0.5988	158.9812	13.5081	1,738.5929	
April	1,339.9782	1,975.2473	1,320.5709	595.8551	1,164.6243	528.8390	177.6635	28.8894	0.6019	165.4783	13.2754	1,759.4646	
May	1,369.9190	2,127.9626	1,351.0867	591.5757	1,226.9746	525.0409	176.3875	28.6819	0.5976	173.3983	13.7733	1,853.9441	
June	1,327.0821	2,134.4370	1,301.0877	587.0641	1,197.5550	521.0367	175.0423	28.4636	0.5930	168.7920	13.4416	1,824.9082	
July	1,325.2952	2,196.6358	1,352.2450	592.0983	1,225.3621	525.5048	176.5433	28.7073	0.5981	182.1366	13.8546	1,869.6244	
August	1,333.2147	2,123.7857	1,303.4142	588.1138	1,232.0170	521.9684	175.3553	28.5141	0.5941	183.3925	14.0107	1,870.0755	
September	1,359.4740	2,070.4810	1,299.5730	586.3806	1,252.8408	520.4301	174.8385	28.4300	0.5923	186.1836	14.4485	1,899.9114	
October	1,308.5189	2,153.3442	1,307.9484	590.1597	1,279.8525	523.7842	175.9653	28.6133	0.5961	185.0932	14.5166	1,935.3827	
November	1,332.7445	2,161.9445	1,354.7299	593.2196	1,309.0969	526.4999	176.8777	28.7616	0.5992	188.4097	15.0702	1,974.4640	
December	1,342.9930	2,112.9980	1,353.5617	592.6924	1,266.2636	526.0321	176.7205	28.7361	0.5987	183.3974	14.1601	1,877.0160	
2010-January	1,333.4981	2,135.6637	1,323.6201	563.9649	1,256.8183	530.0601	178.0737	28.9561	0.6033	179.9862	14.7191	1,844.5983	
February	1,341.9872	2,026.7143	1,326.0357	564.9941	1,232.2006	535.0274	178.3987	29.0090	0.6044	185.3543	14.8567	1,803.2786	
March	1,352.8494	2,006.2293	1,330.2135	566.7742	1,246.6799	532.7005	178.9607	29.1004	0.6063	183.0860	14.2490	1,783.3527	
April	1,359.9605	2,049.5562	1,343.9250	572.6164	1,241.3263	538.1914	180.8054	29.4003	0.6125	184.6268	14.3024	1,778.4865	
May	1,407.4454	1,995.1769	1,375.9812	586.2748	1,190.1382	551.0287	185.1181	30.1016	0.6271	175.6793	15.0800	1,689.9134	
June	1,442.1708	2,082.5295	1,379.6145	587.8229	1,270.6529	552.4837	185.6069	30.1811	0.6288	177.8374	15.5309	1,691.9606	

\* Period Average

Source: Bank of Tanzania



## A4.0 Balance of Payments and Foreign Trade Developments

**Table A4.8: Tanzania's Trade Balance 1999 - 2010**

Million of TZS

Period	Total Exports	Total Imports (f.o.b)	Trade Balance
1999	455,656.9	1,090,595.9	-634,939.0
2000	587,997.8	1,094,638.2	-506,640.4
2001	510,862.1	916,915.5	-406,053.3
2002	616,593.6	1,065,765.5	-449,171.9
2003	1,270,085.4	2,011,339.1	-741,253.7
2004	1,606,630.3	2,697,276.6	-1,090,646.3
2005	1,900,603.1	3,390,754.3	-1,490,151.2
2006	2,186,017.5	4,855,151.0	-2,669,133.5
2007	2,510,567.2	6,025,493.3	-3,514,926.1
2008	3,722,144.4	8,385,462.4	-4,663,318.0
2009	3,848,594.4	7,699,791.0	-3,851,196.6
2006-1st Q	479,606.1	967,455.5	-487,849.4
2nd Q	513,724.7	1,211,689.8	-697,965.0
3rd Q	541,226.7	1,278,118.9	-736,892.1
4th Q	651,460.0	1,397,886.9	-746,426.9
2007-1st Q	619,547.4	1,447,453.0	-827,905.6
2nd Q	559,066.9	1,429,762.8	-870,695.9
3rd Q	652,215.1	1,536,283.2	-884,068.1
4th Q	679,737.8	1,611,994.3	-932,256.5
2008-1st Q	962,956.9	1,744,277.7	-781,320.8
2nd Q	794,049.6	2,317,272.5	-1,523,222.9
3rd Q	966,569.3	2,199,768.9	-1,233,199.5
4th Q	998,568.5	2,124,143.3	-1,125,574.8
2009-1st Q	837,810.7	1,846,113.0	-1,008,302.3
2nd Q	765,111.7	1,620,629.7	-855,517.9
3rd Q	1,030,190.7	2,084,147.7	-1,053,957.0
4th Q	1,215,481.2	2,148,900.6	-933,419.4
2010-1st Q	1,077,458.6	2,225,825.6	-1,148,367.0
2nd Q	1,086,770.7	2,331,709.2	-1,244,938.4

**Note:** 1) Figures for 2006 and 2007 are provisional

2) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002, monthly average exchange rates are used to compute figures in TZS.

3) Export figures does not include adjustments on unrecorded trade which is done on annual data

**Source:** Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

**Table A4.9 : Tanzania's Exports by Major Commodity Groups 1999-2010**

Period	Millions of TZS										
	Coffee	Cotton	Sisal	Tea	Tobacco	Cashewnuts	Petroleum Products	Minerals	Manufactured Products	Others	Total
1999	56,995.0	21,744.7	5,380.8	18,305.6	31,998.6	79,197.2	318.0	56,090.2	22,412.6	119,761.5	412,204.1
2000	67,062.6	30,423.0	4,481.9	26,214.5	30,713.1	67,666.5	n.a	142,661.6	34,652.5	183,566.8	403,875.6
2001	49,150.4	29,812.2	5,857.7	25,115.6	31,072.6	49,159.2	n.a	265,927.0	49,638.0	241,009.7	746,742.4
2002	34,052.1	27,797.3	6,343.9	28,649.7	53,756.8	45,449.8	n.a	371,317.2	63,951.2	317,284.9	948,602.9
2003	51,707.4	48,322.9	7,558.3	25,660.8	41,752.2	43,892.4	n.a	574,707.1	87,344.6	389,139.5	1,270,085.4
2004	53,820.7	80,072.4	7,882.7	32,816.6	62,229.6	72,256.9	n.a	745,876.0	119,310.3	432,365.2	1,606,630.3
2005	83,557.3	127,177.7	8,176.1	28,830.4	91,361.4	54,234.2	n.a	802,997.8	177,271.4	526,996.9	1,900,603.1
2006	76,357.9	69,083.0	7,618.4	38,682.7	83,047.2	48,619.7	n.a	1,050,622.5	245,717.2	566,268.9	2,186,017.5
2007	121,980.5	79,942.5	11,091.9	35,890.5	108,563.7	30,983.7	n.a	1,056,594.0	383,242.5	682,277.9	2,510,567.2
2008	119,755.0	138,618.8	18,662.1	50,900.2	210,297.4	51,602.7	n.a	1,414,865.8	890,116.3	827,326.1	3,722,144.4
2009	146,932.4	146,568.1	0.0	62,296.2	167,862.0	90,561.7	n.a	1,666,511.5	667,738.1	900,124.5	3,848,594.4
2006-1st Q	27,598.7	24,573.6	2,258.2	10,085.1	12,280.2	22,039.8	n.a	203,691.5	49,897.1	127,181.8	479,606.1
2nd Q	10,813.9	20,261.8	1,531.1	12,080.6	6,544.2	898.9	n.a	267,489.9	59,459.6	134,644.7	513,724.7
3rd Q	6,467.6	11,003.8	459.2	7,353.7	38,407.8	624.8	n.a	261,027.6	62,993.3	152,889.0	541,226.7
4th Q	31,477.7	13,243.7	3,369.9	9,163.4	25,815.0	25,056.2	n.a	318,413.5	73,367.2	151,553.4	651,460.0
2007-1st Q	52,539.6	6,953.6	3,703.6	11,773.7	28,881.7	10,672.6	n.a	274,014.6	69,113.5	161,894.4	619,547.4
2nd Q	27,545.8	3,554.9	3,189.9	13,442.9	13,653.8	531.9	n.a	256,846.6	84,720.5	155,580.7	559,066.9
3rd Q	11,113.1	23,351.8	2,702.0	4,216.4	33,006.1	599.7	n.a	285,080.2	118,204.2	173,941.6	652,215.1
4th Q	30,782.0	46,082.2	1,496.3	6,457.4	33,022.2	19,179.5	n.a	240,652.7	111,204.4	190,861.2	679,737.8
2008-1st Q	41,545.2	16,633.7	5,158.0	14,585.9	87,389.7	50,326.5	n.a	395,310.0	183,582.6	168,425.5	962,956.9
2nd Q	18,152.8	14,534.2	4,640.6	15,913.2	2,286.0	227.5	n.a	413,420.2	166,692.9	158,182.4	794,049.6
3rd Q	10,958.2	57,343.9	4,986.2	7,986.1	69,968.0	0.0	n.a	348,781.8	255,213.1	211,332.0	966,569.3
4th Q	49,098.8	50,107.0	3,877.3	12,415.0	50,653.6	1,048.7	n.a	257,353.8	284,627.8	289,386.3	998,568.5
2009-1st Q	45,917.1	24,000.9	0.0	17,912.0	50,615.0	62,661.0	n.a	284,858.9	172,303.5	179,542.4	837,810.7
2nd Q	46,018.4	31,701.2	0.0	12,451.9	14,057.6	315.8	n.a	351,100.3	141,119.9	168,346.7	765,111.7
3rd Q	15,471.6	39,029.0	0.0	7,286.7	27,803.8	0.0	n.a	511,041.4	162,387.7	267,170.5	1,030,190.7
4th Q	39,525.3	51,837.0	0.0	24,645.6	75,385.6	27,584.9	n.a	519,510.9	191,927.0	285,064.9	1,215,481.2
2010-1st Q	32,938.0	25,201.8	0.0	17,168.0	102,813.6	34,385.6	n.a	464,408.4	199,271.5	201,271.9	1,077,458.6
2nd Q	7,527.6	5,544.2	0.0	13,369.6	45,869.4	1,752.1	n.a	546,126.7	278,853.7	187,727.5	1,086,770.7

Notes: Figures for 2006 and 2007 are provisional

na = Not applicable

- Prior to 1998 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 1998 monthly average exchange rates are used to compute figures in TZS.

- Value in Millions of TZS

- Export figures does not include adjustments on unrecorded trade

Source: Bank of Tanzania and Tanzania Revenue Authority



## A4.0 Balance of Payments and Foreign Trade Developments

Table A4.10: Tanzania's Imports (c.i.f) by Major Commodity Groups 1999-2010

Millions of TZS

Period	Transport. equipments	Building and construction	Machinery	Oil	Fertilizers	Industrial raw materials	Food and food stuffs	Other consumer goods	Total
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	1,229,678.6
2001	166,799.4	126,512.7	356,964.2	192,911.8	13,641.5	179,943.7	147,580.9	320,199.6	1,504,553.8
2002	210,732.8	130,303.2	355,642.3	188,347.6	19,618.4	201,209.3	142,408.6	357,173.6	1,605,435.8
2003	242,650.3	172,680.1	431,840.8	420,218.6	29,803.0	257,364.5	189,915.6	465,789.9	2,210,262.7
2004	274,058.7	221,417.4	531,532.9	684,762.0	64,593.3	271,303.3	297,986.0	618,386.7	2,964,040.2
2005	361,239.3	320,289.7	659,589.2	1,051,579.8	80,505.5	316,573.4	209,558.1	726,768.6	3,726,103.6
2006	516,422.2	466,475.8	998,263.2	1,582,296.9	76,129.2	520,749.9	342,020.5	832,972.9	5,335,330.8
2007	649,792.5	568,312.8	1,189,576.5	1,998,112.3	79,605.2	610,800.6	424,907.2	1,100,314.1	6,621,421.2
2008	1,114,286.6	940,527.0	1,799,531.6	2,523,077.3	226,010.1	753,441.0	399,258.6	1,458,661.7	9,214,793.9
2009	1,085,930.7	809,876.2	1,787,723.5	1,917,750.8	138,043.2	684,689.2	497,826.9	1,539,468.3	8,461,308.8
2006-1st Q	119,184.3	93,473.2	200,963.7	299,819.9	3,477.6	94,754.5	87,449.5	164,015.2	1,063,137.9
2nd Q	124,210.4	122,368.3	240,130.1	424,484.3	6,209.1	121,553.0	109,039.4	183,532.6	1,331,527.2
3rd Q	136,774.0	120,914.8	278,591.9	383,401.7	34,968.7	142,774.3	76,787.6	230,313.1	1,404,526.2
4th Q	136,253.6	129,719.6	278,577.4	474,590.9	31,473.8	161,668.1	68,744.0	255,112.0	1,536,139.5
2007-1st Q	125,502.2	137,316.2	292,378.8	505,545.3	4,501.4	140,054.5	112,322.9	272,986.3	1,590,607.7
2nd Q	166,325.4	139,882.1	340,311.8	464,633.0	10,325.6	122,806.3	78,335.7	248,548.0	1,571,167.9
3rd Q	170,833.3	145,272.0	278,933.6	562,584.0	35,398.6	162,558.6	67,183.8	265,459.3	1,688,223.3
4th Q	187,131.6	145,842.4	277,952.3	465,349.9	29,379.5	185,381.2	167,064.9	313,320.1	1,771,422.0
2008-1st Q	243,105.7	169,667.0	347,369.4	537,554.2	6,798.4	185,276.3	111,996.9	315,020.8	1,916,788.7
2nd Q	313,488.9	275,791.2	519,259.1	716,981.5	56,764.6	200,709.5	65,889.4	397,569.2	2,546,453.3
3rd Q	291,420.6	242,851.1	512,748.5	658,573.6	84,229.9	177,338.5	90,335.4	359,830.8	2,417,328.4
4th Q	266,271.3	252,217.7	420,154.6	609,968.0	78,217.2	190,116.7	131,037.0	386,240.9	2,334,223.4
2009-1st Q	268,589.0	206,513.8	460,403.1	427,091.3	33,571.4	164,921.6	121,559.0	346,046.4	2,028,695.6
2nd Q	251,490.3	148,909.1	434,052.0	331,324.7	14,153.6	135,237.0	140,299.1	325,445.9	1,780,911.7
3rd Q	280,263.7	166,413.0	469,515.7	588,661.2	43,143.6	190,034.5	87,023.6	465,217.0	2,290,272.2
4th Q	285,587.7	288,040.3	423,752.6	570,673.6	47,174.7	194,496.2	148,945.2	402,759.0	2,361,429.2
2010-1st Q	275,700.6	210,899.1	447,340.4	771,158.3	14,250.5	196,646.7	176,604.9	353,361.8	2,445,962.2
2nd Q	264,558.2	183,413.6	390,310.8	885,106.7	25,794.6	220,036.4	155,324.4	437,773.2	2,562,317.8

Note: Figures for 2006 and 2007 are provisional

- Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

Source: Bank of Tanzania and Tanzania Revenue Authority



**Table A4.11: Tanzania's Exports by Country of Destination 1999-2009**

Millions of TZS

Country	1999	2000	2001	2002	2003	2004	2005	2006 <sup>P</sup>	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>
Australia	1874.5	949.77	2,064.9	2,899.9	1,837.0	2,285.0	2,784.1	3,748.2	9,608.5	7,333.9	8,779.1
Belgium	12527.6	14717.18	9,264.3	20,518.8	36,460.5	28,848.3	34,130.6	32,079.9	32,079.9	53,929.9	102,452.2
Burundi	2505.7	3388.06	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8	4,416.2	51,645.5	23,026.9	31,203.1
Canada	430.6	421.79	469.2	1,355.5	1,710.1	5,202.8	44,236.8	7,295.6	2,819.7	4,438.1	8,048.1
China	90.6	483.75	620.4	688.3	3,796.8	76,742.7	101,838.0	149,327.3	175,726.7	264,279.9	480,248.1
Democratic Republic of Congo	2772.7	87.48	4,773.2	15,307.0	12,839.9	11,050.4	14,251.0	26,859.4	69,409.6	150,644.2	105,445.0
Denmark	1043.2	1713.69	1,965.6	1,573.3	2,738.4	2,787.9	1,812.1	956.0	2,118.8	4,558.2	6,663.6
Eire/Ireland	0.0	0	24,465.7	13,589.2	0.0	113.8	81.6	655.9	986.0	346.6	2,180.0
France	1672.9	29056.72	119,342.9	147,180.9	80,728.7	10,393.2	7,369.9	9,329.5	11,323.5	27,761.9	15,259.8
Germany	26178.0	52933.94	33,545.6	26,667.9	32,075.0	35,845.2	76,198.8	125,860.7	105,204.0	77,790.6	74,094.5
Hong Kong	5828.0	7042.23	10,787.4	10,787.4	10,254.9	13,376.3	10,810.1	8,459.5	17,582.0	15,785.0	112,968.9
India	84022.3	78811.054	72,043.8	62,093.9	75,129.7	109,671.9	71,299.6	70,439.1	96,171.0	203,097.2	242,591.1
Indonesia	6737.9	3502.98	2,541.5	3,960.2	7,538.4	6,325.6	7,934.2	10,150.3	19,543.6	28,665.0	27,800.7
Italy	4797.2	7192.22	6,852.8	23,625.4	24,203.3	30,252.1	41,232.4	36,333.5	69,176.5	79,549.7	70,979.1
Japan	32702.9	27370.13	60,068.2	93,075.8	92,164.9	70,065.3	77,602.4	82,003.2	71,038.2	161,859.3	217,362.0
Kenya	15630.9	25811.06	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8	111,502.9	125,790.9	277,819.7	234,125.4
Malaysia	1595.7	2460.06	2,591.5	1,223.0	1,223.7	2,469.2	18,144.3	1,763.8	2,150.8	3,484.9	3,896.0
Mozambique	517.4	1180.32	1,231.4	1,575.2	1,812.0	3,694.3	7,339.1	13,109.5	23,762.9	37,142.9	26,814.7
Netherlands	23234.5	36577.68	45,320.9	52,142.7	70,206.3	65,072.5	101,091.7	108,244.8	112,651.0	184,508.2	219,871.2
New Zealand	0.0	0	51.8	57.1	46.9	146.8	166.8	110.1	4,055.1	2,886.6	2,685.8
Norway	443.7	123.4	130.9	235.3	287.7	198.8	610.9	637.7	2,163.9	2,165.5	1,763.6
Pakistan	5662.3	5443.07	6,139.7	8,505.8	7,941.1	7,888.4	8,139.7	17,228.8	31,167.6	13,460.4	14,248.2
Portugal	4678.3	5132.5	4,371.8	3,856.9	4,105.5	5,112.8	5,401.2	9,290.4	38,120.6	15,493.6	17,558.2
Singapore	18399.4	5143.33	5,218.6	3,816.9	13,750.7	16,672.9	21,332.9	5,593.4	4,938.6	13,179.5	8,411.8
Somalia	74.8	365.84	129.6	327.9	166.0	-	163.5	248.0	533.3	3,315.5	797.1
South Africa	4910.6	9646.34	7,639.0	15,979.4	38,781.2	124,015.6	310,978.1	198,557.2	201,331.5	274,866.9	225,538.0
Spain	2548.8	3619.94	6,728.4	6,464.8	10,537.8	12,536.6	10,478.5	13,066.8	23,048.8	30,640.2	27,950.0
Sri Lanka	0.0	0	119.3	82.0	348.9	86.1	87.7	2,132.6	3,548.7	3,076.1	703.9
St. Helena	6546.0	3753.06	1,143.9	2,439.1	2,096.9	4,344.0	1,993.9	0.1	74.3	442.5	7,993.4
Sweden	210.8	356.3	121.8	170.7	1,241.2	833.5	670.3	635.4	3,148.6	1,738.1	3,590.3
Switzerland	1802.0	2448.45	3,721.1	5,520.7	13,017.0	32,444.7	2,687.0	299,805.4	498,327.3	668,711.0	617,209.6
Taiwan	2210.7	2173.42	874.6	1,619.8	1,721.3	2,807.2	2,687.0	1,280.5	1,587.4	751.7	5,322.8
Thailand	2870.0	3577.53	3,645.8	1,670.5	3,770.9	5,844.0	13,938.7	11,590.6	14,401.1	16,207.2	18,475.9
Uganda	3467.2	6770.89	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6	24,466.8	23,992.1	47,871.3	62,993.8
United Arab Emirates	4969.7	5017.51	8,374.0	13,916.8	15,926.0	19,093.6	38,060.5	51,389.6	110,022.1	77,325.4	88,169.9
United Kingdom	70149.9	117501.52	123,085.5	156,356.9	402,153.1	506,516.3	132,490.3	84,324.4	31,875.0	76,505.2	40,186.8
United States	13372.8	12205.4	13,275.0	13,065.4	11,701.5	14,949.0	18,658.6	24,223.4	42,518.8	65,122.8	52,093.1
USSR/Russia	50.1	1468.8	594.9	2,493.5	2,148.4	3,202.0	2,502.4	2,809.8	6,471.1	6,002.7	7,692.4
Yugoslavia	0.0	0	208.8	7.8	11.7	10.0	14.6	6.9	7.2	-	52.0
Zambia	2119.5	3778.48	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9	18,948.8	27,910.2	43,237.0	58,526.8
Others	87007.7	105791.89	118,121.9	169,140.6	172,855.4	256,270.1	463,919.5	834,791.2	694,315.1	1,311,561.3	1,188,295.1
<b>Grand Total</b>	<b>455,656.9</b>	<b>587,997.8</b>	<b>746,886.2</b>	<b>948,602.9</b>	<b>1,270,085.4</b>	<b>1,606,630.3</b>	<b>1,900,603.1</b>	<b>2,404,572.1</b>	<b>2,762,367.5</b>	<b>4,280,582.5</b>	<b>4,441,040.7</b>

Notes: 1) P = provisional

2) Others include data for unrecorded exports for 2006 and 2007

Source: Bank of Tanzania and Tanzania Revenue Authority



## A4.0 Balance of Payments and Foreign Trade Developments

Table A4.12: Tanzania's Imports(c.i.f) by Country of Origins 1999 - 2009

Country	1999	2000	2001	2002	2003	2004	2005	2006 <sup>P</sup>	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>
Argentina	14,256.2	7,115.7	2,656.2	3,904.6	2,838.0	28,661.1	30,351.9	17,350.0	30,983.3	73,480.0	49,197.8
Australia	60,646.6	75,669.2	123,743.8	70,071.2	56,923.1	81,839.2	47,218.4	33,464.4	31,464.1	67,419.6	162,610.7
Belgium	17,166.0	11,606.9	19,313.1	22,404.1	34,733.3	28,433.0	52,655.6	92,631.6	135,951.8	147,083.8	141,919.9
Brazil	12,936.4	8,185.8	4,065.4	2,942.6	29,425.3	7,408.6	18,272.6	14,878.6	24,508.0	15,568.2	70,214.0
Canada	19,853.0	25,853.8	20,228.9	17,094.5	19,831.9	43,271.7	39,883.8	46,281.9	44,284.7	67,545.8	46,496.3
China	43,213.3	54,455.3	61,830.4	76,335.1	120,836.0	186,806.9	245,399.1	381,692.1	512,890.5	841,597.9	895,038.2
Denmark	17,865.7	18,490.6	15,340.3	15,141.8	20,986.5	23,707.1	26,746.4	15,467.7	28,043.1	31,505.4	146,074.4
Eire/Ireland	1,645.3	3,626.6	4,595.5	7,975.6	9,891.6	14,253.2	13,295.5	19,100.7	31,135.6	22,158.2	20,975.8
Finland	9,811.8	7,538.7	4,197.5	15,770.4	17,304.6	30,375.1	24,374.8	18,736.0	132,226.1	50,262.2	57,744.7
France	15,993.3	20,397.2	36,420.5	37,633.9	42,339.6	44,123.7	101,366.0	71,087.6	162,119.1	188,717.9	145,111.1
Germany, Federal	46,524.0	41,706.1	59,689.6	57,994.5	71,117.2	82,045.5	99,024.1	187,389.6	194,240.2	249,035.3	293,353.5
Hong Kong	2,363.2	3,449.2	6,196.7	7,563.3	10,266.9	7,505.5	8,735.1	10,244.8	14,678.7	21,392.8	40,597.2
India	70,444.1	71,056.7	76,661.7	103,266.3	174,081.9	235,431.2	211,290.9	293,344.2	631,862.4	1,016,503.4	999,540.7
Indonesia	14,295.6	33,095.1	42,277.2	59,929.8	78,906.7	94,189.1	101,631.7	196,028.5	159,404.0	107,733.2	141,412.0
Italy	36,418.0	28,511.0	44,462.9	43,435.9	40,758.2	44,219.2	45,360.9	113,221.1	102,750.6	104,384.0	128,860.1
Japan	132,711.7	113,872.0	132,075.1	134,051.2	174,790.5	196,765.2	225,925.7	310,375.3	325,726.2	405,343.6	545,953.7
Kenya	70,799.0	74,734.0	84,205.8	90,280.8	120,287.3	141,789.9	175,332.0	191,252.1	124,630.1	233,967.0	393,748.1
Malaysia	17,865.9	11,197.3	15,959.3	12,132.8	18,352.8	21,091.2	23,813.2	118,687.4	182,428.7	192,254.7	87,695.2
Netherlands	27,295.8	23,644.4	27,075.2	26,461.1	33,050.5	46,611.0	75,922.8	106,637.9	106,273.9	248,052.9	53.3
Pakistan	11,660.7	6,150.7	8,623.2	20,628.3	13,590.0	8,162.0	7,830.3	18,370.8	15,119.0	20,052.2	36,140.5
Saudi Arabia	20,237.3	43,601.2	51,032.0	45,611.7	53,383.7	60,386.5	46,722.5	312,889.5	272,318.0	304,719.1	213,014.2
Singapore	7,266.9	5,070.6	7,876.9	5,573.1	17,100.1	47,997.5	10,417.2	16,611.1	31,354.5	518,267.5	248,364.3
South Africa	127,231.3	139,577.1	178,292.2	182,473.1	284,591.5	360,025.5	440,090.2	675,401.5	730,969.6	935,205.5	888,001.2
South Korea	13,810.8	17,573.6	13,806.4	17,743.3	29,104.5	28,983.8	37,945.3	82,165.3	93,625.6	100,735.3	97,885.1
Spain	8,100.1	7,364.4	9,002.9	9,917.7	13,969.4	32,021.0	16,051.8	17,247.0	22,224.5	34,692.4	40,871.4
Swaziland	9,325.7	10,296.2	11,083.9	13,096.2	12,682.5	18,762.2	20,856.4	20,746.1	25,062.1	90,423.8	34,720.6
Sweden	13,299.4	13,814.0	11,083.9	21,233.5	39,983.3	25,822.1	80,804.8	64,454.9	128,595.2	167,644.2	108,717.5
Switzerland	10,918.3	10,865.6	9,262.0	22,074.0	23,814.5	20,481.9	28,593.0	84,076.7	214,218.6	162,881.0	174,060.1
Taiwan	4,489.8	4,627.9	4,425.1	7,656.8	8,903.4	11,083.6	13,441.9	14,394.7	20,746.3	13,436.4	16,269.3
Thailand	13,345.6	22,523.2	32,749.9	34,749.7	21,503.4	32,296.5	28,032.1	45,613.7	73,378.3	88,341.7	92,154.4
Turkey	5,144.2	2,951.1	1,961.8	3,096.4	4,656.5	5,023.9	9,409.8	38,857.8	57,646.7	93,229.0	98,961.8
Uganda	4,489.9	4,501.0	9,962.5	2,561.4	8,538.5	8,330.5	5,786.3	4,766.4	7,980.4	7,588.6	15,693.6
United Arab Emirate	37,995.7	45,584.9	95,506.8	93,824.8	152,331.1	201,204.2	120,274.8	618,949.9	963,802.7	1,053,525.3	816,795.9
United Kingdom	95,553.6	85,267.9	96,945.7	91,630.6	111,107.3	120,177.3	135,618.2	194,536.0	214,155.8	195,135.0	237,245.8
United States	73,963.0	47,158.7	57,238.0	88,321.3	72,310.7	85,113.2	112,741.8	150,019.1	233,287.9	236,992.6	179,535.0
USSR/Russia	256.3	4,613.1	10,959.2	9,788.9	7,063.8	2,277.8	36,993.1	53,694.5	88,679.5	87,823.1	84,124.2
Yugoslavia	3.4	0.2	52.0	21.6	15.2	0.0	0.0	0.9	0.0	0.0	7.1
Zambia	5,408.4	1,919.8	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9	14,334.2	2,288.7	32,663.2	30,731.4
Zimbabwe	4,174.0	3,619.6	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3	1,611.0	23,035.2	1,732.1	834.1
Others	11,638.4	111,414.8	98,897.1	112,008.4	243,271.3	512,840.3	882,050.5	601,734.5	357,611.5	888,159.0	625,773.3
<b>Grand Total</b>	<b>1,179,173.8</b>	<b>1,234,361.7</b>	<b>1,504,739.1</b>	<b>1,605,435.8</b>	<b>2,210,262.7</b>	<b>2,964,040.1</b>	<b>3,726,103.6</b>	<b>5,335,330.8</b>	<b>6,621,420.8</b>	<b>9,215,052.3</b>	<b>8,461,594.0</b>

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

**Table A4.13: Tanzania's Exports to COMESA Countries 1999-2009**

Country	Millions of TZS										
	1999	2000	2001	2002	2003	2004	2005	2006 <sup>P</sup>	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>
Burundi	2,505.7	3,388.1	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8	4,416.2	51,645.5	23,026.9	31,203.1
Comoro	6.9	25.8	14.9	347.3	1,334.8	1,275.9	1,568.2	9,322.2	4,470.3	58,707.8	283.3
Djibouti	75.5	87.2	24.9	48.8	29.0	66.3	9.1	4.9	59.5	383.5	233.3
Ethiopia	235.8	358.7	643.5	359.4	729.7	1,921.7	1,893.4	786.9	1,098.2	1,091.4	778.2
Kenya	15,630.9	25,811.1	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8	111,502.9	125,790.9	277,819.7	234,125.4
Lesotho	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Malawi	6,867.9	4,927.1	4,932.0	17,172.1	8,746.4	13,530.2	916.6	22,206.9	24,476.1	49,913.5	33,151.2
Mauritius	59.8	158.3	288.7	280.7	738.5	583.0	3,713.8	1,134.0	2,196.0	1,084.8	1,928.7
Rwanda	2,136.1	1,457.0	1,992.4	3,742.0	2,644.5	3,177.5	3,376.8	3,401.5	13,913.2	24,340.0	19,887.6
Somalia	74.8	365.8	129.6	327.9	166.0	0.0	163.5	248.0	533.3	3,315.5	797.1
Swaziland	150.1	170.8	0.0	360.3	5.3	3,103.7	626.3	2,350.4	242.7	759.1	27,515.6
Uganda	3,467.2	6,770.9	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6	24,466.8	23,992.1	47,871.3	62,993.8
Zambia	2,119.5	3,778.5	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9	18,948.8	27,910.2	43,237.0	58,526.8
Zimbabwe	1,954.1	2,149.8	369.4	1,356.9	3,966.7	1,347.3	1,750.5	1,483.2	857.2	1,360.1	7,556.0
<b>Grand Total</b>	<b>35,284.3</b>	<b>49,449.0</b>	<b>56,829.8</b>	<b>86,993.9</b>	<b>131,117.6</b>	<b>144,466.9</b>	<b>140,976.6</b>	<b>200,272.8</b>	<b>277,185.1</b>	<b>532,910.7</b>	<b>478,980.1</b>

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

**Table A4.14: Tanzania's Direct Imports from COMESA Countries 1999-2009**

Country	Millions of TZS										
	1999	2000	2001	2002	2003	2004	2005	2006 <sup>P</sup>	2007 <sup>P</sup>	2008 <sup>P</sup>	2009 <sup>P</sup>
Burundi	8.2	9.27	140.1	7.3	335.2	17.4	292.7	2.2	19.8	505.8	402.5
Comoro	0.0	0.0	0.0	0.7	0.3	0.0	28.4	23.6	0.0	17.2	13.9
Djibout	20.77	12.48	0.0	2.3	415.7	297.1	1,378.8	0.0	0.0	1.4	44.0
Ethiopia	643.375	2,602.8	468.4	633.5	128.8	1,138.1	1,181.1	202.2	114.7	32.5	192.6
Kenya	70,799.0	74,734.0	84,205.8	91,630.6	120,287.3	141,789.9	175,332.0	191,252.1	124,630.1	233,967.0	393,748.1
Lesotho	15.174	0	0.0	0.0	0.0	0.0	0.0	79.5	10.9	2.6	56.7
Malawi	2602.138	1520.85	1,809.1	1,398.4	1,455.3	3,090.3	3,629.4	4,586.2	8,034.3	7,889.7	13,988.5
Mauritius	2472.413	2574.69	3,656.3	1,674.6	1,831.1	4,426.6	5,154.7	3,788.7	3,247.0	1,375.1	5,051.9
Rwanda	6.0	115.84	68.5	41.6	833.1	126.8	32.7	190.1	18.2	59.4	25.0
Somalia	56.682	1.45	7.1	5.5	69.7	16.0	5.6	5.6	119.5	1,112.3	389.6
Swaziland	9325.746	10296.23	11,083.9	15,096.2	12,682.5	18,762.2	20,856.4	20,746.1	25,062.1	90,423.8	34,720.6
Uganda	4489.871	4501	9,962.5	2,561.5	8,538.5	4,989.4	4,766.4	4,766.4	7,980.4	7,588.6	15,693.6
Zambia	5408.443	1919.79	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9	14,334.2	2,288.7	32,663.2	30,731.4
Zimbabwe	4173.957	3619.6	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3	1,611.0	23,035.2	1,732.1	834.1
<b>Grand Total</b>	<b>100,021.78</b>	<b>101,907.94</b>	<b>115,620.6</b>	<b>119,139.6</b>	<b>149,880.2</b>	<b>182,952.0</b>	<b>219,037.4</b>	<b>241,587.9</b>	<b>194,560.9</b>	<b>377,370.6</b>	<b>495,892.5</b>

Note: P = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments.

**TableA 4.15: Tanzania: Services, Income and Transfers 1999 - 2010**

Period	Services			Income			Current Transfers		
	Net	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments
	Millions TZS								
1999	-140,111.71	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	-44,017.20	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	235,106.15	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	278,134.60	889,335.0	611,200.4	-85,695.8	65,570.0	151,265.8	285,318.9	344,570.6	59,251.7
2003	230,210.20	984,865.9	754,655.7	-143,534.7	90,724.5	234,259.2	533,547.7	599,225.5	65,677.7
2004	174,336.70	1,232,378.9	1,058,042.2	-123,872.5	88,631.0	212,503.5	634,725.4	705,588.1	70,862.8
2005	68,704.60	1,434,007.9	1,365,303.3	-117,241.4	91,627.3	208,868.7	564,303.4	640,549.2	76,245.8
2006	348,941.40	1,916,071.1	1,567,129.7	-117,707.6	66,562.7	184,270.3	751,067.4	833,626.2	82,558.8
2007	577,348.16	2,333,405.5	1,756,057.4	-71,771.4	133,511.4	205,282.7	812,802.4	903,114.4	90,312.0
2008	415,687.9	2,389,020.3	1,973,332.4	-144,221.2	146,275.1	290,496.3	739,254.7	834,389.8	95,135.1
2009	192,745.8	2,448,649.9	2,255,904.0	94,166.0	212,818.7	306,984.7	921,982.7	1,012,343.6	90,360.9
2007 <sup>P</sup> - 1st Q	152,201.2	588,461.1	436,259.9	-13,083.3	24,467.8	37,551.1	56,513.9	80,748.8	24,234.9
2nd Q	122,909.6	571,188.9	448,279.3	-18,268.7	32,831.1	51,099.8	13,595.4	38,816.0	25,220.6
3rd Q	191,400.0	629,013.3	437,613.3	-23,013.1	41,946.0	64,959.1	586,889.5	608,270.4	21,380.9
4th Q	110,837.4	544,742.3	433,904.9	-17,406.3	34,266.5	51,672.8	155,803.6	175,279.2	19,475.6
2008 <sup>P</sup> - 1st Q	96,608.6	552,331.6	455,723.0	-22,051.4	38,166.7	60,218.2	53,588.7	74,039.5	20,450.8
2nd Q	112,246.8	607,949.7	495,702.8	-43,102.8	40,127.9	83,230.7	51,960.4	84,112.5	32,152.1
3rd Q	139,145.3	628,909.1	489,763.8	-27,236.0	36,177.0	63,413.0	267,142.7	289,312.1	22,169.4
4th Q	67,687.2	599,829.9	532,142.7	-51,830.9	31,803.5	83,634.4	366,562.8	386,925.7	20,362.9
2009 <sup>P</sup> - 1st Q	-31,416.8	540,276.9	571,693.8	-36,896.9	38,673.1	75,570.0	182,832.5	204,006.9	21,174.3
2nd Q	17,047.4	512,606.8	495,559.5	-15,907.2	51,020.4	66,927.6	97,513.9	119,009.7	21,495.7
3rd Q	97,540.6	694,851.7	597,311.1	-24,393.0	61,492.4	85,885.4	495,696.2	519,497.1	23,800.9
4th Q	109,574.8	700,914.4	591,339.6	-16,968.9	61,632.7	78,601.6	145,940.1	169,830.0	23,890.0
2010 <sup>P</sup> - 1st Q	4,230.2	609,924.2	605,694.0	-17,116.3	46,777.0	63,893.3	211,958.5	236,113.0	24,154.5
2nd Q	76,193.9	639,611.9	563,418.0	-38,752.2	44,055.0	82,807.2	41,797.1	66,575.3	24,778.2

Notes: As from 2001 onwards, the estimation technique for government service payments has been revised leading to the change in service payments

P = provisional

r = revised, Q = Quarter

Source: Bank of Tanzania



## A4.0 Balance of Payments and Foreign Trade Developments

Table A4.16: Foreign Reserve Position\* (revised), 2000 - 2010

End of Period	Bank of Tanzania											Commercial banks						Total Net Position
	Foreign Exchange			Gold			Other Foreign					Commercial banks			Net Foreign Assets			
	Assets	Liabilities	Net	Reserves	Assets	SDRs	RFP	UFC	Total	Assets	Liabilities	Net	Assets	Liabilities		Net		
Dec. 2001	1,078,289.8	350,851.5	727,438.3	29,013.3	3,064.0	443.3	16,119.3	312,321.1	1,088,399.5	0.0	1,088,399.5	494,222.4	10,268.7	483,953.7	33,342.7	1,134.9	516,161.4	1,604,560.9
2002	1,528,909.5	437,032.3	1,091,877.2	26,926.4	3,693.3	101.6	31,601.1	390,203.6	1,544,403.1	0.0	1,544,403.1	553,455.8	9,993.8	543,461.9	2,575.4	1,112.3	544,925.1	2,089,328.2
2003	2,146,859.8	505,373.5	1,641,486.3	0.0	927.5	525.4	35,972.1	465,069.4	2,143,980.8	0.0	2,143,980.8	669,630.5	19,092.0	650,538.4	12,719.0	2,008.2	661,249.3	2,805,230.1
2004	2,406,605.2	492,560.3	1,914,044.9	0.0	853.3	73.5	15,950.6	441,131.5	2,372,053.7	0.0	2,372,053.7	612,372.0	28,056.6	584,315.4	2,127.9	1,663.5	584,779.8	2,956,833.5
2005	2,393,321.3	456,679.4	1,936,642.0	0.0	4,661.3	821.8	15,360.6	399,184.6	2,356,670.2	0.0	2,356,670.2	770,842.1	35,960.2	734,881.9	21,862.5	28,315.2	728,429.2	3,085,099.4
2006	2,700,270.8	79,016.8	2,621,254.0	0.0	4,297.2	28.3	22,541.5	15,943.3	2,664,064.3	0.0	2,664,064.3	1,060,922.8	86,035.0	974,887.8	33,859.8	12,622.8	996,124.8	3,660,189.1
2007	3,093,395.6	84,906.6	3,008,489.0	0.0	9,198.9	178.8	-15,400.1	20,036.6	3,022,503.2	0.0	3,022,503.2	876,515.8	227,379.8	649,136.0	67,263.4	82,986.5	633,413.0	3,655,916.2
2008	3,686,518.0	94,370.9	3,592,147.1	0.0	8,767.6	39.2	32,106.5	22,086.5	3,655,146.9	0.0	3,655,146.9	730,323.0	165,433.4	564,889.6	104,411.9	174,691.2	494,610.3	4,149,757.2
2009	4,670,324.6	825,323.3	3,845,001.2	0.0	4,844.1	325,589.8	27,478.6	432,562.1	4,635,475.8	0.0	4,635,475.8	1,040,125.4	121,488.1	918,637.3	254,471.2	78,598.7	1,094,509.8	5,729,985.6
2008- Mar	3,420,194.5	90,298.6	3,329,895.9	0.0	4,467.3	246.2	34,088.6	22,780.2	3,391,478.2	0.0	3,391,478.2	920,178.1	227,964.8	692,213.2	105,106.7	74,819.7	722,500.2	4,113,978.4
Jun	3,145,820.6	86,193.9	3,059,626.7	0.0	4,581.5	174.5	13,511.7	21,606.4	3,099,500.9	0.0	3,099,500.9	828,981.1	260,199.8	568,781.4	104,140.5	103,721.3	569,200.5	3,668,701.4
Sep	3,151,737.1	82,168.8	3,069,568.3	0.0	3,840.3	536.7	-2,732.7	20,387.3	3,091,600.0	0.0	3,091,600.0	721,685.4	210,943.4	510,742.0	111,327.4	132,021.6	490,047.8	3,581,647.7
Dec	3,686,518.0	94,370.9	3,592,147.1	0.0	8,767.6	39.2	32,106.5	22,086.5	3,655,146.9	0.0	3,655,146.9	730,323.0	165,433.4	564,889.6	104,411.9	174,691.2	494,610.3	4,149,757.2
2009- Mar	3,555,655.0	96,277.3	3,459,377.7	0.0	4,824.6	86.6	42,565.1	21,998.2	3,528,852.2	0.0	3,528,852.2	820,381.2	119,016.0	701,365.2	68,737.1	81,971.3	688,131.0	4,216,983.2
Jun	3,811,108.6	409,876.0	3,401,232.5	0.0	4,206.1	148.7	20,138.5	22,589.7	3,448,315.5	0.0	3,448,315.5	861,465.6	128,299.0	733,166.6	173,404.9	104,918.7	801,652.8	4,249,968.3
Sep	4,646,805.5	745,129.7	3,901,675.8	0.0	4,127.9	327,137.8	28,228.0	351,540.1	4,612,709.7	0.0	4,612,709.7	894,551.5	124,998.1	769,553.3	254,431.2	56,867.8	967,116.7	5,579,826.5
Dec	4,670,324.6	825,323.3	3,845,001.2	0.0	4,844.1	325,589.8	27,478.6	432,562.1	4,635,475.8	0.0	4,635,475.8	1,040,125.4	121,488.1	918,637.3	254,471.2	78,598.7	1,094,509.8	5,729,985.6
2010- January	4,755,786.4	828,841.6	3,926,944.7	0.0	4,530.9	327,013.1	29,262.3	432,209.4	4,719,960.4	0.0	4,719,960.4	978,511.2	115,728.1	862,783.1	283,126.7	106,606.4	1,039,303.5	5,759,263.9
February	4,728,602.2	815,818.4	3,912,783.8	0.0	4,173.9	321,844.9	22,833.5	426,977.9	4,688,614.0	0.0	4,688,614.0	1,010,578.9	144,108.7	866,470.3	223,894.5	53,949.3	1,036,415.5	5,725,029.5
March	4,659,728.6	813,076.7	3,846,652.0	0.0	4,680.9	320,783.7	21,503.6	424,314.7	4,617,934.9	0.0	4,617,934.9	1,053,342.0	110,519.1	944,822.8	203,357.5	77,296.3	1,070,883.9	5,688,818.9
April	4,814,707.8	815,088.8	3,999,619.0	0.0	4,059.9	321,604.1	22,531.8	426,545.0	4,774,359.8	0.0	4,774,359.8	1,162,462.1	129,697.1	1,032,765.1	209,183.6	86,056.8	1,155,891.9	5,930,251.8
May	4,763,316.3	815,792.0	3,947,524.4	0.0	4,922.9	321,899.1	13,038.8	426,209.7	4,713,594.9	0.0	4,713,594.9	986,104.6	117,698.3	868,406.3	200,655.6	79,145.8	989,916.1	5,703,511.1
June	4,808,002.9	858,719.8	3,949,283.1	0.0	4,160.9	322,830.9	21,205.1	469,169.3	4,766,649.4	0.0	4,766,649.4	1,302,227.7	111,697.0	1,190,530.7	210,804.6	85,099.2	1,316,236.1	6,082,885.5

Note: SDRs => Special Drawing Rights, RFP => Reserve Position in the Fund, UFC => Use of Fund Credit  
Source: Bank of Tanzania



## A5.0 National Debt

**Table A5.1: National Debt Developments, 2001 - 2010**

Millions of USD

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>1. Overall Total Debt Committed <sup>1</sup></b>	<b>7,702.3</b>	<b>8,032.8</b>	<b>7,606.6</b>	<b>8,088.3</b>	<b>8,345.1</b>	<b>8,638.9</b>	<b>5,212.4</b>	<b>6,776.3</b>	<b>8,120.1</b>	<b>9,020.9</b>
Disbursed outstanding debt	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1	3,442.3	4,483.1	5,483.0	6,207.0
Undisbursed debt	1,390.1	1,473.1	1,373.6	1,410.0	1,545.6	1,667.7	1,770.1	2,293.2	2,637.1	2,813.9
<b>2. Disbursed Debt by Creditor Category <sup>2</sup></b>	<b>6,312.2</b>	<b>6,559.7</b>	<b>6,233.0</b>	<b>6,678.3</b>	<b>6,799.5</b>	<b>6,971.1</b>	<b>3,442.3</b>	<b>4,483.1</b>	<b>5,483.0</b>	<b>6,207.0</b>
o/w: Bilateral debt	2,289.1	2,277.1	1,633.7	1,483.6	1,502.3	1,492.5	910.5	934.2	933.5	932.8
Multilateral debt	3,530.6	3,808.5	4,088.3	4,570.0	4,626.3	4,720.6	1,772.6	2,620.2	3,430.1	4,112.9
Commercial debt	307.9	302.5	330.6	391.2	416.4	481.7	437.3	617.9	700.3	603.2
Export credits	184.7	171.6	180.5	233.5	254.5	276.4	321.9	310.8	419.1	558.2
<b>3. Disbursed Debt by Borrower Category <sup>2</sup></b>	<b>6,312.2</b>	<b>6,559.7</b>	<b>6,233.0</b>	<b>6,678.3</b>	<b>6,799.5</b>	<b>6,971.1</b>	<b>3,442.3</b>	<b>4,483.1</b>	<b>5,483.0</b>	<b>6,207.0</b>
o/w: Central Government	5,844.0	6,054.8	5,708.0	6,092.0	5,830.6	5,971.2	2,692.0	3,582.5	4,118.2	4,729.6
Public Corporations	172.2	153.8	152.2	149.1	477.5	445.4	167.8	156.3	392.4	475.4
Private Sector	296.0	351.1	372.9	437.2	491.5	554.6	582.5	744.4	972.4	1,002.0
<b>4. Disbursed Debt by Use of Funds <sup>2</sup></b>	<b>6,312.2</b>	<b>6,559.7</b>	<b>6,233.0</b>	<b>6,678.3</b>	<b>6,799.5</b>	<b>6,971.1</b>	<b>3,442.3</b>	<b>4,483.1</b>	<b>5,483.0</b>	<b>6,207.0</b>
o/w: Balance of payment support	1,524.2	1,639.0	1,166.0	1,275.1	1,335.1	1,392.6	1,019.3	1,470.3	1,935.2	2,010.6
Transport & Telecommunication	1,021.1	1,027.9	1,047.8	1,085.1	1,073.5	1,087.9	425.3	571.5	635.4	679.5
Agriculture	990.9	1,007.8	1,034.7	967.7	1,077.8	1,050.1	338.1	437.0	599.0	671.9
Energy & Mining	824.3	902.9	895.0	924.3	1,070.3	955.2	606.9	670.2	758.7	756.8
Industries	413.8	402.3	411.2	352.7	405.5	409.0	162.8	137.4	141.9	178.5
Social Welfare & Education	332.0	384.4	421.7	333.3	611.7	647.3	433.2	639.7	756.8	825.3
Finance and Insurance	131.2	77.9	76.9	82.3	96.6	98.7	64.4	74.2	73.8	84.1
Tourism	82.0	83.8	88.2	80.2	80.1	80.8	73.0	70.7	90.6	96.0
Others	992.7	1,033.7	1,091.6	1,577.5	1,048.9	1,249.8	319.3	412.2	491.7	904.3
<b>5. Total Amount of Loans Contracted <sup>1</sup></b>	<b>417.6</b>	<b>517.9</b>	<b>277.3</b>	<b>229.7</b>	<b>376.4</b>	<b>264.0</b>	<b>966.3</b>	<b>752.6</b>	<b>965.9</b>	<b>1,309.1</b>
Government	285.7	465.3	259.8	209.4	335.4	165.0	930.0	516.7	218.0	1,047.1
Public Corporations	-	0.0	0.0	0.0	0.0	0.0	0.0	-	336.0	0.0
Private	131.0	52.6	17.5	20.3	41.0	99.0	36.3	235.9	412.0	262.0
<b>6. Disbursements <sup>1</sup></b>	<b>169.7</b>	<b>184.8</b>	<b>169.0</b>	<b>234.7</b>	<b>190.2</b>	<b>207.1</b>	<b>449.5</b>	<b>586.1</b>	<b>1,148.6</b>	<b>1,103.7</b>
Government	169.6	160.5	163.7	205.9	161.4	179.1	432.6	560.6	649.0	869.3
Public Corporations	-	-	0.0	2.0	0.0	0.0	0.0	0.4	246.7	63.4
Private	0.1	24.3	5.3	26.8	28.8	28.0	16.9	25.1	252.9	171.0
<b>7. Scheduled Debt Service <sup>1</sup></b>	<b>422.0</b>	<b>400.0</b>	<b>369.0</b>	<b>334.4</b>	<b>355.1</b>	<b>373.6</b>	<b>336.9</b>	<b>193.2</b>	<b>271.0</b>	<b>267.3</b>
<b>8. Actual Debt Service <sup>1</sup></b>	<b>120.9</b>	<b>89.1</b>	<b>112.4</b>	<b>99.3</b>	<b>112.9</b>	<b>180.6</b>	<b>42.0</b>	<b>86.0</b>	<b>56.1</b>	<b>71.1</b>
Principal	100.1	47.9	86.6	68.6	86.0	90.3	20.6	55.9	25.5	36.9
Interest	20.8	41.2	25.8	30.6	26.9	60.3	21.4	30.1	30.5	34.2
Others	-	0.0	0.0	0.1	-	30.0	-	-	0.0	0.0
<b>9. Net Transfers</b>	<b>48.8</b>	<b>95.7</b>	<b>56.6</b>	<b>135.4</b>	<b>77.3</b>	<b>26.5</b>	<b>407.5</b>	<b>500.1</b>	<b>1,092.5</b>	<b>1,032.6</b>
<b>10. Total Arrears by Creditor Category <sup>2</sup></b>	<b>2,304.9</b>	<b>1,820.2</b>	<b>2,056.5</b>	<b>2,297.8</b>	<b>2,470.5</b>	<b>2,374.7</b>	<b>2,199.5</b>	<b>2,453.2</b>	<b>2,809.8</b>	<b>2,760.8</b>
o/w: <b>Principal</b>	<b>1,135.0</b>	<b>915.9</b>	<b>1,021.4</b>	<b>1,119.1</b>	<b>1,135.2</b>	<b>1,116.4</b>	<b>980.9</b>	<b>1,089.8</b>	<b>1,293.4</b>	<b>1,121.2</b>
Bilateral	803.8	570.5	611.6	658.8	669.4	609.0	377.7	423.8	452.8	464.5
Multilateral*	0.0	39.9	45.1	28.3	5.9	11.9	13.6	8.4	17.2	16.2
Commercial	165.4	152.9	203.7	240.2	249.2	275.0	339.5	359.2	449.3	384.7
Other Private Creditors	165.8	152.6	161.0	191.8	210.7	220.4	250.10	298.5	374.1	255.8
<b>Interest</b>	<b>1,169.9</b>	<b>904.3</b>	<b>1,035.1</b>	<b>1,178.7</b>	<b>1,335.3</b>	<b>1,258.3</b>	<b>1,218.6</b>	<b>1,363.3</b>	<b>1,516.3</b>	<b>1,639.7</b>
Bilateral	780.4	522.7	577.7	693.0	818.8	682.2	536.10	611.3	669.5	721.4
Multilateral*	0.0	54.1	68.4	27.3	23.4	22.0	27.7	0.1	10.9	18.7
Commercial	294.5	222.2	268.3	287.1	333.7	372.9	440.0	517.7	562.0	599.5
Other Private Creditors	95.0	105.3	120.7	171.3	159.4	181.2	214.8	234.3	274.0	300.0
<b>11. Total Debt Stock</b>	<b>8,401.2</b>	<b>8,328.5</b>	<b>8,109.7</b>	<b>8,742.1</b>	<b>9,087.5</b>	<b>9,635.4</b>	<b>6,158.8</b>	<b>7,581.4</b>	<b>8,740.5</b>	<b>9,856.2</b>
External Debt Stock	7,482.1	7,464.0	7,268.1	7,856.9	8,134.8	8,229.5	4,660.9	5,846.4	6,999.4	7,846.7
Domestic Debt Stock	919.1	864.5	841.6	885.3	952.6	1,405.9	1,497.9	1,735.0	1,741.1	2,009.5
<b>12. Export of Goods and Services</b>	<b>1,290.6</b>	<b>1,436.2</b>	<b>1,996.8</b>	<b>2,221.0</b>	<b>2,521.2</b>	<b>3,034.8</b>	<b>3,486.5</b>	<b>3,969.9</b>	<b>4,321.7</b>	<b>4,967.7</b>
<b>13. External Debt Service</b>	<b>120.9</b>	<b>89.1</b>	<b>112.4</b>	<b>99.3</b>	<b>112.9</b>	<b>180.6</b>	<b>42.0</b>	<b>86.0</b>	<b>56.1</b>	<b>71.1</b>
<b>14. GDP at f.c Market (current) prices</b>	<b>9,191.7</b>	<b>8,629.1</b>	<b>8,839.1</b>	<b>9,549.3</b>	<b>10,465.5</b>	<b>14,195.9</b>	<b>15,158.2</b>	<b>18,853.9</b>	<b>21,041.7</b>	
<b>15. External Debt Stock as % of GDP**</b>	<b>81.4</b>	<b>86.5</b>	<b>82.2</b>	<b>82.3</b>	<b>77.7</b>	<b>60.8</b>	<b>30.3</b>	<b>31.0</b>	<b>33.3</b>	
<b>16. Total Debt Stock as % of GDP**</b>	<b>91.4</b>	<b>96.5</b>	<b>91.7</b>	<b>91.5</b>	<b>86.8</b>	<b>86.1</b>	<b>48.5</b>	<b>40.2</b>	<b>41.5</b>	
<b>17. External Debt Service as % of Exports</b>	<b>9.4</b>	<b>6.2</b>	<b>5.6</b>	<b>4.5</b>	<b>4.5</b>	<b>3.0</b>	<b>1.2</b>	<b>2.2</b>	<b>1.3</b>	<b>1.4</b>
<b>18. External Debt as % of Exports</b>	<b>579.7</b>	<b>519.7</b>	<b>364.0</b>	<b>353.8</b>	<b>322.7</b>	<b>271.2</b>	<b>133.7</b>			
End of Period Exchange Rate (TZS/US\$)	888.0	945.9	1,047.4	1,107.3	1,165.5	1,253.1	1,265.0	1,180.9	1,299.4	1,379.4

NB. Multilateral\*: multilateral arrears are those owed by the private companies

1) During the period. 2) End of June 2009 cumulative. \*\* Based on GDP at factor cost (f.c) Market (current) prices

Source: Bank of Tanzania



A6.0 Zanzibar

A6.1 Zanzibar Output and Prices

**Table A6.1.1: Gross Domestic Product (GDP) by kind of Economic Activity, at Current Prices, 2000 -2009**

Economic Activity	Millions of TZS									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
<b>Agriculture, forestry &amp; fishing</b>	<b>44,085.9</b>	<b>56,487.8</b>	<b>63,636.9</b>	<b>61,312.1</b>	<b>80,434.8</b>	<b>92,529.2</b>	<b>150,500.0</b>	<b>161,000.0</b>	<b>229,600.0</b>	<b>271,000.0</b>
Crops	24,200.3	35,943.3	40,085.5	35,552.4	47,281.7	51,700.0	104,200.0	100,300.0	159,600.0	182,900.0
Livestock	9,352.4	9,420.7	10,644.8	12,221.6	14,786.1	16,280.8	20,900.0	25,800.0	34,400.0	39,300.0
Forestry & hunting	918.0	1,059.6	1,083.3	1,097.2	1,181.6	1,268.9	1,800.0	2,200.0	2,600.0	2,800.0
Fishing	9,615.2	10,064.3	11,823.3	12,440.9	17,185.5	23,279.5	23,500.0	32,700.0	33,000.0	46,000.0
<b>Industry</b>	<b>21,125.0</b>	<b>24,600.7</b>	<b>29,783.3</b>	<b>37,640.6</b>	<b>45,902.5</b>	<b>53,580.5</b>	<b>75,400.0</b>	<b>88,400.0</b>	<b>106,400.0</b>	<b>114,900.0</b>
Mining & quarrying	984.3	1,130.1	1,507.9	2,236.2	2,512.0	3,190.3	3,800.0	4,700.0	7,000.0	8,500.0
Manufacturing	10,735.8	11,274.1	13,708.0	16,845.6	17,229.7	19,399.2	23,400.0	26,600.0	32,000.0	36,100.0
Electricity, gas & water supply	3,465.1	3,659.6	4,248.9	4,726.9	5,638.6	6,435.8	9,900.0	11,100.0	12,800.0	12,300.0
Construction	5,939.8	8,536.9	10,318.5	13,831.9	20,522.1	24,555.3	38,300.0	46,000.0	54,600.0	58,000.0
<b>Services</b>	<b>93,873.3</b>	<b>106,634.3</b>	<b>126,138.4</b>	<b>148,605.3</b>	<b>173,687.4</b>	<b>199,197.0</b>	<b>222,100.0</b>	<b>259,500.0</b>	<b>319,300.0</b>	<b>386,600.0</b>
Trade & repairs	19,479.0	23,722.1	25,408.1	27,811.8	30,628.2	38,600.0	45,300.0	56,300.0	65,000.0	73,500.0
Hotels & restaurants	15,710.1	13,316.8	16,082.6	16,128.6	19,869.9	30,580.9	38,900.0	46,000.0	55,200.0	63,100.0
Transport & communications	11,021.3	13,868.3	15,725.3	23,522.0	27,005.1	31,500.0	34,500.0	40,500.0	59,600.0	96,800.0
Financial intermediation	2,677.7	2,938.9	3,770.8	4,581.4	5,569.1	7,800.0	8,000.0	10,800.0	13,700.0	15,300.0
Real estate & business services	2,095.1	2,266.4	2,501.2	2,862.9	3,240.1	3,728.9	4,500.0	5,400.0	6,800.0	7,700.0
Public administration	28,599.6	34,046.4	43,315.4	50,578.9	60,138.0	56,729.3	53,700.0	59,200.0	72,300.0	79,600.0
Education	10,914.3	12,655.0	14,852.2	17,355.7	20,556.0	22,660.3	27,700.0	30,500.0	33,600.0	35,600.0
Health	2,595.8	2,953.7	3,513.6	4,622.2	5,356.6	6,090.6	7,500.0	8,700.0	10,600.0	12,200.0
Other social & personal services	780.4	866.8	969.3	1,141.7	1,324.4	1,506.9	1,800.0	2,100.0	2,500.0	2,800.0
<b>Adjustment to market prices</b>										
Taxes on products	31,432.0	34,675.5	36,393.3	39,073.0	44,300.9	49,569.0	62,000.0	78,700.0	92,300.0	105,900.0
<b>GDP at Current Market Prices</b>	<b>190,516.2</b>	<b>222,398.3</b>	<b>255,951.9</b>	<b>286,631.0</b>	<b>344,325.6</b>	<b>394,875.7</b>	<b>510,000.0</b>	<b>587,600.0</b>	<b>747,600.0</b>	<b>878,400.0</b>
Population "000"	916.0	944.0	982.0	1,011.0	1,041.0	1,072.0	1,104.0	1,137.0	1,171.0	1,206.0
GDP per capita: TZS "000"	208.0	235.6	260.6	283.5	330.8	368.0	462.0	516.0	639.0	726.0
Exchange rate: TZS/USD	800.0	889.0	946.0	1,040.0	1,091.0	1,127.9	1,255.0	1,247.8	1,197.0	1,307.0

Notes: \* Provisional

Source: Office of Chief Government Statistician-Zanzibar



## A6.1 Zanzibar Output and Prices

**Table A6.1.2: Gross Domestic Product (GDP) by kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, 2000-2010**

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*	Percent
<b>Agriculture, forestry &amp; fishing</b>	<b>23.1</b>	<b>25.4</b>	<b>24.9</b>	<b>21.4</b>	<b>23.4</b>	<b>23.4</b>	<b>29.5</b>	<b>27.4</b>	<b>30.7</b>	<b>30.9</b>	
Crops	12.7	16.2	15.7	12.4	13.7	13.1	20.4	17.1	21.3	20.8	
Livestock	4.9	4.2	4.2	4.3	4.3	4.1	4.1	4.4	4.6	4.5	
Forestry & hunting	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.3	0.3	
Fishing	5.0	4.5	4.6	4.3	5.0	5.9	4.6	5.6	4.4	5.2	
<b>Industry</b>	<b>11.1</b>	<b>11.1</b>	<b>11.6</b>	<b>13.1</b>	<b>13.3</b>	<b>13.6</b>	<b>14.8</b>	<b>15.0</b>	<b>14.2</b>	<b>13.1</b>	
Mining & quarrying	0.5	0.5	0.6	0.8	0.7	0.8	0.7	0.8	0.9	1.0	
Manufacturing	5.6	5.1	5.4	5.9	5.0	4.9	4.6	4.5	4.3	4.1	
Electricity, gas & water supply	1.8	1.6	1.7	1.6	1.6	1.6	1.9	1.9	1.7	1.4	
Construction	3.1	3.8	4.0	4.8	6.0	6.2	7.5	7.8	7.3	6.6	
<b>Services</b>	<b>49.3</b>	<b>47.9</b>	<b>49.3</b>	<b>51.8</b>	<b>50.4</b>	<b>50.4</b>	<b>43.5</b>	<b>44.2</b>	<b>42.7</b>	<b>44.0</b>	
Trade & repairs	10.2	10.7	9.9	9.7	8.9	9.8	8.9	9.6	8.7	8.4	
Hotels & restaurants	8.2	6.0	6.3	5.6	5.8	7.7	7.6	7.8	7.4	7.2	
Transport & communications	5.8	6.2	6.1	8.2	7.8	8.0	6.8	6.9	8.0	11.0	
Financial intermediation	1.4	1.3	1.5	1.6	1.6	2.0	1.6	1.8	1.8	1.7	
Real estate & business services	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	
Public administration	15.0	15.3	16.9	17.6	17.5	14.4	10.5	10.1	9.7	9.1	
Education	5.7	5.7	5.8	6.1	6.0	5.7	5.4	5.2	4.5	4.1	
Health	1.4	1.3	1.4	1.6	1.6	1.5	1.5	1.5	1.4	1.4	
Other social & personal services	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	
<b>Adjustment to market prices</b>											
Taxes on products	16.5	15.6	14.2	13.6	12.9	12.6	12.2	13.4	12.3	12.1	
<b>GDP at Current Market Prices</b>	<b>100.0</b>										

Notes: \*Provisional

Source: Office of Chief Government Statistician-Zanzibar



## A6.1 Zanzibar Output and Prices

Table A 6.1.3 : Zanzibar Gross Domestic Product (GDP) by kind of Economic Activity, at 2001 Constant Prices, 2000-2009

Economic Activity	Millions of TZS									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
<b>Agriculture, forestry &amp; fishing</b>	<b>49,612.3</b>	<b>56,487.8</b>	<b>55,614.1</b>	<b>57,959.7</b>	<b>59,579.1</b>	<b>61,279.6</b>	<b>72,700.0</b>	<b>72,400.0</b>	<b>76,500.0</b>	<b>79,900.0</b>
Crops	30,691.5	35,943.3	34,823.1	36,557.2	37,288.8	37,900.9	49,000.0	48,000.0	51,100.0	53,700.0
Livestock	9,108.6	9,420.7	9,743.9	10,086.5	10,441.7	10,810.1	11,200.0	11,600.0	12,000.0	12,400.0
Forestry & hunting	989.9	1,059.6	1,083.3	1,097.2	1,138.2	1,178.9	1,200.0	1,300.0	1,300.0	1,400.0
Fishing	8,822.2	10,064.3	9,963.8	10,218.8	10,710.3	11,389.7	11,300.0	11,500.0	12,100.0	12,400.0
<b>Industry</b>	<b>22,956.1</b>	<b>24,600.7</b>	<b>28,056.1</b>	<b>32,633.6</b>	<b>36,726.0</b>	<b>39,146.8</b>	<b>46,000.0</b>	<b>48,100.0</b>	<b>49,200.0</b>	<b>50,800.0</b>
Mining & quarrying	1,015.7	1,130.1	1,431.5	1,946.4	2,027.9	2,341.7	2,400.0	2,600.0	3,200.0	3,600.0
Manufacturing	12,274.8	11,274.1	13,013.4	14,662.7	13,908.8	14,239.4	14,700.0	14,800.0	15,000.0	15,300.0
Electricity, gas & water supply	3,536.5	3,659.6	3,815.4	3,985.0	4,222.8	4,541.6	4,800.0	5,100.0	5,200.0	5,300.0
Construction	6,129.1	8,536.9	9,795.7	12,039.5	16,566.6	18,024.1	24,100.0	25,600.0	25,800.0	26,600.0
<b>Services</b>	<b>99,175.1</b>	<b>106,634.3</b>	<b>120,095.4</b>	<b>125,213.2</b>	<b>133,587.6</b>	<b>140,646.4</b>	<b>136,700.0</b>	<b>150,880.0</b>	<b>160,600.0</b>	<b>174,600.0</b>
Trade & repairs	20,094.9	23,722.1	24,129.7	24,217.4	24,748.0	28,400.0	28,600.0	30,900.0	30,100.0	31,200.0
Hotels & restaurants	16,211.0	13,316.8	15,267.7	14,038.6	15,648.8	21,899.4	23,900.0	25,000.0	24,900.0	26,100.0
Transport & communications	12,327.7	13,868.3	16,348.9	19,755.5	21,122.7	23,200.0	23,300.0	32,000.0	39,800.0	48,600.0
Financial intermediation	2,702.9	2,938.9	3,543.0	3,852.7	4,587.4	5,214.1	4,700.0	5,700.0	5,900.0	6,000.0
Real estate & business services	2,166.9	2,266.4	2,371.2	2,481.5	2,597.7	2,720.1	2,800.0	3,000.0	3,100.0	3,300.0
Public administration	30,454.4	34,046.4	40,400.8	41,773.1	44,657.4	38,616.1	31,600.0	32,000.0	33,200.0	34,400.0
Education	11,622.2	12,655.0	13,852.9	14,334.1	15,264.5	15,425.1	16,300.0	16,500.0	17,500.0	18,500.0
Health	2,764.1	2,953.7	3,277.2	3,817.5	3,977.7	4,145.9	4,390.0	4,680.0	4,900.0	5,300.0
Other social & personal services	831.0	866.8	904.0	942.9	983.5	1,025.7	1,100.0	1,100.0	1,200.0	1,200.0
<b>Adjustment to market prices</b>										
Taxes on products	31,723.8	34,675.5	37,638.8	39,863.0	42,427.6	44,500.0	47,200.0	50,100.0	52,900.0	56,200.0
<b>Total GDP at market Prices</b>	<b>171,743.5</b>	<b>187,722.8</b>	<b>241,400.0</b>	<b>255,700.0</b>	<b>272,400.0</b>	<b>285,600.0</b>	<b>302,600.0</b>	<b>321,480.0</b>	<b>339,200.0</b>	<b>361,500.0</b>

Notes: \*Provisional

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

**Table A 6.1.4: Zanzibar Gross Domestic Product (GDP) by kind of Economic Activity, Percentage Share in Total GDP, at 2001 Constant Prices, 2000-2009**

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
<b>Agriculture, forestry &amp; fishing</b>	<b>28.9</b>	<b>30.1</b>	<b>23.0</b>	<b>22.7</b>	<b>21.9</b>	<b>21.5</b>	<b>24.0</b>	<b>22.5</b>	<b>22.6</b>	<b>22.1</b>
Crops	17.9	19.1	14.4	14.3	13.7	13.3	16.2	14.9	15.1	14.9
Livestock	5.3	5.0	4.0	3.9	3.8	3.8	3.7	3.6	3.5	3.4
Forestry & hunting	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Fishing	5.1	5.4	4.1	4.0	3.9	4.0	3.7	3.6	3.6	3.4
<b>Industry</b>	<b>13.4</b>	<b>13.1</b>	<b>11.6</b>	<b>12.8</b>	<b>13.5</b>	<b>13.7</b>	<b>15.2</b>	<b>15.0</b>	<b>14.5</b>	<b>14.1</b>
Mining & quarrying	0.6	0.6	0.6	0.8	0.7	0.8	0.8	0.8	0.9	1.0
Manufacturing	7.1	6.0	5.4	5.7	5.1	5.0	4.9	4.6	4.4	4.2
Electricity, gas & water supply	2.1	1.9	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5
Construction	3.6	4.5	4.1	4.7	6.1	6.3	8.0	8.0	7.6	7.4
<b>Services</b>	<b>57.7</b>	<b>56.8</b>	<b>49.7</b>	<b>49.0</b>	<b>49.0</b>	<b>49.2</b>	<b>45.2</b>	<b>46.9</b>	<b>47.3</b>	<b>48.3</b>
Trade & repairs	11.7	12.6	10.0	9.5	9.1	9.9	9.5	9.6	8.9	8.6
Hotels & restaurants	9.4	7.1	6.3	5.5	5.7	7.7	7.9	7.8	7.3	7.2
Transport & communications	7.2	7.4	6.8	7.7	7.8	8.1	7.7	10.0	11.7	13.4
Financial intermediation	1.6	1.6	1.5	1.5	1.7	1.8	1.6	1.8	1.7	1.7
Real estate & business services	1.3	1.2	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9
Public administration	17.7	18.1	16.7	16.3	16.4	13.5	10.4	10.0	9.8	9.5
Education	6.8	6.7	5.7	5.6	5.6	5.4	5.4	5.1	5.2	5.1
Health	1.6	1.6	1.4	1.5	1.5	1.5	1.5	1.5	1.4	1.5
Other social & personal services	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.3
<b>Adjustment to market prices</b>										
Taxes on products	18.5	18.5	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.5
<b>Total GDP at market prices</b>	<b>100.0</b>									

Notes: \* Provisional  
Source: Office of Chief Government Statistician-Zanzibar and BoT



## A6.1 Zanzibar Output and Prices

**Table A 6.1.5: Gross Domestic Product (GDP) by kind of Economic Activity, Percentage Annual Growth Rates, at 2001 Constant Prices, 2000-2009**

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
<b>Agriculture, forestry &amp; fishing</b>	<b>-1.3</b>	<b>13.9</b>	<b>-1.5</b>	<b>4.2</b>	<b>2.8</b>	<b>2.8</b>	<b>18.7</b>	<b>-0.4</b>	<b>5.7</b>	<b>4.4</b>
Crops	-0.9	17.1	-3.1	5.0	2.0	1.6	29.4	-2.0	6.5	5.1
Livestock	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.6	3.5	3.6
Forestry & hunting	1.9	7.0	2.2	1.3	3.7	3.6	3.8	8.3	3.0	4.3
Fishing	-7.2	14.1	-1.0	2.6	4.8	6.3	-1.0	1.8	5.2	2.5
<b>Industry</b>	<b>-10.3</b>	<b>7.2</b>	<b>14.0</b>	<b>16.3</b>	<b>12.5</b>	<b>6.6</b>	<b>17.6</b>	<b>4.6</b>	<b>1.9</b>	<b>3.4</b>
Mining & quarrying	-0.4	11.3	26.7	36.0	4.2	15.5	3.0	8.3	22.8	11.4
Manufacturing	-0.9	-8.2	15.4	12.7	-5.1	2.4	3.5	0.7	1.1	2.4
Electricity, gas & water supply	4.9	3.5	4.3	4.4	6.0	7.6	5.0	6.3	0.9	2.4
Construction	-30.5	39.3	14.7	22.9	37.6	8.8	33.8	6.2	0.5	3.2
<b>Services</b>	<b>10.2</b>	<b>7.5</b>	<b>12.6</b>	<b>4.3</b>	<b>6.7</b>	<b>5.3</b>	<b>-2.8</b>	<b>10.4</b>	<b>6.1</b>	<b>8.8</b>
Trade & repairs	2.0	18.1	1.7	0.4	2.2	14.6	1.0	8.0	-4.3	4.0
Hotels & restaurants	17.1	-17.9	14.6	-8.1	11.5	39.9	9.2	4.6	-0.5	5.0
Transport & communications	14.6	12.5	17.9	20.8	6.9	9.9	0.4	37.3	24.1	22.1
Financial intermediation	20.7	8.7	20.6	8.7	19.1	13.7	-10.2	21.3	4.0	2.6
Real estate & business services	4.6	4.6	4.6	4.7	4.7	4.7	4.7	7.1	4.8	4.8
Public administration	13.2	11.8	18.7	3.4	6.9	-13.5	-18.3	1.3	4.0	3.6
Education	4.7	8.9	9.5	3.5	6.5	1.1	5.4	1.2	6.4	5.6
Health	7.7	6.9	11.0	16.5	4.2	4.2	5.9	6.6	4.5	7.9
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3	0.0	4.3	4.3
<b>Total GDP at market prices</b>	<b>3.6</b>	<b>9.3</b>	<b>8.5</b>	<b>5.9</b>	<b>6.5</b>	<b>4.9</b>	<b>6.0</b>	<b>6.3</b>	<b>5.3</b>	<b>6.7</b>

Notes: \* Provisional

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

**Table A 6.1.6 Marketed Production of Zanzibar Major Export Commodities, 2000-2009**

Crop	Metric tons									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Cloves	460.0	2,061.9	5,959.8	5,219.0	4,097.6	3,266.7	3,156.7	1,085.6	4,007.0	3,536.0
Clove Stems	242.1	323.5	187.3	497.0	476.0	350.6	128.8	226.5	345.4	445.0
Seaweeds	4,990.7	8,117.0	9,090.7	9,261.0	7,184.5	7,361.8	7,543.1	8,485.0	11,177.0	10,248.0
Rubber	0.0	0.0	0.0	0.0	683.0	711.0	886.8	974.2	1,479.0	428.0

Notes: \* Provisional

Source: Office of Chief Government Statistician - Zanzibar



## A6.1 Zanzibar Output and Prices

Table A 6.1.7: Production in Selected Commodities in Zanzibar, 2000-2009

Commodity	Units	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Wheat Flour	Ton	0.0	0.0	18,154.0	21,446.0	16,753.0	14,822.0	10,590.0	1,026.0	0.0	0.0
Beverage	Litres'000'	6,320.0	5,689.0	5,419.0	6,250.0	7,132.0	8,435.0	10,246.0	11,473.0	12,780.0	13,800.0
Animal Feed	Tons	2,206.0	1,534.0	1,674.0	1,520.0	1,277.0	1,001.0	842.0	1,115.0	215.0	0.0
Video/Radio tapes	Cartoon	0.0	0.0	0.0	0.0	95,262.0	79,015.0	86,579.0	80,687.0	61,167.0	30,742.0
Bread	No.'000'	20,585.0	53,059.0	54,519.0	59,992.0	68,706.0	77,331.0	87,037.0	97,960.0	102,050.0	105,531.0
Dash Dash Fashion	Pes	0.0	0.0	0.0	0.0	4,929.0	3,860.0	2,004.0	5,338.0	3,778.0	4,392.0
Jewellery (Gold/Silver)	Grams	0.0	0.0	0.0	29,165.0	35,125.0	19,090.0	16,737.0	7,563.0	7,526.0	9,710.0
Noodles	Kg	0.0	0.0	0.0	159,133.0	193,656.0	93,830.0	61,085.0	58,807.0	71,072.0	75,600.0
Door UPVC	Nos.	-	-	-	-	70.0	18.0	32.0	53.0	33.0	43.0
Window UPVC	Nos.	-	-	87.0	-	150.0	15.0	59.0	161.0	35.0	98.0

Note: \* Provisional,

0.0 = No Production

Source: Office of Chief Government Statistician - Zanzibar.



**Table A.6.1.8: Zanzibar Consumer Price Index, 2005-2010**

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, H/H Equipt. & Routine H/H Maintenance	Health	Transport	Communication	Recreation & Culture	Education	Restaurants & Hotels	Miscellaneous Goods & services
Weights (%)	100	57.4	42.6	0.6	6.2	15.6	5.3	2.1	3.4	2.4	0.4	1.1	3.1	2.4
2005 - Dec	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006	106.5	107.0	105.9	112.7	102.6	107.1	104.1	103.7	114.5	99.4	107.3	100.9	107.3	105.3
2007	120.4	124.2	116.0	125.9	109.4	116.4	115.4	118.2	131.6	95.3	121.3	113.3	135.8	100.0
2008	145.4	154.4	135.4	136.0	118.5	141.9	130.6	139.3	156.8	93.8	131.5	121.7	168.2	119.0
2009	158.1	169.3	143.7	159.5	126.3	155.9	141.1	151.4	149.5	93.9	136.5	127.3	188.7	133.1
2008-Mar	132.5	140.5	123.3	124.6	115.1	120.7	123.6	131.8	137.3	94.0	130.8	119.9	161.4	113.5
Jun	142.0	153.2	129.0	126.0	115.6	127.5	129.6	137.7	151.1	93.9	130.5	121.6	167.1	122.9
Sep	151.5	158.9	143.8	145.2	120.0	159.6	133.0	142.7	171.2	93.4	131.3	122.2	168.7	119.0
Dec	155.6	165.2	145.3	148.2	123.2	159.7	136.1	145.2	167.6	93.9	133.5	122.9	175.7	120.8
2009-Mar	155.6	165.5	142.5	149.2	124.1	154.9	139.1	148.3	157.1	93.9	134.5	126.2	185.7	128.6
Jun	155.5	165.7	142.2	148.4	125.1	154.9	140.4	150.8	145.0	93.9	135.3	127.7	184.5	133.0
Sep	158.2	169.6	143.4	160.1	127.1	155.6	141.7	152.2	146.9	93.9	136.9	127.7	184.5	134.4
Dec	163.1	176.3	146.5	180.5	129.0	158.1	143.0	154.2	149.0	93.9	139.1	127.7	200.0	136.2
2010-Mar	165.5	178.8	148.7	188.1	130.4	159.1	144.1	163.4	150.0	93.9	140.5	143.8	207.4	138.8
Jun	164.3	174.6	151.1	188.3	131.4	162.2	144.7	167.2	154.1	93.9	142.1	143.8	215.2	137.6
2009-Jan	155.7	165.4	143.2	148.7	123.7	156.0	138.5	148.3	162.6	93.9	134.1	123.3	189.8	123.7
Feb	155.3	165.2	142.3	149.6	124.1	154.3	139.3	148.3	156.0	93.9	134.8	127.7	183.6	130.8
Mar	155.7	165.9	142.1	149.2	124.6	154.4	139.4	148.3	152.8	93.9	134.6	127.7	183.6	131.4
Apr	155.9	166.3	142.4	149.2	124.7	154.9	139.8	149.7	149.0	93.9	134.6	127.7	184.5	133.6
May	155.4	165.5	142.1	148.0	125.2	154.9	140.3	151.4	143.0	93.9	134.9	127.7	184.5	132.7
Jun	155.3	165.3	142.2	148.0	125.5	154.9	141.2	151.4	143.0	93.9	136.5	127.7	184.5	132.8
Jul	156.3	166.4	143.1	160.7	126.2	155.4	141.5	151.4	146.4	93.9	136.6	127.7	184.5	134.0
Aug	156.2	166.0	143.2	160.7	126.4	155.4	141.6	151.7	146.5	93.9	136.6	127.7	184.5	134.3
Sep	162.1	176.4	144.0	158.9	128.6	156.1	142.1	153.5	147.9	93.9	137.5	127.7	184.5	134.8
Oct	163.6	177.9	145.8	173.4	128.9	157.1	142.7	153.5	148.3	93.9	139.1	127.7	200.0	134.8
Nov	163.6	177.0	146.7	180.2	129.0	158.4	142.9	154.6	149.4	93.9	139.1	127.7	200.0	136.0
Dec	162.1	173.9	147.1	187.8	129.1	158.8	143.4	154.6	149.4	93.9	139.1	127.7	200.0	137.7
2010-Jan	165.8	180.0	147.9	187.8	129.6	158.7	144.1	157.9	149.5	93.9	139.4	143.8	204.9	138.4
Feb	164.5	176.7	148.7	188.3	130.7	159.3	144.1	165.3	149.5	93.9	141.1	143.8	204.9	139.1
Mar	166.3	179.7	149.5	188.3	130.8	159.3	144.2	167.1	151.0	93.9	141.1	143.8	212.4	139.0
Apr	165.2	177.0	150.2	188.3	131.4	160.4	144.3	167.1	152.4	93.9	141.1	143.8	214.3	137.6
May	163.2	172.8	150.9	188.3	131.4	162.3	144.6	167.1	151.9	93.9	143.8	143.8	214.3	137.6
Jun	164.4	173.9	152.3	188.3	131.4	164.0	145.3	167.5	157.9	93.9	141.5	143.8	217.0	137.6

H/H - House Hold  
Source: Office of Chief Government Statistician - Zanzibar



A6.1 Zanzibar Output and Prices

Table A.6.1.9: Zanzibar Consumer Price Index, Percentage Change on the Previous Year, 2005-2010

Base: December 2005 = 100

End of Period	General Index	Non-Food												
		Food	Total	Alcoholic Beverages, Tobacco & Narcotics	Clothing & Footwear	Housing, Water, Electricity, Gas & Other fuels	Furnishing, H/H Equipmt. & Routine H/H Maintenance	Health	Transport	Communication	Recreation & Culture	Education	Restaurants & Hotels	Miscellaneous Goods & services
<b>Weights (%)</b>	<b>100</b>	<b>57.4</b>	<b>42.6</b>	<b>0.6</b>	<b>6.2</b>	<b>15.6</b>	<b>5.3</b>	<b>2.1</b>	<b>3.4</b>	<b>2.4</b>	<b>0.4</b>	<b>1.1</b>	<b>3.1</b>	<b>2.4</b>
2006 - Dec	11.4	11.6	11.5	23.6	5.2	12.8	8.7	10.2	29.1	-3.9	12.7	1.2	15.8	11.1
2007	13.0	15.8	9.7	12.7	6.7	8.9	10.8	13.9	15.8	-4.1	13.4	14.7	26.4	-5.0
2008	20.6	24.3	16.5	8.0	8.3	21.8	13.1	18.0	19.2	-1.6	8.4	7.4	24.5	19.0
2009	9.2	10.1	6.6	17.4	6.7	11.6	8.1	8.8	-3.6	0.1	3.7	4.7	12.2	11.8
2008 - Mar	14.4	19.1	8.6	0.7	7.1	4.5	11.7	17.3	5.1	-2.2	13.4	6.3	31.0	13.5
Jun	20.8	27.7	12.6	-0.6	6.2	10.2	13.7	20.8	19.7	-1.8	9.0	7.2	26.0	22.9
Sep	23.6	24.5	23.7	14.6	9.9	36.7	14.5	17.8	28.2	-1.4	5.9	7.8	26.2	19.0
Dec	23.7	25.9	21.5	17.2	9.7	35.7	12.6	16.0	23.2	-1.1	5.4	8.4	14.4	20.8
2009 - Mar	17.4	17.9	15.6	19.7	7.8	28.4	12.5	12.5	14.5	-0.1	2.8	5.3	15.0	13.3
Jun	9.6	8.1	10.3	17.8	8.3	21.5	8.4	9.6	-3.5	0.0	3.6	5.0	10.4	8.3
Sep	4.9	7.6	-0.3	10.3	5.9	-2.5	6.6	6.7	-14.2	0.5	4.3	4.5	9.3	13.0
Dec	4.8	6.7	0.9	21.8	4.7	-1.0	5.1	6.2	-11.1	0.0	4.2	3.9	13.9	12.8
2010 - Mar	6.4	8.0	4.4	26.1	5.0	2.7	3.6	10.2	-4.5	0.0	4.5	13.9	11.7	8.0
Jun	5.6	5.3	6.3	26.9	5.0	4.7	3.1	10.9	6.3	0.0	5.0	12.6	16.6	3.4
2009 - Jan	20.6	22.5	18.8	19.5	7.7	31.6	12.9	12.3	18.9	-0.1	2.5	3.5	18.0	9.3
Feb	16.5	16.5	15.4	20.3	7.7	27.7	13.3	12.3	13.5	-0.1	3.1	6.2	13.5	16.0
Mar	15.1	14.8	14.3	19.2	8.2	25.9	11.3	12.8	11.0	-0.1	2.9	6.1	13.5	14.6
Apr	12.2	10.5	13.3	18.8	9.7	25.5	9.0	10.7	7.6	0.0	3.2	6.2	11.6	10.3
May	8.6	6.5	10.0	17.7	9.9	20.3	9.3	12.0	-8.2	0.0	3.4	4.4	11.6	9.3
Jun	8.1	7.4	7.5	16.9	5.2	18.6	7.0	6.1	-10.0	0.0	4.3	4.4	8.1	5.1
Jul	5.3	8.1	-0.1	10.3	5.7	-2.1	7.5	6.6	-15.3	0.0	4.7	4.5	10.5	12.4
Aug	5.1	7.7	-0.1	11.2	6.3	-2.3	7.0	6.1	-14.0	0.0	4.7	4.5	9.5	13.9
Sep	4.3	6.9	-0.7	9.3	5.7	-3.2	5.1	7.4	-13.3	1.6	3.5	4.5	8.0	12.6
Oct	4.5	6.4	0.7	17.2	4.9	-1.8	5.3	6.5	-11.8	0.0	4.7	4.5	16.6	13.2
Nov	4.7	6.8	0.6	21.5	4.7	-1.2	4.9	6.1	-11.4	0.0	4.2	3.6	13.3	12.1
Dec	5.2	7.1	1.3	26.6	4.5	0.1	5.1	6.1	-10.0	0.0	3.7	3.6	11.7	13.0
2010 - Jan	6.5	8.8	3.3	26.3	4.8	1.7	4.0	6.5	-8.1	0.0	4.0	16.6	8.0	11.9
Feb	5.9	7.0	4.6	25.9	5.3	3.2	3.4	11.5	-4.2	0.0	4.7	12.6	11.6	6.3
Mar	6.8	8.3	5.2	26.2	5.0	3.2	3.4	12.7	-1.2	0.0	4.8	12.6	15.7	5.8
Apr	6.0	6.4	5.5	26.2	5.4	3.6	3.2	11.6	2.3	0.0	4.8	12.6	16.2	3.0
May	5.0	4.4	6.2	27.2	5.0	4.8	3.1	10.4	6.2	0.0	6.6	12.6	16.2	3.7
Jun	5.9	5.2	7.1	27.2	4.7	5.9	2.9	10.6	10.4	0.0	3.7	12.6	17.6	3.6

H/H - House Hold

Source: Office of Chief Government Statistician - Zanzibar



A6.2: Zanzibar Government Finance

**Table A6.2.1: Central Government Operations (Actuals), 2000/01 - 2008/09/10**

Item	1996/97	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Total Revenue</b>	<b>38,669.0</b>	<b>42,395.9</b>	<b>45,388.7</b>	<b>50,955.7</b>	<b>59,763.6</b>	<b>68,648.8</b>	<b>89,627.8</b>	<b>110,357.7</b>	<b>139,742.1</b>	<b>149,495.0</b>	
Tax Revenue	37,462.0	39,870.4	42,595.4	47,477.6	55,734.0	63,749.7	83,147.8	102,866.7	130,267.7	138,992.9	
Tax on Imports	20,609.0	17,603.6	17,640.5	16,629.8	14,823.1	14,503.8	20,421.5	26,099.9	33,852.5	35,426.8	
Sales tax and excise duties (local)	5,543.0	8,919.2	9,781.2	13,591.9	19,266.4	22,023.3	29,091.7	36,172.2	45,019.8	43,028.5	
Income Tax	2,889.0	3,763.2	4,394.3	4,971.8	5,743.9	7,871.6	10,071.1	13,593.4	20,085.3	24,665.3	
Other taxes	8,421.0	9,584.5	10,779.4	12,284.2	15,900.6	19,351.0	23,563.4	27,001.2	31,310.1	35,872.4	
Non-Tax revenue	1,207.0	2,525.5	2,793.3	3,478.1	4,029.6	4,899.0	6,480.0	7,491.0	9,474.4	10,502.1	
<b>Total Expenditure</b>	<b>43,291.0</b>	<b>47,353.9</b>	<b>59,919.9</b>	<b>70,215.6</b>	<b>75,684.4</b>	<b>136,702.0</b>	<b>166,189.4</b>	<b>186,257.1</b>	<b>203,434.1</b>	<b>286,308.7</b>	
Recurrent Expenditure	42,272.0	46,016.4	57,353.6	68,985.6	72,661.8	91,246.8	93,098.8	124,456.1	137,977.4	167,653.3	
Wages and Salaries	22,571.0	31,494.5	40,301.6	51,115.6	46,308.2	46,933.9	46,638.3	59,438.0	63,974.8	72,535.7	
Interest Payment	591.0	0.0	40.3	0.0	0.0	1,029.4	2,388.9	1,214.6	1,111.9	858.5	
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	2,388.9	1,214.6	1,111.9	858.5	
Local	591.0	0.0	40.3	0.0	0.0	1,029.4	0.0	0.0	0.0	0.0	
Other expenditure	19,110.0	14,521.9	17,011.6	17,870.0	26,353.6	43,283.6	44,071.6	65,018.0	72,890.8	94,259.1	
<b>Recurrent (Deficit)/Surplus</b>	<b>-3,603.0</b>	<b>-3,620.5</b>	<b>-11,964.8</b>	<b>-18,029.8</b>	<b>-12,898.2</b>	<b>-22,598.0</b>	<b>-3,471.0</b>	<b>-14,098.4</b>	<b>1,764.7</b>	<b>-18,158.2</b>	
Development Expenditure	1,019.0	1,337.5	2,566.3	1,230.0	3,022.6	45,455.2	73,090.6	61,801.0	65,456.7	118,655.4	
Foreign						1,729.6	7,120.5	10,162.6	42,165.6	79,790.4	
Local						43,725.7	65,970.1	51,638.5	23,291.1	38,865.0	
Previous year float											
<b>Overall Deficit before Grants</b>	<b>-4,622.0</b>	<b>-4,958.0</b>	<b>-14,571.5</b>	<b>-19,259.9</b>	<b>-15,920.8</b>	<b>-68,053.3</b>	<b>-76,561.6</b>	<b>-75,899.4</b>	<b>-63,692.0</b>	<b>-136,813.6</b>	
Grants (cash)	0.0	7,797.0	10,100.0	15,295.4	16,575.5	14,770.0	71,467.1	62,885.9	52,995.2	85,777.7	
<b>Overall Deficit after Grants</b>	<b>-4,622.0</b>	<b>2,839.0</b>	<b>-3,327.0</b>	<b>-3,964.5</b>	<b>654.7</b>	<b>-53,283.3</b>	<b>-5,094.5</b>	<b>-13,013.6</b>	<b>-10,696.8</b>	<b>-51,035.9</b>	
Adjustment to cash and other items	-11,843.0	-4,382.4	-9,260.4	3,765.0	9,232.7	-2,959.0	8,411.9	-2,347.6	5,487.0	-8,925.2	
Overall Deficit cheques issued	-7,221.0	-7,221.4	-5,933.4	-7,729.4	-8,578.0	-50,324.3	-13,506.4	-10,666.0	-16,183.8	-42,110.7	
<b>Financing:</b>	<b>7,221.0</b>	<b>7,221.4</b>	<b>5,933.4</b>	<b>7,729.4</b>	<b>8,578.0</b>	<b>50,324.3</b>	<b>13,506.4</b>	<b>-10,666.0</b>	<b>16,183.8</b>	<b>42,110.7</b>	
Program loans and I/ Support(cash)	0.0	0.0	0.0	0.0	0.0	43,725.7	14,009.1	15,014.6	12,713.4	42,110.7	
Domestic (net)	7,221.0	7,221.4	5,933.4	7,729.4	8,578.0	11,498.6	8,000.0	470.1	3,470.4	0.0	
Bank	7,221.0	7,221.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Non-Bank	0.0	0.0	5,933.4	7,729.4	8,578.0	11,498.6	8,000.0	470.1	4,940.5	0.0	
Amortization (local)			1,373.1	1,105.0		-4,900.0	-8,502.7	-4,818.7	-1,470.1	0.0	

\*Provisional

GDP TZS 747.9 billion (2008 current prices)

Source: Ministry of Finance - Zanzibar, BOT.



Table A7.1: Economic Performance in G-7 Countries and the Euro Area, 1999-2009/10

G-7	2009												2010							
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Q1	Q2	Q3	Q4	Q1	Q2				
<b>Canada</b>																				
Real GDP <sup>1</sup>	5.3	1.9	3.3	1.9	3.1	3.1	2.8	2.7	0.5	-2.5	-0.2	0.1	0.1	-0.9	-1.6	-0.8	0.1	1.2	1.4	0.6
Inflation <sup>1</sup>	2.7	2.5	2.3	2.8	1.8	2.2	2.0	2.2	2.3	0.3	1.8	2.3	3.4	2.0	1.2	0.1	-0.9	0.8	1.6	1.4
Interest rates <sup>2</sup>	5.8	2.2	2.5	2.9	2.3	2.7	4.0	4.3	1.8	0.5	3.8	3.0	4.0	1.8	0.8	0.5	0.5	0.5	0.5	0.8
<b>France</b>																				
Real GDP <sup>1</sup>	4.2	2.1	1.1	0.5	2.5	1.9	2.2	2.4	0.2	-2.6	0.4	-0.4	-0.2	-1.5	-1.3	0.3	0.2	0.6	0.2	0.6
Inflation <sup>1</sup>	1.8	1.8	1.9	2.2	2.1	1.8	1.6	1.5	2.8	0.1	3.3	3.7	3.6	2.0	0.7	-0.3	0.4	0.4	1.3	1.6
Interest rates <sup>2</sup>	4.6	4.3	4.0	2.7	2.3	2.2	2.4	2.9	3.6	0.7	3.3	3.5	n.a	n.a	1.1	0.7	0.4	0.4	0.3	0.3
<b>Germany</b>																				
Real GDP <sup>1</sup>	2.9	0.8	0.1	-0.1	1.2	0.8	3.2	2.5	1.3	-4.9	1.3	-0.4	-0.3	-2.4	-3.5	0.4	0.7	0.2	0.5	2.2
Inflation <sup>1</sup>	1.4	1.9	1.3	1.0	1.7	1.5	1.6	2.3	2.6	0.4	2.9	3.0	3.3	1.7	0.8	0.3	-0.4	0.4	0.8	1.0
Interest rates <sup>2</sup>	4.1	4.4	3.3	2.3	2.1	2.1	2.8	3.9	3.8	0.6	4.0	4.0	3.5	3.0	1.3	0.7	0.3	0.3	0.3	0.3
<b>Italy</b>																				
Real GDP <sup>1</sup>	3.1	1.8	0.4	0.4	1.5	0.7	2.0	1.5	-1.3	-5.0	0.5	-0.6	-0.8	-2.1	-2.7	-0.5	0.6	-0.7	0.5	1.1
Inflation <sup>1</sup>	2.6	2.7	2.6	2.8	2.3	2.2	2.7	2.1	3.3	0.8	3.3	3.0	4.0	2.9	1.9	-1.3	0.4	0.7	1.3	1.4
Interest rates <sup>2</sup>	4.4	4.3	3.3	2.3	2.1	2.2	3.1	4.3	4.7	1.3	4.5	4.9	n.a	4.7	2.1	1.4	0.9	0.7	0.7	0.9
<b>Japan</b>																				
Real GDP <sup>1</sup>	2.8	0.4	-0.4	2.7	2.7	1.9	2.0	2.4	-1.2	-5.2	0.6	1.1	-1.7	-3.4	-3.2	1.0	1.2	4.2	4.2	0.1
Inflation <sup>1</sup>	-0.9	-0.7	-0.9	-0.2	0.0	-0.3	0.3	0.0	1.4	-1.4	1.0	1.4	2.2	1.0	-0.1	-1.0	-2.2	-2.0	-1.2	-0.9
Interest rates <sup>2</sup>	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.5	0.3	0.3	0.5	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>UK</b>																				
Real GDP <sup>1</sup>	3.1	2.1	1.9	2.8	3.0	2.2	2.8	2.7	-0.1	-4.9	0.3	0.0	-0.7	-1.8	-2.5	-0.7	-0.3	0.4	0.3	1.1
Inflation <sup>1</sup>	2.1	2.1	2.2	1.4	1.3	2.1	2.3	2.3	3.8	2.2	2.4	3.4	4.8	3.9	3.0	2.1	2.1	2.1	3.3	3.4
Interest rates <sup>2</sup>	5.3	4.3	3.9	3.6	4.3	4.7	4.8	5.7	4.7	0.6	5.4	5.1	n.a	3.2	1.0	0.5	0.5	0.5	0.5	0.5
<b>USA</b>																				
Real GDP <sup>1</sup>	3.7	0.8	1.6	2.5	3.6	2.9	2.7	2.1	0.4	-2.4	-0.7	1.5	-2.7	-5.4	-6.4	-0.7	2.8	5.6	3.7	2.4
Inflation <sup>1</sup>	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.8	3.9	0.4	4.1	4.4	5.3	1.6	-0.1	-0.9	-1.5	1.4	2.3	1.8
Interest rates <sup>2</sup>	6.2	3.9	1.7	2.0	3.2	5.2	6.3	4.8	0.9	0.5	3.0	2.3	n.a	0.9	0.5	0.5	0.5	0.5	0.5	0.8
<b>EURO AREA</b>																				
Real GDP <sup>1</sup>	3.5	1.5	0.9	0.4	2.2	1.7	3.0	2.7	0.5	-4.0	0.7	-0.2	-0.4	-1.8	-2.5	-0.1	0.4	0.0	0.2	1.0
Inflation <sup>1</sup>	2.1	2.4	2.3	2.1	2.1	2.2	2.2	2.3	3.3	-1.4	3.3	3.6	3.8	2.3	1.0	0.2	-0.4	0.4	1.1	1.5
Interest rates <sup>2</sup>	4.1	4.4	3.3	2.3	2.0	2.1	2.8	3.9	3.9	0.7	4.1	4.0	4.3	3.2	1.4	1.3	0.9	0.7	0.7	0.7

<sup>1</sup> Annual percent change.<sup>2</sup> Percent.

Q = Quarter Ending

Source: IMF World Economic Outlook, April 2005 IFS, The Economist,

Various issues.

National Statistics Offices, National Central Banks, n.a figures are not available

**Table A7.2: World Market Prices for Selected Commodities, 2000 - 2010**

Commodity	Unit Price	2008												2009				2010					
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Coffee (arabica)	US\$/Kg	1.9	1.4	1.4	1.4	1.8	2.5	2.5	2.7	3.1	3.2	3.2	3.20	3.21	2.68	2.84	2.84	3.20	3.20	3.23	3.42	3.54	3.92
Cotton (A index)	US\$/Kg	1.3	1.1	1.0	1.4	1.4	1.2	1.3	1.4	1.6	1.4	1.68	1.67	1.68	1.27	1.21	1.21	1.32	1.42	1.42	1.58	1.79	1.99
Sisal (UG grade)	US\$/ton	631.8	699.2	659.6	697.9	862.1	885.0	885.0	971.7	1,156.5	1,200.3	1,025.00	1,175.00	1,213.00	1,213.00	1,213.00	1,213.00	1,213.00	1,213.00	971.00	840.00	850.00	850
Tea**	US\$/Kg	1.9	1.5	1.5	1.5	1.6	1.5	2.0	1.7	2.2	2.5	2.22	2.22	2.53	1.91	2.15	2.15	2.28	2.81	2.81	2.83	2.87	2.39
Gold	US\$/troy ounce	279.0	271.0	310.0	363.5	409.2	444.8	604.3	696.7	853.5	973.0	926.8	896.00	869.60	795.00	909.00	909.00	922.00	960.00	1,102.00	1,102.00	1,109.00	1,195.67

Note: \* Provisional

\*\* Mombasa Auction price replaces London Auction price beginning July 1998.

Source: <http://www.imf.org> and [worldbank.org/prospect](http://worldbank.org/prospect)



Table A7.3 : Selected Exchange Rates-Currency Units per US Dollar (Period Average), 1999-2009

Period	In TZS										
	Pound Sterling	Deutsche Marks	Swiss Francs	Dutch Guilders	French Francs	Belgium Francs	Italian Lira	Swedish Kroners	Japanese Yen	Euro	Euro
1999	0.6180	1.8411	1.3737	2.0341	6.1238	37.5167	1,809.3211	8.3045	113.7895	0.9365	0.9365
2000	0.6607	2.1222	1.6883	2.3913	7.1179	43.7745	2,109.2178	9.1632	107.7258	1.0851	1.0851
2001	0.6944	2.1840	1.6868	2.4608	7.3249	45.0467	2,162.1880	10.3307	121.4601	1.1167	1.1167
2002	0.6666	2.2196	1.5572	2.5009	7.4442	45.7801	2,197.3919	9.7207	125.2566	1.0614	1.0614
2003	0.6124	2.2163	1.3456	2.4971	7.4330	45.7112	2,194.0867	8.0832	115.9469	0.8859	0.8859
2004	0.5460	2.2163	1.2429	2.4971	7.4385	45.7112	2,194.0867	7.1908	108.1147	0.8050	0.8050
2005	0.4282	2.2089	1.2462	2.4888	7.4082	45.5618	2,186.9137	7.0983	111.0345	0.8149	0.8149
2006	0.5407	2.2380	1.2476	2.4934	7.4220	45.6434	2,190.8314	7.3494	115.8541	0.7940	0.7940
2007	0.4996	2.2163	1.1995	2.4971	7.4330	45.7112	2,194.0871	6.7585	117.6693	2.1534	2.1534
2008	0.5535	2.2170	1.0771	2.4979	7.4354	45.7262	2,194.8033	6.6684	102.8248	2.0797	2.0797
2006-Quarter1	0.5705	2.2031	1.2961	2.4823	7.3889	45.4400	2,181.0655	7.7696	116.9342	0.8313	0.8313
Quarter2	0.5370	2.3163	1.2229	2.4971	7.4330	45.7112	2,194.0867	7.3046	112.6559	0.7853	0.7853
Quarter3	0.5335	2.2163	1.2369	2.4971	7.4330	45.7112	2,194.0867	7.2424	116.1884	0.7845	0.7845
Quarter4	0.5219	2.2163	1.2343	2.4971	7.4330	45.7112	2,194.0867	7.0809	117.6377	0.7750	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	0.7617
Quarter2	0.5035	2.2163	1.2223	2.4816	7.4330	45.7112	2,194.0867	6.8698	120.7205	0.8362	0.8362
Quarter3	0.4950	2.2163	1.1993	2.4971	7.4330	45.7112	2,194.0867	6.7452	117.7301	0.7280	0.7280
Quarter4	0.4886	2.2163	1.1452	2.4971	7.4330	45.7112	2,194.0884	6.4130	112.9625	0.6901	0.6901
2008-Quarter1	0.5080	2.2163	1.0691	2.4971	7.4330	45.7112	2,194.0867	6.4083	107.8423	0.6679	0.6679
Quarter2	0.5084	2.2192	1.0331	2.5004	7.4427	45.7710	2,196.9530	5.9950	104.6896	0.6410	0.6410
Quarter3	0.5292	2.2163	1.0722	2.4971	7.4330	45.7112	2,194.0867	6.2989	107.6040	0.6545	0.6545
Quarter4	0.6683	2.2163	1.1340	2.4971	7.4330	45.7112	2,194.0867	7.9715	91.1632	6.3554	6.3554
2009-Quarter1	0.6968	2.2163	1.1481	2.4971	7.4330	45.7112	2,194.0867	8.3770	93.4163	0.7707	0.7707

Source: IFS, Bank of Tanzania



## A7.0 International Economic and Financial Developments

**Table A7.4: Bureau de Change Quarterly Transactions, 2000 - 2010**

End of Period	Volume of Transactions (Millions of US\$)		Exchange Rates (Average TZS/US\$)		Mean Rate TZS/US\$
	Purchases	Sales	Buying	Selling	
1999	350.70	334.20	720.29	746.13	733.21
2000	288.19	280.99	796.94	807.73	802.34
2001	282.30	271.97	865.74	877.32	871.53
2002	220.03	211.09	960.68	979.10	969.89
2003	257.08	253.59	1,032.01	1,049.58	1,040.79
2004	310.80	327.60	1,083.13	1,100.93	1,092.03
2005	406.34	409.15	1,122.34	1,139.18	1,130.76
2006	374.73	375.62	1,241.99	1,263.42	1,252.70
2007	423.87	422.43	1,236.92	1,263.25	1,250.09
2008	453.21	448.63	1,193.17	1,221.08	1,207.12
2005: Quarter1	79.12	78.40	1,089.70	1,111.33	1,100.52
Quarter2	108.03	104.21	1,108.33	1,127.40	1,117.87
Quarter3	117.19	119.85	1,128.00	1,143.33	1,135.67
Quarter4	102.00	106.69	1,163.33	1,174.67	1,169.00
2006: Quarter1	104.64	104.16	1,185.00	1,205.00	1,195.00
Quarter2	84.47	85.81	1,234.33	1,252.67	1,243.50
Quarter3	98.40	98.82	1,279.62	1,302.00	1,290.81
Quarter4	87.22	86.83	1,269.00	1,294.00	1,281.50
2007: Quarter1	98.01	97.08	1,266.67	1,289.00	1,277.84
Quarter2	96.94	96.71	1,258.67	1,279.67	1,269.17
Quarter3	113.26	113.64	1,264.67	1,281.33	1,273.00
Quarter4	115.66	115.00	1,157.67	1,203.00	1,180.34
2008: Quarter1	106.67	106.45	1,172.33	1,196.33	1184.33
Quarter2	114.78	108.25	1,193.00	1,227.00	1210.00
Quarter3	124.67	127.63	1,158.00	1,181.67	1169.84
Quarter4	107.09	106.30	1,249.33	1,279.33	1264.33
2009: Quarter1	84.26	84.04	1,323.00	1,343.07	1,333.04
Quarter2	88.93	89.14	1,318.40	1,345.66	1,332.03
Quarter3	97.63	97.06	1,309.33	1,325.99	1,317.66
Quarter4	82.07	81.21	1,316.07	1,328.09	1,322.08
2010: Quarter1	82.27	81.47	1,333.31	1,352.25	1,342.78
Quarter2	84.68	87.61	1,391.35	1,415.04	1,403.19

\* Provisional

Source: Bank of Tanzania



## PART VI: LIST OF MANAGEMENT

Name	Title	Telephone Direct
<b>EXECUTIVE OFFICE</b>		
Prof. B. Ndulu	Governor	022 223 3020/1/2
Dr. E. Bukuku	Deputy Governor First (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
<b>1. DIRECTORATE OF GOVERNOR'S OFFICE</b>		
M. Nampesya	Personal Assistant to the Governor	022 223 3203
<b>Independent Departments:</b>		
<b>Regional Integration Department</b>		
A. Msutze	Associate Director	022 223 3472
<b>Public Relations &amp; Protocol Department</b>		
J. B. Kimaro	Manager	022 223 3166/7
<b>Financial Sector Stability Department</b>		
C. L. Kiliaki	Manager	022 223 3160/1
<b>Conference and Events Management Department</b>		
Dr. P. F. Mlozi	Manager	022 223 3398/9
<b>Procurement Department</b>		
R. Wanga	Manager	022 223 5194/5
<b>2. DIRECTORATE OF STRATEGIC PLANNING AND PERFORMANCE REVIEW</b>		
J. M. B. Massawe	Director	022 223 3423/4
<b>Strategic Planning Department</b>		
A.V. Haule	Manager	022 223 3425/6



	<b>Technical Assistance Program Coordination Department</b>	
	M. M. Mbawala     Manager	022 223 3434/5
	<b>Organization and Methods Department</b>	
	F. N. Kazimoto     Manager	022 223 3475/6
<b>3.</b>	<b>DEPOSIT INSURANCE BOARD</b>	
	B. N. Msami     Director	022 223 5389/90
	<b>Finance and Administration Department</b>	
	R. J. Malisa     Manager	022 223 5391/2
	<b>Operations Department</b>	
	A. M. Rasmini     Manager	022 223 5393/4
<b>4.</b>	<b>RISK MANAGEMENT</b>	
	.....     Director	022 223 5297/8
	<b>Financial Management Risk Department</b>	
	R. Mwanga     Manager	022 223 5118/9
	<b>Investment Risk Department</b>	
	V. N. Lema     Manager	022 223 3206/7
	<b>Systems Risk Department</b>	
	Dr. M. Kipilimba     Manager	022 223 3204/5
<b>5.</b>	<b>DIRECTORATE OF HUMAN RESOURE AND ADMINISTRATION</b>	
	L. L. Kisarika     Director	022 223 5144/5
	<b>Human Resource Department</b>	
	R. L. Wambali     Manager	022 223 5148/9
	<b>Estate Management Department</b>	
	P. J. Mutoni     Manager	022 2235098/9



	<b>Administrative &amp; General Services Department</b>	
	J. P. Mpelembwa Associate Director	022 223 5194/5
	<b>Facilities Management Department</b>	
	E. M. Twininge Manager	022 223 5555/6
<b>6.</b>	<b>DIRECTORATE OF BANKING</b>	
	E. M. Boaz Director	022 223 5415/6
	<b>Banking Department</b>	
	E. Balele Manager	022 223 5134/5
	<b>Currency Department</b>	
	J. Rushaka Manager	022 223 5672/3
<b>7.</b>	<b>DIRECTORATE OF BANKING SUPERVISION</b>	
	A.E. Kobello Director	022 223 5482/3
	<b>Banks Supervision Department</b>	
	C. A. Gama Manager	022 2235530/1
	<b>Non-Banks Supervision Department</b>	
	S. A. Kazimoto Manager	022 223 5480/1
	<b>Operation &amp; Policy Review Department</b>	
	A.A. Ukhotya Manager	022 2235576/7
	<b>Microfinance Institutions Supervision Department</b>	
	H. J. Ndambala Manager	022 223 5585/6
<b>8.</b>	<b>DIRECTORATE OF ECONOMIC RESEARCH AND POLICY</b>	
	Dr. J. L. Massawe Director	022 223 3328/9
	A. J. Mengo Senior Advisor	022 211 5614
	Dr. B. Tarimo Senior Advisor	022 223 3376



	<b>Monetary &amp; Financial Affairs Department</b>	
	H.E.S Mmbaga     Manager	022 2233 349/50
	<b>International Economics &amp; Trade Department</b>	
	G. Mwakibolwa     Manager	022 2233 303/4
	<b>Debt Management Department</b>	
	Y. A. Mchujuko     Manager	022 223 378/9
	<b>Research Department</b>	
	P. L. Kadesha     Manager	022 223 3330/1
	<b>Real Sector &amp; Microfinance Department</b>	
	F. L. Rutabanzibwa Manager	022 223 3280/1
<b>9.</b>	<b>DIRECTORATE OF FINANCE</b>	
	J. R. Angelo     Director	022 2235126/7
	<b>Domestic Accounts Department</b>	
	M. P. Kobello     Manager	022 223 5624/5
	<b>Foreign Accounts Department</b>	
	S. S. Mwakalukwa Manager	022 223 5628/9
<b>10.</b>	<b>DIRECTORATE OF FINANCIAL MARKETS</b>	
	J. K. Ndissi     Director	022 223 3564/5
	<b>Domestic Markets Department</b>	
	P. A. Maganga     Manager	022 2233 529/30
	<b>Foreign Markets Department</b>	
	A.T. Libabu     Manager	022 223 3520/1
	<b>Credit Guarantee Scheme Department</b>	
	E. C. Maganga     Manager	022 223 3568/9



## 11. DIRECTORATE OF MANAGEMENT INFORMATION SYSTEMS

E. A. Makwaia Director 022 223 5136/7

### Management Information System Department

G. M. Mahinya Manager 022 223 5373/4

### Systems Analysis and Administration Department

C. M. Kitwanga Manager 022 223 3732/3

### Networks and Office Automation Department

L. L. Masano Manager 022 223 3730/1

## 12. DIRECTORATE OF NATIONAL PAYMENTS SYSTEMS

L. S. Kinunda Director 022 223 5432/3

### Payment System Oversight and Policy Department

G. K. Tabaro Manager 022 223 5439/40

### System Development & Support Department

B. J. Dadi Manager 022 223 5434/5

## 13. DIRECTORATE OF INTERNAL AUDIT

A. Mwinyimvua Director 022 223 5240/1

### Systems Audit Department

N. M. Malekani Manager 022 223 5242/3

### Operational Audit Department

H. M. Mnjovu Manager 022 223 5255/6

## 14. OFFICE OF THE SECRETARY TO THE BANK

A. H. M. Mtengeti Secretary to the Bank 022 223 3240/1

### Internal Security & Investigation Department

B. A. Mbanga Manager 022 223 5376/7

**Board Services & Exchange Management Department**

Y. E. Tongola      Manager      022 223 3242/3

**Legislation Department**

N. D. Mukiryia      Manager      022 223 3248/9

**Litigation Department**

M. K. Ismail      Manager      022 223 3225/6

**15. BANK OF TANZANIA TRAINING INSTITUTE (MWANZA)**

J.C. Mlay      Principal      028 250 0352

S. W. Mahembe      Associate Director, Learning  
& Development      028 250 0068

M. Mziya      Director of Studies      028 250 0982

C. P. Yamo      Manager, Finance &  
Administration      028 250 2697

**16. BOT BRANCHES*****Arusha***

*O. H. Kitine      Director      027 254 5482*

*E. Y. Ndesingo      Manager, Operations      027 250 4047*

*S. M. Chiguma      Manager, Economics      027 254 8443*

*G. C. Maganga      Manager, Finance &  
Administration      027 250 4009*

***Mbeya***

*M.J.C. Gasabile      Director      025 250 4158*

*H. O. Katundu      Manager, Operations      025 250 2055*

*F.E.K. Rugemalira      Manager, Economics      025 250 2839*

*J. M. Munazi      Manager, Finance & Administration      025 250 2700*

***Mwanza***

*.....      Director      028 250 1015*

*J. C. Rushaka      Manager, Operations      028 250 0024*

*W. L. Tawe      Manager, Economics      028 250 0622*

*C. A. Kiponda      Manager, Finance & Administration      028 250 0025*

**Zanzibar**

<i>J. S. Mhando</i>	<i>Director</i>	<i>024 223 4503</i>
<i>R. Musikula</i>	<i>Manager, Operations</i>	<i>024 223 4506</i>
<i>N. K. Mboje</i>	<i>Manager, Economics</i>	<i>024 223 4507</i>
<i>A. H. Hamisi</i>	<i>Manager, Finance &amp; Administration</i>	<i>024 223 4504</i>





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*identity*